Transfer Document of Obeikan Glass Company from the Parallel Market to the Main Market

Obeikan Glass Company ("**the Company**" or "**the Issuer**") was initially established as a closed joint stock company pursuant to the Articles of Association dated 02/12/1427H (corresponding to 23/12/2006G), Ministerial Resolution No. (Q/224) dated 27/08/1428H (corresponding to 09/09/2007G), and the Constituent Assembly held on 29/10/1428H (corresponding to 10/11/2007G). The Company was registered in the Commercial Register in Riyadh under Certificate No. (1010241520) dated 30/11/1428H (corresponding to 10/12/2007G). The Company›s capital upon establishment amounted to two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) ordinary shares of equal value, each share worth ten (10) Saudi Riyals, and was distributed to (5) shareholders as follows: (1) Obeikan Investment Group Company (owns 9,400,000 shares with a total value of 94,000,000 Saudi Riyals, representing 47% of the capital), (2) Saudi Advanced Industries Company (owns 8,000,000 shares with a total value of 80,000,000 Saudi Riyals, representing 40% of the capital), (3) Obeikan Technical Fabrics Company (owns 1,000,000 shares with a total value of 10,000,000 Saudi Riyals, representing 5% of the capital), (4) Obeikan Printing and Packaging Company (owns 1,000,000 shares with a total value of 10,000,000 Saudi Riyals, representing 5% of the capital), and (5) Fahad bin Abdulrahman bin Thunayan Al-Obeikan (owns 600,000 shares with a total value of 6,000,000 Saudi riyals, representing 3% of the capital). On 29/05/1440H (corresponding to 04/02/2019G), the Extraordinary General Assembly approved the increase of capital from two hundred million (200,000,000) Saudi Riyals to two hundred and forty million (240,000,000) Saudi Riyals, divided into twenty-four million (24,000,000) fully paid ordinary shares, each share having a value of ten (10) Saudi Riyals. The increase of forty million (40,000,000) Saudi Riyals was met by capitalizing the amount from the account of amounts due to related parties in proportion to the contribution of each of them to the Company's capital. On 19/08/1442H (corresponding to 01/04/2021G), the Extraordinary General Assembly approved the transfer of all of Obeikan Printing and Packaging Company's shares (amounting to one million two hundred thousand (1,200,000) shares) to Obeikan Investment Company. On 26/04/1443H (corresponding to 01/12/2021G), the Capital Market Authority's Board issued a resolution approving the Company›s application to register its shares for the purpose of direct listing on the Parallel Market. On 06/07/1443H (corresponding to 07/02/2022G), the Company was listed on the Parallel Market (Nomu). On 09/05/1445H (corresponding to 23/11/2023G), the General Assembly approved an increase in capital by eighty million (80,000,000) Saudi riyals from two hundred and forty million (240,000,000) Saudi riyals to three hundred and twenty million (320,000,000) Saudi riyals divided into thirty-two million (32,000,000) fully paid ordinary shares, each share worth ten (10) Saudi riyals. The increase was made by granting free shares by capitalizing an amount of eighty million (80,000,000) Saudi riyals from the retained earnings balance as of December 31, 2022G, by granting one free share for every three (3) shares owned by shareholders. On 06/14/1445H (corresponding to 12/27/2023G), the Company›s board of directors approved the transfer of the Company›s shares from the Parallel Market (Nomu) to the Main Market (TASI) with a number of thirty-two million (32,000,000) ordinary shares and a total value of three hundred and twenty million (320,000,000) Saudi riyals, where the number of shareholders from the public category (according to the definition of the public included in the glossary used in the exchange rules) reached (766) shareholders, and their ownership is (10,740,690) ordinary shares, representing (33.56465625%) of the Company›s total shares. Regarding ownership of the public shareholders according to the additional criteria, the number of public shareholders owning (100) shares or more is (665) shareholders, and their ownership amounts to (10,737,864) ordinary shares, representing (33.555825%) of the Company›s total shares. The Company meets the fourth tranche of the first criterion of the additional criteria that the Company must meet to ensure that sufficient liquidity is available for the shares subject to the transfer request.

The current capital of the Company is three hundred and twenty million (320,000,000) Saudi Riyals, divided into thirty-two million (32,000,000) fully paid ordinary shares, each share is worth ten (10) Saudi Riyals. All of the Company's shares are ordinary shares of one class, and no shareholder ("**Shareholder**") is given any preferential rights. Each shareholder, regardless of the number of shares he holds, has the right to attend and vote at the General Assembly of Shareholders ("**General Assembly**"), and may delegate another person other than a member of the Board of Directors to attend the General Assembly on his behalf. The transfer will be for a number of thirty-two million (32,000,000) ordinary shares representing the total shares of the Company, with a nominal value of ten (10) Saudi Riyals per share.

The Company›s activities as per its Commercial Registration number (1010241520) dated 30/11/1428 (corresponding to 10/12/2007G) are: wholesale of glass panels, wholesale of chemicals, retail of glass panels, quarry operation, manufacture of primary glass products, manufacture of insulating glass items used in construction. According to Article (4) of the Bylaws, the Company carries out and implements the following activities: 1- Manufacturing and producing all types of glass. 2- Wholesale and retail trade of all types of glass, raw materials for manufacturing glass and accessories. 3- Manufacturing, cutting, coloring and installing glass. 4- Establishing and managing related mining quarries. 5- Mining and quarry exploitation. 6- Manufacturing industries and their branches according to industrial licenses. The Company carries out its activities under Commercial Registration Certificate No. (1010241520) dated 11/30/1428H (corresponding to 10/12/2007G) issued in Riyadh, Commercial Registration of the Company's branch No. (4700010945) dated 05/09/1429H (corresponding to 14/05/2008G) issued in Yanbu, and Industrial Facility License issued by the Ministry of Industry and Mineral Resources No. (1429100187932) dated 08/26/1428H (corresponding to 23/03/2008G) which expires on 02/17/1447H (corresponding to 11/08/2025G).

As of the date of this Transfer Document ("**Document**"), the Issuer has (3) substantial shareholders who own (5%) or more of its total shares, namely: (1) Obeikan Investment Group Company (owning 14,026,217 shares representing 43.831928143% of the total capital), (2) Saudi Advanced Industries Company (owning 4,800,000 shares representing 15.00% of the total capital directly and 545,917 shares representing 1.70599061% of the total capital indirectly through its ownership of (100%) of the capital of the United Permanent Growth Investment Company, so that its total direct and indirect ownership is 5,345,917 shares representing 16.705990616% of the total capital) and (3) Fahad Abdulrahman Thunayan Al-Obeikan (owning 39,493 shares representing 0.12341560% of the total capital directly and 4,769,505 shares representing 14.9047031% of the total capital indirectly through his ownership of 23.407336% of the capital of Obeikan Investment Group Company his management of the Fahad bin Abdulrahman Al-Obeikan Endowment, which owns (10%) of the capital of Obeikan Investment Group Company, and through his wife's ownership, so that his total direct and indirect ownership is 4,808,998 shares representing 15.0281187% of the total capital).

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

After the announcement of the approval of the Tadawul Group for the transfer of the issuer's shares to the Main Market, the Saudi Tadawul Company ("**Saudi Exchange**") shall suspend the trading of the Issuer's shares on the day following the expiry of the period for publishing the Transfer Document for a period not exceeding five trading sessions, and then the transfer procedures shall begin (please refer to page (vii) "**Transfer Process Timeline**").

Financial Advisor

الراجحي المالية
alrajhi capital

This Transfer Document includes information provided as part of the application for transfer to the Main Market in compliance with the Listing Rules of the Saudi Stock Exchange. The directors, whose names appear on page (iii), collectively and individually accept full responsibility for the accuracy of the information contained in this Transfer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Exchange do not take any responsibility for the content of this Document, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Document.

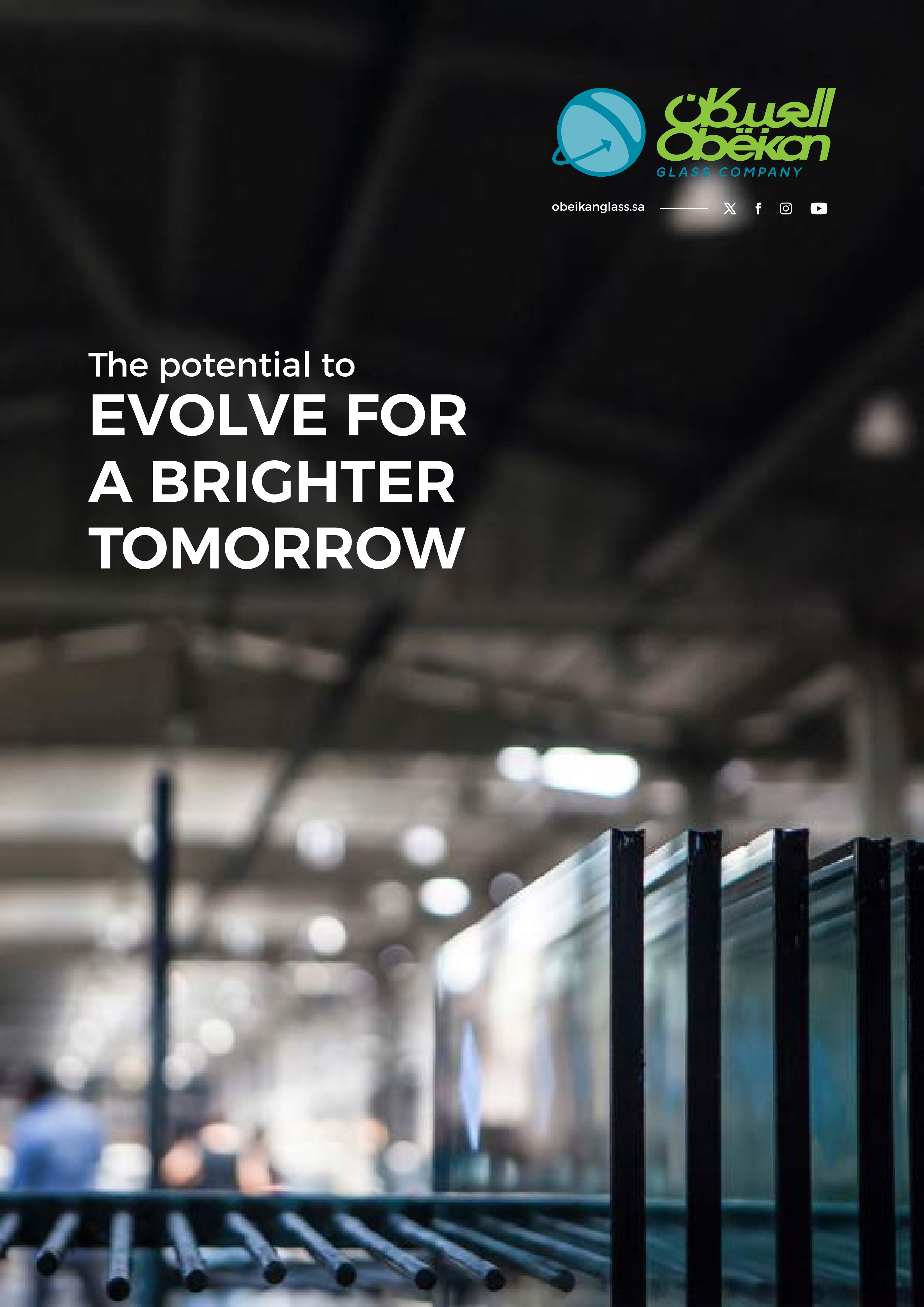
This Document is an unofficial English translation of the official Arabic Document and is provided for information purposes only. The Arabic language Document Published on Tadawul's website (www.saudiexchange.sa) remains the only official, legal binding version and shall prevail in the event of any conflict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

This Document was issued on 04/01/1447H (corresponding to 29/06/2025G).

Obeikan
GLASS COMPANY

obeikanglass.sa

The potential to
EVOLVE FOR A BRIGHTER TOMORROW



Important Notice

This Document provides full detailed information about Obeikan Glass Company and its shares subject to transfer from the Parallel Market (Nomu) to the Main Market (TASI). Potential investors who wish to invest in the shares subject to transfer after the completion of their transfer, listing them and starting their trading in the Main Market will be treated on the basis that the investment decision is based on the information contained in this Document, a copy of which can be obtained by visiting the Issuer's website (https://obeikanglass.sa/), the Financial Advisor (https://www.alrajhi-capital.com/) or the Saudi Exchange (Tadawul) (www.saudiexchange.sa). The Financial Advisor, Al Rajhi Capital, will also announce on its page on the Saudi Exchange website the publication of the Transfer Document and its availability for inspection by investors during the specified period in accordance with the listing rules, for a period of ten (10) trading days prior to the date of transfer to the Main Market.

The Company must also, after obtaining the approval of the Tadawul Group for the request to transfer to the Main Market, publish the Transfer Document within three trading days following the announcement of the approval of the Tadawul Group for the transfer request.

This Transfer Document contains information provided within the request to transfer to the Main Market in accordance with the requirements of the listing rules issued by the Saudi Stock Exchange (Saudi Exchange). The Directors whose names appear on page (iii) of this Transfer Document, collectively and individually, accept full responsibility for the accuracy of the information contained in this Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would render any statement contained therein misleading. The Authority and the Saudi Tadawul Company "Saudi Exchange" do not bear any responsibility for the contents of this Document, do not give any assurances as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from or in reliance on any part of this Document.

The Company has appointed Al Rajhi Capital as its financial advisor ("**Financial Advisor**") in connection with the application for the transfer of the Company's shares to the Main Market.

The information contained in this Document as of the date of its issuance is subject to change. In particular the financial position of the Company and the value of its shares may be adversely affected by future developments related to inflation, interest rates, taxation or any other economic or political factors beyond its control (please see Section (2) "**Risk Factors**" of this Document). Neither this Document nor any oral, written or printed communications in relation to the shares subject to transfer to the Main Market should be considered, interpreted or relied upon in any way as a promise, confirmation or representation regarding the realization of any future profits, revenues, results or events.

This Document should not be considered as a recommendation by the Company, its Board of Directors or any of its advisors to participate in the investment process in the shares subject to transfer. The information provided in this Document is of a general nature and this Document has been prepared without taking into account the individual investment objectives, financial situation or specific investment needs of persons wishing to invest in the shares to be transferred. Prior to making any investment decision, each recipient of this Document is responsible for obtaining independent professional advice regarding investing in the shares subject to transfer after they start trading, from a financial advisor licensed by the Authority, in order to assess the suitability of the investment opportunity and the information included in this Document for his/her specific investment objectives, conditions and needs, including the advantages and risks associated with investing in the shares subject to transfer, as investing in the shares subject to transfer may be suitable for some investors and not others. Potential investors should not rely on the decision of another party to invest or not to invest as a basis for their supposed study regarding their investment opportunity or the special circumstances of those investors.

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

Financial Information

The Company's audited financial statements for the fiscal year ended December 31, 2022G, the Company's audited consolidated financial statements for the fiscal year ended December 31, 2023G, and the fiscal year ended December 31, 2024G, which are included in this Document, have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The audited financial statements for the fiscal year ended December 31,2022G, the audited consolidated financial statements for the fiscal year ended December 31, 2023G, and the financial statements for the fiscal year ended December 31, 2024G were reviewed by KPMG Professional Consulting.

The Company's financial information for the fiscal years ending December 31, 2022, December 31, 2023, and December 31, 2024, was extracted without material change.

The Company issues its financial statements in Saudi Riyals.

The figures in this Document are presented in Saudi Riyals. The figures presented in the financial statements, if combined, may differ from those in this Document due to rounding. Consequently, the financial information in this Document may vary from the financial information in the financial statements. It's also worth noting that some figures and percentages in this Document are approximate. Therefore, figures shown for the same category in different tables might vary slightly, and figures presented as totals in some tables may not represent an average or the exact sum of the preceding figures.

Forecasts and Forward-looking Statements

Forecasts set forth in this Document have been prepared on the basis of specific and announced assumptions. The Company's future conditions may differ from the assumptions used now. Therefore, no warranty, affirmation, or representation is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Document constitute "Forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "**plans**", "**intends**", "**estimates**", "**believes**", "**expects**", "**anticipates**", "**may**", "**might**", "**maybe**", "**will**", "**would be**", "**should**", or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Issuer with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Issuer to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail in other sections thereof (See Section (2) "**Risk Factors**" of this Document). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Issuer's actual results may vary materially from those described in this Document.

As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events and conditions set out in this Document may not occur as expected by the Company or may not occur at all. Accordingly, potential investors should examine all future statements in the light of these interpretations and not rely primarily on these forward-looking statements.

Company Directory

Board of Directors*										
Name	Nationality	Position	Membership Status**		Age	Direct Ownership		Indirect Ownership ***	
			Independent/ Non-Independent	Executive / Non-executive		Number of Shares	Percentage of Ownership (%)	Number of Shares	Percentage of Ownership (%)
Abdullah Abdulrahman Thunayan Al-Obeikan	Saudi	Chairman for the Board of Directors	Non-Independent	Non-executive	60			1, 032,820	3. 2275625
Abdullah Muhammad Abdullah AlHumaidhi	Saudi	Deputy Chairman for the Board of Directors	Non-Independent	Non-executive	32	1,000	0.0031250	690	0.0021562
Abdulaziz Saleh Abdullah Al-Rebdi	Saudi	Board Member	Independent	Non-executive	62	1,568,000	4.9000000	0	0
Omran Abdulrahman Thunayan Al-Obeikan	Saudi	Board Member	Non-Independent	Non-executive	58	131,660	0.4114375	765,215	2.3912969
Abdulkarim Hamad Bin Abdulkarim Alnujaidi	Saudi	Board Member	Independent	Non-executive	56	0	0	0	0
Abdulrahman Salah Rashed Alrashed	Saudi	Board Member	Independent	Non-executive	37	2,247	0.0070219	0	0
Abdulrahman Nasser Bin Abdulmohsen Alobaid	Saudi	Board Member	Non-Independent	Non-executive	30	0	0	445	0. 0013906
Secretary of the Board of Directors										
Baha Yousef Mahmoud	Jordanian	Secretary of the Board of Directors	Independent	Non-executive	49	139	0.0004344	0	0

Source: Management

* On 21/09/1445H (corresponding to 31/03/2024G), the Ordinary General Assembly approved the election of the above-mentioned Board of Directors members for the current session starting from 22/09/1445H (corresponding to 01/04/2024G) for a period of three (3) Gregorian years ending on 23/10/1448H (corresponding to 31/03/2027). On 25/09/1445H (corresponding to 04/04/2024G), the Board of Directors decided to appoint Eng. Abdullah Abdulrahman Al-Obeikan as Chairman of the Board of Directors, Mr. Abdullah Bin Muhammad AlHumaidhi as Vice Chairman of the Board of Directors, and Mr. Baha Yousef Mahmoud as Secretary for this session.

** An executive member is a member of the Board of Directors who is fully dedicated to the executive management of the Company and participates in its daily business. A non-executive member is a member of the Board of Directors who is not fully dedicated to the executive management of the Company and does not participate in its daily business. An independent member is a non-executive member of the Board of Directors who enjoys complete independence in his position and decisions, and none of the following factors of independence apply to him:

1. If he/she holds five percent or more of the shares of the Company or any other company within its Group; or is a relative of who owns such percentage;
2. If he/she is a relative of any member of the Board of the Company, or any other company within the Company's Group;
3. If he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's Group;
4. If he/she is a Board member of any company within the Group of the Company for which he/she is nominated to be a Board member;
5. If he/she is an employee or used to be an employee, during the two preceding years, of the Company or a company within its Group, or if he/she held a controlling interest in the Company or any party dealing with the Company or any company within its Group, such as auditors or main suppliers during the preceding two years;
6. If he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account;
7. If the member of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the Board or any of its committees, whichever is less;
8. If he/she engages in a business where he/she competes with the Company, or conducting businesses in any of the Company's activities;
9. If he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.

The members of the Board of Directors have indirect ownership as follows:

- The Chairman of the Board of Directors, Abdullah Abdulrahman Thunayan Al-Obeikan, has indirect ownership of (1,031,487) shares representing (3.223396875%) of the total shares of the Company through his ownership of (7.353996%) of the capital of Obeikan Investment Group Company, in addition to indirect ownership through his wife who owns (1,333) shares, representing (0.0041656%) of the Company's capital..

- The Vice Chairman of the Board of Directors, Abdullah Muhammad Abdullah AlHumaidhi, has indirect ownership of (620) shares representing (0.0019375%) of the total shares of the Company through his ownership of (0.0129117%) of the capital of the Saudi Advanced Industries Company, which owns (15.00%) of the Company's capital; and (70) shares representing (0.0002187%) of the total shares of the Company through his ownership of (0.0129117%) of the capital of the Saudi Advanced Industries Company, which fully owns the United Permanent Growth Investment Company, which in turn owns (1.7059906%) of the Company's capital.
- The Board member Omran Abdulrahman Thunayan Al-Obeikan has indirect ownership of (763,882) shares representing (2.38713125%) of the Company's total shares through his ownership of (5.446102%) of the capital of Obeikan Investment Group Company, in addition to indirect ownership through his wife who owns (1,333) shares, representing (0.0041656%) of the Company's capital.
- Board member Abdulrahman Nasser Abdulmohsen Alobaid has indirect ownership of (400) shares representing (0.00125%) of the Company's total shares through his ownership of (0.0083333%) of the capital of the Saudi Advanced Industries Company, which owns 15.00% of the Company's capital; and (45) shares representing (0.000140625%) of the Company's total shares through his ownership of (0.0083333%) of the capital of the Saudi Advanced Industries Company, which fully owns the United Permanent Growth Investment Company, which in turn owns (1.7059906%) of the Company's capital.

Address of the Company

Obeikan Glass Company
Riyadh - Al Olaya - King Fahd Road
P.O. Box 75767-12333
Kingdom of Saudi Arabia
Tel: +966 14 504 0356/4160018
Fax: +966 14 3931071
Website: https://obeikanglass.sa/
Email: info.glass@obeikan.com.sa

Company's Authorized Representative

Description	First Representative	Second Representative
Name	**Abdulaziz Saleh Abdullah Al-Rebdi**	**Ibrahim Mohammed Abdullah Al-Hamad**
Designation	Board Member	Chief Executive Officer
Address	Riyadh, Al Olaya, P.O. Box 103083, Zip Code 11695, Kingdom of Saudi Arabia	Riyadh, Al Olaya, P.O. Box 62807, Zip Code 11695, Kingdom of Saudi Arabia
Phone	+966 11 4744844	+966 14 504 0356
Fax	+966 14 3931071	+966 11 4809158
Email	rebdi@asr-consult.com.sa	i.alhammad@obeikan.com.sa
Website	https://obeikanglass.sa/	

Stock Exchange

Saudi Tadawul Company (Saudi Exchange)
King Fahd Road - Al Olaya 6897
Unit No. 15
Riyadh 12211 - 3388
Kingdom of Saudi Arabia
Tel: +966 11 920001919
Fax: +966 11 218 9133
Email: csc@saudiexchange.sa
Website: www.saudiexchange.sa

Advisors

Financial Advisor
Al Rajhi Capital King Fahd Road - Al Murouj District Riyadh, Saudi Arabia Tel: +966920005856 Fax: +966114600625 Email: investmentbankingteam@alrajhi-capital.sa Website: https://www.alrajhi-capital.com/
Legal Advisor
Khaligyoun Legal Advisors – KLA Firm M7 Tower – 8th Floor - King Fahd Road Postal Code 13321 - Riyadh Kingdom of Saudi Arabia Tel: +966 11 269997 Website: www.klafirm.com Email: info@klafirm.com
Financial Due Diligence Advisor
Price Waterhouse Coopers Company (pwc) Kingdom Tower - P.O. Box 8282 Riyadh 11482 - Kingdom of Saudi Arabia Tel: +966 11 211-0400 Fax: +966 11 211-0401 Email: salim.khairat@pwc.com Website: www.pwc.com/middle-east
Auditor
Auditors for the fiscal years ending on 31 December 2022G, 31 December 2023G, and 31 December 2024G
KPMG Professional Consulting Building No. S6 - Second Floor Airport Road - Riyadh Front P.O. Box 92876 - Riyadh 11663 Kingdom of Saudi Arabia Tel: +966 11 8748500 Fax: +966 11 8768600 Email: marketingsa@kpmg.com Website: www.kpmg.com.sa

Note: All of the above-mentioned Advisors and auditor have given their written consent to the use of their names, logos, statements or reports (as applicable) in this Document in the form and context in which they appear, and none of them has withdrawn their consent as of the date of this Document. It should also be noted that none of these entities and employees who have provided their services to the Company or any of their relatives own any shares or interest of any kind in the Company.

Transfer Process Timeline

Event	Date
Board of Directors' approval on the transfer to the Main Market	Wednesday 14/06/1445H (corresponding to 27/12/2023G)
Date of publication of the Board of Directors report	Monday 17/10/1446 AHH (corresponding to 15/04/2025G)
Date of submission of the transfer application to the Main Market	Friday 25/11/1446H (corresponding to 23/05/2025G)
Date of obtaining Saudi Exchange Company approval	Sunday 04/01/1447H (corresponding to 29/06/2025G)
Period of publication of the Transfer Document for inspection on the websites of the Company, the Exchange and the Financial Advisor	Ten (10) trading days, starting from Tuesday 06/01/1447H (corresponding to 01/07/2025G) and ending on Monday 19/01/1447H (corresponding to 14/07/2025G).
Date of suspension/stoppage of trading of the Company's shares for the purpose of transferring them to the main market	Tuesday 20/01/1447H (corresponding to 15/07/2025G).
Date of the last day of the trading suspension period on the share	Within a period not exceeding (5) five trading days from the date of suspension/ stopping of the Company's shares.
Date of transfer from the Parallel Market to the Main Market	The date of transfer to the main market will be announced via the Saudi Exchange website.

Note: Dates and timings will be announced on the Financial Advisor website (https://www.alrajhi-capital.com), the Company's website (https://obeikanglass.sa/), and the Saudi Exchange website (www.saudiexchange.sa).

Risk Factors Summary

A. Risks Related to the Issuer

- Risks related to the inability to implement the Company's strategic plan.
- Risks related to the concentration of the Company's manufacturing business in one factory
- Risks related to the concentration of the Company's sales
- Risks related to the concentration of customers
- Risks related to the export of the Company's products and their concentration in a specific continent
- Risks related to reliance on Obeikan AGC Glass Company (an affiliate company)
- Risks related to inventory management
- Risks related to shipping the Company's products
- Risks related to the Company's plants, machinery, and equipment
- Risks related to manufacturing defects
- Risks related to the concentration of suppliers
- Risks related to the availability of raw material supplies and their high prices
- Risks related to the occurrence of natural disasters
- Risks related to the operation and unexpected stoppage of work
- Risks related to non-compliance with the quality standards and specifications required by customers
- Risks related to the failure to obtain or renew licenses, permits and certificates
- Risks related to the absence of a formal hedging policy and procedures to manage price volatility risks.
- Risks related to any of the members of the Board of Directors practicing businesses competing with the Company's businesses
- Risks related to dealings with related parties
- Risks related to financing and credit facilities
- Risks related to mortgage on the Company's assets
- Risks related to providing financing in the future
- Risks related to credit
- Liquidity Risks
- Risks relating to contingent liabilities
- Risks related to potential Zakat dues and additional claims
- Risks related to changes in accounting standards or the application of new standards
- Risks related to the outbreak of infectious, transmitted or malignant diseases, epidemics or pandemics
- Risks related to lease contracts
- Risks related to inadequacy of insurance coverage
- Risks related to lawsuits and litigation
- Risks related to trademark and intellectual property rights
- Risks related to the localization of jobs and foreign labor
- Risks related to employee behavior and mistakes
- Risks related to reliance on key employees
- Risks related to the Company's inability to provide the workforce to meet the Company's need for future expansion
- Risks related to the lack of experience in managing companies listed on the Main Market
- Risks of management decisions
- Risks related to the Company's failure to comply with disclosures
- Risks related to the Capital Market Law and its Implementing Regulations

- Risks related to the Companies Law
- Risks related to the implementation of the governance regulations
- Risks related to the vacancy of the Chief Projects Officer position

B. Risks Related to the Market and the Sector in which the Issuer Operates.

- Risks related to the Kingdom's economic performance
- Risks related to political and economic instability in the region and its impact on the Company's operations
- Risks related to non-compliance with current laws and regulations and/or changes in the regulatory environment
- Risks related to the Company's operations being subject to environmental, health and safety laws and regulations
- Risks related to the stoppage of government incentives supporting industrial development
- Risks related to the competitive environment
- Risks related to the Competition Law and its Implementing Regulations
- Risks related to energy, electricity and water products
- Risks related to fluctuations in supply and demand
- Risks related to consumer spending due to poor economic conditions
- Risks related to negative changes in interest rates
- Risks related to fluctuations in currency exchange rates
- Risks associated with value-added tax

C. Risks Related to Securities Listed on the Main Market

- Risks related to possible fluctuations in the share price
- Risks related to future data
- Risks related to the sale or offering of additional shares in the future
- Risks related to the sale of a large number of shares in the market after the transfer to the Main Market
- Risks related to the failure to dividend distribution to shareholders
- Risks associated with the actual control by substantial shareholders over the interests of the Company and other shareholders
- Risks related to the suspension of trading or cancellation of the Company's shares as a result of the failure to publish its financial statements within the statutory period
- Risks related to the failure to meet the liquidity requirements in the Main Market after the transfer

Table of Contents

Tabels

1. Terms and Definitions

The following table provides a list of definitions and abbreviations for terms used in this Transfer Document:

Table (1): Terms and Definitions

Term	Definitions
The Company or the Issuer	Obeikan Glass Company, Saudi closed joint stock company.
Group	Obeikan Glass Company and its subsidiary.
Subsidiary	Saudi Aluminium Casting Foundry.
Affiliate	Obeikan AGC Glass Company.
Board or Board of Directors	The Company's board of directors.
Company Management or Administration or Senior Management	The executive management team or senior executives of Obeikan Glass Company.
Listing	Listing of securities on the market, whether on the Main Market or the Parallel Market, or – where the context permits – submitting a listing application to the market.
Transfer	Transfer of the Issuer's shares from the Parallel Market to the Main Market.
Saudi Stock Exchange	Saudi Tadawul Company.
General Assembly	The General Assembly held in the presence of the Issuer's shareholders in accordance with the provisions of the Companies Law and the Bylaws.
Ordinary General Assembly	The ordinary general assembly of shareholders.
Extraordinary General Assembly	The extraordinary general assembly of shareholders.
Public	In the Glossary of Defined Terms used in the Exchange Rules or the Rules on the Offer of Securities and Continuing Obligations means persons not mentioned below: 1. Affiliates of the Issuer. 2. Substantial shareholders of the Issuer. 3. Directors and senior executives of the Issuer. 4. Directors and senior executives of the affiliates of the Issuer. 5. Directors and senior executives of substantial shareholders of the Issuer. 6. Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7. Any company controlled by any person in (1, 2, 3, 4, 5, or 6) above. 8. Persons who act together in agreement and jointly own (5%) or more of the class of shares that will be listed.
Voting Rights	Voting rights in the issuer's general assemblies, noting that the issuer has only one class of shares, which are ordinary shares, and no shareholder has preferential voting rights, and each shareholder is granted one vote, and each shareholder, regardless of the number of shares he owns, has the right to attend and vote in the general assembly.
Government	Government of the Kingdom of Saudi Arabia.
SAR	Saudi Arabian Riyal, the official currency of the Kingdom of Saudi Arabia.
Saudization/Localization	Labor regulations in the Kingdom of Saudi Arabia that impose on companies operating in the Kingdom to employ a certain percentage of Saudis.
Fiscal Year/Fiscal Years	The Company's fiscal year ends on December 31 of every Gregorian year.
Share	An ordinary share worth (10) Saudi Riyals from the Issuer's shares.

Market	Saudi Tadawul Company or the Saudi Stock Exchange as the context requires and where applicable.
Main Market – TASI	The market in which securities that have been registered and offered under Part Four of the Rules on the Offer of Securities and Continuing Obligations are traded and accepted for listing under Part Three of the Listing Rules.
Parallel Market – Nomu	The market in which shares that have been registered and offered under Chapter Seven of the Rules on the Offer of Securities and Continuing Obligations are traded and accepted for listing under Chapter Eight of the Listing Rules.
Person	The natural or legal person.
Value Added Tax	The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the Unified Agreement for Value Added Tax for the GCC States, which is an indirect tax imposed on all goods and services purchased and sold by entities, along with some exceptions. The Kingdom of Saudi Arabia has committed to implementing a value added tax at a rate of (5%) starting from 14/04/1439H (corresponding to 01/01/2018G). It is worth noting that on 17/10/1441H (corresponding to 09/06/2020G), the Board of Directors of the Zakat, Tax and Customs Authority decided to amend the Value Added Tax Law to allow an increase in the basic tax rate to (15%) starting from 1 July 2020.
Related Party	In the Rules on the Offer of Securities and Continuing Obligations means: 1. Affiliates of the Issuer except for wholly owned companies. 2. Substantial shareholders of the Issuer. 3. Directors and senior executives of the Issuer. 4. Directors of affiliates of the Issuer. 5. Directors and senior executives of substantial shareholders of the Issuer. 6. Any relatives of persons described at (1, 2, 3 or 5) above. 7. Any company or establishment controlled by any person described at (1, 2, 3, 5, or 6) above. For the purposes of Paragraph (6) of this definition, the term “relatives” shall mean a parent, spouse, and children.
Transfer Application	Submission of an application to the Saudi Exchange for the transfer of the Company's shares from the Parallel Market to the Main Market.
Risk Factors	Potential signs and indicators that must be known and provided for prior to taking an investment decision in the shares subject to transfer.
Glossary Used in Exchange Rules	The glossary used in the exchange rules issued by the Saudi Tadawul Company and approved by the Capital Market Authority Board Resolution No. (2-17-2012) dated 08/06/1433H (corresponding to 29/04/2012G), amended by its Resolution No. (1-21-2021) dated 10/07/1442H (corresponding to 22/02/2021G), amended by its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), amended by its Resolution No. (1-118-2021) dated 03/04/1443H (corresponding to 08/11/2021G), amended by its Resolution No. (1-2-2022) dated 30/05/1443H (corresponding to 03/01/2022G), amended by its Resolution No. (1-98-2022) dated 18/02/1444H (corresponding to 14/09/2022G) and amended by of its Resolution No. (1-41-2023) dated 25/10/1444H (corresponding to 15/05/2023G), and amended by its Resolution No. (5-122-2024) dated 13/04/1446H (corresponding to 16/10/2024G).
Glossary Used in CMA Regulations and Rules	The glossary used in the regulations and rules of the Capital Market Authority (CMA/the Authority) issued by CMA Board pursuant to Resolution No. (4-11-2004) dated 20/08/1425H (corresponding to 04/10/2004G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) amended by Resolution of the Board of the Authority No. (3-6-2024) dated 05/07/1445H (corresponding to 17/01/2024G).
Financial Statements	The Company’s audited financial statements for the fiscal year ended December 31, 2022G the audited consolidated financial statements for the fiscal year ended December 31, 2023G, and the fiscal year ended December 31, 2024G.
Listing Rules	Listing rules issued by the Saudi Tadawul Company and approved by Capital Market Authority Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by Capital Market Authority Board Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G) and amended by Capital Market Authority Board Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G) and amended by Capital Market Authority Board Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/04/2022G) and amended by CMA Board Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G) and amended by Capital Market Authority Board Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G) and amended by the Capital Market Authority Board Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G) and amended by Capital Market Authority Board Resolution No. (4-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G).

Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority under resolution no, (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued under Royal Decree no. (m/30), dated 02/06/1424H (corresponding to 01/07/2003G), and amended under the Capital Market Authority Board resolution no. (3-114-2024), dated 04/04/1446H (corresponding to 07/10/2024G).
Nominal Value	The nominal value of the Issuer's shares, which is (SAR 1) one Saudi riyal per share.
Corporate Governance Regulations	The Corporate Governance Regulations issued by the board of the Capital Market Authority under resolution no. (8-16-2017), dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under royal decree No. (M/3), dated 28/01/1437H (corresponding to 10/11/2015G), and amended by the Capital Market Authority resolution of No. (8-05-2023G), dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (M/132) on 01/12/1443H (corresponding to 30/06/2022G).
Auditor	The auditor mentioned on page (vi) of this Document.
Shareholder(s)	The Issuer's shareholder(s) at any given time.
Substantial Shareholders	The Issuer's shareholders who own (5%) or more of the Issuer's shares and whose names appear on the cover page of this document.
Investor	A natural or legal person who owns or intends to own securities, including deposited securities.
Financial Advisor	Al Rajhi Capital Company (Al Rajhi Capital).
Advisors	The Issuer's advisors whose names appear on page (vi) of this document.
Transfer Document	This Transfer Document, which is the document required for the transfer of the Issuer's shares from the Parallel Market to the Main Market, in accordance with the listing rules.
International Financial Reporting Standards (IFRS) Approved in the Kingdom of Saudi Arabia	A set of accounting standards and their interpretations issued by the International Financial Reporting Standards Board and approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
Kingdom or Saudi Arabia	The Kingdom of Saudi Arabia.
Nitaqat	The Saudization program (Nitaqat) was approved pursuant to Ministry of Labor Resolution No. (4040) dated 12/10/1432H (corresponding to 10/09/2011G) based on the Cabinet Resolution No. (50) dated 21/05/1415H (corresponding to 27/10/ 1994G) and Ministerial Resolution No. (182495) dated 15/11/1442H (corresponding to 25/06/2021G), which stipulated the amendment of the Nitaqat program to the Developer's Nitaqat program. The Kingdom's Ministry of Labor has launched a (Nitaqat) program to provide incentives for entities to hire Saudi nationals. This program evaluates the performance of any entities on the basis of specific bands, namely Platinum, Green and Red according to the activity and sector under which the company falls. On 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the developed "Nitaqat" program, which offers three main advantages: First: A clear and transparent localization plan for the next three years with the aim of increasing organizational stability in private sector establishments; Second: It relies on a direct relationship between the number of employees and the required localization rates for each establishment through a linear equation that is proportionally linked to the number of employees in the establishment, instead of the current localization rate system based on classifying establishments into specific and fixed sizes; and Third: Simplifying the program design and improving the customer experience by merging the classifications of activities with common characteristics to be 32 activities instead of 85 activities in "Nitaqat". This program also contribute to providing more than 340,000 jobs by 2024G.
Bylaws	Bylaws of the Issuer.
Capital Market Law	The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), and any amendments thereto.
Companies Law	The Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
Labor Law	The Saudi Labor Law issued by Royal Decree No. (M/51) dated 23/08/1426 H (corresponding to 27/09/2005G) and its amendments.
Saudi Organization for Chartered and Professional Accountants (SOCPA).	The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia.
Capital Market Authority or Authority	The Capital Market Authority in the Kingdom of Saudi Arabia.

Zakat, Tax and Customs Authority	The Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia is one of the government authorities that are organizationally linked to the Minister of Finance, and is the body entrusted with the work of collecting Zakat and collecting taxes.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
Ministry of Municipalities and Housing	Ministry of Municipalities and Housing in the Kingdom of Saudi Arabia.
Ministry of Industry and Mineral Resources	Ministry of Industry and Mineral Resources in the Kingdom of Saudi Arabia.
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
H	Hijri calendar.
G	Gregorian calendar.
Working Day	Any working day except for Friday and Saturday, and any day that is an official holiday in the Kingdom of Saudi Arabia, and any day on which banking institutions close their doors to work in the Kingdom in accordance with the applicable regulations and other government procedures.

2. Risk Factors

Investing in shares that will be transferred from the Parallel Market and listed in the Main Market involves high risks, and investing in them may not be appropriate except for investors who are able to evaluate the advantages and risks of this investment and bear any loss that may result from it.

Anyone wishing to invest in shares that will be transferred from the Parallel Market and traded in the Main Market must carefully study all the information contained in this Document, including the risk factors shown below, before making any decision to invest in the shares subject to the transfer. Risks described below may not include all the risks that the Issuer may face, and it is possible that there are additional factors that are not known to the Issuer at the present time, that would affect its operations.

The Company's activity, financial conditions, prospects, results of operations, and cash flows may be materially and adversely affected if any of the risks included in this section occur or materialize, and which the Company's management currently considers to be material. This is in addition to any other risks that the Board of Directors has not identified or currently classifies as immaterial but may actually occur and become material.

In the event of the occurrence or realization of a risk factor that the Company's management believes at the present time to be material, or the occurrence of any other risks that the Company's management has not been able to identify, or which it considers at the present time to be immaterial, this may lead to a decrease in the Issuer's share price in the market, a weakening of its ability to distribute profits to shareholders, and the investor may lose all or part of his investment in the Company's shares.

The members of the Issuer's Board of Directors declare that, to the best of their knowledge and belief, there are no other material risks as at the date of this Document other than those mentioned in this section, that could affect investors' decisions to invest in shares that will be transferred from the Parallel Market to the Main Market.

The risks and uncertainties set out below are presented in an order that is not representative of their importance. Additional risks and uncertainties, including those not currently known or considered immaterial, may have the effects described above.

2.1 Risks Related to the Issuer

2.1.1 Risks related to the inability to implement the Company's strategic plan.

The Company's future performance depends on its ability to successfully implement its objectives and achieve its current strategies. The Company's ability to implement its current strategies is subject to various factors, including those related to its internal procedures and policies, such as increasing the number of employees, training and motivating them, and factors beyond its control, such as changes in the regulatory environment and local and global economic performance.

If the Company is unable to achieve its objectives and strategies for any reason, this will negatively and materially affect the Company's business, financial position, results of operations and future prospects. There is also no guarantee that the Company's successful implementation of its strategy will positively reflect on the results of its operations. The Company may incur additional costs, including attracting competent employees and assigning additional tasks to third parties (specialized advisors) to work on preparing the necessary studies to reach alternative plans and develop new strategies, which will negatively and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.2 Risks related to the concentration of the Company's manufacturing business in one factory

The Company produces its products (flat glass, safety glass and mirrors) through its factory located in Yanbu. The actual utilization rate of the flat glass extrusion line at this plant reached (99.2%) in fiscal year 2022G and (97.1%) in both fiscal years 2023G and 2024G. It is worth noting that the actual extrusion utilization rate remained close to its maximum throughout the previous period due to the 24/7 operation of the production line, with slight fluctuations in the utilization rate resulting from the production of glass of thinner sizes, unplanned maintenance cycles, defects or impurities in the molten glass, and other factors. To increase its production, the Company must either increase the available extrusion capacity in the current production line or establish a second flat glass production line, which in both cases requires significant future capital investments.

As such, the industrial facilities and their production lines are exposed to operational and production risks, including, but not limited to, unexpected accidents that may occur such as power outages or fires, or unexpected malfunctions that may occur in plants, machinery, and equipment, or any prolonged maintenance that may disrupt the factory's production and weaken its ability to produce sufficient quantities of its products on an ongoing basis, or if the Company is unable to establish additional production lines, or incurs huge costs to establish them, or the existing lines reach maximum capacity, which may have a negative and material impact on the Company's business, results of operations and future prospects.

2.1.3 Risks related to the concentration of the Company's sales

As of the date of preparation of this Document, the Company offers a number of products, including flat glass and safety glass. The Company's revenues are mainly concentrated from flat glass sales, which amounted to SAR (491,765,629) representing (99%) of total revenues for the year 2022G, compared to SAR (386,950,191) representing (98%) of total revenues for the year 2023G and SAR (313,009,400) representing (96%) of total revenues for 2024G. In the event that the Company's flat glass sales decrease or the Company stops producing flat glass for reasons related to production lines, this will have a material negative impact on the Company's revenues and consequently on its results of operations, financial performance and future prospects.

2.1.4 Risks related to the concentration of customers

The Company's transactions are focused on its top customers at varying rates during the years and periods covered by this document, as revenues from the top (10) customers decreased from (59.6%) of the total revenues for the fiscal year 2022G, to (55.4%) of the total revenues for the fiscal year 2023G, to increase again to (58.2%) of the total revenues for the year 2024G. It is worth noting that the Company generated revenues of (22.9%), (19.6%) and (20.0%) of the total revenues for the years 2022G, 2023G and 2024G, respectively, from its dealings with a top customer; compared to the Company obtaining (15.5%), (15.4%) and (16.8%) of the total revenues for the years 2022G, 2023G and 2024G, respectively, from its dealings with the affiliated company, Obeikan AGC Glass Company. Given the Company's revenues being concentrated on a specific customer base, the Company's inability to maintain long-term relationships with these parties may negatively impact the Company's revenues and profitability in the event of losing any of its top customers. In addition, the Company's reliance on purchase orders in its dealings with top customers means it cannot guarantee the long-term duration of dealing in the future, which will have a negative and material impact on the Company's business and consequently on its financial results and future prospects.

2.1.5 Risks related to the export of the Company's products and their concentration in a specific continent

The Company's exports outside the Kingdom of Saudi Arabia amounted to (168,892,574) Saudi riyals, (135,663,875) Saudi riyals and (123,989,826) Saudi riyals, representing, (31%), (38%) and (34%) of total sales as of December 31, 2022G, December 31, 2023G and December 31,2024G, respectively. The Company's exports are distributed across the continents of Asia, Africa, Europe, South America and North America, but they are mainly concentrated in the continent of Asia, whose exports amounted to, (105,065,959) Saudi riyals, (72,763,941) Saudi riyals and (239,030,408) Saudi riyals, representing (21%), (18%) and (73%) of total sales as of December 31, 2022G, December 31, 2023G and December 31, 2024G, respectively. With the decline in export sales, the cost of export decreased from (519,000) Saudi Riyals in 2021 to (215,000) Saudi Riyals in 2022, then to (186,000) Saudi Riyals in 2023 and (238,000) Saudi Riyals in 2024. It is worth noting that safety glass revenues, which consist entirely of export sales, decreased from (9,700,000) Saudi Riyals in 2022 to (6,812,042) Saudi Riyals in 2023 and then (10,277,795) Saudi Riyals in 2024. In the event of a change in any of the laws and regulations governing import and export operations in any of the countries that deal with the Company, or in the event of a change in the currency rates adopted by these countries, this may lead to an increase in the cost of the Company's products and affect net profit margins, which will have a negative and material impact on the Company's business, financial position, results of operations and future prospects.

2.1.6 Risks Related to Reliance on Obeikan AGC Glass Company (an affiliate company)

In prior years, the Company's revenues were concentrated from its transactions with Obeikan AGC Glass Company, a company in which Obeikan Glass Company owns a 19% stake. These transactions represented (15.5%), (15.4%), and (16.8%) of its total revenues for the years 2022, 2023, and 2024, respectively. In addition, trade receivables from Obeikan AGC Glass Company amounted to SAR (80,955,399), representing (67.9%) of the total receivables as of December 31, 2024. A loss provision of SAR (137,000) was recorded in respect of the total balance due to Obeikan AGC Glass Company as of December 31, 2024.

As of December 31, 2024, balances due from related parties amounted to SAR (50,836,406), of which SAR (50,062,186) representing (98.5%) relate to transactions with Obeikan AGC Glass Company for support services provided, such as warehouse rent, land rent, water, electricity, catering, loading services, and other services. The Company does not maintain a schedule for balances due from related parties. However, a loss allowance was recorded in the amount of SAR (29,500,000) as of 31 December 2024G specifically in relation to the balance due from Obeikan AGC Glass Company (in the amount of SAR 50,062,186), thereby covering (58.9%) of the total balance.

Any delay in collection due to the financial and operational challenges facing Obeikan AGC Glass Company would have a negative impact on revenues, profitability, working capital, and liquidity, and consequently on the Company's financial position and future prospects.

2.1.7 Risks related to inventory management

The Company's inventory consists of raw materials, finished goods, spare parts and consumables, work in progress, packaging materials and custom goods. The Company's inventory balance amounted to (94,768,801) Saudi riyals, compared to (43,448,929) Saudi riyals and (50,595,045) Saudi riyals as of December 31, 2022G, December 31, 2023G and December 31, 2024G, respectively. It is worth noting that the percentage of inventory to the Company's total assets represents (13.8%), (6%) and (7.2%) as of December 31, 2022G, December 31, 2023G and December 31, 2024G, respectively. The Company seeks to maintain the optimal level of inventory to monitor inventory holding and increase working capital efficiency, while ensuring timely delivery of products to customers and maintaining their quality by calculating the amount of inventory that must be available in line with supply and demand periods. If the Company is unable to maintain optimal inventory levels and monitor inventory periodically, this will lead to a severe decrease or surplus in inventory levels, which may cause the Company to incur losses due to its inability to meet customer requirements in the first case, or to dispose of inventory in the second case. In the event of poor inventory management by the Company, this will negatively affect the Company's business operations, financial position and future prospects.

2.1.8 Risks related to shipping the Company's products

The Company ships its products to its customers through shipping companies (third parties with whom the relationship is based on direct orders), noting that the customers bear the full shipping costs. In the event that the delivery of products to customers is delayed or is damaged in part or all during transportation, the Company may lose the confidence of its customers or the customers will refuse to receive the shipment or request compensation from the Company for the damage to the shipment, whether by reproducing it or deducting its financial value, and thus the Company will bear additional costs. In the event that any of these factors occur, it will have a material and negative impact on the Company's business, financial position, results of operations and future prospects.

2.1.9 Risks related to the Company's plants, machinery, and equipment

The Company depends on the continuity of its operations on the operation and effectiveness of production lines, which include plants, machinery, and equipment. The annual depreciation rates for plants and machinery range from (5%) to (6.6%) as of December 31, 2022G, December 31, 2023G and December 31, 2024G, while the annual depreciation rates for equipment amounted to (20%) as of December 31, 2022G, December 31, 2023G and December 31, 2024G. The combined depreciation rate of the total book value of plants and machinery amounted to (50%), (54%) and (50%) as of December 31, 2022G, December 31, 2023G and December 31, 2024G, respectively. On the other hand, the combined depreciation rate of the total book value of the equipment amounted to (1.5%), (2%) and (2%) as of December 31, 2022G, December 31, 2023G and December 31, 2024G, respectively. As of December 31, 2024G, certain assets that form part of the Company's total property, plant and equipment are subject to significant impairment, including furniture and fixtures (88.6%), computers (79.8%), equipment (77.8%), plants and machinery (68.5%) and motor vehicles (59.7%).

Industrial facilities are exposed to significant operational risks resulting from several factors, including malfunctions of plants, machinery, and equipment resulting from their age, misuse or unexpected accidents that may occur, such as power outages or fires, which may result in the disruption of the Company's operations and incur additional costs. Therefore, any unexpected breakdown of the Company's plants, machinery, and equipment or any prolonged maintenance thereof would disrupt the Company's production and weaken its ability to produce sufficient quantities of products continuously or the quality of products in a manner that meets the requirements of its customers or adheres to its contractual requirements, or if the Company wants to replace plants, machinery, and equipment due to their obsolescence or inability to exploit them due to lack of benefit from them, the Company does not guarantee the replacement of old plants machinery, and equipment with plants, machinery, and equipment of the same efficiency and at a cost that suits the Company, which would negatively and fundamentally affect the Company's business, results of its operations and future prospects.

2.1.10 Risks related to manufacturing defects

The Company's business revolves around the production and sale of flat glass, safety glass and mirrors. These operations are exposed to some risks related to defects that may occur during the production process or during the process of shipping products to customers or defects resulting from errors due to misconduct or misbehavior of the Company's employees. The Company's annual manufacturing defect rate is estimated at less than (0.5%) of the cost of sales. It is worth noting that any defects in the products manufactured by the Company or their failure to comply with the specifications required by customers may expose it to the risk of its customers refusing to receive its products, thus negatively and materially affecting the Company's reputation, in addition to the Company incurring any costs or compensations resulting from remanufacturing the product for the customer or reducing the value of the products sold to the customer or issuing any judgments against the Company related to any claims regarding the Company's liability for manufacturing defects, which will have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.1.11 Risks related to the concentration of suppliers

The Company relies on a number of local and international suppliers to supply raw materials, spare parts and consumables, with whom the relationship is based on non-contractual bases and pursuant to purchase orders and requests. Accordingly, the parties with which the Company deals may fail to fulfill their obligations for any reason, including, for example, their bankruptcy, financial insolvency or disruption of their operations, and the risks arising from dealing with these parties become more severe in difficult market conditions.

During the years from 2022G to 2024G, the Company's silica sand purchases were concentrated from (4) major local suppliers, with total receivables amounting to (2,200,000) Saudi Riyals as of December 31, 2024. Soda ash purchases, which constitute the largest component of the payment mix obtained from suppliers outside the Middle East, were comprised of (4) major suppliers, with total receivables amounting to (0) Saudi Riyals as of December 31, 2024. Accordingly, the Company's current operations rely on a sustainable supply of silica sand and soda ash from its major suppliers due to their high concentration. If any supplier fails or is delayed in providing the Company with these materials within the agreed timeframe and based on the agreed standards, or if the Company is unable to obtain raw materials from alternative suppliers in a timely manner, or if shipping costs increase due to any changes in applicable laws and regulations, this will impose additional costs on the Company, which will have a material adverse impact on its financial position, cash flows, and operational results.

2.1.12 Risks related to the availability of raw material supplies and their high prices

The Company relies on the continued supply of raw materials used in the production process, as the value of these materials constituted (57%), (59%) and (49%) of the total cost of sales as of December 31, 2022G, December 31, 2023G and December 31, 2024G, respectively. The availability and prices of raw materials are subject to fluctuations, which may be due to factors including, but not limited to: the timing of obtaining raw materials, the Company's negotiating power or an increase in raw material prices as a result of factors related to supply and demand or any other influences. If the Company becomes unable to obtain these supplies in sufficient quantities, at the appropriate time and under appropriate conditions, or if the cost of these supplies increases, this will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.13 Risks related to the occurrence of natural disasters

Any damage from natural disasters to the Company's facilities, such as floods, fires, earthquakes and other natural events for which there is no adequate insurance coverage or that are not available on commercially reasonable terms, may result in the Company incurring significant and high costs and may materially affect the Company's ability to perform and conduct its operations and thus reduce its operating results. In the event of natural disasters and damage to the Company's facilities and assets, this will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.14 Risks related to the operation and unexpected stoppage of work

The Company depends on the continuity of its operations on the operation and effectiveness of its production lines and work systems. Industrial facilities are exposed to significant operational risks due to several factors, including natural disasters, sudden breakdowns of major equipment, malfunctions or stoppages of production lines and computers, or interruptions in the supply of energy and electricity. These risks may cause significant damage to the facilities of industrial facilities or their workforce, or cause disruption to the production process and the Company's ability to deliver its products. If these risks occur, they may result in the Company incurring losses, thus negatively and materially affecting the Company's business, results of operations, financial position, and future prospects.

2.1.15 Risks related to non-compliance with the quality standards and specifications required by customers

The Company seeks to maintain customer satisfaction by continuing to provide the same level of quality of its products. However, if the Company is unable to continue to provide its products at the same level of quality, this will negatively affect its reputation with its customers, and thus they may refrain from dealing with it, which will have a negative and material impact on the Company's sales and consequently on its results of operations, financial position and future prospects.

2.1.16 Risks related to the failure to obtain or renew licenses, permits and certificates

The Company is subject to many laws and regulations that require it to obtain a number of licenses, permits and approvals necessary from the competent regulatory authorities in the Kingdom to practice its activity. The Company, as (the License Holder), must abide by the terms and conditions of each license and certificate it has obtained. If the Company is unable to do so, it may not be able to renew these licenses and certificates or obtain other new licenses that it may require from time to time for the purposes of expanding its activities, which may result in the suspension or stumbling of the Company's business or the imposition of financial fines on it by government authorities, and thus will negatively and materially affect the Company's business, financial position, results of operations and future prospects.

As of the date of this Transfer Document, the Company has not complied with issuing a safety certificate for its main office in Riyadh, and thus it is considered a violation of the Civil Defense Law, issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 21/01/1986G) and amended by Royal Decree No. (M/66) dated 02/10/1424H (corresponding to 26/11/2003G) and amended by Royal Decree No. (M/63) dated 13/09/1436H (corresponding to 02/04/2015G), in terms of compliance with security and safety requirements. Failure to comply will expose the Company to the penalties and fines stipulated in Article (30) of the Civil Defense Law, which stipulates that a penalty for violating any provision of this law, its regulations, or the decisions issued based on it shall be imprisonment for a period not exceeding six months, or a fine not exceeding thirty thousand (30,000) Saudi riyals, or both. Failure to obtain a safety certificate will also result in the Company not being able to obtain a municipal license, and this may lead to the Company's main office being closed until the regular procedures for obtaining a safety certificate are completed. The Company has not obtained a municipal license for its main office in Riyadh, which is considered a violation of the Law of Municipal Licensing Procedures issued by Royal Decree No. (M/59) dated 23/09/1435H (corresponding to 20/07/2014G). The Company may be subject to the penalties stipulated in the Regulations of Municipal Violations Penalties, issued by Cabinet Resolution No. (92) dated 05/02/1442H (corresponding to 22/09/2020G) and its executive rules issued by Ministerial Resolution No. (4300204526) dated 12/03/1443H (corresponding to 18/10/2021G), which may reach five hundred thousand (500,000) Saudi riyals, and may reach the point of closing the Company's offices, which may negatively affect the Company's operations, results of operations, and financial position.

2.1.17 Risks related to the absence of a formal hedging policy and procedures to manage price risk volatility

The Company currently has no long-term commitments or partnerships with vendors or customers. Transactions are based on purchase orders, which are based on the Company's pricing methodology at the current market price (after considering competition, quantity demanded, etc.).

The Company also does not have a formal hedging policy (regarding purchase prices) to mitigate price risk. Given the volatility of raw material prices, any sudden price increase that the Company may not be able to pass on to customers could expose it to losses.

The Company relies on cash sales through advance payments received from customers for approximately 40% of domestic sales, and on credit sales (payment terms ranging from 30 to 90 days, but up to 180 days for Obeikan AGC Glass Company) for approximately 60% of domestic sales. While most export sales are conducted on a cash basis (i.e., advances due from customers), credit terms of up to (90) days are extended to a select group of customers to foster and maintain long-term business relationships. If the Company does not receive advance payments from customers within 7 days, the purchase order will be cancelled, which will impact the Company's operations, financial performance, and future prospects.

2.1.18 Risks related to any of the members of the Board of Directors practicing businesses competing with the Company's businesses

Some of the Company's Board of Directors members or Senior Executives may compete with the Company, either through their membership in the Board of Directors or through ownership of businesses that fall within the framework of the Company's business and that are similar to the Company's business or compete with its business directly or indirectly. In the event of a conflict of interest between the Company's business on the one hand and the business of the Board of Directors or Senior Executives on the other hand, this will have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

Some of the Board of Directors members and Senior Executives may have access to the Company's internal information and may use such information for their own interests or in a manner that conflicts with the Company's interests and objectives. If the Board of Directors members and Senior Executives have interests that conflict with the Company's interests have a negative impact on the Company's decisions, or if they use the information available to them about the Company in a manner that harms its interests, this will have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

2.1.19 Risks related to dealings with related parties

The Company has transactions with related parties, including the shareholders of the Group, affiliates and sister companies (entities under common control or significantly influenced by the shareholders) and management personnel of the Group, noting that the terms and conditions of these transactions are approved by the Board of Directors. The Company's inability to conclude contracts with related parties on terms that suit the Company will have a material adverse effect on the Company's business, financial position, results of operations and future prospects. The value of transactions with related parties amounted to (95,645,477) Saudi riyals, representing (84%) of total liabilities and (18%) of total assets as of December 31, 2022G. As for the fiscal year ending on December 31, 2023G, the value of transactions with related parties amounted to (93,985,495) Saudi riyals, representing (88%) of total liabilities and (13%) of total assets. As for the fiscal year ending on December 31, 2024G, the value of transactions with related parties amounted to (86,272,734) Saudi riyals, representing (10%) of total liabilities and (10%) of total assets.

According to the provisions of the Companies Law and its Implementing Regulations, all transactions with related parties must be subject to the approval of the Board of Directors and the General Assembly of the Company. Therefore, on 16/08/1445H (corresponding to 26/02/2024G), the Board of Directors notified shareholders of the business and contracts with related parties in which the members of the Board of Directors members have an interest, in compliance with the provisions of Article (71) of the Companies Law. The approval of the General Assembly held on 21/09/1444H (corresponding to 31/03/2024G) was obtained for the transactions that took place with related parties for the fiscal year ending on December 31, 2023G. The General Assembly held on 29/10/1443H (corresponding to 30/05/2022G) had previously approved the transactions that took place with related parties for the fiscal year ending on December 31, 2021G. As for the transactions with related parties that took place during the fiscal year ending on December 31, 2022G, they were approved by the General Assembly held on 28/10/1444H (corresponding to 18/05/2023G) and the General Assembly held on 09/05/1445H (corresponding to 23/11/2023G). As for the transactions that took place during the year 2024G with related parties, as of the date of preparing this transition document, they were not presented to the General Assembly for voting. In the event that the General Assembly of the Company does not approve the renewal of the contracts concluded with related parties, the Company will be forced to search for other parties to contract with to implement the work currently assigned to related parties. Also, if the Company is unable to find a suitable alternative to the currently contracted related parties within a reasonable period of time or the Company is forced to conclude alternative contracts on terms that may not be consistent with its plan and strategic objectives, this may incur additional costs for the Company to conclude those contracts, and will have a material negative impact on the Company's business, financial position, results of operations and future prospects.

2.1.20 Risks related to financing and credit facilities

The Company has concluded a loan agreement with the Saudi Industrial Development Fund "SIDF" and a Murabaha agreement with the Saudi Export-Import Bank "Saudi Exim", in addition to a credit facilities agreement with Al Rajhi Banking and Investment Corporation (Alrajhi Bank). The table below includes a summary of the financing agreements and credit facilities concluded by the Company:

Table (2): Summary of financing agreements and credit facilities

Funding Entity	Expiry date of provision of facilities	Credit limit (Saudi riyals)	Used Amounts* (Saudi riyals)	Paid Amounts* (Saudi riyals)
SIDF**	17/07/1444H (corresponding to 08/02/2023G)	309,500,000	The last installment was paid in August 2023	None
Saudi Exim	27/02/1446H (corresponding to 31/08/2024G)	34,000,000	47,830,846.03	30,723,178.47
Alrajhi Bank	10/11/1446H (corresponding to 08/05/2025G)	50,000,000	4,571,069.47	4,571,069.47
Saudi Awwal Bank (SAB)	15/11/1446H (corresponding to 13/05/2025G)	50,000,000	41,758,732.36	29,342,012.88

Source: The Company

* As of December 31, 2024G

** The loan was utilized and repaid in full in 2023G

The Company provided guarantees and warranties in the form of a promissory note worth (34,000,000) Saudi Riyals as a guarantee for the agreement concluded with Saudi Exim and a promissory note issued by the company worth (53,918,681) Saudi Riyals as a guarantee for the facilities obtained from Alrajhi Bank. The concluded agreements included conditions and commitments on the part of the Company, including the financial commitments imposed by Saudi Exim agreement that the total liabilities to the net tangible value shall not exceed 1:2 throughout the facilities and that the total liabilities to the net tangible value shall not be less than 1:2 throughout the facilities, and those imposed by the facilities agreement with Alrajhi Bank that the trading ratio shall not be less than (1.5) times throughout the facilities period - the financial leverage shall not exceed (1) times throughout the facilities period - the net equity shall not be less than (585,000,000) Saudi Riyals. Restrictions have also been placed on the process of distributing profits under this agreement, such that the Company may not pay, distribute or announce dividends or any other distributions without obtaining prior written approval from the bank until the amount available for distribution to shareholders is determined. It is also worth noting that on 05/11/1445H (corresponding to 13/05/2024G), the Company entered into a credit facilities agreement with SAB, and under this agreement it pledged to maintain an average balance of (5,000,000) Saudi riyals in the current account and to direct (50%) of its sales to its account with the bank, in addition to providing other financial pledges that: The debt ratio to the tangible net asset value does not exceed 1:1.25; Current assets are not less than 1:1.5 times current liabilities; Depositing no less than (50%) of the letters of credit issued to the company's accounts with the bank; and depositing annual sales in the Company's account with the bank equivalent to the share of the facilities granted. As a guarantee for the facilities of SAB, the Company has provided a promissory note in the amount of (50,500,000) Saudi Riyals.

If the Company is unable to meet its repayment obligations under the credit facility agreements, or is unable to provide any other guarantees that may be required by the banks, or in the future breaches any of the obligations or undertakings related to the debts owed by it, the lenders may request immediate repayment of the debts and collect the guarantees provided by the Company. In this case, the Company may not be able to obtain sufficient alternative sources of financing to meet the repayment of the debts. Any of these factors will have a material adverse effect on the Company's business, financial position and future prospects.

2.1.21 Risks related to mortgage on the Company's assets

The loan concluded with SIDF includes a mortgage on all buildings constructed or to be constructed on the land rented by the Company, along with the entire factory, its machinery, equipment, and all its accessories and fixtures. If the Company is unable to fulfill its repayment obligations under the agreement signed with SIDF, or is unable to provide any other guarantees that SIDF may request, or fails in the future to comply with any of the obligations or commitments related to the loan owed to it, SIDF may request immediate repayment of the loan and initiate judicial enforcement procedures on the assets mortgaged in favor of SIDF, sell them, and collect the value of the loans from the proceeds of the sale of the assets. Any of these factors will have a material adverse effect on the Company's business, financial position and future prospects.

2.1.22 Risks related to providing financing in the future

The Company may need to obtain loans and bank facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Company's capital, financial position, cash flows, guarantees provided, and credit record. The Company does not provide any assurance or guarantee that it will obtain appropriate financing if necessary. Therefore, the Company's inability to obtain the financing it needs from financing entities, or financing on acceptable preferential terms that suit the Company, will have a negative and material impact on the Company's performance, operational processes and future plans.

2.1.23 Risks related to credit

Credit risk arises when one party fails to meet a specific financial obligation to the other party. The Company may face credit risk in several temporary or permanent cases, including the existence of debit balances from customers, and the failure of other debtor parties to meet their obligations to the Company. The Company's total trade receivables amounted to (109,834,387) Saudi Riyals as of December 31, 2022G, compared to (124,897,742) Saudi Riyals as of December 31, 2023G, and (115,906,060) Saudi Riyals as of December 31, 2024G. Trade receivables outstanding for more than (90) days represent (1%), (5%) and (39%) of total trade receivables as of December 31, 2022G, December 31, 2023G and December 31, 2024G, respectively.

It is worth noting that payment terms for domestic credit sales and export credit sales range from (30) to (90) days. The Company's total receivables with a maturity of (91) to (181) days amounted to approximately (22,400,000) Saudi Riyals (representing approximately 19% of the total receivables), while receivables with a maturity of more than (181) days amounted to (30,000,000) Saudi Riyals (representing approximately 25% of the total receivables) as of December 31, 2024G. Of these balances, Obeikan AGC Glass Company (an affiliate company) had a balance of (41,300,000) Saudi Riyals, of which (17,400,000) Saudi Riyals ranged between (91) and (181) days, and (23,900,000) Saudi Riyals for more than (181) days. As of December 31, 2024G, the Company's total loss allowance amounted to only SAR (3,300,000), of which SAR (1,400,000) relates to balances due for a period ranging between (91) and (181) days and SAR (1,100,000) relates to balances outstanding for more than (181) days. Furthermore, the Company has a loss provision of approximately SAR (1,100,000) relating to balances outstanding between (91) and (180) days and a provision of approximately SAR (1,400,000) relating to balances outstanding for more than (181) days, of which there is an amount of approximately SAR (105,000) relating to balances due from Obeikan AGC Glass Company.

The table below shows the aging of trade receivables for the fiscal years ended December 312022G, 2023G and 2024G:

Table (3): Aging of Trade Receivables

Aging of Trade Receivables	December 31, 2022G		December 31, 2023G		December 31, 2024G	
	Value (Saudi Riyals)	Percentage (%)	Value (Saudi Riyals)	Percentage (%)	Value (Saudi Riyals)	Percentage (%)
1 day to 30 days	62,748,712	54	84,206,379	65	52,102,354	44
31 days to 60 days	29,543,821	25	20,105,718	16	10,461,028	9
61 days to 90 days	23,731,081	20	18,390,635	14	4,199,613	4
More than 91 days	788,783	1	6,432,406	5	52,406,236	44
Total	**116,812,397**	**100**	**129,135,138**	**100**	**119,169,231**	**100**
Provision for doubtful debts	6,978,010		4,237,396		3,263,171.00	
Net accounts receivable	**109,834,387**		**124,897,742**		**115,906,060.00**	

Source: The Company

The balance of the provision for doubtful debts amounted to (6,978,010) Saudi riyals as of December 31, 2022G, compared to (4,237,396) Saudi riyals as of December 31, 2023G, and (263,171.00) Saudi riyals as of December 31December 31, 2024G.

The table below shows the movement of the provision for doubtful debts for the fiscal years ending December, 2022G, and 2023, and December 31, 2024G:

Table (4): Movement of the Provision for Doubtful Debts

Provision for doubtful debts	December 31, 2022G	December 31, 2023G	December 31, 2024G
	Value (Saudi Riyals)	Value (Saudi Riyals)	Value (Saudi Riyals)
Balance at the beginning of the year	1,589,844	6,978,010	4,237,396
Reversed during the year	0	2,740,614	(974,225)
Collections from customer provision	5,388,166	0	0
Balance at the end of the year	6,978,010	4,237,396	3,263,171

Source: The Company

Any provision for doubtful debts is created when there is objective evidence that the Company will not be able to collect all amounts due. The Company grants credit terms to its institutional and corporate customers so that the credit period with the company ranges between 30 and 90 days, and commercial accounts receivable are considered overdue after this period. The credit terms are approved according to each customer individually and his ability to provide liquidity, and the credit period granted to customers is determined primarily according to an assessment of the customer's commitment to payment during the historical period, with an upper limit set for each customer individually in terms of value.

These customers may face financial and operational challenges in the future due to economic downturns, adverse changes in market conditions or other factors related to the customers themselves. If any of the Company's customers, including its top customers, experience a significant adverse change in their financial situation, this may result in these customers defaulting on their obligations to the Company or becoming insolvent or even bankrupt, which will have a negative impact on the Company's ability to collect the relevant outstanding receivables, which may affect its working capital and the liquidity of existing cash associated with these balances, and thus will adversely affect the Company's business, financial condition, results of operations and future prospects.

2.1.24 Liquidity Risks

Liquidity risk is the inability of the Company to meet its obligations related to financial liabilities when they fall due. The Company's financial liabilities consist of loans, accounts payable and accrued expenses. The Company may not be able to meet its current or future obligations on their due dates, especially short-term ones. The liquidity ratio reached (1) time as of December 31, 2021G, (1.83) times as of December 31, 2022G, (5.17) as of December 31, 2023G and (2.67) as of December

31, 2024G. Accordingly, if the Company is unable to manage its payables effectively and pay them on time, it will be exposed to financial distress, which will negatively affect the Company's business, assets, financial position, results of operations and future prospects.

2.1.25 Risks relating to contingent liabilities

Some contingent obligations may arise for the Company, such as costs related to Zakat, taxes and lawsuits, in addition to any other obligations or costs related to the Company's activity. If these obligations are realized, they will negatively affect the Company's financial position, financial position, results of operations and future prospects.

2.1.26 Risks related to potential Zakat dues and additional claims

The Company has submitted its Zakat returns for all fiscal years since its establishment until December 31, 2023G. It has obtained a valid Zakat certificate No. (1116244260) dated 30/10/1446H (corresponding to 28/04/2025G) and expires on 13/11/1447H (corresponding to (corresponding to 30/04/2026G). The value of Zakat paid amounted to (5,982,194) Saudi riyals for the fiscal year ending December 31, 2022G, compared to (6,555,698) Saudi riyals for the fiscal year ending December 31, 2023G. While the Zakat paid during the year ending December 31, 2024amounted to (5,935,524) Saudi Riyals.

The Zakat provision amounted to (6,719,127) Saudi riyals as of December 31, 2022G and (6,086,799) Saudi riyals as of December 31, 2023G, compared to (4,575,409) Saudi riyals as of December 31, 2024G.

Based on the above, the Company cannot guarantee that the Zakat, Tax and Customs Authority's laws will remain the same in the future, nor can the Company predict whether the Zakat, Tax and Customs Authority will accept the Company's Zakat estimates for previous years and not object to them, impose a Zakat assessment on the Company and require it to pay additional Zakat dues. The Company will bear any resulting Zakat differences, which will have a negative impact on the Company's business, financial position, results of operations and future prospects.

2.1.27 Risks related to changes in accounting standards or the application of new standards

The Company's financial statements for the fiscal years ended December 31, 2022G,2023G, and 2024G and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). In this case, the Company is obligated to apply the amendments or changes made to these standards from time to time. Accordingly, any changes to these standards or the mandatory application of some new standards may adversely affect the financial statements and consequently the Company's financial results and financial position.

2.1.28 Risks related to the outbreak of infectious, transmitted or malignant diseases, epidemicsorpandemics

The outbreak of infectious or deadly diseases, epidemics or pandemics, such as COVID-19 in the past, or the emergence of other public health concerns, whether in the Kingdom or elsewhere, may adversely and materially affect the economy, financial markets and business activities locally and globally. In the event of an outbreak of any such disease, the Company will be required to take the preventive measures imposed by the World Health Organization and the government, which may lead to disruptions in the course of its business and commercial activity. The spread of the COVID-19, which began in December 2019G, has negatively affected global economies, financial markets, global demand for oil and its prices, and the general environment in which the Company operates due to the precautionary measures taken to prevent the spread of the virus, as strict decisions were imposed in this regard, resulting in, but not limited to, the imposition of a partial or total curfew in some cities and governorates of the Kingdom during 2020G, the closure of airports, the partial closure of shopping malls and all activities except for grocery stores and pharmacies, reducing the number of working hours for some sectors and obligating others to work remotely. All these restrictions have caused damage to all economic sectors and consequently to the Company's business and operational processes.

Given there is no guarantee that this virus or any other disease or epidemic will not spread again, the Company cannot estimate the extent of the losses resulting from it if it occurs. The Company does not guarantee that there will be no consequences in the future that will negatively and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.29 Risks related to lease contracts

The Company has entered into (2) lease contracts as of the date of preparation of this Document. Since the lease contracts are for a fixed term and are renewed at the request of the parties to the contract or automatically, any rent increase imposed by the lessors on the Company upon renewal will result in the Company incurring additional unexpected obligations, and will have a material adverse effect on the Company's business, results of operations, financial position and future prospects. In addition, the Company may not be able to renew all lease contracts, or these contracts may be renewed under different terms and conditions that may not be consistent with the Company's plan and strategic objectives. If the Company decides to vacate any of its leased premises due to the termination of the leases under these contracts or the failure to renew these contracts, or due to the inconsistency of the renewal terms with the Company's plan, the Company will incur additional costs to select suitable new locations for rent, which may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

The Company also concluded a land lease contract in the industrial area with the General Directorate of the Royal Commission in Yanbu on 29/08/1429H (corresponding to 30/08/2008G) valid for a period of (35) Hijri years, renewable under the terms and conditions agreed upon by both parties. The obligations imposed on the Company under this contract are:

- Not to use the leased land or facility for any other purposes other than those stated in the contract without obtaining prior written approval from the Royal Commission.
- Continuously notify the Royal Commission of its construction plans and related timetables.
- Cooperate with contractors, subcontractors, agents of the Royal Commission or its employees and authorized representatives.
- Make the necessary arrangements for the presence of representatives of the Royal Commission to visit the leased land.
- Indemnify, defend, and hold harmless the Royal Commission and its authorized representatives and each of them and all their employees, managers and representatives.
- Maintain valid insurance or bear the insurance risks from it (the insurance contract includes workers' compensation, social security, work accident insurance, liability insurance and car accidents).

This contract is subject to termination in the event of any default, and if the default is on the part of the Company and it does not commit to correcting it, the General Directorate of the Royal Commission in Yanbu has the right to terminate the contract, which negatively affects the Company's business and activities, its financial position and future prospects.

2.1.30 Risks related to inadequacy of insurance coverage

The Company maintains various types of insurance contracts to cover its business and assets, which are represented in the following documents: medical insurance, vehicle insurance, property insurance against all risks, general liability insurance and marine transportation insurance. These insurance contracts include deductible amounts and factors excluded from insurance coverage, in addition to other restrictions related to insurance coverage that are negotiated with insurance companies. The Company's ability to obtain the compensation due to it from the relevant insurance company depends on its financial solvency and ability to meet the value of this compensation. Therefore, the insurance may not cover all losses incurred by the Company, and no guarantee is given that the Company will not incur losses exceeding the limits of the insurance policies or outside the scope of coverage contained in these policies. Cases may arise in which the value of the claim exceeds the value of the insurance held by the Company, or that the compensation claim submitted by the Company to the relevant insurance company is rejected, or that the claim and compensation period is prolonged, which will negatively affect the Company's business, future prospects, results of operations and financial position.

2.1.31 Risks related to lawsuits and litigation

In the ordinary course of business, the Company may file lawsuits or claims against third parties and may have lawsuits filed against it. As of the date of preparing this Document, the Company is not a party to any lawsuit, whether as a plaintiff or a defendant. However, like other companies, it is exposed to lawsuits and complaints by virtue of the nature of its activities and dealings with third parties in the course of its business. These lawsuits may include, but are not limited to, Zakat and tax issues, labor cases, and other damages resulting from negligence or fraud by persons or institutions in a manner beyond the Company's control. Therefore, the Company cannot accurately predict the cost of lawsuits or legal proceedings, if they occur in the future, which the Company or its subsidiary may file or be filed against it, nor can the Company predict the final results of such lawsuits or the judgments issued therein and the compensation and penalties they include. Accordingly, any negative results of such cases may adversely affect the Company and the results of its operations.

2.1.32 Risks related to trademark and intellectual property rights

The Company markets its products and develops its business using its name, logo and trademark, which supports its business and competitive position and gives it a clear distinction in the market among customers. The Company has registered (1) trademark with the competent authority to grant it the necessary legal protection in accordance with the Trademark Law. The Company has also committed to registering its website with the Saudi Network Information Center. The Company may, from time to time, be forced to file a lawsuit to protect its intellectual property rights. If the Company is unable to protect its intellectual property rights for any reason, or if a third party misuses, harms or violates the Company's intellectual property rights, including the Company's right to use the Company's trademark, this will pose a risk to the value of the trademark and will have a negative and material impact on the Company's business, financial position, results of operations and future prospects. The Company's reputation may be affected if its intellectual property rights are used by third parties in a manner inconsistent with the Company's vision and aspirations, which may lead to a decrease in demand for its services or negatively affect its ability to attract new customers.

2.1.33 Risks related to the localization of jobs and foreign labor

The Company's branch falls within the "high green" range and is classified as a "medium category C" facility within the activity of "Industries - Manufacturing of primary glass products" according to the classification of the program to stimulate establishments to localize jobs " Nitaqat Mutawar". The Company's branch achieved a Saudization rate of (37%) as of April 2025G, so that the total number of employees reached (267), including (101) Saudi employees and (166) non-Saudi employees. The residency fees for non-Saudi employees amounted to an amount of (129,840) Saudi riyals for the fiscal year ending on December 31, 2022G, compared to (132,952) Saudi riyals for the fiscal year ending on December 31, 2023G, and (125,250) Saudi riyals for the fiscal year ending on December 31, 2024G. If the Company does not continue to maintain these ratios or if the Ministry of Human Resources and Social Development decides to impose more stringent localization policies in the future, and the Company is unable to comply with the requirements of the Ministry of Human Resources and Social Development, this will lead to the imposition of penalties on the Company by government authorities, such as suspending work visa applications and transferring sponsorship for non-Saudi employees, which will have a negative and material impact on the Company's business, financial position, results of operations and future prospects.

2.1.34 Risks related to employee behavior and mistakes

The Company may encounter errors or misconduct by employees, and the Company cannot guarantee the avoidance of misconduct or errors by its employees, such as fraud, intentional errors, embezzlement, fraud, theft, forgery, misuse of its property, and acting on its behalf without obtaining the required administrative authorizations. Accordingly, such actions may result in consequences and responsibilities borne by the Company, or regulatory penalties, or financial liability, which will negatively affect the Company's reputation, financial position, results of its operations, and future prospects.

2.1.35 Risks related to reliance on key employees

The Company relies on the capabilities and expertise of its key employees, so the Company's success in achieving its goals depends on retaining its employees and attracting and employing qualified and experienced people to work for it. Therefore, the Company is required to retain these employees or attract others with experience. To this end, the Company will have to bear the costs of the financial fees for non-Saudi employees and their families and bear the increase in the cost of living or part thereof directly or indirectly by raising their wages. On the other hand, the Company must attract and retain Saudi talent to ensure long-term continuity and adherence to the laws and regulations of the Labor Law in the Kingdom. In addition, in the event of any change in the policies and regulations in force in the Kingdom, this may affect the Company's ability to attract and retain talent. If the Company is unable to achieve the above, this will have a negative and material impact on the company's business, financial position, results of operations and future prospects.

2.1.36 Risks related to the Company's inability to provide the workforce to meet the Company's need for future expansion

The Company's ability to expand its business and future performance depends on several factors, including the ability to provide the workforce to meet the Company's needs to carry out its future plans. If the Company is unable to provide sufficient workforce commensurate with its business and needs, this will have a material adverse effect on the Company's success in implementing future plans for business expansion and thus may have a material adverse effect on its business results, financial performance and future prospects.

2.1.37 Risks related to the lack of experience in managing companies listed on the Main Market

Although the Company's senior management members have experience in managing the Company as a public joint stock company listed on the Parallel Market for more than two years, their experience may be relatively limited due to the recent listing of the Company, and their experience may not be sufficient to manage joint stock companies listed on the Main Market, and how to comply with the rules and regulations of joint stock companies listed on the Main Market, such as compliance with the continuous disclosure requirements to which companies listed on the Main Market are subject. Accordingly, the Company's senior management must make additional efforts to ensure its compliance with the rules and regulations imposed on companies listed on the Saudi main capital market. In the event that the Company fails to comply with these rules, or fails to meet governance and disclosure requirements, this will expose the Company to regulatory penalties and fines and their announcement, which in turn will have a material negative impact on its business, prospects and financial position.

2.1.38 Risks of management decisions

The Company's business results depend primarily on the ability of its management to make the right and appropriate decisions regarding its business and activities at the right time. If the Company's management makes wrong decisions regarding its business, this will negatively affect the Company's performance, results of operations and financial position.

2.1.39 Risks related to the Company's failure to comply with disclosures

As the Company is a public joint stock company listed on the Saudi Exchange, it is committed to the market to disclose the matters that must be disclosed in accordance with the provisions of the Rules on the Offer of Securities and Continuing Obligations. The Company's commitment to disclose the matters that must be disclosed is an ongoing obligation on its part, and it must provide information to the financial market by presenting all matters that arise in its activities and business, which may have an impact on investors' decision to invest in the Company's shares or not. The Company must adhere to the continuous disclosure of important matters that must be published to the financial market immediately upon their occurrence. It is worth noting that on 28/08/1443H (corresponding to 31/03/2022G), the Company announced its inability to publish its annual financial results ending on December 31, 2021G, and procedures for suspending trading in listed securities have been implemented in accordance with the listing rules.

The Company's failure or delay in disclosing such matters that must be disclosed in accordance with the provisions of the Rules on the Offer of Securities and Continuing Obligations constitutes a violation of the Capital Market Law and its regulations and the market's rules and procedures, which may expose it to accountability by the Capital Market Authority, leaving a negative and material impact on its reputation and the performance of its shares.

2.1.40 Risks related to the Capital Market Law and its Implementing Regulations

The Company is subject to all mandatory provisions and articles stipulated in the Capital Market Law and its implementing regulations and the circulars and guidelines issued by the Capital Market Authority, with the exception of provisions and articles that are advisory or do not apply to the Company. In the event that the Company is unable to comply with these regulations and rules to which it is subject, it will be subject to penalties such as temporary suspension of trading in shares or cancellation of the listing of the Company's shares, which will negatively affect the Company's business, results of operations, financial performance and profitability.

2.1.41 Risks related to the Companies Law

The Companies Law imposes some regulatory requirements that the Company must adhere to. This requires the Company to take measures and procedures to comply with the requirements of the Companies Law, which may affect its business plan or take a long time. The current Companies Law also imposes strict penalties for violating its provisions and mandatory rules, which reach five hundred thousand (500,000) Saudi riyals according to Article (262) thereof. Article (263) of the Companies Law stipulates that penalties shall be doubled in the event of repeated violations. Accordingly, the Company may be subject to such penalties in the event of its failure to comply with these rules and provisions, which would negatively and materially affect the Company's business, financial position and results of its operations.

2.1.42 Risks related to the implementation of the governance regulations

The Board of the Authority issued the Corporate Governance Regulations pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 11/11/2015G), amended by Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G). Although the Corporate Governance Regulations are considered indicative for companies listed in the Parallel

Market, paragraph (c) of Article (2) has specified some provisions as mandatory for companies listed in the Parallel Market (Nomu), including:

Paragraph (c) of Article (13): General and special assemblies of shareholders shall be held upon invitation from the Board of Directors, in accordance with the conditions stipulated in the Companies Law and its implementing regulations and the company's bylaws. The Board of Directors shall call for the ordinary general assembly to convene within thirty days from the date of the request of the auditor, the audit committee, or a number of shareholders whose ownership represents at least (10%) of the company's shares with voting rights. The auditor may call for the ordinary general assembly to convene if the Board of Directors does not call it within thirty days from the date of the auditor's request.

Paragraph (b) of Article (50): The validity of committee meetings requires the attendance of the majority of its members, and its decisions shall be issued by a majority of the votes of those present, and in the event of a tie, the side with which the chairman of the meeting voted shall prevail.

Paragraph (a) of Article (51): An audit committee shall be formed by a decision of the company's board of directors from shareholders or others, provided that it does not include any of the executive members of the board of directors. The number of members of the audit committee shall not be less than three and not more than five, and one of them shall be a specialist in financial and accounting affairs.

Article (52): Specified the powers, authorities and responsibilities of the audit committee.

Article (56): Specified the powers of the audit committee.

Article (88): The audit committee report:

A. The audit committee report shall include details of its performance of its powers and duties stipulated in these regulations, and shall include its recommendations and opinion on the adequacy of the internal and financial control systems and risk management in the company.
B. The board of directors shall deposit sufficient copies of the audit committee report at the company's main office and publish it on the company's website and the market's website when publishing the invitation to hold the general assembly; to enable any shareholders who wish to obtain a copy of it. A summary of the report shall be read during the general assembly meeting.

The Company has taken measures related to implementing the mandatory provisions of the Corporate Governance Regulations issued by the Capital Market Authority, as the Board of Directors approved the adoption of the Company's governance manual at its meeting held on 11/03/1446H (corresponding to 14/09/2024G). It is worth noting that these instructions are subject to continuous legislative amendment and development, especially with the entry into force of the new Companies Law. The Company is also obligated, after its transfer to the Main Market, to implement all mandatory provisions imposed by the Corporate Governance Regulations on companies listed on the Main Market. Therefore, the inability of the members of the Board of Directors and members of the committees to carry out their assigned responsibilities in a manner that ensures the protection of the interests of the Company and its shareholders will affect the implementation of the Corporate Governance Law in the Company. The Company's failure to comply with the requirements of continuous disclosure after the transfer to the Main Market, or its failure to implement any of the mandatory provisions contained in the Corporate Governance Regulations, will have a negative and material impact on the Company's future business, financial position and operational results.

It is worth noting that the Board of Directors has approved a number of policies and regulations that were formulated in accordance with the Corporate Governance Regulations issued by the Capital Market Authority in preparation for submitting the application for transfer to the Main Market. All of these policies are approved in accordance with the Corporate Governance Regulations As such, the Company's success in correctly implementing these policies and regulations depends on the Board of Directors, its committees and the Company's senior executives' understanding and awareness of them, especially with regard to the governance of the Board and its committees, especially the policies related to conflict of interest and transactions with related parties. Given these amendments are new, the Board of Directors, its committees and the Company's senior executives may face difficulties in quickly adapting to and implementing them, which could lead to the Company's non-compliance and violation of the Corporate Governance Regulations, which will have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.1.43 Risks related to the vacancy of the Chief Projects Officer position

As of the date of this Document, the position of Chief Projects Officer is vacant. Since this position is a senior executive position, the success of the Company's operations depends on finding the right and competent person to fill it. If this vacancy persists, the Company's operations may be adversely affected, and it may face risks related to the smooth running of its operations and the implementation of its future plans and projects, which will have a negative impact on its overall operations and future prospects.

2.2 Risks Related to the Market and the Sector in which the Issuer Operates

2.2.1 Risks related to the Kingdom's economic performance

The expected future performance of the Company depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, gross domestic product growth, average per capita income, and so on. The Kingdom's macro and micro economy is primarily dependent on oil and oil industries, which still control a large share of the gross domestic product. Therefore, any negative fluctuations in oil prices will have a direct and material impact on the plans and growth of the Kingdom's economy in general and on government spending rates, which will negatively affect the Company's financial performance, given its work within the Kingdom's economic system and its impact on government spending rates.

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

2.2.2 Risks related to political and economic instability in the region and its impact on the Company's operations

The Company's financial performance depends on the prevailing economic and political conditions in the Kingdom, in addition to the global economic conditions that in turn affect the Kingdom's economy. Many countries in the Middle East region are currently suffering from political or security instability, and there are no guarantees that the political, security and economic conditions in those countries or any other countries will not have a negative impact on the Kingdom's economy or foreign direct investment therein or on the Kingdom's financial markets in general. These factors may affect the Company's business, results of operations, financial position and future prospects. Any major unexpected changes in the political or economic environment in the Kingdom or any other country in the Middle East, including, but not limited to: normal market fluctuations, economic recession, high unemployment rates, technological transformations and other developments, may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.3 Risks related to non-compliance with current laws and regulations and/or changes in the regulatory environment

The Company is subject to the supervision of a number of government authorities in the Kingdom, including but not limited to: the Ministry of Commerce, the Zakat, Tax and Customs Authority, the Ministry of Industry and Mineral Resources, the Royal Commission for Jubail and Yanbu and the Capital Market Authority. Accordingly, the Company is subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom witnesses the issuance of a number of laws and regulations that are subject to change and update. Any changes in this environment may result in the Company incurring costs to comply with them. In the event that any changes are made to the current laws or regulations, or new laws or regulations are issued, this may result in the Company incurring unexpected additional financial expenses for purposes related to compliance with these laws and meeting the requirements of these regulations, or the Company may be subject to penalties and fines imposed by the competent supervisory authorities in the event of its failure to comply with these laws and regulations on an ongoing basis, which may adversely affect its business, results of operations, financial position and future prospects.

2.2.4 Risks related to the Company's operations being subject to environmental, health and safety laws and regulations

The Company's operations are subject to a wide range of laws and regulations related to environmental protection, health and safety in the Kingdom, which increasingly impose strict standards that the Company must adhere to on an ongoing basis. The costs of compliance with these laws and regulations and the fines resulting from their violation may be significant, and compliance with new and strict standards requires incurring additional capital expenditures or the emergence of changes in operating practices. Environmental, health and safety incidents may arise. For example, the Company's operations may result in a number of pollutants being released which, if not properly controlled and managed or left untreated or unmanaged, could lead to a risk of environmental pollution. Failure to fully comply with environmental legislation and regulations may result in the closure of the Company's industrial facilities and may expose the company to violations, fines or penalties that may be imposed by regulatory authorities, such as the withdrawal or suspension of permits under which the Company operates. Examples of violations that may be committed in this context include, but are not limited to: failure to adhere to self-monitoring programs for emission sources, negligence in maintaining pollution control, monitoring and surveillance devices, or failure to adhere to procedures for dealing with emissions and leaks in emergency situations. In the event of a violation, the Company may be subject to a fine not exceeding ten thousand (10,000) Saudi Riyals for each violation, which will negatively affect the Company's operations, limiting the growth of its revenues or suspending its work or license. This will affect its ability to conduct its business and thus negatively and materially affect its financial position, the results of its operations and its future prospects.

2.2.5 Risks related to the stoppage of government incentives supporting industrial development

The Company has benefited from the incentives provided by the government to investors in order to support manufacturing in the Kingdom, support infrastructure, provide land, energy and water at reduced prices in industrial cities, and provide financing through SIDF, which provides soft loans to support the industrial sector, as the Company has concluded a loan contract with the fund. These government incentives contribute to the success of the Company's business, and any suspension or cessation of these incentives will have a negative and material impact on the Company's business, financial position and future prospects.

2.2.6 Risks related to the competitive environment

The Company operates in a highly competitive environment, and there is no guarantee that the Company will continue to be able to compete effectively with other companies in the market. The pricing policies of the Company's competitors also significantly affect its financial performance, and the Company may be unable to continue to compete with those companies, which will lead to a reduction in the Company's market share and thus have a material negative impact on the Company's business, results of operations, financial position and future prospects.

2.2.7 Risks related to the Competition Law and its Implementing Regulations

In the event that the Company becomes in a dominant position in the market or is classified as such by the General Authority for Competition, the Company's activities will be subject to the terms and conditions contained in the Competition Law issued by Royal Decree No. (M/75) dated 29/06/1440H (corresponding to 07/03/2019G) and its implementing regulations issued by the General Authority for Competition by Resolution No. (327) dated 25/01/1441H (corresponding to 24/09/2019G), as the Competition Law aims to protect fair competition in the Saudi markets and encourage and consolidate market rules and freedom of prices and their transparency. In the event that the Company violates the provisions of the Competition Law and a judgment is issued against the Company in relation to this violation, the Company may be subject to large fines subject to the discretion of the General Authority for Competition not exceeding (10%) of the annual sales value (the return) subject to the contract or not exceeding ten million (10,000,000) Saudi riyals if the annual return cannot be calculated. In addition, the General Authority for Competition has the right to request the suspension and cessation of the Company's activities temporarily or permanently (partially or completely) in the event of repeated violations by the Company. Moreover, the procedures for filing lawsuits may be financially costly for the Company and may take a long time to resolve. The occurrence of any of the above-mentioned risks may have a material adverse effect on the Company's business, financial position, results of operations and future prospects.

2.2.8 Risks related to energy, electricity and water products

The Council of Ministers issued its Resolution No. (95) dated 17/03/1437H (corresponding to 28/12/2015G) to increase the prices of energy products, electricity consumption tariffs, water sales pricing, and sewage services for the residential, commercial, and industrial sectors, as part of the policies related to raising the efficiency of government support in the Kingdom. The Ministry of Energy (formerly Energy, Industry and Mineral Resources) also issued a statement on 24/03/1439H (corresponding to 12/12/2017G) regarding the Fiscal Sustainability Program plan to correct energy product prices starting from 14/04/1439H (corresponding to 01/01/2018G), noting that energy product prices are adjusted on a monthly basis in accordance with the procedures for governing the adjustment of energy and water product prices. The Company's operations depend on the availability of energy products, so any interruption or reduction in the supply of these products or any increase in their prices would affect the Company's operations, which would lead to a reduction in its profit margins and thus negatively and materially affect its business, financial position, results of operations and future prospects.

2.2.9 Risks related to fluctuations in supply and demand

The Company's sector, like any other sector, is affected by fluctuations in supply and demand in the market. Therefore, failure of production levels to adapt to any future sharp decline in demand for glass will in turn affect the performance of the sector in general, and thus will affect the Company's performance, results of operations, financial position and future prospects.

2.2.10 Risks related to consumer spending due to poor economic conditions

Fluctuations in economic factors beyond the Company's control, including but not limited to: consumers' ability to borrow, interest rates, unemployment rates, salary levels, tax levels, water and electricity consumption costs, and the total or partial cessation of government support for certain items, may adversely affect the level of disposable income, leading to a decline in consumer spending levels and, consequently, a decline in demand for the Company's products. Any decline in the number of consumers or their spending levels will have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2.2.11 Risks related to negative changes in interest rates

Interest rates may change due to any local or global economic, political or regulatory variables, which will lead to the possibility of increasing the Company's obligations under the bank facilities held by the Company. Consequently, this will lead to an increase in the financing costs required by the Company for its operations, which will have a material and negative impact on the company's financial position, cash flows, business, results of operations and future prospects.

2.2.12 Risks related to fluctuations in currency exchange rates

Some of the Company's transactions are subject to currencies other than the Saudi Riyal, particularly the US Dollar and the European Euro, in relation to the purchase of raw materials used in the production process or the export of products outside the Kingdom. The tables below show the Company's transactions according to the currencies used:

Table (5): Company's Transactions According to the Currencies Used

The Company's transactions according to the currencies used in relation to the purchase of raw materials						
Currency	December 31, 2022G		December 31, 2023G		December 31, 2024G	
	Purchases	Percentage of total sales	Purchases	Percentage of total sales	Purchases	Percentage of total sales
SAR	42,323,624	30%	52,895,538	37%	67,754,393	21%
USD	97,319,628	70%	90,240,009	63%	46,465,056	14%
Total	**139,643,252**	**100%**	**143,135,547**	**100%**	**114,219,448**	**35%**
The Company's transactions according to the currencies used in relation to the sale of the Company's products						
Currency	December 31, 2022G		December 31, 2023G		December 31, 2024G	
	Purchases	Percentage of total sales	Purchases	Percentage of total sales	Purchases	Percentage of total sales
SAR	344,162,588	69%	258,318,262	66%	203,124,808	62%
USD	155,572,273	26%	116,551,023	30%	119,558,507	34%
AED	0	0%	0	0%	4,431,319	1%
Total	**24,446,810**	**5%**	**19,112,852**	**4%**	**-**	**-**
Currency	502,179,542	100%	393,982,137	100%	327,114,634	100%

Source: The Company

The Company is exposed to the risks of changes in foreign exchange rates in relation to its sales and obligations related to non-Saudi currency. As of the date of this Document, the Kingdom adopts a policy of pegging the US dollar at an exchange rate estimated at (3.75) Saudi Riyals for every (1) US dollar. However, there is no assurance that the exchange rate of the Saudi Riyal against the US dollar will remain stable. In contrast, the exchange rate of the Saudi Riyal against the European Euro is also subject to supply and demand factors, and is therefore subject to fluctuations at any time. Accordingly, fluctuations in the value of the Saudi Riyal against foreign currencies (particularly the US dollar and the European Euro) may adversely affect the Company's results of operations, financial position and future prospects.

2.2.13 Risks associated with value-added tax

The Kingdom issued the Value-added Tax (VAT) Law, which came into effect on 01/01/2018G (corresponding to 14/04/1439H). This law imposes a value added tax of (5%) on a number of products and services, as stated in the Law. The Kingdom's government decided to increase the VAT rate from (5%) to (15%), which came into effect on 01/01/2020G (corresponding to 10/11/1441H). Accordingly, relevant establishments must know the nature of VAT, the method of its application, and how it is calculated. They will also have to submit their own reports to the relevant government agencies. Accordingly, the Company must adapt to the changes resulting from the implementation of VAT, including its collection and delivery, and the impact of the implementation of the VAT Law on the Company's business. The implementation of VAT in the Kingdom has led to an increase in the prices of most goods and services, including the Company's products and services. There are currently no claims or objections related to VAT. According to Guide for the Provisions Related to VAT in Economic Activity (updated version in September 2021), fines and penalties are imposed on taxable persons in relation to violating the provisions and conditions of VAT Law. In this case, fines and penalties are borne by the Company as the taxable person in the event of any violation or incorrect application of the Tax Law by the Company's management. This may also damage its reputation, which will also increase operating costs and expenses, which may reduce the Company's competitive position and the level of demand for its products and services, leaving a negative impact on the company, its financial position, results of operations and future prospects.

2.3 Risks Related to Securities Listed on the Main Market

2.3.1 Risks related to possible fluctuations in the share price

The price of the Company's share in the market after transfer from the Parallel Market to the Main Market may be highly unstable or subject to fluctuation due to any fluctuations in the price and volume of trading. Therefore, shareholders may not be able to sell their shares at a good price, or may not be able to sell them at all, as the market price of the Company's shares may be negatively affected by several factors, including, but not limited to: market conditions related to shares, any regulatory changes in the sector, deterioration of the Company's business results, inability to implement future plans, entry of new competing companies, the general economic situation in the Kingdom, and changes in the vision or estimates of experts and analysts of the stock market, which may negatively and materially affect the Company's financial position and future prospects.

2.3.2 Risks related to the sale or offering of additional shares in the future

If the Company decides to issue new shares in the future for the purpose of expanding its activities or to extinguish accumulated losses, and the necessary regulatory approvals are obtained, this may lead to a negative impact on the share price in the market or a decrease in the shareholders' ownership percentage in the Company if they do not invest in the new shares at that time.

2.3.3 Risks related to the sale of a large number of shares in the market after the transfer to the Main Market

The sale of a large number of shares of the Company after the completion of the transfer or the anticipation of such a process will adversely affect the market prices of such shares. The sale of a large number of shares by existing shareholders (particularly substantial shareholders who own 5% or more of the Issuer's shares) may adversely affect the Issuer's shares, thereby reducing their market price.

2.3.4 Risks related to the failure to dividend distribution to shareholders

The future distribution of profits depends on several factors, including but not limited to: future profits, financial condition, capital needs, the Issuer's distributable reserves, general economic conditions, analysis of investment opportunities and needs, and other relevant factors that the Board of Directors may consider important from time to time, and on the basis of which the Board of Directors will decide whether or not to submit any recommendation to the General Assembly of Shareholders to distribute profits in the future. In addition, the Company has undertaken not to pay, distribute or announce dividends or any other distributions without obtaining the prior written approval of Al Rajhi Banking and Investment Corporation (Alrajhi Bank) in accordance with the terms and conditions of the agreement concluded between them. The Company may also enter into credit and financing facility agreements in the future that include restrictions on dividend distributions, which may change the expected distributions. On the other hand, the Company may incur new unexpected expenses or obligations that may result in a decrease in the Company's profits or affect its level of cash liquidity, which may lead to a decrease or absence of dividend distributions. The Company provides no assurance whatsoever that the Board of Directors will recommend the distribution of dividends or that the shareholders will approve the Board of Directors' recommendation to distribute any dividends at the General Assembly meetings. The Company also provides no assurance regarding the amounts that will be paid as dividends in any given year, as such distributions are subject to the restrictions and conditions stipulated in the Companies Law and the Company's Bylaws. Based on the above, these factors may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

2.3.5 Risks associated with the actual control by substantial shareholders over the interests of the Company and other shareholders

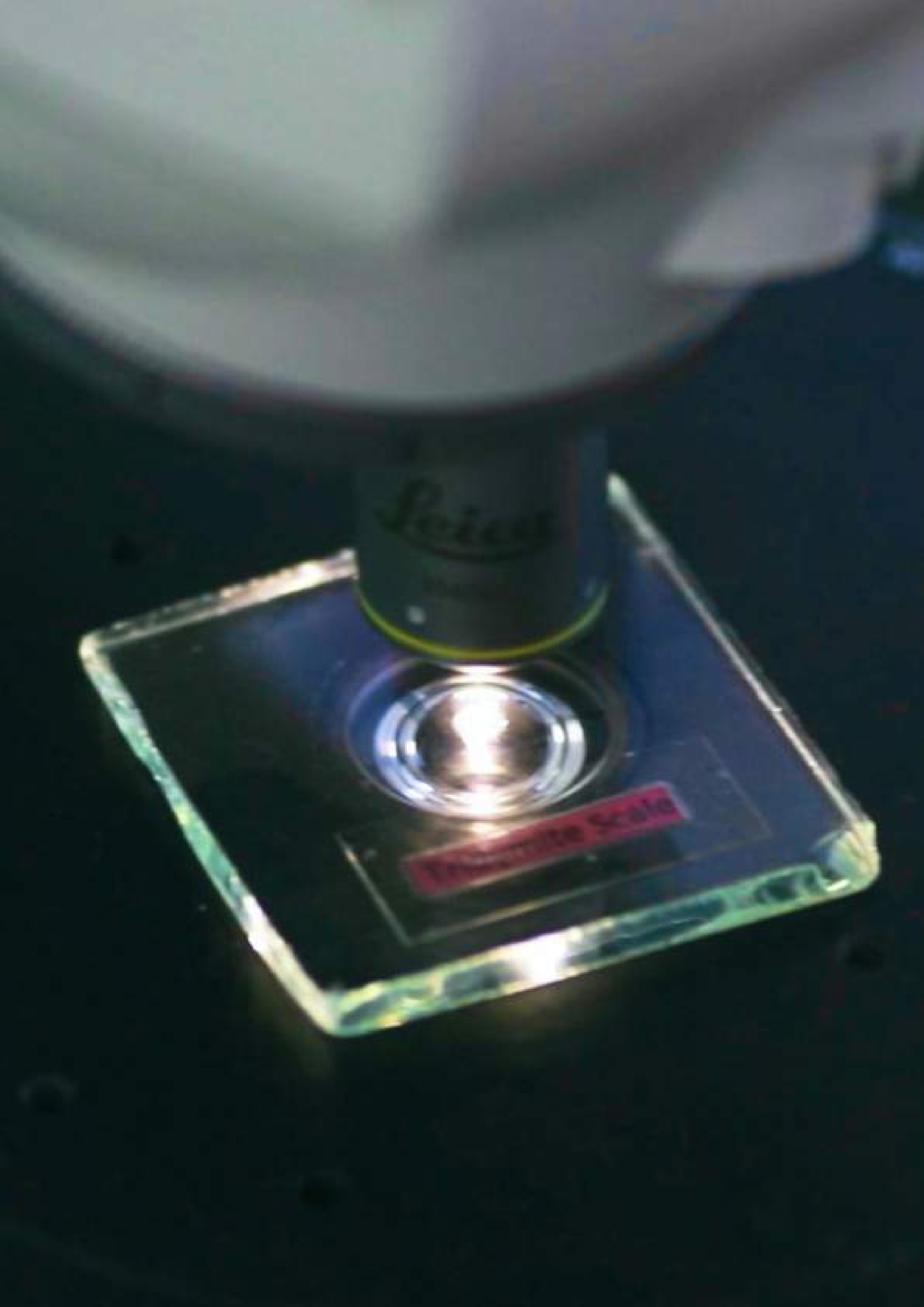
Substantial shareholders may be able, alone or with other shareholders, to control decisions that require shareholder approval, such as mergers, acquisitions and asset sales, the election of directors, an increase or reduction of capital, the issuance or non-issuance of additional shares, the distribution of dividends, or approval of important contracts and operations of the Company, amendment of the terms of the Articles of Incorporation of the Company. Substantial shareholders may exercise their control over the Company in a way that leads to any event in which the interests of substantial shareholders conflict with the interests of other shareholders, which may affect in one way or another the expected returns for shareholders or cause shareholders to lose part or all of their investments in the Company, and this may affect the Company's business, financial condition, results of operations and future prospects.

2.3.6 Risks related to the suspension of trading or cancellation of the Company's shares as a result of the failure to publish its financial statements within the statutory period

If the Company is unable to publish its financial information within the statutory period imposed in the Main Market (within a period not exceeding thirty days from the end of the fiscal period covered by the interim financial statements and a period not exceeding three months from the end of the annual fiscal period covered by the annual financial statements), the procedures for suspending listed securities shall be applied in accordance with the listing rules issued by Saudi Tadawul Company, which stipulate that the market shall suspend trading in securities for a period of one trading session following the end of the statutory period. In the event that the financial information is not published within twenty trading sessions following the first suspended trading session, Saudi Tadawul Company shall announce the re-suspension of the Company's securities until it announces its financial results. If the suspension of trading in the Company's shares continues for a period of six months without taking appropriate measures to correct such suspension, the Authority may cancel the listing of the Company's securities. The Saudi Stock Exchange shall lift the suspension after one trading session following the announcement of the company's financial results. However, if the company delays announcing its financial results, or if it is unable to publish them within the statutory deadline referred to above, this will result in the suspension of its shares or the cancellation of their listing, which will have a negative and material impact on the interests of the Company's shareholders, its reputation and the results of its operations.

2.3.7 Risks related to the failure to meet the liquidity requirements in the Main Market after the transfer

The Company must meet the liquidity requirements required to transfer to the Main Market and not breach these requirements after the transfer process, as liquidity requirements represent an ongoing obligation on the Company. Any breach of liquidity requirements may result in the suspension of trading in the Company's shares. For example, the public owns (33.56465625%) of the Company's shares according to the shareholders' register issued on 21/11/1446H (corresponding to 29/05/2025G), and if the ownership of any of the shareholders classified as public increases to more than (5%) of the Company's shares, this will lead to making him non-public and thus the public ownership in the Company will decrease to less than (30%) of its shares, which conflicts with the liquidity requirements in the Main Market. In the event of a breach of these requirements, the Company must take the necessary measures to ensure their fulfillment within the time period specified by the market, after coordination with the Capital Market Authority. The Company must continuously inform the market of any developments regarding corrective measures, which may, for example, be represented by the substantial shareholder selling a number of his/her shares to the public in a manner that ensures the requirements are met. Failure to take corrective measures will have a negative and material impact on the Company.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3. Purpose of Transferring to the Main Market

3.1 Achieving the conditions for transfer from the Parallel Market to the Main Market

- On 14/06/1445H (corresponding to 27/12/2023) the Board of Directors approved the transfer of the Issuer's shares from the Parallel Market to the Main Market, based on the Listing Rules issued by the Saudi Tadawul Company and approved by decision of the CMA Board No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and all amendments thereto, and based on the Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board Resolution No. (3-123-2017) dated 04/09/1439H (corresponding to 27/12/2017G) and all amendments thereto, and based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003) and all amendments thereto.
- Whereas the Board of Directors deemed it to be in the interest of the Issuer and its shareholders to benefit from the available options included in the Listing Rules regarding the transfer from the Parallel Market to the Main Market and the benefits accruing to the issuer and its shareholders, noting that on 06/07/1443H (corresponding to 07/02/2022G) the Company's shares were listed in the parallel market directly, and thus it has spent two calendar years in accordance with what is stipulated in paragraph (a) of Article (44) of the Listing Rules.
- Based on the shareholders' register issued on 21/11/1446H (corresponding to 19/05/2025G), the Company meets the liquidity requirements in accordance with subparagraph (b) of Article (7) of the Listing Rules for shares subject to the request to transfer to the Main Market.
- Based on the shareholders' register issued on 21/11/1446H (corresponding to 19/05/2025G), the Issuer has met the additional criteria related to the availability of liquidity in the shares subject to the request to transfer to the Main Market according to the fourth tranche, as the number of shareholders from the public category (who own 100 shares or more representing a value of 1,000 Saudi riyals) reached (665) shareholders, and their ownership is (10,737,864) shares representing (33.555825%) of the Company's total shares.
- The Issuer has also met the total market value during the twelve (12) months preceding the date of submitting the application to transfer to the Main Market, Saudi Tadawul.
- The Issuer has also met the governance requirements of the Main Market.

4. Overview of Obeikan Glass Company

4.1 Company's Vision

To be an effective player in the circular economy in the region.

4.2 Company's Mission

Implementing 2030 Vision with regard to circular economy.

4.3 Company's Strategy

- Since its inception, the Company set a clear goal for itself: to become a leader in the glass products industry. Indeed, it has succeeded in achieving this goal, becoming one of the largest producers of clear flat glass in the Middle East, with a production capacity of 800 tons per day, equivalent to 292,000 tons per year, and offering a wide range of thicknesses ranging from 3 mm to 12 mm.
- The Company's ambitions have not stopped at its local borders, but have expanded globally, exporting its products to Asia, Europe, Africa, and North and South America. The Company's unwavering commitment to quality and its pursuit of improving operational efficiency has made it the preferred choice for customers in these markets.
- With the increasing demand for high-quality glass products, the Company continues to expand its production capabilities, not only to meet the growing market needs, but also to offer a variety of flat glass products used in various fields, such as the automotive industry, construction, and mirror manufacturing.
- Through its strategy, the Company also seeks to enter various industrial sectors, targeting mining and its manufacturing industries, automotive parts manufacturing, and renewable energy, to make effective contributions and become an enabler of Saudi Vision 2030. At the same time, the Company is keen to improve profit margins to achieve the highest returns for its shareholders, while maintaining its leadership position in all sectors targeted within the strategy.
- The Company's commitment to innovation and quality places it at the forefront of companies that meet the aspirations of its customers and contribute to shaping a better future for the industrial sector.

4.4 Company's Strengths and Competitive Advantages

The Company's strengths and competitive advantages are as follows:

- The Company takes the lead in the glass industry in the Kingdom of Saudi Arabia and the Middle East.
- The Company's factory has a maximum annual production capacity of 250,000 tons of glass.
- The Company's management team is highly qualified and efficient, many of whom have previously worked for international companies in the industry.
- The Company has a diverse customer base inside and outside the Kingdom and has an excellent reputation for its commitment to business practices and maintaining high levels of product quality.
- The Company easily imports raw materials, as its factory is located near King Fahd Industrial Port, overlooking the Red Sea, as well as Yanbu Commercial Port.
- The Company also has the ability to export its products outside the Kingdom via Jeddah Islamic Port in Jeddah and King Abdullah Port in King Abdullah Economic City.
- The Company has obtained the ISO 9001:2015 quality certification for its commitment to international standards for the production of clear flat glass.
- The Company has obtained the ISO 14001:2015 Environmental Management System (EMS) certification.
- The Company has obtained the ISO 45001:2018 certification for the Occupational Health and Safety (OH&S) Management System.
- The Company won the King Abdulaziz Quality Award for 2020.

- The Company won the Arab Quality Award for 2021.
- The Company received an advanced rating in the SIRI evaluation.
- The Company has obtained the Environmental Product Declaration, which is a certification that evaluates the environmental performance of a product.

4.5 Company General Activities

- The Company's revenues are distributed according to the products it offers, according to the table below:

Table (6): Distribution of Company Revenues by Product

Product	December 31, 2022G		December 31, 2023G		December 31, 2024G	
	Value (Saudi Riyals)	Percentage (%)	Value (Saudi Riyal)	Percentage (%)	Value (Saudi Riyals)	Percentage (%)
Flat Glass	491,765,629	98%	386,950,191	98%	313,009,400	96%
Safety Glass	9,725,233	2%	6,980,757	2%	10,277,795	3%
Scrap	688,680	0%	51,189	0%	3,827,586	1%
Total	**502,179,542**	**100%**	**393,982,137**	**100%**	**327,114,781**	**100%**

Source: Management

- The Company's revenues are distributed by country according to the table below:

Table (7): Distribution of the Company's Revenues by Country

Countries	December 31, 2022G		December 31, 2023G		December 31, 2024G	
	Value (Saudi Riyals)	Percentage (%)	Value (Saudi Riyal)	Value (Saudi Riyals)	Percentage (%)	Value (Saudi Riyal)
Kingdom of Saudi Arabia	344,162,588	69%	258,318,262	66%	203,124,520	62%
Africa	14,968,867	3%	25,006,171	6%	33,629,316	10%
Europe	24,446,810	5%	19,112,852	5%	9,850,781	3%
South America	12,205,469	2%	3,290,850	1%	4,467,789	1%
North America	12,205,469	0.3%	15,490,061	4%	18,039,490	6%
Asia	105,065,959	21%	72,763,941	18%	58,002,883	18%
Total	**513,055,162**	**100%**	**393,982,137**	**100%**	**327,114,779**	**100%**

Source: The Company


DRINKING
WATER STATION

5. Legal Information and Declarations of Board Members

5.1 Company Information

5.1.1 Company's Name

The Company has been registered in the commercial register since its establishment under the trade name "Obeikan Glass Company".

5.1.2 Background and Incorporation

On 02/12/1427H (corresponding to 23/12/2006G), Obeikan Glass Company was established pursuant to Ministerial Resolution No. (Q/224) dated 27/08/1428H (corresponding to 09/09/2007G), the Constituent Assembly held on 29/10/1428H (corresponding to 10/11/2007G), and Commercial Registration No. (1010241520) dated 30/11/1428H (corresponding to 10/12/2007G) issued in the city of Riyadh. The Company's capital upon incorporation amounted to two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) ordinary shares of equal value, each share being worth ten (10) Saudi Riyals. The following table shows the Company's ownership structure upon incorporation.

Table (8): Ownership Structure upon Incorporation

Name	No. of shares (share)	Share value (Saudi Riyals)	Total value of shares	Percentage
Obeikan Investment Group Company	9,400,000	10	94,000,000	47%
Saudi Advanced Industries Company	8,000,000	10	80,000,000	40%
Obeikan Technical Fabrics Company	1,000,000	10	10,000,000	5%
Obeikan Printing and Packaging Company	1,000,000	10	10,000,000	5%
Fahad bin Abdulrahman bin Thunayan Al-Obeikan	600,000	10	6,000,000	3%
Total	**20,000,000**	--	**200,000,000**	**100%**

Source: The Company

- On 29/05/1440H (corresponding to 04/02/2019G), the Extraordinary General Assembly approved increasing the capital from two hundred million (200,000,000) Saudi Riyals to two hundred and forty million (240,000,000) Saudi Riyals divided into twenty-four million (24,000,000) fully paid ordinary shares, each of which is worth ten (10) Saudi Riyals. The increase of forty million (40,000,000) Saudi Riyals was met by capitalizing the amount from the account of amounts due to related parties in proportion to their contribution to the company's capital. The following table shows the ownership structure after the approval of the Extraordinary General Assembly to increase the capital on 29/05/1440H (corresponding to 04/02/2019G).

Table (9): Ownership Structure after the Approval of the Extraordinary General Assembly to Increase the Capital on 29/05/1440H (corresponding to 04/02/2019G)

Name	No. of shares (share)	Share value (Saudi Riyals)	Total value of shares	Percentage
Obeikan Investment Group Company	11,280,000	10	112,800,000	47%
Saudi Advanced Industries Company	9,600,000	10	96,000,000	40%
Obeikan Technical Fabrics Company	1,200,000	10	12,000,000	5%
Obeikan Printing and Packaging Company	1,200,000	10	12,000,000	5%
Fahad bin Abdulrahman bin Thunayan Al-Obeikan	720,000	10	7,200,000	3%
Total	**24,000,000**	--	**240,000,000**	**100%**

Source: The Company

- On 19/08/1442H (corresponding to 01/04/2021G), the Extraordinary General Assembly approved the transfer of all of Obeikan Printing and Packaging Company's shares (amounting to one million two hundred thousand (1,200,000) shares) to Obeikan Investment Company. The table below shows the ownership structure after this transfer:

Table (10): Ownership structure after Obeikan Printing and Packaging Company transferred all its shares

Name	No. of shares (share)	Share value (Saudi Riyals)	Total value of shares	Percentage
Obeikan Investment Group Company	12,480,000	10	124,800,000	52%
Saudi Advanced Industries Company	9,600,000	10	96,000,000	40%
Obeikan Technical Fabrics Company	1,200,000	10	12,000,000	5%
Fahad bin Abdulrahman bin Thunayan Al-Obeikan	720,000	10	7,200,000	3%
Total	**24,000,000**	**-**	**240,000,000**	**100%**

Source: The Company

- On 02/08/1442H (corresponding to 15/03/2021G), the Board of Directors recommended to the Extraordinary General Assembly to vote on the direct listing of the Company's shares in the Parallel Market (Nomu). On 19/08/1442H (corresponding to 01/04/2021G), the Extraordinary General Assembly approved the Board of Directors' recommendation to register and directly list the Company's shares in the Parallel Market (Nomu). Note that on 26/04/1443H (corresponding to 01/12/2021G), the CMA Board approved the Company's request to register its shares for the purpose of direct listing in the Parallel Market. The following table shows the ownership structure upon listing in the Parallel Market:

Table (11): Ownership Structure upon Listing in the Parallel Market

Name	No. of shares (share)	Share value (Saudi Riyals)	Total value of shares	Percentage
Obeikan Investment Group Company	10,519,664	10	105,196,640	43.83%
Saudi Advanced Industries Company	9,600,000	10	96,000,000	40%
Other shareholders owning less than (5%) of the capital (79 shareholders)	3,880,336	10	38,803,360	16.17%
Total	**24,000,000**	**-**	**240,000,000**	**100%**

Source: The Company

- On 14/06/1444H (corresponding to 07/01/2023G), the Board of Directors decided to recommend to the Extraordinary General Assembly to increase the capital from two hundred and forty million (240,000,000) Saudi Riyals to three hundred and twenty million (320,000,000) Saudi Riyals by capitalizing part of the retained earnings by granting one (1) share for every three (3) shares. On 11/07/1444H (corresponding to 02/02/2023G), the Capital Market Authority announced the issuance of its decision approving the Company's request to increase its capital. On 28/10/1444H (corresponding to 18/05/2023G), the Extraordinary General Assembly decided not to approve the Board of Directors' recommendation to increase the capital by eighty million (80,000,000) Saudi Riyals.
- On 26/02/1445H (corresponding to 11/09/2023G), the Board of Directors decided to recommend to the Extraordinary General Assembly to increase the capital from two hundred and forty million (240,000,000) Saudi Riyals to three hundred and twenty million (320,000,000) Saudi Riyals by capitalizing part of the retained earnings by granting one share for every three (3) shares. On 13/04/1445H (corresponding to 28/09/2023G), the Capital Market Authority announced the issuance of its decision approving the Company's request to increase its capital. On 09/05/1445H (corresponding to 23/11/2023G), the Extraordinary General Assembly decided to approve the Board of Directors' recommendation to increase the Company's capital by eighty million (80,000,000) Saudi riyals from two hundred and forty million (240,000,000) Saudi riyals to three hundred and twenty million (320,000,000) Saudi riyals, equivalent to a percentage of (33.33%) increase in capital, by granting free shares through capitalizing eighty million (80,000,000) Saudi riyals from the retained earnings balance as of 12/31/2022, by granting one free share for every three (3) shares owned by shareholders.
- The Company's current capital is three hundred and twenty million (320,000,000) Saudi riyals, divided into thirty-two million (32,000,000) nominal shares of equal value, each of which is worth ten (10) Saudi riyals, and all of which are ordinary cash shares.

- As of the date of this Transfer Document, the Company has (3) substantial shareholders who own (5%) or more of its total shares, namely: Obeikan Investment Group Company (owning 14,026,217 shares representing 43.8319281% of the total capital), (2) Saudi Advanced Industries Company (owning 4,800,000shares representing 15.00% of the total capital directly and 545,917 shares representing 1.7059906% of the total capital indirectly through its ownership of (100%) of the capital of the United Permanent Growth Investment Company, so that its total direct and indirect ownership is 5,345,917 shares representing 16.705990616% of the total capital) and (3) Fahad Abdulrahman Thunayan Al-Obeikan (owning 39,493 shares representing 0.1234156% of the total capital directly, and 4,769,505 shares representing 14.9047031% of the total capital indirectly through his ownership with (23.407336%) of the capital of Obeikan Investment Group Company and his management of the Fahad bin Abdulrahman Al-Obeikan Endowment, which owns (10%) of the capital of Obeikan Investment Group Company, and through his wife's ownership, his total direct and indirect ownership is 4,808,998 shares, representing 15.028118715% of the total capital).
- The table below shows the current ownership structure of the Company:

Table (12): Current Ownership Structure of the Company

Name	No. of shares		Share value (Saudi Riyals)		Percentage of total capital (%)	
	Direct	Indirect*	Direct	Indirect*	Direct	Indirect*
Obeikan Investment Group Company	14,026,217	None	140,262,170	None	43.831928125	None
Saudi Advanced Industries Company	4,800,000	545,917	4,800,000	545,917	18.9411875	1.705990625
Fahad Abdulrahman Thunayan Al-Obeikan	39,493	4,769,505	394,930	47,695,050	0.123415625	14.904703125
Abdulaziz Saleh Abdullah Al-Rebdi	1,568,000	None	15,680,000	None	4.9	None
Abdulrahman Salah Rashed Alrashed	2,247	None	22,47	None	0.007021875	None
Abdullah Muhammad Abdullah AlHumaidhi	1,000	690	10,000	6,900	0.003125	0.0021562
Omran Abdulrahman Thunyan Al-Obeikan	131,660	765,215	1,316,600	7,652,150	0.4114375	2.391296875
Thunayan Abdulaziz Abdulrahman Al-Obeikan	24,390	None	243,900	None	0.07621875	None
Sultan Thunayan Abdulrahman Al-Thunayan	22,000	None	220,000	None	0.06875	None
Shareholder #10	1,333	None	13,330	None	0.004165625	None
Shareholder #11	1,333	None	13,330	None	0.004165625	None
Shareholder #12	83,720	None	837,200	None	0.261625	None
United Permanent Growth Investment Company	545,917	None	5,459,170	None	1.705990625	None
Abdulrahman Thunayan Abdulrahman Al-Thunayan	12,000	None	120,000	None	0.0375	None
Total Other than the public	**21,259,310**	**6,081,327**	**212,593,100**	**60,813,270**	**66.43534**	**19.00221**
Public (those who own 100 shares or more) (665) shareholders	10,737,864		107,378,640		33.555825	
Public (101) Shareholders	2,826		28,260		0.00883125	
Total	**32,000,000**		**320,000,000**		**100**	

Source: The Company

Indirect ownership consists of:

- Saudi Advanced Industries Company, which owns 100% of United Permanent Growth Investment Company.
- Mr. Fahad Abdulrahman Thunayan Al-Obeikan, who owns 23.407336% of Obeikan Investment Group Company and his management of the Fahad bin Abdulrahman Al-Obeikan Endowment, which owns 10.00% of the capital of Obeikan Investment Group Company and through his wife's ownership.
- Mr. Omran Abdulrahman Al-Thunayan, who owns 5.446102% of Obeikan Investment Group Company and through his wife's ownership.
- Mr. Abdullah Muhammad Abdullah AlHumaidhi, which owns 0.0129117% of the capital of Saudi Advanced Industries Company as well as through United Permanent Growth Investment Company, which is wholly owned by the Saudi Advanced Industries Company.

The following persons were excluded from the public count for the following reasons:

1. Obeikan Investment Group Company and Saudi Advanced Industries Company because they are substantial shareholders.
2. Board members and senior executives: Abdulaziz Saleh Abdullah Al-Rebdi - Omran Abdulrahman Thunayan Al-Obeikan - Abdulrahman Salah Rashed Alrashed - Abdullah Muhammad Abdullah AlHumaidhi.
3. Board members and senior executives of substantial shareholders in the Issuer: Fahad Abdulrahman Thunayan Al-Obeikan - Thunayan Abdulaziz Abdulrahman Al-Obeikan - Sultan Thunayan Abdulrahman Thunayan.
4. Shareholder #10 because she is the wife of the board member Mr. Omran Abdulrahman Thunayan Al-Obeikan, Shareholder #11 because she is the wife of the Chairman of the Board of Directors Abdullah Abdulrahman Thunayan Al-Obeikan and Shareholder #12 because she is the wife of the Chairman of the Board of Directors of Obeikan Investment Group Company Fahad Abdulrahman Thunayan Al-Obeikan.
5. United Permanent Growth Investment Company because it is wholly owned by the substantial shareholder, Saudi Advanced Industries Company.
6. Abdulrahman Thunayan Abdulrahman Al-Thunayan, being a member of the Audit Committee.

5.1.3 Capital

- According to Article (7) of the Bylaws, the Company's capital was set at three hundred and twenty million (320,000,000) Saudi Riyals, divided into thirty-two million (32,000,000) nominal shares of equal value, each of which is worth ten (10) Saudi Riyals, and all of which are ordinary cash shares.
- According to Article (8) of the Bylaws, the founders subscribed to all of the Company's shares and paid their value in full.

5.1.4 Major Changes in Capital

- Since the date of the Company's establishment until the date of preparing this Document, several amendments have been made to the capital as follows:
- Upon establishment in 2006G, the Company's capital was set at two hundred million (200,000,000) Saudi riyals, divided into twenty million (20,000,000) ordinary shares of equal value.
- On 29/05/1440H (corresponding to 04/02/2019G), the Extraordinary General Assembly approved increasing the Company's capital from two hundred million (200,000,000) Saudi riyals to two hundred and forty million (240,000,000) Saudi riyals, divided into twenty-four million (24,000,000) fully paid ordinary shares of equal value, each with a value of ten (10) Saudi riyals.
- On 09/05/1445H (corresponding to 23/11/2023G), the Extraordinary General Assembly approved increasing the Company's capital from two hundred and forty million (240,000,000) Saudi riyals to three hundred and twenty million (320,000,000) Saudi riyals, divided into thirty-two million (32,000,000) fully paid ordinary shares, of equal value, with the value of each share being ten (10) Saudi riyals, all of which are cash ordinary shares, which is the current number of shares of the Company as of the date of preparing this document.

5.1.5 Company's Activities

- Article (4) of the Bylaws stipulates that the Company shall carry out and implement the following purposes:
    1. Manufacturing and producing all types of glass.
    2. Wholesale and retail trade of all types of glass, raw materials for manufacturing glass and accessories.
    3. Manufacturing, cutting, coloring and installing glass.
    4. Establishing and managing related mining quarries.
    5. Mining and quarry exploitation.
    6. Manufacturing industries and their branches according to industrial licenses.
- According to the commercial registration certificate, the Company's activities were identified as follows: " wholesale of glass panels - wholesale of chemicals - retail of glass panels - quarry operation, manufacture of primary glass products - manufacture of insulating glass items used in construction".

5.1.6 Head Office

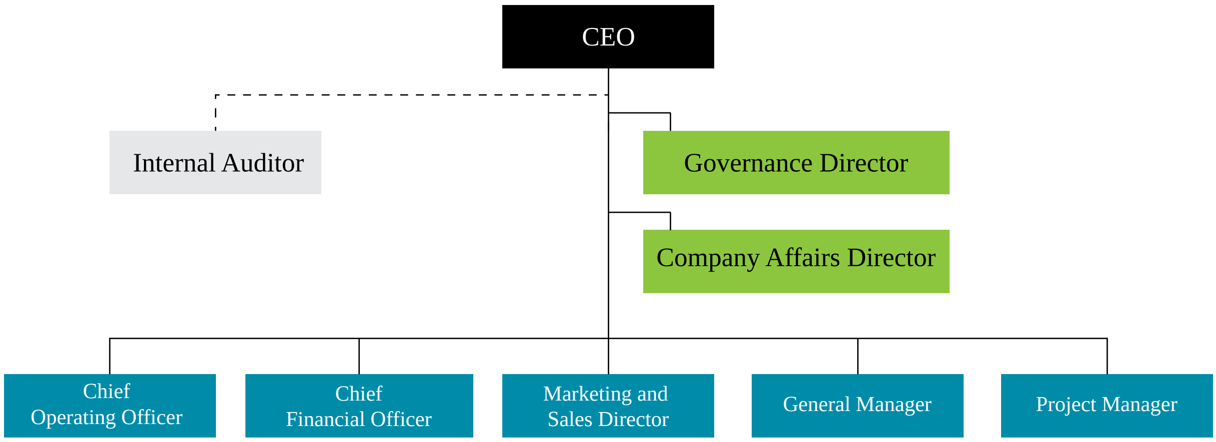
- According to Article (3) of the Byalws, the Company's head office is located in the city of Riyadh and it may establish branches, offices or agencies inside or outside the Kingdom by a decision of the Chairman of the Board of Directors. As of the date of this Document, in addition to the head office in the city of Riyadh, the Company has one branch inside the Kingdom of Saudi Arabia in the city of Yanbu.
- According to the commercial registration information, the Company's head office is located in the city of Riyadh, P.O. Box 75767-12333.

5.1.7 Company Term

- Article (6) of the Bylaws stipulates that the Company's term is one hundred (100) Gregorian years, starting from the date of its registration in the commercial register. This term may always be extended by a decision issued by the Extraordinary General Assembly at least one (1) year before the expiration of its term.

5.2 Company's Organizational Structure

- The Company has complied with Article (21) of the Corporate Governance Regulations regarding reviewing the organizational and functional structures in the Company and their approval by the Board of Directors, so that the organizational structure of the Company shown in the figure below was approved pursuant to Board of Directors Resolution No. (Q.M.E.T/10/2024G) dated 03/01/1446H (corresponding to 09/07/2024G):



Source: The Company

5.3 Board of Directors

5.3.1 Formation of the Board of Directors

- According to Article (15) of the Bylaws, the Company is managed by a Board of Directors consisting of seven (7) members elected by the Ordinary General Assembly of Shareholders for a period not exceeding three (3) years.
- On 21/09/1445H (corresponding to 31/03/2024G), the Ordinary General Assembly elected the members of the Board of Directors for a new (current) term starting from 22/09/1445H (corresponding to 01/04/2024G) for a period of three (3) Gregorian years ending on 23/10/1448H (corresponding to 31/03/2027G), and the Board shall consist of the members shown in the table below.
- It is worth noting that the Board of Directors decided in its meeting held on 25/09/1445H (corresponding to 04/04/2024G) to appoint Eng. Abdullah Abdulrahman Al-Obeikan as Chairman of the Board of Directors, Mr. Abdullah bin Muhammad AlHumaidhi as Deputy Chairman of the Board of Directors, and Mr. Baha Yousef Mahmoud as Secretary of the Board, so that the formation of the Board of Directors is according to the table below:

Table (13): Formation of the Board of Directors

Name	Nationality	Position	Membership Status**		Age	Direct Ownership		Indirect Ownership ***	
			Independent/ Non-Independent	Executive / Non-executive		Number of Shares	Percentage of Ownership (%)	Number of Shares	Percentage of Ownership (%)
Board of Directors*									
Abdullah Abdulrahman Thunayan Al-Obeikan	Saudi	Chairman for the Board of Directors	Non-Independent	Non-executive	60			1, 032,820	3. 2275625
Abdullah Muhammad Abdullah AlHumaidhi	Saudi	Deputy Chairman for the Board of Directors	Non-Independent	Non-executive	32	1,000	0.0031250	690	0.0021562
Abdulaziz Saleh Abdullah Al-Rebdi	Saudi	Board Member	Independent	Non-executive	62	1,568,000	4.9000000	0	0
Omran Abdulrahman Thunayan Al-Obeikan	Saudi	Board Member	Non-Independent	Non-executive	58	131,660	0.4114375	765,215	2.3912969
Abdulkarim Hamad Bin Abdulkarim Alnujaidi	Saudi	Board Member	Independent	Non-executive	56	0	0	0	0
Abdulrahman Salah Rashed Alrashed	Saudi	Board Member	Independent	Non-executive	37	2,247	0.0070219	0	0
Abdulrahman Nasser Bin Abdulmohsen Alobaid	Saudi	Board Member	Non-Independent	Non-executive	30	0	0	445	0.0013906
Secretary of the Board of Directors									
Baha Yousef Mahmoud	Jordanian	Secretary of the Board of Directors	Independent	Non-executive	49	139	0.0004344	0	0

Source: The Company

* Direct and indirect ownerships were determined based on the shareholders' register issued on 21/11/1446H (corresponding to 19/05/2025G):

- The Chairman of the Board of Directors, Abdullah Abdulrahman Thunayan Al-Obeikan, has indirect ownership of (1,031,487) shares representing (3.223396875%) of the total shares of the Company through his ownership of (7.353996%) of the capital of Obeikan Investment Group Company, in addition to indirect ownership through his wife who owns (1,333) shares, representing (0.0041656%) of the Company's capital.
- The Vice Chairman of the Board of Directors, Abdullah Muhammad Abdullah AlHumaidhi, has indirect ownership of (620) shares representing (0.0019375%) of the total shares of the Company through his ownership of (0.0129117%) of the capital of the Saudi Advanced Industries Company, which owns 15.00% of the Company's capital; and (70) shares representing (0.0002187%) of the total shares of the Company through his ownership of (0.0129117%) of the capital of the Saudi Advanced Industries Company, which fully owns the United Permanent Growth Investment Company, which in turn owns (1.7059906%) of the Company's capital.
- The Board member Omran Abdulrahman Thunayan Al-Obeikan has indirect ownership of (763,882) shares representing (2.38713125%) of the Company's total shares through his ownership of (5.446102%) of the capital of Obeikan Investment Group Company, in addition to indirect ownership through his wife who owns (1,333) shares, representing (0.0041656%) of the Company's capital.
- Board member Abdulrahman Nasser Abdulmohsen Alobaid has indirect ownership of (400) shares representing (0.00125%) of the Company's total shares through his ownership of (0.0083333%) of the capital of the Saudi Advanced Industries Company, which owns 15.00% of the Company's capital; and (45) shares representing (0.000140625%) of the Company's total shares through his ownership of (0.0083333%) of the capital of the Saudi Advanced Industries Company, which fully owns the United Permanent Growth Investment Company, which in turn owns (1.7059906%) of the Company's capital.

- The Company is committed to the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority in terms of the number of board members not being less than three (3) members, so that the Company's board of directors includes seven (7) members. The Company is also committed to Article (16) of the Corporate Governance Regulations, which obliges listed companies that the majority of the board members be non-executive members and that the number of independent members is not less than two members or one-third of the board members (whichever is more), so that all non-executive board members include three (3) independent members, which is more than one-third of the board members.

5.3.2 Powers and responsibilities of the Board of Directors

- Article (18) of the Bylaws has defined the powers and responsibilities of the Board of Directors, so that the Board of Directors, taking into account the powers assigned to the General Assembly, has the broadest powers and authorities in managing the Company in a manner that achieves its objectives. It has the right to manage its affairs and dispose of its assets, properties and real estate, and has the right to purchase, accept it, pay the price, mortgage, release the mortgage, sell, vacate, collect the price and deliver the price, provided that the minutes of the Boasrd of Directors and the reasons for its decision to dispose of the Company's assets, properties and real estate and to conclude loans with government financing funds and institutions, regardless of their duration, and commercial loans whose terms do not exceed the end of the term, and the right to compromise, waive, contract, commit and associate in the name of the Company and on its behalf. The Board of Directors has the right to carry out all acts and actions that would achieve the Company's objectives. The Board of Directors shall obtain the approval of the General Assembly when selling assets whose value exceeds fifty percent (50%) of the total value of its assets, whether the sale is made through one transaction or several transactions. In this case, the transaction that results in exceeding fifty percent (50%) of the value of the assets shall be deemed to be the transaction that requires the approval of the General Assembly. This percentage shall be calculated from the date of the first transaction that took place during the previous twelve (12) months. The Board of Directors shall also have the right, within the limits of its jurisdiction, to authorize one or more of its members or third parties to undertake a specific work or works.

5.3.3 Remuneration and Benefits

- The Company's Bylaws specify in Article (19) how to remunerate the members of the Board of Directors, which shall consist of a specific amount or an attendance allowance for meetings or in-kind benefits from a specific percentage of the net profits, and it is permissible to combine two or more of these benefits.
- Taking into account the provisions of the Companies Law and its Implementing Regulations, the report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of everything that each member of the board of directors received or is entitled to receive during the fiscal year in terms of remuneration, attendance allowance for meetings, expense allowances, and other benefits. It shall also include a statement of what the members of the board received in their capacity as employees or administrators or what they received in exchange for technical, administrative, or consulting work. In addition, it shall include a statement of the number of board meetings and the number of meetings attended by each member from the date of the last meeting of the General Assembly.
- On 28/10/1444H (corresponding to 18/05/2023), the (Extraordinary) General Assembly of Shareholders voted to pay an amount of (1,315,000) Saudi Riyals as a remunatuion to the Board of Directors for the fiscal year ending on 31/12/2022G. On 21/09/1445H (corresponding to 31/03/2024G), the (Ordinary) General Assembly of Shareholders voted to pay an amount of (994,000) Saudi Riyals as a remunatuion to the Board of Directors for the fiscal year ending on 31/12/2023G.
- Below are the details of the remunerations and benefits received by the members of the Board of Directors, committees and senior executives for the years, 2022G,2023G, and 2024G:

Table (14): Distribution of Remunerations and Benefits

Description	2022G	2023G	2024G
	Saudi Riyals	Saudi Riyals	Saudi Riyals
Board of Directors (including remuneration for committee membership)	1,315,000	1, 214,000	2,794,500
Committee members (From outside the Board)	259,083	303,000	406,750
Senior executives (including CEO and CFO)	10,686,959	6,041,129	4,228,992
Total	**12,484,678**	**7,558,129**	**7, 430,242**

Source: The Company

5.3.4 Board of Directors Meetings

- According to Article (21) of the Bylaws, the Board of Directors shall meet at least four (4) times a year at the main office or elsewhere upon the invitation of its Chairman, and the invitation shall be in writing. The Chairman of the Board shall invite the Board to the meeting whenever requested to do so by two (2) members.
- As of the date of preparing this Document, the Board of Directors held a number of meetings in the previous three years as follows:

Table (15): Board of Directors Meetings

Year	2022G	2023G	2024G*
Board of Directors Meetings	4	4	4

Source: The Company

5.4 Board Committees

- Taking into account Article (47) of the Corporate Governance Regulations and the requirements of the Capital Market Authority, the Board of Directors shall form specialized committees according to the Company's needs, circumstances and conditions to enable it to perform its tasks, provided that the internal policies and procedures for each committee are established in accordance with the regulations and controls set by the competent authority. Specialized committees shall be formed by decisions of the Board of Directors specifying the committee's term, powers and responsibilities and how the Board shall supervise it, provided that the formation decision includes naming the members and specifying their tasks, rights and duties.
- As of the date of preparing this Document, the Company has (3) committees emanating from the Board of Directors as follows:

5.4.1 Audit Committee

- An audit committee shall be formed by a decision of the Board of Directors, with no less than three (3) and no more than five (5) members, other than the executive members of the Board of Directors, whether shareholders or others. The decision shall specify the committee's tasks, work controls, and members' remuneration.
- The audit committee shall be responsible for monitoring the Company's activities, and for this purpose it shall have the right to review its records and documents and request any clarification or statement from the members of the Board of Directors or the executive management. It may request the Board of Directors to call the Company's General Assembly to convene if the Board of Directors obstructs its work or the Company suffers significant damages or losses, in addition to the powers delegated to it under the implementing regulations of the Companies Law for listed joint stock companies and the Corporate Governance Regulations.
- The Company has an Audit Committee consisting of four (4) members formed and appointed by a decision issued by the Board of Directors held on 25/09/1445H (corresponding to 04/04/2024G) for a period of three (3) years starting from 22/09/1445H (corresponding to 01/04/2024G) as follows:
  1. Abdulrahman bin Salah Alrashed (Chairman of the Committee - Independent Member from within the Board)
  2. Ahmed bin Abdulrahman Al Rabiah (Member - Independent Member from outside the Board (
  3. Saeed bin Abdallah Al-Moeather (Member - Independent from outside the Board)
  4. Abdulrahman bin Thunayan Althunayan (Member - Independent from outside the Board)
- The Company has a work regulation for the Audit Committee that was approved by the Board of Directors held by circulation on 02/07/1443H (corresponding to 03/02/2022G) and documented in the in-person Board meeting held On 26/08/1443H (corresponding to 29/03/2023G), the bylaw was approved by the (Ordinary) General Assembly of Shareholders in its meeting held on 05/07/1443H (corresponding to 06/02/2022G).
- The summary of the Audit Committee's report for the fiscal year ending 12/31/2023G was read at the (Extraordinary) General Assembly held on 21/09/1445H (corresponding to 31/03/2024G).
- In accordance with Article (54) of the Corporate Governance Regulations, the Committee shall meet periodically, provided that its meetings shall not be less than four (4) meetings during the Company's fiscal year, and it may meet whenever necessary. As of the date of preparing this Document, the Audit Committee held a number of meetings in the previous three years according to the following table:

Table (16): Audit Committee Meetings

Year	2022G	2023G	2024G*
Number of Audit Committee Meetings	6	6	5

Source: The Company

- **Competencies of Audit Committee:**

The Audit Committee is responsible for monitoring the Company's activities and verifying the integrity of its reports, financial statements and internal control systems. The Committee's duties in particular include the following:

First- Financial reports:

1. Studying the Company's interim and annual financial statements before presenting them to the Board of Directors and expressing their opinion and recommendation to ensure their integrity, fairness and transparency.
2. Expressing a technical opinion, at the request of the Board of Directors, whether the report of the Board of Directors and the financial statements of the Company are fair, balanced, and understandable, and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model, and strategy.
3. Examining any important or unusual issues contained in the financial reports.
4. Examining carefully any issues raised by the Company's financial manager or whoever assumes his duties, the Company's internal control officer, or the auditor.
5. Verifying the accounting estimates in material matters contained in the financial reports.
6. Studying the accounting policies followed in the Company and expressing an opinion and a recommendation to the Board of Directors in this regard.

Second- Internal Audit:

1. Studying and reviewing the Company's internal and financial control and risk management systems.
2. Studying the internal audit reports and following up the implementation of corrective actions according to the notes contained therein.
3. Controlling and supervising the performance and activities of the internal auditor and the internal audit department in the Company.

Third- Auditor:

1. Recommending to the Board of Directors the nomination and dismissal of auditors, determining their fees and evaluating their performance after verifying their independence and reviewing the scope of their work and the terms of their contacts.
2. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.
3. Reviewing the Company's auditor's plan and work and verifying that he does not submit technical or administrative work that is outside the scope of the audit work and expressing its opinions in this regard.
4. Answering the inquiries of the Company's auditor.
5. Examining the auditor's report and his notes on the financial statements and following up on what steps have been taken in their regard.

Fourth- Ensuring Compliance:

1. Reviewing the results of the regulatory authorities› reports and verifying that the Company has taken the necessary measures in this regard.
2. Verifying the Company's compliance with relevant regulations, policies and instructions.
3. Reviewing contracts and transactions proposed to be conducted by the Company with related parties and submitting its views in this regard to the Board of Directors.
4. Raising the issues, it deems necessary to take action on to the Board of Directors and providing recommendations for the actions to be taken.

5.4.2 Nominations and Remuneration Committee

- The Company has a Nominations and Remuneration Committee consisting of four (4) members, which were formed and appointed by the Board of Directors in its meeting held on 25/09/1445H (corresponding to 04/04/2024G) for a period of three (3) years starting from 22/09/1445H (corresponding to 01/04/2024G) as follows:
  1. Dr. Abdulkarim Bin Hamad Alnujaidi (Chairman of the Committee - Independent from within the Board)
  2. Omran bin Abdulrahman Al-Obeikan (Member - Non-Executive from within the Board)
  3. Abdulrahman bin Nasser Alobaid (Member - Non-Executive from within the Board)
  4. Abdullah bin Obaid Al-Harbi (Member - Independent from outside the Board)
- The Company has a work regulation for the Nominations and Remuneration Committee that was approved by the Board of Directors meeting by circulation on 07/02/1443H (corresponding to 02/03/2022G) and documented in the in-person Board meeting held on 26/08/1443H (corresponding to 29/03/2023G) and the regulation was approved by the (Extraordinary) General Assembly of Shareholders in its meeting held on 05/07/1443H (corresponding to 06/02/2022G).
- According to Article (4) of the Nominations and Remunerations Committee's Bylaws, the Nominations and Remunerations Committee shall meet periodically at least once every six months. As of the date of preparing this document, the Nominations and Remunerations Committee held a number of meetings in the previous three years as follows:

Table (17): Nominations and Remunerations Committee Meetings

Year	2022G	2023G	2024G*
Number of Nominations and Remunerations Committee Meetings	6	2	3

Source: The Company

- **Competencies of Remuneration and Nominations Committee:**

The Remuneration and Nominations Committee shall have all the powers assigned to it under its bylaws. The Committee shall submit its reports to the Board of Directors and maintain direct channels of communication with it. The Committee's powers under the relevant regulations and bylaws shall be as follows:

First- Remuneration of Board Members and Senior Executives:

1. Preparing a clear policy for the remuneration of Board Members, Board Committees and Executive Management, and submitting it to the Board for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account the adoption of performance-related standards, disclosing them, and verifying their implementation.
2. Clarifying the relationship between the granted remunerations and the applicable remuneration policy, and stating any material deviation from this policy.
3. Periodically reviewing the remuneration policy, and evaluating its effectiveness in achieving the desired objectives.
4. Reviewing data related to benefits and compensation paid to similar positions for senior executives in the labor market and evaluating the Company's competitive position in this regard.
5. Recommending to the Board of Directors the remuneration of Board Members, Board Committees and Senior Executives in the Company in accordance with the approved policy.

Second- Nominations of Board Members, Board Committees and Executive Management Positions:

1. Preparing clear policies and standards for membership in the Board of Directors, Board Committees and Executive Management.
2. Recommend to the Board of Directors the nomination and re-nomination of members in accordance with the approved policies and standards, taking into account not to nominate any person who has previously been convicted of a crime involving breach of trust.
3. Prepare a description of the capabilities and qualifications required for membership of the Board of Directors and holding executive management positions.
4. Determine the time that a member must devote to the work of the Board of Directors.
5. Annually review the necessary requirements for skills or experiences appropriate for membership of the Board of Directors, committees emanating from the Board of Directors and executive management positions.
6. Prepare special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.
7. Review the structure of the Board of Directors, committees emanating from the Board of Directors and executive management, at least once and make recommendations, if necessary, regarding the changes that can be made.
8. Verify annually the independence of independent members and the absence of any conflict of interest if the member is a member of the Board of Directors of another company.
9. Prepare job descriptions for executive members, non-executive members, independent members and senior executives.
10. Identifying the strengths and weaknesses of the Board of Directors, and proposing solutions to address them in line with the company's interest
11. Evaluating the effectiveness of human capital programs targeting the Company's executives, including career succession programs for first and second level occupants and candidates for those positions.

Third- Corporate Governance:

1. Supervising the development of a clear governance strategy that is consistent with the nature and size of the Company's activities, and verifying its implementation, reviewing and updating it based on the Company's internal and external variables.
2. Reviewing documents related to corporate governance, and ensuring the existence of organized governance tools and methods and mechanisms for communication between the Board of Directors and its committees on the one hand and the executive management on the other hand.
3. Reviewing and developing the rules of professional conduct that represent the Company's values, and other internal policies and procedures to meet the Company's needs and are consistent with best practices, and submitting them to the Board of Directors for approval.
4. Evaluating human resources programs, including talent acquisition and retention programs, performance management programs, succession plans, comprehensive incentive and reward programs, and employment diversification programs to enrich cumulative experience, enabling the Company to advance the corporate performance culture at the overall level.
5. Reviewing the existence of appropriate work mechanisms to measure the Company's values and the quality of those mechanisms in assessing the extent of employees' commitment to the Company's values on the ground.

5.4.2.1 Investment Committee

- The Company has an investment committee consisting of four (4) members formed and appointed by the Board of Directors in its meeting held on 25/09/1445H (corresponding to 04/04/2024G) for a period of three (3) years starting from 22/09/1445H (corresponding to 01/04/2024G) as follows:
    1. Abdullah bin Abdul Rahman Al-Obeikan (Chairman of the Committee - Non-Executive from within the Board)
    2. Abdulaziz bin Saleh Al-Rebdi (Member - Independent from within the Board)
    3. Abdullah bin Muhammad Al-Humaidhi (Member - Non-Executive from within the Board)
    4. Fayez bin Jameel Abdulrazzag (Member - Independent from outside the Board)
- It should be noted that until the date of this Document, the Investment Committee's bylaws have not been approved and work is underway to complete them.
- As of the date of this Document, the Investment Committee held two (2) meetings during the year 2024G.

5.5 Executive Management

- In accordance with the Company's policies and relevant Board of Directors decisions, the executive management of the Company is vested in the CEO. The position of CEO as of the date of this document is held by Mr. Ibrahim Muhammed Al-Hamad, effective from 13/12/1444H (corresponding to 01/07/2023G), in accordance with the Board of Directors' decision dated 11/11/1444H (corresponding to 31/05/2023G).
- The table below shows the members of the senior executive management:

Table (18): Members of the Executive Management

Name	Position	Nationality	Age	Appointment Date	Shares Owned Directly	
					Number (Share)	Percentage (%)
Ibrahim Muhammed Al-Hamad	CEO	Saudi	56	11/11/1444H (corresponding to 31/05/2023G)	None	None
Nedhal Ahmed Eshgi	Chief Operating Officer	Saudi	60	29/01/1432H (corresponding to 02/02/2011G)	None	None
Muhammad Abdul Nabi Shaaban	Chief Financial Officer	Egyptian	37	09/01/1432H (corresponding to 15/12/2010G)	None	None
Ahmed Mohieldin Houchaimi	Marketing and Sales Director	Lebanese	53	23/10/1431H (corresponding to 02/10/2010G)	None	None
Fahd Al Ali	General Manager of the Saudi Aluminium Casting Foundry	Saudi	61	04/12/1445H (corresponding to 10/06/2024G)	None	None
Vacant*	Chief Projects Officer	--	--	--	--	--

Source: The Company

* The Company is preparing to fill the vacancy during 2025G.

- Below is a summary of the biographies of members of the executive management:

Table (19): Biography of the CEO

Name	Ibrahim Muhammed Al-Hamad
Age	56
Nationality	Saudi
Position	CEO
Academic Qualifications	– 1993G: Master's degree in Information Science from Clarion University in Pennsylvania - USA. 1989: Bachelor's degree in Information Science from King Saud University.
Practical Experience	– 2023G – Present: CEO of Obeikan Glass Company. – 2017G – 2022G: General Manager of SABIC in Morocco and West Africa. – 2010G – 2017G: Regional Manager of the Chemicals Sector at SABIC. – 1998G – 2010G: Several leadership positions at SABIC. – 1994G – 1998G: Lecturer at King Faisal Air College.
Memberships on other boards of directors	– 2023G – Present: Member of the Board of Directors of Saudi Aluminium Casting Foundry. – 2011G – 2013G: Member of the Board of Directors of SABIC India.

Source: The Company

Table (20): Biography of the Chief Operating Officer

Name	Nedhal Ahmed Eshgi
Age	60
Nationality	Saudi
Position	Chief Operating Officer
Academic Qualifications	– 1987G: Master's degree in Industrial Management from Central Missouri State University, USA 1986: Bachelor's degree in Mechanical Engineering from Metropolitan University, USA.
Practical Experience	– 2015G – 2023G: General Manager of Obeikan Glass Company. – 2011G – 2015G: Deputy General Manager of Obeikan Glass Company. – 2009G – 2011G: Deputy Manager of Operations and Maintenance at National Petrochemical Industries Company "NATPET". – 2004G – 2009G: Vice President of Operations at Safra Limited. – 1989G – 2004G: Refinery Manager at Safra Limited. – 1990G – 1998G: Operation Supervisor at Saudi Aramco Mobil Refinery Company Limited "SAMREF".
Memberships on other boards of directors	N/A.

Source: The Company

Table (21): Biography of the Chief Financial Officer

Name	Muhammad Abdul Nabi Shaaban
Age	37
Nationality	Egyptian
Position	Chief Financial Officer
Academic Qualifications	2005G: Bachelor's degree in Commerce from Zagazig University, Egypt.
Practical Experience	– 2021G – Present: Chief Financial Officer at Obeikan Glass Company. – 2018G – 2021G: Chief Accountant at Obeikan AGC Glass Company. – 2010G – 2018G: Chief Accountant at Obeikan Glass Company. – 2005G – 2010G: Senior Accountant at Kandil Industries.
Memberships on other boards of directors	N/A.

Source: The Company

Table (22): Biography of the Marketing and Sales Director

Name	Ahmed Mohieldin Houchaimi
Age	53
Nationality	Lebanese
Position	Marketing and Sales Director
Academic Qualifications	– 1998G: Master's degree in Business Administration from the Lebanese American University - Lebanon. – 1992G: Bachelor's degree in Business Administration from Beirut University College - Lebanon.
Practical Experience	– 2015G – Present: Marketing and Sales Director at Obeikan Glass Company. – 2007G – 2009G: Marketing and Sales Director at United Industrial Investments Company – Univest. – 2001G – 2007G: Marketing Director and General Director of Marketing and Sales at National Paper Industries.
Memberships on other boards of directors	N/A.

Source: The Company

Table (23): Biography of the General Manager of the Saudi Aluminium Casting Foundry

Name	Fahd Al Ali
Age	61
Nationality	Saudi
Position	General Manager of the Saudi Aluminium Casting Foundry
Academic Qualifications	1987G: Bachelor's degree in Industrial Engineering from King Abdulaziz University, Jeddah.
Practical Experience	– 2012G – 2015G: General Manager of Crystal Company. – 1987G – 2011G: General Manager of Maintenance at Yanpet Company, one of SABIC's companies in Yanbu Industrial City.
Memberships on other boards of directors	– 2013G – 2015G: Member of the Board of Directors of TUV Inspection Company (a joint venture between the manufacturing company and the German company TUV). – 2017G – 2022G: Member of the Board of Directors of YUNITCO.

Source: The Company

5.6 Government approvals, licenses and certificates

- The Company has obtained several regulatory and operational licenses and certificates from the competent authorities necessary to practice its activity in accordance with the regulations in force in the Kingdom of Saudi Arabia, and these licenses are renewed periodically. The following table shows the current licenses and approvals obtained by the Company related to the main headquarters:

Table (24): Commercial Register Certificate

Type of license	Purpose	License Holder	Unified National Number	Entity number	Registering Date	Annual confirmation date	Issuing Authority
Commercial Registration	Registering the Company in the Commercial Companies Register (Public Joint Stock Company)	Obeikan Glass Company	7013334276	1010241520	30/11/1428H (corresponding to 10/12/2007G)	07/11/1447H (corresponding to 24/04/2026G)	Ministry of Commerce Commercial Registry

Source: The Company

Table (25): Government approvals, licenses and certificates for the headquarters

Type of license	Purpose	License Holder	License number	Issuance/Renewal Date	Expiry date	Issuing Authority
Chamber of Commerce and Industry Membership Certificate	To report that the Company is classified as (first) class.	Obeikan Glass Company	191354	--	29/11/1449H (corresponding to 24/04/2028G)	Riyadh Chamber of Commerce and Industry
Zakat and Income Certificate	To report that the Company has submitted its annual declaration and is committed to paying Zakat	Obeikan Glass Company	1116244260	30/10/1446H (corresponding to 28/04/2025G)	13/11/1447H (corresponding to 30/04/2026G)	Zakat, Tax and Customs Authority
VAT Registration Certificate	To report that the Company is registered for VAT	Obeikan Glass Company	300046486300003	02/12/1438H (corresponding to 11/09/2017G)	--	Zakat, Tax and Customs Authority
Social Insurance Subscription Certificate	To report that the Company is an establishment not subject to the provisions of the Social Insurance Law	Obeikan Glass Company	96379308	23/11/1446H (corresponding to 21/05/2025G)	23/12/1446H (corresponding to 19/06/2025G)	General Organization for Social Insurance
Wage Protection System Commitment Certificate	To report that the Company is registered with the wage protection system	Obeikan Glass Company	32171595-173302	23/11/1446H (corresponding to 21/05/2025G)	25/12/1446H (corresponding to 21/06/2025G)	Ministry of Human Resources and Social Development – Qiwa
Certificate of Debts	To report that there are no debts resulting from any violations or active cases for amicable settlement or work permits	Obeikan Glass Company	15449184-614435	23/11/1446H (corresponding to 21/05/2025G)	25/12/1446H (corresponding to 21/06/2025G	Ministry of Human Resources and Social Development
Nationalization Certificate	To report on the localization rate according to the developed Nitaqat program	Obeikan Glass Company	11206264-145102	24/01/1447H (corresponding to 19/07/2025H)	24/01/1447H (corresponding to 19/07/2025)	Ministry of Human Resources and Social Development
Certificate of Compliance	To report that the Company's product complies with EN 572-9:2004, EN572-2:2012 standards.	Obeikan Glass Company	TC 1016	16/01/1440H (corresponding to 26/09/2018G)	-	GGF
Certificate of Compliance	To report that the Company's product complies with ISO 14025:2006, EN25004+A2:2019/AC:2022 standards.	Obeikan Glass Company	5-P-10499	16/08/1445H (corresponding to 26/02/2024G)	12/10/1450H (corresponding to 25/02/2029G)	EPD
Municipal License	Licensing carrying out commercial activity	--	--	--	--	Riyadh Municipality
Safety Certificate	To confirm that the Company complies with the field safety standards and conditions of the Civil Defense	--	--	--	--	General Directorate of Civil Defense

Source: The Company

* Issuance in progress

5.7 Company's Branches

- Article (3) of the Company's Bylaws stipulates that the Company's main office shall be located in the city of Riyadh, and it may establish branches, offices, or agencies inside or outside the Kingdom of Saudi Arabia by a decision of the Company's Chairman of the Board of Directors.
- As of the date of preparing this Document, the Company has one (1) branch inside the Kingdom of Saudi Arabia in the city of Yanbu (Address: 4191,3008 – Postal Code: 50111 – P.O. Box 062807). It was registered in the commercial register under Certificate No. (4700010945) dated 09/05/1429H (corresponding to 14/05/2008G), to practice the activity of (operating quarries, operating sand or gravel mines including crushers and manufacturing insulating glass items used in construction). The following are the licenses, certificates and approvals obtained by the branch:

Table (26): Licenses, certificates and approvals obtained by the branch

Type of license	Purpose	License Holder	License number	Issuance/ Renewal Date	Expiry date	Issuing Authority
Commercial Registration	Registering the Company' Branch in the Commercial Companies Register	Obeikan Glass Company	4700010945	09/05/1429H (corresponding to 14/05/2008G)	23/06/1449H (corresponding to 22/11/2027G)	Ministry of Commerce - Commercial Registry Office in Yanbu City
Chamber of Commerce and Industry Membership Certificate	To report that the Company is classified as (first) class.	Obeikan Glass Company	205001110327	19/11/1445H (corresponding to 27/05/2024G)	23/06/1449H (corresponding to 22/11/2027G)	Yanbu Chamber of Commerce and Industry
Industrial facility license	In compliance with the unified industrial regulatory law of the Gulf Cooperation Council countries	Obeikan Glass Company	1429100187932	15/03/1429H (corresponding to 23/03/2008G)	17/02/1447H (corresponding to 11/08/2025G)	Ministry of Industry and Mineral Resources
Social Insurance Subscription Certificate	In compliance with the Social Insurance Law	Obeikan Glass Company Branch	96379210	23/11/1446H (corresponding to 21/05/2025G)	23/12/1446H (corresponding to 19/06/2025G)	General Organization for Social Insurance
Wage Protection System Commitment Certificate	In compliance with depositing workers' wages through local banks	Obeikan Glass Company Branch	81461199-174967	23/11/1446H (corresponding to 21/05/2025G)	25/12/1446H (corresponding to 21/06/2025G)	Ministry of Human Resources and Social Development (Qiwa)
Nationalization Certificate	To report that the Company is committed to the required percentage of Saudization according to the Nitaqat program	Obeikan Glass Company Branch	54199173-198966	22/10/1446H (corresponding to 02/04/2025G)	24/01/1447H (corresponding to 19/07/2025G)	Ministry of Human Resources and Social Development (Qiwa)
Certificate of debts	To report that there are no debts resulting from any violations or active cases for amicable settlement or work permits	Obeikan Glass Company Branch	15264990-642675	23/11/1446H (corresponding to 21/05/2025G)	25/12/1446H (corresponding to 21/06/2025G)	Ministry of Human Resources and Social Development (Qiwa)
Environmental permit for operation	In compliance with the Royal Commission for Jubail and Yanbu Law	Obeikan Glass Company Factory	1210-119-1	18/08/1442H (corresponding to 31/03/2021G)	12/10/1447H (corresponding to 31/03/2026G)	Royal Commission for Jubail and Yanbu

Type of license	Purpose	License Holder	License number	Issuance/ Renewal Date	Expiry date	Issuing Authority
Safety Certificate	To report that the Company is committed to implementing, updating and providing all safety and prevention requirements.	Obeikan Glass Company	Y-26-24473	28/11/1446H (corresponding to 26/05/2025G)	09/12/1447H (corresponding to 26/05/2026G)	Royal Commission for Jubail and Yanbu
Product Certificate of Approval	To report that the Company's product complies with EN 144-492005, EN14449-2005/ AC:2005 standards.	Obeikan Glass Company	PR-1998/040	24/11/1443H (corresponding to 23/06/2022G)	27/12/1446H (corresponding to 23/06/2025G)	APPLUS
Certificate of Compliance	To report that the Company's product complies with EN 572-9:2004, EN572-2:2012 standards.	Obeikan Glass Company Factory	TC 1016	16/01/1440H (corresponding to 26/09/2018G)	--	GGF
ISO Certificate*	To report that the Company's quality management system is compatible with ISO 9001:2015 standards.	Obeikan Glass Company Factory	SA002842	12/09/1443H (corresponding to 13/04/2022G)	14/10/1446H (corresponding to 12/04/2025G)	BUREAU VERITAS
ISO Certificate	To report that the Company's environmental management systems are compatible with ISO 14001:2015 standards.	Obeikan Glass Company Factory	SA003022	12/05/1444H (corresponding to 06/12/2022G)	14/06/1447H (corresponding to 05/12/2025G)	BUREAU VERITAS
ISO Certificate	To report that the Company's occupational health and safety management system is compatible with ISO 45001:2018 standards.	Obeikan Glass Company Factory	SA003023	12/05/1444H (corresponding to 06/12/2022G)	14/06/1447H (corresponding to 05/12/2025G)	BUREAU VERITAS
Small Mine License	To exploit silica sand ore from the Ministry of Industry and Mineral Resources	Obeikan Glass Company	1446610	03/09/1446H (corresponding to 03/03/2025G)	03/09/1446H (corresponding to 28/07/2044G)	Ministry of Industry and Mineral Resources

Source: The Company

* The certificate is currently being updated.

5.8 Company's ownership in other companies

- According to Article (5) of the Bylaws, the Company may alone establish limited liability or simplified joint stock companies. It may also own shares and stakes in other existing companies or merge with them. It has the right to participate with others in establishing companies after fulfilling the requirements of the regulations and instructions followed in this regard. The Company may dispose of these shares or stakes, provided that this does not include brokerage in their trading.
- As of the date of preparing this Document, the Company has one subsidiary and one affiliate company established within the Kingdom of Saudi Arabia as follows:

5.8.1 Obeikan AGC Glass Company (Affiliate Company)

- It is a Saudi mixed limited liability Company established under Commercial Registration Certificate No. (4700019731) dated 21/02/1437H (corresponding to 03/12/2015G) issued by the Commercial Registration Office in Yanbu City. Obeikan Glass Company owns (19%) of the capital. The current capital of Obeikan AGC Glass Company is seventy million (70,000,000) Saudi Riyals divided into seven thousand (7,000) cash shares of equal value, with the value of each share being ten thousand (10,000) Saudi Riyals. The table below shows the current ownership structure of the affiliate Company:

Table (27): Ownership structure of the affiliate company

Shareholder	Cash Shares (Share)	Value of each share (Saudi Riyals)	Total Share Value (Saudi Riyals)	Ownership percentage
AGC French Holding Company	3,500	10,000	35,000,000	50%
Obeikan Glass Company	1,330	10,000	13,300,000	19%
Obeikan Investment Group Company	1,302	10,000	13,020,000	18.6%
Saudi Advanced Industries Company	868	10,000	8,680,000	12.4%
Total	**7,000**	**--**	**70,000,000**	**100%**

Source: The Company

- According to the commercial registry data, this affiliate company is engaged in the following activities: Manufacturing primary glass products - Manufacturing insulating glass items used in construction. According to the articles of association, the objectives of the affiliate company are to produce multi-layered insulating glass under the foreign investment license issued by the Ministry of Investment No. 11103361058718 dated 14/10/1436H.
- As of the date of preparing this Document, the affiliate Company does not have any branch inside the Kingdom of Saudi Arabia.
- The affiiliate company is managed by a board of directors consisting of (8) directors.

5.8.2 Saudi Aluminium Casting Foundry (Subsidiary)

- It is a Saudi limited liability Company established under Commercial Registration Certificate No. (4650080201) dated 23/03/1437H (corresponding to 03/01/2016G) issued by the Commercial Registration Office in Medina. Obeikan Glass Company owns (60%) of the capital. The current capital of the Saudi Aluminium Casting Foundry is seventy-three million (73,000,000) Saudi Riyals divided into seven million three hundred thousand (7,300,000) shares of equal value, with the value of each share being ten (10) Saudi Riyals. The table below shows the ownership of the current subsidiary:

Table (28): Subsidiary Ownership Structure

Shareholder	Shares (Share)		Value of each share (Saudi Riyals)	Total Share Value (Saudi Riyals)	Ownership percentage
	Cash	In-kind			
Obeikan Glass Company	4,380,000	--	10	43,800,000	60%
Al-Esra Aluminum Manufacturing and Casting Factory	--	2,920,000	10	29,200,000	40%
Total	**4,380,000**	**2,920,000**	**--**	**73,000,000**	**100%**

Source: The Company

- According to the commercial registry data and the articles of association, this subsidiary carries out the following activities: Casting of non-ferrous metals, finished products including aluminum, zinc, etc. – Direct production of metal objects from powders – Manufacturing of metal frames – Manufacturing of pumps for all types of liquids – Manufacturing of automobile parts and spare parts – Manufacturing of military aircraft – Manufacturing of military aircraft parts – Manufacturing of military vehicle parts – Wholesale of drones.
- As of the date of preparing this Document, the subsidiary does not have any branch within the Kingdom of Saudi Arabia.
- The subsidiary is managed by a board of directors consisting of (3) directors.
- The subsidiary is still in the construction phase and has not yet moved to the production phase, the subsidiary has obtained the necessary certificates to establish the subsidiary and practice its activity as shown in the table below:

Table (29): Commercial Registration Certificate of the Subsidiary Company

Type of license	Purpose	Unified National Number	Facility number	Registering Date	Annual confirmation date	Issuing Authority
Commercial Register	Registering the subsidiary in the Commercial Companies Register	7013334276	1010241520	30/11/1428H (corresponding to 10/12/2007G)	16/04/1447H (corresponding to 08/10/2025G)	Ministry of Commerce Commercial Registry

Source: The Company

Table (30): Licenses, certificates and approvals obtained by the subsidiary

Type of license	Purpose	License number	Issuance/ Renewal Date	Expiry date	Issuing Authority
Chamber of Commerce and Industry Membership Certificate	In compliance with the provisions of the Commercial Registry Law	203022238743	--	19/05/1450H (corresponding to 08/10/2028G)	Chamber of al-Madinah al-Munawwarah
Zakat and Income Certificate	To report that this company is registered as a taxpayer with the Zakat, Tax and Customs Authority	1066198480	16/10/1446H (corresponding to 14/04/2025G)	13/11/1447H (corresponding to 30/04/2026G)	Zakat, Tax and Customs Authority
VAT Registration Certificate	To report that the subsidiary company is registered for VAT with the tax registration number 311918911900003 starting from 08/20/1445H (corresponding to 03/01/2024 AD).	100241099239181	20/07/1445H (corresponding to 01/02/2024G)	N/A	Zakat, Tax and Customs Authority
Social Insurance Subscription Certificate	In compliance with the Social Insurance Law	97237299	16/12/1446H (corresponding to 12/06/2025G)	19/03/1447H (corresponding to 11/09/2025G)	General Organization for Social Insurance
Wage Protection System Commitment Certificate	In compliance with the wage protection system	479551-82657379	20/12/1446H (corresponding to 16/06/2025G)	21/01/1447H (corresponding to 16/07/2025G)	Wage Protection System – Ministry of Human Resources and Social Development
Certificate of Debts	To report that there are no debts resulting from any violations or active cases for amicable settlement or work permits	43403256-182242	23/11/1446H (corresponding to 21/05/2025G)	25/12/1446H (corresponding to 21/06/2025G)	Ministry of Human Resources and Social Development

Type of license	Purpose	License number	Issuance/ Renewal Date	Expiry date	Issuing Authority
Nationalization Certificate	To inform that the subsidiary company is committed to the required localization rate according to the Nitaqat program with a localization rate of (46%) and is in the platinum range.	126749-15163681	11/09/1446H (corresponding to 11/03/2025G)	24/01/1447H (corresponding to 19/07/2025G)	Ministry of Human Resources and Social Development
Industrial license	To license the company to establish an industrial facility in al-Madinah - al-Madinah Province	421223682	05/02/1442H (corresponding to 22/09/2020G)	08/12/1446H (corresponding to 04/06/2025G)	Ministry of Industry and Mineral Resources
Operating License	Granting permission to operate a facility	OLC-25-04-20001061	16/10/1446H (corresponding to 20/04/2020G)	03/11/1447H (corresponding to 20/04/2026G)	Saudi Authority for Industrial Cities and Technology Zones "MODON"

Source: The Company

5.9 Contracts and Agreements

5.9.1 Sahreholders Agreement

- No side agreements have been concluded between the shareholders and therefore the Articles of Association/ Bylaws of the Company govern the relationship between them.

5.9.2 Participation Agreements and Memoranda of Understanding

- The Company has concluded a number of participation agreements and memoranda of understanding that are subject to confidentiality. Below is a summary of these agreements and memoranda:

1. On 28/12/1444H (corresponding to 16/07/2023G), the Company entered into a memorandum of understanding with another party to form a joint venture for the purpose of owning and operating an aluminium casting facility and manufacturing a high-quality product in an industrial city, with the project to be owned by the Company at a rate of (60%) and (40%) by the other party.
2. On 24/08/1436H (corresponding to 11/06/2015G), the Company entered into a participation agreement with another party to establish a Company for the purpose of casting aluminium and manufacturing coated glass in Yanbu (Kingdom of Saudi Arabia), with the project to be owned by the Company and the other party at a rate of (50%) each.
3. On 26/05/1444H (corresponding to 20/12/2022G), the Company entered into a memorandum of understanding to enter into preliminary negotiations for the purpose of concluding a potential final agreement to supply interface products to the other party.
4. On 13/08/1446H (corresponding to 12/02/2025G), the Company entered into a Memorandum of Understanding to enter into discussions to explore the opportunity of establishing a long-term partnership to develop capabilities in the Kingdom of Saudi Arabia for transparent solutions applications, subject to the agreement and the signing of a detailed legally binding agreement by both parties.

- The table below summarizes these memoranda and participation agreements:

Table (31): Summary of Memoranda and Participation Agreements

<table>
<tr><th>Date of the Memorandum</th><th>First Party</th><th>Second Party</th><th>Subject of the Memorandum</th></tr>
<tr><td>28/12/1444H (corresponding to 16/07/2023G)</td><td>Obeikan Glass Company</td><td>Factory</td><td>Formation of a Joint Venture for the purpose of owning and operating an aluminum casting facility and manufacturing a high-quality product in Madinah Industrial City, Saudi Arabia. The ownership structure of the Joint Venture shall be: 60% owned by the First Party, 40% owned by the Second Party.</td></tr>
<tr><td colspan="4">– Capitalization of the Joint Venture Company: It is proposed to capitalize the Joint Venture company with a value of SAR 73 million (SAR 43.8 million representing 60% from the First Party and SAR 29.2 million representing 40% from the Second Party).
– Joint Venture Duration: 50 years.
– Joint Venture Management: By a Board of Directors consisting of 3 to 5 members, with the Chairman appointed by the First Party. A General Manager and senior executive officers will also be appointed.
– All information related to this memorandum is confidential.</td></tr>
<tr><td>26/05/1444H (corresponding to 20/12/2022G)</td><td>Company</td><td>Obeikan Glass Company</td><td>Entering into preliminary negotiations for a potential final agreement to supply essential facade products for the First Party's project.</td></tr>
<tr><td colspan="4">– Negotiation Period: Negotiations shall continue for (6) months from the effective date of the memorandum. Either party has the right to terminate the memorandum at any time with prior written notice to the other party.
– Automatic Termination: The memorandum automatically terminates after 12 months from its effective date.
– Confidentiality of Announcement: This memorandum cannot be announced without the written consent of the other party.
– Assignment/Transfer: Rights and obligations of either party cannot be assigned or transferred to a third party without prior written consent from the other party.
– Governing Law and Dispute Resolution: This memorandum is subject to the laws applicable in the Kingdom of Saudi Arabia. In case of a dispute, one of the senior executives of either party shall make an effort to settle it. If the dispute is not amicably settled within (30) days, recourse shall be made to the competent courts in the Kingdom of Saudi Arabia.
– This memorandum is subject to a confidentiality clause.</td></tr>
<tr><td>24/08/1436H (corresponding to 11/06/2015G)</td><td>Obeikan Glass Company</td><td>French Company</td><td>Establishment of Obeikan AGC Glass Company for the purpose of aluminum casting and coated glass manufacturing in Yanbu, Saudi Arabia. The ownership structure of the Joint Venture shall be: 50% owned by the First Party, 50% owned by the Second Party.</td></tr>
<tr><td colspan="4">– Capitalization of the Joint Venture Company: It is proposed to capitalize the Joint Venture company with a value of SAR 70 million (SAR 35 million representing 50% from the First Party and SAR 35 million representing 50% from the Second Party).
– Joint Venture Duration: 99 years.
– Joint Venture Management: By a Board of Directors consisting of 8 directors, 4 appointed by the First Party and 4 appointed by the Second Party.
– All information related to this memorandum is confidential.</td></tr>
<tr><td>13/08/1446H (corresponding to 12/02/2025G)</td><td>Obeikan Glass Company</td><td>Italian Company</td><td>Entering into discussions to explore the opportunity of establishing a long-term partnership to develop capabilities in Saudi Arabia for transparent solutions applications, subject to agreement and signature by both parties of a legally binding detailed agreement.</td></tr>
<tr><td colspan="4">– The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement or its subject matter or formation.
– All information related to this memorandum is confidential.</td></tr>
</table>

Source: The Company

5.9.3 Related Party Agreements and Transactions

- According to the Company's financial statements for the fiscal years 2022G, 2023G, and 2024G, the Company has transactions with related parties, which include the Group's shareholders, associates and key management personnel of the Group. The terms and conditions of these transactions are approved by the Group's Board of Directors. All outstanding balances with related parties are priced on mutually agreed terms.
- The following are the significant Transactions with Related Parties and the balances resulting from them according to the financial statements:

Table (32): Transactions with Related Parties for 2022G

Related Party	Nature of the Relationship	Nature of the Transaction	Transaction value (Saudi Riyals)	Closing Balance (Saudi Riyals)
Due from related parties				
AGC Obeikan Glass Company	Associate of the parent company	Sales	77,914,799	77,157,994
		Support services	10,921,491	49,320,802
Sanad Al Marafiq Information Technology Company	Sister Company	Consulting and other services	91,822	91,822
Due to related parties				
Obeikan Investment Group Company	Parent Company	Consulting and other services	1,233,055	85,475
Obeikan Digital Solutions Company	Sister Company	Consulting and other services	448,019	313,454
Obeikan Education Company	Sister Company	Consulting and other services	311,348	11,251
Obeikan Flexible Plastic Factory	Sister Company	Packaging materials purchases	71,875	84,468
AGC Obeikan Glass Company	Sister Company	Support expenses	139,285	834,353

Source: Financial statements for the year ended 31 December 2022G

Table (33): Transactions with Related Parties for 2023G

Related Party	Nature of the Relationship	Nature of the Transaction	Transaction value (Saudi Riyals)	Closing Balance (Saudi Riyals)
Due from related parties				
AGC Obeikan Glass Company	Associate of the parent company	Sales	70,983,113	91,685,726
		Support services	9,056,780	41,648,616
Al-Esra Aluminum Manufacturing and Casting Factory	Partner in subsidiary	The remaining part of the subsidiary's capital	318,089	318,089
Due to related parties				
Obeikan Investment Group Company	Parent Company	Consulting and other services	419,787	139,598
Obeikan Digital Solutions Company	Sister Company	Consulting and other services	1,897,688	776,972
Obeikan Education Company	Sister Company	Consulting and other services	352,888	133,238
Obeikan Flexible Plastic Factory	Sister Company	Packaging materials purchases	166,750	166,750
AGC Obeikan Glass Company	Sister Company	Support expenses	473,361	--
Madar Digital Logistics Solutions	Sister Company	Consulting and support services	10,075,227	--
Sanad Al Marafiq	Sister Company	Shared Services	241,631	79,460

Source: Financial statements for the year ended 31 December 2023G

Table (34): Transactions with Related Parties for 2024G

Related Party	Nature of the Relationship	Nature of the Transaction	Transaction value (Saudi Riyals)	Closing Balance (Saudi Riyals)
Due from related parties				
AGC Obeikan Glass Company	Associate invested in by the final group	Sales	63,129,487	80,955,399
		Other utilities and rents	8,441,745	50,062,186
Al-Esra Aluminum Manufacturing and Casting Factory	A shareholder in a subsidiary	The remaining portion due from the subsidiary's capital	-	-
Obeikan Investment Group Company	Parent Company	Consulting and other services	774,220	774,220
Due to related parties				
Obeikan Investment Group Company	Parent Company	Consulting and other services	375,027	-
Obeikan Digital Solutions Company	Sister Subsidiary	Consulting and other services	2,230,440	749,327
Obeikan Education Company	Parent Company	Consulting and other services	470,516	24,905
AGC Obeikan Glass Company	Sister Subsidiary	Support Expenses	79,736	79,736
Madar Digital Logistics Solutions	Sister Subsidiary	Consultations and other services	9,942,640	683,209
Obeikan Flexible Plastic Factory	Sister Subsidiary	Packaging materials purchases	313,257	1480,007
Al-Esra Aluminum Manufacturing and Casting Factory	A shareholder in a subsidiary	Consultations and other services	436,206	436,206
Sanad Al Marafiq	Sister Subsidiary	Shared Services	79,460	158,291

Source: Consolidated financial statements for the year ended December 31, 2024G

- The Company has concluded a number of contracts and agreements with related parties, as summarized below:

Table (35): Summary of agreements and contracts with related parties

Software Services Agreement	
Parties	– Obeikan Digital Solutions Company (First Party) – Obeikan Glass Company (Second Party)
Subject of the Agreement	The second party pays a monthly subscription to the first party's cloud software.
Duration of the Agreement and Renewal	Two years from 21/06/1444H (corresponding to 01/01/2023G) unless terminated before its expiration. In the event that either party does not wish to renew the agreement, the other party shall be notified by written notice (90) days before the expiration of the original agreement term or the renewed terms. The agreement is automatically renewed for one year after the expiration of its original term.
Amount of the Agreement	The subscription fee is calculated on a monthly basis.
Payment Mechanism	Monthly subscriptions for the year are paid in advance.
Termination	The agreement may be terminated by the non-breaching party if the other party commits a breach of the provisions of the agreement, by written notice sent (30) days in advance.
Applicable Law	Regulations in force in the Kingdom of Saudi Arabia.
Exclusive Commercial Agency Contract	
Parties	– Related party (First Party) – Obeikan Glass Company (Second Party)

Subject of the Contract	The First Party appoints the Second Party as an exclusive agent to promote and market, including negotiation (but not including sale), the products produced by the First Party and specified in the Contract within the geographical scope (the Kingdom of Saudi Arabia, Iraq and Yemen).
Duration of the Contract and Renewal	The contract shall be effective from 01/08/2016G and shall end on the date on which the second party no longer owns any shares in the first party.
Amount of the Contract	The second party is entitled to a commission for his work.
Payment mechanism	By invoices.
Assignment	The second party may appoint sub-agents provided that the first party is notified in advance. Neither party to the contract may assign any of its rights or obligations without obtaining the prior consent of the other party.
Termination	Either party to this Agreement may, without prejudice to its right to compensation, and to the extent permitted by applicable law, terminate this Agreement immediately at any time by giving written notice to the other party in the events specified in the Contract.
Disputes	In the event of a dispute, it shall be resolved internally. If the dispute is not resolved amicably, arbitration shall be resorted to, with the place of arbitration being Geneva and the official language being English.
Applicable Law	This contract is subject to the Swiss Law.
Remarks	This contract is subject to a confidentiality clause and may not be disclosed without the prior written consent of the other party.
Long-term Supply Contract	
Parties	– Obeikan Glass Company (First Party) – Related Party (Second Party)
Subject of the Contract	The first party supplies the polished glass to the second party.
Duration of the Contract and Renewal	The contract shall be effective from 15/06/2016G for a period of (20) years.
Amount of the Contract	Depending on the products supplied.
Payment mechanism	By invoices.
Assignment	Neither party to the contract may assign any of its rights or obligations without obtaining the prior written consent of the other party.
Termination	Either party has the right to terminate the contract before its expiry in the event of any breach (such as bankruptcy, liquidation, etc.). The contract may also be terminated by either party by written prior notice sent one year before the expiry date of the contract or any renewed term.
Disputes	In the event of a dispute, it shall be resolved internally. If the dispute is not resolved amicably, arbitration shall be resorted to, with the place of arbitration being Geneva and the official language being English.
Applicable Law	This contract is subject to the Swiss Law.
Remarks	This contract is subject to a confidentiality clause and may not be disclosed without the prior written consent of the other party.
Logistics Services Agreement	
Parties	– Obeikan Glass Company (First Party) – Related Party (Second Party)
Subject of the Agreement	The First Party shall provide logistics services in relation to the delivery of the Products.
Duration of the Agreement and Renewal	This Agreement is effective for an indefinite period.
Amount of the Agreement	Depending on the products supplied.
Payment Mechanism	By invoices.
Assignment	Neither party to the contract may assign any of its rights or obligations without obtaining the prior written consent of the other party.
Termination	Either party may terminate the agreement by giving the other party (6) months prior written notice.
Disputes	In the event of a dispute, it shall be resolved internally. If the dispute is not resolved amicably, arbitration shall be resorted to, with the place of arbitration being Geneva and the official language being English.

Applicable Law	This contract is subject to the Swiss Law.
Remarks	This contract is subject to a confidentiality clause and may not be disclosed without the prior written consent of the other party.
Sublease Contract	
Parties	– Obeikan Glass Company (First Party) – Related Party (Second Party)
Subject of the Contract	The First Party shall sublease to the Second Party a part of the industrial land rented by it and officially leased from the General Directorate of the Royal Commission for Jubail and Yanbu, for the purpose of establishing a glass coating factory.
Duration of the Contract and Renewal	The term of the contract shall commence from the date of signing it (on 26/08/1437H corresponding to 02/06/2016G) and obtaining the approval of the Royal Commission and all necessary government approvals for a period of (10) years unless the second party notifies the first party of its desire to terminate the contract in writing at least (90) days prior to the contract term. The contract may be renewed by written agreement of both parties for a similar period, provided that it is subject to the approval of the Royal Commission, adherence to the basic contract, and a Saudization percentage of no less than (90%), provided that it does not exceed the duration of the main contract.
Amount of the Contract	(134,609.68) Saudi Riyals annually.
Payment mechanism	Payment is made at the beginning of each calendar year.
Assignment	The Second Party shall not have the right to sublet the land or any part thereof and/or assign this contract or any part thereof.
Termination	The contract is terminated according to the cases mentioned therein, which include: – Termination of the main contract with the Royal Commission – Written agreement between the two parties – In the event of default – In the event of bankruptcy or restructuring due to bankruptcy or liquidation In the event of initiating negotiations with creditors or with a judicial authority
Disputes	In the event of any dispute or disagreement, the representatives of the two parties shall be referred to resolve it within (10) business days. If the dispute is not resolved by the representatives, it shall be referred to the two CEOs who shall appoint a third party as a mediator. If the dispute is not resolved in accordance with the previous procedures, it shall be referred to the competent courts in the Kingdom of Saudi Arabia for a final decision.
Applicable Law	The laws in force in the Kingdom of Saudi Arabia.
Remarks	The second party must maintain a valid insurance policy covering workers' compensation, social security, occupational accident insurance, comprehensive liability insurance and car accident insurance.
Warehouse Lease Contract	
Parties	– Obeikan Glass Company (First Party) – Related Party (Second Party)
Subject of the Contract	The first party rents a part of the building that belongs to it as a warehouse to the second party to store the coated glass produced in the factory as well as the flat glass that will be converted in the factory.
Duration of the Contract and Renewal	The contract term shall commence on 15/06/2016G and shall continue for a mandatory period of (5) years, which shall be automatically renewed for an additional (5) years unless either party notifies the other party of its desire not to renew by means of a written notice sent to the other party (18) months before the end of the renewed term.
Amount of the Contract	(1,376,100) Saudi Riyals annually.
Payment Mechanism	Upon receipt of payment notification.
Assignment	The Second Party shall not have the right to sublet the land or any part thereof and/or assign this contract or any part thereof.

Termination	The contract is terminated according to the cases mentioned therein, which include: – Termination of the main contract with the Royal Commission – Written agreement between the two parties – In the event of a breach of any of the obligations – In the event of bankruptcy or restructuring due to bankruptcy or liquidation In the event of initiating negotiations with creditors or with a judicial authority
Disputes	In the event of any dispute or disagreement, the representatives of the two parties shall be referred to resolve it within (10) business days. If the dispute is not resolved by the representatives, it shall be referred to the two CEOs who shall appoint a third party as a mediator. If the dispute is not resolved in accordance with the previous procedures, it shall be referred to the competent courts in the Kingdom of Saudi Arabia for a final decision.
Applicable Law	The laws in force in the Kingdom of Saudi Arabia.
Remarks	The second party must maintain a valid insurance policy.

Source: The Company

- It is worth noting that the business and contracts concluded with related parties during the year 2021 were approved by the General Assembly held on 29/10/1443H(corresponding to 30/05/2022G) and the business and contracts concluded with related parties during 2022G by the General Assembly held on 28/10/1444H (corresponding to 18/05/2023G). As for the transactions concluded with related parties during the year 2023G, they were approved on 09/05/1445H (corresponding to 23/11/2023G) and the General Assembly held on 21/09/1445H(corresponding to 31/03/202G,(according to the following details:
- On 29/10/1443H (corresponding to May 30, 2022G), the Extraordinary General Assembly of Shareholders voted to approve the transactions concluded with related parties as follows:
  - Businesses and contracts concluded between the Company and Obeikan Investment Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct interest. These contracts cover employee payroll program services during 2021, with no preferential terms, amounting to SAR 219,158.
  - Businesses and contracts concluded between the Company and Obeikan Investment Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct interest. These contracts cover customs clearance services, consulting services, and accounting software services during 2021, with no preferential terms, amounting to SAR 871,423.
  - Businesses and contracts concluded between the Company and Obeikan Investment Company, in which Chairman of the Board of Directors Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct interest. These contracts cover the Industrial Excellence Program during 2021, with no preferential terms, amounting to SAR 534,942.
  - Businesses and contracts concluded between the Company and Obeikan Digital Solutions Company, in which Chairman of the Board of Directors Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/indirect interest. These contracts cover services and consultations for the digitization program during 2021, with no preferential terms, amounting to SAR 164,409.
  - Businesses and contracts concluded between the Company and Obeikan Education Company, in which Chairman of the Board of Directors Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/ indirect interest. These contracts cover services and consultations for the robotics program during 2021, with no preferential terms, amounting to SAR 151,369.
  - The business and contracts concluded between the Company and Obeikan Printing and Packaging Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan Al-Obeikan Al-Obeikan, have a direct/indirect interest. These are packaging material purchases during 2021, with no preferential terms, amounting to SAR 249,780.
  - The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, Board Member, Mr. Omran Al-Obeikan, Board Member, Mr. Yazeed Al-Shathri, and Board Member, Mr. Turki Al-Baiz, have an indirect interest. These are support expenses during 2021, with no preferential terms, amounting to SAR 2,977,457.
  - The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, Board Member Mr. Omran Al-Obeikan, Board Member Mr. Yazeed Al-Shathri, and Board Member Mr. Turki Al-Baiz have an indirect interest. These represent other expenses charged to the Company during 2021, with no preferential terms, amounting to SAR 171,990.

- The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, Board Member Mr. Omran Al-Obeikan, Board Member Mr. Yazeed Al-Shathri, and Board Member Mr. Turki Al-Baiz have an indirect interest, representing glass sales during 2021, with no preferential terms, amounting to SAR 49,217,772.
- The transactions and contracts concluded between the Company and AGC Obeikan Glass Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, Board Member Mr. Omran Al-Obeikan, Board Member Mr. Yazeed Al-Shathri, and Board Member Mr. Turki Al-Baiz have an indirect interest. These are shared services (land rental, warehouses, shipping, and other services) during 2021, with no preferential terms, amounting to SAR 6,385,466.

• On 28/10/1444H (corresponding to May 18, 2023G), the Extraordinary General Assembly of Shareholders voted to approve the transactions concluded with related parties as follows:

- The business and contracts concluded between the Company and Obeikan Investment Group Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member Mr. Omran Al-Obeikan, have a direct interest. These transactions consist of consulting and other services during 2022, with no preferential terms, amounting to SAR 1,233,055.
- The business and contracts concluded between the Company and Obeikan Digital Solutions Company, in which Chairman of the Board of Directors Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/indirect interest, consisting of consulting and other services during 2022, without preferential terms, amounting to SAR 448,019.
- The business and contracts concluded between the Company and Obeikan Education Company, in which Chairman of the Board of Directors Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/indirect interest, consisting of consulting and other services during 2022, without preferential terms, amounting to SAR 311,348.
- The business and contracts concluded between the Company and Obeikan Flexible Plastics Company, in which Chairman of the Board of Directors Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/indirect interest, consisting of purchasing packaging materials during 2022, without preferential terms, amounting to SAR 71,875.
- The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member Mr. Omran Al-Obeikan have an indirect interest, consisting of support expenses for the year 2022, with no preferential terms amounting to SAR 139,285.
- The business and contracts concluded between the Company and Madar Digital Logistics Solutions, in which Chairman of the Board Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/indirect interest, consisting of consulting and other services during 2022, with no preferential terms, amounting to SAR 4,513,784.
- The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which Chairman of the Board Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have an indirect interest, consisting of sales during 2022, with no preferential terms, amounting to SAR 77,914,799.
- The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which Chairman of the Board Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have an indirect interest, consisting of support services during 2022, with no preferential terms, amounting to SAR 10,921,491.
- The business and contracts concluded between the Company and Sanad Al Marafiq Information Technology Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct/indirect interest, consisting of consulting and other services during 2022 with no preferential terms amounting to SAR 91,822.

• On 09/05/1445H (corresponding to 23/11/2023G), the Extraordinary General Assembly of Shareholders voted to approve the transactions concluded with related parties as follows:

- The businesses and contracts concluded between the Company and Obeikan Investment Group Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct interest, consisting of consultations and other services during the year 2022, with no preferential terms, amounting to SAR 1,233,055.
- The business and contracts concluded between the Company and Obeikan Digital Solutions Company, in which Chairman of the Board of Directors Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/indirect interest, consisting of consulting and other services during 2022, with no preferential terms amounting to SAR 448,019.

- The business and contracts concluded between the Company and Obeikan Education Company, in which Chairman of the Board of Directors Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/indirect interest, consisting of consulting and other services during 2022, without preferential terms, amounting to SAR 311,348.
- The business and contracts concluded between the Company and Obeikan Flexible Plastics Company, in which Chairman of the Board of Directors Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/indirect interest, consisting of purchasing packaging materials during 2022, without preferential terms, amounting to SAR 71,875.
- The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which Chairman of the Board Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have an indirect interest. These are support expenses during 2022, without preferential terms, amounting to SAR 139,285.
- The business and contracts concluded between the Company and Madar Digital Logistics Solutions, in which Chairman of the Board Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct/indirect interest, consisting of consulting and other services during 2022 with no preferential terms, amounting to SAR 4,513,784.
- The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which Chairman of the Board Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have an indirect interest, consisting of sales during 2022 with no preferential terms, amounting to SAR 77,914,799.
- The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have an indirect interest, consisting of support services during 2022, with no preferential terms, amounting to SAR 10,921,491.
- The business and contracts concluded between the Company and Sanad Al Marafiq Information Technology Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct/indirect interest, for consulting and other services during 2022, with no preferential terms amounting to SAR 91,822.

- On 21/09/1445H (corresponding to 31/03/2024G), the (Ordinary) General Assembly of Shareholders voted to approve the transactions concluded with related parties as follows:
  - The business and contracts concluded between the Company and Obeikan Investment Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct interest, consisting of consulting and other services during 2023, with no preferential terms, amounting to SAR 419,878.
  - The business and contracts concluded between the Company and Obeikan Digital Solutions Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct interest, consisting of consulting and other services during 2023, with no preferential terms, amounting to SAR 1,897,688.
  - The business and contracts concluded between the Company and Obeikan Education Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct interest, consisting of consulting and other services during 2023 with no preferential terms, amounting to SAR 352,888.
  - The business and contracts concluded between the Company and Sanad Al Marafiq Information Technology Company, in which the Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan have a direct interest, consisting of consulting and other services during 2023, without preferential terms, amounting to SAR 241,631.
  - The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct interest, consisting of glass purchases during 2023, without preferential terms, amounting to SAR 473,361.
  - The business and contracts concluded between the Company and Madar Digital Logistics Solutions, in which Chairman of the Board of Directors, Eng. Abdullah Al-Obeikan, and Board Member, Mr. Omran Al-Obeikan, have a direct interest, consisting of consulting and freight transportation and shipping services during 2023, without preferential terms, amounting to SAR 10,075,227.
  - The business and contracts concluded between the Company and Obeikan Flexible Plastic Factory, in which Chairman of the Board Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct interest, consisting of the purchase of packaging materials during 2023, with no preferential terms, amounting to SAR 166,750.

- The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which Chairman of the Board Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct interest, consisting of glass sales during 2023, with no preferential terms, amounting to SAR 70,983,113.
- The business and contracts concluded between the Company and AGC Obeikan Glass Company, in which Chairman of the Board Eng. Abdullah Al-Obeikan and Board Member Mr. Omran Al-Obeikan have a direct interest, consisting of support expenses during 2023, with no preferential terms, amounting to SAR 9,056,870.
- The business and contracts concluded between the Company and Al-Esra Aluminum Manufacturing and Casting Factory, in which the member of the Board of Directors of the subsidiary company (Saudi Aluminum Casting Foundry Company), Mr. Ayman Samaren, has an indirect interest, which is the remaining portion due from the capital of the subsidiary company (Saudi Aluminum Casting Foundry Company, in which the Company owns 60% of its ownership) during the year 2023, with no preferential terms, amounting to SAR 318,089.

• On 01/12/1446H (corresponding to 28/05/2025G), the (Ordinary) General Assembly of Shareholders voted to approve the transactions concluded with related parties as follows:

- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Obeikan AGC Glass Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise sales during 2024 with no preferential terms, amounting to SAR 63,129,487.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Obeikan AGC Glass Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise utilities and other rentals during 2024 with no preferential terms, amounting to SAR 8,441,745.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Sanad Utilities Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise shared services during 2024 with no preferential terms, amounting to SAR 79,460.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Obeikan Group Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise consulting and other services during 2024 with no preferential terms, amounting to SAR 375,027.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Obeikan Group Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise consulting and other services during 2024 with no preferential terms, amounting to SAR 774,220.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Obeikan Digital Solutions Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise consulting and other services during 2024 with no preferential terms, amounting to SAR 2,230,440.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Obeikan Education Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise consulting and other services during 2024 with no preferential terms, amounting to SAR 470,516.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Obeikan Flexible Plastic Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise purchase of packaging materials during 2024 with no preferential terms, amounting to SAR 313,257.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Obeikan AGC Glass Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise expenses during 2024 with no preferential terms, amounting to SAR 79,736.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Madar Digital Logistics Solutions Company, in which Board members Eng. Abdullah Al-Obeikan and Mr. Omran Al-Obeikan have a direct interest. These comprise consulting and other services during 2024 with no preferential terms, amounting to SAR 9,942,640.
- The business and contracts that occurred during the fiscal year ending 31/12/2024, between the Company and Al-Israa Aluminum Casting and Manufacturing Factory, in which Mr. Ayman Samaren, a board member of the subsidiary company (Saudi Aluminium Casting Foundry Company) has a direct interest. These comprise onsulting and other services during 2024 with no preferential terms, amounting to SAR 436,206.

5.9.4 Lease contracts

- The Company has concluded (2) lease contracts as a lessee, which are offices and residential apartments (for workers) to carry out its activity according to the following schedule:

Table (36): Summary of lease contracts

S/N	Contract No.	Lessor	Lessee	Property Location	Property Type	Rental Value	Term of Contract	Start Date	Expiry date	Contract Status
1	0-1/10986788616	Lessor 1	Obeikan Glass Company	Prince Abdul Majeed bin Abdul Aziz, 3563, 7060, 46452 (Jeddah)	Apartment in a family residential building	55,000 Saudi Riyals	180 days – The lease term automatically renews for a similar period after fulfilling the network's renewal requirements, unless either party notifies the other through the network of their desire not to renew 60 days before the contract expiry date.	01/07/1446H (corresponding to 01/01/2025G)	05/01/1447H (corresponding to 30/06/2025G)	Electronically notarized contract – Executive bond
2	0/ 120018915156	Lessor 2	Obeikan Glass Company	King Fahd Road with Al-Urubah, 3774, 8592, 12333 (Riyadh)	Commercial Tower	285,384 Saudi Riyals	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract will be drafted and agreed upon by both parties.	19/06/1445H (corresponding to 01/01/2024G)	30/06/1446H (corresponding to 31/12/2024G)	Electronically notarized contract – Executive bond

Source: The Company

- The Company concluded a land lease contract in the industrial area with the General Directorate of the Royal Commission in Yanbu, as summarized below:

Table (37): Land Lease Contract in the Industrial Zone

Land lease contract in the Industrial Zone	General Directorate of the Royal Commission in Yanbu (Royal Commission)	Obeikan Glass Company Factory (the Company)
Contract Type	Land lease contract in the industrial zone	
Scope of Contract	Yanbu Industrial City	
Contract Number	RCLI - 7215	
Contract Date	29/08/1429H (corresponding to 30/08/2008G) (Effective Date)	
Subject of the Contract	The Company shall use the leased land to construct and operate a facility as specified in this Contract.	
Duration of the Contract	(35) Hijri years starting from the effective date. This contract may be renewed for an additional period or periods of years under the terms and conditions that may be agreed upon between the two parties.	
Amount of the Contract	Annual rent of (1,112,108.6) Saudi Riyals. The Royal Commission has the right to amend the rental value per square meter in the future, provided that it is not increased except once every ten years and that the increase does not exceed (50%) of the rental value for the previous period.	
Terms of Contract Expiry or Termination	In the event of any of the defaults mentioned in the contract occurring, and the other party failing to correct the defaults within (90) days from the date of receipt of written notice or failing to provide acceptable evidence indicating that such default will be remedied within an acceptable period, the specified service may be terminated - by written notice - if the default is related to a service or the contract may be terminated if the default is related to other cases.	
Key Material Obligations of the Royal Commission	- Coordination with the Power and Water Utility Company for Jubail and Yanbu to provide benefits and services to the Company and to strive to deliver basic equipment to or near the company's site boundaries.	
The Company's Material Obligations	- Not to use the leased land or facility for any other purpose than that stated in the contract without obtaining the prior written approval of the Royal Commission. - Continuously notify the Royal Commission of its construction plans and related timetables. - Cooperate with contractors, subcontractors, agents or employees of the Royal Commission and its authorized representatives. - Make the necessary arrangements for the presence of representatives of the Royal Commission to visit the leased land. - Indemnify, defend, protect, and hold harm from the Royal Commission and its authorized representatives and each of them and all their employees, managers and representatives. - Maintain valid insurance or assume insurance risks by it (the insurance contract includes workers' compensation, social security, work accident insurance, liability insurance and car accidents).	
Sublease and Assignment	- The Company shall not have the right to sublease the leased land or assign this contract or any interest therein relating to the leased land or part thereof to a third party. The Company shall not have the right to subject the leased land to any restriction, mortgage or any other similar claims except with the prior written approval of the Royal Commission.	
Applicable law	The laws in force in the Kingdom of Saudi Arabia.	
Dispute Resolution	Make every effort to settle any dispute that may arise between the two parties by any appropriate means. If the two parties are unable to settle the dispute, the matter shall be referred to the Board of Grievances for a final decision.	
Remarks	Contract Appendices: A. Plans describing the leased land B. Leveling and drainage system in the leased land C. Description of the facility D. Terms, conditions and fees related to utilities and services E. Plans describing the leveling land	

Source: The Company

The Subsidiary also concluded a lease contract with the Saudi Authority for Industrial Cities and Technology Zones, as summarized below:

Table (38): Lease Contract with the Saudi Authority for Industrial Cities and Technology Zones

Land lease contract in the Industrial Zone	Saudi Authority for Industrial Cities and Technology Zones (First Party or MODON)	Saudi Aluminum Casting Foundry Company (Second Party or Lessee)
Contract Type	Industrial Land Lease Contract	
Scope of Contract	Al-Madinah Al-Munawwarah, Kingdom of Saudi Arabia	
Contract Number	24000738	
Contract Date	20/10/1425H (corresponding to 29/24/2024G)	
Subject of the Contract	The first party leases an industrial land plot numbered H000240090, with an area of (29,608 m2), to the second party (the lessee) to practice the activities of casting non-ferrous metals, producing metal objects directly from powders, manufacturing metal frames, manufacturing various types of liquid pumps, manufacturing auto parts and spare parts, manufacturing military aircraft, manufacturing military aircraft spare parts, and manufacturing military vehicle spare parts.	
Duration of the Contract	The term of this contract is (8) Hijri years, ending on 19/10/1453H (corresponding to 01/02/2032G).	
Amount of the Contract	(118,432) Saudi Riyals annually.	
Terms of Contract Expiry or Termination	Except for force majeure beyond the control of both parties, this contract shall be automatically void and terminated in the following cases: 1. Cases stated and specified in the contract. 2. If the tenant delays, defaults, or fails to pay financial obligations, such as rent or fines, after the expiry of the second fifteen-day period stipulated in Article Fourteen of the contract. 3. If MODON deems it ineffective to apply the penalty clause specified in Article Twelve and decides to cancel the contract. 4. If the tenant fails to comply with the interim conditions after being notified, or pollution or damage to the infrastructure is found, MODON decides to cancel the contract. 5. If the parties fail to agree to renew it. 6. If the tenant becomes bankrupt, a court order is issued against him to seize his assets, his insolvency is proven, he files a bankruptcy petition, assigns this contract to his creditors, agrees to implement it under the supervision of a committee of his creditors, or if the other party declares the liquidation of his business. 7. If the tenant violates any clause of this contract, and MODON decides to terminate the contract. 8. If the tenant dies and his heirs do not wish to continue the contract or transfer it to another tenant, subject to MODON's approval. If this contract expires or is cancelled, the tenant must return the land and hand it over to MODON vacant of all occupants within one month from the date of notification. If the tenant fails to vacate the land and remove any structures and equipment, MODON has the right to enter the site and seize and remove any assets therein in any manner it deems appropriate, with the tenant bearing all costs incurred in the removal. The tenant is not entitled to claim any compensation for the structures or assets he has constructed, or any amounts previously paid to MODON. The tenant is obligated to pay the rent, operating and maintenance costs, and any other fees until MODON actually takes possession of the land and compensates MODON for any losses incurred as a result.	
Key Material Obligations of the First Party	To deliver services to the boundaries of the industrial city (such as electricity, water, gas, and communications).	

Land lease contract in the Industrial Zone	Saudi Authority for Industrial Cities and Technology Zones (First Party or MODON)	Saudi Aluminum Casting Foundry Company (Second Party or Lessee)
Key Material Obligations of the Second Party	– Obtaining prior written approval from MODON when amending the commercial register or industrial license. Failure to comply with this requirement will render this contract void, and the tenant is obligated to remove and rectify the situation within (30) thirty days from the date of notification from MODON. – The tenant is obligated to insure the buildings, facilities, and equipment located on the leased land with comprehensive insurance for the full value of their value against fire and other hazards, as well as third-party insurance with one of the insurance companies licensed in the Kingdom. The tenant must provide MODON with a copy of the insurance policy and evidence of the continuity of this policy annually during the term of this contract. Prior written approval from MODON must be obtained for the insurance policy. In the event of damage, the tenant is obligated to remove the damage from the facilities immediately upon completion of the insurance procedures. If the tenant fails to comply with the provisions of this article, MODON has the right to terminate the contract. – The tenant may not lease the land subject to this contract, or any part thereof, or the buildings constructed thereon, or assign it or any part thereof to another tenant without obtaining prior written approval from MODON. Any action taken otherwise shall be considered null and void, and the appropriate penalty shall be imposed. – MODON shall not consider any application submitted to it to lease, assign, or amend this contract, whether to amend the commercial register, activity, or industrial license, with regard to any of the contents of the commercial register or license, whether in terms of ownership, activity, entry or exit of owners, or otherwise, unless production has commenced and two (2) years of continuous production have passed, in accordance with the industrial license and in the quantities approved by the license. – MODON shall not approve any request to amend the contract related to amending the activity and production unless it is consistent with the approved activities of the industrial city and the area in which the factory is located. – In the event of a violation of any of the above, the contract shall be automatically void, without the need to notify MODON to the tenant. The tenant undertakes to pay all financial obligations stipulated in the terms of this contract, including rent, expenses, administrative service costs, development, operation, and maintenance costs, current or future penalty clauses, or any other obligations, in accordance with the method determined by MODON. – The tenant undertakes to pay the rental value in advance, thirty days prior to the start date of each lease year. – The tenant undertakes to pay the cost of the identification signboards in accordance with the terms determined by MODON.	
Applicable law	The laws in force in the Kingdom of Saudi Arabia.	
Dispute Resolution	In the event of any dispute or conflict in the application of the provisions of this contract, recourse shall be had to the Dispute Resolution Committee referred to in the Organization and Executive Regulations for MODON. If it is not possible to resolve it amicably between the two parties, the judicial authorities in the Kingdom of Saudi Arabia are the competent authorities to consider and decide on this dispute or conflict, and their decision in this regard shall be final and binding on both parties.	

Source: The Company

5.9.5 Contracts related to the Company's business

- The Company has concluded a number of contracts related to the practice of its activity, including: maintenance services contracts, support services contracts, transportation agreements and other logistics services contracts, and consulting services contracts. The following are the most prominent provisions included in these contracts:
  - The terms and conditions of the relationship were determined by the contracts and agreements concluded, such that the duration of the agreement was determined, ranging from one (1) to three (3) years.
  - The amount of these agreements and the payment mechanism, which may be by purchase orders, invoices or bonds, have also been determined.
  - Some agreements stipulate that either party has the right to terminate them by prior written notice.
  - Some contracts are subject to regulations other than the Saudi Law.
  - It is worth noting that the agreements and contracts did not include any special clauses or provisions restricting the Company's transfer from the Parallel Market to the Main Market subject to the request in this Document.

The table shows a summary of the contracts and offers for the Company's business:

Table (39): Summary of Service Contracts Concluded

Services Contract	
Parties	– Obeikan Glass Company (First Party) – Trading and Development of Equipment, Machinery, and Supplies Co. Ltd. (Second Party)
Subject of the Contract	The Second Party shall provide inspection, testing, and preventive maintenance for the First Party's fire alarm and fire protection system.
Duration of the Contract and Renewal	For one calendar year starting from 16/09/1445H (corresponding to 26/03/2024G).
Amount of the Contract	(58,374) Saudi Riyals, according to the purchase order attached to the contract.
Payment Mechanism	Pursuant to a purchase order.
Assignment	Not specified in the contract.
Termination	Not specified in the contract.
Disputes	Not specified in the contract.
Applicable Law	Not specified in the contract.
Service Proposal	
Bidder	Fawaz Hamdan Al Mutairi Company
Subject of the Contract	Providing maintenance and repair services for all air conditioning installations and equipment for one year.
Duration of the Contract and Renewal	One year.
Amount of the Contract	Not specified in the proposal.
Payment Mechanism	Not specified in the proposal.
Assignment	Neither party may transfer or assign any or all of its rights and/or obligations or delegate the performance of any or all of its obligations under the contract, directly or indirectly, through acquisition, merger or otherwise, without the prior written consent of the other party.
Termination	Not specified in the proposal.
Disputes	If any dispute is not resolved amicably, it will be resolved in accordance with the applicable laws and regulations in the Kingdom of Saudi Arabia.
Applicable Law	Saudi Law
Service Proposal	
Bidder	Intertek Saudi Arabia Company
Subject of the Contract	Providing glass maintenance and repair services.

Duration of the Contract and Renewal	Two years.
Amount of the Contract	Not specified in the proposal.
Payment Mechanism	Not specified in the proposal.
Assignment	Not specified in the proposal.
Termination	Not specified in the proposal.
Disputes	Not specified in the proposal.
Applicable Law	Saudi Law
Remarks	A proposal to the company.
Services Contract	
Parties	– Atlas Industrial Equipment Company (ATLESCO) – Obeikan Glass Company (Client)
Subject of the Contract	ATLSCO provides preventive maintenance service on specific equipment for the client's branch in Yanbu through (4) visits annually.
Duration of the Contract and Renewal	From November 2023 to October 2025.
Amount of the Contract	(120,060) Saudi Riyals (including VAT).
Payment Mechanism	Based on invoices.
Assignment	Not specified in the contract.
Termination	Either party has the right to terminate the program at any time, by providing the other party with prior written notice, (60) days in advance.
Disputes	Not specified in the contract.
Applicable Law	Saudi Laws
Services Contract	
Parties	– Obeikan Glass Company (First Party) – Hydrogenics Europe (Second Party)
Subject of the Contract	The second party shall provide preventive maintenance services in accordance with the procedures specified by the service provider and outlined in the HySTAT-A Manual.
Duration of the Contract and Renewal	(3) years, starting from November 1, 2021, until October 31, 2024.
Amount of the Contract	(26,472) euros per year.
Payment Mechanism	Based on invoices.
Assignment	Not specified in the contract.
Termination	Either party has the right to terminate the contract by giving (3) months written notice.
Disputes	Not specified in the contract.
Applicable Law	Not specified in the contract.
Services Contract	
Parties	– Obeikan Glass Company (First Party) – Al-Sawary Trading and Contracting Company (Second Party)
Subject of the Contract	The Second Party shall provide preventive maintenance services for the generator located at the First Party in Yanbu.
Duration of the Contract and Renewal	One calendar year, starting from January 1, 2024, to December 31, 2024.
Amount of the Contract	(81,000) Saudi Riyals.

Payment Mechanism	Based on invoices.
Assignment	Not specified in the contract.
Termination	Not specified in the contract.
Disputes	Not specified in the contract.
Applicable Law	Not specified in the contract.
Support Services Contract	
Parties	– Comprehensive Facilities Management Company (Service Provider) – Obeikan Glass Company (Client)
Subject of the Contract	The service provider provides support services to the client.
Duration of the Contract and Renewal	For one calendar year, starting July 25, 2023, with the possibility of renewal on July 25, 2024. The contract is automatically renewed unless either party expresses a desire to terminate the contract by giving written notice at least one month prior to the end of the original or renewed contract.
Amount of the Contract	It is calculated monthly based on working hours.
Payment Mechanism	It is invoiced monthly.
Assignment	Neither party may assign or delegate any part of this contract, or its rights or obligations, to any third party without the prior written consent of the other party.
Termination	Either party may terminate this contract at any time during its term by providing one month's written notice.
Disputes	Both parties will endeavor to resolve any dispute amicably to the extent possible. If they are unable to do so, they agree to refer to the laws in force in the Kingdom of Saudi Arabia. The dispute will be referred to the competent courts within the Kingdom of Saudi Arabia.
Applicable Law	The laws and regulations in force in the Kingdom of Saudi Arabia.
Support Services Contract	
Parties	– Obeikan Glass Company (First Party) – Zippe Company (Second Party)
Subject of the Contract	The second party provides access to a Zippe service engineer via telephone 24 hours a day, 7 days a week, to provide further maintenance and repair procedures or suggest further maintenance and repair procedures to ensure the proper operation of the station.
Duration of the Contract and Renewal	Until March 22, 2012. This contract is always extended for an additional year if neither party terminates this contract in writing within three months of the end of the contract year.
Amount of the Contract	1,800 euros
Payment Mechanism	According to the mechanism agreed upon in the contract.
Assignment	Not specified in the contract.
Termination	Not specified in the contract.
Disputes	All disputes arising out of or in connection with this contract will be settled by this competent court. However, the supplier may also submit a request to the customer's court.
Applicable Law	Exclusive jurisdiction shall be the court corresponding to the location of the second party's head office (Germany).

Transportation Contract	
Parties	– Obeikan Glass Company (First Party) – WLT Logistics (Second Party)
Subject of the Contract	The second party transports the first party's goods.
Duration of the Contract and Renewal	For one calendar year, starting from 28/01/1444H (corresponding to 26/08/2022G), and automatically renewed annually.
Amount of the Contract	Based on the goods shipped.
Payment Mechanism	Invoices must be paid within 15 days of the invoice date.
Assignment	Not specified in the contract.
Termination	Written notice of termination within 60 days shall be given to the contractor, giving good reason for such termination.
Disputes	Not specified in the contract.
Applicable Law	Subject to the laws of the United Arab Emirates.
Remarks	The second party is obligated to insure the goods.

Transportation Contract	
Parties	– Obeikan Glass Company (First Party) – Madar Logistics Solutions (Second Party)
Subject of the Contract	The second party transports the goods of the first party, who can track the shipment's status through the second party's app.
Duration of the Contract and Renewal	The contract period begins on 05/09/1443H (corresponding to 06/04/2022G) and is renewable for one year.
Amount of the Contract	According to the price table attached to the proposal.
Payment Mechanism	Based on monthly invoices.
Assignment	Not specified in the contract.
Termination	Not specified in the contract.
Disputes	Not specified in the contract.
Applicable Law	Not specified in the contract.

Transportation Contract	
Parties	– Obeikan Glass Company (First Party) – (Second Party)
Subject of the Contract	The Second Party shall transport the goods of the First Party.
Duration of the Contract and Renewal	For a calendar year starting from 09/06/1444H (corresponding to 02/01/2023G), automatically renewed for successive periods of one (1) year unless terminated earlier in accordance with the terms of the contract.
Amount of the Contract	According to the price table attached to the proposal.
Payment Mechanism	By way of bills of lading.
Assignment	Not specified in the contract.
Termination	Written notice of termination within 30 business days. Termination shall also be effected in cases of breach stipulated in the contract.
Disputes	The courts referred to in the bills of lading issued regarding the disputed shipment.
Applicable Law	Subject to the laws applicable to the bill of lading.
Remarks	The contract and the information contained therein must be kept confidential.

Consulting Services Contract	
Parties	– Obeikan Glass Company (First Party) – (Second Party)

Subject of the Contract	The second party provides legal services for the first party.
Duration of the Contract and Renewal	For one calendar year starting from 19/06/1445H (corresponding to 01/01/2024G). The contract is automatically renewed unless either party notifies the other of its desire not to renew or renews under new terms.
Amount of the Contract	(14,000) Saudi riyals per month.
Payment Mechanism	Based on invoices.
Assignment	Not specified in the contract.
Termination	The contract may be terminated at any time upon written notice.
Disputes	If any dispute arises related to the contract, it will be settled amicably. If this is not possible, recourse will be made to the competent judicial authority in Riyadh.
Applicable Law	This contract is subject to the provisions of the Kingdom of Saudi Arabia.
Remarks	Both parties are obligated to maintain the confidentiality of information and data related to the contract.
Consulting Services Contract	
Parties	– Obeikan Glass Company (First Party) – (Second Party)
Subject of the Contract	The Second Party shall provide consulting services, including preparing an internal audit plan and training the First Party's internal auditor.
Duration of the Contract and Renewal	The term of this contract is three (3) calendar months, starting from the date of its signing (which is 12/06/2024G). The contract shall be renewed for similar terms unless either party notifies the other party of its desire not to renew thirty (30) days prior to the contract's expiration date.
Amount of the Contract	(25,000) USD.
Payment Mechanism	In installments: upon commencement of work, sixty (60) days after the commencement date of work, and upon completion of the scope of work.
Assignment	The Second Party shall not assign this contract or any of its rights and/or obligations under this contract to any third party without the written consent of the First Party.
Termination	– The first party may terminate this contract without giving reasons, and shall notify the second party of the termination; – The second party may terminate this contract if the first party is late in paying the second party's dues for a period of (30) thirty days, and after notifying the first party thirty (30) days prior to the date of termination.
Disputes	Any dispute, disagreement, or claim arising out of or relating to this contract, or any breach, termination, or invalidity thereof, shall be resolved amicably. If an amicable solution cannot be reached within fifteen (15) days from the date of the dispute, it shall be settled by the competent judicial authority in the city of Riyadh.
Applicable Law	This contract shall be subject to the interpretation, implementation, and application of the laws and regulations of the Kingdom of Saudi Arabia.
Remarks	The parties agree that if the contract is terminated, all information, data, or anything related to this Agreement shall remain confidential for a period of two years from the date of termination.

Consulting Services Contract	
Parties	– Obeikan Glass Company (First Party) – (Second Party)
Subject of the Contract	The Second Party shall provide consulting services in connection with the First Party's request to obtain a loan to add a new line.
Contract Date	26/09/1446H (corresponding to 25/03/2025G).
Contract Duration	(24) months starting from the date of the contract. The term of the contract may be extended for another period prior to its expiration by a decision of both parties attached thereto.
Amount of the Contract	(200,000) Saudi Riyals.
Payment Mechanism	Payable upon completion of each agreed-upon phase.
Assignment	Not specified in the contract.
Termination	Not specified in the contract.
Applicable Law	Not specified in the contract.
Remarks	The Second Party shall not be liable for any direct, indirect, or consequential losses incurred by the First Party as a result of this contract.

Fee Contract	
Parties	– Obeikan Glass Company (First Party) – (Second Party)
Subject of the Contract	The First Party shall provide growth investment advisory services for the Second Party.
Duration of the Contract and Renewal	12 months commencing on 26/08/1446H (corresponding to 25/02/2025G). The Second Party may renew the term for the same period (12 months) upon providing notice no later than thirty (30) days prior to the end of the initial term.
Amount of the Contract	Not specified in the contract.
Payment Mechanism	By invoices.
Assignment	The failure of either party to exercise a right or remedy under this Agreement, or any delay in exercising such right or remedy, shall not constitute a waiver of such right or remedy. An assignment granted by either party under this contract shall not be valid and binding upon that party unless granted or confirmed in writing by the other party.
Disputes	Any dispute, disagreement, or claim arising out of or relating to this contract, including breach, termination, or invalidity thereof, shall first be referred to a member of each party's senior management, who will make every effort to resolve the dispute amicably. If the parties are unable to resolve the dispute amicably within thirty (30) days from the date of referral to senior management, the parties agree that the dispute shall be finally resolved by the competent courts in the Kingdom of Saudi Arabia.
Applicable Law	Notwithstanding any lawsuit filed, the Consultant shall continue to perform its obligations under this contract pending the resolution of the dispute.

- The Company has concluded a number of transportation contracts according to its standard model:

Table (40): Summary of transportation contracts according to the Company's model

Second Party	Contract Duration	Common Terms
Aber Al Bar Transport Establishment	One calendar year starting from 22/05/1437H (corresponding to 02/03/2016G).	– Subject of the Contract: The Second Party shall transport the First Party's goods to locations specified by the First Party inside or outside the Kingdom of Saudi Arabia. – Renewal of the Contract: Automatically extended unless either party notifies the other of its intention not to do so. – Contract Value: According to the price list. – Payment Mechanism: By invoice. – Termination: If the Second Party wishes to terminate the Contract, it must notify the First Party in writing (60) days prior to the termination date. During the notification period, the Second Party shall continue to fulfill its obligations and provide the services stipulated in the Contract without any default. – Guarantee: The Second Party shall provide the First Party with a guarantee check in the amount of one hundred thousand Saudi riyals. The check will be returned upon termination of the contract between the two parties.
Al Naqel Al Munafis Transport Establishment	One calendar year starting from 14/08/1441H (corresponding to 07/04/2020G).	
Hessa Abdullah Al Omran Transport Establishment	One calendar year starting from 10/04/1442H (corresponding to 25/11/2020G).	
Abdullah Hamdan Al Harbi and Partner Company	One calendar year starting from 19/11/1439H (corresponding to 01/08/2018G).	
Al Muhaib Advanced Transport Establishment	One calendar year starting from 16/05/1437H (corresponding to 02/02/2016G).	
Abdullah Ghasham Al Otaibi Freight Transport Establishment	One calendar year starting from 22/05/1437H (corresponding to 02/03/2016G).	
Saeed Mohammed Mana' Al Amri Transport Establishment	One calendar year starting from 09/10/1443H (corresponding to 10/05/2022G).	
Turkeen Saudi Arabia Limited Company	One calendar year starting from 24/06/1443H (corresponding to 27/01/2022G).	

- Contract concluded with a government entity:

The Company has entered into a service contract with a government entity to provide electricity and water services to its factory in Yanbu city according to the following summary:

Table (41): Summary of the contract concluded with a government entity

Service Contract	
Parties	– Government entity (first party) – Obeikan Glass Company (owner)
Subject of the Contract	The first party shall provide electricity and water services to the owner's factory in Yanbu.
Duration of the Contract and Renewal	30 years starting from 25/07/1430H (corresponding to 18/07/2009G) and the contract is renewed by agreement of both parties.
Amount of the Contract	Depending on the services.
Payment mechanism	By invoices.
Assignment	The Owner may assign this Agreement to a new Occupant with the consent of the First Party, provided that the new Occupant accepts and assumes all obligations of the Owner. The First Party must be notified of this assignment at least (60) days in advance.
Termination	The contract may be terminated at any time after sending written notice thereof.
Disputes	In the event of a dispute arising regarding the contract, the two parties shall seek to resolve it amicably within (30) days of receiving notice from one of the parties. If an amicable solution through mediation is not possible, it shall be referred to arbitration.
Applicable Law	This Agreement is subject to all relevant laws, orders, decisions and regulations in force in the Kingdom of Saudi Arabia and the rules of the Saudi Center for Commercial Arbitration.
Remarks	Both parties are obligated to maintain the confidentiality of information and data related to the contract.

Source: The Company

5.10 Property and Assets

5.10.1 Fixed Assets

According to the financial statements for the year ending December 31, 2024G, the book value of the Group's fixed assets amounted to (197,154,231) Saudi riyals, which consist of buildings and capital works in progress.

5.10.2 Movable assets

According to the financial statements for the year ending December 31, 2024G, the book value of the Group's movable assets amounted to (222,958,711) Saudi riyals, which consist of machinery and equipment, furniture and fixtures, computers and cars.

5.11 Loans and facilities

- According to the financial statements for the year 2023G and the fiscal year 2024G, the Company has a long-term loan with Saudi Industrial Development Fund (SIDF) and short-term loans. In addition, during May 2024G, the Company concluded two credit facility agreements with Al Rajhi Investment Company (Al Rajhi Bank) and Saudi Awwal Bank.
- The summary of credit facilities and loans includes details of the financing agreements concluded by the Company.

Table (42): Summary of the Company's loans and facilities

Funding Party	Expiry Date of the Facilities	Credit Limit (Saudi Riyals)	Amounts Used* (Saudi Riyals)	Amounts Paid* (Saudi Riyals)	Remarks
Saudi EXIM Bank	27/02/1446H (corresponding to 31/08/2024G)	34,000,000	47,830,846.03	30,723,178.47	Short-term loan is used partially and repaid within 6 months and then reused again
SIDF	17/07/1444H (corresponding to 08/02/2023G)	309,500,000	-	-	Paid
Al Rajhi Bank	10/11/1446H (corresponding to 08/05/2025G)	50,000,000	4,571,069.47	4,571,069.47	Short-term loan is used partially and repaid within 3 months and then reused again
Saudi Awwal Bank	15/11/1446H (corresponding to 13/05/2025G)	50,000,000	41,758,732.36	29,342,012.88	Short-term loan is used partially and repaid within 3 months and then reused again

Source: The Company

*As of 31 December 2024G

- The table below shows a summary of the loan contract concluded between SIDF and the Subsidiary:

Table (43): Summary of SIDF Loan Contract with the Subsidiary

Funding Party	Date of signing the Agreement	Expiry Date of the Facilities	Credit Limit (Saudi Riyals)	Amounts Used* (Saudi Riyals)	Amounts Paid* (Saudi Riyals)	Remarks
SIDF	27/01/1439H (corresponding to 17/10/2013G)	15/04/1449H (corresponding to 16/09/2029G)	20,000,000	11,887,978	4,000,000	180 days from the date of each disbursement

Financial Covenants:
- Working Capital Ratio not less than 1:1 throughout the loan term.
- Total Liabilities to Tangible Net Worth Ratio not to exceed 1:3 throughout the loan term.
- Profits allocated for distribution/withdrawals not to exceed 25% of paid-up capital or the total due installments of the SIDF loan in the distribution year, whichever is lower.
- Annual Capital Expenditures not to exceed SAR 1,900,000.
- Annual Rentals not to exceed SAR 800,000.

Special Covenants:
- Implement SIDF recommendations regarding industrial safety, hazard prevention, specifications issued by the Saudi Standards, Metrology and Quality Organization, and requirements of the General Authority of Meteorology and Environmental Protection, and any other relevant authority, whenever they have specifications or requirements applicable to the project's products and operation.
- Comply with the requirements of the Ministry of Labor and Social Development throughout SIDF loan term.
- Conduct transactions between the project and other related parties on commercial bases that serve the project's interest.
- Submit audited annual financial statements.

Guarantees:
- Mortgage on all existing fixed assets of the project.
- Joint and several personal guarantees covering 100% of the fund's loan from Mr. Ayman bin Maatouq Samran and Mr. Ahmed bin Ibrahim Al-Hussain.
- Corporate guarantee from Obeikan Glass Company covering 60% of the loan.

Source: The Company

* As of 31 December 2024G

- Below is a summary of these contracts and facilities, and the most important terms and conditions included therein:

Table (44): Agreement with Saudi EXIM Bank

Funding Party	Expiry Date of the Facilities	Credit Limit (Saudi Riyals)	Amounts Used* (Saudi Riyals)	Amounts Paid* (Saudi Riyals)	Remarks
Saudi EXIM Bank	27/02/1446H (corresponding to 31/08/2024G)	34,000,000	47,830,846.03	30,723,178.47	Short-term loan is used partially and repaid within 6 months and then reused again

Key Undertakings and Representations:
As of the date of concluding the agreement, and as continuing representations and warranties, each of which is expressed as a repetition when the company (i.e., the buyer or customer in the Murabaha agreement) submits a transaction request to the seller (i.e., Saudi EXIM Bank) and on each subsequent day until the Company pays the approved amounts due under the financing documents in full to the seller, the Company represents and warrants to the seller the following:

- Not to acquire, merge with, or change ownership of another company without the prior written consent of the seller.
- Ensure compliance with the financial undertakings contained in the agreement.
- Complete all questionnaires and forms upon the bank's request and throughout the term of this agreement.

Case of default under this Agreement: non-payment – non-performance – breach of a declaration – insolvency – material adverse change – litigation – default in performing other obligations – dissolution.

Special and Financial Undertakings:

- The client undertakes to use the credit facilities only for their intended purpose.
- The client undertakes not to apply for any additional government financing for services similar to the scope of the credit facilities financed by the Saudi EXIM Bank.
- The client undertakes to submit quarterly export clearance and invoice reports.
- The client undertakes to submit semi-annual internal financial statements within 75 days of the end of the period.
- The client undertakes to submit annual audited financial statements within 90 days of the end of the fiscal year.
- The client undertakes that the total liabilities to net tangible value ratio will not exceed 1:2 throughout the term of the credit facilities.
- The client undertakes that the current assets to net current liabilities ratio will not fall below 1:1 throughout the term of the credit facilities.

Guarantees:
A signed promissory note issued by the Company on November 21, 2022, covering 100% of the credit facilities, in the amount of 34,000,000 Saudi Riyals.

Source: The Company

* As of 31 December 2024G

Table (45): Loan with Saudi Industrial Development Fund (SIDF)

Funding Party	Expiry Date of the Facilities	Credit Limit (Saudi Riyals)	Amounts Used* (Saudi Riyals)	Amounts Paid* (Saudi Riyals)	Remarks
SIDF	17/07/1444H (corresponding to 08/02/2023G)	309,500,000	-	-	Paid
Loan Contract No. (1987), concluded on 07/01/1430 H (corresponding to 04/01/2009G) between the Saudi Industrial Development Fund (SIDF) and the Company (the Borrower), includes the following key terms and conditions: – Any changes/amendments to the approved terms must be approved by SIDF prior to disbursement of the amended/changed terms. – Prior to any disbursement, the Borrower must submit purchase or payment agreements for at least 70% of the project's installed capacity. – Prior to any disbursement, the Borrower must submit a detailed export marketing plan acceptable to SIDF. – The Borrower undertakes to change its legal entity to a joint-stock company or to acquire a local joint-stock company or foreign partners with strong financial/technical resources, excellent credit records, and a minimum of 20% ownership stake in the Borrower, when requested by SIDF. – The Borrower must provide evidence that it will utilize locally available resources for the project whenever possible. – The Borrower undertakes to provide SIDF with a quarterly progress report issued by the contractors in accordance with SIDF's format. – The Borrower undertakes to submit a Saudization plan for the employment and training of Saudis, along with an implementation schedule acceptable to SIDF. According to a letter issued by SIDF No. (4163) dated 16/07/1433H (corresponding to 06/06/2012G), approval was given to provide an additional loan for 14/07/1433H (corresponding to 04/06/2012G) in the amount of (80,500,000) Saudi Riyals and to consolidate it with the remaining amount of the previous loan, so that the outstanding unpaid consolidated loan balance becomes (309,500,000) Saudi Riyals, due in (16) semi-annual installments starting from 15/08/1433H. A statement of the assets belonging to Obeikan Glass Company (Obeikan Glass Company Factory) that are required to be mortgaged in favor of SIDF was submitted as a guarantee for Loan No. (1987) amounting to (229,000,000) Saudi Riyals. According to a side letter dated 16/05/1442H (corresponding to 31/12/2020G), the installment payment plan was restructured, with SAR 70,995,000 paid to SIDF as of the date of this letter, and the remaining amount (valued at SAR 238,505,000) to be paid in installments ending on 15/01/1445H (corresponding to 02/08/2023 G).					

Source: The Company

* As of 31 December 2024G

Table (46): Agreement with Al Rajhi Investment Company (Al Rajhi Bank)

Funding Party	Expiry Date of the Facilities	Credit Limit (Saudi Riyals)	Amounts Used* (Saudi Riyals)	Amounts Paid* (Saudi Riyals)	Remarks
Al Rajhi Bank	10/11/1446H (corresponding to 08/05/2025G)	50,000,000	4,571,069.47	4,571,069.47	Short-term loan is used partially and repaid within 3 months and then reused again

In accordance with the credit facility agreement concluded on 29/10/1445H (corresponding to May 8, 2024G) between Al Rajhi Bank and the Company (the client), which includes the following key terms and conditions:

- The client must ensure that no member of the group will issue any new shares or change any rights associated with its issued shares at that time without obtaining prior written approval from the bank.
- The client guarantees that no dividends or other distributions will be paid, distributed, or announced without obtaining prior written approval from the bank until the amount available for distribution to shareholders is determined.
- No change to the client's/guarantor's capital may be made without the bank's prior written approval.
- The client must ensure that no member of the group, without the prior written approval of the bank, obtains any loans, grants any credit, provides any guarantee or indemnity for the benefit of any person, or voluntarily assumes any obligation.
- The client must ensure that no member of the group, without the prior written approval of the bank, sells, leases, transfers, or disposes of all or any part of its revenues or assets, whether through a single transaction, multiple transactions, or a series of transactions.
- The client must ensure that no member of the group, without the prior written approval of the bank, creates any financial restriction on any of the current or future revenues or assets of any member of the group.
- The client must immediately notify the bank of any changes in the ownership of the obligor's issued capital.
- The client undertakes and commits that the trading ratio will not be less than (1.5) times throughout the facility period.
- The client undertakes and agrees that the leverage will not exceed (1) times throughout the facility period.
- The client undertakes and agrees that the net equity will not be less than (585,000,000) Saudi Riyals.
- The client undertakes and agrees to deposit no less than 50% of the client's total sales in their accounts with Al Rajhi Bank and to adhere to this throughout the facility period.
- The client undertakes and agrees to deposit all foreign currencies in their account with Al Rajhi Bank.

Guarantees:
A promissory note issued by Obeikan Glass Company to Al Rajhi Bank in the amount of (53,918,681) Saudi Riyals, dated 29/10/1445H (corresponding to 08/05/2024G).

Source: The Company

* As of 31 December 2024G

Table (47): Agreement with Saudi Awwal Bank

Funding Party	Expiry Date of the Facilities	Credit Limit (Saudi Riyals)	Amounts Used* (Saudi Riyals)	Amounts Paid* (Saudi Riyals)	Remarks
Saudi Awwal Bank	15/11/1446H (corresponding to 13/05/2025G)	50,000,000	41,758,732.36	29,342,012.88	Short-term loan is used partially and repaid within 3 months and then reused again
The credit facility agreement concluded on 05/11/1445H (corresponding to 13/05/2024G) between Saudi Awwal Bank (the Bank) and the Company includes conditions and obligations for the Company, the most important of which are: – Maintaining an average balance of (5,000,000) Saudi Riyals in the current account. – Committing to directing (50%) of its sales to its account with the Bank. – The debt-to-tangible net asset value ratio shall not exceed 1:1.25. – Current assets shall not be less than 1:1.5 times the current liabilities. – Depositing no less than (50%) of the letters of credit issued to the Company's accounts with the Bank. – Depositing annual sales into the Company's account with the Bank, equivalent to the share of the facilities granted. **Guarantees:** – A promissory note issued by Al-Obeikan Glass Company to the Saudi Awwal Bank for a value of SAR 50,500,000. – Authorization to accept instructions received by telephone, facsimile, and email. – A first-degree assignment and lien on the insurance proceeds, with the bank as the first beneficiary. – A resolution of the Board of Directors' partners approving the banking facilities and identifying the persons authorized to sign the facility guarantee documents on behalf of the Company, along with a copy of the relevant documents.					

Source: The Company

* As of 31 December 2024G

5.12 Workforce

- As of the date of this Document, the Company's factory has (266) workers, consisting of (101) Saudi workers and (165) non-Saudi workers, resulting in a Saudization rate of (37%), according to Saudization Certificate No. (54199173-198966) issued by the Ministry of Human Resources and Social Development (Qiwa) on 22/10/1446H (corresponding to 20/04/2025G), valid until 24/01/1447H (corresponding to 19/07/2025G). Consequently, the Company's factory is classified as a Medium Establishment, Category (C), within the High Green level.
- It's important to note that no employees are registered under the Company's main branch. A Saudization certificate was obtained from the Ministry of Human Resources and Social Development (Qiwa) with the number (11206264-145102) and date 22/10/1446H (corresponding to 20/04/2025G), valid until 24/01/1447H (corresponding to 19/07/2025G), stating that the Company is classified as a Small Establishment, Category (A), within the Low Green level, with a Saudization rate of (0%).
- The Saudization program was approved by virtue of the decision of His Excellency the Minister of Human Resources and Social Development (formerly Minister of Labor) No. (4040) dated 12/10/1432H (corresponding to 10/09/2011G), based on Ministers' Council Resolution No. (50) dated 21/05/1415H (corresponding to 27/10/1994G). The Ministry of Human Resources and Social Development (formerly Ministry of Labor) adopted the Nitaqat program and began its implementation on 12/10/1432H (corresponding to 10/09/2011G) with the aim of encouraging establishments to employ Saudi citizens.
- On 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the "Nitaqat Mutawar" Program under Ministerial Resolution No. (182495), which came into effect on 26/04/1443H (corresponding to 01/12/2021G). This involved restructuring the Nitaqat program in the program document according to the mechanism outlined in the procedural guide for the Nitaqat Mutawar program.
- Through the Nitaqat program, the performance of operating establishments in the Kingdom is evaluated based on specific categories (classifications): Platinum, Green (divided into sub-categories: "Low Green," "Medium Green," and "High Green"), and Red.
- Companies classified within the Platinum and Green zones are considered to have met the Saudization requirements and are thus entitled to a number of advantages and benefits, such as obtaining and renewing work visas or changing the professions of their foreign workers (with the exception of professions exclusively designated for Saudi workers). Companies classified within the Red zone (due to non-compliance with specific conditions and requirements) are considered to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew foreign worker permits or preventing them from obtaining work visas for foreign workers.

5.13 Trademarks and Intellectual Property Rights

The Company has the logo (Obeikan Glass Company – العبيكان) that it uses in its commercial dealings. The Company has obtained a certificate of registration as a trademark with the Saudi Authority for Intellectual Property under the number (1442024197) dated 21/10/1442H (corresponding to 02/06/2021G) under category (19), which is one of the trademark categories that specialize in (building materials (non-metallic), rigid non-metallic pipes for buildings, asphalt, tar and bitumen, transportable non-metallic buildings, non-metallic monuments (models), natural and artificial stones, cement, lime and gypsum, pipes made of tar and cement). Accordingly, the Company has granted the trademark the necessary legal protection in accordance with the Trademark Law, which will enable it to place and use it on its products or place it on the external facade of its offices and factory.

- The following table shows the most prominent contents of the trademark registration certificate:

Table (48): Trademark

Registration No	Category	Registration Date	Protection Start Date	Protection End Date	Trademark
1442024197	19	21/10/1442H (corresponding to 02/06/2021G)	02/08/1442H (corresponding to 15/03/2021G)	01/08/1452H (corresponding to 27/11/2030G)	

Source: The Company

- The Company is committed to registering its website (obeikanglass.sa) and has secured its protection and prevented its violation and use by others pursuant to a certificate issued by Sahara Net (one of the domain name registration agents accredited by the Communications and Space Technology Commission (formerly the Communications and Information Technology Commission) - Saudi Network Information Center) dated 15/02/1436H (corresponding to 07/12/2014G) stating that the Company's website is protected for a period ending on 10/07/1447H (corresponding to 30/12/2025G). Accordingly, the Company's website domain (obeikanglass.sa) has become protected from violation by others and prevented from using a similar domain.

5.14 Insurance

- The Company and its subsidiary have concluded a number of insurance policies to mitigate some of the risks to which it may be exposed, as shown below:

Table (49): Summary of Insurance Policy

Policy Holder	Policy Type	Policy No.	Insurance Company	Validity Period	Notes
Obeikan Glass Company	medical insurance policy	--	Bupa Cooperative Insurance Company	(12) calendar months, starting from April 1, 2025G, to March 31, 2026G	The policy includes the benefits, offers, and coverage included in the policy, in addition to the exclusions and services not covered by the policy.
Obeikan Glass Company	vehicle insurance policy	P/CRO1/2021/CV/0000118/R04	Arabian Shield Cooperative Insurance Company	from March 15, 2025G, to March 14, 2026G	This policy covers all risks, including liability towards third parties for bodily injury and property damage resulting from any accident, provided that the driver holds a valid driving license. Coverage is determined by the unified compulsory insurance policy issued by the Insurance Authority. The maximum liability of the insurance company in a single incident during the policy period for bodily injury, expenses, and material damages combined does not exceed a total sum of SAR 10,000,000. According to a report issued by the Ministry of Interior (Tamm Platform) on April 27, 2025G, the Company has (14) vehicles, including (8) with valid insurance and (6) uninsured.

Policy Holder	Policy Type	Policy No.	Insurance Company	Validity Period	Notes
Obeikan Glass Company	all-risk property insurance policy	P/CRO1/2020/ CP/0000043/R05	Arabian Shield Cooperative Insurance Company	from April 1, 2025G, to March 31, 2026G	This policy covers all physical risks to which the Company's factory in Yanbu may be exposed (including buildings, factory equipment, furniture, other office supplies, and inventory) and business interruption, subject to the terms, exclusions, and provisions contained in the policy. The value of the insured property is SAR 900,216,945.
Obeikan Glass Company	general liability insurance policy	P/CRO1/2020/ PL/0000036/R05	Arabian Shield Cooperative Insurance Company	from April 1, 2025G, to March 31, 2026G	This policy covers personal injury and property damage. The coverage limit is SAR 2,000,000 per incident and an annual total.
Obeikan Glass Company	open cover marine transportation insurance policy	P/CRO1/2020/ OM/0000017/ R05	Arabian Shield Cooperative Insurance Company	from April 1, 2025G, to March 31, 2026G	This policy covers marine and/or storage risks, war risks, riots and civil disturbance risks, including shipments and/or consignments to and/or from the United States of America (if applicable). The coverage limit is SAR 100,000,000.
Saudi Aluminium Casting Foundry Company (subsidiary)	all-risk property insurance policy	P/ERO1/2025/ PR/0000008		from May 1, 2025G, to April 30, 2026G	--

Source: The Company

5.15 Judicial Disputes

- As of the date of preparing this Document, the Company and its subsidiary are not parties to any lawsuits, cases, complaints, claims, arbitrations, administrative procedures or investigations, whether existing or likely to be initiated, that would have, collectively or individually, a material impact on the Company's business or financial position, and the Company's management has not become aware of any material legal disputes currently pending or potential or facts that could, collectively or individually, give rise to an imminent risk of a material dispute.

5.16 Governmental Violations

- The Company was not subjected to any penalties or sanctions from any supervisory authority during the years 2023G and 2024G.

5.17 Legal Information and Declarations of Board Members

The Board of Directors acknowledge the following:

1. The transfer does not constitute a breach of any contract/agreement entered into by the Issuer.
2. All material legal issues concerning the Issuer have been disclosed in the Transfer Document.
3. The Issuer comply with the Corporate Governance Regulations and the disclosure requirements set out in the Corporate Governance Regulations, the Companies Law and the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.
4. The Issuer and its subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the issuer or its subsidiaries or their financial position.
5. The Directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the issuer or its subsidiaries or their financial position.
6. There has been any interruption in the business of the Issuer or any of the Issuer's subsidiaries (if applicable) that which may have significant effect on the financial position in the last (12) months.
7. Other than what is mentioned on page (iii) of this Document, the Board of Directors do not have any shareholding or interest of any kind in the Issuer or any of the Issuer's subsidiarie (if applicable), and nor does any relative of theirs.

6. Management's Discussion and Analysis of the Financial Position and Results of Operations

6.1 Introduction

This section includes an analytical review of the operating performance and financial position of Obeikan Glass Company ("the Company") during the fiscal years ended December 31, 2021G, 2022G, 2023G, and 2024G.

This section has been prepared based on (1) the audited financial statements for the fiscal year ended December 31, 2023G, which include the financial statements for the comparative period December 31, 2021G, (2) the audited consolidated financial statements for the fiscal year ended December 31, 2024G, which include the financial statements for the comparative period December 31, 2023G.

Which were prepared by the Company's management and reviewed in accordance with the international auditing standards approved in the Kingdom of Saudi Arabia for the fiscal years ending on December 312022G,2023G, and 2024G, by "KPMG Professional Consulting Company".

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRS approved in the Kingdom of Saudi Arabia").

KPMG Professional Consulting Company does not own any share or interest of any kind in the Company and has given written consent without retraction regarding the publication of their name, logo and statement in this transfer document as the Company's auditors for the periods mentioned above.

The above financial statements form an integral part of this section and should be read in conjunction with those statements and the notes thereto. The financial statements are included in the section (Financial Statements and Auditor's Report thereon).

This section may include forward-looking statements based on management's current plans and expectations regarding earnings growth, results of operations and financial position, and therefore may involve risks and uncertainties that may lead to a material difference from the Company's actual results as a result of various factors and events, including those discussed in this section of the Transfer Document or elsewhere as stated in Section (2) ("**Risk Factors**"). All amounts in this section are presented in Saudi Riyals unless otherwise stated. Amounts and percentages have been rounded to the nearest decimal, and therefore, if the figures in the tables are added together, their sum may not correspond to the totals stated in those tables or to the Company's financial statements.

6.2 Board members' declarations regarding the financial statements

The members of the Company's Board of Directors declare the following, to the best of their knowledge and belief:

The financial information contained in this section has been extracted without material modifications and presented in a form consistent with (1) the audited financial statements for the fiscal year ending December 31, 2023G, which include the financial statements for the comparative period December 31, 2022G, (2) the audited consolidated financial statements for the fiscal year ending December 31, 2024G, which include the financial statements for the comparative period June 30, 2023G, and the notes attached to them, which have been prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

- The Company has sufficient working capital for a period of at least twelve (12) months after the date of this Document.
- That there has been no material adverse change in the financial and commercial position of the Company during the three (3) fiscal years immediately preceding the date of submitting the application for treansferring the Company's securities from the Parallel Market to the Main Market to the end of the period covered by the auditors' report and until the date of approval of this Document. The Board of Directors confirm that all material facts relating to the Company and its financial performance have been disclosed in this Document, and that there is no information, documents or other facts that, if omitted, would render the statements contained in the Transfer Document misleading.

- That there is no intention to make any material changes in the nature of the Company's activities.
- That the Company's operations have not ceased in a manner that could significantly affect or have already affected its financial position during the past twelve (12) months.
- That all material facts relating to the Company and its financial performance have been disclosed in this Document, and that there is no information, documents or other facts that, if omitted, would render any statement misleading.
- That there was no reservation in the auditor's report on the financial statements for any of the three (3) fiscal years immediately preceding the date of submitting the application for transferring the Company's securities from the Parallel Market to the Main Market subject to this Document.
- No structural changes were made to the issuer during the three (3) fiscal years immediately preceding the date of submitting the application for transferring the Company's securities from the Parallel Market to the Main Market subject to this Document.
- That there was no material amendment to the financial statements announced for any of the three (3) fiscal years immediately preceding the date of submitting the application for transferring the Company's securities from the Parallel Market to the Main Market subject to this Document.
- That no commissions, discounts, brokerage fees, or non-cash compensation were granted by the Company to any of the members of the board of directors, senior executives, those offering or offering the securities, or experts during the three (3) years immediately preceding the date of submitting the application for transferring the Company's securities from the Parallel Market to the Main Market subject to this Document.
- Except as disclosed in Section (5.11) ("**Loans and facilities**"), the Company has not issued any debt instruments, term loans, secured or unsecured mortgages, or existing or approved but not issued and that the Company has no other loans or indebtedness including overdrafts from bank accounts, and acknowledges that there are no security obligations including personal or non-personally guaranteed or secured by mortgage or unsecured by mortgage or obligations under acceptance or acceptance credit or lease purchase obligations.
- That – to the best of their knowledge – there are no mortgages, rights, or any encumbrances or charges on the Company's properties as of the date of this Document.
- That the Company's capital is not subject to any option rights.
- That the Company's capital is not subject to any option contract.
- That the Company has no contingent liabilities, guarantees or any significant fixed assets intended to be purchased or leased, except for what is disclosed in this Document.
- Except for what is stated in this Document in Section (6.6.2.3) ("**Equity**"), the Company has not made any capital adjustments during the three (3) years immediately preceding the date of submitting the application for for transferring the Company's securities from the Parallel Market to the Main Market subject to this Document.
- The Company does not have any information about any governmental, financial, monetary, political, macroeconomic policies or any other factors that have affected or may significantly affect, whether directly or indirectly, the Company's operations except for what is disclosed in Section (2) ("**Risk Factors**") of this Document.
- The Board of Directors declare that the Company is not aware of any seasonal factors or economic cycles related to the activity that may have an impact on the Company's business or financial position.

6.3 Information about the Company

Obeikan Glass Company ("the Company") is a Saudi joint stock company established pursuant to Ministerial Resolution No. (224/O) dated 27 Sha'ban 1428H (corresponding to September 9, 2007G) and registered in Riyadh under Commercial Registration No. 1010241520 dated 30 Dhul-Qi'dah 1428H (corresponding to December 10, 2007G) which ends on 29 Dhu al-Qi'dah 1449H (corresponding to April 24, 2028G).. The Company commenced its commercial activity on 1 July 2011G.

The Company's registered address is P.O. Box 62807, Riyadh 11595, Kingdom of Saudi Arabia.The Company's branch is located in the Light Industries Zone in Yanbu Industrial City.

The Company is engaged in wholesale trading of chemicals and wholesale and retail sale of glass panels. The Company also operates through its branch registered under Commercial Registration No. 4700010945 dated 9 Jumada Al-Awwal 1429H (corresponding to 14 May 2008G) issued in Yanbu City. The branch's activity is operating quarries, sand and gravel mines, including crushers, and manufacturing insulating glass used in construction.

On Sha'ban 2, 1442H (corresponding to March 15, 2021G), the Board of Directors of Obeikan Glass Company decided to recommend to the General Assembly of Shareholders to register and list the Company's shares on the Parallel Market "Nomu" after obtaining the necessary approvals from CMA and the Saudi Exchange (Tadawul). Based on the Extraordinary General Assembly meeting held on Sha'ban 19, 1442H (corresponding to April 1, 2021G), the General Assembly voted unanimously, with 100% attendance, to register and directly list the Company's shares on Nomu. The Company obtained the approval of CMA for the direct listing of its shares on Nomu on Dhu al-Qi'dah 26, 1442H (corresponding to July 6, 2021G), and CMA approved the request to register the Company's shares on Nomu on Rabi' al-Thani 26, 1443H (corresponding to December 1, 2021G).

On 14 Jumada Al-Thani 1443H (corresponding to January 17, 2022G), the registration document was published and announced by the Financial Advisor on Tadawul, making it available to qualified investors during the specified period in accordance with the Rules on the Offer of Securities and Continuing Obligations. Tadawul announced the listing of the Company's tradable shares on Nomu, effective from 6 Rajab 1443H (corresponding to February 7, 2022G), as a direct listing under ISIN 9531.

On 24 October 2023G, the Company signed a shareholders' agreement to establish the Saudi Aluminium Casting Foundry, headquartered in Medina, Saudi Arabia. The Company owns 60% of the shares. The main activities of the Saudi Aluminum Casting Foundry arecasting non-ferrous metals, producing metal shapes directly from powder, manufacturing metal patterns, production of fluid pumps , manufacturing auto parts, and manufacturing military equipment. Saudi Aluminium Casting Foundry has not yet commenced commercial operations as of December 31, 2024G. These accompanying consolidated financial statements include the financial statements of Obeikan Glass Company ("the Company" or "the Parent Company") and its subsidiary (together referred to as the "Group"). until December 31 December 2023G.

As of December 31, the Company has an investment in the following subsidiary:

Subsidiary Company Name	Country of Establishment	Business Activity	Actual ownership stake 2024G	Actual ownership stake 2023G	Capital in Saudi Riyals	Number of issued shares
Saudi Aluminum Castin Foundry	Kingdom of Saudi Arabia	Manufacturing Company	60%	60%	73,000,000	7,300,000

6.4 Basis of Preparation

6.4.1 Statement of Commitment

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRS approved in the Kingdom of Saudi Arabia") The new Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H (corresponding to June 30, 2022G) (hereinafter referred to as "the Law") came into effect on 26/6/1444H (corresponding to 19 January 2023G). For certain provisions of the Law, full compliance with implementation is expected to be achieved no later than two years from 26/6/1444H (corresponding to January 19, 2023G). The management has amended its Articles of Association and submitted it to the shareholders at their Extraordinary / Annual General Assembly Meeting for approval on 22/11/1444H (corresponding to June 11, 2023G)..

6.4.2 Preparation of consolidated financial statements

These consolidated financial statements have been prepared on the historical cost using the accrual basis of accounting and the going concern concept unless otherwise stated, and except for the following key items included in the consolidated statement of financial position:

- Investments in equity instruments is measured at fair value through other comprehensive income .
- Employee end-of-service benefits are recognized at the present value of future obligations using the projected unit credit method.

6.4.3 Basis of consolidation of financial statements

These consolidated financial statements include the consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements of the Group, which include the assets, liabilities and the financial performance of the Company and its subsidiary as stated in Note (1). The Company and the subsidiary are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group. Subsidiaries are consolidated from the date on which control commences until such control ceases. The Group accounts for all business using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at the fair value of the identifiable assets acquired and the fair value of the previously existing equity interest in the subsidiary. The excess of the cost of acquisition plus the fair value of non-controlling interests is recorded as goodwill in the consolidated statement of financial position. Non-controlling interests are measured at their proportionate share of the net assets of the owned company at the date of establishment. If the business combination is achieved in stages, the acquisition date carrying amount of the Group's previously held interests in the acquiree is remeasured to fair value at the acquisition date and any gain or loss arising is recognized in the consolidated statement of profit or loss. All intra-group balances and transactions, unrealized revenues and expenses arising from intra-group transactions are eliminated. The accounting policies of subsidiaries are adjusted where necessary to ensure consistency with the policies applied by the Group. The Company and its subsidiaries have similar reporting periods.

6.4.4 Presentation currency

These consolidated financial statements are presented in Saudi Riyals, which is the activity currency of the Group..

6.4.5 Use of judgments,estimates, and assumptions

The preparation of the Group's consolidated financial statements requires the use of certain judgments and assumptions by the Management that affect the amounts indicating revenues, expenses, assets, liabilities and disclosures and the disclosure.

These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are difficult to obtain from other sources. Relevant estimates and assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recorded in the period in which the estimates are revised or in the period of the review and future periods if the revised estimates affect both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are discussed below. The Group based its assumptions and estimates on indicators available when the consolidated financial statements were prepared. However, current circumstances, assumptions and future estimates may change due to changes in market conditions or circumstances beyond the Group's control. Such changes in assumptions are reflected in the assumptions when they occur.

Significant judgments, estimates and assumptions that have a material effect on the Group's consolidated financial statements are discussed below:

Useful lives and residual value of property, machinery and equipment

The Group's management determines the estimated useful lives of its property, michinary, and equipment for calculating depreciation. These estimates are determined after taking into account the expected usage of the asset or normal wear and tear. Management believes that the residual value may not have a significant impact on the depreciation expenses and carrying amount of the assets. Accordingly, the residual value is assumed to be zero. The management reviews the residual value and useful lives annually, and future depreciation charges are adjusted whenever management believes that the useful lives differ from previous estimates.

Provision for inventory impairment

Management estimates that inventories are impaired to their net realizable value if the cost of inventories is not recoverable, the inventories are damaged or obsolete in whole or in part, the market price is less than cost, or other factors cause the recoverable value to be lower than its carrying amount. Estimates of the net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into account fluctuations in prices or costs directly related to events occurring after the date of the consolidated financial statements to the extent that the conditions for those events existed at the end of the reporting period.

Allowance for expected credit losses on trade receivables

The Group's management recognizes a loss allowance for expected credit losses from financial assets measured at amortized cost. Expected credit losses are weighted estimate of credit losses. The Group's expected credit losses are used to calculate historical trading and forward-looking element for calculating the percentage allowance to be recorded as an impairment loss on financial assets.

The assessment of the relationship between historically observed aging rates, expected economic conditions and expected credit losses is an important assessment. The value of expected credit losses is affected by the expected economic conditions. The Group's historical credit loss experience and its expectations of economic conditions may not be representative of future customer and related parties defaults. Information about the Group's expected credit losses on trade receivables is disclosed in Notes 10 and 12.

Employees End-of-service benefit

The cost of the employee end-of-service benefit plan ("Defined Benefit Plan") and the present value of the obligations are determined using actuarial valuations. The actuarial valuation involves making a variety of assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover. Due to the complexities of the valuation process and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is the parameter most susceptible to change. In determining the appropriate discount rate, management relies on the market yield on high quality corporate/government bonds. The mortality rate is based on available country-specific mortality tables. These mortality tables tend to change only in response to demographic changes. Future salary increases are based on the expected future inflation rates for the country. Note 20 provides further details on employee end-of-service benefit.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair values are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets, where possible, and require a degree of judgement in determining fair values where this is not observable. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Contingent consideration arising from a business combination is measured at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured at fair value at each reporting date. The determination of fair value is based on discounted cash flows. The key assumptions take into account the probability of achieving each performance objective and the discount factor. See Note 6 for further details.

6.4.6 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication of asset impairment. If any evidence exists, or when an asset annual impairment test is required , the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of sale 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 of other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount or value, it is considered to be 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 assessing fair value less costs to sell, recent market transactions are taken into account. Where such transactions cannot be identified, an appropriate valuation model is used.

The Group's impairment calculations are based on detailed budgets and forecasts prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts generally cover a period of five years. For longer periods, the long-term growth rate is calculated and applied to future cash flows beyond the fifth year.

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

6.5 Significant Accounting Policies

The Group has applied the following accounting policies consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

6.5.1 New Standards, Amendments to Standards, and Interpretations

The following are the standards, interpretations, and amendments that have been issued but are not yet effective up to the date of issuance of the Group's financial statements. The Group intends to adopt these standards, interpretations, and amendments, if applicable, on the date they become effective:

Standard/Interpretation	Description	Effective for periods beginning on or after the following date:
IAS 21	Non-interchangeability (Amendments to IAS 21)	January 1, 2025
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without General Liability	January 1, 2027
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional application available / Effective date postponed indefinitely

Source: Audited Consolidated Financial Statements for the fiscal years ending December 31, 2024.

The Group is currently assessing the implications for the Group's consolidated financial statements of the adoption of the above standards, interpretations, and amendments.

Standards, interpretations, and amendments effective during the year:

1. Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
2. Non-Current Liabilities with Commitments (Amendments to IAS 1)
3. Lease Liabilities in Sale and Leaseback Transactions (Amendments to IFRS 16)
4. Supplier Financing Arrangements (Amendments to IAS 7 and IFRS 7) Amendments to IAS 27 – Non-Convertibility.

6.5.2 Revenue Recognition

Sales of Goods

Revenue from goods is recognized at the point in time when control of the goods is transferred to the customer, generally upon delivery of the goods. The Group's revenue from the sale of glass includes only one performance obligation and no variable consideration or financing component.

6.5.3 Employee End of Service Benefits

The provision for employee end of service benefits is determined using the projected unit credit method, with actuarial valuations performed at the end of each reporting period. Remeasurements consisting of actuarial gains and losses are recognized directly in the statement of financial position, with corresponding expenses or credits to retained earnings through other comprehensive income, in the period in which they are incurred. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and are not reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation arising from plan modifications or curtailments are recognized immediately in the statement of profit or loss as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are classified as follows:

- Service cost (including current service cost and past service cost, as well as gains and losses on term reductions and settlements);
- Interest expense;
- Remeasurement.

The Group presents the first two components of defined interest costs in profit or loss under the relevant line items. Remeasurements are presented as part of other comprehensive income.

Short-Term Employee Benefits

Liabilities are recognized for employee benefits related to wages, salaries, annual leave, air tickets, and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. Liabilities are recorded at the undiscounted amount of benefits expected to be paid in exchange for these services.

6.5.4 Zakat

The Group is subject to zakat in accordance with the regulations of ZATCA. The zakat provision due by the Group is charged to the statement of profit or loss and other comprehensive income. Additional amounts due, if any, are recognized upon completion of the final assessments in the period in which these amounts are determined.

The Group withholds taxes on non-resident parties and dividends paid to foreign shareholders in accordance with ZATCA regulations. These are not recognized as an expense because the amounts liabilities are withheld on behalf of the counterparty.

6.5.5 Property, Plant, and Equipment

Recognition and Measurement

Property, plant, and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. When spare parts are expected to be used over more than one period, they are accounted for as property, plant, and equipment.

Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by Management. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

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

Subsequent Costs

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

Capital Work-in-Progress

Capital work-in-progress represents all direct and indirect costs and construction in progress and is capitalized as property, plant, and equipment when ready for its intended use.

Depreciation

Depreciation is the systematic allocation of an asset's depreciable amount over its estimated useful life. The depreciable amount is the cost of the asset or another amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant, and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives.

Depreciation methods, useful lives, and residual values are reviewed at least annually and adjusted as appropriate. The estimated useful lives are as follows:

Table (50): Estimated useful lives of major items of property and equipment

Assets	Productive Life (Years)
Buildings	25 to 33 Years
Plants and Machinery	15 to 20 Years
Equipment	2 to 5 Years
Furniture and Fixtures	2 to 5 Years
Computers	2 to 4 Years
Vehicles	2 to 5 Years

Source: Audited Consolidated Financial Statements for the fiscal years ending December 31, 2024.

Land and capital work-in-progress are not depreciated.

Spare parts

Items such as spare parts, standby equipment, and service equipment are recognized in accordance with IAS 16 when they meet the definition of property, plant, and equipment, including the requirement for use over more than one period. Otherwise, these items are classified as inventory, in accordance with IAS 2.

6.5.6 Right-of-use assets and lease obligations

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

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease obligations to make lease payments and the right-of-use asset represents the right to use the assets subject of the contract.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the relevant asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease obligations . The cost of right-of-use assets comprises the amount of lease obligations recognized, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset, noting that the land lease term is 35 years.

The leased asset passes to the Group at the end of the lease term or if the lessee is reasonably certain to exercise a purchase option. Depreciation is calculated using the estimated useful life of the asset.

Lease obligations

At the inception of a lease, the Group recognizes lease obligations measured at the present value of lease payments over the lease term. Lease payments include fixed payments (including guaranteed fixed payments) less lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees.

Lease payments also include the exercise price of a purchase option that the Group is reasonably expected to exercise and payments of penalties relating to termination if the terms of the lease give the Group the right to terminate the lease. Variable lease payments that do not depend on an index or a fixed rate are recognized as an expense (unless they are incurred to produce goods) in the period in which the payment is made.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date if the interest rate implicit in the lease cannot be easily determined. After commencement, the amount of the lease liability is increased to reflect the accretion of interest and reduced as rents are paid. In addition, the carrying amount of the lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. a change in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases of equipment (i.e. leases with a lease term of 12 months or less from the commencement date and without a purchase option). It also applies the lease recognition exemption for low-value assets to its leases of low-value office equipment leases. Payments for short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the term of the lease.

Incremental borrowing rate

The Group cannot easily determine the interest rate implicit in leases and therefore uses the incremental borrowing rate in measuring its lease obligations . The incremental borrowing rate is the interest rate that the Group would have to pay to borrow, for a similar term and with similar funds secured, the amounts necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Accordingly, the incremental borrowing rate that the Group would have to pay which requires judgement when observable rates are not available or when adjustments are needed to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable data (such as market interest rates) when available and necessary to make certain entity-specific estimates.

6.5.7 Inventory

Inventories are recorded at the lower of cost or net realizable value. Inventories are costed on a weighted average basis. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. In the case of manufactured inventories, cost includes a fair share of production overheads based on normal activity levels.

6.5.8 Financial instruments

The Group recognizes a financial asset or financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. On initial recognition, the Group recognizes a financial instrument at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets

IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset, which were determined at the time of initial recognition. Financial assets are classified into the following specific categories in accordance with IFRS 9:

- Debt instruments at amortized cost;
- Equity instruments at fair value through other comprehensive income, with no recycled gains or losses to profit or loss on derecognition; and

(a) Financial assets classified at amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost less any impairment loss (except for debt investments designated at fair value through profit or loss upon initial recognition):

1. The asset is held within a business model whose objective is to hold the asset to collect contractual cash flows; and
2. The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Group makes an assessment of the business model at the portfolio level because this best reflects the way in which the business is managed and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is achieved by holding assets in order to collect contractual cash flows, the Group considers:

- The specific management policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within the business model) and, in particular, the manner in which those risks are managed;
- The way in which management assesses the performance of the portfolio;
- Whether management's strategy is focused on generating contractual commission income;
- The degree of frequency of any expected sales of the asset;
- The reasons for any sales of the asset; and
- Whether the assets sold are held for an extended period of time commensurate with their contractual maturity or are sold shortly after acquisition or after an extended period before maturity.

When assessing whether the contractual cash flows are solely payments of the principal or principal interest, the Group considers the contractual terms of the instrument. This will include assessing whether the financial asset contains contractual terms that could change the timing or amount of the contractual cash flows such that it would not meet that condition.

Income is recognized on an effective interest basis for debt instruments subsequently measured at amortized cost. Interest is recognized in the consolidated statement of profit or loss and other comprehensive income.

Debt instruments subsequently measured at amortized cost are subject to impairment.

(B) Investment in equity instruments classified as fair value through other comprehensive income

At initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments at fair value through other comprehensive income. A determination at fair value through other comprehensive income is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- At initial recognition, it forms part of a portfolio of identified financial instruments that are managed together and has evidence of a recent actual pattern of short-term profit taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated or actual hedging instrument).

Investments in equity instruments are initially measured at fair value through other comprehensive income plus transaction costs. They are subsequently remeasured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Gains and losses on these equity instruments are not reclassified to the consolidated statement of profit or loss and other comprehensive income and no impairment is recognized in the consolidated statement of profit or loss and other comprehensive income. Cumulative gains or losses will not be reclassified to the consolidated statement of profit or loss and other comprehensive income on disposal of the investments.

Dividends on these investments are recognized in the consolidated statement of profit or loss and other comprehensive income when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

The investment revaluation reserve includes the cumulative net change in the fair value of an equity investment measured at fair value through other comprehensive income. When these equity instruments are disposed of, the related cumulative amount in the fair value reserve is transferred to retained earnings.

Impairment of financial assets

The Group assesses the expected credit losses related to its debt instruments as part of the financial assets carried at amortized cost and fair value through other comprehensive income, on a forward-looking basis.

For trade receivables, the Group applies the simplified approach, which requires that expected losses be recorded on a lifetime basis from initial recognition of the receivable. To measure expected credit losses, receivables have been grouped based on shared credit risk characteristics and the number of days past due. Expected loss rates have been derived from the Group's historical information and adjusted to reflect the expected future outcomes, which also includes forward-looking information on macroeconomic factors such as inflation and GDP growth rates.

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

A financial asset is written off when there is no reasonable expectation of recovery of the contractual cash flows.

The Group recognizes the impairment gain or loss in the consolidated statement of profit or loss and other comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through the loss provision account, except for investments in debt instruments measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Financial liabilities

Financial liabilities carried at amortized cost are classified and measured at amortized cost using the effective yield method.

For financial liabilities designated at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the credit risk of the liability in other comprehensive income would cause or increase an accounting mismatch in the statement of profit or loss. Changes in the fair value attributable to the credit risk of the financial liability are not subsequently reclassified to the consolidated statement of profit or loss .

The liability credit reserve includes cumulative changes in the fair value of financial liabilities designated at fair value through profit or loss that are attributable to changes in the credit risk of those liabilities that would not cause or increase an accounting mismatch in the consolidated statement of profit or loss. Amounts presented in the liability credit reserve are not subsequently transferred to the consolidated statement of profit or loss. When such investments are disposed of, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Stopping financial asset recognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risks and rewards of ownership to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized loan for the benefits received.

Stopping financial liabilities recognition

The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expire.

6.5.9 Cost of revenue

Cost of revenue is the accumulated total of all costs used to create a product or service sold. These costs fall into the general subcategories of materials, direct labor, and overhead.

When presenting the consolidated statement of profit or loss and other comprehensive income, cost of revenue is subtracted from revenue to arrive at the gross profit for the business. Cost of revenue includes all costs directly associated with the sale of goods and services. They include the purchase and conversion of inventory and all other directly attributable costs necessary to bring the products and/or services sold to the condition agreed upon.

6.5.10 Treasury Shares

Equity instruments that are reacquired (treasury shares) are recognized at cost and presented as a deduction from equity. No profit or loss is recognized in the consolidated statement of profit or loss and other comprehensive income on the reacquisition of the Group's equity instruments. Any difference between the book value and the consideration, if reissued, is recognized in retained earnings.

On April 4, 2024G (corresponding to Ramadan 25, 1445H), the Company's Board of Directors resolved to appoint Al Rajhi Capital as a market maker for the Company's shares to support liquidity levels in share trading. This resolution is subject to the approval of the relevant authorities. The value of shares reacquired and disposed of during the current year amounted to SAR 14.3 million (287,010 shares) and SAR 13.4 million (265,588 shares), respectively, with a closing balance of SAR 1 million (21,422 shares). The profit of SAR 99,000 from the sale of these shares is recognized directly in equity. (1)

6.5.11 Share Capital

As of December 31, 2024G, the Group's authorized, issued, and paid-up share capital amounted to SAR 320 million (December 31, 2023G: SAR 320 million), consisting of 32 million shares (December 31, 2023G: 32 million shares) fully paid and issued at a value of SAR 10 per share.

On January 8, 2023G, the Board of Directors resolved to increase the Company's share capital by capitalizing a portion of retained earnings through the issuance of one share for every three shares held.

In addition, the Company announced on February 5, 2023G, that it had obtained the approval of CMA on February 2, 2023G, to increase its share capital from SAR 240 million to SAR 320 million through the issuance of one share for every three shares held.

6.5.12 Dividend Distributions

The Board of Directors, at its meeting held on December 27, 2023G, approved cash dividends of SAR 64 million, which were amended on January 10, 2024G. The dividends were paid on March 27, 2024G. Each shareholder received SAR 2 for each share held in the Group.

6.5.13 Statutory Reserve

In accordance with the Company's amended Articles of Association, the statutory reserve is not required to be set aside. However, the Ordinary General Assembly may, when determining dividends from net profits, decide to distribute the reserve to an amount that serves the Company's interests or ensures the distribution of dividends as stable as possible to shareholders. The statutory reserve included in the financial statements as of December 31, 2024G, and December 31, 2023G, was required in accordance with the old Companies Law.

6.5.14 Non-Controlling Interests

Summarized financial information for the Group's subsidiary with non-controlling interests is set out below. The summarized financial information below represents amounts before intercompany eliminations.

Thousand Saudi Riyals	2024G	2023G
Non-Controlling Interest Percentage	40%	40%
Non-Current Assets	76,550	35,328

(1) These are the shares resulting from the implementation of the market maker agreement concluded by the company with Al Rajhi Capital. These shares were recorded in the financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom, in the equity item (treasury shares) without affecting the statement of income or the statement of cash flow. These shares do not constitute treasury shares according to the concept stipulated in the Companies Law and its implementing regulations.

Thousand Saudi Riyals	2024G	2023G
Current Assets	8,393	39,183
Non-Current Liabilities	3,441	8,075
Current Liabilities	30,512	2,517
Net Assets	51,738	63,919
Net Assets Attributable to Non-Controlling Interests	20,695	25,568
Revenues	-	-
Expenses - Net	(12,181)	(9,081)
Loss for the Period	(12,181)	(9,081)
Other Comprehensive Income	-	-
Total Comprehensive Loss	(12,181)	(9,081)
Loss Distributed to Non-Controlling Interests	(4,872)	(3,632)
Total Comprehensive Loss Distributed to Non-Controlling Interests	(4,872)	(3,632)
Cash Flows from Operating Activities	29,195	1,500
Cash Flows from Investing Activities	(42,124)	-
Cash Flows from Financing Activities (Dividends to Non-Controlling Interests: Nil)	15,315	(1,500)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,386	-

Source: Audited Consolidated Financial Statements for the financial years ended 31 December 2024G.

6.5.15 Capital Risk Management

For the purposes of the Group's capital management, capital includes issued share capital, statutory reserve, and retained earnings attributable to the Group's shareholders. The primary objective of the Group's capital management is to maximize shareholders' returns.

The Group manages the capital structure by monitoring the return on net assets and making adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using the gearing ratio, which is net debt, interest-bearing borrowings including related finance costs, and accounts and other payables, net of cash and bank balances.

6.5.16 Financial Risk Management

The Group's principal financial liabilities comprise of due to related parties, trade and other payables, and bank borrowings and advances. The primary purpose of these financial liabilities is to finance the Group's operations and provide security to support its operations. The Group's principal financial assets include due from a related party, financial assets through other comprehensive income, trade and other receivables, and cash and cash equivalents.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk, and price risk), credit risk, and liquidity risk. The Group's risk management program focuses on robust liquidity management and monitoring of various relevant market variables, thereby continually striving to minimize potential adverse effects on the Group's financial performance.

Senior management manages risk in accordance with policies approved by the Board of Directors. Senior management identifies, assesses, and hedges financial risks in close collaboration with the Group's operating units. The most significant types of risks are credit risk, currency risk, and fair value risk.

The Board of Directors has overall responsibility for defining and overseeing the Group's risk management framework. Executive management is responsible for developing and monitoring the Group's risk management policies. The team meets regularly, and any changes or compliance issues are reported to the Board through the Audit Committee.

Risk management systems are regularly reviewed by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee monitors management's compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks to which the Group is exposed.

Financial instruments included in the statement of financial position include cash and cash equivalents, accounts and other receivables, accrued and other current liabilities, lease liabilities, trade payables, and bank borrowings.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position only when the Group has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis or to realize the assets to settle the liabilities simultaneously.

Market Risks

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market prices. Market risk is represented by three types of risks:

- Foreign exchange risks
- Commission (interest) rate risks
- Other price risks

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Interest Rate Risks

Interest rate risk is the exposure to various risks associated with the impact of fluctuations in prevailing interest rates on the Group's financial positions and cash flows. The Group's interest rate risk arises primarily from its short-term facilities, which carry variable interest rates and are subject to regular re-pricing, and the management closely monitors interest rate changes.

Below is a summary of the interest rates on the Group's interest-bearing financial instruments, as reported to the Group's management:

One thousand Saudi riyals	2024G	2023G
Loans and advances	60,052	15,876

Source: Audited Consolidated Financial Statements for the fiscal year ending December 31, 2024G.

Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates, with all other variables held constant, would increase or decrease equity and profit before zakat for the period by SAR 0.52 million (December 31, 2023G: SAR 61 thousand).

Currency Risks

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are primarily denominated in Saudi Riyals. Management monitors fluctuations in currency exchange rates and believes that this currency risk is not significant. The majority of the exposure is in USD, and the Saudi Riyal is pegged at SAR 3.75 to USD 1. Therefore, the Group is not exposed to any significant foreign currency risk from financial instruments denominated in Saudi Riyals and USD. The Group monitors these fluctuations and manages their impact on the consolidated financial statements accordingly.

Price Risks

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are due to factors specific to each individual financial instrument, its issuer, or factors affecting all financial instruments traded in the market. The Group is exposed to equity price risk because the Group holds investments in equity instruments classified in the consolidated statement of financial position as investments at fair value through other comprehensive income. The Group's management monitors the share of equity instruments in its investment portfolio based on market indicators.

As of December 31, 2024G, the Company's overall exposure to price risk is limited to the fair value of these positions.

Sensitivity Analysis

The Group's net assets would increase/(decrease) by SAR 57 thousand (2023G: SAR 19.7 thousand) if the prices of equity instruments changed due to a 1% increase/decrease in fair values, with all other factors held constant.

Other Price Risks

These risks are the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all financial instruments traded in the market. The Group is not affected by price risk as the Group does not invest in equities or commodities.

Credit Risks

These risks are the risk that one party to an investment instrument will fail to meet its obligations, resulting in a financial loss for the other party. The Group is exposed to risks related to trade and other receivables and cash at banks.

Concentration Risks

Concentration risks arise when a number of counterparties engage in similar activities in the same geographic area or have economic features that would cause them to fail to meet their contractual obligations. To minimize exposure to credit risks, the Group has developed a formal approval process when applying credit limits to its customers. Management also continuously monitors credit exposure to customers and creates a provision for balances considered doubtful. To mitigate these risks, the Group has a system in place to set credit limits for its customers based on an extensive assessment of customer data and payment history.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial and business risks, in addition to a review of any relevant counterparty and market information.

With regard to credit risks arising from the Group's financial assets, including bank balances and cash, the Group's exposure to credit risks arises from the default of counterparties, with the maximum exposure equal to the carrying amount as disclosed in the statement of financial position. Management believes that credit risks with respect to bank balances are immaterial as cash balances are held with reputable banks in the Kingdom of Saudi Arabia.

Trade and Other Receivables

Credit risks with respect to customers and related parties are managed in accordance with the Group's policies, procedures, and controls related to credit risk management for customers and related parties. Customer creditworthiness is assessed based on a credit rating, and individual credit limits are determined based on this assessment. The five largest customers account for 81% of outstanding trade receivables as of December 31, 2024G (December 31, 2023G: 77%).

Trade receivables are stated net of impairment allowances for trade and other receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss provision for all trade and other receivables. To measure expected credit losses, trade and other receivables are grouped into low risk, moderate risk, doubtful, and loss categories based on common credit risk characteristics and the number of days past due. Historical loss rates are adjusted to reflect current and forward-looking information about macroeconomic factors (such as GDP forecasts and industry outlook) that affect the ability of customers and related parties to settle receivables. The calculation reflects probability-weighted outcomes, the time value of money, and reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The following table provides information about the exposure to credit risks and expected credit losses for trade receivables.

One thousand Saudi riyals	Loss rate	Gross book value	Provision for impairment loss
December 31, 2024G			
Net outstanding balances	0.73%	39,243	287
0 – 180 days	5.16%	56,061	2,891
181 – 360 days	0.36%	23,865	85
Over 360 days	100%	-	-
Total		**119,169**	**3,263**

One thousand Saudi riyals	Loss rate	Gross book value	Provision for impairment loss
December 31, 2023G			
Net outstanding balances	0.90%	52,151	471
0 – 180 days	2.87%	52,161	1,408
181 – 360 days	10.33%	24,420	1,954
Over 360 days	10.33%	403	403
Total		**129,135**	**4,237**

Source: Audited Consolidated Financial Statements for the fiscal year ending December 31, 2024G.

The Group has calculated expected credit losses on other receivables from related parties as of December 31, 2024G, amounting to SAR 29.5 million (2023G: Nil).

Liquidity Risks

Liquidity risks are the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risks may arise from the inability to sell a financial asset quickly at an amount close to its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the levels of expected cash outflows from trade and other receivables, along with expected cash outflows from trade and other payables.

6.5.17 Fair Value of Assets and 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 main market for the asset or liability; or
- In the absence of a main market, in the most advantageous market for the asset or liability.

The main or the most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their highest economic benefit. The fair value measurement of a non-financial asset takes into account market participants' ability to generate economic benefits by using the asset in its highest and most advantageous way or by selling it to another market participant who would use it in its highest and most advantageous way. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, as described below, based on the lowest level input that is significant to the fair value measurement as a whole:

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

If the inputs used to measure the fair value of an asset or liability fall within different levels of the fair value hierarchy, the entire measurement is categorized within the same level of the hierarchy as the lowest level input that is significant to the measurement as a whole.

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

The fair value of an equity instrument at the current year-end is not materially different from the fair value measurement determined in the previous reporting period.

One thousand Saudi riyals	Level 1	Level 2	Level 3	Total
December 31, 2024G				
Investments at fair value through other comprehensive income	-	-	118	118
Investments at fair value through other comprehensive income	-	-	1,970	1,970

Source: Audited Consolidated Financial Statements for the fiscal years ending December 31, 2024G.

There were no transfers between levels of the fair value hierarchy during the year ended December 31, 2024, and the year ended December 31, 2023G. In addition, there were no changes in valuation approaches.

Below are the methods and assumptions used in estimating fair values:

The fair value of the investment at fair value through other comprehensive income was estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including expected cash flows, discount rates, and volatility. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimate of the fair value of this investment.

6.5.18 Subsequent Events

The Group announces that it has obtained a small mining license from the Ministry of Industry and Mineral Resources to exploit high-quality silica sand at Raw Silica Sand Complex No. (1), located in Tayma Governorate, Tabuk Province, after the reporting period.

Currently, there are no immediate financial or operational impacts resulting from this license. The Company is still in the initial stages of evaluating the potential of this new resource, and the Company does not expect any material impact on its financial position or operations in the near term.

This event has been disclosed in accordance with the requirements of subsequent events under applicable financial reporting standards. The Company will continue to monitor developments and will provide updates to shareholders as appropriate..

6.5.19 Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 27, 2025G, corresponding to Ramadan 27, 1446H.

6.6 Results of Operations

6.6.1 Statement of profit and loss and other comprehensive income

Table (51): Statement of profit and loss and other comprehensive income for the financial years ended December 31, 2022 2023G and 2024G

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G-2024G
Revenues	502,180	393,982	327,115	(21.5%)	(17.0%)	(19.3%)
Cost of revenue	(245,984)	(244,281)	(222,058)	(0.7%)	(9.1%)	(5.0%)
Gross profit	256,195	149,701	105,057	(41.6%)	(29.8%)	(36.0%)
Other operating revenues	2,249	5,321	3,563	136.6%	(33.1%)	25.9%
Other operating expenses	**(869)**	**-**	**-**	**(100.0%)**	**N/A**	**(100%)**
Selling and distribution expenses	(40,472)	(39,652)	(41,072)	(2.0%)	3.6%	0.7%
General and administrative expenses	(22,531)	(35,825)	(33,491)	59.0%	(6.5%)	21.9%
Reversal (loss) of impairment of trade receivables	(5,388)	2,586	(28,622)	(148.0%)	(1206.8%)	130.5%
Operating profit	**189,183**	**82,131**	**5,435**	**(56.6%)**	**(93.4%)**	**(83.1%)**
Other expenses	-	(7,000)	-	N/A	(100.0%)	N/A

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G-2024G
Financial burdens	(5,317)	(5,689)	(4,861)	7.0%	(14.5%)	(4.4%)
Finance income	500	677	447	35.4%	(33.9%)	(5.4%)
Profit before Zakat	184,367	70,119	1,021	(62.0%)	(98.5%)	(92.6%)
Zakat expense	(6,719)	(6,087)	(4,575)	(9.4%)	(24.8%)	(17.5%)
Profit for the year	177,648	64,032	(3,554)	(64.0%)	(105.6%)	N/A
Other comprehensive income:						
Items that will not be subsequently reclassified to profit or loss:						
Remeasurement of employees end-of-service benefits	2,012	(416)	13	(120.7%)	(103.0%)	(92.1%)
Equity investments at fair value through other comprehensive income – change in fair value	**(13,608)**	**(1,121)**	**(1,852)**	**(91.8%)**	**65.1%**	**(63.1%)**
Other comprehensive loss	(11,596)	(1,537)	(1,839)	(86,7%)	19.7%	(60.2%)
Total comprehensive income for the year	166,052	62,495	(5,394)	(62.4%)	(108.6%)	N/A
As a percentage of revenue						
Gross profit	51.0%	38.0%	32.1%	(13.0)	(5.9)	(18.9)
Other operating revenues	0.4%	1.4%	1.1%	0.9	(0.3)	0.6
Other operating expenses	**0.2%**	**0.0%**	**0.0%**	**(0.2)**	**-**	**(0.2)**
Selling and distribution expenses	8.1%	10.1%	12.6%	2.0	2.5	4.5
General and administrative expenses	4.5%	9.1%	10.2%	4.6	1.1	5.8
Reversal (loss) of impairment of trade receivables	1.1%	0.7%	8.7%	0.4	8.1	7.7
Operating profit	37.7%	20.8%	1.7%	(16.8)	(19.2)	(36.0)
Other expenses	0.0%	1.8%	0.0%	1.8	(1.8)	-
Financial burdens	1.1%	1.4%	1.5%	0.4	0.0	0.4
Finance income	0.1%	0.2%	0.1%	0,1	(0.0)	0.0
Profit before Zakat	36.7%	17.8%	0.3%	(18.9)	(17.5)	(36.4)
Zakat expense	1.3%	1.5%	1.4%	0.2	(0.1)	0.1
Profit for the year	35.4%	16.3%	1.1%	(19.1)	(15.2)	(34.3)
KPI						
Quantity sold (tons):						
Flat Glass	242,546	245,801	231,359	1.3%	(5.9%)	(4.6%)
Safety Glass	2,947	2,587	4,899	(12.2%)	89.4%	66.2%
Average selling price (SAR):						
Flat Glass	2,028	1,574	1,369	(22.4%)	(13.0%)	(32.5%)
Safety Glass	3,300	2,699	2,098	(18.2%)	(22.3%)	(36.4%)
Average cost (SAR):						
Flat Glass	985	965	913	(2.0%)	(5.5%)	(7.4%)
Safety Glass	2,380	2,698	2,220	13.3%	(17.7%)	(6.7%)

Source: Audited Consolidated Financial Statements for the fiscal years ending December 31, 2023 and 2024 and Management Information

Revenues

The Company's main activities arethe manufacture and sale of:

Glass products, specifically flat glass (SAR 316.8 million in fiscal year 2024G, representing 97.7% of total revenues during the period from fiscal year 2022G to fiscal year 2024G), and laminated glass (SAR 10.3 million in fiscal year 2024G, representing 2.3% of total revenues during the period from fiscal year 2022G to fiscal year 2024G).

Revenues decreased by 21.5% from SAR 502.2 million in fiscal year 2022G to SAR 394.0 million in fiscal year 2023G, mainly due to a decrease in flat glass revenues by SAR 104.8 million from SAR 491.8 million in fiscal year 2022G to SAR 387.0 million in fiscal year 2023G, as prices declined to normal levels, with the average selling price decreasing from SAR 2.0 thousand in fiscal year 2022G to SAR 1.6 thousand in fiscal year 2023G, in line with market demand following the global market's recovery from the impact of the COVID-19 pandemic, in addition to the increased presence of Chinese companies in the market with products at relatively lower prices, according to management. For these reasons, the Company reduced the average selling price of its products to match the market price in order to maintain its market share. This was partially offset by an increase in flat glass sales volumes by 1.3% from 242.5 thousand tons in fiscal year 2022G to 245.8 thousand tons in fiscal year 2023G, mainly due to lower market prices during the same period, which resulted in relatively higher sales volumes. Furthermore, safety glass revenues decreased by 28.2% from SAR 9.7 million in fiscal year 2022G to SAR 7.0 million in fiscal year 2023G as prices returned to normal levels, with the average selling price decreasing by 18.2% from SAR 3.3 thousand per ton in fiscal year 2022G to SAR 2.7 thousand per ton in fiscal year 2023G, along with a 12.2% decrease in sales volumes from 2.9 thousand tons to 2.6 thousand tons during the same period.

Revenues decreased by 17.0% from SAR 394.0 million in fiscal year 2023G to SAR 327.1 million in fiscal year 2024G, primarily due to a decrease in flat glass revenues of SAR 70.1 million from SAR 387.0 million in fiscal year 2023G to SAR 316.8 million in fiscal year 2024G, driven by a 13.0% decrease in average selling price from SAR 1.6 thousand per ton in fiscal year 2023G to SAR 1.4 thousand per ton in fiscal year 2024G, and a 5.9% decrease in sales volume from 245.8 thousand tons in fiscal year 2023G to 231.4 thousand tons in fiscal year 2024G, according to management. On the other hand, laminated glass revenues increased by 47.2% from SAR 7.0 million in fiscal year 2023G to SAR 10.3 million in fiscal year 2024G, due to an 89.4% increase in sales volume from 2.6 thousand tons to 4.9 thousand tons, despite a 22.3% decrease in the average selling price from SAR 2.7 thousand per ton in fiscal year 2023G to SAR 2.1 thousand per ton in fiscal year 2024G.

Cost of revenues

Cost of revenues consisted of (1) raw material costs SAR 1 million in fiscal year 2024G, representing 54.8% of the total cost of revenues during the period from fiscal year 2022G to fiscal year 2024G), depreciation (SAR 39.4 million in fiscal year 2024G, representing 16.4% of the total cost of revenues during the period from fiscal year 2022G to fiscal year 2024G), salaries and other employee-related benefits (SAR 34.5 million in fiscal year 2024, representing 12.8% of the total cost of revenues during the period from fiscal year 2022 to fiscal year 2024), gas and electricity expenses (SAR 26.3 million in fiscal year 2024G, representing 11.1% of the total cost of revenues during the period from fiscal year 2022G to fiscal year 2024G), in addition to consumables and direct costs (SAR 12.7 million in fiscal year 2024G, representing 4.9% of the total cost of revenues during the period from fiscal year 2022G to fiscal year 2024G).

Cost of revenues increased by 16.1% from SAR 211.8 million in fiscal year 2021G to SAR 246.0 million in fiscal year 2022G, mainly due to an increase in material costs of SAR 43.2 million from SAR 96.5 million in fiscal year 2021G to SAR 139.6 million in fiscal year 2022G, as a result of an increase in the average cost of soda ash, a key component in the raw material mix for glass manufacturing, by 112.8% from SAR 0.9 thousand per ton in fiscal year 2021G to SAR 1.8 thousand per ton in fiscal year 2022G. The increase in the average cost of soda ash was due to tight supply in the market resulting from increased demand in the global market during the recovery period after COVID-19 pandemic, in addition to higher shipping costs, noting that the Company imports all of its soda ash inventory from outside the Middle East. This was partially offset by a decrease in consumables and direct costs by SAR 11.3 million from SAR 24.2 million in fiscal year 2021G to SAR 12.8 million in fiscal year 2022G, mainly due to the reclassification of overhead costs associated with production to other items within cost of revenues by SAR 7.3 million during the same period, in addition to the absence of adjustments related to IFRS 16 related to leased land that were charged in fiscal year 2021G by SAR 2.9 million.

Cost of revenue decreased by 0.7% from SAR 246.0 million in fiscal year 2022G to SAR 244.3 million in fiscal year 2023G, primarily due to a decrease in (1) gas and electricity expenses by SAR 4.4 million from SAR 28.3 million in fiscal year 2022G to SAR 23.9 million in fiscal year 2023G following the settlement of late fees due to Power and Water Utility Company for Jubail and Yanbu ("Marafiq") in fiscal year 2022G, relating to the period between 2012G and 2014G, and (2) consumables and direct costs by SAR 3.4 million from SAR 12.8 million in fiscal year 2022G to SAR 9.5 million in fiscal year 2023G, as a result of a decrease in the inventory of consumables used in production operations and maintenance cycles. This was partially offset by an increase in (1) material costs by SAR 3.5 million from SAR 139.6 million in fiscal year 2022G to SAR 143.1 million in fiscal year 2023G, due to a 53.3% increase in the average cost of silica sand, a key component in the raw material mix for glass manufacturing, from SAR 74 per ton in fiscal year 2022G to SAR 113 per ton in fiscal year 2023G. This increase was coupled with higher freight costs resulting from new land transportation regulations in the Kingdom of Saudi Arabia that came into effect in fiscal year 2023G, which limited the permissible payload (weight carried) per truck and therefore required more shipments, and (2) employee salaries and benefits by SAR 2.1 million from SAR 27.1 million in fiscal year 2022G to SAR 29.2 million in fiscal year 2023G, due to an increase in the average monthly cost for each employee, from 12.2 thousand Saudi riyals in the fiscal year 2022 to 13.3 thousand Saudi riyals in the fiscal year 2023 due to annual remuneration estimated at about 5.0% related to salaries granted to employees working in production, in addition to the increase in the cost of airline tickets.

Cost of revenue decreased by 9.1% from SAR 244.3 million in fiscal year 2023G to SAR 222.1 million in fiscal year 2024G, driven by a SAR 33.9 million decrease in raw material costs, primarily due to a 33.5% decline in the average cost of sodium carbonate from SAR 1.6 thousand per ton in fiscal year 2023G to SAR 1.1 thousand per ton in fiscal year 2024G, due to an excess supply of sodium carbonate in the market compared to demand from downstream industries such as the glass industry during the period, according to Management. This was partially offset by an increase in (1) salaries and other employee-related benefits of SAR 5.3 million, resulting from an increase in the average monthly cost per employee to SAR 15.2 thousand in fiscal year 2024G due to promotions and annual salary increases granted to production employees, higher labor contracting costs, and higher bonus allocations for the year; (2) consumables and direct costs of SAR 3.2 million, resulting from the reclassification of shipping costs related to the purchase of raw materials from “selling and distribution expenses” to “consumables and direct costs” within “cost of revenue” in fiscal year 2024G, in addition to an increase in the consumption of consumables inventory as part of the planned major maintenance work carried out on the hot end of the furnace in November 2024G; and (3) gas and electricity expenses of SAR 2.4 million, mainly due to the increase in the tariff imposed by Marafiq from SAR 6.3 per million British thermal units to SAR 8.25 per million British thermal units, effective January 1, 2024G.

Gross profit

Gross profit decreased significantly by 41.6% from SAR 256.2 million in fiscal year 2022G to SAR 149.7 million in fiscal year 2023G, as revenues decreased at a higher rate than cost of revenues. Gross profit margin decreased from 51.0% in fiscal year 2022G to 38.0% in fiscal year 2023G, mainly due to a decrease in the gross profit margin of flat glass as a result of a 22.4% decrease in average selling price at a rate higher than the average cost by 2.0% during the same period.

Gross profit decreased by 29.8% from SAR 149.7 million in the fiscal year 2023G to SAR 105.1 million in the fiscal year 2024G, mainly due to a decrease in revenue at by 17.0% a rate higher than decrease in the cost of revenue by 9.1%. Gross profit margin also decreased from 38.0% in the fiscal year 2023G to 32.1% in the fiscal year 2024G, mainly due to a decrease in the gross profit margin of flat glass as a result of a decline in the average selling price by 13.0% at a rate higher than the average cost by 5.5% during the same period.

Other operating income

Other operating income mainly consists, inter alia, of rental income, scrap sales, support income, and waiver of obligations.

Other operating income increased by 136.6% from SAR 2.2 million in fiscal year 2022G to SAR 5.3 million in fiscal year 2023G, mainly due to (1) an increase in scrap sales of SAR 1.4 million from SAR 262 thousand in fiscal year 2022G to SAR 1.1 million in fiscal year 2023G, due to an increase in non-glass scrap quantities and (2) a waiver of liabilities of SAR 700 thousand from SAR 0 in fiscal year 2022G to SAR 700 thousand in fiscal year 2023G, related to the cancellation of a provision taken against balances due from AGC Obeikan Glass Company (an investee company).

Other operating income decreased by 33.1%, or SAR 1.8 million, from SAR 5.4 million in fiscal year 2023G to SAR 3.6 million in fiscal year 2024G, mainly due to a decrease in provisions waived by SAR 700 thousand, a decrease in rental income by SAR 386 thousand, a decrease in scrap sales by SAR 191 thousand, and other items.

Other operating expenses

Mainly comprises provisions recorded against balances due from Obeikan AGC Glass for support services provided.

Other operating expenses amounted to SAR 869 thousand in fiscal year 2022G, and no expenses were recorded in fiscal year 2023G and fiscal year 2024G.

Selling and distribution expenses

Selling and distribution expenses mainly consist of (1) expenses for shipping goods to customers, (2) salaries and employee benefits, (3) warehousing expenses, and (4) sales commission, among others.

Selling and distribution expenses remained stable at SAR 40.5 million in fiscal year 2022G and SAR 39.7 million in fiscal year 2023G.

Selling and marketing expenses increased by 3.6% from SAR 39.7 million in fiscal year 2023 to SAR 41.1 million in fiscal year 2024, with an increase of SAR 1.4 million, mainly due to increased freight expenses as a result of disruptions in shipping routes caused by geopolitical tensions in the Middle East, which led to reduced vessel availability and higher costs in the form of risk premiums, despite lower international sales, according to the Management.

General and administrative expenses

General and administrative expenses consist primarily of (1) employee salaries and benefits, (2) professional and consulting fees, (3) management fees, and (4) rent, among others.

General and administrative expenses increased by 59.0% from SAR 22.5 million in fiscal year 2022G to SAR 35.8 million in fiscal year 2023G, mainly due to an increase in (1) salaries and employee-related benefits of SAR 2.8 million, mainly due to the bonus paid to the former CEO of the Company in the amount of SAR 2.0 million following his departure in fiscal year 2023, and (2) business travel expenses of SAR 3.6 million, related to (a) expenses incurred to attend various exhibitions and events as part of the planning and preparation activities for the launch of the operations of the Saudi Aluminum Casting Foundry, such as the purchase of equipment and others, and the potential expansion of the Company's operations by SAR 838 thousand, and (b) the inclusion of the majority of salaries and benefits of the Saudi Foundry employees, such as the Project Manager, Purchasing Manager, Account Manager, and others, under this item in fiscal year 2023G (i.e. the year of establishment of the Company) by SAR 2.7 million, and (3) an increase in professional and consulting fees by SAR 1.6 million, mainly related to planning and preparation work for launching the operations of the Saudi Aluminum Casting Foundry and the potential expansion of the Company's operations, in addition to other matters.

General and administrative expenses decreased by 6.5% from SAR 35.8 million in fiscal year 2023G to SAR 33.5 million in fiscal year 2024G, with a decrease of SAR 2.3 million. This was mainly due to a SAR 2.7 million decrease in travel expenses, resulting from the reclassification of salaries related to the Saudi Aluminum Casting Foundry to "Salaries and other employee-related benefits" in fiscal year 2024G, and a SAR 2.0 million decrease in rental expenses, partially offset by an increase in professional and consulting expenses due to the appointment of external advisors in connection with the transferring from Nomu to Tadawul, as well as external advisors hired to plan and prepare for the launch of Saudi Aluminum Casting Foundry's operations.

(Loss)/ reversal of impairment of trade and other receivables

Relates to provisions recorded against doubtful trade receivables.

The (loss)/ reversal of impairment of trade and other receivables increased from losses of SAR 5.4 million in fiscal year 2022G to a loss reversal of SAR 2.6 million in fiscal year 2023G, mainly due to a decrease in the provision for impairment of trade receivables, which was calculated based on the expected credit loss model of Obeikan AGC Glass, from SAR -7.0 million as at December 31, 2022G to SAR -4.2 million as at December 31, 2023G.

The (loss)/ reversal of impairment in trade and other receivables decreased by 1.207%, from a reversal of SAR 2.6 million in fiscal year 2023G to a loss of SAR 28.6 million in fiscal year 2024G. This was due to calculating an impairment provision of SAR 29.5 million on other receivables due from an equity-accounted investee for support services provided, based on the Company's credit loss model for other receivables. It is worth noting that no impairment provision was recognized on other receivables during fiscal years 2022G and 2023G.

Other Expenses

The amount related to other expenses was zero in fiscal year 2022G, SAR 7.0 million in fiscal year 2023G, and returned to zero in fiscal year 2024G.

On August 13, 2023, an agreement was reached with Al-Esra Aluminum Factory ("Al-Esra") for Obeikan Glass Company to pay a non-refundable amount of SAR 7.0 million in January 2024 to the Saudi Aluminum Casting Foundry on behalf of Al-Esra. This payment will increase Al-Esra's shareholding in the capital of the Saudi Aluminum Casting Foundry to SAR 29.2 million, representing a 40.0% ownership interest. The Management does not expect to receive any future benefits related to this amount. Obeikan Glass Company's ownership interest in the Saudi Aluminum Casting Foundry remains unchanged at 60.0%.

Financing expenses

Financing expenses increased by 7.0% from SAR 5.3 million in fiscal year 2022G to SAR 5.7 million in fiscal year 2023G, due to an increase in foreign exchange fees of SAR 1.2 million and interest cost on employee end-of-service benefits of SAR 498 thousand. This was partially offset by a decrease in interest on loans and assumptions of SAR 1.0 million due to additional repayments made in fiscal year 2023G and interest on lease obligations of SAR 283 thousand.

Financing expenses increased to SAR 4.9 million in fiscal year 2024G, mainly due to a decrease in foreign exchange expenses of SAR 698 thousand.

Finance income

Financing revenues amounted to SAR 500,000 in fiscal year 2022G, SAR 677,000 in fiscal year 2023G, and SAR 447,000 in fiscal year 2024G.

On April 6, 2022, the Company signed an agreement with Bank Albilad for a six-month short-term deposit maturing on October 3, 2022G, with a 2.0% Murabaha return. The total return amounted to SAR 500,000.

On May 3, 2023G, the Company signed an agreement with Bank Albilad for a three-month short-term deposit maturing on August 3, 2023G, with a 5.3% Murabaha return. The total return amounted to SAR 677,000.

On November 30, 2023, the Company signed an agreement with Albilad Bank for a three-month short-term deposit maturing on February 29, 2024G, with a 5.9% Murabaha return, with a total return amounting to SAR 447,000.

Zakat Expense

Zakat is calculated based on the total of: (1) 2.5776% * Zakat base and (2) 2.5% * Adjusted net income.

Zakat expense decreased by 9.4% from SAR 6.7 million in fiscal year 2022G to SAR 6.1 million in fiscal year 2023G, driven by a decrease in adjusted net income for fiscal year 2023G, which was partially offset by an increase in the Zakat base for fiscal year 2023G.

Zakat decreased by 24.8% from SAR 6.1 million in fiscal year 2023G to SAR 4.6 million in fiscal year 2024G, due to a decrease in adjusted net income in fiscal year 2024G.

Profit for the year

Profit for the year decreased by 64.0% from SAR 177.6 million in fiscal year 2022G to SAR 64.0 million in fiscal year 2023G, mainly due to: (1) Gross profit decreased by 41.6% from SAR 256.2 million in fiscal year 2022G to SAR 149.7 million in fiscal year 2023G, mainly due to a decline in revenues at a rate higher than the cost of revenues; (2) General and administrative expenses increased by 59.0% from SAR 22.5 million in fiscal year 2022G to SAR 35.8 million in fiscal year 2023G, due to higher employee salaries and benefits, administrative fees, and professional and consulting fees; (3) Expenses incurred amounting to SAR 7.0 million in fiscal year 2023G, where the Company paid the said amount to Saudi Aluminium Casting Foundry on behalf of Al-Esra in accordance with the agreement concluded between the two companies. This was offset by (1) an increase in the reversal of the impairment of trade receivables from a loss of SAR 5.4 million in fiscal year 2022G to a gain of SAR 2.6 million in fiscal year 2023G, mainly due to a decrease in the provision for impairment of trade receivables, and (2) an increase in other operating income by 136.6% from SAR 2.2 million in fiscal year 2022G to SAR 5.3 million in fiscal year 2023G, mainly due to an increase in scrap sales and waivers of liabilities.

Net profit for the year decreased by 105.6% from SAR 64.0 million in fiscal year 2023G to a loss of SAR 3.6 million in fiscal year 2024G, mainly due to: (1) a 29.8% decrease in gross profit from SAR 149.7 million in fiscal year 2023G to SAR 105.1 million in fiscal year 2024G, as a result of a 17.0% decrease in revenue from SAR 394.0 million to SAR 327.1 million during the same period; (2) a 93.4% decrease in other operating income from SAR 82.1 million in fiscal year 2023G to SAR 5.4 million in fiscal year 2024G, due to an increase in the impairment loss on trade and other receivables by SAR 31.2 million in fiscal year 2024G, as a result of recording an impairment provision on other receivables due from the equity-accounted investee for support services provided, amounting to SAR 29.5 million, (3) a 3.6% increase in selling and distribution expenses from SAR 39.7 million in fiscal year 2023G to SAR 41.1 million in fiscal year 2024G, (4) a 98.5% decrease in profit before zakat from SAR 70.1 million in fiscal year 2023G to SAR 1.0 million in fiscal year 2024G, and (5) despite a 6.5% decrease in general and administrative expenses from SAR 35.8 million to SAR 33.5 million, in addition to a decrease in other expenses by SAR 7.0 million, the impact was not sufficient to offset the above-mentioned decreases.

6.6.1.1 Revenue by major category

Table (52): Revenue by major category for the fiscal years ended December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	Fiscal year 2022G Management Information	Fiscal year 2023G Management Information	Fiscal year 2024G Management Information	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G-2024G
Flat glass	491,766	386,950	316,837	(21.3%)	(18.1%)	(19.7%)
Safety glass	9,725	6,981	10,278	(28.2%)	47.2%	2.8%
Scrap	689	51	-	(92.6%)	(100.0%)	(100.0%)
Total	**502,180**	**393,982**	**327,115**	**(21.5%)**	**(17.0%)**	**(19.3%)**
As a percentage of revenue				**Percentage point**		
Flat glass	97.9%	98.2%	96.9%	0.3	(1.4)	(1.1)
Safety glass	1.9%	1.8%	1.8%	(0.2)	1.4	1.2
Scrap	0.1%	0.0%	0.0%	(0.1)	(0.0)	(0.0)
KPI				**Percentage**		
Quantity sold (tons):						
Flat glass	242,546	245,801	231,359	1.3%	(5.9%)	(4.6%)
Safety glass	2,947	2,587	4,899	(12.2%)	89.4%	66.2%
Total	**245,493**	**248,388**	**236,258**	**1.2%**	**(4.9%)**	**(3.8%)**
Average selling price (SAR):						
Flat glass	2,028	1,574	1,369	(22.4%)	(13.0%)	(32.5%)
Safety glass	3,300	2,699	2,098	(18.2%)	(22.3%)	(36.4%)
Total	**2,043**	**1,586**	**1,385**	**(22.4%)**	**(12.7%)**	**(32.2%)**

Source: Management Information.

Flat Glass

Flat glass revenues relate to the manufacturing and sale of flat glass panels, primarily in thicknesses of 12.0 mm, 6.0 mm, 10.0 mm, 5.5 mm and 8.0 mm. Flat glass is the Company’s main product line, accounting for 97.7% of total revenues during the historical period.

Flat glass revenue decreased by 21.3% from SAR 491.8 million in fiscal year 2022G to SAR 387.0 million in fiscal year 2023G, mainly due to a decrease in sales to the top 10 customers by SAR 81.2 million between fiscal year 2022G and fiscal year 2023G, along with a decrease in sales to all other customers by SAR 23.7 million during the same period. Moreover, the average flat glass selling price decreased by 22.4% from SAR 2.0 thousand per ton in fiscal year 2022G to SAR 1.6 thousand per ton in fiscal year 2023G, while the quantities sold increased slightly by 1.3% from 242.5 thousand tons in fiscal year 2022G to 245.8 thousand tons in fiscal year 2023G.

Floatglass revenue decreased by 18.1% from SAR 387.1 million in the fiscal year 2023G to SAR 316.8 million in the fiscal year 2024G, mainly due to a decrease in float glass sales to the top 10 customers by SAR 30.9 million between fiscal year 2023G and fiscal year 2024G, coupled with a SAR 39.2 million decrease in sales to all other customers during the same period. Overall, the average float glass selling price decreased by 13.0% from SAR 1.6 thousand per ton in fiscal year 2023G to SAR 1.4 thousand per ton in fiscal year 2024G, and sales volume decreased by 5.9% from 245.8 thousand tons in fiscal year 2023G to 231.4 thousand tons in fiscal year 2024G. The decrease in revenue was observed across all major thicknesses.

Safety Glass

Safety glass revenues decreased by 28.2% from SAR 9.7 million in fiscal year 2022G to SAR 7.0 million in fiscal year 2023G, mainly due to a decline in prices to normal levels, with the average selling price decreasing by 18.2% from SAR 3.3 thousand per ton in fiscal year 2022G to SAR 2.7 thousand per ton in fiscal year 2023G, along with a 12.2% decrease in quantities sold from 2.9 thousand tons in fiscal year 2022G to 2.6 thousand tons in fiscal year 2023G.

Laminated glass revenues increased by 47.2%, from SAR 7.0 million in fiscal year 2023G to SAR 10.3 million in fiscal year 2024G. This was due to an 89.4% increase in sales volume, from 2.6 thousand tons in fiscal year 2023G to 4.9 thousand tons in fiscal year 2024G. This was partially offset by a decrease in average selling price, which decreased by 22.3%, from SAR 2.7 thousand per ton in fiscal year 2023G to SAR 2.1 thousand per ton in fiscal year 2024G. The increase in revenue was across all major thicknesses.

6.6.1.2 Cost of revenues

Table (53): Cost of revenues for the fiscal years ending December 31, 2022G, 2023G, 2024G

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G-2024G
Cost of materials	139,643	143,136	109,204	2.5%	(23.7%)	(11.6%)
Consumption	38,121	38,621	39,406	1.3%	2.0%	1.7%
Employee salaries and benefits	27,086	29,152	34,454	7.6%	18.2%	12.8%
Gas and electricity expenses	28,300	23,904	26,339	(15.5%)	10.2%	(3.5%)
Consumables and direct costs	12,833	9,469	12,654	(26.2%)	33.6%	(0.7%)
Total	**245,984**	**244,281**	**222,058**	**(0.7%)**	**(9.1%)**	**(5.0%)**
As a percentage of revenue				**Percentage point**		
Cost of materials	27.8%	36.3%	33.4%	8.5	(2.9)	5.6
Consumption	7.6%	9.8%	12.0%	2.2	2.2	4.5
Employee salaries and benefits	5.4%	7.4%	10.5%	2.0	3.1	5.1
Gas and electricity expenses	5.6%	6.1%	8.1%	0.4	2.0	2.4
Consumables and direct costs	2.6%	2.4%	3.9%	(0.2)	1.5	1.3
Total	**49.0%**	**62.0%**	**67.9%**	**13.0**	**5.9**	**18.9**

Source: Audited consolidated financial statements for the fiscal years ended December 31, 2023G and 2024G

Material Costs

Material costs mainly consist of soda ash, silica sand, packaging materials, and broken glass (recycled glass), among other raw materials used in glass production.

Material costs increased by 2.5% from SAR 139.6 million in fiscal year 2022G to SAR 143.1 million in fiscal year 2023G, primarily due to: (1) a 60.4% increase in the cost of silica sand, a key component in the raw material mix for glass manufacturing, from SAR 12.7 million in fiscal year 2022G to SAR 20.3 million in fiscal year 2023G, with the average cost increasing by 53.3% from SAR 74 per ton in fiscal year 2022G to SAR 113 per ton in fiscal year 2023G. This increase was coupled with higher freight costs resulting from new land transportation regulations in the Kingdom of Saudi Arabia that came into effect in fiscal year 2023G, which limited the permissible payload (weight carried) per truck and therefore required more shipments, and (2) a 53.3% increase in the cost of broken glass (recycled glass). 41.6% from SAR 7.8 million in fiscal year 2022G to SAR 11.1 million in fiscal year 2023G, as consumed quantities increased by 14.4% from 18.6 thousand tons in fiscal year 2022G to 21.3 thousand tons in fiscal year 2023G, as a result of the Company's drive to improve energy efficiency and save costs through glass recycling. Furthermore, average cost increased by 23.7% from SAR 422 per ton in fiscal year 2022G to SAR 522 per ton in fiscal year 2023G. This was partially offset by a decrease in sodium carbonate inventory of SAR 7.1 million, due to a decrease in average cost from SAR 1.8 thousand per ton in fiscal year 2022G to SAR 1.6 thousand per ton in fiscal year 2023G. This followed a significant increase during fiscal year 2021-2022G due to a shortage of supply in the market resulting from increased demand during the recovery period from the COVID-19 pandemic, in addition to higher shipping costs, noting that the Company imports all of its sodium carbonate needs from outside the Middle East.

Material costs decreased by 23.7% from SAR 109.2 million in fiscal year 2023G to SAR 143.1 million in fiscal year 2024G, with a decrease of SAR 33.9 million. This decrease was primarily due to a SAR 34.3 million decrease in the cost of sodium carbonate, with the average cost decreasing by 33.5% from SAR 1.6 thousand per ton in fiscal year 2023G to SAR 1.1 thousand per ton in fiscal year 2024G. Consumption also decreased by 6.9% from 56.1 thousand tons to 52.2 thousand tons during the same period. According to the management, the decrease in sodium carbonate costs was primarily due to the return of prices to normal levels, as a result of the excess supply of the material in the market compared to demand from downstream industries such as the glass industry during the period.

Depreciation

Depreciation relates to the periodic depreciation of property, machinery and equipment (such as factories, plants, buildings, equipment and other fixed assets used in the Company's business activities).

Depreciation remained relatively stable at SAR 38.1 million in fiscal year, 2022G SAR 38.6 million in fiscal year 2023G, SAR 39.4 million in fiscal year 2024G in line with additions to property, machinery and equipment excluding capital work in progressincluding transfers from work in progress to other asset classes during the period from fiscal year 2022G to fiscal year 2024G.

Employee salaries and benefits

They primarily consist of salaries, housing allowances, labor contracts, bonuses, and transportation allowances, among others.

Employee salaries and benefits increased by 7.6% from SAR 27.1 million in fiscal year 2022G to SAR 29.2 million in fiscal year 2023G, primarily due to a 7.7% increase in base salaries from SAR 11.9 million in fiscal year 2022G to SAR 12.8 million in fiscal year 2023G, as a result of the annual bonus of approximately 5% granted to employees, among others.

Employee salaries and benefits increased by 18.2% from SAR 29.2 million in fiscal year 2023G to SAR 34.5 million in fiscal year 2024G, primarily due to an increase in allowances of SAR 2.1 million and base salaries of SAR 1.6 million, in line with an increase in headcount of 6 employees in fiscal year 2024G.

Gas and Electricity Expenses

Relate to the energy sources used to operate the Company's production plants and buildings, including electricity, gas, nitrogen and others.

Gas and electricity expenses decreased slightly by 4.8% from SAR 29.7 million in fiscal year 2021G to SAR 28.3 million in fiscal year 2022G, mainly due to a decrease in gas costs of SAR 1.1 million as a result of lower consumption in the production process.

Gas and electricity expenses decreased by 15.5% from SAR 28.3 million in fiscal year 2022G to SAR 23.9 million in fiscal year 2023G, mainly due to a decrease in electricity costs of SAR 4.7 million following the settlement of late fees due to

Marafiq in fiscal year 2022G, relating to the period between 2012G and 2014G. These fees arose from the difference between the cost of electricity consumed by the Company (actual) and the cost of electricity reserved for use (contractually reserved) by the Company. Under the contract, the Company is required to settle the cost of electricity reserved for use even if actual consumption is lower. Total late fees amounted to SAR 10.2 million and were recorded during fiscal year 2021G at SAR 5.6 million, based on the letter of claim received from Marafiq dated August 27, 2020G, and fiscal year 2022G at SAR 4.6 million, based on the final balance settlement agreement reached on March 8, 2022G.

Gas and electricity expenses increased by 10.2% from SAR 23.9 million in fiscal year 2023G to SAR 26.3 million in fiscal year 2024G, mainly due to an increase in gas expenses of SAR 2.5 million as a result of the tariff increase imposed by Marafiq from SAR 6.3 per BTU to SAR 8.25 per BTU, effective January 1.

Employee Salaries and Benefits

2024G.

Consumables and Direct Costs

Consumables and direct costs mainly consist of spare parts and consumables used as part of production processes and maintenance cycles, among others.

Consumables and direct costs decreased by 26.2% from SAR 12.8 million in fiscal year 2022G to SAR 9.5 million in fiscal year 2023G, due to a decrease in the inventory of consumables used in production operations and maintenance cycles.

Consumables and direct costs increased by 33.6% from SAR 9.5 million in fiscal year 2023G to SAR 12.7 million in fiscal year 2024G, primarily due to the reclassification of freight costs related to the purchase of raw materials from “Selling and Distribution Expenses” to “Consumables and Direct Costs” within “Cost of Revenue” in fiscal year 2024G, as well as an increase in consumables used from inventory as part of the major scheduled maintenance work carried out in November 2024G.

6.6.1.3 Other operating income

Table (54): Other operating income for the fiscal years ending December 31, 2 2022G, 2023G, and 2024G

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G-2024G
Rental revenue	1,511	1,896	1,511	25.5%	(20.3%)	(0.0%)
Scrap sales	262	1,060	869	304.3%	(18.0%)	82.1%
Human Resources Development Fund support revenue	-	394	226	N/A	(42.8%)	N/A
Profit from sale of property, machinery and equipment	18	151	0	743.9%	(99.8%)	(86.0%)
Support revenue	458	564	-	23.1%	(100.0%)	(100.0%)
Waiver of obligations	-	700	-	N/A	(100%)	N/A
Other revenue	-	556	957	N/A	72.1%	N/A
Total	**2,249**	**5,321**	**3,563**	**136.6%**	**(33.1%)**	**25.9%**
As a percentage of revenue				**Percentage point**		
Rental revenue	0.3%	0.5%	0.5%	0.2	(0.0)	0.2
Scrap sales	0.1%	0.3%	0.3%	0.2	(0.0)	0.2
Human Resources Development Fund support revenue	0.0%	0.1%	0.1%	0.1	(0.0)	0.1
Profit from sale of property, machinery and equipment	0.0%	0.0%	0.0%	0.0	(0.0)	(0.0)
Support revenue	0.1%	0.1%	0.0%	0.1	(0.1)	(0.1)

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G-2024G
Waiver of obligations	0.0%	0.2%	0.0%	0.2	(0.2)	-
Other revenue	0.0%	0.1%	0.3%	0.1	0.2	0.3
Total	**0.4%**	**1.4%**	**1.1%**	**0.9**	**(0.3)**	**0.6**

Source: Audited consolidated financial statements for the fiscal years ended December 31, 2023G and 2024G

Rental Income

Related to the warehouse space and land leased to AGC Obeikan Glass Company (an investee company).

Rental income increased by 25.5% from SAR 1.5 million in fiscal year 2022G to SAR 1.9 million in fiscal year 2023G, as a result of leasing additional warehouse space to AGC Obeikan Glass Company by 1,428 square meters during the fiscal year 2023G.

Rental income decreased by 25.3% from SAR 1.9 million in fiscal year 2023G to SAR 1.5 million in fiscal year 2024G, due to a reduction in AGC Obeikan Glass' leased storage space by 1,428 square meters during the same year.

Scrap Sales

Relates to non-glass waste materials used in manufacturing processes (such as packaging materials, raw materials, etc.).

Scrap sales revenue increased from SAR 262,000 in fiscal year 2022G to SAR 1.1 million in fiscal year 2023G, then decreased to SAR 869,000 in fiscal year 2024G, in line with changes in the quantity of non-glass scrap over the historical period. It is also noted that SAR 556,000 of scrap sales were recorded in fiscal year 2023G and SAR 39,000 in fiscal year 2024G under "Other."

Human Resources Development Fund Income

The Human Resources Development Fund's income amounted to SAR 394,000 in fiscal year 2023G, decreasing to SAR 226,000 in fiscal year 2024G. This revenue is related to support provided by the Human Resources Development Fund to support the development of Saudi employees for up to two years from the date of employment. The decrease is primarily due to an increase in the number of Saudi employees whose service period exceeded two years.

Profit from sale of property, plant, and equipment

Profit from sale of property, plant, and equipment increased from SAR 151,000 in fiscal year 2023G compared to SAR 18,000 in fiscal year 2022G, then decreased to zero in fiscal year 2024F.

Support revenues

Related to the provision of services such as water, electricity, catering, loading services, and others to AGC Obeikan Glass Company (an investee).

Support revenues increased from SAR 458,000 in fiscal year 2022G to SAR 564,000 in fiscal year 2023G, and then to SAR 605,000 in fiscal year 2024G (recorded under "Other revenues" in fiscal year 2024G), as a result of services provided during the historical period.

Waived Entitlement The value of the waived entitlement amounted to SAR 700,000 in the fiscal year 2023G and relates to the cancellation of a provision previously taken against balances due from AGC Obeikan Glass Company (an investee Company).

Others

Other revenues increased by 72.1% from SAR 556,000 in fiscal year 2023G to SAR 957,000 in fiscal year 2024G, due to the reclassification of "Support Revenues" to "Other Revenues" in fiscal year 2024G. Other revenues primarily included customs duty refunds and the sale of scrap materials such as plastic caps and consumables, among others.

Selling and Marketing Expenses

Table (55): Selling and marketing expenses for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G-2024G
Expenses of shipping to customers	32,651	30,891	31,895	(5.4%)	3.3%	(1.2%)
Employee salaries and benefits	4,741	5,014	4,804	5.7%	(4.2%)	0.7%
Storage expenses	1,337	1,963	1,148	46.8%	(41.5%)	(7.3%)
Sales commission	28	439	459	1442.7%	4.6%	301.7%
Insurance	431	182	410	(57.9%)	125.8%	(2.5%)
Export costs	215	186	238	(13.5%)	28.4%	5.4%
Business travel expenses	263	317	120	20.6%	(62.1%)	(32.4%)
Depreciation	16	19	85	20.8%	343.0%	131.4%
Other	790	642	1,913	(18.7%)	197.8%	55.6%
Total	**40,472**	**39,652**	**41,072**	**(2.0%)**	**3.6%**	**0.7%**
As a percentage of revenue				**Percentage point**		
Expenses of shipping to customers	6.5%	7.8%	9.8%	1.3	1.9	3.2
Employee salaries and benefits	0.9%	1.3%	1.5%	0.3	0.2	0.5
Storage expenses	0.3%	0.5%	0.4%	0.2	(0.1)	0.1
Sales commission	0.0%	0.1%	0.1%	0.1	0.0	0.1
Insurance	0.1%	0.0%	0.1%	(0.0)	0.1	0.0
Export costs	0.0%	0.0%	0.1%	0.0	0.0	0.1
Business travel expenses	0.1%	0.1%	0.0%	0.0	(0.0)	(0.0)
Depreciation	0.0%	0.0%	0.0%	0.0	0.0	0.0
Other	0.2%	0.2%	0.6%	0.0	0.4	0.4
Total	**8.1%**	**10.1%**	**12.6%**	**2.0**	**2.5**	**4.5**

Source: Audited consolidated financial statements for the fiscal years ended December 31, 2023G and 2024G

Expenses of Shipping to Customers

Related to the expenses of delivering the Company's products to its customers by land and sea. Note that shipping expenses depend mainly on the customer's location and the weight and size of the shipment.

Shipping to customers expenses decreased by 5.4% from SAR 32.7 million in fiscal year 2022G to SAR 30.9 million in fiscal year 2023G, reflecting lower export sales and, consequently, lower international land and sea freight costs during the period.

Shipping to customers expenses increased by 3.3% from SAR 30.9 million in fiscal year 2023G to SAR 31.9 million in fiscal year 2024G, primarily due to a SAR 2.2 million increase in ocean freight expenses due to disruptions in shipping routes caused by geopolitical tensions in the Middle East, which led to reduced vessel availability and increased costs in the form of risk premiums, according to the Management, despite the decline in international sales.

Salaries and other employee-related benefits

Mainly comprised of salaries, housing allowance, insurance, bonuses, and transportation allowance, among others.

Salaries and other employee-related benefits increased slightly by 5.7% from SAR 4.7 million in fiscal year 2022G to SAR 5.0 million in fiscal year 2023G, driven by a 24.2% increase in bonuses from SAR 1.3 million in fiscal year 2022G to SAR 1.6 million in fiscal year 2023G, due to higher bonuses awarded to sales and marketing employees.

Salaries and other employee-related benefits decreased by 4.2% from SAR 30.9 million in fiscal year 2023G to SAR 29.6 million in fiscal year 2024G, primarily due to a decrease in annual leave allowance of SAR 463,000 in fiscal year 2024G, resulting from increased vacation days consumed by the Company's sales staff during the year, in addition to a decrease in employee bonuses of SAR 383,000 during the same period.

Storage Expenses

Storage expenses mainly consist of tarpaulins (used as a cover to protect glass), steel straps, plastic covers, etc. used as part of the storage and delivery of products.

Storage expenses increased by 46.8% from SAR 1.3 million in fiscal year 2022G to SAR 2.0 million in fiscal year 2023G, primarily due to an increase in the cost of tarpaulins by SAR 245,000, steel straps by SAR 93,000, and dividers by SAR 84,000, as a result of (1) the increase in the total production and sales volume of glass products, and consequently the increased consumption of materials related to storage and delivery, and (2) the shift towards sales of loose glass, which requires a greater use of the above-mentioned elements compared to sales of glass packaged in wooden crates, as evidenced by the decrease in the cost of packaging materials under the "Cost of Materials" item in "Cost of Revenue" during the period from fiscal year 2022G to fiscal year 2023G.

Storage expenses decreased by 41.5% from SAR 2.0 million in fiscal year 2023G to SAR 1.1 million in fiscal year 2024G, a decrease of SAR 815 thousand, mainly due to the decrease in the total production and sales volume of glass products during the period, which led to a decrease in the consumption of materials related to storage and delivery.

Sales Commission

Relates to costs incurred as part of attending industry events and conferences, and commissions paid to sales representatives.

Sales commission increased from SAR 28,000 in fiscal year 2022G to SAR 439,000 in fiscal year 2023G, primarily due to the reclassification of costs related to events and conferences previously recorded under "Other" in fiscal year 2022G to "Sales Commission" in fiscal year 2023G.

Sales commission remained stable at SAR 459,000 in fiscal year 2024G.

Insurance

Relates to insurance of property, marine insurance, insurance expenses of property, machinery and equipment.

Insurance expenses decreased by 57.9% from SAR 431,000 in fiscal year 2022G to SAR 182,000 in fiscal year 2023G, due to a decrease in money insurance expenses of SAR 250,000.

Insurance increased by 125.8% from SAR 182,000 in fiscal year 2023G to SAR 410,000 in fiscal year 2024G, primarily due to an increase in money insurance expenses (or accounts receivable insurance), resulting from (1) the recognition of an amount in fiscal year 2024G of SAR 110,000 related to fiscal year 2023G and (2) the purchase of additional insurance policies during the period to expand coverage to a larger number of customers with the aim of reducing the risk of non-payment, along with an increase in the insurance premium by the insurance company.

Export Cost

Export cost remained relatively stable at SAR 215,000 in fiscal year 2022G, SAR 186,000 in fiscal year 2023G, and SAR 238,000 in fiscal year 2024G.

Business Travel Expenses

Relate to business travel expenses associated with sales employees.

Business travel expenses increased from SAR 263,000 in fiscal year 2022G to SAR 317,000 in fiscal year 2023G, then decreased to SAR 120,000 in fiscal year 2024, in the normal course of business.

Depreciation

Depreciation amounted to SAR 16,000 in fiscal year 2022G, SAR 19,000 in fiscal year 2023G, and SAR 85,000 in fiscal year 2024.

Other

It mainly consists of certification fees, equipment expenses, office building rent, postage and telephone expenses, among others.

Other expenses decreased by 18.7% from SAR 790,000 in fiscal year 2022G to SAR 642,000 in fiscal year 2023G, due to the reclassification of promotional costs related to events and conferences, previously recorded under "Other," to "Sales Commission," by SAR 291,000. This was partially offset by an increase in other items, such as the rent of the administrative building by SAR 110,000, and others.

Other expenses increased by 197.8% from SAR 642,000 in fiscal year 2023G to SAR 1.9 million in fiscal year 2024G, due to the reclassification of packaging and silver costs by SAR 1.2 million from "Expenses for Shipping Goods to Customers," and the reclassification of medical insurance costs by SAR 347,000 from "Employee Salaries and Benefits" in fiscal year 2024G.

6.6.1.4 General and administrative expenses

Table (56): General and administrative expenses for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G-2024G
Salaries and other employee-related benefits	15,244	18,081	18,606	18.6%	2.9%	10.5%
Professional and consulting fees	1,029	2,584	5,090	151.0%	97.0%	122.4%
Business travel expenses	516	4,087	1,429	691.7%	(65.0%)	66.4%
Depreciation	813	1,123	976	38.2%	(13.1%)	9.6%
Auditor fees	-	478	721	N/A	50.7%	N/A
Government fees	1	1,039	630	98835.5%	(39.3%)	2349.9%
Rent	-	1,757	559	N/A	(68.2%)	N/A
Telephone, internet, and postage expenses	988	766	618	(22.5%)	(19.3%)	(20.9%)
Office supplies and cleaning	1,222	729	1,356	(40.4%)	86.1%	5.3%
Exhibition expenses	-	547	175	N/A	(67.9%)	N/A
Bank expenses	459	541	69	18.0%	(87.3%)	(61.3%)
Medical expenses	508	533	916	4.9%	71.8%	34.3%
IT-related expenses	927	454	399	(51.1%)	(12.0%)	(34.4%)
Building expenses	9	253	-	2775.7%	(100.0%)	(100.0%)
Insurance	580	214	145	(63.2%)	(32.0%)	(50.0%)
Utilities	194	193	146	(0.7%)	(24.5%)	(13.4%)
Stationery expenses	13	12	11	(10.1%)	(8.9%)	(9.5%)

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G-2024G
Other	27	2,435	1,644	8780.3%	(32.5%)	674.3%
Total	**15,244**	**18,081**	**18,606**	**18.6%**	**2.9%**	**10.5%**
As a percentage of revenue				**Percentage point**		
Salaries and other employee-related benefits	3.0%	4.6%	5.7%	1.6	1.1	2.7
Professional and consulting fees	0.2%	0.7%	1.6%	0.5	0.9	1.4
Business travel expenses	0.1%	1.0%	0.4%	0.9	(0.6)	0.3
Depreciation	0.2%	0.3%	0.3%	0.1	0.0	0.2
Auditor fees	0.0%	0.1%	0.2%	0.1	0.1	0.2
Government fees	0.0%	0.3%	0.2%	0.3	(0.1)	0.2
Rent	0.0%	0.4%	0.2%	0.4	(0.3)	0.2
Telephone, internet, and postage expenses	0.2%	0.2%	0.2%	(0.0)	(0.0)	(0.0)
Office supplies and cleaning	0.2%	0.2%	0.4%	(0.1)	0.2	0.2
Exhibition expenses	0.0%	0.1%	0.1%	0.1	(0.1)	0.1
Bank expenses	0.1%	0.1%	0.0%	0.0	(0.1)	(0.1)
Medical expenses	0.1%	0.1%	0.3%	0.0	0.1	0.2
IT-related expenses	0.2%	0.1%	0.1%	(0.1)	0.0	(0.1)
Building expenses	0.0%	0.1%	0.0%	0.1	(0.1)	(0.0)
Insurance	0.1%	0.1%	0.0%	(0.1)	(0.0)	(0.1)
Utilities	0.0%	0.0%	0.0%	0.0	0.0	0.0
Stationery expenses	0.0%	0.0%	0.0%	0.0	0.0	0.0
Other	0.0%	0.6%	0.5%	0.6	(0.1)	0.5
Total	**4.5%**	**9.1%**	**10.2%**	**4.6**	**1.1**	**5.8**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Salaries and other employee-related benefits

Mainly consisting of salaries, housing allowance, insurance, bonuses, and transportation allowance, among others.

Salaries and other employee-related benefits increased by 18.6% from SAR 15.2 million in fiscal year 2022G to SAR 18.1 million in fiscal year 2023G, mainly due to higher bonuses by 90.0%, from SAR 2.6 million in fiscal year 2022G to SAR 4.9 million in fiscal year 2023G as a result of a special bonus awarded to the former CEO of the Company in the amount of SAR 2.0 million following his departure in fiscal year 2023G.

Salaries and other employee-related benefits increased by 2.9%, from SAR 18.1 million in fiscal year 2023G to SAR 18.6 million in fiscal year 2024G, due to a 49.8% increase in basic salaries, from SAR 6.7 million in fiscal year 2023G to SAR 10.1 million in fiscal year 2024G, reflecting a 3-employee increase to 58 in fiscal year 2024G. This increase is also due to the reclassification of salaries for Saudi Aluminum Casting Foundry employees from “Business Travel Expenses” in fiscal year 2023G to “Salaries and other employee-related benefits” in fiscal year 2024G. This increase was partially offset by a SAR 2.5 million decrease in bonuses due to the absence of a previous CEO bonus in fiscal year 2024G.

Professional and Consulting Fees

Consists of audit fees and consulting fees (including consulting fees related to the IPO).'

Professional and consulting fees increased by 151.0% from SAR 1.0 million in fiscal year 2022G to SAR 2.6 million in fiscal year 2023G, primarily due to a SAR 1.9 million increase in consulting fees related to the planning and preparation for the commercial launch of Saudi Aluminum Casting Foundry and the potential expansion of Obeikan Glass Company. This was partially offset by the reclassification of auditor fees of SAR 359,000 to a separate item within "General and Administrative Expenses" under the heading "Auditor's Fees" in fiscal year 2023G.

Professional and consulting fees increased by 97.0% from SAR 2.6 million in fiscal year 2023G to SAR 5.1 million in fiscal year 2024G. This was due to the hiring of external consultants related to the transition from Nomu to Tadawul, an increase of SAR 1.5 million, and external consultants hired to plan and prepare for the launch of the Saudi Aluminum Casting Foundry's operations, an increase of SAR 711,000, in addition to external legal consultants, an increase of SAR 632,000, to provide general consulting services not related to litigation.

Business Travel Expenses

Business travel expenses increased by 691.7% from SAR 516,000 in fiscal year 2022G to SAR 1.4 million in fiscal year 2023G. This increase was due to (1) expenses related to travel to attend exhibitions and other events related to planning and preparation for the launch of Saudi Aluminum Casting Foundry's operations (such as equipment supply, etc.) and the potential expansion of the Company's operations, which increased by SAR 838,000, and (2) the recording of the vast majority of salaries and benefits related to Saudi Aluminum Casting Foundry's employees (such as the Project Manager, Purchasing Manager, Account Manager, etc.) which increased by SAR 2.7 million, as part of planning and preparation for the launch of its commercial operations, under this heading in fiscal year 2023G (i.e., the year in which Saudi Aluminum Casting Foundry'was established).

Business travel expenses decreased by 65.0% from SAR 4.1 million in fiscal year 2023G to SAR 1.4 million in fiscal year 2024G, primarily due to the reclassification of expenses related to Saudi Aluminum Casting Foundry salaries to "Salaries and other employee-related benefits" in fiscal year 2024G by SAR 2.7 million.

Depreciation

Depreciation expenses amounted to SAR 813,000 in fiscal year 2022, SAR 1.1 million in fiscal year 2023, and SAR 976,000 in fiscal year 2024G, in line with additions to property, machinery, and equipment (excluding capital work in progress) but including transfers from capital work in progress to other asset classes in each period.

Auditor's Fees

Auditor's fees amounted to SAR 478,000 in fiscal year 2023G, primarily due to the reclassification of auditor's fees from "professional and consulting fees" in fiscal year 2023G (audit fees amounted to SAR 359,000 in fiscal year 2022G).

Auditor's fees increased by 50.7% from SAR 478,000 in fiscal year 2023G to SAR 721,000 in fiscal year 2024G, due to an increase in auditor's fees for Obeikan Glass Company by SAR 158,000, in addition to the audit fees for Saudi Aluminum Casting Foundry, which amounted to SAR 85,000 in fiscal year 2024G, but were not recorded in fiscal year 2023G due to the company's incorporation at the end of the year.

Government Fees

Government fees amounted to SAR 1.0 million in fiscal year 2023G, primarily consisting of port fines and shipment-related penalties of SAR 539,000 and certification fees of SAR 495,000 incurred as part of the planning and preparation for the launch of Saudi Aluminum Casting Foundry's commercial operations.

Government fees decreased to SAR 630,000 in fiscal year 2024G, due to lower certification fees for Saudi Aluminum Casting Foundry.

Rents

Rents amounted to SAR 1.8 million in fiscal year 2023G, related to the land leased by Saudi Aluminum Casting Foundry for the construction of the aluminum casting facility.

Rents amounted to SAR 559,000 in fiscal year 2024G, primarily related to costs related to the development of the land leased by Saudi Aluminum Casting Foundry for the purpose of constructing the aluminum casting facility, in addition to the rental of office space by the Casting Foundry (i.e., not related to rents calculated under IFRS 16).

Office Supplies and Cleaning

Office supplies and cleaning expenses decreased by 40.4% from SAR 1.2 million in fiscal year 2022G to SAR 729,000 in fiscal year 2023G, followed by an increase to SAR 1.4 million in fiscal year 2024G.

Medical Expenses

Relates to medical expenses associated with administrative staff.

Medical expenses increased from SAR 508,000 in fiscal year 2022G to SAR 533,000 in fiscal year 2023G, and then to SAR 916,000 in fiscal year 2024G.

Telephone, Internet, and Postal Expenses

Telephone, internet, and postal expenses decreased by 22.5% from SAR 988,000 in fiscal year 2022G to SAR 766,000 in fiscal year 2023G, followed by a further 19.3% decrease to SAR 618,000 in fiscal year 2024G.

IT-Related Expenses

Shared service expenses decreased from SAR 927,000 in fiscal year 2022G to SAR 454,000 in fiscal year 2023G, and then decreased to SAR 399,000 in fiscal year 2024G.

Exhibition

Exhibition expenses related to events and conferences decreased by 67.9% from SAR 547,000 in fiscal year 2023G to SAR 175,000 in fiscal year 2024G.

Public Utilities

Public utilities expenses remained relatively stable, averaging SAR 193,000 from fiscal year 2022G to fiscal year 2023G, followed by a decrease to SAR 146,000 in fiscal year 2024G.

Insurance

Insurance expenses decreased by 63.2% from SAR 580,000 in fiscal year 2022G to SAR 214,000 in fiscal year 2023G, and then continued to decrease by 32.0% to SAR 145,000 in fiscal year 2024G.

Banking Expenses

Banking expenses increased by 18.0% from SAR 459,000 in fiscal year 2022G to SAR 541,000 in fiscal year 2023G, and then decreased by 87.3% to SAR 69,000 in fiscal year 2024G.

Stationery Expenses

Stationery expenses remained stable, averaging SAR 12,000 from fiscal year 2022G to fiscal year 2024G.

Buildings Expenses

Buildings expenses increased from SAR 9,000 in fiscal year 2022G to SAR 253,000 in fiscal year 2023G, due to land leased by Saudi Aluminum Casting Foundry to build the aluminum casting facility.

No building expenses were recorded in fiscal year 2024G.

Other

It mainly consists of inventory expenses, gasoline, charity, and employee training expenses, among others.

Other expenses increased from SAR 27,000 in fiscal year 2022G to SAR 2.4 million in fiscal year 2023G mainly due to costs incurred in connection with planning and preparation for the launch of the foundry's commercial operations and the auditor's reclassification of expenses from "Cost of Revenue".

Other expenses decreased by 32.5% from SAR 2.4 million in fiscal year 2023G to SAR 1.6 million in fiscal year 2024G, primarily due to a decrease in miscellaneous expenses.

6.6.1.5 Financial burdens

Table (57): Financial burdens for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G - 2024G
Financing cost on short-term loans	277	747	2,007	169.4%	168.7%	169.1%
Financing costs on lease obligations	1,559	1,276	1,301	(18.1%)	1.9%	(8.7%)
Interest cost on employee end-of-service benefits	383	881	850	130.1%	(3.5%)	49.0%
Foreign exchange fees	218	1,401	703	543.8%	(49.8%)	79.8%
Financing cost on short-term loans	2,880	1,384	-	(51.9%)	(100.0%)	(100.0%)
Total	**5,317**	**5,689**	**4,861**	**7.0%**	**(14.5%)**	**(4.4%)**
As a percentage of revenue					**Percentage point**	
Financing cost on short-term loans	0.1%	0.2%	0.6%	0.1	0.4	0.6
Financing costs on lease obligations	0.3%	0.3%	0.4%	0.0	0.1	0.1
Interest cost on employee end-of-service benefits	0.1%	0.2%	0.3%	0.1	0.0	0.2
Foreign exchange fees	0.0%	0.4%	0.2%	0.3	(0.1)	0.2
Financing cost on short-term loans	0.6%	0.4%	0.0%	(0.2)	(0.4)	(0.6)
Total	**1.1%**	**1.4%**	**1.5%**	**0.4**	**0.0**	**0.4**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Financing Cost on Short Term Loans

Financing cost on short-term loans increased by 169.4% from SAR 277 thousand in fiscal year 2022G to SAR 747 thousand in fiscal year 2023G, due to the increase in withdrawals during the same period.

Finance costs increased by 168.7% from SAR 747,000 in fiscal year 2023G to SAR 2.0 million in fiscal year 2024G, due to an increase in net withdrawals during the historical period under credit facilities obtained from Saudi EXIM Bank, Riyad Bank, Saudi Awwal Bank, and Arab National Bank.

Finance Costs on Lease Obligations

Finance costs on lease obligations decreased from SAR 1.6 million in fiscal year 2022G to SAR 1.3 million in fiscal year 2023G, due to lower lease obligations during the historical period.

Finance costs on lease obligations remained relatively stable at SAR 1.3 million in fiscal year 2024G.

Interest cost on Employee End-Of-Service Benefits

The cost of interest on employee end-of-service benefits increased by 130.1% from SAR 383,000 in fiscal year 2022G to SAR 881,000 in fiscal year 2023G, and remained relatively stable at 850 thousand Saudi riyals in the fiscal year 2024G, noting that the management uses an external actuarial valuation expert to assist it in calculating the present value of the defined benefit obligations on an annual basis at the end of each reporting period.

Foreign Exchange Fees

Foreign exchange fees amounted to SAR 218,000 in fiscal year 2022G, SAR 1.4 million in fiscal year 2023G, and SAR 703,000 in fiscal year 2024G. It is worth noting that these fees are linked to daily fluctuations in currency exchange rates resulting from transactions with foreign companies.

Financial Costs on SIDF Loan

Financial costs on SIDF loan decreased from SAR 2.9 million in fiscal year 2022G to SAR 747,000 in fiscal year 2023G (the Management team noted that the auditor inadvertently reversed the presentation of the "Financing Cost on SIDF Loan" and "Financing Cost on Short-Term Loans" figures in fiscal year 2023G), then decreased to zero in fiscal year 2024G, in line with Obeikan Glass Company's repayment of its historical loan from SIDF by August 2023.

6.6.1.6 Profit for the year

Table (58): Profit for the year for the fiscal years ending December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)	Percentage of change 2022-2023G	Percentage of change 2023G -2024G	Compound annual growth rate 2022G - 2024G
Profit before Zakat	184,367	70,119	1,021	(62.0%)	(98.5%)	(92.6%)
Zakat expense	(6,719)	(6,087)	(4,575)	(9.4%)	(24.8%)	(17.5%)
Profit for the year	**177,648**	**64,032**	**(3,554)**	**(64.0%)**	**(105.6%)**	**N/A**
Other comprehensive income:						
Items that will not be subsequently reclassified to profit or loss:						
Remeasurement of end of service benefits for employees	2,012	(416)	13	(120.7%)	(103.0%)	(92.1%)
Equity investments at fair value through other comprehensive income – change in fair value	(13,608)	(1,121)	(1,852)	(91.8%)	65.1%	(63.1%)
Other comprehensive loss	(11,596)	(1,537)	(1,839)	(86,7%)	19.7%	(60.2%)
Total comprehensive income for the year	**166,52**	**62,495**	**(5,394)**	**(62.4%)**	**(108.6%)**	**N/A**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Profit for the year decreased by 64.0% from SAR 177.6 million in fiscal year 2022G to SAR 64.0 million in fiscal year 2023G, mainly due to: (1) a 41.6% decrease in gross profit from SAR 256.2 million in fiscal year 2022G to SAR 149.7 million in fiscal year 2023G, mainly due to revenues declining at a higher rate than cost of revenues; (2) a 59.0% increase in general and administrative expenses from SAR 22.5 million in fiscal year 2022G to SAR 35.8 million in fiscal year 2023G, due to higher employee salaries and benefits, administrative fees, and professional and consulting fees; (3) expenses incurred amounting to SAR 7.0 million in fiscal year 2023G, where the Company paid the said amount to Saudi Aluminium Casting Foundry on behalf of Al-Esra as per the agreement concluded between the two companies. This was offset by (1) an increase in the reversal of impairment of trade receivables from a loss of SAR 5.4 million in fiscal year 2022G to a reversal of SAR 2.6 million in fiscal year 2023G, primarily due to a decrease in the provision for impairment of trade receivables, and (2) an increase in other operating income by 136.6% from SAR 2.2 million in fiscal year 2022G to SAR 5.3 million in fiscal year 2023G, primarily due to an increase in scrap sales and waivers of liabilities.

Net profit for the year decreased by 105.6% from SAR 64.0 million in fiscal year 2023G to a loss of SAR 3.6 million in fiscal year 2024G, mainly due to: (1) a 29.8% decrease in gross profit from SAR 149.7 million in fiscal year 2023G to SAR 105.1 million in fiscal year 2024G, as a result of a 17.0% decrease in revenue from SAR 394.0 million to SAR 327.1 million during the same period; (2) a 93.4% decrease in other operating income from SAR 82.1 million in fiscal year 2023G to SAR 5.4 million in fiscal year 2024G, due to an increase in the impairment loss on trade and other receivables by SAR 31.2 million in fiscal year 2024G, as a result of recording an impairment provision on other receivables due from the equity-accounted investee for support services provided, amounting to SAR 29.5 million, (3) a 3.6% increase in selling and distribution expenses from SAR 39.7 million in fiscal year 2023G to SAR 41.1 million in fiscal year 2024G, (4) a 98.5% decrease in profit before zakat from SAR 70.1 million in fiscal year 2023G to SAR 1.0 million in fiscal year 2024G, and (5) despite a 6.5% decrease in general and administrative expenses from SAR 35.8 million to SAR 33.5 million, in addition to a decrease in other expenses by SAR 7.0 million, the impact was not sufficient to offset the above-mentioned decreases.

6.6.2 Statement of financial position

Table (59): Statement of financial position as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Assets			
Non-current assets			
Property, machinery and equipment	367,533	388,976	420,113
Right-of-use assets	22,409	22,151	20,915
Financial assets at fair value through other comprehensive income	3,091	1,970	118
Total Non-current assets	**393,032**	**413,097**	**441,146**
Current assets			
Inventory	94,769	43,449	50,595
Trade receivables	109,834	124,898	115,906
Prepayments and other receivables	10,540	65,834	58,717
Due from a related party	49,321	-	-
Cash and cash equivalents	26,552	82,839	34,058
Total current assets	**291,016**	**317,020**	**259,276**
Total assets	**684,048**	**730,117**	**700,421**
Equity and Liabilities			
Equity			
Capital	240,000	320,000	320,000
Treasury shares	-	-	(1,028)
Statutory reserve	36,862	43,629	43,629

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Fair value reserve	635	(486)	(2,338)
Retained earnings	258,367	238,850	176,279
Total equity attributable to shareholders of the Group	535,865	601,992	536,542
Non-controlling interests	-	25,568	20,695
Total equity	**535,865**	**627,560**	**557,237**
Liabilities			
Non-current liabilities			
Loans	-	7,395	2,754
Lease liabilities	22,033	23,205	21,541
Employees' end of service benefits	19,203	19,064	21,611
Total non-current liabilities	**41,236**	**49,665**	**45,905**
Current liabilities			
Loans	62,312	8,480	57,298
Lease obligations	2,451	1,282	2,105
Trade payables	14,233	19,386	16,026
Due to related parties	1,329	-	-
Other accruals and liabilities	21,270	18,861	18,326
Zakat	5,352	4,883	3,523
Total current liabilities	**106,948**	**52,892**	**97,279**
Total liabilities	**148,184**	**102,557**	**143,184**
Total equity and liabilities	**684,048**	**730,117**	**700,421**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Table (60): Key performance indicators as of December 31, 2022G, 2023G, and 2024G

KPI	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Return on Assets (%)	25.1%	9.1%	(0.5%)
Return on Equity (%)	37.3%	11.0%	(0.6%)
Average Days Inventory (days)	110	117	91
Average Days Payables (days)	(49)	(37)	(36)
Average days of accounts receivable (days)	72	109	134
Cash conversion cycle	**133**	**189**	**190**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Non-Current Assets

Non-current assets increased from SAR 393.0 million as at 31 December 2022G to SAR 413.1 million in fiscal year 2023G, mainly due to an increase in property, machinery and equipment of SAR 21.4 million, offset by a decrease in financial assets at fair value through other comprehensive income of SAR 1.1 million, in addition to a decrease in right-of-use assets of SAR 258 thousand.

Non-current assets increased from SAR 413.1 million as at December 31, 2023G to SAR 441. million as at December 31, 2024G, mainly due to an increase in property, machinery and equipment by SAR 31.1 million. This was offset by a decrease in financial assets at fair value through other comprehensive income of SAR 3,61.9 million, as well as a decrease in right-of-use assets of SAR 567,120.

Current Assets

Current assets increased from SAR 291.0 million as at December 31, 2022G to SAR 317.0 million as at December 31, 2023G, due to an increase in cash and cash equivalents by SAR 56.3 million, prepayments and other receivables by SAR 55.3 million, in addition to an increase in trade receivables by SAR 15.1 million. This was offset by a decrease in inventory by SAR 51.3 million and due from a related party by SAR 49.3 million.

Current assets decreased from SAR 317.0 million as at December 31, 2023G to SAR 259.3 million as at December 31, 2024G, mainly due to a decrease in cash and cash equivalents of SAR 48.8 million and trade receivables of SAR 9.0 million, in addition to a decrease prepayments and other receivables of SAR 7.1 million, offset by an increase in inventory of SAR 7.1 million.

Equity

Equity balances increased from SAR 535.9 million as of December 31, 2022G to SAR 627.6 million as of December 31, 2023G, as a result of an increase in capital of SAR 80.0 million. This increase resulted from capitalizing part of the retained earnings by granting one share for every three shares, and non-controlling interest by SAR 25.5 million, as a result of the Company's listing on Nomu ("Parallel Market").

Equity balances decreased from SAR 627.6 million as at December 31, 2023G to SAR 557.2 million as at December 31, 2024G, mainly due to a decrease in retained earnings of SAR 62.6 million.

Non-current liabilities

Non-current liabilities balances increased from SAR 41.2 million as at December 31, 2022G to SAR 49.7 million as at December 31, 2023G, due to an increase in loans by SAR 7.4 million and lease obligations by SAR 1.2 million.

Non-current liabilities balances decreased from SAR 45.9 million as at December 31, 2023G to SAR 51.1 million as at December 31, 2024G, due to a decrease in by SAR 4.6 million and lease obligations by SAR 1.7 million.

Current liabilities

Current liabilities balances decreased from SAR 157.6 million as at December 31, 2021G to SAR 106.9 million as at December 31, 2022G, due to a decrease in loans and advances by SAR 33.6 million, trade payables by SAR 13.2 million, and other accruals and liabilities by SAR 5.1 million.

Current liabilities balances decreased from SAR 106.9 million as at 31 December 2022G to SAR 52.9 million as at 31 December 2023G, mainly due to a decrease in loans of SAR 53.8 million and other accruals and liabilities of SAR 2.4 million.

Current liabilities balances increased from SAR 52.9 million as at December 31, 2023G to SAR 122.3 million, and SAR 97.3 million as at December 31, 2024G, due to an increase in loans of SAR 48.8 million.

6.6.2.1 Non-current liabilities

Table (61): Non-current liabilities as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Property, machinery and equipment	367,533	388,976	420,113
Right-of-use assets	22,409	22,151	20,915
Financial assets at fair value through other comprehensive income	3,091	1,970	118
Total non-current assets	**393,032**	**413,097**	**441,146**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

A. Property, machinery and equipment

Table (62): Net book value of property, machinery and equipment as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Machinery and equipment	264,089	240,136	216,127
Buildings	78,840	75,667	72,454
Capital Work in Progress	16,552	65,549	124,700
Equipment	5,445	5,503	4,384
Computers	1,342	1,124	1,366
Vehicles	768	590	719
Furniture and Fixtures	497	408	362
Total	**367,533**	**388,976**	**420,113**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Table (63): Additions to property, machinery and equipment as of December 31, 2022G, 2023G, and, 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Machinery and equipment	3,023	1,020	1,202
Buildings	399	44	-
Capital Work in Progress	12,381	56,877	67,523
Equipment	2,387	1,816	354
Computers	650	265	860
Vehicles	187	-	330
Furniture and Fixtures	347	75	99
Total	**19,373**	**60,098**	**70,368**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Table (64): Depreciation - Property, machinery and equipment as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Machinery and equipment	32,178	32,761	33,333
Buildings	3,215	3,216	3,213
Capital Work in Progress	-	-	-
Equipment	1,549	1,758	1,723
Computers	479	558	617
Vehicles	152	179	200
Furniture and Fixtures	138	164	145
Total	**37,711**	**38,637**	**39,231**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Plant and Machinery

Plant and machinery consist of glass furnaces, raw material mixing plant equipment, glass hot and cold processing equipment, electrical distribution machines, laminating equipment, etc.

The net book value of plant and machinery decreased from SAR 264.1 million as at December 31, 2022G to SAR 240.1 million as at December 31, 2023G, due to annual depreciation of SAR 32.8 million, partially offset by transfers from capital work in progress of SAR 7.8 million related to generator thermal materials, electricity distribution control systems, station development works, etc., and additions made during the year of SAR 1.0 million.

The net book value of plant and machinery decreased from SAR 240.1 million as at December 31, 2023G to SAR 216.1 million as at December 31, 2024G, due to annual depreciation of SAR 33.3 million, which was partially offset by transfers from work-in-progress to machinery and equipment in the amount of SAR 8.1 million, as a result of: (1) digital upgrades related to energy management software (such as digital monitoring tools or software to improve energy efficiency and digitally track equipment performance), (2) high-efficiency burners used in glass melting furnaces to improve combustion efficiency and temperature control, (3) ceramic welding work to repair furnace linings and refractory materials, (4) upgrades to automated control systems to improve systems that control temperature and pressure, (5) the creation of a pool to temporarily collect molten glass during emergency or hot maintenance work, allowing the furnace to be repaired without the need to shut it down completely, in addition to additions during the year amounting to SAR 1.2 million.

Capital Works in Progress

Capital work in progress consists of capital expenditures and projects executed by the Company in relation to plants and facilities upgrades, digital transformation initiatives, construction of an aluminium foundry associated with the subsidiary Saudi Aluminium Casting Foundry, and others.

The net book value of capital work in progress increased from SAR 16.6 million as at December 31, 2022G to SAR 65.5 million as at December 31, 2023G, due to additions made during the year amounting to SAR 56.9 million related to the establishment of an aluminium foundry and the modernization of glass production lines. This was offset by transfers to plant and machinery amounting to SAR 7.8 million and computers amounting to SAR 80 thousand.

The net book value of capital work-in-progress increased from SAR 65.5 million as of December 31, 2023G, to SAR 124.7 million as of December 31, 2024G, as a result of additions during the year amounting to SAR 67.5 million, partially offset by transfers to other assets amounting to SAR 8.4 million. The additions to work-in-progress primarily included the construction of the Saudi Aluminum Casting Foundry's aluminum casting facility, including machinery, equipment, and construction works such as industrial 3D printers, 3D measuring devices, die casting machines, mold handling equipment, building materials (such as steel), electrical cables, concrete works, furnaces, crucibles, and others. The additions also included upgrades to machinery and equipment at the company's factory, as well as digital transformation projects aimed at improving utility consumption tracking, operational processes, and more.

Buildings

The buildings consist of the raw material mixing plant, the utility building, warehouses, hot and cold glass processing plants, and special buildings for manufacturing safety glass, among others.

The net book value of buildings decreased from SAR 78.8 million as of December 31, 2022G, to SAR 75.7 million as of December 31, 2023G, primarily due to annual depreciation of SAR 3.2 million. This was partially offset by additions made during the year of SAR 44,000.

The net book value of buildings decreased from SAR 75.7 million as of December 31, 2023G, to SAR 72.5 million as of December 31, 2024G, with a decrease of SAR 3.2 million due to annual depreciation expenses.

Equipment

Equipment mainly consists of glass conveyors, glass processing devices, cranes, among others.

The net book value of equipment remained relatively stable at SAR 5.4 million as of December 31, 2022, and SAR 5.5 million as of December 31, 2023.

The net book value of equipment decreased from SAR 5.5 million as of December 31, 2023G, to SAR 4.4 million as of December 31, 2024G, with a decrease of SAR 1.7 million due to annual depreciation expenses, partially offset by additions of SAR 354,000 and transfers from work-in-progress of SAR 250,000 related to power tools such as hand saws for wood cutting and others during the year.

Computers

This item consists of computers, servers, robots, etc.

The net book value of computers remained relatively stable at SAR 1.3 million as of December 31, 2022G, SAR 1.1 million as of December 31, 2023G, and SAR 1.4 million as of December 31, 2024G.

Vehicles

This item consists of trucks and regular vehicles.

The net book value of vehicles increased from SAR 768 thousand as of December 31, 2022G to SAR 590 thousand as of December 31, 2023G, due to depreciation expenses during the year amounting to SAR 179 thousand.

The net book value of vehicles increased to SAR 719 thousand as of December 31, 2024G, as a result of additions made during the year amounting to SAR 330 thousand (mainly related to the Saudi Aluminum Casting Foundry), partially offset by depreciation expenses for the year amounting to SAR 200 thousand (mainly related to the Obeikan Glass Company).

Furniture and Fixtures

This item consists of furniture and fixtures used in the administrative offices located in the head office and the production plant, among other things.

The net book value of furniture and fixtures decreased from SAR 497 thousand as at December 31, 2022G to SAR 408 thousand as at December 31, 2023G, mainly due to annual depreciation of SAR 164 thousand, partially offset by additions made during the year of SAR 75 thousand.

The net book value of furniture and fixtures decreased to SAR 362 thousand as of December 31, 2024G, as a result of depreciation expenses during the year amounting to SAR 145 thousand, partially offset by additions made during the year amounting to SAR 99 thousand.

B. .Right-of-use assets

Table (65): Right-of-use assets as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Balance as at 1 January	28,040	22,409	22,151
Revaluation during the year	(4,392)	-	-
Additions	-	868	-
Depreciation expense for the year	(1,240)	(1,126)	(1,236)
Balance as at 31 December	22,409	22,151	20,915

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

The carrying amount of right-of-use assets relates to leasehold land in accordance with IFRS 16.

The year-end balance of right-of-use assets remained relatively stable at SAR 22.4 million as at 31 December 2022G and SAR 22.2 million as at 31 December 2023G. It was noted that a revaluation was conducted during the fiscal year 2022G related to a decrease in the annual rental value per square meter of a portion of the land that was reclassified from “Reserved for Future Expansion and Unused” (at an annual rate of SAR 10 per square meter) to “Used” (at an annual rate of SAR 4.5 per square meter), resulting in a decrease in the right-of-use assets by SAR 4.4 million as of December 31, 2022G.

The year-end balance of the right-of-use assets decreased from SAR 22.2 million as of December 31, 2023G, to SAR 20.9 million as of December 31, 2024G, due to depreciation expenses during the year amounting to SAR 1.2 million.

6.6.2.2 Current assets

Table (66): Current assets as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Inventory	94,769	43,449	50,595
Trade receivables	109,834	124,898	115,906
Prepayments and other receivables	10,540	65,834	58,717
Due from a related party	49,321	-	-

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Cash and cash equivalents	26,552	82,839	34,058
Total current assets	**291,016**	**317,020**	**259,276**
Total assets	**684,048**	**730,117**	**700,421**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

A. Inventory

Table (67): Inventory as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Raw Materials	34,073	11,596	22,428
Spare Parts & Consumables	10,988	14,407	16,809
Finished Goods	15,820	9,438	8,902
Work in Progress	6,624	7,644	2,698
Packaging Materials	447	257	-
Goods in Transit	27,367	403	-
Provision for Inventory	(550)	(297)	(243)
Total	**94,769**	**43,449**	**50,595**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Raw Materials

It consists of soda ash, silica sand, dolomite, and other materials used in the production of flat glass and safety glass.

Raw materials balance decreased from SAR 34.1 million as at December 31, 2022G to SAR 11.6 million as at December 31, 2023G, mainly due to the consumption of soda ash in the production process throughout the year (as at December 31, 2023G, soda ash inventory consisted of 1,000 tons at an average price of SAR 1,169). Due to the tight supply of soda ash in the market throughout the fiscal year 2022, which led to an increase in prices, the Company placed bulk orders at the end of the year to increase its inventory and ensure coverage for at least four months of production, noting that the Company imports all of its soda ash inventory from outside the Middle East region.

Raw materials balance increased by SAR 11.6 million as of December 31, 2023G, to SAR 22.4 million as of December 31, 2024G, due to an increase in sodium carbonate inventory of SAR 10.9 million. This was due to the company's orders and receipts of large quantities of sodium carbonate during the fourth quarter of 2024 to replenish safety stocks, taking advantage of lower market prices and avoiding potential shipping delays and disruptions to shipping routes due to geopolitical tensions in the region. Sodium carbonate is a key raw material used in production. Sodium carbonate inventory as of December 31, 2024G, amounted to approximately 14.1 thousand tons, at an average price of SAR 859 per ton.

Spare Parts and Consumables

It consists of steel strips, tin alloys, tarpaulin (used as a cover to protect the glass), etc.

The balance of spare parts and consumables increased from SAR 11.0 million as of December 31, 2022G, to SAR 14.4 million as of December 31, 2023G, and then to SAR 16.8 million as of December 31, 2024G, due to increased purchases to replenish and build inventory, along with higher market prices in prior periods. The Management explained that this increase was necessary due to the depreciation rate of machinery and equipment reaching 68.5% as of December 31, 2024G, which requires more frequent maintenance to avoid unplanned downtime or shutdowns. It was also noted that a planned major maintenance cycle was implemented in November 2024G in the hot section of the furnace, which partially contributed to the increase in the balance as of December 31, 2024G.

Finished Goods

Consists of flat glass and safety glass products of various thicknesses.

Finished goods balance decreased from SAR 15.8 million as of December 31, 2022G, to SAR 9.4 million as of December 31, 2023G, primarily due to the decline and normalization of market prices for raw materials used in production during the same period.

Finished goods balance decreased from SAR 9.4 million as of December 31, 2023G, to SAR 8.9 million as of December 31, 2024G, primarily due to (1) a production shutdown of approximately 16 days in November 2024G during a planned maintenance cycle in the hot section of the furnace, which resulted in the consumption of available inventory, and (2) the continued decline and normalization of raw material prices during the period.

Work in Progress

Relates to the total cost of semi-finished goods as they are currently in the production process.

Work in progress balance increased to SAR 7.6 million as at 31 December 2023G as part of the normal course of operations, and due to the increase in advance orders from customers at the end of the year, with orders to be executed in early 2024G.

Work in progress decreased from SAR 7.6 million as of December 31, 2023G to SAR 2.7 million as of December 31, 2024G, due to a production shutdown of approximately 16 days in November 2024G during a planned maintenance cycle in the hot section of the furnace, in addition to a decrease in amounts due from customers as of year-end.

Packing Materials

It consists of wood products, packaging materials, plastic products, among others.

The balance of packaging materials amounted to SAR 447 thousand as of December 31, 2022G, and SAR 257 thousand as of December 31, 2023G.

The balance decreased to zero as of December 31, 2024G, as a result of reclassifying the balance to other items under "Inventory".

Goods in Transit

The balance of goods on the road decreased from SAR 27.4 million as at December 31, 2022G to SAR 403 thousand as at December 31, 2023G, due to the receipt of soda ash orders in January 2023G and the significant decrease in on-road orders at the end of the year.

Goods in transit were zero as of December 31, 2024.

Provision for Inventory

Table (68): Summary of movement in inventory impairment as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Balance at the beginning of the year	835	550	297
Reversal during the year	(285)	(253)	(54)
Balance at the end of the year	**550**	**297**	**243**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

The provision for slow moving inventory decreased from SAR 550 thousand as at December 31, 2022G to SAR 297 thousand as at December 31, 2023G, and then to SAR 234 thousand as at December 31, 2024G noting that the Company does not sell its spare parts, consumables, raw materials and packaging materials to third parties so that they are consumed in production processes. Furthermore, as at December 31, 2024G, 80% of finished goods and work in progress have an age of between 1 and 90 days.

It is worth noting that as of December 31, 2024G, all balances exceeding one year, amounting to SAR 3.5 million, consist only of spare parts and consumables that are an integral part of the Company's operations. As such, no provision has been recorded in respect of these balances.

B. Trade receivables

Table (69): Trade receivables as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Due from a related party	77,158	91,686	80,955
Other trade receivables	39,654	37,449	38,214
Net accounts receivable	**116,812**	**129,135**	**119,169**
Provision for impairment loss	(6,978)	(4,237)	(3,263)
Gross accounts receivable	**109,834**	**124,898**	**115,906**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Table (70): Movement in the provision for impairment loss on trade receivables as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Balance at the beginning of the year	1,590	6,978	4,237
Charge for the year	5,388	-	2,217
Reversal during the year	-	(2,586)	(3,095)
Written -off during the year	-	(155)	(96)
Balance at the end of the year	**6,978**	**4,237**	**3,263**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Trade receivables mainly consist of (1) receivables due from a related party (specifically, AGC Obeikan Glass Company (an investee company), which represents 68.3% of the total receivables during the historical period, (2) receivables from other parties, which represents 31.7% of the total receivables during the historical period, and (3) provision for impairment loss.

Due from a Related Party

The balance of receivables due from a related party increased from SAR 77.2 million as at December 31, 2022G to SAR 91.7 million as at December 31, 2023G, as a result of an increase in receivables related to AGC Obeikan Glass Company by SAR 14.5 million due to the continued slowdown in net collections during the same period.

The balance of receivables due from a related party decreased from SAR 91.7 million as of December 31, 2023G to SAR 81.0 million as of December 31, 2024G, as a result of a decrease in receivables related to AGC Obeikan Glass Company by SAR 10.7 million as a result of net collections gothered during the same period.

Other trade receivables

Other trade receivables balance decreased from SAR 39.7 million as at December 31, 2022G to SAR 37.4 million as at December 31, 2023G, and increased slightly to SAR 38.2 million as of December 31, 2024G, mainly due to net collections made during the period.

Provision for Impairment Loss

Provision for impairment loss represents provisions for doubtful receivables and is calculated based on the IFRS 9 (Expected Credit Losses) model.

The provision for impairment loss amounted to SAR 7.0 million as of December 31, 2022G, decreasing to SAR 4.2 million as of December 31, 2023G, and then to SAR 3.3 million as of December 31, 2024G. These balances were calculated based on the

Company's proprietary expected credit loss model. As of December 31, 2024G, the provision for impairment loss was broken down as follows: SAR 137,000 related to balances due from AGC Obeikan Glass Company, while SAR 3.126 million related to other trade receivables.

The Management reported that payment terms for both domestic and international deferred sales generally range from 30 to 90 days, while payment terms for sales to AGC Obeikan Glass Company may extend to 180 days. As of December 31, 2024, AGC Obeikan Glass Company's total receivables balance amounted to SAR 81.0 million, representing 67.9% of the total receivables, of which SAR 41.3 million were over 91 days old, representing 34.7% of the total receivables and 51.0% of AGC Obeikan Glass Company's total receivables.

C. Advances and other receivables

Table (71): Advances and other receivables as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Other receivables from a related party	-	41,967	50,836
Advance payments to supplier	9,780	18,141	30,472
Prepaid expenses	760	5,446	1,962
VAT	-	281	4,947
Provision for Impairment Loss	-	-	(29,500)
Total	**10,540**	**65,834**	**58,717**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Other receivables from a related party

Other receivables from a related party have been reclassified from "Due from related parties." The balance of other receivables from a related party amounted to SAR 42.0 million as of December 31, 2023G, and increased to SAR 50.8 million as of December 31, 2024G. The provision for impairment loss amounted to SAR 29.5 million as of December 31, 2024G, and this balance relates to amounts due from Obeikan IGC Glass Company, an investee company accounted for using the equity method.

Advances to Supplier

Relates to advance payments to suppliers of raw materials, maintenance services, equipment, etc.

Advances to suppliers increased from SAR 9.8 million as of December 31, 2022G, to SAR 18.1 million as of December 31, 2023G, primarily due to an increase in advance payments to Jubar Gulf Contracting and Transportation (the local dolomite supplier) of SAR 4.8 million, resulting from the timing difference between the payment of advance payments and orders from Obeikan Glass Company in the current period and the supplier's implementation of these orders in the subsequent period, and to Mohammed Mansour Al Rumaih Company by SAR 2.5 million, related to maintenance services to be obtained to upgrade the company's facilities and equipment.

Advances to suppliers increased from SAR 18.1 million as of December 31, 2023G to SAR 30.5 million as of December 31, 2024G, mainly due to an increase in advances to Cummins Saudi Arabia Ltd. by SAR 3.2 million (supplier of spare parts, generators, etc.), Wood Building Materials Factories Company Limited by SAR 2.5 million (supplier of packaging materials), Enma Pallets Company Limited by SAR 2.3 million (supplier of industrial wooden pallets), Control and Power Company by SAR 1.6 million (supplier of low-voltage panel solutions and electrical designs), Fosbel Europe GmbH by SAR 1.1 million (supplier of equipment and machinery maintenance services), TAM Trading FZ-LLC by SAR 1.0 million (external supplier of soda ash), and others.

Prepaid Expenses

It mainly consists of prepaid vehicle insurance, medical insurance, employee housing rent, sales office rent, housing allowances, etc.

Prepaid rent and other assets balance increased from SAR 760 thousand as at December 31, 2022G to SAR 5.4 million as at December 31, 2023G, mainly due to the auditor's classification of certain advances relating to customs, freight and inventory under this item as at December 31, 2023G.

The balance of prepaid expenses decreased from SAR 5.4 million as of December 31, 2023G, to SAR 2.0 million as of December 31, 2024G, due to the utilization of advances related to customs, freight, and inventory during fiscal year 2024G.

VAT

The balance of prepaid VAT increased from SAR 281,000 as of December 31, 2023G, to SAR 4.9 million as of December 31, 2024G, due to the high level of capital expenditures related to the construction of the Saudi Aluminum Casting Foundry's aluminum plant.

D. Due from a related party

Table (72): Due from a related party as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	Relationship	Nature of Transactions	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
AGC Obeikan Glass Company	Subsidiary, sister company	Utilities, Rent, and Other	49,321	41,649	50,062
Obeikan Group Investment Company	Parent company	Consulting and Other Services	-	-	774
Al-Esra Aluminum Manufacturing and Casting Factory	Shareholder in a subsidiary	Remaining Due Portion of Subsidiary Capital	-	318	-
Provision for impairment loss			-	-	(29,500)
Total			**49,321**	**41,967**	**50,836**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Mainly related to (1) balances due from AGC Obeikan Glass (an investee company) for support services provided such as warehouse rent, land rent, water and electricity, catering, loading services, among others,a and (2) the provision for impairment loss in respect of the balance due from AGC Obeikan Glass Company.

The balance due from a related party decreased from SAR 49.3 million as of December 31, 2022Gto SAR 42.0 million as of December 31, 2023, as a result of the collection of part of the receivables of AGC Obeikan Glass Company in the amount of SAR 7.7 million as of December 31, 2023G.

The balance due from related parties decreased from SAR 42.0 million as of December 31, 2023G to SAR 21.3 million as of December 31, 2024G, primarily due to an impairment charge of SAR 29.5 million related to amounts due from AGC Obeikan Glass Company, calculated based on the Company's expected credit loss model, which was partially offset by a slowdown in net collections from AGC Obeikan Glass Company during the fiscal year 2024G of SAR 8.4 million.

The Management indicated that it does not maintain an ageing table for these receivables due from related parties. It was also noted that the amounts due from related parties, including the provision for impairment loss, have been reclassified to "Prepayments and other receivables" as of December 31, 2023G and December 31, 2024G.

E. Cash and cash equivalents

Table (73): Cash and cash equivalents as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Cash at Banks - Current Accounts	26,552	52,834	32,984
Cash at Banks - Short-Term Deposits*	-	30,000	-
Demand deposits*	-	-	1,071
Cash on Hand	-	5	23
Total	**26,552**	**82,839**	**34,058**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

* On November 30, 2023G, the Company signed an agreement with Bank Albilad regarding a three-month short-term deposit due on February 29, 2023G, at a profit rate of 5.9%, with total profits amounting to SAR 447,617.
* On May 3, 2023G, the Company signed an agreement with Bank Albilad regarding a three-month short-term deposit due on August 3, 2023G, at a profit rate of 5.3%, with total profits amounting to SAR 677,240.
* This amount is linked to the balance held with Al Rajhi Capital and is payable upon demand.

Cash and cash equivalents consist primarily of cash at banks, short-term deposits and cash on hand.

Cash and cash equivalents balance increased from SAR 26.6 million as at December 31, 2022G to SAR 82.8 million as at December 31, 2023G, mainly due to cash generated from operating activities amounting to SAR 140.8 million, partially offset by repayment of loans of SAR 58.3 million, and additions to property, machinery and equipment of SAR 25.5 million.

Cash and cash equivalents decreased from SAR 82.8 million as of December 31, 2023G to SAR 34.1 million as of December 31, 2024G, as a result of (1) the net use of cash in investing activities of SAR 70.4 million as a result of additions to property and equipment, (2) the net use of cash in financing activities of SAR 21.0 million as a result of cash dividends paid of SAR 64.0 million, partially offset by net proceeds from borrowings of SAR 44.9 million, and (3) net cash generated from operating activities of SAR 42.5 million.

6.6.2.3 Equity

Table (74): Equity as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Share capital	240,000	320,000	320,000
Treasury shares	-	-	(1,028)
Statutory reserve	36,862	43,629	43,629
Fair value reserve	635	(486)	(2,338)
Retained earnings	258,367	238,850	176,279
Equity attributable to shareholders of the Group	535,865	601,992	536,542
Non-controlling interests	-	25,568	20,695
Total equity	**535,865**	**627,560**	**557,237**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

A. Capital

The capital consists of 32.0 million shares with a nominal value of 10 Saudi Riyals per share.

The capital amounted as at 31 December 2022G SAR 240.0 million (i.e. 24.0 million shares with a nominal value of SAR 10 per share).

On January 8, 2023G, the Board of Directors decided to increase the Company's capital by capitalizing part of the retained earnings by granting one share for every three shares. In addition, on February 5, 2023G, the Company announced that it had obtained the approval of the Capital Market Authority on February 2, 2023G to increase its capital from SAR 240.0 million as of December 31, 2022G to SAR 320.0 million as of December 31, 2023G by granting one free share for every three shares. The balance remained unchanged at SAR 320.0 million as of December 31, 2024.

B. Treasury shares[2]

Treasury shares amounted to SAR 1.0 million as of December 31, 2024G, relating to shares purchased and sold during the fiscal year 2024G amounting to SAR 14.3 million for 287,010 shares and SAR 13.4 million for 265,588 shares, resulting in a final balance of SAR 1.0 million for 21,422 shares as of December 31, 2024G.

C. Statutory Reserve

The statutory reserve was established in accordance with the Saudi Companies Law and the Company's Articles of Association, whereby the Company must transfer 10.0% of its net income each year until the reserve reaches 30.0% of the capital.

The statutory reserve balance increased from SAR 36.9 million as of December 31, 2023G, to SAR 43.6 million as of December 31, 2024G.

D. Fair Value Reserve

Related to investment in AGC Obeikan Glass Company.

The fair value reserve balance decreased from SAR 14,635 thousand as of December 31, 2022G to SAR 486 thousand as of December 31, 2023G, and then to SAR 239 thousand as of December 31, 2024G, due to a change in the fair value of the investment in AGC Obeikan Glass Company by SAR 1.1 million as of December 31, 2023G.

E. Retained Earnings

The retained earnings balance decreased from SAR 258.4 million as at December 31, 2022G to SAR 238.8 million as at December 31, 2023G as a result of the distribution of dividends in the form of bonus shares as part of the capital increase of SAR 80.0 million, the transfer to the statutory reserve of SAR 6.8 million, and other comprehensive losses of SAR 416 thousand.

Retained earnings decreased from SAR 238.8 million as of December 31, 2023G, to SAR 176.3 million as of December 31, 2024G, due to the distribution of cash dividends of SAR 64.0 million during fiscal year 2024G for the second half of fiscal year 2023G, which was partially offset by the net income for fiscal year 2024G attributable to the Group's shareholders of SAR 1.3 million and gains on the sale of treasury shares of SAR 99 thousand.

F. Non-Controlling Interest

Relating to the 40.0% ownership stake of the Saudi Aluminium Casting Company.

As of December 31, 2023G, the non-controlling interest balance consists of SAR 29.2 million "the value of Al-Esra's investment". This was partially offset by Al-Esra's share in the loss of Saudi Aluminium Casting Foundry for the period between October 24, 2023G and December 31, 2023G in the amount of SAR 3.6 million.

The non-controlling interest balance decreased from SAR 25.6 million as of December 31, 2023G to SAR 20.7 million as of December 31, 2024G due to Al-Esra Company's share in the net loss of Saudi Aluminium Casting Foundry for the fiscal year 2024G in an amount of SAR 3.3 million. As of December 31, 2024G, the Saudi Aluminum Casting Foundry has not yet commenced commercial operations.

(2) These are the shares resulting from the implementation of the market maker agreement concluded by the company with Al Rajhi Capital. These shares were recorded in the financial statements in accordance with IFRS adopted in the Kingdom, in the equity item (treasury shares) without affecting the income statement or the cash flow statement. These shares do not constitute treasury shares according to the concept stipulated in the Companies Law and its implementing regulations

6.6.2.4 Non-current liabilities

Table (75): Non-current liabilities as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Loans	-	7,395	2,754
Lease obligations	22,033	23,205	21,541
Employees end-of-service benefits	19,203	19,064	21,611
Total non-current liabilities	**41,236**	**49,665**	**45,905**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

A. Loans and advances – Non-current

Table (76): Loans and advances – non-current as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
SIDF Loans	58,500	9,716	8,645
Total Loans	**58,500**	**9,716**	**8,645**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

On January 4, 2009G, Obeikan Glass Company has entered into a loan agreement with a maximum of 229.0 million Saudi Riyals with SIDF for the purpose of financing the construction of a glass production plant. On June 3, 2012G, the maximum amount was increased to SAR 309.5 million to cover additional costs of the production plant. On October 8, 2020G, the loan agreement was restructured such that the final installment would be paid on August 2, 2023G. Accordingly, the loan due from SIDF was fully repaid as of December 31, 2023G.

During fiscal year 2023G, Saudi Aluminum Casting Foundry entered into a loan agreement with SIDF for a credit limit of SAR 11.9 million to finance its projects, including the construction of an aluminum foundry. This loan is interest-free (according to IFRS, interest is capitalized as the loan is used to construct the foundry). As of December 31, 2024G, the loan balance amounted to SAR 8.6 million, consisting of a non-current portion of SAR 2.8 million and a current portion of SAR 5.9 million.

The balance of long-term loans and advances decreased from SAR 178.5 million as at 31 December 2021G to SAR 58.5 million as at 31 December 2022G, mainly due to repayments made during the year amounting to SAR 120.0 million.

The balance of loans decreased from SAR 58.5 million as at 31 December 2022G to SAR 9.7 million as at 31 December 2023G, mainly due to the settlement of the loan obtained by Obeikan Glass Company from SIDF, whereby the outstanding loans amounting to SAR 58.5 million were fully repaid as at 31 December 2023G. This was partially offset by the withdrawals made by Saudi Aluminium Casting Foundry from SIDF as at 31 December 2023G in the amount of SAR 11.2 million, of which SAR 1.5 million was partially repaid as at 31 December 2023G.

The loan balance decreased from SAR 9.7 million as of December 31, 2023G to SAR 8.6 million as of December 31, 2024G, as a result of the repayments made during the period amounting to SAR 1.1 million in relation to the Saudi Aluminum Casting Foundry loan from SIDF.

B. Lease obligations – Non-current

Table (77): Lease obligations – long-term as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Beginning Balance	29,740	24,484	24,487
Revaluation During the Year	(4,392)	-	-
Additions During the Year	-	868	-
Interest	1,559	1,276	1,301

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Payments during the year	(2,423)	(2,142)	(2,142)
End of year balance	**24,484**	**24,487**	**23,646**
Non-current	22,033	23,205	21,541
Current	2,451	1,282	2,105
End of year balance	**24,484**	**24,487**	**23,646**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

The lease obligations relate to the leased land in Yanbu, Kingdom of Saudi Arabia for the production plant.

The balance of lease liabilities remained stable at SAR 24.5 million as of December 31, 2022G and 2023G. A reassessment was made during fiscal year 2022G related to a decrease in the annual rental value per square meter of a portion of the land that was reclassified from "Reserved for Future Expansion and Unused" (at an annual rate of SAR 10 per square meter) to "Used" (at an annual rate of SAR 4.5 per square meter), resulting in a decrease in lease liabilities of SAR 4.4 million as of December 31, 2022G.

Lease liabilities decreased from SAR 24.5 million as of December 31, 2023G, to SAR 23.6 million as of December 31, 2024G, due to payments made during the year of SAR 2.1 million, partially offset by accrued interest for the year of SAR 1.3 million.

C. Employee end-of-service benefits

Table (78): The Company's employee benefits obligation related to employee end-of-service benefits under the State Plan as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Balance at the beginning of the year	19,180	19,203	19,064
Included in the profit or loss statement			
Current Period Cost	2,260	1,889	2,261
Interest Cost	383	881	850
Outgoing transfer	(45)	(78)	4
Paid during the year	(563)	(3,247)	(557)
Included in other comprehensive income			
Change in demographic assumptions	(13)	-	-
Change in financial assumptions	(3,244)	165	(919)
Previous loss	1,245	251	906
Balance at end of year	19,203	19,064	21,611

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

End of service benefits relate to post-employment benefits for employees who have completed a certain period of service that qualifies them for the amounts stated under the Labor Law for each year of such service, where an independent actuarial valuation is conducted annually at the end of each reporting period and the end of service benefits liability is adjusted accordingly, while the interim report is based on the management's internal assessment following the same assumptions made by the actuarial valuation during the previous year end.

The end-of-service benefits balance remained stable at approximately SAR 19 million as of December 31, 2022G, and December 31, 2023G.

The end-of-service benefits balance increased from SAR 19 million as of December 31, 2023G, to SAR 21.6 million as of December 31, 2024G, due to a reduction in payments made to employees leaving during fiscal year 2024G.

Table (79): Key assumptions used for actuarial valuation purposes as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Economic Assumptions			
Discount Rate	4,60%	4,45%	5.2% - 5.8%
Rate of Salary Growth	4,00%	4,00%	4.0% - 5.0%
Demographic assumptions			
Employee turnover/resignation rate	75% WHO - Saudi Arabia	75% WHO - Saudi Arabia	75% WHO - Saudi Arabia
Retirement age	60 years	60 years	60-65 years
Employee turnover rate/resignation rate	**20.0%**	**20.0%**	**10% - 20.0%**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

All changes in defined benefit obligations are recognised in profit or loss, except for actuarial gains and losses, which are recognised in other comprehensive income.

6.6.2.5 Current liabilities

Table (80): Current liabilities as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Loans	3,812	6,159	57,298
Lease obligations	2,451	1,282	2,105
Trade payables	14,233	18,089	16,026
Due to related parties	1,329	1,296	-
Other accruals and liabilities	21,270	18,861	18,326
Zakat	5,352	4,883	3,523
Total current liabilities	**106,948**	**52,892**	**97,279**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

A. Loans

Table (81): Loans and advances – short term as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Management Information)	December 31, 2023G (Management Information)	December 31, 2024G (Management Information)
Saudi Export-Import Bank Loans	3,812	6,159	23,267
Riyad Bank			16,464
Saudi Awwal Bank Loans	0	0	12,417
Total Loans	**3,812**	**6,159**	**52,147**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

On March 20, 2019G, Obeikan Glass Company entered into a Murabaha Agreement (revolving credit facility) with a maximum of SAR 50.0 million with the International Islamic Trade Finance Corporation for working capital purposes (specifically, the purchase of raw materials used in glass production), with a repayment period of 6 months from the date of withdrawal.

On 28 November 2020G, the limit was reduced to SAR 34.0 million with the repayment period extended to 12 months from the drawdown date. During 2023G, this agreement was transferred from the International Islamic Trade Finance Corporation to Saudi Exim, whereby the limit remained unchanged at SAR 34.0 million, while the repayment period was reduced to 6 months from the drawdown date as at 31 December 2023G.

On October 16, 2024G, the Company entered into a credit facility agreement with Riyad Bank for a credit limit of SAR 50.0 million for working capital purposes (specifically, for financing invoices, purchase orders, direct supplier transfers, payroll, and refinancing letters of credit). The agreement expires on October 16, 2027G. Under the agreement, the Company is entitled to allow Saudi Aluminum Casting Foundry to use the credit limit under the same terms and conditions. The facility has a term of 12 months, with an interest rate of 1.25% plus SIBOR.

On May 8, 2024G, the Company entered into a credit facility agreement with Al Rajhi Bank for a syndicated credit limit of SAR 50.0 million for working capital purposes, including local and international purchases of raw materials. The repayment period is 90 days from the drawdown date.

The balance of loans increased from SAR 3.8 million as at 31 December 2022G to SAR 6.2 million as at 31 December 2023G, mainly due to withdrawals amounting to SAR 35.0 million, partially offset by repayments amounting to SAR 32.6 million, under the agreement with the Saudi Export-Import Bank.

The loan balance increased from SAR 6.2 million as of December 31, 2023G to SAR 52.1 million as of December 31, 2024G, as a result of (1) withdrawals from Saudi Export-Import Bank of SAR 47.8 million, from Saudi Awwal Bank of SAR 41.8 million, from Riyad Bank of SAR 16.6 million, and from Al Rajhi Bank of SAR 4.6 million, which were partially offset by (2) payments made amounting to SAR 30.7 million to Saudi Export-Import Bank, SAR 29.3 million to Saudi Awwal Bank, and SAR 4.6 million to Al Rajhi Bank, during the fiscal year 2024G.

B. Lease obligations – short term

Table (82): Lease obligations – short term as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Beginning Balance	29,740	24,484	24,487
Revaluation During the Year	(4,392)	-	-
Additions During the Year	-	868	-
Interest	1,559	1,276	1,301
Payments During the Year	(2,423)	(2,142)	(2,142)
End Balance	**24,484**	**24,487**	**23,646**
Current	22,033	23,205	21,541
Non-Current	2,451	1,282	2,105
End Balance	**24,484**	**24,487**	**23,646**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

The lease obligations relate to the leased land in Yanbu, Kingdom of Saudi Arabia for the production plant.

The balance of lease liabilities remained stable at SAR 24.5 million as of December 31, 2022G and 2023G. A remeasuremnt was made during fiscal year 2022G related to a decrease in the annual rental value per square meter of a portion of the land that was reclassified from "Reserved for Future Expansion and Unused" (at an annual rate of SAR 10 per square meter) to "Used" (at an annual rate of SAR 4.5 per square meter), resulting in a decrease in lease liabilities of SAR 4.4 million as of December 31, 2022G.

Lease liabilities decreased from SAR 24.5 million as of December 31, 2023G, to SAR 23.6 million as of December 31, 2024G, due to payments made during the year of SAR 2.1 million, partially offset by accrued interest for the year of SAR 1.3 million.

C. Trade payables

Table (83): Trade payables as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Management Information)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Due to a related party	-	1,296	2,612
Due to other parties	14,233	18,089	13,414
Total Trade Payables	**14,233**	**19,386**	**16,026**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Trade payables mainly consist of due to other parties to suppliers of raw materials, spare parts and consumables, gas and electricity, shipping services, machinery and maintenance, among others. Amounts due to related parties have also been reclassified to “trade payables” as of December 31, 2023 and December 31, 2024.

Due to other parties increased from SAR 14.2 million as of December 31, 2022G, to SAR 18.1 million as of December 31, 2023G, primarily due to an increase of SAR 2.0 million in the balance due to TAM Trading FZ-LLC (external soda ash supplier) and SAR 1.3 million in the balance due to Grenzbach Maschinenbau GmbH (maintenance services provider for the glass cutting station in the production lines).

Due to other parties decreased from SAR 18.1 million as of December 31, 2023G, to SAR 13.4 million as of December 31, 2024G, primarily due to the settlement of amounts due to TAM Trading FZ-LLC by SAR 2.0 million, NOSCO Middle East FZ-LLC (ceramic welding repair service provider for glass furnaces) by SAR 1.9 million, and Grenzbach Maschinenbau GmbH by SAR 1.4 million.

As of December 31, 2023G, Obeikan Glass Company had no outstanding balances that were more than one year old (the total balance due to third parties related to Obeikan Glass Company as of December 31, 2024G, was SAR 9.6 million). Management indicated that it does not maintain an aging schedule for the balance due to third parties related to the Saudi Aluminum Casting Foundry, which amounted to SAR 3.8 million as of December 31, 2024G.

D. Due to related parties

Table (84): Due to related parties as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	Relationship	Nature of Transaction	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Obeikan Investment Group Company	Parent Company	Consulting and Other Services	85	140	-
Obeikan Digital Solutions Company	Sister Subsidiary	Consulting and Other Services	313	777	749
Obeikan Education Company	Sister Subsidiary	Consulting and Other Services	11	133	25
Obeikan Flexible Plastic Factory	Sister Subsidiary	Purchase of packaging materials	-	167	480
AGC Obeikan Glass Company	Sister Subsidiary	Support expenses	84	-	80
Madar Digital Logistics Solutions	Sister Subsidiary	Consulting and Other Services	834	-	683
Sanad Al Marafiq	Sister Subsidiary	Shared Services	-	79	158
Al-Esra Aluminum Casting and Manufacturing Factory	Shareholder in a subsidiary	Consulting and Other Services	-	-	436
Total			**1,329**	**1,296**	**2,612**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Mainly related to consulting and other services provided by various associates and Obeikan Investment Group Company.

Balances due to related parties remained relatively stable at SAR 1.3 million as of December 31, 2022G, and December 31, 2023G. They subsequently increased to SAR 2.6 million as of December 31, 2024G, due to consulting and other services received from subsidiaries in fiscal year 2024G.

The Management reported that it does not maintain an aging schedule for the amounts due from related parties mentioned above.

It was also noted that the "Payables to Related Parties" item has been reclassified to "Trade Payables" as of December 31, 2023G, and December 31, 2024G.

E. Other dues and liabilities

Table (85): Other dues and liabilities as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Advance from clients	6,116	9,813	6,263
Due Bonus	3,760	3,036	4,800
Accrued Expenses	-	1,047	3,124
Accrued Annual Leave	993	1,325	1,921
Accrued Financing Expenses	607	192	297
Accrued Electricity Expenses	5,926	847	-
VAT due	1,164	-	-
Other dues	2,705	2,602	1,921
Total	**21,270**	**18,861**	**18,326**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Advances from clients

Advances from customers mainly consist of advance payments from customers for glass sales.

The balance of advances from customers increased from SAR 6.1 million as at 31 December 2022G to SAR 9.8 million as at 31 December 2023G, mainly due to an increase in advances from Mohammed Ahmed Al-Awadhi Company by SAR 3.3 million, due to the time lag as customers had prepaid for the products, while the company will fulfill these requests in the period after 31 December 2023G.

The balance of advance payments from customers decreased from SAR 9.8 million as of December 31, 2023G, to SAR 6.3 million as of December 31, 2024G, mainly due to the execution of a higher volume of orders in December 2024G.

Due Bonus

Relates to remuneration of production staff, head office staff, sales staff, board members and committees (including board and committee allowances).

The due bonus balance decreased from SAR 3.8 million as at December 31, 2022G to SAR 3.0 million as at December 31, 2023G as the Company distributed part of the bonuses during the period before the accounts were closed, which resulted in a decrease in the bonuses due.

The employee due bonus balance increased from SAR 3.0 million as at December 31, 2023G to SAR 4.8 million as at December 31, 2024G, as a result of the net bonus allocations for the fiscal year 2024G.

Accrued Expenses

Accrued expenses include accrued gas charges, freight costs, insurance, customs duties, inventory, and accrued value-added tax.

Accrued expenses increased from zero as of December 31, 2022G, to SAR 1.0 million as of December 31, 2023G, due to the reclassification of balances from “other provisions” (which were SAR 1.1 million as of December 31, 2022G).

Accrued expenses increased from SAR 1.0 million as of December 31, 2023V, to SAR 3.1 million as of December 31, 2024V, due to the reclassification of accrued value-added tax by SAR 1.5 million and an increase in accumulated freight costs by SAR 640,000.

Accrued Annual Leave

Accrued annual leave increased from SAR 993,000 as of December 31, 2022G, to SAR 1.3 million as of December 31, 2023G, and to SAR 1.9 million as of December 31, 2024G, primarily due to a decrease in the number of vacation days taken by the Group’s employees during the historical period. Consequently, more vacation days were accrued, increasing the provision balance. However, the Company’s management indicated that it is implementing policies to encourage employees to utilize their vacation days during the year, as unused days will expire within a certain timeframe.

Accrued Finance Expenses

Mainly comprises finance costs on long-term and short-term loans and borrowings.

The balance of accrued finance expenses increased from SAR 607,000 as of December 31, 2022G, to SAR 192,000 as of December 31, 2023G, primarily due to a decrease in borrowings resulting from the net repayments made in the 2023 fiscal year.

Accrued financing expenses increased to SAR 297,000 as of December 31, 2024G, due to new short-term loans from Saudi Awwal Bank, Riyad Bank, and Al Rajhi Bank, in addition to additional withdrawals from Saudi Export-Import Bank during fiscal year 2024G.

Accrued Electricity Expenses

The balance of accrued electricity expenses decreased from SAR 5.9 million as of December 31, 2022G, to SAR 847,000 as of December 31, 2023G, following the settlement of late fees due to Marafiq as of December 31, 2023G.

The balance as of December 31, 2023G, was related to amounts due to Marafiq for electricity consumption in fiscal year 202G3, as the invoice was not received from Marafiq until the end of the year, and was settled in fiscal year 2024G.

VAT Due

The balance of due VAT decreased from SAR 1.2 million as of December 31, 2022G, to zero as of December 31, 2023G, due to a net balance due for VAT as of December 31, 2023G, classified under “Prepaid expenses and other receivables.”

The VAT balance increased to SAR 1.5 million as of December 31, 2024G (classified under “Accrued Expenses” above). However, the Management indicated that this balance should have been deducted from the recoverable VAT balance as of December 31, 2024G.

Other dues

Primarily comprises accrued freight costs, gas, labor contract fees, and audit fees, among others.

Other dues remained relatively stable at SAR 2.7 million as of December 31, 2022G, and SAR 2.6 million as of December 31, 2023G. They decreased to SAR 1.9 million as of December 31, 2024G, due to a decrease in net accumulated freight costs during the period.

F. Zakat

Table (86): Movement of Zakat provision as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Balance at the beginning of the year	4,615	5,352	4,883
Charged for the year	6,719	6,087	4,575
Paid during the year	(5,982)	(6,556)	(5,936)
Balance at the end of the period/ Year	**5,352**	**4,883**	**3,523**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Zakat is calculated based on the Zakat fees and payments made during the year. Zakat fees are calculated based on (1) 2.5776% * Zakat base and (2) 2.5% * Net income.

The Zakat balance decreased from SAR 5.4 million as at 31 December 2022G to SAR 4.9 million as at 31 December 2023G, due to an increase in the net payment during the year in which it was paid. It is worth noting that the balance charged for the year decreased in line with the decrease in adjusted net income for the fiscal year 2023G, which was partially offset by the increase in the Zakat base for the fiscal year 2023G.

The Zakat balance decreased from SAR 4.9 million as at December 31, 2023G to SAR 3.5 million as at December 31, 2024G, due to the net payment during the year. Zakat expenses also decreased for the year, in line with the decrease in adjusted net income for 2024G.

Table (87): Important components of the Zakat base as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	December 31, 2022G (Audited)	December 31, 2023G (Audited)	December 31, 2024G (Audited)
Equity	355,569	569,746	541,093
Provisions and other adjustments	108,581	67,086	46,861
Book value of long-term assets	(389,941)	(465,856)	(411,489)
Zakat base	**74,210**	**170,976**	**176,465**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Net Zakat base increased from SAR 74.2 million as of December 31, 2022G to SAR 171.0 million as of December 31, 2023G, due to an increase in equity from SAR 355.6 million to SAR 569.7 million. Despite a decrease in provisions and other adjustments from SAR 108.6 million as of December 31, 202G2 to SAR 67.1 million as of December 31, 2023G, and the book value of long-term assets from SAR 389.9 million as of December 31, 2022G to SAR 465.9 million as of December 31, 2023G.

The net zakat base increased by SAR 171.0 million as of December 31, 2023G, to SAR 176.5 million as of December 31, 2024G. This was due to a decrease in the carrying value of long-term assets from SAR 465.9 million to SAR 411.5 million, despite a decrease in provisions and other adjustments from SAR 67.1 million to SAR 46.9 million, as well as a decrease in equity from SAR 569.7 million to SAR 541.1 million during the same period.

6.6.3 Statement of cash flows

Table (88): Statement of cash flows as of December 31, 2022G, 2023G, and 2024G

Thousand Saudi Riyals	Fiscal year 2022G (Audited)	Fiscal year 2023G (Audited)	Fiscal year 2024G (Audited)
Cash flows from operating activities			
Profit before Zakat	184,367	70,119	1,021
Adjustments:			
Depreciation of property, machinery and equipment	37,711	38,637	39,231
Depreciation of right-of-use assets	1,240	1,126	1,236
Impairment expenses	5,388	(2,586)	28,622
Provision for slow moving and obsolete inventories	(285)	(253)	
Gain on disposal of property, plant and equipment	(18)	(151)	(0)
Other expenses	-	7,000	-
Finance expenses	5,317	5,689	4,861
Finance income	(500)	(677)	(447)
Provision for employee end-of-service benefits	2,260	1,889	2,261
Inventory	(57,771)	51,573	(7,092)
Trade receivables	(25,582)	(12,477)	9,870
Prepayments and other receivables	505	(5,973)	(22,383)
Due from a related party	1,338	-	-
Due to related parties	(37)	-	-
Trade payables	(13,218)	3,823	(3,359)
Other accruals and liabilities	(5,081)	(5,420)	(535)
Cash generated from operating activities	**135,632**	**152,319**	**53,231**
Finance cost paid	(4,978)	(2,376)	(4,649)
Finance cost received	500	677	447
Zakat paid	(5,982)	(6,556)	(5,936)
End of service benefits paid	(563)	(3,247)	(557)
Net cash generated in operating activities	124,608	140,817	42,538
Cash flows from investing activities			
Additions to property, plant and equipment	(19,373)	(25,619)	(70,368)
Proceeds from sale of property, plant and equipment	32	168	-
Net cash used in investing activities	(19,341)	(25,451)	(70,367)
Cash flows in financing activities			
Proceeds from loans	7,486	34,278	110,803
Repayment of loans	(149,576)	(92,603)	(65,886)
Net movement in treasury shares	-	-	(1,028)
Dividends paid	(48,000)	-	(64,000)
Capital repayment of lease obligations	(864)	(755)	(841)
Net cash used in financing activities	(190,954)	(59,079)	(20,952)
Net change in cash and cash equivalents	(85,687)	56,287	(48,782)
Cash and cash equivalents at the beginning of the year	112,239	26,552	82,839
Cash and cash equivalents at the end of the year	**26,552**	**82,839**	**34,058**

Source: Audited consolidated financial statements for the fiscal years ended December 31,2023G and 2024G

Cash flows generated from operating activities

Cash generated from operating activities increased from SAR 124.6 million in fiscal year 2022G to SAR 140.8 million in fiscal year 2023G, mainly due to an increase in working capital changes of SAR 131.4 million, as a result of a decrease in inventory balance (impact of SAR 109.3 million). This was partially offset by a decrease in profit before Zakat of SAR 113.2 million, in line with the decrease in revenues during the same period.

Cash generated from operating activities decreased from SAR 140.8 million in fiscal year 2023 to SAR 42.5 million in fiscal year 2024G, primarily due to (1) a decrease in profit before zakat of SAR 69.1 million and (2) a decrease in working capital changes of SAR 55.0 million, resulting from a negative movement in inventory, which was partially offset by positive movements in trade receivables and other accrued liabilities.

Cash flows used in investing activities

Cash used in investing activities increased from SAR 19.3 million in fiscal year 2022G to SAR 25.5 million in fiscal year 2023G, due to an increase in additions to property, machinery and equipment by SAR 6.2 million.

Cash used in investing activities increased from SAR 25.5 million in fiscal year 2023G to SAR 70.4 million in fiscal year 2024G, due to an increase in additions to property, plant, and equipment by SAR 44.7 million.

Cash flows used in financing activities

Cash used in financing activities decreased from SAR 191.0 million in fiscal year 2022G to SAR 59.1 million in fiscal year 2023G, mainly due to a decrease in repayments of loans by SAR 57.0 million, a decrease in paid dividends by SAR 48.0 million as the Company did not distribute any dividends during the year, and an increase in proceeds from loans by SAR 26.8 million.

Cash used in financing activities decreased from SAR 59.1 million in fiscal year 2023G to SAR 21.0 million in fiscal year 2024G, primarily due to an increase in loan proceeds of SAR 76.5 million in fiscal year 2024G, as well as a decrease in loan repayments of SAR 26.7 million, partially offset by an increase in dividends paid of SAR 64.0 million in fiscal year 2024G.

Obeikan Glass Company (the “Company”) is a Saudi joint stock company established pursuant to Ministerial Resolution No. (Q/224) dated 27 Sha’ban 1428H (corresponding to September 9, 2007G) and registered in Riyadh under Commercial Registration No. 1010241520 dated 30 Dhu al-Qi’dah 1428H (corresponding to December 10, 2007G). The Company commenced its commercial operations on July 1, 2011. The Company’s registered address is P.O. Box 62807, Riyadh 11595, Saudi Arabia. The Company’s branch is located in the Light Industrial Zone of Yanbu Industrial City.

The Company is engaged in the wholesale trade of chemicals and the wholesale and retail sale of glass panels. The Company also operates through a branch registered under Commercial Registration No. 4700010945 dated 9 Jumada Al-Awwal 1429H (corresponding to May 14, 2008G) in Yanbu. The branch’s activities include operating quarries and sand and gravel mines, including crushers, and manufacturing insulating glass used in construction.

On October 24, 2023G, the Group acquired a 60% stake through the establishment of the Saudi Aluminum Casting Foundry Company LLC, headquartered in Al-Madinah Al-Munawwarah, Kingdom of Saudi Arabia. The Company’s main activities include casting non-ferrous metals, producing metal shapes directly from powder, manufacturing metal patterns, manufacturing liquid bumps, manufacturing automotive spare parts, and manufacturing military equipment. Saudi Aluminium Castin Foundry will not commence commercial operations until December 31, 2023G.

7. Auditor’s report

7.1 The Audited Financial Statements for the Financial Year Ended December 31, 2022G

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2022
with
INDEPENDENT AUDITOR’S REPORT

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2022

KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company

Opinion

We have audited the financial statements of Al Obeikan Glass Company ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity, and of cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company

Revenue Recognition	
Refer to note 3.1 for the accounting policy of the revenue recognition and note 18 for the disclosure of contracts with customers.	
The key audit matter	**How the matter was addressed in our audit**
During the year ended 31 December 2022, revenue from sales amounting to SR 502 million (31 December 2021 SR 463 million) was recognized. Revenue from sale is recognized when a customer obtains controls of the goods and it is achieved upon acceptance and delivery of the goods to the customer and issuance of a sales invoice in accordance with the requirements of IFRS 15, Revenue from contracts with customers. Revenue is a key indicator for measuring performance, and this implies the presence of inherent risks to overstate revenue recognition to increase profitability and earnings. Therefore, revenue recognition was considered a key audit matter.	Our audit procedures in this area included, among others: • Assessed the appropriateness of the Company's accounting policies by considering the relevant requirement of the accounting standards • Assessed the design and implementation and tested the operating effectiveness of the Company's controls on a sample basis, including anti-fraud control, over the recognition of revenue as per the Company's policy. • Inspected sales transactions, on a sample basis, taking place on either side of the year-end to assess whether revenue was recognized in the correct accounting period • Selected, on a sample basis, revenue transactions and checked the related supporting documents to check the accuracy of revenue recognition. • Checked the adequacy of disclosures in the financial statements as required by IFRS 15.

Other Matter Relating to the Comparative Information

The financial statements of the Company as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 17 April 2022.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company (continued)

Auditor's Responsibilities for the Audit of the 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 of Al Obeikan Glass Company.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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 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.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454

Jeddah, 28 March 2023
Corresponding to 6 Ramadan 1444H

AL OBEIKAN GLASS COMANY
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	**2022**	2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	**367,532,557**	385,884,601
Right of use assets	5	**22,408,565**	28,039,847
Financial asset at fair value through other comprehensive Income	6	**3,091,047**	16,699,510
Total non-current assets		**393,032,169**	430,623,958
Current assets			
Inventories	7	**94,768,801**	36,712,785
Trade receivables	8	**109,834,387**	89,640,979
Prepayments and other receivables	9	**10,540,077**	11,044,795
Due from a related party	10	**49,320,802**	50,658,766
Cash and cash equivalents	11	**26,552,006**	112,238,660
Total current assets		**291,016,073**	300,295,985
TOTAL ASSETS		**684,048,242**	730,919,943
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	**240,000,000**	240,000,000
Statutory reserve	13	**36,862,472**	19,097,698
Fair value reserve	6	**635,203**	14,243,666
Retained earnings		**258,366,991**	144,471,766
Total equity		**535,864,666**	417,813,130
Non-current liabilities			
Loan and borrowings	14	--	108,500,000
Lease liabilities	5	**22,032,970**	27,784,323
Employee end of service benefits	15	**19,202,822**	19,180,339
Total non-current liabilities		**41,235,792**	155,464,662
Current liabilities			
Loans and borrowings	14	**62,311,954**	95,902,327
Lease liabilities	5	**2,451,430**	1,955,696
Trade payable		**14,233,303**	27,451,732
Due to related parties	10	**1,329,001**	1,366,109
Accrued and other liabilities	16	**21,269,918**	26,351,042
Zakat	17	**5,352,178**	4,615,245
Total current liabilities		**106,947,784**	157,642,151
Total liabilities		**148,183,576**	313,106,813
TOTAL EQUITY AND LIABILITIES		**684,048,242**	730,919,943

Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these financial statements.

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022
(Expressed in Saudi Arabian Riyals, otherwise stated)

	Notes	2022	2021
Revenue	18	**502,179,542**	463,236,025
Cost of revenue	19	**(245,984,128)**	(211,788,045)
Gross profit		**256,195,414**	251,447,980
Other operating income	20	**2,248,889**	2,718,189
Other operating expense	21	**(868,909)**	(3,183,634)
Selling and distribution expenses	22	**(40,472,485)**	(46,248,803)
General and administrative expenses	23	**(22,531,265)**	(18,458,877)
Impairment loss on trade receivable	8	**(5,388,166)**	(508,609)
Operating profit		**189,183,478**	185,766,246
Finance cost - net	24	**(4,816,611)**	(6,102,475)
Profit before zakat		**184,366,867**	179,663,771
Zakat expense	17	**(6,719,127)**	(5,982,191)
Net profit for the year		**177,647,740**	173,681,580
Other comprehensive (loss) / income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of employee end of service benefits	15	**2,012,259**	(3,023)
Equity investments at FVOCI - net change in fair value	6	**(13,608,463)**	404,596
Other comprehensive (loss) / income for the year		**(11,596,204)**	**401,573**
Total comprehensive income for the year		**166,051,536**	174,083,153
Earnings per share			
Basic and diluted earnings per share (in SR)	25	**7.40**	7.24

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these financial statements.

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2021	240,000,000	1,729,540	13,839,070	12,161,367	267,729,977
Total comprehensive income for the year					
Net profit for the year	--	--	--	173,681,580	173,681,580
Other comprehensive income	--	--	404,596	(3,023)	401,573
Total comprehensive income for the year	--	--	404,596	173,678,557	174,083,153
Transfer to statutory reserve (note 13)	--	17,368,158	--	(17,368,158)	--
Transactions with the owners of the Company:					
Dividend (note 12)	--	--	--	(24,000,000)	(24,000,000)
Balance at 31 December 2021	240,000,000	19,097,698	14,243,666	144,471,766	417,813,130

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these financial statement.

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2022	**240,000,000**	**19,097,698**	**14,243,666**	**144,471,766**	**417,813,130**
Total comprehensive income for the year					
Net profit for the year	--	--	--	177,647,740	177,647,740
Other comprehensive income	--	--	(13,608,463)	2,012,259	(11,596,204)
Total comprehensive income for the year	--	--	(13,608,463)	179,659,999	166,051,536
Transfer to statutory reserve (note 13)	--	17,764,774	--	(17,764,774)	--
Transaction with the owners of the Company:					
Dividend (note 12)	--	--	--	(48,000,000)	(48,000,000)
Balances at 31 December 2022	**240,000,000**	**36,862,472**	**635,203**	**258,366,991**	**535,864,666**

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these financial statement.

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2022	2021
Cash flow from operating activities			
Profit before Zakat		**184,366,867**	179,663,771
Adjustments for:			
Depreciation on property, plant and equipment	4	**37,710,558**	36,112,802
Depreciation on right-of-use assets	5	**1,239,557**	1,274,539
Charge for impairment loss	8	**5,388,166**	508,609
Provision for slow moving and obsolete inventory	7	**(285,005)**	(291,923)
Gain on disposal of property, plant and equipment		**(17,856)**	(58)
Adjustment related to right of use asset		**--**	2,388,090
Finance cost - net	24	**4,816,611**	6,102,475
Provision for employee end of service benefits	15	**2,259,942**	2,118,051
		235,478,840	227,876,356
Changes in:			
Inventories		**(57,771,011)**	4,448,321
Trade receivables		**(25,581,574)**	(41,828,688)
Prepayments and other receivables		**504,718**	(4,949,846)
Due from related party		**1,337,964**	(3,408,009)
Due to related parties		**(37,108)**	(5,658,022)
Trade payables		**(13,218,429)**	(3,235,237)
Accruals and other liabilities		**(5,081,124)**	7,819,165
Cash generated from operating activities		**135,632,276**	181,064,040
Finance cost paid		**(4,978,428)**	(5,804,991)
Finance cost received		**500,000**	--
Zakat paid	17	**(5,982,194)**	(2,938,952)
Employee end of service benefits paid	15	**(563,381)**	(749,376)
Net cash generated from operating activities		**124,608,273**	171,570,721
Cash flow from investing activities			
Additions of property, plant and equipment	4	**(19,373,038)**	(14,191,751)
Proceeds from sale of property, plant and equipment		**32,378**	6,332
Net cash used in investing activities		**(19,340,660)**	(14,185,419)
Cash flow from financing activities			
Proceeds from loans and borrowings	14	**7,486,028**	25,902,327
Repayment for loans and borrowings	14	**(149,576,401)**	(52,505,000)
Dividend paid	12	**(48,000,000)**	(24,000,000)
Capital repayment of lease liabilities	32	**(863,894)**	(746,031)
Net cash used in financing activities		**(190,954,267)**	(51,348,704)
Net change in cash and cash equivalents		**(85,686,654)**	106,036,598
Cash and cash equivalents at beginning of the period		**112,238,660**	6,202,062
Cash and cash equivalents at end of the period	11	**26,552,006**	112,238,660

Chairman | Chief Executive Officer | Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these financial statements.

1. CORPORATE INFORMATION

Al Obeikan Glass Company (the "Company") is a Saudi joint stock company formed pursuant to the Ministerial Resolution No. 224/Q dated 27 Shaban 1428H (corresponding to 9 September 2007) and registered in Riyadh under Commercial Registration No. 1010241520 dated 30 Dhul-Qadah 1428H (corresponding to 10 December 2007). The company started its commercial activity on 1 July 2011.

The registered address of the Company is P.O. Box 62807, Riyadh 11595, Kingdom of Saudi Arabia. The Company's branch is located in Industrial Yanbu at Light Industrial Area.

The Company is engaged in the wholesale of chemicals and the wholesale and retail sale of glass panels. The Company also carries out its activities through the branch registered with Commercial Register No. 4700010945 dated 9 Jumada Al-Ula 1429H (corresponding to May 14, 2008) issued in Yanbu city. The branch's activity is represented in the operation of quarries, sand or gravel mines, including crushers, and the manufacturing of insulating glass used in construction.

On 2 Shaban 1442H (corresponding to March 15, 2021), the Board of Directors of Obeikan Glass company decided to recommend to the General Assembly of the Company's shareholders the registration and direct listing of the Company's shares in the Parallel Market "Nomu", after obtaining the necessary approvals from the Saudi Capital Market Authority and the Saudi Exchange Company "Tadawul". Based on the Extraordinary General Assembly meeting held on Shaaban 19, 1442H (corresponding to April 1, 2021), the General Assembly voted unanimously and with 100% attendance on the registration and direct listing of the Company's shares in Nomu. The Company obtained the approval of the Saudi Capital Market Authority on request of direct listing of the Company's shares in the Nomu on 26 Dhu al-Qa'dah 1442H (corresponding to July 6, 2021), and obtained the Authority's approval of the request to register the Company's shares in Nomu on 26 Rabi' al-Akhir 1443H (corresponding to 1 December 2021).

On Jumada Al-Akhir 1443H (corresponding to January 17, 2022), the Registration Document was published and announced by the financial advisor on the Tadawul to make it available to qualified investors during the specified period in accordance with The Rules on the Offer of Securities and Continuing Obligations. Tadawul announced that the shares of the Company have been listed ready for trading in the Nomu starting on Rajab 6, 1443H (corresponding to February 7, 2022) as a direct listing with Tadawul ISIN 9531.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

2. BASIS OF PREPARATION (continued)

2.2 Basis of measurement

The financial statements are prepared under the historical cost convention using the accruals basis of accounting and going concern concept, unless otherwise stated

2.3 Functional and presentation currency

The financial statements are presented in Saudi Arabian Riyals (SR), which is the Company's functional currency and presentation currency. All financial information presented in SR, unless otherwise stated.

2.4 Significant accounting judgements, estimates and assumptions

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

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

The key judgements, estimates, and assumptions that have a significant impact on the financial statements of the Company are discussed below:

2.4.1 Judgements

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2. BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

2.4.2 Estimates and assumptions

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

Useful lives and residual value of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. The management believes that residual value may not result in significant change to depreciation charge and carrying amount of the assets. Accordingly, the residual value is assumed to be zero. Management reviews the residual value and useful lives annually, and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Allowance for inventory losses

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

Provision for expected credit losses (ECL) of trade receivables

The Company has selected a simplified approach for all trade receivables. The Company uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated, and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Company's trade receivables is disclosed in note 8.

2. BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

2.4.2 Estimates and assumptions (continued)

Employee end of service benefits

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high-quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employees end of service benefits are provided in note 15.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

3.1 Revenue recognition

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15.

Step 1: The Company accounts for a contract with a customer when:

- The contract has been approved and the parties are committed;
- Each party's rights are identified;
- Payment terms are defined;
- The contract has commercial substance; and
- Collection is probable.

Step 2: The Company identify all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:

- the customer can benefit from the good or service separately or together with other resources that are readily available to the customer; and
- the good or service is separately identifiable from the other goods or services in the contract.

Step 3: The Company determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customers, generally on delivery of the goods. The Company's revenue from sale of glass includes only one performance obligation, and there is no variable consideration and financing component involved.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currencies

The Company's financial statements are presented in Saudi Riyals, which is also the Company's functional currency. Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

3.3 Employee end of service benefits

The Employee end of service benefits provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Company presents the first two components of defined benefit costs in profit or loss in relevant line items. Remeasurements are presented as part of other comprehensive income.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for those services.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Zakat

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("Authority" or "ZATCA"). Provision for zakat for the Company is charged to the statement of profit or loss and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for in the period in which these are determined.

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

Value added tax

The Company is subject to Value Added Tax (“VAT”) in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply (“Output VAT”) less VAT paid on purchases (“Input VAT”). The Company reports revenue and purchases net of VAT for all the periods presented in the statement of profit or loss and other comprehensive income.

3.5 Property, plant and equipment

Recognition and measurement

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. When spare parts are expected to be used during more than one period, then they are accounted for as property, plant and equipment.

Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

Subsequent costs

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

Capital work in progress

Capital work-in-progress represents all costs relating directly and indirectly to the construction in progress and is capitalized as property and equipment when ready for the intended use

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively, if required.

The estimated useful lives are as follows:

Building	33 years
Plant and machinery	15 to 20 years
Equipment	5 years
Furniture and fixtures	5 years
Computers	4 years
Motor vehicles	5 years

Land and capital work in progress are not depreciated.

Spare parts

Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with IAS – 16 when they meet the definition of property, plant and equipment, including the requirement to be used over more than one period. Otherwise, such items are classified as inventory, as per IAS – 2.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment of non-financial assets

The Company 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 Company 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 cash generating unit (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.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company CGU to which the individual assets are allocated. These budgets and forecast calculations 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.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset. In this case, the impairment is also recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Right-of-Use Assets and Lease Liabilities

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

Company as a lessee

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

Right-of-use assets

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

Leasehold land (36 years)

If the ownership of the leased asset transfers to the Company at the end of the lease term or the lessee is reasonably certain to exercise a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Right-of-Use Assets and Lease Liabilities (continued)

Lease liabilities

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Incremental borrowing rate

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

3.8 Inventory

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity

3.9 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of 3 months or less, which are subject to insignificant risk of changes in values.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company recognizes a financial instrument at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets
IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through profit and loss (FVPL).

(a) Financial assets classified as amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed, and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How management evaluates the performance of the portfolio;
- Whether the management's strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

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

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest is recognized in the income statement.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

(b) Financial assets designated as FVOCI with recycling

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

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

For debt financial instruments measured at FVOCI, commission income and impairment losses or reversals are recognized in statement of other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. All other changes in the carrying amount of these instruments are recognized in other comprehensive income and accumulated under the investment revaluation reserve. When these instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

(c) Financial assets classified as FVPL

Investments in equity instruments are classified as at FVPL, unless the Company designates an investment that is not held for trading as at FVOCI on initial recognition.

Debt instruments that do not meet the amortized cost of FVOCI criteria are measured at FVPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVPL to avoid accounting mismatch are measured at fair value through income statement. A debt instrument may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments are reclassified from amortized cost to FVPL when the business model is changed such that the amortized cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVPL on initial recognition is not allowed.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in income statement.

Commission income on debt instruments at FVPL is included in the statement of profit or loss.

Dividend income on investments in equity instruments at FVPL is recognized in statement of profit or loss when the Company's right to receive the dividends is established.

(d) Investment in equity instruments designated as FVOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Gain and losses on such equity instruments are never reclassified to income statement and no impairment is recognized in income statement. The cumulative gain or loss will not be reclassified to income statement on disposal of the investments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

Dividends on these investments are recognized in statement of profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Investment revaluation reserve includes the cumulative net change in fair value of equity investment measured at FVOCI. When such equity instruments are derecognized, the related cumulative amount in the fair value reserve is transferred to retained earnings.

Impairment of financial assets

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

The Company considers a financial asset in default when is more than 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

Financial liabilities
Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in income statement. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to income statement.

The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in income statement. Amount presented in liability credit reserve are not subsequently transferred to income statement. When such investments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.13 Cost of revenue

Cost of Revenue is the accumulated total of all costs used to create a product or service, which has been sold. These costs fall into the general sub-categories of materials, direct labor and overheads.

In the statement of profit or loss presentation, the cost of revenue is subtracted from revenues to arrive at the gross profit of a business. Cost of revenue comprise all costs directly related to the sale of goods and rendering of services. It comprises the purchase and conversion of inventories and all other directly attributable costs, which are necessary to bring the products and/or services sold into the agreed condition.

3.14 Selling, distribution, general and administration expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of ‘Cost of revenue’. Allocations between ‘Cost of revenue’ and ‘Selling, distribution, general and administration expenses’, when required, are made on a consistent basis.

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

The Company recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Company. As per the bye laws of the Company, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly within equity.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification.

Assets
An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities
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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

3.17 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes finance costs - net and zakat.

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4. PROPERTY, PLANT, AND EQUIPMENT

	Buildings	*Plant and Machinery*	*Equipment*	*Furniture and fixtures*	*Computers*	*Motor vehicles*	*Capital Work in progress*	*Total*
Cost:								
Balance at 1 January 2021	102,428,993	645,441,852	12,779,782	2,337,828	3,955,054	1,672,272	15,868,585	784,484,366
Additions during the year	1,287,878	5,027,242	1,950,234	328,731	633,527	340,231	4,623,908	14,191,751
Disposals during the year	(1500)	--	--	(10,100)	(10142)	--	--	(21,742)
Transfer during the year	1,087,397	4,877,678	79,776	-	382,531	--	(6,427,382)	--
31 December 2021	**104,802,768**	**655,346,772**	**14,809,792**	**2,656,459**	**4,960,970**	**2,012,503**	**14,065,111**	**798,654,375**
Additions during the year	399,266	3,022,878	2,386,798	346,699	649,677	187,000	12,380,720	19,373,038
Disposals during the year	--	(13,800)	(5,228)	--	--	(66,030)	--	(85,058)
Transfer during the year	--	3,683,228	144,342	--	--	--	(3,827,570)	--
31 December 2022	**105,202,034**	**662,039,078**	**17,335,704**	**3,003,158**	**5,610,647**	**2,133,473**	**22,618,261**	**817,942,355**
Accumulated Depreciation:								
Balance at 1 January 2021	19,987,499	340,557,506	9,184,129	2,270,797	3,491,575	1,180,934	--	376,672,440
Charge for the year	3,160,681	31,286,122	1,162,426	107,564	303,182	92,827	--	36,112,802
Disposals during the year	(332)	--	--	(10,100)	(5,036)	--	--	(15,468)
31 December 2021	23,147,848	371,843,628	10,346,555	2,368,261	3,789,721	1,273,761	--	412,769,774
Charge for the year	3,214,544	32,177,528	1,548,968	138,110	479,338	152,070	--	37,710,558
Disposals during the year	--	(5,445)	(4,353)	--	--	(60,736)	--	(70,534)
31 December 2022	**26,362,392**	**404,015,711**	**11,891,170**	**2,506,371**	**4,269,059**	**1,365,095**	--	**450,409,798**
Net book value:								
31 December 2022	**78,839,642**	**258,023,367**	**5,444,534**	**496,787**	**1,341,588**	**768,378**	**22,618,261**	**367,532,557**
31 December 2021	81,654,920	283,503,144	4,463,237	288,298	1,171,249	738,742	14,065,111	385,884,601

- The above property, machinery and equipment are built on land leased from the Royal Commission for Jubail and Yanbu under a contract with the Royal Commission from August 30, 2008 until August 30, 2042, and the contract can be renewed for an additional period or periods of years under the terms and conditions that may be agreed upon between the two parties.
- Included within plant and machinery is an amount of SR 19.96 million (2021: SR 19.96 million) in respect of tin ingots. The Company has not depreciated the tin ingots on the basis that these will retain value over the production cycle.
- All property, plant and equipment are pledged for the benefit of the SIDF (Note 14).
- Capital work in progress represents ongoing construction works of the plant and machinery and it is expected to be completed during 2023.

4. PROPERTY, PLANT, AND EQUIPMENT (continue)

Depreciation charged for the year is allocated as follows:

	2022	2021
Cost of Revenue	**36,881,674**	35,642,102
General and administration expenses	**812,990**	441,296
Selling and distribution expenses	**15,894**	29,404
	37,710,558	36,112,802

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts (lease as a lessee) for leasehold land. Leasehold land has lease term of 36 years.

The Company also has certain leases of apartments and sales offices with lease terms of 12 months or less and with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

a) Right-of-use assets:

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

	2022	2021
Balance as at 1 January	**28,039,847**	26,729,554
Reassessment during the year	**(4,391,725)**	2,584,832
Depreciation charge for the year	**(1,239,557)**	(1,274,539)
Balance as at 31 December	**22,408,565**	28,039,847

b) Lease liabilities:

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022	2021
Balance as at 1 January	**29,740,019**	25,513,128
Reassessment during the year	**(4,391,725)**	4,972,922
Accretion of interest	**1,558,870**	1,676,733
Payments during the year	**(2,422,764)**	(2,422,764)
Balance as at 31 December	**24,484,400**	29,740,019

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities are presented in the statement of financial position as follows:

	2022	2021
Non-current portion of lease liabilities	**22,032,970**	27,784,323
Current portion of lease liabilities	**2,451,430**	1,955,696
Carrying amount at the end of the year	**24,484,400**	29,740,019

The maturity analysis of lease liabilities is as follows.

	2022	2021
Less than one year	**2,023,182**	2,422,764
More than one year and less than 5 years	**8,092,728**	9,428,029
More than 5 years	**30,347,952**	35,355,363
	40,463,862	47,206,156

The following are the amounts recognized in the statement of profit or loss:

	2022	2021
Depreciation expense of right-of-use assets	**1,239,557**	1,274,539
Interest expense on lease liabilities	**1,558,870**	1,676,733
Expense relating to short-term leases (included in selling and distribution expenses)	**208,493**	62,227
Expense relating to short-term leases (included in general and administrative expenses)	**253,411**	260,000

The Company has one lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. The Company had total cash outflows for leases of SR 2.7 million in 2022 (2021: SR 5.9 million)

6. FINANCIAL ASSET AT FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME

This investment in equity shares by 19% of Al Obeikan AGC Glass Company, a mixed Saudi limited liability company whose main activity is the manufacture of primary glass products and the manufacture of insulating glass items used in construction. The Company has irrevocably designated the investment at fair value through other comprehensive income on initial recognition as the Company's intention is to hold this investment for the long term for strategic purposes (refer note 30).

	2022	2021
Following is the change in FV of the investment at FVOCI:		
Balance at 1 January	**16,699,510**	16,294,914
Change in FV during the year	**(13,608,463)**	404,596
Balance at 31 December	**3,091,047**	16,699,510

During the current year and prior year, there are no dividends or disposals or any transfers of any cumulative gain or loss within shareholders' equity relating to the investment.

	2022	2021
Following is the change in fair value reserve:		
Balance at 1 January	**14,243,666**	13,839,070
Change in FV during the year	**(13,608,463)**	404,596
Balance at 31 December	**635,203**	14,243,666

7. INVENTORIES

	2022	2021
Raw materials	**34,072,980**	12,783,078
Finished goods	**15,820,219**	10,147,065
Spare parts and consumables	**10,988,029**	8,832,646
Work-in-progress	**6,623,514**	5,439,451
Packing materials	**447,439**	345,714
Goods-in-transit	**27,366,784**	--
Provision for slow-moving inventory	**(550,164)**	(835,169)
	94,768,801	36,712,785

7.1 Inventories recognized as expense during the year ended 31 December 2022 amounted to SR 139.64 million (31 December 2021: SR 96.46) and included as cost of revenue.

7.2 Inventory reversal amounting to SR 0.55 million (2021: SR 0.84 million) is recognized within cost of revenue.

7. INVENTORIES (continued)

Movement in provision for slow-moving is as follows:

	2022	2021
Balance at beginning of the year	**835,169**	1,127,092
Reversal during the year	**(285,005)**	(291,923)
Balance at end of the year	**550,164**	835,169

8. TRADE RECEIVABLES

Trade receivables comprise of the following:

	2022	2021
Trade receivable due from related party	**77,157,944**	39,791,855
Other trade receivables	**39,654,453**	51,438,968
	116,812,397	91,230,823
Allowance for impairment loss (see below)	**(6,978,010)**	(1,589,844)
	109,834,387	89,640,979

Movement in the allowance for impairment loss is as follows:

	2022	2021
Balance at beginning of the year	**1,589,844**	1,081,235
Charge for the year	**5,388,166**	668,515
Reversal during the year	**--**	(159,906)
Balance at end of the year	**6,978,010**	1,589,844

9. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of the following:

	2022	2021
Advance to supplier	**9,780,273**	7,359,477
Prepaid rent and other assets	**759,804**	3,685,318
	10,540,077	11,044,795

10. RELATED PARTIES TRANSACTIONS AND BALANCES

a) Related parties include the Company's shareholders, associates and affiliates companies (entities controlled and jointly controlled, or significantly influenced by shareholders) and management personnel of the company. Terms and conditions of these transactions are approved by the company' Board of Directors. All outstanding balances with these related parties are priced on mutually agreed terms. Significant related party transactions for the period / year and balance arising there from are described as under:

Name of party	Relationship
Al Obeikan Group for Investment Company	Parent company
Saudi Company for Advanced Industries	Major shareholder
Al Obeikan AGC Glass	Associate of the Parent company
Al Obeikan Flexible Plastic Factory	Affiliate
Al Obeikan Digital Solutions Company	Affiliate
Al Obeikan Technical Fabrics Company	Affiliate
Al Obeikan for Education	Affiliate
Madar Digital Logistics Solution Company	Affiliate
Saned Al Marafiq Company	Affiliate

b) Significant key management personnel transactions are as follows:

Name	Relationship	Nature of transactions	Amount of transactions 2022	Amount of transactions 2021	Closing balance 2022	Closing balance 2021
Key management personnel	Employees	Short term benefits	**4,710,771**	4,038,679	**1,392,251**	1,301,665
		Long term benefits	**590,926**	261,992	**3,350,286**	2,759,360
Board of Directors	Board of Directors	Board of Directors' remuneration – (short term benefits)	**1,620,919**	1,366,750	**1,620,919**	1,366,750

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10. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

c) Significant related party transactions and balances arising are as follows:

Name	Relationship	Nature of transactions	Amount of transactions 2022	Amount of transactions 2021	Closing balance 2022	Closing balance 2021
Due from related party – Trade receivables						
Al Obeikan AGC Glass	Associate of the Parent Company	Sales	**77,914,799**	49,217,772	**77,157,944**	39,791,855
Due from related party						
Al Obeikan AGC Glass	Associate of the Parent company	Support Services	**10,921,491**	9,534,913	**49,320,802**	50,658,766
Prepayment and other receivables						
Saned Al-Marafiq Information Technologies	Affiliate	Consulting and other services	**91,822**	--	**91,822**	--

Due to related parties

Name	Relationship	Nature of transactions	Amount of transactions 2022	Amount of transactions 2021	Closing balance 2022	Closing balance 2021
Al Obeikan Group for Investment Company	Parent	Consulting and other services	**1,233,055**	8,230,689	**85,475**	1,126,080
Al Obeikan Digital Solutions Company	Affiliate	Consulting and other services	**448,019**	943,285	**313,454**	100,085
Al Obeikan for Education	Affiliate	Consulting and other services	**311,348**	234,309	**11,251**	--
Al Obeikan Flexible Plastic Factory	Affiliate	Purchase of packaging material	**71,875**	631,900	--	94,530
Al Obeikan AGC Glass	Affiliate	Purchase of glass	**139,285**	136,937	**84,468**	--
Madar Digital Logistics Solution	Affiliate	Consulting and other services	**4,513,784**	--	**834,353**	--
Al Obeikan Technical Fabrics Company	Affiliate	Shared services	--	--	--	45,414
					1,329,001	**1,366,109**

The balances due to and due from the related parties are interest free, unsecured and payable on demand. ECL amounting to SR 3.44 million relates to the related party.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	2022	2021
Cash at bank	**26,552,006**	112,238,660

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions (A3 to BAA1) and there has been no history of default with any of the Company's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

12. SHARE CAPITAL

At 31 December 2022, the Company's authorized, issued, and paid-up share capital is SR 240 million (31 December 2021: SR 240 million) consisting of 24 million (31 December 2021: 24 million shares) fully paid and issued shares of SR 10 each.

Dividends

The Board of Directors in its meeting held on 19 September 2021, approved a distribution of an interim cash dividend of SR 24 million (representing SR 1 per share) for the year ended 31 December 2021.

The Board of Directors in its meeting held on 5 September 2022, approved a distribution of an interim cash dividend of SR 48 million (representing SR 2 per share) for the year ending 31 December 2022.

13. STATUTORY RESERVE

In accordance with the by-laws of the Company and Companies Law, the Company has transferred 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The minimum required statutory reserve is not available for distribution to the shareholders.

14. LOANS AND BORROWINGS

Loans and borrowings comprise of the following:

	2022	2021
Term loan – SIDF loan	**58,500,000**	178,500,000
Short term borrowings	**3,811,954**	25,902,327
Loan and borrowings as at 31 December	**62,311,954**	204,402,327

14. LOANS AND BORROWINGS (continued)

	2022	2021
SIDF loans – long-term loan	**58,500,000**	178,500,000
Less: Current portion of long-term borrowings	**(58,500,000)**	(70,000,000)
Long term borrowings	**--**	108,500,000

	2022	2021
Opening balance	**204,402,327**	231,005,000
Drawdown during the year	**7,486,028**	25,902,327
Repayment during the year	**(149,576,401)**	(52,505,000)
Closing balance	**62,311,954**	204,402,327
Non-current portion of long-term borrowings	**--**	108,500,000
Current portion of long-term borrowings	**58,500,000**	70,000,000
Short term borrowings	**3,811,954**	25,902,327
Total borrowings	**62,311,954**	204,402,327

The agreement with SIDF is guaranteed by the shareholders of the Company. The loan is secured by a mortgage over the property, plant and equipment of the Company.

The Company's interest-bearing loans and borrowings, which are measured at amortized cost are as follows:

	2022	2021
Long-term bank loans	**58,500,000**	204,402,327
Current portion of long-term bank loans	**(58,500,000)**	(95,902,327)
Non-current portion of long-term bank loans	**--**	108,500,000

SIDF loan – term loan

On January 4, 2009, the Company obtained a loan from the Saudi Industrial Development Fund (the "SIDF") for the purpose of financing the construction of Al Obeikan Glass Company factory. The ceiling of this loan amounted to a total of SR 229 million. On June 3, 2012, the loan ceiling was raised to cover the additional costs of the factory, so that the total loan value became SR 309.5 million. On October 8, 2020, the loan was restructured so that the last instalment to be repaid on August 2, 2023. A total amount of SR 161 million was repaid as of the statement of financial position date. This loan is secured by pledging the entire factory, its buildings, machinery, equipment and all of its accessories, which is located on the plot of land leased from the Royal Commission for Jubail and Yanbu for the benefit of the SIDF. All the covenant has been complied with except for the CAPEX. However, the SIDF has not demanded the payment as at reporting period.

14. LOANS AND BORROWINGS (continued)

Short term borrowings

The short-term loans represent Murabaha facilities for the purpose of purchasing raw materials used in the production of float glass that the Company obtained from the International Islamic Trade Finance Corporation (a member of the Islamic Development Bank) with total revolving facilities of SR 34 million, i.e. that the amount of the facilities becomes available again after payment, and with a repayment period of 12 months from the date of withdrawal. These facilities are available until June 3, 2023. These facilities are secured by a joint pledge with the same term loan mortgage given by the Saudi Industrial Development Fund.

15. EMPLOYEES' END OF SERVICE BENEFITS

	2022	2021
Balance at beginning of the year	**19,180,339**	17,511,157
Included in statement of profit or loss		
Current service cost	**2,259,942**	2,118,051
Interest cost	**382,894**	297,484
	2,642,836	2,415,535
Transfer out	**(44,713)**	--
Paid during the year	**(563,381)**	(749,376)
Included in statement of other comprehensive income		
Actuarial (gains) / losses:		
Change in demographic assumptions	**(12,819)**	--
Change in financial assumptions	**(3,244,129)**	(581,499)
Experience loss	**1,244,689**	584,522
	(2,012,259)	3,023
Balance at the end of the year	**19,202,822**	19,180,339

Allocation of EOSB charge between the cost of revenue, selling and distribution expenses, and general and administrative expenses are as follows:

	2022	2021
Cost of revenue	**1,024,383**	960,066
Selling and distribution expenses	**215,678**	202,137
General and administrative expenses	**1,019,881**	955,848
	2,259,942	2,118,051

15. EMPLOYEES' END OF SERVICE BENEFITS (continued)

The most recent actuarial valuation was performed by a qualified actuary and was performed using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2022 %	2021 %
Rate of salary increases	**4.00%**	4.00%
Discount rate	**4.60%**	2.00%
Mortality rate	**75% of WHO SA16**	75% of WHO SA16
Retirement age	**60 years**	60 years

All movements in employees end of service benefits are recognized in profit or loss, except for the results of re-measurement of employees end of service benefits that are recognized in the statement of other comprehensive income.

Sensitivity analyses:
The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring for the liability at the end of the reporting period, while holding all other assumptions constant.

31 December 2022

	Change in assumption by	**Increase in assumption by**	**Decrease in assumption by**
Discount rate	**0.5%**	**18,707,851**	**19,725,297**
Salary growth rate	**0.5%**	**19,725,811**	**18,702,731**
Mortality rates	**20%**	**19,197,733**	**19,207,935**
Employee turnover / withdrawal rates	**20%**	**19,096,921**	**19,317,016**

31 December 2021

	Change in assumption by	Increase in assumption by	Decrease in assumption by
Discount rate	0.5%	18,567,057	19,833,825
Salary growth rate	0.5%	19,817,695	18,575,673
Mortality rates	20%	19,145,010	19,216,407
Employee turnover / withdrawal rates	20%	19,145,010	19,216,407

15. EMPLOYEES' END OF SERVICE BENEFITS (continued)

The weighted average duration of the defined benefit obligation is 5 years.

The following payments are expected for the defined benefit plan in future years:

	2022	2021
Within the next 12 months (next annual reporting period)	**6,085,823**	5,091,413
Between 2 and 5 years	**6,389,933**	5,109,204
Between 6 and 10 years	**6,621,407**	6,167,821
Beyond 10 years	**6,092,346**	5,657,029
	25,189,509	22,025,467

16. ACCRUED AND OTHER LIABILITIES

	2022	2021
Advances from customers (refer note 16.1)	**6,115,639**	9,296,709
Accrued electricity (refer note 16.2)	**5,925,550**	5,600,000
Accrued finance charges	**606,707**	1,228,208
Accrued VAT	**1,164,102**	884,217
Other accruals (refer note 16.3)	**7,457,920**	9,341,908
	21,269,918	26,351,042

16.1 The advances from customer primarily relate to the advance received from customers for goods, for which revenue is recognised point in time. The amount of revenue recognized during the year form the advances amounts to SR 9.53 million (2021: SR 6.37)

16.2 The accrued electricity charge represents claimed amounts of SR 10.16 million from the Power, Water, and Utility Company for Jubail and Yanbu "Marafiq Company" for electricity and water supply services. An amount of SR 5.6 million of the claim value was recognized during the year ended on 31 December 2021, and the remaining amount of the claim amounting to SR 4.56 million was recognized during the year ended on 31 December 2022 after reaching an agreement with Marafiq on 8 March 2022 to pay the full amount of the claim through equal monthly instalments, the value of each instalment is SR 0.42 million, starting from the month of March 2022.

16.3 Other accruals majorly includes the employee bonus, freight cost and other accruals.

17. ZAKAT

a) Charge for the period

Zakat for the year ended comprise the following:

	2022	2021
Charge for the year	**6,719,127**	5,982,191

The provision for Zakat charge is based on the following:

	2022	2021
Equity	**355,569,464**	241,729,540
Provisions and other adjustments	**108,581,271**	198,345,543
Book value of long-term assets (net of related financing)	**(389,941,122)**	(385,884,601)
Zakat base	**74,209,613**	54,190,482
Zakat on Zakat base @ 2.5776%	**1,912,889**	1,396,157
Adjust profit for the year	**192,249,515**	183,441,339
Zakat on adjusted profit @ 2.5%	**4,806,238**	4,586,033
Zakat charge for the year	**6,719,127**	5,982,191

- Zakat is calculated based on the adjusted net profit and the zakat base.
- Zakat is calculated from the adjusted net profit at 2.5٪, while the zakat base is calculated from the zakat base less the adjusted net profit at 2.57768٪ and 2.5٪ from the adjusted net profit.

Adjusted net profit for the year

The adjusted net profit or the year reconciliation is as follows:

	2022	2021
Net profit for the year	**184,366,867**	180,332,286
Other deductions	**(148,354)**	203,700
Provision for the year	**8,031,002**	2,877,353
Adjusted net profit for the year	**192,249,515**	183,413,339

17. ACCRUED ZAKAT (continued)

b) Zakat

The movement in the Zakat during the year is analyzed as under:

	2022	2021
Balance at the beginning of the year	**4,615,245**	1,572,006
Charge for the year	**6,719,127**	5,982,191
Payments during the year	**(5,982,194)**	(2,938,952)
Balance at the end of the year	**5,352,178**	4,615,245

c) Status of Zakat

The Company has filed Zakat declaration up to the financial year ended 31 December 2021 with the Zakat, Tax and Customs Authority (ZATCA). The Company has also obtained Zakat certificate valid until April 2023.

18. REVENUE

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2022	2021
Sales of glass	**502,179,542**	463,236,025

Timing of revenue recognition

	2022	2021
Goods transferred at point in time	**502,179,542**	463,236,025

	2022	2021
Sales to related party	**77,914,799**	49,217,772
Sales other than related party	**424,264,743**	387,018,253
Total revenue	**502,179,542**	436,236,025

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(Expressed in Saudi Arabian Riyals, unless stated otherwise)

19. COST OF REVENUE

	2022	2021
Cost of material	**139,643,252**	96,461,506
Depreciation (note 4,5)	**38,121,231**	36,916,641
Gas and electricity expenses	**28,300,396**	29,734,158
Employees' salaries and benefits	**27,086,417**	24,525,373
Consumables and direct costs	**12,832,832**	24,150,367
	245,984,128	211,788,045

20. OTHER OPERATING INCOME

	2022	2021
Support charges	**458,102**	--
Rent income (refer note 20.1)	**1,510,709**	1,510,708
Scrap sales	**262,222**	1,207,423
Gain on sale of property, plant and equipment	**17,856**	58
	2,248,889	2,718,189

20.1 The rent income has the maturity period of less than one year.

21. OTHER OPERATING EXPENSE

	2022	2021
Support charges	**--**	2,977,457
Other expenses	**868,909**	206,177
	868,909	3,183,634

22. SELLING AND DISTRIBUTION EXPENSES

	2022	2021
Freight expenses goods to customers	**32,651,054**	39,209,747
Employees' salaries and benefits	**4,741,454**	4,681,393
Warehousing expenses	**1,337,338**	1,413,555
Export cost	**214,612**	518,948
Sales commission	**28,442**	100,777
Business Travel expenses	**262,659**	81,025
Depreciation of property, plant and equipment (note 4)	**15,894**	29,404
Insurance	**431,229**	11,159
Other	**789,803**	202,795
	40,472,485	46,248,803

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Employees' salaries and benefits	**15,244,276**	13,362,460
Telephone, internet and postage expenses	**1,520,428**	645,093
Depreciation of property, plant and equipment (note 4)	**812,990**	441,296
Shared service expense	**927,038**	691,562
Professional and consulting fees (refer 23.1)	**670,710**	1,281,875
Medical expenses	**507,935**	349,889
Travel expenses	**516,166**	210,370
Utilities	**194,102**	157,307
Stationery expense	**13,008**	44,345
Other expenses	**2,124,612**	1,274,680
	22,531,265	18,458,877

23.1 This includes the fee in relation to the IPO amounting to 31 December 2022 SR Nil (2021: SR 1 million).

24. FINANCE COST -NET

	2022	2021
Financing costs on Saudi Industrial Development Fund loan	**2,880,000**	3,084,000
Financing costs on lease liabilities	**1,558,870**	1,676,733
Finance income	**(500,000)**	--
Financing costs on short term loans	**277,295**	583,207
Foreign Exchange currency change	**217,047**	461,051
Interest cost on employees end of service benefits (note 15)	**383,399**	297,484
	4,816,611	6,102,475

25. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of shares outstanding during the period. The calculation of diluted earnings per share ('EPS') is not applicable to the Company.

	2022	2021
Net profit attributable to equity holders of the Company	**177,647,740**	173,681,580
Weighted average number of shares for basic and diluted EPS	**24,000,000**	24,000,000
Earnings per share – Basic and diluted (in Saudi Riyals)	**7.40**	7.24

26. CONTINGENCIES AND COMMITMENTS

The company has outstanding letters of credit amounting to SR 27.6 million (31 December 2021: nil) issued by the local banks on behalf of the company in the ordinary course of business.

27. SEGMENTAL INFORMATION

The Company has one reportable segment, as described below, which is the Company's strategic business unit. The strategic business unit offers one product i.e Glass. The Company's Board of Directors and CEO monitor the results of the Company's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the Chief Operating Decision Makers (CODM) for the Company.

The operating segment described below have been prepared in accordance with IFRS 8. The Company operates in one main business segments, which is the manufacturing and sale of glass panels.

Geographical distribution of sales:

Revenue	**2022**	2021
Kingdom of Saudi Arabia	**344,156,572**	224,920,925
Other countries	**158,022,970**	238,315,100
Total revenue	**502,179,542**	463,236,025

Revenue from two major customers represented approximately 38% (31 December 2021: 28%) of the Company's total revenue.

28. CAPITAL RISK MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, statutory reserve, and retained earnings attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure by monitoring return on net assets and makes required adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. The Company also monitors capital using gearing ratio, which is net debt, interest bearing loans including finance cost thereon, trade and other payable less cash and bank balances.

28. CAPITAL RISK MANAGEMENT (continued)

The gearing ratio as at 31 December 2022 and 31 December 2021 is as follows:

	2022	2021
Total liabilities	**148,183,576**	313,106,813
Cash and cash equivalents	**(26,552,006)**	(112,238,660)
Net debt	**121,631,570**	200,868,153
Share capital	**240,000,000**	240,000,000
Statutory reserve	**36,862,472**	19,097,698
Retained earnings	**258,366,991**	144,471,766
Equity	**535,229,463**	403,569,464
Net debt to equity ratio	**22.73%**	49.8%

29. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise due to related parties, trade and other payables and bank borrowings. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include due from related party, short term investment, trade and other receivables and cash and cash equivalents.

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risks, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Company's financial performance.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates, and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee.

29. FINANCIAL RISK MANAGEMENT (continued)

Risk management systems are regularly reviewed by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit committee oversees compliance by management with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework about the risks faced by the Company.

Financial instruments carried on the statement of financial position include cash and cash equivalents, account receivables, other receivables, accrued and other current liabilities, lease liabilities, trade payables and bank borrowings.

Financial asset, and liability is offset, and net amount reported in the condensed interim financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

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 comprises of two types of risk:

- Foreign currency exchange risk,
- Commission (interest) rate risk
- Other price risk

The Company's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Company's financial performance.

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company's interest rate risks arise mainly from Term loan which is at a floating rate of interest and is subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	2022	2021
Variable rate instruments		
Financial liabilities		
Loan and borrowings	**62,311,954**	204,402,327

29. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before Zakat for the period by SR 0.62 million (31 December 2021: SR 2.04 million).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is in Saudi Arabian Riyals. The Company's transactions are principally in Saudi Arabian Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Arabian Riyal is pegged at SAR 3.75: USD 1, therefore, the Company is not exposed to any significant foreign currency risk from Saudi Arabian Riyals and US Dollars denominated financial instruments. The Company's management monitors such fluctuations and manages its effect on the financial statements accordingly.

Other price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not affected by price risk as there are no investment of the Company in equity shares or commodities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company is exposed to risk on its trade and other receivables and cash at banks.

Concentration risk

Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

29. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
Financial assets		
Trade receivables	**109,834,387**	89,640,979
Due from related parties	**49,320,802**	50,658,766
Cash and cash equivalents	**26,552,006**	112,238,660
Total	**185,707,195**	252,538,405

With respect to credit risk arising from the financial assets of the Company, including bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts as disclosed in the statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The five largest customers account for 77% of outstanding accounts receivable at 31 December 2022 (31 December 2021: 58%).

The receivables are shown net of allowance for impairment of trade receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped into low risk, fair risk, doubtful and loss based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

29. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables.

	Loss rate	**Gross carrying amount**	**Impairment loss allowance**
31 December 2022			
Not due balances	**2%**	**54,349,505**	**853,851**
0 -180 days	**7%**	**38,381,826**	**2,589,964**
181 – 360 days	**14%**	**23,299,254**	**3,178,591**
Over 360 days	**45%**	**781,812**	**355,604**
		116,812,397	**6,978,010**

	Loss rate	Gross carrying amount	Impairment loss allowance
31 December 2021			
Not due balances	0%	52,469,589	--
0 -180 days	0%	12,931,748	--
181 – 360 days	2%	18,623,196	455,160
Over 360 days	16%	7,206,290	1,134,684
		91,230,823	1,589,844

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company also monitors the levels of expected cash inflows on trade and other receivables together with the expected cash outflows on trade and other payables.

29. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summaries the maturity profile of the Company's financial liabilities based on contractual payments:

31 December 2022	**Carrying amount**	**Less than 1 year**	**2 years but less than 5 years**	**More than 5 years**	**Total**
Trade payables	**14,233,303**	**14,233,303**	**--**	**--**	**14,233,303**
Accrued and other liabilities	**21,269,918**	**21,269,918**	**--**	**--**	**21,269,918**
Due to related parties	**1,329,001**	**1,329,001**	**--**	**--**	**1,329,001**
Lease liabilities	**24,484,400**	**2,023,182**	**8,092,728**	**30,347,952**	**40,463,862**
Loans and borrowings	**62,311,954**	**62,918,660**	**--**	**--**	**62,918,660**
	123,628,576	**101,774,064**	**8,092,728**	**30,347,952**	**140,214,744**

31 December 2021	Carrying amount	Less than 1 year	2 years but less than 5 years	More than 5 years	Total
Trade payables	27,451,732	27,451,732	--	--	27,451,732
Accrued and other liabilities	26,351,042	26,351,042	--	--	26,351,042
Due to related parties	1,366,109	1,366,109	--	--	1,366,109
Lease liabilities	29,740,019	2,422,764	9,428,029	35,355,364	47,206,156
Loans and borrowings	204,402,327	96,547,327	109,082,208	--	205,629,535
	289,311,229	154,138,974	118,510,237	35,355,364	308,004,574

30. FAIR VALUE OF ASSETS AND 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 by the Company.

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.

30. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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.

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

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

The fair value of the equity instrument at the end of the current year is not materially different from the fair value measurement determined in the previous reporting period.

	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2022				
Investments at FVOCI				
- Investment	--	--	**3,091,047**	**3,091,047**
31 December 2021				
Investments at FVOCI				
- Investment	--	--	16,699,510	16,699,510

There were no transfers between levels of the fair value hierarchy during the year end 31 December 2022 and for the year ended 31 December 2021. Additionally, there were no changes in the valuation techniques.

The following methods and assumptions were used to estimate the fair values:

The fair value of the 'Investment at fair value through other comprehensive income has been estimated using a Discounted Cash Flow model (DCF). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for this investment.

30. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis are shown below:

31 DECEMBER 2022:

Item	**Valuation technique**	**Significant unobservable input**	**Input used**	**Sensitivity of the input to fair value**
Investment at fair value through other comprehensive income	CF Method	Terminal growth rate	2%	l% increase in the growth rate would result in an increase in fair value by SR 1.6 million. 1% decrease in the growth rate would result in a decrease in fair value by SR 1.3 million.
		Weighted average cost of capital	11.16%	1% increase in WACC would result in a decrease in fair value by SR 1.2 million. l% decrease in WACC would result in an increase in fair value by SR 1.5 million.

31 DECEMBER 2021:

Item	Valuation technique	Significant unobservable input	Input used	Sensitivity of the input to fair value
Investment at fair value through other comprehensive income	CF Method	Terminal growth rate	3%	l% increase in the growth rate would result in an increase in fair value by SR 1.7 million. 1% decrease in the growth rate would result in a decrease in fair value by SR 1.4 million.
		Weighted average cost of capital	14.75%	1% increase in WACC would result in a decrease in fair value by SR 2 million. l% decrease in WACC would result in an increase in fair value by SR 2.9 million.

31. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

Standards, interpretations, and amendments issued

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2022 and that are available for early adoption in annual periods beginning on 1 January 2022.

Standard / Interpretation	***Description***	***Effective from periods beginning on or after the following date***
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

Standard / Interpretation	***Description***	***Effective from periods beginning on or after the following date***
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

31. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPETATIONS (continued)

The standards, interpretations, and amendments with an effective date of 1 January 2022 did not have any material impact on the Company's financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Company is currently assessing the implications on the financial statements on adoption.

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities:

	Liabilities		**Equity**	
	Lease liabilities	**Loans and borrowings**	**Retained earnings**	**Total**
Balances as at 1 January 2022	**29,740,019**	**204,402,327**	**144,471,766**	**378,614,112**
Changes from financing cash flows				
Proceeds from bank borrowing	--	**7,486,028**	--	**7,486,028**
Repayment of bank borrowing	--	**(149,576,401)**	--	**(149,576,401)**
Capital repayment of lease liabilities	**(863,894)**	--	--	**(863,894)**
Finance cost paid of lease liabilities	**(1,558,870)**	--	--	**(1,558,870)**
Dividend paid	--	--	**(48,000,000)**	**(48,000,000)**
Total changes from financing cash flows	**(2,422,764)**	**(142,090,373)**	**(48,000,000)**	**(192,513,137)**
Other Changes Liability related				
Reassessment during the year	**(4,391,725)**	--	--	**(4,391,725)**
Accretion of interest	**1,558,870**	--	--	**1,558,870**
Total liability-related other changes	**(2,832,855)**	--	--	**(2,832,855)**
Total equity-related other changes	--	--	**161,895,225**	**161,895,225**
Balance at 31 December 2022	**24,484,400**	**62,311,954**	**258,366,991**	**345,163,345**

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Liabilities		Equity	
	Lease liabilities	Loans and borrowings	Retained earnings	Total
Balances as at 1 January 2021	25,513,128	231,005,000	12,161,367	268,679,495
Changes from financing cash flows				
Proceeds from bank borrowing	--	25,902,327	--	25,902,327
Repayment of bank borrowing	--	(52,505,000)	--	(52,505,000)
Capital repayment of lease liabilities	(746,031)	--	--	(746,031)
Finance cost paid of lease liabilities	(1,676,733)	--	--	(1,676,733)
Dividend paid	--	--	(24,000,000)	(24,000,000)
Total changes from financing cash flows	(2,422,764)	(26,602,673)	(24,000,000)	(53,025,437)
Other Changes Liability related				
Reassessment during the year	4,972,922	--	--	4,972,922
Accretion of interest	1,676,733	--	--	1,676,733
Total liability-related other changes	6,649,655	--	--	6,649,655
Total equity-related other changes	--	--	156,310,399	156,310,399
Balance at 31 December 2022	29,740,019	204,402,327	144,471,766	378,614,112

33. CHANGE IN COMPARATIVE FIGURES

Certain prior year's comparative figures have been reclassified to ensure the correct classification and presentation as per IFRS standard. As a result, cash flow movement from loan and borrowing has been represented to present gross cash flow movement.

34. SUBSEQUENT EVENTS

There have been no significant events since the year end, that would require disclosures or adjustments in these financial statements except:

- for the new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred to as "the Law") that came into force on 26/6/1444 H (corresponding to 19 January 2023). The management is in the process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align them to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

- On 8 January 2023, the Company announced the Board of Directors' decision to submit a recommendation to the Company's extraordinary general assembly to increase the share capital by capitalizing part of retained earnings by granting one share for each of the three shares. Further, on 5 February 2023, the Company announced that it had received the approval of the Capital Market Authority on 2 February 2023 to increase its capital from SR 240 million to SR 320 million by granting one free share for every three existing shares following the date of the general assembly meeting, which will be determined later.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the board of directors on 22 March 2023, corresponding to 30 Shaban 1444H.

7.2 The Audited Consolidated Financial Statements for the Financial Year Ended December 31, 2023G

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2023

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأميرسلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company

Opinion

We have audited the consolidated financial statements of Al Obeikan Glass Company ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on (ISAs) 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 are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is this matter that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company (continued)

Expected credit losses for trade receivables

Refer to note 3 for the accounting policy and note 8 of consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the gross trade receivables balance was Saudi Riyals 129.14 million (31 December 2022: Saudi Riyals 116.81 million), against which an allowance for impairment loss of Saudi Riyals 4.24 million (31 December 2022: Saudi Riyals 6.98 million) was maintained. The Group assesses at each reporting date whether the trade receivables (carried at amortized cost) are credit impaired. Consequently, it measures impairment allowances based on the Expected Credit Loss (ECL) model as required in International Financial Reporting Standard 9 ("Financial instruments"). The ECL model involves the use of various assumptions and historical trends. We considered this as a key audit matter due to the judgements and estimates involved in the application of the ECL model and the impact on the trade receivables balance.	Our audit procedures related to expected credit losses for trade receivables included: - Obtained an understanding of the management's process for determining the Impairment of trade receivables and the ECL allowance. - Evaluated the Group's accounting policy and methodology for ECL allowance with the requirements of IFRS 9. - Involved our internal specialists to review the methodology used, including the significant judgements and assumptions used in the ECL model developed by the management. - Tested the accuracy of trade receivables aging on sample basis, as at 31 December 2023 generated by the accounting system which is used in the preparation of ECL model; and. - Assessed the adequacy of the disclosures included in the accompanying financial statements in accordance with the relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon.

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.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Group'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.

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Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company (continued)

Responsibilities of Management and Those Charged With Governance for the Financial Statements (continued)

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, the Board of Directors of the Head Office is responsible for overseeing the Branch's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Al Obeikan Glass Company ("the Company") and its subsidiary ("the Group").

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Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company (continued)

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454

Jeddah, 6 March 2024
Corresponding to 25 Shaban 1445H

KPMG Professional Services

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AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	**2023**	2022
Assets			
Property, plant and equipment	4	**388,976,435**	367,532,557
Rights of use of assets	5	**22,150,759**	22,408,565
Financial assets at fair value through other comprehensive income	6	**1,969,659**	3,091,047
Non-current assets		**413,096,853**	393,032,169
Inventories	7	**43,448,929**	94,768,801
Trade receivable	8	**124,897,742**	109,834,387
Prepayments and other receivables	9	**23,867,375**	10,540,077
Due from related party	10	**41,966,705**	49,320,802
Cash and cash equivalents	11	**82,839,192**	26,552,006
Current assets		**317,019,943**	291,016,073
Total assets		**730,116,796**	684,048,242
Shareholders' equity and liabilities			
Equity			
Share capital	12	**320,000,000**	240,000,000
Statutory reserve	13	**43,628,927**	36,862,472
Fair value reserve	6	**(486,185)**	635,203
Retained earnings		**238,849,523**	258,366,991
Equity attributable to Group's shareholders		**601,992,265**	535,864,666
Non-controlling interests	14	**25,567,764**	--
Total equity		**627,560,029**	535,864,666
Liabilities			
Loan and borrowing	15	**7,395,468**	--
Lease liabilities	5	**23,205,241**	22,032,970
Employee end of service benefits	16	**19,063,981**	19,202,822
Non-current liabilities		**49,664,690**	41,235,792
Loan and borrowing	15	**8,480,281**	62,311,954
Lease liabilities	5	**1,282,012**	2,451,430
Trade payables		**18,089,490**	14,233,303
Due to related parties	10	**1,296,018**	1,329,001
Accrued and other liabilities	17	**18,860,997**	21,269,918
Zakat	18	**4,883,279**	5,352,178
Current liabilities		**52,892,077**	106,947,784
Total liabilities		**102,556,767**	148,183,576
Total equity and liabilities		**730,116,796**	684,048,242

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on 29 February 2024 corresponding to 19 Shaban 1445H:

Chairman of BOD | Chief Executive Officer | Chief Financial Officer

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	2023	2022
Revenue	19	**393,982,137**	502,179,542
Cost of revenue	20	**(244,281,211)**	(245,984,128)
Gross profit		**149,700,926**	256,195,414
Other operating income	21	**5,321,195**	2,248,889
Other operating expenses		**--**	(868,909)
Selling and distribution expenses	23	**(39,652,323)**	(40,472,485)
General and administrative expenses	24	**(35,824,994)**	(22,531,265)
Impairment reversal / (loss) on trade receivables	8	**2,586,000**	(5,388,166)
Operating profit		**82,130,804**	189,183,478
Other expenses	22	**(7,000,000)**	--
Finance charges	25	**(5,688,928)**	(5,316,611)
Finance income	11	**677,240**	500,000
Profit before Zakat		**70,119,116**	184,366,867
Zakat charge	18	**(6,086,799)**	(6,719,127)
Profit for the year		**64,032,317**	177,647,740
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of employees' end of service benefits	16	**(415,566)**	2,012,259
Equity investment at FVOCI – change in fair value	6	**(1,121,388)**	(13,608,463)
Other comprehensive loss		**(1,536,954)**	(11,596,204)
Total comprehensive income for the year		**62,495,363**	166,051,536
Profit for the year attributable to:			
Shareholders of the Company		**67,664,553**	177,647,740
Non-controlling interests		**(3,632,236)**	--
		64,032,317	177,647,740
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**66,127,599**	166,051,536
Non-controlling interests		**(3,632,236)**	--
		62,495,363	166,051,536
Earnings per share			
Basic and Diluted earnings per share (in SR)	26	**2.58**	7.40

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on 29 February 2024 corresponding to 19 Shaban 1445H:

Chairman of BOD | Chief Executive Officer | Chief Financial Officer

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AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Equity attributable to Company's shareholders	Non controlling interests	Total
Balance at 1 January 2022	**240,000,000**	**19,097,698**	**14,243,666**	**144,471,766**	**417,813,130**	**--**	**417,813,130**
Total comprehensive income for the year							
Profit for the year	--	--	--	177,647,740	177,647,740	--	177,647,740
Other comprehensive loss	--	--	(13,608,463)	2,012,259	(11,596,204)	--	(11,596,204)
Total comprehensive income for the year	--	--	(13,608,463)	179,659,999	166,051,536	--	166,051,536
Transfer to statutory reserve (note 13)	--	17,764,774	--	(17,764,774)	--	--	--
Transactions with shareholders of the Group:							
Dividend (note 12)	--	--	--	(48,000,000)	(48,000,000)	--	(48,000,000)
Balance at 31 December 2022	**240,000,000**	**36,862,472**	**635,203**	**258,366,991**	**535,864,666**	**--**	**535,864,666**

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on 29 February 2024 corresponding to 19 Shaban 1445H:

Chairman of BOD	Chief Executive Officer	Chief Financial Officer

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Equity attributable to Company's shareholders	Non controlling interests	Total
Balance at 1 January 2023	**240,000,000**	**36,862,472**	**635,203**	**258,366,991**	**535,864,666**	**--**	**535,864,666**
Purchase of shares in Saudi Aluminum Casting Foundry Company (note 1)	--	--	--	--	--	**29,200,000**	**29,200,000**
Total comprehensive income for the year							
Profit for the year	--	--	--	67,664,553	67,664,553	(3,632,236)	64,032,317
Other comprehensive loss	--	--	(1,121,388)	(415,566)	(1,536,954)	--	(1,536,954)
Total comprehensive income for the year	--	--	(1,121,388)	67,248,987	66,127,599	(3,632,236)	62,495,363
Transfer to statutory reserve (note 13)	--	6,766,455	--	(6,766,455)	--	--	--
Increase of share capital	80,000,000	--	--	(80,000,000)	--	--	--
Balance at 31 December 2023	**320,000,000**	**43,628,927**	**(486,185)**	**238,849,523**	**601,992,265**	**25,567,764**	**627,560,029**

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on 29 February 2024 corresponding to 19 Shaban 1445H:

Chairman of BOD | Chief Executive Officer | Chief Financial Officer

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	**2023**	2022
Cash flows from operating activities			
Profit before Zakat		**70,119,116**	184,366,867
Adjustments for:			
Depreciation of property plant and equipment	4	**38,636,891**	37,710,558
Depreciation on right of use assets	5	**1,126,294**	1,239,557
Charge for impairment loss	8	**(2,586,000)**	5,388,166
Provision on slow moving and obsolete inventories	7	**(253,269)**	(285,005)
Gain on disposal of property, plant and equipment		**(150,679)**	(17,856)
Other expenses	22	**7,000,000**	--
Finance charges	25	**5,688,928**	5,316,611
Finance income	11	**(677,240)**	(500,000)
Employees` terminal benefits provision	16	**1,889,179**	2,259,942
		120,793,220	235,478,840
Changes in:			
Inventories		**51,573,141**	(57,771,011)
Trade receivable		**(12,477,355)**	(25,581,574)
Prepayments and other receivables		**(13,327,298)**	504,718
Due from related party		**7,354,097**	1,337,964
Due to related parties		**(32,983)**	(37,108)
Trade payables		**3,856,187**	(13,218,429)
Accrued and other liabilities		**(5,420,244)**	(5,081,124)
Cash generated from operating activities		**152,318,765**	135,632,276
Finance cost paid		**(2,376,225)**	(4,978,428)
Finance income received		**677,240**	500,000
Zakat paid	18	**(6,555,698)**	(5,982,194)
Employee end of service benefits paid	16	**(3,246,622)**	(563,381)
Net cash generated from operating activities		**140,817,460**	124,608,273
Cash flows from investing activities			
Additions of property, plant and equipment	4	**(25,619,474)**	(19,373,038)
Proceeds from sale of property, plant and equipment		**168,105**	32,378
Net cash used in investing activities		**(25,451,369)**	(19,340,660)
Cash flows from financing activities			
Loans and borrowing proceeds		**34,278,465**	7,486,028
Repayment of loans and borrowing		**(92,602,648)**	(149,576,401)
Dividend paid	12	**--**	(48,000,000)
Capital repayment of lease liabilities	32	**(754,722)**	(863,894)
Net cash used in financing activities		**(59,078,905)**	(190,954,267)
Net change in cash and equivalents		**56,287,186**	(85,686,654)
Cash and cash equivalents as at the beginning of the Year		**26,552,006**	112,238,660
Cash and cash equivalents at the end of the Year	11	**82,839,192**	26,552,006
Significant non-cash transactions			
Additions of property, plant and equipment	4	**(34,478,722)**	--
Loan	15	**11,887,978**	--

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on 29 February 2024 corresponding to 19 Shaban 1445H:

Chairman of BOD	Chief Executive Officer	Chief Financial Officer

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1. GROUP INFORMATION

Al Obeikan Glass Company (the "Company") is a Saudi joint stock company formed pursuant to the Ministerial Resolution No. 224/Q dated 27 Shaban 1428H (corresponding to 9 September 2007) and registered in Riyadh under commercial registration No 1010241520 dated 30 Dhul-Qadah 1428H (corresponding to 10 December 2007). The Company started its commercial activity on 1 July 2011.

The registered address of the Company is P.O. Box 62807, Riyadh 11595, Kingdom of Saudi Arabia. The company's branch is located in Industrial Yanbu at Light Industrial Area.

The Company is engaged in the wholesale of chemicals and the wholesale and retail sale of glass panels. The Company also carries out its activities through the branch registered with Commercial Register No. 4700010945 dated 9 Jumada Al-Ula 1429H (corresponding to 14 May 2008) issued in Yanbu city. The branch's activity is represented in the operation of quarries, sand or gravel mines, including crushers, and the manufacturing of insulating glass used in construction.

On 2 Shaban 1442H (corresponding to 15 March 2021), the Board of Directors of Obeikan Glass Company decided to recommend to the General Assembly of the Company's shareholders the registration and direct listing of the Company's shares in the Parallel Market "Nomu", after obtaining the necessary approvals from the Saudi Capital Market Authority and the Saudi Exchange Company "Tadawul". Based on the Extraordinary General Assembly meeting held on 19Shaaban 1442H (corresponding to April 1, 2021), the General Assembly voted unanimously and with 100% attendance on the registration and direct listing of the Company's shares in Nomu. The Company obtained the approval of the Saudi Capital Market Authority on request of direct listing of the Company's shares in the Nomu on 26 Dhu al-Qa'dah 1442H (corresponding to 6 July 2021), and obtained the Authority's approval of the request to register the Company's shares in Nomu on 26 Rabi' al-Akhir 1443H (corresponding to 1 December 2021).

On Jumada Al-Akhir 14, 1443H (corresponding to January 17, 2022), the Registration Document was published and announced by the financial advisor on the Tadawul to make it available to qualified investors during the specified period in accordance with The Rules on the Offer of Securities and Continuing Obligations. Tadawul has announced that the shares of the Company have been listed ready for trading in the Nomu starting on Rajab 6, 1443H (corresponding to February 7, 2022) as a direct listing with Tadawul ISIN 9531.

On 24 October 2023, the Group owns 60% shareholding through establishment of Al Misbak Al Saoudi Lassab Al Alam Company based in Al-Madinah Al-Munawarah, Kingdom of Saudi Arabia. The principal activity of the Company includes the casting of non-ferrous metals, the production of metal shapes directly from powder, the manufacture of metal patterns, the manufacture of fluid bumps, the manufacture of automotive spare parts and the manufacture of military equipment. Al Misbak Al Saoudi Lassab Al Alam Company has not yet started its commercial activity till 31 December 2023.

Consolidated financial statements of the Group, covering the period from the date of ownership 60% of Al Misbak Al Saoudi Lassab Al Alam Company on 24 October 2023 to 31 December 2023. As at 31 December 2023, the Company share capital 60% partially paid as in Kind contribution with total amount SR 11.93 million, and the remaining paid cash in January 2024 with total amount SR 31.87 million.

1. GROUP INFORMATION (continued)

Details of subsidiary company are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Effective Ownership Interest 2023	2022	Share Capital SAR	Number of shares issued
Al Misbak Al Saoudi Lassab Al Alam Company	Saudi Arabia	Manufacturing Company	**60%**	--	73,000,000	7,300,000

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and other standards and pronouncements that are endorsed in the Kingdom of Saudi Arabia issued by the Saudi Organization for Chartered and professional Accountants ("SOCPA") collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia.

The new Companies Law issued by Royal Decree No. M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred to as the "Law") entered into force on 26/6/1444H (corresponding to 19 January 2023). With regard to some of the provisions of the Law, it is expected that full compliance in implementation will be within a period not exceeding two years from 26/6/1444H (corresponding to 19 January 2023). The Management is in the process of assessing the impact of the new Companies Law and will amend its bylaws for any changes to align the bylaws with the provisions of the Companies Law. Accordingly, the Group shall present the amended bylaws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

2.2 Preparation of Consolidated Financial Statements

These consolidated financial statements have been prepared on the basis of the historical cost basis, except for the following major items included in the consolidated statement of financial position:

- Investments in equity instruments are measured at fair value through other comprehensive income (FVOCI).
- Employees' end-of service benefits obligations are recognized at the present value of the future obligations using the projected unit credit method.

2. BASIS OF PREPARATION (continued)

2.3 Basis of consolidation

These consolidated financial statements comprising the consolidated statements of financial position, consolidated statement of profit or loss and other comprehensive income, changes in equity, cash flows, and notes to the consolidated financial statements of the Group, which comprise the assets, liabilities, and results of operations of the Company and its subsidiary as set out in Note (1). The Company and its subsidiary are referred to collectively as "the Group". Subsidiaries are companies that the Group controls. Subsidiaries are consolidated from the date control is acquired and until control ceases to be exercised. The Group accounts for business combinations using the acquisition method when control transferred to the Group. The cost of acquisition is measured at the fair value of the identifiable assets acquired and the fair value of the previously existing equity interest in the subsidiary. Any excess of the cost of acquisition over the fair value of non-controlling interests is registered as goodwill in the consolidated statement of financial position. Non-controlling interests are measured at their share of the net assets of the owned Company at the date of establishment. If a business combination is achieved in stages, then the carrying amount at the date of acquisition of previously held interests in the acquired company is remeasured at fair value at the date of acquisition and any resulting profits or losses are recognized in consolidated statement of profit or loss. All transactions and balances, as well as unrealized income and expenses resulting from transactions between Group companies are disposed. The accounting policies of subsidiaries are adjusted when necessary to ensure their compliance with the policies followed by the Group. The company and its subsidiaries have the same reporting periods. The financial statements are prepared under the historical cost convention using the accruals basis of accounting and going concern concept, unless otherwise stated

2.4 Functional and presentation currency

The consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the Group's functional currency and presentation currency. All financial information presented in SR, unless otherwise stated.

2.5 Use of judgements and estimates

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

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

2. BASIS OF PREPARATION (continued)

2.5 Use of accounting judgements and estimates (continued)

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

The key judgements, estimates, and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

2.5.1 Estimates and assumptions.

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

Useful lives and residual value of Property, plant and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. The management believes that residual value may not result in significant change to depreciation charge and carrying amount of the assets. Accordingly, the residual value is assumed to be zero. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Allowance for inventory losses

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

2. BASIS OF PREPARATION (continued)

2.5 Use of accounting judgements and estimates (continued)

2.5.1 Estimates and assumptions **(continued)**

Provision for expected credit losses (ECL) of trade receivables

The Group has selected a simplified approach for all trade receivables. The Group also uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated, and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in note 8.

Employee end of service benefits

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employees end of service benefits are provided in note 16.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re- measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. Refer Note 6 for further details.

2. BASIS OF PREPARATION (continued)

2.5 Use of accounting judgements and estimates (continued)

2.5.1 Estimates and assumptions (continued)

Right-of-use assets and lease liabilities

The Group has applied judgment to determine the lease term for lease contract in which it is a lessee that includes renewable options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Refer Note 5 for further details.

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 (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of lands, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- If any lands are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension and termination options are included in a number of leases of the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated. In addition, the Group adopted the disclosure of accounting policies (amendments to IAS 1 and Statement of Practice on IFRS 2) as at 1 January 2023. The amendments require the disclosure of "material" accounting policies instead of "significant " accounting policies. Although the amendments did not result in any changes to the accounting policy itself, they did affect the accounting policy information that was disclosed in certain cases.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.1 New standards, amendments to standards and interpretations

The Group adopted the following new standards and amendments for the first time as at 1 January 2023:

3.1.1 Amendments to IAS 8

The amendments aim to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.

3.1.2 Amendment to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

These amendments require companies to recognize deferred tax on transactions that, upon initial recognition, result in an equal amount of taxable and deductible temporary differences.

3.2 Standards issued but not yet effective

The following is a statement of the new standards and amendments to the standards applied for years beginning on or after 1 January 2024 with early application permitted, but the Group did not apply them when preparing these consolidated financial statements. It is not expected that these amendments will have a material impact on the Group's consolidated financial statements.

3.2.1 Amendments to IFRS 16 – Leases in Sale and Leaseback Transactions:

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

3.2.2 Amendments to IAS 1- Non-current liabilities with covenants and classification of liabilities as current/ non-current

These amendments clarify how compliance with the conditions that the Group must comply with within twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information that the Group provides about liabilities subject to these conditions.

3.2.3 Amendments to IAS 7 and IFRS 7 -Suppliers Financing Arrangements

3.2.4 Amendments to IAS 27- Inability of Transfer

The following are the new IFRS for sustainability disclosures that will be effective for annual periods beginning on or after 1 January 2024, subject to the approval of Saudi Organization for Chartered and Professional Accountants (SOCPA)

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

3.2.5 IFRS (S1) "General Requirements for Disclosure of Sustainability-related Financial Information"

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an s entity's value chain.

3.2.6 IFRS (S2) "Climate-related Disclosures"

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

3.3 Revenue recognition

Sale of goods
Revenue from the sale of goods is recognized at the point in time when control of the goods is transferred to the customers, generally on delivery of the goods. The Group's revenue from sale of glass includes only one performance obligation, and there is no variable consideration and financing component involved.

3.4 Employees end of service benefits

The Employee end of service benefits provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- Re-measurements.

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items. Remeasurements are presented as part of other comprehensive income.

Short-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for those services.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Zakat

The Group is subject to Zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Provision for Zakat for the Group is charged to the statement of profit or loss and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for in the period in which these are determined.

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

3.6 Property, plant and equipment

Recognition and measurement

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. When spare parts are expected to be used during more than one period, then they are accounted for as property, plant and equipment.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

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

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

Subsequent costs

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

Capital work in progress

Capital work-in-progress represents all costs relating directly and indirectly to the construction in progress and is capitalized as property and equipment when ready for the intended use

3. MATERIAL ACCOUNTING POLICIES (continued)

3.6 Property, plant and equipment (continued)

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each item of furniture and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required.

The estimated useful life is as follows:

Buildings	33 years
Plant and machinery	15 to 20 years
Equipment	5 years
Furniture and fixtures	5 years
Computers	4 years
Motor Vehicles	5 years

Land and capital work in progress are not depreciated.

Spare parts

Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with IAS – 16 when they meet the definition of property, plant and equipment, including the requirement to be used over more than one period. Otherwise, such items are classified as inventory, as per IAS – 2.

3.7 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. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.7 Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations 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.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset. In this case, the impairment is also recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

3.8 Right-of-use assets and lease liability

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

The Group as lessee

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

Right-of-use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, Leasehold land period is 36 years.

If the ownership of the leased asset transfers to the Group at the end of the lease term or the lessee is reasonably certain to exercise a purchase option, depreciation is calculated using the estimated useful life of the asset.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.8 Right-of-use assets and lease liability (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs).

Lease liabilities

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Incremental borrowing rate

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

3. MATERIAL ACCOUNTING POLICIES (continued)

3.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

3.10 Financial instruments

The Group recognizes a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group recognizes a financial instrument at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets
IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and

a) Financial assets classified as amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Group makes an assessment of a business model at portfolio level as this best reflects the way the business is managed, and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Group considers:

3. MATERIAL ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

a) Financial assets classified as amortized cost (continued)

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How management evaluates the performance of the portfolio;
- Whether the management's strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

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

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest is recognized in the income statement.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

b) Investment in equity instruments designated as FVOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation as at FVOCI is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Profits and losses on such equity instruments are never reclassified to income statement and no impairment is recognized in the statement of comprehensive income. The cumulative gain or loss will not be reclassified to the statement of comprehensive income on disposal of the investments.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

b) Investment in equity instruments designated as FVOCI (continued)

Dividends on these investments are recognized in Consolidated statement of profit or loss and other comprehensive income. when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Investment revaluation reserve includes the cumulative net change in fair value of equity investment measured at FVOCI. When such equity instruments are derecognized, the related cumulative amount in the fair value reserve is transferred to retained earnings.

Impairment of financial assets
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 and FVOCI.

For accounts 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 have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were 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 such as inflation and gross domestic product growth rate.

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

The Group considers a financial asset in default when is more than 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

The Group recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

b) Investment in equity instruments designated as FVOCI (continued)

Derecognition of financial assets
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities
Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in income statement. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to income statement.

The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in income statement. Amounts presented in liability credit reserve are not subsequently transferred to income statement. When such investments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Derecognition of financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

3.11 Cost of revenue

Cost of revenue is the accumulated total of all costs used to create a product or service, which has been sold. These costs fall into the general sub-categories of materials, direct labor and overheads.

In the consolidated statement of profit or loss and other comprehensive income presentation, the cost of revenue is subtracted from revenues to arrive at the gross profit of a business. Cost of revenue comprise all costs directly related to the sale of goods and rendering of services. It comprises the purchase and conversion of inventories and all other directly attributable costs, which are necessary to bring the products and/or services sold into the agreed condition.

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Equipment	Furniture and fixtures	Computers	Motor vehicles	Capital work in progress ("CWIP")	Total
Cost:								
Balance at 1 January 2022	104,802,768	655,346,772	14,809,792	2,656,459	4,960,970	2,012,503	14,065,111	798,654,375
Addition during the year	399,266	3,022,878	2,386,798	346,699	649,677	187,000	12,380,720	19,373,038
Disposals during the year	--	(13,800)	(5,228)	--	--	(66,030)	--	(85,058)
Transfers during the year	--	9,749,032	144,342	--	--	--	(9,893,374)	--
31 December 2022	105,202,034	668,104,882	17,335,704	3,003,158	5,610,647	2,133,473	16,552,457	817,942,355
Addition during the year	43,680	1,020,361	1,816,131	75,369	265,374	--	56,877,281	60,098,196
Disposals during the year	--	(23,000)	--	(1,523)	(21,755)	(676,650)	--	(722,928)
Transfers during the year	--	7,801,357	--	--	79,602	--	(7,880,959)	--
31 December 2023	**105,245,714**	**676,903,600**	**19,151,835**	**3,077,004**	**5,933,868**	**1,456,823**	**65,548,779**	**877,317,623**
Accumulated deprecation:								
Balance at 1 January 2022	23,147,848	371,843,628	10,346,555	2,368,261	3,789,721	1,273,761	--	412,769,774
Charge for the year	3,214,544	32,177,528	1,548,968	138,110	479,338	152,070	--	37,710,558
Disposals during the year	--	(5,445)	(4,353)	--	--	(60,736)	--	(70,534)
31 December 2022	26,362,392	404,015,711	11,891,170	2,506,371	4,269,059	1,365,095	--	450,409,798
Charge for the year	3,216,155	32,761,396	1,757,895	164,173	558,421	178,851	--	38,636,891
Disposals during the year	--	(9,933)	--	(1,523)	(17,399)	(676,646)	--	(705,501)
31 December 2023	**29,578,547**	**436,767,174**	**13,649,065**	**2,669,021**	**4,810,081**	**867,300**	**--**	**488,341,188**
Net book value:								
31 December 2023	**75,667,167**	**240,136,426**	**5,502,770**	**407,983**	**1,123,787**	**589,523**	**65,548,779**	**388,976,435**
31 December 2022	78,839,642	264,089,171	5,444,534	496,787	1,341,588	768,378	16,552,457	367,532,557

- The above property, plant and equipment are built on land leased from the Royal Commission for Jubail and Yanbu under a contract with the Royal Commission from August 30, 2008 until August 30, 2042, and the contract can be renewed for an additional period or periods of years under the terms and conditions that may be agreed upon between the two parties.
- Included within plant and machinery is an amount of SR 19.96 million (2022: SR 19.96 million) in respect of tin ingots. The Group has not depreciated the tin ingots on the basis that these will retain value over the production cycle further the Group is charging the actual retain cost in the cost of revenue.
- All property, plant and equipment are pledged for the benefit of the SIDF (Note 15).
- Capital work in progress represents ongoing construction works of the plant and machinery and it is expected to be completed during 2024.
- The Capital work in progress include a amount of SAR 34,478,722, representing the equity share in the capital of Al Misbak Al Saoudi Lassab Al Alam Company (note1).

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation charged for the year is allocated as follows:

	2023	2022
Cost of revenue	**37,513,239**	36,881,674
General and administrative expenses	**1,104,446**	812,990
Selling and distribution expenses (note 23)	**19,206**	15,894
	38,636,891	37,710,558

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

The Group has lease contracts (lease as a lessee) for leasehold land. Leasehold land has lease term of 36 years.

The Group also has certain leases for apartments and sales offices with lease terms of 12 months or less and with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

a) Right of use assets:

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

	2023	2022
Balance as at 1 January	**22,408,565**	28,039,847
Reassessment during the year	**--**	(4,391,725)
Additions	**868,488**	--
Depreciation charge for the year	**(1,126,294)**	(1,239,557)
Balance as at 31 December	**22,150,759**	22,408,565

b) Lease liabilities:

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023	2022
Balance as at 1 January	**24,484,400**	29,740,019
Reassessment during the year	**--**	(4,391,725)
Additions	**868,488**	--
Interest	**1,275,979**	1,558,870
Payments made during the year	**(2,141,614)**	(2,422,764)
Balance as at 31 December	**24,487,253**	24,484,400

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities are presented in the statement of financial position as follows:

	2023	2022
Non-current portion of lease liabilities	**23,205,241**	22,032,970
Current portion of lease liabilities	**1,282,012**	2,451,430
Carrying amount at the end of the year	**24,487,253**	24,484,400

The maturity analysis of lease liabilities is as follows:

	2023	2022
Less than one year	**813,822**	697,172
More than one year and less than 5 years	**5,646,206**	4,113,123
beyond 5 years	**18,027,225**	19,674,105
	24,487,253	24,484,400

The following are the amounts recognized in the statement of profit or loss:

	2023	2022
Depreciation expense of right-of-use asset	**1,126,294**	1,239,557
Interest expense on lease liabilities	**1,275,979**	1,558,870
Expense relating to short-term leases (included in selling and distribution expenses)	**318,253**	208,493
Expense relating to short-term leases (included in general and administrative expenses)	--	253,411

The Group had total cash outflows for leases of SR 2.1 million in 2023 (2022: SR 2.4 million).

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This investment in equity shares by 19% of Al Obeikan AGC Glass Company, a mixed Saudi limited liability company whose main activity is the manufacture of primary glass products and the manufacture of insulating glass items used in construction. The Group has irrevocably designated the investment at fair value through other comprehensive income on initial recognition as the Group's intention is to hold this investment for the long term for strategic purposes (Refer to note 31).

Following is the change in FV of the investment at FVOCI:	**2023**	2022
Balance at 1 January	**3,091,047**	16,699,510
Change in FV during the year	**(1,121,388)**	(13,608,463)
Balance at 31 December	**1,969,659**	3,091,047

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

During the current year and prior year, there are no dividends or disposals or any transfers of any cumulative gain or loss within shareholders' equity relating to the investment.

	2023	2022
Following is the change in fair value reserve:		
Balance at 1 January	**635,203**	14,243,666
Change in FV during the year	**(1,121,388)**	(13,608,463)
Balance at 31 December	**(486,185)**	635,203

7. INVENTORIES

	2023	2022
Raw materials	**11,596,107**	34,072,980
Finished goods	**9,438,462**	15,820,219
Spare parts and consumables	**14,407,093**	10,988,029
Work in progress	**7,644,302**	6,623,514
Packing materials	**256,609**	447,439
Goods in transit	**403,251**	27,366,784
Provision for slow moving of inventory	**(296,895)**	(550,164)
	43,448,929	94,768,801

7.1 Inventories recognized as expense during the year ended 31 December 2023 amounted to SR 143.14 million (31 December 2022: SR 139.64) and included as cost of revenue.

7.2 Inventory reversal amounting to SR 0.25 million (2022: SR 0.28 million) recognized within cost of revenue.

Following is the movement in provision for slow-moving inventories:

	2023	2022
Balance at beginning of the year	**550,164**	835,169
Reversal during the year	**(253,269)**	(285,005)
Balance at the end of year	**296,895**	550,164

8. TRADE RECEIVABLES

Trade receivables comprise of the following;

	2023	2022
Receivables from a related party	**91,685,726**	77,157,944
Other trade receivables	**37,449,412**	39,654,453
	129,135,138	116,812,397
Allowance for impairment loss	**(4,237,396)**	(6,978,010)
	124,897,742	109,834,387

The movement in the allowance for impairment loss of trade receivables is as follows:

	2023	2022
Balance at beginning of the year	**6,978,010**	1,589,844
Charge for the year	--	5,388,166
Written off during the year	**(154,614)**	--
Reversal during the year	**(2,586,000)**	--
Balance at the end of year	**4,237,396**	6,978,010

9. PREPAYMENT AND OTHER RECEIVABLES

Prepayments and other receivables are comprised of the following:

	2023	2022
Advance to supplier	**18,140,526**	9,780,273
Prepaid rent and other assets	**5,445,826**	759,804
Value Added Tax (“VAT”)	**281,023**	--
	23,867,375	10,540,077

10. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related parties include the Group's shareholders, associates and affiliates companies (entities controlled and jointly controlled, or significantly influenced by shareholders) and management personnel of the Group. Terms and conditions of these transactions are approved by the Group's Board of Directors. All outstanding balances with these related parties are priced on mutually agreed terms. Significant related party transactions for the year and balance arising there from are described as under:

Name of party	Relationship
Al Obeikan Group for Investment Company	Parent Company
Saudi Company for Advanced Industries	Major Shareholder
Al Esra Aluminium Manufacturing and Casting Factory	Shareholder in subsidiary
Al Obeikan AGC Glass	Investee company by the Group
Al Obeikan Flexible Plastic Factory	Affiliate
Al Obeikan Digital Solutions Company	Affiliate
Al Obeikan Technical Fabrics Company	Affiliate
Al Obeikan for Education	Affiliate
Madar Digital Logistics Solution Company	Affiliate
Saned Al Marafiq Company	Affiliate

b) Significant key management personnel transactions are as follows:

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2023	2022	**2023**	2022
Key management personnel	Key management personnel	Short-term benefits	**5,811,090**	4,710,771	**935,540**	1,392,251
		Long term benefits	**230,039**	590,926	**1,391,803**	3,350,286
Board of Directors'	Board of Directors'	Board of Directors' remuneration – (short term benefits)	**1,615,919**	1,620,919	**1,642,000**	1,620,919

10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) The significant related party transactions and balances arising there from are as follows:

Name	Relationship	Nature of transactions	Amount of transactions 2023	Amount of transactions 2022	Closing balance 2023	Closing balance 2022
Due from a related party- trade receivables						
Al Obeikan AGC Glass	Associate of the Parent company	Sales	**70,983,113**	77,914,799	**91,685,726**	77,157,944
Due from related party						
Al Obeikan AGC Glass	Associate of the Parent company	Support services	**9,056,870**	10,921,491	**41,648,616**	49,320,802
Al Esra Aluminium Manufacturing and Casting Factory	Shareholder of subsidiary	The remaining due portion of the subsidiary's capital	**318,089**	--	**318,089**	--
					41,966,705	49,320,802
Prepayment and other receivables						
Saned Al Marafiq Company	Affiliate	Consulting and other services	--	91,822	--	91,822

10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Due to related parties

Name	Relationship	Nature of transactions	Amount of transactions 2023	Amount of transactions 2022	Closing balance 2023	Closing balance 2022
Al Obeikan Group for Investment Company	Parent Company	Consulting and other services	**419,878**	1,233,055	**139,598**	85,475
Al Obeikan Digital Solutions Company	Affiliate	Consulting and other services	**1,897,688**	448,019	**776,972**	313,454
Al Obeikan for Education	Affiliate	Consulting and other services	**352,888**	311,348	**133,238**	11,251
Al Obeikan Flexible Plastic Factory	Affiliate	Purchase of Packaging material	**166,750**	71,875	**166,750**	--
Al Obeikan AGC Glass	Affiliate	Support charges	**473,361**	139,285	**--**	84,468
Madar Digital Logistics Solution	Affiliate	Consulting and other services	**10,075,227**	4,513,784	**--**	834,353
Saned Al Marafiq Company	Affiliate	Shared Services	**241,631**	--	**79,460**	--
					1,296,018	1,329,001

The balances due to and due from the related parties are interest free, unsecured and payable on demand. ECL amounting to SR 3.29 million (31 December 2022: SR 3.44 million) relates to the related party.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of following:

	2023	2022
Cash at banks – current accounts	**52,834,400**	26,552,006
Cash at banks - short-term deposits*	**30,000,000**	--
Cash in hand	**4,792**	--
	82,839,192	26,552,006

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions (A3 to BAA1) and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

*On 30 November 2023, the Group signed an agreement with Bank Albilad for a three-month short-term deposit due on 29 February 2024, at Murabaha rate of 5.9% for a total profit of SR 447,617.

On 3 May 2023, the Group signed an agreement with Bank Albilad for a three-month short-term deposit due on 3 August 2023, at Murabaha rate of 5.3% for a total profit of SR 677,240.

12. SHARE CAPITAL

At 31 December 2023, the Group's authorized, issued, and paid-up share capital is SR 320 million (31 December 2022: SR 240 million) consisting of 32 million shares (31 December 2022: 24 million shares) fully paid and issued shares of SR 10 each.

On 8 January 023, the Board of Directors decided to increase the Company's capital by capitalizing part of the retained earnings, by granting one share for every three shares. In addition, the Company announced on 5 February 2023 that it had obtained the approval of the Capital Market Authority on 2 February 2023 to increase its capital from SR 240 million to SR 320 million by granting one free share for every three.

Dividends

The Board of Directors in its meeting held on 27 December 2023, approved the cash dividend for the second half of the year ended 31 December 2023 of SR 64 million, under Assembly General Meeting approval (representing SR 2 per share) for the year ending 31 December 2023 (31 December 2022: SR 48 million), to be distributed during March 2024.

13. STATUTORY RESERVE

In accordance with Group's by-laws, the Group is required to recognise a reserve comprising of 10% of its profit for the year until such reserve equals 30% of its share capital.

14. NON-CONTROLLING INTERESTS

The condensed financial information of the Group's subsidiary with non-controlling interests is set out below: The financial information summarized below represents the amounts before disposals between Group's companies.

	2023	2022
Non- current assets	**35,328,372**	--
Current assets	**39,183,419**	--
Non-current liabilities	**8,075,208**	--
current liabilities	**2,517,173**	--
Shareholders' equity	**63,919,410**	--
Revenue	**--**	--
Expenses	**(9,080,590)**	--
Loss for the period	**(9,080,590)**	--
Loss attributable to:		
Owners of the Company	**(5,448,354)**	--
Non-Controlling Interests	**(3,632,236)**	--

15. LOANS AND BORROWINGS

Loans and borrowings comprise of the following:

	2023	2022
Term loan – SIDF loan	**9,716,374**	58,500,000
Short term borrowings	**6,159,375**	3,811,954
	15,875,749	62,311,954

	2023	2022
SIDF loans – long term loans	**9,716,374**	58,500,000
Less: Current portion of long-term loans	**(2,320,906)**	(58,500,000)
Loans and borrowings – non current	**7,395,468**	--

	2023	2022
Current portion of long-term loans	**2,320,906**	58,500,000
Short term borrowings	**6,159,375**	3,811,954
Loans and borrowings – current	**8,480,281**	62,311,954

15. LOANS AND BORROWINGS (continued)

	2023	2022
Opening balance	**62,311,954**	204,402,327
Drawdown during the year	**46,166,443**	7,486,028
Payments made during the year	**(92,602,648)**	(149,576,401)
Closing balance	**15,875,749**	62,311,954

The agreement with SIDF is guaranteed by the shareholders of the Group. The loan is secured by a mortgage over the property, plant and equipment of the Group. (note 4)

The Group's interest-bearing loans and borrowings amounting SR 15,875,749 which are measured at amortized cost.

SIDF loan – term loan

On January 4, 2009, the Group obtained a loan from the Saudi Industrial Development Fund (the "SIDF") for the purpose of financing the construction of Al Obeikan Glass Company factory. The ceiling of this loan amounted to a total of SR 229 million. On June 3, 2012, the loan ceiling was raised to cover the additional costs of the factory, so that the total loan value became SR 309.5 million. On 8 October 2020, the loan was restructured so that the last instalment to be repaid on 2 August 2023. An amount of SR 161 million was repaid as of the statement of financial position date. This loan is secured by pledging the entire factory, its buildings, machinery, equipment and all of its accessories, which is located on the plot of land leased from the Royal Commission for Jubail and Yanbu for the benefit of the SIDF. All the covenant has been complied with except for the CAPEX. However, the SIDF has not demanded the payment as at reporting period. The loan was fully repaid in August 2023.

As at 31 December 2023, The loan balance SR 9.7 million related to subsidiary Company (Al Misbak Al Saoudi Lassab Al Alam Company) from the principle amount SR 11,89 million obtained from the Saudi Industrial Development Fund (the "SIDF") for the purpose of financing of subsidiary's projects. The loan is secured by a mortgage over the property, plant and equipment of the Group. (note 4)

Short term borrowings

The short-term loans represent Murabaha facilities for the purpose of purchasing raw materials used in the production of float glass that the Group obtained from Saudi EXIM Bank with total revolving facilities of SR 34 million, i.e. that the amount of the facilities becomes available again after payment, and with a repayment period of 12 months from the date of withdrawal. These facilities are available until 3 August 2024. These facilities are secured by a joint pledge with the same term loan mortgage given by the Saudi Industrial Development Fund.

16. EMPLOYEES END OF SERVICE BENEFITS

	2023	2022
Balance at beginning of the year	**19,202,822**	19,180,339
Included in statement of profit or loss		
Current service cost	**1,889,179**	2,259,942
Interest cost	**880,921**	382,894
	2,770,100	2,642,836
Transfer out	**(77,885)**	(44,713)
Paid during the year	**(3,246,622)**	(563,381)
Included in other comprehensive income		
Actuarial gains / (losses).		
Change in demographic assumptions	**--**	(12,819)
Change in financial assumptions	**165,052**	(3,244,129)
Experience loss	**250,514**	1,244,689
	415,566	(2,012,259)
Balance at the end of year	**19,063,981**	19,202,822

Allocation of EOSB charge are as follows:

	2023	2022
Cost of revenue	**1,105,325**	1,024,383
Selling and distribution expenses	**580,531**	215,678
General and administration expenses	**203,323**	1,019,881
	1,889,179	2,259,942

The most recent actuarial valuation was performed by a qualified actuary and was performed using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2023 %	2022 %
Rate of salary increases	**4.00%**	4.00%
Discount rate	**4.45%**	4.60%
Mortality rate	**75% of WHO SA16**	75% of WHO SA16
Retirement age	**60 Years**	60 Years
Employee turnover / withdrawal rates	20**%**	20**%**

16. EMPLOYEES END OF SERVICE BENEFITS (continued)

All movements in employees end of service benefits are recognized in profit or loss, except for the results of re-measurement of employees end of service benefits that are recognized in the statement of other comprehensive income.

Sensitivity analyses:
The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

31 December 2023

	Change in assumption by	**Increase in assumption by**	**Decrease in assumption by**
Discount rate	**0.5%**	**18,524,044**	**19,634,127**
Salary growth rate	**0.5%**	**19,633,846**	**18,519,221**
Mortality rates	**20%**	**18,949,219**	**19,192,246**
Employee turnover / withdrawal rates	**20%**	**19,056,524**	**19,071,546**

31 December 2022

	Change in assumption by	Increase in assumption by	Decrease in assumption by
Discount rate	0.5%	18,707,851	19,725,297
Salary growth rate	0.5%	19,725,811	18,702,731
Mortality rates	20%	19,197,733	19,207,935
Employee turnover / withdrawal rates	20%	19,096,921	19,317,016

The weighted average duration of the defined benefit obligation is 5 years.

The following payments are expected for the defined benefit plan in future years:

	2023	2022
Within the next 12 months (next annual reporting period)	**4,127,707**	6,085,823
Between 2 and 5 years	**7,187,186**	6,389,933
Between 6 and 10 years	**7,560,624**	6,621,407
More than 10 Years	**6,558,668**	6,092,346
	25,434,185	25,189,509

17. ACCRUED AND OTHER LIABILITIES

	2023	2022
Advances from customers (refer to note 17.1)	**9,813,005**	6,115,639
Accrued bonus	**3,035,502**	3,759,672
Accrued annual vacation	**1,325,281**	993,342
Accrued electricity expenses (refer note 17.2)	**846,508**	5,925,550
Accrued financial charges	**191,931**	606,707
VAT payable	**--**	1,164,102
Other accruals (refer note 17.3)	**3,648,770**	2,704,906
	18,860,997	21,269,918

17.1 The advances from customer primarily relate to the advance received from customers for goods, for which revenue is recognized point in time. The amount of revenue recognized during the year form the advances amounts to SR 9.81 million (2022: SR 6.15 million).

17.2 The accrued electricity charge represents the claimed amounting to SR 10.16 million from the Power, Water, and Utility Company for Jubail and Yanbu "Marafiq Company" for electricity and water supply services. An amount of SR 5.6 million of the claim value was recognized during the year ended on 31 December 2021, and the remaining amount of the claim amounting to SR 4.56 million was recognized during the year ended on 31 December 2022 after reaching an agreement with Marafiq on 8 March 2022 to pay the full amount of the claim through equal monthly instalments, the value of each instalment is SR 0.42 million, starting from the month of March 2022.

18. ZAKAT

a) Charge for the period

Zakat for the year ended comprise the following:

	2023	2022
Charge for the year	**6,086,799**	6,719,127

18. ZAKAT (continued)

The provision for Zakat charge is based on the following:

	2023	2022
Shareholders' equity	**569,745,913**	355,569,464
Provisions and other adjustments	**67,085,772**	108,581,271
Book value of long-term assets (net of related financing)	**(465,855,592)**	(389,941,122)
Zakat base	**170,976,093**	74,209,613
Zakat on Zakat base @ 2.5%	**4,355,076**	1,912,889
Adjusted Profit for the year	**67,409,766**	192,249,515
Zakat on adjusted profit @ 2.5%	**1,858,493**	4,806,238
Zakat charge for the year	**6,086,799**	6,719,127

- Zakat is calculated based on the adjusted net profit and the zakat base.
- Zakat is calculated from the adjusted net profit at 2.5٪, while the zakat base is calculated from the Zakat base less the adjusted net profit at 2.5% and 2.5% from the adjusted net profit.

Adjusted net profit for the year

The adjusted net profit or the year reconciliation is as follows:

	2023	2022
Net profit for the year	**64,892,762**	184,366,867
Other deductions	--	(148,354)
Provision for the year	**2,517,004**	8,031,002
Adjusted net Profit for the year	**67,409,766**	192,249,515

b) Zakat

The movement in the Zakat during the year is analyzed as under:

	2023	2022
Balance at beginning of the year	**5,352,178**	4,615,245
Charge for the year	**6,086,799**	6,719,127
Payments made during the year	**(6,555,698)**	(5,982,194)
Balance at the end of year	**4,883,279**	5,352,178

18. ZAKAT (continued)

c) Zakat status

The Group has filed Zakat declaration up to the financial year ended 31 December 2023 with the Zakat tax and customs Authority("ZATCA"). The Group has also obtained Zakat certificate valid until 30 April 2024

19. REVENUES

Detailed information about revenue:

Details about the Group's revenues from contracts with customers are as follows:

	2023	2022
Glass sales	**393,982,137**	502,179,542

Timing of revenue recognition

	2023	2022
At point in time	**393,982,137**	502,179,542

	2023	2022
Sales to related parties	**60,794,979**	77,914,799
Sales for other customers	**333,187,158**	424,264,743
Total revenue	**393,982,137**	502,179,542

20. COST OF REVENUE

	2023	2022
Cost of material	**143,135,547**	139,643,252
Depreciation (note 4 and 5)	**38,620,695**	38,121,231
Gas and electricity expenses	**23,904,055**	28,300,396
Salaries and other employee related benefits	**29,151,927**	27,086,417
Consumables and direct costs	**9,468,987**	12,832,832
	244,281,211	245,984,128

21. OTHER OPERATING INCOME

	2023	2022
Support revenue	**563,815**	458,102
Rental income (note 21.1)	**1,896,270**	1,510,709
Scrap sales	**1,060,139**	262,222
Gain on sale of property, plant and equipment	**150,679**	17,856
HRDF revenue	**394,468**	--
Waivered accrual	**700.000**	--
Other	**555.824**	--
	5,321,195	2,248,889

21.1 The rent income has the maturity period of less than one year.

22. OTHER EXPENSE

	2023	2022
Non-operating expenses (Note 22.1)	**7,000,000**	--
	7,000,000	--

22.1 On 13 August 2023, the Group agreed with Al Esra Aluminum Manufacturing and Casting Factory (shareholder in the subsidiary) that Al Obeikan Glass Company has paid unrecoverable amount SR 7 million in January 2024 to complete Al Esra Aluminum Manufacturing and Casting Factory share on Al Misbak Al Saoudi Lassab Al Alam Company. Further the Group's management did not expect any future benefits coming from this amount.

23. SELLING AND DISTRIBUTION EXPENSES

	2023	2022
Freight expenses goods to customers	**30,890,797**	32,651,054
Salaries and other employee related benefits	**5,014,082**	4,741,454
Warehousing expenses	**1,963,414**	1,337,338
Export Cost	**185,553**	214,612
Commission on sales	**438,766**	28,442
Business Travel expenses	**316,647**	262,659
Depreciation on property, plant and equipment (note 4)	**19,206**	15,894
Insurance	**181,619**	431,229
Others	**642,239**	789,803
	39,652,323	40,472,485

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Salaries and other employee related benefits	**18,081,038**	15,244,276
Management expenses	**2,732,000**	--
Rent	**1,757,013**	--
Telephone, internet and postage expenses	**765,897**	988,413
Depreciation on property, plant and equipment (note 4&5)	**1,123,284**	812,990
Shared service expenses	**453,778**	927,038
Professional and consultancy fees	**3,062,582**	1,029,377
Office supplies and cleaning	**728,857**	1,222,250
Medical expenses	**533,058**	507,935
Exhibition	**547,005**	--
Insurance	**213,546**	579,683
Building expense	**253,000**	8,798
Bank charges	**541,332**	458,763
Government fees	**1,038,823**	1,050
Travel expenses	**1,354,663**	516,166
Utilities	**192,798**	194,102
Stationary expenses	**11,699**	13,008
Other	**2,434,621**	27,416
	35,824,994	22,531,265

25. FINANCIAL CHARGES

	2023	2022
Financing costs on Saudi Industrial Development Fund loan	**1,384,450**	2,880,000
Financing costs on lease liabilities	**1,275,979**	1,558,870
Finance cost on short term loans	**747,000**	277,295
Foreign exchange currency charge	**1,400,578**	217,552
Interest cost on employees end of service benefits (note 16)	**880,921**	382,894
	5,688,928	5,316,611

26. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the period attributable to equity holders of the Group by the weighted average number of shares outstanding during the period. The calculation of diluted earnings per share ('EPS') is not applicable to the Group.

	2023	2022
Net income attributable to the Group's shareholders	**64,032,317**	177,647,740
Weighted average number of shares for basic and diluted EPS	**24,854,795**	24,000,000
Earnings per share – Basic and diluted (in Saudi Riyals)	**2.58**	7.40

27. CONTINGENCIES AND COMMITMENT

The Group has outstanding letters of credit amounting to Nil (31 December 2022: SR 27.6 million) issued by the local banks on behalf of Group in the ordinary course of business.

28. SEGMENT INFORMATION

The Group has one reportable segment, as described below, which is the Group's strategic business unit. The strategic business unit offers one product i.e Glass. The Group's Board of Directors and Chief Executive Officer monitors the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the "Chief Operating Decision Makers (CODM)" for the Group. Revenue is recognized point in time.

The operating segment described below have been prepared in accordance with IFRS 8. The Group operates in one main business segments, which is the manufacturing and sale of glass panels, other information was mentioned on the notes above.

Geographical distribution of sales:

Revenue	**2023**	2022
Kingdom of Saudi Arabia	**258,401,346**	344,156,572
Other countries	**135,580,791**	158,022,970
Total revenue	**393,982,137**	502,179,542

Revenues from two major customers represent approximately 35% (31 December 2022: 38%) of the Group's total revenue.

29. CAPITAL RISK MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, statutory reserve and retained earnings attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure by monitoring return on net assets and makes required adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans including finance cost thereon, account and other payables, less cash and bank balances.

The gearing ratio as at 31 December is as follows:

	2023	2022
Total liabilities	**102,556,767**	148,183,576
Cash and cash equivalents	**(82,839,192)**	(26,552,006)
Net debt	**19,717,575**	121,631,570
Share capital	**320,000,000**	240,000,000
Statutory reserve	**43,628,927**	36,862,472
Retained earnings	**238,849,523**	258,366,991
Equity	**602,478,450**	535,229,463
Net debt to equity ratio	**3.27%**	22.73%

30. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise due to related parties, trade and other payables, loans and bank borrowings. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include due from related party, short term investment, trade and other receivables and cash and cash equivalents.

The Group's activities expose it to a variety of financial risks: Market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Group's financial performance.

The Group's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

30. FINANCIAL RISK MANAGEMENT (continued)

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors have an overall responsibility for the establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are regularly reviewed by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework about the risks faced by the Group.

Financial instruments carried on the statement of financial position include cash and cash equivalents,account receivables, other receivables, accrued and other current liabilities, lease liabilities, tradepayables and bank borrowings.

Financial asset, and liability is offset, and net amount reported in the condensed interim financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

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 comprises of two types of risk:

- Foreign currency exchange risk,
- Commission (interest) rate risk
- Other price risk

The Group's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Group's financial performance.

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flow. The Group's interest rate risks arise mainly from Term loan which is at floating rate of interest and is subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

30. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	2023	2022
Variable rate instruments		
Financial liabilities		
Loan and borrowings	**15,875,749**	62,311,954

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and Profit before Zakat for the period by SR 0.16 million (31 December 2022: SR 0.62 million).

Currency risk

Currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. The Group's functional and reporting currency are Saudi Riyal. The Group 's transactions are principally in Saudi Arabian Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Arabian Riyal is pegged at SAR 3.75: USD 1, therefore, the Group is not exposed to any Significant foreign currency risk from Saudi Arabian Riyals and US Dollars denominated financial instruments. The Group's management monitors such fluctuations and manages its effect on the financial statements accordingly.

Other price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not affected by price risk as there are no investment of the Group in equity shares or commodities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group is exposed to risk on its trade and other receivables and cash at banks.

Concentration risk
Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

30. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
Financial assets		
Trade receivable	**124,897,742**	109,834,387
Due from related parties	**41,966,705**	49,320,802
Cash and cash equivalents	**82,839,192**	26,552,006
Total	**249,703,639**	185,707,195

With respect to credit risk arising from the financial assets of the Group, including bank balances and cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts as disclosed in the statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia.

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. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The five largest customers account 79% of outstanding trade receivables as at 31 December 2023 (31 December 2022: 77%).

The receivables are shown net of allowance for impairment of trade receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables are grouped into low risk, moderate risk, doubtful and loss based on common characteristics of credit risk and number of days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

30. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables.

	loss rate	Gross carrying amount	Impairment loss allowance
31 December 2023			
Not due balances	**0.90%**	**52,151,245**	**471,490**
0-180 days	**2.87%**	**52,160,852**	**1,408,363**
181-360 days	**10.33%**	**24,419,951**	**1,954,453**
>360 days	**100%**	**403,090**	**403,090**
		129,135,138	**4,237,396**

	loss rate	Gross carrying amount	Impairment loss allowance
31 December 2022			
Not due balances	2%	54,349,505	853,851
0-180 days	7%	38,381,826	2,589,964
181-360 Days	14%	23,299,254	3,178,591
Over 360 Days	45%	781,812	355,604
		116,812,397	6,978,010

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the levels of expected cash inflows on trade and other receivables together with the expected cash outflows on trade and other payables.

30. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual payments:

31 December 2023	**Carrying value**	**Less than one year**	**Over 2 years but less than 5 years**	**More than 5 years**	**Total**
Trade payables	**18,089,490**	**18,089,490**	**--**	**--**	**18,089,490**
Accrued and other liabilities	**18,860,997**	**18,860,997**	**--**	**--**	**18,860,997**
Due to related parties	**1,296,018**	**1,296,018**	**--**	**--**	**1,296,018**
Lease liabilities	**24,487,253**	**2,101,018**	**11,420,007**	**25,619,680**	**39,140,705**
Loan and borrowing	**15,875,749**	**8,851,306**	**7,216,374**	**--**	**16,067,680**
	78,609,507	**49,198,829**	**18,636,381**	**25,619,680**	**93,454,890**

31 December 2022	Carrying value	Less than one year	2 years but less than 5 years	More than 5 years	Total
Trade payables	14,233,303	14,233,303	--	--	14,233,303
Accrued and other liabilities	21,269,918	21,269,918	--	--	21,269,918
Due to related parties	1,329,001	1,329,001	--	--	1,329,001
Lease liabilities	24,484,400	2,023,182	8,092,728	30,347,952	40,463,862
Loan and borrowing	62,311,954	62,918,660	--	--	62,918,660
	123,628,576	101,774,064	8,092,728	30,347,952	140,214,744

31. FAIR VALUE OF ASSETS AND 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 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.

31. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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.

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

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

The fair value of the equity instrument at the end of the current year is not materially different from the Fair value measurement determined in the previous reporting period.

	Level 1	Level 2	Level 3	Total
31 December 2023				
Investments at fair value through other comprehensive income				
- Investment	--	--	**1,969,659**	**1,969,659**
31 December 2022				
Investments at fair value through other comprehensive income				
- Investment	--	--	3,091,047	3,091,047

There were no transfers between levels of the fair value hierarchy during the year ended 31 December 2023 and the year ended 31 December 2022. Additionally, there were no changes in the valuation techniques.

The following methods and assumptions were used to estimate the fair values:

The fair value of the 'Investment at fair value through other comprehensive income has been estimated using a Discounted Cash Flow model (DCF). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for this investment.

31. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis are shown below:

31 December 2023:

Item	Valuation technique	Significant inputs Unobservable	Inputs used	Sensitivity of the inputs to fair value
Investment at FVOCI	Discounted cash flow method	Terminal growth rate	2%	1% increase in the growth rate would result in an increase in fair value by SR 1.6 million. 1% decrease in the growth rate would result in a decrease in fair value by SR 1.3 million.
		Weighted average cost of capital	11.16%	1% increase in WACC would result in a decrease in fair value by SR 1.2 million. 1% decrease in WACC would result in an increase in fair value by SR 1.5 million.

31 December 2022:

Item	Valuation technique	Significant inputs Unobservable	Inputs used	Sensitivity of the input to fair value
Investment at FVOCI	Discounted cash flow method	Terminal growth rate	3%	1% increase in the growth rate would result in an increase in fair value by SR 1.7 million. 1% decrease in the growth rate would result in a decrease in fair value by SR 1.4 million.
		Weighted average cost of capital	14.75%	1% increase in WACC would result in a decrease in fair value by SR 2 million. 1% decrease in WACC would result in an increase in fair value by SR 2.9 million.

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities:

	Liabilities		Equity	
	Lease liabilities	Loans and borrowings	Retained earnings	Total
Balances as at 1 January 2023	**24,484,400**	**62,311,954**	**258,366,991**	**345,163,345**
Changes from financing cash flows				
Proceeds from bank borrowings	--	**46,166,443**	--	**46,166,443**
Repayment of bank borrowing	--	**(92,602,648)**	--	**(92,602,648)**
Capital repayment of lease liabilities	**(865,635)**	--	--	**(865,635)**
Finance cost paid of lease liabilities	**(1,275,979)**	--	--	**(1,275,979)**
Dividend paid				
Total changes from financing cash flows	**(2,141,614)**	**(46,436,205)**	--	**(48,577,819)**
Other Changes				
Liability related				
New lease	**868,488**	--	--	**868,488**
Accretion of interest	**1,275,979**	--	--	**1,275,979**
Total liability-related other changes	**2,144,467**	--	--	**2,144,467**
Total equity-related other changes	--	--	**(19,517,468)**	**(19,517,468)**
Balance at 31 December 2023	**24,487,253**	**15,875,749**	**238,849,523**	**279,212,525**

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Liabilities		Equity	
	Commitments Leases	Loans and borrowings	Retained earnings	Total
Balances as at 1 January 2022	29,740,019	204,402,327	144,471,766	378,614,112
Changes from financing cash flows				
Proceeds from bank borrowings	--	7,486,028	--	7,486,028
Repayment of bank borrowing	--	(149,576,401)	--	(149,576,401)
Capital repayment of lease liabilities	(863,894)	--	--	(863,894)
Finance cost paid of lease liabilities	(1,558,870)	--	--	(1,558,870)
Dividend paid	--	--	(48,000,000)	(48,000,000)
Total changes from financing cash flows	(2,422,764)	(142,090,373)	(48,000,000)	(192,513,137)
Other changes Liability related				
Reassessment during the year	(4,391,725)	--	--	(4,391,725)
Accretion of interest	1,558,870	--	--	1,558,870
Total liability-related other changes	(2,832,855)	--	--	(2,832,855)
Total equity-related other changes	--	--	161,895,225	161,895,225
Balance at 31 December 2022	24,484,400	62,311,954	258,366,991	345,163,345

33. CHANGE IN COMPARATIVE FIGURES

Certain prior year's comparative figures have been reclassified to ensure the better classification and presentation as per IFRS standard.

34. SUBSEQUENT EVENTS

There have been no significant events since the year-end, that would require disclosures or adjustments in these financial statements.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the board of directors on 29 February 2024, corresponding to 19 Shaban 1445H.

7.3 The Audited Consolidated Financial Statements for the Financial Year Ended December 31, 2024

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

KPMG Professional Services Company
Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
مركز زهران للأعمال
شارع الأميرسلطان
ص. ب. 55078
جـده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company

Opinion

We have audited the consolidated financial statements of Al Obeikan Glass Company ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

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 that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company (continued)

Expected credit losses for trade receivables

With reference to note (4) regarding the use of judgments and estimates, as well as note (10) and note (12) regarding disclosure of trade receivables and other receivables, respectively.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the gross trade receivables balance was SR 119.17 million, against which an allowance for impairment loss of SR 3.26 million was recorded, and other receivables balance was SR 50.84 million, against which an allowance for impairment loss of SR 29.50 million was recorded. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors. Due to complexity, subjectivity, uncertainty and use of multiple assumptions involved in the calculation of ECL, we have identified this as a key audit matter.	Our audit procedures related to expected credit losses for trade receivables included: • Obtained an understanding of the management's process for determining the Impairment of trade receivables, other receivables and the ECL allowance. • Involved our own internal valuation specialist to assess the methodology used, including the significant judgements and assumptions used in the ECL model developed by the management. • Tested on a sample basis the accuracy of the trade receivables aging reports used in the management's ECL model. • Assessed the adequacy of the disclosures included in the accompanying consolidated financial statements in accordance with the relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG

Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company (continued)

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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements 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, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 the 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, then 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.

Independent Auditor's Report

To the Shareholders of Al Obeikan Glass Company (continued)

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

- 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Al Obeikan Glass Company and its subsidiary.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

KPMG Professional Services Company

Nasser Ahmed Al Shutairy
License No. 454

Jeddah, 9 April 2025
Corresponding to 11 Shawwal 1446H

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	**2024**	2023
ASSETS			
Property, plant and equipment	6	**420,112,942**	388,976,435
Rights of use of assets	7	**20,914,754**	22,150,759
Financial assets at fair value through other comprehensive income	8	**117,854**	1,969,659
Non-current assets		**441,145,550**	413,096,853
Inventories	9	**50,595,045**	43,448,929
Trade receivables	10	**115,906,060**	124,897,742
Prepayments and other receivables	12	**58,717,099**	65,834,080
Cash and cash equivalents	14	**34,057,670**	82,839,192
Current assets		**259,275,874**	317,019,943
TOTAL ASSETS		**700,421,424**	730,116,796
EQUITY			
Share capital	15	**320,000,000**	320,000,000
Treasury shares	16	**(1,028,256)**	--
Statutory reserve	17	**43,628,927**	43,628,927
Fair value reserve	8	**(2,337,990)**	(486,185)
Retained earnings		**176,279,349**	238,849,523
Equity attributable to owners of the Company		**536,542,030**	601,992,265
Non-controlling interests	18	**20,695,358**	25,567,764
TOTAL EQUITY		**557,237,388**	627,560,029
LIABILITIES			
Loans	19	**2,753,657**	7,395,468
Lease liabilities	7	**21,541,035**	23,205,241
Employee end of service benefits	20	**21,610,695**	19,063,981
Non-current liabilities		**45,905,387**	49,664,690
Loans	19	**57,297,924**	8,480,281
Lease liabilities	7	**2,105,416**	1,282,012
Trade payables	11	**16,026,123**	19,385,508
Accrued and other liabilities	21	**18,326,022**	18,860,997
Accrued Zakat	22	**3,523,164**	4,883,279
Current liabilities		**97,278,649**	52,892,077
TOTAL LIABILITIES		**143,184,036**	102,556,767
TOTAL EQUITY AND LIABILITIES		**700,421,424**	730,116,796

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on -- 1446H (corresponding to -- March 2025):

Chairman of BOD	Chief Executive Officer	Chief Financial Officer

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	**2024**	2023
Revenue	23	**327,114,634**	393,982,137
Cost of revenue	24	**(222,057,517)**	(244,281,211)
Gross profit		**105,057,117**	149,700,926
Other operating income	25	**3,562,504**	5,321,195
Selling and distribution expenses	26	**(41,071,977)**	(39,652,323)
General and administrative expenses	27	**(33,490,967)**	(35,824,994)
Impairment (loss) / reversal on trade and other receivables	10 &12	**(28,621,759)**	2,586,000
Operating profit		**5,434,918**	82,130,804
Other expenses		**--**	(7,000,000)
Finance charges	28	**(4,861,330)**	(5,688,928)
Finance income		**447,418**	677,240
Profit before Zakat		**1,021,006**	70,119,116
Zakat charge	22	**(4,575,409)**	(6,086,799)
(Loss) / profit for the year		**(3,554,403)**	64,032,317
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurement of employees' end of service benefits	20	**12,555**	(415,566)
Equity investment at FVOCI – change in fair value	8	**(1,851,805)**	(1,121,388)
Other comprehensive loss		**(1,839,250)**	(1,536,954)
Total comprehensive (loss) / income for the year		**(5,393,653)**	62,495,363
(Loss) / profit attributable to:			
Owners of the Company		**1,318,003**	67,664,553
Non-controlling interests		**(4,872,406)**	(3,632,236)
(Loss) / profit for the year		**(3,554,403)**	64,032,317
Total comprehensive (loss) / income attributable to:			
Owners of the Company		**(521,247)**	66,127,599
Non-controlling interests		**(4,872,406)**	(3,632,236)
Total comprehensive (loss) / income for the year		**(5,393,653)**	62,495,363
Earnings per share attributable to the Owners of the Company (in Saudi Riyals)			
Basic and Diluted earnings per share	29	**0.04**	2.11

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on -- -- 1446H (corresponding to -- March 2025):

Chairman of BOD — Chief Executive Officer — Chief Financial Officer

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Share capital	Statutory reserve	Fair value reserve	Treasury shares	Retained earnings	Equity attributable to Company's shareholders	Non controlling interests	Total
Balance at 1 January 2024	**320,000,000**	**43,628,927**	**(486,185)**	**--**	**238,849,523**	**601,992,265**	**25,567,764**	**627,560,029**
Total comprehensive (loss) / income								
Profit / (loss) for the year	--	--	--	--	**1,318,003**	**1,318,003**	**(4,872,406)**	**(3,554,403)**
Other comprehensive (loss) / income	--	--	**(1,851,805)**	--	**12,555**	**(1,839,250)**	--	**(1,839,250)**
	--	--	**(1,851,805)**	--	**1,330,558**	**(521,247)**	**(4,872,406)**	**(5,393,653)**
Transactions with Owners:								
Dividend (note 15)	--	--	--		**(64,000,000)**	**(64,000,000)**	--	**(64,000,000)**
Net movement of treasury shares (note 16)	--	--	--	**(1,028,256)**	--	**(1,028,256)**	--	**(1,028,256)**
Gain on treasury shares (note 16)	--	--	--	--	**99,268**	**99,268**	--	**99,268**
Balance at 31 December 2024	**320,000,000**	**43,628,927**	**(2,337,990)**	**(1,028,256)**	**176,279,349**	**536,542,030**	**20,695,358**	**557,237,388**

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on -- -- 1446H (corresponding to -- March 2025):

Chairman of BOD

Chief Executive Officer

Chief Financial Officer

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Share capital	Statutory reserve	Fair value reserve	Treasury shares	Retained earnings	Equity attributable to Company's shareholders	Non controlling interests	Total
Balance at 1 January 2023	240,000,000	36,862,472	635,203	--	258,366,991	535,864,666	--	535,864,666
Purchase of shares in Saudi Aluminum Casting Foundry Company	--	--	--	--	--	--	29,200,000	29,200,000
Total comprehensive income / (loss)								
Profit for the year	--	--	--	--	67,664,553	67,664,553	(3,632,236)	64,032,317
Other comprehensive loss	--	--	(1,121,388)	--	(415,566)	(1,536,954)	--	(1,536,954)
	--	--	(1,121,388)	--	67,248,987	66,127,599	(3,632,236)	62,495,363
Transfer to statutory reserve	--	6,766,455	--	--	(6,766,455)	--	--	--
Transactions with Owners:								
Increase of share capital	80,000,000	--	--	--	(80,000,000)	--	--	--
Balance at 31 December 2023	320,000,000	43,628,927	(486,185)	--	238,849,523	601,992,265	25,567,764	627,560,029

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on -- -- 1446H (corresponding to -- March 2025):

Chairman of BOD | Chief Executive Officer | Chief Financial Officer

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	2024	2023
Cash flows from operating activities			
Profit before Zakat		**1,021,006**	70,119,116
Adjustments for:			
Depreciation of property plant and equipment	6	**39,231,218**	38,636,891
Depreciation on right of use assets	7	**1,236,005**	1,126,294
Impairment charge / (reversal), net	10 &12	**28,621,759**	(2,586,000)
Provision on slow moving and obsolete inventories	9	**(54,009)**	(253,269)
Gain on disposal of property, plant and equipment		**(348)**	(150,679)
Other expenses		--	7,000,000
Finance charges	28	**4,861,330**	5,688,928
Finance income		**(447,418)**	(677,240)
Employees` terminal benefits provision	20	**2,261,396**	1,889,179
		76,730,939	120,793,220
Changes in:			
Inventories		**(7,092,107)**	51,573,141
Trade receivables		**9,869,923**	(12,477,355)
Prepayments and other receivables		**(22,383,019)**	(5,973,201)
Trade payables		**(3,359,385)**	3,823,204
Accrued and other liabilities		**(534,975)**	(5,420,244)
Cash generated from operating activities		**53,231,376**	152,318,765
Finance costs paid		**(4,648,819)**	(2,376,225)
Finance income received		**447,418**	677,240
Zakat paid	22	**(5,935,524)**	(6,555,698)
Employee end of service benefits paid	20	**(556,546)**	(3,246,622)
Net cash generated from operating activities		**42,537,905**	140,817,460
Cash flows from investing activities			
Additions of property, plant and equipment	6	**(70,367,725)**	(25,619,474)
Proceeds from sale of property, plant and equipment		**348**	168,105
Net cash used in investing activities		**(70,367,377)**	(25,451,369)
Cash flows from financing activities			
Proceeds from loans	19	**110,803,269**	34,278,465
Repayment of loans	19	**(65,886,261)**	(92,602,648)
Net movement in treasury shares	16	**(1,028,256)**	--
Dividend paid	15	**(64,000,000)**	--
Principal repayment of lease liabilities	35	**(840,802)**	(754,722)
Net cash used in financing activities		**(20,952,050)**	(59,078,905)
Net change in cash and cash equivalents		**(48,781,522)**	56,287,186
Cash and cash equivalents as at the beginning of the year		**82,839,192**	26,552,006
Cash and cash equivalents at the end of the year	14	**34,057,670**	82,839,192
Significant non-cash transactions			
Additions of property, plant and equipment	6	--	(34,478,722)
Loan acquired through acquisition of a subsidiary	19	--	11,887,978

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by on -- -- 1446H (corresponding to -- March 2025):

Chairman of BOD	Chief Executive Officer	Chief Financial Officer

1. GROUP INFORMATION

Al Obeikan Glass Company (the "Company") is a Saudi joint stock company formed pursuant to the Ministerial Resolution No. 224/Q dated 27 Shaban 1428H (corresponding to 9 September 2007) and registered in Riyadh under commercial registration No 1010241520 dated 30 Dhul-Qadah 1428H (corresponding to 10 December 2007) having expiry of 29 Dhul-Qadah 1449H (corresponding to 24 April 2028). The Company started its commercial activity on 1 July 2011.

The registered address of the Company is P.O. Box 62807, Riyadh 11595, Kingdom of Saudi Arabia. The company's branch is located in Industrial Yanbu at Light Industrial Area.

The Company is engaged in the wholesale of chemicals and the wholesale and retail sale of glass panels. The Company also carries out its activities through the branch registered with Commercial Register No. 4700010945 dated 9 Jumada Al-Ula 1429H (corresponding to 14 May 2008) issued in Yanbu city. The branch's activity is represented in the operation of quarries, sand or gravel mines, including crushers, and the manufacturing of insulating glass used in construction.

On 2 Shaban 1442H (corresponding to 15 March 2021), the Board of Directors of Obeikan Glass Company decided to recommend to the General Assembly of the Company's shareholders the registration and direct listing of the Company's shares in the Parallel Market "Nomu", after obtaining the necessary approvals from the Saudi Capital Market Authority and the Saudi Exchange Company "Tadawul". Based on the Extraordinary General Assembly meeting held on 19Shaaban 1442H (corresponding to April 1, 2021), the General Assembly voted unanimously and with 100% attendance on the registration and direct listing of the Company's shares in Nomu. The Company obtained the approval of the Saudi Capital Market Authority on request of direct listing of the Company's shares in the Nomu on 26 Dhu al-Qa'dah 1442H (corresponding to 6 July 2021), and obtained the Authority's approval of the request to register the Company's shares in Nomu on 26 Rabi' al-Akhir 1443H (corresponding to 1 December 2021).

On Jumada Al-Akhir 14, 1443H (corresponding to January 17, 2022), the Registration Document was published and announced by the financial advisor on the Tadawul to make it available to qualified investors during the specified period in accordance with The Rules on the Offer of Securities and Continuing Obligations. Tadawul has announced that the shares of the Company have been listed ready for trading in the Nomu starting on Rajab 6, 1443H (corresponding to February 7, 2022) as a direct listing with Tadawul ISIN 9531.

On 24 October 2023, the Company has signed a shareholders' agreement to establish Saudi Aluminum Casting Foundry Company (SACFC) based in Al-Madinah Al-Munawarah, Kingdom of Saudi Arabia in which it has 60% ownership. SACFC's principal activity includes the casting of non-ferrous metals, the production of metal shapes directly from powder, the manufacture of metal patterns, the production of fluid bumps, the manufacturing of automotive spare parts, and the production of military equipment. As of 31 December 2024, SACFC has not yet commenced its commercial operations. These accompanying consolidated financial statements comprise the financial statements of Al Obeikan Glass Company (the "Company" (or) the "Parent Company") and its subsidiary (collectively referred to as the "Group").

1. GROUP INFORMATION (continued)

As at 31 December, the Company has investment in the following subsidiary:

Name of Subsidiary	Country of Incorporation	Business Activity	Effective Ownership Interest 2024	Effective Ownership Interest 2023	Share Capital SAR	Number of shares issued
Saudi Aluminium Casting Foundry Company	Saudi Arabia	Manufacturing company	**60%**	60%	73,000,000	7,300,000

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and other standards and pronouncements that are endorsed in the Kingdom of Saudi Arabia issued by the Saudi Organization for Chartered and professional Accountants ("SOCPA") collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia.

The new Companies Law issued by Royal Decree No. M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred to as the "Law") entered into force on 26/6/1444H (corresponding to 19 January 2023). With regard to some of the provisions of the Law, it is expected that full compliance in implementation will be within a period not exceeding two years from 26/6/1444H (corresponding to 19 January 2023). The management has amended Articles of bylaws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification on 22/11/1444 AH (corresponding to 11 June 2023).

2.2 Preparation of consolidated financial statements

These consolidated financial statements have been prepared on the basis of the historical cost basis, using the accrual basis of accounting and going concern concept unless otherwise stated, and except for the following major items included in the consolidated statement of financial position:

- Investments in equity instruments are measured at fair value through other comprehensive income (FVOCI).

- Employees' end-of service benefits obligations are recognized at the present value of the future obligations using the projected unit credit method.

2. BASIS OF PREPARATION (continued)

2.3 Basis of consolidation

These consolidated financial statements comprising the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements of the group include assets, liabilities, and financial performance of the Company and its subsidiary, as set out in Note (1). The Company and its subsidiary are referred to collectively as "the Group". Subsidiaries are companies that the Group controls. Subsidiaries are consolidated from the date control is acquired and until control ceases to be exercised. The Group accounts for business combinations using the acquisition method when control transferred to the Group. The cost of acquisition is measured at the fair value of the identifiable assets acquired and the fair value of the previously existing equity interest in the subsidiary. Any excess of the cost of acquisition over the fair value of non-controlling interests is registered as goodwill in the consolidated statement of financial position. Non-controlling interests are measured at their share of the net assets of the owned Company at the date of establishment. If a business combination is achieved in stages, then the carrying amount at the date of acquisition of previously held interests in the acquired company is remeasured at fair value at the date of acquisition and any resulting profits or losses are recognized in consolidated statement of profit or loss. All transactions and balances, as well as unrealized income and expenses resulting from transactions between Group companies are disposed. The accounting policies of subsidiaries are adjusted when necessary to ensure their compliance with the policies followed by the Group. The company and its subsidiaries have the same reporting periods.

3. PRESENTATION CURRENCY

These consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is also the functional currency of the Company.

4. USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

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

4. USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

The key judgements, estimates, and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

Useful lives and residual value of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. The management believes that residual value may not result in significant change to depreciation charge and carrying amount of the assets. Accordingly, the residual value is assumed to be zero. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of inventory

Management estimates the impairment to reduce the inventory to its net realizable value (NRV) if the cost of inventory is not recoverable or the inventory is damaged or become an absolute in whole or in part, or if the market price is lower than cost or any other factors that cause the NRV to become less than the carrying amount. Management valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimates take into account fluctuations in prices or costs directly attributable to events occurring after the date of the consolidated financial statements to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

Impairment of trade and other receivables

The Group's management recognize loss allowance for ECLs on financial assets measured at amortized cost. ECLs are a probability weighted estimate of credit losses. Group's ECL computation uses historical trades and a forward-looking element to compute percentage allowance to be recorded as impairment loss on financial assets.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers and related parties' actual default in the future. The information about the ECL on the Group's trade and other receivables is disclosed in notes 10 and 12.

Employee end of service benefits

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

4. USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Employee end of service benefits (continued)

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employees end of service benefits are provided in note 20.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re- measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. Refer Note 8 for further details.

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. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations 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.

4. USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of non- financial assets (continued)

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

5. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

5.1 New standards, amendments to standards and interpretations

Standards, interpretations, and amendments issued but not yet effective

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, interpretations and amendments if applicable, when they become effective.

Standard / Interpretation	***Description***	***Effective from periods beginning on or after the following date***
IAS 21	Lack of exchangeability (amendments to IAS 21)	1 January 2025
IFRS 9 and IFRS 7	Classification and measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without Public Accounting	1 January 2027
IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The Group is currently assessing the implications for other above- mentioned standards, interpretations and amendments on the Group's consolidated financial statements on adoption.

5. MATERIAL ACCOUNTING POLICIES (continued)

5.1 New standards, amendments to standards and interpretations (continued)

Standards, interpretations and amendments that became effective during the year

Following amendments to IFRS and International Accounting Standards were effective on or after 1 January 2024, but they did not have a material effect on the Group's financial statements:

Effective date	New Standards or amendments
1 January 2024	Classification of liabilities as current or non-current (amendments to IAS 1)
1 January 2024	Non-current Liabilities with Covenants (amendments to IAS 1)
1 January 2024	Lease Liability in a Sale and Leaseback – (amendments to IFRS 16)
1 January 2024	Supplier finance arrangements (amendments to IAS 7 and IFRS 7)

The adoption of above amendments does not have any material impact on the consolidated financial statements during the year.

5.2 Revenue recognition

Sale of goods
Revenue from the sale of goods is recognized at a point in time when control of the goods is transferred to the customers, generally on delivery of the goods. The Group's revenue from sale of glass includes only one performance obligation, and there is no variable consideration or financing component involved.

5.3 Employees end of service benefits

The Employee end of service benefits provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- Re-measurements.

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items. Remeasurements are presented as part of other comprehensive income.

5. MATERIAL ACCOUNTING POLICIES (continued)

5.3 Employees end of service benefits (continued)

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for those services.

5.4 Zakat

The Group is subject to Zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Provision for Zakat for the Group is charged to the statement of profit or loss and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for in the period in which these are determined.

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

5.5 Property, plant and equipment

Recognition and measurement

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. When spare parts are expected to be used during more than one period, then they are accounted for as property, plant and equipment.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

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

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

5. MATERIAL ACCOUNTING POLICIES (continued)

5.5 Property, plant and equipment (continued)

Subsequent costs

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

Capital work in progress

Capital work-in-progress represents all costs relating directly and indirectly to the construction in progress and is capitalized as property and equipment when ready for the intended use

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each item of furniture and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required.

The estimated useful life is as follows:

Buildings	25 to 33 years
Plant and machinery	15 to 20 years
Equipment	2 to 5 years
Furniture and fixtures	2 to 5 years
Computers	2 to 4 years
Motor vehicles	2 to 5 years

Land and capital work in progress are not depreciated.

Spare parts

Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with IAS – 16 when they meet the definition of property, plant and equipment, including the requirement to be used over more than one period. Otherwise, such items are classified as inventory, as per IAS – 2.

5. MATERIAL ACCOUNTING POLICIES (continued)

5.6 Right-of-use assets and lease liability

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

The Group as lessee

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

Right-of-use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, Leasehold land period is 35 years.

If the ownership of the leased asset transfers to the Group at the end of the lease term or the lessee is reasonably certain to exercise a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs).

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

5. MATERIAL ACCOUNTING POLICIES (continued)

5.6 Right-of-use assets and lease liability (continued)

Short-term leases and leases of low-value assets

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

Incremental borrowing rate

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

5.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

5.8 Financial instruments

The Group recognizes a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group recognizes a financial instrument at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets
IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

5. MATERIAL ACCOUNTING POLICIES (continued)

5.8 Financial instruments (continued)

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and

a) Financial assets classified as amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Group makes an assessment of a business model at portfolio level as this best reflects the way the business is managed, and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Group considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How management evaluates the performance of the portfolio;
- Whether the management's strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and
  Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

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

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest is recognized in the statement of profit or loss.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

5. MATERIAL ACCOUNTING POLICIES (continued)

5.8 Financial instruments (continued)

b) Investment in equity instruments designated as FVOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation as at FVOCI is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Profits and losses on such equity instruments are never reclassified to statement of profit or loss and no impairment is recognized in the statement of comprehensive income. The cumulative gain or loss will not be reclassified to the statement of comprehensive income on disposal of the investments.

Dividends on these investments are recognized in Consolidated statement of profit or loss and other comprehensive income. when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Investment revaluation reserve includes the cumulative net change in fair value of equity investment measured at FVOCI. When such equity instruments are derecognized, the related cumulative amount in the fair value reserve is transferred to retained earnings.

Impairment of financial assets
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 and FVOCI.

For trade 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 have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were 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 such as inflation and gross domestic product growth rate.

5. MATERIAL ACCOUNTING POLICIES (continued)

5.8 Financial instruments (continued)

b) Investment in equity instruments designated as FVOCI (continued)

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss and other comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Financial liabilities
Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in statement of profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to statement of profit or loss.

The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in statement of profit or loss. Amounts presented in liability credit reserve are not subsequently transferred to statement of profit or loss. When such investments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

5. MATERIAL ACCOUNTING POLICIES (continued)

5.8 Financial instruments (continued)

b) Investment in equity instruments designated as FVOCI (continued)

Derecognition of financial assets
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Derecognition of financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

5.9 Cost of revenue

Cost of revenue is the accumulated total of all costs used to create a product or service, which has been sold. These costs fall into the general sub-categories of materials, direct labor and overheads.

In the consolidated statement of profit or loss and other comprehensive income presentation, the cost of revenue is subtracted from revenues to arrive at the gross profit of a business. Cost of revenue comprise all costs directly related to the sale of goods and rendering of services. It comprises the purchase and conversion of inventories and all other directly attributable costs, which are necessary to bring the products and/or services sold into the agreed conditions.

5.10 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and presented as a deduction from equity. No gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income on the purchase of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in retained earnings.

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Equipment	Furniture and fixtures	Computers	Motor vehicles	Capital work in progress ("CWIP")	Total
Cost:								
Balance at 1 January 2023	105,202,034	668,104,882	17,335,704	3,003,158	5,610,647	2,133,473	16,552,457	817,942,355
Addition during the year	43,680	1,020,361	1,816,131	75,369	265,374	--	56,877,281	60,098,196
Disposals during the year	--	(23,000)	--	(1,523)	(21,755)	(676,650)	--	(722,928)
Transfers during the year	--	7,801,357	--	--	79,602	--	(7,880,959)	--
31 December 2023	105,245,714	676,903,600	19,151,835	3,077,004	5,933,868	1,456,823	65,548,779	877,317,623
Addition during the year	--	1,201,822	354,472	98,664	859,856	329,800	67,523,111	70,367,725
Disposals during the year	--	--	--	--	(24,997)	--	--	(24,997)
Transfers during the year	--	8,121,642	250,125	--	--	--	(8,371,767)	--
31 December 2024	**105,245,714**	**686,227,064**	**19,756,432**	**3,175,668**	**6,768,727**	**1,786,623**	**124,700,123**	**947,660,351**
Accumulated depreciation:								
Balance at 1 January 2023	26,362,392	404,015,711	11,891,170	2,506,371	4,269,059	1,365,095	--	450,409,798
Charge for the year	3,216,155	32,761,396	1,757,895	164,173	558,421	178,851	--	38,636,891
Disposals during the year	--	(9,933)	--	(1,523)	(17,399)	(676,646)	--	(705,501)
31 December 2023	29,578,547	436,767,174	13,649,065	2,669,021	4,810,081	867,300	--	488,341,188
Charge for the year	3,213,059	33,332,992	1,723,169	144,802	617,156	200,040	--	39,231,218
Disposals during the year	--	--	--	--	(24,997)	--	--	(24,997)
31 December 2024	**32,791,606**	**470,100,166**	**15,372,234**	**2,813,823**	**5,402,240**	**1,067,340**	**--**	**527,547,409**
Net book value:								
31 December 2024	**72,454,108**	**216,126,898**	**4,384,198**	**361,845**	**1,366,487**	**719,283**	**124,700,123**	**420,112,942**
31 December 2023	75,667,167	240,136,426	5,502,770	407,983	1,123,787	589,523	65,548,779	388,976,435

6. PROPERTY, PLANT AND EQUIPMENT (continued)

- The above property, plant and equipment are built on land leased from the Royal Commission for Jubail and Yanbu under a contract with the Royal Commission from August 30, 2008 until August 30, 2043, and the contract can be renewed for an additional period or periods of years under the terms and conditions that may be agreed upon between the two parties.
- Included within plant and machinery is an amount of SR 19.96 million (2023: SR 19.96 million) in respect of tin ingots. These assets are not depreciated because they have very low physical losses and are repeatedly reclaimed and reused in the Group's manufacturing processes over a very long useful life. The physical loss of tin ingots in the manufacturing and reclamation process is treated as depletion and these losses are accounted for as a period expense based on actual units lost. Tin ingots are integral to many glass production processes and are only acquired to support operations. These metals are not held for trading or other purposes.
- Capital work in progress represents ongoing construction works of the existing plant and machinery and it is expected to be completed during 2025.
- During the current year, additions to capital work in progress includes the capitalised borrowing cost amounting to SR 285 thousand (2023: Nil) related to Industrial city of Almadina Almunawara project.

Depreciation on property, plant and equipment for the year is allocated as follows:

	2024	2023
Cost of revenue (note 24)	**38,271,435**	37,513,239
General and administrative expenses (note 27)	**874,698**	1,104,446
Selling and distribution expenses (note 26)	**85,085**	19,206
	39,231,218	38,636,891

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

The Group has lease contracts (lease as a lessee) for leasehold land. Leasehold land has lease term of 35 years.

The Group also has certain leases for apartments and sales offices with lease terms of 12 months or less and with low value. The Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

a) Right of use assets:

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

	2024	2023
Balance as at 1 January	**22,150,759**	22,408,565
Additions	--	868,488
Depreciation charge for the year	**(1,236,005)**	(1,126,294)
Balance as at 31 December	**20,914,754**	22,150,759

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

b) Lease liabilities:

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024	2023
Balance as at 1 January	**24,487,253**	24,484,400
Additions	--	868,488
Interest	**1,300,812**	1,275,979
Payments made during the year	**(2,141,614)**	(2,141,614)
Balance as at 31 December	**23,646,451**	24,487,253

Lease liabilities are presented in the statement of financial position as follows:

	2024	2023
Non-current portion of lease liabilities	**21,541,035**	23,205,241
Current portion of lease liabilities	**2,105,416**	1,282,012
Carrying amount at the end of the year	**23,646,451**	24,487,253

The following are the amounts recognized in the statement of profit or loss:

	2024	2023
Depreciation expense of right-of-use asset	**1,236,005**	1,126,294
Interest expense on lease liabilities	**1,300,812**	1,275,979
Expense relating to short-term leases (included in selling and distribution expenses)	**472,249**	318,253

The Group had total cash outflows for leases of SR 2.1 million in 2024 (2023: SR 2.1 million).

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The investment represents 19% equity share in Al Obeikan AGC Glass Company, a Saudi limited liability company whose main activity is the manufacture of primary glass products, and the manufacture of insulating glass items used in construction. The Group has irrevocably designated the investment at fair value through other comprehensive income on initial recognition as the Group's intention is to hold this investment for the long term for strategic purposes (refer to note 34).

	2024	2023
Following is the change in FV of the investment at FVOCI:		
Balance at 1 January	**1,969,659**	3,091,047
Change in FV during the year	**(1,851,805)**	(1,121,388)
Balance at 31 December	**117,854**	1,969,659

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

During the current year and prior year, there are no dividends or disposals or any transfers of any cumulative gain or loss within shareholders' equity relating to the investment.

Following is the change in fair value reserve:

	2024	2023
Balance at 1 January	**(486,185)**	635,203
Change in fair value during the year	**(1,851,805)**	(1,121,388)
Balance at 31 December Following is the change in fair value reserve:	**(2,337,990)**	(486,185)

9. INVENTORIES

	2024	2023
Raw materials	**22,428,245**	11,596,107
Finished goods	**8,901,991**	9,438,462
Spare parts and consumables	**16,809,345**	14,407,093
Work in progress	**2,698,350**	7,644,302
Packing materials	--	256,609
Goods in transit	--	403,251
Provision of inventory	**(242,886)**	(296,895)
	50,595,045	43,448,929

9.1 Inventories recognized as expense during the year ended 31 December 2024 amounted to SR 109 million (31 December 2023: SR 143 million) and included as cost of revenue (refer to note 24).

9.2 Provision reversal amounting to SR 0.05 million (2023: SR 0.25 million) recognized within cost of revenue.

Following is the movement in the provision of inventories:

	2024	2023
Balance at beginning of the year	**296,895**	550,164
Reversal during the year	**(54,009)**	(253,269)
Balance at the end of year	**242,886**	296,895

10. TRADE RECEIVABLES

Trade receivables comprise of the following.

	2024	2023
Receivables from a related party (note 13)	**80,955,399**	91,685,726
Receivables from third parties	**38,213,832**	37,449,412
	119,169,231	129,135,138
Allowance for impairment loss	**(3,263,171)**	(4,237,396)
	115,906,060	124,897,742

The movement in the allowance for impairment loss of trade receivables is as follows:

	2024	2023
Balance at beginning of the year	**4,237,396**	6,978,010
Charge for the year	**2,217,170**	--
Reversal during the year	**(3,095,411)**	(2,586,000)
	(878,241)	(2,586,000)
Written off during the year	**(95,984)**	(154,614)
Balance at the end of year	**3,263,171**	4,237,396

11. TRADE PAYABLES

Trade payables comprise of the following.

	2024	2023
Payable to a related party (note 13)	**2,611,681**	1,296,018
Payables to third parties	**13,414,442**	18,089,490
	16,026,123	19,385,508

12. PREPAYMENT AND OTHER RECEIVABLES

Prepayments and other receivables are comprised of the following:

	2024	2023
Other receivables from a related party (note 13)	**50,836,406**	41,966,705
Advance to supplier	**30,471,928**	18,140,526
Prepaid expenses	**1,961,565**	5,445,826
Value Added Tax ("VAT")	**4,947,200**	281,023
Allowance for impairment loss	**(29,500,000)**	--
	58,717,099	65,834,080

13. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related parties include the Group's shareholders, associates, entities controlled and jointly controlled, or significantly influenced by shareholders and management personnel of the Group. Terms and conditions of these transactions are approved by the Group's Board of Directors. All outstanding balances with these related parties are priced on mutually agreed terms. The members of Al Obeikan Family are Ultimate controlling parties of the Group. Significant related party transactions for the year and balance arising there from are described as under:

Name of party	Relationship
Al Obeikan Group for Investment Company	Parent company
Al Esra Aluminium Manufacturing and Casting Factory	Shareholder in subsidiary
Al Obeikan AGC Glass	A company under significant influence of the controlling shareholder
Al Obeikan Flexible Plastic Factory	Fellow subsidiary
Al Obeikan Digital Solutions Company	Fellow subsidiary
Al Obeikan Technical Fabrics Company	Fellow subsidiary
Al Obeikan for Education	Fellow subsidiary
Madar Digital Logistics Solution Company	Fellow subsidiary
Saned Al Marafiq Company	Fellow subsidiary

b) Key management personnel transactions are as follows:

Name	**Relationship**	**Nature of transactions**	**Amount of transactions**		**Closing balance**	
			2024	2023	**2024**	2023
Key management personnel	Key management personnel	Short-term benefits	**3,751,800**	5,811,090	**586,500**	935,540
		Long term benefits	**477,192**	230,039	**1,868,994**	1,391,803
Board of Directors'	Board of Directors'	Board of Directors' remuneration – (short term benefits)	**1,567,000**	1,615,919	**1,567,000**	1,642,000

13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) The significant related party transactions and balances arising there from are as follows:

Name	Relationship	Nature of transactions	Amount of transactions 2024	Amount of transactions 2023	Closing balance 2024	Closing balance 2023
Due from a related party- trade receivables						
Al Obeikan AGC Glass	Fellow subsidiary	Sales	**63,129,487**	60,794,979	**80,955,399**	91,685,726
Due from related party-prepayments and other receivables						
Al Obeikan AGC Glass	Fellow subsidiary	Utilities, rent and others	**8,441,745**	9,056,870	**50,062,186**	41,648,616
Al Esra Aluminium Manufacturing and Casting Factory	Shareholder of subsidiary	The remaining due portion of the subsidiary's capital	--	318,089	--	318,089
Al Obeikan Group for Investment Company	Parent Company	Consulting and other services	**774,220**	--	**774,220**	--
					50,836,406	41,966,705

13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Due to related parties

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2024	2023	**2024**	2023
Al Obeikan Group for Investment Company	Parent Company	Consulting and other services	**375,027**	419,878	--	139,598
Al Obeikan Digital Solutions Company	Fellow subsidiary	Consulting and other services	**2,230,440**	1,897,688	**749,327**	776,972
Al Obeikan for Education	Fellow subsidiary	Consulting and other services	**470,516**	352,888	**24,905**	133,238
Al Obeikan Flexible Plastic Factory	Fellow subsidiary	Purchase of packaging material	**313,257**	166,750	**480,007**	166,750
Al Obeikan AGC Glass	Fellow subsidiary	Support charges	**79,736**	473,361	**79,736**	--
Madar Digital Logistics Solution	Fellow subsidiary	Consulting and other services	**9,942,640**	10,075,227	**683,209**	--
Al Esra Aluminium Manufacturing and Casting Factory	Shareholder in Subsidiary	Consulting and other services	**436,206**	--	**436,206**	--
Saned Al Marafiq Company	Fellow subsidiary	Shared services	**79,460**	241,631	**158,291**	79,460
					2,611,681	1,296,018

The balances due to and due from the related parties are interest-free, unsecured, and payable as per agreed terms. ECL amounting to SR 0.13 million and SR 29.5 million on trade receivables and other receivables balances, respectively (31 December 2023: SR 3.29 million and nil on trade receivables and other receivables balances, respectively) relates to the due from related parties.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of following:

	2024	2023
Cash at banks – current accounts	**32,983,570**	52,834,400
Cash at banks - short-term deposits	--	30,000,000
Demand deposit (note 14.1)	**1,071,012**	--
Cash in hand	**3,088**	4,792
	34,057,670	82,839,192

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions (A3 to BAA1) and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

14.1 This amount relates to balance held with Al Rajhi capital and is payable on demand (note 16).

15. SHARE CAPITAL

At 31 December 2024, the Group's authorized, issued, and paid-up share capital is SR 320 million (31 December 2023: SR 320 million) consisting of 32 million shares (31 December 2023: 32 million shares) fully paid and issued shares of SR 10 each.

On 8 January 2023, the Board of Directors decided to increase the Company's capital by capitalizing part of the retained earnings, by granting one share for every three shares. In addition, the Company announced on 5 February 2023 that it had obtained the approval of the Capital Market Authority on 2 February 2023 to increase its capital from SR 240 million to SR 320 million by granting one free share for every three.

Dividends

The Board of Directors in its meeting held on 27 December 2023 approved the cash dividend amounting to SR 64 million, which was amended on 10 January 2024. This was paid on 27 March 2024. Each shareholder received SR 2 for every share held in the Group.

16. TREASURY SHARES

On 4 April 2024 (corresponding to 25 Ramadan 1445H), the Company's Board of Directors has decided to appoint Al Rajhi Capital as a market maker for the company's shares to support liquidity levels in stock trading. This decision is subject to the approval of the relevant authorities. The shares purchased and disposed off during the current year are amounting to SR 14.3 million (287,010 shares) and SR 13.4 million (265,588 shares) respectively with the closing balance of SR 1 million (21,422 shares). The gain amounting to SR 99 thousand on disposal of these shares is recognized directly in equity.

17. STATUTORY RESERVE

In accordance with the Company's amended By-laws, it is not required to set aside a statutory reserve. Nevertheless, the Ordinary General Assembly may, when determining dividends from the net profit, decide to allocate reserves in the amount that serves the Company's interests or ensure distribution of stable profits as much as possible to the shareholders. The statutory reserve appearing in the financial statements as of 31 December 2024 and 31 December 2023, was required as per the old Companies' Law.

18. NON-CONTROLLING INTERESTS

The condensed financial information of the Group's subsidiary with non-controlling interests is set out below. The financial information summarized below represents the amounts before disposals between Group's companies.

Saudi Aluminum Casting Foundry

	2024	2023
NCI percentage	**40%**	40%
Non- current assets	**76,550,385**	35,328,372
Current assets	**8,392,658**	39,183,419
Non-current liabilities	**3,440,985**	8,075,208
Current liabilities	**30,511,919**	2,517,173
Net assets	**51,738,396**	63,919,410
Net assets attributable to NCI	**20,695,358**	25,567,764
Revenue	--	--
Expenses - Net	**(12,181,014)**	(9,080,590)
Loss for the period	**(12,181,014)**	(9,080,590)
OCI	--	--
Total comprehensive income /(loss)	(12,181,014)	(9,080,590)
Loss allocated to NCI	**(4,872,406)**	(3,632,236)
Cashflow from operating activities	**29,195,090**	1,500,000
Cashflow from investing activities	**(42,124,223)**	--
Cashflow from financing activities (dividends to NCI: nil)	**15,314,785**	(1,500,000)
Net increase (decrease) in cash and cash equivalents	**2,385,652**	--

19. LOANS

Loans comprise of the following:

	2024	2023
SIDF loan	**8,645,468**	9,716,374
Short term loan	**52,147,289**	6,159,375
	60,792,757	15,875,749
Less: Unamortized transaction cost	**(741,176)**	--
	60,051,581	15,875,749

	2024	2023
SIDF loan – long term loan	**8,645,468**	9,716,374
Less: Current portion of long term loan	**(5,891,811)**	(2,320,906)
Loan – non current	**2,753,657**	7,395,468

	2024	2023
Current portion of long-term loans	**5,891,811**	2,320,906
Short term loan	**51,406,113**	6,159,375
Loans – current	**57,297,924**	8,480,281

	2024	2023
Opening balance	**15,875,749**	62,311,954
Drawdown during the year	**110,803,269**	46,166,443
Payments made during the year	**(65,886,261)**	(92,602,648)
Closing balance	**60,792,757**	15,875,749

SIDF loan – term loan

The purpose of the SIDF loan is to establish a new aluminum casting factory with an annual production capacity of 2,835 tons. The project will be situated on a 29,608 m² plot of land in the Industrial City of Al Madinah Al Munawarah, leased from MODON, with all fixed and movable assets mortgaged to the fund. The loan is interest free and will mature on 16 September 2027. The group is required to comply with SIDF safety standards, adhere to Ministry of Labor requirements, conduct related party transactions at arm's length, submit audited annual financial statements, and maintain a minimum net equity of 25% of total assets. As of the reporting date, there has been no breach of these covenants.

As of 31 December 2024, the net loan balance of SAR 8.6 million, related to the subsidiary company Saudi Aluminum Casting Foundry Company, represents funding obtained from the Saudi Industrial Development Fund (SIDF) to finance the subsidiary's projects.

19. LOANS (continued)

Short term borrowings

The short-term loans include Murabaha facilities from Saudi EXIM Bank, offering a facility of SAR 34 million to meet import financing needs. The facility is replenished upon repayment, with each disbursement having a 6-month repayment term. The interest rate is fixed 4.71% per annum. These facilities are available until 9 October 2024. As of 31 December 2024, the outstanding loan balance is SAR 23.3 million.

Additionally, it includes Shariah-compliant facilities from Saudi Awwal Bank, offering a facility of SAR 50.5 million, which is used to finance working capital. These loans can be utilized for importing goods, local purchases, financing payment obligations under letters of credit and credit card expenses. The bank finances up to 90% of the invoices, excluding those from related parties. The interest rate is SIBOR plus 2.5%. As of 31 December 2024, the outstanding loan balance is SAR 12.4 million.

The short-term loan also includes a credit facility from Riyadh Bank, having facility of SAR 50 million, used for financing invoices, purchase orders, supplier transfers, and payroll, as well as refinancing letters of credit. The interest rate is SIBOR plus 1.25%. As of 31 December 2024, the outstanding loan balance is SAR 16.6 million.

20. EMPLOYEES END OF SERVICE BENEFITS

	2024	2023
Balance at beginning of the year	**19,063,981**	19,202,822
Included in statement of profit or loss		
Current service cost	**2,261,396**	1,889,179
Interest cost	**850,221**	880,921
	3,111,617	2,770,100
Transfer in / (out)	**4,198**	(77,885)
Paid during the year	**(556,546)**	(3,246,622)
Included in other comprehensive income		
Actuarial (gains) / losses.		
Change in demographic assumptions	**--**	--
Change in financial assumptions	**(918,958)**	165,052
Experience loss	**906,403**	250,514
	(12,555)	415,566
Balance at the end of year	**21,610,695**	19,063,981

20. EMPLOYEES END OF SERVICE BENEFITS (continued)

Allocation of EOSB charge are as follows:

	2024	2023
Cost of revenue	**1,921,438**	1,105,325
Selling and distribution expenses	**107,639**	580,531
General and administration expenses	**232,319**	203,323
	2,261,396	1,889,179

The most recent actuarial valuation was performed by a qualified actuary and was performed using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2024 **%**	2023 %
Salary growth rate	**4.00%-5.00%**	4.00%
Discount rate	**5.20%-5.75%**	4.45%
Mortality rate	**75% of WHO SA19**	75% of WHO SA16
Retirement age	**60-65 Years**	60 Years
Employee turnover / withdrawal rates	**10%-20%**	20%

All movements in employees end of service benefits are recognized in profit or loss, except for the results of re-measurement of employees end of service benefits that are recognized in the statement of other comprehensive income.

Sensitivity analyses:
The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

31 December 2024

	Change in assumption by	**Increase in assumption by**	**Decrease in assumption by**
Discount rate	**0.5%**	**582,442**	**(614,342)**
Salary growth rate	**0.5%**	**618,474**	**(591,760)**
Mortality rates	**20%**	**10,899**	**(11,471)**
Employee turnover / withdrawal rates	**20%**	**24,125**	**(22,027)**

20. EMPLOYEES END OF SERVICE BENEFITS (continued)

31 December 2023

	Change in assumption by	Increase in assumption by	Decrease in assumption by
Discount rate	0.5%	539,937	(570,146)
Salary growth rate	0.5%	569,865	(544,760)
Mortality rates	20%	7,457	(7,565)
Employee turnover / withdrawal rates	20%	114,762	(128,265)

The weighted average duration of the defined benefit obligation is 5 years.

The following payments are expected for the defined benefit plan in future years:

	2024	2023
Within the next 12 months (next annual reporting period)	**4,711,248**	4,127,707
Between 2 and 5 years	**10,118,608**	7,187,186
Between 6 and 10 years	**7,474,396**	7,560,624
More than 10 Years	**7,395,101**	6,558,668
	29,699,353	25,434,185

21. ACRRUED AND OTHER LIABILITIES

	2024	2023
Advances from customers (note 21.1)	**6,263,332**	9,813,005
Accrued bonus	**4,800,000**	3,035,502
Accrued annual vacation	**1,920,914**	1,325,281
Accrued electricity expenses	--	846,508
Accrued financial charges	**297,072**	191,931
Accrued expenses	**3,123,910**	1,046,564
Other accruals	**1,920,794**	2,602,206
	18,326,022	18,860,997

21.1 The advances from customer primarily relate to the advance received from customers for future sale of goods. The balance of advance from customer as at 31 December 2024, is expected to be recognized as revenue within one year. During 2024, the Group recognized SR 7.4 million as revenue from the balance outstanding last year.

22. ZAKAT

The Company files its zakat declaration on an unconsolidated basis. The significant components of the zakat base of the Company and its subsidiary, which are subject to zakat under zakat and income tax regulations, are principally comprised of shareholders' equity, provisions at beginning of the year, and adjusted net profit, less deduction for the net book value of property, plant and equipment and certain other items.

a) Charge for the period

Zakat for the year ended comprise the following:

	2024	2023
Charge for the year	**4,575,409**	6,086,799

The provision for Zakat charge is based on the following:

	2024	2023
Shareholders' equity	**541,093,448**	569,745,913
Other additions	**46,860,575**	67,085,772
Deductions	**(411,488,840)**	(465,855,592)
Zakat base	**177,015,804**	170,976,093
Zakat on Zakat base @ 2.5847%	**4,575,409**	4,355,076
Adjusted Profit for the year	--	67,409,766
Zakat on adjusted profit @ 2.5%	--	1,858,493
Zakat charge for the year	**4,575,409**	6,086,799

Zakat, Tax and Customs Authority ("ZATCA") has issued new Zakat regulation by Ministerial Resolution No. 1007 dated February 29, 2024, which applies to fiscal periods beginning on or after January 1, 2024, amending the methodology for the computation of the zakat base.

22. ZAKAT (continued)

a) Charge for the period (continued)

Adjusted net profit for the year

The adjusted net profit or the year reconciliation is as follows:

	2024	2023
Net profit for the year	**569,280**	64,892,762
Other adjustments	**550,621**	--
Provision for the year	--	2,517,004
Adjusted net Profit for the year	**1,119,901**	67,409,766

b) Zakat

The movement in the Zakat during the year is analyzed as under:

	2024	2023
Balance at beginning of the year	**4,883,279**	5,352,178
Charge for the year	**4,575,409**	6,086,799
Payments made during the year	**(5,935,524)**	(6,555,698)
Balance at the end of year	**3,523,164**	4,883,279

c) Zakat status

AL OBEIKAN GLASS COMPANY

The Company has filed Zakat declaration up to the financial year ended 31 December 2023 with the Zakat, Tax and Customs Authority (ZATCA). The Company has also obtained Zakat certificate valid until 30 April 2025. The Zakat returns for 2023 are under review by ZATCA, and no assessment has been issued yet.

SAUDI ALUMINUM CASTING FOUNDRY

The Company has filed Zakat declaration up to the financial year ended 31 December 2023 with the Zakat, Tax and Customs Authority (ZATCA). The Company has also obtained Zakat certificate valid until 30 April 2025. No assessment proceedings have been initiated by ZATCA till date.

23. REVENUES

Detailed information about revenue:

Details about the Group's revenues from contracts with customers are as follows:

	2024	2023
Glass sales	**327,114,634**	393,982,137

Timing of revenue recognition

	2024	2023
At a point in time	**327,114,634**	393,982,137

	2024	2023
Sales to related parties	**54,895,206**	60,794,979
Sales for other customers	**272,219,428**	333,187,158
Total revenue	**327,114,634**	393,982,137

24. COST OF REVENUE

	2024	2023
Cost of material	**109,204,039**	143,135,547
Depreciation (note 6 and 7)	**39,406,048**	38,620,695
Gas and electricity expenses	**26,339,110**	23,904,055
Salaries and other employee related benefits	**34,454,127**	29,151,927
Consumables and direct costs	**12,654,193**	9,468,987
	222,057,517	244,281,211

25. OTHER OPERATING INCOME

	2024	2023
Support revenue	--	563,815
Rental income (note 25.1)	**1,510,704**	1,896,270
Scrap sales	**869,142**	1,060,139
Gain on sale of property, plant and equipment	**348**	150,679
HRDF income	**225,749**	394,468
Waivered accrual	--	700,000
Other	**956,561**	555,824
	3,562,504	5,321,195

25.1 The rent income has the maturity period of less than one year.

26. SELLING AND DISTRIBUTION EXPENSES

	2024	2023
Freight expenses goods to customers	**31,894,983**	30,890,797
Salaries and other employee related benefits	**4,803,941**	5,014,082
Warehousing expenses	**1,148,256**	1,963,414
Export cost	**238,274**	185,553
Commission on sales	**458,878**	438,766
Business travel expenses	**119,876**	316,647
Depreciation (note 6)	**85,085**	19,206
Insurance	**410,088**	181,619
Others	**1,912,596**	642,239
	41,071,977	39,652,323

27. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Salaries and other employee related benefits	**18,606,068**	18,081,038
Business travel expense	**1,428,830**	4,086,663
Rent	**559,302**	1,757,013
Telephone, internet and postage expenses	**618,258**	765,897
Depreciation (note 6 and 7)	**976,091**	1,123,284
IT related expenses	**399,340**	453,778
Professional and consultancy fees	**5,090,408**	2,584,232
Auditor remuneration	**721,097**	478,350
Office supplies and cleaning	**1,356,399**	728,857
Medical expenses	**916,017**	533,058
Exhibition	**175,350**	547,005
Insurance	**145,191**	213,546
Building expense	--	253,000
Bank charges	**68,538**	541,332
Government fees	**630,203**	1,038,823
Utilities	**145,530**	192,798
Stationary expenses	**10,652**	11,699
Other	**1,643,693**	2,434,621
	33,490,967	35,824,994

28. FINANCE CHARGES

	2024	2023
Financing costs on Saudi Industrial Development Fund loan	--	1,384,450
Financing costs on lease liabilities	**1,300,812**	1,275,979
Finance cost on short term loans	**2,007,345**	747,000
Foreign exchange currency charge	**702,952**	1,400,578
Interest cost on employees end of service benefits (note 20)	**850,221**	880,921
	4,861,330	5,688,928

29. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the period attributable to equity holders of the Group by the weighted average number of shares outstanding during the period. The calculation of diluted earnings per share ('EPS') is not applicable to the Group.

	2024	2023 (Restated)
Net income attributable to the Company's shareholders	**1,318,003**	67,664,553
Weighted average number of shares for basic and diluted EPS	**32,008,798**	32,000,000
Earnings per share – Basic and diluted (in Saudi Riyals)	**0.04**	2.11

The weighted average number of shares have been adjusted for treasury shares (note 16). The prior year EPS was restated to correct the used weighted average number of shares.

30. CONTINGENCIES AND COMMITMENT

The Group has no contingencies and commitments as of 31 December 2024 (31 December 2023: SR Nil).

31. SEGMENT INFORMATION

The Group has two reportable segments, as described below, which is the Group's strategic business units. The strategic business units offer two products i.e. Glass and Aluminum. The Group's Board of Directors and Chief Executive Officer monitors the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the "Chief Operating Decision Makers (CODM)" for the Group.

The operating segment described below have been prepared in accordance with IFRS 8. The Group operates in two main business segments, which are the manufacturing and sale of glass panels and manufacturing of Aluminum.

31. SEGMENT INFORMATION (continued)

Geographical distribution of sales:

Revenue	**2024**	2023
Kingdom of Saudi Arabia	**203,124,808**	258,401,346
Other countries	**123,989,826**	135,580,791
Total revenue	**327,114,634**	393,982,137

Revenue from one major customer "Al Obeikan AGC for Glass" represented approximately 16% (31 December 2023: 16%) of the Group's total revenue.

*As disclosed in note 1, the Company's sole subsidiary, Saudi Aluminum Casting, which manufactures Aluminum, was incorporated in Kingdom of Saudi Arabia. The subsidiary's operations are also expected to take place within the Kingdom of Saudi Arabia. However, the revenue generated by the subsidiary for the year ended 31 December 2024 is nil (31 December 2023: nil).

Segmented Information:

For the year ended 31 December 2024

	Glass	**Aluminum**	**Total**
Total revenue	**327,114,634**	**--**	**327,114,634**
Total expenses	**(319,236,746)**	**(12,181,014)**	**(331,417,760)**
Profit / (loss) for the period	**7,877,888**	**(12,181,014)**	**(4,303,126)**

As at 31 December 2024

	Glass	**Aluminum**	**Total**
Total assets	**614,730,124**	**85,691,300**	**700,421,424**
Total liabilities	**109,979,855**	**33,952,904**	**143,932,759**

For the year ended 31 December 2023

	Glass	**Aluminum**	**Total**
Total revenue	393,982,137	--	393,982,137
Total expenses	(320,869,230)	(9,080,590)	(329,949,820)
Profit / (loss) for the period	73,112,907	(9,080,590)	64,032,317

31. SEGMENT INFORMATION (continued)

As at 31 December 2023

	Glass	Aluminum	Total
Total assets	655,605,005	74,511,791	730,116,796
Total liabilities	91,964,386	10,592,381	102,556,767

32. CAPITAL RISK MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, statutory reserve and retained earnings attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure by monitoring return on net assets and makes required adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans including finance cost thereon, account and other payables, less cash and bank balances.

The gearing ratio as at 31 December is as follows:

	2024	2023
Total liabilities	**143,932,759**	102,556,767
Cash and cash equivalents	**(34,057,670)**	(82,839,192)
Net debt	**109,875,089**	19,717,575
Share capital	**320,000,000**	320,000,000
Statutory reserve	**43,628,927**	43,628,927
Retained earnings	**176,279,349**	238,849,523
Equity	**539,908,276**	602,478,450
Net debt to equity ratio	**20.35%**	3.27%

33. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise due to related parties, trade and other payables, loans and bank borrowings. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include due from related party, financial assets through other comprehensive income, trade and other receivables and cash and cash equivalents.

The Group's activities expose it to a variety of financial risks: Market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Group's financial performance.

33. FINANCIAL RISK MANAGEMENT (continued)

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors have an overall responsibility for the establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are regularly reviewed by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework about the risks faced by the Group.

Financial instruments carried on the statement of financial position include cash and cash equivalents, account receivables, other receivables, accrued and other current liabilities, lease liabilities, trade payables and bank borrowings.

Financial asset, and liability is offset, and net amount reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

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 comprises of three types of risk:

- Foreign currency exchange risk,
- Commission (interest) rate risk
- Other price risk

The Group's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Group's financial performance.

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flow. The Group's interest rate risks arise mainly from short term facilities, which are at floating rates of interest and is subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

33. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	2024	2023
Variable rate instruments		
Financial liabilities		
Loan and borrowings	**60,051,581**	15,875,749

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and Profit before Zakat for the period by SR 0.52 million (31 December 2023: SR 61 K).

Currency risk

Currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. The Group 's transactions are principally in Saudi Arabian Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Arabian Riyal is pegged at SAR 3.75: USD 1, therefore, the Group is not exposed to any significant foreign currency risk from Saudi Arabian Riyals and US Dollars denominated financial instruments. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk since the Group holds investment in equity securities which are classified on the consolidated statement of financial position as FVOCI investments. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices.
As at December 31, 2024, the Company's overall exposure to price risk is limited to the fair value of those positions.

Sensitivity analysis

The net assets of the Group will increase / (decrease) by SR 57K (2023: SR 19.7K) if the prices of equity securities vary due to increase / decrease in fair values by 1% with all other factors held constant.

33. FINANCIAL RISK MANAGEMENT (continued)

Other price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not affected by price risk as there are no investment of the Group in equity shares or commodities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group is exposed to risk on its trade and other receivables and cash at banks.

Concentration risk
Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2024	2023
Financial assets		
Trade receivable	**115,906,060**	124,897,742
Other receivables from related party	**50,836,406**	41,966,705
Cash and cash equivalents	**34,057,670**	82,839,192
Total	**200,800,136**	249,703,639

With respect to credit risk arising from the financial assets of the Group, including bank balances and cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts as disclosed in the statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia.

33. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade and other receivables

Customer and related party credit risk is managed subject to the Group's established policy, procedures, and controls relating to customer and related party credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The five largest customers account 81% of outstanding trade receivables as at 31 December 2024 (31 December 2023: 77%).

The receivables are shown net of allowance for impairment of trade and other receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade and other receivables. To measure expected credit losses, trade and other receivables are grouped into low risk, moderate risk, doubtful and loss based on common characteristics of credit risk and number of days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers and related party to settle the receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables.

	loss rate	**Gross carrying amount**	**Impairment loss allowance**
31 December 2024			
Not due balances	**0.73%**	**39,243,451**	**286,939**
0-180 days	**5.16%**	**56,060,670**	**2,890,760**
181-360 days	**0.36%**	**23,865,110**	**85,472**
>360 days	**100%**	**--**	**--**
		119,169,231	**3,263,171**

	loss rate	Gross carrying amount	Impairment loss allowance
31 December 2023			
Not due balances	0.90%	52,151,245	471,490
0-180 days	2.87%	52,160,852	1,408,363
181-360 Days	10.33%	24,419,951	1,954,453
Over 360 Days	100%	403,090	403,090
		129,135,138	4,237,396

The Group calculated ECLs for other receivables from related parties as at 31 December 2024, is SR 29.5 million (2023: nil).

33. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the levels of expected cash inflows on trade and other receivables together with the expected cash outflows on trade and other payables.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual payments:

31 December 2024	**Carrying value**	**Less than one year**	**More than 1 year but less than 5 years**	**More than 5 years**	**Total**
Trade payables	**16,026,123**	**16,026,123**	--	--	**16,026,123**
Accrued and other liabilities	**18,326,022**	**18,326,022**	--	--	**18,326,022**
Lease liabilities	**23,646,451**	**2,141,614**	**8,566,456**	**26,538,451**	**37,246,521**
Loan and borrowing	**60,051,581**	**58,176,473**	**2,574,563**	--	**60,751,036**
	118,050,177	**94,670,232**	**11,141,019**	**26,538,451**	**132,349,702**

31 December 2023	Carrying value	Less than one year	More than 1 year but less than 5 years	More than 5 years	Total
Trade payables	19,385,508	19,385,508	--	--	19,385,508
Accrued and other liabilities	9,047,992	9,047,992	--	--	9,047,992
Lease liabilities	24,487,253	2,101,018	11,420,007	25,619,680	39,140,705
Loan and borrowing	15,875,749	8,851,306	7,216,374	--	16,067,680
	68,796,502	39,385,824	18,636,381	25,619,680	83,641,885

34. FAIR VALUE OF ASSETS AND 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.

34. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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.

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

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

The fair value of the equity instrument at the end of the current year is not materially different from the fair value measurement determined in the previous reporting period.

	Level 1	Level 2	Level 3	Total
31 December 2024				
Investments at fair value through other comprehensive income				
- Investment	--	--	**117,854**	**117,854**
31 December 2023				
Investments at fair value through other comprehensive income				
- Investment	--	--	1,969,659	1,969,659

There were no transfers between levels of the fair value hierarchy during the year ended 31 December 2024 and the year ended 31 December 2023. Additionally, there were no changes in the valuation techniques.

The following methods and assumptions were used to estimate the fair values:

34. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

The fair value of the 'Investment at fair value through other comprehensive income has been estimated using a Discounted Cash Flow model (DCF). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for this investment.

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis are shown below:

31 December 2024:

Item	**Valuation technique**	**Significant inputs Unobservable**	**Inputs used**	**Sensitivity of the inputs to fair value**
Investment at FVOCI	Discounted cash flow method	Terminal growth rate	2.5%	1% increase in the growth rate would result in an increase in fair value by SR 1.7 million. 1% decrease in the growth rate would result in a decrease in fair value by SR 1.2 million.
		Weighted average cost of capital	13.5%	1% increase in WACC would result in a decrease in fair value by SR 1.1 million. 1% decrease in WACC would result in an increase in fair value by SR 1.6 million.

31 December 2023:

Item	Valuation technique	Significant inputs Unobservable	Inputs used	Sensitivity of the input to fair value
Investment at FVOCI	Discounted cash flow method	Terminal growth rate	2%	1% increase in the growth rate would result in an increase in fair value by SR 1.6 million. 1% decrease in the growth rate would result in a decrease in fair value by SR 1.3 million.
		Weighted average cost of capital	11.16%	1% increase in WACC would result in a decrease in fair value by SR 1.2 million. 1% decrease in WACC would result in an increase in fair value by SR 1.5 million.

35. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities:

	Liabilities		Equity	
	Lease liabilities	Loans and borrowings	retained earnings	Total
Balances as at 1 January 2024	24,487,253	15,875,749	238,849,523	279,212,525
Changes from financing cash flows				
Proceeds from bank borrowings	--	110,803,269	--	110,803,269
Repayment of bank borrowing	--	(65,886,261)	--	(65,886,261)
Principal repayment of lease liabilities	(840,802)	--	--	(840,802)
Finance cost paid of lease liabilities	(1,300,812)	--	--	(1,300,812)
Dividend paid	--	--	(64,000,000)	(64,000,000)
Total changes from financing cash flows	22,345,639	60,792,757	174,849,523	257,987,919
Other changes				
Liability related				
New lease	--	--	--	--
Accretion of interest	1,300,812	--	--	1,300,812
Total liability-related other changes	1,300,812	--	--	1,300,812
Total equity-related other changes	--	--	681,103	681,103
Balance at 31 December 2024	23,646,451	60,792,757	175,530,626	259,969,834

35. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Liabilities		Equity	
	Lease liabilities	Loans and borrowings	retained earnings	Total
Balances as at 1 January 2023	24,484,400	62,311,954	258,366,991	345,163,345
Changes from financing cash flows				
Proceeds from bank borrowings	--	46,166,443	--	46,166,443
Repayment of bank borrowing	--	(92,602,648)	--	(92,602,648)
Principal repayment of lease liabilities	(865,635)	--	--	(865,635)
Finance cost paid of lease liabilities	(1,275,979)	--	--	(1,275,979)
Dividend paid				
Total changes from financing cash flows	(2,141,614)	(46,436,205)	--	(48,577,819)
Other changes				
Liability related				
New lease	868,488	--	--	868,488
Accretion of interest	1,275,979	--	--	1,275,979
Total liability-related other changes	2,144,467	--	--	2,144,467
Total equity-related other changes	--	--	(19,517,468)	(19,517,468)
Balance at 31 December 2023	24,487,253	15,875,749	238,849,523	279,212,525

36. RECLASSIFICATION OF CORRESPONDING FIGURES

During the year ended 31 December 2024, the management reclassified the presentation of some of the corresponding figures to be consistent with the current year presentation of the consolidated financial statements, these reclassifications have no impact on the profit or equity or cash flows as follows:

	As at 31 Dec 2023	**Reclassification**	**As at 31 Dec 2023 (Reclassified)**
Prepayments and other receivables	23,867,375	41,966,705	65,834,080
Due to related parties	41,966,705	(41,966,705)	--
Trade payables	18,089,490	1,296,018	19,385,508
Due to related parties	1,296,018	(1,296,018)	--

37. SUBSEQUENT EVENTS

The Group announces that, subsequent to the reporting period, it has been granted a small mine license by the Ministry of Industry and Mineral Resources for the exploitation of high-grade silica sand at Silica Sand Ore Complex No. (1), located in the Tayma Governorate, Tabuk Region.

At this time, there are no immediate financial or operational implications resulting from this license. The Company is in the initial stages of evaluating the potential of this new resource, and it does not expect any material impact on its financial position or operations in the near term.

This event has been disclosed in accordance with the requirements for subsequent events under applicable financial reporting standards. The Company will continue to monitor developments and will provide updates to shareholders as appropriate.

38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the board of directors on 27 March 2025, corresponding to 27 Ramadan 1446H.

GLASS COMPANY