

**National Cement Company
(Public Shareholding Co.)**

**Financial Statements and
Independent Auditor's Report**

31 December 2025

National Cement Company (Public Shareholding Co.)
Financial Statements
For the year ended 31 December 2025

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Board of Directors' Report

The Board of Directors of National Cement Company is pleased to present its report along with the audited financial statements of National Cement Company P.S.C. (the "Company") for the year ended 31 December 2025.

Principal Activities:

National Cement Company was established in 1968 under the direction of the late His Highness Sheikh Rashid bin Saeed Al Maktoum, Ruler of Dubai. His vision was to create new horizons for the industry using local resources and local raw materials. Accordingly, the National Cement Company was established to produce basic materials to supply the expected construction boom in the United Arab Emirates and the region. Our company is primarily involved in manufacturing and supply of Cement and clinker. The Company is also involved in investment of its excess funds to earn additional income.

Financial Performance:

The financial position and financial results of the Company for the year ended 31 December 2025 are included in the accompanying audited financial statements.

Directors:

The Board of Directors comprises:

Mr. Rashid Saif Ahmed Al Ghurair	Chairman
Mr. Mazin Mohammad Mohyelddin Alkhatib	Deputy Chairman
Mr. Iyad Mazhar Saleh Malas	Board Member
Mr. Badr Abdulla Ahmed Al Ghurair	Board Member
Mr. Thani Abdulla Suhail Juma Al-Zaffin	Board Member
Mr. Sultan Abdulla Ahmad Al Ghurair	Board Member
Mrs. Raja Mohammed Ghanim Saeed Al Mazrouei	Board Member

Auditors:

The financial statements for the year ended 31 December 2025 were audited by Grant Thornton.

Acknowledgment:

The Directors would like to express their gratitude and appreciation to all of the Company's shareholders, clients and business partners whose continued support has been a source of great strength and encouragement. The Directors would also like to place on record their commendation for the hard work and efforts put in by the Company management and staff as well as their loyalty and perseverance for the benefit of the Company and its shareholders.

On behalf of the Board



Rashid Saif Ahmed Al Ghurair
Chairman

18 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of National Cement Company (Public Shareholding Co.) (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Qualified Opinion

As disclosed in Note 14.2 to the financial statements, the Company has a loan receivable from an associate with a carrying amount of AED 288,213 thousand as at 31 December 2025. We were unable to obtain a direct confirmation of this balance from the associate, and alternative audit procedures performed did not provide us with sufficient appropriate audit evidence regarding the existence and accuracy of this balance as at the reporting date.

Accordingly, we were unable to determine whether any adjustments might have been necessary in respect of the recorded amount of loan receivable, and the related elements of the financial statements.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.) (continued)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current year. We have determined the matter described below to be the key audit matter to be communicated in our report.

The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. For the matter below, our description of how our audit addressed the matter are provided in that context.

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

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>For the year ended 31 December 2025, the Company recognized revenue from contracts with customers amounting to AED 251,676 thousand, as disclosed in the statement of profit or loss and other comprehensive income. This revenue primarily relates to the sale of cement and related products.</p> <p>The Company recognizes revenue from contracts with customers when control of the goods transfers to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.</p> <p>Revenue recognition is considered a key audit matter due to the significance of the revenue amount to the financial statements, the high volume of sale transactions, and the level of judgment involved requiring management to substantiate that the criteria for transfer of control are satisfied at the point of delivery or collection, and that revenue is recognised and measured in compliance with the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i>.</p>	<p>We performed the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's revenue recognition policies and evaluated their appropriateness and compliance with the requirements of IFRS 15. • Assessed the design and operating effectiveness of the internal controls over revenue recognition. • Performed data analytics procedures, including a three-way correlation analysis between revenue, trade receivables, and cash receipts. • Selected a sample of revenue transactions, inspected supporting documentation and verified the accuracy and occurrence of the revenue recognized. • Performed cut-off testing to verify that revenue was recorded in the correct period.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.) (continued)**

Report on the Audit of the Financial Statements (continued)

Other Information

Other information consists of the information included in the Directors' report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We conclude that the other information may be materially misstated as a result of the matter described in the *Basis of Qualified Opinion* section of our report.

Responsibilities of the Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree-Law No. (32) of 2021 (as amended) and UAE Federal Decree-Law No. (6) of 2025, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.) (continued)**

Report on the Audit of the Financial Statements (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.) (continued)****Report on Other Legal and Regulatory Requirements**

The Company has not amended its Articles of Association within the stipulated timeline as required by the Federal Decree Law No. (32) of 2021.

Subject to above, and except for the matter referred in our *Basis for Qualified Opinion* section of our audit report, as required by the UAE Federal Decree Law No. (32) of 2021 (as amended), we report that for the year ended 31 December 2025:

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended).
- iii) The Company has maintained proper books of account in accordance with established accounting principles;
- iv) The financial information included in the Board of Directors' Report is consistent with the books of account of the Company;
- v) The Company did not make any investments in shares or stocks during the year ended 31 December 2025;
- vi) Note 14 reflects material related party transactions and the terms under which they were conducted;
- vii) Based on the information that has been made available to us, nothing else has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021 (as amended) or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2025; and
- viii) No social contributions were made during the year.

Further, as required by Article (140) of the UAE Federal Decree-Law No. (6) of 2025, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

GRANT THORNTON UAE


Dr. Osama El-Bakry
Registration No. 935
Dubai, United Arab Emirates



18 March 2026

National Cement Company (Public Shareholding Co.)
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

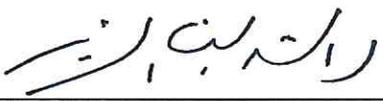
	<i>Notes</i>	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Revenue from contracts with customers	4	251,676	175,742
Direct costs	5	(206,660)	(173,765)
GROSS PROFIT		45,016	1,977
Other income	6	15,211	11,193
Administration and general expenses	7	(20,855)	(21,643)
Selling and distribution expenses	8	(6,704)	(6,182)
OPERATING PROFIT/(LOSS)		32,668	(14,655)
Finance income	9.1	15,077	4,529
Finance cost	9.2	(56)	(496)
Dividend income from equity instruments	18.5	159,907	141,332
Net change in fair value of debt instruments at FVTPL	12	384	3,980
Fair value of debt instruments at FVOCI recycled to profit and loss on disposal		442	(107)
PROFIT FOR THE YEAR BEFORE TAX		208,422	134,583
Income tax	20	(4,661)	280
PROFIT FOR THE YEAR		203,761	134,863
Other comprehensive income			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net change in fair value of equity instruments at FVOCI	12	228,558	367,445
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net change in fair value of debt instruments at FVOCI	12	1,529	(138)
Fair value of debt instruments at FVOCI recycled to profit and loss on disposal		(442)	107
		1,087	(31)
Other comprehensive income for the year, net of tax		229,645	367,414
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		433,406	502,277
Earnings per share			
Basic and diluted earnings per share (AED)	22	0.57	0.38

The attached notes 1 to 26 form part of these financial statements.

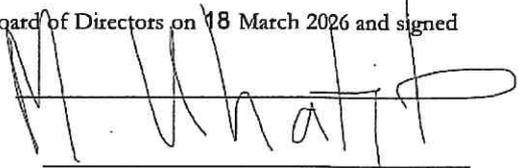
National Cement Company (Public Shareholding Co.)
Statement of financial position
As at 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
ASSETS			
Non- current assets			
Property, plant and equipment	10	126,435	136,049
Intangible assets		189	295
Investment properties	11	2,924	2,924
Investments in financial assets	12	2,063,542	1,813,835
Loan receivable from an associate	14.2	288,213	288,213
		<u>2,481,303</u>	<u>2,241,316</u>
Current assets			
Investments in financial assets	12	7,194	14,782
Inventories	15	67,588	73,476
Trade and other receivables	16	117,688	105,800
Advances and other receivables		6,071	1,640
Cash and bank balances	17	256,847	113,436
		<u>455,388</u>	<u>309,134</u>
TOTAL ASSETS		<u><u>2,936,691</u></u>	<u><u>2,550,450</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18.1	358,800	358,800
Share application money		26	26
Statutory reserve	18.2	179,402	179,402
General reserve	18.3	234,992	313,323
Fair value reserve of financial assets at FVOCI	18.4	1,703,600	1,473,955
Retained earnings		347,996	137,664
Total equity		<u>2,824,816</u>	<u>2,463,170</u>
Non-current liabilities			
Employees' end of service benefits	19	20,390	18,497
Deferred tax liability	20	59,066	36,061
		<u>79,456</u>	<u>54,558</u>
Current liabilities			
Income tax provision	20	4,400	-
Trade and other payables	21	28,019	32,722
		<u>32,419</u>	<u>32,722</u>
Total liabilities		<u>111,875</u>	<u>87,280</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,936,691</u></u>	<u><u>2,550,450</u></u>

The financial statements of the Company have been approved by the Board of Directors on 18 March 2026 and signed on its behalf by:



 Chairman



 Vice Chairman

The attached notes 1 to 26 form part of these financial statements.

National Cement Company (Public Shareholding Co.)
Statement of changes in equity
For the year ended 31 December 2025

	<i>Share capital</i> <i>AED'000</i>	<i>Share application money</i> <i>AED'000</i>	<i>Statutory reserve</i> <i>AED'000</i>	<i>General reserve</i> <i>AED'000</i>	<i>Fair value reserve of financial assets at FVOCI</i> <i>AED'000</i>	<i>Retained earnings</i> <i>AED'000</i>	<i>Total equity</i> <i>AED'000</i>
Balance as at 1 January 2024	358,800	26	179,402	313,323	1,106,541	56,621	2,014,713
Profit for the year	-	-	-	-	-	134,863	134,863
Other comprehensive income	-	-	-	-	367,414	-	367,414
Total comprehensive income for the year	-	-	-	-	367,414	134,863	502,277
Dividends (Note 18.5)	-	-	-	-	-	(53,820)	(53,820)
As at 31 December 2024	358,800	26	179,402	313,323	1,473,955	137,664	2,463,170
Profit for the year	-	-	-	-	-	203,761	203,761
Other comprehensive income	-	-	-	-	229,645	-	229,645
Total comprehensive income for the year	-	-	-	-	229,645	203,761	433,406
Transfer from general reserve (Note 18.3)	-	-	-	(78,331)	-	78,331	-
Dividends (Note 18.5)	-	-	-	-	-	(71,760)	(71,760)
As at 31 December 2025	358,800	26	179,402	234,992	1,703,600	347,996	2,824,816

The attached notes 1 to 26 form part of these financial statements.

National Cement Company (Public Shareholding Co.)
Statement of cash flows
For the year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
OPERATING ACTIVITIES			
Profit for the year before tax		208,422	134,583
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment and amortization of intangibles		18,307	18,598
Gain on sale of property, plant and equipment		(23)	(4)
Change in fair value of financial assets at fair value through profit and loss	12	(384)	(3,980)
Allowance for expected credit loss on trade receivables	7	1,658	-
Provision for employees' end of services benefits	19	2,735	1,394
Reversal of liabilities no more required	6	(4,000)	-
Dividend income from equity instruments		(159,907)	(141,332)
Finance income	9.1	(15,077)	(4,529)
Finance cost	9.2	56	496
Fair value of debt instruments at FVOCI recycled to profit and loss on disposal		(442)	107
		<u>59,345</u>	<u>5,333</u>
<i>Working capital changes:</i>			
Inventories		5,888	(4,057)
Trade and other receivables		(6,527)	15,449
Advances and other receivables		(4,431)	465
Trade and other payables		(703)	(4,457)
		<u>45,572</u>	<u>12,733</u>
Cash flow from operating activities		45,572	12,733
Employees' end of service benefits paid	19	(842)	(1,685)
		<u>44,730</u>	<u>11,048</u>
Net cash flows from operating activities			
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(8,589)	(10,278)
Investments in financial assets	12	-	(12,916)
Proceeds from sale of property, plant and equipment		25	20
Proceeds from maturity/disposals of financial assets	12	11,095	13,123
Dividend received from equity instruments		159,907	141,332
Interest received	9.1	8,059	4,529
Net movement in fixed deposits	17	(150,000)	(80,000)
		<u>20,497</u>	<u>55,810</u>
Net cash flows from investing activities			
FINANCING ACTIVITIES			
Repayment of bank borrowings		-	(20,000)
Finance cost paid	9.2	(56)	(496)
Dividends paid	18.5	(71,760)	(53,820)
		<u>(71,816)</u>	<u>(74,316)</u>
Cash flows used in financing activities			
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,589)	(7,458)
Cash and cash equivalents, beginning of year		13,436	20,894
CASH AND CASH EQUIVALENTS, END OF YEAR	17	6,847	13,436

The attached notes 1 to 26 form part of these financial statements.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements
31 December 2025

1 BACKGROUND AND PRINCIPAL ACTIVITIES

National Cement Company (Public Shareholding Co.), Dubai ("Company"), is registered in accordance with a decree issued by His Highness Ruler of Dubai on 10 April 1968 establishing a cement company in the Emirate of Dubai and is governed in accordance with the provisions of the UAE Federal Law No. 32 of 2021 (as amended). The Company is listed on the Dubai Financial Market ("DFM"). The registered address of the Company is P.O. Box 4041, Dubai, United Arab Emirates.

Federal Decree-Law No. 20 of 2025 was issued in October 2025, introducing amendments to Federal Decree-Law No. 32 of 2021, referred to collectively as Federal Decree-Law No. 32 of 2021 (amended). The Company is still in the process of amending its Articles of Association in line with the new provisions as required by the Federal law by Decree No. 32 of 2021.

The principal activity of the Company is to manufacture and sell cement and cement related products.

The financial statements of the Company have been approved by the Board of Directors on 18 March 2026.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as issued by the International Accounting Standards Board (IASB) and applicable requirements of UAE Laws.

The financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand (AED'000) except where otherwise indicated.

The financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss and through other comprehensive income that have been measured at fair value.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards adopted as at 1 January 2025

The accounting pronouncement that is listed below, has become effective from 1 January 2025 and has therefore been adopted by the Company, but does not have any significant impact on the Company's financial results or position.

- Lack of Exchangeability (Amendments to IAS 21)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Other standards issued but not yet effective

Management anticipates that all other relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. These new standards, amendments and Interpretations that are not early adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

Standards issued by the International Sustainability Standards Board (ISSB)

On 26 June 2023, the ISSB published first two IFRS Sustainability Disclosure Standards at the IFRS Foundation Conference 2023:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Subject to adoption by the local jurisdiction, both Standards are effective for annual periods beginning on or after 1 January 2024, with substantial transitional reliefs to allow preparers more time to align reporting of sustainability related financial disclosures and financial statements. The Company did not adopt these standards on the effective date given that they have not yet been adopted by the United Arab Emirates.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Investment in an associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of the investee is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Investment in an associate (continued)

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Fair value measurement

The Company measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets and investment property.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

There are no significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers.

Sales of goods

Revenue from sale of cement and other related products, sandwich panels and raw steel used in the construction and building activities is recognised at the point in time when control of the asset is transferred to the customer, generally on collection of the goods by customers. The normal credit term is 30 to 120 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., delivery). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Delivery services

The Company provides delivery services that are usually bundled together with the sale of goods to a customer. The delivery services can be obtained from other providers and do not significantly customise or modify the goods.

Contracts for bundled sales of goods and delivery services are comprised of two performance obligations because the promises to transfer goods and provide delivery services are capable of being distinct and separately identifiable. Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the goods and delivery services.

The Company recognises revenue from delivery services and sale of goods at a point in time, generally upon delivery of the goods to the customer.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under the section *Financial instruments – initial recognition and subsequent measurement*.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Cash dividends

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

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

Buildings	3 to 14 years
Plant and machinery	3 to 25 years
Furniture, fixtures and equipment	4 to 7 years
Motor vehicles	3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

Company as lessee

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as lessor

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease.

At the commencement of a finance lease term, the Company records a finance lease receivable in the statement of financial position at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting the constant periodic rate of return on the lessor's net investment in the finance lease.

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its non-operating nature.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment properties

Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Depreciation is calculated on a straight line basis, which reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Company over their estimated useful life of 10 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement

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

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade and other receivables, loan receivable from an associate, and cash and bank balances.

Financial assets at fair value through OCI (debt instruments)

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

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

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

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed and non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes quoted debt instruments with contractual terms that give rise to cash flows that are not solely payments of principal and interest on the principal amount outstanding or that such cash flows are not due on specified dates or both.

Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds with good rating and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses published ratings both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials – purchase cost on weighted average basis;
- Spares and consumables – purchase cost on weighted average basis;
- Finished goods and work-in-progress – cost of direct material and a proportion of manufacturing overheads based on the normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset 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.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Cash and bank balances

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Company makes contributions to government pension scheme calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Income tax

Tax expense recognised in statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available to be utilised, except in circumstances where IAS 12 does not permit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgments

There were no significant judgements made by management in applying the accounting policies of the Company that would have significant effect on these financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., secured, unsecured).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and real estate sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 26.

Useful lives and depreciation of property, plant and equipment

The Company estimates the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives would increase the recorded depreciation expense and decrease the carrying value of the related assets. Residual values are not considered as they are deemed immaterial.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(continued)

Estimates and assumptions (continued)

Impairment of non-financial assets (continued)

Calculation of the value-in-use is determined by covering a detailed five-year forecast approved by the management, followed by an extrapolation of expected cash flows for the remaining useful lives using a growth rate determined by management. The present value of the expected cash flows of each cash generating unit is determined by applying a suitable discount rate reflecting current market assessments of the time value of money. Estimation uncertainty relates to assumptions about the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes..

Impairment of loan to an associate

The Company recognises impairment on its loan to an associate in accordance with the Expected Credit Loss (ECL) requirements of IFRS 9. The loan is measured at amortised cost and ECLs are determined based on probability of default, loss given default and exposure at default, discounted at the effective interest rate and taking into consideration existing pledge of assets. The Company applies the general three-stage impairment model, recognising 12-month ECL where credit risk has not increased significantly since initial recognition and lifetime ECL where a significant increase in credit risk has occurred or where the loan is credit-impaired. The assessment is initially based on historical default and recovery experience for similar financial instruments and counterparties and is adjusted to reflect current and forward-looking information, including macroeconomic conditions and sector-specific risks relevant to the associate. At each reporting date, the Company reassesses whether there has been a significant increase in credit risk, updates key assumptions and forward-looking estimates, and evaluates the impact of any changes on the recognised loss allowance.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Type of goods or service		
Sale of goods - finished products (recognised at a point in time)	243,953	171,149
Delivery services (recognised at a point in time)	7,723	4,593
	<u>251,676</u>	<u>175,742</u>
Geographical markets		
United Arab Emirates	251,612	175,712
Other countries	64	30
	<u>251,676</u>	<u>175,742</u>

4.2 Contract balances

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Trade receivables (net) – third parties (Note 16)	101,159	94,012
Trade receivables (net) – related parties (Note 16)	6,294	5,628
Contract liabilities – advances (Note 21)	3,616	860
	<u>111,069</u>	<u>100,500</u>

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

4 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days. In 2025, the Company recognized allowance for expected credit losses on trade receivables of AED 1,658 thousand (2024: nil) (Note 7). Trade receivables amounting to AED 24,616 thousand (2024: AED 25,745 thousand) are secured against bank guarantees.

Contract liabilities

Contract liabilities comprise short-term advances received for the sale of goods and delivery services.

The amount of revenue recognised from amounts included in contract liabilities at the beginning of the year is AED 1,427 thousand (2024: AED 717 thousand).

4.3 Performance obligations

Information about the Company's performance obligations is summarized below:

Sale of goods

The performance obligation is satisfied upon collection of the goods and payment is generally in cash or due within 30 to 120 days from the sale.

Bundled sale of goods and delivery services

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 120 days from delivery.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

5 DIRECT COSTS

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Material cost	118,358	98,040
Utilities and other factory costs	48,257	39,219
Cost of labour	22,495	19,620
Depreciation of property, plant and equipment (Note 10)	17,550	16,886
	<u>206,660</u>	<u>173,765</u>

6 OTHER INCOME

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Sale of scrap and other non-trading materials	3,975	4,263
Rental income from investment properties (Note 11)	4,421	3,927
Reversal of liabilities no more required	4,000	-
Other rental income	2,241	2,378
Others	574	625
	<u>15,211</u>	<u>11,193</u>

7 ADMINISTRATION AND GENERAL EXPENSES

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Staff salaries and benefits	11,334	11,164
Directors' remuneration (Note 14.3)	1,950	2,450
Legal and professional fees	1,888	1,525
Allowance for expected credit losses (Note 16)	1,658	-
Repair and maintenance	1,478	2,472
Depreciation of property, plant and equipment (Note 10)	651	1,001
Bank charges	135	168
Amortization of intangible assets	106	711
Others	1,655	2,152
	<u>20,855</u>	<u>21,643</u>

8 SELLING AND DISTRIBUTION EXPENSES

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Sales and marketing	3,634	3,311
Staff salaries	2,721	2,807
Transportation	131	64
Others	218	-
	<u>6,704</u>	<u>6,182</u>

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

9 FINANCE INCOME AND FINANCE COST

9.1 FINANCE INCOME

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Interest income on bank term deposits	8,348	3,609
Suspended interest released (Note 14.1)	6,416	-
Interest income on investments in financial assets (debt instruments)	313	920
	<u>15,077</u>	<u>4,529</u>

9.2 FINANCE COST

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Murabaha and short-term loans	-	373
Bank overdrafts	56	123
	<u>56</u>	<u>496</u>

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings AED'000	Plant and machinery AED'000	Furniture, fixtures & equipment AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost:						
At 1 January 2024	36,481	1,003,950	19,430	54,754	5,911	1,120,526
Additions	92	132	651	42	9,361	10,278
Disposals	-	(12)	(12)	-	-	(24)
Transfers	-	11,230	10	-	(11,240)	-
At 31 December 2024	36,573	1,015,300	20,079	54,796	4,032	1,130,780
Additions	32	2,584	557	600	4816	8,589
Disposals	-	-	(2)	(310)	-	(312)
Transfers	-	4,664	-	-	(4,664)	-
At 31 December 2025	36,605	1,022,548	20,634	55,086	4,184	1,139,057
Accumulated Depreciation:						
At 1 January 2024	33,022	870,789	18,436	54,605	-	976,852
Charge for the year	422	16,774	562	129	-	17,887
Disposals	-	(1)	(7)	-	-	(8)
At 31 December 2024	33,444	887,562	18,991	54,734	-	994,731
Charge for the year	429	17,046	640	86	-	18,201
Disposals	-	-	-	(310)	-	(310)
At 31 December 2025	33,873	904,608	19,631	54,510	-	1,012,622
Net carrying value:						
At 31 December 2025	2,732	117,940	1,003	576	4,184	126,435
At 31 December 2024	3,129	127,738	1,088	62	4,032	136,049

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

10 PROPERTY, PLANT AND EQUIPMENT (continued)

10.1 Depreciation

Depreciation is allocated in the statement of profit or loss and other comprehensive income as follows:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Direct costs (Note 5)	17,550	16,886
Administration and general expenses (Note 7)	651	1,001
	<u>18,201</u>	<u>17,887</u>

As at 31 December 2025, the carrying amount of property, plant and equipment include fully depreciated assets that are still in use in the amount of AED 993,453 thousand (2024: AED 783,783 thousand).

10.2 Capital work-in-progress

Capital work-in-progress as at 31 December 2025 comprises mainly of plant and machineries, which are expected to be ready for use in the first quarter of 2026.

10.3 Granted land

Buildings, plant and machinery are located on a land granted by the Government of Dubai.

11 INVESTMENT PROPERTIES

Investment properties comprise land with a carrying amount of AED 2,924 thousand and fully depreciated villas constructed on the land with an initial cost of AED 16,575 thousand, held for rental purposes and capital appreciation. There was no movement in investment properties during the years ended 31 December 2025 and 2024.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The following amounts have been recognised in profit or loss in respect of investment properties:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Rental income (Note 6)	4,421	3,927
Direct operating expenses	(321)	(251)
Net rental income	<u>4,100</u>	<u>3,676</u>

Management carried out an internal valuation to determine the fair value of the properties at the reporting date. Accordingly, management estimated the fair value of the properties to be around AED 56 million (2024: AED 53 million).

Valuation technique

The value of the properties is measured by management using the 'investment method valuation' approach (level 3 hierarchy). Under this method, the annual rental income presently received or expected over a period of time from the lease of the property is estimated and reduced by the expenses or outgoings incidental to the ownership of the property to obtain the net annual income. This net annual income is then capitalized by an appropriate capitalization rate.

The relevant capitalization rate is chosen based on the investment rate of return expected (as derived from comparisons of other similar property investments) for the type of property concerned taking into consideration such factors as risk, capital appreciation, security of income and ease of sale.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

12 INVESTMENTS IN FINANCIAL ASSETS

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>Current financial assets</i>		
Investments at FVOCI	5,512	11,506
Investments at FVTPL	1,682	3,276
	<u>7,194</u>	<u>14,782</u>
<i>Non-current financial assets</i>		
Investments at FVOCI	2,059,276	1,807,866
Investments at FVTPL	4,266	5,969
	<u>2,063,542</u>	<u>1,813,835</u>
	<u>2,070,736</u>	<u>1,828,617</u>

The categories of investments in financial assets are as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Quoted equity instruments	2,059,272	1,805,986
Debt instruments	11,464	22,631
	<u>2,070,736</u>	<u>1,828,617</u>

Equity instruments

Equity instruments designated at fair value through OCI comprise investments in equity shares of listed companies. The Company holds non-controlling interests in these companies.

In addition, the Company has an investment, through an unquoted equity instrument, in a cement plant under construction outside the UAE. The investment is being carried at Fair Value through Other Comprehensive Income and is classified as Level 3 within the fair value hierarchy. The Company was not able to obtain a reliable fair valuation as per its accounting policies in order to determine the fair value of the investment due to the non-conducive situation in the country of investment. Accordingly, based on management's judgement, the fair value was determined to be fully impaired as at the reporting date (2024: fully impaired).

The investments in equity instruments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

At 31 December 2025, equity instruments amounting to AED 337 thousand (2024: AED 172 thousand) are held in the personal name of the Company's General Manager for the beneficial interest of the Company.

Debt instruments

Debt instruments at fair value through OCI include investments in quoted government and corporate bonds. Fair values of these debt instruments are determined by reference to published price quotations in an active market.

Financial assets at fair value through profit or loss include investments in listed debt instruments. Fair values of these instruments are determined by reference to published price quotations in an active market.

Pledged investments

Investments in financial assets amounting to AED 112,993 thousand (2024: AED 1,211,803 thousand) are pledged with banks against loans and borrowings, which are not utilized at the reporting date.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

12 INVESTMENTS IN FINANCIAL ASSETS (continued)

The movement in the different classes of investments in financial assets during the year was as follows:

	<i>Year ended 31 December 2025</i>			
	<i>Debt instruments at FVOCI</i>	<i>Debt instruments at FVTPL</i>	<i>Equity instruments at FVOCI</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
At the beginning of the year	13,386	9,245	1,805,986	1,828,617
Matured/redeemed	(7,411)	(3,680)	(4)	(11,095)
Change in fair value	1,667	384	251,163	253,214
At the end of the year	7,642	5,949	2,057,145	2,070,736

	<i>Year ended 31 December 2024</i>			
	<i>Debt instruments at FVOCI</i>	<i>Debt instruments at FVTPL</i>	<i>Equity instruments at FVOCI</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
At the beginning of the year	13,591	11,353	1,396,252	1,421,196
Additions during the year	2,473	4,495	5,948	12,916
Matured/redeemed	(2,540)	(10,583)	-	(13,123)
Change in fair value	(138)	3,980	403,786	407,628
At the end of the year	13,386	9,245	1,805,986	1,828,617

The investments in financial assets by geography are as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
United Arab Emirates	1,970,433	1,705,586
Saudi Arabia	98,629	118,061
Other countries	1,674	4,970
	2,070,736	1,828,617

13 INVESTMENT IN AN ASSOCIATE

The Company's investment in an associate represents a share of 25.43% (2024: 25.43%) in Berber Cement Company Ltd., a limited liability company registered in the Republic of Sudan. The principal activity of the associate is to manufacture and sell cement. The Company's interest in Berber Cement Company Ltd. is accounted for using the equity method in the financial statements.

The Company has accounted for the investment after taking account of the effect of hyperinflationary economy and using uniform accounting policies while preparing the financial statements of the associate. Furthermore, the Company has fully provided for the investment in the associate. The Company has no further obligation towards the losses, exceeding the face value of equity shares held.

Refer Note 14.4 for information about the conflict in the Republic of Sudan and its current economic environment.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

14 RELATED PARTY DISCLOSURES

The Company, in the ordinary course of its business, enters into trading and financing transactions with entities which fall within the definition of "related party" as contained in International Accounting Standard 24. Management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties.

As at the reporting date, the Company holds equity interest in a local bank in the UAE, which is classified as equity instrument at FVOCI. The Company also maintains cash balances with the bank and has unutilized credit facilities obtained from the bank as at the reporting date. The financial dealing and transactions with the bank are executed at commercial terms.

14.1 Related party transactions

The significant related party transactions during the year are as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>Associate</i>		
Interest income	22,908	31,207
Suspended interest	(22,908)	(31,207)
Suspended interest released	6,416	-
	<u> </u>	<u> </u>
<i>Other related parties</i>		
Revenue	17,800	13,900
	<u> </u>	<u> </u>

14.2 Related party balances

Due from related parties

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>Loan to an associate</i>		
Loan due from associate (Note 14.4)	316,000	316,000
Accrued interest on loan to the associate	98,440	75,532
Less: suspended interest and reduction in value	(126,227)	(103,319)
	<u> </u>	<u> </u>
	288,213	288,213
	<u> </u>	<u> </u>
<i>Trade receivables</i>		
Other related parties	6,294	4,694
Associate current account	-	934
	<u> </u>	<u> </u>
	6,294	5,628
	<u> </u>	<u> </u>

14.3 Remuneration to key management personnel

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Salaries and other short-term benefits	3,276	2,436
End of service benefits	167	133
Directors' remuneration (Note 7)	1,950	2,450
	<u> </u>	<u> </u>
	5,393	5,019
	<u> </u>	<u> </u>

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

14 RELATED PARTY DISCLOSURES (continued)

14.4 Loan due from associate

The loan of AED 316 million as at 31 December 2025 represents AED denominated loan given to the associate and was recoverable by October 2019, however, the associate has defaulted on several payments. The interest rate on this loan is charged at the rate of 3-month EIBOR + 3% per annum.

On 15 April 2023, an armed conflict between rival factions of the military government of Sudan began, where the associate of the Company is located, the impact of which has been devastating on the nation's economy. At the date of the issuance of these financial statements, the economic environment remains unstable and may pose serious consequences, as well as the possibility of further prolonged economic downturn.

At 31 December 2025, management performed a remeasurement on the loan and evaluated the associate's ability to repay the loan based on specific factors that include an assessment of the associate's financial performance, the expected future payment pattern subsequent to the reporting period, existence of adequate and sufficient securities against the loan in the form of pledge over the assets of the associate with a total fair value sufficiently exceeding the carrying amount of the loan receivable, and proposed amendment of the loan agreement with revised repayment schedule (expected to be formalized in the near future) not to have any impact on the carrying amount of the loan. As per the Company's accounting policies, the management has considered the possible impact of the current conflict on delaying the future payments, and accordingly, disclosed the loan balance in view of these considerations. Based on this assessment, management concluded that no further reduction in the value of the loan is required as at 31 December 2025 (2024: no further reduction).

Moreover, management has taken into account all indicators, future events and developments and assessed their impact on the associate's operations, cash flows, and financial condition. Management believes that these events had not changed the existence and valuation of the securities covering the loan amount as the factory is still operating and located far from the armed conflict area.

15 INVENTORIES

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Raw materials	9,777	13,268
Work in progress	26,131	29,148
Finished goods	1,981	2,051
Consumable and spare parts	31,144	30,454
Provision for slow-moving inventories	(1,445)	(1,445)
	<u>67,588</u>	<u>73,476</u>

There was no movement in the provision for slow-moving inventories during the current and previous years.

16 TRADE AND OTHER RECEIVABLES

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Trade receivables		
Receivable from third party customers	115,196	106,391
Less: allowance for expected credit losses	(14,037)	(12,379)
	<u>101,159</u>	<u>94,012</u>
Other related parties (Note 14.2)	6,294	5,628
	<u>107,453</u>	<u>99,640</u>
Trade receivables, net	107,453	99,640
Other receivables	10,235	6,160
	<u>117,688</u>	<u>105,800</u>

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

16 TRADE AND OTHER RECEIVABLES (continued)

Further information about the credit terms and security against trade receivables is disclosed in Note 4.2 while information about credit exposures is disclosed in Note 26.

The movement in the allowance for expected credit losses during the year was follows:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
At 1 January	12,379	12,379
Charge for the year (Note 7)	1,658	-
At 31 December	<u>14,037</u>	<u>12,379</u>

17 CASH AND CASH EQUIVALENTS

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Cash in hand	144	113
Cash at banks – current accounts	6,703	13,323
Cash at banks – fixed deposits*	250,000	100,000
Cash and bank balances	<u>256,847</u>	<u>113,436</u>
Less: fixed deposits*	(250,000)	(100,000)
Cash and cash equivalents	<u>6,847</u>	<u>13,436</u>

* Fixed deposits carry interest at commercial rates and have an initial maturity of 1 year.

18 SHARE CAPITAL AND RESERVES

18.1 Share capital

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
<i>Authorized issued and fully paid up:</i>		
358,800,000 shares of AED 1 each	<u>358,800</u>	<u>358,800</u>
<i>Issued for cash</i>		
92,000,000 shares of AED 1 each	<u>92,000</u>	<u>92,000</u>
<i>Bonus shares issued by capitalizing retained earnings</i>		
266,800,000 shares of AED 1 each	<u>266,800</u>	<u>266,800</u>

At the reporting date, the share capital comprised of ordinary equity shares. All issued shares are fully paid. The holders of the ordinary equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements
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18 SHARE CAPITAL AND RESERVES (continued)

18.2 Statutory reserve

In accordance with Article 60.1 of the Company's Memorandum of Association and UAE Federal Decree-Law No. 32 of 2021 (as amended), a minimum of 10% of the profit of the Company is required to be transferred to a statutory reserve until the reserve equals 50% of the share capital. No transfer was made to the statutory reserve as the reserve has already reached 50% of the share capital. This reserve is not available for distribution except as stipulated by the above-mentioned Law.

18.3 General reserve

In accordance with Article 60.2 of the Company's Memorandum of Association, 10% of the Company's net profit was required to be transferred to a general reserve to be used only for purposes designated by the general assembly and based on a proposal by the Board of Directors. Such transfer has been discontinued by a previous resolution of the general assembly based on a proposal by the Board of Directors.

In the annual general assembly meeting held on 17 March 2025, the shareholders approved the transfer of AED 78,331 thousand from general reserve to retained earnings.

18.4 Fair value reserve of financial assets at FVOCI

Changes in fair value of debt and equity instruments at FVOCI are recognised in other comprehensive income and reported as fair value reserve within equity. Upon derecognition of those debt or equity instruments, any loss or gain previously reported as fair value reserve within equity is included in the income statement for the year for debt instruments and transferred to retained earnings for equity instruments.

18.5 Dividends

In the annual general assembly meeting held on 17 March 2025, a cash dividend of AED 71,760 thousand (AED 0.20 fils per share) was declared and approved by the shareholders of the Company related to the year 2025, which were paid on 10 April 2025.

In the annual general assembly meeting held on 21 April 2025, a cash dividend of AED 53,820 thousand (AED 0.15 fils per share) was declared and approved by the shareholders of the Company related to the year 2024, which were paid on 21 May 2024.

19 EMPLOYEES' END OF SERVICE BENEFITS

The movement in the provision recognized in the statement of financial position is as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
As at 1 January	18,497	18,788
Provided during the year	2,735	1,394
End of service benefits paid	(842)	(1,685)
	<u>20,390</u>	<u>18,497</u>
As at 31 December	<u>20,390</u>	<u>18,497</u>

20 INCOME TAX

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax ("CT") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. Accordingly, the Company became taxable effective 1 January 2024 at the rate of 9% applicable to taxable income exceeding AED 375,000.

National Cement Company (Public Shareholding Co.)
Notes to the financial statements
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20 INCOME TAX (continued)

The major components of income tax expense for the year ended 31 December 2025 are:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
<i>Current income tax:</i>		
Current income tax charge	(4,400)	-
<i>Deferred income tax:</i>		
Relating to origination and reversal of temporary differences	(261)	280
	<u>(4,661)</u>	<u>280</u>
Deferred tax related to items recognised in OCI during in the year:		
	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Net gain on financial instruments designated at fair value through OCI	22,744	36,341
	<u>22,744</u>	<u>36,341</u>
Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate:		
	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Accounting profit before tax	208,422	134,583
Less: profit taxable at 0% rate	(375)	-
	<u>208,047</u>	<u>134,583</u>
Taxable accounting profit before tax	208,047	134,583
At the statutory income tax rate of 9%	18,724	12,112
Deduct: dividend income from local companies	(14,063)	(12,392)
	<u>4,661</u>	<u>(280)</u>
Income tax expense/(credit) reported in profit or loss	4,661	(280)
Deferred tax relates to the following:		
	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Revaluation of financial assets at FVOCI	59,085	36,341
Revaluation of financial assets at FVTPL	(19)	35
Losses available for offsetting against future taxable income	-	(315)
	<u>59,066</u>	<u>36,061</u>
Net deferred tax liability	59,066	36,061

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

21 TRADE AND OTHER PAYABLES

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Trade payables	19,683	25,479
Accrued expenses and other payables	3,589	1,252
Accruals for staff benefits	1,131	5,131
Advances received from customers	3,616	860
	<u>28,019</u>	<u>32,722</u>

22 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Company of AED 203,761 thousand (2024: AED 134,863 thousand) by the weighted average number of shares outstanding during the year of 358,800 thousand shares (2024: 358,800 thousand shares).

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of authorization of these financial statements.

23 CONTINGENCIES AND COMMITMENTS

Investment commitment

At the reporting date, the Company has a commitment to make additional investment in a financial asset at FVTPL (debt instrument) in the amount of AED 24,115,148 (2024: 24,115,148).

Contingent liabilities

At 31 December 2025, the Company had bank guarantees amounting to AED 2,128 thousand (2024: AED 2,164 thousand).

24 FAIR VALUES

Management assessed that the fair values of cash and bank balances, trade receivables, trade payables, and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values of financial assets and liabilities:

- Long-term fixed-rate loan to associate is evaluated by the Company based on parameters such as interest rate, specific country risk factors, creditworthiness of the counter party, and the risk characteristics of the financed asset. Based on this evaluation, allowances are taken into account for the estimated losses of the receivable.
- The fair values of the quoted notes and bonds are based on price quotations at the reporting date.
- There is an active market for the Company's listed equity investments and quoted debt instruments

National Cement Company (Public Shareholding Co.)
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31 December 2025

24 FAIR VALUES (continued)

The following table provides the fair value measurement hierarchy of the Company's assets that are carried at fair value.

<i>31 December 2025</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Quoted equity instruments at FVOCI	2,059,276	-	-	2,059,276
Debt instruments at FVOCI	-	5,512	-	5,512
Debt instruments at FVTPL	-	5,948	-	5,948
Total	2,059,276	11,460	-	2,070,736

<i>31 December 2024</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Quoted equity instruments at FVOCI	1,805,986	-	-	1,805,986
Debt instruments at FVOCI	-	13,386	-	13,386
Debt instruments at FVTPL	-	9,245	-	9,245
Total	1,805,986	22,631	-	1,828,617

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

25 SEGMENT REPORTING (continued)

Additional information required by IFRS 8 *Segment Reporting* is disclosed below:

a) Information about geographical segments

During the year ended 31 December 2025, revenue from customers located in the Company's country of domicile (UAE) is AED 251,612 thousand (2024: AED 175,712 thousand) and revenue from customers outside UAE (foreign customers) is AED 64 thousand (2024: AED 30 thousand).

All property, plant and equipment and intangible assets of the Company are based in United Arab Emirates.

b) Major customers

During the year ended 31 December 2025, there was one customer (2024: one customer) with revenues greater than 20% of the total revenue of the Company (2024: 10%).

26 RISK MANAGEMENT

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables and cash and bank balances that derive directly from its operations. The Company also holds investments in debt and equity instruments and has a loan to an associate.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank deposits and debt and equity investments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2025 and 2024.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates relates as it does not hold any variable interest-bearing financial instruments at the reporting date. The bank fixed deposits and the majority of the investments in debt instruments at FVOCI carry interest at fixed rates.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) as well as investing activities (investment in financial assets and associate).

The Company does not have any significant exposure to foreign currency risk since the majority of the transactions are denominated in AED, Saudi Riyal (SAR) and US Dollar, whereby the AED and SAR are pegged to the US Dollar.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity index and the value of individual stocks. The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The effect on equity (fair value reserve) as a result of a change in the fair value of equity instruments quoted on the different stock exchange markets and held at FVOCI at 31 December 2025 and 2024, due to reasonably possible changes in the prices of these quoted shares held by the Company, with all other variables held constant, is as follows:

National Cement Company (Public Shareholding Co.)
Notes to the financial statements (continued)
31 December 2025

26 RISK MANAGEMENT (continued)

Market risk (continued)

Equity price risk

	2025		2024	
	<i>Decrease in market prices %</i>	<i>Effect on equity (fair value reserve) AED'000</i>	<i>Decrease in market prices %</i>	<i>Effect on equity (fair value reserve) AED'000</i>
Market index				
Dubai Financial Market	5%	(88,993)	5%	(76,682)
Abu Dhabi Securities Exchange	5%	(8,282)	5%	(7,356)
Saudi Stock Exchange (Tadawul)	5%	(5,964)	5%	(6,931)

If the market prices increase by the same percentage, then these would have had similar reverse impacts.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, loan to associate and other financial instruments.

Trade receivables

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables, and obtaining bank and other guarantees. The Company also manages the risk through dealings with large, diversified base of customers. At 31 December 2025, the Company had 13 customers (2024: 10 customers) that owed it more than AED 2 million each and accounted for approximately 90% (2024: 86%) of all the trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., secured, partially secured, and unsecured). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

The Company holds bank guarantees and post-dated cheques as security. These guarantees are considered in the calculation of impairment. At 31 December 2025, 25% (2024: 24%) of the Company's trade receivables are covered by bank guarantees.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	31 December 2025	Days past due				Total AED'000
		<30 days AED'000	31-90 days AED'000	91-120 days AED'000	>120 days AED'000	
Expected credit loss rate	5.0%	0.2%	0.4%	7.1%	66.3%	
Estimated total gross carrying amount at default*	84,069	10,271	5,792	311	14,753	115,196
Expected credit loss*	4,180	25	25	22	9,785	14,037

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Notes to the financial statements (continued)
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26 RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

<i>31 December 2024</i>		<i>Days past due</i>				
<i>Current</i>	<i><30</i>	<i>31-90</i>	<i>91-120</i>	<i>>120</i>	<i>Total</i>	
<i>AED'000</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>AED'000</i>	
<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	
Expected credit loss rate	0.7%	0.8%	2.4%	3.1%	32.9%	
Estimated total gross carrying amount at default*	34,878	11,102	19,063	6,844	34,504	106,391
Expected credit loss*	252	94	464	209	11,360	12,379

Financial instruments, bank balances and other receivables

The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks.

The Company invests mainly in quoted debt securities with relatively low credit risk. The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that have good ratings and, therefore, are considered to be low credit risk investments. The Company did not recognise provision for expected credit losses on its debt instruments at fair value through OCI on account of immateriality. Credit risk on the loan receivable from associate has been disclosed in Note 14.4.

Liquidity risk

The Company limits its liquidity risk by ensuring that adequate internally generated funds and bank facilities are available. The Company's terms of sales require amounts to be paid within 30 to 120 days from the date of sale. Trade payables are normally settled within 30 to 120 days from the date of purchase.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2025

	<i>Less than</i>	<i>6 to 12</i>	<i>1 to 5</i>	<i>>5 years</i>	<i>Total</i>
	<i>6 months</i>	<i>months</i>	<i>years</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Trade and other payables	28,019	-	-	-	28,019

At 31 December 2024

	<i>Less than</i>	<i>6 to 12</i>	<i>1 to 5</i>	<i>>5 years</i>	<i>Total</i>
	<i>6 months</i>	<i>months</i>	<i>years</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Trade and other payables	32,722	-	-	-	32,722

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

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31 December 2025

26 RISK MANAGEMENT (continued)

Capital management (continued)

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024. Capital comprises share capital, reserves and retained earnings and is measured at AED 2,824,816 thousand as at 31 December 2025 (2024: AED 2,463,170 thousand).