

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(LISTED JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2026**

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2026

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INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF EAST PIPES INTEGRATED COMPANY FOR INDUSTRY (A LISTED JOINT STOCK COMPANY)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of East Pipes Integrated Company for Industry (the “Company”), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2026, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the 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, as applicable to audit of the financial statement of public interest entities. We have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor’s opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



Shape the future
with confidence

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
EAST PIPES INTEGRATED COMPANY FOR INDUSTRY (A LISTED JOINT STOCK
COMPANY)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for expected credit losses</p> <p>The gross balance of trade receivables as at 31 March 2026 amounted to ₪ 635.4 million (2025: ₪ 607.4 million), against which an allowance for expected credit losses of ₪ 0.255 million (2025: ₪ 1.1 million) was maintained.</p> <p>The Company is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of trade receivables amount and certain customers aged greater than the credit terms.</p> <p>Assessment of expected credit losses is highly subjective due to the significant judgement, estimates and assumptions applied by the management in determining the expected losses.</p> <p>The management is required to determine an expected loss rate against the outstanding trade receivables based on the Company’s historical credit loss experience adjusted with forward-looking information.</p> <p>We considered this as a key audit matter given the accounts receivables represents 32.3% (2025: 37.1%) of total assets and the judgements and assumptions regarding the ECL impairment against trade receivables and the potential impact on the Company's financial statements.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> - Obtained and updated our understanding of management’s assessment of expected credit losses (“ECL”) against trade receivables. We compared the Company’s accounting policy and methodology for ECL allowance with the requirements of IFRS 9. - Involved our specialist to assess the reasonableness of significant judgments, estimates and assumptions applied in relation to the requirements of IFRS 9. Particularly, we assessed the Company’s approach regarding assessment of the probability of default and incorporation of forward-looking information in the calculation of ECL, as well as the changes in loss given default parameter. - Evaluated the appropriateness of the Company’s criteria and judgement for the determination of individually impaired receivable. - Tested the completeness and accuracy of data, on a sample basis, supporting the ECL calculations. - Assessed the reasonableness and adequacy of disclosures in the financial statements as required by IFRS 9 (“Financial instruments”) and IFRS 7 (“Financial instruments: Disclosures”).

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EAST PIPES INTEGRATED COMPANY FOR INDUSTRY (A LISTED JOINT STOCK
COMPANY)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses (continued)	
<p><i>Refer to Note 3.12.1 to the financial statements for the significant accounting policy, Note 5.2.4 for the critical accounting estimates and judgements and Note 27.2.2 which details the disclosure of impairment against trade receivables.</i></p>	<p>- In addition, based on a sample basis we tested the existence and collections of the trade receivables. Further, we also verified appropriateness of the trade receivable ageing report.</p>

Other information included in the Company's 2026 Annual Report

Other information consists of the information included in the Company's 2026 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's 2026 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.

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 Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EAST PIPES INTEGRATED COMPANY FOR INDUSTRY (A LISTED JOINT STOCK
COMPANY)**

Report on the Audit of the Financial Statements (continued)

**Responsibilities of Management and Those Charged with Governance for the Financial
Statements (continued)**

Those charged with governance i.e, the Audit Committee is 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EAST PIPES INTEGRATED COMPANY FOR INDUSTRY (A LISTED JOINT STOCK
COMPANY)**

Report on the Audit of the Financial Statements (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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.

for Ernst & Young Professional Services



Ahmed Ibrahim Reda
Certified Public Accountant
License No. 356



Al Khobar: 3 Dhul-Hijja 1447H
20 May 2026

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Notes	2026 SR	2025 SR
Revenue from contracts with customers	6	2,297,739,980	1,832,845,313
Cost of revenue	7	(1,651,061,139)	(1,372,741,038)
GROSS PROFIT		646,678,841	460,104,275
EXPENSES			
General and administrative expenses	8	(28,495,512)	(25,970,285)
Selling and marketing expenses	9	(4,468,544)	(4,928,472)
Reversal of allowance for expected credit losses	18.3	839,448	596,689
OPERATING PROFIT		614,554,233	429,802,207
Other operating income - net	10	16,134,643	10,345,662
Finance costs	11	(9,868,587)	(14,862,394)
PROFIT BEFORE ZAKAT AND INCOME TAX		620,820,289	425,285,475
Zakat	12.1	(25,452,722)	(17,643,805)
Income tax	12.3	(22,105,284)	(25,518,062)
PROFIT FOR THE YEAR		573,262,283	382,123,608
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement loss on employees' defined benefit liabilities	24	(2,131,832)	(5,090,006)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		571,130,451	377,033,602
Earning per share			
Basic and diluted	13	18.20	12.13

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Chairman

Vipul Shiv Sahai Mathur



CEO-Interim & CFO

Mohamed Saleh Ali Darweesh



The attached notes 1 to 35 form an integral part of these financial statements.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

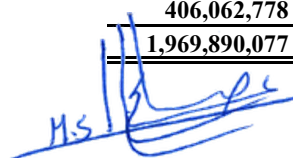
As at 31 March 2026

	Notes	2026 SR	2025 SR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	247,061,434	220,882,572
Right-of-use assets	15.1	20,960,877	17,856,847
Intangible assets	16	1,181,119	1,980,747
TOTAL NON-CURRENT ASSETS		269,203,430	240,720,166
CURRENT ASSETS			
Inventories	17	261,630,541	391,007,201
Trade receivables	18	635,159,760	606,293,578
Prepayments and other current assets	19	107,698,013	368,820,626
Advance for income tax	12.6	14,539,254	23,751,858
Cash and cash equivalents	21	680,946,579	7,950,222
Due from a related party	20	712,500	-
TOTAL CURRENT ASSETS		1,700,686,647	1,397,823,485
TOTAL ASSETS		1,969,890,077	1,638,543,651
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	315,000,000	315,000,000
Statutory reserve	23	-	71,748,360
Retained earnings		1,248,827,299	747,698,488
TOTAL EQUITY		1,563,827,299	1,134,446,848
NON-CURRENT LIABILITIES			
Employees' defined benefit liabilities	24	34,413,241	28,373,670
Lease liabilities	15	13,067,526	11,692,562
Deferred tax liabilities	12.7	5,496,975	13,871,961
TOTAL NON-CURRENT LIABILITIES		52,977,742	53,938,193
CURRENT LIABILITIES			
Accrued expenses and other current liabilities	26	222,878,967	271,057,496
Trade payables		65,296,173	31,401,427
Zakat and income tax provision	12.5	56,494,066	37,666,982
Current portion of lease liabilities	15.2	8,415,830	6,531,464
Current portion of long-term borrowing	25.2	-	98,501,241
Short-term borrowings	25.1	-	5,000,000
TOTAL CURRENT LIABILITIES		353,085,036	450,158,610
TOTAL LIABILITIES		406,062,778	504,096,803
TOTAL EQUITY AND LIABILITIES		1,969,890,077	1,638,543,651

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Chairman

Vipul Shiv Sahai Mathur



CEO-Interim & CFO

Mohamed Saleh Ali Darweesh



The attached notes 1 to 35 form an integral part of these financial statements.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY**(Listed Joint Stock Company)****STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2026

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Balance as at 1 April 2024	315,000,000	71,748,360	465,164,886	851,913,246
Net profit for the year	-	-	382,123,608	382,123,608
Other comprehensive loss	-	-	(5,090,006)	(5,090,006)
Total comprehensive income for the year	-	-	377,033,602	377,033,602
Dividends (note 31)	-	-	(94,500,000)	(94,500,000)
Balance at 31 March 2025	315,000,000	71,748,360	747,698,488	1,134,446,848
Balance at 1 April 2025	315,000,000	71,748,360	747,698,488	1,134,446,848
Profit for the year	-	-	573,262,283	573,262,283
Other comprehensive loss for the year	-	-	(2,131,832)	(2,131,832)
Total comprehensive income for the year	-	-	571,130,451	571,130,451
Dividends (note 31)	-	-	(141,750,000)	(141,750,000)
Transferred to retained earnings (note 23)	-	(71,748,360)	71,748,360	-
Balance at 31 March 2026	315,000,000	-	1,248,827,299	1,563,827,299

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Chairman

Vipul Shiv Sahai Mathur

CEO-Interim & CFO

Mohamed Saleh Ali Darweesh

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EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 March 2026

	<i>Notes</i>	2026	2025
		SR	SR
OPERATING ACTIVITIES			
Profit before zakat and income tax		620,820,289	425,285,475
<i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i>			
Depreciation of property, plant, and equipment	14	15,704,844	19,477,543
Depreciation of right-of-use assets	15	8,580,789	6,212,715
Amortization of intangible assets	16	842,631	386,939
Reversal of allowance for expected credit losses	18.3	(839,448)	(596,689)
Loss/(Gain) on disposal of property, plant and equipment		101,993	(6,500)
Provision for inventory obsolescence	17.3	379,243	1,542,641
Finance costs		9,868,587	14,862,394
Provision for employees' defined benefit liabilities	24	3,229,353	2,546,118
		658,688,281	469,710,636
<i>Changes in working capital:</i>			
Inventories		128,997,417	(136,645,394)
Trade receivables		(28,026,734)	210,531,103
Due from a related party		(712,500)	-
Prepayments and other current assets		261,122,613	(264,810,415)
Trade payables		33,894,746	14,394,767
Accrued expenses and other current liabilities		(47,779,428)	(8,051,253)
		1,006,184,395	285,129,444
Employees' defined benefit liabilities paid	24	(667,529)	(1,201,185)
Finance costs paid		(4,513,200)	(13,046,234)
Zakat and income tax paid	12.5	(13,354,050)	(21,842,720)
Advance tax paid	12.6	(14,539,254)	(11,455,101)
Net cash flows from operating activities		973,110,362	237,584,204
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	(42,403,800)	(7,356,887)
Purchases of intangible assets	16	(43,003)	(1,152,459)
Proceeds from disposal of property, plant and equipment		19,000	6,500
Net cash flows used in investing activities		(42,427,803)	(8,502,846)
FINANCING ACTIVITIES			
Proceeds from short-term borrowings		194,168,751	1,115,185,829
Repayments of short-term borrowings		(199,168,751)	(1,266,992,775)
Repayments of long-term borrowings		(101,250,000)	(33,750,000)
Dividends paid	31	(141,750,000)	(94,500,000)
Payments of lease liabilities	15.2	(9,686,202)	(7,075,396)
Net cash flows (used in) / from financing activities		(257,686,202)	(287,132,342)
Net increase/(decrease) in cash and cash equivalents		672,996,357	(58,050,984)
Cash and cash equivalents at the beginning of the year		7,950,222	66,001,206
Cash and cash equivalents at the end of the year	21	680,946,579	7,950,222

The attached notes 1 to 35 form an integral part of these financial statements.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

STATEMENT OF CASH FLOWS (continued)

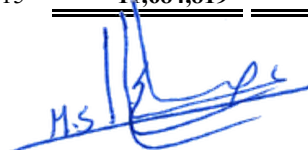
For the year ended 31 March 2026

	2026	2025
	SR	SR
Significant non-cash transactions		
Advances from customers recognised against trade receivables	-	6,206,276
Transfers from inventories to property, plant and equipment	14 <u>399,101</u>	-
Addition to right-of-use assets and lease liabilities due to modification	15 <u>11,684,819</u>	16,879,851

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Chairman
 Vipul Shiv Sahai Mathur



CEO-Interim & CFO
 Mohamed Saleh Ali Darweesh

The attached notes 1 to 35 form an integral part of these financial statements.



EAST PIPES INTEGRATED COMPANY FOR INDUSTRY

(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

At 31 March 2026

1 CORPORATE INFORMATION

East Pipes Integrated Company for Industry (the "Company") is a listed joint stock company licensed under investment license number 121031118992 and unified number 7001643902 issued by the Ministry of Investment on 22 Rajab 1431H (corresponding to 4 July 2010G) operating under Commercial Registration ("CR") number 2050071522 issued in Dammam on 22 Rajab 1431H (corresponding to 4 July 2010G). The Company is engaged in manufacturing of pipes, tubes, hollow shapes from iron and steel.

The registered address of the Company is P.O. Box 12943, Dammam 31483, Kingdom of Saudi Arabia. The Company's fiscal year begins on 1 April and ends on 31 March of each year.

The accompanying financial statements include the operations of the Company and its branch operating under CR number 2050071524 issued in Dammam on 22 Rajab 1431H (corresponding to 4 July 2010). Activities of the Branch include processing and polishing of metals.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements are prepared under the historical cost convention using the accruals basis of accounting. For employees and other post-employment benefits, actuarial present value calculations are used.

2.3 Functional and presentation currency

The financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all periods presented.

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months from the statement of financial position date; or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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 Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY

(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the 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 best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company should use valuation techniques that are appropriate in the circumstances and for which sufficient data to be available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are 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.

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

3.3 Revenue recognition

Revenue is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company generates revenue from the following sources:

3.3.1 Revenue from sale of goods

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, if any, for the sale of goods in the ordinary course of the Company's activities. The Company recognizes revenue when control of the goods has transferred, being when the products are delivered to the customer, the customer has full discretion over the use or sale of such goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been acknowledged by the customer through third party inspection documents and material release notes, the risks of obsolescence and loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered or acknowledged by the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. In determining the transaction price for the sale of goods, the Company considers the effects the existence of significant financing components. The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Company and its customers at contract inception, to take into consideration the significant financing component.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Revenue recognition (continued)

3.3.2 Revenue from coating services

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, if any, for the rendering of the services in the ordinary course of the Company's activities.

The Company provides coating services on pipes provided by the customers. Revenue from coating services is recorded over time using the output method as the Company's performance creates or enhances an asset that the customer controls as the asset is being created or enhanced.

The customer receives and consumes the benefit over the services period and the Company has an enforceable right to invoice upon third party inspection. The services are billed to the customer upon acknowledgement by the customer through third party inspection.

The Company does not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

3.4 Cost of sales

Expenses are recognised when incurred based on the accrual basis of accounting. General and administration expenses and selling and marketing expenses include direct and indirect costs not specifically relating to direct costs of the Company. Allocation between general and administration expenses, selling and marketing cost and direct costs are made on a consistent basis in accordance with allocation factors determined as appropriate by the Company.

3.5 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

3.6 Zakat and taxes

3.6.1 Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia and on accruals basis. The provision is charged to the statement of profit and loss.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.6.2 Income tax

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), the Company is subject to income tax attributable to the foreign shareholding in the Company. Provisions for income tax are charged to profit or loss for the year.

3.6.3 Deferred tax

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Zakat and taxes (continued)

3.6.4 Value-added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except:

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

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

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

Buildings and leasehold improvements	10 - 20 years
Plant and machinery	2 - 36 years
Furniture, fixtures and office equipment	2 - 5 years
Vehicles	3 - 5years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Major spare parts qualify for recognition as property, plant and equipment when the Company expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

3.8 Leases

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 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.8.1 Right-of-use assets

The Company 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, as follows:

Land	7 - 15 years
Building	3 years

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Leases (continued)

3.8.1 Right-of-use assets (continued)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer note 3.11 Impairment of non-financial assets.

3.8.2 Lease liabilities

At the commencement date of the lease, the Company 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 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 recognised 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 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.

3.8.3 Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the statement of profit or loss.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and interest charges in respect of lease liabilities.

3.10 Intangible assets

Intangibles acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.10 Intangible assets (continued)

Intangible assets with a finite useful life are amortised on a straight-line basis over the estimated useful lives of the assets, as follows:

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

3.11 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset maybe impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

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

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual asset are allocated. These budgets and forecast calculations are generally covering a five-year period. For longer years, a long-term growth rate is calculated and applied to project future cash flows after the budgeted period.

Impairment losses of continuing operations, including impairment on working capital, if applicable, are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Irrespective of whether there is any indication of impairment, the Company shall also test intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with respective recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year.

For assets, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

3.12 Financial instruments – initial recognition, subsequent measurement and derecognition

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

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

3.12.1 Financial assets

Initial recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in note 3.3 under revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) - not applicable to the Company
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

The Company's financial assets at amortised cost includes trade receivables, cash and cash equivalents, other receivables and advance for income tax.

Financial assets designated at fair value through OCI (equity instruments)

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

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

3.12.1 Financial assets (continued)

Financial assets designated at fair value through OCI (equity instruments) (continued)

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

Currently, the Company does not hold any equity instruments.

Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company assesses on a forward-looking basis the Expected Credit Loss ("ECL") associated with its financial assets carried at amortized cost.

For trade receivables and other financial assets, the Company applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. The amount of the loss is charged to profit or loss.

The loss rates are based on the exposure, probability of default and loss given default. The loss rates are adjusted to reflect current and forward-looking base, best, and worst-case scenario based on the forecasts of future economic conditions of Saudi.

Trade receivables and contract assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant decrease in credit worthiness of the customer, the failure of the customer to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 720 days past due.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

3.12.2 Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade payables, other liabilities, lease liabilities and short-term borrowing.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss ("FVTPL") - not applicable to the Company
- Financial liabilities at amortised cost

Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.12.3 Offsetting of financial instruments

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

3.13 Inventories

Raw materials, spare parts and supplies, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for inventory obsolescence is made considering various factors including age of the inventory items, historic usage and expected utilization in future.

3.14 Cash and cash equivalents

For the purpose of statement of financial position and presentation in the statement of cash flows, cash and cash equivalents include cash in hand, cash at banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax (zakat) rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.16 Employees' benefits

3.16.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and air fare that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in statement of financial position under accrued expenses.

3.16.2 Employees' defined benefit liabilities

The Company operates a non-funded employees end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit liabilities.

Current service cost and interest cost is recorded under direct cost and general and administration expense in statement of profit or loss. Past service costs are recognised in statement of profit or loss on the earlier of date of the plan amendment or curtailment and date that the Company recognises related restructuring costs. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in partners' equity through other comprehensive income in the period in which they arise and are not re-classified to statement of profit or loss in subsequent periods.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the statement of profit or loss as past service costs.

3.17 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under trade payables and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY

(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.18 Trade payables

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

3.19 Borrowings

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as “other operating expenses - net” or “financial costs”.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the year end.

3.20 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components and which are reviewed regularly by the Company’s Chief Operating Decision Maker (the “CODM”).

The BoD of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The BoD has been identified as being the CODM.

The financial statements are prepared on the basis of a single reporting segment consistent with the information reviewed by the CODM of the Company.

The business activities of the Company are concentrated in the Kingdom of Saudi Arabia. All operating assets of the Company are located in the Kingdom of Saudi Arabia.

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability - Amendments to IAS 21

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

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

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 recognised 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.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Other disclosures relating to the exposure to risks and uncertainties include:

Capital management	Note 28
Financial instruments and risk management	Note 27
Sensitivity analyses disclosures	Note 27 and 24

5.1 Judgements

In the process of applying the Company' accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

5.1.1 Determining the lease term of contracts with renewal and termination options - Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has a lease contract that include extension and termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

5.1.2 Component parts of property, plant and equipment

The Company's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

5.2 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.

5.2.1 Useful lives of property, plant and equipment

Management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. 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.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

5.2 Estimates and assumptions (continued)

5.2.2 Impairment test of non-financial assets

Impairment of non-financial assets incur when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget and business plan for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

5.2.3 Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

5.2.4 Allowance for expected credit losses on trade receivables

The Company uses an ECL module to calculate the expected credit losses for trade receivables. The ECL module is based on the exposure, probability of default and loss given default for groupings of various customer segments that have similar loss patterns (i.e., by customer type and coverage by letters of credit and other forms of credit insurance). The loss rates are adjusted to reflect current and forward-looking base, best, and worst-case scenario based on the forecasts of future economic conditions of Saudi Arabia. The information about the ECLs on the Company's trade receivables is disclosed in note 27.2.2.

5.2.5 Valuation of employees' defined benefit plan

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation 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 and other assumptions. 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.

5.2.6 Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease agreement, 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, such as for subsidiaries that do not enter into financing transactions 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.

5.2.7 Going concern

The Company's management has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, the 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 the going concern basis.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

6.1 Disaggregated revenue information

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Type of revenue		
Revenue from sale of pipes	2,078,776,030	1,673,616,720
Revenue from coating services	218,963,950	159,228,593
Total revenue	<u>2,297,739,980</u>	<u>1,832,845,313</u>
Geographical markets		
Kingdom of Saudi Arabia	<u>2,297,739,980</u>	<u>1,832,845,313</u>
Timing of revenue recognition		
Transferred at a point in time	2,078,776,030	1,706,480,873
Transferred over time	218,963,950	126,364,440
Total revenue	<u>2,297,739,980</u>	<u>1,832,845,313</u>

6.2 Following are the contract balances included in the statement of financial position against revenue as at 31 March:

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Contract balances		
Trade receivables (Note 18)	635,159,760	606,293,578
Contract assets (Note 19)	5,438,774	4,873,260
	<u>640,598,534</u>	<u>611,166,838</u>

7 COST OF REVENUE

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Cost of materials	1,475,144,120	1,208,185,497
Salaries and employees' benefits	100,232,474	89,039,941
Depreciation of property, plant and equipment (Note 14)	15,116,543	18,964,294
Short-term rent expenses	27,782,709	26,654,983
Utilities expenses	11,928,090	10,610,310
Depreciation of right-of-use assets (Note 15)	8,580,789	6,212,715
Repair expenses	3,006,287	3,460,205
Packing material	5,784,230	5,160,185
Amortisation of intangible assets (Note 16)	671,399	270,857
Travel expenses	376,046	338,839
Provision for inventory obsolescence (Note 17.3)	379,243	1,542,641
Others	2,059,209	2,300,571
	<u>1,651,061,139</u>	<u>1,372,741,038</u>

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

8 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Salaries and employees' benefits	17,074,877	15,415,452
Professional fees*	2,687,154	4,046,135
Directors' fees (note 20)	3,709,022	2,741,512
Repair expenses	1,033,148	1,060,431
Utilities expenses	1,633,606	1,418,812
Depreciation of property, plant and equipment (Note 14)	400,891	347,435
Short-term rent expenses	197,300	150,430
Travel expenses	233,724	154,577
Amortisation of intangible assets (Note 16)	114,155	77,388
Others	1,411,635	558,113
	<u>28,495,512</u>	<u>25,970,285</u>

* Professional fees includes audit fees charged for the year ended 31 March 2026 of SR 494,000 (31 March 2025: SR 450,000).

9 SELLING AND MARKETING EXPENSES

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Salaries and employees' benefits	2,935,195	2,609,916
Travel expenses	615,952	1,186,242
Sales and promotions expenses	209,771	319,701
Repair expenses	227,869	218,042
Depreciation of property, plant and equipment (Note 14)	187,410	165,814
Amortisation of intangible assets (Note 16)	57,077	38,694
Others	235,270	390,063
	<u>4,468,544</u>	<u>4,928,472</u>

10 OTHER OPERATING INCOME - NET

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Credit notes from vendors	-	5,066,873
Interest received on short-term deposits	15,815,323	4,304,857
Gain / (loss) from foreign currencies exchange	(10,030)	647,190
Others	329,350	326,742
	<u>16,134,643</u>	<u>10,345,662</u>

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

11 FINANCE COSTS

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Financial costs on short term borrowings	464,361	2,651,320
Letter of credit facilities charges	4,048,839	3,999,330
Interest on employees' defined benefit liabilities (Note 24)	1,345,915	1,057,417
Interest on lease liabilities (Note 15.2)	1,260,713	967,877
Financial costs on long term borrowings	2,748,759	6,186,450
	<u>9,868,587</u>	<u>14,862,394</u>

12 ZAKAT AND INCOME TAX

12.1 Zakat charge for the year

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Current year	25,666,210	18,025,125
Prior year adjustments	(213,488)	(381,320)
	<u>25,452,722</u>	<u>17,643,805</u>

12.2 Principal components of approximate zakat base attributable to Saudi shareholders

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Equity	1,566,516,032	1,169,042,999
Provision and other adjustments	56,694,232	59,284,360
Book value of long term assets	(269,476,839)	(258,944,614)
Minimum limit of zakat base	421,486,119	281,041,109
Maximum limit of zakat base	1,151,389,284	834,550,138
Zakat base	<u>994,994,067</u>	<u>697,365,495</u>

Zakat is payable at 2.578% of the zakat base, excluding adjusted profit for the period, attributable to the Saudi shareholders. Zakat on adjusted profit for the period is payable at 2.5%.

12.3 Income tax expense for the year

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Current tax (Note 12.5)	30,727,537	19,657,229
Adjustment related to prior years	(247,268)	(1,082)
Deferred tax	(8,374,985)	5,861,915
	<u>22,105,284</u>	<u>25,518,062</u>

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

12 ZAKAT AND INCOME TAX (continued)

12.4 Effective income tax reconciliation

	2026	2025
	SR	SR
Profit before zakat and income tax	620,820,289	425,285,475
Effective shareholding subject to income tax	26.50%	29.59%
Income tax rate applicable to the Company	20%	20%
Income tax on effective shareholding	32,903,475	25,168,394
Reconciliation:		
Tax effect of change in effective shareholding	(7,727,592)	(8,080,424)
Tax effect of disallowed expenses	5,537,163	2,569,259
	30,713,046	19,657,229

12.5 Movement of zakat provision and income tax

	Zakat provision	Income tax	Total
	SR	SR	SR
At 1 April 2025	18,025,125	19,641,857	37,666,982
Provisions:			
Current year	25,666,210	30,727,537	56,393,747
Prior year adjustments	(213,488)	(247,268)	(460,756)
	25,452,722	30,480,269	55,932,991
Payments	(5,422,754)	(7,931,296)	(13,354,050)
Adjusted against advance	(12,296,756)	(11,455,101)	(23,751,857)
At 31 March 2026	25,758,337	30,735,729	56,494,066
At 1 April 2024	11,750,690	15,259,177	27,009,867
Provisions:			
Current year	18,025,125	19,657,229	37,682,354
Prior years adjustments	(381,320)	(1,082)	(382,402)
	17,643,805	19,656,147	37,299,952
Payments	(11,369,370)	(10,473,350)	(21,842,720)
Adjusted against advance	-	(4,800,117)	(4,800,117)
At 31 March 2025	18,025,125	19,641,857	37,666,982

Income tax is payable at 20% of adjusted net profit attributable to the foreign shareholder. As at 31 March 2026 advance income tax amounting to Saudi Riyals 15 million (31 March 2025: Saudi Riyals 24 million).

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

12 ZAKAT AND INCOME TAX (continued)

i) The Company has submitted its zakat and income tax returns to zakat, tax and customs authority "ZATCA" for the years up to 31 March 2025. The Company has obtained zakat and income tax certificates for the years till 31 March 2025. ZATCA has finalized the income tax and zakat assessments for the years ended 31 March 2014, 2016, 2017, and 2018 through 2020.

ii) ZATCA has not issued final assessments for the year 2015, accordingly this year is deemed assessed based on the relevant time barred provisions in the Income Tax and Zakat Regulations.

iii) During the year ended 31 March 2025, ZATCA issued the assessment for the year ended 31 March 2022, reflecting an additional Zakat liability of SAR 53,074 and an additional tax liability amounting to SAR 34,236. The company settled the amount and ZATCA has finalized the year. Furthermore, ZATCA issued the assessment for the year ended 31 March 2023, reflecting an additional Zakat liability of SAR 107,144 and a reduction in tax liability of SAR 2,721. The company settled the amount, ZATCA has finalized the year.

iv) During the year ended 31 March 2026, ZATCA issued the assessment for the year ended 31 March 2024, reflecting an additional Zakat liability of SAR 92,129 and an additional tax liability of SAR 8,915. The company settled the amount, ZATCA has finalized the year ended 31 March 2024.

v) ZATCA has not yet sent any requirements for the years ended 31 March 2021.

vi) ZATCA has sent requirements for the year ended 31 March 2025.

12.6 Advance income tax

	2026 SR	2025 SR
At 1 April	23,751,858	17,096,874
Payments	14,539,254	11,455,101
Adjusted against income tax	(23,751,858)	(4,800,117)
At 31 March	<u>14,539,254</u>	<u>23,751,858</u>

12.7 Deferred tax liabilities

12.7.1 The balance comprises temporary differences attributable to:

	2026 SR	2025 SR
Carry forward losses	-	38,934,254
Employee benefit obligations	(9,119,507)	(8,129,277)
Provision for inventory obsolescence	(1,600,350)	(1,675,050)
Property, plant and equipment	38,090,673	40,662,594
Others	114,059	(432,712)
	<u>27,484,875</u>	<u>69,359,809</u>
Deferred tax liabilities	<u>5,496,975</u>	<u>13,871,961</u>

12.7.2 Deferred tax movement

At 31 March 2026

	Carried forward losses SR	Employees' benefit liabilities SR	Provision for inventory obsolescence SR	Property, plant and equipment SR	Others SR	Total SR
At 1 April 2025	7,786,851	(1,625,856)	(335,010)	8,132,519	(86,543)	13,871,961
Charged debited / (credited) to:						
Profit or loss:	(7,786,851)	(198,045)	14,950	(514,384)	109,344	(8,374,986)
At 31 March 2026	<u>-</u>	<u>(1,823,901)</u>	<u>(320,060)</u>	<u>7,618,135</u>	<u>22,801</u>	<u>5,496,975</u>

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

12 ZAKAT AND INCOME TAX (continued)

12.7.2 Deferred tax movement (continued)

At 31 March 2025

	Carried forward losses	Employees' benefit liabilities	Provision for inventory obsolescence	Property, plant and equipment	Other	Total
	SR	SR	SR	SR	SR	SR
At 1 April 2024	-	(1,316,582)	(259,382)	9,703,201	(117,191)	8,010,046
Charged debited / (credited) to:						
Profit or loss:	7,786,851	(309,274)	(75,628)	(1,570,682)	30,648	5,861,915
At 31 March 2025	<u>7,786,851</u>	<u>(1,625,856)</u>	<u>(335,010)</u>	<u>8,132,519</u>	<u>(86,543)</u>	<u>13,871,961</u>

13 BASIC AND DILUTED EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2026	2025
	SR	SR
Profit for the year	<u>573,262,283</u>	382,123,608
Weighted average number of ordinary shares outstanding	<u>31,500,000</u>	31,500,000
Basic and diluted earnings per share from profit for the year	18.20	12.13

The diluted earnings per share are the same as the basic earnings per share, as the Group does not have any dilutive instruments.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

14 PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 March 2026

	<i>Buildings and leasehold improvements</i>	<i>Plant and machinery</i>	<i>Furniture, fixtures and office equipment</i>	<i>Vehicles</i>	<i>Capital work-in- progress</i>	<i>Total</i>
	SR	SR	SR	SR	SR	SR
Cost:						
At 1 April 2025	75,057,247	567,104,321	8,021,028	2,069,813	2,118,530	654,370,939
Additions	111,225	400,976	49,658	-	41,841,941	42,403,800
Transfers to inventories	-	(399,101)	-	-	-	(399,101)
Transfers from capital work in progress	2,770,390	33,578,361	1,228,898	-	(37,577,649)	-
Disposal during the year	(615,713)	-	-	-	-	(615,713)
At 31 March 2026	77,323,149	600,684,557	9,299,584	2,069,813	6,382,822	695,759,925
Accumulated depreciation:						
At 1 April 2025	52,756,577	374,069,773	5,235,065	1,426,952	-	433,488,367
Charge for the year	4,078,988	10,583,725	873,112	169,019	-	15,704,844
Disposal during the year	(494,720)	-	-	-	-	(494,720)
At 31 March 2026	56,340,845	384,653,498	6,108,177	1,595,971	-	448,698,491
Net book amounts:						
At 31 March 2026	20,982,304	216,031,059	3,191,407	473,842	6,382,822	247,061,434

14.1 Entire property, plant and equipment are mortgaged as security against the loan obtained from SIDF (Note 25). During the year, the Company settled the outstanding loan balance and is currently in the process of releasing and cancelling the related mortgage.

14.2 The production facilities and buildings of the Company are constructed on land leased at a nominal rent from the Saudi authority for industrial cities and technology zones (modon) for a period of 7-15 years.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	For the year ended 31 March 2025					
	<i>Buildings and leasehold improvements</i>	<i>Plant and machinery</i>	<i>Furniture, fixtures and office equipment</i>	<i>Vehicles</i>	<i>Capital work-in- progress</i>	<i>Total</i>
	SR	SR	SR	SR	SR	SR
<i>Cost:</i>						
At 1 April 2024	74,945,665	563,779,952	6,808,242	1,559,416	44,500	647,137,775
Additions during the year	65,300	582,295	965,588	634,120	5,109,584	7,356,887
Transfers from capital work in progress	46,282	2,742,074	247,198	-	(3,035,554)	-
Disposal during the year	-	-	-	(123,723)	-	(123,723)
At 31 March 2025	75,057,247	567,104,321	8,021,028	2,069,813	2,118,530	654,370,939
<i>Accumulated depreciation:</i>						
At 1 April 2024	48,680,191	359,675,935	4,377,121	1,401,300	-	414,134,547
Charge for the year	4,076,386	14,393,838	857,944	149,375	-	19,477,543
Related to disposal	-	-	-	(123,723)	-	(123,723)
At 31 March 2025	52,756,577	374,069,773	5,235,065	1,426,952	-	433,488,367
<i>Net book amounts:</i>						
At 31 March 2025	22,300,670	193,034,548	2,785,963	642,861	2,118,530	220,882,572

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

14 PROPERTY, PLANT AND EQUIPMENT (continued)

14.3 The depreciation charge has been allocated as follows:

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Cost of revenue (Note 7)	15,116,543	18,964,294
General and administration expenses (Note 8)	400,891	347,435
Selling and marketing expenses (Note 9)	187,410	165,814
	<u>15,704,844</u>	<u>19,477,543</u>

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts for various items of lands and a building used in its operations. Lease agreements have lease terms between 3 and 17 years. The lease agreements do not impose any covenants. Leased assets are not used as security for borrowing purposes (Note 25).

15.1 RIGHT-OF-USE ASSETS

	<i>Lands</i>	<i>Building</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cost			
As at 1 April 2024	32,676,264	2,921,051	35,597,315
Additions during the year	<u>16,879,851</u>	<u>-</u>	<u>16,879,851</u>
As at 1 April 2025	49,556,115	2,921,051	52,477,166
Modification	11,684,819	-	11,684,819
At 31 March 2026	<u>61,240,934</u>	<u>2,921,051</u>	<u>64,161,985</u>
Accumulated depreciation			
As at 1 April 2024	25,486,553	2,921,051	28,407,604
Depreciation expense	<u>6,212,715</u>	<u>-</u>	<u>6,212,715</u>
At 31 March 2025	31,699,268	2,921,051	34,620,319
Depreciation expense	8,580,789	-	8,580,789
At 31 March 2026	<u>40,280,057</u>	<u>2,921,051</u>	<u>43,201,108</u>
Net book value			
At 31 March 2026	<u>20,960,877</u>	<u>-</u>	<u>20,960,877</u>
At 31 March 2025	<u>17,856,847</u>	<u>-</u>	<u>17,856,847</u>

15.2 LEASE LIABILITIES

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
At at 1 April	18,224,026	7,451,694
Accretion of interest (Note 11)	1,260,713	967,877
Additions	-	16,879,851
Modification	11,684,819	-
Payments	(9,686,202)	(7,075,396)
At 31 March	<u>21,483,356</u>	<u>18,224,026</u>

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

15.2 LEASE LIABILITIES (continued)

	2026	2025
	SR	SR
Current	8,415,830	6,531,464
Non-current	13,067,526	11,692,562
	<u>21,483,356</u>	<u>18,224,026</u>

The maturity analysis of lease liabilities are disclosed in note 27.2.3.

The following are the amounts recognised in statement of profit or loss:

	2026	2025
	SR	SR
Depreciation expense of right-of-use assets (Note 7)	8,580,789	6,212,715
Interest expense on lease liabilities (Note 11)	1,260,713	967,877
Short-term rent expenses (Note 7,8)	27,980,009	26,805,413
Total amount recognised in statement of profit or loss	<u>37,821,511</u>	<u>33,986,005</u>

16 INTANGIBLE ASSETS

	2026	2025
	SR	SR
<i>Cost:</i>		
1 April	4,989,210	3,836,751
Additions	43,003	1,152,459
31 March	<u>5,032,213</u>	<u>4,989,210</u>
<i>Accumulated amortisation:</i>		
1 April	3,008,463	2,621,524
Charge for the year	842,631	386,939
31 March	<u>3,851,094</u>	<u>3,008,463</u>
Net book amount as at 31 March	<u>1,181,119</u>	<u>1,980,747</u>

Intangible assets represent software and is amortized on a straight-line basis over their estimated useful life which is 3 years.

16.1 The amortisation charge has been allocated as follows:

	2026	2025
	SR	SR
Cost of revenue (Note 7)	671,399	270,857
General and administrative expenses (Note 8)	114,155	77,388
Selling and marketing expenses (Note 9)	57,077	38,694
	<u>842,631</u>	<u>386,939</u>

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

17 INVENTORIES

	2026	2025
	SR	SR
Raw materials (Note 17.1)	215,645,567	278,662,945
Work-in-progress (Note 17.2)	3,770,917	69,888,918
Finished products	30,539,434	29,890,703
Spare parts and supplies, held not for sale	17,713,679	18,224,448
	<u>267,669,597</u>	<u>396,667,014</u>
Less: provision for inventory obsolescence (Note 17.3)	<u>(6,039,056)</u>	<u>(5,659,813)</u>
	<u><u>261,630,541</u></u>	<u><u>391,007,201</u></u>

17.1 All raw material purchases are primarily against confirmed orders.

17.2 Work-in-progress represents pipes manufactured as at 31 March 2026, which are still in the process of coating. The revenue against these pipes shall be recognized once production is finished and pipes are delivered.

17.3 Movement in the provision for inventory obsolescence was as follows:

	2026	2025
	SR	SR
As at 1 April	5,659,813	4,117,172
Charged during the year (Note 7)	379,243	1,542,641
At the end of the year	<u><u>6,039,056</u></u>	<u><u>5,659,813</u></u>

18 TRADE RECEIVABLES

	2026	2025
	SR	SR
Trade receivables	635,415,221	607,388,487
Less: allowance for expected credit losses (Note 18.3)	<u>(255,461)</u>	<u>(1,094,909)</u>
	<u><u>635,159,760</u></u>	<u><u>606,293,578</u></u>

18.1 Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

18.2 The ageing of trade receivables and informations about the credit exposures are disclosed in note 27.2.2

18.3 Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2026	2025
	SR	SR
As at 1 April	1,094,909	1,691,598
Charge during the year	-	587,166
Reversal during the year	<u>(839,448)</u>	<u>(1,183,855)</u>
	<u>(839,448)</u>	<u>(596,689)</u>
As at 31 March	<u><u>255,461</u></u>	<u><u>1,094,909</u></u>

19 PREPAYMENTS AND OTHER CURRENT ASSETS

	2026	2025
	SR	SR
Advances to suppliers*	73,158,452	353,588,929
Margin against letters of guarantees	23,425,318	1,242,991
Contract assets	5,438,774	4,873,260
Prepaid expenses	2,549,970	6,108,141
Other receivables	3,125,499	3,007,305
	<u><u>107,698,013</u></u>	<u><u>368,820,626</u></u>

*Pertains to advances paid to suppliers for purchase of materials and services which are primarily against confirmed orders.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

20 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The Company in the normal course of business carries out transactions with various related parties.

<u>Name</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u>	
		2026	2025
		SR	SR
Welspun Pipe Company	Deposit received	(129,359)	-
	Deposit refund	129,359	-
	Sales	100,704	-
	Collection of sales	(100,704)	-
Welspun Corp Limited	Purchases of pipes	(112,174,646)	-
	Payment for the purchases pipes	112,174,646	-
	Advance against purchase of a machinery	712,500	-
<i>Amounts due from related parties presented under current assets:</i>			
		2026	2025
		SR	SR
Welspun Corp Limited		712,500	-
		<u>712,500</u>	<u>-</u>

Compensation of key management personnel of the Company were as follows:

	2026	2025
	SR	SR
Short-term employee benefits	5,824,150	5,758,227
Directors setting fees	3,709,022	2,741,512
Post employment benefits	236,577	232,951
Total compensation	<u>9,769,749</u>	<u>8,732,690</u>

During the year ended 31 March 2026, the Board of Directors' compensation amounted to SR 3.7 million (2025: SR 2.7 million).

21 CASH AND CASH EQUIVALENTS

	2026	2025
	SR	SR
Cash at bank	140,632,777	7,941,287
Cash in hand	49,270	8,935
Short-term deposits	540,264,532	-
	<u>680,946,579</u>	<u>7,950,222</u>

Short-term deposits represent placements with a commercial bank for an original period of less than three months and yield an average yield financial income at prevailing market rates, with an average rate of 5.1%.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

22 SHARE CAPITAL

As at 31 March 2026, the authorised, issued and fully paid-up share capital comprised of 31,500,000 (31 March 2025: 31,500,000) ordinary shares of Saudi Riyals 10 each.

Following are the major shareholders of the Company:

	<i>Notes</i>	<i>Shareholding Percentage</i>	
		2026	2025
Welspun Mauritius Holdings Company Ltd.	22.1	4.50%	26.50%
Welspun Pipes, Inc	22.1	22.00%	-
Saleh Muhammad Hamad Al-Hammadi		9.98%	9.98%
General Public		63.52%	63.52%

22.1 On 5 Shawwal 1447H (corresponding to 23 March 2026G), Welspun Mauritius Holdings Company Ltd. (the “Seller”) sold 22% of its total share capital to Welspun Pipes, Inc USA (the “Buyer”), a wholly owned subsidiary of Welspun Corp Limited, resulting in the Seller retaining a residual shareholding of 4.5%.

23 STATUTORY RESERVE

According to the newly enacted Companies Law and its implementing regulations effective in KSA starting 26 Jumada’ II 1444H (corresponding to 19 January 2023), the mandatory statutory reserve requirement was abolished. In pursuant to this change, the Board of Directors resolved to amend the Company’s Bylaws to exclude the requirement to maintain a statutory reserve. Further, Board of Directors of the Company recommended the transfer this reserve to retained earnings, which was approved by the shareholders in extra-ordinary general assembly meeting held on 24 Safar 1447H (corresponding to 18 August 2025). Accordingly, the statutory reserve of the Company has been transferred to retained earnings.

24 EMPLOYEES' DEFINED BENEFIT LIABILITIES

The Company has a defined benefit plan (unfunded), which is a termination benefits plan in line with Labor Law requirements in the Kingdom of Saudi Arabia. The Company is required to recognise the provision for employees' end-of-service benefits for the amounts payable at the statement of financial position date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of employees' defined benefit liabilities in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The main actuarial assumptions used to calculate the defined unfunded benefit liabilities are as follows:

	2026	2025
	(%)	(%)
Discount rate	4.05%	4.80%
Future salary increases rate	4.00%	4.00%

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

24 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

The following table represents the movement of the defined benefits plan as at 31 March:

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
As at 1 April	28,373,670	21,068,136
Current service cost	3,229,353	2,546,118
Interest cost	1,345,915	1,057,417
Remeasurement loss:		
Loss from change in financial assumptions	1,574,948	1,553,277
Experience losses	556,884	3,536,729
	2,131,832	5,090,006
Payments during the year	(667,529)	(1,201,185)
Transferred to payables	-	(186,822)
As at 31 March	34,413,241	28,373,670

A quantitative sensitivity analysis for significant assumption on the employees' defined benefit liabilities as at 31 March and the impact on the employees' defined benefit liabilities is shown as below:

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
<i>Discount rate:</i>		
1% increase	(2,070,144)	(1,719,521)
1% decrease	2,332,743	1,934,270
<i>Salary growth rate</i>		
1% increase	2,310,325	1,930,358
1% decrease	(2,090,037)	(1,747,859)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employees' defined benefit liabilities as it is unlikely that changes in assumptions would occur in isolation of one another.

The following are the expected payments to the defined benefit plan in future years:

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Within one year	4,009,026	3,351,169
After one year but not more than five years	22,757,381	19,252,398
More than five years	65,532,894	63,121,085
Total expected payments	92,299,301	85,724,652

The weighted average duration of the defined benefit obligation of the Company is 6 years (2025: 6 years).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

25 BORROWINGS

25.1 Short term borrowings

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Short-term borrowings	-	5,000,000
	<u>-</u>	<u>5,000,000</u>

25.1.1 These represent short-term borrowings obtained from various local commercial banks and bear financial charges at prevailing market rates which are based on SIBOR plus fixed rate. The carrying value of the short-term borrowings are denominated in Saudi Riyals.

25.2 Long term borrowing

	<i>Notes</i>	<i>2026</i>	<i>2025</i>
		<i>SR</i>	<i>SR</i>
Long-term borrowing		98,501,241	135,000,000
Accrued evaluation fees		2,748,759	3,364,715
less: transaction cost	25.2.1	-	(1,388,474)
Payments during the year		(101,250,000)	(38,475,000)
	25.2.2	<u>-</u>	<u>98,501,241</u>

25.2.1 Transaction cost

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
1 April	1,388,474	4,471,705
Charged to profit or loss	(1,388,474)	(3,083,231)
31 March	<u>-</u>	<u>1,388,474</u>

25.2.2 This represents upfront commitment fees which is paid at the acquisition of the loan and being amortized over the term of the loan at effective interest rate of 0.4%.

25.2.3 Long term borrowing as at 31 March 2026 is presented in the financial statements as follows:

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Current portion	-	98,501,241
	<u>-</u>	<u>98,501,241</u>

25.2.4 The loan carries evaluation fees amounting to SR 4.7 million. The loan is repayable within 2 years from the disbursement date in 4 equal installments.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

26 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>Notes</i>	2026	2025
		SR	SR
Advances from customers		46,821,505	58,383,278
Accruals for goods received invoice not received	26.1	102,928,797	164,173,309
Value added tax payable		40,180,376	23,078,797
Accrued expenses		15,554,994	11,010,763
Accruals for employees' salaries and benefits		17,393,295	14,411,349
		<u>222,878,967</u>	<u>271,057,496</u>

26.1 Represents goods received to perform confirmed orders.

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

27.1 Financial instruments

The financial instruments are categorised as follows:

27.1.1 *Financial assets at amortised cost:*

	2026	2025
	SR	SR
Trade receivables	635,159,760	606,293,578
Other current assets	26,550,817	4,250,296
Cash and cash equivalents	680,946,579	7,789,189
	<u>1,342,657,156</u>	<u>618,333,063</u>

27.1.2 *Financial liabilities at amortised cost:*

	2026	2025
	SR	SR
Short-term borrowings	-	5,000,000
Long-term borrowing	-	98,501,241
Trade payables	65,296,173	31,401,427
Lease liabilities	21,483,356	18,224,026
Other current liabilities	104,395,176	95,873,424
	<u>191,174,705</u>	<u>249,000,118</u>

The Company's principal financial liabilities comprise lease liabilities, trade payables, other current liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, other receivables, and cash and cash equivalent that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company. The Board of Directors provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

27.2 Financial instruments risk management objectives and policies (continued)

27.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and trade payables.

The sensitivity analyses in the following sections relate to the position as at 31 March in 2026 and 2025.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings which expose the Company to cash flow interest rate risk.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before zakat and income tax is affected through the impact on floating rate borrowings, as follows:

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Interest rate – increase by 100 basis points	-	1,052,012
Interest rate – decrease by 100 basis points	-	(1,052,012)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company's transactions are primarily in Saudi Riyals, United States dollars and EURO. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. Exchange differences are mainly from the Company's transactions in United States dollars and EURO. The Company manages the currency risk through regular monitoring of the currency markets to determine appropriate action to minimise the foreign exchange risk exposure.

27.2.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

The Company manages its credit risk with respect to the customers by dealing with customers having reliable credit history and by monitoring outstanding balances and with respect to banks by only dealing with reputable banks. The majority of credit risk is mitigated by setting credit limits for individual customers and by monitoring outstanding receivables. As at 31 March 2026, 96% of trade receivables derive from two customers (31 March 2025: 85% from two customers).

(i) Trade receivables

An impairment analysis is performed at each reporting date using an ECL module to calculate the expected credit losses for trade receivables. The ECL module is based on the exposure, probability of default and loss given default for groupings of various customer segments that have similar loss patterns (i.e., by customer type and coverage by letters of credit and other forms of credit insurance).

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

27.2 Financial instruments risk management objectives and policies (continued)

27.2.2 Credit risk (continued)

(i) *Trade receivables (continued)*

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 maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 27.1.1. The Company does not hold collateral as security, however, EPC contractors are guaranteed by the LC facilities.

Set out below is the ageing of the Company's trade receivables as at 31 March:

	<i>Gross trade receivables</i>	<i>Gross trade receivables</i>
	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
1 - 90 days	547,899,515	522,564,856
91-180 days	83,335,973	6,107,854
181-365 days	3,988,657	78,395,291
365-730 days	191,076	320,486
	<u>635,415,221</u>	<u>607,388,487</u>

The Company classify its trade receivables to government, non-government secured with LCs and non-government not secured. The analysis of trade receivables and ECL rate are as following:

	<i>Gross trade receivables</i>	<i>Expected credit losses rate</i>	<i>Expected credit losses</i>
	<i>SR</i>		<i>SR</i>
31 March 2026			
Government customers	608,504,203	0.02%	109,366
Non-government customers secured with LCs	20,583,897	0.70%	144,875
Non-government customers not secured	6,327,121	0.02%	1,220
	<u>635,415,221</u>		<u>255,461</u>

	<i>Gross trade receivables</i>	<i>Expected credit losses rate</i>	<i>Expected credit losses</i>
	<i>SR</i>		<i>SR</i>
31 March 2025			
Government customers	422,264,195	0.09%	406,613
Non-government customers secured with LCs	184,118,566	0.27%	494,734
Non-government customers not secured	1,005,726	19.24%	193,562
	<u>607,388,487</u>		<u>1,094,909</u>

(ii) *Bank balances*

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. The Company seeks to manage its credit risk with respect to banks by only dealing with reputable banks. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2026 and 2025 is the carrying amounts as illustrated in note 27.1.1.

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At 31 March 2026

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

27.2 Financial instruments risk management objectives and policies (continued)

27.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realise financial assets quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis and seeking Board of Directors support, as and if required to ensure 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 Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains different lines of credit. The Company's terms of contracts require amounts to be paid within 30-90 days of the date of billings. Trade payables are normally settled within 30 days of billing date or receipt of a correctly rendered invoice.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<i>less than a year</i>	<i>1 to 5 years</i>	<i>> 5 years</i>	<i>Total</i>
<i>31 March 2026</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Lease liabilities	9,280,408	12,203,940	2,234,432	23,718,780
Trade payables	65,296,173	-	-	65,296,173
Other current liabilities	222,878,967	-	-	222,878,967
	<u>297,455,548</u>	<u>12,203,940</u>	<u>2,234,432</u>	<u>311,893,920</u>

	<i>less than a year</i>	<i>1 to 5 years</i>	<i>> 5 years</i>	<i>Total</i>
<i>31 March 2025</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Short-term borrowings	5,000,000	-	-	5,000,000
Long-term borrowing	101,250,000	-	-	101,250,000
Lease liabilities	7,286,207	10,525,740	2,793,040	20,604,987
Trade payables	31,401,427	-	-	31,401,427
Other	95,873,424	-	-	95,873,424
	<u>240,811,058</u>	<u>10,525,740</u>	<u>2,793,040</u>	<u>254,129,838</u>

27.2.4 Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

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At 31 March 2026

28 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise equity value.

The Company's policy is to maintain a strong capital base so as to maintain creditor and to sustain future development of the business. The Company manages its capital structure and makes adjustments in light of changes in economic conditions, business conditions and the requirements of the financial covenants. Management monitors the gearing ratio, which the Company defines as net debt divided by total equity; net debt is total debt less cash and cash equivalent. Management also monitors the level of dividends to shareholders. The Company's net debt to capital ratio at the end of the reporting year was as follows:

	<i>2026</i>	<i>2025</i>
	<i>SR</i>	<i>SR</i>
Trade payables	65,296,173	31,401,427
Short-term borrowings	-	5,000,000
Long-term borrowing	-	98,501,241
Accrued expenses and other current liabilities	222,878,967	271,057,496
Lease liabilities	21,483,356	18,224,026
Less: cash and cash equivalent	(680,946,579)	(7,950,222)
Net debt	(371,288,083)	416,233,968
Total equity	1,563,827,299	1,134,446,848
Equity and net debt	1,192,539,216	1,550,680,816
Gearing ratio	(31.1%)	26.8%

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the short-term borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of financial covenants of its facility agreements at the year end.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026 and 31 March 2025.

29 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- 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 categorised in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

29 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the Company's financial instruments are estimated to approximate their carrying values since the financial instruments which do not bear interest are short term in nature and are expected to be realized at their current carrying values within twelve months from the date of statement of financial position, while the financial instruments which bear interest are at variable interest rates, adjusted in line with prevailing market rates.

30 CONTINGENCIES AND COMMITMENTS

The Company is liable for letters of credits and guarantees in the normal course of business SR 625 million (2025: SR 768 million).

31 DIVIDENDS

On 5 Jumada Al-Ula 1447H (corresponding to 27 October 2025), the Board of Directors resolved to distribute cash dividends of SR 2 per share, amounting to SR 63 million for the first half of 2025/2026, which was settled during the third quarter.

On 23 Dhu Al-Qi'dah 1446H (corresponding to 21 May 2025), the Board of Directors resolved to distribute cash dividends of SR 2.5 per share, amounting to SR 78.75 million for the second half of FY 2024/2025, which was settled during the second quarter.

On 15 Dhu Al-Qi'dah 1445H (corresponding to 23 May 2024), the Board of Directors resolved to distribute cash dividends of SR 1.5 per share, amounting to SR 47.25 million, which were paid during the year.

On 17 Jumada Al-Akhirah 1446H (corresponding to 18 December 2024), the Board of Directors further resolved to distribute cash dividends of SR 1.5 per share, amounting to SR 47.25 million for the first half of 2024/2025, which were paid during the year.

32 COMPARATIVE FIGURES

Certain comparative figures for the prior year have been reclassified to conform with the current year's presentation as follows:

	<i>Previously reported</i>	<i>Reclassification</i>	<i>Balance after reclassification</i>
	SR	SR	SR
CURRENT ASSETS			
Advance for income tax	<u>17,316,312</u>	<u>6,435,546</u>	<u>23,751,858</u>
CURRENT LIABILITIES			
Zakat and income tax provision (note 12.6)	<u>31,231,436</u>	<u>6,435,546</u>	<u>37,666,982</u>

33 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

33 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

- Rental income, change in fair value from investment properties and share of profit or an associate and a joint venture will be classified in the investing category within the statement of profit or loss.
- Foreign exchange difference will be classified in the category where the related income and expense form the item giving rise to the foreign exchange difference.
- New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.
- Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the ‘settlement date’ and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 March 2026

34 SUBSEQUENT EVENTS

Subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasise the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the financial statements as at 31 March 2026, which reflect conditions existing at that date.

The Company has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 March 2026 were authorised for issuance on 26 Dhul-Qi'dah 1447 AH (corresponding to 13 May 2026).