

**ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30
SEPTEMBER 2025**

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

For the three-month and nine-month periods ended 30 September 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ARABIAN CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arabian Cement Company ("the Parent") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2025, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2025, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)



Jeddah: 06 Jumada Al-Ula 1447H
(28 October 2025)

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

		30 September 2025 (Unaudited) SR (‘000)	31 December 2024 (Audited) SR (‘000)
	<i>Notes</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,809,296	1,862,199
Intangible assets		10,067	10,937
Investment property		5,000	5,000
Investments in associates	9	94,987	89,759
Financial assets at FVOCI		58,115	73,658
Deferred tax assets	14	19,428	19,012
Right-to-use assets		3,556	3,849
TOTAL NON CURRENT ASSETS		2,000,449	2,064,414
CURRENT ASSETS			
Inventories	11	657,809	636,796
Trade receivables	12	235,102	203,184
Prepayments and other receivables		29,842	44,026
Cash and cash equivalents		125,417	145,112
TOTAL CURRENT ASSETS		1,048,170	1,029,118
TOTAL ASSETS		3,048,619	3,093,532
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	1,000,000	1,000,000
Share premium		293,565	293,565
Statutory reserve	1	-	500,000
General reserve	1	-	95,000
Foreign currency translation reserve		(561)	(561)
Fair value reserve of financial assets at FVOCI		211	15,754
Retained earnings		1,240,887	661,654
Equity attributable to shareholders of the Parent		2,534,102	2,565,412
Non-controlling interests		95,278	94,375
TOTAL EQUITY		2,629,380	2,659,787

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 September 2025

		30 September 2025 (Unaudited) SR (‘000)	31 December 2024 (Audited) SR (‘000)
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Rehabilitation provision	19	15,065	13,565
Long term loans and facilities	13	8,526	56,414
Employees’ defined benefits liabilities		61,393	57,701
Deferred Tax Liabilities	14	56,116	56,116
Lease liabilities	10	3,534	3,739
TOTAL NON CURRENT LIABILITIES		144,634	187,535
CURRENT LIABILITIES			
Long-term loans and facilities - current portion	13	75,081	28,942
Trade and other payables		150,547	170,373
Zakat and income tax payable		31,136	28,608
Dividends payable	18	17,173	17,619
Lease liabilities	10	668	668
TOTAL CURRENT LIABILITIES		274,605	246,210
TOTAL LIABILITIES		419,239	433,745
TOTAL EQUITY AND LIABILITIES		3,048,619	3,093,532

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

sARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month and nine-month periods ended 30 September 2025

		<i>For three -month period ended 30 September</i>		<i>For nine -month period ended 30 September</i>	
	Notes	2025 (Unaudited) SR (‘000)	2024 (Unaudited) SR (‘000)	2025 (Unaudited) SR (‘000)	2024 (Unaudited) SR (‘000)
Revenue		293,186	224,936	764,068	627,730
Cost of sales		(205,559)	(156,870)	(591,221)	(441,861)
GROSS PROFIT		87,627	68,066	172,847	185,869
Selling and distribution expenses		(4,864)	(2,369)	(10,440)	(7,694)
General and administrative expenses		(14,021)	(13,647)	(42,698)	(41,963)
OPERATING PROFIT		68,742	52,050	119,709	136,212
Dividends of financial assets at FVOCI		1,495	1,067	1,495	2,455
Share of profit from equity accounted investments	9	2,056	3,996	5,556	10,499
Finance costs		(1,288)	(2,249)	(3,760)	(6,909)
Other revenues, net		7,852	2,976	16,681	9,931
Profit for the period before zakat and income tax		78,857	57,840	139,681	152,188
Zakat		(5,412)	(4,479)	(14,767)	(14,889)
Income tax		(5,306)	(5,055)	(14,450)	(5,647)
Profit for the period		68,139	48,306	110,464	131,652
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the Parent		65,494	45,784	109,561	128,835
Non-controlling interests		2,645	2,522	903	2,817
		68,139	48,306	110,464	131,652
EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (SR)					
Basic	15	0.65	0.46	1.10	1.29
Diluted		0.65	0.46	1.10	1.29

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2025

		<i>For three -month period ended 30 September</i>		<i>For nine -month period ended 30 September</i>	
		<i>2025 (Unaudited)</i>	<i>2024 (Unaudited)</i>	<i>2025 (Unaudited)</i>	<i>2024 (Unaudited)</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<i>Notes</i>		<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>
NET PROFIT FOR THE PERIOD		68,139	48,306	110,464	131,652
OTHER COMPREHENSIVE INCOME ("OCI")					
Items that will not be reclassified to consolidated statement of income in subsequent periods:					
Unrealized loss on investment in equity instruments at FVOCI		(3,203)	(4,590)	(15,543)	(16,760)
Group's share in other comprehensive (loss) / profit of equity-accounted investees	9	-	74	(328)	187
Total other comprehensive loss		(3,203)	(4,516)	(15,871)	(16,573)
Total comprehensive income for the period		64,936	43,790	94,593	115,079
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Equity holders of the Parent		62,291	41,268	93,690	112,262
Non-controlling interests		2,645	2,522	903	2,817
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		64,936	43,790	94,593	115,079

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2025

	<i>Equity attributable to shareholders of the Parent</i>						<i>Equity attributable to shareholders of the Parent</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>General reserve</i>	<i>Foreign currency translation reserve</i>	<i>Fair value reserve of financial assets at FVOCI</i>			
	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>
As at 1 January 2025									
(Audited)	1,000,000	293,565	500,000	95,000	(561)	15,754	661,654	2,565,412	2,659,787
Total comprehensive income									
Profit for the period	-	-	-	-	-		109,561	109,561	110,464
Total other comprehensive loss	-	-	-	-	-	(15,543)	(328)	(15,871)	(15,871)
Total comprehensive income	-	-	-	-	-	(15,543)	109,233	93,690	94,593
Dividends of the parent Company (Note 18)	-	-	-	-	-	-	(125,000)	(125,000)	(125,000)
Transfer to retained earnings (Note 1)	-	-	(500,000)	(95,000)	-	-	595,000	-	-
Balance at 30 September 2025									
(Unaudited)	1,000,000	293,565	-	-	(561)	211	1,240,887	2,534,102	2,629,380

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine-month period ended 30 September 2025

	Equity attributable to shareholders of the Parent									
	Share capital SR ('000)	Share premium SR ('000)	Statutory reserve SR ('000)	General reserve SR ('000)	Foreign currency translation reserve SR ('000)	Fair value reserve of financial assets at FVOCI ('000)	Retained earnings SR ('000)	Equity attributable to shareholders of the Parent SR ('000)	Non-controlling interests SR ('000)	Total equity SR ('000)
As at 1 January 2024 (Audited)	1,000,000	293,565	500,000	95,000	(561)	32,940	652,162	2,573,106	90,260	2,663,366
Total comprehensive income										
Profit for the period	-	-	-	-	-	-	128,835	128,835	2,817	131,652
Total other comprehensive loss	-	-	-	-	-	(16,760)	187	(16,573)	-	(16,573)
Total comprehensive income	-	-	-	-	-	(16,760)	129,022	112,262	2,817	115,079
Dividends of the parent Company (Note 18)	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Balance at 30 September 2024 (Unaudited)	1,000,000	293,565	500,000	95,000	(561)	16,180	631,184	2,535,368	93,077	2,628,445

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the nine-month period ended 30 September 2025

		<i>For nine-month period ended 30 September</i>	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	SR ('000)	SR ('000)
OPERATING ACTIVITIES			
Profit for the period before zakat and income tax		139,681	152,188
Adjustments:			
Depreciation of property, plant and equipment	8	118,462	118,813
Amortization of intangible assets		941	923
Amortization of right to use assets		293	281
Group's share of results of associated companies	9	(5,556)	(10,499)
Dividends of financial assets at FVOCI		(1,495)	(2,455)
Provision for impairment of inventories	11	2,855	4,050
Gain on disposal of property and equipment		-	(30)
Finance costs		3,760	6,909
Rehabilitation provision	19	1,500	1,500
Employees' defined benefit obligations charged for the period		7,034	6,255
		<u>267,475</u>	<u>277,935</u>
Changes in working capital:			
Trade receivables, prepayments and other receivables		(17,561)	(5,439)
Inventories		(23,868)	(150,950)
Trade and other payables		(20,702)	(11,548)
		<u>205,344</u>	<u>109,998</u>
Finance costs paid		(2,796)	(6,670)
Zakat and income tax paid	14	(27,106)	(24,583)
Employees' defined benefit obligations paid		(3,342)	(1,485)
		<u>172,100</u>	<u>77,260</u>
Net cash generated from operating activities			
INVESTING ACTIVITIES			
Additions to property, plant and equipment	8	(65,559)	(20,934)
Proceeds on disposal of property and equipment		-	30
Additions to intangible assets		(71)	-
Dividends from financial assets at FVOCI		1,495	2,455
		<u>(64,135)</u>	<u>(18,449)</u>
Net cash used in investing activities			
Financing activities			
Proceeds from loans		105,726	58,128
Repayments of term borrowings	13	(107,475)	(91,661)
Repayment of lease liabilities	10	(465)	(465)
Dividends paid	18	(125,446)	(150,080)
		<u>(127,660)</u>	<u>(184,078)</u>
Net cash used in financing activities			

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (CONTINUED)

For the nine-month period ended 30 September 2025

	<i>For nine-month period ended 30 September</i>	
	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR('000)</i>	<i>SR ('000)</i>
Net decrease in cash and cash equivalents	(19,695)	(125,267)
Cash and cash equivalents at 1 January	145,112	217,677
Cash and cash equivalents at the end of the period	125,417	92,410
SIGNIFICANT NON-CASH TRANSACTIONS		
Net loss from equity instruments at FVOCI	(15,543)	(16,760)
Deferred tax assets	417	417
Transferred from projects in progress to property, plant and equipment	18,871	12,126
Transferred from inventory to progress to property, plant and equipment	-	217

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

As at 30 September 2025

1 COMPANY INFORMATION

Arabian Cement Company (the “Company” or the “Parent”) is a Saudi Joint Stock Company incorporated in accordance with the Companies’ Regulations in the Kingdom of Saudi Arabia under the Royal Decree No. 731 dated 12 Jumada Al-Ula 1374H (Corresponding to 7 January 1955). The Parent operates under Unified Number 7000848668 issued in Jeddah, on 14 Ramadan 1376 H (corresponding to 15 April 1957).

The Parent’s share capital is one billion Saudi Riyals divided into 100 million shares, with the value of SR 10 each, as at 30 September 2025 and 31 December 2024.

The Parent’s shares are listed in Saudi Exchange (Tadawul) in the Kingdom of Saudi Arabia. The Parent is owned by 8,77% by a major shareholder, while 91,23% is owned by other shareholders as at 30 September 2025 (31 December 2024: 8% by major shareholders and 92% by other shareholders).

The main activities of the Group are as follows:

- 1) Production of cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
- 2) Trading of clinker, cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
- 3) Utilization of mines, establishing factories and warehouses required to be used in manufacturing, storage, selling, purchasing, exporting, importing and other complementary and supportive industries.

To achieve these purposes, the Group has the right to enter all types of contracts of properties and movable assets within the limits if the applicable regulations.

The registered address of the Parent is Arabian Cement Company’s building, 8605 King Abdulaziz Road, Nahdha District, Jeddah 23523-2113, Kingdom of Saudi Arabia.

As at 30 September 2025 and 31 December 2024, the Group has, directly or indirectly, investments in the following subsidiaries (collectively referred to the “Group”):

The details of the subsidiaries are as follows:

Subsidiary	Principal activity	Country of incorporation	Shareholding (%)	
			2025	2024
Bahrain Arabian Cement Holding Company (a single shareholder Company) (“Bahrain Cement Company”)	Holding Company	Kingdom of Bahrain	100%	100%

On 5 November 2007, Bahrain Arabian Cement Company was incorporated as an individual Company registered in the Kingdom of Bahrain with the purpose of managing its subsidiaries, investing its funds in shares, bonds and securities, owning properties and movable assets necessary to its operations and providing loans, guaranties and financing for its subsidiaries.

Bahrain Cement Company has investment in the following subsidiary:

Subsidiary	Principal activity	Country of incorporation	Shareholding (%)	
			2025	2024
Qtrana Cement Joint Stock Private Company (“Qtrana Cement Company”)	Cement production	The Kingdom of Jordan	86.74%	86.74%

Bahrain Cement Company owns 86.74% of Qatrana Cement Company’s shares and holds control over its business and management. Thus, Qatrana Cement Company is considered as an indirectly owned subsidiary by the Parent Company and has been consolidated in these interim condensed consolidated financial statements. Qatrana Cement Company is engaged in the production of black portland cement, white cement and calcium carbonate.

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)

As at 30 September 2025

1 COMPANY INFORMATION (continued)

The interim condensed consolidated statement of profit or loss includes the results of operations of the subsidiaries for the three-month and nine-month periods ended 30 September 2025, and the interim condensed consolidated statement of financial position includes the assets and liabilities of the subsidiaries, as at 30 September 2025.

The following are the details of the associates:

<i>Company name</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Shareholding %</i>	
			<i>2025</i>	<i>2024</i>
Ready Mix Concrete and Construction Supplies Company	Kingdom of Jordan	Concrete production	36,67%	36,67%
Cement Products Industry Company Limited	Kingdom of Saudi Arabia	Bags production Cement	33,33%	33,33%

Statutory and General Reserves

On 13 July 2025, the extraordinary general assembly meeting was held, and the assembly approved transferring the entire balance of the statutory reserve amounting to SR 500 million, and the entire balance of the general reserve amounting to SR 95 million as stated in the consolidated financial statements for the year ended 31 December 2024 to the retained earnings.

2 BASIS OF PREPERATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the three-month and nine-month periods ended 30 September 2025 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate on going concern basis. The management believes that there are no material uncertainties that may cast significant doubt over this assumption. They have exercised their judgement that there are reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2024. In addition, the results of the interim for the nine-month period ended 30 September 2025 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2025.

2.2 Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost convention, except for the following major items presented in the interim condensed consolidated statement of financial position:

- Equity investments are measured at Fair Value through Other Comprehensive Income
- Defined benefits liabilities for future obligations are recognised based on the expected credit unit method.

2.3 Functional and presentation currency

These interim condensed consolidated financial statements are prepared in Saudi Arabian Riyals (SR) which is the Parent’s functional and presentation currency of the Group. All amounts have been rounded off to the nearest thousand Saudi Riyals unless otherwise stated.

**ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)**

As at 30 September 2025

3 USES OF JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements of the Group requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results could differ from the estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are evaluated on an on-going basis. Accounting estimates are also reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments made by the management upon adopting the Company's accounting policies are consistent with the disclosed policies in the financial statements for the year ended 31 December 2024.

4 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements of the Group include the financial statements of the Group and its subsidiaries set forth in Note 1. Control is achieved when the Group is exposed or has rights to returns from its involvement with the investee and has the ability to affect those returns through exercising its power over the investee. The Group is considered having control over the investee in the following cases or elements:

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

The Group reassesses whether it has control over the investee if facts and circumstances indicate that there have been changes in one of the above-mentioned elements of control. The consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of the acquired or disposed of subsidiary during the period are included in the consolidated financial statements from the date the Group gains control until the date the control ceases.

Profits, losses and all components of other comprehensive income are attributable to the equity holders of the Parent Company of the Group and to the holders of non-controlling interests, even if this results in a deficit balance in favor of the non-controlling interest holders. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group balances and financial transactions resulting from transactions between the Group and its subsidiaries and those arising between the subsidiaries are eliminated when preparing these interim condensed consolidated financial statements. Also, any unrealized gains or losses resulting from internal transactions in the Group are eliminated upon the consolidation of the interim financial statements.

Any change in shareholding interests in the subsidiary, without loss of control, is accounted for as an equity transaction, and when the Group loses control on the subsidiary it and does the following:

- Derecognition of the assets (including goodwill) and liabilities of the subsidiary
- Derecognition of the carrying amount of any noncontrolling interest.
- Derecognition of the cumulative transfer differences recorded under equity.
- Recognition of fair value of consideration received.
- Recognition of the fair value of any investment retained
- Recognition of surplus or deficit in profit or loss.

The Parent Company's share of the components within other comprehensive income is reclassified under profit, loss or retained earnings, as would be required if the Group had directly disposed of the related assets or liabilities.

**ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)**

As at 30 September 2025

4 BASIS OF CONSOLIDATION (continued)

Eliminated transactions

Intra-group balances and transactions, as well as any unrealized gains or losses resulting from internal transactions between the Group's companies, are completely eliminated when preparing these condensed consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no evidence of impairment.

Non-controlling interests

The non-controlling interests in the net assets of the consolidated subsidiaries are recognized separately from the Group's equity in the net assets. Non-controlling interests consist of the amounts of those interests that are recognized at the date of the original business combination in addition to their shares in the changes in equity in the Company that occur after the date of acquisition.

The Group does not add its indirect share in the subsidiaries that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are taken into account.

5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that have been issued but is not yet effective. IASB issued the accounting standards, amendments effective for periods beginning on or after 1 January 2025. The management has assessed that the amendments have no significant impact on the interim condensed financial statements of the Group.

<i>Standard, interpretation, amendments</i>	<i>Description</i>	<i>Effective date</i>
Amendment to IAS 21 – Lack of exchangeability.	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025.

6 NEW STANDARDS BUT NOT YET EFFECTIVE

The following is a brief on the other new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2026. The Group has opted not to early adopt these pronouncements, and they do not have a significant impact on the consolidated financial statements of the Group.

<i>Standard, interpretation, amendments</i>	<i>Description</i>	<i>Effective date</i>
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026

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6 NEW STANDARDS BUT NOT YET EFFECTIVE (continued)

<i>Standard, interpretation, amendments</i>	<i>Description</i>	<i>Effective date</i>
IFRS 18 - presentation and disclosure in financial statements.	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures.	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

7 SEGMENT INFORMATION

The Group is mainly engaged in an operating segment that is related to production and selling of cement.

For managerial purposes, the Group is organized as business units according to the geographical distribution, where units are distributed as follows:

- All the operations of the Group are carried out in the Kingdom of Saudi Arabia.
- The Group's operations outside the Kingdom of Saudi Arabia, which mainly represent the Group's operations in the Kingdom of Jordan, in addition to the Kingdom of Bahrain.

<i>As at 30 September 2025 (Unaudited)</i>	<i>Inside KSA SR ('000)</i>	<i>Outside KSA SR ('000)</i>	<i>Adjustments SR ('000)</i>	<i>TOTAL SR ('000)</i>
Total property, plant, equipment and investment Properties	1,187,981	697,831	(71,516)	1,814,296
Financial assets at fair value through OCI	58,115	-	-	58,115
Total Other Non-Current Assets	826,916	38,102	(736,980)	128,038
Total Current Assets	818,932	229,243	(5)	1,048,170
TOTAL ASSETS	2,891,944	965,176	(808,501)	3,048,619
TOTAL LIABILITIES	357,841	243,147	(181,749)	419,239

<i>As at 31 December 2024 (Audited)</i>	<i>Inside KSA SR ('000)</i>	<i>Outside KSA SR ('000)</i>	<i>Adjustments SR ('000)</i>	<i>TOTAL SR ('000)</i>
Total property, plant, equipment and property investments	1,216,841	725,176	(74,818)	1,867,199
Financial assets at fair value through OCI	73,658	-	-	73,658
Total Other Non-Current Assets	821,234	38,848	(736,525)	123,557
Total Current Assets	783,228	246,401	(511)	1,029,118
TOTAL ASSETS	2,894,961	1,010,425	(811,854)	3,093,532
TOTAL LIABILITIES	329,545	295,047	(190,847)	433,745

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7 SEGMENT INFORMATION (continued)

Financial information of revenues, profits attributable to shareholders of the Parent, financing costs, depreciation and amortization costs related to geographical segments after elimination of the impact of the transactions between the Group's companies for the three-month and nine-month periods ended 30 September 2025 and 2024 are as follows:

<i>for the period ended 30 September 2025</i> <i>(Unaudited)</i>	<i>Inside KSA</i> <i>SR ('000)</i>	<i>Outside KSA</i> <i>SR ('000)</i>	<i>Adjustments</i> <i>SR ('000)</i>	<i>TOTAL</i> <i>SR ('000)</i>
Revenue from contracts with customers	485,281	278,787	-	764,068
Profit of the period	109,558	6,650	(5,744)	110,464
Finance costs	704	3,056	-	3,760
Depreciations and amortizations	90,762	32,235	(3,301)	119,696
<i>for the period ended 30 September 2024</i> <i>(Unaudited)</i>				
Revenue from contracts with customers	417,180	210,550	-	627,730
Profit of the period	128,834	21,166	(18,348)	131,652
Finance costs	-	6,909	-	6,909
Depreciations and amortisations	91,156	32,162	(3,301)	120,017

8 PROPERTY, PLANT AND EQUIPMENT

For the purposes of preparing the interim condensed consolidated statement of cash flows, the movement in property, plant and equipment during the nine-month period ended 30 September 2025 is as follows:

	<i>For nine -month period ended 30</i> <i>September</i>	
	<i>2025</i> <i>(Unaudited)</i> <i>SR ('000)</i>	<i>2024</i> <i>(Unaudited)</i> <i>SR ('000)</i>
Depreciation	118,462	118,813
Additions of property, plant and equipment	65,559	20,934

- 1) Property, plant and equipment of the Group as at 30 September 2025 include projects in progress amounting to SR 94 million (31 December 2024: SR 52 million) mainly relates to projects of works for improving efficiency of production lines.

The Group's management during prior years reviewed the recoverable amount of some projects in progress and reduced their book value by SR 19.5 million.

- 2) The Group's property, plant and equipment are not pledged against standing loans as at 30 September 2025 and 31 December 2024.
- 3) The Parent's buildings, machinery and facilities were built on lands within the concession obtained by the Parent Company for mining in Rabigh by Royal Decree No. M/29 dated 9 Dhul Qi'dah 1406H (corresponding to 15 July 1986) for a period of 30 years, which represents the exploitation license for limestone that was renewed by Ministerial Resolution No. Qaf/7197 dated 15/9/1437H (corresponding to 20 September 2016) which is valid for 30 years starting from 9 Shawwal 1437H (corresponding to 14 July 2016).

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9 INVESTMENTS IN ASSOCIATES

<u>Company name</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Shareholding %</u>		<u>30 September</u> <u>2025</u> <u>(Unaudited)</u> <u>SR ('000)</u>	<u>31 December</u> <u>2024</u> <u>(Audited)</u> <u>SR ('000)</u>
			<u>2025</u>	<u>2024</u>		
Ready Mix Concrete and Construction Supplies Company	Kingdom of Jordan	Ready concrete production	36.67%	36.67%	41,132	36,949
Cement Products Industry Company Limited	Kingdom of Saudi Arabia	Bags production Cement	33.33%	33.33%	53,855	52,810
					<u>94,987</u>	<u>89,759</u>

The movement of investments in associates during the period / year was as follows:

	<u>30 September</u> <u>2025</u> <u>(Unaudited)</u> <u>SR ('000)</u>	<u>31 December</u> <u>2024</u> <u>(Audited)</u> <u>SR ('000)</u>
Balance at the beginning of the period/year	89,759	77,348
Group's share in associates' results for the period / year	5,556	12,227
Group's share in comprehensive (loss) / income for the period / year	(328)	184
Balance at the end of the period / year	<u>94,987</u>	<u>89,759</u>

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10 LEASES

Lease liabilities were presented in the interim condensed consolidated statement of financial position as follows:

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
Long term liability	3,534	3,739
Short-term liability	668	668
	<u>4,202</u>	<u>4,407</u>

The interest expense resulting from lease contracts during the period ended 30 September 2025 amounted to SR 260 thousand (30 September 2024: SR 239 thousand).

11 INVENTORIES

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
Under progress products and finished inventories	491,109	471,840
Spare parts	209,738	205,742
Raw materials and fuel	52,771	44,051
Goods in transit	6,824	14,941
	<u>760,442</u>	<u>736,574</u>
Provision for slow moving inventories	(102,633)	(99,778)
	<u>657,809</u>	<u>636,796</u>

The movement in the provision for slow moving inventories is as follows:

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
At the beginning of the period / year	99,778	94,127
Charged during the period / year	2,855	5,651
At the end of the period /year	<u>102,633</u>	<u>99,778</u>

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12 TRADE RECEIVABLES

Trade receivables comprise the following:

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
Trade receivables	223,538	194,832
Receivables due from related parties (note 17)	15,933	12,721
	<u>239,471</u>	<u>207,553</u>
Provision for impairment of trade receivables	(4,369)	(4,369)
	<u><u>235,102</u></u>	<u><u>203,184</u></u>

Below is the movement in the provision for impairment of trade receivables:

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
Balance at the beginning of the period / year	4,369	4,369
Balance at the end of the period/year	<u><u>4,369</u></u>	<u><u>4,369</u></u>

13 LONG TERM LOANS AND FACILITIES

Term loans are presented in the interim condensed consolidated statement of financial position as the following:

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
Current portion of long term loans and facilities	75,081	28,942
Non-current portion of long term loans and facilities	8,526	56,414
	<u><u>83,607</u></u>	<u><u>85,356</u></u>

The financing movement during the period / year is as follows:

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
Balance at the beginning of the period/year	85,356	146,276
Proceeds during the period / year	105,726	58,128
Paid during the period / year	(107,475)	(119,048)
	<u><u>83,607</u></u>	<u><u>85,356</u></u>

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14 ZAKAT AND INCOME TAX PAYABLE

Zakat and tax status

Arabian Cement Company (The Parent)

The Parent finalized its zakat status up to the year ended 31 December 2020.

The Parent filed its zakat returns for the years ended 31 December 2021 up to 2022, ZATCA issued zakat assessment for the two years mentioned above, which showed accrued zakat differences at an amount of SR 1.4 million. The Parent objected to zakat assessment and settled the minimum accrued zakat differences as per zakat assessment at 10% according to the system which amounted to SR 140 thousand. ZATCA rejected the objection completely, the Parent escalated the objection to Tax Committee for Resolution of Zakat, Tax and Customs Violations and Disputes for consideration and issue a decision in this regard. The Committee for Resolution of Zakat, Tax and Customs Violations and Disputes issued resolution No. (IFR-2025-263985) and No. (IFR-2025-263984) related to the Parent objection for the aforementioned years. Based on the two aforementioned decisions, the Committee rejected the Parent objection completely. The Parent appealed to the two aforementioned decisions of the Appeal Committee for Zakat, Tax and Customs Violations and Disputes for consideration and issuance of another resolution, which is still under review by the committee to date.

The Parent finalized its zakat status for the year ended 31 December 2023.

The Parent submitted zakat returns for the year ended 31 December 2024, and obtained an unrestricted zakat certificate for the year mentioned, ZATCA has not issued the zakat assessment for the mentioned year to date.

Otrana Cement Company – Jordan (Subsidiary)

With regard to sales tax, the subsidiary has submitted sales tax returns to the Department for the end of August 2025.

Income tax returns were audited by the Income and Sales Tax Department until the end of 2020. The subsidiary also filed income tax returns to the Department until the end of 2023.

The Income and Sales Tax Department reviewed the income tax for the subsidiary for the year 2014 and issued its initial decisions requesting the subsidiary to pay tax differences resulting from a difference in the interpretation of the decision of the Investment Board exemptions. Accordingly, the objection was submitted to the Objection Committee of the Income and Sales Tax Department. On 21 June 2020, the objection decision was issued which included not to calculate investment promotion exemption on profits for the year 2014. However, the subsidiary submitted its objection against the Department's decisions, and the files were transferred to the court to consider that dispute.

On 31 January 2023, the First instance Court issued its resolution which included the nullification of the contested decision, previously issued by the Objection Committee, and decided to consider the carried over losses for the year 2014, which amounted to JD 8.45 million (SR 44.7 million), as stated in the lawsuit. The Income Tax and Sales Department decided to include the charges, expenses and an amount of JD 1,000 (SR 5.3 thousand) as attorney's fees. The above court's resolution was appealed by the Income Tax and Sales Department, and on 27 June 2024 the Court of Appeal issued its decision canceling the decision issued by the Court of Cassation and including the subsidiary's fees and expenses and an amount of 1,500 Jordanian dinars (7.9 thousand Saudi riyals) as attorney fees for the litigation phase. On 28 July 2024, the subsidiary filed an appeal against the decision of the Court of Appeal. On 13 February 2025, the Court of Cassation issued a decision rejecting the appeal filed by the subsidiary, upholding the appealed decision, and returning the documents to their source. The Subsidiary recorded an income tax provision amounting to JD 1.8 million (SR 9.5 million) during the first quarter of 2025, which represents the value of the tax impact expense and the national contribution related to it. The subsidiary has not recorded a provision for the resulting fines, as the initial estimate of fines as of 30 September 2025 is JD 1.220 million (SR 6.45 million), and in the opinion of the subsidiary's management and the tax advisor, it is likely to benefit from an exemption from income tax fines.

The subsidiary filed a lawsuit in the First instance Court against the designated employee - the legal auditor appointed to review the tax return at the Department. The tax auditor reopened the 2020 file without notifying the subsidiary. This action constitutes a violation of Article 34/A according to the Jordanian Tax Law. The company requested that the contested decision be annulled and, at the same time, that the decision issued on 29 June 2022 be confirmed. The Tax Court of First Instance issued its decision on 30 June 2025, based on a settlement reached between the parties. The court's decision is final, and the case is considered final and enforceable. Accordingly, the company recorded an income tax amounting to JD 87.8 thousand (SR 464 thousand) during the second quarter of 2025, which represents the amount of the tax impact expense and the related national contribution, this is based on the tax reconciliation that took place between the two parties.

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14 ZAKAT AND INCOME TAX PAYABLE (continued)

The movement on the deferred tax assets was as follows:

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
Balance at beginning of period/year	19,012	20,185
Additions and adjustments during the period/year	416	570
Transferred to the income tax provision	-	(1,743)
Balance at the end of the period/year	19,428	19,012

Th movement in deferred tax liabilities was as follows:

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
Balance at the beginning of the period/year	56,116	56,116
Balance at the end of the period/year	56,116	56,116

The differed tax assets and liabilities for the period ended 30 September 2025 is accounted for according to the Jordanian Income Tax Law No. (34) for the year 2014, which came into effect as of 1 January 2019. According to this law, the legal tax rate on the subsidiary is 20%, in addition to the national contribution rate at 1% (2024: 20% in addition to the national contribution at 1%).

15 EARNING PER SHARE

A) Basic earnings per share

The calculation of the basic earnings per share is based the distributable earnings attributable to shareholders of the ordinary shares and by using the weighted average number of outstanding ordinary shares at the date of the financial statements.

	For the three -month period ended		For the nine -month period ended	
	30 September 2025	30 September 2024	30 September 2025	30 September 2024
Profit for the period (SR in 000)	65,494	45,784	109,561	128,835
Number of shares (weighted average - in thousands)	100,000	100,000	100,000	100,000
Basic earnings per share (SR)	0.65	0.46	1.10	1.29

B) Diluted EPS

The calculation of the diluted earnings per share is based on the profit distributable to shareholders on ordinary shares and the weighted-average number of outstanding ordinary shares after the adjustment of the effects of all dilutive potential ordinary shares, if any.

During the period, there are no transactions resulting in reducing the earnings per share and therefore the earnings per diluted share is not different from the basic earnings per share.

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16 CONTINGENCIES AND CAPITAL COMMITMENTS

- As at 30 September 2025, the Group has contingencies represented in outstanding letters of guarantee and letters of credit of SR 88 million (31 December 2024: SR 79 million).
- As at 30 September 2025, the Group has capital commitments related to renovation of production lines, facilities and factories of the Group amounted to SR 6.2 million (31 December 2024: SR 9.4 million) and there are guarantees amounting to SR 23 million (31 December 2024: 48 million) provided to local banks against bank loans and facilities for associate.
- As at 30 September 2025, there are lawsuits filed against the subsidiary, with a value of JD 108 thousand, equivalent to SR 574 thousand (as at 31 December 2024: JD 54.4 thousand, equivalent to SR 288 thousand) in addition to cases with unspecified amounts. In the opinion of the subsidiary's management and its legal advisor, the subsidiary has strong defenses against these cases, and a provision provided for legal cases amounting to JD 35 thousand, equivalent to SR 185 thousand as of 30 September 2025.

17 RELATED PARTIES' DISCLOSERS

Related parties represent major shareholders, members of the Group's board of directors, key management personnel in the Group, and entities that are managed or which are significant influence is exercised by these parties. The related parties of the Company are as follows:

<u>Description</u>	<u>Nature of Relationship</u>
Ready Mix Concrete and Construction Supplies Company	Associate
Cement Products Industry Company Limited	Associate
Alquds Ready Mix Company	Affiliates
Asas Ready Mix Company	Affiliates
Group's BOD members	Others related parties
Key management personnel and senior executives	Others related parties

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17 RELATED PARTIES' DISCLOSERS (continued)

The following table summarizes related parties' balances as at 30 September 2025, and 31 December 2024:

	<i>Nature of transactions</i>	<i>Volume of transactions</i>		<i>Closing balance</i>	
		<i>For the nine-month period ended 30 September 2025 (Unaudited) SR ('000)</i>	<i>For the year ended 31 December 2024 (Audited) SR ('000)</i>	<i>For the nine-month period ended 30 September 2025 (Unaudited) SR ('000)</i>	<i>For the year ended 31 December 2024 (Audited) SR ('000)</i>
<i>Balances due from related parties under trade receivables (note 12)</i>					
Ready Mix Concrete and Construction Supplies Company “associate”	Sales	12,451	25,699	11,330	9,439
Alquds Ready Mix Company “Affiliate”	Sales	5,418	5,706	4,562	2,147
Asas Ready Mix Company “Affiliate”	Sales	36	3,226	41	1,135
				15,933	12,721
<i>Balances due from related parties under other receivables</i>					
Ready Mix Concrete and Construction Supplies Company “associate”	Dividends	-	-	115	115
<i>Balances due to related parties under other payables</i>					
Cement Products Industry Limited Company “associate”	Purchases	20,336	14,852	293	1,427

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17 RELATED PARTIES' DISCLOSERS (continued)

B) Salaries and remunerations of key management personnel, senior executives of the Company and remuneration of BOD members:

	<i>For nine -month period ended 30 September</i>	
	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR ('000)</i>	<i>SR ('000)</i>
Salaries and remunerations of key management personnel and senior executives of the Parent	4,867	4,676
Board of directors remunerations of the Parent	2,025	2,025
Salaries and remunerations of Company's key management and Senior Executives of the subsidiary	571	571
Board of directors remunerations of the subsidiary	360	270
Allowances for attending Board of Directors meetings of the Parent	224	248
Allowances for attending Board of Directors meetings of the subsidiary	96	80

Key managers' benefits include basic salaries, remunerations and other benefits under the Group's policy. Key management personnel, including CEO and key management personnel, are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

18 DIVIDENDS PAYABLE

On 27 July 2025, the Board of Directors recommended to distribute cash dividends in the amount of SR 50 million to shareholders for the first half of 2025, at SR 0.50 per share.

On 19 February 2025, the Board of Directors recommended to distribute cash dividends in the amount of SR 75 million to shareholders for the second half of 2024, at SR 0.75 per share. Such dividends were approved during the (70) ordinary general assembly meeting on 27 April 2025.

On 28 July 2024, the Board of Directors decided to distribute cash dividends in the amount of SR 75 to shareholders for the first half of 2024, at SR 0.75 per share.

On 10 March 2024, the Company's Board of Directors recommended distributing cash dividends to the shareholders for the second half of the year 2023 at an amount of SR 75 million, which represents SR 0,75 per share. Such dividends were approved during the (69) ordinary general assembly meeting on 28 April 2024.

The movement in accrued dividends during the period/year is as follows:

	<i>30 September 2025</i>	<i>31 December 2024</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR ('000)</i>	<i>SR ('000)</i>
Balance at the beginning of the period/year	17,619	13,822
Declared during the period / year	125,000	150,000
Paid during the period / year	(125,446)	(146,203)
	17,173	17,619

19 REHABILITATION PROVISION

The Group's management conducted a study by an external expert to estimate and calculate the quantities of earth materials to cover and protect exploration drillings and the costs of soil stabilization, rocky slopes and surfaces to be safe for humans and animals in all the Company's quarries, based on the areas exploited in the quarries after the mining period is over. The discount rate as of 30 September 2025 6.8% (31 December 2024: 6.8%) was used by management for the estimated amounts for the depreciable life of the inventories in each quarry.

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19 REHABILITATION PROVISION (continued)

The provision for the rehabilitation of areas subject to a franchise license represents the present value of the expected cost of re-settlement of the Parent's franchise site. The movement on the provision for rehabilitation of franchised areas is as follows:

	30 September 2025 (Unaudited) SR ('000)	31 December 2024 (Audited) SR ('000)
Balance at the beginning of the period / year	13,565	12,065
Finance costs for rehabilitation of areas subject to franchise license	1,500	1,500
Balance at the end of the period/year	15,065	13,565

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's activities may expose the Group to a variety of financial risks. Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any compliance issues are reported to the Board of Directors through the audit committee.

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

The Board of Directors oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments in the statement of financial position include Cash and cash equivalents, trade receivables and other receivables, financial assets, loans, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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 include three types: Interest rate risk, currency risk and price risk.

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 Group exposure to the risk of changes in market interest rates relates primarily to the Group long-term debt obligations with floating interest rates. The Group manages its interest rate risk of the Group by continuously monitoring the movement in interest rates bearing financial instruments. The Group's interest-bearing liabilities, which are mainly bank borrowings, are at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value and cash flow on a rate risk to the Group are not significant. Interest bearing financial assets comprises of short term Murabaha deposits which are at fixed interest rates; therefore, there is no exposure to cash flow interest rate risk and fair value interest rate risk.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)**

As at 30 September 2025

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Risk management framework (continued)

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Group is not exposed to fluctuations in foreign exchange rates during its normal course of business. Since the Group's core transactions during the period were denominated in Saudi Riyals, Jordanian Dinars, and US Dollars; and since the US Dollar is pegged against Saudi Riyals; Thus, there are no significant risks associated with transactions and balances denominated in US Dollars.

Credit risk

Credit risk is the risk that counterparty will fail to meet its obligations leading to a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates.

The management also continuously monitors the credit exposure related to its customers and makes provision against those balances considered doubtful of recovery. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are basically due from customers in local markets and most balances are pledged against effective bank guarantees from local banks with sound credit ratings. Trade and other receivables are stated at their estimated realizable values.

The Management considers reasonable and supportive forward-looking information such as:

- Actual or expected significant adverse changes in business,
- actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available.

The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual maturities for financial liabilities at the end of the period and represented by growth amounts:

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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As at 30 September 2025

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Risk management framework (continued)

Liquidity Risk (continued)

Below is the remaining contractual maturity dates of financial liabilities at reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements.

Contractual cash flows

30 September 2025 (Unaudited)				Total	
	1 year or less	from 2 to 3	3 years or	contractual	Total Carrying
	SR ('000)	years	More	maturity	value
		SR ('000)	SR ('000)	SR ('000)	SR ('000)
<i>Non-derivative financial liabilities</i>					
Loans	75,427	8,688	-	84,115	83,607
Trade and other payables	134,054	-	-	134,054	150,547
Dividends payable	17,173	-	-	17,173	17,173
Lease liabilities	484	850	6,513	7,847	4,202
	<u>227,138</u>	<u>9,538</u>	<u>6,513</u>	<u>243,189</u>	<u>255,529</u>

Contractual cash flows

31 December 2024 (Audited)				Total	
	1 year or less	from 2 to 3	3 years or	contractual	Total Carrying
	SR ('000)	years	More	maturity	value
		SR ('000)	SR ('000)	SR ('000)	SR ('000)
<i>Non-derivative financial liabilities</i>					
Loans	33,444	57,357	-	90,801	85,356
Trade and other payables	148,412	-	-	148,412	170,373
Dividends payable	17,619	-	-	17,619	17,619
Lease liabilities	660	850	6,938	8,448	4,407
	<u>200,135</u>	<u>58,207</u>	<u>6,938</u>	<u>265,280</u>	<u>277,755</u>

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. In addition to maintain a strong capital base to support the sustained development of its businesses.

21 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 26 October 2025 (corresponding to 04 Jumada al-Ula 1447H).