

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 NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2025**

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

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

<u>Index</u>	Page
Independent auditor's review report on the condensed consolidated interim financial statements	1
Condensed consolidated statement of financial position	2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of changes in equity	4
Condensed consolidated statement of cash flows	5
Notes to the condensed consolidated interim financial statements	6 – 15

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

INTRODUCTION

We have reviewed the accompanying 30 September 2025 condensed consolidated interim financial statements of Saudi Ceramic Company and its subsidiaries (together "the Group"), which comprises:

- The Condensed consolidated statement of financial position as at 30 September 2025;
- The Condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended;
- The Condensed consolidated statement of changes in equity for the nine-month period then ended;
- The Condensed consolidated statement of cash flows for the nine-month period then ended, 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.

PKF Al-Bassam
Chartered Accountants

Abdullah Al Bassam
Certified Public Accountant
License No. 703
Riyadh, Kingdom of Saudi Arabia
8 Jumada Al Ula 1447 H
Corresponding to: 30 October 2025



SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2025

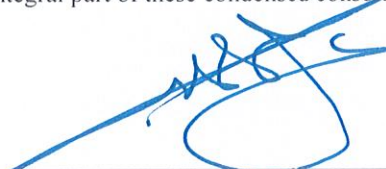
(In Saudi Riyals Thousand)

	Note	30 September 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net	7	1,517,687	1,546,358
Right of use assets, net		121,354	105,967
Intangible assets, net		7,353	6,285
Investments at fair value through other comprehensive income	12.2	8,542	7,877
Total non-current assets		1,654,936	1,666,487
Current assets			
Inventories, net		848,856	704,580
Trade receivables, prepayments and other current assets		310,154	263,174
Assets held for sale	16	-	72
Cash and cash equivalents		59,008	42,296
Total current assets		1,218,018	1,010,122
Total assets		2,872,954	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		519,462	429,053
Total equity attributable to the shareholders of the company		1,514,667	1,423,593
Non-controlling interest		961	1,107
Total equity		1,515,628	1,424,700
Liabilities			
Non-current liabilities			
Long-term borrowings, non-current portion	10.1	181,186	219,040
Lease liabilities, non-current portion		86,405	62,583
Employees defined benefits liabilities		91,935	90,808
Total non-current liabilities		359,526	372,431
Current liabilities			
Short-term borrowings	10.2	542,887	405,855
Long-term borrowings, current portion	10.1	97,516	110,950
Lease liabilities, current portion		24,186	34,645
Trade payables, accruals and other current liabilities		325,858	317,233
Zakat provision	11	7,353	10,795
Total current liabilities		997,800	879,478
Total liabilities		1,357,326	1,251,909
Total equity and liabilities		2,872,954	2,676,609

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

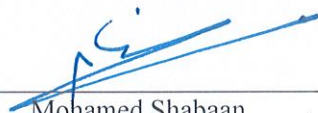
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025**
(In Saudi Riyals Thousand)

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2025	2024	2025	2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>PROFIT OR LOSS</u>					
Revenue, net	5	355,733	344,573	1,030,462	966,490
Cost of revenue		(254,766)	(271,333)	(756,611)	(748,296)
Gross profit		100,967	73,240	273,851	218,194
Selling and distribution expenses		(63,900)	(57,499)	(179,648)	(162,879)
General and administration expenses		(20,322)	(18,481)	(59,310)	(52,969)
Insurance compensation	6	-	-	120,000	-
Other income, net		6,687	21,903	21,408	50,528
Reversal of impairment for property, plant, and equipment	7	-	-	3,475	-
(Charge)/Reversal of expected credit loss allowance		(55)	1,247	2,558	2,166
Gain on derivative financial instrument at fair value through profit and loss	18.3	205	-	1,452	-
Operating profit		23,582	20,410	183,786	55,040
Finance cost		(14,040)	(14,426)	(41,434)	(37,377)
Net profit before zakat		9,542	5,984	142,352	17,663
Zakat differences	11	-	-	5,018	-
Zakat expense	11	(2,793)	(214)	(7,353)	(8,420)
Net profit for the period		6,749	5,770	140,017	9,243
Net profit for the period attributed to:					
Shareholders of the Company		6,467	6,031	140,384	10,779
Non-controlling interest		282	(261)	(367)	(1,536)
		<u>6,749</u>	<u>5,770</u>	<u>140,017</u>	<u>9,243</u>
<u>OTHER COMPREHENSIVE INCOME</u>					
Change in the investments at fair value through OCI		-	-	665	(74)
Total other comprehensive income / (loss)		-	-	665	(74)
Total comprehensive income for the period		6,749	5,770	140,682	9,169
Total comprehensive income for the period attributable to:					
Shareholders of the Company		6,467	6,031	141,049	10,705
Non-controlling interest		282	(261)	(367)	(1,536)
Total comprehensive income for the period		6,749	5,770	140,682	9,169
Earnings per share (SAR)					
Basic and diluted earnings per share attributable to shareholders	14	0.07	0.06	1.41	0.12

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


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Vice Chairman of the Board


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Chief Executive Officer


Mohamed Shabaan
Chief Financial Officer

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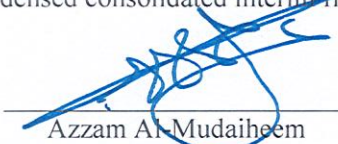
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

(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 nine-month period ended 30 September 2024 (Unaudited)								
Balance as of 1 January 2024	800,000	241,715	3,591	(449)	459,652	1,504,509	9,656	1,514,165
Net profit / (loss) for the period	-	-	-	-	10,779	10,779	(1,536)	9,243
Other comprehensive loss for the period	-	-	(74)	-	-	(74)	-	(74)
Total comprehensive income/ (loss) for the period	-	-	(74)	-	10,779	10,705	(1,536)	9,169
Purchase of treasury share	-	-	-	(8,663)	-	(8,663)	-	(8,663)
Acquisition of part of non-controlling interest	-	-	-	-	1,174	1,174	(1,174)	-
Transferring the statutory reserve to retained earning	-	(241,715)	-	-	241,715	-	-	-
Issuance of bonus shares	200,000	-	-	-	(200,000)	-	-	-
Balance as of 30 September 2024	1,000,000	-	3,517	(9,112)	513,320	1,507,725	6,946	1,514,671
For the nine-month period ended 30 September 2025 (Unaudited)								
Balance as of 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	-	-	-	-	140,384	140,384	(367)	140,017
Other comprehensive income for the period	-	-	665	-	-	665	-	665
Total comprehensive income / (loss) for the period	-	-	665	-	140,384	141,049	(367)	140,682
Dividend paid (note 8.1)	-	-	-	-	(49,840)	(49,840)	-	(49,840)
Transactions with non-controlling interest (note 1)	-	-	-	-	(135)	(135)	221	86
Balance as of 30 September 2025	1,000,000	-	4,317	(9,112)	519,462	1,514,667	961	1,515,628

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


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SAUDI CERAMIC COMPANY

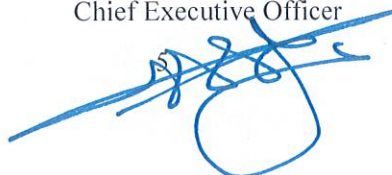
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025**

(In Saudi Riyals Thousand)

	For the nine-month period ended 30 September	
	2025 (Unaudited)	2024 (Unaudited)
<u>Cash flows from operating activities</u>		
Net profit for the period before Zakat	142,352	17,663
Adjustments to reconcile net profit for the period before zakat to net cash generated from operating activities		
Depreciation and amortization	119,400	103,534
Gain on disposal of property, plant, and equipment	(362)	(8,001)
Gain on disposal of assets held for sale	(183)	(4,292)
Gain on disposal of lease liabilities	(143)	
Reversal of impairment for property, plant, and equipment	(3,475)	
Reversal of provision no longer required	-	(2,894)
Reversal of expected credit loss allowance	(2,558)	(2,166)
Reversal of provision for damaged, obsolete, and slow-moving inventory	(38,939)	(6,896)
Finance cost	41,434	37,377
Employees' defined benefits liabilities charged	6,808	9,850
Gain on disposal of investment in associate	-	(3,829)
Insurance reimbursement – (note 6)	(120,000)	-
Changes in working capital		
Trade receivables, prepayments and other current assets	(44,437)	39,758
Inventory	(105,337)	82,298
Proceeds from insurance reimbursement - inventory	20,357	-
Trade payable, accruals and other liabilities	8,726	(61,658)
Employees' defined benefits liabilities paid	(8,800)	(8,147)
Zakat paid	(5,775)	(22,437)
Net cash generated from operating activities	9,068	170,160
<u>Cash flows from investing activities</u>		
Purchase of property, plant, and equipment	(67,822)	(146,209)
Proceeds from disposal of property, plant, and equipment	1,275	9,971
Proceeds from disposal of assets held for sale	255	13,175
Addition to intangible assets	(1,434)	-
Proceeds from disposal of investment in associate	-	5,112
Proceeds from insurance reimbursement - property, plant, and equipment	99,643	-
Net cash generated from / (used in) investing activities	31,917	(117,951)
<u>Cash flows from financing activities</u>		
Proceeds from short-term borrowings	718,816	460,980
Repayments of short-term borrowings	(583,132)	(381,039)
Proceeds from long-term borrowings	8,859	226,201
Repayments of long-term borrowings	(58,876)	(328,410)
Dividend paid	(49,840)	-
Purchase of treasury shares	-	(8,663)
Repayments of lease liabilities	(27,185)	(23,351)
Finance cost paid	(32,915)	(24,490)
Net cash used in financing activities	(24,273)	(78,772)
Net change in cash and cash equivalents	16,712	(26,563)
Cash and cash equivalents at the beginning of the period	42,296	64,677
Cash and cash equivalents at the end of the period	59,008	38,114

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

Abdulaziz Alkhuraji
Vice Chairman of the BoardAzzam Al-Mudaiheem
Chief Executive OfficerMohamed Shabaan
Chief Financial Officer

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

(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 in 15 Safar 1398 AH (corresponding to 24 January 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 condensed consolidated interim financial statements as of 30 September 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").

<u>Subsidiary company</u>	<u>Main operation</u>	Ownership percentage as at	
		30 September 2025	31 December 2024
Ceramics Pipes Company (1)	Import and export, wholesale and retail trading of clay pipes	92.22%	77.89%
Arzan Company (2)	Operation and maintenance	100%	100%
Ceramics Investment Company (2)/ (3)	Marketing services, wholesale and retail trading	99.6%	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 CPC approved a capital decrease from SAR 34.5 million to SAR 177,700 through cancellation of 3,432,226 share against the Company's accumulated loss. These changes resulted in increase in shareholding of CPC and Ceramics Investment Company "CIC" to 80.78% and 98.89% respectively. On 25 August 2025, the General Assembly of CPC approved a capital increase by issuing 1,000,000 new shares at a nominal value of SAR 10 per share, aggregating SAR 10 million. Saudi Ceramic Company (the parent Company) has subscribed in 924,200 shares, which settled the subscription amount against its outstanding current account balance with CPC. These changes resulted in increase in shareholding of CPC and CIC to 92.22% and 99.6% respectively.
 - Arzan Company and Ceramics Investment Company did not start commercial operations from date of their establishment until 30 September 2025.
 - The ownership percentage of the Saudi Ceramic Company is represented in the Ceramic Investment Company at "99.6%", and the ownership percentage consists of 95% direct and 4.6% 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 nine-months period ended 30 September 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

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

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim 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 condensed consolidated interim 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 International Financial Reporting Standards (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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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 and amended standards and interpretations

There were no new accounting standards issued; however, certain amendments to existing standards became effective on 1 January 2025. These amendments were previously disclosed in the Group's consolidated financial statements for the year ended 31 December 2024. Management has evaluated the impact of these amendments and concluded that their adoption does not have a material effect on the Group's condensed consolidated interim financial statements.

The Group has not early adopted any new or amended standards, interpretations, or amendments that have been issued but are not yet effective, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2024.

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

4. MATERIAL ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements for the period ended 30 September 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 nine-month period ended 30 September 2025 (Unaudited)				
Segment revenues	714,515	300,794	15,153	1,030,462
Segment profit / (loss) before zakat	101,038	45,765	(4,451)	142,352
As at 30 September 2025 (Unaudited)				
Segment assets	1,948,529	820,285	104,140	2,872,954
Segment liabilities	920,363	416,877	20,086	1,357,326
For the nine-month period ended 30 September 2024 (Unaudited)				
Segment revenues	666,423	287,151	12,916	966,490
Segment profit / (loss) before zakat	(8,539)	32,512	(6,310)	17,663
As at 31 December 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.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 nine-month period ended 30 September 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	694,487	240,971	15,153	950,611
Export sales	20,028	59,823	-	79,851
	<u>714,515</u>	<u>300,794</u>	<u>15,153</u>	<u>1,030,462</u>
Timing of revenue recognition				
At point in time	<u>714,515</u>	<u>300,794</u>	<u>15,153</u>	<u>1,030,462</u>

For the nine-month period ended 30 September 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	616,782	265,761	12,916	895,459
Export sales	49,641	21,390	-	71,031
	<u>666,423</u>	<u>287,151</u>	<u>12,916</u>	<u>966,490</u>
Timing of revenue recognition				
At point in time	<u>666,423</u>	<u>287,151</u>	<u>12,916</u>	<u>966,490</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 nine-month period ended 30 September 2025, the water heater sector recorded revenues of SAR 301 million (nine-month period ended 30 September 2024: SAR 287 million) and this segment achieved a net profit before zakat amounting to SAR 45.7 million (nine-month period ended 30 September 2024: SAR 32.5 million).

For the twelve-month period from 1 October 2024 to 30 September 2025, the segment recorded revenue of SAR 443 million (1 October 2023 to 30 September 2024: SAR 444 million).

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

6. INSURANCE COMPENSATION

On 7 May 2025, the Group 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 15 July 2023. The amount was received on 26 September 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 consolidated statement of profit or loss and other comprehensive income.

7. PROPERTY, PLANT AND EQUIPMENT, NET

During the nine-month period ended 30 September 2025, the Group acquired property, plant, and equipment with a cost of SAR 67.8 million including capital work-in-progress by amount of SAR 34 million (30 September 2024: SAR 146.2 million including capital work-in-progress by amount of SAR 122 million).

During the nine-month period ended 30 September 2025, the Group disposed of the property, plant, and equipment with a carrying amount of SAR 0.91 million (30 September 2024: SAR 1.97 million) which resulted in a net gain of SAR 0.36 million (30 September 2024: gain of SAR 8 thousand) and these amounts are included in the "other income" in the condensed consolidated statement of profit or loss and comprehensive income.

During the nine-month period ended 30 September 2025, the Group recognized a reversal of impairment loss 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 the equipment remained operational and recoverable.

8. SHARE CAPITAL AND STATUTORY RESERVES

	30 September 2025 (Unaudited)	31 December 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 September 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.

8.1 Dividend

On 28 July 2025 the Board of Directors approved an interim cash dividend of SAR 49.84 million (SAR 0.50 per share) in respect of the first half of 2025. The dividend related to 99,680,000 ordinary shares (320,000 treasury shares held under the Employee Share Scheme were not entitled to the distribution). Shareholders of record on 17 August 2025 were entitled to the dividend, which was paid on 2 September 2025. The dividend was charged to retained earnings and is presented as a distribution to shareholders in the condensed consolidated statement of changes in equity.

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

9. TREASURY SHARES

As of 30 September 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 September 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 8.7 million, with an average purchase price of SAR 30.29 per share.

10. BORROWINGS

10.1 Long-term borrowings

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Beginning balance of the period/year	320,994	521,263
Proceeds during the period/year	8,859	305,546
Repayments during the period/year	(58,876)	(505,815)
Borrowings at the end of the period/year	270,977	320,994
Accrued finance cost at the end of the period/year	7,725	8,996
Total	278,702	329,990
Current portion	97,516	110,950
Non-current portion	181,186	219,040

10.2 Short-term borrowings

Short term borrowings amounted to SAR 543 million at 30 September 2025, (31 December 2024: SAR 406 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 nine-month period ended 30 September 2025, SAR 719 million (30 September 2024: SAR 461 million) short term borrowings were received and SAR 583 million were repaid (30 September 2024: SAR 381 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 nine-month period ended 30 September 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 September 2025.

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

11. ZAKAT PROVISION (CONTINUED)

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.

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 2019 and submitted zakat returns to the Zakat, Tax, and Customs Authority for all years from 2020 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 September 2025 (Unaudited)</u>				
Investments at fair value through profit or loss	-	-	-	-
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.

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

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

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		<u>Transactions for the nine-month</u> <u>period ended on</u>		<u>Balances as at</u>	
		<u>30 September</u> <u>2025</u>	<u>30 September</u> <u>2024</u>	<u>30 September</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Related party	Classification	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<u>Purchase of goods and services</u>					
Natural Gas Distribution Company	Supplier	48,675	28,292	4,699	3,988
First Gas LLC	Supplier	-	4,255	-	-
Chubb Arabia Cooperative Insurance	Supplier	1,054	48	-	-
Gulf Insurance Group	Supplier	72	5	-	5
National Gas and Industrialization Company	Supplier	1,937	1,407	-	1,264
<u>Rent income</u>					
Gulf Real Estate Company	Affiliate	800	667	400	-
<u>Dividends income</u>					
Gulf Real Estate Company	Affiliate	321	-	-	-

These balances are included in trade and other payable or receivables in the statement of financial position.

13.2 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 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:

	<u>30 September 2025</u>			<u>30 September 2024</u>		
	<u>Board members</u>	<u>Executive management</u>	<u>Total</u>	<u>Board members</u>	<u>Executive management</u>	<u>Total</u>
Salaries and benefits	-	3,711	3,711	-	3,614	3,614
Remuneration and allowances	-	1,882	1,882	-	2,284	2,284
Total	-	5,593	5,593	-	5,898	5,898

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

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 nine-month period ended on	
	30 September 2025	30 September 2024
	(Unaudited)	(Unaudited)
Profit for the period attributable to the shareholders (SAR "000")	140,384	10,779
Weighted average number of shares (Shares in "000")	99,680	86,851
Basic and diluted earnings per share (SAR)	1.41	0.12

The weighted average number of shares are adjusted to take account of treasury Shares held under the Employee Share Scheme (note 9).

There were no potentially dilutive shares outstanding at any time during the period ended 30 September 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 19 December 2023, the Board approved to sell land owned by the Group in Misfah area. During the nine-month period ended 30 September 2025, the Group sold land with a carrying amount of SAR 72 thousand which resulted in a gain of SAR 183 thousand.

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

17. CONTINGENCIES AND COMMITMENTS

- 17.1** The Group has obtained bank facilities in the form of letters of guarantee, cash against documents and letters of credit from local banks amounting to SAR 118 million as of 30 September 2025 (31 December 2024: SAR 111 million).
- 17.2** The letters of credit include an amount of SAR 13 million as of 30 September 2025 (31 December 2024: SAR 7 million) relating to capital commitments for the supply of machinery and equipment.

18. DERIVATIVE FINANCIAL INSTRUMENTS

18.1 Nature and purpose

The Group entered into 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 contracts are measured at fair value through profit or loss (FVTPL).

18.2 Fair value measurement

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 1.45 million on these derivative contracts has been recognized in condensed consolidated statement of profit or loss, all of which was realized on earlier settlements.

19. 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.

20. 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 members of the audit committee to approve them on 04 Jumāda l-Ūlā 1447AH (corresponding to 26 October 2025).