

SAUDI CERAMIC COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

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

(1 /1)

**TO THE SHAREHOLDERS OF SAUDI CERAMIC COMPANY
SAUDI JOINT STOCK COMPANY
RIYADH, KINGDOM OF SAUDI ARABIA**

INTRODUCTION

We have reviewed the accompanying condensed consolidated statement of financial position of Saudi Ceramic Company and its subsidiaries (together the "Group") as at 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

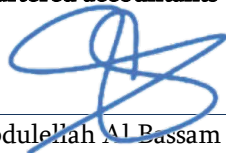
SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**For PKF Al Bassam
chartered accountants**



Abdullah Al Bassam
Certified Public Accountant
License No. 703
Riyadh: 04 safar 1447H
Corresponding to: 29 July 2025



SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2025**

(In Saudi Riyals Thousand)

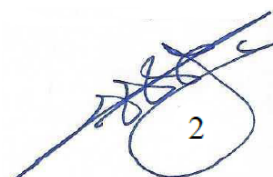
	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net	7	1,528,458	1,546,358
Right of use assets, net		124,310	105,967
Intangible assets, net		6,063	6,285
Investments at fair value through other comprehensive income	12-3	8,542	7,877
Total non-current assets		1,667,373	1,666,487
Current assets			
Inventories, net		790,428	704,580
Trade receivables, prepayments and other current assets		275,855	263,174
Assets held for sale	16	-	72
Derivative financial instrument at fair value through profit and loss	18-3	112	-
Cash and cash equivalents		94,779	42,296
Total current assets		1,161,174	1,010,122
Total assets		2,828,547	2,676,609
LIABILITIES AND EQUITY			
Equity			
Share capital	8	1,000,000	1,000,000
Fair value reserve		4,317	3,652
Treasury shares	9	(9,112)	(9,112)
Retained earnings		562,807	429,053
Total equity attributable to the shareholders of the company		1,558,012	1,423,593
Non-controlling interest		709	1,107
Total equity		1,558,721	1,424,700
Liabilities			
Non-current liabilities			
Long-term borrowings, non-current portion	10.1	193,286	219,040
Lease liabilities, non-current portion		91,199	62,583
Employees defined benefits liabilities		92,545	90,808
Total non-current liabilities		377,030	372,431
Current liabilities			
Short-term borrowings	10.2	478,516	405,855
Long-term borrowings, current portion	10.1	94,258	110,950
Lease liabilities, current portion		22,952	34,645
Trade payables, Accruals and other current liabilities		292,313	317,233
Zakat provision	11	4,757	10,795
Total current liabilities		892,796	879,478
Total liabilities		1,269,826	1,251,909
Total equity and liabilities		2,828,547	2,676,609

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements

Abdulaziz Alkhuraji
Vice Chairman of the Board



Azzam Al-Mudaiheem
Chief Executive Officer



Mohamed Shabaan
Chief Financial Officer



SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

(In Saudi Riyals Thousand)

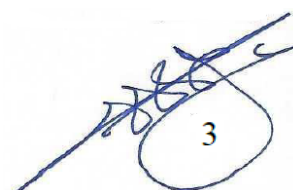
		For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025	2024	2025	2024
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>PROFIT OR LOSS</u>					
Revenue, net	5.1	290,126	276,151	674,729	621,917
Cost of revenue		(218,863)	(213,540)	(501,845)	(476,963)
Gross profit		71,263	62,611	172,884	144,954
Selling and distribution expenses		(56,907)	(56,024)	(115,748)	(105,380)
General and administration expenses		(21,254)	(18,790)	(38,988)	(34,488)
Insurance compensation	6	120,000	-	120,000	-
Other income, net		6,300	16,226	14,721	28,625
Reversal of impairment for property, plant, and equipment	7	3,475	-	3,475	-
Reversal of provision for expected credit loss		2,692	1,350	2,613	919
Gain on derivative financial instrument at fair value through profit and loss	18-3	406	-	1,247	-
Operating profit		125,975	5,373	160,204	34,630
Finance cost		(15,468)	(11,852)	(27,394)	(22,951)
Net profit / (loss) before zakat		110,507	(6,479)	132,810	11,679
Zakat differences	11	5,018	-	5,018	-
Zakat expense	11	(3,080)	(4,962)	(4,560)	(8,206)
Net profit / (loss) for the period		112,445	(11,441)	133,268	3,473
Net profit / (loss) for the period attributed to:					
Shareholders of the Company		112,796	(10,817)	133,917	4,748
Non-controlling interest		(351)	(624)	(649)	(1,275)
		112,445	(11,441)	133,268	3,473
<u>OTHER COMPREHENSIVE INCOME</u>					
Change in the Investments at fair value through OCI		665	(74)	665	(74)
Total other comprehensive income / (loss) for the period		665	(74)	665	(74)
Total comprehensive income /(loss) for the period		113,110	(11,515)	133,933	3,399
Total comprehensive income /(loss) for the period attributable to:					
Shareholders of the Company		113,461	(10,891)	134,582	4,674
Non-controlling interest		(351)	(624)	(649)	(1,275)
Total comprehensive income / (loss) for the period		113,110	(11,515)	133,933	3,399
Earnings / (loss) per share (SAR)					
Basic and diluted earnings per share / (loss) attributable to Shareholders (SAR)	14	1.13	(0.10)	1.34	0.05

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

Abdulaziz Alkhuraiji
Vice Chairman of the Board



Azzam Al-Mudaiheem
Chief Executive Officer



Mohamed Shabaan
Chief Financial Officer



SAUDI CERAMIC COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(In Saudi Riyals Thousand)

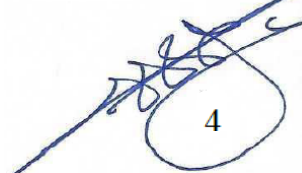
	Share capital	Statutory Reserve	Fair value Reserve	Treasury Shares	Retained Earnings	Total equity Attributable to the Shareholders	Non-controlling Interest	Total Equity
For the six-month period ended June 30, 2024 (Unaudited)								
Balance as of January 1, 2024	800,000	241,715	3,591	(449)	459,652	1,504,509	9,656	1,514,165
Net profit / (loss) for the period	-	-	-	-	4,748	4,748	(1,275)	3,473
Other comprehensive income for the period	-	-	(74)	-	-	(74)	-	(74)
Total comprehensive income/ (loss) for the period	-	-	(74)	-	4,748	4,674	(1,275)	3,399
Transferring the statutory reserve to retained earning	-	(241,715)	-	-	241,715	-	-	-
Issuance of bonus shares	200,000	-	-	-	(200,000)	-	-	-
Balance as of June 30, 2024	1,000,000	-	3,517	(449)	506,115	1,509,183	8,381	1,517,564
For the six-month period ended June 30, 2025 (Unaudited)								
Balance as of January 1, 2025	1,000,000	-	3,652	(9,112)	429,053	1,423,593	1,107	1,424,700
Net profit / (loss) for the period	-	-	-	-	133,917	133,917	(649)	133,268
Other comprehensive income for the period	-	-	665	-	-	665	-	665
Total comprehensive income / (loss) for the period	-	-	665	-	133,917	134,582	(649)	133,933
Transactions with non-controlling interest (Refer note 1)	-	-	-	-	(163)	(163)	251	88
Balance as of June 30, 2025	1,000,000	-	4,317	(9,112)	562,807	1,558,012	709	1,558,721

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements

Abdulaziz Alkhuraiji
Vice Chairman of the Board



Azzam Al-Mudaiheem
Chief Executive Officer



Mohamed Shabaan
Chief Financial Officer



SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

(In Saudi Riyals Thousand)

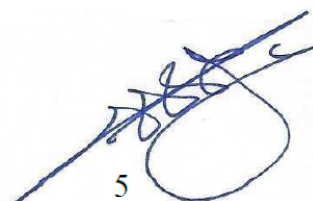
	For the six-month period ended June 30	
	2025	2024
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net profit for the period before Zakat	132,810	11,679
Adjustments to reconcile net profit for the period before zakat to net cash generated from operating activities		
Depreciation and amortization	77,698	68,090
Gain from sale of property, plant, and equipment	(477)	(7)
Gain from sale of assets held for sale	(183)	(4,292)
Gain from disposal of leases liabilities	(143)	-
Reversal of impairment for property, plant, and equipment	(3,475)	-
Reverse impairment charged for expected credit losses	(2,613)	(919)
Amortize of provision for damaged, obsolete, and slow-moving inventory	(29,746)	(7,020)
Financing costs	27,395	22,951
Employees' defined benefits liabilities charged	4,590	6,849
Change in financial derivatives at fair value through profit and loss– (note 18)	(112)	-
Gain on sale of investment in associate	-	(3,829)
Insurance Reimbursement – (note 6)	(120,000)	-
Changes in working capital		
Trade receivables, prepayments and other current assets	(10,083)	3,104
Inventory, net	(56,102)	40,644
Proceeds from insurance reimbursement of Inventory	20,357	-
Trade payable, accruals and other liabilities	(24,819)	7,590
Employees' defined benefits liabilities paid	(4,932)	(4,916)
Zakat paid	(5,576)	(21,576)
Net cash generated from operating activities	4,589	118,348
Cash flows from investing activities		
Purchase of property, plant, and equipment	(43,740)	(77,027)
Proceeds from disposal of property, plant, and equipment	1,238	147
Proceeds from sale of assets held for sale	255	13,175
Proceeds from sale of investment in associate	-	5,112
Proceeds from Insurance Reimbursement of property, plant, and equipment	99,643	-
Net cash generated from / (used in) investing activities	57,396	(58,593)
Cash flows from financing activities		
Proceeds from short-term borrowings	418,877	252,482
Repayments of short-term borrowings	(346,701)	(258,161)
Proceeds from long-term borrowings	8,859	37,546
Repayments of long-term borrowings	(48,815)	(113,834)
Lease obligations paid	(17,763)	(8,455)
Finance cost paid	(23,959)	(10,109)
Net cash used in financing activities	(9,502)	(100,531)
Net change in cash and cash equivalents	52,483	(40,776)
Cash and cash equivalents at the beginning of the period	42,296	64,677
Cash and cash equivalents at the end of the period	94,779	23,901

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

Abdulaziz Alkhuraiji
Vice Chairman of the Board



Azzam Al-Mudaiheem
Chief Executive Officer



Mohamed Shabaan
Chief Financial Officer



SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

(In Saudi Riyals Thousand unless stated otherwise)

1. ORGANIZATIONACTIVITIES

- A- Saudi Ceramic Company ("Company") is a Saudi joint stock company established by Royal Decree No. (M/16) on Rabi Thani 25, 1397AH (corresponding to April 14, 1977), registered in the Kingdom of Saudi Arabia under the Commercial Register No. 1010014590 issued in Riyadh in Safar 15, 1398 AH (corresponding to January 24, 1978).

The Company is engaged in the production and sale of ceramic products, water heaters, and their components, The Company is also involved in the import of related machinery, equipment, and other accessories.

- B- The interim condensed consolidated financial statements as of 30 June 2025 include the activities of the parent company and the following subsidiaries (the company and its subsidiaries herein after shall be referred to as the "Group").

Subsidiary company	Main operation	Ownership percentage as at	
		30 June 2025	31 December 2024
Ceramics pipes company (1)	Import and export, wholesale and retail trading of clay pipes	80.78%	77.89%
Arzan Company (2)	Operation and maintenance	100%	100%
Ceramics Investment Company (1)/(3)	Marketing services, wholesale and retail trading	98.89%	98.69%

- On 26 May 2025, the General Assembly of Ceramic Pipes Company "CPC" approved a capital increase by issuing 450,000 new shares at a nominal value of SAR 10 per share, aggregating SAR 4.5 million. The entire issuance was subscribed to by Saudi Ceramic Company (the parent Company), which settled the subscription amount against its outstanding current account balance with the Company. On 26 May 2025, the General Assembly of Ceramic Pipes Company approved a capital decrease from SAR 34.5 million to SAR 177,700 thousand through cancellation of 3,432,226 share against the Company's accumulated loss. These changes resulted in increase in shareholding of CPC and CIC to 80.78% and 98.89% respectively.
 - Arzan Company and Ceramics Investment Company did not start commercial operations from date of their establishment until 30 June 2025.
 - The ownership percentage of the Saudi Ceramic Company is represented in the Ceramic Investment Company "CIC" at "98.89%", and the ownership percentage consists of 95% direct and 3.89% indirect shareholding, through the Ceramic Pipes Company.
- C- The condensed consolidated interim financial statements represent the assets, liabilities and results of operations for the main and sub-commercial registration, also including the assets and liabilities and results of operations for the subsidiaries, Ceramics pipes company (a closed joint stock company), Arzan company (a limited liability company), Ceramics investment company (a limited liability company), (the company and its subsidiaries hereinafter referred to as the "Group").

The performance of the Group for the six-months period ended 30 June 2025 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

- D- The Company's headquarter is located at the following address:
Saudi Ceramic Company
Riyadh – Al-Olayya District – King Fahad Road
P.O 3893 - Zip Code 11481
Kingdom of Saudi Arabia

SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**
(In Saudi Riyals Thousand unless otherwise stated)

2. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as endorsed in Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and other standards and pronouncements issued by SOCPA.

These interim condensed consolidated financial statements should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2024. These financial statements do not include all the information required for a complete set of financial statements as per IFRS; however, selected explanatory notes are included to explain events and transactions that are significant to obtain an understanding of the changes in the Group's financial position and performance since 31 December 2024.

3. BASIS OF PREPARATION

Basis of consolidation of condensed consolidated interim financial statements

The accompanying condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries as set out in note 1. A subsidiary is an entity controlled by the parent company. Control is achieved when the parent company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. To estimate control, the potential voting rights currently exercised are considered. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date of obtaining the control.

Basis of measurement

These interim condensed consolidated financial statements have been prepared under historical cost basis except for financial assets carried at fair value through other comprehensive income and derivative financial instrument carried at fair value through profit and loss.

Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Riyal (SAR), which is also the functional and presentational currency of the Company. All amounts have been rounded off to the nearest Thousands of Saudi Riyal unless otherwise stated.

Use of Estimates and Judgments

The preparation of interim condensed consolidated financial statements requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainties were the same as those disclosed in the annual consolidated financial statements for the year ended 31 December 2024.

New amended standards and interpretations

There are no new standards issued; however, there are a few amendments to applicable accounting standards which were effective from 1 January 2025 and explained in Group consolidated financial statements for the year ended 31 December 2024. The Group's management believes that the new standards or amendments effective from 1 January 2025 do not have a material effect on the Group's interim condensed consolidated financial statements.

SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

(In Saudi Riyals Thousand unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES

The accounting policies applied by the Group in these interim condensed consolidated financial statements for the period ended 30 June 2025 are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 December 2024, except for the following new accounting policy applied by the Group.

Derivative Financial Instruments at Fair value through profit and loss (FVTPL)

The Group holds derivative financial instruments to hedge its foreign currency exchange rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Such derivative financial instruments at FVTPL are initially recognized at fair value on the trade date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The change in the fair value of a hedging instrument is recognized in the statement of profit or loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Accounting Policy – Recognition of Derivative Financial Instruments

The Group's Target Redemption Forward (TRF) agreement consists of multiple forward-purchase transactions to buy EUR and sell USD at predetermined exchange rates. Each forward transaction is recognised on the trade date when the Group becomes party to the contract at its fair value, with all subsequent changes in fair value presented in profit or loss. Refer note 18.

5. Operating segments

5.1 Information about reportable segments

	Ceramic tiles and sanitary ware	Water heaters	Ceramic pipes	Total
For the six-month period ended June 30, 2025 (Unaudited)				
Segment revenues	457,552	208,458	8,719	674,729
Segment profit / (loss) before zakat	104,014	31,897	(3,101)	132,810
As at June 30, 2025 (Unaudited)				
Segment assets	1,836,898	879,281	112,368	2,828,547
Segment liabilities	856,751	391,957	21,118	1,269,826
For the six-month period ended June 30, 2024 (Unaudited)				
Segment revenues	437,477	175,878	8,562	621,917
Segment profit / (loss) before zakat	(2,559)	18,696	(4,458)	11,679
As at December 31, 2024 (Audited)				
Segment assets	1,699,087	856,538	120,984	2,676,609
Segment liabilities	832,364	397,602	21,943	1,251,909

The segment assets and liabilities of Ceramic Pipes are net-off inter-company balances.

SAUDI CERAMIC COMPANY
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**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**
(In Saudi Riyals Thousand unless otherwise stated)

5. Operating segments (Continued)

5.2 Classification of revenue from contracts with customers

The group derives revenue from the transfer of goods and services in the following major product lines and geographical regions:

For the six-month period ended 30 June 2025 (Unaudited)

	<u>Ceramics tiles and sanitary ware</u>	<u>Water heaters</u>	<u>Ceramic pipes</u>	<u>Total revenue</u>
Primary geographical markets				
Local sales	444,892	170,141	8,719	623,752
Export sales	12,660	38,317	-	50,977
	<u>457,552</u>	<u>208,458</u>	<u>8,719</u>	<u>674,729</u>
Timing of revenue recognition				
At point in time	<u>457,552</u>	<u>208,458</u>	<u>8,719</u>	<u>674,729</u>

For the six-month period ended 30 June 2024 (Unaudited)

	<u>Ceramics tiles and sanitary ware</u>	<u>Water heaters</u>	<u>Ceramic pipes</u>	<u>Total revenue</u>
Primary geographical markets				
Local sales	427,157	137,941	8,562	573,660
Export sales	10,320	37,937	-	48,257
	<u>437,477</u>	<u>175,878</u>	<u>8,562</u>	<u>621,917</u>
Timing of revenue recognition				
At point in time	<u>437,477</u>	<u>175,878</u>	<u>8,562</u>	<u>621,917</u>

5.3 Seasonality of operations

The electric water heater segment of the Group is subject to seasonal fluctuations due to changes in the seasons. In particular, the use of electric water heaters is negatively affected during the summer season (from April to September), and the Group tries to reduce the seasonal impact by managing inventory. However, this sector usually has lower returns and profits for the second and third quarters of each year.

During the six-month period ended 30 June 2025, the water heater sector recorded revenues of SAR 208 million (six-month period ended 30 June 2024: SAR 176 million) and this segment achieved a net profit before zakat amounting to SAR 31.9 million (six-month period ended 30 June 2024: SAR 18.6 million).

For the twelve-month period from 1 July 2024 to 30 June 2025, the segment recorded revenue of SAR 482 million (1 July 2023 to 30 June 2024: SAR 431 million).

SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**
(In Saudi Riyals Thousand unless otherwise stated)

6. Insurance compensation

On May 7, 2025, the Group has reached a full and final settlement with Al-Tawuniya Insurance Company for SAR 120 million, resolving all claims related to the fire occurred at its second factory's sanitary ware department on July 15, 2023. The amount was received on 26 June 2025. The Group retains the salvage value of the damaged assets. The fire had previously impaired machinery and equipment with a carrying value of SAR 136.8 million and inventories with a carrying value of SAR 27.9 million and these amounts were recognized as impairment losses in 2023 in the statement of profit or loss and other comprehensive income.

7. Property, plant and equipment, net

During the six-month period ended 30 June 2025, the Group acquired property, plant, and equipment with a cost of SAR 43.7 million including capital work-in-progress by amount of SAR 17 million (30 June 2024: SAR 77 million).

During the six-month period ended 30 June 2025, the Group disposed of the property, plant, and equipment with a carrying amount of SAR 0.76 million (30 June 2024: SAR 0.14 million) which resulted in a gain of SAR 0.47 million (30 June 2024: gain of SAR 7 thousand) and these amounts are included in the "other income" in the interim consolidated statement of profit or loss and comprehensive income.

During the six-month period ended 30 June 2025, the Group recognized a reversal of impairment losses on certain item of property, plant and equipment amounting to SAR 3.475 million. This asset was previously impaired following a fire incident. Subsequent inspections and reassessment revealed that an equipment remained operational and recoverable.

8. Share capital and statutory reserves

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Authorized ordinary shares of SAR 10 each (Shares in "000")	100,000	100,000
Fully paid ordinary shares of SAR 10 each (Shares in "000")	100,000	100,000
Value of issued ordinary shares each (SAR "000")	1,000,000	1,000,000

According to the Extraordinary General Assembly meeting dated 20 Dhu al-Hijjah 1445 (Corresponding to 26 June 2024) the following transactions were approved:

- The Company's capital to be increased by granting bonus shares to the Company's shareholders by capitalizing an amount of SAR 200 million (two hundred million Saudi Riyals) from the retained earnings Therefore, the value of the share capital after the increase is SAR 1,000 million against 100 million shares.
- The Company's entire statutory reserve amounting to SAR 241.7 million to be transferred to the Retained Earnings.

9. Treasury shares

As of 30 June 2025, the Group held 320,000 treasury shares with a total value of SAR 9.1 million. No transfers of treasury shares to employees were executed during the reporting period. In 2024, the Extraordinary General Assembly approved in its meeting dated 20 Dhu al-Hijjah 1445H (corresponding to 26 June 2024), the purchase of a maximum of 320,000 shares for allocation under the Employee Share Scheme. During 2024, the Company acquired 285,979 shares at a total cost of SAR 8,662,639, with an average purchase price of SAR 30.29 per share.

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10. Borrowings

10.1 Long-term Borrowings

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Beginning balance period/year	320,994	521,263
Receipts during the period/year	8,859	305,546
Payments during the period/year	(48,815)	(505,815)
Borrowings at the end of the period/year	281,038	320,994
Accrued finance cost at the end of the period/year	6,506	8,996
Total	287,544	329,990
 Current portion	 94,258	 110,950
Non-current portion	193,286	219,040

Loan covenants - long-term borrowings

The loan agreements (among other things) contain terms related to the Group's commitment to certain ratios and financial terms. As of June 30, 2025, the Group in compliance with the loan covenants.

10.2 Short-term Borrowings

Short term borrowings amounted to SAR 478.5 million at 30 June 2025, (31 December 2024: SAR 405.8 million) and represents the Islamic Murabaha financing granted to the Group by local commercial and government banks. Loan charges are determined based on the market profit rates. These loans are guaranteed by promissory notes in favor of the banks for the borrowing exposure. During the six-month period ended June 30, 2025, SAR 419 million (June 30, 2024: SAR 252 million) short term borrowings were received and SAR 347 million were repaid (June 30, 2024: SAR 258 million).

11. Zakat provision

The following is the zakat position of the Saudi Ceramic Company and its subsidiaries:

Saudi ceramic company

The Company submitted zakat returns to the Zakat, Tax, and Customs Authority for the years up to 2024, and obtained the required certificates for those years. The company completed the Zakat assessment up to 2023. The company didn't receive any zakat assessments for 2024.

Zakat refund and Reversal of Zakat Differences

During the six months period ended 30 June 2025, the Company received the final Zakat assessment for the year 2023, which concluded that the Company had made excess Zakat payments of SAR 2.7 million. Consequently, the Company recognized a refund of SAR 2.7 million, in other income which was received on 15 May 2025. Additionally, the Company had previously recorded an accrual of SAR 5 million for potential Zakat differences. Based on the final assessment, the Company reversed this accrual of SAR 5 million during the period ended 30 June 2025.

Ceramics investment Company

The Ceramics investment Company submitted zakat returns to the Zakat, Tax, and Customs Authority for all previous years since its establishment until the year ended 31 December 2024 and obtained the required certificates for those years. The company does not receive any zakat assessment since the operation activities have not been started.

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11. Zakat provision (Continued)

Arzan company

The company submitted zakat returns to the Zakat, Tax, and Customs Authority for all previous years since its establishment until the year ended 31 December 2024 and obtained the required certificates for those years. The company does not receive any zakat assessment since the operation activities have not been started.

Ceramics pipes company

The company completed its zakat assessment till 2018 and submitted zakat returns to the Zakat, Tax, and Customs Authority for all years from 2019 till 2024 and obtained the required certificates for those years. The company does not receive any zakat assessments from 2019 onwards until the reporting date.

12. Financial Instruments

The management believes that the fair value of all financial assets and liabilities classified at amortized cost, and as of the financial statements date, their carrying value approximates their fair value due to their short-term nature and ability to be liquidated immediately, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. All of these are classified within levels 1, 2 and 3 of the fair value hierarchy. There were no transfers between different levels of the fair value hierarchy during the current or prior period.

12.1 The fair value of financial instruments:

The following table shows the group's financial instruments that are measured at fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>As at 30 June 2025 (unaudited)</u>				
Investments at fair value through profit or loss	-	112	-	112
Investments at fair value through other comprehensive income	-	-	8,542	8,542
<u>As at 31 December 2024 (Audited)</u>				
Investments at fair value through profit or loss	-	-	-	-
Investments at fair value through other comprehensive income	-	-	7,877	7,877

12.2 Level 3 Fair Value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values for recurring fair value measurements.

	<u>June 30, 2025 (Unaudited)</u>	<u>December 31, 2024 (Audited)</u>
Opening balance	7,877	7,816
Unrealized gain recognized in OCI	665	61
Closing balance	8,542	7,877

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13. Related party transactions and balances

Related parties represent major shareholders, members of the Board of Directors of the Company, key management personnel of the Company, and entities managed, or a significant influence is exercised over them by these parties. The transactions with subsidiaries mainly comprise financing and payments made on behalf of subsidiaries and those transactions are eliminated in the consolidated financial statements.

There are transactions incurred during the period / year with related parties within the normal business of the group and with the approval of the Board of Directors, and the management believes that the conditions of those transactions do not differ materially from any other transactions that the management made with any third party.

13.1 The significant transactions with related parties are as follows:

Nature of transaction Related party		Transactions for the six-month period ended on		Balances as at	
		30 June 2025	30 June 2024	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Classification					
Purchase of goods and services					
Natural Gas Distribution Company	Supplier	27,956	19,662	4,538	3,988
FIRST GAS LLC	Supplier	-	4,255	-	-
Chubb Arabia Cooperative Insurance	Supplier	1,054	49	406	-
Rent income					
Gulf Real Estate Company	Customer	400	333	-	-

These balances are included in trade and other payables in statement of financial position.

13.2 Board of Directors and Key Personnel Management

The Senior Executives, including the Chief Executive Officer and the Chief Financial Officer, receive remuneration according to the employment contracts signed with them, while the board of directors receive remuneration according to the board of directors' remuneration policy that is approved by the General Assembly.

The following table illustrates details of remuneration and compensations paid to Directors and Key Management Personnel:

	30 June 2025			30 June 2024		
	Board Members	Executive Management	Total	Board Members	Executive Management	Total
Salaries and benefits	-	2,678	2,678	-	2,700	2,700
Remuneration and allowances	-	990	990	-	1,548	1,548
Total	-	3,668	3,668	-	4,248	4,248

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14. Earnings per share

Basic earnings per share are calculated by dividing the following net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	For the six-month period ended on	
	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
Profit for the period attributable to the shareholders (SAR "000")	133,917	4,748
Weighted average number of shares (Shares in "000")	99,680	99,680
Basic and diluted earnings per share (SAR)	1.34	0.05

The weighted average number of shares are adjusted to take account of treasury Shares (Note 9). The comparative earnings per share for 30 June 2024 have been restated for these changes accordingly.

There were no potentially dilutive shares outstanding at any time during the period ended 30 June 2025.

15. Financial instruments, risk management and fair value**Fair value**

The fair value represents the price that could be received as a result of selling an asset or that could be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level one: the quoted market prices in active markets for the same financial instruments.

Level two: valuation techniques that depend on inputs that affect fair value and can be directly or indirectly observed in the market.

Level three: Valuation techniques that depend on inputs that affect fair value that cannot be directly or indirectly observed in the market.

Risk Management – Financial derivative

The Group remains exposed to foreign currency risk arising from its forecasted EUR-denominated cash flows. Although the Target Redemption Forward (TRF) contracts are not designated for hedge accounting under IFRS 9 due to the failure to meet effectiveness criteria, they continue to serve as economic hedges, mitigating the impact of fluctuations in the EUR/USD exchange rate. To manage this exposure, the Group conducts regular sensitivity analyses and ensures that derivative transactions are executed with counterparties of high credit quality. This strategy is in line with the Group's risk management policy, which aims to reduce cash flow volatility while avoiding speculative trading.

16. Assets held for sale

On December 19, 2023, the Board approved to sell land owned by the Group in Misfah area. During the six-month period ended 30 June 2025, the Group sold land with a carrying amount of SAR 72,000 which resulted in a gain of SAR 183,000.

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17. Contingencies and commitments

17.1 The Group has obtained bank facilities in the form of letters of guarantee and letters of credit from local banks amounting to SAR 117 million as of 30 June 2025 (31 December 2024: SAR 111 million).

17.2 The letters of credit include an amount of SAR 29 million as of 30 June 2025 (31 December 2024: SAR 7 million) relating to capital commitments for the supply of machinery and equipment for the plant's expansion projects.

18. Derivative Financial Instruments

18.1 Nature and Purpose

The Group entered into three Target Redemption Forward (TRF) contracts to economically hedge its exposure to fluctuations in the EUR/USD exchange rate arising from forecasted EUR-denominated purchases. The TRF agreements involve the purchase of EUR and the sale of USD at pre-determined exchange rates and include a knock-out feature that results in early termination once a specified target profit level is reached.

Although the TRF contracts were initially designated as cash flow hedges under IFRS 9, the hedge ratio was lower and did not align with the forecasted EUR-denominated exposure, and the effectiveness requirements were not met. As a result, hedge accounting was not applied, and both contracts are measured at fair value through profit or loss (FVTPL).

18.2 Fair Value Measurement

Contract	Maximum Notional (EUR)	Minimum Notional (EUR)	Fair Value Asset (SAR)	Fair Value Liability (SAR)	Classification
TRF-1	22,000,000	11,000,000	-	-	Level 2
TRF-2	11,000,000	5,500,000	-	-	Level 2
TRF-3	12,000,000	6,000,000	111,873	-	Level 2

The TRFs' fair values are determined using an intrinsic-value model based on observable forward EUR/USD rates and contractual strike prices; discounting is immaterial given the short settlement horizon, and no credit-risk adjustment is applied as all transactions are with high-credit-quality counterparties.

18.3 Impact on Financial Statements

An aggregate gain of SAR 1,246,633 on these derivative contracts has been recognized in profit or loss, comprising SAR 111,873 from fair-value movements at the reporting date and SAR 1,134,760 realized on earlier settlements.

19. Subsequent events

Management believes that there are no significant subsequent events after the date of the interim condensed consolidated financial statements and before the issuance of these interim condensed consolidated financial statements that require amendment or disclosure.

20. Approval of interim condensed consolidated financial statements

The condensed consolidated interim financial statements were approved by the Board of Directors after the recommendation of the members of the audit committee to approve them on 29 Muharram 1447AH (corresponding to 24 July 2025).