



ANNUAL REPORT 2025

**Five Decades
of National Leadership
With a Global Vision**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud**
May Allah protect him



**His Royal Highness
Prince Mohammed bin Salman bin
Abdulaziz Al Saud**
May Allah protect him

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الخزف السعودي
Saudi Ceramics



Overview

- Board of Directors
- Chairman's Message
- Chief Executive Officer's Message
- About Saudi Ceramics Company
- Our Mission and Operating Principles
- Our Products and Business Segments
- Strategy Overview
- Corporate Values and Strategic Principles

FACES BEHIND OUR SUCCESS



BOARD MEMBERS



**MR. YOUSEF BIN
SALEH ABA AL-KHAIL**

Chairman of the Board



**MR. ABDULAZIZ
ABDULKARIM AL-KHURAIJI**

Vice Chairman of the
Board of Directors



**ENG. AHMAD SAEED
ALGHAMDI**

Board Member



**MR. SALAH ABDULRAHMAN
ALHUZAMI**

Board Member



**MR. ABDULLAH JAMAAN
ALZHRANI**

Board Member



**ENG. MAJED
ABDULLAH AL ISSA**

Board Member



**DR. MOHAMMED HAMAD
ALKATHIRI**

Board Member



**DR. MUATH KHALID
ALZAMIL**

Board Member

Chairman's Message

Dear Shareholders,

May the peace, blessings, and mercy of God be upon you,

It is my pleasure to present the Annual Report of Saudi Ceramics Company for the fiscal year ended 31 December 2025.

The Saudi economy continued its positive growth trajectory during 2025, supported by structural reforms and the ongoing implementation of Vision 2030 initiatives. These developments strengthened the non-oil economy and sustained demand in the real estate and building materials sectors. This environment provided a solid foundation for Saudi Ceramics to enhance its operational and financial performance.

The year marked a significant milestone for the Company. The new porcelain factory reached efficient operational capacity, contributing meaningfully to production volumes and margin improvement. Retail expansion continued, with five new showrooms opened, bringing the total network to 66 locations.

Operational efficiency initiatives, production line modernization, and disciplined cost management strengthened profitability. The Company also expanded its export footprint and entered new international markets, reinforcing revenue diversification.

Saudi Ceramics remains committed to integrating environmental, social, and governance (ESG) principles into its strategy. We continue to focus on energy efficiency, water conservation, waste reduction, Saudization, employee development, and strong governance oversight.

On behalf of the Board, I extend my sincere appreciation to our leadership, shareholders, employees, and partners for their continued trust and dedication.



**Yousef Bin Saleh
Aba Al-Khail**
Chairman of the Board

Chief Executive Officer's Message – 2025

By the grace of Allah, Saudi Ceramics Company concluded 2025 having achieved an exceptional transformation in its financial and operational performance, marking a pivotal year in its journey. The executive management's efforts to enhance operational efficiency, strengthen financial discipline, and optimize resource management delivered strong results that were clearly reflected in our key performance indicators.

During the year, revenues increased by 10.5% to reach SAR 1.49 billion, supported by improved demand for tiles, porcelain, and water heaters, as well as the development of sales channel performance. Gross profit also rose to SAR 429 million with a 29% margin and 69% growth compared to the previous year. The Company recorded a net profit attributable to shareholders of SAR 180 million, compared to losses of SAR 71 million in the previous year. This was positively reflected in shareholder returns, as earnings per share increased to SAR 1.8, compared to a loss of SAR (0.72) per share. An interim dividend was distributed for the first half of the fiscal year 2025, with a total value of SAR 49.84 million, equivalent to SAR 0.50 per share. The Board of Directors also recommended to the General Assembly the distribution of cash dividends for the second half of the same year, with an equivalent total amount of SAR 49.84 million (SAR 0.50 per share).

Accordingly, the total net cash dividends distributed for the fiscal year ending 31 December 2025 amount to SAR 99.68 million, equivalent to SAR 1 per share, representing 10% of the nominal value of the share. This distribution confirms the strength of the financial performance and the robustness of cash flows.

Among the most notable developments of the year was the final settlement of an insurance claim amounting to SAR 120 million related to the sanitary ware factory fire, which enhanced our financial results and strengthened our financial position.

Operationally, management focused on increasing production efficiency, optimizing capacity utilization, and improving the sales mix, while continuing to modernize production lines and gradually leverage the new porcelain factory. We also achieved tangible progress in working capital management by reducing slow-moving inventory, improving inventory turnover rates, and strengthening liquidity levels. This progress contributed positively to our financial performance through reduced reliance on external financing, lower financing costs, and an improved equity-to-debt ratio.

As part of our expansion and efforts to strengthen market presence, we further developed the retail showroom network, enhanced distribution efficiency, expanded export and e-commerce channels, and participated in distinguished local and international exhibitions to support international expansion and revenue diversification. The Company also continued up-

grading its digital systems, improving the efficiency of supporting operations, investing in national talent, and increasing Saudization levels reflecting our belief that sustainable performance begins with qualified human capital.

The Company adopts an integrated operational approach to sustainability that includes improving energy and water efficiency, reducing waste, and developing environmentally friendly products, while adhering to the highest standards of safety, governance, transparency, and risk management. This enhances competitiveness and delivers sustainable value to shareholders in alignment with the objectives of Saudi Vision 2030.

We look to the future with confidence, supported by a strategy focused on strengthening leadership and increasing market share through innovative products featuring modern designs, high quality, and competitive pricing. At the same time, we remain committed to protecting profit margins through disciplined cost management and enhanced operational efficiency, thereby supporting revenue growth and maximizing returns over the medium and long term.

In closing, I extend my sincere appreciation to the Chairman and members of the Board of Directors for their guidance and support, to our shareholders for their trust, and to all our employees for their dedication and commitment. We ask Allah for continued success in achieving sustainable growth and creating added value in the years ahead.

May Allah grant us continued guidance and success in achieving further accomplishments and milestones.



**Azzam bin Saud
Al-Mudayheim**
Chief Executive Officer

About Saudi Ceramics Company

Establishment and Early Years (1977 – 1985)

Saudi Ceramics Company was established pursuant to Royal Decree No. M/14 dated 6 February 1977, becoming the first Saudi company specialized in the manufacturing of sanitary ware and ceramic tiles. The Company commenced operations with the establishment of its first sanitary ware factory in Riyadh in 1979, followed by the launch of its first ceramic tile factory in 1984. This laid the foundation for a pioneering national industry that met local market demand and reduced reliance on imports.

Expansion and Growth (1986 – 2016)

Over the course of three decades, the Company continued to expand through the establishment of new factories and production lines. In 1993, it entered the electric water heater segment, and in 2006, it acquired Saudi Pipes Company, further strengthening its industrial footprint.

This expansion coincided with the development of a retail showroom network across various regions of the Kingdom, reinforcing the Company's market presence and proximity to customers. Despite its successes, the Company faced challenges arising from market competition and economic fluctuations, which led to the implementation of restructuring initiatives and cost-optimization measures beginning in 2016.

Strategic Transformation (2017 – 2022)

With the launch of Saudi Vision 2030, the Company entered a new phase of development focused on enhancing operational efficiency and improving product quality. During this period, the new porcelain factory commenced operations, representing a significant advancement in product offerings through modern technologies and contemporary designs aligned with evolving market requirements.

An Exceptional Challenge and a Major Breakthrough (2023 – 2025)

On 15 July 2023, the second sanitary ware factory was impacted by a major fire, resulting in estimated losses of SAR 164.7 million. Despite this significant challenge, the Company continued its operational improvement efforts and, in May 2025, successfully reached a final insurance settlement of SAR 120 million, which was fully received in September 2025.

This compensation, combined with improved operational performance, enabled the Company to achieve a significant turnaround in its financial results, recording a net profit of SAR 180 million in 2025.

Today: A Continuing Journey of Leadership

After more than 45 years of contribution to the national industrial sector, Saudi Ceramics continues its journey as one of the Kingdom's leading industrial companies. The Company operates substantial production capacities encompassing thousands of tons of sanitary ware and millions of square meters of ceramic and porcelain tiles annually, supported by a retail network of 66 showrooms.

Looking ahead, the Company's vision is centered on delivering products featuring contemporary designs and superior quality, while adhering to sustainability principles and contributing to the objectives of Saudi Vision 2030.

About Saudi Ceramics Company

○ Corporate Identity

Saudi Ceramics Company's identity is rooted in a strong industrial foundation that combines a rich local heritage with a forward looking commitment to technology and innovation. The Company operates under a comprehensive institutional governance framework that ensures transparency, regulatory compliance, and effective risk management, thereby reinforcing investor confidence and strengthening financial and operational discipline.

The Company operates through an advanced manufacturing system built on high-efficiency production lines and quality standards aligned with Saudi and international specifications. This has enabled Saudi Ceramics to diversify its product portfolio and expand its presence within the Saudi market and regional markets.

In parallel, the Company places strong emphasis on investing in human capital, enhancing productivity, and expanding its technological capabilities to support sustainable growth and reinforce its long-term financial strength.



Our Mission and Operating Principles

Saudi Ceramics Company's mission is to deliver high-quality products that support the needs of the construction and building sector while contributing to the growth of the national economy. This is achieved through the development of sustainable industrial solutions founded on efficiency, innovation, and diversified production capabilities.

The Company is committed to generating added economic value for its shareholders by enhancing financial performance, improving cost management, and strengthening profitability levels, while maintaining stable and resilient growth rates in response to evolving market dynamics.

Saudi Ceramics conducts its operations in accordance with principles rooted in transparency of disclosure, clarity of regulatory policies, and adherence to established governance frameworks. The Company operates in line with international industry best practices and continues to invest in business growth and capitalize on future opportunities to strengthen its market position. This approach ensures sustainable returns and enhances long-term shareholder value.

Our Vision

The Company aspires to contribute to the objectives of Saudi Vision 2030, which aims to transform the Kingdom into a leading industrial powerhouse.

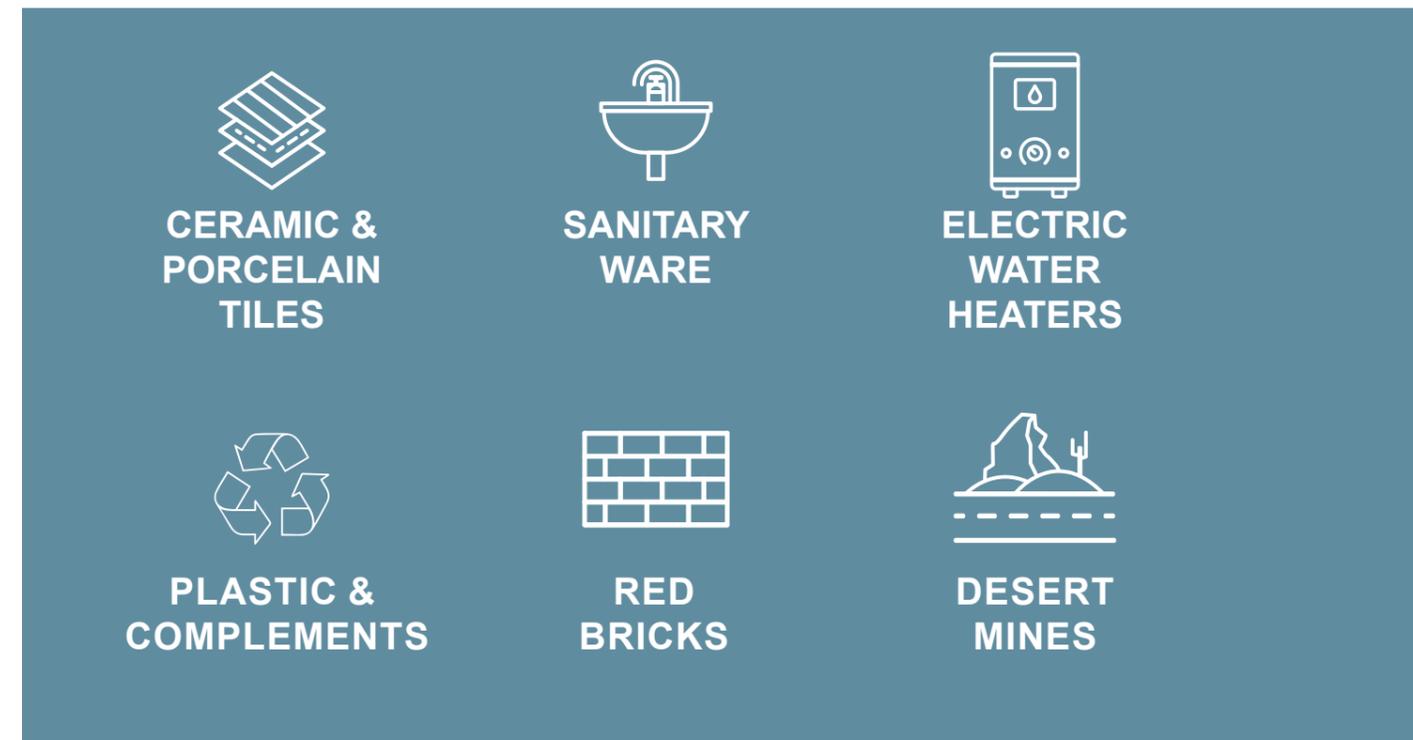


Sales Channels

Saudi Ceramics operates a broad and diversified sales network, including retail showrooms across the Kingdom, project sales, wholesale distribution, exports to numerous international markets, and a growing e-commerce platform.

Our Products

The Company manufactures a comprehensive range of products that serve wholesale and project sectors, as well as individual customers throughout the Kingdom and international markets. These products include:



Our Products and Business Segments

Ceramics

The Company offers a wide range of ceramic tiles designed for floors and walls in various sizes, colors, and patterns, with a strong emphasis on surface quality and durability for daily use. This segment serves residential, commercial, and governmental projects, with continuous design updates aligned with global market trends.

Porcelain

Porcelain products are characterized by high functional value and exceptional durability, making them a preferred choice for projects with demanding engineering specifications. The Company provides a diverse portfolio of indoor and outdoor porcelain products resistant to environmental factors, available in multiple finishes suitable for residential, hospitality, and large scale commercial applications.

Sanitary Ware

This segment includes complete bathroom suites, toilets, washbasins, accessories, and installation components. The products feature contemporary designs and high manufacturing standards that ensure long-term performance. Saudi Ceramics provides integrated bathroom solutions that meet the needs of both end users and project developers through a variety of shapes and sizes.

Water Heaters

The Company manufactures electric water heaters in multiple capacities for residential and commercial use. These products are distinguished by corrosion-resistant materials, high energy efficiency, and strict adherence to safety standards. Water heaters represent a core component of the Company's sales portfolio due to strong demand across Saudi, GCC, and international markets.

Plastic Products

This segment includes pipes, fittings, and water and sewage line components used in infrastructure projects. These products offer high flexibility and resistance to corrosion and pressure, making them widely adopted by contractors and execution companies in government and private sector projects.

Red Bricks

Red bricks are utilized in primary construction works and are characterized by high load-bearing capacity and resistance to heat and environmental conditions. This product supports the core construction sector and urban development projects, expanding the Company's structural product portfolio.

Mining and Extraction Materials

This segment includes raw materials used in the production of ceramic and porcelain products, such as clay, feldspar, and other associated minerals. It represents a strategic element within the Company's operational value chain by ensuring stable sourcing at controlled costs and consistent quality, supporting vertical integration and supply chain security.

Strategy Overview

Saudi Ceramics Company adopts a growth strategy built upon enhancing operational efficiency, expanding production capacity, and diversifying its product portfolio and sales channels to ensure the creation of sustainable long-term shareholder value. The strategy is centered on strengthening industrial capabilities through continuous investment in advanced technologies, improving production line efficiency, and expanding distribution and sales networks both locally and regionally.

The Company also seeks to align with evolving trends in the construction and urban development sectors by meeting the needs of major national projects, focusing on high-value-added products, and optimizing production costs to maintain strong competitiveness in domestic and export markets. In doing so, Saudi Ceramics contributes meaningfully to the objectives of Saudi Vision 2030.



Corporate Strategy

The Company aims to build a highly efficient operating platform that supports future expansion and balanced growth between domestic and international markets. The strategy emphasizes achieving equilibrium between productivity enhancement, product development, and commercial expansion, while implementing governance and risk management standards that reinforce financial stability and enhance long-term shareholder value.

Saudi Ceramics firmly believes that industrial sustainability, revenue diversification, and optimization of the value chain from raw materials to final marketing are essential drivers of competitive strength and sustained economic impact.

Core Strategic Pillars of Saudi Ceramics



Strengthening industrial integration between manufacturing facilities and raw material sources



Supporting innovation and product development in alignment with market demand



Expanding export market presence and diversifying revenue streams



Enhancing financial efficiency and managing operating expenses



Investing in human capital and specialized expertise



Expanding sales and digital channels to improve customer reach

Corporate Values and Strategic Principles

Saudi Ceramics' corporate culture is founded on a set of core values and principles that guide its operations and define its relationships with customers, shareholders, and partners. These values include:

1 Quality and Reliability

The Company is committed to delivering products manufactured to the highest standards, ensuring consistent quality and long-term product reliability throughout their lifecycle.

2 Integrity and Transparency

Saudi Ceramics maintains full transparency in financial and operational disclosures and adheres to the highest standards of governance and risk management, reinforcing investor and stakeholder confidence.

3 Innovation and Development

The Company recognizes innovation as a key driver of progress and continuously invests in advanced technologies and research and development initiatives to enhance industrial capabilities.

4 Customer Focus

Customer and end-user needs are central to the Company's operations. Saudi Ceramics delivers diversified product offerings, technical support, and comprehensive after-sales services to ensure superior customer experience.

5 Operational Sustainability and Responsibility

The Company is committed to environmentally and industrially responsible operating practices that ensure safe operations and long-term business continuity.





Operational Performance

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- Ceramic & Porcelain Segment
- Sanitary Ware Segment
- Water Heater Segment
- Other Segments
- Quality
- Industrial Safety

Key Performance Indicators

Saudi Ceramics Company has established key performance indicators (KPIs) to monitor progress and support the achievement of its strategic objectives. These KPIs reflect the Company's vision and institutional culture, which are driven by a continuous pursuit of quality and a strong focus on meeting customer needs.

Vision

Saudi Ceramics Company aspires to be the regional leader and the globally preferred provider of integrated and sustainable building solutions, driven by innovation, quality, and efficiency, contributing to the construction of future landmarks and supporting the realization of Saudi Vision 2030.

Corporate Culture

The Company fosters a culture rooted in the pursuit of quality excellence and a strong commitment to addressing consumer needs.

Our Mission

We are committed to developing and manufacturing high quality, innovative ceramic, porcelain, and plumbing products that enhance quality of life and contribute to community development.

Through sustainable manufacturing practices, investment in national human capital, and advanced technology, we aim to empower the construction sector in the Kingdom and support economic and social development, while upholding our responsibility toward the environment and future generations.

Our Core Principles



Leadership and Innovation: A continuous commitment to developing advanced products and technologies that meet present and future needs.



Quality and Excellence: Adherence to the highest standards of quality across all stages of manufacturing, supply, and service.



Sustainability and Responsibility: Integrating environmentally and socially responsible practices into the core of our operational strategy.



Reliability and Partnership: Building long term relationships with customers, suppliers, and the community based on trust and transparency.



Development of National Talent: Empowering Saudi professionals and enhancing their capabilities to lead the future of the industrial sector.

Alignment with Vision 2030

Our vision positions Saudi Ceramics as a strategic partner in achieving the Kingdom's ambitions through:

A Thriving Economy: Supporting economic diversification by strengthening the non-oil industrial sector, localizing the value chain, contributing to major development projects such as The Red Sea Project, and enhancing national exports.

A Vibrant Society: Investing in the development and qualification of Saudi talent, creating high quality employment opportunities, and actively participating in social responsibility initiatives that serve the community.

An Ambitious Nation: Adopting advanced technologies and digital transformation to enhance production efficiency, while leading in the delivery of sustainable building solutions that conserve resources and protect the environment contributing to a better future for coming generations.

Our Future: At Saudi Ceramics Company, supported by a legacy spanning more than four decades, we look to the future with confidence. We remain committed to our role as an industrial leader not only in delivering high quality products to the market, but also in being an integral part of the Kingdom's development story.

From our position within the industrial sector, we will continue contributing to the construction of national landmarks and supporting the aspirations of the Kingdom's wise leadership and ambitious people.



Key Performance Indicators for 2025

Growth Drivers:

- Maintaining our leadership position in core product categories
- Increasing market share in segments where presence remains underpenetrated
- Expanding export volumes and geographic reach
- Accelerating growth momentum in the water heater and porcelain tile segments

Operations and Efficiency:

- Improving forecasting accuracy
- Reducing resource waste
- Developing new facilities and production capabilities
- Enhancing integrated planning processes
- Implementing efficiency enhancement projects
- Reducing stock out occurrences

Capabilities and Enablers:

- Continuing leadership development programs across all management levels
- Strengthening succession planning frameworks
- Upgrading systems to align with evolving regulatory and operational requirements

These indicators serve as measurable benchmarks to ensure disciplined execution of the Company's strategic objectives and sustained operational improvement.



Operational Performance

Key Operational Highlights:

14 Manufacturing Plants

Equipped with the latest technologies and modern production systems.

1.8 Million

Sanitary ware units produced annually.

68 Million Square Meters

Annual production capacity of ceramic and porcelain tiles.

2 Million

Water heaters annually, including central and solar water heating systems.

100 Million

Mixers and Plastic Products

The Company operates an advanced network of 18 manufacturing facilities distributed across the Kingdom, all functioning within a unified industrial framework built on innovation, automation, and precise technological control of production processes. These facilities represent the core industrial backbone of the Company's operations, providing substantial production capacity to meet domestic demand while supporting regional and international export markets.

Saudi Ceramics is recognized as one of the largest industrial companies in the Kingdom and a leading provider of world-class manufacturing solutions. The Company produces ceramic and porcelain tiles, sanitary ware, water heaters, red bricks, and mining materials, serving a wide range of construction and infrastructure applications.

With more than 48 years of industrial experience, Saudi Ceramics has established itself as a leader in both the local and regional markets. Its 18 factories are equipped with state-of-the-art production technologies, supported by automation and digitalization systems that enhance efficiency and precision. The Company plays a fundamental role in the construction and building sector in the Kingdom of Saudi Arabia and has obtained numerous local and international quality certifications.

Strict quality control standards are applied across all operations to ensure product consistency, improve operational returns, and continuously develop products in line with evolving demand in real estate development and infrastructure projects.

48
years of industrial expertise

A key contributor to the construction and building sector in the Kingdom of Saudi Arabia.

Industrial Sector Performance During 2025

The industrial sector recorded significant progress in 2025 in terms of production capacity, product quality, and technological infrastructure enhancement, strengthening the Company's ability to meet growing demand while maintaining its leadership position in the market.

The most notable achievement was the commissioning of the new porcelain factory, representing a major step forward in production capacity and enabling the Company to introduce advanced-specification products. In addition, production lines at Factories 2, 3, and 4 were upgraded through the integration of advanced cutting and squaring systems.

In alignment with market trends, the Company invested in the latest digital printing technologies and developed new molds with larger sizes and thicknesses to meet modern engineering requirements. Within the water heater segment, the old enamel coating line was replaced with a high-performance system, and preparations are underway to launch a new production line for large-capacity water heaters (150–300 liters), with an annual capacity of 60,000 units by 2026.

In the plastic segment, new machinery was intro-

duced, including a printing machine, a bag manufacturing machine, a recycling unit, and a 300-ton injection molding machine. The Company also launched three new bathtub models and is preparing to introduce 13 additional models to further expand its product offering.

In the sanitary ware segment, low-pressure casting machines were successfully installed and commissioned, while a high-pressure casting project is planned for 2026 to increase production capacity and support the manufacturing of more complex one-piece toilet models.

From a sustainability perspective, the industrial sector continued implementing advanced energy and water efficiency solutions. These included heat recovery systems that reduced costs by 15%, recycling 75% of operational water, reusing 100% of pre-firing waste, and recycling a substantial portion of post-firing waste significantly reducing waste generation and emissions.

Despite these achievements, the sector faced challenges related to raw material price volatility, rising energy costs, supply chain constraints, and evolving regulatory requirements. Detailed production and operational plans for 2026 continue to be developed in coordination with the Planning and Business Development Department.

Accordingly, 2025 represented a key milestone in strengthening industrial infrastructure and expanding operational capacity, positioning the Company for further advancement and accelerated growth in 2026.

Operational Performance

Business Segments

Saudi Ceramics operates through the following core business segments:



CERAMIC &
PORCELAIN



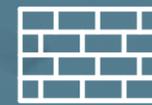
SANITARY
WARE



ELECTRIC
WATER
HEATERS



ACCESSORIES AND
COMPLEMENTARY
PRODUCTS



RED
BRICKS
& MINING



CERAMIC
PIPES

Ceramic and Porcelain Segment

Saudi Ceramics offers a comprehensive range of glazed ceramic tiles, including wall tiles, floor tiles, swimming pool tiles, and decorative tiles available in various sizes and designs. All products are manufactured in accordance with Saudi Standards (SASO) and international quality standards.

The Company has an annual production capacity of 68 million square meters of ceramic tiles and more than 5 million decorative tile pieces

Ceramic Factories

The ceramic factories represent some of the largest production lines in the Kingdom in terms of operational capacity and market reach. They operate using advanced manufacturing technologies that ensure consistent quality and high technical specifications. These facilities play a key role in meeting growing demand across residential and commercial sectors.

Porcelain Factory

The porcelain factory is distinguished by its significant production capacity and high precision manufacturing specifications that support modern construction and real estate projects. The factory utilizes advanced kilns and thermal processing technologies that provide superior strength and durability, with continuous expansion in designs and formats aligned with local, regional, and global market trends.

First Tile Factory

**Established in
1983**

Second Tile Factory

**Established in
1995**

Third Tile Factory

**Established in
2006**

Fourth Tile Factory

**Established in
2010**

First Frit Factory

**Established in
1985**

Second Frit Factory

**Established in
2013**

Porcelain Tile Factory

**Established in
2024**

Sanitary Ware Segment

Saudi Ceramics operates the largest sanitary ware factory in the Kingdom, producing a wide range of premium sanitary products in various colors and modern designs.

Annual production capacity reaches 3 million sanitary ware units.

First Sanitary
Ware Factory

Established in
1977

Sanitary Ware Factories

The sanitary ware factories focus on producing complete bathroom suites, basins, and accessories using advanced molding technologies and high quality finishing processes. These facilities serve housing and infrastructure projects with products known for durability and ease of maintenance, strengthening the Company's market share in this segment.



Water Heater Segment

Saudi Ceramics is recognized as the third largest global producer of water heaters of all types, including solar and central heating systems.

The Company manufactures vertical and horizontal water heaters with an annual production capacity of 2 million units.

First Water Heater
Factory

Established in
1995

Second Water
Heater Factory

Established in
2009

Water Heater Factories

The factories specialize in manufacturing residential and commercial water heaters in various capacities and specifications, adhering to strict safety and energy efficiency standards. Continuous technological development enhances thermal efficiency and operational reliability.



Other Segments

Red Bricks

The red brick factory, one of the most modern facilities in the region, has an annual production capacity of 30 million bricks.

30 million
bricks produced
annually



Red Brick Factory

The factory serves the foundational construction phase by producing high strength, heat resistant bricks manufactured according to precise standards, supporting major development projects.

Saudi Clay Pipes Company

In 2015, Saudi Ceramics participated in establishing Saudi Clay Pipes Company to manufacture clay pipes used in infrastructure and residential projects, with an annual production capacity of 40,000 tons.

Plastic and Complementary Products

This segment complements the Company's industrial integration strategy. The Company also introduced a water mixer production line to diversify product offerings.

Plastic Products Factory

The plastic products factory specializes in producing plastic pipes and fittings used in water networks, drainage systems, and engineering applications. Advanced extrusion and thermal molding technologies ensure high flexibility and corrosion resistance.

Mining and Extraction Segment

As part of its vertical integration strategy, Saudi Ceramics established its mining arm, "Desert Mines," in 2008. This strategic division secures raw materials for internal manufacturing operations and supplies increasing quantities of mining materials particularly feldspar to other manufacturers, driven by growing local and international demand.

The mining segment forms the foundation of the Company's value chain by extracting clay, feldspar, and other essential materials used in ceramic and porcelain production, while applying environmentally responsible extraction practices. Vertical integration enhances supply chain security, reduces costs, and improves product quality.



“Committed to achieving the highest standards of quality across all operational and technical processes, delivering products that reflect the Company’s legacy and vision.”

Since its inception, Saudi Ceramics has placed significant emphasis on product quality, aiming to establish itself as a benchmark for operational excellence and compliance with regional and international standards.

Our Quality Excellence Framework

All raw materials undergo rigorous testing to ensure compliance with specifications.

The Company continuously integrates advanced technologies and factory automation systems to enhance operational efficiency and product quality. Professional expertise is actively recruited to strengthen quality assurance capabilities.



High Precision



Advanced Technologies

Local and International Certifications

- King’s Award for Ideal Factory (awarded twice)
- Saudi Quality Mark (SASO) for all products
- Energy Efficiency Label (EEL) for electric water heaters
- Water Efficiency Label (WEL) for sanitary ware
- ISO 9001:2015 Certification
- CE European Conformity Mark
- Emirates Quality Mark
- GCC Conformity Mark (G-Mark) for electric water heaters



During 2025, the Quality, Health, and Safety Department continued to play a central role in strengthening quality systems and elevating compliance with safety standards across all Company factories. Through a structured oversight framework and systematic audit procedures, the Department enhanced product reliability and improved operational efficiency. A total of 12 external audits were conducted across all factories, in addition to extensive product testing covering various business segments. More than 33,000 water heater units were tested, alongside 191,722 tile units, 117,248 plastic product units, 303,375 sanitary ware units and raw materials, and 128,317 red brick units. Furthermore, 128 internal audits were conducted during the fourth quarter under the Quality Assurance Plan, reflecting the Company's commitment to maintaining the highest levels of quality control and regulatory compliance.

As part of its proactive quality enhancement efforts, the Department intensified pre-delivery inspection processes. A total of 8,027 truckloads were inspected at the red brick factory to ensure product conformity before reaching customers, contributing to reduced defects and fewer complaints. In parallel, 515 field visits were conducted in coordination with customers to provide technical support, clarify specifications, respond to technical inquiries, and enhance overall satisfaction and quality related decision making.

To further reinforce the effectiveness of the Quality Management System, the Department reviewed and updated 228 documents, including plans, specifications, process flows, work instructions, and operational forms. These updates ensured continued alignment with ISO 9001 standards and regulatory requirements

issued by authorities such as SASO, GSO, and EQM. Additionally, 42 re-sale products underwent rigorous evaluation procedures to confirm their quality and safety prior to market release.

On the certification front, the Department successfully renewed and secured multiple quality certifications in accordance with international standards, including six SQM certifications, seventy Energy Efficiency Label (EEL) certifications, fifty four Water Efficiency Label (WEL) certifications, and seven ECAS ROHS certifications. These achievements underscore the Company's sustained commitment to compliance with both local and international standards.

With respect to incidents and non-conformities, the Department strengthened the implementation of a comprehensive reporting, investigation, and corrective action framework. This included the application of CAPA procedures, issuance of root cause analysis reports, and the execution of corrective and preventive training programs aimed at minimizing recurrence and reinforcing a strong culture of safety across all operational sites.

Looking ahead to 2026, the Department has outlined a forward plan focused on further strengthening safety culture through awareness campaigns and specialized training, enhancing digital monitoring and reporting systems, updating emergency response and contingency plans, and tightening visitor and contractor access controls. The plan also includes expanding the implementation of ISO 45001 for occupational health and safety and ISO 14001 for environmental management, in addition to establishing a comprehensive Quality Management System for the new tile factory to ensure operational readiness and certification.

Through these initiatives, the Quality, Health, and Safety Department firmly established its role in 2025 as a cornerstone in protecting customers and employees, safeguarding product excellence, and building a more efficient, resilient, and sustainable operational framework aligned with the Company's continued growth.

Industrial Safety and Occupational Health

Saudi Ceramics places the highest priority on safety and industrial security. Management believes in minimizing risk by ensuring employee safety, promoting occupational health, and implementing all preventive measures to protect lives and assets.”



To achieve this commitment, the Company adheres to:

- Risk identification and mitigation principles.
- Occupational safety regulations applicable in Saudi Arabia and internal safety policies and procedures.
- Continuous employee training and awareness programs.
- Ongoing improvement of health and safety management systems

Safety remains embedded within the Company’s operational culture, ensuring a secure and sustainable working environment.



Business Sector

- Sales
- Sales Channels
- Wholesale & Commercial Distribution Sector
- Retail Sector
- Export Sector
- Project Sales Sector
- E-Commerce Sector
- Expansion and Growth
- Key Projects Recently Supplied

Business Segment

Sales

Saudi Ceramics' strategic plan is centered on effectively reaching the broadest possible customer base through diversified sales channels. This includes wholesale sales to major distributors, project sales serving both public and private sector developments, and a robust retail network comprising 66 showrooms across 33 cities and governorates. This widespread presence enables the Company to remain close to customers while offering products distinguished by modern and unique designs.

The Company has also placed significant emphasis on activating online sales and has partnered with several international e-commerce platforms to enhance product accessibility and availability to customers, driving additional sales growth. The presence of these diversified channels has strengthened product visibility and expanded market share both locally and regionally.

In addition, the export segment represents a key extension of the Company's regional and global reach. This diversification enhances the Company's ability to directly access various customer segments within and outside the Kingdom, increase market share, and improve sales flow efficiency.



Sales Channels

The Company operates an integrated sales and distribution system that includes retail, wholesale, project sales, e-commerce, and exports, which serve as a strategic extension of its regional and global presence. This diversified sales structure enhances the Company's ability to reach different customer segments directly, increase market share, and optimize sales efficiency.

Sales operations are managed within an analytical framework based on performance indicators, demand studies, and market monitoring, ensuring responsive and flexible operational execution that supports financial stability and business expansion. The export segment, in particular, represents a key driver of non-domestic growth, with products distributed to regional and international markets through accredited distributors and global partners, strengthening brand presence and supporting long term revenue diversification.



Wholesale and Commercial Distribution

This segment serves traders and distributors across various regions through a fast and flexible supply mechanism. It represents a strategic distribution channel that supports product circulation and broad market penetration.



Retail Segment

The retail segment consists of a network of showrooms across the Kingdom, providing customers with a direct purchasing experience that allows them to view, compare, and select products. The focus remains on enhancing the customer journey, strengthening loyalty programs, and driving consumer sales growth.



Export Segment

Exports represent a strategic sales channel that enables the Company to access regional and international markets and expand its global footprint. Saudi Ceramics supplies ceramic and porcelain tiles, sanitary ware, water heaters, and plastic products to markets across the Middle East, North Africa, Europe, and other regions through accredited distributors and international partners. This channel plays a vital role in diversifying revenue sources, reducing reliance on the domestic market, and supporting long term financial stability and sustainable growth.



Project Sales Segment

The project sales segment provides large scale product supplies to government projects, private sector developments, and real estate developers, delivering products in bulk quantities with high technical specifications. It remains one of the largest revenue drivers due to the scale and continuity of demand.



E-Commerce Segment

The digital sales platform represents a modern channel designed to facilitate customer access through shipping support, electronic payment options, and order tracking services. This channel enhances sales diversification while reducing reliance on traditional sales methods and strengthening the Company's digital presence.

Wholesale and Commercial Distribution Segment

The wholesale channel represents one of the Company's primary revenue pillars, supported by a broad customer base consisting of distributors operating warehouses and showrooms across various regions of the Kingdom. Customer categories include distributors under annual contractual agreements, distributors operating under tiered pricing structures, and newly developed clients who are gradually advanced to higher purchasing volumes.

Wholesale sales cover all five major regions of the Kingdom, with a product focus on ceramic and porcelain tiles, sanitary ware, water heaters, and plastic products. Major distributors have maintained strong market penetration and high distribution levels, reinforcing the Company's presence across key markets.



Retail Segment

In 2025, the retail segment witnessed strategic expansion that strengthened the Company's footprint across the Kingdom through the opening of new showrooms and the comprehensive enhancement of the purchasing experience. The launch of new showrooms aligned with growth plans and improved customer accessibility, with a focus on delivering a modern display experience characterized by contemporary design, product diversity, and high service quality.

Management closely monitored showroom performance using key operational indicators, including average basket value, footfall traffic, and conversion rates, with the objective of maximizing sales returns. Operational data contributed to improved planning accuracy and optimized inventory allocation across branches, ensuring the availability of high demand products at the right time and location.

The Company also prioritized customer experience development by enhancing in store display layouts, activating promotional campaigns, and integrating digital channels with physical showroom operations. This integration strengthened customer loyalty and repeat purchases, particularly with the increased adoption of digital payment solutions within showrooms.

Retail management continues to advance the customer journey framework, including upgrading visual merchandising content, intensifying employee training programs, and implementing daily performance monitoring tools to support continuous improvement throughout 2026.

Purchase orders increased by

15.47% ↑

compared to 2024.

Units sold increased by

9.61% ↑

compared to 2024.

Export Segment

The export segment recorded notable progress in 2025, with the top five revenue generating markets being the United Arab Emirates, Kuwait, Bahrain, Jordan, and Qatar. The Company also expanded into five new markets, including Spain, Romania, Bosnia, Syria, and Turkmenistan, while adding 11 new distributors to its international network.

Through its participation in the ISH exhibition in Germany and the Canton Fair in China, the Company successfully entered three additional markets and secured new commercial opportunities. On the logistics front, management focused on selecting the most reliable service providers for each destination country to minimize delays and enhance service quality.

During 2025, electric water heaters represented the highest selling product category within the export channel, followed by various types of tiles and then sanitary ware products. Management aims to drive revenue growth in 2026 through both horizontal and vertical expansion strategies, including the addition of new customers and the strengthening of existing market positions.

Project Sales Segment

Project sales performance in 2025 reflected varying market conditions influenced by shifts in government and private sector project activity. Government projects continued to dominate, accounting for 75% of total project sales, while private sector projects represented 25% of channel sales.

Management continues to prioritize opportunities in medium and small scale projects, given the heightened price competition in large scale developments. Efforts remain focused on strengthening the Company's presence among developers and contractors, securing additional contracts with government entities and leading developers, and establishing long term strategic partnerships with targeted companies to maximize growth opportunities in 2026.



E-Commerce Segment

In 2025, the E-Commerce Department achieved accelerated growth and qualitative improvements in operational and financial performance, supported by digital infrastructure development, enhanced customer experience, and expanded logistics capabilities. This progress directly reflected increased digital demand and growing customer confidence in the Company's online platforms.

Electric water heaters recorded the highest sales volume through the online channel, followed by resale products, sanitary ware, and porcelain products. This performance reflects the success of the strategy focused on high demand, fast moving products, as well as effective digital content management and competitive pricing.

Operationally, management continued enhancing delivery services through the launch of a direct driver service, improvements in express shipping efficiency, and reduced delivery times, contributing to higher customer satisfaction and improved service quality indicators. Integration with warehouse and order management systems was further strengthened to ensure execution accuracy and consistent product availability.

The Department also prioritized digital governance and information security, ensuring platform stability and system readiness to accommodate increasing order volumes. Advanced digital analytics tools were developed to monitor performance, analyze customer behavior, and support data driven decision making.

Looking ahead to 2026, the E-Commerce Department is preparing to launch several strategic initiatives aimed at improving performance efficiency and accelerating growth. Key initiatives include enabling same day delivery in major cities, expanding the digital catalog of fast moving products, strengthening partnerships with delivery fleets and micro fulfillment centers, developing flexible payment solutions, and enhancing after sales policies and support services. These initiatives aim to deliver a comprehensive and advanced digital experience while increasing the contribution of the online channel to the Company's strategic objectives and sustainable growth.

New customers increased by

15.78% ↑

compared to 2024

Customer engagement increased by

21.62% ↑

compared to 2024

Number of new visitors increased by

33.18% ↑

compared to 2024

Channel revenue increased by

19.99% ↑

compared to 2024

Orders increased by

17.32% ↑

compared to 2024

App downloads increased by

23.81% ↑

compared to 2024

App sales increased by

12.61% ↑

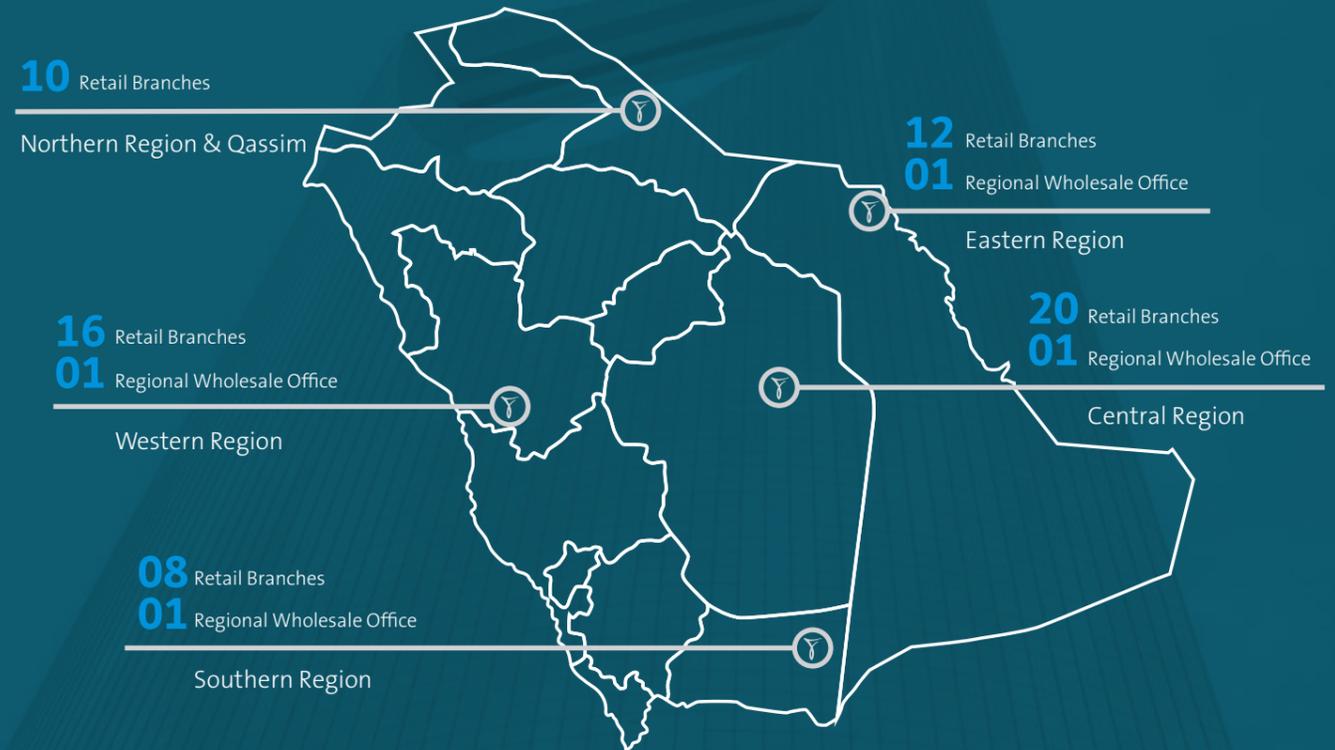
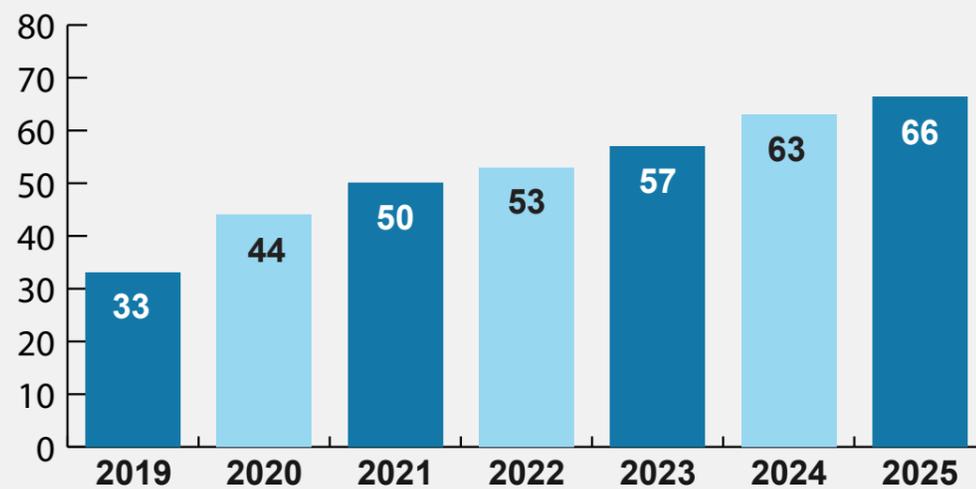
compared to 2024

Expansion and Growth

Saudi Ceramics Company continued expanding its showroom network by opening new branches in additional locations and cities across the Kingdom. By the end of 2025, the Company operated 66 showrooms serving 33 cities nationwide, reinforcing its geographic presence and improving direct customer accessibility.

The Company places significant emphasis on how products are presented within showrooms, adopting advanced visual merchandising and simulation based display concepts to enhance the customer journey. This approach enables customers to visualize product applications realistically, facilitating decision making and delivering a comprehensive and seamless purchasing experience.

Growth in Showroom Network



<p>4 Regional Wholesale Offices</p>	<p>66 Showrooms as of the end of 2025</p>	<p>Serving 33 cities across the Kingdom</p>
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Key Projects and Expansion Initiatives

Expansion and Growth Plans

The Company is implementing advanced expansion plans aimed at increasing production capacity and enhancing the operational capabilities of its existing factories. These initiatives support the growing demand in local, regional, and international markets. The plans include integrating modern manufacturing technologies, upgrading production lines, and strengthening integration among production units to ensure sustainable growth and improved competitiveness.

Production Capacity and Line Expansion

Saudi Ceramics continues to increase production levels by introducing new lines and modernizing existing ones. These efforts contribute to product diversification, cost optimization, and more efficient resource utilization. This direction aligns with the Company's long term strategic expansion and its commitment to supporting future construction and development projects.

Opening New Showrooms

The Company continues to expand its retail showroom network across various cities in the Kingdom, with the objective of strengthening direct customer access and delivering an enhanced in-store product experience. This initiative forms part of the Company's broader commercial expansion strategy aimed at increasing market share through well-positioned sales outlets supported by an integrated and professionally managed sales framework.

Establishment of Logistics Centres

Saudi Ceramics continues to pursue strategic agreements to establish modern logistics centers that enhance supply chain efficiency and facilitate storage, shipping, and product distribution across the Kingdom and the GCC region. This infrastructure will improve delivery speed, reduce operational costs, and elevate overall customer service standards.

Participation in Local and International Exhibitions

The Company actively participates in specialized exhibitions within the Kingdom and internationally to showcase its products, engage with partners and importers, and explore new investment and export opportunities. These participations are integral to strengthening brand visibility and expanding commercial horizons.

Entry into New International Markets

Saudi Ceramics continues to expand beyond local boundaries by entering new international markets and strengthening its external distribution network to boost export sales. This initiative aligns with the Company's strategy to diversify revenue streams and enhance its presence in regional and global markets, supporting sustainable long term growth.



Supporting Departments & Services

- Delivery & Warehousing
- Projects Department
- Marketing
- Business Development
- Human Capital
- Information Technology
- Supply Chain

Delivery & Warehousing Management

In 2025, the Delivery and Warehousing Department achieved noticeable growth in logistics performance, supported by infrastructure development initiatives and enhanced distribution efficiency across a network of 28 locations in 18 cities throughout the Kingdom. These efforts contributed to a 4.5% increase in executed shipments compared to 2024, positively impacting customer satisfaction and service speed.

As part of the Company's digital transformation, the Department initiated the implementation of intelligent delivery scheduling and route management systems. The system was first launched in Riyadh to optimize fleet utilization, reduce delivery times, and improve daily operational efficiency, with gradual expansion planned for additional regions in subsequent phases.

The Department is also preparing to address future challenges, most notably rising fuel prices, which directly impact operating costs. To mitigate this effect, the Department is adopting advanced technologies, optimizing transportation routes, and enhancing energy consumption monitoring mechanisms to reduce costs and strengthen operational sustainability.

The 2026 roadmap includes a major expansion of logistics infrastructure, with new warehouses planned to support the Oryx channel in six major cities. This expansion will enhance responsiveness and strengthen regional distribution capabilities. Additionally, the transportation fleet will be upgraded through the addition of new trucks to meet growing demand and further improve delivery quality and speed across the Kingdom.

Through these initiatives, the Delivery and Warehousing Department continues to reinforce its central role in connecting the Company's operations with high efficiency, ensuring a logistics infrastructure capable of supporting accelerated growth and expansion plans in the years ahead.



Projects Management

The Projects Department continued implementing its strategic plan to develop the Company's infrastructure through the opening and modernization of showrooms and warehouses in line with the highest quality standards and approved budgets. In 2025, several new showrooms were inaugurated in Jeddah, Qassim, Sabya, Riyadh, and Al-Ahsa, all completed on schedule and within budget. Work is also underway on additional projects, including Imam Mohammed bin Saud Showroom, Buraidah 2, Al-Kharj, and Al-Ahsa 3.

- 1 At the warehouse level, Oryx warehouses were successfully commissioned in Riyadh, Jeddah, Dammam, and Buraidah, in addition to the expansion of storage yards in Riyadh.



Laban Branch



Al-Qairawan Branch



Sabya Branch



Al-Hofuf Branch



Marketing Management

The Marketing Department is responsible for designing, developing, and executing strategies and plans aimed at building and strengthening the Company's brand. This includes precisely identifying target audiences, understanding their needs and preferences, crafting effective marketing messages, and selecting appropriate channels to achieve strategic objectives.

1 In 2025, the Marketing Department underwent a qualitative transformation in its strategic role within the Company, establishing itself as an integrated platform that combines brand building, sales support, and customer experience development across all channels. The Department led a series of integrated initiatives aimed at increasing brand awareness and reinforcing the Company's position as a leading national player in the building materials sector, while ensuring brand consistency across digital platforms, showrooms, and distribution networks.

2 Throughout the year, operational marketing plans were developed across all business units, including seasonal campaigns and major strategic initiatives such as Back to School, National Day promotions, and nationwide discount campaigns. Exclusive incentive programs were also activated for wholesale and retail segments. Digital communication tools were expanded, and digital content was significantly enhanced through the e-commerce platform and mobile application, resulting in improved conversion rates and increased digital engagement.

3 In terms of sales support, the Department played a pivotal role in strengthening the Company's presence at major exhibitions such as Saudi Build, where the Company won first place for booth design, and Cityscape Global 2025, where strategic partnerships and agreements were concluded with leading real estate companies. The Department also supported new product launches with high professionalism in campaign design, advertising materials preparation, and value proposition development tailored to each segment.

4 Additionally, the Department enhanced the mystery shopper program to measure showroom experience quality and established precise performance indicators to monitor service levels and regional performance improvements.

5 As part of digital integration efforts, the Marketing Department collaborated with the Information Technology Department to develop campaign management systems, activate cashback programs, enhance sales dashboard analytics, and link advertising channels to operational performance outcomes. Advanced awareness and demand generation campaigns were executed, supporting e-commerce growth and increasing website and application traffic.

6 Looking ahead to 2026, the marketing roadmap emphasizes greater reliance on data analytics and predictive insights, the development of a unified cross channel content strategy, the official launch of the loyalty program, and expanded participation in international exhibitions to support export promotion in line with the Company's global expansion strategy. The Department will continue supporting all operational and commercial sectors through integrated marketing plans aimed at enhancing performance efficiency and driving sustainable growth in the years ahead.

Business Development Management

In 2025, the Business Development Department undertook pivotal initiatives to strengthen the Company's product portfolio and expand its offerings across retail, wholesale, export, project sales, and online channels. The Department focused on innovation and diversification in alignment with market trends and the Company's continuous modernization strategy.

Among the most notable achievements was the launch of the Oryx channel, structured across three pricing tiers economy, mid-range, and premium. The Department introduced ten new sanitary ware models, 32 mixer models available in four colors, and concealed tank products. In the tile segment, more than 70 new ceramic designs and 175 new porcelain designs were launched, alongside three new ceramic sizes and six new porcelain sizes. Additionally, over 120 products were introduced within the resale category, further broadening the Company's commercial offering.

As part of planning for 2026, the Department finalized its future product roadmap, which includes the launch of new instant water heaters, additional sanitary ware models, and three new bathtub models within the plastic segment. The tile portfolio will expand further with more than 260 new designs, complemented by the introduction of innovative formats tailored to evolving architectural requirements, as well as more than 125 new resale products.

To ensure design excellence and strong visual identity, the Department strengthened partnerships with leading inter-

national design houses in Italy and Spain, enabling the launch of contemporary products that reflect the highest standards of quality and precision. The Department also enhanced product categorization by clearly defining porcelain variants including glossy, matte, semi-polished, digitally textured, and M7 technology products offering versatile solutions for both indoor and outdoor applications that combine durability, aesthetics, and innovation.

Overall, the Business Development Department's efforts in 2025 significantly enhanced the Company's competitiveness and expanded its product base, establishing a solid foundation for broader and more innovative launches in 2026. These initiatives support the Company's strategic growth trajectory and reinforce its leadership position in the Saudi and regional markets

70+

New ceramic designs

175

New porcelain designs

95%

Planning and demand forecast accuracy in tile and sanitary ware categories

Human Capital Management

Saudi Ceramics firmly believes that human capital is one of the most critical drivers of the Company's success, development, and ability to achieve its strategic objectives. Accordingly, the Company continues to strengthen its human capital strategy by focusing on employee training and development to ensure sustainable performance and foster a diverse and inclusive work environment that empowers employees to grow and innovate.

In 2025, the workforce expanded to reach a total of 3,589 employees. Key priorities for 2026 include the digital transformation of HR practices, promoting a skills based culture rather than traditional role based structures, enhancing employee well being programs, developing forward looking plans to address future skills gaps, supporting flexible work models, and reinforcing professional ethics and data transparency.

The Human Capital Department remains committed to fostering an attractive and motivating work environment centered on employee empowerment, diversity and inclusion, and a culture of performance and accountability. HR policies and initiatives are continuously aligned with the Company's sustainability objectives and Saudi Vision 2030, contributing to higher employee engagement and stronger organizational commitment.

Digitalization and Process Development

The HR function has enhanced automation technologies within its digital platform, improving system capabilities to enable business units and employees to execute services and processes efficiently. These enhancements have reduced human error, accelerated processing times, and improved overall operational accuracy.



Organizational Policy Framework

The Human Resources Department ensures the continuous review and updating of policies and procedures to align with the Company's strategy and evolving labor regulations. These policies are communicated through internal channels, including the Company portal, electronic newsletters, and training programs, ensuring clarity and accessibility for employees at all levels.



Performance Evaluation and Incentives

Performance evaluation is considered one of the fundamental tools in human capital management. The Human Resources sector has adopted the design of modern performance evaluation programs that contribute to assessing employees fairly, while also supporting their development and empowerment to achieve the company's strategic objectives.

The evaluation program ensures continuous performance motivation throughout the year by linking performance assessments to incentive, bonus, and compensation programs based on employees' performance across all company sectors, including sales, production, and support departments.

Information Technology Management

"In 2025, the Company implemented a series of initiatives and measures aimed at enhancing service quality and customer satisfaction by offering high value products and technology-driven solutions that deliver services in a fast and seamless manner. The Company also strengthened direct engagement with its customers and continued to elevate the quality of its products and services."

IN 2025

In 2025, the Information Technology Department continued leading the Company's digital transformation by implementing strategic initiatives that enhanced operational efficiency, strengthened digital governance, and improved customer experience.

Key initiatives included the automation of critical processes such as delivery operations and banking approvals, resulting in faster execution, reduced manual intervention, and improved accuracy and compliance. A comprehensive performance evaluation system was activated and integrated with related internal systems, alongside enhanced digital payment integration across sales channels to support a secure and flexible digital operating environment.

Customer experience was further improved through technical integration with transportation and logistics providers, optimizing delivery times and increasing customer satisfaction.

Internally, IT empowered departments by automating operational procedures and developing data analytics dashboards, enabling executive leadership to make informed, data driven decisions and improving planning, monitoring, and institutional performance measurement.

In the area of cybersecurity, the Department placed strong emphasis on protecting digital infrastructure and data. Comprehensive external penetration tests were conducted without any recorded breaches, and the single identified vulnerability was promptly resolved in line with best practices. A comprehensive cybersecurity risk assessment was also performed, and preventive controls were updated to meet regulatory requirements and international standards.

From a cost efficiency and operational sustainability perspective, outdated communication lines were replaced with advanced technological systems, and IT infrastructure was upgraded to enhance performance while reducing medium and long term operating expenses.

The 2026 roadmap includes implementing payroll, time management, and incentive systems; expanding digital systems within the red brick factory; upgrading the data center to enhance readiness and reliability; strengthening cybersecurity measures; and providing dual internet connectivity for most showrooms to ensure business continuity and minimize operational disruption risks.



Procurement and Supply Chain Management represents a fundamental pillar in the Company's value chain, directly supporting manufacturing, operations, and sales by ensuring the availability of raw materials and complementary products at competitive costs and high quality.

During 2025, the Department focused on controlling procurement costs, improving contractual terms, and expanding the supplier base to ensure supply continuity. Efforts were also directed toward enhancing local content in alignment with national localization programs and conducting periodic supplier evaluations to ensure compliance with quality and delivery standards.

- 1** To mitigate risks associated with price volatility and global supply chain disruptions, the Department diversified sourcing strategies and engaged alternative suppliers, implementing flexible procurement approaches responsive to market dynamics.
- 2** Looking ahead to 2026, the Department plans to expand its base of strategic suppliers, develop a data driven procurement management system, and optimize long term contracts to achieve greater cost efficiencies and strengthen supply chain performance in support of the Company's industrial and commercial expansion objectives.

Supply Chain

Amid ongoing global maritime trade challenges including rising freight costs, container shortages, and shipping delays the Company has implemented several measures:

1 Operational Performance Improvement

- Diversifying sourcing to reduce reliance on single suppliers or geographic regions.
- Enhancing negotiation efficiency to mitigate freight cost increases.
- Collaborating with partners and suppliers to reduce the impact of shipping cost volatility.

2 Cost Reduction Initiatives:

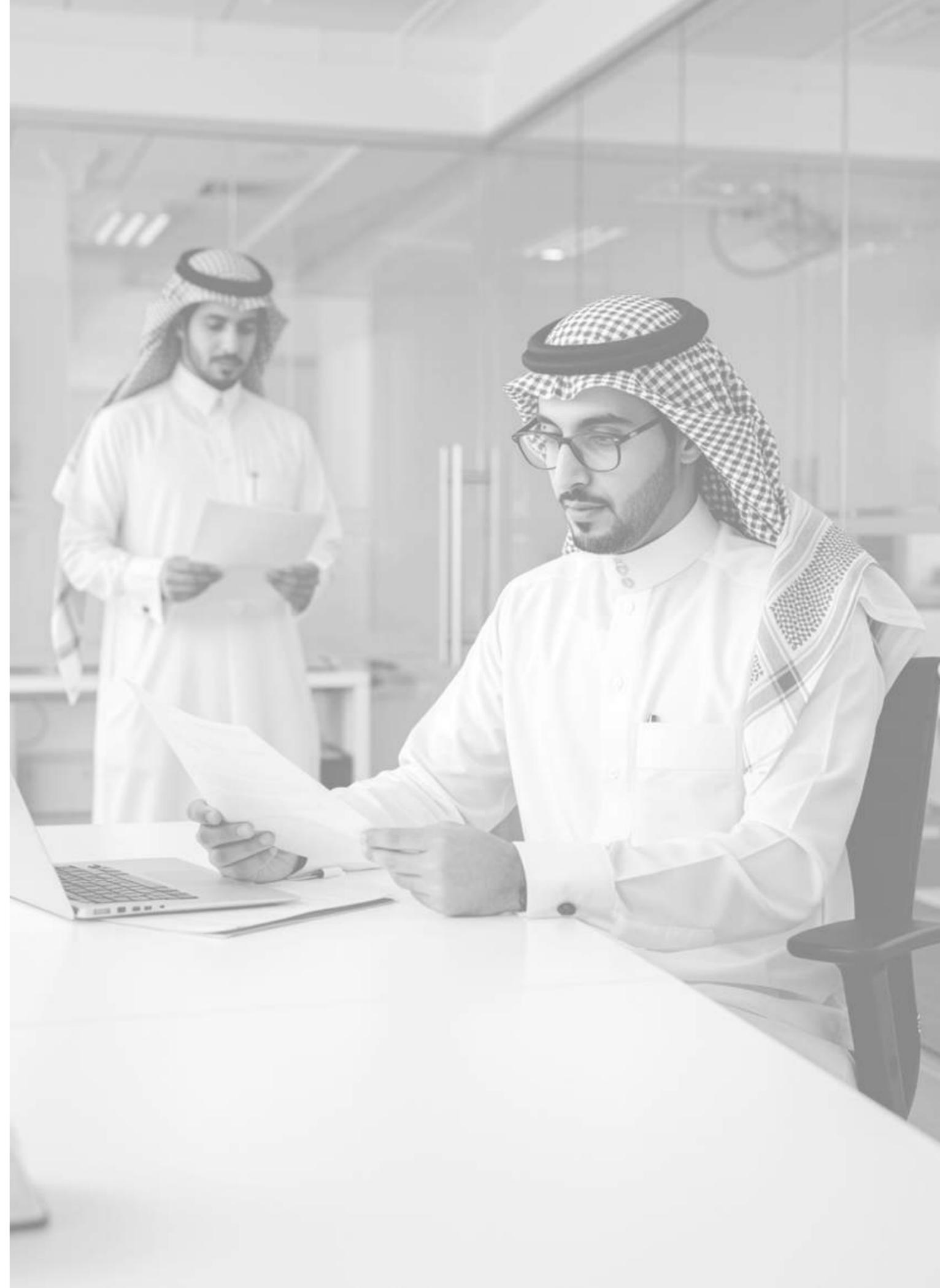
- Optimizing delivery routes and negotiating with freight agents to lower transportation expenses.

3 Innovation and Technology:

- Implementing a realtime shipment tracking system to enhance visibility and control.

4 Training and Workforce Development:

- Conducting specialized training programs to equip employees with required certifications and improve operational efficiency.



Financial Performance

- Financial Performance Overview
- 2025 Results Summary
- Key Financial Indicators
- Geographic Revenue Analysis
- Loans
- Financial Statements

88 Overview of Financial Performance

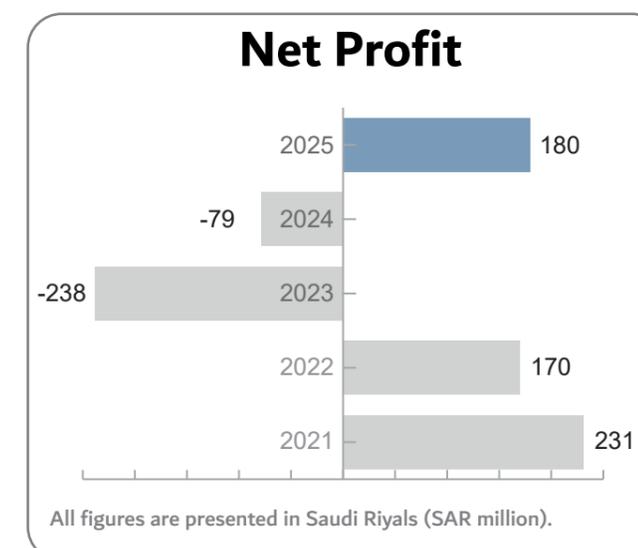
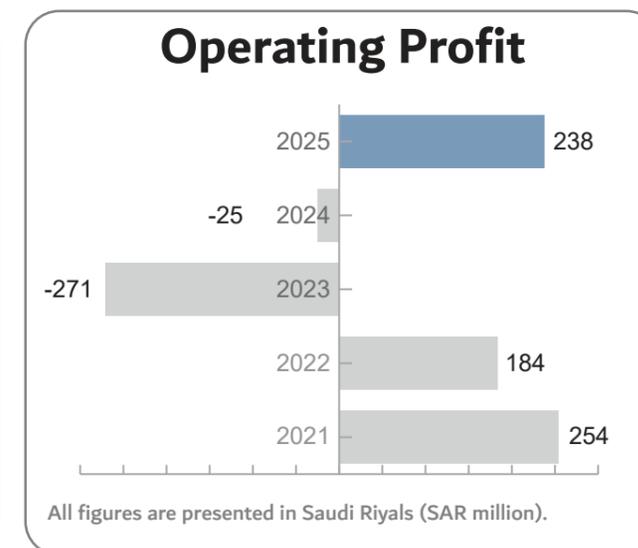
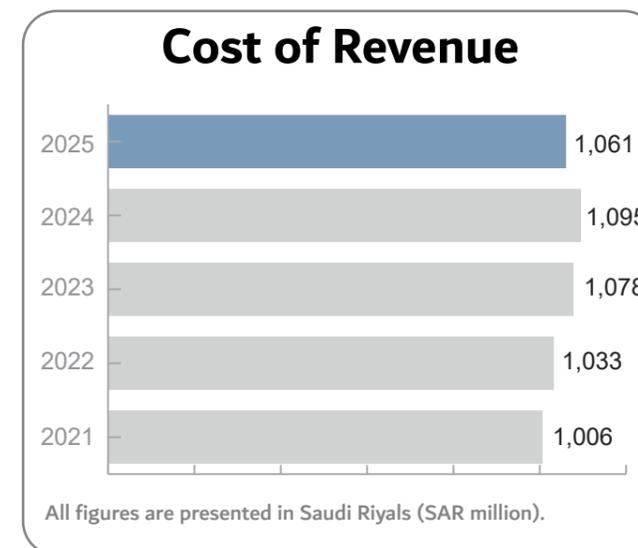
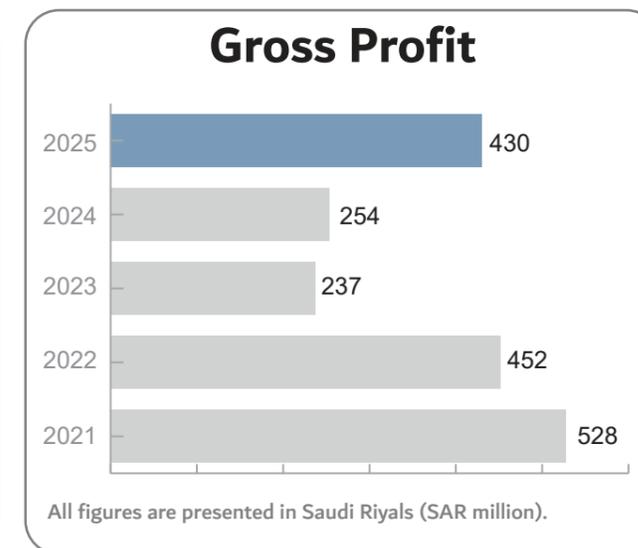
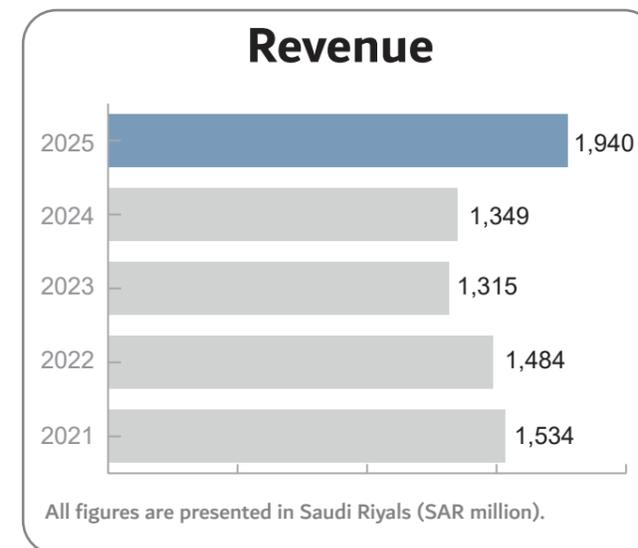
In 2025, the Company recorded notable growth in its financial performance, with revenue increasing to SAR 1.49 billion compared to SAR 1.34 billion in 2024 an approximate increase of SAR 150 million, representing a growth rate of 10.5%. This growth was primarily driven by strong increases in sales volumes across tiles, water heaters, red bricks, and sanitary ware, which collectively formed the main engine of performance during the year. The red brick segment, in particular, achieved significant growth in sales volume compared to the previous year.

Improved performance in the water heater segment also contributed to revenue growth, supported by an increase in average selling prices and higher sales volumes, further strengthening the Company's overall revenue base.

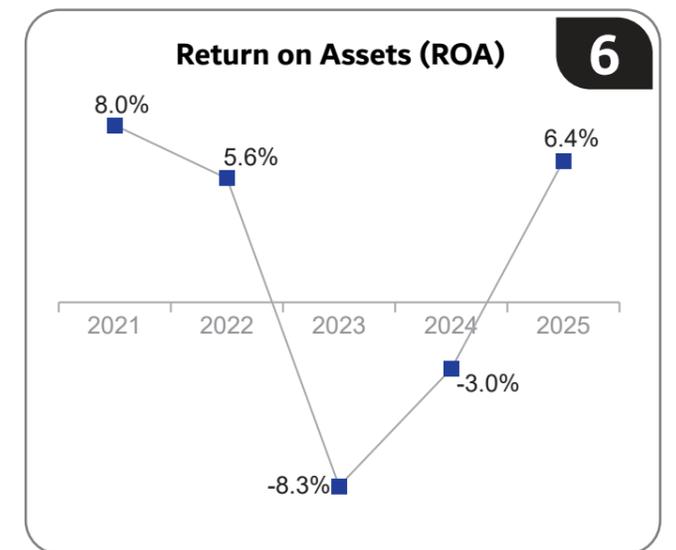
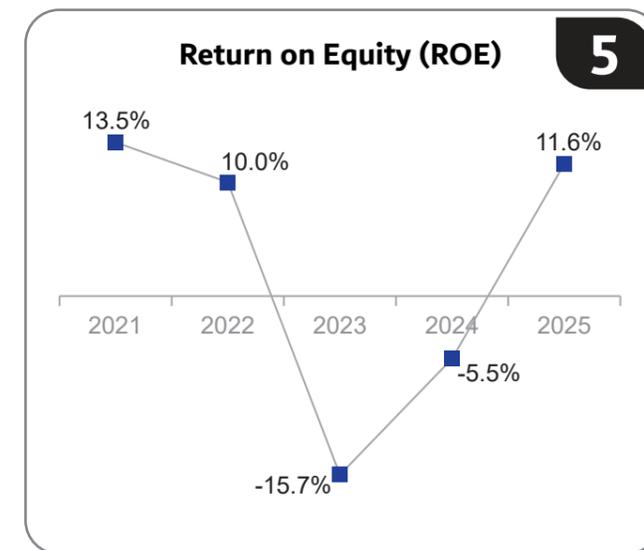
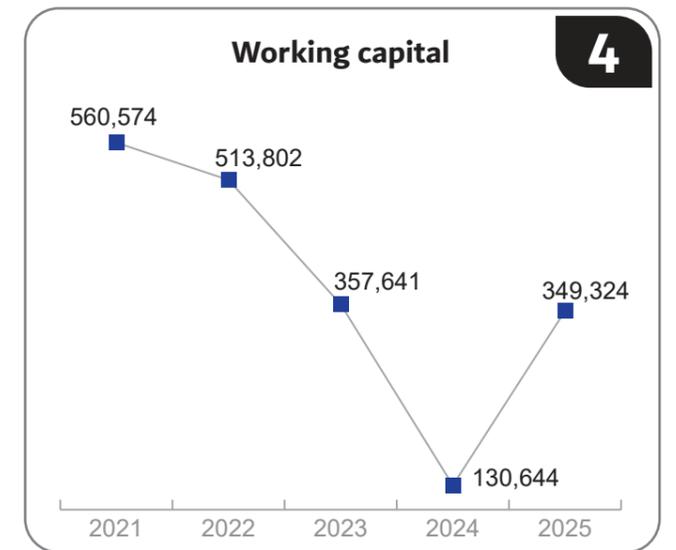
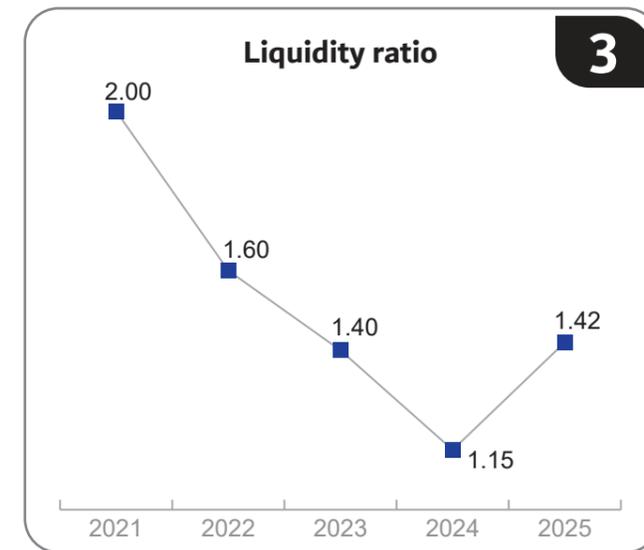
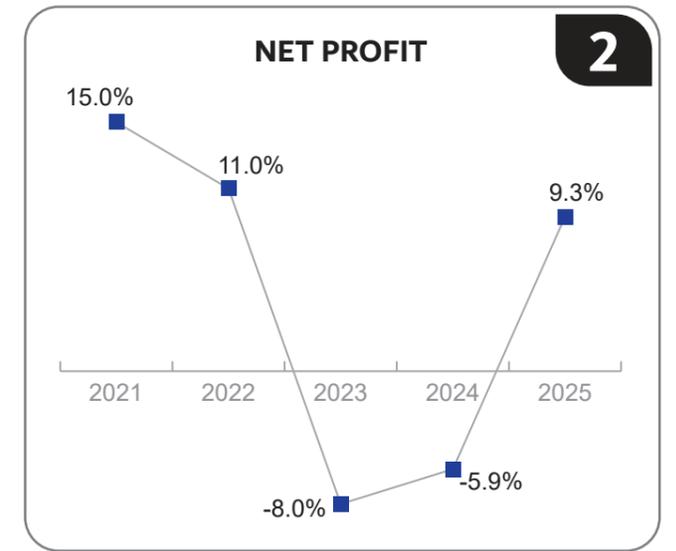
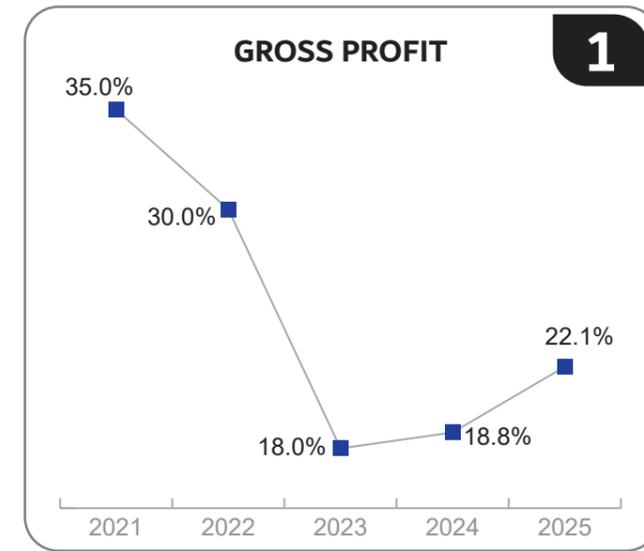
In addition, the year's results were positively impacted by the recognition of an insurance compensation settlement amounting to SAR 120 million related to the fire incident. This exceptional item contributed favorably to net profit and enhanced the Company's overall financial results for the year.



Summary of 2025 Results

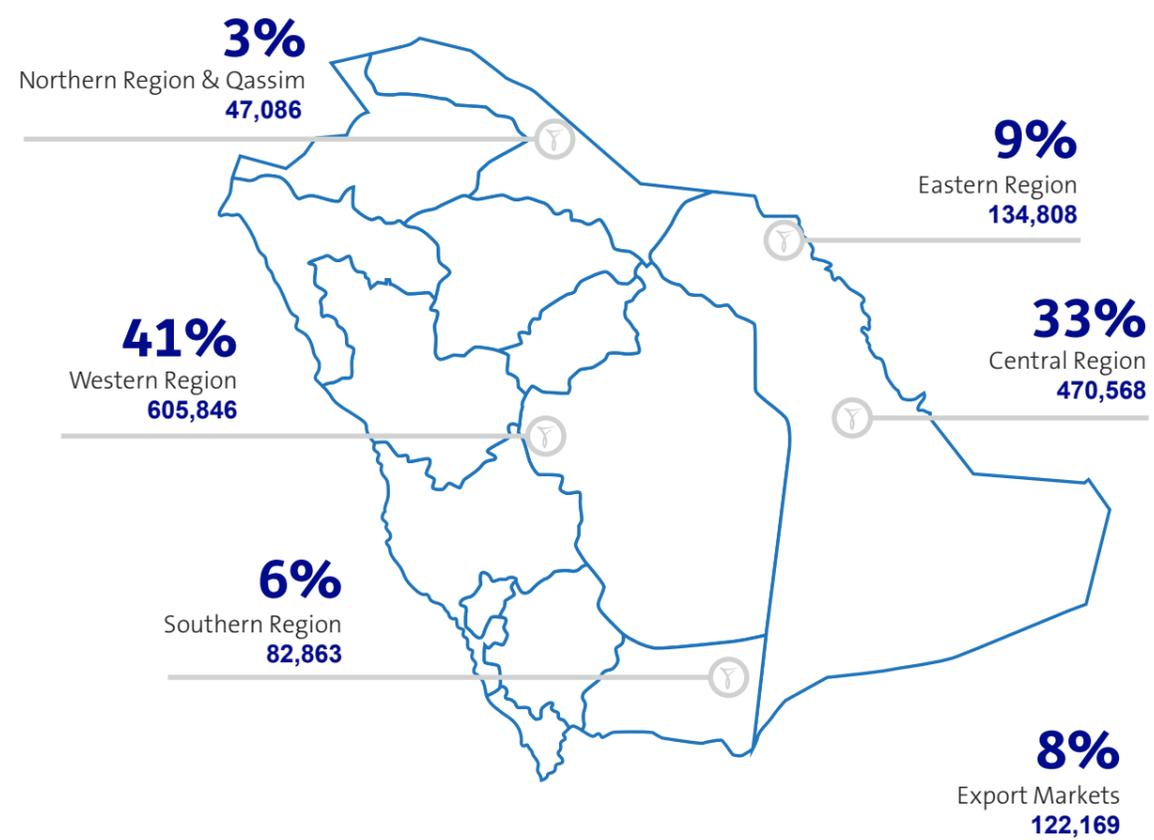


Key Financial Indicators



Geographical Analysis of Revenue Company and Its Subsidiaries

(Figures in SAR '000)



(Amounts in SAR '000)

Summary of Total Borrowings

Description	2025	2024
Long Term Loans	353,308	329,990
Short Term Loans	391,501	405,855
Total Loans	744,809	735,845

Long Term Loans

Breakdown of Long Term Loans by Lender

Lender	2025	2024
Local Banks	129,491	156,774
Saudi Industrial Development Fund (SIDF)	204,084	114,343
Saudi Export Import Bank	15,515	49,877
Accrued Financing Costs	4,218	8,996
Total	353,308	329,990

Movement in Long Term Loans

Description	2025	2024
Balance at Beginning of Year	320,994	521,263
Proceeds During the Year	130,144	305,546
Repayments During the Year	(102,048)	(505,815)
Present Value at Year End	349,090	320,994
Accrued Financing Costs	4,218	8,996
Total Long Term Loans	353,308	329,990
Current Portion	89,544	110,950
Non-Current Portion	263,764	219,040

Details of Lending Institutions**Local Banks**

As of 31 December 2025, the Group obtained long term Islamic Murabaha and Tawarruq financing facilities from local commercial banks totaling SAR 129.4 million (compared to SAR 156.8 million in 2024).

Purpose of the Facilities:

- Settlement of outstanding liabilities
- Financing the modernization and upgrade of existing production facilities
- Supporting working capital requirements as needed

Repayment Terms and Collateral:

Facilities are secured by promissory notes issued in favor of the banks

- Repayment is made through quarterly installment payments
- Final maturity date: 22 July 2027
- Profit rate: SAIBOR plus an annual margin

Saudi Industrial Development Fund (SIDF)

Total borrowings from the Saudi Industrial Development Fund amounted to SAR 204.1 million as of 31 December 2025 (compared to SAR 114.3 million in 2024), comprising two main facilities:

1. Porcelain Tile Factory Expansion Loan
 - Original loan amount: SAR 118 million
 - Outstanding balance as of 31 December 2025: SAR 79 million (2024: SAR 114.3 million)
 - Repayment schedule: Variable installments commencing 7 October 2025 and ending 17 January 2033
 - Collateral: Mortgage over land, buildings, machinery, and equipment with a net book value of SAR 326 million
2. Working Capital Financing Facility
 - Date obtained: 10 December 2025
 - Loan amount: SAR 125 million
 - Repayment schedule: Four equal installments due 12, 16, 20, and 24 months from the disbursement date
 - Collateral: Pledge over fixed assets already mortgaged under existing SIDF facilities

Saudi Export Import Bank

The Group obtained a long term Islamic Murabaha facility amounting to SAR 50 million to finance working capital related to export activities.

- Outstanding balance as of 31 December 2025: SAR 15.5 million (2024: SAR 49.9 million)
- Collateral: Promissory notes issued by the Group
- Maturity: Less than two years, renewable in nature
- Repayment schedule: Commenced in September 2025 and expected to conclude in February 2026

Short Term Loans

Short term borrowings amounted to SAR 391.5 million as of 31 December 2025 (compared to SAR 405.9 million in 2024). These facilities consist of Islamic Murabaha and Tawarruq arrangements obtained from local commercial banks to finance working capital requirements.

Description	2025	2024
Balance at Beginning of Year	402,864	278,715
Proceeds During the Year	920,799	667,329
Repayments During the Year	(935,155)	(543,180)
Balance at End of Year	388,508	402,864
Accrued Financing Costs	2,993	2,991
Total Short Term Loans	391,501	405,855



Financial Statements

Item	2025	2024	2023	2022	2021
Assets	-	-	-	-	-
Current Assets	-	-	-	-	-
Cash and Bank Balances	48,466	42,296	63,754	69,590	109,646
Trade Receivables and Other Current Assets	299,308	263,174	286,865	275,341	293,558
Inventory	827,895	704,580	900,259	957,439	731,481
Derivative Financial Instruments	135	-	-	6,647	-
Assets Held for Sale	-	72	8,955	-	-
Total Current Assets	1,175,804	1,010,122	1,259,833	1,309,017	1,134,606
Non-Current Assets	-	-	-	-	-
Non-Current Financial Assets	8,542	7,877	7,816	7,421	7,987
Property, Plant and Equipment	1,509,000	1,546,358	1,513,398	1,611,045	1,640,698
Intangible Assets (excluding goodwill), net	10,274	6,285	-	-	-
Investments in Associates	-	-	1,284	9,054	9,011
Other Non-Current Assets Right of Use Assets	115,618	105,967	86,446	87,532	71,567
Total Non-Current Assets	1,643,434	1,666,487	1,608,943	1,715,052	1,729,263
Total Assets	2,819,238	2,676,609	2,868,776	3,024,069	2,863,869
Liabilities and Equity	-	-	-	-	-
Liabilities	-	-	-	-	-
Current Liabilities	-	-	-	-	-
Short Term Loans	391,501	405,855	279,972	161,225	-
Current Portion of Long Term Loans	89,544	110,950	231,376	220,374	234,841
Trade Payables and Accrued Expenses	303,437	305,622	333,593	369,989	317,675
Zakat Payable	9,470	10,795	33,974	30,180	22,596
Other Current Liabilities	32,275	46,256	23,276	13,444	13,902
Total Current Liabilities	826,225	879,478	902,191	795,212	589,014
Non-Current Liabilities	-	-	-	-	-
Long Term Loans	263,764	219,040	299,230	282,805	422,678
Employees' End of Service Benefits	90,693	90,808	87,620	90,868	87,859
Other Non-Current Liabilities	84,533	62,583	65,570	68,712	52,216
Total Non-Current Liabilities	438,990	372,431	452,420	442,385	562,753
Total Liabilities	1,265,215	1,251,909	1,354,611	1,237,597	1,151,767

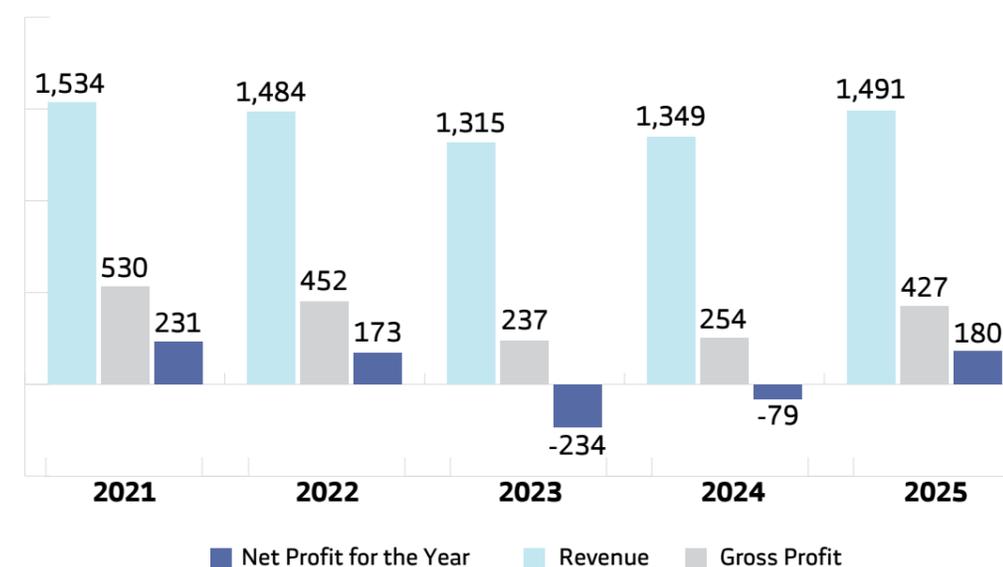
Shareholders' Equity	-	-	-	-	-
Share Capital	1,000,000	1,000,000	800,000	800,000	800,000
Treasury Shares	(9,112)	(9,112)	(449)	(2,663)	(3,870)
Statutory Reserve	-	-	241,715	241,715	241,715
(Retained Earnings (Accumulated Losses	558,349	429,053	459,652	707,454	630,112
Fair Value Reserve	4,317	3,652	3,591	3,196	3,762
Equity Attributable to Owners of the Parent	1,553,554	1,423,593	1,504,509	1,749,702	1,671,719
Non-Controlling Interests	214	1,107	9,656	36,770	40,383
Total Equity	1,553,768	1,424,700	1,514,165	1,786,472	1,712,102
Total Liabilities and Equity	2,816,985	2,676,609	2,868,776	3,024,069	2,863,869

Chart: Assets, Liabilities, and Equity (FY 2019–2025)

2. Statement of Income Amounts in Thousand Saudi Riyals

Item	2025	2024	2023	2022	2021
Revenue	1,490,375	1,348,797	1,314,868	1,484,958	1,534,770
Cost of Revenue	(1,060,592)	(1,095,053)	(1,077,545)	(1,032,616)	(1,006,509)
Gross Profit	429,783	253,744	237,323	452,342	528,261
General and Administrative Expenses	(326,886)	(292,636)	(259,300)	(265,555)	(271,102)
Selling Expenses	140,986	57,616	97,257	31,514	27,661
Other Income	4,302	(51,070)	(78,224)	-	-
Impairment of Property, Plant and Equipment	-	2,894	-	-	-
Provisions No Longer Required (Reversed Provisions)	(11,594)	4,421	(5,499)	(2,037)	(2,883)
Expected Credit Loss Provision	1,879	-	-	-	-
Gains on Financial Instruments at Fair Value Through Profit or Loss	-	-	(164,843)	-	-
Impairment of Assets and Inventory Loss Resulting from the Fire Incident at the Second Sanitary Ware Factory	238,470	(25,031)	(173,387)	216,264	281,937
Operating Profit	(53,579)	(46,163)	(42,967)	(22,334)	(23,818)
Finance Costs	-	-	205	440	444
Group's Share of Profit of Associate	184,891	(71,194)	(216,049)	194,370	258,563
Profit Before Zakat	5,018	-	-	-	-
Zakat Differences (Adjustments)	(9,470)	(8,058)	(21,470)	(24,115)	(26,784)
Zakat Expense	180,439	(79,252)	(237,519)	170,255	231,779
Net Profit for the Year	-234	-79	237	452	530
Net Profit / (Loss) for the Year Attributable to:					
Shareholders of the Company	180,687	(71,859)	(210,351)	173,920	233,792
Non-Controlling Interests	(248)	(7,393)	(27,168)	(3,665)	(2,013)

Chart: Revenue, Gross Profit, and Net Profit (2019–2025)



3. Statement of Cash Flows

(Amounts in SAR '...)

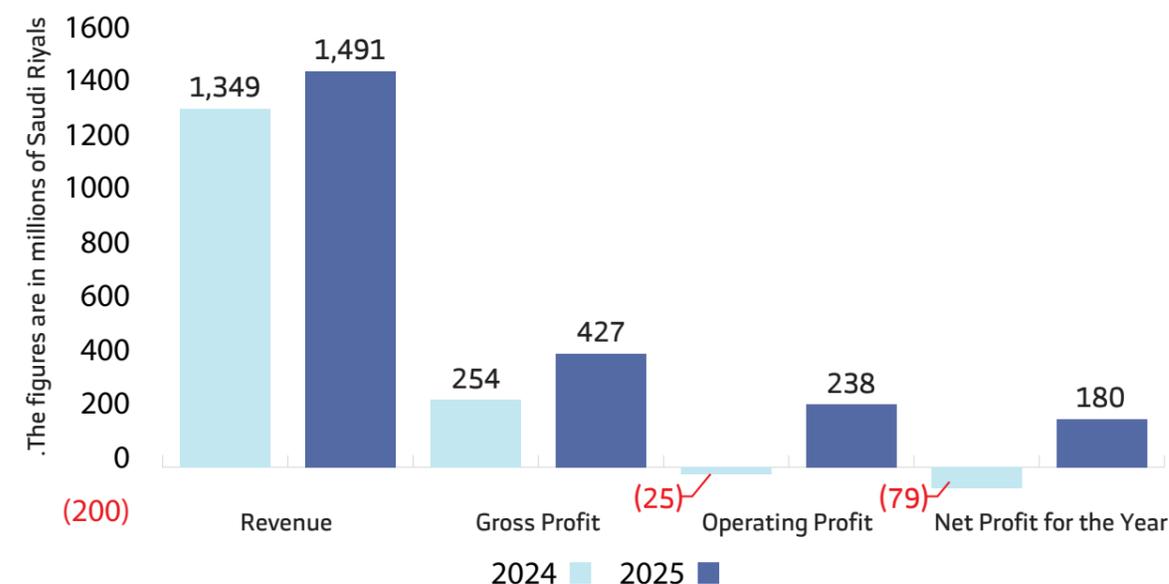
Item	2025	2024	2023	2022	2021
Net Operating Cash Flow	115,675	309,201	135,779	189,520	362,707
Net Investing Cash Flow	8,202	(181,516)	(181,452)	(87,501)	(135,453)
Net Financing Cash Flow	(117,705)	(149,143)	39,837	(140,972)	(186,297)
Net Cash Flow	6,170	(21,458)	(5,836)	(38,953)	40,957
Cash and Cash Equivalents at the Beginning of the Year	42,296	63,754	69,590	109,646	68,689
Cash and Cash Equivalents at the End of the Year	48,466	42,296	63,754	70,693	109,646

Revenue

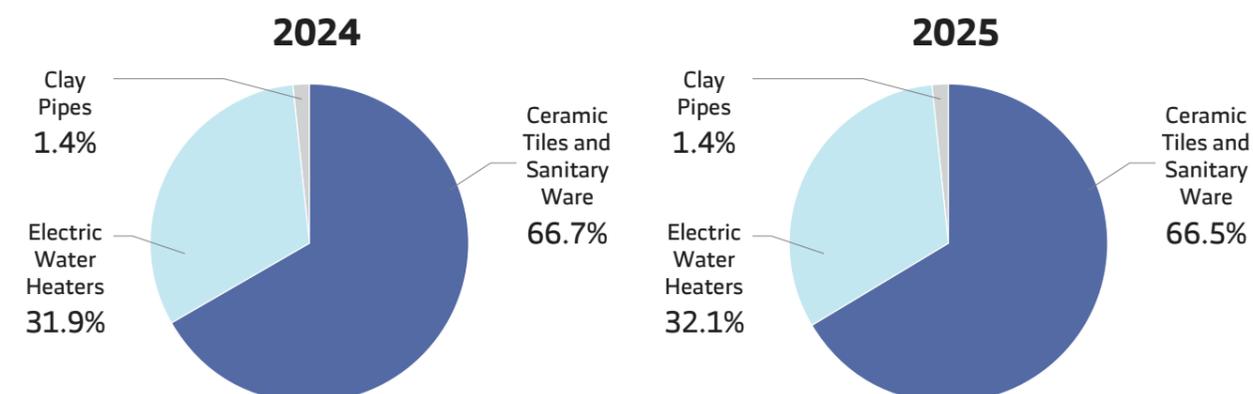
The Group achieved revenue growth of 10.6%, reaching SAR 1.49 billion, compared to SAR 1.35 billion in the previous year, driven by the strong performance across all operating segments.

Domestic sales led this growth, contributing 91.7% of total revenue, amounting to SAR 1.37 billion, reflecting a 10% increase year on year.

The Group also continued its successful international expansion, with export sales increasing by 17.2% to reach SAR 123.6 million, representing 8.3% of total sales.



Segment	2025	2024	Change %
Ceramic Tiles and Sanitary Ware	990,096	899,748	+10.1%
Electric Water Heaters	479,243	429,828	+11.5%
Clay Pipes	21,036	19,221	+9.4%
Total	1,490,375	1,348,797	+10.6%



Profitability

The Group's profitability improved significantly across all levels, with gross profit increasing by 69.4% to reach SAR 429.7 million (gross margin of 28.8%), compared to SAR 253.7 million (gross margin of 18.8%) in 2024.

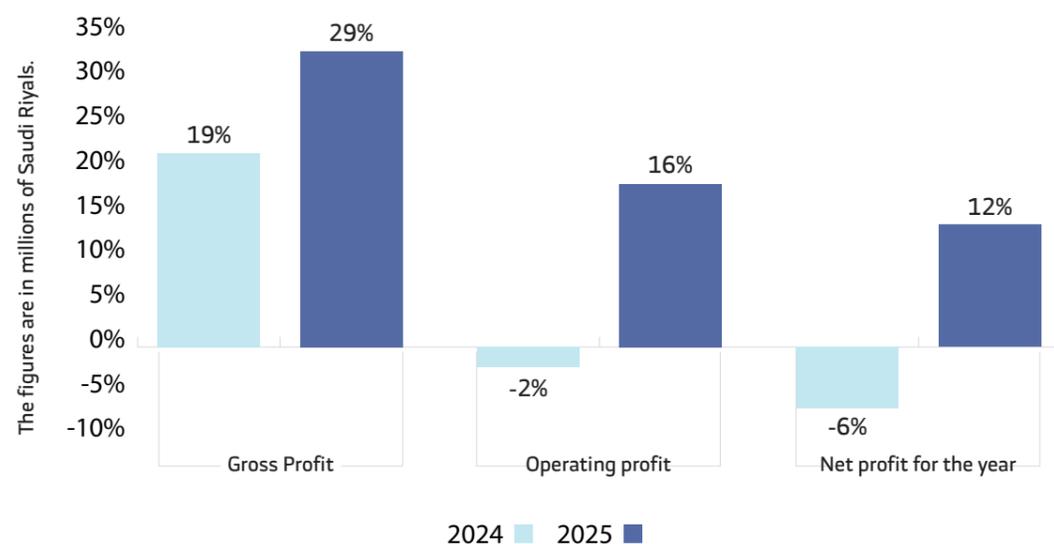
Item	2025	2024	Change
Revenue	1,490,375	1,348,797	+141,578
Cost of Revenue	(1,060,592)	(1,095,053)	(34,461)
Gross Profit	429,783	253,744	+176,039
Selling and Distribution Expenses	(251,817)	(227,967)	(23,850)
General and Administrative Expenses	(75,069)	(64,669)	(10,400)
Other Income	140,986	57,616	+83,370
Reversal (Provision) of Impairment of Assets	4,302	(51,070)	+55,372
Reversal of Legal Provision	-	2,894	(2,894)
(Provision) / Reversal of Expected Credit Losses	(11,594)	4,421	(16,015)
Gain on Derivative Financial Instrument at Fair Value Through Profit or Loss	1,879	-	+1,879
Operating Profit (Loss)	238,470	(25,031)	+263,501
Finance Costs	(53,579)	(46,163)	(7,416)
Net Profit (Loss) Before Zakat	184,891	(71,194)	+256,085
Net Profit (Loss) for the Year	180,439	(79,252)	+259,691

Operating Performance

Operating profit recorded a significant turnaround, shifting from a loss of SAR 25 million to a profit of SAR 238 million, despite an increase in selling and distribution expenses by 10.5% and general and administrative expenses by 16.1%. This reflects improved operational efficiency, better cost absorption, and stronger gross margins.

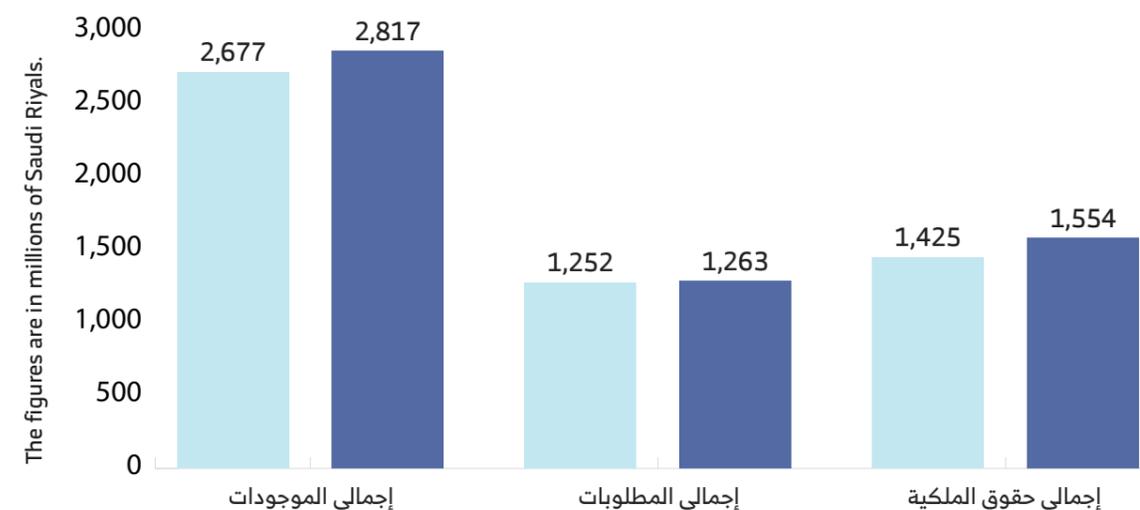
Net profit attributable to the Company's shareholders reached SAR 180.6 million in 2025, compared to a loss of SAR 71.8 million in 2024, demonstrating a substantial improvement in overall financial performance and profitability.

Cash Flows



Financial Position

Financial Center List

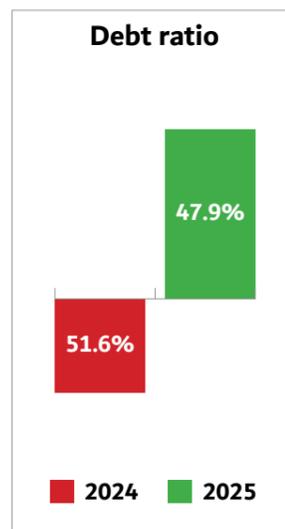


Statement of Financial Position

Item	2025	2024	Change %
Non-Current Assets	1,643,434	1,666,487	-1.4%
Current Assets	1,175,804	1,010,122	+16.2%
Total Assets	2,819,238	2,676,609	+5.2%
Equity Attributable to Shareholders	1,553,809	1,423,593	+9.1%
Non-Controlling Interests	214	1,107	-80%
Total Equity	1,554,023	1,424,700	+9.1%
Non-Current Liabilities	438,990	372,431	+17.9%
Current Liabilities	826,225	879,478	-6.3%
Total Liabilities	1,265,215	1,251,909	+0.9%

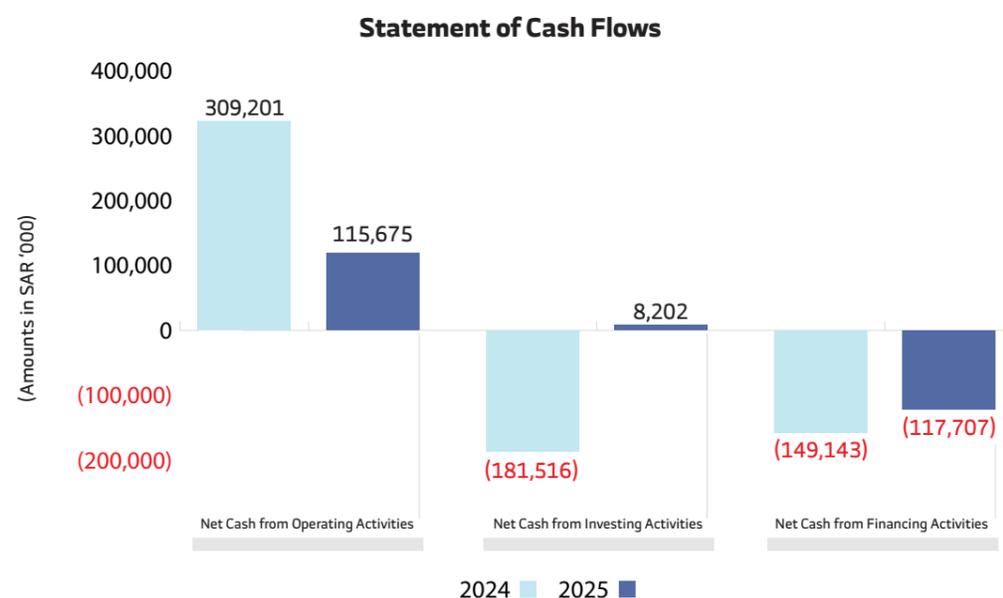
Key Financial Indicators

Indicator	2025	2024	Improvement
Gross Profit Margin	28.8%	18.8%	+10 Point
Operating Profit Margin	16.0%	(1.9%)	+18 Point
Net Profit Margin	12.1%	(5.3%)	+17 Point
Return on Equity (ROE)	11.6%	(5.1%)	+17 Point
Return on Total Assets (ROA)	6.4%	(2.68%)	+9 Point
Debt Ratio	47.9%	51.6%	-3.7 Point
(Debt to Equity Ratio)	1.81	(0.72)	+2.5 SAR
Earnings per Share (SAR)	1.42x	1.15x	+0.27



Cash Flows

Net cash generated from operating activities amounted to SAR 115,675 thousand, compared to SAR 309,201 thousand in 2024. The decrease is primarily attributable to the increase in inventory (SAR 122,613 thousand) and trade receivables (SAR 47,748 thousand), driven by business growth and higher sales volumes.



Activity	2025	2024
Net Cash from Operating Activities	115,675	309,201
Net Cash from Investing Activities	8,202	(181,516)
Net Cash from Financing Activities	(117,707)	(149,143)
Net Change in Cash	6,170	(21,458)
Cash and Cash Equivalents at the End of the Year	48,466	42,296

Net investing activities turned into a positive net cash inflow of SAR 8,202 thousand, compared to a net outflow of SAR (181,516) thousand in 2024. This improvement was primarily attributable to the receipt of insurance compensation for property amounting to SAR 99,643 thousand, in addition to lower capital expenditures during the year.

Key Events and Developments

1. Insurance Compensation:

A final settlement was reached with the insurance company for an amount of SAR 120 million in relation to the fire incident at the Second Sanitary Ware Factory, which occurred on 15 July 2023.

2. Dividend Distribution:

The Board of Directors approved interim cash dividends for the first and second halves of 2025 at SAR 0.50 per share for each period, totaling SAR 99.6 million for the year. This represents SAR 1 per share, equivalent to 10% of the nominal share value.

3. New Financing from the Saudi Industrial Development Fund (SIDF):

The Group obtained financing of SAR 125 million from SIDF to support working capital requirements.

4. Transformation of Manajem Al Sahra Branch:

The Manajem Al Sahra branch was converted into a closed joint stock company (single shareholder) wholly owned by Saudi Ceramics Company, following receipt of all required regulatory approvals.



Corporate Governance Framework

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Corporate Governance Framework

- ✔ This annual report is printed on 100% recycled paper sourced from sustainable materials.
- ✔ Investing for growth and strengthening governance.
- ✔ Saudi Ceramics is firmly committed to implementing robust governance and effective risk management practices to ensure transparency, accountability, and the creation of long term sustainable value for all stakeholders.



Corporate Governance

The Company is committed to applying sound governance principles and standards to safeguard its sustainability and maximize stakeholder value. Saudi Ceramics has established the principle of equal treatment of shareholders, recognizing the importance of protecting their rights and interests in accordance with the Corporate Governance Framework, which emphasizes safeguarding shareholders' rights as provided by applicable laws and regulations. The framework also promotes positive collaboration between the Company and its shareholders to create a successful and sustainable entity.

Corporate governance can be defined as “the system by which the Company is directed and controlled.” It determines how authority and responsibilities are distributed among the various bodies within the Company, including the Board of Directors, Executive Management, shareholders, and other stakeholders. It also defines the rules and procedures governing decision making related to the Company's affairs. Accordingly, it establishes the structure through which objectives are set, achieved, and performance is monitored. The Board of Directors is responsible for establishing and implementing the Saudi Ceramics Corporate Governance Regulations.

Shareholders play a key role in governance by appointing Board members and external auditors, and by ensuring that an appropriate governance structure is in place. The Board of Directors is responsible for setting the Company's strategic objectives, providing leadership to achieve them, overseeing management performance, and reporting to shareholders in accordance with the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

The Board's framework and procedures are governed by applicable laws, regulatory requirements, and resolutions of the General Assembly. The Saudi Ceramics Corporate Governance Regulations have been prepared in accordance with the Corporate Governance Regulations issued by the CMA and aligned with international best practices. They serve as the governance framework of the Company. In all matters related to corporate governance, regulatory requirements must be considered, particularly where the Company's governance regulations do not explicitly address a specific issue. These requirements include:

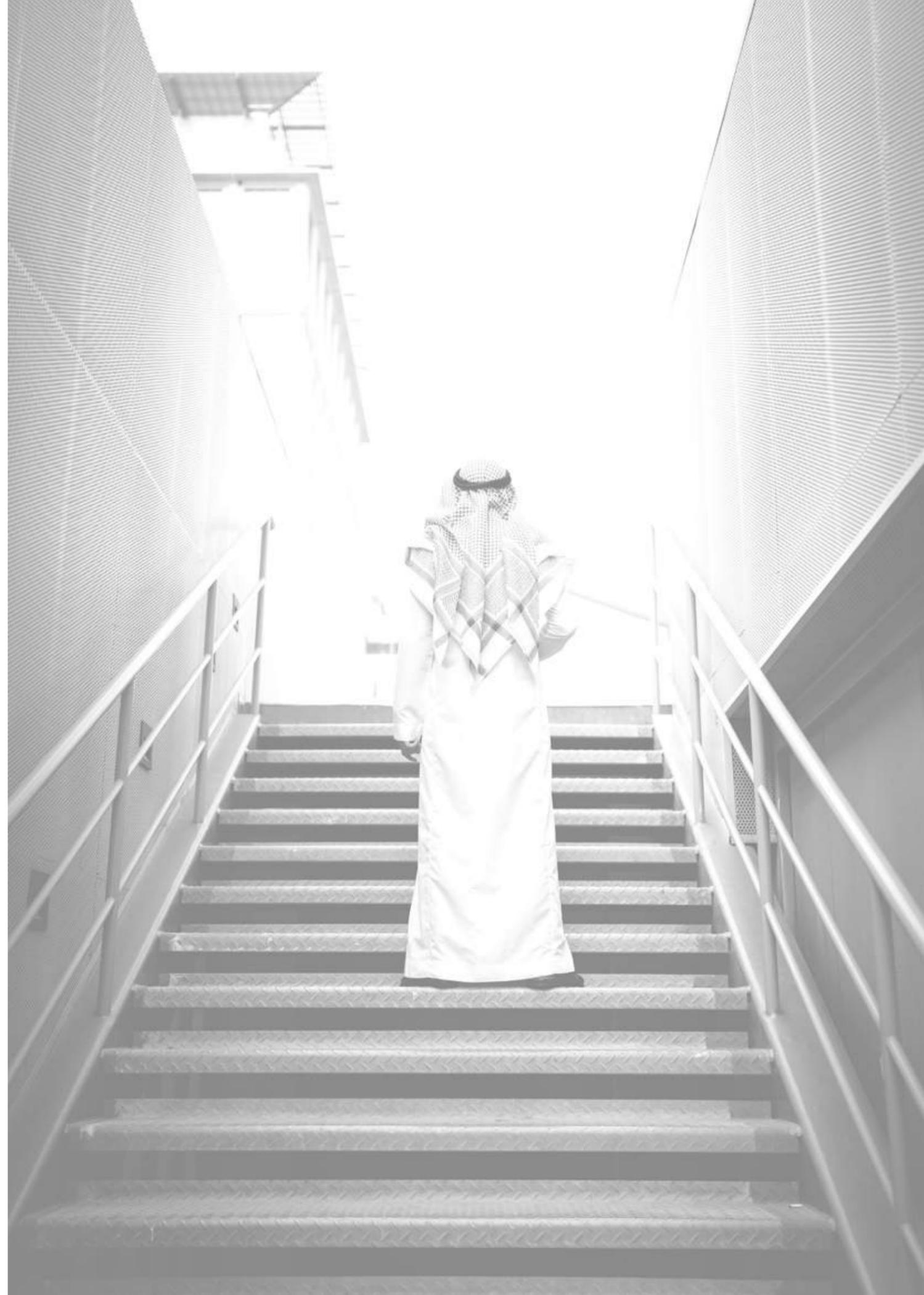
- Regulations and instructions issued by the Capital Market Authority (CMA) and the Saudi Exchange (Tadawul).
- The Saudi Companies Law and relevant official circulars issued by the Ministry of Commerce.
- The Company's Articles of Association.

The Board of Directors approves amendments to the Governance Regulations from time to time or calls for a General Assembly meeting to approve amendments requiring shareholder approval, ensuring compliance with regulatory requirements and adherence to sound governance practices.



Governance Framework

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114 **Names of Board Members, Committee Members, and Executive Management**
Current and Previous Positions, Qualifications, and Experience

• **First: Board Composition**



MR. YOUSEF BIN SALEH ABA AL-KHAIL

Chairman of the Board
(Non-Executive)



MR. ABDULAZIZ ABDULKARIM AL-KHURAIJI

Vice Chairman of the Board
(Non-Executive)



ENG. AHMAD SAEED ALGHAMDI

Board Member
(Non-Executive)



MR. SALAH ABDULRAHMAN ALHUZAMI

Board Member
(Independent)



MR. ABDULLAH JAMAAN ALZHRANI

Board Member
(Independent)



ENG. MAJED ABDULLAH AL ISSA

Board Member
(Non-Executive)



DR. MOHAMMED HAMAD ALKATHIRI

Board Member
(Independent)



DR. MUATH KHALID ALZAMIL

Board Member
(Independent)





**MR. YOUSEF BIN SALEH ABA
AL-KHAIL**

Chairman of the Board
(Non-Executive)

Mr. Yousef bin Saleh Abalkhail serves as Chairman of the Board of Saudi Ceramics Company as a Non-Executive Member. He brings over 32 years of distinguished leadership experience across both the public and private sectors, including chairmanships and board memberships in listed and non-listed companies across strategic industries.

He currently serves as Chairman of GIG Insurance, Chairman of the Arab Pipes Company, and Chairman of Saudi Ceramics Company, in addition to being a Board Member of Arabian Cement Company.

Previously, he chaired several national and international companies, including National Glass Industries Company, Guardian Glass International, and the Saudi National Lighting and Electricity Company, and served as a Board Member of Qassim Cement Company.

He has actively contributed to board committees, including membership in the Executive Committee of Arab Pipes Company, supporting institutional governance, strengthening decision making efficiency, and providing strategic oversight of financial and operational performance.

Mr. Abalkhail holds a Bachelor's degree in Computer Science from Point Loma University, San Diego, and a Master's degree in Information Systems Management from the University of Southern California, equipping him with strong expertise in linking effective governance with digital transformation and modern management practices.



**MR. ABDULAZIZ
ABDULKARIM AL-KHURAIJI**

Vice Chairman of the Board
(Non-Executive)

Mr. Abdulaziz Al-Khuraiji serves as Vice Chairman of Saudi Ceramics Company as a Non-Executive Member. He has extensive leadership experience in investment, insurance, infrastructure, and services.

He currently serves as CEO of Al-Khuraiji Investment Company, Executive Board Member of CHUBB Arabia Cooperative Insurance, Executive Chairman of Ithra Knowledge Company, and Executive Board Member of Dammam Airports Company.

Previously, he served as Board Member and Risk Committee Member at Bidaya Home Finance Company, strengthening his expertise in risk management and financial governance.

Within Saudi Ceramics, he serves as Board Member and Executive Committee Member. He also chairs the Executive Committee at CHUBB Arabia and chairs the Risk and Audit Committee at Dammam Airports Company, while serving on its Remuneration and Nomination Committee.

He holds a Bachelor's degree in Administrative Sciences from King Fahd University of Petroleum and Minerals.



**ENG. AHMAD SAEED
ALGHAMDI**

**Board Member
(Non-Executive)**

Eng. Ahmed bin Saeed Al-Ghamdi serves as a Non-Executive Board Member of Saudi Ceramics Company, nominated by the Public Investment Fund (PIF). He brings extensive investment expertise spanning many years in portfolio management and institutional governance at both local and international levels.

He currently holds the position of Senior Investment Director – Middle East and North Africa at PIF. In addition, he serves as a Non-Executive Board Member in several leading companies, including Southern Province Cement Company, Nesma & Partners Contracting Company, and Jasara Program Management Company.

Previously, he held several senior investment leadership roles at PIF, including Senior Vice President of Investments, Vice President of Investments, and Senior Investment Specialist for the Middle East and North Africa region. He also gained prior experience in new business development at Saudi Aramco, further strengthening his expertise in investment evaluation, business development, and strategic partnership management.

Eng. Al-Ghamdi actively participates in board committees, serving as a Non-Executive member of the Executive Committee, Remuneration and Nomination Committee, and Investment Committee at Southern Province Cement Company. He also serves as a Non-Executive member of the Executive Committees of both Nesma & Partners Contracting Company and Jasara Program Management Company, contributing to enhanced governance practices, strategic oversight, and sustainable institutional performance.

He holds a Bachelor's degree in Chemical Engineering from McGill University and a Master of Business Administration (MBA) from Harvard University, supporting his professional journey in investment decision making, long term value creation, and the integration of governance with strategic execution.



**MR. SALAH ABDULRAHMAN
ALHUZAMI**

**Board Member
(Independent)**

Mr. Salah bin Abdulrahman Al-Hazzami serves as an Independent Member of the Board of Directors of Saudi Ceramics Company. He brings extensive executive and managerial experience spanning many years across the industrial, energy, basic materials, and investment sectors. He currently serves on the boards and committees of several companies, including Safwa Cement Company and Group Five Saudi Pipe Company.

Previously, Mr. Al-Hazzami held a number of senior leadership positions, most notably Chief Executive Officer of the Arab Paper Manufacturing Company, General Manager of Dana Gas in the Kingdom of Saudi Arabia, and Deputy General Manager for Marketing at Saudi Cement Company. He also served as Assistant General Manager at Bayt Al-Riyadh, Al-Jeraisy Group and the manager of the United Saudi Commercial Bank in Al Khobar, and the Head of the Branch Division at the Regional Administration of Banque Saudi Fransi in the Eastern Province. In addition, he has held board memberships in several companies, including Yanbu Cement Company, Arbah Capital, and Dana Gas Bahrain. These roles have enabled him to build advanced expertise in executive leadership, business development, and institutional transformation management.

Mr. Al-Hazzami actively participates in board committees. He is a member of the Remuneration and Nomination Committee at Saudi Ceramics Company, and serves on the Remuneration and Nomination Committees of both Riyadh Downtown Development Company and Destination Development Company, affiliates of the Public Investment Fund (PIF). He is also a member of the Executive Committee at Yanbu Cement Company and the Audit Committee at Group Five Saudi Pipe Company. Through these roles, he contributes to strengthening corporate governance practices, institutional oversight, and alignment with best-practice standards.

Mr. Al-Hazzami holds a Bachelor's degree in Industrial Management from King Fahd University of Petroleum and Minerals. He has also completed several advanced executive programs, including the Executive Mini MBA in Oil & Gas from CWC School in London, the Executive Strategy Program for Leaders, and the Executive Risk Management Program from Harvard University in Boston, United States. These academic and executive credentials have further enhanced his ability to integrate strategy, risk management, and long term sustainability.



**MR. ABDULLAH JAMAAN
ALZHRANI**

**Board Member
(Independent)**

Mr. Abdullah bin Jumaan Al-Zahrani serves as an Independent Member of the Board of Directors of Saudi Ceramics Company. He brings extensive banking and financial expertise spanning many years in treasury management, investment, and fixed income instruments. He currently serves as Head of Treasury Group at Alinma Bank and is also a Board Member of Alef Fund.

Previously, Mr. Al-Zahrani held several specialized leadership positions within the banking sector, including Head of Treasury and Investment at Gulf International Bank, Assistant Head of Treasury at Riyadh Bank, and Portfolio Manager at Arab National Bank. He also served as Senior Fixed Income Trader at the National Commercial Bank and Senior Fixed Income Trader at the Saudi Arabian Monetary Authority (SAMA). These roles have enabled him to develop deep expertise in liquidity management, financial markets, investment strategies, and risk management.

Mr. Al-Zahrani actively contributes to board committees. He chairs the Audit Committee at Saudi Ceramics Company, supporting the highest standards of financial oversight and regulatory compliance. He also serves as Chairman of the Executive Committee and Board Member at Ersal Money Transfer Company, contributing to strengthened corporate governance, enhanced supervisory efficiency, and financial sustainability.

Mr. Al-Zahrani holds a Bachelor's degree in Industrial Management from King Fahd University of Petroleum and Minerals, which has supported his professional journey in integrating advanced financial analysis with sound institutional management practices.



**ENG. MAJED ABDULLAH AL
ISSA**

**Board Member
(Non-Executive)**

Eng. Majed bin Abdullah Al-Eissa serves as a Non-Executive Member of the Board of Directors of Saudi Ceramics Company. He brings extensive executive experience spanning many years across the industrial, logistics, and investment sectors. He currently serves as Chief Executive Officer of Sadr Logistics Services Company and sits on the boards of several companies, including Natural Gas Distribution Company, Mashari Al-Shathri Engineering Consultancy Company, and Ceramic Pipes Company.

Previously, Eng. Al-Eissa held a number of prominent leadership positions, including Chief Executive Officer of Saudi Ceramics Company, Chief Executive Officer of Batk Investment and Logistics Company, and Chief Executive Officer of National Gypsum Company. He also served as Manager of the Opportunities Development and Investment Fund at Saudi Basic Industries Corporation (SABIC), in addition to leading a division at the Saudi Industrial Development Fund (SIDF). These roles have enabled him to build comprehensive expertise in operational leadership, investment management, and supply chain development.

Eng. Al-Eissa actively contributes to board committees. He serves as a Non-Executive Member of the Executive Committee at Saudi Ceramics Company, a Member of the Remuneration and Nomination Committee at Natural Gas Distribution Company, and a Member of the Executive Committee at Sadr Company. Through these roles, he supports strong governance practices and ensures a balanced approach between strategic oversight and executive performance.

Eng. Al-Eissa holds a Bachelor's degree in Chemical Engineering from King Saud University and a Master's degree in Industrial Management from the University of Cambridge, United Kingdom. He is also a Certified Management Accountant (CMA), a Fellow of the Institute of Management Accountants (IMA), and holds a specialized certification in Mergers and Acquisitions from the Alliance of Merger & Acquisition Advisors (AM&AA), United States. These qualifications have further strengthened his expertise in financial analysis, investment decision making, and sustainable institutional growth.



**DR. MOHAMMED HAMAD
ALKATHIRI**
Board Member
(Independent)

Dr. Mohammed bin Hamad Al-Kathiri serves as an Independent Member of the Board of Directors of Saudi Ceramics Company. He brings extensive professional and managerial experience spanning many years in economic policy, trade, strategic planning, and corporate governance. He currently works in management and economic consultancy and private business. At Saudi Ceramics Company, he serves as a Board Member and Chairman of the Strategy Formulation Taskforce. He also sits on the boards of several leading national companies, including National Gas and Industrialization Company (GASCO) and Al Mouwasat Medical Services Company.

Previously, Dr. Al-Kathiri held prominent government and academic leadership positions, including Secretary General of the Riyadh Chamber of Commerce and Industry and Deputy Minister of Commerce and Industry for Foreign Trade, where he was also assigned responsibilities as Acting Deputy Minister for Industry. He also served as Secretary General of the Riyadh Economic Forum and as a faculty member in the Department of Business Administration at King Saud University. These roles enabled him to develop comprehensive expertise in policy formulation, business environment development, and fostering public-private sector partnerships.

Dr. Al-Kathiri actively participates in board committees. He serves as a Head of the Remuneration and Nomination Committee at Saudi Ceramics Company and at National Gas and Industrialization Company (GASCO). He also chairs the Remuneration and Nomination Committee and serves as a Member of the Audit Committee at Al Mouwasat Medical Services Company, contributing to strengthened governance practices, enhanced independence and transparency, and improved decision-making efficiency.

Dr. Al-Kathiri holds a Bachelor's degree in Business Administration from King Saud University, a Master of Business Administration from the University of Ottawa, Canada, and a Ph.D. in Business Administration from the University of Manchester. His academic credentials have supported his professional journey in thought leadership, strategic planning, and sustainable institutional value creation.



**DR. MUATH KHALID
ALZAMIL**
Board Member
(Independent)

Dr. Muath bin Khalid Al-Zamil serves as an Independent Member of the Board of Directors of Saudi Ceramics Company. He brings advanced leadership and advisory expertise in corporate strategy, investment, and governance. He currently serves as Chief Executive Officer of Midra Consulting and is a board member of several listed and leading companies, including National Industrialization Company (Tasnee) and Gulf General Cooperative Insurance Company.

Previously, Dr. Al-Zamil held a number of strategic and executive positions, including Executive Director of Strategy at THIQAH Business Services, Strategic Advisor at Saudi Aramco, and Strategy and Investment Advisor at the General Authority for Small and Medium Enterprises (Monsha'at). He also served as a faculty member in the MBA program at King Fahd University of Petroleum and Minerals and as Director of Business Strategy at Parsons Corporation. These roles enabled him to build comprehensive expertise in strategy formulation, institutional transformation management, and sustainable growth enablement.

Dr. Al-Zamil actively contributes to board committees. He serves as a Member of the Remuneration and Nomination Committee at Saudi Ceramics Company, a Member of the Audit Committee, and Chairman of the Governance and Risk Committee at National Industrialization Company (Tasnee). He also chairs the Remuneration and Nomination Committee and serves as a Member of the Investment Committee at Gulf General Cooperative Insurance Company. Through these roles, he strengthens governance practices, risk management frameworks, and strategic alignment with long term objectives.

Dr. Al-Zamil holds a Bachelor's degree in Business Administration from Portland State University, United States, a Master's degree in Management from the University of La Verne, United States, and a Ph.D. in Organizational Strategy from Pepperdine University. He also holds a Master's degree in Finance from INSEAD, France. These academic achievements have reinforced his expertise in thought leadership, strategic analysis, and investment decision making aligned with global best practices.

• **Second: Executive Management**

The Company’s executive management consists of a team with the expertise and competencies required to manage the Company under the supervision of the Board of Directors. The Chief Executive Officer oversees the day to day operations of the Company in accordance with the directives and policies established by the Board, ensuring the achievement of the Company’s strategic objectives as approved by the Board of Directors.

Organizational Structure of Saudi Ceramics Company



Executive Management Overview



**ENG. AZZAM SAUD
ALMUDAIHEEM**
Chief Executive Officer

Eng. Azzam Saud Al-Madihaim serves as Chief Executive Officer of Saudi Ceramics Company, one of the leading publicly listed companies in the building materials sector across the Kingdom and the region. He brings over two decades of executive and leadership experience spanning manufacturing, business management, institutional transformation, and the leadership of major national enterprises.

Throughout his career, Eng. Al-Madihaim has held senior executive roles across prominent organizations. He began as a Manufacturing Engineer at Advanced Electronics Company, then served as Regional Manager for the Central Region at Al-Muhaidib Foods, before assuming the position of General Manager of Al-Muhaidib Wood Products (Masdar) in 2017. He later served as Chief Executive Officer of Shaker Group and Chairman of Abunayyan Trading Company, where he led business development initiatives, enhanced operational efficiency, and drove growth and sustainability strategies.

In addition to his executive responsibilities, Eng. Al-Madihaim has extensive board experience. He currently serves as a Board Member of Arab Pipes Company, Al Hassan Ghazi Ibrahim Shaker Company, and Ceramic Pipes Company. His previous board roles include Chairman of Energy Management Solutions Company, Chairman of Modern Vision Company, and Board Member of Communication Solutions Company. These roles strengthened his expertise in strategic oversight, governance frameworks, and aligning executive performance with long term objectives.

He also serves as a Member of the Remuneration and Nomination Committee and the Governance and Risk Committee at Arab Pipes Company, contributing to the reinforcement of governance best practices, transparency, and enterprise risk management.

Eng. Al-Madihaim holds a Bachelor’s degree in Mechanical Engineering from King Saud University. His strong technical foundation supports his ability to integrate engineering expertise with modern executive leadership, driving transformation and sustainable growth in line with the Company’s long term strategic vision.

MR. MOHAMMED SHABAAN

Chief Financial Officer

Mr. Mohammed Shabaan currently serves as Chief Financial Officer of Saudi Ceramics Company. He brings extensive financial and executive experience in financial management, reporting, governance, and risk management. He has previously held CFO positions in leading holding groups, including Al-Qaryan Holding Group, Al-Jeri Holding Group, and Al-Rajhi Group. He also served as Finance Manager at Al-Rajhi Company and Audit Manager at KPMG Al-Fozan. He holds a Master's degree in Finance from the University of Manchester. He is a Certified Public Accountant (CPA) accredited by the American Institute of Certified Public Accountants and a Certified Internal Auditor (CIA) accredited by the Institute of Internal Auditors, reinforcing his expertise in financial governance, compliance, and long term financial sustainability.

ENG. ADIL ALOMRAN

Chief Operations Officer

Eng. Adil AlOmran serves as Chief Operations Officer of Saudi Ceramics Company. He has extensive operational experience within the Company, having progressed through various technical and managerial roles in tile manufacturing plants, from Production Engineer to leading company wide operations. He has contributed significantly to enhancing operational efficiency, factory management, and production continuity. He holds a Bachelor's degree in Chemical Engineering from King Saud University.

ENG. YAZEED AL MARSHOUD

Chief Information Officer

Eng. Yazeed AlMarshoud serves as Chief Technology and Digital Transformation Officer. He brings specialized expertise in information technology, digital transformation, and technical operations. He previously served as CEO Advisor at the Saudi Technology Development and Investment Company, managed telecommunications and technical operations at the Ministry of Tourism, worked as a Programmer at the General Organization for Social Insurance, and served as a Systems Analyst at Alawwal Bank. He has also been a Board Member of Itqan Projects since 2019. He holds a Master's degree in Computer Science from Western Michigan University and a Bachelor's degree in Computer Science from Prince Sultan University.

MR. HASAN AL NAMEES

Chief Sales Officer

Mr. Hassan Al-Namees serves as Chief Sales Officer - Wholesale. He has broad regional experience in leading sales teams and developing commercial channels across multiple sectors, including food industries, jewelry, and consumer goods. He holds a Bachelor's degree in Business Administration.

MR. MOHAMMAD AL SHAMMARI

Chief Human Resource Officer

Mr. Mohammad AlShammari serves as Chief Human Capital and Support Services Officer. He has extensive experience in human resources leadership and talent development across diversified sectors. He previously served as General Manager of Human Resources at Saadeddin Commercial Group and held leadership HR roles at Azmeel Holding, Abunayyan Holding, Al-Rajhi Steel, and other organizations. He is currently enrolled at the University of Hull (UK) pursuing an MBA in International Business and holds a Bachelor's degree in International Business Administration (Human Resources) from Liverpool John Moores University. He also holds multiple professional certifications, including CIPD Level 7.

MR. BASSAM AL HAKAMI

Chief Sales Officer – Retail & Export

Mr. Bassam Al Hakami serves as the Chief Executive Officer of Retail and Export Sales at Saudi Ceramics Company. He has accumulated extensive experience in leading sales and commercial operations, having progressed through several leadership roles within the Company, including Operations Management, Commercial Management, and Retail and Export Sales. Throughout his career, he has contributed to the development of sales performance and the improvement of commercial operational efficiency. He holds a Diploma in Sales, in addition to several specialized courses in leadership, strategic planning, and sales development.

MR. AMER AL SOWAIGH

Senior Executive Manager – Delivery & Warehouse

Mr. Amer Al Sowaigh currently serves as Senior Executive Manager of Warehouses and Deliveries at Saudi Ceramics Company. He brings extensive hands on experience in warehouse management, supply chain operations, and distribution logistics. Throughout his career, he has held several operational and managerial roles, including Warehouse Manager at Saudi Marble & Granite Factory Company and Head of Delivery Department at Saudi Ceramics Company. He also previously served as Treasurer at the Arab Paper Manufacturing Company and Showroom Manager at Zahret Nadeed Dates Establishment. These roles have strengthened his expertise in operational management, logistics coordination, and performance optimization. He holds a Bachelor's degree in Public Administration with a specialization in Organization and Administrative Development, supporting his capability in operational governance and continuous efficiency improvement.

MR. BADER MOKDAD

Executive Manager - Marketing

Mr. Bader Mokdad currently serves as Executive Manager of Marketing at Saudi Ceramics Company. He brings extensive leadership experience in strategic marketing, e-commerce, brand development, and corporate communications. Throughout his career, he has held senior leadership roles at both local and international organizations, including Samsung, KPMG, Fakeeh Care Group, Al-Sorayai Trading & Industrial Group, and Saadeddin Group. He has played a key role in developing integrated marketing strategies, driving digital growth initiatives, strengthening brand positioning, and enhancing omni-channel performance. He holds a Bachelor's degree in Business Administration from the American University of Science and Technology and a Master of Business Administration (MBA) with a specialization in Marketing from Michigan State University.

MR. AYED AL OTAIBI

Executive Manager –
Projects & Operations
Support

Mr. Ayed Al Otaibi currently serves as Senior Executive Manager of Projects and Operational Support at Saudi Ceramics Company. He brings extensive professional experience in operations, maintenance, and project management across industrial and service sectors. Throughout his career, he has held several leadership roles within subsidiaries of Saudi Ceramics Company, in addition to his previous experience at Al-Jeri Group and Al-Rajhi Steel. He has also served as a non-executive consultant in operations and maintenance for a number of companies. He holds a Bachelor's degree in Business Administration, as well as a Diploma in Production Mechanics and Maintenance, enabling him to effectively combine managerial expertise with strong technical knowledge.

MR. MOHAMMED AL SARRAF

Executive Manager -
Procurement

Mr. Mohammed Al Sarraf serves as Executive Manager of Supply Chain and Procurement at Saudi Ceramics Company. He has extensive experience in procurement, supply chain management, and materials management across various industrial sectors. Previously, he held leadership positions in supply chain functions at several organizations, including SHED Company, Bin Dhafra Group, and Abunayyan Group. He also managed materials at ARCAD Engineering & Construction and led procurement and demand planning functions at Zanussi Electrolux and Shell / BP. He holds a Bachelor's degree in Accounting from Ain Shams University, Egypt, which has enabled him to integrate financial discipline with operational efficiency in procurement and supply chain management.

MR. AHMED GENIDI

Executive Manager –
Business Development &
Planning

Mr. Ahmed Genidi serves as Executive Manager of Business Development at Saudi Ceramics Company. He has solid experience in business development, product management, and design leadership. He previously worked as a Business Consultant, Tile and Sanitaryware Product Manager, and Head of Design Departments at several organizations. He has contributed significantly to portfolio development and aligning product offerings with market needs and design trends. He holds a Bachelor's degree in Applied Arts from Helwan University and a Master of Business Administration from Anglia Ruskin University.

MR. HAMZA ALAUTYAT

Executive Manager - QHSE

Mr. Hamzah Alautyat serves as Executive Manager of Quality, Safety, and Environment at Saudi Ceramics Company. He has specialized expertise in quality management systems, occupational health and safety, and environmental management within regional and international industrial and food sector companies. He previously held leadership roles in quality and safety at Nestlé and other industrial organizations. He is also a member of the Property and Assets Insurance Committee at Saudi Ceramics Company. He holds a Bachelor's degree in Environmental Engineering (Water, Land and Environment) from the University of Jordan, along with multiple international professional certifications in quality, safety, and energy management systems.

MR. HASHEM ALNAWAM

Executive Manager –
Projects Sales

Mr. Hashem AlNawam serves as Executive Manager of Project Sales at Saudi Ceramics Company. He brings extensive professional experience in leading project sales across industrial and pharmaceutical sectors. Throughout his career, he has held senior leadership positions including Sales and Marketing Manager at Future Porcelain Factory, Project and Export Sales Manager at Al-Fursan Global Industrial Complex, and General Manager at Seadal Ceramics Company. He also gained regional experience as Regional Manager at Aspen Pharmaceuticals and Area Manager at Novartis Pharmaceuticals, among other roles. He holds a Bachelor's degree in Veterinary Medical Sciences from Tanta University.

MR. VASU KHARB

Director – Strategy
Management Office

Mr. Vasu Kharb serves as Strategy Director at Saudi Ceramics Company, leading corporate strategy and long term planning initiatives. He has solid experience in corporate strategy, business development, and long term planning. Previously, he served as Senior Director of Strategy and Business Development at the Arab Agricultural Services Company (ARASCO), where he contributed to strategy formulation, growth initiatives, and performance improvement programs. Mr. Karab holds a Bachelor's degree in Computer Science Engineering and has completed several professional certifications in corporate and business strategy.



130 Material Disclosures on Tadawul Platform During 2025

The Company remains committed to disclosing material developments, financial results, and significant events in accordance with the applicable regulatory requirements governing transparency and disclosure principles. This commitment ensures that shareholders, investors, and all relevant stakeholders are informed of material information in a timely and transparent manner.

During the financial year ended 31 December 2025, Saudi Ceramics Company announced a number of significant events, operational updates, and strategic decisions of importance to its shareholders through the officially approved communication channels. These disclosures were published on the official website of the Saudi Exchange (Tadawul) in full compliance with the applicable disclosure and regulatory requirements.

A total of fifteen (15) investor directed announcements were issued by the Company during the reporting period. Below is a summary of the most notable disclosures, presented in chronological order according to their respective announcement dates.

No.	Announcement Date	Announcement Title
1	2-Jan	Saudi Ceramics Company announces receipt of a notification regarding the adjustment of fuel prices used in production operations.
2	20-Jan	Saudi Ceramics Company announces the latest developments regarding the notification of fuel price adjustments used in production operations.
3	25-Feb	Saudi Ceramics Company announces its Annual Financial Results for the year ended 31 December 2024.
4	4-Mar	Saudi Ceramics Company announces the invitation to shareholders to attend the Extraordinary General Assembly Meeting (First Meeting).
5	18-Mar	Supplementary announcement from Saudi Ceramics Company regarding the invitation to shareholders to attend the Extraordinary General Assembly Meeting (First Meeting).
6	27-Mar	Saudi Ceramics Company announces the results of the Extraordinary General Assembly Meeting (Second Meeting).
7	6-Apr	Saudi Ceramics Company announces the appointment of the Chairman and Vice Chairman of the Board of Directors, the formation of Board committees, and the appointment of Company representatives before the Capital Market Authority and Saudi Tadawul Group.
8	7-Apr	Supplementary announcement from Saudi Ceramics Company regarding the appointment of the Chairman and Vice Chairman of the Board of Directors, the formation of Board committees, and the appointment of Company representatives before the Capital Market Authority and Saudi Tadawul Group.
9	29-Apr	Saudi Ceramics Company announces its Interim Financial Results for the period ended 31 March 2025 (Three Months).
10	8-May	Saudi Ceramics Company announces the latest developments regarding the fire incident at one of its factories in the Second Industrial City in Riyadh.
11	24-Jun	Saudi Ceramics Company announces its Interim Financial Results for the period ended 30 June 2025 (Six Months).
12	29-Jun	Saudi Ceramics Company announces the Board of Directors' resolution to distribute interim cash dividends to shareholders for the first half of 2025.
13	2-Oct	Saudi Ceramics Company announces the opening of two new retail show-rooms in Riyadh.
14	27-Oct	Saudi Ceramics Company announces its Interim Financial Results for the period ended 30 September 2025 (Nine Months).
15	18-Dec	Saudi Ceramics Company announces the opening of a new showroom in the Eastern Province in Al-Hofuf.

Saudi Ceramics Company and Its Subsidiaries

Saudi Ceramics Company conducts its business activities through multiple channels, including its subsidiaries. The Company maintains long term investments and exercises effective oversight, leveraging its strong leadership capabilities to optimally direct economic performance, financial policies, and operational procedures.

Saudi Ceramics consolidates its operations and financial results as a single economic entity and prepares consolidated financial statements accordingly. The consolidated financial statements are adjusted to eliminate all material intercompany balances and transactions within the Group.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the Group. These interests are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position.

Subsidiary	Principal Activity	Functional Currency	Share Capital	Issued Shares	Ownership	
					2025	2024
Ceramic Pipes Company (1)	Import, export, and wholesale & retail trading of clay pipes	Saudi Riyal (SAR)	10,177,740	1,017,874	92.22%	77.89%
Arzan Company (2)	Operations and maintenance	Saudi Riyal (SAR)	50,000	500	100%	100%
Saudi Ceramics Investment Company (2)/(3)	Marketing services and wholesale & retail trading	Saudi Riyal (SAR)	500,000	500	99.60%	98.69%

1 Ceramic Pipes Company (CPC)



شركة الخزف للأنايب
Ceramic Pipes Company

Share Capital
10
Million SAR

Revenue
21
Million SAR

Ownership
92.22%

Ceramic Pipes Company (CPC) was established in 2007 as a Saudi closed joint stock company pursuant to Ministry of Commerce and Industry Resolution No. 257/Q dated 30 (Commercial Registration No. 1010241426) and Industrial License No. 23/10/2007 for the production of vitrified clay pipes, fittings, and accessories. The Company was established to meet local and international market demand for clay piping systems and related products.

On 26 May 2025, the General Assembly of CPC approved a capital increase through the issuance of 450,000 new shares at a nominal value of SAR 10 per share, totaling SAR 4.5 million. All newly issued shares were fully subscribed by Saudi Ceramics Company (the Parent Company), with the subscription amount settled against the current account balance payable to the Parent.

On the same date, 26 May 2025, the General Assembly also approved a capital reduction from SAR 34.5 million to SAR 177,700 through the cancellation of 3,432,226 shares to offset accumulated losses.

As a result of these transactions, the ownership percentage in Ceramic Pipes Company and Saudi Ceramics Investment Company increased to 80.78% and 98.89%, respectively.

Subsequently, on 25 August 2025, the General Assembly approved a further capital increase through the issuance of 1,000,000 new shares at a nominal value of SAR 10 per share, totaling SAR 10 million. Saudi Ceramics Company subscribed to 924,200 shares, with the subscription amount settled against the outstanding current account balance.

Following these changes, the ownership percentage increased to 92.22% in Ceramic Pipes Company and 99.6% in Saudi Ceramics Investment Company.

2 Arzan Operations & Maintenance Company



ARZAN

Ownership
100%

Arzan Operations & Maintenance Company is a single-owner limited liability company incorporated under the Companies Law of the Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010716135 dated 1 Dhu Al-Qi'dah 1438H (corresponding to 24 July 2017).

The Company's principal activities include residential and non-residential building renovations, demolition works, land transportation of goods, truck leasing with or without drivers, real estate buying and selling, property subdivision, off plan sales activities, building maintenance services, and maintenance of public housing parks and gardens.

The Company has not commenced commercial operations since its incorporation through 31 December 2024.

3 Saudi Ceramics Investment Company

Saudi Ceramics Investment Company is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010308934 dated 13 Jumada Al-Akhirah 1432H (corresponding to 16 May 2011).

The Company's activities include wholesale and retail trading of ceramic products, water mixing systems, ceramic machinery and molds, production supplies, manufacturing, importing and selling ceramic products of all types, shapes, and sizes, finishing and painting materials, sanitary ware, and other building materials. It also engages in wholesale and retail sales through offices, warehouses, and retail outlets.

Saudi Ceramics Company holds 99.6% ownership in Saudi Ceramics Investment Company, of which 95% is held directly and 4.6% indirectly through Ceramic Pipes Company. The Company has not commenced operations to date.

Ownership
99.6%

Saudi Ceramics Company Shares

Item	Details
Listing Date	15-Jan-93
Exchange	Saudi Exchange (Tadawul)
Sector	Capital Goods
Trading Symbol	2040
ISIN	SA0007879154
Number of Issued Shares	100,000,000
Share Type - SAR million (as at 31 December 2025)	Ordinary Shares
Market Capitalization	SAR 2,724

Shareholders of Saudi Ceramics Company

As at 31 December 2025, the total number of shareholders of Saudi Ceramics Company reached 24,968 shareholders. Institutional ownership represented 35% of the total shareholding structure, while individual investors accounted for 65% of total issued shares.

The following table provides an overview of Saudi Ceramics Company's investor base classified by investor type as at 31 December 2025.

Saudi Ceramics Investors by Type
(As at 31 December 2025)

Shareholder Type	Number of Investors	Number of Shares	Ownership Percentage
Individual Investors	24,812	65,122,355	65%
Institutional Investors	156	34,877,645	35%
Total	24,968	100,000,000	100%

Saudi Ceramics Investors by Nationality
(As at 31 December 2025)

Shareholder Nationality	Number of Shareholders	Number of Shares	Ownership Percentage
Kingdom of Saudi Arabia	24,188	93,142,552	93,1%
GCC Countries	17	75,630	0,1%
Other Nationalities	763	6,781,818	6,8%
Total	24,968	100,000,000	100%

Ownership Notification

Pursuant to Article 68 of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (CMA), Saudi Ceramics Company did not receive any new notifications during the year 2025 regarding ownership interests exceeding 5% of the Company's issued shares. The table below presents the major shareholder(s) holding 5% or more of the issued share capital as at 31 December 2025:

Ownership of 5% or More of the Issued Shares	Beginning of Year		End of Year	
	Number of Shares	Ownership %	Number of Shares	Ownership %
Public Investment Fund (PIF)	5,400,496	5.4%	5,400,496	5.4%

Ownership of 5% or More of the Issued Shares

Shareholder Register Requests
Number of Requests for the Shareholder Register During 2025

.No	Request Date	Purpose
1	31-Dec-24	Company procedures (verification of ownership of Board election nominees)
2	16-Mar-25	Company procedures
3	26-Mar-25	General Assembly
4	26-Mar-25	General Assembly
5	22-Oct-25	Company procedures

Date	Subject
1-Jan-25	Receipt of two notifications from Saudi Aramco and Natural Gas Distribution Company regarding adjustments to fuel prices used in production operations, effective 01 January 2025
25-Feb-25	Announcement of the Annual Financial Results for the year ended 31 December 2024
26-Mar-25	Extraordinary General Assembly Meeting held to approve: - Amendments to the Company's Articles of Association, Audit Committee Charter, and Remuneration & Nomination Committee Charter. Board and committee remuneration policy and executive management compensation policy. Policy for Board membership standards and procedures - Election of the Board of Directors for a new four-year term commencing 01 April 2025 - Approval of the Board of Directors' Report and Financial Statements for 2025 and other related agenda items
6-Apr-25	- Appointment of the Chairman of the Board, Vice Chairman, and Board Secretary - Formation of Board committees (Audit Committee, Executive Committee, and Remuneration & Nomination Committee) - Appointment of Company representatives before the Capital Market Authority (CMA) and Saudi Tadawul Group
28-Jul-25	Board resolution to distribute interim cash dividends for the first half of 2025 Total distributed amount: SAR 49,840,000 Eligible shares: 99,680,000 shares Dividend per share: SAR 0.50 Distribution percentage of nominal value: 5% Eligibility date: 17 August 2025 (23-02-1447H) Payment date: 02 September 2025 (10-03-1447H) Treasury shares not eligible for dividends (allocated to employee incentive program): 320,000 shares
7-May-25	Final settlement of the insurance claim with The Company for Cooperative Insurance relating to all damages resulting from the factory fire that occurred on 15 July 2023. The full settlement amounted to SAR 120 million, resulting in a positive financial impact during Q2 2025, while the Company retained ownership of salvage value
29-Apr-25	Announcement of the Consolidated Interim Financial Results for Q1 2025
24-Jun-25	Announcement of the Consolidated Interim Financial Results for Q2 2025
27-Jun-25	Announcement of the Consolidated Interim Financial Results for Q3 2025

Preparation of the Financial Statements

Management is responsible for establishing and maintaining effective internal control systems to ensure the reliability of financial reporting and the preparation of financial statements for external purposes. The Finance Department reviews these controls, while the Board of Directors oversees the results of such reviews to ensure the effectiveness and efficiency of financial reporting controls. The Audit Committee reviews the application of financial reporting standards and accounting estimates in coordination with the external auditors.

The annual financial statements are characterized by integrity and transparency, enabling shareholders to assess the Company's financial position, performance, business model, and strategy.

The condensed consolidated interim financial statements, which are subject to a limited review report, and the annual consolidated financial statements, which are subject to an audit report, are prepared by the independent external auditor.

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

As part of its reporting requirements, the Group prepared condensed consolidated interim financial statements for each quarter of 2025, in addition to the annual consolidated financial statements for the year ended 31 December 2025, in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

Saudi Ceramics Company appointed Ibrahim Ahmed Al-Bassam & Co., Certified Public Accountants (Al-Bassam & Co.), as the independent external auditor based on the recommendation of the Audit Committee submitted to the Board of Directors. The appointment covered the review and audit of the second and third quarters and the annual financial statements for fiscal year 2025, as well as the first quarter of fiscal year 2026.

The Board of Directors submitted a request for approval of the appointment of Ibrahim Ahmed Al-Bassam & Co., Certified Public Accountants, including approval of their professional fees, during the General Assembly meeting held on 26 March 2025, and the appointment was approved during that meeting.

Following the audit of the consolidated financial statements for the year ended 31 December 2025, Al-Bassam & Co. issued an unmodified independent auditor's report, stating that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Ceramics Company and its subsidiaries as at 31 December 2025, and their consolidated financial performance and consolidated cash flows for the year then ended, in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

(A) Dividend Distribution Policy

1. Distributable profits consist of the net profit of the financial year after deducting amounts allocated to reserves specified in the Company’s Articles of Association, if any, or to reserves formed by resolution of the General Assembly, in addition to retained earnings and distributable reserves formed from prior years’ profits.
2. Share premium (share issuance premium) recorded within shareholders’ equity may not be used for the distribution of cash dividends.
3. The Ordinary General Assembly may decide to establish additional reserves to the extent that serves the Company’s interest or ensures, as far as possible, stable dividend distributions to shareholders. The Assembly may also allocate a percentage of net profits for social purposes benefiting the Company’s employees.
4. Distributable reserves include reserves formed from profits that have not been allocated for specific purposes or where the purpose for which they were formed has been cancelled.
5. Shareholders are entitled to their share of profits pursuant to a General Assembly resolution approving dividend distribution or a Board resolution approving interim dividends. The resolution shall specify the eligibility date and distribution date and shall be implemented in accordance with the Implementing Regulations of the Companies Law applicable to listed joint-stock companies.
6. The General Assembly determines the percentage of net profits to be distributed to shareholders after deducting reserves (if any), based on the recommendation of the Board of Directors and in compliance with applicable regulations.
7. The General Assembly may approve dividend distributions on an annual, semi-annual, or quarterly basis and may delegate such authority to the Board of Directors. Dividends shall be paid at the time and place determined by the Board in accordance with CMA regulations.
8. Dividends, whether in cash or bonus shares, are granted to shareholders registered with the Securities Depository Center (Edaa) at the end of the trading session on the eligibility date determined by the General Assembly.
9. Dividends approved by the General Assembly or interim dividends approved by the Board shall be paid to eligible shareholders within fifteen (15) business days from the date of the resolution.
10. The Board of Directors reviews the dividend distribution policy annually and submits recommendations to the General Assembly based on the Company’s financial position and available investment opportunities.
11. Although the Company expects to continue distributing annual cash dividends in line with its historical practice, there is no guarantee of continuous distribution or of a specific dividend amount or percentage in any given year.
12. Cash dividends are recommended or approved by the Board of Directors based on the dividend policy and various considerations, including realized profits, cash flows, capital expenditure requirements, future outlook, and the importance of maintaining financial solvency and a sound financial position.

(B) Cash Dividends Distributed During the Last Five Years

Each shareholder is entitled to receive dividends in accordance with the Board’s resolution regarding interim distributions or the General Assembly’s resolution, pursuant to the provisions of the Company’s Articles of Association. The resolution specifies both the eligibility date and the distribution date. Shareholders registered in the shareholder register at the end of the eligibility date are entitled to receive the declared dividends.

Cash Dividends Distributed Over the Last Five Years

The table below sets out the cash dividends distributed to shareholders during the past five years:

No.	Announcement Date	Eligibility Date	Distribution Date	Dividend per Share ((SAR
1	01/03/2025	Non-applicable	Non-applicable	0.5
2	29/07/2025	17/08/2025	2/9/2025	0.5
3	23/02/2023	13/03/2023	28/03/2023	0.5
4	13/07/2022	1/8/2022	14/08/2022	0.5
5	17/02/2022	21/02/2022	3/3/2022	0.75
6	27/07/2021	1/8/2021	15/08/2021	0.75

On 26 February 2026, the Board of Directors recommended the distribution of cash dividends to shareholders for the second half of the financial year ended 31 December 2025. The recommendation includes the distribution of total dividends amounting to SAR 49,840,000 at SAR 0.50 per share, representing 5% of the nominal value per share.

As of the date of preparing these financial statements, this recommendation remains subject to approval by the Company’s General Assembly. Accordingly, no liability has been recognized in the accompanying financial statements for the year ended 31 December 2025.

The Company previously distributed net cash dividends amounting to SAR 49,840,000 for the first half of fiscal year 2025 to shareholders registered with the Securities Depository Center (Edaa) at the end of the second trading day following the eligibility date of 17 August 2025 (corresponding to 23-02-1447H), at SAR 0.50 per share, representing 5% of the nominal value.

Accordingly, the total net cash dividends distributed for the financial year ended 31 December 2025 amounted to SAR 99,680,000, equivalent to SAR 1.00 per share, representing 10% of the nominal value.

The total number of treasury shares not eligible for dividends and allocated to the Employee Share Incentive Program amounted to 320,000 shares as at that date.

Bonus Share Distribution

Year	Capital Be-fore (SAR million)	Nominal Val-ue of Bonus Shares (SAR million)	Capital After (SAR mil-lion)	Percentage In-crease	Distribution Ratio
2024	800	200	1,000	25%	One share for every four shares held

Although the Company expects to continue distributing annual cash dividends in line with its current dividend practices, there can be no assurance regarding the amount or percentage of dividends in any given year. Cash dividends are approved or recommended based on several factors, including realized profits, cash flows, new capital investments, future financing prospects, and the importance of maintaining a strong financial policy to address unforeseen circumstances.

The Board of Directors endeavors to maintain stable annual cash flows by mitigating the impact of fluctuations in free cash flow that may arise from profits or losses in specific financial years, while maintaining a targeted dividend payout ratio over the medium term.

There are no arrangements or agreements under which any shareholder has waived their rights to unpaid dividends. Saudi Ceramics Company remains committed to safeguarding shareholder rights under the principle of fiduciary responsibility. The Company provides a dedicated service for inquiries regarding unclaimed dividends and facilitates payment to eligible shareholders upon submission of their name and identification number via the shareholder services email: invest@saudiceramics.com

Statutory Payments, Penalties, and Sanctions

Saudi Ceramics Company complies with applicable Saudi regulations by paying statutory fees and government charges. These payments are recognized as operating expenses in the Company's financial statements.

Entity	Description	Reason	المسدد	
			2025	2024
Saudi Customs	Customs duties on im-ports and exports	Government re-quire-ment	18,367,407	14,962,957
Zakat, Tax and Customs Authority (ZATCA)	Zakat, withholding tax, income tax, VAT	Government re-quire-ment	78,014,624	104,411,023
General Organization for Social Insurance (GOSI)	Social insurance contri-butions under Saudi La-bor Law	Government re-quire-ment	15,474,572	16,457,024
Other Regulatory Au-thori-ties	Visa costs, passport fees, labor office fees, and other statutory pay-ments	Other government re-quire-ments	19,839,398	8,111,102

The increase in total work permit payments during 2025 is attributable to the increase in the number of employees registered under categories not exempt from financial levies.

Penalties and Sanctions

No penalties, sanctions, precautionary measures, or regulatory restrictions were imposed on the Company by the Capital Market Authority or any supervisory, regulatory, or judicial authority during the year 2025, other than those disclosed above

Corporate Governance

Governance at Saudi Ceramics Company

Saudi Ceramics Company is committed to implementing sound corporate governance principles, reflecting its conviction that robust governance safeguards institutional integrity, enhances sustainability, and maximizes long term stakeholder value. The Company adheres to the principle of equitable treatment of shareholders, ensuring the protection of their rights and interests in accordance with the Corporate Governance Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia.

The Company fosters constructive engagement with shareholders by maintaining transparent, credible, and fair relationships that support long term sustainability under a strong governance framework. It ensures timely disclosure of material and periodic information, enabling shareholders to exercise their rights transparently and effectively.

Corporate governance is defined as the framework through which the Company is directed, managed, and monitored to achieve its strategic objectives. It includes defining the distribution of authorities and responsibilities among the General Assembly, the Board of Directors, and Executive Management to ensure effective oversight and sound decision making.

The Company's governance framework aims to enhance transparency, regulate decision making processes, ensure institutional efficiency, mitigate risks, and prevent conflicts of interest. The Board of Directors is responsible for approving governance policies and overseeing their implementation in compliance with applicable laws and best governance practices.

Shareholders play a central role in the governance framework by attending General Assembly meetings, appointing Board members and the external auditor, and participating in major decisions affecting the Company's direction. They are also entitled to review performance reports and vote on agenda items in accordance with applicable regulations.

The Board of Directors is responsible for setting the Company's strategic direction, overseeing its implementation, ensuring institutional efficiency, and reporting to shareholders in a manner that reinforces accountability and balances oversight with executive management functions.

The Board's framework and procedures are governed by applicable Saudi laws and regulations, including the Companies Law, the Corporate Governance Regulations issued by the CMA, relevant regulatory instructions issued by the CMA and Saudi Tadawul Group, as well as the Company's Articles of Association and resolutions of the General Assembly.

The Company has developed and adopted an internal Corporate Governance Regulation in alignment with the requirements of the Capital Market Authority (CMA) and in accordance with recognized local and international best practices. This Regulation serves as the governing framework that defines the roles and responsibilities of the Board of Directors, its committees, and Executive Management, while reinforcing principles of transparency, accountability, and effective oversight throughout the organization.

The Board of Directors approves any amendments to the Corporate Governance Regulation as deemed necessary and, where required, submits such amendments to the General Assembly for approval to ensure ongoing compliance with applicable regulatory requirements.

The objective of establishing Corporate Governance Rules is to articulate Saudi Ceramics Company's institutional governance approach. The Company is committed to applying high standards of corporate governance and considers sound governance a fundamental mechanism for maximizing long term shareholder value, consistent with its commitment to quality across all operations and products. The Corporate Governance Rules are binding upon all members of the Board of Directors, Executive Management, and employees and may not be amended except by resolution of the Board of Directors in accordance with applicable laws and regulations.

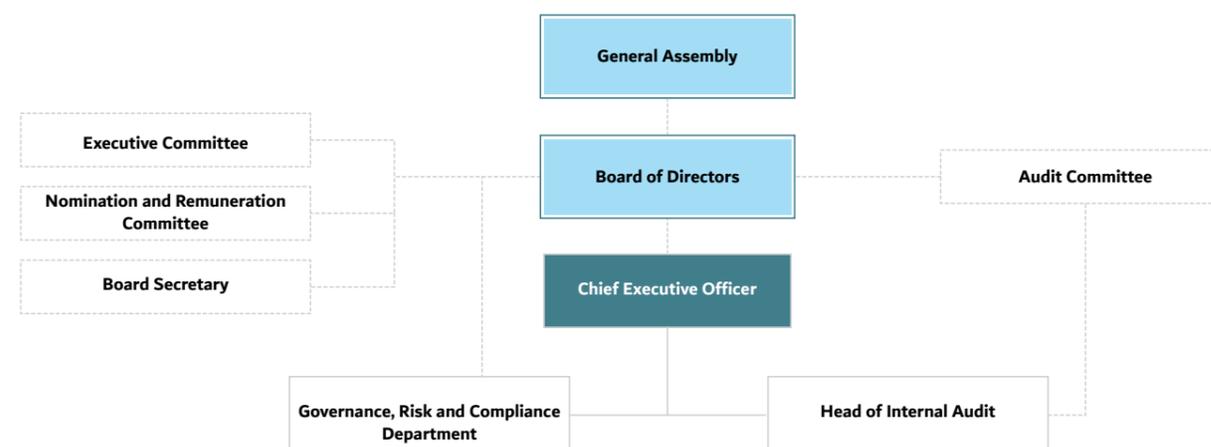
The Company's Corporate Governance Rules have been prepared in accordance with internationally recognized governance principles and in compliance with local regulatory requirements, particularly those issued by the Capital Market Authority. These Rules represent the overarching governance framework of the Company; however, they do not replace the obligation to adhere to sound judgment, professional conduct, and integrity in business practices. Their implementation must remain consistent with the legislative and regulatory framework in force within the Kingdom of Saudi Arabia.

In applying the Corporate Governance Rules, the Company takes into consideration the relevant laws and regulations, including:

- The requirements of the Capital Market Authority and the Saudi Exchange (Tadawul)
- The Companies Law of the Kingdom of Saudi Arabia and its implementing regulations and directives
- The Articles of Association of Saudi Ceramics Company
- Resolutions of the General Assembly of Shareholders

The Board of Directors is responsible for developing and approving the Corporate Governance Rules, overseeing their implementation, ensuring their effectiveness, and reviewing and updating them when necessary. This oversight ensures continued adherence to best governance practices and supports the achievement of the Company's strategic objectives.

Corporate Governance Structure



Corporate Governance Structure

Shareholders' Rights and the General Assembly

The Articles of Association of Saudi Ceramics Company and the Company's Corporate Governance Regulations guarantee shareholders all rights associated with share ownership. These rights include, in particular, the right to receive dividends declared by the Company, the right to a share of the Company's assets upon liquidation, the right to attend General Assembly meetings, participate in deliberations, and vote on resolutions. Shareholders also have the right to dispose of their shares, monitor the performance of the Board of Directors, initiate liability claims against Board members, and exercise inquiry and information rights, provided that such actions do not harm the Company's interests or conflict with the regulations and implementing rules issued by the Capital Market Authority.

Saudi Ceramics Company is committed to enabling the broadest possible shareholder participation in General Assembly meetings by selecting appropriate timing and venue arrangements. The Company has also adopted electronic remote voting to facilitate shareholder participation when physical attendance is not possible. The Articles of Association and the Corporate Governance Regulations set out detailed provisions governing General Assembly meetings, including procedures and controls designed to ensure the fair and effective exercise of shareholders' statutory rights.

The General Assembly represents the highest authority within the Company and holds exclusive powers, including but not limited to; appointing and removing members of the Board of Directors. Approving the consolidated financial statements. Appointing the external auditor and determining audit fees. Approving Board committee regulations, including the Audit Committee and Remuneration & Nomination Committee. Approving dividend distributions based on the Board's recommendation. Increasing or decreasing the Company's share capital. Amending the Company's Articles of Association.

The Company enables shareholders to review the minutes of General Assembly meetings and submits copies thereof to the Capital Market Authority within ten (10) days of the meeting date. Shareholder comments and concerns are formally escalated through approved channels to the Board of Directors or the Board Secretary for review and appropriate action. Any material matters that may impact the Company or its financial position are addressed and disclosed in accordance with applicable regulations through official channels, including Tadawul.

Shareholders' Rights

Effective Communication with Stakeholders:

Saudi Ceramics Company actively engages all stakeholders in supporting the Company's growth and maximizing their interests through continuous communication and transparency. Building sustainable and constructive stakeholder relationships forms an integral part of the Company's corporate culture and ethical practices.

Voting Rights:

The Company facilitates shareholders' exercise of voting rights and avoids imposing procedures that may hinder such rights. The Company's Articles of Association provide for cumulative voting when electing Board members, ensuring fair representation of shareholders.

Dividend Rights:

Shareholders are entitled to receive their share of annual net profits in accordance with the Company's approved dividend policy, which is disclosed during General Assembly meetings.

Communication with Shareholders and Investors:

The Company adheres to fairness in providing timely and material information to enable informed investment decisions. This is achieved through annual reports, periodic disclosures, and official announcements of material developments that may affect the Company's financial position or operations, without compromising its competitive position and in full compliance with applicable regulations.

Access to Information:

The Company provides information to all shareholders without discrimination in accordance with approved disclosure standards, ensuring that information is accurate, comprehensive, and regularly updated through the Company's website, Tadawul, local newspapers, and annual reports.

Equal Treatment of Shareholders:

The Board of Directors and Executive Management are committed to protecting shareholder rights and ensuring fairness and equality among shareholders holding the same class of shares, without discrimination or deprivation of statutory rights.

Share Related Rights:

The Company ensures shareholders' rights to attend General Assembly meetings, participate in deliberations, vote on resolutions, monitor Company performance and Board activities, nominate and elect Board members, and request copies of the Articles of Association and incorporation documents.

Right to Information:

Shareholders are entitled to access material information regarding the Company's performance through official disclosures published on the Company's website and Tadawul, reinforcing transparency.

Pre-Emptive Rights:

Shareholders have pre-emptive rights to subscribe to newly issued shares unless the General Assembly resolves otherwise, in accordance with the Articles of Association, the Companies Law, and its implementing regulations.

Right to Nominate for Board Membership:

The Company announces the opening of nominations for Board membership on its website and Tadawul, allowing a nomination period of no less than one month in accordance with applicable regulations.

Board Composition and Functions

The Articles of Association of Saudi Ceramics Company stipulate that the Board of Directors shall consist of eight members elected by the General Assembly through cumulative voting, based on the recommendation of the Remuneration and Nomination Committee, for a term not exceeding four years, renewable in accordance with the Company's Articles of Association. Non-executive members constitute the majority of the Board, and at least three members must be independent.

Board members elect the Chairman and Vice Chairman for a four year term. All Board members, including the Chairman and Vice Chairman, may be re-elected. In the event of a vacancy, the Board may appoint a temporary member, subject to approval by the General Assembly at its first meeting.

The current Board was elected by the General Assembly held on 26 March 2025 through cumulative voting for a four year term commencing on 01/04/2025 and ending on 31/03/2029.

On 14 November 2024, the Remuneration and Nomination Committee announced on Tadawul the opening of nominations for Board membership for the upcoming term commencing 01 April 2025 until 31 March 2029, as the current Board term was scheduled to end on 31 March 2025.

On 17 December 2024, the Company announced an extension of the nomination period for Board membership for an additional fourteen days, from 18 December 2024 to 31 December 2024, to allow candidates to complete nomination requirements and submit the necessary documentation, as well as to encourage broader participation to ensure diversity of expertise and an appropriate mix of candidates possessing the required knowledge, skills, and professional experience.

The following is a summary of the rules relating to the appointment and resignation of Board members, their term of membership, the powers granted to them, the compensation and remuneration framework, and the key eligibility requirements.

The Board of Directors represents the highest administrative authority of the Company and is appointed by the shareholders at the General Assembly to ensure proper representation and protection of the Company's interests. The Board is responsible for leading and supervising the Company and exercises these powers by approving and overseeing the implementation of the Company's strategies and objectives. The Board delegates day to day management

to Executive Management within defined parameters and monitors performance accordingly. Notwithstanding the delegation of routine operational authority to Executive Management under the leadership of the Chief Executive Officer, the Board remains accountable to shareholders for the proper conduct of the Company's business.

The Board is appointed by the General Assembly of shareholders and is primarily responsible for managing and directing the Company's affairs in a manner that serves shareholders' long term interests. The Board establishes clear directives and necessary boundaries governing Executive Management's operations, including defining the Company's vision, sound strategy, delegated authorities, and the policies and limitations within which management operates. This is achieved through:

(A) Approving Strategic Plans and Key Objectives and Supervising Their Implementation, Including:

1. Establishing a comprehensive corporate strategy, core business plans, and risk management policy, and reviewing and updating such policy.
2. Determining the optimal capital structure and financial objectives and approving annual budgets.
3. Overseeing major capital expenditures and asset acquisitions and disposals.
4. Setting performance targets, supervising their implementation, and monitoring overall Company performance.
5. Periodically reviewing and approving the Company's organizational and functional structures.

(B) Establishing and Overseeing Internal Control Systems, Including:

1. Developing a written policy governing conflicts of interest and managing potential conflicts involving Board members, Executive Management, and shareholders, including misuse of Company assets and related party transactions.
2. Ensuring the integrity and soundness of financial and accounting procedures, including financial reporting processes, and implementing appropriate risk management controls through proactive risk identification and transparent disclosure.
3. Conducting an annual review of the effectiveness and efficiency of internal control systems.
4. Drafting and overseeing Corporate Governance Rules that are consistent with applicable laws and regulations, monitoring their effectiveness, and amending them when necessary.
5. Establishing clear policies, standards, and procedures for Board members and implementing them following approval by the General Assembly

(C) Establishing the Main Guidelines of a Written Policy Regulating Relationships with Related Parties, Including:

1. Mechanisms for compensating related parties in case of violation of their rights under applicable laws and contractual arrangements.
2. Mechanisms for resolving complaints and disputes between the Company and related parties, maintaining strong customer and supplier relationships, and safeguarding the confidentiality of their information.
3. Professional conduct rules for executives and employees consistent with appropriate ethical and professional standards and regulating their relationship with related parties.

(D) Establishing Procedures for Supervising the Following:

1. Adoption of policies and procedures ensuring the Company's compliance with applicable laws and regulations and its obligation to disclose material information to shareholders, creditors, and other stakeholders.
2. Preparation of financial statements and the annual report on the Company's activities and financial position, including the proposed dividend distribution method.
3. Submitting recommendations to the General Assembly regarding the appointment, dismissal, and remuneration of external auditors.
4. Ensuring compliance with governance requirements stipulating that at least one independent member shall be appointed for every three Board members. Executives may be appointed to the Board provided they meet legal requirements.
5. Implementing internal controls and measures to evaluate the performance of the Board and its committees, including formal evaluation processes assessing both the overall Board performance and individual member performance.

Termination of Board Membership

Board membership expires upon the completion of the Board's term. Membership may also be terminated if a member is deemed unfit to continue in office in accordance with applicable laws and regulations in the Kingdom of Saudi Arabia, pursuant to a Board resolution issued following a written request submitted by the member to the Chairman.

The General Assembly may, at any time, remove all or any Board members, even if the Articles of Association provide otherwise, without prejudice to the

removed member's right to claim compensation if removal was for an unlawful reason or at an inappropriate time. The General Assembly may also, upon the Board's recommendation, terminate the membership of any Board member who fails to attend three consecutive Board meetings without a valid excuse.

Board Members

The table below presents the names and positions of Board members, their membership status in other joint stock companies, and their attendance percentage at Board meetings held during 2025. These meetings were conducted in accordance with the approved annual Board meeting schedule, and the Chairman did not receive any request from two or more Board members to convene emergency meetings during 2025.

No.	Board Member Name	Position in Companies	Membership Status	Listed / Non-Listed	Board Memberships in Joint-Stock Companies Inside and Outside the Kingdom of Saudi Arabia
1	Mr. Yousef bin Saleh Abalkhail	Chairman of the Board	Independent	Listed	Arabian Cement Company
			Non-Executive	Listed	Saudi Ceramics Company GIG Insurance Arabian Pipes Company
2	Mr. Abdulaziz bin Abdulkarim Al-Khuraji	Vice Chairman of the Board	Executive	Listed	CHUBB Arabia Cooperative Insurance Company
				Limited Liability	Ithra Knowledge Company (LLC)
			Non-Executive	Listed	Saudi Ceramics Company
3	Eng. Majed bin Abdullah Al-Eissa	Board Member	Non-Executive	Listed	Saudi Ceramics Company
				Listed	Sadr Logistics Services Company
			Independent	Closed Joint-Stock	Mashari Al-Shathri Engineering Consultants
				Limited Liability	Ceramic Pipes Company
4	Eng. Ahmed bin Saeed Al-Ghamdi	Board Member	Non-Executive	Listed	Saudi Ceramics Company Southern Province Cement Company
				Listed – UAE	Depa PLC (UAE)
				Limited Liability	JASARA Program Management Company
				Non-Listed	Nesma & Partners Contracting Co. Ltd. Masdar Building Materials Company
5	Dr. Mohammed bin Hamad Al-Kathiri	Board Member	Non-Executive	Listed	National Gas and Industrialization Company
			Independent	Listed	Saudi Ceramics Company Mouwasat Medical Services Company
6	Dr. Muath bin Khaled Al-Zamel	Board Member	Independent	Listed	Saudi Ceramics Company Tasnee - National Industrialization Company Gulf General Cooperative Insurance Company
7	Mr. Salah bin Abdulrahman Al-Huzami	Board Member	Independent	Listed	Saudi Ceramics Company Group Five Saudi Pipe Company
				Closed Joint-Stock	Safwa Cement Company Saeed Ali Gadran & Sons Company
8	Mr. Abdullah bin Jamaan Al-Zahrani	Board Member	Independent	Listed	Saudi Ceramics Company
			Non-Executive	Non-Listed	Alef

Periodic Board Meetings During 2025

The Board's previous term ended on 31 March 2025. The members of the current Board were appointed by the General Assembly held on 26 March 2025 for a four year term commencing on 1 April 2025 and ending on 31 March 2029.

Saudi Ceramics Company held five Board of Directors meetings during 2025. The table below sets out the dates of these meetings and the attendance record of the members.

First: Previous Board Term Ended on 31 March 2025

Meetings

.No	Member Name	Position	Membership Status	Attendance	نسبة الحضور
1	Mr. Yousef bin Saleh Aba Al-Khail	Chairman of the Board	Non-Executive	Attended	100%
2	Mr. Abdulaziz bin Abdulkarim Al-Khuraiji	Vice Chairman	Non-Executive	Attended	100%
3	Eng. Majed bin Abdullah Al-Eissa	Board Member	Non-Executive	Attended	100%
4	Eng. Muteb bin Mohammed Al-Shathri	Board Member	Non-Executive	Attended	100%
5	Mr. Sami bin Ib-rahim Al-Eissa	Board Member	Non-Executive	Attended	100%
6	Mr. Majed bin Mohammed Al-Dakhil	Board Member	Non-Executive	Attended	100%
7	Mr. Mohammed bin Abdul-mohsen Al-Qurainis	Board Member	Non-Executive	Attended	100%
8	Mr. Asim bin Saad Al-Juraid	Board Member	Non-Executive	Attended	100%

Second: Current Board Term (Commencing 1 April 2025 for a Four Year Term Ending 31 March 2029)

Five meetings were held during the period from 1 April 2025 to 31 December 2025. The following Board members attended these meetings:

Meetings

Member Name	Position	Membership Status	3-Apr-25	25-May-25	28-Jul-25	28-Oct-25	17-Dec-25	Attendance %
1 Mr. Yousef bin Saleh Aba Al-Khail	Chairman of the Board	Non-Executive	Attended	Attended	Attended	Attended	Attended	100%
2 Mr. Abdulaz-iz bin Abdul-karim Al-Khuraiji	Vice Chairman	Non-Executive	Attended	Attended	Attended	Did Not Attend	Attended	80%
3 Eng. Majed bin Abdullah Al-Eissa	Board Member	Non-Executive	Attended	Attended	Attended	Attended	Attended	100%
4 Eng. Ahmed bin Saeed Al-Ghamdi	Board Member	Non-Executive	Attended	Attended	Attended	Attended	Attended	100%
5 Dr. Mo-hammed bin Hamad Al-Katheeri	Board Member	Independent	Attended	Attended	Attended	Attended	Attended	100%
6 Dr. Moath bin Khalid Al-Zamil	Board Member	Independent	Attended	Attended	Attended	Attended	Attended	100%
7 Mr. Salah bin Ab-dulrahman Al-Hazami	Board Member	Independent	Attended	Attended	Attended	Attended	Attended	100%
8 Mr. Abdullah bin Jamaan Al-Zahrani	Board Member	Independent	Attended	Apologized	Attended	Attended	Attended	100%

Third: General Assembly Meetings of Shareholders During 2025

During the fiscal year 2025, an Extraordinary General Assembly Meeting (EGM) of shareholders was held on Wednesday, 26/09/1446H corresponding to 26/03/2025, through modern technology means, after the required legal quorum for the validity of the meeting was met in accordance with the Company's Articles of Association.

The meeting was convened pursuant to the invitation of the Board of Directors to the Company's shareholders to attend the Extraordinary General Assembly Meeting. The invitation was announced on the website of the Saudi Exchange (Tadawul) on 4 March 2025 (corresponding to 4 Ramadan 1446H), with a supplementary announcement published on 18 March 2025 (corresponding to 18 Ramadan 1446H).

The meeting was held in the presence of the following Board members:

Meetings

No.	Member Name	Position	Membership Status	Attend-ance	Attendance %
1	Mr. Yousef bin Saleh Aba Al-Khail	Chairman of the Board / Chairman of the Executive Committee	Non-Executive	Attended	100%
2	Mr. Abdulaziz bin Abdulkarim Al-Khuraiji	Vice Chairman	Non-Executive	Attended	100%
3	Eng. Majed bin Abdullah Al-Eissa	Board Member	Non-Executive	Attended	100%
4	Eng. Muteb bin Mohammed Al-Shathri	Board Member	Non-Executive	Absent	-
5	Mr. Sami bin Ib-rahim Al-Eissa	Board Member	Non-Executive	Attended	100%
6	Mr. Majed bin Mohammed Al-Dakhil	Board Member	Non-Executive	Attended	100%
7	Mr. Mohammed bin Abdulmohsen Al-Qurainis	Board Member / Chairman of the Remuneration and Nomination Committee	Independent	Attended	100%
8	Mr. Asim bin Saad Al-Juraid	Board Member	Non-Executive	Attended	100%
9	Mr. Ahmed Su-leiman Al-Muzaini	Chairman of the Audit Committee	Independent (External to the Board)	Attended	100%

The Chairman of the Assembly announced that the meeting was duly convened after confirming that the required legal quorum for the validity of the Extraordinary General Assembly had been met. Accordingly, the meeting was deemed valid in accordance with the Companies Law and the Company's Articles of Association.

1. Reviewing and discussing the Board of Directors' Report for the fiscal year ended 31/12/2024.
2. Voting on the Company's External Auditor's Report for the fiscal year ended 31/12/2024 after discussion.
3. Reviewing and discussing the financial statements for the fiscal year ended 31/12/2024.
4. Voting on authorizing the Board of Directors to distribute interim cash dividends on a quarterly or semi annual basis for the fiscal year 2025.
5. Voting on the election of Board members from among the nominees for the upcoming term commencing on 1 April 2025 for a duration of four years ending on 31 March 2029.
6. Voting on delegating the elected Board of Directors with the powers of the Ordinary General Assembly as stipulated in Paragraph (1) of Article 27 of the Companies Law, for a period of one year from the date of the General Assembly's approval or until the end of the delegated Board term, whichever is earlier, in accordance with the Executive Regulations of the Companies Law applicable to listed joint stock companies.
7. Voting on the amendment of Article Three of the Company's Articles of Association relating to the Company's head office.
8. Voting on the amendment of Article Five relating to the Company's term.
9. Voting on the amendment of Article Six relating to the Company's capital.
10. Voting on the amendment of Article Seven relating to participation and ownership in companies.
11. Voting on the amendment of Article Ten relating to the sale of shares not fully paid.
12. Voting on the amendment of Article Twenty-Four relating to the powers of the Board.
13. Voting on the amendment of Article Twenty-Five relating to the remuneration of Board members.
14. Voting on the amendment of Article Twenty-Six relating to the powers of the Chairman, Vice Chairman, Managing Director, and Secretary.
15. Voting on the amendment of the Remuneration Policy for Board Members, Board Committees, and Executive Management.
16. Voting on the amendment of the Policy for Board Membership Standards and Procedures.
17. Voting on the transactions and contracts concluded between the Company and Natural Gas Distribution Company, in which Board Member Eng. Majed bin Abdullah Al-Essa has an indirect interest through his representation of the company. The company's principal activity is the purchase and distribution of natural gas to factories in the Second Industrial City in Riyadh. The total transactions during 2024 amounted to SAR 45.5 million related to purchase orders under prevailing commercial terms without any preferential treatment.
18. Voting on the transactions and contracts concluded between the Company and Saudi Ceramics Pipes Company (a subsidiary), in which Board Member Eng. Majed bin Abdullah Al-Essa has an indirect interest through his representation of the company. Its principal activity is the manufacturing and sale of clay pipes. Transactions during 2024 amounted to SAR 24.5 million related to loans and settlement of obligations. These loans were extended as financial support without financing charges.
19. Voting on the transactions and contracts concluded between the Company and Saudi Ceramics Pipes Company (a subsidiary), in which Board Member Eng. Majed bin Abdullah Al-Essa has an indirect interest. Transactions during 2024 amounted to SAR 702 thousand related to product sales under prevailing commercial terms without preferential treatment (attached).
20. Voting on the transactions and contracts concluded between the Company and Chubb Arabia Cooperative Insurance Company, in which Vice Chairman Mr. Abdulaziz Abdulkarim Al-Khuraiji has an indirect interest through his membership on the Board of Chubb Insurance. The company's principal activity is cooperative insurance. Transactions during 2024 amounted to SAR 144 thousand related to an insurance policy under prevailing commercial terms without preferential treatment.
20. Voting on the appointment of the Company's External Auditor from among the nominees based on the Audit Committee's recommendation to review and audit the financial statements for Q2 and Q3 and the annual statements for FY 2025, and Q1 of FY 2026, and to determine the auditor's fees.

The Board of Directors assumes all necessary authorities and powers to manage the Company. The Articles of Association clearly define its responsibilities and the remuneration of Board members. The Board has performed its duties with responsibility, integrity, diligence, and due care, and its decisions have been based on adequate and reliable information. Each Board member represents all shareholders and is committed to safeguarding the overall interests of the Company.

The Board also ensures that new members are adequately familiarized with the Company's operations and that all members are provided with sufficient information through various mechanisms. These include access to meeting minutes, follow-up procedures on Board decisions and recommendations, reports from Board committees, periodic management reports on operational performance, and comprehensive disclosure of exceptional or non-routine transactions conducted with third parties.

Among the Board's key core functions are: Approving strategic directions and key objectives and overseeing their implementation. Setting and reviewing the overall strategy, main business plans, and risk management policies. Establishing and supervising effective internal control systems. Developing and implementing clear policies, standards, and procedures for Board membership. Adopting a written policy governing relationships with stakeholders to safeguard their rights, including compensation mechanisms, complaint resolution procedures, and confidentiality safeguards. Establishing professional conduct standards for executives and employees in line with sound ethical and professional principles. Overseeing the Company's social responsibility initiatives. Implementing a corporate governance framework consistent with applicable governance regulations. Setting performance objectives, monitoring execution, and evaluating overall performance. Periodically reviewing and approving organizational and functional structures.

<p>Company Management and Protection of Shareholders' Interests</p> <p>The Board represents all shareholders and oversees the management of the Company's affairs, the development of its interests, and the enhancement of its value, while ensuring clear organization of its duties and responsibilities.</p>	<p>Preparation and Direction of Strategies and Policies</p> <p>The Board is responsible for setting strategic plans, policies, and key objectives, while overseeing their execution and ensuring that adequate resources are allocated to achieve them.</p>
<p>Risk Management and Internal Control</p> <p>The Board establishes risk management policies and oversees internal control systems, ensuring that financial systems comply with approved standards.</p>	<p>Oversight of Expenditures and Assets</p> <p>The Board supervises capital expenditures, determines the optimal capital structure, and approves the annual budgets</p>

<p>Relationship with Stakeholders</p> <p>The Board approves policies to safeguard stakeholders' rights, including compensation mechanisms, dispute resolution procedures, and the development of balanced relationships that promote trust and transparency.</p>	<p>Code of Professional Conduct</p> <p>The Board adopts professional and ethical codes of conduct for executives and employees, regulating relationships with stakeholders in line with best practices.</p>
<p>Corporate Social Responsibility</p> <p>The Board oversees the organization of the Company's social responsibility initiatives to ensure a positive societal impact and support sustainable development.</p>	<p>Governance Framework</p> <p>The Board adopts an internal governance framework in compliance with the Corporate Governance Regulations to ensure clarity of roles and responsibilities and maintain institutional discipline. It ensures that all decisions and activities serve the best interests of the Company and its shareholders, with full commitment to disclosure and transparency.</p>
<p>Performance Monitoring</p> <p>The Board sets key performance indicators (KPIs), monitors their implementation, and evaluates the overall performance of the Company and executive management. It is also responsible for preparing and approving the interim and annual financial statements, as well as preparing the Board of Directors' report for submission to the General Assembly.</p>	<p>Approval of Organizational Structure</p> <p>The Board approves the Company's organizational and functional structure and reviews its adequacy periodically to ensure operational efficiency.</p>
<p>Oversight of Committees and Reporting</p> <p>The Board forms specialized committees, oversees the evaluation of their performance, and sets the standards governing the Company's operations. It reviews meeting minutes and committee reports and follows up on the implementation of decisions to ensure continuous improvement.</p>	<p>Empowering Board Members with Information</p> <p>The Board ensures that its members receive accurate and timely information, including performance reports and disclosures of non-routine transactions.</p>
<p>Performance Review and Compliance Assurance</p> <p>The Board monitors the evaluation of the organizational structure and compliance with internal policies and procedures, ensuring the effectiveness of control systems. It oversees the execution of activities by executive management and ensures full compliance with applicable laws and regulations.</p>	<p>Responsibility for Disclosure and Transparency</p> <p>The Board is responsible for ensuring accurate, timely, and transparent disclosure in accordance with the Corporate Governance Regulations issued by the Capital Market Authority and the requirements of Saudi Exchange (Tadawul), including oversight of financial and non-financial disclosures, such as sustainability (ESG) reporting.</p>

Procedures Adopted by the Board to Inform Its Members of Shareholders' Proposals and Observations

The Board of Directors adopts a number of measures to ensure that its members, particularly non-executive members, are informed of shareholders' proposals and observations regarding the Company and its performance. This is achieved through Board meetings and General Assembly meetings.

Board members are required to attend General Assembly meetings in order to respond to shareholders' inquiries and receive their proposals and observations concerning the Company and its performance. The Company's Articles of Association grant shareholders the right to participate in deliberations and discussions during General Assembly meetings.

To further enhance communication with shareholders, the Board has adopted a Disclosure Policy and Procedures that ensure shareholders' rights to inquire, request information, and receive responses to their questions, provided that such disclosure does not prejudice the Company's interests.

Board Secretary

The primary responsibilities of the Board Secretary include providing secretarial and organizational support services to ensure the efficiency and effectiveness of the Board's work. These responsibilities include scheduling Board meetings, issuing notices, preparing agendas, compiling Board documents and procedures, documenting meeting minutes, and following up on the implementation of Board resolutions and related action items.

The powers and responsibilities of the Board Secretary include all duties stipulated in Paragraph (A) of Article (35) of the Corporate Governance Regulations issued by the Capital Market Authority, including but not limited to the following:

1. Documenting Board meetings accurately, preparing minutes, and maintaining them in designated records.
2. Maintaining Board reports, resolutions, and all related documentation.
3. Providing Board members in a timely manner with meeting agendas, supporting documents, and necessary information to enable them to perform their duties effectively.
4. Following up on the implementation of Board resolutions and reporting progress to the Board.
5. Coordinating between Board members and executive management regarding Board matters and meeting requirements.
6. Enabling Board members to review the Company's records and documents in compliance with applicable laws and regulations.
7. Ensuring the Board's compliance with approved procedures and relevant laws and regulations, including the Corporate Governance Regulations.
8. Organizing and maintaining the disclosure register for Board members and executive management in accordance with Article (92) of the Corporate Governance Regulations issued by the Capital Market Authority.
9. Performing any other duties assigned by the Board within his/her statutory authority.



Board Performance Evaluation

In line with best governance practices, a formal mechanism was adopted in 2025 to evaluate the performance of the Board, its committees, and its members, with the objective of enhancing effectiveness, efficiency, and governance standards.

The mechanism is based on objective criteria and approved evaluation models covering organizational, technical, and leadership aspects. It also allows the engagement of external evaluators, when necessary, to ensure impartiality and professionalism.

The evaluation was conducted during 2025 by the Remuneration and Nomination Committee. The key outcomes were as follows:

- The Board and its committees demonstrated effective performance in carrying out their duties and responsibilities.
- Board members exhibited high levels of competence and diversity of expertise, enhancing the quality of decision-making.
- The relationship between the Board and executive management reflected positive interaction, supporting the Company's strategic direction.

The evaluation concluded that the Board performed its duties efficiently and effectively in accordance with approved standards and in alignment with the Company's objectives and overall strategy.



Conflict of Interest Policy

The Board of Directors updated the Company's Conflict of Interest Policy as part of its efforts to strengthen the regulatory framework governing situations where conflicts of interest may arise, whether at the level of Board members, Board committees, executive management, or Company employees.

The update aims to reinforce principles of integrity and transparency in all Company dealings, ensure adherence to sound governance practices, and prevent situations that could compromise decision-making independence or conflict with the Company's interests.

The Company applies a clear policy for managing conflicts of interest, including the following key controls:

1- Avoidance of Conflicts of Interest:

All Board members and senior executives must avoid situations that may give rise to conflicts of interest, prioritize the Company's interests over personal interests, and disclose any conflict immediately upon becoming aware of it.

2- Disclosure of Interests:

Board members and executive management must disclose to the Board any direct or indirect interest, including those of their relatives, on an annual basis or upon any material change.

3- Abstention from Deliberations and Voting:

A member who has an interest in a matter must refrain from participating in discussions or voting on related decisions, whether at Board or General Assembly meetings.

4- General Assembly Authorization:

A Board member may not have a direct or indirect interest in contracts or transactions concluded for the Company's account without prior authorization from the Ordinary General Assembly, which must be

renewed annually. Exceptions apply to contracts concluded through public tenders under fair terms. The Ordinary General Assembly may delegate to the Board the authority to grant such authorization in accordance with Article (27) of the Companies Law and Article (64) of its Executive Regulations, provided such delegation is limited to activities within the Company's ordinary course of business.

In all cases, Board members and executive management must submit annual declarations of any direct or indirect, existing or potential interests related to the Company's activities, and update such declarations upon any change.

5- Prohibition on Use of Company Assets:

Board members and executive management are prohibited from exploiting the Company's assets, information, investment opportunities, or other resources for personal benefit, directly or indirectly.

6- Related Party Transactions:

All related party transactions are submitted to the Audit Committee for review and recommendation. Such transactions must be conducted without preferential terms and disclosed in the Board of Directors' report.

7- Competing Activities:

A Board member wishing to engage in any activity that competes with the Company must obtain prior authorization from the General Assembly, provide full disclosure to the Board, and ensure such authorization is recorded in the meeting minutes.

8- Annual Declarations:

Board members and executive management must submit annual declarations of any actual or potential interests and update them promptly upon any change, using the prescribed forms.

9- Disclosure to the General Assembly:

The Chairman of the Board must inform the Ordinary General Assembly, upon its convening, of all contracts and transactions in which any Board member has a direct or indirect interest. This disclosure must be accompanied by a special report from the Company's external auditor.

Description of Interests of Board Members, Senior Executives, and Their Relatives

Ownership of Board Members

This includes a description of any interests, contractual securities, and subscription rights held by Board members and their relatives in the shares or debt instruments of the Company or any of its subsidiaries, as well as any changes in such interests or rights during the fiscal year 2025.

The table below sets out the shares owned by Board members and any changes thereto during 2025. None of the individuals listed in the table has entered into any arrangements or agreements under which any Board member has waived any salary or compensation due to him.

The Company and its subsidiaries did not issue any debt instruments during the year.

No.	Name of the Person to Whom the Interest, Contractual Securities, or Subscription Rights Belong	Description	Beginning of the Year (January 2025)		End of the Year (December 2025)		Net Change	Change %
			Number of Shares	Debt Instruments	Number of Shares	Debt Instruments		
1	Yousef Saleh Mansour Abalkhail	Personal Ownership	1,809,001	-	1,809,001	-	-	0%
2	Salah Abdulrahman Saleh Al-Huzami	Personal Ownership	100	-	100	-	-	0%
3	Mohammed Hamad Rashid Al-Kathiri	Personal Ownership	100	-	100	-	-	0%
4	Muath Khaled Abdullah Al-Zamil	Personal Ownership	100	-	100	-	-	0%
5	Abdulaziz Abdulkarim Al-Khuraji	Personal Ownership	19,999	-	19,999	-	-	0%
6	Majed Abdullah Suleiman Al-Eissa	Personal Ownership	31,250	-	31,250	-	-	0%
7	Abdullah Jamaan Mohammed Al-Zahrani	Personal Ownership	100	-	100	-	-	0%
8	Ahmed bin Saeed Al-Ghamdi	Personal Ownership	0	-	0	-	-	0%

Board members were elected for the new term during the General Assembly meeting held on 26 March 2025. The new term commenced on 1 April 2025 and will continue for four years, ending on 31 March 2029.

Ownership of Senior Executives

This includes a description of any interests, contractual securities, and subscription rights held by senior executives and their relatives in the shares or debt instruments of the Company or any of its subsidiaries, as well as any changes in such interests or rights during the fiscal year 2025. The table below sets out the share ownership of senior executives and any changes thereto during 2025. The Company and its subsidiaries did not issue any debt instruments during the year. Furthermore, there are no arrangements or agreements under which any senior executive has waived any salary or compensation due to him.

No.	Name of the Person to Whom the Interest, Contractual Securities, or Subscription Rights Relate	Description	Beginning of the Year		End of the Year		Net Change	Change %
			Shares	Debt Instruments	Shares	Debt Instruments		
1	Ayed Muhaimel Mohammed Al-Otaibi	Personal Ownership	10312	-	10312	-	-	0%
2	Amer Nasser Abdulaziz Al-Suwaigh	Personal Ownership	9375	-	9375	-	-	0%
3	Hassan bin Raja bin Dakhshan Al-Numeis	Personal Ownership	200	-	200	-	-	0%

Remuneration of Board Members, Committee Members, and Senior Executives

First: Remuneration and Allowances Policy for Board Members, Committees, and Executive Management

- The remuneration of Board members for their Board duties may consist of a fixed amount, meeting attendance allowance, expense allowance, in-kind benefits, or a percentage of profits. It is permissible to combine two or more of these forms of remuneration and benefits.
- The nature and amount of Board members' remuneration are determined and approved by the Board of Directors based on a recommendation from the Remuneration and Nomination Committee, except for remuneration items requiring shareholder approval.

Second: Standards and Controls Governing Board Remuneration

The Remuneration and Allowances Policy for Board members, Board committees, and senior executives was approved by the Extraordinary General Assembly held on Wednesday, 26 March 2025, in accordance with the Companies Law, its Executive Regulations, and relevant regulations, ensuring fairness, motivation, and effective governance.

- **Remuneration Standards and Controls:**

1. Remuneration must be fair and appropriate to attract qualified and experienced members, motivate them to continue serving, and achieve annual strategic objectives.
2. Remuneration must align with the Company's strategy, objectives, size, nature of activities, and level of risk.
3. Remuneration is determined based on job level, duties, responsibilities, academic qualifications, experience, skills, and performance level.
4. Remuneration may vary among members according to their expertise, specialization, independence, and the number of meetings attended.
5. Remuneration is directly linked to the actual number of meetings attended; any estimation otherwise is considered invalid.
6. Remuneration is calculated from the date of joining the Board or committee, based on the duration of membership.
7. If remuneration is a percentage of the Company's profits, it must not exceed 10% of net profits after deducting reserves and distributing 5% of capital to shareholders.
8. Independent Board members' remuneration may not be a percentage of profits nor directly or indirectly linked to profitability.
9. Board members are not entitled to vote on the item related to their remuneration at the General Assembly meeting.

- **Committee Remuneration and Allowances**

1. Audit Committee: Members are entitled to an annual remuneration and meeting attendance allowance as stipulated in the Committee Charter approved by the General Assembly, and paid based on the recommendation of the Remuneration and Nomination Committee.
2. Remuneration and Nomination Committee: Members receive annual remuneration and meeting attendance allowances in accordance with its approved charter.
3. For any other committees formed by the Board, members' remuneration is determined in accordance with the formation resolution based on the recommendation of the Remuneration and Nomination Committee.
4. The above provisions also apply to committee members who are not Board members but participate in committee activities.

- **Maximum Annual Remuneration**

The total remuneration and financial or in-kind benefits received by a Board member shall not exceed SAR 500,000 per year.

Third: Alignment Between Granted Remuneration and the Remuneration Policy

The remuneration granted to Board members, Board committees, and senior executives has been determined in accordance with the Remuneration Policy approved by the General Assembly and in line with the regulatory controls adopted by the Board.

All remuneration was paid based on the recommendation of the Remuneration and Nomination Committee, with no material deviation from the approved policy and no waivers by any Board member or senior executive of their entitled remuneration.

Fourth: Employee Incentive Program (Treasury Shares)

In line with the Company's commitment to motivating its workforce and enhancing employee loyalty, the Extraordinary General Assembly approved on 26 June 2024 a treasury share purchase program to allocate shares to the Company's Employee Share Program, with a maximum of 320,000 shares.

During the third quarter of the same year, the Company commenced execution of the program, completing the purchase of 285,979 shares at a total value of SAR 8.66 million. By year-end (31 December 2025), the Group had completed the full targeted treasury share purchase of 320,000 shares at a total value of SAR 9.1 million.

During the year ended 31 December 2025, the Group did not distribute or allocate any of these shares to employees. Allocation is planned for a subsequent phase in accordance with the approved program mechanisms.



First: Remuneration of Board Members, Board Committees, and Executive Management

The tables below present the details of the remuneration paid to each of the Board members, committee members, and five of the senior executives who received the highest remuneration from the Company, including the Chief Executive Officer and the Chief Financial Officer.

Such remuneration was determined in accordance with the policy approved by the Extraordinary General Assembly held on 26 March 2025.

• Remuneration of Board Members – Current Term (1 April to 31 December 2025)

	Fixed Remuneration (SAR '000)						Variable Remuneration (SAR '000)					Grand Total (SAR '000)	Expense Allowance (SAR '000)
	Annual Remuneration (Fixed Amount)	Board Meeting Attendance Allowance	Total Committee Attendance Allowances	In-kind Benefits	Remuneration for Technical, Administrative, and Consulting Services	Chairman / Managing Director / Secretary (if a Board member) Remuneration	Total	Percentage of Profits	Periodic Bonuses	Short-Term Incentive Plans	Long-Term Incentive Plans		

First: Independent Members

Mohammed bin Hamad Al-Kathiri	300,000	15,000	15,000	-	-	-	330,000	-	-	-	-	-	-	330,000	-
Abdullah Jumaan Al-Zahrani	300,000	15,000	18,000	-	-	-	333,000	-	-	-	-	-	-	333,000	-
Muath Khalid Al-Zamil	300,000	15,000	15,000	-	-	-	330,000	-	-	-	-	-	-	330,000	-
Salah Abdulrahman Al-Hazami	300,000	15,000	15,000	-	-	-	330,000	-	-	-	-	-	-	330,000	-
Total	1,200,000	60,000	63,000	-	-	-	1,323,000	-	-	-	-	-	-	1,323,000	-

Second: Non-Executive Members

1. Yousef Saleh Aba Alkhail	300,000	15,000	12,000	-	-	-	327,000	-	-	-	-	-	-	327,000	-
2. Ahmed Saeed Al-Ghamdi	300,000	15,000	12,000	-	-	-	327,000	-	-	-	-	-	-	327,000	-
3. Majed Abdullah Al-Essa	300,000	15,000	12,000	-	-	-	327,000	-	-	-	-	-	-	327,000	-
4. Abdulaziz Abdulkarim Al-Khuraji	300,000	12,000	12,000	-	-	-	324,000	-	-	-	-	-	-	324,000	-
Total	1,200,000	57,000	48,000	-	-	-	1,305,000	-	-	-	-	-	-	1,305,000	-

Third: Executive Members (None)

1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-														

• Remuneration of Board Members – Previous Term Ended 31 March 2025

	Fixed Remuneration (SAR '000)						Variable Remuneration (SAR '000)					Grand Total (SAR '000)	Expense Allowance (SAR '000)
	Annual Remuneration (Fixed Amount)	Board Meeting Attendance Allowance	Total Committee Attendance Allowances	In-kind Benefits	Remuneration for Technical, Administrative, and Consulting Services	Chairman / Managing Director / Secretary (if a Board member) Remuneration	Total	Percentage of Profits	Periodic Bonuses	Short-Term Incentive Plans	Long-Term Incentive Plans		

First: Independent Members

1. Yousef Saleh Aba Alkhail	-	3,000	3,000	-	-	-	6,000	-	-	-	-	-	-	6,000	-
2. Majed Abdullah Al-Essa	-	3,000	3,000	-	-	-	6,000	-	-	-	-	-	-	6,000	-
3. Mohammed bin Abdulmohsen Al-Qurainis	-	3,000	3,000	-	-	-	6,000	-	-	-	-	-	-	6,000	-
Total	-	9,000	9,000	-	-	-	18,000	-	-	-	-	-	-	18,000	-

Second: Non-Executive Members

1. Sami Ibrahim Al-Essa	-	3,000	3,000	-	-	-	6,000	-	-	-	-	-	-	6,000	-
2. Majed Abdullah Al-Essa	-	3,000	3,000	-	-	-	6,000	-	-	-	-	-	-	6,000	-
3. Asem bin Saeed Al-Juraid	-	3,000	3,000	-	-	-	6,000	-	-	-	-	-	-	6,000	-
4. Mutaib Mohammed Al-Shathri	-	3,000	3,000	-	-	-	6,000	-	-	-	-	-	-	6,000	-
5. Mutaib Mohammed Al-Shathri	-	3,000	3,000	-	-	-	6,000	-	-	-	-	-	-	6,000	-
Total	-	15,000	15,000	-	-	-	30,000	-	-	-	-	-	-	30,000	-

Third: Executive Members (None)

1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-														

• Remuneration and attendance allowances for Board membership of the Public Investment Fund representative are paid as follows:

A. The annual remuneration and meeting attendance allowances for Board members appointed by the Public Investment Fund – who are not employees of the Fund serving on the Company's Board – in addition to all amounts related to their membership in Board committees, are transferred directly to their personal bank accounts.

B. The annual remuneration and meeting attendance allowances for Board members appointed by the Public Investment Fund who are employees of the Fund serving on the Company's Board and its committees are transferred to the Public Investment Fund's account.

Second: Executive Management Remuneration

The remuneration paid to the top five senior executives for the year 2025 (including the Chief Executive Officer and the Chief Financial Officer) is granted in accordance with the employment contracts concluded with them.

The table below presents the details of the compensation and remuneration paid to five of the senior executives.

The Board of Directors, based on the recommendation of the Remuneration and Nomination Committee, determines and approves the following with respect to executive management remuneration:

1. The amount of remuneration for senior executives in line with the Company's approved targets and planned objectives.
2. The remuneration stipulated in the employment contracts of senior executives or those linked to performance indicators and evaluation results.
3. The nature and amount of remuneration granted for extraordinary and/or seasonal efforts by senior executives that contribute to achieving the Company's objectives.
4. The tables below set out the details of the remuneration paid to five senior executives.

Position	Fixed Remuneration				Total Variable Remuneration						End of Service Benefit	Board & Committee Remuneration ((if any	Grand Total
	Salaries	Allowances	In-kind Benefits	Total	Variable Remuneration – Periodic Bonuses	Profits	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares (Value)	Total			
Chief Executive Officer*	-	-	-	-	-	-	-	-	-	-	-	-	-
Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-
Vice President – Operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Chief Sales Officer	-	-	-	-	-	-	-	-	-	-	-	-	-
Chief Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 2025	4,758,150	2,191,851	-	6,950,001	-	-	248,889	-	-	248,889	777,451	-	8,047,897
Total 2024	-	-	-	-	40,151	-	340,580	-	-	380,731	203,653	-	7,534,385

The accrued bonuses for the senior executives referred to in the Executive Management Remuneration table for the fiscal year ended December 31, 2025, totaled SAR 1,987,763 (compared to nil in 2024). It should be noted that these bonuses have not been disbursed as of the issuance date of the Board of Directors' report.

The Company complies with the disclosure of the total remuneration granted to senior executive management in accordance with the requirements of paragraph (4-b) of Article (90) of the Corporate Governance Regulations. In line with the Company's commitment to protecting its interests, as well as the interests of its shareholders and employees, and to avoid any potential harm that may arise from detailed disclosure of remuneration by job titles and positions, no detailed breakdown of remuneration has been provided. This is in accordance with Annex (1) of the Corporate Governance Regulations Remuneration Table for Executive Directors.

• Committee Members' Remuneration – Current term for the period from 1 April to 31 December 2025.

Senior Executive Positions	Fixed Remuneration (for Meeting Attendance Allowance)	Board/Meeting Attendance Allowance	Total
Audit Committee Members			
1. Abdullah Jamaan Al-Zahrani – Committee Chairman	100,000	18,000	118,000
2. Abdulaziz Abdulmalik Al Al-Sheikh – Member	100,000	18,000	118,000
3. Sami Ibrahim Al-Issa – Member	100,000	18,000	118,000
4. Maen Yousef Abalkhail – Member	100,000	18,000	118,000
Total	400,000	72,000	472,000
Remuneration and Nomination Committee Members			
1. Mohammed bin Hamad Al-Kathiri – Committee Chairman	30,000	15,000	45,000
2. Salah Abdulrahman Al-Hazami – Member	30,000	15,000	45,000
3. Muath Khalid Al-Zamil – Member	30,000	15,000	45,000
Total	90,000	45,000	135,000
Executive Committee Members			
1. Yousef bin Saleh Abalkhail – Committee Chairman	100,000	12,000	112,000
2. Abdulaziz Abdulkarim Al-Khurajji – Member	100,000	12,000	112,000
3. Ahmed Saeed Al-Ghamdi – Member	100,000	12,000	112,000
4. Majed bin Abdullah Al-Issa – Member	100,000	12,000	112,000
Total	400,000	48,000	448,000
Risk Committee Members (The Committee has not been formed)			
1.	-	-	-
2.	-	-	-
3.	-	-	-
Total	-	-	-

• **Committee Members' Remuneration** – Previous term ended 31 March 2025

Senior Executive Positions	Fixed Remuneration (for Meeting Attendance Allowance)	Board/Meeting Attendance Allowance	Total
Audit Committee Members			
1. Ahmed Sulaiman Al-Muzaini – Committee Chairman	-	3,000	3,000
2. Majed Mohammed Al-Dakhil – Member	-	3,000	3,000
3. Abdulaziz Abdulmalik Al Al-Sheikh – Member	-	3,000	3,000
Total	-	9,000	9,000
Remuneration and Nomination Committee Members			
1. Mohammed Abdulmohsen Al-Qurainis – Committee Chairman	-	3,000	3,000
2. Abdulaziz Abdulkarim Al-Khuraiji – Member	-	3,000	3,000
3. Asem Saad Al-Juraid – Member	-	3,000	3,000
Total	-	9,000	9,000
Executive Committee Members			
1. Yousef bin Saleh Abalkhail – Committee Chairman	-	3,000	3,000
2. Yousef bin Saleh Abalkhail – Committee Chairman	-	3,000	3,000
3. Muteb Mohammed Al-Shetri – Member	-	3,000	3,000
4. Majed bin Abdullah Al-Issa – Member	-	3,000	3,000
Total	-	12,000	12,000
Risk Committee Members (The Committee has not been formed)			
1.	-	-	-
2.	-	-	-
3.	-	-	-
Total	-	-	-



Board Committees

Board committees are formed by resolution of the Board of Directors. The Board may, at any time, establish and constitute specialized committees as needed and in accordance with the Company's circumstances, in a manner that enables the Board to perform its duties efficiently.

Committees shall be formed in accordance with the general procedures set by the Board of Directors, which define each committee's responsibilities, term of office, authorities, and the mechanism by which the Board oversees their activities. Each committee must report all of its findings and decisions to the Board of Directors with full transparency.

The Board periodically reviews and monitors the activities of its committees to ensure they are properly discharging their duties and responsibilities. Each committee remains accountable to the Board for the activities assigned to it; however, this does not absolve the Board of Directors from its ultimate responsibility for the activities, duties, and authorities delegated to such committees.

Below is the list of Company committee members who are not members of the Board of Directors.

Audit Committee

Name	Summary of Biography (Non-Board Members)
Sami bin Ibrahim Al-Issa	Mr. Sami bin Ibrahim bin Abdulaziz Al-Issa holds a Bachelor's degree in Accounting from King Saud University and an Executive MBA from King Abdulaziz University. He possesses extensive professional experience in audit and financial control. He has been serving as General Manager of Internal Audit at the General Organization for Social Insurance (GOSI) since 2012. Previously, he held several senior positions in financial oversight within the same organization. He also served as a Board Member of Saudi Ceramics Company from 2011 to 2025 and participated in several Board committees, including the Audit Committee, Executive Committee, and Remuneration & Nomination Committee. He currently serves as a member of the Audit Committee.
Abdulaziz bin Abdulmalik Al-Sheikh	Mr. Abdulaziz holds a Master's degree in Financial Management and has extensive professional experience in finance, consulting, and business management. He has served as a member of the Audit Committee in several listed joint-stock companies. He held multiple executive and leadership roles, including General Manager of Middle East Consulting Company, CEO of Enmaiah Company, General Manager of Corporate Finance and Investment Advisory at Samba Bank, and General Manager of the "Kids Kingdom" sector at Jarir Group.
Maen bin Yousef Abalkhail	Mr. Maen Yousef Saleh Abalkhail holds a Bachelor's degree in Accounting from King Saud University and has experience in audit and corporate banking. He worked as an external auditor at PricewaterhouseCoopers (PwC) and later as a Relationship Manager in corporate banking at several Saudi banks. He currently operates in private business. Since 2024, he has been a Board Member of the Arabian Pipes Company and serves as a member of its Audit Committee and Governance & Risk Management Committee. He has also been a member of the Audit Committee of Saudi Ceramics Company since 2025.

Following the election of the Board of Directors for the current term commencing on 1 April 2025 for a period of four years, the Board of Saudi Ceramics Company formed three principal Board committees during its meeting held on 3 April 2025, namely:

1. The Executive Committee
2. The Audit Committee
3. The Remuneration and Nomination Committee

These committees were constituted from among the members of the Board of Directors. Each committee consists of no fewer than three and no more than five members. The charters of the Audit Committee and the Remuneration and Nomination Committee were approved by the General Assembly.

The Board of Directors may establish any number of committees it deems necessary to ensure effective governance and oversight of the Company's operations, while clearly defining their authorities, objectives, and reporting mechanisms. On an annual basis, the Board reviews, approves, or amends the mandates of its subcommittees to ensure their continued suitability and effectiveness.

Board committees submit annual reports to the Board of Directors outlining their activities, work results, decisions, and recommendations with full transparency. The Board regularly monitors the activities of its internal committees to ensure proper discharge of their assigned duties, with committee chairpersons presenting quarterly reports to the Board.

Board committees may engage independent external consultants and professional advisors and may request support from employees at all organizational levels within the Group to assist them in fulfilling their responsibilities. External advisors, certain executives, and members of senior management may attend committee meetings when necessary upon invitation by the Committee Chairman and in the presence of the committee members and the Secretary.

Each Board committee remains accountable to the Board of Directors for its activities; however, such accountability does not absolve the Board from its ultimate responsibility for the activities, duties, and authorities delegated to its committees.

Committees are granted full access to all employees, business premises, records, systems, and legal advisors to enable them to effectively perform their functions.

1. Executive Committee

The Board of Directors issued the Executive Committee Charter pursuant to Resolution No. [215] dated 16/03/1441H corresponding to 13/11/2019G. The charter was subsequently updated on 4 May 2025. The Committee consists of a number of Board members, provided that its membership shall not be fewer than three members. The term of membership for each member shall not be less than one year and not more than three years, and in all cases shall not exceed the member's term on the Board.

The Committee undertakes all duties and responsibilities within its scope of authority in accordance with its charter, including without limitation reviewing and overseeing the Company's strategic policies and objectives; examining proposals and recommendations for projects presented for discussion; providing views and recommendations prior to submission to the Board of Directors; collaborating with executive management to establish plans to monitor financial and operational performance to ensure optimal results; and reviewing investment opportunities presented to the Company.

Executive Committee Members:

On 3 April 2025, the members of the Executive Committee were appointed from among the Board of Directors for the current term commencing on 1 April 2025 for a period of four years, ending on 31 March 2029.

The following table sets out the names of the Executive Committee members during the year:

No.	Member Name	Position	Membership Status	Previous Term Until 31 March 2025	Current Term From 1 April 2025
1	Mr. Yousef bin Saleh Abalkhail	Committee Chairman	Non-Executive	✓	✓
2	Mr. Ab-dulaziz bin Abdulkarim Al-Khuraiji*	New Member	Non-Executive	✓	-
3	Eng. Ah-med bin Saeed Al-Ghamdi*	New Member	Non-Executive	✓	-
4	Eng. Majed bin Abdul-lah Al-Issa	Member	Non-Executive	✓	✓
5	Mr. Sami bin Ibra-him Al-Issa*	Former Member	Non-Executive	-	✓
6	Eng. Muteb bin Mo-hammed Al-Shetri*	Former Member	Non-Executive	-	✓

* Membership for the previous term ended on 31 March 2025.

** Membership for the new term commenced on 1 April 2025.

Meetings and Attendance Record:

The Executive Committee held five meetings during 2025. The following table sets out the names, positions, and attendance record of the Committee members at the meetings held during the year.

No.	Member Name	Position	1st Meeting 17/02/2025	2nd Meeting 04/05/2025	3rd Meeting 21/07/2025	4th Meeting 21/10/2025	5th Meeting 10/12/2025	Attendance %
1	Mr. Yousef bin Saleh Abalkhail	Committee Chairman	Attended	Attended	Attended	Attended	Attended	%100
2	Mr. Ab-dulaziz bin Abdulkarim Al-Khuraiji	Committee Member	-	Attended	Attended	Attended	Attended	%100
3	Eng. Majed bin Abdul-lah Al-Issa	Committee Member	Attended	Attended	Attended	Attended	Attended	%100
4	Eng. Ah-med bin Saeed Al-Ghamdi	Committee Member	-	Attended	Attended	Attended	Attended	%100
5	Eng. Muteb bin Mo-hammed Al-Shetri	Former Member	Attended	-	-	-	-	%100
6	Mr. Sami bin Ibra-him Al-Issa	Former Member	Attended	-	-	-	-	%100

Executive Committee – Duties and Responsibilities

Without prejudice to the powers and responsibilities of the Board of Directors, the Executive Committee undertakes all duties falling within its scope of authority in accordance with its approved charter, including in particular the following:

1. Reviewing the Company's policies and strategic objectives, overseeing their implementation, examining proposals and recommendations related to presented projects, and providing views and recommendations prior to submission to the Board.
2. Coordinating with executive management to establish plans necessary to monitor financial and operational performance to ensure optimal results.
3. Recommending to the Board the Company's lending, financing, and investment strategies.
4. Reviewing the Company's annual budgets and any amendments thereto, and submitting recommendations to the Board.
5. Overseeing the implementation of the approved budget and monitoring performance against defined objectives.
6. Reviewing key performance indicators (KPIs) and recommending their approval to the Board.
7. Exercising the authorities delegated to the Committee in accordance with the approved authority matrix.
8. Reviewing investment opportunities presented to the Company, including the acquisition of shares or stakes in existing companies or the acquisition of companies operating in the same or complementary activities, appointing consultants and advisory firms to conduct the necessary studies, and submitting recommendations to the Board.
9. Reviewing and approving loan agreements and banking facilities that fall outside the approved operational or capital budget limits, in accordance with the approved au-

thority schedule.

10. Approving and deciding on operational transactions within its delegated authority under the Board-approved authority matrix.
11. Submitting reports of the Committee's activities and recommendations, if any, to the Board for approval at the first meeting following the Committee meeting.
12. Advising the Board on dividend distribution proposals, taking into account any recommendations issued by the Audit Committee in this regard.
13. Reviewing matters referred to it by the Board and making appropriate recommendations.
14. Holding periodic meetings and maintaining continuous communication with executive management to follow up on business progress.
15. Performing any other duties or responsibilities assigned by the Board of Directors.

2. Remuneration and Nomination Committee

The Board of Directors formed this Committee for a four-year term commencing on 1 April 2025. The Remuneration and Nomination Committee Charter, including the remuneration granted to its members, was approved by the General Assembly on 26 March 2025.

The Committee is responsible for submitting recommendations to the Board regarding nominations for Board membership, establishing clear policies for the remuneration of Board members and senior executives of the Company and its subsidiaries, reviewing the Board structure, identifying strengths and weaknesses among Board members, verifying annually the independence of independent directors, and ensuring the absence of conflicts of interest where Board members serve on the boards of other companies.

Membership Regulations of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee is formed by a resolution of the Board of Directors. Its members shall be independent Board members, and non-executive members or individuals from outside the Board whether shareholders or otherwise may also be appointed. The following is a summary of the key membership rules:

1. The Board resolution must designate the Committee Chairman. The Board may appoint a Secretary from among the Committee members or otherwise, or delegate the appointment decision to the Committee.
2. The number of Committee members shall not be fewer than three and not more than five.
3. The Chairman of the Board may not serve as Chairman of the Remuneration and Nomination Committee.
4. The Chairman of the Committee must be an independent member.
5. In the event of a vacancy, the Board may appoint a replacement member to complete the predecessor's term. The Board may also leave the position vacant provided that the remaining members are not fewer than three.

6. The Capital Market Authority must be notified of the names and membership status of Committee members within five business days from the start of the Board term or from the date of appointment whichever is earlier and of any changes within five business days from the date such changes occur.

Remuneration and Nomination Committee Members:

On 3 April 2025, the members of the Remuneration and Nomination Committee were appointed from among the Board of Directors for the current term commencing on 1 April 2025 for a period of four years, ending on 31 March 2029.

The following table sets out the names of the Remuneration and Nomination Committee members during the year:

No.	Member Name	Position	Member-ship Status	Previ-ous Term (Until 31 March 2025)	Cur-rent Term (From 1 April 2025)
1	Dr. Mohammed bin Hamad Al-Kathiri**	Committee Chairman	Independ-ent	–	✓
2	Dr. Muath bin Khalid Al-Zamil**	New Member	Independ-ent	–	✓
3	Mr. Salah bin Abdulrahman Al-Hazami**	New Member	Independ-ent	–	✓
4	Mr. Mohammed bin Abdulmohsen Al-Qurainis*	Former Committee Chairman	Independ-ent	✓	–
5	Mr. Asem bin Saad Al-Juraid*	Former Member	Non-Executive	✓	–
6	Mr. Abdulaziz bin Abdulkarim Al-Khuraiji*	Former Member	Non-Executive	✓	–

* Membership for the previous term ended on 31 March 2025.

** Membership for the new term commenced on 1 April 2025.

Meetings and Attendance Record:

The Remuneration and Nomination Committee held six meetings during 2025. The following table sets out the names, positions, and attendance record of the Committee members at the meetings held during the year.

No.	Member Name	1st Meeting 12/01/2025	2nd Meeting 04/05/2025	3rd Meeting 21/07/2025	4th Meeting 03/07/2025	5th Meeting 17/09/2025	6th Meeting 11/12/2025	Attendance %
1	Dr. Moham-med bin Hamad Al-Kathiri	–	Attended	Attended	Attended	Attended	Attended	%100
2	Dr. Muath bin Khalid Al-Zamil	–	Attended	Attended	Attended	Attended	Attended	%100
3	Mr. Salah bin Abdulrah-man Al-Hazami	–	Attended	Attended	Attended	Attended	Attended	%100
4	Mr. Mo-hammed bin Abdul-mohsen Al-Qurainis	Attended	–	–	–	–	–	%100
5	Mr. Abdulaz-iz bin Abdul-karim Al-Khuraiji	Attended	–	–	–	–	–	%100
6	Mr. Asem bin Saad Al-Juraid	Attended	–	–	–	–	–	%100

Remuneration and Nomination Committee Roles and Responsibilities

A. With Respect to Remuneration

The Committee undertakes the following duties:

1. Preparing a clear policy for the remuneration of Board members, Board committees, and executive management, and submitting it to the Board for presentation to the General Assembly for approval, ensuring that the policy is performance-linked, properly disclosed, and effectively implemented.
2. Clarifying the relationship between paid remuneration and the approved remuneration policy, highlighting any material deviations from such policy.
3. Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
4. Submitting recommendations to the Board regarding the remuneration of Board members, committee members, and senior executives in accordance with the approved policy.
5. Reviewing the CEO's financial remuneration, including short- and long-term incentives, determining the performance levels required of the CEO, and submitting recommendations to the Board.
6. Reviewing and approving the CEO's recommendations regarding the remuneration of senior executives.
7. Verifying and monitoring the Company's compliance with the remuneration policy for Board members, committees, and executive management as approved by the General Assembly.

B. With Respect to Nominations

The Committee undertakes the following duties:

1. Proposing clear policies and criteria for Board and executive management membership.
2. Recommending to the Board the nomination or re-nomination of Board members in accordance with approved policies and standards, ensuring that no person previously convicted of a crime involving dishonesty or breach of trust is nominated.
3. Preparing a description of the required competencies and qualifications for Board membership and executive positions, including the time commitment required for Board duties.
4. Conducting an annual review of the skills and expertise required for Board members, identifying strengths and weaknesses within the Board and executive management, and recommending appropriate remedial actions in the Company's interest.
5. Reviewing the structure of the Board and executive management and recommending any structural changes.

6. Verifying annually the independence of independent members and ensuring the absence of conflicts of interest where a Board member serves on another company's board.
7. Establishing job descriptions for executive, non-executive, and independent Board members, as well as senior executives.
8. Defining procedures to be followed in the event of a vacancy in a Board or senior executive position.
9. Identifying strengths and weaknesses within the Board and recommending corrective solutions in the Company's interest.
10. Providing adequate training and orientation for newly appointed Board members regarding the Company's activities and achievements to enable them to perform their duties effectively.
11. Reviewing and evaluating executive management performance.
12. Reviewing succession plans for Company employees in general, and for Board members, the CEO, and senior executives in particular.
13. Reviewing the CEO's recommendations regarding the appointment and termination of senior executives, excluding the Head of Internal Audit, whose appointment and dismissal are based on a recommendation from the Audit Committee.

3. Audit Committee:

The Board of Directors formed the Audit Committee for a four-year term commencing on 1 April 2025. The Audit Committee Charter, including the remuneration of its members, was approved by the General Assembly on 26 March 2025.

In accordance with the rules governing the selection, term, and working procedures of the Audit Committee as set out in the Charter approved by the General Assembly held on 26 June 2024, the Audit Committee shall be formed by a resolution of the Board of Directors, whether from among shareholders or others, subject to the following controls:

1. The Committee shall consist of no fewer than three and no more than five members, including at least one member with financial and accounting expertise.
2. At least one member must be independent. The Chairman of the Board may not serve as a member of the Audit Committee.
3. Any person who currently works or has worked during the past two years in the executive or financial management of the Company or with the Company's external auditor may not serve as a member of the Audit Committee.
4. An Audit Committee member may not serve on audit committees of more than five listed joint-stock companies simultaneously.
5. In the event of a vacancy, the Board may appoint a replacement member to complete the predecessor's term. The Board may also leave the seat vacant, provided that the remaining members are not fewer than three.
6. The Capital Market Authority shall be notified of the names and membership status of Committee members within five business days from the date of appointment and of any subsequent changes within five business days from the date such changes occur.

Audit Committee Members

On 3 April 2025, the members of the Audit Committee were appointed for the current term commencing on 1 April 2025 for a period of four years, ending on 31 March 2029.

The following table sets out the names and positions of the Audit Committee members during the year:

No.	Member Name	Position	Membership Status	Previous Term (Until 31 March 2025)	Current Term (From 1 April 2025)
1	Mr. Abdul-lah bin Jamaan Al-Zahrani	Committee Chairman	Independent	-	✓
2	Mr. Sami bin Ibrahim Al-Issa (Member from out-side the Board)	New Member	Independent	-	✓
3	Mr. Ab-dulaziz bin Abdulmalik Al Al-Sheikh (Member from out-side the Board)	Member	Independent	✓	✓
4	Mr. Maen bin Yousef Abalkhail (Member from out-side the Board)	New Member	Independent	-	✓
5	Mr. Ahmed bin Sulaiman Al-Muzaini	Former Committee Chairman	Independent	✓	-
6	Mr. Majed bin Mo-hammed Al-Dakhil	Former Member	Independent	✓	-

* Membership for the previous term ended on 31 March 2025. ** Membership for the current term commenced on 1 April 2025.

Meetings and Attendance Record:

The Audit Committee held seven meetings during 2025. The following table sets out the names, positions, and attendance record of the Committee members at the meetings held during the year.

No.	Member Name	1st Meeting 24/02/2025	2nd Meeting 28/04/2025	3rd Meeting 23/07/2025	4th Meeting 26/10/2025	5th Meeting 27/10/2025	6th Meeting 17/11/2025	Meeting 15/12/2025	Attendance %
1	Mr. Abdul-lah bin Ja-maan Al-Zahrani	-	Attended	Attended	Attended	Attended	Attended	Attended	100%
2	Mr. Sami bin Ibrahim Al-Issa	-	Attended	Attended	Attended	Attended	Attended	Attended	100%
3	Mr. Ab-dulaziz bin Abdulmalik Al Al-Sheikh	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
4	Mr. Maen bin Yousef Abalkhail	-	Attended	Attended	Attended	Attended	Attended	Attended	100%
5	Mr. Ahmed bin Sulaim-an Al-Muzaini	Attended	-	-	-	-	-	-	100%
6	Mr. Majed bin Mo-hammed Al-Dakhil	Attended	-	-	-	-	-	-	100%

Audit Committee – Roles and Responsibilities

The Audit Committee is responsible for overseeing the Company's activities and operations and verifying the integrity and effectiveness of financial reports, financial statements, and internal control systems. Its duties include, in particular, the following:

A. Financial Reporting

1. Reviewing the Company's interim and annual financial statements before submission to the Board and providing opinions and recommendations to ensure their integrity, fairness, and transparency.
2. Providing a technical opinion, upon the Board's request, on whether the Board report and financial statements are fair, balanced, and understandable, and whether they contain sufficient information to enable shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
3. Examining any significant or unusual matters included in financial reports.
4. Conducting thorough investigations into issues raised by the Chief Financial Officer (or equivalent), the Compliance Officer, or the external auditor.
5. Reviewing accounting estimates relating to significant matters reflected in financial reports.
6. Reviewing the accounting policies adopted by the Company and providing recommendations to the Board.

B. Internal Audit

1. Reviewing and assessing the Company's internal control, financial control, and risk management systems.
2. Reviewing internal audit reports and monitoring the implementation of corrective actions related to audit findings.
3. Overseeing the performance and activities of the Internal Audit Department to ensure adequate resources and effectiveness.
4. Recommending to the Board the appointment of the Head of Internal Audit (in case of vacancy) and proposing their remuneration.

C. External Audit

1. Recommending to the Board the nomination, dismissal, and remuneration of external auditors, and evaluating their performance after verifying their independence and reviewing their scope of work and engagement terms.
2. Ensuring the independence, objectivity, and fairness of the external auditor and assessing the effectiveness of audit activities in accordance with applicable rules and standards.
3. Reviewing the external auditor's audit plan and verifying that no non-audit services outside the scope of audit work are provided, and providing related observations.
4. Responding to inquiries from the Company's external auditor.
5. Reviewing the auditor's report and observations on financial statements and following up on actions taken.

D. Compliance Assurance

1. Reviewing the findings of regulatory authorities and verifying that appropriate corrective measures have been taken.
2. Ensuring compliance with applicable laws, regulations, policies, and instructions.
3. Reviewing related-party transactions and contracts proposed by the Company and providing recommendations to the Board.
4. Escalating matters requiring action to the Board and recommending appropriate measures.

Audit Committee Report

The Committee prepares a report detailing the performance of its duties and responsibilities as stipulated in the Companies Law and its implementing regulations, including its recommendations and opinion on the adequacy of internal control, financial control, and risk management systems (Audit Committee Report – Page 196).

Annual Review of Internal Control Effectiveness**Internal Control System**

The Board adopts an internal control system to evaluate policies and procedures related to risk management, corporate governance compliance, and regulatory adherence. The system ensures accountability standards at all executive levels and compliance with related-party transaction regulations.

Establishment of Independent Departments

To implement the internal control system, the Company has established independent risk management and internal audit departments. External service providers may be engaged without prejudice to the Company's responsibilities.

Internal Audit Department Duties

The Internal Audit Department evaluates and monitors internal control implementation and ensures compliance with regulations and Company policies. The Head of Internal Audit is appointed upon recommendation of the Audit Committee and reports directly to it. Key governance aspects include:

1. Staff must be qualified, independent, and dedicated exclusively to internal audit functions.
2. Reports are submitted to and administratively affiliated with the Audit Committee.
3. The Head of Internal Audit's remuneration is determined upon recommendation of the Audit Committee.
4. The department has unrestricted access to required information and documentation.

Internal Audit Plan

Internal audit operates under a comprehensive plan approved by the Audit Committee, updated annually. Major operational and risk management activities are reviewed at least once per year.

Retention of Internal Audit Reports

The Company maintains complete records of audit reports, supporting documentation, findings, recommendations, and corrective actions.

Internal Audit Reporting

The Internal Audit Department submits at least quarterly written reports to the Board, including an evaluation of internal control effectiveness, conclusions, and recommendations. An annual report is also submitted comparing actual audit activities against the approved plan and explaining any variances.

Board of Directors' Responsibility Regarding Internal Control Systems

The Board of Directors is committed to ensuring that the Internal Audit Department is functionally linked to the Audit Committee, as this represents a key mechanism for oversight, performance enhancement, and the development of internal systems, policies, and corporate governance practices.

The Board's primary responsibilities in relation to internal control matters include the following:

1. Ensuring the integrity of financial and accounting systems, including systems related to financial reporting.
2. Ensuring the implementation of a transparent risk management control framework by defining the overall risk landscape that may face the Company and its subsidiaries.
3. Conducting an annual review of the efficiency and effectiveness of the internal control systems, policies, and procedures applied within the Company and its subsidiaries.

Results of the Annual Review of Internal Control Effectiveness for the financial year ended 31 December 2025, the Audit Committee's opinion regarding the adequacy of the Company's internal control system is as follows:

1. The Company's risk management and internal control systems were effective.
2. The Company adopted appropriate mechanisms and control systems to monitor non-compliance and address it promptly.
3. The Company complied satisfactorily with the requirements of the Corporate Governance Regulations concerning risk management and internal control systems.

Board Confirmations for 2025

Based on Audit Committee reports and internal audit findings, the Board confirms:

1. No material deficiencies were identified in financial or accounting systems requiring disclosure.

2. Internal controls function effectively and mitigate potential risks.
3. All corrective actions related to internal audit findings were implemented.
4. Accounting and financial records were prepared fairly and accurately.
5. No material weaknesses in accounting or control systems requiring disclosure were identified.
6. No competitive activities or conflicts of interest by Board members or senior executives were identified beyond disclosed related-party transactions.
7. No financial incentives or subscription rights were granted in violation of approved policies.
8. Full compliance with applicable laws and Capital Market Authority regulations was maintained.
9. No decision was issued to replace the external auditor during FY 2025.
10. No unresolved objections from the Audit Committee regarding executive management activities were recorded.





Risk Management & Internal Audit

- Risk Management & Internal Control Framework
- Internal Control
- Internal Audit
- Internal Audit
- Risk Management Report

188 Risk Management & Internal Control Framework

Saudi Ceramics Company is committed to implementing a risk management process in accordance with the principles and standards issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which define recognized best practices in enterprise governance. The Board of Directors and senior management ensure these principles are embedded in strategy formulation and major decision making processes.

Management plans, organizes, and directs the necessary procedures to provide reasonable assurance regarding the achievement of corporate objectives, while maintaining associated risks within acceptable and agreed limits on a continuous basis.

- **Strategic:** Ensuring alignment of corporate objectives with the company's mission.
- **Operations:** Ensuring effective and efficient use of resources.
- **Reporting:** Ensuring reliability and accuracy of financial reporting.
- **Compliance:** Ensuring adherence to applicable laws and regulations.

Participants in the Internal Control System

Senior Management is responsible for the internal control system, while the Audit Committee oversees the effectiveness of internal controls related to financial reporting. Senior Management relies on financial functions and secondary lines of defense distributed across business sectors, supported by assurance mechanisms such as the Quality Audit team, frontline risk management functions, and operational reporting departments across locations, regions, business units, and subsidiaries.

Finance Department

The Finance Department is responsible for the company's financial functions either directly through centralized functions (financial planning and analysis, financial policies, compliance, treasury and financing, taxation, legal affairs) or through coordination with financial controllers across business locations, regions, and subsidiaries.

Risk Management System and Internal Control Systems

The company adopts the COSO framework for risk management. A dedicated team oversees implementation, with a Chief Risk Officer assigned for each business area. Executive Management and the Risk Management Committee supervise operations. Risk management includes risk identification and assessment in support of achieving corporate objectives.



Internal Control Department

The Internal Control Department focuses on ensuring the implementation of policies and procedures through strict controls. Its responsibilities include:

- ✔ Verifying implementation of the internal control framework.
- ✔ Defining control priorities and self assessment methodologies.
- ✔ Managing and analyzing control indicators and assessment results.
- ✔ Supporting Finance and coordinating training.
- ✔ Identifying policy gaps and weaknesses and issuing recommendations.



Internal Audit Department

The company maintains an independent Internal Audit Department reporting directly to the Audit Committee. An annual risk based audit plan is adopted. The department follows up on remediation of identified gaps and provides periodic reports to shareholders regarding the effectiveness of internal control systems.

Internal Control and Risk Management Components

The framework includes six main components:

- ✓ Risk management and ownership
- ✓ Control environment
- ✓ Risk identification and assessment
- ✓ Control activities
- ✓ Information dissemination
- ✓ Ongoing monitoring

Risk Management Model

Saudi Ceramics Company applies the internationally recognized Three Lines of Defense Model aligned with COSO to ensure sound governance and clear segregation of responsibilities.

Control Environment

The control environment aims to enhance employees' awareness of the importance of internal controls and includes the following elements:

- The company's core values.
- Corporate governance regulations approved by the Board of Directors.
- Human resources policies, employee development, and training programs.
- Directives from the Board of Directors and Executive Management to achieve continuous improvement in operational processes.
- Standardization of operations and the use of an integrated information system.

- Alignment between the internal control framework and the delegation of authority matrix, with periodic review.

Written internal control guidelines distributed on a quarterly basis.

Risk Identification and Assessment

The company defines risk as the possibility of an event occurring that may affect core operations, the company's ability to comply with regulations, the accuracy of reporting, or the achievement of strategic objectives. Risks are assessed through analysis of both likelihood and impact.

Company Approach to Risk Management

The Company adopts a methodology aligned with the principles and standards issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), ISO 31000:2018, and recognized industry best practices in risk management. This methodology is subject to periodic review and adaptation in line with evolving business requirements to ensure the effectiveness of risk management processes and the achievement of both short and long term objectives.

Education, Training, and Monitoring

The periodic risk management process supports the provision of training and awareness initiatives, continuous risk monitoring, and the necessary guidance to business management teams. Supporting tools are utilized to record, analyze, and report risks effectively, ensuring structured documentation and informed decision making.

Risk Management Model – Three Lines of Defense

Saudi Ceramics Company adopts the globally recognized Three Lines of Defense Model, aligned with the COSO framework, to ensure sound risk governance and a clear segregation of responsibilities. This layered structure provides cumulative protection that safeguards the Company's assets and supports the achievement of its strategic objectives.



1 Governance and Oversight Structure

The Board of Directors oversees the overall effectiveness of the risk management system and delegates specific responsibilities as follows:

- **Audit Committee:** Oversees the effectiveness of internal control systems and financial reporting processes.
- **Executive Management Team:** Monitors strategic and operational risks and reviews related policies.
- **Senior Management:** Holds direct responsibility for designing and implementing an effective risk management system.

2 The Three Lines of Defense: Roles and Responsibilities

First Line of Defense: Executive Management and Operational Units

- **Responsibility:** Ownership and management of day to day operational risks.
- **Roles:** Department managers, business unit leaders, and employees.
- **Duties:** Identify risks within their operational scope, implement operational controls, and report incidents and emerging risks.
- **Second Line of Defense:** Oversight and Control Functions (Support Departments)
- **Responsibility:** Oversight, guidance, and monitoring of control effectiveness.
- **Roles:** Risk Management, Internal Control, Compliance, Finance, and Quality functions.
- **Duties:** Develop policies, frameworks, and tools; provide guidance and training to the first line; monitor control effectiveness; and prepare consolidated risk reports for Senior Management.
- **Third Line of Defense:** Independent Internal Audit
- **Responsibility:** Provide independent and objective evaluation to ensure system effectiveness.
- **Roles:** Internal Audit Department (reporting directly to the Audit Committee).
- **Duties:** Review the performance of the first and second lines, assess the effectiveness of the risk management and internal control system, and provide recommendations to enhance governance.

3 Integration and Layered Assurance

The three lines operate in an integrated manner to provide cumulative assurance:

- **Direct Control:** Implemented by the first line through operational controls.
- **Supervision and Monitoring:** Conducted by the second line to oversee control effectiveness and standardize methodologies.
- **Independent Assurance:** Provided by the third line to the Board regarding the overall effectiveness of the system.

4 Alignment with Corporate Objectives

Risk management is integrated into strategic planning and decision making processes to achieve objectives across the four COSO domains:

- **Strategic Objectives:** Supporting growth, innovation, and sustaining competitive advantage.
- **Operations:** Enhancing operational efficiency and protecting assets.
- **Reporting:** Ensuring accuracy and reliability of financial and non-financial reporting.
- **Compliance:** Adhering to local and international laws and regulations.

Conclusion

This framework reflects Saudi Ceramics Company's commitment to strong governance practices that enable proactive identification and management of risks, support sound decision making, protect shareholder value, and pave the way for sustainable growth.



**Audit Committee Report of Saudi Ceramic Company
For the Financial Year Ended December 31, 2025**

To: Shareholders of Saudi Ceramic Company

Overview of the Audit Committee Composition for the Year 2025:

- Mr. Abdullah Al- Zahrani – Chairman
- Mr. Sami Al- Essa – Member
- Mr. Abdulaziz Al-AlSheikh – Member
- Mr. Maan Aba - Alkhail– Member

The Audit Committee held six meetings during the year 2025 as follows:

Name	Membership	Audit committee meetings (7)						
		(24 Feb 2025)	(28 Apr 2025)	(23 Jul 2025)	(26 Oct 2025)	(27 Oct 2025)	(17 Nov 2025)	(17 Nov 2025)
Abdullah Al- Zahrani	Chairman	-	✓	✓	✓	✓	✓	✓
Sami Al- Essa heel	Member	-	✓	✓	✓	✓	✓	✓
Abdulaziz Al-AlSheikh	Member	✓	✓	✓	✓	✓	✓	✓
Maan Aba - Alkhail	Member	-	✓	✓	✓	✓	✓	✓

The Audit Committee is responsible for monitoring the company's operations, ensuring the accuracy and integrity of financial statements, and overseeing internal control systems. The committee performed its duties as outlined in its charter as follows:

A. Financial Reports

1. The interim and annual financial statements of the company were reviewed before being presented to the Board of Directors, with opinions and recommendations provided to ensure their integrity, fairness, and transparency.
2. A technical opinion was given, at the request of the Board of Directors, on whether the Board's report and the company's financial statements are fair, balanced, and understandable, and whether they contain information enabling shareholders and investors to assess the company's financial position, performance, business model, and strategy.
3. Any significant or unusual matters included in the financial reports were examined; no such matters were identified by the committee.
4. Any issues raised by the company's CFO, compliance officer, or external auditor were thoroughly investigated; no noteworthy issues requiring attention were identified.
5. The accounting estimates related to significant matters in the financial reports were verified.
6. The accounting policies followed by the company were reviewed, and opinions and recommendations were provided to the Board of Directors accordingly.

B. Internal Audit:

1. The internal control, financial, and risk management systems of the company were reviewed and assessed.
2. Internal audit reports were reviewed, and the implementation of corrective actions for the observations noted therein was monitored.



200 Risk Management Report

Saudi Ceramics Company adopts an integrated risk management approach aimed at ensuring business continuity and safeguarding the interests of the Company and its shareholders. This is achieved through the periodic study and review of potential risks and the implementation of necessary control measures to mitigate their impact. The Company continuously monitors operational, financial, and market developments to ensure optimal efficiency and alignment with applicable laws and regulations.

The most significant risks continuously monitored include the following:

1 Human Resources Risks:

During the year, the Company strengthened workforce stability and enhanced workplace readiness through proactive management of operational risks related to manpower. Key indicators monitored included labor cost control in line with operational plans and the development of productivity improvement programs to maximize value from labor costs.

Operational vehicle readiness was enhanced through preventive maintenance programs supported by periodic specialized reviews, reducing delays and improving utilization efficiency. The Company continues to adopt best practices that support human capital efficiency and operational infrastructure, thereby enhancing overall performance and service quality.

2 Procurement and Supply Chain Risks:

The Company enhanced its supply chain management capabilities by developing proactive control mechanisms to ensure supply stability and raw material quality despite market fluctuations. Key risks monitored included rising raw material prices, supplier disruptions during peak demand periods, and increases in fuel and logistics costs.

To mitigate these risks, the Company implemented a supplier diversification strategy and strengthened relationships with key suppliers through structured contracts ensuring price stability and supply continuity. Periodic contract reviews and supplier per-

formance evaluations were also reinforced. These measures improved operational readiness and reduced exposure to pricing and supply chain risks.

3 Financial Risks:

The Company places significant emphasis on financial risk management to safeguard its financial position and ensure performance stability through a robust control system focused on identifying and addressing sustainability related risks. Key risks identified during the year included inadequate or excessive asset insurance coverage, foreign exchange fluctuations, and counterparty risks associated with banks and financial intermediaries.

To manage these risks, the Company conducted a comprehensive review and update of insurance policies in line with actual asset values and expansion plans, activated hedging instruments to mitigate currency volatility, and strengthened financial institution selection criteria by engaging with highly creditworthy banks. These actions enhanced financial risk management efficiency and ensured continued strong performance.

4 Sales, Marketing, and Business Development Risks:

The Company enhanced its ability to monitor and manage sales risks across project, wholesale, and retail channels, as well as marketing and business development risks, to support revenue stability and market share growth.

Key risks identified included delayed collections from foreign customers, potential loss of markets due to economic or political changes, rapidly evolving consumer trends, pricing competition, and the potential loss of major revenue contributing customers. In response, the Company implemented development initiatives including service quality enhancement, customer experience improvement, market diversification, strengthened customer development programs, and tighter control over external collections. These measures improved commercial readiness, reduced risk exposure, and maintained a strong customer base and stable sales levels.

5 Regulatory and Legislative Changes Risks:

The Company maintains its commitment to compliance through an integrated control framework ensuring ongoing adherence to regulatory requirements. During the year, the Company closely monitored legislative updates and aligned operational activities with evolving regulatory requirements. Internal controls were strengthened across departments, interdepartmental coordination was enhanced to mitigate non-compliance risks, and periodic reviews were conducted to verify procedural readiness and implementation effectiveness. These efforts demonstrate the Company's ability to manage compliance risks efficiently while ensuring business continuity within the regulatory framework.

6 Internal Policy and Procedure Non-Compliance Risks:

The Company continues to strengthen its internal compliance framework as a fundamental pillar in asset protection and operational efficiency. During the year, the Company focused on enhancing its control structure by reviewing and updating the delegation of authority matrix to ensure clarity of responsibilities and authority limits at all levels. Internal control tools were further strengthened through the implementation of automated systems replacing manual processes, thereby reducing operational errors, improving documentation quality, accelerating coordination, and providing accurate records to support decision making.

These efforts reflect the Company's commitment to maintaining a robust governance environment supported by modern technologies that enhance operational efficiency.

7 Information Security Risks:

The Company applies comprehensive information security policies and procedures to safeguard systems and data against threats and unauthorized access.

During the year, protection controls were enhanced, technical systems were updated, and monitoring of sensitive operations was strengthened, contributing to improved cybersecurity maturity. The Company continues to adopt best practices to enhance information systems performance, with periodic monitoring of compliance levels and reporting to ensure continuous improvement of the information security environment.

8 Factory and Facilities Risks:

During the year, the Company conducted a comprehensive safety risk assessment across its factories and facilities through an independent specialized entity. The review covered all operational areas to support continuous improvement and enhance workplace efficiency. Field visits encompassed production operations, facilities, and technical services, providing a comprehensive overview of operational readiness.

The assessment confirmed overall operational stability while identifying improvement opportunities, including enhancements to fire suppression and alarm systems, strengthening preventive maintenance programs for electrical and mechanical equipment, improving storage organization, and elevating cleanliness and

general safety compliance standards.

Implementation of recommended actions commenced, alongside periodic risk monitoring to ensure a safe working environment and uninterrupted operational continuity.

9 Cybersecurity Risks:

The Company updated and implemented cybersecurity controls in alignment with the National Cybersecurity Authority framework to enhance readiness and protect its technical infrastructure from cyber threats. Efforts focus on strengthening detection and incident response capabilities, as well as implementing awareness programs to foster a strong cybersecurity culture among employees.





Alignment of the Company's Strategy with the Kingdom of Saudi Arabia's Vision 2030

- Strategic Alignment
- Economic Contribution
- Human Capital and Social Responsibility
- Environmental Sustainability
- Governance and Oversight
- Future Outlook
- Statement of Commitment
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- Sustainability Report: Our Commitment to Building a Sustainable Future in Line with Saudi Vision 2030
- Governance and Future Ambition
- Talent Development and Work Environment: Building a Skilled and Competitive Workforce
- Core Program Pillars and Key Achievements of 2025
- Workforce Diversity Summary
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- Our Sustainability Commitments

Alignment of the Company's Strategy with Saudi Vision 2030

As one of the largest ceramics manufacturers globally, Saudi Ceramics Company is fully committed to supporting the Kingdom of Saudi Arabia's transformation and sustainable success, in alignment with the objectives of Saudi Vision 2030.

This section outlines how the Company's strategy aligns with Vision 2030 targets and highlights its contribution to national economic, social, and environmental priorities, in accordance with disclosure requirements applicable to companies listed on the Saudi Exchange (Tadawul).

Strategic Alignment

The Board of Directors takes into consideration the objectives of Saudi Vision 2030 when formulating the Company's overall strategy and long term operational plans.

This alignment is reflected in the Company's business model, capital investment decisions, and operational priorities, supporting economic diversification, enhancement of local content, development of human capital, and the achievement of sustainable growth.

Economic Contribution

Saudi Ceramics contributes to economic diversification and industrial localization objectives through:

- Manufacturing ceramic tiles, porcelain products, and sanitary ware within the Kingdom and supplying them directly or through agents and distributors to infrastructure and major national projects, including the Red Sea Project, Qiddiya, and Diriyah Gate.
- Operating fourteen (14) manufacturing plants within the Kingdom, supporting non-oil industrial sector growth and strengthening local supply chains.
- Exporting products to more than forty (40) countries, contributing to national exports and enhancing the global presence of Saudi made products.

Human Capital and Social Responsibility

In alignment with national Saudization and capability development objectives, the Company:

- Implements structured Saudization programs in coordination with relevant governmental and educational entities.
- Delivers professional and technical training and development programs, including the "Ceramics Academy," aimed at enhancing national workforce capabilities and leadership skills.
- Executes corporate social responsibility initiatives focused on supporting local communities through partnerships with accredited charitable organizations.

Environmental Sustainability

The Company integrates environmental considerations into its operations and product development by:

- Producing water saving sanitary ware aligned with national water conservation targets.
- Improving energy and resource efficiency and reducing industrial waste across facilities.
- Adopting more efficient and sustainable technologies and operating systems in compliance with environmental regulations in the Kingdom.

Governance and Oversight

The Board of Directors oversees the integration of Vision 2030 objectives within the corporate governance framework, risk management processes, and strategic planning cycles.

This is monitored through periodic reviews to ensure that operational and investment decisions generate sustainable long term value while protecting shareholder and stakeholder interests.

Future Outlook

The Company intends to continue aligning its strategy with Saudi Vision 2030 through:

- Ongoing investment in manufacturing capabilities and product innovation.
- Increased investment in the development of national talent.
- Continuous improvement of environmental performance and operational sustainability.

Statement of Commitment

Saudi Ceramics Company affirms its commitment to supporting Saudi Vision 2030 through sound governance practices, effective risk management, and the implementation of a balanced strategy that delivers sustainable growth and enhances long term shareholder value.

Sustainability Framework

Sustainability is an integral part of the Company's business model. Environmental, Social, and Governance (ESG) factors are embedded within strategy and operational processes in alignment with Saudi Vision 2030 and international best practices for listed companies.

Sustainability represents a fundamental pillar of Saudi Ceramics' strategy. The Company believes in its ability to drive positive change and contribute to a better future. Through continuous performance improvement and adherence to its commitments, Saudi Ceramics actively contributes to building a more sustainable tomorrow.

Sustainability Report: Our Commitment to Building a Sustainable Future in Line with Saudi Vision 2030

Chairman's Statement: Sustainability Built on Development and Progress

Saudi Ceramics Company, as a national leader in the building materials and construction sector, is committed to the principles of sustainability and responsible development that underpin Saudi Vision 2030.

This report reflects our strategic commitment to integrating Environmental, Social, and Governance (ESG) practices into the core of our operations. We firmly believe that true industrial success goes hand in hand with resource preservation, human capital empowerment, and meaningful community engagement.

Our Contribution to the Pillars of Vision 2030

Our business model and investments actively support the Kingdom's ambitious Vision 2030 objectives as follows:

1. Contributing to Economic Prosperity and Industrial Development:

We play a pivotal role as a key enabler of urban and industrial development in the Kingdom through:

- **Enabling Mega Projects and Urban Development**

Saudi Ceramics serves as a trusted national partner in supplying high quality essential materials, including tiles, ceramics, sanitary ware, accessories, and water heaters, supporting a broad range of strategic and national projects across the Kingdom.

During 2025, the Company supplied products to numerous mega and infrastructure projects, including Diriyah Gate, Qiddiya, NEOM, the Red Sea Project, the National Guard, ROSHN, the National Housing Company, Aramco, school development initiatives, Royal Commissions, King Salman Park, and projects within the Holy Sites.

Additionally, the Company contributed to city development projects, Ministry of Defense projects, Ministry of Health projects, Ministry of Water and Electricity projects, healthcare centers, Saudi universities, airport projects, the Financial District, as well as private sector projects such as hotels and hospitals.

This extensive footprint reinforces local supply chains, reduces reliance on imports, supports local content development, and aligns directly with Vision 2030 objectives further strengthening the Company's position as a key contributor to national mega project execution.

- **Strengthening the Manufacturing Base**

Operating fourteen (14) advanced manufacturing facilities equipped with the latest automation and digital technologies enhances domestic production capacity and supports the objectives of the National Industrial Strategy.

- **Expanding Non-Oil Exports**

Our "Made in Saudi" products reach more than 40 countries worldwide, contributing to the diversification of national income sources and strengthening Saudi Arabia's presence in international markets.

2. Investing in Human Capital and Society:

We believe that empowering Saudi talent is the foundation of sustainable development.

- **Workforce Nationalization and Skills Development:**

We implement ambitious Saudization programs with a strong focus on developing technical and leadership skills. The "Ceramics Academy" represents a cornerstone of our efforts to train and qualify young Saudi professionals, ensuring a future ready workforce aligned with industrial transformation goals.

- **Corporate Social Responsibility:**

We adopt a structured CSR framework focused on impactful community initiatives and sustainable partnerships with accredited local charitable organizations, reinforcing our role as a responsible corporate citizen.

3. Environmental Stewardship and Resource Efficiency

We strive to lead in environmentally responsible manufacturing practices.

- **Innovation for Resource Conservation**

Our production of water saving sanitary ware represents a practical innovation addressing national water sustainability challenges. Widespread adoption of these products could contribute to saving hundreds of millions of cubic meters of water annually.

- **Sustainable Industrial Operations**

We apply high efficiency standards in energy and water consumption, as well as waste management across all manufacturing facilities. The Company continuously works toward adopting cleaner technologies and environmentally friendly production systems in compliance with national environmental regulations.

Summary of Contributions to Sustainability Objectives

The table below outlines the key pillars of our direct contributions:

Vision 2030 Pillar	Saudi Ceramics Company Contribution
Thriving Economy	Supporting national mega projects; operating 14 advanced manufacturing plants; exporting to more than 80 countries.
Industrial Development	Strengthening non-oil industries; investing in advanced technologies; reducing reliance on imports within the construction sector.
Vibrant Society	Implementing ambitious Saudization programs; operating the "Ceramics Academy" for training; supporting community initiatives.
Environmental Protection	Leading water and electricity conservation through innovative products; applying resource efficient manufacturing processes and waste reduction practices.

Governance and Future Ambition

The Board of Directors and Executive Management oversee the integration of sustainability objectives into strategic planning and decision making processes. Looking ahead, the Company aims to:

- Strengthen innovation in products and operations to support long term sustainability goals.
- Deepen investments in the development of national talent.
- Continuously reduce the environmental footprint of its operations.

Saudi Ceramics reaffirms that its commitment to sustainability is a commitment to the well being of future generations and the prosperity of the Kingdom. We look forward to continuing this journey as active partners in achieving Vision 2030.

Talent Development and Work Environment Building a Highly Skilled and Competitive Workforce

Talent development and workplace excellence represent a cornerstone of Saudi Ceramics' long term sustainability strategy.

The "Ceramics" Talent and Workplace Development Program is among the leading initiatives in the market in fostering an exceptional work environment. It reflects the Company's ambition to position itself as an employer of choice for ambitious professionals in the Kingdom of Saudi Arabia. Rooted in the Company's strong institutional culture, the program guides employees on a shared journey toward excellence and sustainability.

The program is built on four integrated pillars designed to enhance employee experience and institutional performance:

- **Care:** Promoting employees' physical, psychological, and social well being to ensure balance and workplace wellness.
- **Development:** Encouraging personal creativity and intellectual growth beyond traditional work frameworks, including arts, technology, and innovation.
- **Collaboration:** Fostering a culture of teamwork and unity to enhance harmony among teams and improve productivity.
- **Achievement:** Celebrating individual and collective accomplishments, highlighting internal and national success stories, and strengthening pride and corporate belonging.

In 2025, the "Ceramics" Program delivered tangible impact through a series of innovative initiatives designed to enhance work life balance, stimulate personal growth, and strengthen team cohesion.

Main Program Pillars and Key Achievements 2025

Pillar	Objective	Key 2025 Initiatives
1. Care	Enhancing employees' physical, psychological, and social well being to ensure balance and workplace wellness.	• Exclusive 15% discount initiative to support employees and their families.
		• Umrah Program: Organized multiple Umrah trips to strengthen spiritual values..
		• Regular sports activities: Football and basketball leagues to promote health and team spirit
		• Ramadan Iftar gatherings across regions, benefiting 216 employees.
2. Development	Encouraging personal creativity and intellectual growth beyond traditional work frameworks, including arts and technology	• "Wanasah" and "Eid Celebration" events to enhance happiness and belonging.
		• Creative Talent Sponsorship Program: Workshops and support for traditional and modern artistic skills.
		• Future Skills Pathways: Sponsored access to courses in digital analytics, artificial intelligence, and related fields.
3. Collaboration	Fostering a culture of teamwork and unified spirit.	• "Our Creations" Exhibition: A platform to showcase employees' artistic and creative talents.
		• Cross departmental teams: Volunteer projects and brainstorming sessions involving diverse disciplines.
4. Achievement	Celebrating individual and collective accomplishments while strengthening pride and national and corporate belonging.	• Social engagement activities to enhance informal interaction and team cohesion.
		• Saudi National Day celebrations across all facilities.
		• Internal recognition system: Regular acknowledgment of employees' contributions and outstanding achievements.

Impact and the Road Ahead

These integrated efforts contribute to building a healthier, more engaged, and more creative workforce. The Company firmly believes that investing in employee well being and development represents a fundamental pillar in strengthening sustainable organizational resilience and fostering long term innovation.

Saudi Ceramics remains committed to further developing and expanding the "Ceramics" Program in alignment with the ambitious objectives of Saudi Vision 2030. The aim is to provide a work environment that not only supports professional excellence but also enriches the personal lives of every member of the Saudi Ceramics family.

Valuing Diversity and Equal Opportunity

Saudi Ceramics' recruitment and hiring policies are rooted in the firm belief that diversity is one of its strongest institutional assets. Our organizational culture is built upon the principles of fairness, equality, and inclusion, ensuring that individuals are evaluated solely based on their skills, competencies, and leadership potential, without discrimination based on gender or nationality.

The Company takes pride in its workforce of more than 3,500 employees, representing a rich blend of expertise and diverse backgrounds. We remain committed to fostering a supportive work environment that encourages collaboration and individual and collective excellence.

This approach reflects our dedication to workforce nationalization and national economic development, while maintaining openness to attracting global talent that enhances our competitive capabilities.

Workforce Diversity Summary

Category	Description
Gender Balance	Saudi Ceramics employs a diverse workforce that includes highly qualified male and female professionals.
Diversity and International Expertise	The Company employs professionals representing more than 23 nationalities, enriching the workplace with diverse perspectives and global experience.
Core Recruitment Standard	Hiring and promotion decisions are based on competency and merit as the primary criteria for achieving sustainability and institutional excellence.

Human Capital Development and Saudization Support

Saudi Ceramics Company is committed to attracting and developing qualified national talent, recognizing localization as a strategic objective that supports the sustainability of its human capital. The Company fully complies with all Saudization programs and approved localization ratios in accordance with applicable laws and regulations.

This commitment is reflected through structured programs and initiatives aimed at recruiting and qualifying Saudi youth, ensuring effective knowledge transfer and strengthening professional readiness.

The Company places strong emphasis on developing employee skills and enhancing capabilities through targeted training programs and continuous learning opportunities. During the year, training and development initiatives covered 910 employees, contributing to improved performance efficiency, enhanced productivity, operational excellence, and the achievement of long term strategic objectives.

Saudi Ceramics also prioritizes employee motivation, engagement, and retention by fostering a positive and supportive work environment built on fairness and equal opportunity. In this context, the Company introduced a dedicated Employee Sustainability Program, alongside several initiatives designed to strengthen corporate culture, reinforce institutional belonging, and support career growth and job stability.

These efforts align with the objectives of Saudi Vision 2030 and reinforce the sustainability of the Company's institutional performance.

Our Sustainability Commitments

1. **Employee Care:** We are committed to contributing to the improvement of the lives of all employees who play a fundamental role in the Company's success story every day.
2. **Environmental Protection:** We are committed to reducing the negative environmental impact of our operations on shared natural resources every day.
3. **Responsible Product Development:** We are committed to delivering "quality you can trust" while continuously improving the sustainability of our supply chain every day.

- ✓ **Health and Safety:** We are committed to promoting a strong culture of health and safety among our employees every day.
- ✓ **Workforce Efficiency and Diversity:** We are committed to enabling Saudi Ceramics employees to achieve career progression, recognizing their contributions, and fully integrating them into the Company's operations every day.
- ✓ **Community Investment:** We are committed to ensuring that our available resources are utilized to create a positive social impact every day.
- ✓ **Water Conservation:** We are committed to optimizing and conserving water resource consumption every day.
- ✓ **Packaging Innovation:** We are committed to reducing the environmental footprint of our product packaging every day.
- ✓ **Climate Action:** We are committed to implementing sustainable solutions to reduce carbon emissions every day.
- ✓ **Waste Management:** We are committed to progressing toward zero waste to landfill production every day.
- ✓ **Ethical Sourcing Practices:** We are committed to adopting a collaborative approach that enhances sustainability standards across all stages of the supply chain every day.



Saudi Ceramics: An Integrated ESG and QHSE Framework for Sustainable Manufacturing

Saudi Ceramics operates on the firm conviction that long term industrial leadership is inseparable from environmental responsibility, social stewardship, and sound corporate governance. Our integrated Environmental, Social, and Governance (ESG) framework, together with our Quality, Health, Safety, and Environment (QHSE) systems, forms the strategic foundation of our operational model.

This framework aligns our manufacturing excellence across tiles, porcelain, red bricks, electric water heaters, sanitary ware, road reflectors, and plastic products with the sustainability objectives of Saudi Vision 2030 and the expectations of local and global stakeholders.

Our approach goes beyond regulatory compliance by embedding proactive environmental management, sustainable product innovation, and the highest safety standards into the core of our business model. This report outlines our structured methodology from real time operational controls to certified product standards demonstrating our commitment to delivering balanced economic and environmental value.

Proactive Environmental Leadership and Operational Control

Our environmental strategy is built on prevention, continuous monitoring, and certified compliance, ensuring that our manufacturing operations align with the highest environmental stewardship standards.

Comprehensive Air Quality, Noise, and Emissions Monitoring

We implement a dual monitoring strategy that includes:

- Periodic ambient air quality measurements (PM10, PM2.5, SO₂, NO₂, CO, O₃).
- Regular environmental noise level assessments to ensure compliance with approved standards.

We have also invested in a Continuous Emissions Monitoring System (CEMS) at one of our plants, enabling real time emissions tracking. This system provides operational data that supports combustion optimization, production efficiency improvements, environmental impact reduction, and enhanced regulatory transparency.

Rigorous Waste and Resource Management

We apply a comprehensive waste tracking system covering both hazardous and non-hazardous waste streams. Through partnerships with licensed service providers, we ensure safe, documented, and regulatory compliant waste handling.

This structured approach mitigates soil contamination risks and supports circular economy principles wherever feasible.

Integrated Fire Prevention and Safety Systems

Environmental protection is closely linked to operational risk management. Fire detection and suppression systems across all facilities are subject to inspection by independent third party entities, ensuring the protection of assets, employees, and the surrounding environment from potential risks.

Certified Management Systems and Institutional Governance

Our operational discipline is framed by internationally recognized management systems that provide an auditable, structured foundation for continuous improvement and good governance.

Certified and In Progress Management Systems

• ISO 9001 – Quality Management System (Certified):

Ensures operational consistency, enhances customer satisfaction, and reduces waste across all production lines.

• ISO 14001 – Environmental Management System (In Progress):

Establishes environmental policies, objectives, and compliance commitments, providing a structured framework for minimizing environmental impact.

• ISO 45001 – Occupational Health and Safety Management System (In Progress):

Promotes an accident free workplace through proactive hazard identification and risk mitigation methodologies.

• ISO 50001 – Energy Management System (In Progress):

Being implemented by technical and manufacturing teams to enhance energy efficiency and reduce consumption.

Completion of these certifications represents a strategic transition from partial compliance toward a fully integrated, sustainability driven operating model that strengthens efficiency, safety, and energy performance while reinforcing competitive differentiation within the building materials sector.

Sustainable and Certified Products

Our ESG commitment is embodied in our product portfolio, ensuring that our offerings not only meet high quality standards but also promote responsible consumption patterns.

Supporting Resource Efficiency

- Electric water heaters carry the Saudi Energy Efficiency Label.
- Sanitary ware and related products carry the Saudi Water Efficiency Label.

These certifications enable customers to reduce energy and water consumption while lowering operational costs.

International Compliance and Product Safety Assurance

Our electric water heaters exemplify global compliance, meeting:

- Restriction of Hazardous Substances (RoHS) requirements issued by the UAE Ministry of Industry and Advanced Technology.
- International electrical safety and electromagnetic compatibility certifications, including CB Scheme and UL (for selected models).
- Regional quality marks such as the Saudi Quality Mark, Emirates Quality Mark, and Gulf Conformity Mark(G-Mark).

Comprehensive Portfolio Quality Assurance

Our tiles, porcelain, red bricks, sanitary ware, plastic products, and other product lines have obtained the Saudi Quality Mark, affirming durability, safety, and full compliance with national standards.

Proactive Regulatory Engagement

Saudi Ceramics actively participates in workshops organized by the Saudi Standards, Metrology and Quality Organization (SASO) and training programs conducted by the Gulf Standardization Organization (GSO) to ensure alignment with evolving regulatory developments and technical standards. This proactive engagement enables the Company to anticipate regulatory changes, enhance compliance readiness, and maintain product and operational excellence in regional and international markets.

Strategic Alignment and Future Roadmap

Deepening ESG Integration

The completion of ISO 14001 (Environmental Management), ISO 45001 (Occupational Health and Safety), and ISO 50001 (Energy Management) certifications represents a strategic milestone toward fully embedding environmental, health, safety, energy, and quality performance indicators into our governance framework and corporate reporting structure. This integration strengthens accountability, enhances transparency, and reinforces our long term sustainability commitments.

Leveraging data and technology as we plan to further enhance our monitoring systems by exploring predictive emissions monitoring technologies and advanced analytics. These initiatives are expected to improve operational efficiency, enable predictive maintenance, optimize production performance, and enhance environmental outcomes.

Contribution to Vision 2030: Our integrated ESG and QHSE framework directly supports Saudi Vision 2030 objectives through:

- Strengthening a responsible and sustainable industrial sector.
- Promoting energy and water efficiency through high performance products.
- Investing in the health and safety of the national workforce.

Conclusion

Saudi Ceramics' leadership in manufacturing tiles, porcelain, red bricks, plastic products, electric water heaters, and sanitary ware is intrinsically linked to its environmental and social performance.

Our integrated ESG and QHSE framework forms the core of our operational philosophy, guiding us to reduce environmental impact, safeguard our workforce, and develop innovative products aligned with the demands of a responsible and sustainable future.

We reaffirm our commitment to transparent disclosure of our progress, strengthening partnerships with stakeholders, and reinforcing our leadership in the development of sustainable building materials within the Kingdom and beyond.



The image features a central 'ESG' logo in a large, light blue font, enclosed within a complex, multi-sided geometric shape composed of interconnected lines and dots. Surrounding this central logo are several smaller, semi-transparent icons: a leaf, a lightbulb, a solar panel, a wind turbine, a globe, a recycling symbol, a classical building, and a bar chart. The background is a dark blue gradient with a faint image of a person's hands typing on a laptop keyboard.

ESG

Environmental & Social Responsibility

- Social Responsibility
- Social Impact
- Digital Transformation & Operational Sustainability

Social Responsibility

Our Commitment to the Community

Saudi Ceramics' social responsibility approach is rooted in a firm belief in its role as a leading national company whose mission extends beyond economic performance to actively contributing to community development and enhancing societal well being.

The Company adopts a sustainable social investment approach aimed at delivering tangible positive impact, supporting beneficiary groups, and strengthening community engagement. This commitment aligns with the objectives of Saudi Vision 2030 and relevant sustainability and governance standards.

Saudi Ceramics reaffirms its role as a responsible national entity that goes beyond financial success to provide meaningful contributions to society. All social responsibility initiatives are aligned with the goals of Vision 2030, with a focus on:

- ✓ Supporting the most vulnerable segments of society.
- ✓ Promoting community health and safety.
- ✓ Building sustainable strategic partnerships with relevant stakeholders.
- ✓ Embedding a culture of responsibility and social engagement internally.

These initiatives are implemented within a structured ESG framework that ensures measurable, direct, and sustainable social impact, while aligning efforts with international best practices in corporate disclosure and governance.

Our Approach to Social Responsibility

Saudi Ceramics adopts an integrated social responsibility framework built on maximizing social impact, promoting inclusivity, supporting community health, and establishing effective partnerships with relevant stakeholders. This structured approach ensures the sustainability of initiatives and alignment with national development priorities.

Key Social Responsibility Initiatives – 2025

1. Supporting Healthcare and Rehabilitation Services

As part of its commitment to enhancing quality of life for beneficiary groups, Saudi Ceramics continued its support for healthcare and rehabilitation programs aimed at improving access to medical services and strengthening social integration.

This was implemented in collaboration with specialized organizations, including the Association for Children with Disabilities, through two main initiatives: continued therapeutic support and annual institutional support. These efforts reflect the Company's dedication to providing sustained assistance that creates meaningful and lasting impact.

2. Promoting Community Health and a Culture of Volunteering

In recognition of its responsibility toward public health and its commitment to fostering a culture of giving and volunteerism among employees, the Company organized several blood donation campaigns during 2025, with strong employee participation.

These initiatives supported national healthcare readiness and reinforced the values of solidarity and altruism as integral elements of the Company's corporate culture.

Three blood donation campaigns were conducted in 2025 on the following dates:

- ✓ 17 April 2025
- ✓ 15 May 2025
- ✓ 28 October 2025

These campaigns contributed to strengthening the national blood supply while reinforcing a culture of compassion and collective responsibility within the organization.

3. Community Partnerships and Empowerment of People with Disabilities

Recognizing the importance of collaboration with relevant stakeholders, the Company continued its partnership with the Ministry of Human Resources and Social Development through the Mowaamah Program, focusing on initiatives aimed at employing, supporting, and empowering people with disabilities within the private sector.

This reflects the Company's commitment to inclusivity, equal opportunity, and fostering a diverse and supportive workplace environment that contributes to sustainable development and community advancement.

Social Impact of the Initiatives

The social responsibility initiatives implemented by Saudi Ceramics during 2025 generated direct and positive social impact. These efforts contributed to strengthening community health, empowering beneficiary groups, and reinforcing a culture of social responsibility and civic engagement. Such outcomes reflect the Company's commitment to applying leading institutional sustainability practices and fulfilling its role as a responsible corporate citizen.

Future Outlook

Saudi Ceramics remains committed to further developing and expanding its social responsibility initiatives, with a focus on measurable impact, strengthening strategic partnerships, and aligning programs with evolving national priorities.

Social responsibility is viewed as a continuous journey of contribution and improvement. The Company aims to broaden its community partnerships, enhance the effectiveness of its volunteer initiatives, and design impact driven programs with clear, measurable outcomes guided by its firm commitment to its role as a responsible national company contributing to a prosperous and sustainable society.

• Organizing blood donation campaigns in collaboration with hospitals and blood banks

حملة التبرع بالدم
campaign Blood donation

يسر شركة الخزف السعودي دعوتكم للتبرع بالدم بالتعاون مع مستشفى رعاية وطفي ضمن سعي إدارة اللوارد البشرية والخدمات للساندة في تعزيز مبادئ المسؤولية الاجتماعية والقيم الإنسانية والصحية

The Saudi ceramic company is pleased to invite you to donate blood in cooperation with a national care hospital within the endeavor of the Human Resources and Services Department to enhance the principles of social responsibility and human and health values

الخزف السعودي - مصنع الوارد
Saudi Ceramics - Al Rashid Warehouse

08:00 AM - 01:00 PM

الأربعاء 26/10/2025



• Conducting medical checkups for employees

اليوم الصحي
Healthy Day

ما هو اليوم الصحي
ما هو اليوم الصحي هو حدث ينظم لتوعية الناس بمختلف جوانب الصحة. تضمن هذا اليوم الفحوصات الطبية اللازمة، ويهدف إلى تعزيز الوعي بأهمية الصحة الشخصية والوقاية من الأمراض

Healthy Day is an event organized to educate people about various aspects of health. This day includes free medical examinations and aims to raise awareness about the importance of personal health and disease prevention.

يسر شركة الخزف السعودية دعوتكم لحضور اليوم الصحي بالتعاون مع أقق لوساطة التأمين

Saudi Ceramics Company is pleased to invite you to attend Healthy Day in collaboration with Ofoq Insurance Broker

الخزف السعودي - الإدارة العامة (الجزء)
Saudi Ceramics - General Administration - (Al-Uhya)

من 09:00 إلى 01:00
09:00 AM To 01:00 PM

الأحد 23/11/2025



• Contribute to Creating Hope... Fulfill a Dream” Initiative

في اليوم العالمي للإعاقة
نفتخر بقدرات تتجاوز كل التوقعات

On the International Day of Persons with Disabilities, we take pride in abilities that rise beyond expectations

مفهم عبدالمجيد بدعم منسوبي شركة الخزف السعودي شاركوا الأجر وسامعوا في دعم جمعية الأطفال ذوي الإعاقة

المبلغ المستهدف: 15,000 ريال



• Dedicated Umrah campaign for Company employees



Digital Transformation and Operational Sustainability

As part of the Company's commitment to enhancing operational efficiency and achieving sustainable digital transformation, the Information Technology Department continued implementing several qualitative initiatives during 2025. These initiatives focused on institutional transformation, information security, and technical support, contributing to an improved work environment and enhanced quality of technical services.

Key Initiatives Completed During the Year

- Development of several digital transformation projects that enhanced cross departmental integration and improved the internal user experience.
- Strengthening IT infrastructure through network system upgrades and the implementation of cybersecurity best practices.
- Enhancing cybersecurity resilience by applying preventive security policies across the Company.
- Advancing the technical support framework by efficiently processing thousands of service requests, while improving service quality and user satisfaction levels.

Ongoing Initiatives

- Completion of several strategic digital transformation projects during 2026.
- Continued development of systems and technical services supporting daily operations.
- Enhancement of technical response times and improvement of internal customer service levels.

These initiatives reaffirm the Company's commitment to digital transformation as a key enabler for achieving sustainability objectives, enhancing operational efficiency, and strengthening the technological work environment in alignment with best practices in technology governance and institutional transformation.

Digital Transformation and Operational Sustainability

As part of the Company's commitment to enhancing operational efficiency and achieving sustainable digital transformation, the Technology and Digital Transformation Department continued implementing a portfolio of strategic initiatives throughout 2025.

These initiatives were designed to strengthen IT infrastructure, enhance user experience, and ensure business continuity in line with global best practices. They were anchored in institutional transformation priorities and the reinforcement of the cybersecurity framework, contributing to an improved work environment and elevated quality and efficiency of technical services delivered across the organization.

Key Initiatives Completed in 2025

- ✓ Implementation of digital transformation projects that strengthened cross departmental integration and enhanced the internal user experience through process and workflow automation.
- ✓ Enhancement of IT infrastructure through network system upgrades and the deployment of advanced cybersecurity solutions to ensure data protection and service continuity.
- ✓ Elevation of cybersecurity resilience by enforcing preventive security policies, conducting periodic testing, and proactively addressing identified vulnerabilities.
- ✓ Support of sustainability and institutional transformation objectives in alignment with the Company's long term vision and comprehensive strategic framework.

Ongoing and Future Initiatives – 2026

- Completion of strategic digital transformation projects, including the development of smart systems and enhanced integration with governmental and private sector platforms.
- Continued enhancement of technical systems and services supporting daily operational activities to ensure higher levels of operational resilience.
- Improvement of technical response times and internal customer service through the adoption of artificial intelligence technologies and Industry 4.0 solutions.



Disclosure and Transparency Policy

- Related Party Transactions
- Disclosure and Transparency Policy
- Investor Relations
- General Assembly
- Governance Declarations
- Recommendations to the General Assembly

Transactions with related parties

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

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

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

Saudi Ceramics' conflict of interest policy addresses any potential conflicts of interest involving members of the Board of Directors, executives, and shareholders. Any potential conflict of interest is disclosed to the General Assembly for approval. During 2025, and in the ordinary course of its activities, Saudi Ceramics conducted the following transactions with related parties on an independent basis.

Related Parties				
Below are the details of transactions with related parties during 2025:				
Related Party	Nature of Relationship	Nature of Transaction	Board Member / Executive Involved	Commercial Terms
First: Subsidiaries				
Saudi Ceramics Investment Company	Subsidiary	Payments made on behalf	Not applicable	Business terms
Arzan Company	Subsidiary	Payments made on behalf	Not applicable	Business terms
Ceramics Pipes Company	Subsidiary	Purchase orders / Sales orders	Eng. Majed Abdullah Sulaiman Al-Eisa – Non-Executive Board Member	Prevailing commercial terms
Second: Companies in Which Board Members Have a Direct or Indirect Interest				
National Gas and Industrialization Company	Indirect interest of a Board Member	Purchase orders	Dr. Mohammed Hamad Rashid Al-Kathiri – Independent Board Member	Prevailing commercial terms
CHUBB Arabia Cooperative Insurance Company	Indirect interest of a Board Member	Insurance policy	Mr. Abdulaziz Abdulkarim Al-Khurajji – Vice Chairman, Non-Executive Member	Prevailing commercial terms
Gulf Insurance Group	Indirect interest of a Board Member	Insurance policy	Mr. Yousef Saleh Mansour Aba Alkhail – Chairman, Independent Member	Prevailing commercial terms
Masdar Building Materials Company	Indirect interest of a Board Member	Sales orders	Eng. Ahmed Saeed Abdullah Al-Ghamdi – Non-Executive Board Member	Prevailing commercial terms
Natural Gas Distribution Company	Indirect interest of a Board Member	Purchase orders	Eng. Majed Abdullah Sulaiman Al-Eisa – Non-Executive Board Member	Prevailing commercial terms
Investee Companies				
Gulf Real Estate Company	Associate Company	Lease services	Investment at fair value through other comprehensive income	Prevailing commercial terms

Transactions During 2025

The following table presents a statement of the businesses and contracts in which the Company was a party and in which a Board member, senior executive, or any related person had an interest.

No member of the Board of Directors, the Chief Executive Officer, or the Chief Financial Officer had any material direct or indirect interest in businesses or contracts executed for the Company during 2025, except as disclosed below.

The following table sets out the total value of transactions and balances arising from businesses and contracts with related parties.

The following table also presents the total value of transactions and balances resulting from businesses and contracts with related parties in which members of the Board of Directors have a direct or indirect interest by virtue of their membership on the boards of those companies.

Nature of Transaction	Nature of Transaction	Transaction Value		Balance as of 31 Dec	
		2025	2024	2025	2024
Nature of Transaction					
Purchase of goods and services from:					
Natural Gas Distribution Company	Purchases	54,660	45,487	5,198	3,988
Tazweed Best Distributor Company (Subsidiary of National Gas and Industrialization Co.)	Purchases	1,685	7,305	-	1,264
Gulf Insurance Group	Purchases	125	-	-	5
CHUBB Arabia Cooperative Insurance Company	Purchases	929	144	-	-
Sale of goods and services to:					
Masdar Building Materials Company	Sales	501	-	-	-

The following table presents the total value of transactions and the resulting balances arising from business and contracts with subsidiaries and investee companies.

Nature of Transaction	Relationship	Nature of Transaction	Transaction Value		Balance as of 31 Dec	
			2025	2024	2025	2024
Nature of Transaction						
Financing and payments on behalf:						
Saudi Ceramics Investment Company	Subsidiary	Financing	550	102	144	307
Arzan Company	Subsidiary	Financing	540	145	169	261
Ceramic Pipes Company	Subsidiary	Financing	-	24,430	70,859	84,601
Investment in subsidiaries:						
Ceramic Pipes Company	Subsidiary	Capital Increase	13,742	3,105	-	-
Purchase of goods and services from:						
Ceramic Pipes Company	Subsidiary	Purchases	3,602	847	7,545	7,398
Sale of goods and services to:						
Ceramic Pipes Company	Subsidiary	Sales	409	702	-	-
Gulf Real Estate Company	Associate	Rental Services	696	638	-	-

Disclosure and Transparency Policy

Saudi Ceramics Company seeks to provide all stakeholders and relevant parties with accurate and up to date information on a regular basis. The Disclosure and Transparency Policy covers the Company's current activities, whereby information is disclosed and updated whenever there is a change or a material event affecting these activities.

The Company discloses information related to its organizational structure, operations, partners, investments, and other business activities, in addition to other relevant information, and updates such information on a regular basis. As a listed joint stock company, the Company is committed to responding appropriately to all inquiries received from shareholders, investors, consumers, customers, government entities, media representatives, and other stakeholders.

The Company recognizes shareholders' need for information to make informed decisions. Accordingly, the Company discloses information as required and whenever permitted by the relevant regulations, using appropriate disclosure methods to enable shareholders and stakeholders to obtain both financial and non-financial information relating to the Company's performance, share ownership information, and a comprehensive view of the Company's overall position.

All disclosures are provided to shareholders and investors without discrimination, in a clear, accurate, non-misleading, and timely manner, and on a regular and precise basis, with the aim of enabling shareholders and stakeholders to exercise their rights to the fullest extent.

Information disclosed under this Disclosure and Transparency Policy is made available through various platforms, including the Company's website and the Saudi Exchange (Tadawul) website.

The following information is updated and published annually or as required by applicable laws, rules, and regulations. This list is indicative and not exhaustive; other relevant information may also be disclosed when necessary:

- Changes in the composition of the Board of Directors
- Changes in membership of Board committees
- The Board of Directors' report
- Quarterly and annual financial statements
- Accounting policies
- Related party transactions
- External auditors' reports on the quarterly and annual financial statements
- Material changes in the Company's activities
- Material events that may have a significant impact on the Company's business

The Company may refrain from publishing information in the following circumstances:

- When disclosure may harm or is likely to harm the commercial interests of the Company or its business partners.
- When the Company has obtained the information on a confidential basis and disclosure would constitute a breach of such confidentiality.
- Personal information relating to employees, Board members, or other individuals, where disclosure would violate data protection principles.
- When the information is protected by legal privilege.

Investor Relations

Investor Relations Activities

The Board of Directors recognizes the importance of maintaining regular and open dialogue with shareholders and stakeholders throughout the year, not only prior to the General Assembly meeting. The Investor Relations Department and the Board Secretary play a key role as the central communication channel for ongoing engagement with shareholders, investors, and analysts.

The Company is committed to maintaining effective and continuous communication with all shareholders, ensuring the highest levels of consistency and clarity in disclosure at all times. The Company strives to build relationships based on transparency and regular engagement, which contributes to enhancing mutual understanding of the Company's objectives and strategy, and maintaining communication with investors from both the public and private sectors.

The Company is also committed to maintaining high standards of disclosure and transparency in its financial reporting, whether in quarterly or annual financial statements. Where possible, disclosures are provided in both Arabic and English to ensure a fair, balanced, and clear presentation of the Company's financial position and future outlook. The Company welcomes constructive feedback and suggestions from shareholders. The Investor Relations Department can be contacted via email at:

invest@saudiceramics.com

General Assembly of Shareholders

In recognition of the importance of effective communication with shareholders, the Company utilizes the Annual General Assembly meeting as a direct platform for dialogue between the Board of Directors and shareholders, enabling the Board to listen to their views and respond to their inquiries.

The Company seeks to maximize shareholder participation in General Assembly meetings through the following measures:

- Making appropriate arrangements for holding the General Assembly in terms of venue and timing to encourage the largest possible number of shareholders to attend.
- Ensuring the attendance of members of the Board of Directors, executive management, and the external auditor at General Assembly meetings.
- Enabling shareholders to raise inquiries regarding the items on the meeting agenda.
- Allowing General Assembly meetings to be conducted through modern technology and electronic platforms.
- Providing electronic voting on agenda items through the Tadawulaty platform.
- Encouraging shareholders to attend in person or vote either directly or by proxy if they are unable to attend.



Declarations in Accordance with the Corporate Governance Regulations for the Year 2025

The Board of Directors has been committed to ensuring the Company's professional performance throughout the year 2025 and hereby declares the following:

No.	Declaration / Confirmation
1	During 2025, the Board of Directors did not recommend changing the external auditor before the end of the period for which the auditor was appointed.
2	There are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors or that the Board has refused to adopt regarding the appointment, dismissal, remuneration, or performance evaluation of the Company's external auditor, or the appointment of the internal auditor.
3	There were no deviations from the accounting standards adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
4	During 2025, the Company's external auditor did not provide any consultancy services to the Company and did not receive any related fees in this regard.
5	During the financial year, the Company did not receive any request from the external auditor to convene a General Assembly meeting that was not subsequently held.
6	The venue and timing of the General Assembly meeting were selected to facilitate the participation of the largest possible number of shareholders, and the matters presented to the Assembly were accompanied by sufficient information to enable shareholders to make informed decisions.
7	Shareholders were enabled to discuss the items included on the agenda of the General Assembly and to direct questions to the Board members and the external auditor, with appropriate responses provided. Shareholders were also given the opportunity to participate effectively and vote during the meetings, and were informed of the rules governing such meetings and voting procedures through the General Assembly invitation in accordance with regulatory requirements.
8	The Company allows shareholders to review the minutes of General Assembly meetings at the Company's headquarters and provides the competent authorities with copies of such minutes within the prescribed regulatory periods. The Company also announces the results of the General Assembly to the market immediately upon the conclusion of the meeting.
9	The Company has not granted any cash loans of any kind to members of its Board of Directors, nor has it guaranteed any loans entered into by them with third parties.
10	No penalties, sanctions, precautionary measures, or regulatory restrictions were imposed on the Company by the Capital Market Authority or any other supervisory, regulatory, or judicial authority, except as disclosed in this report.
11	The Company confirms that it has not imposed any procedures or restrictions that would hinder shareholders from exercising their voting rights. Shareholders enjoy all rights stipulated in the Company's bylaws and the Corporate Governance Regulations, including those related to General Assembly meetings.
12	During the year, the Company did not receive any request from shareholders holding 5% or more of the share capital to convene a General Assembly meeting or to add items to its agenda that were not subsequently convened.

13	No material conflict of interest occurred during 2025 other than what has been disclosed in this report.
14	During the financial year ended in 2025, the Chairman of the Board did not receive any written request from two or more Board members to convene emergency Board meetings.
15	No debtor of the Company was released from their obligations during 2025.
16	The Board of Directors did not issue any general or unspecified authorization during 2025.
17	No shares or debt instruments have been issued by the Company's subsidiaries.
18	No interests in voting shares (other than those held by Board members, senior executives, and their relatives) were reported to the Company under Article (68) of the Rules on the Offer of Securities and Continuing Obligations, nor were there any changes to such interests during the last financial year.
19	There are no interests, contractual securities, or subscription rights relating to shares or debt instruments of the Company or any of its subsidiaries held by Board members or their relatives, other than those disclosed in this report.
20	There are no interests, contractual securities, or subscription rights relating to shares or debt instruments of the Company or any of its subsidiaries held by senior executives or their relatives, other than those disclosed in this report.
21	Treasury shares are held as part of the Company's long term executive incentive program.
22	The Company has not issued or granted any conversion rights or subscription rights under convertible debt instruments, contractual securities, subscription warrants, or similar rights.
23	The Company has not redeemed, purchased, or cancelled any redeemable debt instruments, nor are there any remaining securities whether listed securities purchased by the Company or purchased by its subsidiaries.
24	There are no arrangements or agreements under which any member of the Board of Directors or senior executive has waived any remuneration.
25	There are no arrangements or agreements under which any shareholder has waived any rights to dividends.
26	There are no deviations between the remuneration granted and the approved remuneration policy.
27	The Board of Directors regularly monitored the work of its committees to ensure that they performed the duties assigned to them.
28	The Company complies with the Conflict of Interest Policy previously approved by the Board of Directors.
29	There were no material events affecting the Company's financial position after the end of the financial year 2025 that would require disclosure, other than the information already publicly disclosed.

Recommendations to the General Assembly

Following the review of the Company's key operational and financial activities for the fiscal year 2025, we are pleased to present the consolidated financial statements together with the external auditor's report. The Board of Directors recommends that the General Assembly approve the Board of Directors' report, the consolidated financial statements, and the external auditor's report.

The venue and date of the General Assembly meeting, along with any other agenda items to be presented, will be announced at a later date.

Provisions of the Corporate Governance Regulations

The Board of Directors has approved the Company's Corporate Governance Regulations, which are aligned with the relevant laws and regulations, the Corporate Governance Regulations issued by the Capital Market Authority, and recognized best practices.

The Company applies all provisions contained in the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H, based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H, as amended by the Capital Market Authority Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023), and based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H.

The Company has complied with the application of these provisions during the fiscal year 2025, except for the guidance provisions listed below.

Article / Clause No.	Article / Clause Text	Reason for Non-Compliance
(67)	Formation of the Risk Management Committee (Guidance Provision)	The Board of Directors currently does not see the need to establish an independent Risk Management Committee, as the Company has an independent Risk Management Department within its organizational structure that provides the necessary support to the Board in managing risks.
(68)	Responsibilities of the Risk Management Committee (Guidance Provision)	
(69)	Meetings of the Risk Management Committee (Guidance Provision)	
(92)	Formation of the Corporate Governance Committee (Guidance Provision)	The Company's Board of Directors and its committees oversee the implementation of the Corporate Governance Regulations and verify their effectiveness.



Saudi Ceramics Company

(A Saudi Joint Stock Company)

Consolidated Financial Statements and Independent Auditor's Report
For the Year Ended 31 December 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI CERAMIC COMPANY (1 /5)
A SAUDI JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

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

We have audited the consolidated financial statements of the Group, which comprise the following:

- The consolidated statement of financial position as at 31 December 2025;
- The consolidated statements of profit or loss and other comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- The notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent from the Group in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these 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 AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI CERAMIC COMPANY (2 /5)
A SAUDI JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
Inventory Valuation	
<p>• The Group's inventory for the year ended 31 December 2025 amounted to SR 827.9 million (2024: 704.6 million) after deducting the provision amounting to SR 71.1 million (2024: 124.5 million)</p> <p>Inventories are stated at the lower of cost and net realizable value. Group adopted the policy of providing for inventories identified as obsolete or slow – moving which are not expected to be sold / used in the normal business cycle and when there is an evidence of deterioration in the physical condition, design changes and / or no movement in specific period.</p> <p>We considered this as a key audit matter because establishing a provision for slow-moving, obsolete and damaged inventory involves significant management judgement in respect of factors such as identifying the slow-moving and obsolete inventories, and assessing their respective allowance for each class of inventory.</p> <p>Refer to material accounting policy information in note 4 for inventory policy, and note 8 for more detail of inventory.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • Evaluated the management policy for recording the provision for raw material, spare parts and finished goods inventory. • Attended the physical inventory count at the year-end to verify the existence of inventory. • Evaluated the cost of the inventories at year-end and ensured that inventories are carried at weightage average rate. • Evaluated, on a sample basis, whether inventories were stated at the lower of cost or net realizable value at the reporting date by comparing the recent sales prices. • Considered the appropriateness of the allowance for damaged, slow-moving, and obsolete inventories as per the Group methodology. • Evaluated on sample basis, the provision recorded against inventories and ensured the valuation is appropriate. • Evaluated the adequacy of the inventory disclosures included in the consolidated financial statements.

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.

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



INDEPENDENT AUDITOR'S REPORT

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

(3 /5)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION (CONTINUED)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 Annual Report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and we have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws 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 the 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 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 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit.



INDEPENDENT AUDITOR'S REPORT

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

(4 /5)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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



INDEPENDENT AUDITOR'S REPORT

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

(5 /5)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

PKF Al-Bassam
Chartered Accountants



Abdullatif Al Bassam
Certified Public Accountant
License No. 703
Riyadh, Kingdom of Saudi Arabia
19 Ramadhan 1447H
Corresponding to: 8 March 2026



SAUDI CERAMIC COMPANY

(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2025**

(In Saudi Riyals Thousand)

	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	1,509,000	1,546,358
Right-of-use assets, net	6	115,618	105,967
Intangible assets, net		10,274	6,285
Financial assets at fair value through other comprehensive income	7	8,542	7,877
Total non-current assets		1,643,434	1,666,487
Current assets			
Inventories, net	8	827,895	704,580
Trade receivables, prepayments and other current assets	9	299,308	263,174
Assets held for sale	11	-	72
Derivative financial instrument at fair value through profit and loss	12	135	-
Cash and cash equivalents	10	48,466	42,296
Total current assets		1,175,804	1,010,122
Total assets		2,819,238	2,676,609
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,000,000	1,000,000
Fair value reserve		4,317	3,652
Treasury shares	14	(9,112)	(9,112)
Retained earnings		558,604	429,053
Total equity attributable to the shareholders of the company		1,553,809	1,423,593
Non-controlling interest	30	214	1,107
Total equity		1,554,023	1,424,700
Liabilities			
Non-current liabilities			
Long-term borrowings, non-current portion	16.1	263,764	219,040
Lease liabilities, non-current portion	6	84,533	62,583
Employees defined benefits liabilities	17	90,693	90,808
Total non-current liabilities		438,990	372,431
Current liabilities			
Short-term borrowings	16.3	391,501	405,855
Long-term borrowings, current portion	16.1	89,544	110,950
Lease liabilities, current portion	6	21,420	34,645
Trade payables, accruals and other current liabilities	18	314,290	317,233
Zakat provision	19	9,470	10,795
Total current liabilities		826,225	879,478
Total liabilities		1,265,215	1,251,909
Total equity and liabilities		2,819,238	2,676,609

The accompanying Notes from (1) to (33) form an integral part of these consolidated financial statements


Abdulaziz Abdulkareem Alkhurajji
Vice Chairman of the Board

Azzam Saud Al-Mudaihim
Chief Executive Officer

Mohamed Shaaban
Chief Financial Officer

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SAUDI CERAMIC COMPANY

(Saudi Joint Stock Company)

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

(In Saudi Riyals Thousand)

	Note	2025	2024
PROFIT OR LOSS			
Revenue, net	20	1,490,375	1,348,797
Cost of revenue	21	(1,060,592)	(1,095,053)
Gross profit		429,783	253,744
Selling and distribution expenses	22	(251,817)	(227,967)
General and administration expenses	23	(75,069)	(64,669)
Other income, net	25	140,986	57,616
Reversal of impairment/ (impairment loss) of property, plant and equipment	5	4,302	(51,070)
Reversal of provision against legal cases		-	2,894
(Charge)/reversal of expected credit loss allowance	9	(11,594)	4,421
Gain on derivative financial instrument at FVPL	12	1,879	-
Operating profit / (loss)		238,470	(25,031)
Finance cost	24	(53,579)	(46,163)
Net profit / (loss) before zakat		184,891	(71,194)
Zakat differences	19	5,018	-
Zakat expense	19	(9,470)	(8,058)
Net profit / (loss) for the year		180,439	(79,252)
OTHER COMPREHENSIVE INCOME			
Remeasurement loss on defined employee's benefit plan obligations		(2,027)	(435)
Change in the investments at FVOCI	7	665	61
Total other comprehensive loss		(1,362)	(374)
Total comprehensive income / (loss) for the year		179,077	(79,626)
Net profit / (loss) for the year attributed to:			
Shareholders of the Company		180,687	(71,859)
Non-controlling interest		(248)	(7,393)
		180,439	(79,252)
Earnings / (loss) per share (SAR)			
Basic and diluted earnings per share attributable to shareholders	27	1.81	(0.72)
Total comprehensive income / (loss) for the year attributable to:			
Shareholders of the Company		179,326	(72,253)
Non-controlling interest		(249)	(7,373)
Total comprehensive income / (loss) for the year		179,077	(79,626)

The accompanying Notes from (1) to (33) form an integral part of these consolidated financial statements


Abdulaziz Abdulkareem Alkhurajji
Vice Chairman of the Board

Azzam Saud Al-Mudaihim
Chief Executive Officer

Mohamed Shaaban
Chief Financial Officer

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SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals Thousand)

	Share capital	Statutory reserve	Treasury shares	Fair value reserve	Retained earnings	Total equity attributable to the shareholders	Non-controlling interest	Total Equity
For the year ended 31 December 2024								
Balance as of January 1, 2024	800,000	241,715	(449)	3,591	459,652	1,504,509	9,656	1,514,165
Net loss for the year	-	-	-	-	(71,859)	(71,859)	(7,393)	(79,252)
Other comprehensive income / (loss) for the year	-	-	-	61	(455)	(394)	20	(374)
Total comprehensive income / (loss) for the year	-	-	-	61	(72,314)	(72,253)	(7,373)	(79,626)
Issuance of bonus shares	200,000	-	-	-	(200,000)	-	-	-
Transferring the statutory reserve to retained earnings	-	(241,715)	-	-	241,715	-	-	-
Purchase of treasury shares (note 14)	-	-	(8,663)	-	-	(8,663)	-	(8,663)
Acquisition of non-controlling interest	-	-	-	-	-	-	(1,176)	(1,176)
Balance as of 31 December 2024	1,000,000	-	(9,112)	3,652	429,053	1,423,593	1,107	1,424,700
For the year ended 31 December 2025								
Balance as of January 1, 2025	1,000,000	-	(9,112)	3,652	429,053	1,423,593	1,107	1,424,700
Net income / (loss) for the year	-	-	-	-	180,687	180,687	(248)	180,439
Other comprehensive income / (loss) for the year	-	-	-	665	(2,026)	(1,361)	(1)	(1,362)
Total comprehensive income for the year	-	-	-	665	178,661	179,326	(249)	179,077
Dividends paid (note 15)	-	-	-	-	(49,840)	(49,840)	-	(49,840)
Transactions with non-controlling interest (note 1)	-	-	-	-	730	730	(644)	86
Balance as of 31 December 2025	1,000,000	-	(9,112)	4,317	558,604	1,553,809	214	1,554,023

The accompanying Notes from (1) to (33) form an integral part of these consolidated financial statements



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Chief Executive Officer



Mohamed Shaaban
Chief Financial Officer

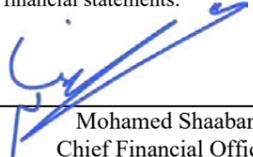
SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals Thousand)

	Note	2025	2024
Cash flows from operating activities			
Net profit / (loss) for the year before zakat		184,891	(71,194)
Adjustments to reconcile net profit / (loss) for the year before zakat to net cash provided by operating activities			
Depreciation of property, plant, and equipment	5	133,759	117,142
Gains from the sale of property, plant, and equipment	26	(1,465)	(8,034)
Gains from the sale of assets held for sale	11	(183)	(4,292)
Depreciation of right-of-use assets	6	26,858	19,539
Amortization of intangible assets		529	358
Provision/(Reversal) for expected credit losses	9	11,594	(4,421)
Scrap sales related to fire incident	26	(3,456)	-
(Reversal)/Provision for slow-moving Inventories	8	(702)	50,395
Insurance Reimbursement	25	(120,000)	-
Acquisition of non-controlling interest		-	(1,176)
(Reversal)/Impairment of property, plant, and equipment	5	(4,302)	51,070
Gain from disposal of leases		(217)	-
Reversal of provision for zakat and legal cases		-	(7,752)
Finance costs	24	53,579	46,163
Employees' post-employment benefits charged	17	5,740	9,686
Change on derivative financial assets	12	(135)	-
Gain on sale of investment in associates		-	(3,807)
		<u>286,490</u>	<u>193,677</u>
Changes in operating assets and liabilities			
Trade receivables, prepayments and other current assets		(47,748)	28,112
Inventories		(122,613)	145,284
Proceeds from Insurance Reimbursement Inventory		20,357	-
Trade payables, accruals and other current liabilities		(2,837)	(20,970)
Employees' post-employment benefits paid	17	(12,197)	(10,523)
Zakat paid	19	(5,777)	(26,379)
Net cash generated from operating activities		<u>115,675</u>	<u>309,201</u>
Cash flows generated from investment activities			
Purchase of property, plant, and equipment	5	(93,946)	(203,034)
Proceeds from Insurance Reimbursement of property, plant, and equipment		99,643	-
Addition for intangible assets		(4,518)	(6,643)
Proceeds from sale of property, plant, and equipment		6,768	9,896
Proceeds from sale of assets held for sale	11	255	13,175
Proceeds from sale of investment in associates		-	5,090
Net cash generated from / (used in) investment activities		<u>8,202</u>	<u>(181,516)</u>

The accompanying Notes from (1) to (33) form an integral part of these consolidated financial statements.


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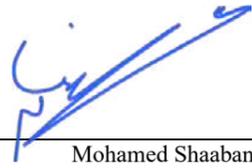
SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals Thousand)

	Note	2025	2024
Cash flows from financing activities			
Proceeds from short-term borrowings	16.3	920,799	667,329
Repayments of short-term borrowings	16.3	(935,155)	(543,180)
Proceeds from Long-term borrowings	16.1	130,144	305,546
Repayments of long-term borrowings	16.1	(102,048)	(505,815)
Dividend paid	15	(49,840)	-
Treasury shares purchased		-	(8,663)
Lease liabilities paid	6	(34,738)	(29,342)
Finance costs paid		(46,869)	(35,018)
Net cash used in financing activities		<u>(117,707)</u>	<u>(149,143)</u>
Net change in cash and cash equivalents		<u>6,170</u>	<u>(21,458)</u>
Cash and cash equivalents at the beginning of the year		<u>42,296</u>	<u>63,754</u>
Cash and cash equivalents at the end of the year		<u>48,466</u>	<u>42,296</u>
Non-cash transactions			
Additions to right-of-use assets	6	<u>53,244</u>	<u>39,060</u>
Additions to lease liabilities	6	<u>53,244</u>	<u>39,060</u>
Change in financial assets at fair value through OCI ("FVOCI")	7	<u>665</u>	<u>61</u>
Increase in share capital by Issuance of bonus shares		-	<u>200,000</u>
Transferring the statutory reserve to retained earnings		-	<u>241,715</u>

The accompanying Notes from (1) to (33) form an integral part of these consolidated financial statements


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Vice Chairman of the Board


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Chief Executive Officer


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SAUDI CERAMIC COMPANY

(Saudi Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

(In Saudi Riyals Thousand unless stated otherwise)

1- ORGANIZATION ACTIVITIES

A- Saudi Ceramic Company ("Company") is Saudi Joint Stock Company established by Royal Decree No. (M/16) on 25 Rabi Thani 1397AH (corresponding to 14 April 1977), registered in the Kingdom of Saudi Arabia under the Unified Number 7018066873 and Commercial Register No. 1010014590 issued in Riyadh in 15 Safar 1398 AH (corresponding to 24 January 1978).

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

B- The consolidated financial statements as of 31 December 2025 include the activities of the parent company and the following subsidiaries (the company and its subsidiaries herein after shall be referred to as the "Group").

Subsidiary company	Main operation	Ownership percentage as at	
		31 December 2025	31 December 2024
Ceramics Pipes Company (i)	Import and export, wholesale and retail trading of clay pipes	92.22%	77.89%
Arzan Company (ii)	Operation and maintenance	100%	100%
Ceramics Investment Company (ii)/ (iii)	Marketing services, wholesale and retail trading	99.6%	98.69%

1. On 26 May 2025, the General Assembly of Ceramic Pipes Company "CPC" approved a capital increase by issuing 450,000 new shares at a nominal value of SAR 10 per share, aggregating SAR 4.5 million. The entire issuance was subscribed to by Saudi Ceramic Company (the parent Company), which settled the subscription amount against its outstanding current account balance with the Company.

On 26 May 2025, the General Assembly of CPC approved a capital decrease from SAR 34.5 million to SAR 177,700 through cancellation of 3,432,226 share against the Company's accumulated loss. These changes resulted in increase the Company shareholding in both of CPC and Ceramics Investment Company "CIC" to became 80.78% and 98.89% respectively.

On 25 August 2025, the General Assembly of CPC approved a capital increase by issuing 1,000,000 new shares at a nominal value of SAR 10 per share, aggregating SAR 10 million. Saudi Ceramic Company (the parent Company) has subscribed in 924,200 shares, which settled the subscription amount against its outstanding current account balance with CPC. These changes resulted in increase in increase the Company shareholding in both of CPC and CIC to 92.22% and 99.6% respectively.

2. Arzan Company and Ceramics Investment Company did not start commercial operations from date of their establishment until 31 December 2025.

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

The consolidated financial statements present the assets, liabilities, and results of operations of the Company under its main and subsidiary commercial registrations, and include the assets, liabilities, and results of operations of its subsidiaries: Ceramics Pipes Company (a closed joint stock company), Arzan Company (a limited liability company), and Ceramics Investment Company (a limited liability company). The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

C- The Company's headquarter is located at the following address:

Saudi Ceramic Company
Riyadh – Al-Olayya District – King Fahad Road
P.O 3893 - Zip Code 11481
Kingdom of Saudi Arabi

SAUDI CERAMIC COMPANY

(Saudi Joint Stock Company)

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

(In Saudi Riyals Thousand unless stated otherwise)

2 - BASIS OF PREPARATION**2.1 Statement of compliance**

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (here and after refer to as "IFRS as endorsed in Saudi Arabia").

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention except where IFRS requires other measurement basis as disclosed in the material accounting policies in Note 4 of the consolidated financial statements.

The preparation of these consolidated financial statements in conformity with IFRS required management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts in the consolidated financial statements. These critical accounting judgements and key sources of estimation are disclosed in Note 3.

2.3 Functional and presentation currency

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

2.4 Basis of consolidation

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

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

The Group controls an investee when it has:

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

The subsidiaries' operations results are included in consolidated profit or loss and other comprehensive income from the date of owning them, which is the date on which the control commences.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

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

SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
(In Saudi Riyals Thousand unless stated otherwise)

2- BASIS OF PREPARATION (Continued)

2.5 New standards and amendments to standards and interpretations

2.5.1 Standards and amendments effective in the current period

The following new amendments to standards, enlisted below, are effective from 1 January 2025 but they do not have a material effect on the Group's financial statements.

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the amendment	Management assessment
IAS 21	Lack of Exchangeability	1 January 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.	Management has assessed the adoption of these amendments and concluded that they did not have a material impact on the Group's financial position, financial performance, or cash flows for the current reporting period

2.5.2 Standards and amendments issued but not yet effective

The following standards and amendments have been issued but are not yet effective for the reporting period ended 31 December 2025, and have not been early adopted by the Company:

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the standards and amendments	Management assessment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7	Management has performed a preliminary assessment and does not expect the adoption of these amendments to have a material impact on the Group's financial statements, as the Group's financial instruments and settlement arrangements are not expected to be significantly affected.
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.	Based on the nature of the Group's operations and contractual arrangements, management does not expect these amendments to have a material impact on the Group's financial statements upon initial application.
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.	Management is currently assessing the impact of IFRS 18. While the standard is expected to result in changes to presentation and disclosures, it is not expected to have a material impact on the recognition or measurement of the Group's assets, liabilities, income or expenses.
IFRS 19	Subsidiaries without Public Accountability	1 January 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.	Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Group's financial position, financial performance or cash flows.

SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
(In Saudi Riyals Thousand unless stated otherwise)

3- MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these Consolidated Financial Statements, in conformity with IFRS as endorsed in the Saudi Arabia, requires the use of judgements, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the Consolidated Statement of Financial Position date.

Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Areas involving higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

3.1 Estimates

A. Employees' post-employment benefits

The Group's obligation in respect of defined benefit plan is calculated by estimating the value of future benefits that employees have earned in the current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by an independent actuary using the projected unit credit method. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 17 to these consolidated financial statements.

B. Impairment of inventories

The management estimates the impairment in the inventories to reach the net realizable value if its cost is not recoverable or it becomes damaged as a whole or a part of it, or if its selling price is less than its cost or if there are any other factors that may lead to a decrease in its realizable value for less than its cost. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of prices or costs directly related to events occurring subsequent to the financial statements date to the extent that such events confirm conditions existing as at the end of reporting period.

For raw materials, the Group applies the replacement cost method or perform specific assessment if replacement cost is not appropriate, to assess their valuation. If the replacement cost of raw materials is lower than the recorded cost, an adjustment is made to reflect the lower replacement cost. Similarly, spare parts that are damaged or obsolete are reviewed periodically, and provisions are recorded if their replacement cost is lower than their carrying value.

C. Fair value measurement

Fair value is the selling price received to sell an asset or paid to transfer liability within an orderly transaction between market participants on the measurement date or in the absence of that market, the best market available on that date. The fair value of a liability reflects its non-performance risk.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that may be obtained on the measurement date.
- Level 2: Inputs other than quoted prices that are not included in the first level and that can be observed for assets and liabilities directly (such as prices) or indirectly (that are derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. As at 31 December 2025 and 31 December 2024, there are no transfers between levels.

The carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy have been disclosed in note 31.

SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)

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

(In Saudi Riyals Thousand unless stated otherwise)

3- MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Estimates (Continued)

D. Impairment of trade receivables

The Group assesses on a forward-looking basis the Expected Credit Losses ("ECL") for trade receivables carried at amortised cost. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, receivables have been Grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome, which also incorporates forward-looking information for macroeconomic factors such as inflation and gross domestic product.

3.2 Judgments

A. Useful lives, residual values, or depreciation method of property, plant and equipment

The Group's management determines the estimated useful lives for property, plant and equipment. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives, residual values, or depreciation method for property, plant and equipment annually. Future depreciation expense would be adjusted where management believes that useful lives, residual values, or depreciation method differ from those used in previous periods.

B. Going concern

The management of the Group has assessed the Group's ability to continue as a going concern and concluded that the Group has sufficient resources to continue its business in the foreseeable future. In addition, the management does not have any material doubts about the Group's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

C. Impairment of non-financial assets

At each reporting date, the Group management reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. When such an indicator exists, the recoverable amount of the asset is estimated.

For the purpose of assessing the impairment, assets are Grouped at the lowest levels for which there are cash flows resulting from continuous use that are largely independent from other assets and cash-generating units.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use or fair value less costs to sell. The value in use is based on the future cash flows deducted from its current value using a discount rate reflects the current market assessments of current value of money and risks related to an asset or cash-generating unit.

Impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The Impairment losses are recognized in the Consolidated statement of profit or loss and other comprehensive income, and the impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed its carrying amount, net of depreciation or amortization, which would have been determined if the impairment losses have not been recognized

SAUDI CERAMIC COMPANY
(Saudi Joint Stock Company)

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

(In Saudi Riyals Thousand unless stated otherwise)

4- MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and demand deposits with banks, and other short-term, highly liquid investments whose maturity dates are within three months or less of the original investment date and available to the Group without restrictions, and the cash flows statement is prepared according to the indirect method.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Depreciation is recognized to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvements are depreciated on a straight-line basis over the shorter of the useful life of the improvements, or the expected lease term.

Expenditure on repair and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income as incurred with the exception of costs that extend the useful life of the asset or increase its value, which are then capitalized.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing property, plant and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of assets. The Group applies the following useful lives for depreciation to its property, plant and equipment:

Description	Useful life (years)	Description	Useful life (years)
Buildings	10 - 33.33	Furniture and fixtures	4-10
Machinery and equipment	20 - 30	Leasehold improvements	useful life or expected lease term which is lower
Motor Vehicles	4	Tools	10

The assets' residual values, useful lives and methods of depreciation are periodically reviewed, and adjusted prospectively in case of a significant change in the assets technological capabilities or estimated planned use.

Land, Capital Work in Progress and Immature plants are not depreciated.

If significant parts of an item of property, plant and equipment have different useful lives then they are accounted for as separate items of property, plant and equipment.

Capital work in progress (CWIP)

Capital work in progress is stated at cost less any impairment losses. All expenditure incurred during installation and construction period, in connection with specific assets, are carried to CWIP. The cost of CWIP is transferred to the appropriate category of property, plant and equipment when it is ready for use. The cost of CWIP comprises purchase price and costs directly attributable to bringing the CWIP for its intended use.

SAUDI CERAMIC COMPANY

(Saudi Joint Stock Company)

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

(In Saudi Riyals Thousand unless stated otherwise)

4 - MATERIAL ACCOUNTING POLICIES (Continued)**Property, plant and equipment (Continued)****Assets held for sale**

The Group classifies non-current assets and disposal Groups as held for sale if their carrying amounts are recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal Groups classified as held for sale are measured at the lower cost of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal Group), excluding finance costs.

The criteria for assets held for sale classification are regarded as met only when the sale is highly probable, and the asset or disposal Group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the assets, and the sale is expected to be completed within twelve months from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Right-of-use assets and lease liabilities

The Group recognizes new assets and liabilities for its leases of various types of contracts including warehouse and depot facilities, accommodation/office rental premises, showrooms etc. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to the Consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the Consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations, significant leasehold improvements over the term of the lease that have significant economic benefit to the Group's operation, the importance of the leased asset to the Group's operation and whether alternatives are available for the Group and business disruption required to replace the leased asset.

Intangible assets

Intangible assets are measured at cost, less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the estimated useful lives of 15 years. Subsequent expenditure is capitalized only if it is probable that the future economic benefits are associated with the expenditure will flow to the Group and amount can be measured reliably. Intangible assets' residual values, useful lives and impairment indicators are reviewed at the end of each financial year and adjusted prospectively, if considered necessary. An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

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4 - MATERIAL ACCOUNTING POLICIES (Continued)**Inventories**

Inventories are recorded at cost or net realizable value, whichever is the lower. Cost is determined by using the weighted average method. The cost of inventories comprises all costs of purchases, costs of conversion and other costs incurred in bringing the Inventories to their present location and conditions. In the case of finished production and in-progress Inventories, cost includes the appropriate share of production overheads based on normal operating capacity.

The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Trade receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. Trade receivables are stated net off provision for expected credit loss and provision for customers' incentives.

Derivative financial instruments at fair value through profit and loss (FVTPL)

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

The Group's Target Redemption Forward (TRF) agreement consists of multiple forward-purchase transactions to buy EUR and sell USD at predetermined exchange rates. Each forward transaction is recognised on the trade date when the Group becomes party to the contract at its fair value, with all subsequent changes in fair value presented in profit or loss. Refer note 12.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in Consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The borrowings are classified as current liability if there is no right to defer settlement for at least 12 months from the reporting period.

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4 - MATERIAL ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time, that is more than one year, to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. No borrowing costs are capitalized during idle periods.

All other borrowing costs are recognized in the Consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

Trade and other payables

Liabilities are recognized for amounts due and are to be paid in the future for goods or services received, whether billed by the supplier or not.

- **Trade payables** represent amounts due to suppliers for goods and services received. They are recognized at invoice amount and subsequently measured at amortized cost. Foreign currency payables are translated at the reporting date exchange rate.
- **Accruals** include expenses incurred but not yet invoiced, such as purchases, employee benefits, utilities, rent, and other costs, measured at the best estimate of the payable amount.

Employees' post-employment benefits

Defined employees' benefits plan

According to the Saudi Labor Law in the Kingdom of Saudi Arabia, the Group is required to pay end-of-service benefits (a defined benefit plan), which are calculated based on the half of the last month's salary of each year of the first five years of service, including the fractions of the year plus the full last month's salary for each year of the next or remaining service includes fractions of the year. End-of-service benefit plan is unfunded.

Valuation technique and key assumptions for the actuarial study

Under requirements of IAS 19 "Employees' benefits", end-of-service benefits obligations are calculated using the actuarial valuation and using the projected unit credit method at the end of each fiscal year. Gains or losses arising from the actuarial revaluation are recorded in the statement of other comprehensive income for the year in which the revaluation occurred.

The recognized remeasurement in OCI is immediately included under the retained earnings and is not included under profit or loss.

Past service cost is calculated in profit or loss during the plan amendment period. The interest is calculated using the discount rate at the beginning of the period, on the employees' defined benefits obligations. The current service cost of the defined benefit plan is recognized in the Consolidated statement of profit or loss and other comprehensive income under employee's benefits expense, to reflect the increase in the liability resulting from employee services for the current year and cases of change, curtail or settlement of benefits. The cost of services for previous years is included immediately in the Consolidated statement of profit or loss and other comprehensive income.

Actuarial gains and losses resulting from adjustments and changes in actuarial assumptions are charged and included in the equity in the statement of other comprehensive income in the period in which they arise.

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4 - MATERIAL ACCOUNTING POLICIES (Continued)

Employees' post-employment benefits (Continued)

Defined benefit costs are classified as follows:

- Service cost (including current service costs and past service costs, in addition to gains and losses resulting from employees' promotions and reimbursements);
- Interest cost, and
- Re-measurement.

Short-term employees' benefits

Liability is recognized and measured for benefits related to wages, salaries, annual leave and sick leave in the period in which the service is provided on the undiscounted amounts of the benefits expected to be paid in exchange for those services.

Foreign currency transactions

Foreign currency transactions are initially recognized by the Group at their respective functional currencies' spot rate at transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currencies are converted into Saudi Riyals at the exchange rates ruling on such date. Any gains and losses arising from repayments or foreign currency exchange are included in the Consolidated statement of profit or loss and other comprehensive income.

Zakat provision

Zakat is calculated in accordance with the regulations and instructions issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. The provision for Zakat is determined on an estimated basis for the reporting period and is recognised in the consolidated statement of profit or loss and other comprehensive income. Zakat liabilities arising from assessments of prior periods, including any differences between the provision recognised and the final assessments issued by ZATCA, are recognised in the consolidated statement of profit or loss and other comprehensive income.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) at the statement of financial position date arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to that liability.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as an interest expense.

Contingent Liability

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Earnings per share

Basic earnings per share is calculated from net profit attributed to shareholders by dividing the net profit for the year by the weighted average number of shares outstanding at the end of the year.

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4 - MATERIAL ACCOUNTING POLICIES (Continued)

Segmental reporting

An operating segment is a component of the Group 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 Group's other components. All operating segments' operating results are reviewed regularly by the Group's relevant Business Heads' (Chief Operating Decision Makers) which in the Group's case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Group's relevant Business Heads include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group's operating segments are analysed and aggregated based on the nature of products and uniformity in the production processes.

Treasury Shares

Own equity instruments that are required (treasury shares), for discharging obligations under the Employee Share Program, are recognized at cost and presented as a deduction from equity and are adjusted for any transaction costs, dividends and gains or losses on sale of such shares. No gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income and other comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in retained earnings.

Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of returns, trade discounts and volume rebates.

The Group recognizes revenue when a customer obtains control of the goods, typically at the point of delivery and acknowledgment, in accordance with the five-step model under IFRS 15. This includes:

- Identification of a contract with a customer, i.e., agreements with the Group that creates enforceable rights and obligations.
- Identification of the performance obligations in the contract, i.e., promises in such contracts to transfer products or services.
- Determination of the transaction price, which is the amount of consideration the Group expects to be entitled to in exchange for fulfilling its performance obligations (excluding any amount collected on behalf of third parties).
- Allocation of the transaction price to each identified performance obligation based on the relative stand-alone estimated selling price of the products or services provided to the customer.
- Recognition of revenue as each performance obligation is satisfied, i.e., when the promised products or services are transferred to the customer and the control is obtained.

The specific recognition criteria described above must also be met before revenue is recognized. Where there are no specific criteria, the above policy will apply, and revenue is recognized as earned and accrued.

Revenue is recognized at the point in time when the performance obligation is satisfied, typically upon delivery or shipment of the products in accordance with contractual terms, at which point control is transferred to the customer and the Group no longer retains effective management involvement.

Goods sold through showrooms are primarily on a sale or return basis. An allowance for expected sales returns is estimated based on historical trends and the allowed return period. The estimated sales returns are deducted from revenue, with a corresponding refund liability recognized to reflect the obligation to refund customers.

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4 - MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (continued)

Sales to wholesale customers frequently include target-based sales incentives, which are linked to bulk purchases over a period of up to 12 months, as specified in both the contract and the entity's general policy. Revenue is initially recognized at the transaction price based on actual sales, without considering incentives.

A provision for these incentives is recorded on a monthly basis for eligible customers, reflecting the estimated reduction in revenue due to expected incentive payouts upon target achievement and it is recalculated at year-end to reflect actual sales compared to the agreed targets.

. This provision is subsequently adjusted in the following period through the issuance of a credit note against the customer's outstanding trade receivable balance. Any unsettled incentive provision at year-end is presented net of sales and trade receivables, ensuring that the recognized revenue reflects the final transaction price in accordance with IFRS 15. Credit notes issued in the subsequent period finalize the settlement of these incentive provisions.

The Group offers trade discounts to retail and wholesale customers, which are recognized in accordance with IFRS 15. For retail customers, trade discounts are applied at the point of sale and deducted upfront from the transaction price.

These discounts are not contingent on future events and are directly reflected in the invoice, reducing the revenue recognized at the time of sale.

For wholesale customers, discounts are announced in advance for specific products and for a defined period. These discounts are not reflected in the invoice at the time of sale but are recorded as an accrual based on actual sale made during the period. At the end of each month, the accrued discount amount is recognized as a reduction in revenue and adjusted through credit notes issued against the customers' trade receivable balances.

Expenses

All expenses are recognized on an accrual basis, and operating costs are recognized on a historical cost basis. Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw materials, direct labor and other related indirect costs. Other costs such as selling costs are recorded as selling and marketing expenses, while all other remaining costs are shown as general and administrative expenses.

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4 - MATERIAL ACCOUNTING POLICIES (Continued)**Financial instruments****1. Non-Derivative Financial Instruments****a) Non-Derivative Financial Assets**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI") or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, 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 (FVOCI). For Investments designated as FVOCI and for which management has an intention to sell such investments within a period of 12 months from the financial year end, are classified under current assets.

The Group initially recognizes financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets;

- Financial assets at amortised cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortized cost. A gain or loss on a debt investment subsequently measured at amortized cost and not part of a hedging relationship is recognized in the Consolidated statement of profit or loss and other comprehensive income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Financial Assets at FVOCI

The Group generally elects to recognize changes in the fair value of investments in equity in OCI. These changes are accumulated within the 'other reserve' classified under equity. The Group may transfer this amount from other reserve to retained earnings when the relevant shares are derecognized.

Dividends from such investments continue to be recognized in the Consolidated statement of profit or loss and other comprehensive income as other income when the Group's right to receive payments is established. Accumulated gains and losses on these financial assets are never recycled to the Consolidated statement of profit or loss and other comprehensive income.

b) Non-Derivative Financial Liabilities

The Group recognizes non-derivative financial liabilities initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities of the Group comprise of bank borrowings and trade and other payables. Financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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4- MATERIAL ACCOUNTING POLICIES (Continued)**Financial instruments (Continued)****Derivative Financial Instruments and Hedge Accounting**

Derivative financial instruments, including forward foreign exchange contracts, commission rate swaps and commodity derivatives are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Any related transaction costs are recognised in the Consolidated Statement of Profit or Loss as incurred. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

Subsequent to initial recognition, any change in fair value is recognized on the basis of hedge accounting.

The Group designates its derivatives as hedging instruments in qualifying hedging relationships to manage exposures to interest rate, foreign currency, and commodity price risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risk, the Group applies hedge accounting for transactions that meet specific criteria.

In order to qualify for hedge accounting, the hedge should be expected to be highly effective i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item and should be reliably measurable. At inception of the hedge, the risk management objective and strategy are documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. Prospective testing is performed mainly through matching the critical terms of both hedge item and instrument.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the Consolidated Statement of Other Comprehensive Income and accumulated in the hedging reserve shown within other reserves under equity. The ineffective portion, if material, is recognized in the Consolidated Statement of Profit or Loss, within other gains/(losses). In hedges of foreign currency contracts, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty. In hedges of interest rate swaps, ineffectiveness may arise if the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan. In hedges of commodity purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated; and changes in the credit risk of the Group or the derivative counterparty.

The amount accumulated in equity is reclassified to the Consolidated Statement of Profit or Loss in the period during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to the Consolidated Statement of Profit or Loss. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 12. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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4 - MATERIAL ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

2. Impairment

Non-Derivative Financial Assets

The Group assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI.

For accounts receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, receivables have been Grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome, which also incorporates forward-looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Other financial assets such as employees' receivables, bank balances have low credit risk and the impact of applying ECL is immaterial.

Impairment of Non-Financial Assets

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Consolidated statement of profit or loss and other comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit or Loss.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the units. Any remaining impairment loss is then allocated to reduce the carrying amounts of other assets in the unit on a pro-rata basis.

At each reporting date, the Group assesses whether there is any indication that a previously recognized impairment loss (excluding goodwill impairment) may no longer exist or may have decreased. If such evidence exists, the Group estimates the recoverable amount of the asset or cash-generating unit. An impairment loss recognized previously is reversed only if there has been a change in the assumptions used to determine the recoverable amount and only if the new recoverable amount is higher than the current carrying amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount the asset would have had, net of depreciation, had no impairment loss been recognized in prior years. Such a reversal is recognized in profit or loss, except for revalued assets, where it is recognized in other comprehensive income. Any impaired non-financial assets, other than goodwill, are examined for possible reversal of impairment at the end of each financial reporting period.



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5 - Property, plant and equipment, net

The movement in property, plant, and equipment during the year ended 31 December 2025 is as follows:

As at 31 December 2025	Land	Buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Assets under construction	Tools	Total
<u>Cost</u>									
Balance at the beginning of the year	310,685	1,017,091	2,575,210	122,884	91,491	47,635	351,889	74,781	4,591,666
Additions during the year	-	5,399	9,406	7,759	19,001	2,143	49,185	1,053	93,946
Transfers during the year	-	90,821	246,502	4,140	71	12,313	(359,076)	5,229	-
Disposals during the year	-	(36,913)	(118,308)	(22,219)	(10,811)	(3)	-	(77)	(188,331)
Balance at the end of the year	310,685	1,076,398	2,712,810	112,564	99,752	62,088	41,998	80,986	4,497,281
<u>Accumulated Depreciation and Impairment</u>									
Balance at the beginning of the year	-	777,334	2,019,631	99,308	77,514	31,933	-	39,588	3,045,308
Charges for the year	-	32,407	73,178	7,221	9,216	5,928	-	5,809	133,759
Disposals during the year	-	(36,825)	(116,779)	(21,989)	(10,812)	(2)	-	(77)	(186,484)
Impairment reversal during the year	-	-	(4,302)	-	-	-	-	-	(4,302)
Balance at the end of the year	-	772,916	1,971,728	84,540	75,918	37,859	-	45,320	2,988,281
<u>Netbook value</u>									
As at 31 December 2025	310,685	303,482	741,082	28,024	23,834	24,229	41,998	35,666	1,509,000

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5 - Property, plant and equipment, net (Continued)

As at 31 December 2024	Land	Buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Assets under construction	Tools	Total
<u>Cost</u>									
Balance at the beginning of the year	312,375	1,007,092	2,569,267	112,471	86,006	45,432	218,102	66,280	4,417,025
Additions during the year	-	-	15,074	7,160	5,832	-	166,531	8,437	203,034
Transfers during the year	-	10,034	9,935	3,689	-	7,123	(30,781)	-	-
Disposals during the year	(1,690)	(35)	(19,187)	(1,751)	(810)	(4,920)	-	-	(28,393)
Reclassification	-	-	121	1,315	463	-	(1,963)	64	-
Balance at the end of the year	310,685	1,017,091	2,575,210	122,884	91,491	47,635	351,889	74,781	4,591,666
<u>Accumulated Depreciation and Impairment</u>									
Balance at the beginning of the year	-	720,995	1,947,358	93,429	72,151	35,591	-	34,103	2,903,627
Charges for the year	-	31,515	65,327	6,898	5,352	2,565	-	5,485	117,142
Disposals	-	(35)	(19,187)	(1,731)	(658)	(4,920)	-	-	(26,531)
Impairment loss	-	23,556	27,514	-	-	-	-	-	51,070
Reclassification	-	1,303	(1,381)	712	669	(1,303)	-	-	-
Balance at the end of the year	-	777,334	2,019,631	99,308	77,514	31,933	-	39,588	3,045,308
<u>Netbook value</u>									
As at 31 December 2024	310,685	239,757	555,579	23,576	13,977	15,702	351,889	35,193	1,546,358

- A-** Building, Machinery and equipment with carrying amount of SAR 326 million (31 December 2024: SAR 379 million) were pledged as security against the loans from Saudi Industrial Development Fund (SIDF), refer Note (16).
- B-** Assets under construction comprise capital expenditures incurred on new staff housing, upgrades to existing production facilities, and various improvement and civil works projects, including initiatives undertaken to enhance the efficiency of production lines.
- C-** During the year ended 31 December 2025, no borrowing costs were capitalized to assets under construction (year ended 31 December 2024: SAR 9.1 million).
- D-** The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to SAR 935.5 million as at 31 December 2025 (31 December 2024: SAR 1,022.1 million).

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5 - Property, plant and equipment, net (Continued)

E- Allocation of property, plant and equipment, net depreciation for the year ended 31 December as follows:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Cost of revenue	21	112,363	100,767
Selling and marketing expenses	22	18,510	13,514
General and administrative expenses	23	2,837	2,861
Capitalized to assets under construction		49	-
		<u>133,759</u>	<u>117,142</u>

F- Impairment for subsidiary – Ceramic Pipes Company

The recoverable amount of the non-current assets of one of the Group's subsidiaries, Ceramic Pipes Company (CPC), was determined based on a value-in-use calculation. The assessment was performed using cash flow projections derived from financial budgets covering a two-year period from FY 2026 to FY 2027, taking into consideration management's assumption to cease operations and liquidate the business after 2027. The cash flow projections include estimated net proceeds from the disposal of the subsidiary's assets upon liquidation, which is expected to be completed by the end of FY 2028 following receipt of the necessary approvals and settlement of assets and liabilities.

The Group has identified CPC as a separate cash-generating unit (CGU). The cash flow projections reflect revised assumptions to incorporate the anticipated decline in demand for the subsidiary's products.

Based on the outcome of this impairment assessment, management concluded that no impairment charge is required for the year ended 31 December 2025 (31 December 2024: SAR 5.7 million). The carrying amount of CPC's non-current assets, net of impairment, amounted to SAR 81.5 million as at 31 December 2025.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions.

The calculation of value in use for the CGU is most sensitive to the following assumptions:

- Sales Growth Assumption
- Gross Margin
- Pre-tax discount rate

Sales Growth Assumption

An annual sales growth rate has been applied, reflecting the expected decline in demand for the subsidiary's products based on the 2025 revenue, which is considered the base year.

Gross Margin

The gross margin assumption reflects a negative gross margin of 26% (31 December 2024: 42%), based on the historical performance of the CGU immediately preceding the budget period. Gross margins have been assumed to remain constant over the budget period. As part of the sensitivity analysis, management has assessed the impact of reasonably possible adverse changes in gross margins. A further decline in demand, resulting in additional pressure on gross margins, could reduce the recoverable amount and may result in an impairment charge in future periods.

Discount Rates

A pre-tax discount rate of 12% was applied to determine the value in use. The discount rate reflects current market assessments of the time value of money and the risks specific to the CGU for which the future cash flow estimates have not been adjusted. The discount rate is determined based on the specific circumstances of the CGU and is derived from its weighted average cost of capital (WACC). As part of the sensitivity analysis, management has assessed the impact of reasonably possible increases in the discount rate. An increase in the discount rate would reduce the recoverable amount and may result in an impairment charge.

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5- Property, plant and equipment, net (Continued)**G- Impairment for business unit – Red Bricks**

The recoverable amount of the non-current assets of one of the Group's business unit, Red Bricks Factory, was determined based on a value-in-use calculation. The assessment was performed using cash flow projections derived from financial budgets covering five years from FY2026 to FY 2030, taking into consideration the enterprise value.

The Group has identified Red Bricks as a separate cash-generating unit (CGU). The cash flow projections reflect revised assumptions to incorporate the anticipated change in demand for its products.

Based on the outcome of this impairment assessment, management concluded that no impairment charge is required for the year ended 31 December 2025 (31 December 2024: SAR 45 million) The carrying amount of Red Bricks' non-current assets, net of impairment, amounted to SAR 65.9 million as at 31 December 2025.

Key assumptions are used in value in use calculations and sensitivity to changes in assumptions.

The calculation of value in use for the CGU is most sensitive to the following assumptions:

- Sales Growth Assumption
- Gross Margin
- Pre-tax discount rate

Sales Growth Assumption

Annual Sales growth of 5% applied on 2026 budgeted revenue.

Gross Margin

The gross margin assumption reflects a negative gross margin of -11% based on the historical performance of the CGU immediately preceding the budget period. Gross margins have been assumed to range between 10% to 13% over the budget period. As part of the sensitivity analysis, management has assessed the impact of reasonably possible adverse changes in gross margins. A further decline in demand, resulting in additional pressure on gross margins, could reduce the recoverable amount and may result in an impairment charge in future periods.

Discount Rates

A pre-tax discount rate of 12.04% was applied to determine the value in use. The discount rate reflects current market assessments of the time value of money and the risks specific to the CGU for which the future cash flow estimates have not been adjusted. The discount rate is determined based on the specific circumstances of the CGU and is derived from its weighted average cost of capital (WACC). As part of the sensitivity analysis, management has assessed the impact of reasonably possible increases in the discount rate. An increase in the discount rate would reduce the recoverable amount and may result in an impairment charge.

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6- Right-of-use assets, net and lease liabilities

A. The movement in right-of-use assets during the year ended 31 December 2025 is as follows:

	2025	2024
Cost		
Balance, beginning of the year	128,433	159,427
Additions during the year	53,244	39,060
Disposal during the year	(20,974)	(70,054)
Balance, end of the year	160,703	128,433
Accumulated Depreciation		
Balance, beginning of the year	22,466	72,981
Charge for the year	26,858	19,539
Completion	(4,239)	(70,054)
Balance, end of the year	45,085	22,466
Net Book Value	115,618	105,967

B. Allocation depreciation for the two years ended 31 December as follows:

	Note	2025	2024
Cost of revenue	21	5,861	2,724
Selling and marketing expenses	22	20,990	16,815
General and administrative expenses		7	-
		26,858	19,539

C. Lease liabilities

	2025	2024
Balance at 1 January	97,228	81,343
Additions to Lease Liabilities	53,244	39,060
Disposal	(16,953)	-
Interest expense on lease liabilities (note 24)	7,172	6,167
Lease liabilities paid	(34,738)	(29,342)
Balance at 31 December	105,953	97,228

D. The lease liabilities are classified as at December 31 as follows:

	2025	2024
Within 1 year	21,420	34,645
1 year to 5 years	41,742	33,677
More than 5 years	42,791	28,906
Total lease liabilities	105,953	97,228
Non-Current Portion	84,533	62,583
Current Portion	21,420	34,645

Right-of-use assets represent the Group's rights to use leased showrooms, warehouses, and factory-related facilities over the lease terms of the respective contracts. Expense relating to short-term leases and leases of low-value assets for the year amounted to SAR 5.3 million (31 December 2024: SAR 9.2 million).

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7- Financial assets at fair value through OCI ("FVOCI")

The following table presents the Group's equity investment measured at FVOCI as at 31 December 2025:

	Ownership %		Fair Value as at 31 December	
	2025	2024	2025	2024
Gulf Real Estate Company	1.23%	1.23%	8,542	7,877

As a result of the fair value measurement, an unrealized gain of SAR 665,000 was recognized during the year ended 31 December 2025 (2024: SAR 61,000) and presented in 'other comprehensive income'.

The fair value of the investment has been determined based on Level 3 inputs in accordance with the Group's fair value hierarchy policy, reflecting unobservable inputs that are significant to the valuation. Refer note 31.1.

During the year ended 31 December 2025, the Group received dividends of SAR 321,437 from the equity investment in Gulf Real Estate Company (2024: Nil) and was recorded in other income under the consolidated statement of profit or loss and other comprehensive income.

8- Inventories, net

A- The inventories as at 31 December consist of the following:

	2025	2024
Finished goods	461,770	441,881
Raw materials and consumables	266,258	226,410
Spare parts	111,626	97,311
Semi-finish goods and work in progress	47,015	63,532
Goods in Transit	12,345	-
	899,014	829,134
Less: provision for Inventories – B	(71,119)	(124,554)
	827,895	704,580

B- The movement in the provision for Inventories is as follows:

	2025	2024
Balance at the beginning of the year	124,554	85,831
(Reversal)/Provision for the year	(702)	50,395
Provision utilized on sale of finished goods	(49,900)	(6,847)
Write off during the year	(2,833)	(4,825)
Balance at the end of the year	71,119	124,554

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9- Trade receivables, prepayments and other current assets

A- The trade and other receivables consist of the following:

	2025	2024
Trade receivables	287,419	308,668
Less: customers provision for expected credit losses (B)	(33,077)	(21,483)
Less: provision for customers' incentive (C)	(6,120)	(65,207)
	<u>248,222</u>	<u>221,978</u>
Prepaid expenses	20,186	17,463
Advance to suppliers	18,489	20,130
Refundable deposits	1,758	383
Employees' receivables	1,361	1,525
Others	9,292	1,695
	<u>299,308</u>	<u>263,174</u>

Trade receivables are classified as financial assets at amortized cost.

B- The movement of the provision for expected credit losses is as follows:

	2025	2024
Balance at the beginning of the year	21,483	26,145
Charge / (Reversal) for the year	11,594	(4,421)
Written off during the year	-	(241)
Balance at the end of the year	<u>33,077</u>	<u>21,483</u>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of no reasonable expectation of recovery include, but are not limited to, the debtor's failure to engage in a repayment plan with the Group or a failure to make contractual payments. Write-offs are recognized against the related allowance for expected credit losses previously recorded. Additional information relating to the Group's exposure to credit and market risks arising from trade receivables is disclosed in note 31.

C- The movement of the provision for customers' incentive is as follows:

	2025	2024
Balance at the beginning of the year	65,207	67,712
Charge for the year	101,753	89,651
Utilized during the year	(160,840)	(92,156)
Balance, at the end of the year	<u>6,120</u>	<u>65,207</u>

10- Cash and cash equivalents

	2025	2024
Cash at Bank - Current accounts	27,164	34,573
Cash at Bank - Time Deposits	20,700	7,000
Cash on hand	602	723
	<u>48,466</u>	<u>42,296</u>

- Cash at bank – current accounts is non-interest bearing.
- The average rate on bank deposits during 2025 is 4.3% (2024: 4.65%) per annum with an original average maturity of three months or less.

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11- Assets held for sale

On 19 December 2023, the Board of Directors approved the sale of land owned by the Group in the Misfah area. Accordingly, the related assets were classified as assets held for sale and measured at the lower of their carrying amount and fair value less costs to sell.

During the year ended 31 December 2024, the Group completed the sale of a significant portion of these assets, with a total carrying amount of SAR 8.9 million and total proceeds of SAR 13.1 million, resulting in a gain on disposal of SAR 4.3 million, which was recognized in the consolidated statement of profit or loss.

The remaining property was sold during the year ended 31 December 2025 for total proceeds of SAR 255 thousand. The carrying amount of the asset at the date of sale was SAR 72 thousand, resulting in a gain on disposal of SAR 183 thousand, which was recognized in the consolidated statement of profit or loss.

12- Derivative financial instruments at fair value through profit and loss (FVTPL)

12.1 Nature and purpose

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

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

12.2 Fair value measurement

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

12.3 Impact on financial statements

An aggregate gain of SAR 1.87 million on these derivative contracts has been recognized in the consolidated statement of profit or loss, comprising SAR 0.13 million from fair-value movements at the reporting date and SAR 1.74 million realized on earlier settlements.

Contract	Maximum Notional (EUR)	Minimum Notional (EUR)	Fair Value		Classification
			Asset (SAR)	Liability (SAR)	
TRF-2	13,000,000	6,500,000	43,197	-	Level 2
TRF-2	12,000,000	6,000,000	92,014	-	Level 2
			<u>135,211</u>		

12.4 Currency Swap Agreement

On 20 November 2025, the Company entered into a Wa'ad Cross Currency Swap Agreement (Wa'ad Enhanced Target Redemption Forward Product) with local bank as part of its treasury strategy to manage exposure to variability in cash flows arising from forecast USD-denominated transactions. The arrangement has a notional principle of USD 40 million (equivalent to SAR 150 million). Under the terms of the agreement, the Company receives profit rate per annum calculated on the SAR notional amount with quarterly settlements effected through a Tawarruq or Murabaha mechanism and a final exchange of principal at maturity date.

As at 31 December 2025, the derivative has immaterial impact based on its fair value at the reporting date.

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13- Share Capital

The Company's share capital at 31 December 2025 amounted to SAR 1,000 million (2024: SAR 1,000 million), consisting of 1,000 million (2024: 1,000 million) fully paid and issued shares of SAR 10 each. Holders of these shares are entitled to dividends as declared from time to time and entitled to one vote per share at a general assembly meeting.

14- Treasury shares

As at 31 December 2025, the Group held a total of 320,000 treasury shares with an aggregate cost of SAR 9.1 million. No treasury shares were transferred to employees during the year. The purchase of treasury shares was approved by the Extraordinary General Assembly at its meeting held on 20 Dhu Al-Hijjah 1445H (corresponding to 26 June 2024), which authorized the Company to acquire up to 320,000 of its own shares for the purpose of allocating them to the Company's employee share-based incentive scheme.

15- Dividend

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

16- Borrowings

16.1- Long-term borrowings

	2025	2024
Loans from a Commercial bank (B)	129,491	156,774
Saudi Industrial Development Fund (C)	204,084	114,343
Saudi export and import bank (D)	15,515	49,877
Accrued finance cost at the end of the year	4,218	8,996
	353,308	329,990

A- Movement of the Long-term borrowings:

	2025	2024
Borrowings at the beginning of the year	320,994	521,263
Receipts during the year	130,144	305,546
Payments during the year	(102,048)	(505,815)
Balance at the end of the year	349,090	320,994
Accrued finance cost at the end of the year	4,218	8,996
Total borrowings	353,308	329,990

Details of long-term borrowings are presented in the statement of financial position as follows:

Current portion of long-term borrowings	89,544	110,950
Non-current portion of long-term borrowings	263,764	219,040

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16- Borrowings (Continued)

16.1- Long-term borrowings (continued)

B- Loans from Commercial Bank

The Group obtained long-term Islamic Murabaha and Tawarruq loan facilities from a commercial bank, of which the utilized amount was SAR 129.5 million as at 31 December 2025 (2024: SAR 156.8 million). The facilities were obtained for the purpose of financing upgrades to existing production facilities and, where required, to support working capital needs.

The facilities are secured by promissory notes issued in favor of the banks. Financing costs are determined in accordance with the terms of the Murabaha and Tawarruq agreements, and the loans are repayable through periodic (quarterly) installments, with the final maturity date on 22 July 2027.

The loans bear financial charges based on Interbank Offered Rate plus a predetermined margin per annum.

C- Saudi Industrial Development Fund

1. Expositions of the new porcelain tiles factory

The Group obtained long-term financing amounting to SAR 118 million from the Saudi Industrial Development Fund ("SIDF") to finance the expansion of the new porcelain tiles factory, the outstanding balances for such loans as of 31 December 2025 amount SAR 89.6 million (2024: SAR 86.1). Loans repayments are payable in variable installments commencing on 15 Rabi' Al-Thani 1447H (corresponding to 7 October 2025) and ending on 15 Shawwal 1454H (corresponding to 17 January 2033).

The Group's borrowings from SIDF are denominated in Saudi Riyals and are secured by a mortgage over land, buildings, plant and machinery with a carrying value of SAR 326 million as at 31 December 2025 (31 December 2024: SAR 379 million).

Upfront fees were deducted at the time of loan drawdown and are amortized over the respective loan terms using the effective interest rate method. In addition, the loans are subject to periodic follow-up fees payable over the loan term.

2. Working Capital Finance

On 10 December 2025, the Group obtained long-term financing amounting to SAR 125 million from SIDF to finance the Group's working capital requirements. The loan is repayable in four equal instalments, falling due after 12, 16, 20 and 24 months from the date of disbursement.

The borrowings are denominated in Saudi Riyals and are secured by a mortgage over the Group's fixed assets pledged under existing SIDF facilities, which will remain in place until full settlement of the loan. Upfront fees were deducted at the time of loan drawdown and are amortized over the respective loan terms using the effective interest rate method. In addition, the loans are subject to periodic follow-up fees payable over the loan term.

D- Saudi Export and Import Bank

During the year 2024, the Group obtained a long-term Islamic Murabaha facility amounting to SAR 50 million for the purpose of financing working capital related to export activities.

As at 31 December 2025, the outstanding balance amounted to SAR 15.5 million (31 December 2024: SAR 49.9 million). The borrowings under the Islamic Murabaha facility are denominated in Saudi Riyals and are secured by promissory notes issued by the Group. The facility has a maturity period of less than two years and is predominantly revolving in nature. Repayments commenced in September 2025 and are scheduled to conclude in February 2026.

16.2- Loan covenants – Long-term borrowings

The Group's borrowing and banking facilities are subject to certain financial and non-financial covenants, which require the Group to maintain specified financial ratios and comply with other contractual conditions. Compliance with these covenants is monitored on a regular basis as part of the Group's ongoing financial management and reporting processes. As at 31 December 2025, the Group was in compliance with all such covenants.

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16- Borrowings (Continued)

16.3. Short-term borrowings

As at 31 December 2025, the Group had short-term borrowings amounting to SAR 391.5 million (31 December 2024: SAR 405.8 million) to finance working capital requirements. These borrowings represent Islamic Murabaha and Tawarruq facilities granted by local commercial banks. The loans are predominantly revolving in nature, and financing charges are determined in accordance with prevailing market profit rates. The borrowings are denominated in Saudi Riyals and are secured by promissory notes issued by the Group.

The following is the movement of the short-term borrowing

	2025	2024
Balance, beginning of the year	402,864	278,715
Receipts during the year	920,799	667,329
Payments during the year	(935,155)	(543,180)
Balance, end of the year	388,508	402,864
Accrued finance cost at the end of the year	2,993	2,991
	391,501	405,855

16.4- Loan covenants - Short-term borrowings

The Group's short-term borrowings are subject to certain financial and non-financial covenants, which require the maintenance of specified financial ratios and compliance with other contractual conditions. Compliance with these covenants is monitored on an ongoing basis as part of the Group's internal financial management and reporting processes. As at 31 December 2025, the Group was in compliance with all such covenants.

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17- Employees' post-employment benefits

A- The Group determines the present value of employees' defined benefit plan measurement obligations determined by an actuarial valuation in the projected unit credit method. The significant actuarial assumptions used by an independent external actuary are as follows:

	2025	2024
Valuation Discount Rate (<i>p.a.</i>):	4.85%	5.40%
Valuation Discount Rate for P&L:	5.4	4.55
Salary Increase Rate (<i>p.a.</i>) long term	3.15%	4%
Salary Increase Rate (<i>p.a.</i>) short term	3%	5%
Normal Retirement Age (NRA)	GOSI	60 Years
Employee's turnover (Withdrawal Rates)	Moderate	Moderate

B- The movement of employees defined benefit plan obligations for the years ended on December 31 as follows:

	2025	2024
Balance at the beginning of the year	90,808	87,620
Charged in Consolidated statement of profit or loss		
Current service cost	5,662	9,686
Interest cost	4,315	3,590
Past service cost	78	-
	10,055	13,276
Charged in other comprehensive income		
Actuarial loss from re-measurement	2,027	435
Paid during the year	(12,197)	(10,523)
Balance at the end of the year	90,693	90,808

C- Sensitivity analysis in employees' post-employment benefit liability

		2025	2024
Discount Rate	1 % Increase	85,981	85,944
	Base	90,693	90,808
	1 % Decrease	95,973	96,274
Salary increase	1 % Increase	96,023	117,451
	Base	90,693	90,808
	1 % Decrease	85,852	85,833

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18- Trade payables, accruals and other current liabilities

	2025	2024
Trade payables	199,213	210,530
Advance from customers	48,067	32,745
Accrued expenses	32,968	33,683
Employees provisions	12,810	11,030
Retention payable	2,286	2,401
Others	18,946	26,844
	<u>314,290</u>	<u>317,233</u>

19- Zakat Provision

A- The movement on zakat provision for the year are as follows:

	2025	2024
Balance at the beginning of the year	10,795	33,974
Charge during the years	9,470	8,058
Zakat refund	(5,018)	-
Reversal of zakat provision	-	(4,858)
Paid during the year	(5,777)	(26,379)
Balance at the end of the year	<u>9,470</u>	<u>10,795</u>

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

Saudi ceramic company

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

Zakat refund and differences

During the year ended 31 December 2025, the Company received the final zakat assessment for the year 2023, which concluded that the Company had made excess zakat payments of SAR 2.7 million. Consequently, the Company recognized a refund of SAR 2.7 million, in other income which was received on 15 May 2025. Additionally, the Company had previously recorded an accrual of SAR 5 million for potential zakat differences. Based on the final assessment, the Company reversed this accrual of SAR 5 million in income statement as Zakat differences during the period ended 31 December 2025.

Ceramics investment Company

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

Arzan company

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

Ceramics pipes company

The company completed its zakat assessment till 2019 and submitted zakat returns to the Zakat, Tax, and Customs Authority for all years from 2020 till 2024 and obtained the required certificates for those years. The company does not receive any zakat assessments from 2019 onwards until the reporting date.

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20. Revenues, net

20.1 Classification of revenue from contracts with customers

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

	Ceramics tiles and sanitary ware	Water heaters	Ceramic pipes	Total
31 December 2025				
Primary geographical markets				
Local	959,651	386,133	21,036	1,366,820
Export	30,445	93,110	-	123,555
	<u>990,096</u>	<u>479,243</u>	<u>21,036</u>	<u>1,490,375</u>
Timing of revenue recognition				
At point in time	<u>990,096</u>	<u>479,243</u>	<u>21,036</u>	<u>1,490,375</u>
31 December 2024				
Primary geographical markets				
Local	877,097	347,085	19,221	1,243,403
Export	22,651	82,743	-	105,394
	<u>899,748</u>	<u>429,828</u>	<u>19,221</u>	<u>1,348,797</u>
Timing of revenue recognition				
At point in time	<u>899,748</u>	<u>429,828</u>	<u>19,221</u>	<u>1,348,797</u>

20.2 Contract balances

The following table provides information about contract balances from contracts with customers including provision for customers' incentives against the volume of sales as of 31 December:

	2025	2024
Receivables, which are included in trade and other receivables – Note 9A	<u>287,419</u>	<u>308,668</u>
Provision for customers' incentives - Note 9C	<u>6,120</u>	<u>65,207</u>
Refund liability- Note 18	<u>48,067</u>	<u>32,745</u>

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21. Cost of revenues

Cost of revenues for the year ended 31 December comprises the following:

	2025	2024
Inventories consumed	562,546	678,762
Salaries, wages and other employee costs	196,095	174,790
Depreciation on property, plant and equipment (Note 5)	112,363	100,767
Energy cost	118,329	80,350
Repairs and maintenance	34,763	32,384
General insurance	11,858	6,791
Freight & transportation charges	8,578	4,942
Depreciation on right-of-use assets (Note 6)	5,861	2,724
Communication, license & professional fee	5,357	6,821
Others	4,842	6,722
	1,060,592	1,095,053

22. Selling and marketing expenses

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

	2025	2024
Salaries, wages and other employee costs	108,810	94,219
Fuel, Freight and transportation charges	65,916	69,204
Depreciation on right-of-use assets (Note 6)	20,990	16,815
Depreciation on property, plant and equipment (Note 5)	18,510	13,514
Advertising and promotion	11,466	9,513
Repairs and maintenance	4,613	3,997
Communication, License & Professional Fee	4,363	5,491
Collection Fee & Marketing Commission	4,319	4,091
Rent	3,318	4,054
Utilities	3,434	2,457
General Insurance	2,717	1,297
Others	3,361	3,315
	251,817	227,967

23. General and administrative expenses

General and administrative expenses for the year ended 31 December comprise the following:

	2025	2024
Salaries, wages and other employee costs	52,798	46,892
Communication, license & professional fee (Note 23.1)	8,970	4,701
Provision for board members' remuneration	3,626	3,439
Depreciation of property, plant and equipment (Note 5)	2,837	2,861
Banking charges	2,319	1,652
Insurance	1,403	958
Repairs and maintenance	715	1,485
Amortization of intangibles and depreciation on right-of-use assets	537	332
Utilities	477	258
Others	1,387	2,091
	75,069	64,669

23.1. The professional fees for auditing the annual financial statements and reviewing the interim financial statements for the Group amounted to SAR 655,000.

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24. Finance cost

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

	2025	2024
Interest expense on financial liabilities measured at amortized cost	42,092	36,406
Interest expense on lease liabilities (6-C)	7,172	6,167
Interest expense on Employees' post-employment benefits (17-B)	4,315	3,590
Total Finance Cost	53,579	46,163

Loan Type	Short-term and long-term borrowings as at 31 December		Interest expense for the year ended 31 December	
	2025	2024	2025	2024
Murabaha and Tawarruq	525,211	562,063	36,551	30,713
Banks and government authorities	219,598	173,782	5,541	5,693
Total	744,809	735,845	42,092	36,406

25. Other income, net

Other income for the year ended 31 December comprises the following:

	2025	2024
Insurance compensation – (A)	120,000	-
Training support program	7,777	15,280
Zakat differences and judicial compensation	6,407	4,858
Gain from sale of held for sale and property, plant and equipment	1,465	8,034
Gain from sale of assets held for sale	183	4,292
Scrap sales of assets related to fire incident	3,456	-
Rental income (B)	2,486	1,895
(Loss)/ gain on translation of foreign currency balances	(5,262)	851
Scrap sales	-	11,612
Gains on disposal of investment in associates	-	3,807
Others	4,474	6,987
	140,986	57,616

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

B. Rental income relates to a portion of the building and a warehouse rented on a temporary basis, these contracts are classified as operating leases and are deemed inseparable.

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26. Operating Segments

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

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

Other operations include the red bricks manufacturing and distribution, plastic packaging products, and desert mines (Quarries). None of these segments meets any of the quantitative thresholds for determining reportable segments in 2025 and 2024.

26.1 Information about reportable segments

Information related to each reportable segment is set out below. Segment profit / (loss) before zakat is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	Ceramic tiles and sanitary ware	Water heaters	Ceramic Pipes Company	Total
As at 31 December 2025				
Segment revenues	990,096	479,243	21,036	1,490,375
Reversal of impairment	4,302	-	-	4,302
Insurance compensation	120,000	-	-	120,000
Segment profit/ (loss) before zakat	109,893	77,839	(2,841)	184,891
As at 31 December 2025				
Segment assets	1,824,760	883,250	111,228	2,819,238
Segment liabilities	839,764	406,476	18,975	1,265,215

	Ceramic tiles and sanitary ware	Water heaters	Ceramic Pipes Company	Total
As at 31 December 2024				
Segment revenues	899,748	429,828	19,221	1,348,797
Impairment loss	(45,357)	-	(5,713)	(51,070)
Segment (loss)/profit before zakat	(83,872)	45,849	(33,171)	(71,194)

	Ceramic tiles and sanitary ware	Water heaters	Ceramic Pipes Company	Total
As at 31 December 2024				
Segment assets	1,699,087	856,538	120,984	2,676,609
Segment liabilities	832,364	397,602	21,943	1,251,909

The Group's revenue is derived from contracts with customers for sale of consumer products. Control of products is transferred at a point in time and directly sold to customers. The segment assets and liabilities of ceramic pipes are net-off inter-company balances. These assets are allocated and analysed based on the operations of the segment. The Group's management does not analyze total assets based on its geographical location and therefore country-wise total assets are not disclosed in these Consolidated Financial Statements.

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26. Operating Segments (Continued)

26-2 The revenue from business segments categorized by geographical region is as follows:

As at 31 December 2025	Ceramic tiles and sanitary ware	Water heaters	Ceramic Pipes Company	2025
Saudi Arabia	959,651	386,133	21,036	1,366,820
Other GCC Countries	19,232	77,974	-	97,206
Other Countries	11,213	15,136	-	26,349
Total	990,096	479,243	21,036	1,490,375
As at 31 December 2024	Ceramic tiles and sanitary ware	Water heaters	Ceramic Pipes Company	2024
Saudi Arabia	877,097	347,085	19,221	1,243,403
Other GCC Countries	14,309	69,293	-	83,602
Other Countries	8,342	13,450	-	21,792
Total	899,748	429,828	19,221	1,348,797

26.3 The geographical distribution of the Group's property, plant and equipment:

The following table presents the geographical distribution of the Group's non-current assets, excluding financial assets, all of which are located in the Kingdom of Saudi Arabia.

As at 31 December 2025	2025	2024
Saudi Arabia	1,634,892	1,658,610
Total	1,634,892	1,658,610

26.4 Major customers

Revenues from three major customers of the Group's tile and sanitary ware and water heater segments represent SAR 392 million (2024: SAR 391 million) of the Group's revenues.

27. Earnings / (loss) per share

27.1 Basic earnings / (loss) per share

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

	For the year ended 31 December	
	2025	2024
Profit/(loss) for the year attributable to the shareholders of the Company	180,687	(71,859)
Weighted average number of ordinary shares	99,680	99,864
Basic and diluted earnings / (loss) per share (SR)	1.81	(0.72)

Weighted average number of shares are retrospectively adjusted to reflect the effect of Bonus Shares and are adjusted to take account of Treasury Shares held under the Employee Equity Participation Program.

27.2 Diluted earnings / (loss) per share

The calculation of diluted earnings per ordinary share is based on net profit attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding after adjustment for the effect of all potential dilutive ordinary shares. There were no potentially dilutive shares outstanding at any time during the year ending 31 December 2025, and 31 December 2024, respectively.

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28. Related party transactions and balances

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

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

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

28.1 Board of Directors and Key Personnel Management

Key management personnel comprise the members of the Board of Directors, senior executives and executive management, including the Chief Executive Officer and the Chief Financial Officer. Senior executives receive remuneration in accordance with the terms of their respective employment contracts. The Board of Directors and its committees receive remuneration in accordance with the Board remuneration policy and the committees' charters as approved by the General Assembly.

The following table presents details of the remuneration and compensation of the Board members and key management personnel for the year ended 31 December 2025, which are charged to general and administrative expenses in the statement of profit or loss and other comprehensive income

	31 December 2025			31 December 2024		
	Board Members	Executive Management	Total	Board Members	Executive Management	Total
Salaries and compensations	-	8,048	8,048	-	7,534	7,534
Remuneration and allowances	3,626	-	3,626	3,568	-	3,568
Total	3,626	8,048	11,674	3,568	7,534	11,102

28.2 Other related party transactions and balances

During the normal course of its operations, the Group had the following significant transactions with related parties during the year ended 31 December 2025 and 2024 along with their balances:

Nature of Transaction	Relation	Transactions for the year ended 31 December		Balances as at 31 December	
		2025	2024	2025	2024
Purchase of goods and services from:					
Natural Gas Distribution Company	Supplier	54,660	45,487	5,198	3,988
Best Gas Distributor Company - National Gas and Industrialization Company	Supplier	1,685	6,209	-	1,264
Gulf Insurance Group	Supplier	125	-	-	5
CHUBB Arabia Cooperative Insurance	Supplier	929	144	-	-
Sales goods to:					
Masdar Building Materials Company	Customer	501	-	-	-

Sales and purchases (including services) carried out to/from related parties during the year based on terms that would be available to third parties in the normal course of business. These balances are included in trade payables/trade receivables in the consolidated statement of financial position.

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29. Commitment and contingent liabilities

The Group has obtained bank facilities in the form of letters of guarantee and letters of credit from local banks amounting to SAR 101 million as at 31 December 2025 (31 December 2024: SAR 103 million). The letters of credit include an amount of SAR 26 million (31 December 2024: SAR 7 million) relating to capital commitments for the supply of machinery, upgrades to existing production facilities and equipment.

Contingent liabilities against letters of credit and letters of guarantee are as follows:

	31 December 2025	31 December 2024
Within One year	99,205	99,348
Two to Five years	-	-
After Five years	4,076	3,592
Total	103,281	102,940

The Group had capital commitments amounting to SAR 26 million at 31 December 2025 in respect of ongoing projects (2024: SAR 16.4 million). The majority of the capital commitments are for electric water heaters business expansion, updating the existing production facilities, and IT equipment.

30. Non-controlling interest

The following table presents summarized information relating to the non-controlling interests in the Ceramics Pipes Company (CPC), prior to intra-Group eliminations.

	2025	2024
NCI percentage	7.78%	22.11%
Non-current assets	81,572	88,187
Current assets	23,123	21,770
Non-current liabilities	(2,152)	(98,346)
Current liabilities	(95,227)	(15,597)
Net assets	7,316	(3,986)
Net assets attributable to NCI	569	(881)
Shareholding restructuring transactions (note 1)	(355)	1,988
Total NCI share in CPC	214	1,107
CPC Net Loss for the year	(3,187)	(33,436)
Share of loss of CPC allocated to NCI	(248)	(7,393)

31. Financial instruments, risk management and fair value

31.1 Financial Instruments

Management considers that the carrying amounts of the Group's financial assets and financial liabilities measured at amortised cost approximate their fair values at the reporting date, primarily due to their short-term maturities and the fact that they are subject to market-based interest rates.

Financial instruments measured at fair value, including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, are measured using valuation techniques consistent with IFRS 13 and are classified within Levels 1, 2 or 3 of the fair value hierarchy, based on the observability of the inputs used in the valuation techniques.

There were no transfers between the different levels of the fair value hierarchy during the current or prior year.

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31. Financial instruments, risk management and fair value (Continued)

31.1 Financial Instruments (Continued)

Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring fair value, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the identical asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Fair Value		
		Level 1	Level 2	Level 3
As at 31 December 2025				
Derivative financial instrument at fair value through profit and loss	135	-	135	-
Investments at fair value through other comprehensive income	8,542	-	-	8,542

As at 31 December 2024

Derivative financial instrument at fair value through profit and loss	-	-	-	-
Investments at fair value through other comprehensive income	7,877	-	-	7,877

Level 2 derivative financial instruments comprise Target Redemption Forward (TRF) contracts used to economically hedge the Group's exposure to EUR/USD exchange rate fluctuations arising from forecast EUR-denominated purchases. These derivatives are valued using widely accepted valuation models based on observable market inputs. Valuations are obtained from counterparties and are determined using standard forward pricing and discounted cash flow techniques, incorporating observable inputs such as interest rate curves, foreign exchange rates, credit spreads, and forward and spot prices.

Level 3 fair value

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

	31 December 2025	31 December 2024
Opening balance	7,877	7,816
Unrealized gain recognized in OCI	665	61
Closing balance	8,542	7,877

The fair value is calculated using the adjusted net asset method which involves deriving the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities (recognized and unrecognized).

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31. Financial instruments, risk management and fair value (Continued)

31.2 Risk Management

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk, market price risk and capital management risk.

The Group's risk management is predominantly centralised under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board approves overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

a) Credit risk management

Credit risk is the risk that one party to financial instruments 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, trade receivables and receivables from related parties and derivative financial instruments as follows.

	31 December 2025	31 December 2024
Cash at Bank (note 10)	47,864	41,573
Trade Receivables (note 9)	249,222	221,978
Derivative Financial Instruments (note 12)	135	-
Total	297,221	263,551

The carrying amount of financial assets represents the maximum credit exposure. Credit risk on receivable and bank balances is limited as:

Cash and cash equivalents

Cash balances, term deposits, time deposits and derivative financial instruments are held with banks with sound credit ratings ranging from BBB- and above. Therefore, the Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Trade Receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. These adjusted loss rates in the current year are similar to the effective loss rates observed in the prior year. The Group has identified the GDP, unemployment rate, inflation rate and interest rate of the countries in which it sells its goods and services to be the most relevant factors and accordingly adjusted the historical loss rates based on expected changes in these factors.

Trade receivables outstanding balance comprises of 85.84% (2024: 86.2%) in KSA, 13.67% (2024: 13.6%) in GCC (other than KSA) and 1.49% (2024: 0.2%) in other Countries. The five largest customers account approximately for 33.73% of outstanding trade receivables at 31 December 2025 (2024: 47%).

The Group manages credit risk with respect to receivables from customers by monitoring them in accordance with defined policies and procedures. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The Group limits its exposure to credit risk from trade receivables by obtaining letters of guarantee or letters of credit based on the credit history of the customer.

The loss allowance provision is determined as follows; the expected credit losses below also incorporate forward-looking information.

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31. Financial instruments, risk management and fair value (continued)

31.2 Financial risk management (continued)

a) Credit risk management

<u>31 December 2025</u>	<u>Expected loss rate</u>	<u>Gross Carrying amount</u>	<u>Loss allowance provision</u>
Current			
0 - 30 Days past due	0.10%	110,287	108
31 - 60 Days past due	0.17%	69,811	120
61 - 90 Days past due	0.24%	40,456	96
91 - 120 Days past due	0.16%	10,329	17
121 - 270 Days past due	1.68%	10,057	169
270+ Days past due	70.07%	46,479	32,567
		<u>287,419</u>	<u>33,077</u>
		Gross	
	Expected loss	Carrying	Loss allowance
<u>31 December 2024</u>	rate	amount	provision
Current			
0 - 30 Days past due	0.09%	92,661	87
31 - 60 Days past due	0.08%	54,223	45
61 - 90 Days past due	0.12%	48,929	58
91 - 120 Days past due	0.29%	46,573	137
121 - 270 Days past due	1.54%	33,227	512
270+ Days past due	62.45%	33,055	20,644
		<u>308,668</u>	<u>21,483</u>

During the year, the Group made SAR nil (2024: SAR 241,000) write-off from trade receivables, as it does not expect to receive future cash flows from them and no recoveries from collection of cash flows previously written off.

b) Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The following are the contractual maturities at the end of the reporting period of financial liabilities. **The amounts are grossed and undiscounted and include estimated interest till maturity.**

<u>31 December 2025</u>	<u>Carrying amount</u>	<u>On demand or less than 1 year</u>	<u>1 year to 5 years</u>	<u>More than 5 years</u>	<u>Gross amount</u>
Liabilities					
Loans and Borrowings	744,809	490,417	267,352	27,787	785,556
Trade and other payables	314,290	314,290	-	-	314,290
Lease Liabilities	105,953	28,683	62,830	58,268	149,781
	<u>1,165,052</u>	<u>833,390</u>	<u>330,182</u>	<u>86,055</u>	<u>1,249,627</u>

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31. Financial instruments, risk management and fair value (continued)

31.2 Financial risk management (continued)

b) Liquidity Risk (continued)

<u>31 December 2024</u>	<u>Carrying amount</u>	<u>On demand or less than 1 year</u>	<u>1 year to 5 years</u>	<u>More than 5 years</u>	<u>Gross amount</u>
Liabilities					
Loans and Borrowings	735,845	521,340	204,777	46,534	772,651
Trade and other payables	317,233	317,233	-	-	317,233
Lease Liabilities	97,228	40,106	41,743	45,357	127,206
	<u>1,150,306</u>	<u>878,679</u>	<u>246,520</u>	<u>91,891</u>	<u>1,217,090</u>

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. The Group's terms of sales require amounts to be paid either on a cash on delivery or on a terms basis.

c) Market risk management

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as commission rates, commodity prices and foreign currency exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group uses derivatives to manage market risks. The Group seeks to apply hedge accounting to manage volatility in profit or loss.

- 1. Currency Risk - Foreign exchange rate risk:** Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in currency that's not the Group's currency. The Group exposure to foreign currency risk is primarily limited to transactions in Euro ("EUR"). The fluctuation in exchange rates against EUR is monitored on a continuous basis. The Group uses forward currency contracts to eliminate volatility in currency exposures. Management believes that the currency risk for forecast payments and capital expenditure is adequately managed primarily through entering into foreign currency forward purchase agreements and hedging agreements.
- 2. Commodity Price Risk:** Commodity Price Risk is the risk associated with changes in prices to certain commodities including steel, feldspar and clay etc. that the Group is exposed to and its unfavorable effect on the Group's costs and cash flow. This commodity price risk arises from forecasted purchases of certain commodities that the Group uses as raw material, which is managed and mitigated by entering into Fixed-price supply contracts, Inventory management and Flexible sourcing.
- 3. Commission rate risk:** Commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group is subject to the risk of fluctuating commission charges at prevailing market rates on its bank loans and facilities that carry variable commission rates and amounts to SAR 518 million at 31 December 2025 (31 December 2024: SAR 559). The Group's policy is to manage its finance cost using a mix of fixed and variable commission rate borrowings and the Group is working on minimizing the risks on commission rates through monitoring the expected fluctuations in the commission rates. The following table demonstrates the sensitivity of the income to reasonably possible changes in commission rates, with all other variables held constant. There is no direct impact on the Group's equity.

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31. Financial instruments, risk management and fair value (continued)

31.2 Financial risk management (continued)

c) Market risk management (continued)

	<u>Increase/ decrease in basis points of commission rates</u>	<u>Effect on income for the year</u>
31 December 2025	+100	5,180
	-100	(5,180)
31 December 2024	+100	(5,590)
	-100	5,590

d) Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders. The Group's objectives when managing capital are:

- i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- ii) to provide an adequate return to shareholders.

The Group is not subject to any externally imposed capital requirements. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by adjusted equity, Net Debt is calculated as total borrowings (non-current and current loans as shown in the statement of financial position) less cash and cash equivalents.

32. Subsequent events

32.1. On 11 January 2026, the Company announced on Tadawul regarding the completion of the procedures to convert the Desert Mines branch, which is engaged in mining activities, quarry operations and the processing of industrial raw materials, into a single person closed joint-stock company, 100% owned by Saudi Ceramics Company, following the fulfilment of all regulatory requirements and receipt of the necessary approvals from the relevant authorities.

32.2. On February 26, 2026, the Board of Directors of the Company recommended the distribution of cash dividends to shareholders for the second half of the fiscal year ended December 31, 2025. The recommendation includes a total dividend distribution of SAR 49,840,000 representing a dividend of SAR 0.50 per share, which equates to 5% of the nominal value per share. As of the date of these financial statements, this recommendation remains subject to the approval of the Company's general assembly and has therefore not been recognized in the accompanying financial statements for the year ended December 31, 2025.

32.3. Except for the above, there have been no significant subsequent events after the reporting date that require adjustment to, or disclosure in, these consolidated financial statements.

33. Approval of Consolidated Financial Statements

These Consolidated Financial Statements were approved by the Board of Directors on 09 Ramadan 1447A.H. (corresponding to 26 February 2026).





Thank You
All