



The Board of Directors of Saudi Cement Company Invites its Shareholders to Attend the Ordinary General Assembly (First Meeting) Virtual Meeting

The Board of Directors of Saudi Cement Company would like to invite its shareholders to attend the 67th Ordinary General Assembly meeting to participate and vote, which is scheduled to be held at 18:30 PM in the evening on Wednesday 12 / 11 / 1447 AH corresponding to 29 / 04 / 2026 G from the company's headquarter in Dammam, Online via Tadawulaty Platform (<https://login.tadawulaty.com.sa>),

In order to consider the following agenda:

- 1 : View and discuss the Board of directors' report for the year ended 31 December 2025.
- 2 : View and discuss the Consolidated Financial Statements for the fiscal year ended on 31 December 2025.
- 3 : Vote to approve the External Auditors report for the year ended on 31 December 2025 after discussing it.
- 4 : Vote on the discharge of Board of Directors members from liabilities for their management of the company during the financial year ended 31 December 2025.
- 5 : Vote on appointing an external auditor for the company among the nominees based on the recommendation of the Audit committee to review and audit the second and third quarters and yearend of 2026, in addition to first quarter of 2027 financial statements and determine their fees.
- 6 : Vote on the Board of Director's recommendation to distribute cash dividends to the shareholders for second half of 2025, at (0.80) Riyals per share which is equivalent to (8 %) of the company's share capital with a total amount of (122.4) million riyals provided the eligibility for dividend will be to the company's shareholders who own the shares at the end of the day of general assembly and who are registered in the Company's shareholders register at Securities Depository Centre (Edaa) by the end of the second trading day following the entitlement date, and The distribution date will be at 11-05-2026 corresponding to 24-11-1447.
- 7 : Vote on the business and contracts that will be concluded between the company and Cement Industry Products Company Ltd., which is the member of the Board of Directors and CEO , Mr. Mohammad bin Ali Al-Garni, has an indirect interest in (related party), noting that the amount of the transaction for the year 2025 amounted to 28,854,608 riyals, which is the purchase of empty cement bags, and there are no preferential terms for this type of contract . (attached)
- 8 : 8.Vote on the business and contracts that will be concluded between the company and Wataniya Insurance Company, which is the member of the Board of Directors Mr. Amin bin Musa Al-Afifi has an indirect interest in (related party), noting that the amount of the transaction for the year 2025 amounted to 6,020,204 riyals, which is an insurance coverage of the company's property, there are no preferential terms for this type of contract. (attached)
- 9 : Vote on authorizing the Board of Directors to distribute interim cash dividends to the shareholders on biannual or quarterly basis for the financial year 2026.
- 10 : Vote on authorizing the Board of Directors with the powers of the Ordinary General Assembly, with the permission mentioned in clause (1) of Article 27 of the Companies law, for a period of one year from the date of approval by the General Assembly or until the end of the session of the delegated Board of Directors, whichever is earlier, in accordance with the conditions stipulated in the executive regulations of the companies law for listed joint stock companies.



- 11 : Vote on authorizing the Board of Directors with the powers of the Ordinary General Assembly, with the permission mentioned in clause (2) of Article 27 of the Companies Law, for a period of one year from the date of approval by the General Assembly or until the end of the session of the delegated Board of Directors, whichever is earlier, in accordance with the provisions of the Companies Law and its executive regulations for listed joint stock companies, and the competitive business and activities mentioned in the Regulations on Competitive Activity Standards.(Attached)

According to the rules and regulations, shareholders registered in the company's shareholders register at Edaa Center at the end of the trading session prior the Meeting are entitled to attend the General Assembly Meeting, Shareholders have the right to inquire and discuss the topics on the agenda of the General Assembly. Note that the eligibility for registering the attendance of the General Assembly's Meeting ends upon the convenience of the General Assembly's Meeting. Eligibility for voting on the items of the meeting agenda for attendees ends upon the counting committee concludes counting the votes. The General Assembly meeting shall be valid if attended by shareholders representing at least one-fourth of the Company's capital. In the absence of a quorum required for holding the meeting, a second meeting will be held one hour after the end of the period specified for the first meeting. The second meeting shall be valid regardless of the number of shares represented.

Shareholders registered in Tadawulaty Platform can vote remotely on the meeting items starting from 01:00 am in the morning on Saturday 08 -11-1447 (April 25, 2026) until the end of convening time of the assembly, noting that registration and voting in Tadawulaty is available free of charge to all shareholders using the following link:
<https://login.tadawulaty.com.sa>

For Any questions or queries kindly contact the Shareholder Relationships during business hours from 07:00 am to 03:00 pm at:

0138358033 or

0539168715 or

IR@saudicement.com.sa

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT FOR
THE YEAR ENDED DECEMBER 31, 2025**

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Saudi Cement Company (the "Company") and its subsidiary (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at December 31, 2025 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and 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 December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. 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 our opinion thereon, and we do not provide a separate opinion on these matters.

*Independent Auditors' Report to the shareholders of Saudi Cement Company for the year ended December 31, 2025
(Continued)*

Revenue recognition	
Refer to note 4 for the accounting policy and note 21 for related disclosures.	
Key audit matter	How the matter was addressed in our audit
<p>During the year ended December 31, 2025, the Group has recognized revenue from sales of goods amounting to ₪ 1,671.20 million.</p> <p>Revenue from sales of goods is recognised at point in time when control over the goods is transferred to the customer, generally on delivery of the goods in accordance with IFRS 15 "Revenue from contracts with customers"</p> <p>Revenue is one of the key indicators for measuring performance, and consequently, there are inherent risks through recognizing revenue before transfer of control in order to increase profitability of the Group. Therefore, the revenue recognition has been considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the Group's accounting policies related to recognition of revenue in accordance with IFRS 15 "Revenue from contracts with customers"; - Evaluated the design and implementation of relevant key controls related to revenue recognition; - Performed testing of revenue transactions on a sample basis with underlying supporting documentation including dispatch documents, customers' confirmation on revenue and sales invoices etc.; - Tested on a sample basis, revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct accounting period; and - Assessed the completeness and adequacy of the related disclosures made in the accompanying consolidated financial statements.
Existence of inventories	
Refer to note 4 for the accounting policy and note 10 for related disclosures	
Key audit matter	How the matter was addressed in our audit
<p>As at December 31, 2025, the carrying values of Group's inventories amounting to ₪ 656.55 million.</p> <p>This mainly include clinker, limestone, bauxite, gypsum and iron ore which are stored in stockpiles in yards. As the weighing of these inventories is not practically possible, management appoints its independent expert to assess the reasonableness of the quantities on hand by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using angle of repose and bulk density conversion method used for similar types of inventories in the cement industry.</p> <p>We have considered the existence of inventories as a key audit matter due to the significance of such balances included in the inventories and the related estimates used in determining the closing quantities.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Attended the physical inventory counts conducted by the management through its expert; - Evaluated the capabilities, competence and objectivity of the management's expert; - Assessed the reasonableness of inventory piles measurements carried out by management and experts during the physical count and recalculating the conversion of piles into quantities and tested the arithmetical accuracy of the model used; and - Assessed the completeness and adequacy of related disclosures made in the accompanying consolidated financial statements.

*Independent Auditors' Report to the shareholders of Saudi Cement Company for the year ended December 31, 2025
(Continued)*

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 10, 2025.

Other information

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 do 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 ("TCWG") 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 issued by SOCPA and Regulations for Companies and the 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, i.e., the Company's Board of Directors, are responsible for overseeing the Group's financial reporting process.

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.

*Independent Auditors' Report to the shareholders of Saudi Cement Company for the year ended December 31, 2025
(Continued)*

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 Group's consolidated financial statements. We are responsible for the direction, supervision, and review of the audit worked performed for 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.

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 Dr. Mohamed Al-Amri & Co.



Maher T. Al-Khatieb
Certified Public Accountant
Registration No. 514

Dammam on 23 Ramadan, 1447 (H)
Corresponding to 12 March, 2026 (G)

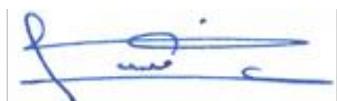
SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

(Expressed in Saudi Riyals (ﷲ) in thousands, unless otherwise stated)

	Notes	December 31, 2025	December 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,817,971	1,867,429
Right of use assets	7	36,674	40,570
Intangible assets	8	26,366	14,578
Investment in an associate	9	54,888	52,813
Total non-current assets		1,935,899	1,975,390
Current assets			
Inventories	10	656,546	594,700
Trade receivables	11	391,713	412,127
Prepayments and other receivables	12	53,992	33,766
Cash and cash equivalents	13	43,980	120,969
Total current assets		1,146,231	1,161,562
TOTAL ASSETS		3,082,130	3,136,952
EQUITY AND LIABILITIES			
Equity			
Share capital	14	1,530,000	1,530,000
Retained earnings		689,855	710,513
Total equity		2,219,855	2,240,513
Liabilities			
Non-current liabilities			
Employees' benefits	16	133,722	129,419
Lease liabilities	7	31,643	37,110
Provision for site restoration	17	9,462	7,625
Total non-current liabilities		174,827	174,154
Current liabilities			
Trade payables		71,465	52,374
Short term loans	18	190,000	255,000
Current portion of lease liabilities	7	8,354	6,768
Dividend payable	19	222,763	227,447
Accrued and other liabilities	20	162,274	150,370
Contract liabilities	21	11,153	9,959
Provision for Zakat	26	21,439	20,367
Total current liabilities		687,448	722,285
Total liabilities		862,275	896,439
TOTAL EQUITY AND LIABILITIES		3,082,130	3,136,952

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.



Chairman
Khaled Abdulrahman Al-Rajhi



Designated Member / CEO
Mohammed A. AlGarni



Finance Manager
Evan Abaza

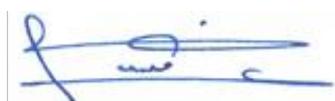
SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025**

(Expressed in Saudi Riyals (ﷲ) in thousands, unless otherwise stated)

	Notes	2025	2024				
Revenue	21	1,671,202	1,675,807				
Cost of revenue	22	<u>(1,068,228)</u>	<u>(1,008,446)</u>				
Gross profit		602,974	667,361				
Selling and distribution expenses	23	(139,736)	(157,667)				
General and administrative expenses	24	(83,549)	(81,201)				
Other income		<u>22,406</u>	<u>34,473</u>				
Operating profit		402,095	462,966				
Share of profit of investment in an associate	9	2,162	4,293				
Finance cost	25	<u>(18,974)</u>	<u>(27,385)</u>				
Profit before Zakat		385,283	439,874				
Zakat expense	26	<u>(21,600)</u>	<u>(18,000)</u>				
NET PROFIT FOR THE YEAR		363,683	421,874				
Other comprehensive (loss) / income							
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>							
Re-measurement (loss)/gain on employees end of service benefits	16	<table border="1" style="display: inline-table;"><tr><td style="text-align: center;">(1,754)</td><td style="text-align: center;">3,555</td></tr></table>	(1,754)	3,555	<table border="1" style="display: inline-table;"><tr><td style="text-align: center;">3,555</td><td style="text-align: center;">23</td></tr></table>	3,555	23
(1,754)	3,555						
3,555	23						
Share of other comprehensive (loss)/income of investment in an associate	9	<table border="1" style="display: inline-table;"><tr><td style="text-align: center;">(87)</td><td style="text-align: center;">23</td></tr></table>	(87)	23	<table border="1" style="display: inline-table;"><tr><td style="text-align: center;">23</td><td style="text-align: center;">3,578</td></tr></table>	23	3,578
(87)	23						
23	3,578						
Total other comprehensive (loss)/income		<u>(1,841)</u>	<u>3,578</u>				
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>361,842</u>	<u>425,452</u>				
		<u>ﷲ</u>	<u>ﷲ</u>				
Earnings per share – basic and diluted	27	2.38	2.76				

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.



Chairman
Khaled Abdulrahman Al-Rajhi



Designated Member / CEO
Mohammed A. AlGarni



Finance Manager
Evan Abaza

SAUDI CEMENT COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED DECEMBER 31, 2025**

(Expressed in Saudi Riyals (ﷲ) in thousands, unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
At January 01, 2024	1,530,000	459,000	170,311	2,159,311
Net profit for the year	-	-	421,874	421,874
Other comprehensive income	-	-	3,578	3,578
Total comprehensive income for the year	-	-	425,452	425,452
Transfer of statutory reserve to retained earnings (note 15)	-	(459,000)	459,000	-
Dividends (note 19)	-	-	(344,250)	(344,250)
At December 31, 2024	1,530,000	-	710,513	2,240,513
Net profit for the year	-	-	363,683	363,683
Other comprehensive loss	-	-	(1,841)	(1,841)
Total comprehensive income for the year	-	-	361,842	361,842
Dividends (note 19)	-	-	(382,500)	(382,500)
At December 31, 2025	1,530,000	-	689,855	2,219,855

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.



Chairman
Khaled Abdulrahman Al-Rajhi



Designated Member / CEO
Mohammed A. AlGarni



Finance Manager
Evan Abaza

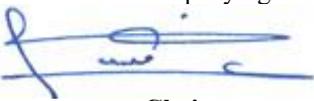
SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Saudi Riyals (ﷲ) in thousands, unless otherwise stated)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Zakat		385,283	439,874
<i>Adjustments for:</i>			
Depreciation - property, plant and equipment	6	208,162	210,671
Depreciation - right of use assets	7	7,356	6,855
Amortisation - intangible assets	8	1,192	646
Gain on disposal of property, plant and equipment		-	(504)
Share of profit of investment in an associate	9	(2,162)	(4,293)
Gain on lease adjustments		(374)	-
Provision for employees' benefits	16	14,840	13,670
Finance cost	25	18,974	27,385
Allowance for slow moving spare parts	10	804	10,203
Provision for site restoration	17	1,372	1,268
		<u>635,447</u>	<u>705,775</u>
<i>Changes in:</i>			
Inventories		(62,650)	(41,233)
Trade receivables		20,414	(24,761)
Prepayments and other receivables		(20,226)	8,679
Trade payables		19,091	(8,548)
Accrued and other liabilities		11,904	8,715
Contract liabilities		1,194	(16,740)
Cash generated from operations		<u>605,174</u>	<u>631,887</u>
Employees' benefits paid	16	(12,291)	(7,027)
Finance cost paid		(16,473)	(24,904)
Zakat paid	26	(20,528)	(19,115)
Net cash generated from operating activities		<u>555,882</u>	<u>580,841</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	(158,704)	(82,031)
Proceeds from disposal of property, plant and equipment		-	7,906
Additions to intangible assets	8	(12,980)	(3,811)
Net cash used in investing activities		<u>(171,684)</u>	<u>(77,936)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in short term loans		(65,000)	(145,000)
Repayment of lease liability	7	(9,003)	(8,959)
Dividend paid		(387,184)	(342,893)
Net cash used in financing activities		<u>(461,187)</u>	<u>(496,852)</u>
Net change in cash and cash equivalents		<u>(76,989)</u>	6,053
Cash and cash equivalents at beginning of the year		<u>120,969</u>	114,916
Cash and cash equivalents at end of the year	13	<u>43,980</u>	<u>120,969</u>
Significant non-cash transactions:			
Transfer of statutory reserve to retained earnings	15	-	459,000
Additions to right-of-use assets and lease liabilities	7	6,288	5,071

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.



Chairman
Khaled Abdulrahman Al-Rajhi



Designated Member / CEO
Mohammed A. AlGarni



Finance Manager
Evan Abaza

SAUDI CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in Saudi Riyals (ﷲ) in thousands, unless otherwise stated)

1. CORPORATE INFORMATION AND GROUP STRUCTURE

Saudi Cement Company ("the Company") is a Saudi Joint Stock Company incorporated under Royal Decree number 6/6/10/726 dated Rabi' II 08, 1375 H (corresponding to November 23, 1955) and registered in the Kingdom of Saudi Arabia, in the city of Dammam under Commercial Registration number 2050000602 dated Dhul Qadah 06, 1377 H (corresponding to May 24, 1958). The Company is engaged in manufacturing and selling cement and its related products. (Unified Number: 7000677216)

The Company obtained under the Royal Decree number 10/6/6/8500 dated Rajab 26, 1370 H (corresponding to May 03, 1951), the right of the mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement in Al-Ahsa for 30 years period.

Thereafter, the Company obtained the licenses for the existing quarries under the Royal Decree number M/11 dated Rabi' II 29, 1405 H (corresponding to January 22, 1985) which gives mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement for 30 years period.

In the year 1985, a Saudi Bahraini Company obtained the right of the mining concession for the extraction of limestone, gypsum and clay under the Royal Decree number M/12 dated Rabi' II 29, 1405 H (corresponding to January 22, 1985) which was merged with the Saudi Cement Company in 1990. Accordingly, the Ministry of Petroleum and Mineral Resources resolved on Muharram 04, 1412H (corresponding to July 15, 1991) to transfer all quarries and related licenses of Saudi Bahraini Company to the Saudi Cement Company.

In the year 2020, all of the above licenses which have been issued under the Royal Decree numbers M/11 and M/12 dated Rabi' II 29, 1405 H (corresponding to January 22, 1985) were renewed by the Ministry of Industry and Mineral Resources for a period of 30 years started from Rabi' II 29, 1435 H (corresponding to March 01, 2014) except quarry license for Aba Hamama area in Al-Ahsa region which has been renewed for 10 years started from Dhul Hijjah 11, 1441 H (corresponding to August 01, 2020).

The accompanying consolidated financial statements includes the activities of the Company and its following subsidiary (collectively referred to as "the Group").

Name	Country of incorporation	Effective ownership interest (%)	
		December 31, 2025	December 31, 2024
United Cement Company W.L.L.	Kingdom of Bahrain	100%	100%

United Cement Company W.L.L. (UCC) is a limited liability company incorporated in the Kingdom of Bahrain on March 15, 1989 with the Ministry of Industry, Commerce and Tourism under commercial registration number 20906. The principal activities of UCC include import, export and sale of cement in different forms. The registered office of UCC is situated at Mina Salman Industrial Area, P.O. Box 26719, Kingdom of Bahrain.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2.2 Basis of preparation

These consolidated financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for employees' benefits which are measured at present value of using the Projected Unit Credit Method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**
(Expressed in Saudi Riyals (ﷲ) in thousands, unless otherwise stated)

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Functional and presentational currency

These consolidated financial statements are presented in Saudi Riyals (ﷲ) which is the Company's functional and Group's presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

2.4 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary as mentioned in note 1. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the period are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiary is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Non-Controlling Interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Group and its subsidiary have the same reporting periods.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

SAUDI CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

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3. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material carrying amounts of assets and liabilities within the financial year include:

a) Useful lives of property, plant and equipment

Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

b) Long-term assumptions for employees' benefits

The cost of the employees' end-of-service benefits 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 and future salary increases. 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.

c) Provision for spare parts

The Group holds spare parts inventory for the machinery of its plant and these spare parts are held for no longer than one reporting period. Management estimate the appropriate level of provisioning for spare parts at the end of each reporting period based on management's expectations for future utilization in the process of production, disposal or sale plans for the spare parts.

d) Existence of inventory

Inventories comprise of raw materials (mainly limestone, iron ore, bauxite and gypsum) and work in process (mainly clinker) which are stored in stockpiles. Since the weighing of these inventories 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 by using the angle of repose and the bulk density. In doing so, management appoints external surveyors to estimate the quantities by using certain scientific systematic measurements calculations, after which management applies the density conversion method which is applied for similar stock in the cement industry.

e) Zakat

The Company is subject to Zakat in accordance with the Zakat, Tax and Custom Authority ("ZATCA") regulations. Zakat computation involves relevant knowledge and judgement of the Zakat rules and regulations to assess the impact of Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Company retains exposure to additional Zakat liability.

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4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. The accounting policies stated below have been consistently applied to all periods presented in these consolidated financial statements unless otherwise stated.

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met. Where such assets are constructed in-house, their cost includes all amounts necessary to bring the asset to the present condition and location to be ready for intended use by management and excludes all costs such as general and administrative expenses and training costs.

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item, and where such parts/components have a useful life different than other parts and are required to be replaced at different intervals, the Group shall recognize such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its directly attributable cost is recognized in the carrying amount of the property, plant and equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred. Depreciation is calculated from the date the item of property, plant and equipment are available for its intended use. Depreciation is charged over the period which is shorter of the item's useful life or the remaining useful life of the property, plant and equipment.

Depreciation is calculated on a straight-line basis over the useful life of the assets as follows:

Buildings and civil works	13 to 33 years
Plant and equipment	3 to 30 years
Tools and transportation equipment	4 to 10 years
Furniture, fixtures and office equipment	4 to 10 years

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year-end.

Assets under construction, which are not ready for its intended use, and land are not depreciated.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction work in progress (CWIP)

CWIP is recognized at cost less accumulated impairment, if any. CWIP is transferred to the related property, plant and equipment when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use have been completed and the property and equipment are ready for operational use.

Critical and other spare parts

Stand-by equipment items acquired together with the plant/production line or purchased subsequently but related to a particular plant or production line and will rarely be required are critical to plant operation and must be available at stand-by at all times. These are capitalized as part of property, plant and equipment and depreciated from purchase date over a period which is shorter of the component's useful life or the remaining useful life of the plant in which it is to be utilized. These do not form part of inventory provided capitalization criteria under property, plant and equipment is met.

Repairable items that are plant/production line specific with long lead times and will be replaced and refurbished frequently (mostly during turnarounds). These are capitalized as part of property, plant and equipment where the capitalization criteria are met. Depreciation is started from day of installation of these items in the plant, and the depreciation period is the shorter of the useful life of the component and the remaining useful life of the related property, plant and equipment in which it is installed. These do not form part of inventory.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expenditure is recognized in the consolidated statement of profit or loss and other comprehensive income when it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible assets.

Softwares are amortised using straight-line method over 10 years. Cost of obtaining / renewing quarry licenses to extract minerals is capitalised as intangibles and is amortised over the term of the licensing period using straight-line method.

Gains or losses arising from derecognition of an intangible asset 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 and other comprehensive income when the asset is derecognized.

4.3 Right of use assets and leases

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Currently, the Group has no contract which includes lease and non-lease component.

The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Right of use assets and leases (continued)

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

4.4 Investments in associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. In addition, when there has been a change recognised directly in the equity of the investee, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Investments in associates (continued)

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and investees are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and associate and its carrying value, then recognizes the loss as 'Share in results of equity accounted investees' in the consolidated statement of profit or loss and other comprehensive income. Dividends from associates are adjusted against carrying amount when the right to receive the dividend is established which in the case of quoted securities is the ex-dividend date.

4.5 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset maybe impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

Irrespective of whether there is any indication of impairment, the Group also tests intangible assets with an indefinite useful life or intangible assets with an indefinite useful life (including goodwill) for impairment on annual basis.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.6 Inventories

Inventories, including raw materials, finished goods and consumables (spares) are valued at the lower of cost i.e. historical purchase prices based on the weighted average principle plus directly attributable costs (primarily duty and transportation), or the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to complete a sale.

Inventories of finished goods include cost of materials, labor and an appropriate proportion of variable and fixed direct overheads. The cost of inventories is assigned by using weighted average cost formula. The Group is using the same cost formula for all inventories having a similar nature and use to the Group. For inventories with a different nature or use, different cost formulas are used.

Abnormal inventory losses due to quality or other issues and overheads incurred during unplanned maintenance / shut down period are excluded from inventory costs. The allocation of overheads at period end for the purpose of inventory valuation are based on the higher of normal capacity or actual production for the period. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Management reduces 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. Management valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. 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.

Consumable spare parts

Consumables are ancillary materials which are consumed in the production of semi-finished and finished products. Consumables may include engineering materials, one-time packaging materials and certain catalysts.

General spares, equipment items and other consumables which do not meet the recognition criteria for property, plant and equipment are recorded under inventory and are subject to assessment for provision.

Work in process and finished goods

Clinker represents work in process inventories and Cement represents the finished goods inventories that are carried at the lower of cost or net realizable value. The cost of clinker and cement inventories includes the cost of raw materials, direct labor and manufacturing overheads and all other costs necessary to bring the cement inventories to their existing condition and location.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management. Bank overdrafts, if any, are shown within borrowings in current liabilities in the consolidated statement of financial position.

4.8 Employees' benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in consolidated statement of financial position.

Employees' end of services benefits

The liability recognized in the consolidated statement of financial position in respect of the defined end of service benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the Projected Unit Credit Method. The net interest cost is calculated by applying the discount rate to the net balance of the defined end of service benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss and other comprehensive income. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in consolidated statement of profit or loss and other comprehensive income as past service costs.

Employees' saving fund

The Group operates a saving plan to encourage its employees to make savings in a manner that will warrant an increase in their income and contribute to securing their future according to the established plan. The saving contributions from the participants are deposited in a separate bank account other than the Group's normal operating bank accounts and is only used for saving funds.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 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. Where management of the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in consolidated statement of profit or loss and other comprehensive income 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Decommissioning liability

Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset. The cash flows are discounted at a rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in the consolidated statement of profit or loss and other comprehensive income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied, are added to or deducted from the cost of the asset.

4.10 Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, are recorded in the consolidated statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. A contingent asset becomes a realized asset recordable on the consolidated statement of financial position when the realization of cash flows associated with it becomes relatively certain.

4.11 Zakat

Zakat is provided in accordance with the Zakat, Tax and Customs Authority Regulations (ZATCA) in the Kingdom of Saudi Arabia. The provision is charged to the consolidated statement of profit or loss and other comprehensive income. The zakat charge is computed on the Saudi shareholders' share of the zakat base or adjusted net profit whichever is higher. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

4.12 Value added tax

Expenses and assets are recognised net of the amount of value added tax ("VAT"), except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.
- The net amount of VAT recoverable from, or payable.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments

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. Accounts receivable and debt securities issued are initially recognised when they are originated. All other financial instruments are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group determines the classification of its financial assets at initial recognition. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement

At initial recognition, the Group measures a financial asset (unless it is an accounts receivable without a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss and other comprehensive income as incurred. Accounts receivable without a significant financing component is initially measured at the transaction price.

Subsequent measurement

The financial assets are classified in the following measurement categories for the purpose of subsequent measurement:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit or loss), and
- b) Those to be measured at amortized cost.

Financial assets at fair value

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. Net gains and losses, including any interest or dividend income, are recognised in consolidated statement of profit or loss. Dividends on financial assets at FVOCI are recognized as income in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

For assets measured at fair value, gains and losses are either be recorded in consolidated statement of profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial assets at amortized cost

Subsequent measurement of financial assets at amortized cost depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies financial assets at amortised cost based on the below:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and
- b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (continued)

Financial assets (continued)

Financial assets at amortized cost (continued)

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Shareholder loans to joint venture entities are carried at amortized cost. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group's financial assets at amortized cost include trade receivables, due from related parties and cash and cash equivalents.

Trade receivables are stated at the amortized cost, which generally correspond to face value (original invoice amount), do not bear interest, and generally have a 30 to 90 days term, less any provision for expected credit loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model and assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (continued)

Financial assets (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Impairment of financial assets

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortized cost e.g., trade receivables, cash and banks etc.

Expected credit losses are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Group expects to receive. The expected credit losses consider the amount and timing of payments and hence a credit loss arises even if the Group expects to receive the payment in full but later than when contractually due. The expected credit loss method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognizing allowance for expected credit losses in the consolidated statement of profit or loss and other comprehensive income even for receivables that are newly originated or acquired.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Group applies simplified approach for measuring expected credit losses for trade receivables.

Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortized cost like borrowings are accounted at the fair value determined based on the effective interest rate method (EIR) after considering the directly attributable transaction costs.

The financial liabilities are classified in the following measurement categories:

- a) Those to be measured as financial liabilities at fair value through profit or loss, and
- b) Those to be measured at amortized cost.

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

The effective interest rate ("EIR") method calculates the amortized cost of a debt instrument by allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings and trade payables.

The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts and amounts due to related parties. The Group measures financial liabilities (except derivatives) at amortized cost.

A financial liability is derecognized when the obligation under the 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.14 Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income.

4.15 Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Saudi Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Saudi Riyals at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI (if any).

4.16 Revenue

The Group is engaged in manufacturing and selling cement and its related products. The sale is performed by sale invoices and / or specific contracts independently entered into with customers.

Sale of cement and its related products (clinker) is the sole performance obligation. The Group has concluded that revenue from sale should be recognized at a point in time when control of asset is transferred to the customer, which is generally at the date of delivery.

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. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment. No element of financing component is deemed present as the sales are either made on cash or credit terms with less than 12 months.

4.17 Other income

Other income relates to income from non-operating activities which is recognized when earned. It mainly relates to the scrap sales of assets and materials.

4.18 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.18 Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

4.19 Expenses

Cost of revenue

All expenses are recognized on an accrual basis. Operating costs are recognized on a historical cost basis. Production costs and direct manufacturing expenses are classified as cost of sales. The cost of revenue mainly represents the cost of raw materials, salaries and wages, overheads, fuel, energy, depreciation, spare parts and consumables. Other costs related to selling costs are recorded as selling and distribution expenses while all remaining other costs are presented as general and administrative expenses.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate all selling activities at the Group. These costs typically include marketing and distribution and logistics expenses as well as commissions. These also include allocations of certain general overheads.

General and administrative expenses

These pertain to operation expenses which are not directly related to the production of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of sales or selling and distribution expenses.

Allocation of overheads between cost of sales, selling and distribution expenses, and general and administrative expenses, where required, is made on a consistent basis based on predetermined rates as appropriate by the Group.

4.20 Earnings per share

Basic earnings per share are calculated by dividing:

- the net income attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares, if any.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.20 Earnings per share (continued)

Diluted EPS is calculated by dividing the net profit attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion, (if any) of all the dilutive potential ordinary shares into ordinary shares.

4.21 Segment information

An operating segment is a company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. 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 environment.

4.22 Dividend

Interim dividends are recorded as liability in the period in which these are approved by the Board of directors. Year-end dividends are recorded in the consolidated financial statements in the period in which these are approved by the shareholders of the Company.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

5.1 New standards, interpretations and amendments effective from January 01, 2025

The amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Group's consolidated financial statements.

Amendments to standard	Description	Effective for annual years beginning on or after
IAS 21	Amendments - Lack of Exchangeability	January 1, 2025

5.2 New standards, amendments and revised IFRS Accounting Standards issued but not yet effective

The Group has not early adopted the following new and revised IFRSs Accounting Standards and amendments that have been issued but are not yet effective.

Amendments to standards	Description	Effective for annual years beginning on or after
IFRS 9 and IFRS 7	Amendments - Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

The Group intends to adopt these new amendments, standards and interpretations, when they become due.

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6. PROPERTY, PLANT AND EQUIPMENT

<i>Cost</i>	Land	Building and civil works	Plant and equipment	Tools and transportation equipment	Furniture, fixture and office equipment	Construction work in progress (CWIP)	Total
At January 1, 2024	69,607	1,746,694	5,315,127	296,821	55,864	173,983	7,658,096
Additions	-	78	42,930	2,615	894	35,514	82,031
Transfers	-	4,430	39,121	-	4,105	(47,656)	-
Disposals	-	(69)	(27,410)	(18,067)	(20)	-	(45,566)
At December 31, 2024	69,607	1,751,133	5,369,768	281,369	60,843	161,841	7,694,561
Additions	-	344	53,410	7,554	318	97,078	158,704
Transfers (note 6.2)	-	59,772	98,581	-	1,722	(160,075)	-
Disposals/write offs	-	-	-	(8,192)	(222)	-	(8,414)
At December 31, 2025	69,607	1,811,249	5,521,759	280,731	62,661	98,844	7,844,851
<i>Accumulated depreciation</i>							
At January 01, 2024	-	1,263,138	4,070,336	270,165	50,986	-	5,654,625
Charge for the year	-	32,789	167,873	7,653	2,356	-	210,671
Disposals	-	(69)	(20,096)	(17,979)	(20)	-	(38,164)
At December 31, 2024	-	1,295,858	4,218,113	259,839	53,322	-	5,827,132
Charge for the year	-	33,360	167,629	4,072	3,101	-	208,162
Disposals/write offs	-	-	-	(8,192)	(222)	-	(8,414)
At December 31, 2025	-	1,329,218	4,385,742	255,719	56,201	-	6,026,880
<i>Net book values</i>							
At December 31, 2025	69,607	482,031	1,136,017	25,012	6,460	98,844	1,817,971
At December 31, 2024	69,607	455,275	1,151,655	21,530	7,521	161,841	1,867,429

6.1 Certain property, plant and equipment are constructed on the land provided under the right of the mining concession by the Government (note 1).

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6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

6.2 Construction work-in-progress “CWIP” represents ongoing plant construction and enhancement projects which mainly includes project related to the conversion of production kilns to dual-fuel capability, enabling operations using both gas and electricity which aims at improving operational flexibility and energy efficiency.

During the year ended December 31, 2025, the Group has completed the construction, testing and commissioning of the bulk railway loading facility and its associated railway connection (collectively referred to as “the Railway Project”) amounted to ﷲ 141.12 million and accordingly, it has been transferred from CWIP to relevant categories of property, plant and equipment. These facilities will be used for transportation of inventories.

6.3 The depreciation expense for the year has been allocated as follows:

	<u>2025</u>	<u>2024</u>
Cost of revenue	203,659	205,984
Selling and distribution expenses (note 23)	2,035	2,235
General and administrative expenses (note 24)	2,468	2,452
	<u>208,162</u>	<u>210,671</u>

7. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease agreements for land, buildings and vehicles. The lease period typically ranges from 3 to 25 years.

7.1 Right of use assets

The right of use assets relates to the following types of assets:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land	7,150	14,691
Buildings	721	1,877
Vehicles	28,803	24,002
	<u>36,674</u>	<u>40,570</u>

The movement in right of use assets is as follows:

	<u>2025</u>			
	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
At January 01,	14,691	1,877	24,002	40,570
Additions	-	-	6,288	6,288
Adjustments/modification	(4,470)	(1,115)	2,757	(2,828)
Depreciation	(3,071)	(41)	(4,244)	(7,356)
At December 31,	<u>7,150</u>	<u>721</u>	<u>28,803</u>	<u>36,674</u>
	<u>2024</u>			
	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
At January 01,	12,763	1,978	27,613	42,354
Additions	5,071	-	-	5,071
Depreciation	(3,143)	(101)	(3,611)	(6,855)
At December 31,	<u>14,691</u>	<u>1,877</u>	<u>24,002</u>	<u>40,570</u>

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7. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

7.1 Right of use assets (continued)

The depreciation for right of use asset has been allocated as follows:

	<u>2025</u>	<u>2024</u>
Cost of revenue	4,541	4,026
Selling and distribution expenses (note 23)	2,370	2,187
General and administrative expenses (note 24)	445	642
	<u>7,356</u>	<u>6,855</u>

7.2 Lease liabilities

The movement of lease liabilities is as follows:

	<u>2025</u>	<u>2024</u>
At January 01,	43,878	45,593
Additions	6,288	5,071
Interest expense	2,036	2,173
Adjustments/modifications	(3,202)	-
Lease payments	(9,003)	(8,959)
At December 31,	<u>39,997</u>	<u>43,878</u>

The maturity of lease liabilities is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current portion	31,643	37,110
Current portion	8,354	6,768
	<u>39,997</u>	<u>43,878</u>

The contractual undiscounted maturity of lease liabilities is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Within 1 year	9,993	8,637
1 - 5 years	30,556	28,886
Above 5 years	5,221	13,905
	<u>45,770</u>	<u>51,428</u>

Following are the amounts recognised for lease liabilities and right of use assets in the consolidated statement of profit or loss and other comprehensive income:

	<u>2025</u>	<u>2024</u>
Depreciation - right of use assets (note 7.1)	7,356	6,855
Interest on lease liabilities (note 25)	2,036	2,173
Total amount recognized in consolidated statement of profit or loss and other comprehensive income	<u>9,392</u>	<u>9,028</u>

Amounts recognized in the consolidated statement of cashflows

	<u>2025</u>	<u>2024</u>
Total cash outflow for leases - lease payments	<u>9,003</u>	<u>8,959</u>

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8. INTANGIBLE ASSETS

	Softwares	Quarry license renewal cost	Softwares under development	Total
<u>Cost:</u>				
At January 01, 2024	25,181	12,608	524	38,313
Additions	-	-	3,811	3,811
Transfers	1,416	-	(1,416)	-
At December 31, 2024	26,597	12,608	2,919	42,124
Additions	791	7,392	4,797	12,980
At December 31, 2025	27,388	20,000	7,716	55,104
<u>Accumulated amortization:</u>				
At January 01, 2024	25,181	1,719	-	26,900
Charge for the year	73	573	-	646
At December 31, 2024	25,254	2,292	-	27,546
Charge for the year	954	238	-	1,192
At December 31, 2025	26,208	2,530	-	28,738
<u>Net book values:</u>				
At December 31, 2025	1,180	17,470	7,716	26,366
At December 31, 2024	1,343	10,316	2,919	14,578

8.1 Intangible assets include quarry licenses renewal cost of ﷲ 20 million which is amortized over the term of the licenses periods and the amortization charge is recorded in the cost of revenue.

9. INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 33.33% share in Cement Product Industry Company Limited (CPI). CPI is a limited liability company registered and operating in the Kingdom of Saudi Arabia. The Company is engaged in the manufacturing of cement derivative products and other products necessary for manufacturing and packing cement.

The movement in investment in an associate is as follows:

	2025	2024
At January 01,	52,813	48,497
Share of profit	2,162	4,293
Share of other comprehensive (loss)/income	(87)	23
At December 31,	54,888	52,813

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9. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Financial information of investment in associate is as follows:

	December 31, 2025	December 31, 2024
Non-current assets	156,138	145,539
Current assets	102,663	92,038
Non-current liabilities	(23,148)	(19,393)
Current liabilities	(70,972)	(59,728)
Net assets	164,681	158,455
Group's share of net assets (33.33%)	54,888	52,813
Carrying amount of interest in associate	54,888	52,813
Revenue	189,633	175,922
Net profit for the year	6,488	12,881
Other comprehensive (loss)/income	(262)	69
Total comprehensive income	6,226	12,950
Share of profit	2,162	4,293

10. INVENTORIES

	December 31, 2025	December 31, 2024
Spare parts	192,658	183,281
Less: allowance for slow moving spare parts (note 10.1)	(15,164)	(15,032)
	177,494	168,249
Raw materials	113,220	74,577
Work in progress	344,454	332,028
Finished goods	21,378	19,846
	656,546	594,700

10.1 Movement in the allowance for slow moving spare parts during the year is as follows:

	2025	2024
At January 01,	15,032	17,301
Allowance for the year*	804	10,203
Written off during the year	(672)	(12,472)
At December 31,	15,164	15,032

* Allowance for slow moving spare parts has been recorded in cost of revenue.

11. TRADE RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables	391,713	412,127

Information relating to the Group's exposure to credit risk is disclosed in note 33.

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12. PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Prepaid expenses	31,897	12,923
Advances to suppliers	16,248	9,650
Custom deposits	287	1,136
Others	5,560	10,057
	53,992	33,766

13. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash in hand	210	207
Murabaha investments and deposits (note 13.1)	1,627	5,623
Cash at banks	42,143	115,139
	43,980	120,969

13.1 Murabaha investments and deposits represent placements with banks (relates to the subsidiary) having original maturity of less than three months and carry interest rate of 4.31% to 5.05% per annum (December 31, 2024: 3.65% to 5.36% per annum).

14. SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company is ﷲ 1,530 million which is divided into 153 million shares (December 31, 2024: 153 million shares) of ﷲ 10 each.

15. STATUTORY RESERVE

On Shawwal 15, 1445H (corresponding to April 24, 2024), the General Assembly approved the transfer of statutory reserve balance amounting to ﷲ 459 million to retained earnings.

16. EMPLOYEES' BENEFITS

16.1 Post-employment benefits plan

In accordance with the provisions of IAS 19 - Employee Benefits, management has appointed an independent actuary to carry out an exercise to assess the present value of its employees defined benefit obligations as at December 31, 2025 and December 31, 2024.

	December 31, 2025	December 31, 2024
Post-employment benefits plan	133,722	129,419

The following table summarizes the components of the net benefit expense recognized in consolidated profit or loss, OCI and amounts recognized in the consolidated statement of financial position.

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16. EMPLOYEES' BENEFITS (CONTINUED)

16.2 Net benefit expense recognised in profit or loss

	<u>2025</u>	<u>2024</u>
Current service cost	8,265	8,116
Interest cost	6,575	5,554
Net benefit expense	14,840	13,670

16.3 Net remeasurement loss/(income) recognised in other comprehensive income

	<u>2025</u>	<u>2024</u>
Loss/(gain) due to change in financial assumptions	1,970	(6,194)
Loss due to change in demographic assumptions	180	1,101
(Gain)/loss due to change in experience adjustments	(396)	1,538
Net remeasurement loss/(gain)	1,754	(3,555)

16.4 Movement in the present value of defined benefit obligations

	<u>2025</u>	<u>2024</u>
Defined benefit obligations at the beginning of the year	129,419	126,331
Current service cost	8,265	8,116
Interest cost	6,575	5,554
Benefits paid	(12,291)	(7,027)
Re-measurement loss/(gain) on obligations	1,754	(3,555)
Defined benefit obligations at the end of the year	133,722	129,419

Significant assumptions used in determining the post-employment defined benefit obligations includes the following:

	<u>2025</u>	<u>2024</u>
	<u>% per annum</u>	<u>% per annum</u>
Discount rate	4.70%	5.25%
Future salary increases	5%	5%

A quantitative sensitivity analysis for change in significant assumptions on the defined benefit obligations as at December 31, are shown below:

	<u>2025</u>	<u>2024</u>
Discount rate +0.5% per annum	125,578	117,340
Discount rate -0.5% per annum	133,745	133,237
Long term salary increases +0.5% per annum	132,800	132,347
Long term salary increases -0.5% per annum	126,435	118,153

The sensitivity analysis mentioned above have been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The weighted average duration of the defined benefit obligations is 6.29 years (2024: 5.90 years).

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17. PROVISION FOR SITE RESTORATION

	<u>2025</u>	<u>2024</u>
At January 01,	7,625	6,049
Provision made during the year	1,372	1,268
Interest on unwinding of restoration provision (note 17.1 and 25)	465	308
At December 31,	<u>9,462</u>	<u>7,625</u>

17.1 The management of the Group has recorded provision for Group's quarries sites rehabilitation. The estimated amount is recognized by discounting to its present value and has been charged to cost of revenue.

18. SHORT TERM LOANS

Short term loans represent Tawarruq facilities obtained from various local banks to meet the working capital requirements with a total facility limit amount of ﷻ 2,280 million (December 31, 2024: ﷻ 2,330 million). The utilized balance as of December 31, 2025 amounted to ﷻ 190 million (December 31, 2024: ﷻ 255 million). These facilities carry finance cost at SIBOR plus fixed margin and are consistent with the terms of each facility agreement that are secured by promissory notes issued by the Group and carry charges agreed with the facilities' providers.

The outstanding financing is classified under current liabilities in the consolidated statement of financial position as these are repayable within 12 months from the reporting date.

19. DIVIDEND PAYABLE

On Dhul Qadah 02, 1446H (corresponding to April 30, 2025), the General Assembly authorized the Board of Directors to distribute interim cash dividend for the year 2025. Accordingly, on Dhul Hijjah 28, 1446H (corresponding to June 24, 2025), the Board of Directors have resolved to distribute interim cash dividend amounted to ﷻ 153 million (ﷻ 1 per share) for the first half of 2025. Payment of this dividend distribution commenced on Muharram 13, 1447H (corresponding to July 08, 2025).

On Dhul Qadah 02, 1446H (corresponding to April 30, 2025), the General Assembly approved the Board of Directors' proposal to distribute cash dividend amounted to ﷻ 229.50 million (ﷻ 1.50 per share) for the second half of 2024.

On Shawwal 15, 1445H (corresponding to April 24, 2024), the General Assembly approved the Board of Directors' recommendation to distribute cash dividend amounted to ﷻ 153 million (ﷻ 1 per share) for the second half of 2023. Payment of this dividend distribution commenced on Shawwal 29, 1445H (corresponding to May 08, 2024).

On Shawwal 15, 1445H (corresponding to April 24, 2024), the General Assembly authorized the Board of Directors to distribute interim cash dividend for the year 2024. Accordingly, on Dhul Qadah 28, 1445H (corresponding to June 05, 2024), the Board of Directors have resolved to distribute interim cash dividend amounted to ﷻ 191.25 million (ﷻ 1.25 per share) for the first half of 2024. Payment of this dividend distribution commenced on Dhul Hijjah 20, 1445H (corresponding to June 26, 2024).

Subsequent to the year end, the Board of Directors of the Company, during its meeting held on Shaaban 27, 1447H (corresponding to February 15, 2026), has recommended to the General Assembly, to distribute cash dividends to the shareholders for the second half of 2025 amounted to ﷻ 122.4 million (ﷻ 0.8 per share) for the second half of 2025.

Dividend payable as at December 31, 2025 amounted to ﷻ 222.76 million (December 31, 2024: ﷻ 227.45 million) includes ﷻ 217.19 million (December 31, 2024: ﷻ 223.29 million) related to unclaimed dividends for the prior years.

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20. ACCRUED AND OTHER LIABILITIES

	December 31, 2025	December 31, 2024
Accrued expenses	122,274	130,370
Other liability (note 20.1)	40,000	20,000
	162,274	150,370

20.1 It represents amount payable related to the use of Quarry land.

21. REVENUE

The Group generates revenue primarily from the sale of cement and clinker.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and major products. Revenue is recognized at point in time for all products.

	2025	2024
Primary geographic markets		
Local	1,225,658	1,161,870
Export	445,544	513,937
	1,671,202	1,675,807
Major product types		
Cement	1,446,022	1,421,811
Clinker	225,180	253,996
	1,671,202	1,675,807

The following table provides information about trade receivables and contract liabilities.

	2025	2024
Trade receivables	391,713	412,127
Contract liabilities*	11,153	9,959

* Contract liabilities represent advance consideration received from customers for the products to be sold, for which revenue is recognized at point in time. This will be recognized as revenue when the Company deliver the products to the customers and their balances for advances are settled with the revenue made. The amount of ﷲ 9.96 million in contract liabilities as at December 31, 2024 has been recognized as revenue in financial year 2025 (2024: ﷲ 26.69 million).

22. COST OF REVENUE

The cost of revenue mainly represents the cost of raw materials, salaries and wages, overheads, fuel, energy, depreciation, spare parts and consumables. The cost of materials issued from inventory was ﷲ 232 million (2024: ﷲ 195 million).

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23. SELLING AND DISTRIBUTION EXPENSES

	<u>2025</u>	<u>2024</u>
Transportation fees	85,716	94,306
Port charges	23,914	32,885
Employees' cost	17,999	18,113
Electricity, diesel, and maintenance	5,124	5,682
Depreciation - right of use assets (note 7)	2,370	2,187
Depreciation - property, plant and equipment (note 6)	2,035	2,235
Others	2,578	2,259
	<u>139,736</u>	<u>157,667</u>

24. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2025</u>	<u>2024</u>
Employees' cost	53,702	51,445
Board of directors' remunerations	5,183	6,032
Electricity, diesel and maintenance	7,131	5,348
Computer licenses and other IT expenses	3,651	4,717
Professional fees	3,357	2,905
Depreciation - property, plant and equipment (note 6)	2,468	2,452
Donation	1,781	1,491
Printing and stationery	1,145	1,074
Bank charges and commissions	753	1,112
Amortisation - intangible assets (note 8)	474	73
Depreciation - right of use assets (note 7)	445	642
Training	440	475
Others	3,019	3,435
	<u>83,549</u>	<u>81,201</u>

25. FINANCE COST

	<u>2025</u>	<u>2024</u>
Interest on short term loans	16,473	24,904
Interest on lease liabilities (note 7)	2,036	2,173
Interest on unwinding of restoration provision (note 17)	465	308
	<u>18,974</u>	<u>27,385</u>

26. PROVISION FOR ZAKAT

The movement in Company's provision for Zakat is as follows:

	<u>2025</u>	<u>2024</u>
At January 01,	20,367	21,482
Provision made during the year	21,600	18,000
Paid during the year	(20,528)	(19,115)
At December 31,	<u>21,439</u>	<u>20,367</u>

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26. PROVISION FOR ZAKAT (CONTINUED)

The Company has submitted its Zakat returns up to year 2024 and have obtained the required certificates. The Company received final Zakat assessment from Zakat, Tax and Customs Authority (“ZATCA”) up to year 2023 which has been settled.

United Cement Company W.L.L. is not subject to Zakat or corporate income tax in accordance with the applicable laws and regulations of the Kingdom of Bahrain.

27. EARNINGS PER SHARE

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

The following reflects the profit and share capital data used in the basic and diluted earnings per share computations:

	<u>2025</u>	<u>2024</u>
Profit attributable to equity holders	363,683	421,874
Number of shares outstanding in ‘000	153,000	153,000
Earnings per share in (ﷲ)	2.38	2.76

There has been no item of dilution affecting the weighted average number of ordinary shares.

28. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include shareholders, key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties and entities having common directorship. The following table provides the total amount of transactions that have been entered into with related parties during the year ended December 31, 2025 and December 31, 2024 and related parties balances as at December 31, 2025 and December 31, 2024.

Related parties	Relationship	Nature of transactions	Amounts of transactions for the year ended December 31,		Balances as at December 31,	
			2025	2024	2025	2024
Cement Product Industry Company Limited	Associate	Purchase of raw materials	28,855	31,374	448	(1,013)
Wataniya Insurance Company*	Common directorship	Insurance of property, plant and equipment	6,020	6,265	408	(3)

* This is considered a related party as per the Corporate Governance Regulations in the Kingdom of Saudi Arabia.

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28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTNUED)

Terms and conditions of transactions with related parties

Transactions with related parties are made in the ordinary course of business. Outstanding balances at the year ended December 31, 2025 and December 31, 2024 are unsecured and settled in cash. There have been no guarantees provided to amounts due to related parties. These balances represent due from related parties and are classified under prepayments and other receivables (December 31, 2024: due to balances classified under trade payables).

Prices and terms for the above transactions are approved by the Group's management.

Remuneration of key management personnel:

	2025	2024
Short term employment benefits	17,789	17,476
Post-employment benefits	1,411	1,328
	19,200	18,804

29. CONTINGENCIES AND COMMITMENTS

- As of December 31, 2025, the capital expenditure contracted by the Company but not incurred till December 31, 2025 was approximately ﷲ 185.05 million (December 31, 2024: ﷲ 87.64 million).
- The Company's bankers have given guarantees, on behalf of the Company amounted to ﷲ 146.74 million (December 31, 2024: ﷲ 135.04 million).
- UCC's bankers have issued guarantees, on behalf of UCC, in favour of various suppliers against purchase and services obtained in the normal course of business amounted to ﷲ 2.52 million (December 31, 2024: ﷲ 2.52 million).

30. SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operations are related to two operating geographical segments which are Saudi Cement Company operating in the Kingdom of Saudi Arabia and United Cement Company operating in Kingdom of Bahrain. Both segments are engaged in cement manufacturing and are sold to local and foreign customers. Accordingly, segment analysis, as presented to the Chief Executive Officer of the Group is as follows:

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
2025				
External revenue	1,614,699	56,503	-	1,671,202
Inter-segment revenue	31,836	-	(31,836)	-
Total revenue	1,646,535	56,503	(31,836)	1,671,202
Cost of revenue	(1,041,501)	(58,563)	31,836	(1,068,228)
Finance cost	(18,877)	(97)	-	(18,974)
Depreciation - property, plant and equipment	(204,634)	(2,555)	(973)	(208,162)
Depreciation - right of use assets	(7,315)	(41)	-	(7,356)
Amortization - intangible assets	(1,192)	-	-	(1,192)
Share of profit from an associate	2,162	-	-	2,162
Zakat expense	(21,600)	-	-	(21,600)
Profit / (loss) for the year before Zakat	385,283	(7,741)	7,741	385,283

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30. SEGMENT INFORMATION (CONTINUED)

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
<i>2024</i>				
External revenue	1,623,573	52,234	-	1,675,807
Inter-segmental revenue	27,823	-	(27,823)	-
Total revenue	1,651,396	52,234	(27,823)	1,675,807
Cost of revenue	(982,059)	(54,210)	27,823	(1,008,446)
Finance cost	(27,218)	(167)	-	(27,385)
Depreciation - property, plant and equipment	(203,874)	(5,824)	(973)	(210,671)
Depreciation - right of use assets	(6,754)	(101)	-	(6,855)
Amortization - intangible assets	(646)	-	-	(646)
Share of profit from an associate	4,293	-	-	4,293
Zakat expense	(18,000)	-	-	(18,000)
Profit / (loss) for the year before Zakat	439,874	(8,210)	8,210	439,874

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
<i>At December 31, 2025</i>				
Total assets	3,072,622	42,799	(33,291)	3,082,130
Total liabilities	852,767	25,988	(16,480)	862,275

At December 31, 2024

Total assets	3,126,904	44,414	(34,366)	3,136,952
Total liabilities	886,391	20,361	(10,313)	896,439

31. EMPLOYEES' SAVINGS PLAN

The Company has established an employees' saving plan for its employees, which has been approved by the Ministry of Labor on Jumada' I 11, 1414H (corresponding to October 27, 1993). The contributions from the Company and the participants are deposited in separate bank account as thrift saving account. This bank account with a total balance of ﷲ 29.87 million (December 31, 2024: ﷲ 27.89 million) do not form part of the Company's available cash resources and have been accounted for, together with the related liability against the contributions, in its own standalone accounting records, as required by the saving plan's by laws, and has not been integrated with the Company's accounting records.

32. FINANCIAL INSTRUMENTS BY CATEGORY

32.1 Financial assets

	December 31, 2025	December 31, 2024
Financial assets measured at amortised cost		
Trade receivables	391,713	412,127
Prepayments and other receivables	5,847	11,193
Cash and cash equivalents	43,980	120,969
Total financial assets at amortised cost	441,540	544,289
Total financial assets	441,540	544,289

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32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

32.2 Financial liabilities

	December 31, 2025	December 31, 2024
Financial liabilities measured at amortised cost		
Trade payables	71,465	52,374
Accrued and other liabilities	162,274	150,370
Lease liabilities	39,997	43,878
Short term loans	190,000	255,000
Dividend payable	222,763	227,447
Total financial liabilities measured at amortised cost	686,499	729,069
Total financial liabilities	686,499	729,069

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans, trade payables, accrual and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, and cash and bank balances that derive directly from its operations. The Group's management reviews and agrees policies for managing each of these risks which are summarized below.

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 includes commission rate risk and currency risk.

Commission rate risk

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group's exposure to the risk of changes in market commission rates relates primarily to the Group's financing with floating commission rates. The Group manages its exposure to this risk by continuously monitoring movements in commission rates. The sensitivity of the income to possible changes in commission rate by 100 basis points, with all other variables held constant, is not considered material by the management.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group deals mainly in US Dollar and Saudi Riyals (ﷻ). As the ﷻ is pegged to the US Dollar, balances in ﷻ are not considered to represent significant currency risk.

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. The Group is exposed to credit risk on its bank balances, deposits and receivables as follows:

	December 31, 2025	December 31, 2024
Trade receivables	391,713	412,127
Cash and cash equivalents (exclusive of cash in hand)	43,770	120,762
Prepayments and other receivables	5,847	11,193
	441,330	544,082

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and obtaining bank guarantees from certain customers. Funds are placed with banks having good credit ratings and therefore are not subject to significant credit risk. Financial position of related parties is stable.

As at December 31, aging of trade receivables is as follows:

	<u>2025</u>	<u>2024</u>
Not due yet	315,372	323,240
1 to 30 days	43,721	55,790
31 to 90 days	21,710	20,250
91 to 180 days	8,986	2,157
Above 180 days	1,924	10,690
	<u>391,713</u>	<u>412,127</u>

Trade 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 and are stated at their estimated realizable values. Trade receivables amounting to ﷲ 350.5 million (December 31, 2024: ﷲ 357.9 million) are secured against bank guarantees. The impact of expected credit losses on trade receivables as of December 31, 2025 and December 31, 2024 was insignificant and accordingly no provision has been recorded.

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short term maturities of the exposure. The Group considers that its cash and cash equivalents have low credit risk as wherever required the Group secure support from its partners to satisfy short term funding requirements. Funds are placed with banks having good credit ratings and therefore are not subject to significant credit risk.

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. Trade receivables outstanding balance comprises of 97% in KSA, 3% in GCC (other than KSA). The five largest customers account for approximately 90% of outstanding trade receivables at December 31, 2025. Out of total trade receivables balance, 85% are secured by bank guarantees and 11% are receivable from government entities and therefore considered as secured. There is no history of losses.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring bank facilities are available when required. The Company's terms of sales require amounts to be paid within 60 to 90 days of the date of sale. Trade payables are normally settled within 60 to 120 days of the date of purchase.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The table below summarizes the maturities of the Group's financial liabilities at December 31, based on contractual (undiscounted) payment dates and current market interest rates:

December 31, 2025	Within 1			Total
	year	1 - 5 years	Thereafter	
Lease liabilities	9,993	30,556	5,221	45,770
Short term loans	190,000	-	-	190,000
Trade payables	71,465	-	-	71,465
Dividend payable	222,763	-	-	222,763
Accrued and other liabilities	162,274	-	-	162,274
	656,495	30,556	5,221	692,272

December 31, 2024	Within 1			Total
	year	1 - 5 years	Thereafter	
Lease liabilities	8,637	28,886	13,905	51,428
Short term loans	255,000	-	-	255,000
Trade payables	52,374	-	-	52,374
Dividend payable	227,447	-	-	227,447
Accrued and other liabilities	150,370	-	-	150,370
	693,828	28,886	13,905	736,619

Reconciliation of movements of liabilities to cash flows arising from financing activities

At January 01, 2025	Note	Short term	Lease	Total
		loans	liabilities	
		255,000	43,878	298,878
<i>Changes from financing cash flows</i>				
Proceeds from short term loans		385,000	-	385,000
Repayment of short term loans		(450,000)	-	(450,000)
Repayment of lease liabilities	7	-	(9,003)	(9,003)
Total changes from financing cash flows		(65,000)	(9,003)	(74,003)
<i>Other changes</i>				
Addition to lease liabilities	7	-	6,288	6,288
Lease adjustments		-	(3,202)	(3,202)
Interest cost	25	16,473	2,036	18,509
Interest paid		(16,473)	-	(16,473)
Total liability related changes		-	5,122	5,122
At December 31, 2025		190,000	39,997	229,997

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Note	Short term loans	Lease liabilities	Total
At January 01, 2024		400,000	45,593	445,593
<i>Changes from financing cash flows</i>				
Proceeds from short term loans		425,000	-	425,000
Repayment of short term loans		(570,000)	-	(570,000)
Repayment of lease liabilities	7	-	(8,959)	(8,959)
Total changes from financing cash flows		(145,000)	(8,959)	(153,959)
<i>Other changes</i>				
Addition to lease liabilities	7	-	5,071	5,071
Interest cost	25	24,904	2,173	27,077
Interest paid		(24,904)	-	(24,904)
Total liability related changes		-	7,244	7,244
At December 31, 2024		255,000	43,878	298,878

Capital management

For purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue shares. The Group's adjusted net liabilities to equity ratio was as follows:

	December 31, 2025	December 31, 2024
Total liabilities	862,275	896,439
Less: cash and cash equivalents	(43,980)	(120,969)
Net liabilities	818,295	775,470
Total shareholders' equity	2,219,855	2,240,513
Net liabilities to equity ratio	0.37	0.35

34. FAIR VALUES OF FINANCIAL INSTRUMENTS

As of December 31, 2025 and December, 31 2024, all of the Group's financial instruments have been carried at amortized cost and the Group does not hold any financial instruments measured at fair value. The carrying value of the other financial assets and liabilities in the consolidated statement of financial position approximates to their fair values due to their short-term maturity or bearing no interest.

35. EVENTS AFTER THE REPORTING DATE

Except as disclosed elsewhere in these consolidated financial statements, there have been no significant subsequent events since the year ended December 31, 2025 till the date of authorization of these consolidated financial statements by the Board of Directors that require either an adjustment or disclosure in these consolidated financial statements.

36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized to issue by the Board of Directors of the Company on 09 March, 2026 G.

**LIMITED ASSURANCE REPORT ON THE BOARD OF DIRECTOR'S DECLARATION ON
THE REQUIREMENTS OF ARTICLE 71 OF THE COMPANIES LAW**

To the shareholders of
Saudi Cement Company
(A Saudi Joint Stock Company)

We have been engaged with Saudi Cement Company ("the Company") to carry out limited assurance procedures on the Declaration of related party transactions for the year ended December 31, 2025 submitted to us by the Board of Directors of the Company in accordance with the applicable criteria mentioned below so as to comply with the requirements of Article 71 of the Regulations for Companies (the "Declaration").

Subject matter

The Subject Matter for our limited assurance engagement is the Declaration prepared by the Board as attached to this report and submitted to us.

Applicable criteria

The Applicable Criteria (the Criteria) is the requirement of Article 71 of the Regulations for Companies issued by the Ministry of Commerce which requires that, subject to the provision of Article 27 of the same Regulations, any member of the Board with any interest, both directly or indirectly, in the transactions or contracts made for the account of the Company shall declare such interests to the Board for the approval of the General Assembly of the Company. The Board will notify the General Assembly of transactions and contracts in which a member of the Board has a direct or indirect interest.

Responsibility of the Company's management

The management of the Company is responsible for the preparation of the Declaration in accordance with the Criteria and ensuring its completeness. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Declaration that is free from material misstatement, whether due to fraud or error.

Professional Ethics and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 (ISQM 1), "Quality Management for Firms that Perform Audits or reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Limited assurance report to the Shareholders of Saudi Cement Company (A Saudi Joint Stock Company)
(Continued)*

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Declaration based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information', as endorsed in the Kingdom of Saudi Arabia. This standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration for the year ended December 31, 2025.

Our procedures were designed to obtain a limited level of assurance to form a conclusion and as such does not provide all the evidence that would be required to give a reasonable level of assurance.

Summary of the procedures performed

Our procedures performed are summarized as follows:

- 1) Obtained the Board of Director's Declaration of the transactions with the related parties dated February 15, 2026, from the management.
- 2) Compared the transactions with related parties shown in the Declaration with the general ledger of the Company for the year ended December 31, 2025.
- 3) On sample basis, checked the transactions with the related parties with the supporting documents.
- 4) Obtained confirmations of related parties balances as of December 31, 2025.
- 5) Assessed whether the transactions with related parties are adequately disclosed in the consolidated financial statements of the Company for the year ended December 31, 2025.

Inherent limitations

Our procedures regarding systems and controls relating to the preparation of the Declaration in accordance with the requirements of Article 71 of the Regulations for Companies, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) as endorsed in the Kingdom of Saudi Arabia. Consequently, the nature, timing and extent of the procedures outlined above for gathering sufficient appropriate evidence were deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our procedures did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements as endorsed in the Kingdom of Saudi Arabia and accordingly we do not express an audit or a review opinion in relation to the adequacy of systems and controls.

This conclusion relates only to the Declaration for the year ended December 31, 2025 and should not be seen as providing assurance as to any future dates or periods, as changes to systems or controls may alter the validity of our conclusion.

Limited assurance report to the Shareholders of Saudi Cement Company (A Saudi Joint Stock Company)
(Continued)

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration of related party transactions for the year ended December 31, 2025.

Restriction of use of our report

This report, including our conclusion, has been prepared solely upon the request of the management of the Company, to assist the Company and its Board of Directors in fulfilling their reporting obligations to the General Assembly in accordance with Article 71 of the Regulations for Companies. This report should not be used for any other purpose or be distributed to any other parties other than the Ministry of Commerce, Capital Market Authority and the shareholders of the Company.

For Dr. Mohamed Al-Amri & Co.



Maher T. Al-Khatieb
Certified Public Accountant
Registration No. 514



Dammam, on: 23 Ramadhan, 1447 (H)
Corresponding: 12 March, 2026 (G)



Ref.: 04-2602

Date: 27 Shaaban 1447 (15 February 2026)

M/S.: Honorable Shareholders of Saudi Cement Company
General Assembly of Saudi Cement Company

Greetings,

With reference to clause (1) of Article (27) of the Companies Law which stipulates that "A company's manager or board member may not have any direct or indirect interest in the transactions conducted and contracts concluded for the company's account without the authorization of the partners, general assembly, or shareholders or their designees." and in reference to clause (1) of Article (71) of the Companies Law, which stipulates that "... The board shall notify the general assembly, when it convenes, of the transactions and contracts in which such board member has direct or indirect interest..." and with reference to Clause (15) of Article (19) of the company Governance Regulations, which stipulates the following: "Notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest...". Accordingly, we would like to inform you hereby that there is an indirect interest of the Board Member Mr. Mohammed Ali AlGarni in a contract concluded with the Company in 2025 (Party with indirect interest) as per the table below:

Member Name	Company-related Entity	Type Of Relationship In The Entity	Type Of Relationship Between The Company And Entity	Contract Term	Transaction Value In 2025	Remarks
Mohammed Ali AlGarni	Cement Product Industry Ltd. Company (CPI)	Board member	Purchase of empty cement bags	One Year	28,854,608 SAR	There are no privileged conditions for this type of contract.

The Board of Directors decided to present to the General Assembly a request for approval of the contract described above.

Allah is the Arbiter of Success.

Khalid Abdulrahman Al Abdulkarim

Ahmed Abdulrahman H. Alsaadi

Aref Abdulla Alashban

Amin Mousa Alafifi

Hamad Abdulla Olayan

Abdulrahman Sulaiman Al-Rajhi

Sami Fahad A. Alsalem

Abdulaziz Hatem Aljuffali

Mohammed Abdulkarim Alkhereiji
Vice Chairman

Khalid Abdulrahman Al Rajhi
Chairman



Ref.: 03-2602

Date: 27 Shaaban 1447 (15 February 2026)

M/S.: Honorable Shareholders of Saudi Cement Company
General Assembly of Saudi Cement Company

Greetings,

With reference to clause (1) of Article (27) of the Companies Law which stipulates that "A company's manager or board member may not have any direct or indirect interest in the transactions conducted and contracts concluded for the company's account without the authorization of the partners, general assembly, or shareholders or their designees." and in reference to clause (1) of Article (71) of the Companies Law, which stipulates that "... The board shall notify the general assembly, when it convenes, of the transactions and contracts in which such board member has direct or indirect interest..." and with reference to Clause (15) of Article (19) of the company Governance Regulations, which stipulates the following: "Notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest....". Accordingly, we would like to inform you hereby that there is an indirect interest of the Board Member Mr. Amin Mousa AlAfifi in a contract concluded with the Company in 2025 (Party with indirect interest) as per the table below:

Member Name	Company-related Entity	Type Of Relationship In The Entity	Type Of Relationship Between The Company And Entity	Contract Term	Transaction Value In 2025	Remarks
Amin Mousa Alafifi	Wataniya Insurance Company	board member	insurance coverage for the company property	One Year	6,020,204 SAR	There are no privileged conditions for this type of contract.

The Board of Directors decided to present to the General Assembly a request for approval of the contract described above.

Allah is the Arbiter of Success.

Khalid Abdulrahman Al Abdulkarim

Ahmed Abdulrahman H. Alsaadi

Aref Abdulla Alashban

Hamad Abdulla Olayan

Abdulrahman Sulaiman Al-Rajhi

Mohammed Ali AlGarni

Sami Fahad A. Alsalem

Abdulaziz Hatem Aljuffali

Mohammed Abdulkarim Alkhereiji
Vice Chairman

Khalid Abdulrahman Al Rajhi
Chairman



Audit Committee Report

On the Performance of Its Duties and Responsibilities for the Financial Year Ended 31 December 2025

Date: 11 Rajab 1447H (corresponding to 31 December 2025)

First: Introduction:

Based on the Corporate Governance Regulations issued by the Capital Market Authority, and in accordance with the duties and responsibilities of the Audit Committee as stipulated in its approved charter, the Audit Committee hereby presents its report on the performance of its duties and responsibilities for the financial year ended 31 December 2025.

This report is issued as part of the Committee's role in assisting the Board of Directors in overseeing the integrity of the Company's financial reports and financial statements, assessing the adequacy and effectiveness of internal and financial control systems, supervising internal audit activities, and monitoring the independence and professional competence of the External Auditor, in a manner that safeguards shareholders' interests.

Second: Audit Committee Formation and Meetings:

The Audit Committee is composed of three (3) non-executive members who possess the required qualifications and expertise, in compliance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority.

During the year 2025, the Committee held five (5) duly convened meetings with the required quorum, during which matters falling within the scope of its statutory duties and responsibilities were discussed.

Third: Oversight of Financial Reports and Statements:

The Audit Committee reviewed and discussed the interim financial statements for the first, second, and third quarters of 2025, as well as the annual financial statements for the financial year ended 31 December 2024, in the presence of the External Auditor and the Internal Audit Department.

These discussions included a review of the accounting policies applied, significant accounting estimates, and compliance with approved accounting standards. Accordingly, the Committee recommended that the Board of Directors approve the financial statements after confirming that they were fairly prepared, sound, and compliant with the applicable accounting standards.

Fourth: Oversight of the Internal Audit Function:

The Audit Committee supervised the activities of the Internal Audit Department, approved the annual risk-based audit plan, followed up on its implementation, reviewed periodic audit reports, and monitored the implementation of recommendations and corrective actions in coordination with the Internal Audit Department and the relevant executive departments.

The Committee is of the view that the Internal Audit Department performed its duties independently and professionally, in accordance with the applicable professional standards.

Fifth: Internal Control System:

Based on the results of internal audit work and the Committee's discussions with the External Auditor, the Audit Committee reviewed and evaluated the adequacy and effectiveness of the Company's internal and financial control systems.

شركة الإسمنت السعودية

(شركة مساهمة سعودية)

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وحدة رقم 1-الدهام 32415 - 7102

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ب. saudicement@saudicement.com.sa

س.ت. 2050000602

الرقم الضريبي 300461088900003 VAT Number

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(A Saudi Joint Stock Company)

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The Committee did not identify any material weaknesses in the internal control system that would have a material impact on the integrity of the financial reporting for the financial year 2025. Sixth: External Auditor

The Audit Committee reviewed the proposals submitted by external audit firms, assessed their independence, objectivity, and professional competence, and recommended to the Board of Directors the nomination of the External Auditor to be presented to the General Assembly of Shareholders in accordance with regulatory requirements.

The Committee also discussed the observations and reports submitted by the External Auditor in relation to the financial statements and internal control systems and took the necessary actions in coordination with the Internal Audit Department.

Seventh: Audit Committee Opinion:

Based on the scope of its work, the regularity of its meetings, its discussions with the Internal Audit Department and the External Auditor, and the results of audit activities conducted during the financial year 2025, the Audit Committee believes that it has performed its duties and responsibilities in a professional and effective manner, and concludes that:

- The financial statements have been prepared fairly and transparently, in accordance with the approved accounting standards.
- The Company's internal and financial control systems are adequate and effective; and
- There are no material matters requiring disclosure in this report.

The Audit Committee would like to express its appreciation and gratitude to the Executive Management, the Internal Audit Department, and the External Auditor for their professional cooperation, which contributed to enabling the Committee to perform its duties during the financial year 2025.

Respectfully submitted,

Signatures of the Audit Committee Members:

Mr. Hamad Abdullah Al-Olayan
Chairman of the Audit Committee

Dr. Aref Abdullah Ibrahim Al-Ashban
Member of the Audit Committee

Mr. Mansour Mohammed Balghunaim
Member of the Audit Committee

Ali A.A.

الإسمنت السعودية
SAUDI CEMENT



Regulations on Competitive Activity Standards

Preamble:

These Regulations have been laid down in application of provisions of Article (27) of the Companies Law and Article (44) of the Corporate Governance Regulations, to define competition standards to the Company's activities and regulating procedures for rules of involvement of Company's board members and Board Committees Members in competitive activity, according to objectives of the Company as mentioned in Article (3) of the Company's Bylaws, and objectives of the Company's affiliates, noting that cases of competitive activity of the Board Members will be dealt with in view of the provisions of these standards.

First: Definitions:

The following terms and phrases, wherever mentioned in these Regulations, shall have the meanings assigned to each, unless the context otherwise requires:

Company (SCC): Saudi Cement Company.

Board: the board of directors of Saudi Cement Company entrusted with management of the Company to achieve interests of shareholders.

Board Member: the Board Member appointed under nomination by the General Assembly or appointed by the Board of Directors as a replacement member in the vacant office.

Entity/ Enterprise: the establishment or company in whatever legal form, or any other corporate body having financial liability.

Competitor: the entity which engages in manufacturing, producing, marketing or distributing all types and derivatives of cement or clinker, blocks, concrete and other industries associated with use of cement and clinker, activities of affiliates or any entity which engages in an activity that is directly or indirectly linked to the activities above mentioned.

Competitive Activity: any activity practiced by the competitor.

Committee Member: the member of a board committee.

Committee/ Board Committee: the committees formed by the Board of Directors, whose membership includes members from the Board or from outside of the Board, except for the Company's employees.

Second: Scope of Application

Provisions of these Regulations shall apply to Board Members of the Company and Members of Board Committees.

Third: Competitive Activity Standards:

Competitive Activity Standards of the Company and its affiliates that are banned to the Board Members or any of Board Committees Members are as follows:

1. The establishment of a company or sole proprietorship or possession of 5% or more of shares or stocks of a competitor.

2. The acceptance of being a board member of a competitor or holding an executive position of a competitor, with the exception of assuming membership or management roles of affiliates.
3. Having a commercial agency or the like, whether apparent or hidden, of a competitor.
4. The acceptance to be a committee member of a competitor.
5. The delivery of technical, administrative or consulting works to any competitor.
6. The use of his knowledge and information in favor of a competitor.
7. The benefit, whether directly or indirectly, from the investment opportunities presented to him or which he becomes aware of in his capacity as a Board Member or a Committee Member of the Company. This includes investment opportunities which are within the activities of the Company or its affiliates or those not falling within the Activities of the Company or its affiliates and which the Company wishes to make use of. Such ban shall extend to board member or Committee Member who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his knowledge during his membership in the Board or Committee.
8. Geographical boundaries of KSA and boundaries of countries of the Company's affiliates shall be the scope of application of these Regulations regarding the competitive activity practiced by the Board Member or the Committee Member.

Fourth: Controls for Competing the Company:

1. The Board Member or the Committee member who competes with or wishes to compete with the Company or its affiliates shall obtain an authorization from the ordinary general assembly.
2. If the Board Member or the Committee member wishes to engage in an activity that is competitive to the Company or its affiliates, the following must be observed:
 - A. The board shall be informed of the competitive activity to be practiced by the Board Member, and this notification shall be evidenced in the board minutes of meeting.
 - B. The board shall vote on the decision of competition by the Board Member or the Committee member of the activity of the Company or its affiliates, provided that the interested board member shall have no vote on the decision to be issued by the board and shareholders assemblies.
 - C. If the board decides that activities to be practiced by the Board Member or the Committee member are competitive to those of the Company or its affiliates, the board shall refer the matter to the ordinary general assembly, and these activities shall be checked on an annual basis.
 - D. The board shall inform the ordinary general assembly, at its first meeting, of the competitive activities practiced by the Board Member or the Committee Member to vote thereon.

Fifth: Duties of Board Members and Committees Members Competing with Activities of the Company or its Affiliates:

The Board Member or the Member of any of Board Committees who obtains an authorization from the ordinary general assembly to compete with the activities of the Company or its affiliates shall observe the following:

1. Practicing his duties honestly and fairly, and placing interests of the Company as a priority.
2. Maintaining Company's information and activities in strict confidence, and not to disclose them to any person.

Sixth: Refusal to Grant Authorization

If the ordinary general assembly refuses to grant the required authorization according to clause (2) of Article (27) of the Companies law and Article (44) of the Corporate Governance Regulations, the Board Member or the Committee Member shall tender his resignation within the period recommended by the board to the ordinary general assembly, or get his position regularized by withdrawal from the competitive activity during the same period, otherwise his membership in the board or the committee shall be deemed as terminated upon expiry of the granted period.

Seventh: Approval and Publication

1. The provisions of these Regulations shall be adhered to as of the date when they are approved by the ordinary general assembly and they shall be published on the Company's website.
2. The Board of Directors may propose amendment to these Regulations, provided that any such amendment is presented to the ordinary general assembly at its first meeting for approval.