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 2026

SAUDI CERAMIC COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

PKF Al-Bassam
Chartered Accountants

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

TO THE SHAREHOLDERS OF SAUDI CERAMIC COMPANY
A SAUDI JOINT STOCK COMPANY

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim financial statements of Saudi Ceramic Company (the "Company") and its subsidiaries (the "Group") as at 30 June 2026, which comprise:

- The condensed consolidated statement of financial position as at 30 June 2026;
- The condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2026;
- The condensed consolidated statement of changes in equity for the six-month period ended 30 June 2026;
- The condensed consolidated statement of cash flows for the six-month period ended 30 June 2026; and
- The notes to the condensed consolidated interim financial statements.

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.

RIYADH
Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH
Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR
Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

PKF Al-Bassam
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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF SAUDI CERAMIC COMPANY
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PKF Al-Bassam
Chartered Accountants

شركة بي كي اف البسام
محاسبون ومراجعون قانونيون
C. R. 1010385804
PKF Al Bassam
chartered accountants

Ibrahim Ahmed Albassam
Certified Public Accountant
License No. 337
Riyadh, Kingdom of Saudi Arabia
23 Safar 1448H
Corresponding to: 06 August 2026

RIYADH
Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH
Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

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Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

SAUDI CERAMIC COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026
(In Saudi Riyals Thousand)

	Note	30 June 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**1,531,849**	1,509,000
Right-of-use assets		**123,593**	115,618
Intangible assets		**11,862**	10,274
Financial assets at fair value through other comprehensive income	11	**8,542**	8,542
Total non-current assets		**1,675,846**	1,643,434
Current assets			
Inventories, net		**875,359**	827,895
Trade receivables, prepayments and other current assets		**314,327**	299,308
Derivative financial asset at fair value through profit or loss	11,16	**443**	135
Cash and cash equivalents		**37,430**	48,466
Total current assets		**1,227,559**	1,175,804
Total assets		**2,903,405**	2,819,238
EQUITY AND LIABILITIES			
Equity			
Share capital	6	**1,000,000**	1,000,000
Fair value reserve		**4,317**	4,317
Treasury shares	7	**(9,112)**	(9,112)
Retained earnings		**550,570**	558,604
Total equity attributable to the shareholders of the company		**1,545,775**	1,553,809
Non-controlling interest		**778**	214
Total equity		**1,546,553**	1,554,023
Liabilities			
Non-current liabilities			
Long-term borrowings, non-current portion	9	**236,190**	263,764
Lease liabilities, non-current portion		**94,016**	84,533
Employees' defined benefit liabilities		**92,029**	90,693
Total non-current liabilities		**422,235**	438,990
Current liabilities			
Short-term borrowings	9	**478,365**	391,501
Long-term borrowings, current portion	9	**107,104**	89,544
Lease liabilities, current portion		**22,666**	21,420
Trade payables, accruals and other current liabilities		**320,399**	314,290
Derivative financial liability at fair value through profit or loss	11,16	**1,491**	-
Zakat provision	10	**4,592**	9,470
Total current liabilities		**934,617**	826,225
Total liabilities		**1,356,852**	1,265,215
Total equity and liabilities		**2,903,405**	2,819,238

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Abdulaziz Alkhuraiji	Azzam Al-Mudaiheem	Mohamed Shabaan
Vice Chairman of the Board	Chief Executive Officer	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 2026

(In Saudi Riyals Thousand)

	Note	April - June 2026 (Unaudited)	April – June 2025 (Unaudited)	January - June 2026 (Unaudited)	January - June 2025 (Unaudited)
PROFIT OR LOSS					
Revenue, net	4	377,851	290,126	760,866	674,729
Cost of revenue		(252,477)	(218,863)	(516,012)	(501,845)
Gross profit		125,374	71,263	244,854	172,884
Selling and distribution expenses		(70,293)	(56,907)	(142,648)	(115,748)
General and administration expenses		(19,815)	(21,254)	(38,152)	(38,988)
Insurance compensation		-	120,000	-	120,000
Other income, net		2,589	6,300	5,594	14,721
Reversal of impairment on property, plant and equipment	5.4	-	3,475	4,417	3,475
(Charge)/reversal of expected credit loss allowance		(677)	2,692	(1,336)	2,613
(Loss)/gain on derivative financial instruments at FVTPL	16	(1,504)	406	155	1,247
Operating profit		35,674	125,975	72,884	160,204
Finance cost		(13,229)	(15,468)	(26,085)	(27,394)
Profit before zakat		22,445	110,507	46,799	132,810
Zakat differences		-	5,018	-	5,018
Zakat expense		(2,318)	(3,080)	(4,441)	(4,560)
Net profit for the period		20,127	112,445	42,358	133,268
Net profit for the period attributable to:					
Shareholders of the company		20,240	112,796	42,659	133,917
Non-controlling interest		(113)	(351)	(301)	(649)
		20,127	112,445	42,358	133,268
Earnings per share (SAR)					
Basic and diluted earnings per share attributable to shareholders of the company	13	0.20	1.13	0.43	1.34
OTHER COMPREHENSIVE INCOME FOR THE PERIOD					
Change in fair value of investments at FVOCI		-	665	-	665
Other comprehensive income for the period		-	665	-	665
Total comprehensive income for the period		20,127	113,110	42,358	133,933
Total comprehensive income for the period attributable to:					
Shareholders of the company		20,240	113,461	42,659	134,582
Non-controlling interest		(113)	(351)	(301)	(649)
Total comprehensive income for the period		20,127	113,110	42,358	133,933

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Abdulaziz Alkhuraiji	Azzam Al-Mudaiheem	Mohamed Shabaan
Vice Chairman of the Board	Chief Executive Officer	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 2026
(In Saudi Riyals Thousand)

	Share capital	Fair value reserve	Treasury shares	Retained earnings	Total equity attributable to the shareholders	Non-controlling interest	Total equity
For the six-month period ended 30 June 2025 (Unaudited)							
Balance as at 1 January 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
Non-controlling interest transaction	-	-	-	(163)	(163)	251	88
Balance as at 30 June 2025	1,000,000	4,317	(9,112)	562,807	1,558,012	709	1,558,721
For the six-month period ended 30 June 2026 (Unaudited)							
Balance as at 1 January 2026	**1,000,000**	**4,317**	**(9,112)**	**558,604**	**1,553,809**	**214**	**1,554,023**
Net profit / (loss) for the period	-	-	-	**42,659**	**42,659**	**(301)**	**42,358**
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	**42,659**	**42,659**	**(301)**	**42,358**
Dividends declared and paid (Note 8)	-	-	-	**(49,841)**	**(49,841)**	-	**(49,841)**
Transactions with non-controlling interests	-	-	-	**(852)**	**(852)**	**865**	**13**
Balance as at 30 June 2026	**1,000,000**	**4,317**	**(9,112)**	**550,570**	**1,545,775**	**778**	**1,546,553**

The accompanying notes 1 to 18 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 2026
(In Saudi Riyals Thousand)

	January - June 2026 (Unaudited)	January - June 2025 (Unaudited)
Cash flows from operating activities		
Net profit for the period before zakat	**46,799**	132,810
Adjustments to reconcile net profit for the period before zakat to net cash generated from operating activities		
Depreciation and amortization	**69,075**	77,698
Loss / (gain) on disposal of property, plant and equipment	**164**	(477)
Gain on termination of leases	**(62)**	(143)
Reversal of impairment on property, plant and equipment	**(4,417)**	(3,475)
Charge / (reversal) of allowance for expected credit losses	**1,336**	(2,613)
Charge / (reversal) of provision for inventories	**164**	(29,746)
Finance cost	**26,085**	27,395
Employees' post-employment benefits charged	**4,648**	4,590
Gain on disposal of assets held for sale	**-**	(183)
Gain on derivative financial instruments at FVTPL - (Note 16)	**(155)**	(112)
Insurance compensation	**-**	(120,000)
Changes in operating assets and liabilities		
Trade receivables, prepayments and other current assets	**(16,355)**	(10,083)
Inventories	**(44,552)**	(56,102)
Proceeds from insurance compensation related inventory	**-**	20,357
Trade payables, accruals and other current liabilities	**6,083**	(24,819)
Employees' post-employment benefits paid	**(5,220)**	(4,932)
Zakat paid	**(9,309)**	(5,576)
Net cash generated from operating activities	**74,284**	4,589
Cash flows from investing activities		
Purchase of property, plant and equipment	**(76,007)**	(43,740)
Proceeds from disposal of property, plant and equipment	**42**	1,238
Proceeds from insurance compensation related to property, plant and equipment	**-**	99,643
Acquisition of intangible assets	**(2,007)**	-
Proceeds from disposal of assets held for sale	**-**	255
Net cash (used in) / generated from investing activities	**(77,972)**	57,396
Cash flows from financing activities		
Proceeds from short-term borrowings	**489,323**	418,877
Repayments of short-term borrowings	**(403,117)**	(346,701)
Proceeds from long-term borrowings	**23,785**	8,859
Repayments of long-term borrowings	**(34,510)**	(48,815)
Dividends paid	**(49,841)**	-
Proceeds from derivative financial instruments	**1,338**	-
Lease obligations paid	**(15,554)**	(17,763)
Finance cost paid	**(18,772)**	(23,959)
Net cash used in financing activities	**(7,348)**	(9,502)
Net (decrease) / increase in cash and cash equivalents	**(11,036)**	52,483
Cash and cash equivalents at the beginning of the period	**48,466**	42,296
Cash and cash equivalents at the end of the period	**37,430**	94,779

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Abdulaziz Alkhuraiji	Azzam Al-Mudaiheem	Mohamed Shabaan
Vice Chairman of the Board	Chief Executive Officer	Chief Financial Officer

(In Saudi Riyals Thousand unless stated otherwise)

1. ORGANIZATION ACTIVITIES

A. Saudi Ceramic Company ("Company") is A Saudi Joint Stock Company established by Royal Decree No. (M/16) on 25 Rabi Thani 1397AH (corresponding to 14 April 1977), registered in the Kingdom of Saudi Arabia under the Unified Number 7018066873 and Commercial Register No. 1010014590 issued in Riyadh on 15 Safar 1398AH (corresponding to 24 January 1978). The Company is engaged in the production and sale of ceramic products, water heaters, sanitary ware and their components. The Company is also involved in the import of related machinery, equipment, and other accessories.

B. The condensed consolidated interim financial statements as of 30 June 2026 include the activities of the parent company and the following subsidiaries (the company and its subsidiaries hereinafter shall be referred to as the "Group").

			Ownership percentage	
Subsidiaries	**Main operation**	**Country of Incorporation**	**30 June 2026**	31 December 2025
Ceramics Pipes Company - A Saudi Joint Stock Company	Import and export, wholesale and retail trading of clay pipes	**KSA**	**92.22%**	92.22%
Desert Mines Company, One Person Saudi Joint Stock Company (1)	Mining and quarries operating and management	**KSA**	**100%**	-
Arzan Company - LLC (2)	Operation and maintenance	**KSA**	**100%**	100%
Ceramics Investment Company - LLC (2) / (3)	Marketing services, wholesale and retail trading	**KSA**	**99.6%**	99.6%

1. Pursuant to the Board of Directors' resolution dated 17 December 2025, the Company restructured its mining and quarries operations sector, previously operated through a branch, by transferring it into a newly established wholly owned subsidiary, Desert Mines Company, a One Person Saudi Joint Stock Company with share capital of SAR 500,000.

   The transfer of the entire economic activity, including related assets, liabilities, and operations, was effective from 1 January 2026, upon completion of the relevant regulatory procedures.

   For accounting purposes, the transaction represents a restructuring under common control. Accordingly, the transferred assets and liabilities have been recognized at their existing carrying amounts, with no gain or loss recognized. This transaction has no impact on the condensed consolidated interim financial statements of the Group.

2. Arzan Company and Ceramics Investment Company did not start commercial operations from date of their establishment until 30 June 2026.

3. The ownership percentage of the Saudi Ceramic Company is represented in the Ceramic Investment Company at "99.6%", consisting of 95% direct shareholding and 4.6% indirect shareholding, through the Ceramic Pipes Company.

C. The condensed consolidated interim financial statements present the assets, liabilities, and results of operations of the Company under its main and subsidiary commercial registrations, and include the assets, liabilities, and results of operations of its subsidiaries.

The performance of the Group for the six-month period ended 30 June 2026 is not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's most recent annual consolidated financial statements for the year ended 31 December 2025. These do not include all of the information normally required for a complete set of consolidated financial statements; however selected accounting policies and explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 2025.

2.2 Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been prepared on the historical cost convention except for financial assets measured at fair value through other comprehensive income and derivative financial instruments measured at fair value through profit or loss.

2.3 Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the most recent annual consolidated financial statements.

2.4 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyal (SAR), which is the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.5 Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the "Group" as detailed in note 1. The Group's financial statements consolidate those of the Parent Company and all its subsidiaries at each reporting date. All subsidiaries' fiscal year-end is 31 December.

The financial statements of the subsidiaries are included in the condensed consolidated interim financial statements from the date on which control commences until the date on which control ceases.

The Group controls an investee when it has:

a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b) Exposure, or rights, to variable returns from its involvement with the investee; and
c) The ability to use its power over the investee to affect its returns.

The subsidiaries' operating results are included in consolidated profit or loss and other comprehensive income from the date of acquisition, being the date on which control commences.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are eliminated on consolidation, the underlying asset is also tested for impairment from a Group perspective.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(In Saudi Riyals Thousand unless stated otherwise)

2. BASIS OF PREPARATION (CONTINUED)

2.6 New standards and amendments to the standards and interpretations

A number of new amendments to the standards, listed below, are effective this year but they do not have a material effect on the Group's condensed consolidated interim financial statements:

Standard or amendments to the standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7.
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.

The Group has not applied the following amendments to IFRS that have been issued but are not yet effective:

Standard or amendments to the standard	Description	Effective for annual years beginning on or after	Summary of amendment
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.
IFRS 19	Subsidiaries without Public Accountability	1 January 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.

Management expects to adopt these amendments in the Group's financial statements when they become effective and applicable. Based on the assessments performed to date, the adoption of these amendments is not expected to have a material impact on the Group's financial statements in the period of initial application. However, the Group has performed a preliminary assessment of the expected implications of IFRS 18, *Presentation and Disclosure in Financial Statements*, which becomes effective for annual reporting periods beginning on or after 1 January 2027. The assessment remains subject to further evaluation as the Group progresses with its implementation activities.

2. BASIS OF PREPARATION (CONTINUED)

2.6 New standards and amendments to the standards and interpretations (continued)

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The Group has not early adopted the new accounting standard in preparing these interim financial statements; however, earlier application is permitted.
The Group is assessing the estimated impact that the initial application of IFRS 18 will have on its financial statements.

a) Structure of the statement of profit or loss

IFRS 18 requires entities to classify all income and expenses presented in the statement of profit or loss into the following categories: operating, investing, financing, income taxes and zakat, and discontinued operations. The classification of income and expenses is based on an entity's main business activities. Based on its preliminary assessment, the Group has concluded that its principal activities do not include investing in assets as a main business activity or providing financing to customers. Accordingly, the Group expects that most of its income and expenses will continue to be presented within the operating category, except for items specifically required by IFRS 18 to be classified in other categories.

The adoption of IFRS 18 is not expected to affect the Group's net profit or net assets. However, IFRS 18 introduces two newly defined subtotals in the statement of profit or loss: 'operating profit' and 'Profit or loss before financing and income taxes'. The newly defined 'operating profit' subtotal differs from the operating profit measure currently presented by the Group. Based on the information currently available, the Group expects that the adoption of IFRS 18 will result in changes to the presentation and structure of the statement of profit or loss, including the following:

1. Under the Group's current accounting policy, interest income and interest expense are generally presented within finance income and finance costs and are included in the 'net finance costs' subtotal. IFRS 18 introduces specific requirements for classifying income and expenses within the investing and financing categories. Accordingly, the presentation of certain interest-related items and related subtotals in the statement of profit or loss may change upon adoption of IFRS 18.

2. Under IFRS 18, the net interest expense on employee benefit obligations is generally classified within the financing category and presented as part of finance costs. As the Group currently presents the net interest expense on employee benefit obligations within finance costs, the adoption of IFRS 18 is not expected to result in any material changes to the presentation of these amounts in the statement of profit or loss, other than any additional presentation or disclosure requirements prescribed by the standard.

3. Under the Group's current presentation, net foreign exchange gains and losses are included within operating income. IFRS 18 requires foreign exchange differences to be classified in the same category as the income and expenses arising from the underlying items that gave rise to those differences. Accordingly, the Group has determined that certain foreign exchange differences will continue to be presented within the operating category, while others will be classified within the financing category. For example, foreign exchange differences arising on trade receivables and trade payables will be presented within the operating category, whereas foreign exchange differences relating to borrowings and other financing activities will be presented within the financing category. Consequently, the adoption of IFRS 18 is expected to result in the reclassification of certain foreign exchange gains and losses within the statement of profit or loss, without affecting the Group's net profit, earnings per share, or net assets.

4. The Group currently presents gains and losses on its hedging instruments within operating income. Under IFRS 18, gains and losses on derivative financial instruments used for economic hedging purposes are required to be classified in the same category as the hedged items. As the Group's hedging instruments are used to hedge exposure to fluctuations in foreign exchange rates arising from forecast EUR-denominated purchases and forecast USD-denominated operating transactions, the related gains and losses are expected to continue to be presented within the operating category. Accordingly, based on the preliminary assessment, no material impact on the presentation of the statement of profit or loss is expected upon adoption of IFRS 18.

(In Saudi Riyals Thousand unless stated otherwise)

2. BASIS OF PREPARATION (CONTINUED)

2.6 New standards and amendments to the standards and interpretations (continued)

b) Management-defined performance measures

Management-defined performance measures (MPMs) are subtotals of income and expenses used in public communications outside the financial statements that communicate to users management's view of an aspect of the financial performance of the entity as a whole. The Group will be required to disclose specific information about MPMs in a single note in the financial statements.

The Group is in the process of determining which public communications should be considered when identifying MPMs. MPMs relate to the same reporting period as the financial statements. Therefore, MPMs disclosed by the Group following adoption of IFRS 18 will be determined based on public communications issued by the Group relating to the 2027 interim reporting period.

c) Principles of aggregation and disaggregation

IFRS 18 introduces enhanced principles for the aggregation and disaggregation of information in the primary financial statements and the notes, as well as additional guidance on the labelling and description of line items. The Group is assessing the presentation of information based on similar and dissimilar characteristics to ensure that line items provide useful structured summaries and that material information is appropriately disclosed in the notes. The Group is also reviewing line items currently labelled as 'other' and, where appropriate, will adopt more informative descriptions.

d) Consequential amendments

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group currently uses profit or loss before zakat as the starting point for the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. The Group currently classifies finance costs paid as financing activities and expects this classification to continue following the adoption of IFRS 18. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities and financing activities, respectively.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements for the period ended 30 June 2026 are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 December 2025.

4. OPERATING SEGMENTS

The Group's principal business activities involve manufacturing and trading of different types of ceramic and porcelain products, sanitary ware, water heaters and ceramic pipes. The Group has the following three strategic divisions, which represent its reportable segments. The Group's Chief Executive Officer reviews the internal management reports of each segment on a monthly basis. The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Ceramic tiles and sanitary ware	Manufacture and distribution of ceramic and porcelain tiles, sanitary ware, and construction products.
Water heaters	Manufacturing and distribution of electric water heaters
Ceramic pipes	Manufacturing and distribution of clay pipes for sanitary ware and sewage networks

(In Saudi Riyals Thousand unless stated otherwise)

4. OPERATING SEGMENTS (CONTINUED)

4.1 Information about reportable segments

	Ceramic tiles and sanitary ware	Water heaters	Ceramic pipes	Total
For the six-month period ended 30 June 2026 (Unaudited)				
Segment revenues	**504,600**	**247,378**	**8,888**	**760,866**
Segment profit / (loss) before zakat	**12,265**	**38,249**	**(3,715)**	**46,799**
As at 30 June 2026 (Unaudited)				
Segment assets	**1,878,768**	**917,994**	**106,643**	**2,903,405**
Segment liabilities	**894,418**	**443,998**	**18,436**	**1,356,852**

	Ceramic tiles and sanitary ware	Water heaters	Ceramic pipes	Total
For the six-month period ended 30 June 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 31 December 2025 (Audited)				
Segment assets	1,824,760	883,250	111,228	2,819,238
Segment liabilities	839,764	406,476	18,975	1,265,215

All segment information is presented after intercompany eliminations.

4.2 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 2026 (Unaudited)			
	Ceramic tiles and sanitary ware	Water heaters	Ceramic pipes	Total revenue
Primary geographical markets				
Local	**488,237**	**204,184**	**8,888**	**701,309**
Export	**16,363**	**43,194**	**-**	**59,557**
	504,600	**247,378**	**8,888**	**760,866**
Timing of revenue recognition				
At point in time	**504,600**	**247,378**	**8,888**	**760,866**

	For the six-month period ended 30 June 2025 (Unaudited)			
	Ceramic tiles and sanitary ware	Water heaters	Ceramic pipes	Total revenue
Primary geographical markets				
Local	444,892	170,141	8,719	623,752
Export	12,660	38,317	-	50,977
	457,552	208,458	8,719	674,729
Timing of revenue recognition				
At point in time	457,552	208,458	8,719	674,729

4. OPERATING SEGMENTS (CONTINUED)

4.3 Seasonality of operations

The Group's water heater segment is subject to seasonal fluctuations due to weather conditions. In particular, demand for electric water heaters decreases during the summer season (from April to September). The Group seeks to reduce the seasonal impact through inventory management. Accordingly, this segment generally records lower revenues and profits during the second and third quarters of each year.

During the six-month period ended 30 June 2026, the water heater sector recorded revenues of SAR 247 million (six-month period ended 30 June 2025: SAR 208 million) and achieved net profit before Zakat amounting to SAR 38 million (six-month period ended 30 June 2025: SAR 31.9 million).

For the twelve-month period from 1 July 2025 to 30 June 2026, the segment recorded revenue of SAR 518 million (1 July 2024 to 30 June 2025: SAR 482 million).

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Change in accounting estimate - revision of useful lives of property, plant and equipment

Depreciation methods, useful lives and residual values of property, plant and equipment are reviewed by the Group on an annual basis. During the first quarter of 2026, the Group, with the assistance of an independent technical expert, performed a comprehensive review of the useful lives of its property, plant and equipment. The review considered factors including actual asset utilization, expected technological changes, maintenance programs, and the Group's strategic capital expenditure plans. Based on this review, the estimated remaining useful lives of certain items of machinery and equipment, buildings and vehicles have been revised. The revision has been accounted for as a change in accounting estimate in accordance with IAS 8 and has been applied prospectively since 1 January 2026. Accordingly, depreciation expense for the current and future periods has been revised based on the reassessed remaining useful lives of the relevant assets.

Asset classes affected and revised useful lives

Asset class	Previous useful lives (Years)	Revised useful lives (Years)
Buildings	10 - 33.33	15 – 45
Machinery and equipment	20 – 30	10 – 30
Motor vehicles	4	3 – 15

Financial impact

The revision resulted in a decrease in depreciation expense of SAR 14.3 million for the six-month period ended 30 June 2026, with a corresponding increase in the net carrying amount of property, plant and equipment. The estimated impact on depreciation expense for the current and future periods is as follows:

SAR '000	2026	2027	2028	2029	2030
Net decrease in depreciation expense	28,698	30,148	25,114	17,660	14,962

5.2 During the six-month period ended 30 June 2026, the Group acquired property, plant and equipment with a cost of SAR 76 million including capital work in progress of SAR 51 million (30 June 2025: SAR 43.7 million including capital work in progress amounting to SAR 17 million).

5.3 During the six-month period ended 30 June 2026, the Group disposed certain items of the property, plant and equipment with net book value of SAR 0.2 million which resulted in a loss of SAR 0.16 million (30 June 2025: gain of SAR 0.47 million) and these amounts are included in the "other income net" in the consolidated statement of profit or loss and comprehensive income.

5.4 During the six-month period ended 30 June 2026, the Group recognized a reversal of impairment loss on certain items of property, plant and equipment amounting to SAR 4.4 million (30 June 2025: SAR 3.5 million). These assets were previously impaired following a fire incident at the sanitary ware plant in July 2023. Subsequent inspections and reassessment revealed that the equipment remained operational and recoverable.

6. SHARE CAPITAL

The Company's share capital at 30 June 2026 amounted to SAR 1 billion (31 December 2025: SAR 1 billion), consisting of 100 million (31 December 2025: 100 million) fully paid and issued shares of SAR 10 each. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at a general assembly meeting.

(In Saudi Riyals Thousand unless stated otherwise)

7. TREASURY SHARES

As at 30 June 2026, the Group held a total of 320,000 treasury shares with an aggregate cost of SAR 9.1 million. No treasury shares were transferred to employees during the period. The purchase of treasury shares was approved by the Extraordinary General Assembly at its meeting held on 20 Dhu Al-Hijjah 1445H (corresponding to 26 June 2024), which authorized the Company to acquire up to 320,000 of its own shares for the purpose of allocating them under the Company's employee share-based incentive scheme.

8. DIVIDENDS

On 31 March 2026, the General Assembly approved the Board of Directors' recommendation to distribute cash dividends to shareholders for the second half of the fiscal year ended 31 December 2025 amounting to SAR 49.8 million, representing SAR 0.50 per share (5% of the nominal value per share). The dividends related to 99,680,000 ordinary shares, as 320,000 treasury shares held under the Employees' Stock Incentive Plan were not entitled to the distribution. Shareholders of record as at 31 March 2026 were entitled to the dividend, which was paid on 14 April 2026. The dividend was recognized in retained earnings and is presented as a distribution to shareholders in the condensed consolidated statement of changes in equity.

9. BORROWINGS

9.1 Long-term borrowings

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Opening balance as at period / year	**349,090**	320,994
Receipts during the period/year	**23,785**	130,144
Payments during the period/year	**(34,510)**	(102,048)
Borrowings at the end of the period/year	**338,365**	349,090
Accrued finance costs at the end of the period/year	**4,929**	4,218
Total borrowings liabilities	**343,294**	353,308
Non-current portion	**236,190**	263,764
Current portion	**107,104**	89,544

9.2 Loan Covenants - long-term borrowings

The loan agreements (among other things) contain covenants requiring the Group to maintain certain financial ratios and comply with specified financial conditions. As of 30 June 2026, the Group is in compliance with the loan covenants.

9.3 Short-term borrowings

Short term borrowings amounted to SAR 478 million at 30 June 2026, (31 December 2025: SAR 391.5 million) and represent Islamic Murabaha financing granted to the Group by 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 30 June 2026, SAR 489 million (30 June 2025: SAR 419 million) short term borrowings were obtained and SAR 403 million were repaid (30 June 2025: SAR 347 million).

(In Saudi Riyals Thousand unless stated otherwise)

10. ZAKAT PROVISION

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

Saudi Ceramic Company

The Company has finalized its Zakat assessments with the Zakat, Tax and Customs Authority (ZATCA) up to the year 2024. The Company has submitted its zakat return for the year 2025 and obtained the required zakat certificate. As of 30 June 2026, the 2025 zakat return is under assessment by ZATCA. The Company has provided all requested information and documents to ZATCA, and no final assessment has been issued as of the reporting date.

Ceramics Investment Company

Ceramics Investment Company submitted zakat returns to the Zakat, Tax, and Customs Authority for the years up to 31 December 2025 and obtained the required certificates for those years. The company has not received any zakat assessments since the operations have not been started.

Arzan Company

Arzan company submitted zakat returns to the Zakat, Tax, and Customs Authority for the years up to 31 December 2025 and obtained the required certificates for those years. The company has not received any zakat assessments since the operations have not been started.

Ceramics Pipes Company

Ceramics Pipes Company submitted zakat returns to the Zakat, Tax, and Customs Authority for the years up to 31 December 2025 and obtained the required certificates for those years. Ceramics Pipes Company has finalized its zakat assessments with the Zakat, Tax and Customs Authority (ZATCA) up to the year 2019. The Company also submitted amended zakat returns for the years 2022 and 2023. Following ZATCA's assessment of these amended returns, the Company received amended assessment notifications resulting in zakat differences in favor of the Company totaling SAR 1,544 thousand. This amount comprises SAR 855 thousand relating to the year 2023, based on the assessment notification received on 11 June 2026, and SAR 689 thousand relating to the year 2022, based on the assessment notification received on 18 June 2026.

11. FINANCIAL INSTRUMENTS

Management believes that the carrying amounts of financial assets and liabilities measured at amortized cost approximate their fair values as at the reporting date because of their short-term nature. Financial instruments at fair value through profit or loss and those at fair value through other comprehensive income are measured at fair value. Financial instruments measured at fair value 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.

11.1 The fair value of financial instruments:

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

		Fair Value		
	Carrying amount	**Level 1**	**Level 2**	**Level 3**
As at 30 June 2026 (Unaudited)				
Derivative financial asset at fair value through profit or loss	**443**	-	**443**	-
Derivative financial liability at fair value through profit or loss	**(1,491)**	-	**(1,491)**	-
Financial assets at fair value through other comprehensive income	**8,542**	-	-	**8,542**
As at 31 December 2025 (Audited)				
Derivative financial instrument at fair value through profit or loss	135	-	135	-
Derivative financial instrument at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income	8,542	-	-	8,542

Level 2 fair value

Level 2 derivative financial instruments comprise target redemption forward contracts and cross currency swap arrangements (Note 16) used to economically hedge the Group's exposure to foreign currency fluctuations. These derivatives are valued using widely accepted valuation models based on observable market inputs. Valuations are obtained from counterparties and are determined using standard forward pricing and discounted cash flow techniques, incorporating observable inputs such as interest rate curves, foreign exchange rates, credit spreads, and forward and spot price.

(In Saudi Riyals Thousand unless stated otherwise)

11. FINANCIAL INSTRUMENTS (CONTINUED)

11.1 The fair value of financial instruments (continued):

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.

	30 June 2026	31 December 2025
Opening balance as at period / year	**8,542**	7,877
Unrealized gain recognized in OCI	-	665
Closing balance as at period / year	**8,542**	8,542

12. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the Company's major shareholders, members of the Board of Directors, key management personnel, and entities over which these parties exercise control, joint control or significant influence.

Transactions with subsidiaries mainly include financing arrangements and payments made on behalf of subsidiaries. These transactions, together with any related balances, are eliminated on consolidation in the condensed consolidated interim financial statements.

Transactions with related parties are conducted on terms equivalent to those that prevail in arm's-length transactions. Outstanding balances arising from related party transactions are unsecured and non-interest-bearing unless otherwise stated and are settled in cash.

12.1 The significant related party transactions and balances are as follows:

During the normal course of business, the Group entered into the following significant transactions with related parties during the six-month period ended 30 June 2026 and 30 June 2025, together with the related outstanding balances:

		Transactions for the six-month period ended on		**Balances as at**	
		30 June 2026	30 June 2025	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
Purchase of goods and services					
Natural Gas Distribution Company	Affiliate	**28,150**	27,956	**5,361**	5,198
Best Gas Distributor Company owned by National Gas and Industrialization Company	Affiliate	**184**	1,650	**-**	-
Gulf Insurance Group	Affiliate	**128**	-	**51**	-
Chubb Arabia Cooperative Insurance	Affiliate	**6**	1,054	**-**	-
Masdar Building Materials Company	Affiliate	**23**	-	**-**	-

These balances are included in trade and other payable in the condensed consolidated statement of financial position.

12.2 Board of Directors and Key Management Personnel

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 receives 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: short-term employee benefits during the period.

	30 June 2026			30 June 2025		
	Board and Committees Members	**Executive Management**	**Total**	Board and Committees Members	Executive Management	Total
Salaries and benefits	-	**2,963**	**2,963**	-	2,678	2,678
Remunerations and allowances	**3,626**	**3,140**	**6,766**	-	990	990
Total	**3,626**	**6,103**	**9,729**	-	3,668	3,668

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	April - June 2026 (Unaudited)	April - June 2025 (Unaudited)	**January - June 2026 (Unaudited)**	January - June 2025 (Unaudited)
Profit for the period attributable to the shareholders of the Company	**20,240**	112,796	**42,659**	133,917
Weighted average number of ordinary shares ('000)	**99,680**	99,680	**99,680**	99,680
Basic and diluted earnings per share (SAR)	**0.20**	1.13	**0.43**	1.34

The weighted average number of ordinary shares excludes 320,000 treasury shares held by the Company (Note 7). The Company has no potentially dilutive ordinary shares; accordingly, diluted earnings per share equals basic earnings per share.

14. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUE

Fair value

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:
Level 1: the quoted market prices in active markets for the same financial instruments.
Level 2: valuation techniques that depend on inputs that affect fair value and can be directly or indirectly observed in the market.
Level 3: Valuation techniques that depend on inputs that affect fair value that cannot be directly or indirectly observed in the market.

Risk management - financial derivatives

The Group is exposed to foreign currency risk arising from its forecast EUR-denominated purchases and from USD and AED-linked cash flows, which it manages through the target redemption forward contracts and cross-currency swap arrangements described in Note 16. These derivatives are not designated in hedge accounting relationships under IFRS 9 and serve as economic hedges, mitigating the impact of exchange rate fluctuations. 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.

15. CONTINGENCIES AND COMMITMENTS

A. 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 2026 (31 December 2025: SAR 101 million).

B. The Group has capital commitments in the form of letters of credit amounting to SAR 61.5 million as at 30 June 2026 in respect of ongoing projects, primarily relating to the supply of machinery and equipment for these projects (31 December 2025: SAR 26 million).

16. DERIVATIVE FINANCIAL INSTRUMENTS

16.1 Nature and purpose

The Group entered into three Target Redemption Forward (TRF) contracts with a combined notional amount ranging from EUR 1.5 million to EUR 3.0 million 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, the derivatives are not designated in qualifying hedge relationships under IFRS 9, and the contracts are measured at fair value through profit or loss (FVTPL).

16.2 Currency swap arrangements

During the period, the Group entered into Cross Currency Swap arrangements with local banks as part of its treasury strategy to manage exposure to variability in cash flows arising from forecast foreign currency-denominated transactions. These comprise two USD/SAR arrangements with an aggregate notional principal of USD 80 million (equivalent to SAR 300 million) maturing in November 2026, and one AED/SAR arrangement with a notional principal of AED 86.8 million (equivalent to SAR 88.7 million) maturing in July 2027. Under the terms of these arrangements, the Group receives a fixed profit rate per annum calculated on the SAR notional amounts, with quarterly settlements effected through a Tawarruq or Murabaha mechanism, and a final exchange or cash settlement of the notional amounts at the respective maturity dates.

16.3 Fair value measurement

The fair values of the derivative financial instruments are based on valuations obtained from the counterparty banks, determined using valuation models that rely on observable market inputs, including foreign exchange spot and forward rates and profit rate curves. Accordingly, these instruments are classified within Level 2 of the fair value hierarchy (Note 11). No credit risk adjustment is applied as all transactions are with high-credit-quality counterparties.

16.4 Impact on condensed consolidated interim financial statements

During the period, a net gain of SAR 155 thousand (30 June 2025: gain of SAR 1,247 thousand) on derivative financial instruments was recognized in the condensed consolidated statement of profit or loss and other comprehensive income, comprising net realized gains of SAR 1,338 thousand on contracts settled during the period and a net unrealized fair value loss of SAR 1,183 thousand on contracts outstanding at the reporting date.

17. SUBSEQUENT EVENTS

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

18. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the Board of Directors after the recommendation of the Audit Committee to approve them on 19 Safar 1448AH (corresponding to 02 August 2026).