

Arabian Cement Company
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

For the Year ended 31 December 2025

Arabian Cement Company
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Arabian Cement Company (A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arabian Cement Company (A Saudi Joint Stock Company) and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, as applicable to audit of consolidated financial statement of public interest entities. We have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Arabian Cement Company (A Saudi Joint Stock Company) (Continued)

Key Audit Matters (continued)

| Existence of inventories | |
|--|--|
| Key audit matter | How our audit addressed the key audit matter |
| <p>As of 31 December 2025, Inventories of the Group amount to SR 692.6 million (2024: 636.8 million) which mainly comprise of spare parts, under progress products, finished goods, and raw materials, representing 23% of total assets (2024: 21%).</p> <p>Since the weighing of these inventories mainly under progress products, finished goods, and raw materials is not practicable, management assesses the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volumes; in doing so management appoints an independent surveyor to estimate the quantities by using certain scientific systematic measurements calculations, which are applied for similar stock in the cement industry.</p> <p>We have considered the existence of inventories as a key audit matter due to the significance of the closing balance and involvement of estimation in the determination of the closing quantities of under progress products and raw materials as at year end.</p> <p>The material accounting policies for inventories is outlined in note 6 to the consolidated financial statements and breakdown of inventories is presented in Note 12.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> ➤ Attended the physical inventory count performed by the Group and the independent surveyor. ➤ Evaluated competence, capabilities, and objectivity of the independent expert engaged by the Group. ➤ Obtained and reviewed the inventory count report of the independent surveyor’s for the major stock items and recalculated the conversion to the volumes. ➤ Assessed the completeness and adequacy of the relevant disclosures related to inventories in the consolidated financial statements. |
| Impairment of property, plant and equipment | |
| Key audit matter | How our audit addressed the key audit matter |
| <p>The Property, plant and equipment (“PPE”) are stated at cost less depreciation and impairment, if any. As at 31 December 2025, the carrying values of property, plant and equipment amounted to SR 1,809 million (2024: SR 1,862 million) representing 59% of total assets.(60% :2024).</p> <p>The Group identifies cash-generating units (CGUs) for property and equipment at the lowest levels for which there are separately identifiable cash inflows. The carrying values of these CGUs are reviewed at each reporting period by management to assess whether there are indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amount, being the higher of fair value less costs to sell, exceeds its carrying value.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> ➤ Reviewed the Management’s procedures in identifying impairment indicators in respect of property, plant and equipment in accordance with the requirements of the relevant IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia, as well as indicators supporting the reversal of previously recognized impairment losses, if any. ➤ Tested, on a sample basis, the integrity of inputs of the projected cash flows used in the valuation performed by the valuers. |



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INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Arabian Cement Company (A Saudi Joint Stock Company) (Continued)

Key Audit Matters (continued)

| Impairment of property, plant and equipment (Continued) | |
|---|--|
| Key audit matter | How our audit addressed the key audit matter |
| <p>The Group's management has studied the impairment of the subsidiary's property, plant and equipment during prior years, and the study has resulted an impairment loss recorded in prior years. During the current year, Group’s management conducted impairment study and not resulted in a reverse nor charging of the impairment provision as at 31 December 2025.</p> <p>Since the determination of recoverable amounts involve significant judgement and estimation uncertainties, this is considered a key audit matter.</p> <p>The material accounting policies for impairment of non-financial assets is outlined in note 6 to the consolidated financial statements.</p> | <ul style="list-style-type: none"> ➤ Involved our specialists to review the reasonableness of significant Management assumptions used in the impairment study, including determination of appropriate valuation methodologies, future margins and terminal values. ➤ Reviewed the adequacy of disclosures in related impairment disclosures in the accompanying consolidated financial statements. |

Other information included in The Group’s 2025 Annual Report

Other information consists of the information included in the Group’s 2025 annual report, other than the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information in its annual report. The Group’s 2025 annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group’s 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company’s By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Audit Committee are responsible for overseeing the Group’s financial reporting process.



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Arabian Cement Company (A Saudi Joint Stock Company) (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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



INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Arabian Cement Company (A Saudi Joint Stock Company) (Continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

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

Jeddah: 02 Ramadhan 1447H

19 February 2026



Arabian Cement Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

| | | <i>31 December</i> <i>2025</i> <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|--|-------------|---|---|
| | <i>Note</i> | | |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 1,808,817 | 1,862,199 |
| Intangible assets | 8 | 10,680 | 10,937 |
| Investment property | 9 | 5,000 | 5,000 |
| Investments in associates | 10 | 54,997 | 89,759 |
| Financial assets at fair value through OCI | 11 | 47,632 | 73,658 |
| Deferred tax assets | 25 | 17,831 | 19,012 |
| Right-of-use assets | 33 | 4,484 | 3,849 |
| TOTAL NON-CURRENT ASSETS | | 1,949,441 | 2,064,414 |
| Current assets | | | |
| Inventories | 12 | 692,612 | 636,796 |
| Trade receivables | 13 | 227,186 | 203,184 |
| Prepayments and other receivables | 14 | 27,537 | 44,026 |
| Cash and cash equivalents | 15 | 115,226 | 145,112 |
| | | 1,062,561 | 1,029,118 |
| Non-current asset held for sale | 16 | 43,362 | - |
| TOTAL CURRENT ASSETS | | 1,105,923 | 1,029,118 |
| Total assets | | 3,055,364 | 3,093,532 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share Capital | 17 | 1,000,000 | 1,000,000 |
| Share Premium | 17 | 293,565 | 293,565 |
| Statutory reserve | 18 | - | 500,000 |
| General reserve | 19 | - | 95,000 |
| Foreign currency translation reserve | | (561) | (561) |
| Fair value reserve of financial assets at fair value through OCI | | (10,272) | 15,754 |
| Retained earnings | | 1,294,922 | 661,654 |
| Equity attributable to equity holders of the Parent | | 2,577,654 | 2,565,412 |
| Non-controlling interests | 20 | 96,935 | 94,375 |
| TOTAL EQUITY | | 2,674,589 | 2,659,787 |

The accompanying notes from 1 to 39 form part of these consolidated financial statements.

Arabian Cement Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025

| | | <i>31 December</i> 2025 <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|--|-------------|---|---|
| | <i>Note</i> | | |
| Non-current liabilities | | | |
| Rehabilitation provision | 21 | 14,507 | 13,565 |
| Long-term loans and facilities | 22 | 8,725 | 56,414 |
| Employees' defined benefit obligations | 23 | 60,411 | 57,701 |
| Deferred tax liabilities | 25 | 56,116 | 56,116 |
| Lease liabilities | 33 | 4,980 | 3,739 |
| TOTAL NON-CURRENT LIABILITIES | | 144,739 | 187,535 |
| CURRENT LIABILITIES | | | |
| Long term loans and facilities - current portion | 22 | 10,650 | 28,942 |
| Trade payables and other payables | 24 | 167,281 | 170,373 |
| Zakat and income tax payable | 25 | 38,523 | 28,608 |
| Dividends payable | 26 | 19,295 | 17,619 |
| Lease liabilities | 33 | 287 | 668 |
| TOTAL CURRENT LIABILITIES | | 236,036 | 246,210 |
| TOTAL LIABILITIES | | 380,775 | 433,745 |
| TOTAL EQUITY AND LIABILITIES | | 3,055,364 | 3,093,532 |

The accompanying notes from 1 to 39 form part of these consolidated financial statements.

Arabian Cement Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

| | <i>Note</i> | 31 December 2025 SR (‘000) | 31 December 2024 SR (‘000) |
|---|-------------|---|---|
| Revenue | 27 | 1,062,199 | 857,855 |
| Cost of revenue | 27 | (806,453) | (617,381) |
| Gross profit | | 255,746 | 240,474 |
| Selling and distribution expenses | 28 | (14,518) | (10,210) |
| General and administrative expenses | 29 | (57,511) | (56,216) |
| OPERATING PROFIT | | 183,717 | 174,048 |
| Dividends from financial assets at fair value through OCI | 11 | 1,495 | 2,455 |
| Share of profit from equity accounted investments | 10 | 2,089 | 4,399 |
| Finance costs | 37 | (4,413) | (8,621) |
| Other income, net | 31 | 16,050 | 13,895 |
| Profit before zakat and income tax from continuing operations | | 198,938 | 186,176 |
| Zakat | 25 | (20,439) | (21,562) |
| Income Tax | 25 | (17,763) | (8,230) |
| PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS | | 160,736 | 156,384 |
| Profit for the year from discontinuing operations | | | |
| Profit from discontinuing operations | 16 | 6,839 | 7,828 |
| PROFIT FOR THE YEAR | | 167,575 | 164,212 |
| Profit for the year attributable to: | | | |
| Equity holders of the Parent | | 165,015 | 160,097 |
| Non-controlling interests | 20 | 2,560 | 4,115 |
| | | 167,575 | 164,212 |
| Earnings per share of net profit for the year attributable to equity holders of the Parent (in SR): | | | |
| Basic | 32 | 1.65 | 1.60 |
| Diluted | 32 | 1.65 | 1.60 |
| Earnings per share of net profit for the year from continuing operations attributable to equity holders of the Parent (in SR): | | | |
| Basic | 32 | 1.58 | 1.52 |
| Diluted | 32 | 1.58 | 1.52 |

The accompanying notes from 1 to 39 form part of these consolidated financial statements.

Arabian Cement Company
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

| | | <i>31 December</i> <i>2025</i> <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|---|----|---|---|
| Profit for the year | | 167,575 | 164,212 |
| <u>Other comprehensive income:</u> | | | |
| Other comprehensive income items that will not to be reclassified to profit or loss in subsequent periods: | | | |
| Re-measurement loss on defined benefit obligations | 23 | (1,419) | (789) |
| Unrealized loss on investment in equity instruments at fair value through OCI | 11 | (26,026) | (17,186) |
| Group's share in other comprehensive income of equity-accounted investees | 10 | 99 | - |
| Total other comprehensive loss from continuing operations | | (27,346) | (17,975) |
| Total comprehensive income for the year from continuing operations | | 133,390 | 138,409 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR FROM DISCONTINUING OPERATIONS | | | |
| Other comprehensive (loss) / income from discontinuing operations | 16 | (427) | 184 |
| Total comprehensive income for the year | | 139,802 | 146,421 |
| <u>Total comprehensive income attributable to:</u> | | | |
| Equity holders of the Parent | | 137,242 | 142,306 |
| Non-controlling interests | | 2,560 | 4,115 |
| Total comprehensive income for the year | | 139,802 | 146,421 |

The accompanying notes from 1 to 39 form part of these consolidated financial statements.

Arabian Cement Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

| | <i>Equity attributable to shareholders of the Parent</i> | | | | | | | | | |
|---|--|-----------------------------------|---------------------------------------|-------------------------------------|--|--|---------------------------------------|---|---|----------------------------------|
| | <i>Share capital</i> SR ('000) | <i>Share premium</i> SR ('000) | <i>Statutory reserve</i> SR ('000) | <i>General reserve</i> SR ('000) | <i>Foreign currency translation reserve</i> SR ('000) | <i>Fair value reserve of financial assets at fair value through OCI</i> SR ('000) | <i>Retained earnings</i> SR ('000) | <i>Equity attributable to equity holders of the Parent</i> SR ('000) | <i>Non-controlling interests</i> SR ('000) | <i>Total equity</i> SR ('000) |
| As at 1 January 2025 | 1,000,000 | 293,565 | 500,000 | 95,000 | (561) | 15,754 | 661,654 | 2,565,412 | 94,375 | 2,659,787 |
| Profit for the year | - | - | - | - | - | - | 165,015 | 165,015 | 2,560 | 167,575 |
| Other comprehensive loss | - | - | - | - | - | (26,026) | (1,747) | (27,773) | - | (27,773) |
| Total comprehensive income | - | - | - | - | - | (26,026) | 163,268 | 137,242 | 2,560 | 139,802 |
| Dividends to the shareholders of the Parent (note 26) | - | - | - | - | - | - | (125,000) | (125,000) | - | (125,000) |
| Transfer to retained earnings (Note 1) | - | - | (500,000) | (95,000) | - | - | 595,000 | - | - | - |
| Balance as at 31 December 2025 | 1,000,000 | 293,565 | - | - | (561) | (10,272) | 1,294,922 | 2,577,654 | 96,935 | 2,674,589 |

The accompanying notes from 1 to 39 form part of these consolidated financial statements.

Arabian Cement Company
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2025

| | <i>Equity attributable to shareholders of the Parent</i> | | | | | | | | | |
|---|--|--|--|--|---|---|--|--|--|---|
| | <i>Share capital</i> <i>SR ('000)</i> | <i>Share premium</i> <i>SR ('000)</i> | <i>Statutory reserve</i> <i>SR ('000)</i> | <i>General reserve</i> <i>SR ('000)</i> | <i>Foreign currency translation reserve</i> <i>SR ('000)</i> | <i>Fair value reserve of financial assets at fair value through OCI</i> <i>SR ('000)</i> | <i>Retained earnings</i> <i>SR ('000)</i> | <i>Equity attributable to equity holders of the Parent</i> <i>SR ('000)</i> | <i>Non-controlling interests</i> <i>SR ('000)</i> | <i>Total equity</i> <i>SR ('000)</i> |
| As at 1 January 2024 | 1,000,000 | 293,565 | 500,000 | 95,000 | (561) | 32,940 | 652,162 | 2,573,106 | 90,260 | 2,663,366 |
| Profit for the year | - | - | - | - | - | - | 160,097 | 160,097 | 4,115 | 164,212 |
| Other comprehensive loss | - | - | - | - | - | (17,186) | (605) | (17,791) | - | (17,791) |
| Total comprehensive income | - | - | - | - | - | (17,186) | 159,492 | 142,306 | 4,115 | 146,421 |
| Dividends to the shareholders of the Parent (note 26) | - | - | - | - | - | - | (150,000) | (150,000) | - | (150,000) |
| Balance as at 31 December 2024 | 1,000,000 | 293,565 | 500,000 | 95,000 | (561) | 15,754 | 661,654 | 2,565,412 | 94,375 | 2,659,787 |

The accompanying notes from 1 to 39 form part of these consolidated financial statements.

Arabian Cement Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

| | | <i>31 December</i> | <i>31 December</i> |
|---|-------------|--------------------|--------------------|
| | | <i>2025</i> | <i>2024</i> |
| | | <i>SR</i> | <i>SR</i> |
| | <i>Note</i> | <i>('000)</i> | <i>('000)</i> |
| Operating activities | | | |
| Profit before zakat and income tax from continuing operations | | 198,938 | 186,176 |
| Adjustments: | | | |
| Depreciation of property plant and equipment | 7 | 147,355 | 158,685 |
| Amortization of intangible assets | 8 | 1,263 | 1,233 |
| Amortization of right-of-use assets | 33 | 390 | 391 |
| Group's share of results of associated companies | 10 | (2,089) | (4,399) |
| Dividends from financial assets at fair value through OCI | 11 | (1,495) | (2,455) |
| Gain on disposal of property and equipment | 31 | (40) | (71) |
| Provision for impairment of inventory | 12 | 5,207 | 5,651 |
| Rehabilitation provision | 21 | 942 | 1,500 |
| Finance costs | 37 | 4,413 | 8,621 |
| Employees' defined benefit obligations charged for the period | 23 | 6,668 | 6,166 |
| | | 361,552 | 361,498 |
| Changes in working capital: | | | |
| Trade receivables, prepayments and other receivables | | (8,295) | 2,920 |
| Inventories | | (61,022) | (173,973) |
| Trade payables and other payables | | (3,236) | 9,302 |
| | | 288,999 | 199,747 |
| Financial charges paid | | (2,992) | (8,274) |
| Zakat and income tax paid | 25 | (27,106) | (24,584) |
| Employees' defined benefit obligations paid | 23 | (5,377) | (2,653) |
| Net cash from operating activities | | 253,524 | 164,236 |
| Investing activities | | | |
| Additions in property, plant and equipment | 7 | (94,930) | (31,525) |
| Additions in intangible assets | 8 | (50) | (19) |
| Dividends from financial assets at fair value through OCI | 11 | 1,495 | 2,455 |
| Proceeds on disposal of property and equipment | | 40 | 71 |
| Net cash used in investing activities | | (93,445) | (29,018) |

The accompanying notes from 1 to 39 form part of these consolidated financial statements.

Arabian Cement Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025

| | | <i>31 December</i> 2025 SR ('000) | <i>31 December</i> 2024 SR ('000) |
|--|-------------|---|---|
| | <i>Note</i> | | |
| Financing activities | | | |
| Proceeds from term loans | 22 | 109,429 | 58,128 |
| Repayments of term borrowings | 22 | (175,410) | (119,048) |
| Repayments of lease liabilities | 33 | (660) | (660) |
| Dividends paid | 26 | (123,324) | (146,203) |
| Net cash used in finance activities | | (189,965) | (207,783) |
| Net decrease in cash and cash equivalents | | (29,886) | (72,565) |
| Cash and cash equivalents at 1 January | | 145,112 | 217,677 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 115,226 | 145,112 |
| Significant non-cash transactions | | | |
| Net loss from investment in equity instruments at fair value through OCI | 11 | (26,026) | (17,186) |
| Loss from employees' defined benefits | 23 | (1,419) | (789) |
| Transferred from projects in progress to property, plant and equipment | 7 | 46,556 | 15,679 |
| Transferred from inventory to property, plant and equipment | 7 | - | 367 |
| Deferred tax assets | 25 | 563 | 570 |
| Transferred from projects in progress to intangible assets | 7 | 956 | 143 |
| Additions to right of use of assets | 33 | 1,196 | 323 |
| Additions to lease liabilities | | 1,025 | 323 |

The accompanying notes from 1 to 39 form part of these consolidated financial statements.

Arabian Cement Company (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

1. CORPORATE INFORMATION

Arabian Cement Company (the "Company" or the "Parent") is a Saudi Joint Stock Company incorporated in accordance with the Companies' Law in the Kingdom of Saudi Arabia under the Royal Decree No. 731 dated 12 Jumada Al-Ula 1374H (corresponding to 7 January 1955) and the Company operates under Commercial Registration Number 4030000148 and Unified Number 7000848668 issued in Jeddah dated 14 Ramadan 1376H (corresponding to 15 April 1957).

The Parent's share capital is SR 1 billion, divided into 100 million shares of SR 10 each, as at 31 December 2025 and 31 December 2024.

The Parent's shares are listed in the Capital Market Authority of the Kingdom of Saudi Arabia. The Parent is owned by 8.94% to a major shareholder, while 91.06% is owned by other shareholders as at 31 December 2025 (31 December 2024: 8% by major shareholder and 92% by other shareholders).

The principal activities of the Group are as follows:

1. Production of cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
2. Trading of clinker, cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
3. Utilization of mines and establishing of factories and stores for the Company's purposes which are needed in manufacturing, storage, selling, purchase, importing and exporting and other complementary and supportive industries.

To achieve these purposes, the Group has the right to enter into all types of contracts of properties and movable assets and enter into other agreements within the limits of the applicable laws.

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

As at 31 December 2025 and 31 December 2024, the Group has direct and indirect investments in the following subsidiaries (collectively referred as the "Group"):

The details of the subsidiaries are as follows:

| <i>Subsidiary</i> | <i>Principal activity</i> | <i>Country of incorporation</i> | <i>Shareholding percentage (%)</i> | |
|--|---------------------------|---------------------------------|------------------------------------|-------------|
| | | | <i>2025</i> | <i>2024</i> |
| Bahrain Arabian Cement Holding Company (One Person Company) ("Bahrain Cement Company") | Holding Company | Kingdom of Bahrain | 100% | 100% |

on 5 November 2007, Bahrain Arabian Cement Holding Company was established as a sole proprietorship registered in the Kingdom of Bahrain with the purpose of managing its subsidiaries and to invest its funds in shares, bonds and securities and to own properties and movable assets necessary to its operations and to provide loans warranties and financing to its subsidiaries.

Bahrain Cement Company has an investment in the following subsidiary:

| <i>Subsidiary</i> | <i>Principal activity</i> | <i>Country of incorporation</i> | <i>Shareholding percentage (%)</i> | |
|---|---------------------------|---------------------------------|------------------------------------|-------------|
| | | | <i>2025</i> | <i>2024</i> |
| Qtrana Cement Joint Stock Private Company ("Qtrana Cement Company") | Cement production | Hashemite Kingdom of Jordan | 86.74% | 86.74% |

Arabian Cement Company (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

1. CORPORATE INFORMATION (continued)

Bahrain Arabia Cement Holding Company owns 86.74% of Qatrana Cement Joint Stock Company's shares and holds control over its business and management of it, and thus, Qatrana Cement Company is considered an indirectly owned subsidiary by the Parent and consolidated in these consolidated financial statements. Qatrana Cement Company's activity is production of black Portland cement, white cement and calcium carbonate.

The consolidated statement of profit or loss includes the results of operations of subsidiaries for the year ended 31 December 2025, and the consolidated statement of financial position includes the assets and liabilities of subsidiaries as at 31 December 2025.

As at 31 December 2025 and 31 December 2024, the Group has investments in the following associate companies:

The details of the associates are as follows:

| <u>Name of the Company</u> | <u>Principal activity</u> | <u>Country of incorporation</u> | <u>Shareholding %</u> | |
|---|---------------------------|---------------------------------|-----------------------|-------------|
| | | | <u>2025</u> | <u>2024</u> |
| Ready Mix Concrete and Construction Supplies Company* | Concrete production | Kingdom of Jordan | 36.67% | 36.67% |
| Cement Products Industry Company Limited | Bags of cement production | Kingdom of Saudi Arabia | 33.33% | 33.33% |

* Refer to note 16 for further details

Statutory and General Reserves

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

2. BASIS OF PREPERATION

2.1 Statement of compliance

These consolidated financial statements have been prepared for the year ended 31 December 2025 in accordance with IFRS accounting standards as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The Group's management has made an assessment of its ability to continue in as a going concern based on the current liquidity position and cash flow projections and do not have any material uncertainty that might raise doubt and management is satisfied that the Group has the necessary resources to continue and fulfill its obligations when they fall due in the ordinary course of business in the foreseeable future. Accordingly, these consolidated financial statements of the Group have been prepared on the going concern basis.

2.2 Basis of measurement

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

- Equity investments are measured at fair value through other comprehensive income.
- Financial defined benefits liabilities for future obligations are recognized based on the expected credit unit method.

2.3 Functional and presentation currency

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

Arabian Cement Company (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Other disclosures relating to the Group's exposure to risk and uncertainties includes:

- Financial instrument risk management and policies (Note 36)
- Sensitivity analysis disclosures (Notes 7 & 23)

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

Significant judgments made by the management upon adopting the Group's material accounting policies are consistent with the disclosed policies in the financial statements for the previous year.

3.1 Judgements

In the process of applying the Group's material accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Zakat

Determining the zakat provision includes a material judgement, including the calculation of the zakat base and the Zakatable profits in accordance with the provisions of zakat and income tax applicable in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount may differ significantly from the Group's declarations and objections. When determining the amount payable to the Zakat, Tax and Customs Authority ("ZATCA"), the Group applied its judgement and interpretation of the ZATCA's requirements for calculating Zakat.

Lease classification - the Group as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Keeping in view the business model of the Group, the Group has determined that leasing of vehicles does not transfer substantially all the risks and rewards incidental to ownership of the vehicles subject to the lease arrangement, hence such lease arrangements are classified as operating lease.

Determining the lease term of contracts with renewal and termination options the Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Assets held for sale

On 29 December 2025, the Board of Directors announced its decision to discontinue the investment in in associate-Ready Mix Concrete and Construction Supplies Company. The Board considered the associate to meet the criteria to be classified as held for sale at that date for the following reasons:

- Ready Mix Concrete and Construction Supplies Company was available for immediate sale and could be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer had been identified, and negotiations were at an advanced stage.

For more details on the discontinued operation, refer to note 16.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Estimates and assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group used these available assumptions and estimates when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumption and estimation uncertainties is included in the following areas:

Provision for Expected Credit Losses (ECL) of trade receivables

The Group's uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and coverage by letters of credit and other forms of credit insurance).

The Group's determination of expected credit losses on trade receivables requires the Group to take into account certain estimates of forward-looking factors while calculating the probability of default. These estimates may differ from actual conditions.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the cement productions sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For further details, see note 36.

The Group has determined the GDP growth rate to be the macroeconomic factor most relevant to future information that would affect customers' credit risks, and accordingly it has adjusted historical loss rates based on expected changes in this factor using different scenarios. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 36.

Measurement of employee benefits liability

The cost of the employees defined benefit liability and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature; a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate and future salary increase. In determining the appropriate discount rate, the management considers the market yield on high quality corporate/government bonds. Future salary increases depend on future inflation rates, seniority, promotion, supply and demand in the employment market. The mortality rate is based on publicly available mortality tables for the Country. Those mortality tables tend to change only at intervals in response to demographic changes. Further details about employee terminal benefits obligations are provided in note 23.

Impairment of inventory

Management estimates the impairment to reduce the inventory to its net realizable value if the cost of the inventory is not recoverable or the inventory is damaged or become an obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than the carrying amount. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into account fluctuations in prices or costs directly attributable to events occurring after the date of the financial statements to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Estimates and assumptions (continued)

Deferred tax assets

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested for impairment annually.

Impairment exists when the carrying value of the asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cashflows (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested for impairment.

The recoverable amount is based on the discount rate used for the discounted cash flows model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the CGUs, are disclosed and further explained in Note 7.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the consolidated statement of profit or loss. They are collected first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Useful lives of Property, plant and equipment

The Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage physical wear and tear. Management reviews depreciation and amortization methods and useful lives annually and will be amended future depreciation and amortization charges when management believes the useful life is different from previous estimates and to ensure that the methods and periods of depreciation and amortization are consistent with the expected pattern of benefits Exemption from these assets.

During the year, the Parent has reviewed the estimated economic useful lives of all components within the Plant, factory installations and power of its property, plant and equipment from 20 years to 30 years, based on the combination of evaluation conducted by an independent consultants and management assessment, this reflects updated expectations of future economic benefits. In accordance with IAS 8, the change has been accounted for prospectively. The impact of above changes was to decrease depreciation expense by SR 12 million in the current year and is expected to decrease depreciation expense by approximately SR49 million each year in future periods.

Fair value measurement of financial instruments

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Estimates and assumptions (continued)

Fair value measurement of financial instruments (continued)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2: Inputs other than quoted prices included level I that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these techniques are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions related to these judgments could affect the reported fair value of financial instruments.

The carrying values and fair values of financial assets and liabilities including their fair value hierarchy are disclosed. It does not include information about fair value of financial assets and financial liabilities not measured at fair value if book value reasonably equals fair value in note 36.

4. Changes in accounting policies and disclosures

The accounting policies, estimates and assumptions adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025, which is explained in note below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4.1 New and amended standards, interpretations

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2025. The management has assessed that the amendments have no significant impact on the Group's consolidated financial statements.

| <i>Standard, interpretation or amendments</i> | <i>Description</i> | <i>Effective date</i> |
|---|--|-----------------------|
| Lack of exchangeability Amendments to IAS 21 | – The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. | 1 January 2025 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

4. Changes in accounting policies and disclosures (continued)

4.2 Standards issued but not yet effective

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

| <i>Standard, interpretation or amendments</i> | <i>Description</i> | <i>Effective date</i> |
|---|---|-----------------------|
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. | 1 January 2027 |
| IFRS 18 Presentation and Disclosure in Financial Statements | IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. | 1 January 2027 |

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

4. Changes in accounting policies and disclosures (continued)

4.2 Standards issued but not yet effective (continued)

| <i>Standard, interpretation or amendments</i> | <i>Description</i> | <i>Effective date</i> |
|---|--|-----------------------|
| Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7 | <p>-A clarification that a financial liability is derecognised on the ‘settlement date’ and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date</p> <p>-Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed</p> <p>-Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments</p> <p>- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).</p> | 1 January 2026 |

5. BASIS OF CONSOLIDATION

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

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights.

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

Profits, losses and all components of other comprehensive income are attributable to the equity holders of the Parent of the Group and to the holders of non-controlling interests, even if this results in a deficit balance in favor of the non-controlling interest holders.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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5. BASIS OF CONSOLIDATION (continued)

When necessary, adjustments are made to the financial statements of subsidiaries in order to reconcile their accounting policies with the Group's financial policies. All intra-Group assets and liabilities, equity, revenue, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is considered as an equity transaction.

If the Group loses control over a subsidiary, it disposes the assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in consolidated statement of profit and loss. Held investments are recognized at fair value.

Investments in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Shares in associates are recognized using equity method and are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases

6. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the prevailing exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the prevailing exchange rates at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated into the functional currency at the prevailing exchange rates when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the prevailing exchange rate at the date of the transaction. Foreign currency differences resulting from the retranslation are recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Equity instruments investments at FAIR VALUE THROUGH OCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into SR at the prevailing exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into SR at the exchange rates at the dates of the transaction.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation differences is allocated to NCI.

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 "revenue from contracts with customers".

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation. The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

If the consideration promised in a contract includes a variable amount, the Group shall estimate the amount of consideration to which the Group will be entitled in exchange for transferring the promised services to a customer.

An amount of consideration can vary because of discounts, rebates, price concessions, incentives, penalties or other similar items. The promised consideration can also vary if the Group entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. The Group sells packed and non-packed clinker and cement, where selling process is either through selling invoices and/or independent specific contracts with customers.

a) Sale of goods

For contracts with customers which the only obligation is going to be selling cement, revenues shall be recognized at the time in which control over asset is transferred to the customer at a specific point in time, which is usually at the delivery date.

The Group recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations. The Group considers the below mentioned indicators to assess the transfer of control of the promised asset:

- The Group has a present right to payment for the asset
- The customer has legal title to the asset
- The Group has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

At 31 December 2025

6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employees' benefits

Employees' defined benefit plans

The Group is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit is calculated based on half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining subsequent service, including fractions of the year. The end of service benefit plan is unfunded.

Evaluation methodology and key assumptions for the actuarial study

In compliance with the requirements of IAS 19 "Employee Benefits", the end of service indemnity is calculated by actuarial valuation using the projected unit credit actuarial cost method at the end of each financial year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. Re-measurement recognized in other comprehensive income is immediately reflected in retained earnings and is not included in profit or loss. The cost of the previous service (past cost) is calculated in profit or loss during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit obligation.

The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss under employee benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly recognized in statement of profit or loss. Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged and carried in equity in the statement of other comprehensive income in the period in which they arise.

Defined benefit costs are categorized as follows:

- Cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost;
- Re-measurement.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement benefit costs

The Group contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employees' remuneration. Payments are treated to government-managed pension benefit plans as payments to defined benefits plans as the Group's liabilities against these plans are equivalent to those that arise from a defined benefits retirement plan. Payments to retirement benefit plans are charged as an expense when due.

Finance revenue and finance costs

Finance revenue and finance costs comprise of Islamic Murabaha of invested money which are recognized in profit or loss. Interest income from Islamic Murabaha is recognized as it accrues under profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability, distribution of financing revenue or financing expenses during the relevant period.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

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6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Finance revenue and finance costs (continued)

When calculating the effective interest rate, the Group estimates cash flows by taking into account the terms of the financial instrument (for example pre-payment options) but do not consider future credit losses. The account includes all fees and points paid or received between the parties to the contract, which are not an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Zakat and income tax

Zakat provision is calculated in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is calculated discretionary for the period and Zakat provision is charged in an independent item in the statement of profit or loss. Income tax for foreign entities is calculated for in the financial statements in accordance with the relevant income tax regulations of the countries in which they operate. Additional zakat and income tax liability, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized.

The Group withholds taxes on transactions with non-resident parties and on dividends paid to non-resident shareholders in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations in the Kingdom of Saudi Arabia.

Deferred tax

Deferred tax is assessed in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories cost is calculated using the weighted average method, which includes expenditure incurred in bringing inventories to their existing location and condition and in case of manufactured inventories and work in progress, inventories are charges with an appropriate share of production overheads based on normal operation capacity of the Group. Net realizable value is the estimated selling price in the Group's ordinary course of business, less the estimated costs of completion and selling.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment

Recognition and measurement

Property and equipment are recognized as an asset when, and only when, it is probable that an inflow of future economic benefits associated with such property and equipment to the Group and can be measured and the cost of this asset is reliable. Property and equipment are initially recognized and measured at cost. Cost includes the fair value of the consideration given to obtain the asset (net of discounts and rebates) and any costs that are directly attributable, such as the cost of site preparation, delivery, installation costs, the relevant labor fees, estimated cost of dismantling and removing the asset and restoring the site (to the extent that this cost is recognized as a provision).

When parts of property and equipment are significant in cost in comparison to the total cost of the item, and where such parts have a useful life different than other parts and, the Group shall recognized such parts as individual assets with and depreciate them accordingly.

The Group applies a cost model to measure the entire category of property and equipment. After initial recognition as an asset, items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs

The cost of replacing part of the item of property, plant and equipment is recognized in the carrying amount of the item if the future economic benefits of the Group in that segment are probable and the cost can be measured reliably. Book value of the replaced item is disposed. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Major inspections and overhauls are accounted for as a separate component if that component is used over more than one period. The carrying amount of such component is determined with reference to the current market price of such overhauls.

Depreciation

Depreciation is an organized distribution of depreciable value of property, plant and equipment items (asset's cost less asset's residual value) along the asset's useful life.

Depreciation expense is recognized to statement of profit or loss on a straight-line basis over the estimated useful lives of the individual items of property, plant and equipment. Leased assets are depreciated over the term of the lease contract or over the useful lives of the assets, whichever is shorter. The Group's freehold lands are not depreciated.

When the useful lives of items of property, plant and equipment differ, they are accounted for as separate items.

The estimated useful lives of the items of properties, plant and equipment for the current period and the comparative periods are as follows:

| <i>Asset</i> | <i>Estimated lives (in years)</i> |
|---|-----------------------------------|
| Buildings and constructions | 20-33 |
| Plant, factory installations and power and water stations | 20-30 |
| Workshop tools and equipment | 5-10 |
| Equipment and vehicles | 4-7 |
| Furniture and fixtures | 5-11 |

The Group reviews depreciation methods, useful lives and residual value of property, plant and equipment at the end of each financial year and in case there are any differences, they are considered as change in accounting estimates (in the change year and the subsequent years).

Project in progress

Projects in progress represent all costs directly and indirectly related to the purchase of airport equipment and construction in progress. Such costs include cost of equipment, material and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Projects in progress are not depreciated. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

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6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. They are included in the statement of profit or loss and other comprehensive income under "other income" at the time the item is derecognized.

Intangible assets

Intangibles acquired separately are measured on initial recognition at cost. Cost of intangible assets acquired based on business combinations represents the fair value at the acquisition date. Following initial recognition, intangibles are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Intangible assets internally developed (except for capitalized development costs) are not capitalized and expenses are included in the consolidated statement of profit or loss at the date of their maturity.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

The estimated useful lives of intangible assets are as follows:

| <i>Asset</i> | <i>Estimated lives (in years)</i> |
|--------------------------|-----------------------------------|
| Mining assets | 27 - 30.3 |
| Computer software | 5 |
| Right-to-use power plant | 25 |

Investment Properties

Investment property are properties or lands acquired either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business of the Group, and it shall not be used in the production or supply of goods or services or for administrative purposes. Investment properties are initially presented at cost including transaction costs, measured later in accordance with the cost model (at historical cost less accumulated depreciation except lands which are measured at their cost and accumulated impairment losses, if any).

Leases

a) Definition of a lease

The Group assesses whether a contract is or contains a lease, at inception of the contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognizes Right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

b) Group as a lessee

We have measured the lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as at the date of lease. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued rents. The Group has applied this approach to all leases.

The Group used the allowed exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of the lease term.

Lease liabilities are re-measured when there is a change in future lease payments.

Financial Instruments - initial recognition and subsequent measurement

Financial Instruments - initial recognition and subsequent measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets

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

Initial recognition and measurement

Assets are measured on initial recognition and are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transactions costs, in the case of a financial asset not at fair value through profit or loss. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FAIR VALUE THROUGH OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the Effective Interest ("EIR") method and are subject to impairment. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes cash and cash equivalents, trade and staff receivables other receivables.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. On derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

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

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

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6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement (continued)

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

Profits and losses from these financial assets are never recycled in profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently, the Group does not have any equity instruments designated at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes derivative instruments and listed equity instruments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity instruments are recognized as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. disposed from the Group's statement of financial position) when:

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

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

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments initial recognition and subsequent measurement (continued)

Subsequent measurement (continued)

Impairment (continued)

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual clients, the Group individually makes an assessment as to the timing and amount of write-offs based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The Group considers a financial asset to be in default when it is unlikely that its outstanding balance will be paid to the Group in full without the Group recourse to procedures such as the realization of securities (if it holds any). However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss or as borrowings or payables, as appropriate. All financial liabilities are initially recognized at fair value, net of costs directly attributable to transactions in the case of borrowings and payables. The Group's financial liabilities include trade and other payables, lease liabilities and borrowings.

Subsequent measurement

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

- Financial liabilities at FVPL
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This category is more relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

The effective interest rate amortization is recognized as a finance cost in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to (Note 37).

Derecognition

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

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6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Offsetting of financial instruments

Assets and liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments (“derivatives”) (“interest rate swaps”) to hedge against risks related to interest rates and are recognized as cash flows hedges. Initially, these derivatives are initially recognized at fair value at the date of signing the contract of the derivative instrument, and then remeasured at fair value. Derivatives are carried at books as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives not eligible for hedge accounting are directly recognized in the consolidated statement of profit or loss.

At the beginning of hedging process, the Group determines and documents the process that the Group wants to apply the hedging accounting on, as well as the objectives of risk management and hedging strategy. Documents include the hedging instrument definition and the item or process hedged for, it also include the risks’ nature and how would the entity evaluate effectiveness of hedge instrument against exposure to changes in the item’s cash flows and risks return. These hedges are expected to be highly effective in decreasing changes in cash flows and are continually evaluated to determine its effectiveness during periods of preparing financial statements.

Current portion of profit or loss arising from cash flows hedges, which matches hedging accounting requirements are directly recognized in equity, while any non-current portion are directly recognized in consolidated statement of profit or loss.

Amounts presented in equity are transferred to statement of profit or loss when transaction starts to impact profit or loss, i.e, when hedging for an expense or revenue or when an expected selling takes place. If the hedged item represents the cost of non-financial assets or non-financial liabilities, then amounts registered in equity are transferred to original book value of non-financial assets or non-financial liabilities.

If hedge instrument has expired, disposed, terminated, used without being replaced or renewed (as a part of the hedge strategy), or in the case of hedge derecognition or if hedge instrument doesn’t meet the hedge accounting requirements any more, then accumulated profit or loss previously recognized in equity remains under a separate account in equity till the expected transaction takes place or the fixed obligation from the foreign currencies is met. If expected transaction and fixed obligation are not expected to take place, then all amounts previously recognized in equity are transferred to consolidated statement of profit or loss.

Share capital

Instruments issued by the Group are classified as equity (shareholders’ equity) only to the extent that the definition of the asset or liability does not apply. The Parent’s ordinary shares are classified as equity instruments (Shareholders’ equity).

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an assets or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets (continued)

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

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions

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

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

Trade receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within the consolidated statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less from the date of the original investment, which are available to the Group without any restrictions, and the statement of cash flows statement are prepared according to the indirect method.

Trade and other payables

Trade payables and other payables are recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Group derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished; that is, when the liability specified in the contract is discharged or canceled or expires.

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At 31 December 2025

6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Expenses

Selling and distribution expenses are those arising from the Group's efforts underlying their marketing, selling and distribution functions. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocation of common expenses between cost of sales, selling and distribution and general and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

Current non-current classification

Assets

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

The Group classified all other liabilities as non-current.

Segment information

A business segment is group of assets, operations or entities:

- a) is engaged in business activities from which revenues can be generated and expenses incurred, including revenues and expenses that relate to transactions with other components of the Group;
- b) The results of its operations are continuously analyzed by the chief operating decision maker in order to make decisions related to distributing resources and evaluating performance; and
- c) For which financial information is available independently.

An operating segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in economic environments.

Dividends

Interim dividends are recorded in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they were approved by the general assembly of shareholders.

Earnings per share

The management determines basic earnings per share by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year; a reasonable approximation of the weighted average is adequate in many circumstances.

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6. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Earnings per share (continued)

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Contingent liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Assets held for sale and discontinued operations

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transactions rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental cost directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after zakat and tax from discontinued operations in the statement of profit or loss.

Cash flows from discontinued operations are included in the consolidated statement of cash flows and are disclosed separately in Note 16. The Group includes proceeds from disposal in cash flows from discontinued

Additional disclosures are provided in Note 16. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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At 31 December 2025

7. PROPERTY, PLANT AND EQUIPMENT

Movement in property, plant and equipment for the year ended 31 December 2025 is as follows:

| | <i>Lands</i> | <i>Buildings and</i> | <i>Plant, factory</i> | <i>Workshop</i> | <i>Equipment</i> | <i>Furniture and</i> | <i>Projects</i> | <i>Total</i> |
|--|---------------|----------------------|-----------------------|------------------|---------------------|----------------------|-----------------|------------------|
| | <i>SR</i> | <i>constructions</i> | <i>and power and</i> | <i>tools and</i> | <i>and vehicles</i> | <i>fixtures</i> | <i>under</i> | <i>SR</i> |
| | <i>('000)</i> | <i>SR</i> | <i>water stations</i> | <i>equipment</i> | <i>SR</i> | <i>SR</i> | <i>progress</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> |
| Cost: | | | | | | | | |
| Balance at 1 January 2025 | 7,753 | 1,587,947 | 3,815,782 | 84,350 | 78,042 | 86,533 | 51,644 | 5,712,051 |
| Additions | - | 65 | 12,230 | 1,099 | 1,099 | 1,736 | 78,701 | 94,930 |
| Transferred from projects under progress | - | 10,418 | 35,169 | - | - | 969 | (46,556) | - |
| Disposals | - | - | - | - | (177) | (183) | - | (360) |
| Write off | - | - | - | - | (16,650) | - | - | (16,650) |
| Transferred to intangible assets | - | - | - | - | - | - | (956) | (956) |
| Balance at 31 December 2025 | 7,753 | 1,598,430 | 3,863,181 | 85,449 | 62,314 | 89,055 | 82,833 | 5,789,015 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance at 1 January 2025 | - | 884,642 | 2,713,856 | 79,332 | 73,124 | 79,349 | 19,549 | 3,849,852 |
| Depreciation charged during the year | - | 47,408 | 93,874 | 1,729 | 1,610 | 2,734 | - | 147,355 |
| Disposals | - | - | - | - | (177) | (182) | - | (359) |
| Write off | - | - | - | - | (16,650) | - | - | (16,650) |
| Balance at 31 December 2025 | - | 932,050 | 2,807,730 | 81,061 | 57,907 | 81,901 | 19,549 | 3,980,198 |
| Net book value: | | | | | | | | |
| At 31 December 2025 | 7,753 | 666,380 | 1,055,451 | 4,388 | 4,407 | 7,154 | 63,284 | 1,808,817 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

7. **PROPERTY, PLANT AND EQUIPMENT (continued)**

Movement in property, plant and equipment for the year ended 31 December 2024 is as follows:

| | <i>Lands</i> | <i>Buildings and</i> | <i>Plant, factory</i> | <i>Workshop</i> | <i>Equipment</i> | <i>Furniture and</i> | <i>Projects</i> | <i>Total</i> |
|--|---------------|----------------------|-----------------------|------------------|---------------------|----------------------|-----------------|---------------|
| | <i>SR</i> | <i>constructions</i> | <i>and power and</i> | <i>tools and</i> | <i>and vehicles</i> | <i>fixtures</i> | <i>under</i> | <i>SR</i> |
| | <i>('000)</i> | <i>SR</i> | <i>water stations</i> | <i>equipment</i> | <i>SR</i> | <i>SR</i> | <i>progress</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> |
| Cost: | | | | | | | | |
| Balance at 1 January 2024 | 7,753 | 1,580,807 | 3,805,260 | 82,903 | 77,733 | 82,528 | 45,828 | 5,682,812 |
| Additions | - | 749 | 2,592 | 1,392 | 2,673 | 2,481 | 21,911 | 31,798 |
| Transferred from projects under progress | - | 6,391 | 7,563 | 55 | 122 | 1,548 | (15,679) | - |
| Disposals | - | - | - | - | (2,486) | (24) | (273) | (2,783) |
| Transferred from inventories | - | - | 367 | - | - | - | - | 367 |
| Transferred to intangible assets | - | - | - | - | - | - | (143) | (143) |
| Balance at 31 December 2024 | 7,753 | 1,587,947 | 3,815,782 | 84,350 | 78,042 | 86,533 | 51,644 | 5,712,051 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance at 1 January 2024 | - | 837,721 | 2,607,667 | 77,707 | 74,140 | 76,893 | 19,549 | 3,693,677 |
| Depreciation charged during the year | - | 46,921 | 106,189 | 1,625 | 1,470 | 2,480 | - | 158,685 |
| Disposals | - | - | - | - | (2,486) | (24) | - | (2,510) |
| Balance at 31 December 2024 | - | 884,642 | 2,713,856 | 79,332 | 73,124 | 79,349 | 19,549 | 3,849,852 |
| Net book value: | | | | | | | | |
| At 31 December 2024 | 7,753 | 703,305 | 1,101,926 | 5,018 | 4,918 | 7,184 | 32,095 | 1,862,199 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

7. PROPERTY, PLANT AND EQUIPMENT (continued)

a) The Group's buildings, plant and facilities were built on lands within the concession obtained by the Parent for mining in Rabigh under Royal Decree No. M/29 on 9 Dhu Al-Qi'dah 1406H (corresponding to 16 July 1986) for a period of 30 years, renewable for a similar period if the Group so desires, in return for an annual fee. The license for the exploitation of limestone was renewed pursuant to Ministerial Decision No. S/7197 dated 15/9/1437H (corresponding to 20 June 2016) and valid for 30 years from the date of 9 Shawwal 1437H (corresponding to 14 July 2016).

b) The depreciation for the year has been allocated as follows:

| | <i>31 December</i> | <i>31 December</i> |
|---|--------------------|--------------------|
| | <i>2025</i> | <i>2024</i> |
| | <i>SR</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> |
| Cost of sales (Note 27) | 144,855 | 156,500 |
| General and administrative expenses (Note 29) | 2,355 | 2,043 |
| Selling & distribution expenses (Note 28) | 145 | 142 |
| | 147,355 | 158,685 |

c) The Group studied the impairment of the property, plant and equipment of its subsidiary, "Qatrana Cement Company" and calculated the recoverable amount as at 31 December 2025, based on the value in use of the cash-generating unit that was determined by the Group's management, which consists of net operating assets of Qatrana Cement Company. When determining the value in use of the cash-generating unit, the cash flows that were determined were discounted using the financial budgets approved by the Group's management for a period of five years at an average rate of 16.12% until the year 2030 (2024: 17.97%) according to the estimated useful lives of the related plant and equipment. This study not resulted in a reverse nor charging of the impairment provision as at 31 December 2025.

The value-in-use calculation is affected and is considered to have a high degree of sensitivity if any of the following key assumptions change:

- Future business plans and future performance improvements
- Discount rate used in cash flows estimates
- Sale prices and quantities

Sensitivity to changes in key assumptions:

In relation to the value-in-use assessment, management believes that there is no reasonably possible change in any of the key assumptions above that would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

d) The Group's property, plant and equipment as at 31 December 2025 include projects under progress of SR 83 million (31 December 2024: SR 52 million) mainly related to work projects to raise the level of efficiency of production lines.

In previous years, the Group's management reviewed the recoverable amount of some projects under progress and reduced their book value by SR 19.5 million.

e) There are no mortgages on the Group's property, plant and equipment against outstanding loans as at 31 December 2025 and 31 December 2024.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

8. INTANGIBLE ASSETS

Intangible assets balance is mainly represented in an agreement in which Qatrana Cement Company, the subsidiary, obtained the right to use electricity transforming station of Qatrana Cement Company to supply the factory with electric power. The right to use cost is amortized over 25 years which represent the agreement's duration.

Movement on book value of intangible assets is as follows:

| | <i>31 December</i> 2025 SR (<i>'000</i>) | <i>31 December</i> 2024 SR (<i>'000</i>) |
|---|---|---|
| <u>Cost</u> | | |
| Balance at 1 January | 30,924 | 30,762 |
| Additions during the year | 50 | 19 |
| Transferred from project in progress (Note 7) | 956 | 143 |
| | <hr/> | <hr/> |
| Balance at 31 December | 31,930 | 30,924 |
| | <hr/> | <hr/> |
| <u>Accumulated amortization and impairment losses:</u> | | |
| Balance at 1 January | 19,987 | 18,754 |
| Amortization | 1,263 | 1,233 |
| | <hr/> | <hr/> |
| Balance at 31 December | 21,250 | 19,987 |
| | <hr/> | <hr/> |
| Carrying value | 10,680 | 10,937 |
| | <hr/> <hr/> | <hr/> <hr/> |

Amortization is included under "cost of sales".

9. INVESTMENT PROPERTY

Investment prosperity represented in lands that the Group either re-leased to other parties under operating lease contracts or intended for resale.

The fair value of the investment prosperity amounted to SR 327.6 million as at 31 December 2025 (31 December 2024: SR 330.3 million) and was determined based on the evaluation provided by Thman Alarabia for Real Estate Evaluation Office, an independent certified real estate evaluator (license number 1210000180). The fair value of the properties was determined based on the prevailing market prices for similar investments.

| | <i>31 December</i> 2025 SR (<i>'000</i>) | <i>31 December</i> 2024 SR (<i>'000</i>) |
|----------------|---|---|
| Carrying value | 5,000 | 5,000 |
| | <hr/> | <hr/> |
| Fair value | 327,568 | 330,337 |
| | <hr/> | <hr/> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

10. INVESTMENTS IN ASSOCIATES

Investments in equity accounted investees as at 31 December comprise the following:

| <u>Name of Company</u> | <u>Country of incorporation</u> | <u>Principal activities</u> | <u>Shareholding %</u> | | <u>2025</u> SR ('000) | <u>2024</u> SR ('000) |
|--|---------------------------------|-----------------------------|-----------------------|-------------|--------------------------|--------------------------|
| | | | <u>2025</u> | <u>2024</u> | | |
| Ready Mix Concrete and Construction Supplies Company | The Hashemite Kingdom of Jordan | Concrete production | 36.67% | 36.67% | - | 36,949 |
| Cement Products Industry Company Limited | Kingdom of Saudi Arabia | Cement bags production | 33.33% | 33.33% | 54,997 | 52,810 |
| | | | | | 54,997 | 89,759 |

Movement on investments in associates is as follows:

| | <u>31 December 2025</u> SR ('000) | <u>31 December 2024</u> SR ('000) |
|---|--------------------------------------|--------------------------------------|
| Balance at the beginning of the year | 89,759 | 77,348 |
| Group's share of results for the year | 8,928 | 12,227 |
| Group's share in other comprehensive income | (328) | 184 |
| Reclassified to non current asset held for sale (Note 16) | (43,362) | - |
| Balance at the end of the year | 54,997 | 89,759 |
| | <u>31 December 2025</u> SR ('000) | <u>31 December 2024</u> SR ('000) |
| Group's share of results for the year from continuing operations | 2,089 | 12,227 |
| Group's share of results for the year from discontinuing operations | 6,839 | - |
| Group's share in other comprehensive income from continuing operations | 99 | - |
| Group's share in other comprehensive income from discontinuing operations | (427) | 184 |
| | 8,600 | 12,411 |

Financial information of associates is as follows:

| | <u>Ready Mix Concrete and Construction Supplies Company</u> | | <u>Cement Product Industry Company Limited</u> | |
|--|---|--------------------------------------|--|--------------------------------------|
| | <u>31 December 2025</u> SR ('000) | <u>31 December 2024</u> SR ('000) | <u>31 December 2025</u> SR ('000) | <u>31 December 2024</u> SR ('000) |
| Total revenues | 283,577 | 305,360 | 189,633 | 175,922 |
| Total profit for the year | 19,246 | 20,821 | 6,488 | 12,881 |
| Total other comprehensive income | 19,241 | 506 | (262) | 298 |
| Group's share of results of associates | 6,839 | 7,828 | 2,089 | 4,399 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

10. INVESTMENTS IN ASSOCIATES (continued)

| | <i>Ready Mix Concrete and Construction Supplies Company</i> | | <i>Cement Products Industry Company Limited</i> | |
|---|---|--|---|--|
| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> |
| Total assets | 346,065 | 298,060 | 258,801 | 237,578 |
| Total liabilities | 139,826 | 142,774 | 94,119 | 79,122 |
| Total equity (100%) | 206,239 | 186,857 | 164,682 | 158,456 |
| Carrying value of investments in associates | - | 36,949 | 54,997 | 52,810 |

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

Financial assets at fair value through other comprehensive income represent investments in the Southern Province Cement Company:

Listed investments

| | <i>Direct holding (%)</i> | | | |
|----------------------------------|---------------------------|-------------|--------------------------------|--------------------------------|
| | <i>2025</i> | <i>2024</i> | <i>2025 SR ('000)</i> | <i>2024 SR ('000)</i> |
| Southern Province Cement Company | 1.52 | 1.52 | 47,632 | 73,658 |

The Group recognized unrealized losses during the year on financial assets at fair value through other comprehensive income as follows:

| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> |
|--------------------------------------|--|--|
| Balance at the beginning of the year | 73,658 | 90,844 |
| Unrealized Losses | (26,026) | (17,186) |
| Balance at the end of the year | 47,632 | 73,658 |

The Group received cash dividends from investments in equity instruments at fair value through the consolidated statement of profit or loss amounting to SR 1.5 million (2024: SR 2.5 million).

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At 31 December 2025

12. INVENTORIES

Inventories at 31 December comprise the following:

| | <i>31 December</i> 2025 <i>SR</i> (<i>'000</i>) | <i>31 December</i> 2024 <i>SR</i> (<i>'000</i>) |
|--|--|--|
| Under progress products and finished inventories | 500,171 | 471,840 |
| Spare parts | 212,592 | 205,742 |
| Raw materials and fuels | 78,825 | 44,051 |
| Goods in-transit | 6,009 | 14,941 |
| | 797,597 | 736,574 |
| Slow-moving provision | (104,985) | (99,778) |
| Balance at the end of the year | 692,612 | 636,796 |

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

| | <i>31 December</i> 2025 <i>SR</i> (<i>'000</i>) | <i>31 December</i> 2024 <i>SR</i> (<i>'000</i>) |
|------------------------------|--|--|
| At the beginning of the year | 99,778 | 94,127 |
| Charge during the year | 5,207 | 5,651 |
| At the end of the year | 104,985 | 99,778 |

Inventories are stated at the lower of cost or net realizable value. During the year, the value of inventories was written down by SR 5.2 million (2024: SR 5.65 million) in the consolidated statement of profit or loss.

13. TRADE RECEIVABLES

Trade receivables comprise of the following:

| | <i>31 December</i> 2025 <i>SR</i> (<i>'000</i>) | <i>31 December</i> 2024 <i>SR</i> (<i>'000</i>) |
|---|--|--|
| Trade receivables | 200,286 | 194,832 |
| Account receivables due from related parties (Note 35b) | 31,269 | 12,721 |
| | 231,555 | 207,553 |
| Provision for impairment of trade receivables | (4,369) | (4,369) |
| Balance at the end of the year | 227,186 | 203,184 |

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At 31 December 2025

13. TRADE RECEIVABLES (continued)

The movement in the provision for impairment of receivables is as follows:

| | <i>31 December</i> <i>2025</i> <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|---|---|---|
| Balance at the beginning and ending of the year | <u>4,369</u> | <u>4,369</u> |

Additional information related to the Group's exposure to credit and market risk is disclosed in note (36).

14. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of the following:

| | <i>31 December</i> <i>2025</i> <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|---|---|---|
| Advances to suppliers | 10,379 | 6,563 |
| Employee advances | 5,139 | 4,949 |
| Prepaid expenses | 3,573 | 3,855 |
| Cash deposits against documentary credits | 363 | 401 |
| Rent receivable | - | 23,000 |
| Other receivable balances, net | 8,083 | 5,258 |
| | <u>27,537</u> | <u>44,026</u> |

Other receivable balances at 31 December 2025 include SR 207 thousand (31 December 2024: SR 115 thousand) due from a related party, Note (35-B).

15. CASH AND CASH EQUIVALENTS

a) Cash and cash equivalents comprise the following:

| | <i>31 December</i> <i>2025</i> <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|--------------------------------------|---|---|
| Cash at banks | 115,226 | 85,112 |
| Short-term deposits (Note "B" below) | - | 60,000 |
| | <u>115,226</u> | <u>145,112</u> |

b) Short-term deposits represent deposits at banks with maturity do not exceed three months from deposit date.

c) Cash at banks includes an amount of SR 6.26 million (2024: SR 5.98 million) representing amounts withheld by banks for dividends due to shareholders.

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At 31 December 2025

16. NON-CURRENT ASSET HELD FOR SALE

On 29 December 2025, the Group publicly announced the decision of its Board of Directors to sell their investment in Ready Mix Concrete and Construction Supplies Company (investment in associate) in exchange for the waiver of the Ready Mix Concrete and Construction Supplies Company and Al-Rousha Investment and Trade Company of their shares in Qtrana Cement Company (investment in subsidiary) in addition to cash consideration SR 17.8 million (JD 3.23 million) that will be paid to the Group. The transaction is expected to be completed within a year from the reporting date. At 31 December 2025, Ready Mix Concrete and Construction Supplies Company was classified as an asset held for sale and as a discontinued operation.

The results of Ready-Mix Concrete company for the year are presented below:

| | <i>31 December 2025</i> | <i>31 December 2024</i> |
|--|-----------------------------|-----------------------------|
| | <i>SR</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> |
| Group's share of results during the year | 6,839 | 7,828 |
| Profit for the year from discontinued operations | 6,839 | 7,828 |
| (Loss) / gain on share in other comprehensive income of equity accounted investees | (427) | 184 |
| Total comprehensive (loss) / income for the year from discontinued operations | (427) | 184 |
| Other comprehensive income for the year from discontinued operations | 6,412 | 8,012 |

The classes of assets of Ready-Mix Concrete which is investment in associates classified as held for sale as at 31 December are as follows:

| | <i>31 December 2025</i> | <i>31 December 2024</i> |
|---|-----------------------------|-----------------------------|
| | <i>SR</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> |
| Assets: | | |
| Investments in equity accounted investees | 43,362 | - |

The net cash flows incurred by Ready-Mix Concrete are, as follows:

| | <i>31 December 2025</i> | <i>31 December 2024</i> |
|------------------------|-----------------------------|-----------------------------|
| | <i>SR</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> |
| Operating activities | 6,839 | 7,828 |
| Net cash inflow | 6,839 | 7,828 |

| | <i>31 December 2025</i> | <i>31 December 2024</i> |
|--|-----------------------------|-----------------------------|
| | <i>SR</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> |
| Earnings per share of net profit for the year from discontinuing operations attributable to equity holders of the Parent (in SR): | | |
| Basic | 0.07 | 0.08 |
| Diluted | 0.07 | 0.08 |

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17. SHARE CAPITAL

As at 31 December 2025 and 31 December 2024, the Parent's authorized, subscribed and fully paid capital amounted to SR 1 billion, divided into 100 million shares, each valued at SR 10.

Share premium

Share premium is the difference between share's price offered for subscription and the share's nominal value at the subscription date less issuance costs. This balance has been made during the year ended 31 December 2008.

18. STATUTORY RESERVE

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

19. GENERAL RESERVE

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

20. NON-CONTROLLING INTERESTS

Non-controlling interests comprise the following:

| | <i>31 December</i> 2025 SR ('000) | <i>31 December</i> 2024 SR ('000) |
|--------------------------------------|---|---|
| Balance at the beginning of the year | 94,375 | 90,260 |
| Profit for the year | 2,560 | 4,115 |
| | <hr/> | <hr/> |
| Balance at the end of the year | 96,935 | 94,375 |
| | <hr/> <hr/> | <hr/> <hr/> |

21. REHABILITATION PROVISION

The management of the Group conducted a study by a specialized external expert to estimate and calculate the quantities of earth materials to cover and protect the detective holes and the costs of stabilizing the soil, rocky slopes and surfaces to be safe for humans and animals for all the Group's quarries, based on the surroundings of the exploited areas in the quarries after the end of the mining period. As at 31 December 2025 a discount rate was used 6.1% (31 December 2024: 6.8%) by the management for the estimated amounts of the assumed life of the inventories in each quarry.

The provision for the rehabilitation of areas subject to a franchise license represents the present value of the expected cost of re-settlement of the Group's franchise site.

| | <i>31 December</i> 2025 SR ('000) | <i>31 December</i> 2024 SR ('000) |
|--|---|---|
| Balance at the beginning of the year | 13,565 | 12,065 |
| Finance costs for rehabilitation of areas subject to franchise license | 942 | 1,500 |
| | <hr/> | <hr/> |
| Balance at the end of the year | 14,507 | 13,565 |
| | <hr/> <hr/> | <hr/> <hr/> |

22. LONG TERM LOANS AND FACILITIES

a) Arabian Cement Company

During the year ended 31 December 2025, the Parent obtained a short term loan amounting SR 65 million (31 December 2024: Nil) and the loan has been paid during the year. The interest rate on the loan was 6.67% and commissions amounting SR 1,096 million. The Parent did not obtain any long term loans.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

22. LONG TERM LOANS AND FACILITIES (continued)

b) Qatrana Cement Company (Subsidiary) – Jordan

On 20 July 2017, the subsidiary "Qatrana Cement Company" obtained from the Arab Bank a diminishing loan includes certain conditions, maintaining financial ratios and that the ownership of the Arabian Cement Company, the Parent, doesn't directly or indirectly become less than 75% of Qatrana Cement Company's share capital during the loan lifetime. The bank loan's principal shall be paid on 16 equal semi-annual installments, each equals SR 33.1 million (JD 6.25 million), and interests shall be paid on monthly basis.

The installment due for the month of July 2020 has been rescheduled amounting to SR 33.1 million (JD 6.25 million), in addition to the interest of the loan for the period from 1 April until 31 December 2020, amounting to of SR 17.3 million (JD 3.3 million) and extending the loan repayment tenure for an additional year, so that the last installment will be due on 20 July 2026. During 2025 a settlements of SR 67.52 million (JD 12.7 million) has been made, so that the net outstanding loan balance becomes JD zero.

The gearing ratio (total liabilities / total equity) must not exceed 100% throughout the loan period. And any realized profits shall not be distributed in the event that there are due amounts of the principal and interest of the loan, except with the prior written approval of the Bank.

The interest rate on the Arab Bank loan reached 6.87% during the year 2025 (6.87% during the year 2024).

The subsidiary obtained from the Arab Bank a loan subsidized by the Central Bank of Jordan in the amount of SR 11.1 million (JD 2.1 million), at an interest rate of 3.00% for a period of 30 months, and the first installment is due on 1 December 2022. The total repayment of the loan amounted to SR 1.85 million (JD 350 thousand) during the year 2025, so that the net outstanding loan balance becomes JD zero as of 31 December 2025 (31 December 2024: SR 1.85 million (JD 350 thousand)).

During 2019, the subsidiary obtained a revolving loan from the Arab Bank with a ceiling of SR 34.4 million (JD 6.5 million) at an interest rate of 7.75%. During the year 2022, the ceiling of the revolving loan granted by the Arab Bank was increased to become SR 53 million (JD 10 million) instead of SR 34.4 million (JD 6.5 million), during 2023 the interest rate has been reduced to 6.87% and SR 30.7 million (JD 5.8 million) were used from the granted ceiling. The loan amount of SR 30.7 million (JD 5.8 million) has been fully repaid during 2025. So as of 31 December 2024 the net outstanding loan balance becomes JD zero.

During June 2023, a loan was granted from the Arab Bank, subsidized by the Central Bank, in the amount of SR 15.86 million (JD 3 million), with an interest rate of 3%. The loan is repaid in 30 equal and consecutive monthly installments, each of which is SR 528 thousand (JD 100 thousand). The first installment is dated 30 October 2023.

During July 2024, a loan was granted from the Arab Bank, subsidized by the Central Bank, in the amount of SR 8.93 million (JD 1.690 million) with an interest rate of 2.5%. The loan is repaid in 30 equal and consecutive monthly installments, each of which is SR 296 thousand (JD 56 thousand), except for the last installment amounting to SR 349 thousand (JD 66 thousand), the first installment is dated 31 October 2024.

During August 2025, a loan was granted from the Arab Bank, subsidized by the Central Bank, in the amount of SR 10 million (JD 1.9 million) with an interest rate of 2.5%. The loan is repaid in 30 equal and consecutive monthly installments, each of which is SR 335 thousand (JD 63.4 thousand), except for the last installment amounting to SR 325 thousand (JD 61.4 thousand), the first installment is dated 30 December 2025.

During October 2025, a loan was granted from the Arab Bank, subsidized by the Central Bank, in the amount of SR 3.7 million (JD 700 thousand) with an interest rate of 2.5%. The loan is repaid in 30 equal and consecutive monthly installments, each of which is SR 124 thousand (JD 23.4 thousand), except for the last installment amounting to SR 113 thousand (JD 21.4 thousand), the first installment is dated 30 December 2025.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

22. LONG-TERM LOANS AND FACILITIES (continued)

Long-term borrowings and facilities are presented in the consolidated statement of financial position as follows:

| | <i>31 December</i> 2025 SR (‘000) | <i>31 December</i> 2024 SR (‘000) |
|---|--|--|
| Non-current portion of long-term loans and facilities | 8,725 | 56,414 |
| Current portion of long-term loans and facilities | 10,650 | 28,942 |
| | <u>19,375</u> | <u>85,356</u> |

Movement of the finance during the year is as follows:

| | <i>31 December</i> 2025 SR (‘000) | <i>31 December</i> 2024 SR (‘000) |
|--------------------------------------|--|--|
| Balance at the beginning of the year | 85,356 | 146,276 |
| Collections during the year | 109,429 | 58,128 |
| Paid during the year | (175,410) | (119,048) |
| | <u>19,375</u> | <u>85,356</u> |

The non-current portion of the long-term loans and facilities is due as follows:

| | <i>31 December</i> 2025 SR (‘000) | <i>31 December</i> 2024 SR (‘000) |
|------|--|--|
| 2026 | - | 55,472 |
| 2027 | 6,450 | 942 |
| 2028 | 2,275 | - |
| | <u>8,725</u> | <u>56,414</u> |

23. EMPLOYEES’ DEFINED BENEFITS OBLIGATIONS

The valuation was prepared by an independent external actuarial using the following key assumptions:

- As at 31 December 2025, the discount rate was 5% for the Group annually (31 December 2024: Discount rate of 4.93% for the Group annually).
- As at 31 December 2025, the salary increase rate was 2% for the Group annually (31 December 2024: 2% for the Group annually).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

23. EMPLOYEES' DEFINED BENEFITS OBLIGATIONS (continued)

The movement in the employee benefit liabilities is as follows:

| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> |
|--|--|--|
| Current value of the liability as at the beginning of the year | 57,701 | 53,783 |
| <u>Components of cost charged to the year in the consolidated statement of profit or loss:</u> | | |
| Current service cost | 3,956 | 3,605 |
| Interest cost | 2,712 | 2,561 |
| Total expenses charged to the consolidated statement of profit or loss | 6,668 | 6,166 |
| <u>Items within statement of other comprehensive income:</u> | | |
| Re-assessment losses of employee benefit liabilities | 1,419 | 789 |
| Actual benefits paid during the year | (5,377) | (2,653) |
| Reclassified to employees accrued expenses | - | (384) |
| Current value of the liability at the end of the year | 60,411 | 57,701 |
| Sensitivity in defined benefit liability | | |
| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> |
| Rate of change in salaries | <i>Base</i> | |
| | Increase by 1% | 61,616 |
| | Decrease by 1% | 54,033 |
| Discount rate | <i>Base</i> | |
| | Increase by 1% | 54,034 |
| | Decrease by 1% | 61,618 |
| Assumption of a statistical study of employees | | |
| Average age of employees (years) | 44.10 | 43.80 |
| Average years of past service | 14.08 | 13.84 |

Arabian Cement Company
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

24. TRADE PAYABLES AND OTHER PAYABLES

Trade payables and accruals comprise the following:

| | <i>31 December</i> 2025 SR (‘000) | <i>31 December</i> 2024 SR (‘000) |
|--|--|--|
| Trade payables | 58,826 | 54,942 |
| Other accrued expenses | 54,128 | 43,388 |
| Customers of credit balances | 16,318 | 12,878 |
| Accrued expenses against limestone extraction fees | 10,853 | 10,045 |
| Tax payables | 3,877 | 9,083 |
| Other liabilities | 23,279 | 40,037 |
| | 167,281 | 170,373 |

Other liabilities balances at 31 December 2025 include SR 949 thousand (31 December 2024: SR 2,971 million) due to a related party, Note (35-B).

25. ZAKAT AND INCOME TAX PAYABLES

a) The movement in zakat provision for the year ended 31 December is as follows:

| | <i>31 December</i> 2025 SR (‘000) | <i>31 December</i> 2024 SR (‘000) |
|--------------------------------------|--|--|
| Balance at the beginning of the year | 22,740 | 20,356 |
| Charge during the year | 20,439 | 21,562 |
| Paid during the year | (19,388) | (19,178) |
| Balance at the end of the year | 23,791 | 22,740 |

b) The movement in income tax provision for the year ended 31 December is as follows:

| | <i>31 December</i> 2025 SR (‘000) | <i>31 December</i> 2024 SR (‘000) |
|--------------------------------------|--|--|
| Balance at the beginning of the year | 5,868 | 4,217 |
| Charge during the year | 18,326 | 8,800 |
| Transferred from deferred tax assets | (1,744) | (1,743) |
| Paid during the year | (7,718) | (5,406) |
| Balance at the end of the year | 14,732 | 5,868 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

25. ZAKAT AND INCOME TAX PAYABLES (continued)

- c) Actual tax on accountable profit of the subsidiary is different from legal tax rate applied on the subsidiary's profit as follows:

| | <i>31 December</i> 2025 SR ('000) | <i>31 December</i> 2024 SR ('000) |
|-------------------------------------|---|---|
| Taxable profit before tax exemption | 37,073 | 39,260 |
| Provisions | 2,645 | 2,645 |
| Taxable profit | 39,718 | 41,905 |
| Legal tax percentage | 20% | 20% |
| Income tax expense | 7,944 | 8,381 |
| National contribution tax | 397 | 419 |
| Prior year expenses | 9,985 | - |
| Deferred tax assets | (563) | (570) |
| Balance at the end of the year | 17,763 | 8,230 |

The current taxes due are calculated at an income tax rate of 20% (31 December 2024: 20%) in addition to the national contribution of 1% in accordance with the prevailing income tax law in the Hashemite Kingdom of Jordan implemented on 1 January 2019 (31 December 2024: 1%). The effective tax rate during the year ended 31 December 2025 was 22.50% (31 December 2024: 22.41%).

- d) Zakat and tax status

Arabian Cement Company

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

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

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

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

Qatrana Cement Company (Subsidiary) – Jordan

Sales tax returns were audited by the Income and Sales Tax Department until the end of 2021. The subsidiary also filed income tax returns to the Department until the end of December 2025.

Income tax returns were audited by the Income and Sales Tax Department until the end of 2020. The subsidiary also filed income tax returns to the Department until the end of 2024.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

25. ZAKAT AND INCOME TAX PAYABLES (continued)

d) Zakat and tax status (continued)

Qatrana Cement Company (Subsidiary) – Jordan (continued)

On 31 January 2023, the First instance Court issued its resolution which included the nullification of the contested decision, previously issued by the Objection Committee, and decided to consider the carried over losses for the year 2014, which amounted to SR 44.7 million (JD 8.45 million), as stated in the lawsuit. The Income Tax and Sales Department decided to include the charges, expenses and an amount of SR 5.3 thousand (JD 1,000) as attorney's fees. The above court's resolution was appealed by the Income Tax and Sales Department, and on 27 June 2024 the Court of Appeal issued its decision canceling the decision issued by the Court of Cassation and including the subsidiary's fees and expenses and an amount of SR 7.9 thousand (JD 1,500) as attorney fees for the litigation phase.

On 28 July 2024, the subsidiary filed an appeal against the decision of the Court of Appeal. On 13 February 2025, the Court of Cassation issued a decision rejecting the appeal filed by the subsidiary, upholding the appealed decision, and returning the documents to their source. The Subsidiary recorded an income tax provision amounting to SR 9.5 million (JD 1.8 million). The Company did not book the weekly late payment penalties at a rate of 0.004 until the date of full payment, and according to the recommendations of the tax advisor and the Company's management, a decision is expected to be issued by the Prime Minister's office to form tax settlement and reconciliation committees during the year 2026, which would exempt the weekly late payment penalties.

The subsidiary filed a lawsuit in the First instance Court against the designated employee - the legal auditor appointed to review the tax return at the Department. The tax auditor reopened the 2020 file without notifying the subsidiary. This action constitutes a violation of Article 34/A according to the Jordanian Tax Law. The company requested that the contested decision be annulled and, at the same time, that the decision issued on 29 June 2022 be confirmed. A tax settlement was offered by the General Public Prosecutor of the Income and Sales Tax Department at a rate of 50% of the value of the tax objection. Since an agreement was reached between the Subsidiary and the Income and Sales Tax Department, the Tax Court of First Instance issued a decision on 30 June 2025. Accordingly, the subsidiary paid the amount of the income tax and national contribution of SR 464,000 (JD 87,800) during the third quarter of 2025, and the case was closed.

e) Deferred tax assets and liabilities

Movement on deferred tax assets was as follow:

| | <i>31 December</i> <i>2025</i> <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|--|---|---|
| Balance at the beginning of the year | 19,012 | 20,185 |
| Additions and amendments during the year | 563 | 570 |
| Transferred to the income tax provision | (1,744) | (1,743) |
| Balance at the end of the year | <u>17,831</u> | <u>19,012</u> |

Movement on deferred tax liabilities was as follow:

| | <i>31 December</i> <i>2025</i> <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|---|---|---|
| Balance at the beginning and ending of the year | <u>56,116</u> | <u>56,116</u> |

Deferred tax assets and liabilities were calculated for the year ended 31 December 2025 in accordance with Income Tax Law No. (34) of 2014 and its amendments, which came into effect on 1 January 2019. Under this law, the legal tax rate on the Group is 20% in addition to the national contribution rate of 1% (2024: 20% in addition to the national contribution rate of 1%).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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26. DIVIDENDS PAYABLE

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

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

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

On 10 March 2024, the Company's Board of Directors recommended distributing cash dividends to the shareholders for the second half of the year 2023 at an amount of SR 75 million, which represents SR 0.75 per share. Such dividends were approved during the (69) ordinary general assembly meeting on 28 April 2024.

The movement on accrued dividends during the year is as follows:

| | <i>31 December</i> 2025 SR (<i>'000</i>) | <i>31 December</i> 2024 SR (<i>'000</i>) |
|--------------------------------------|---|---|
| Balance at the beginning of the year | 17,619 | 13,822 |
| Declared during the year | 125,000 | 150,000 |
| Paid during the year | (123,324) | (146,203) |
| | <u>19,295</u> | <u>17,619</u> |

27. REVENUES AND COST OF REVENUES

a) Classification of the Group's revenues from contracts with customers:

| | <i>31 December</i> 2025 SR (<i>'000</i>) | <i>31 December</i> 2024 SR (<i>'000</i>) |
|--|---|---|
| Kingdom of Saudi Arabia | 649,780 | 575,302 |
| The Hashemite Kingdom of Jordan | 412,419 | 282,553 |
| Total revenues from contracts with customers | <u>1,062,199</u> | <u>857,855</u> |

- Any other classifications of revenues have not been disclosed since the Group is selling two types of products (cement and clinker) and no significant differences have appeared between the sale prices and production cost for different types of Cement, whether packed on non-packed. The Group sells its all products through distributors. The selling is conducted at a certain point in time, not over time.
- The cost of sales mainly represents the cost of raw materials, electricity, spare parts, depreciations, operational salaries and wages.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

27. REVENUES AND COST OF REVENUES (continued)

b) Cost of revenues for the year ended 31 December, comprise the following:

| | <i>31 December</i> 2025 SR (<i>'000</i>) | <i>31 December</i> 2024 SR (<i>'000</i>) |
|---------------------------|---|---|
| Raw Materials | 427,201 | 363,611 |
| Operation expenses | 255,187 | 246,427 |
| Deprecation (Note 7b) | 144,855 | 156,500 |
| Provisions | 7,541 | 7,151 |
| Net change in inventories | (28,331) | (156,308) |
| | <u>806,453</u> | <u>617,381</u> |

28. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended 31 December, comprise the following:

| | <i>31 December</i> 2025 SR (<i>'000</i>) | <i>31 December</i> 2024 SR (<i>'000</i>) |
|---|---|---|
| Salaries and wages and related benefits | 7,103 | 7,153 |
| Transport of cement and clinker for clients | 5,192 | 1,108 |
| Depreciation (Note 7b) | 145 | 142 |
| Others | 2,078 | 1,807 |
| | <u>14,518</u> | <u>10,210</u> |

29. GENERAL AND ADMINISTRATIVE EXPENSES

| | <i>31 December</i> 2025 SR (<i>'000</i>) | <i>31 December</i> 2024 SR (<i>'000</i>) |
|---|---|---|
| Salaries, wages and equivalents | 34,070 | 32,445 |
| Remuneration and allowances for BOD and sub-committees meetings | 6,674 | 7,840 |
| Information technology expenses | 3,731 | 3,514 |
| Professional and consultancy fees | 2,880 | 3,178 |
| Depreciation (Note 7b) | 2,355 | 2,043 |
| Repair and maintenance | 873 | 856 |
| Operating leases | 316 | 77 |
| Customs expenses | 85 | 62 |
| Others | 6,527 | 6,201 |
| | <u>57,511</u> | <u>56,216</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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30. SEGMENT INFORMATION

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

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

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

| <i>As at 31 December 2025</i> | <i>Inside KSA</i> <i>SR</i> <i>('000)</i> | <i>Outside KSA</i> <i>SR</i> <i>('000)</i> | <i>Reconciliations</i> <i>SR</i> <i>('000)</i> | <i>Total</i> <i>SR</i> <i>('000)</i> |
|--|---|--|--|--|
| Total property, plant, equipment and investment property | 1,196,176 | 688,058 | (70,417) | 1,813,817 |
| Financial assets at fair value through OCI | 47,632 | - | - | 47,632 |
| Total other non-current assets | 797,641 | 38,047 | (747,696) | 87,992 |
| Total current assets | 796,505 | 267,100 | (1,044) | 1,062,561 |
| Total assets | 2,837,954 | 993,205 | (819,157) | 3,012,002 |
| Total liabilities | 303,660 | 258,718 | (181,603) | 380,775 |

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

The financial information for revenues, profits and some other items related to geographical sectors, after excluding the effect of transactions between group companies for the years ended 31 December 2025 and 2024, is as follows:

| <i>As at 31 December 2025</i> | <i>Inside KSA</i> <i>SR</i> <i>('000)</i> | <i>Outside KSA</i> <i>SR</i> <i>('000)</i> | <i>Reconciliations</i> <i>SR</i> <i>('000)</i> | <i>Total</i> <i>SR</i> <i>('000)</i> |
|--|---|--|--|--|
| Revenues from contracts with customers | 649,781 | 412,418 | - | 1,062,199 |
| Profit for the year from continuing operations | 158,174 | 19,109 | (16,547) | 160,736 |
| Finance costs | 1,096 | 3,317 | - | 4,413 |
| Depreciations and amortizations | 110,222 | 43,187 | (4,401) | 149,008 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

30. SEGMENT INFORMATION (continued)

| <i>As at 31 December 2024</i> | <i>Inside KSA SR ('000)</i> | <i>Outside KSA SR ('000)</i> | <i>Reconciliations SR ('000)</i> | <i>Total SR ('000)</i> |
|--|--------------------------------------|---------------------------------------|---|---------------------------------|
| Revenues from contracts with customers | 575,302 | 282,553 | - | 857,855 |
| Profit for the year from continuing operations | 152,269 | 30,929 | (26,814) | 156,384 |
| Finance costs | - | 8,621 | - | 8,621 |
| Depreciations and amortizations | 121,808 | 42,902 | (4,401) | 160,309 |

31. OTHER INCOME, NET

Other net revenues for the year ended 31 December comprises of the following:

| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> |
|--|--|--|
| Rent revenues | 10,045 | 10,045 |
| Return on Islamic deposits | 1,172 | 4,226 |
| Profits on disposal of property, plant and equipment and investment properties | 40 | 71 |
| Foreign currency exchange differences | (1,588) | (1,325) |
| Other revenues / (expenses) | 6,381 | 878 |
| | 16,050 | 13,895 |

32. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share has been based the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements amounting to 100 million shares.

1) Profit attributable to ordinary shareholders (basic)

| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2023 SR ('000)</i> |
|---|--|--|
| Profit attributable to shareholders of the Parent | 165,015 | 160,097 |
| Earnings per share attributable to the shareholders of the Parent | 1.65 | 1.60 |

| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2023 SR ('000)</i> |
|--|--|--|
| Profit from continuing operations attributable to shareholders of the Parent | 158,176 | 152,269 |
| Earnings per share attributable to the shareholders of the Parent | 1.58 | 1.52 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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32. BASIC EARNINGS PER SHARE (continued)

2) *Weighted-average number of standing shares (basic)*

| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> |
|--|--|--|
| Issued ordinary shares at the beginning of the year | <u>100,000</u> | <u>100,000</u> |
| Weighted average number of shares outstanding at the end of the year | <u><u>100,000</u></u> | <u><u>100,000</u></u> |

Diluted EPS

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any. During the year there were no diluted shares, accordingly the diluted earnings per share does not differ from the basic earnings per share.

33. LEASES – RIGHT-OF-USE ASSETS

a) The right-of-use assets have been presented in statement of financial position as follows:

| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> |
|---------------------------------|--|--|
| Cost | | |
| Balance at 1 January | 6,132 | 5,809 |
| Additions during the year | 1,025 | 323 |
| Balance at 31 December | <u>7,157</u> | <u>6,132</u> |
| Accumulated depreciation | | |
| Balance at 1 January | 2,283 | 1,892 |
| Amortization during the year | 390 | 391 |
| Balance at 31 December | <u>2,673</u> | <u>2,283</u> |
| Net Book Value | | |
| 31 December | <u>4,484</u> | <u>3,849</u> |

b) Lease liabilities were presented in the statement of financial position as follows:

| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> |
|----------------------|--|--|
| Short-term liability | 287 | 668 |
| Long-term liability | 4,980 | 3,739 |
| | <u>5,267</u> | <u>4,407</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

33. LEASES – RIGHT-OF-USE ASSETS (continued)

c) Movement on lease liabilities is as follows:

| | <i>31 December</i> 2025 SR (‘000) | <i>31 December</i> 2024 SR (‘000) |
|---------------------------------------|--|--|
| At the beginning of the year | 4,407 | 4,397 |
| Adjustments | 1,196 | 323 |
| Finance cost | 324 | 347 |
| Paid during the year | (660) | (660) |
| Balance at the end of the year | 5,267 | 4,407 |

34. CONTINGENCIES AND CAPITAL COMMITMENTS

- a) As at 31 December 2025, the Group has contingencies represented in outstanding letters of guarantee and credits of SR 81 million (31 December 2024: SR 79 million).
- b) As at 31 December 2025, the Group had capital commitments related to modernizing the group’s production lines, facilities, and factories amounting to SR 35 million (31 December 2024: SR 9.4 million), and there are guarantees amounting to SR 27 million (31 December 2024: SR 48 million) granted to local banks in exchange for loans and bank facilities for an associate.
- c) As at 31 December 2025, there are lawsuits filed against the subsidiary, with a value of SR 656 thousand, equivalent to JD 124 thousand (as at 31 December 2024: SR 288 thousand, equivalent to JD 54.4 thousand) in addition to cases with unspecified amounts. In the opinion of the subsidiary's management and its legal advisor, the subsidiary has strong defenses against these cases, and no provision is required against these cases.

35. RELATED PARTIES’ DISCLOSURES

- a) Related parties include shareholders, members of the Board of Directors, senior management personnel of the Group, and entities controlled or jointly controlled, or significantly influence by such parties. Pricing policy and terms of transactions are approved by the Group's management.

| <i>Description</i> | <i>Nature of relationship</i> |
|--|-------------------------------|
| Ready Mix Concrete and Construction Supplies Company | Associate |
| Cement Products Industry Company Limited | Associate |
| Alquds Ready Mix Company | Affiliates |
| Asas Ready Mix Company | Affiliates |
| Riyadh Bank | Related parties |
| Arabian Petroleum Supply Company | Related parties |
| Group’s BOD members | Related parties |
| Key management and senior executives | Related parties |

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35. RELATED PARTIES' DISCLOSURES (continued)

b) The following table shows the balances of related parties as at 31 December 2025 and 31 December 2024:

| <i>Transactions with</i> | <i>Nature of transactions</i> | <i>Volume of transactions</i> | | <i>Closing balance</i> | |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|
| | | <i>31 December 2025</i> | <i>31 December 2024</i> | <i>31 December 2025</i> | <i>31 December 2024</i> |
| | | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| | | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> | <i>('000)</i> |
| Balances due from related parties under trade receivables (Note 13) | | | | | |
| Ready Mix Concrete and Construction Supplies Company "associate" | Sales | 23,606 | 25,699 | 19,792 | 9,439 |
| Alquds Ready Mix Company "Affiliate" | Sales | 12,259 | 5,706 | 9,696 | 2,147 |
| Asas Ready Mix Company "Affiliate" | Sales | 1,595 | 3,226 | 1,781 | 1,135 |
| | | | | 31,269 | 12,721 |
| Balances due from related parties under other receivable balances (Note 14) | | | | | |
| Ready Mix Concrete and Construction Supplies Company "associate" | <i>Dividends</i> | 115 | - | - | 115 |
| Cement Products Industry Company Limited "associate" | <i>Advances</i> | 13,876 | - | 207 | - |
| | | | | 207 | 115 |
| Balances due to related parties under other trade payables (Note 24) | | | | | |
| Cement Products Industry Company Limited "associate" | <i>Purchases</i> | - | 14,852 | - | 1,427 |
| | <i>Loan</i> | 65,000 | - | - | - |
| | <i>Loan</i> | | | | |
| Riyadh Bank | <i>commissions</i> | 1,096 | - | - | - |
| Arabian Petroleum Supply Company | <i>Purchases</i> | 4,758 | 4,517 | 949 | 1,544 |
| | | | | 949 | 2,971 |

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At 31 December 2025

35. RELATED PARTIES' DISCLOSURES (continued)

c) Allowances and rewards for members of the Board of Directors and senior executives:

| | <i>31 December</i> <i>2025</i> <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|---|---|---|
| Salaries and remunerations of senior executives of the Parent | 6,495 | 6,278 |
| BOD members' remuneration | 3,000 | 3,000 |
| BOD members' remuneration the sub committees | 889 | 890 |
| Salaries and remunerations of senior management and senior executives in the subsidiary company | 762 | 762 |
| Remuneration of members of the board of directors and senior executives of the subsidiary company | 480 | 360 |
| Allowance for attending Board of Directors and committee meetings in the Parent | 324 | 316 |
| Allowance for attending Board of Directors and committee meetings of the subsidiary company | 136 | 112 |

Key managers' benefits include basic salaries, bonuses and other benefits in accordance with the Group's policy. Key managers, including the CEO and senior executives, are persons who have powers and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly.

36. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial risk management framework

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

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

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

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

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk include three types: Interest rate risk, currency risk and price risk.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

36. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

Interest rate risks is the risk that the fair value or future cash flows of a financial instrument would fluctuate as a result of the of changes in interest rate in market. The group exposure to the risk of changes in market interest rates relates primarily to the group long-term debt obligations with floating interest rates. The Group manages the Group's interest rate risk by regularly monitoring interest rates on its interest bearing financial instruments. The Group's interest-bearing liabilities, which are mainly bank borrowings, are at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value and cash flow rate risks to the Group are not significant. Interest bearing financial assets consist of short-term Murabaha deposits which carry fixed interest rates and hence there is no exposure to cash flow interest rate risk and fair value interest rate risk.

The interest rate statement for the Group's interest bearing financial instruments disclosed to the Group's management is as follows:

| | <i>31 December</i> <i>2025</i> <i>SR</i> <i>('000)</i> | <i>31 December</i> <i>2024</i> <i>SR</i> <i>('000)</i> |
|---|---|---|
| <i>Financial instruments with variable interest rates</i> | | |
| Loans | 19,375 | 85,356 |

The table below reflects the reasonably likely effect of a 100 basis point change in interest rates at the financial position date on profit or loss, assuming all other variables to remain constant.

| | <i>Profit / (loss) 2025</i> | | <i>Profit / (loss) 2024</i> | |
|-------|--|--|--|--|
| | <i>BPs decrease on interest rates 100 bp SR ('000)</i> | <i>BPs increase on interest rates 100 bp SR ('000)</i> | <i>BPs decrease on interest rates 100 bp SR ('000)</i> | <i>BPs increase on interest rates 100 bp SR ('000)</i> |
| Loans | 194 | (194) | 854 | (854) |

Foreign currency risk

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

Credit risk

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

36. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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

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

The Group's gross maximum exposure to credit risk is as follows:

| | <i>31 December</i> 2025 SR ('000) | <i>31 December</i> 2024 SR ('000) |
|------------------------------------|---|---|
| <i>Financial assets</i> | | |
| <i>Trade and other receivables</i> | 240,771 | 236,792 |
| Bank balances | 115,226 | 145,112 |
| | 355,997 | 381,904 |
| | | |
| | <i>31 December</i> 2025 SR ('000) | <i>31 December</i> 2024 SR ('000) |
| <i>Financial assets</i> | | |
| Secured* | 275,222 | 305,172 |
| Unsecured ** | 80,775 | 76,732 |
| | 355,997 | 381,904 |

* As at 31 December 2025, secured financial assets include bank balances and trade receivables amounting to SR 275,222 thousand secured through bank guarantees (December 31, 2024: SR 305,172 thousand).

** As at 31 December 2025, unsecured financial assets include cash deposits against documentary credits and other receivable balances.

The ageing of trade receivables as at the date of the financial statements is as follows:

| <u>Duration</u> | <i>31 December 2025</i> | | |
|--------------------------------------|------------------------------|---------------------------------|------------------------|
| | <i>Balance</i> SR ('000) | <i>Impairment</i> SR ('000) | <i>Percentage</i> % |
| <i>Neither past due nor impaired</i> | 176,436 | - | 0% |
| From 0 to 60 days | 51,665 | 1,012 | 2% |
| From 61 to 90 days | 899 | 802 | 89% |
| More than 90 days | 2,555 | 2,555 | 100% |
| | 231,555 | 4,369 | 2% |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

36. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

| <i>Duration</i> | <i>31 December 2024</i> | | |
|--------------------------------------|-------------------------|-------------------|-------------------|
| | <i>Balance</i> | <i>Impairment</i> | <i>Percentage</i> |
| | <i>SR ('000)</i> | <i>SR ('000)</i> | <i>%</i> |
| <i>Neither past due nor impaired</i> | 163,038 | - | 0% |
| From 0 to 60 days | 41,190 | 2,287 | 6% |
| From 61 to 90 days | 1,441 | 215 | 15% |
| More than 90 days | 1,884 | 1,867 | 99% |
| | <u>207,553</u> | <u>4,369</u> | <u>2%</u> |

Liquidity risk

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

The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of financing and loans or reliance on a particular market in which to realize liquid assets. The following are the contractual maturities of financial liabilities at the end of the period, which are presented in gross, undiscounted amounts.

The remaining contractual maturities of financial liabilities at the reporting date are as follows. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of liquidation agreements.

| <i>Contractual cash flows</i> | | | | | |
|---|-----------------------|-----------------------|-----------------------|--------------------|-----------------------|
| <i>31 December 2025</i> | <i>1 year or less</i> | <i>from 1 year to</i> | <i>3 year or more</i> | <i>Total</i> | <i>Total carrying</i> |
| | <i>SR ('000)</i> | <i>3 years</i> | <i>SR ('000)</i> | <i>contractual</i> | <i>amount</i> |
| | | <i>SR ('000)</i> | <i>SR ('000)</i> | <i>maturity</i> | <i>SR ('000)</i> |
| | | | | <i>SR ('000)</i> | <i>SR ('000)</i> |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Loans | 11,003 | 8,876 | - | 19,879 | 19,375 |
| Trade and other payables | 147,086 | - | - | 147,086 | 167,281 |
| Dividends payable | 19,295 | - | - | 19,295 | 19,295 |
| Lease liabilities | 660 | 1,321 | 6,847 | 8,828 | 5,267 |
| | <u>178,044</u> | <u>10,197</u> | <u>6,847</u> | <u>195,088</u> | <u>211,218</u> |

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

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36. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

- The cash flows included in the above maturity analysis are not expected to mature earlier or at materially different amounts.

Capital Management

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

The adjusted ratio of the Group's net liabilities to equity is as follows:

| | <i>31 December 2025 SR ('000)</i> | <i>31 December 2024 SR ('000)</i> |
|----------------------------|--|--|
| Total liabilities | 380,775 | 433,745 |
| <i>Less: Cash at banks</i> | (115,226) | (145,112) |
| Net liabilities | 265,549 | 288,633 |
| Total equity | 2,674,589 | 2,659,787 |
| Net liabilities to equity | 0.10 | 0.11 |

Fair value of assets and liabilities

The table below shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the book value is reasonably equivalent to fair value.

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36. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

| 31 December 2025 SR ('000) | Carrying amount | | | Fair value | | | |
|--|---|-------------------|----------------|---------------|----------|----------|---------------|
| | Equity investments at fair value through OCI | Amortized Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | | | | |
| Equity investments at fair value through OCI | 47,632 | - | 47,632 | 47,632 | - | - | 47,632 |
| | <u>47,632</u> | <u>-</u> | <u>47,632</u> | <u>47,632</u> | <u>-</u> | <u>-</u> | <u>47,632</u> |
| Financial assets not measured at fair value | | | | | | | |
| Trade receivables, prepayments and other receivable balances | - | 254,723 | 254,723 | - | - | - | - |
| Cash at banks | - | 115,226 | 115,226 | - | - | - | - |
| | <u>-</u> | <u>369,949</u> | <u>369,949</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities not measured at fair value | | | | | | | |
| Loans and facilities | - | 19,375 | 19,375 | - | - | - | - |
| Trade payables and accruals | - | 225,099 | 225,099 | - | - | - | - |
| Lease liabilities | - | 5,267 | 5,267 | - | - | - | - |
| | <u>-</u> | <u>249,741</u> | <u>249,741</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2025

36. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

| 31 December 2024 SR ('000) | Carrying amount | | | Fair value | | | |
|--|---|----------------|----------------|---------------|----------|----------|---------------|
| | Equity investments at fair value through OCI | Amortized Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | | | | |
| Equity investments at fair value through OCI | 73,658 | - | 73,658 | 73,658 | - | - | 73,658 |
| | <u>73,658</u> | <u>-</u> | <u>73,658</u> | <u>73,658</u> | <u>-</u> | <u>-</u> | <u>73,658</u> |
| Financial assets not measured at fair value | | | | | | | |
| Trade receivables, prepayments and other receivable balances | - | 224,210 | 224,210 | - | - | - | - |
| Cash at banks | - | 145,112 | 145,112 | - | - | - | - |
| | <u>-</u> | <u>369,322</u> | <u>369,322</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities not measured at fair value | | | | | | | |
| Loans and facilities | - | 85,356 | 85,356 | - | - | - | - |
| Trade payables and accruals | - | 216,599 | 216,599 | - | - | - | - |
| Lease liabilities | - | 4,407 | 4,407 | - | - | - | - |
| | <u>-</u> | <u>306,362</u> | <u>306,362</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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36. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Changes in liabilities arising from financing activities:

| | <i>31 December 2025</i> | | |
|--|----------------------------|--------------------------|--------------------------|
| | <i>SR ('000)</i> | | |
| | <i>Loan and facilities</i> | <i>Lease liabilities</i> | <i>Dividend Payables</i> |
| Balance as at January 01, 2025 | 85,356 | 4,407 | 17,619 |
| Interest charge during the year | 2,877 | 324 | - |
| Additions from lease liabilities | - | 1,196 | - |
| Dividend declared during the year | - | - | 125,000 |
| Repayments of lease liabilities | - | (660) | - |
| Proceeds from term loans | 109,429 | - | - |
| Interest paid | (2,877) | - | - |
| Repayments of term borrowings | (175,410) | - | - |
| Dividend paid during the year | - | - | (123,324) |
| Balance as at December 31, 2025 | 19,375 | 5,267 | 19,295 |

| | <i>31 December 2024</i> | | |
|-----------------------------------|----------------------------|--------------------------|--------------------------|
| | <i>SR ('000)</i> | | |
| | <i>Loan and facilities</i> | <i>Lease liabilities</i> | <i>Dividend Payables</i> |
| Balance as at January 01, 2024 | 146,276 | 4,397 | 13,822 |
| Interest charge during the year | 8,160 | 347 | - |
| Additions from lease liabilities | - | 323 | - |
| Dividend declared during the year | - | - | 150,000 |
| Repayments of lease liabilities | - | (660) | - |
| Proceeds from term loans | 58,128 | - | - |
| Interest paid | (8,160) | - | - |
| Repayments of term borrowings | (119,048) | - | - |
| Dividend paid during the year | - | - | (146,203) |
| Balance as at December 31, 2024 | 85,356 | 4,407 | 17,619 |

37. FINANCE COSTS

Finance costs for the year ended 31 December comprise the following:

| | <i>31 December 2025</i> | <i>31 December 2024</i> |
|---|-------------------------|-------------------------|
| | <i>SR</i> | <i>SR</i> |
| | <i>('000)</i> | <i>('000)</i> |
| Finance cost charged on the statement of profit or loss under borrowings and bank expenses | 4,413 | 8,621 |
| Finance cost charged on the statement of profit or loss under employee's benefits obligations (Note 23) | 2,712 | 2,561 |

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38. SUBSEQUENT EVENTS

The Board of Directors, in its meeting held on 27 Sha'aban 1447H, corresponding to 15 February 2026, recommended cash dividends amounting to SR 100 million for the second half of the financial year 2025 at a rate of SR 1 per share. Provided that the dividends are attributable to the shareholders of the Parent who own shares on the maturity date registered in the registry of the Parent's shareholders in the Securities Depository Center (Edaa) at the end of the second trading day following the day of the Parent's General Assembly meeting, the date of which will be announced later, after taking the necessary approvals.

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 15 February 2026G, corresponding to 27 Sha'aban 1447H.