

**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)  
DOHA – QATAR**

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

**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

For the year ended December 31, 2025

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**QR 99-8**

**RN: 690/MMS/FY2026**

## **INDEPENDENT AUDITOR’S REPORT**

**To The Shareholders  
Qatar National Cement Company (Q.P.S.C.)  
Doha – State of Qatar**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Qatar National Cement Company (Q.P.S.C.) (the “Company”), which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss, statement of 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 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 Opinion**

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 the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the other ethical requirements that are relevant to audits of the financial statements of public interest entities in the state of Qatar and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were 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 these matters.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Quantities of inventory and costing of finished goods and work in progress</b></p> <p>Inventories are carried in the statement of financial position at QR 481 million. This represents 15% of the total assets at the reporting date.</p> <p>Inventories are measured at the lower of cost and net realisable value. Cost, in the case of finished goods and work in progress, includes the following costs:</p> <ul style="list-style-type: none"> <li>• Raw material costs;</li> <li>• Payroll costs for employees who are directly involved in the manufacturing process; and</li> <li>• An allocation of production overheads based on a normal level of production.</li> </ul> <p>The determination of the quantity of inventory on hand requires the use of different measurement techniques. Certain inventory items are counted or weighed. Other inventory items are held in bulk form with these quantities estimated by quantity surveyors. This process is complex and requires specialised expertise.</p> <p>The determination of the cost of finished goods and work in progress requires management to apply the following significant judgements and make the following significant estimates:</p> <ul style="list-style-type: none"> <li>• the selection of an appropriate costing methodology;</li> <li>• identification of the labour and production overheads to be included in the cost of inventories;</li> <li>• determination of the completion status of work in progress at the reporting date; and</li> <li>• determination of the amount to be used as a normal level of production.</li> </ul> <p>We considered the determination of the quantities and costing of inventory to be a key audit matter as a result of the following:</p> <ul style="list-style-type: none"> <li>• the quantitative significance of the amount to the financial statements;</li> <li>• the level of judgements applied and estimates made by management;</li> <li>• the complex process used to determine the quantity of certain inventory items; and</li> <li>• the level of audit effort required.</li> </ul>	<p>We performed the following procedures, inter alia, in respect of this key audit matter:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process adopted by management to determine the quantities and cost of inventory and identified the key controls in this process;</li> <li>• Assessed the abovementioned controls to determine if they had been appropriately designed and implemented;</li> </ul> <p>We performed the following procedures over the inventory quantities at the reporting date:</p> <ul style="list-style-type: none"> <li>• Attended the inventory count and traced items, on a sample basis, from the Company's inventory count sheets to the physical items and vice versa;</li> <li>• Traced the abovementioned items to the final inventory compilation;</li> <li>• Agreed quantities recorded in the final inventory compilation, on a sample basis, to the count sheets;</li> <li>• Assessed the skills, independence, capabilities and qualifications of the quantity surveyor and read their terms of engagement to determine if the scope of their work was sufficient for audit purposes.</li> <li>• Agreed the quantities determined by the quantity surveyor to those used by management to determine the inventory quantities on hand and reperforming the conversion of these amounts to weight.</li> </ul> <p>We performed the following procedures over the inventory costing at the reporting date:</p> <ul style="list-style-type: none"> <li>• Assessed the costing methodology against the requirements of IFRS Accounting Standards;</li> <li>• Reperformed the calculation of the allocation of labour and overheads to inventory based on a normal level of production on a sample basis;</li> <li>• Compared the actual level of production for the year to the normal level of production to determine the impact on absorption rates;</li> <li>• Agreed the raw material costs included in inventories, on a sample basis, to supplier invoices;</li> <li>• Reperformed the mathematical accuracy of the cost calculations on a sample basis;</li> <li>• Agreed the costs determined for items of finished goods and work in progress, on a sample basis, to the amounts recorded in the final inventory compilation.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Refer to the following notes to the financial statements for further information relating to this matter: <ul style="list-style-type: none"><li>• Note 3 – Basis of preparation and material accounting policy information</li><li>• Note 4 – Critical Judgments and Key Sources of Estimation Uncertainty</li><li>• Note 11 – Inventories</li></ul>	We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS Accounting Standards.

### Emphasis of Matter

We draw attention to note 5(b) of the financial statements, which describes that the concession issued by the Government of Qatar to use the land, on which the quarries, plants and buildings are situated, expired in 2015. Our opinion is not modified in respect of this matter.

### Other Matter

The annual financial statements of the Company for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on January 26, 2025.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, which is expected to be made available to us after the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance 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 IASB and their preparation in compliance with the applicable provisions of Qatar Commercial Companies' Law and the Company's Article of Association, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **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.

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 controls.
- 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 disclosure is 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 (CONTINUED)

### Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies' Law, we report the following:

- We are of the opinion that proper books of account were maintained by the Company, and physical inventory verification has been duly carried out.
- We obtained all the information and explanations which we considered necessary for the purpose of our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Association were committed during the year, which would materially affect the Company's financial position or its financial performance.

**Doha – Qatar**  
**February 9, 2026**

**For Deloitte & Touche**  
**Qatar Branch**



**Midhat Salha**  
**Partner**  
**License No. 257**  
**QFMA Auditor License No. 120156**

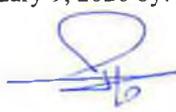
**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2025

	Note	2025 QR	2024 QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment and capital work in progress	5	1,542,053,642	1,515,543,263
Right-of-use assets	6	6,777,584	--
Investment properties	7	1,917,948	2,371,666
Intangible assets	8	3,850,265	6,202,764
Investments in associate	9	31,904,842	31,586,797
Financial assets at fair value through other comprehensive income	10	250,875,635	238,338,380
<b>Total non-current assets</b>		<b>1,837,379,916</b>	<b>1,794,042,870</b>
<b>Current assets</b>			
Inventories	11	481,486,408	626,024,425
Trade and other receivables	12	225,311,347	229,681,548
Fixed deposits	13	439,936,526	494,111,999
Cash and cash equivalents	13	205,730,212	159,338,454
		<b>1,352,464,493</b>	<b>1,509,156,426</b>
Assets classified as held for sale - associate	9	1,150,266	--
Assets classified as held for sale - plant	5(c)	--	719,551
<b>Total current assets</b>		<b>1,353,614,759</b>	<b>1,509,875,977</b>
<b>Total assets</b>		<b>3,190,994,675</b>	<b>3,303,918,847</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	653,528,940	653,528,940
Legal reserve	15	326,764,470	326,764,470
Fair value reserve of financial assets	18	7,820,868	9,515,891
Fair value reserve of associates	19	8,364,260	6,495,490
Retained earnings		1,971,877,139	2,048,034,109
<b>Total Equity</b>		<b>2,968,355,677</b>	<b>3,044,338,900</b>
<b>Non-current liabilities</b>			
Lease liabilities	6	6,260,718	--
Employees' end of service benefits	20	13,785,642	13,694,624
Accounts and other payables - long term	21(b)	1,850,310	43,259,742
<b>Total non-current liabilities</b>		<b>21,896,670</b>	<b>56,954,366</b>
<b>Current liabilities</b>			
Lease liabilities	6	618,108	--
Accounts and other payables - short term	21(b)	200,124,220	202,625,581
<b>Total current liabilities</b>		<b>200,742,328</b>	<b>202,625,581</b>
<b>Total liabilities</b>		<b>222,638,998</b>	<b>259,579,947</b>
<b>Total equity and liabilities</b>		<b>3,190,994,675</b>	<b>3,303,918,847</b>

These financial statements were prepared by the Company and approved by the Board of Directors and signed on their behalf on February 9, 2026 by:

 <b>Khalid Bin Khalifa Al-Thani</b> Chairman	 Signed for Identification Purposes Only	 <b>Khaled Sultan Al-Rabban</b> Managing Director
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This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.



**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

**STATEMENT OF PROFIT OR LOSS**

For the year ended December 31, 2025

	Note	<u>2025</u> QR	<u>2024</u> QR
<b>Continuing operations</b>			
Sales	22	<b>399,112,788</b>	396,975,145
Cost of sales	23	<b>(308,780,740)</b>	(264,133,662)
<b>Gross profit</b>		<b>90,332,048</b>	132,841,483
Other income	24	<b>49,648,748</b>	58,683,855
General and administrative expenses	25	<b>(34,064,323)</b>	(26,612,491)
Selling and distribution expenses	26	<b>(6,709,205)</b>	(5,907,904)
Share of results of investments in associates	9	<b>1,787,440</b>	1,816,230
Finance costs		<b>(524,570)</b>	(268,468)
<b>Profit for the year from continuing operations</b>		<b>100,470,138</b>	160,552,705
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	9	<b>(187,899)</b>	(726,344)
<b>Profit for the year</b>		<b>100,282,239</b>	159,826,361
<b>Earnings per share</b>			
<b>Basic and diluted earnings per share:</b>			
From continuing operations	28	<b>0.15</b>	0.24
From continuing and discontinued operations	28	<b>0.15</b>	0.24



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**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

**STATEMENT OF OTHER COMPREHENSIVE INCOME**

For the year ended December 31, 2025

	Note	<u>2025</u>	<u>2024</u>
		QR	QR
<b>Profit for the year</b>		<b><u>100,282,239</u></b>	<b><u>159,826,361</u></b>
<b>Other comprehensive income:</b>			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Net changes in share of fair value reserve of associates	19	<b>1,868,770</b>	(667,218)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net changes in fair value reserve of financial assets	18	<b>825,638</b>	(5,164,610)
<b>Other comprehensive income/(loss) for the year</b>		<b><u>2,694,408</u></b>	<b><u>(5,831,828)</u></b>
<b>Total comprehensive income for the year</b>		<b><u>102,976,647</u></b>	<b><u>153,994,533</u></b>



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**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended December 31, 2025

	<b>Share Capital</b>	<b>Legal Reserve</b>	<b>Fair Value Reserve of Financial Assets</b>	<b>Fair value Reserve of Associates</b>	<b>Retained Earnings</b>	<b>Total equity</b>
	QR	QR	QR	QR	QR	QR
Balance as at January 1, 2024	653,528,940	326,764,470	13,210,390	7,162,708	2,089,732,200	3,090,398,708
<i>Total comprehensive income for the year:</i>						
Net profit for the year	--	--	--	--	159,826,361	159,826,361
Other comprehensive loss for the year	--	--	(5,164,610)	(667,218)	--	(5,831,828)
Total comprehensive income for the year	--	--	(5,164,610)	(667,218)	159,826,361	153,994,533
Social and sports fund contribution	--	--	--	--	(3,995,659)	(3,995,659)
Transfer to retained earnings for gain recognized on financial assets sold	--	--	1,470,111	--	(1,470,111)	--
Cash dividends paid for 2023	--	--	--	--	(196,058,682)	(196,058,682)
Balance as at December 31, 2024	<b>653,528,940</b>	<b>326,764,470</b>	<b>9,515,891</b>	<b>6,495,490</b>	<b>2,048,034,109</b>	<b>3,044,338,900</b>
<i>Total comprehensive income for the year:</i>						
Net profit for the year	--	--	--	--	100,282,239	100,282,239
Other comprehensive income for the year	--	--	825,638	1,868,770	--	2,694,408
Total comprehensive income for the year	--	--	825,638	1,868,770	100,282,239	102,976,647
Social and sports fund contribution	--	--	--	--	(2,507,056)	(2,507,056)
Transfer to retained earnings for gain recognized on financial assets sold	--	--	(2,520,661)	--	2,520,661	--
Cash dividends paid for 2024	--	--	--	--	(176,452,814)	(176,452,814)
Balance as at December 31, 2025	<b>653,528,940</b>	<b>326,764,470</b>	<b>7,820,868</b>	<b>8,364,260</b>	<b>1,971,877,139</b>	<b>2,968,355,677</b>

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DELOITTE & TOUCHE  
Doha-Qatar

09 FEB 2026

Signed for Identification  
Purposes Only

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	Notes	2025 QR	2024 QR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year from continued operations		100,470,138	160,552,705
Loss for the year from discontinued operations		(187,899)	(726,344)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	5	30,303,678	46,528,608
Depreciation of investment properties	7	453,718	453,717
Amortisation of intangible assets	8	3,077,929	1,947,307
Amortisation of right-of-use assets	6	334,266	--
Provision for employees' end of service benefits	20	1,165,670	4,144,690
Provision for expected credit losses	12	11,261,772	472,525
Provision for obsolete and slow-moving inventories	11	350,000	--
Share of results from associates		(1,599,541)	(1,089,886)
Finance costs		524,570	268,468
Gain on disposal of property, plant and equipment		(145,000)	(5,328,419)
Gain on disposal from asset held for sale		(1,749,774)	--
Dividend income	24	(11,892,894)	(12,512,118)
Interest income	24	(25,402,616)	(29,723,410)
Rental income		(6,807,136)	(7,425,924)
<b>Cash flow generated from operating activities before changes in working capital</b>		<b>100,156,881</b>	<b>157,561,919</b>
<b>Changes in working capital</b>			
Inventories		144,188,017	(14,990,324)
Trade and other receivables		2,302,452	63,733,506
Accounts and other payables		(37,117,604)	(62,973,321)
<b>Cash generated from operations</b>		<b>209,529,746</b>	<b>143,331,780</b>
Payments of employee's end of service benefits	20	(1,074,652)	(1,627,753)
Payment of social and sports fund contribution		(3,995,659)	(5,127,508)
Payment of finance cost		(219,013)	(268,468)
<b>Net cash generated from operating activities</b>		<b>204,240,422</b>	<b>136,308,051</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment and capital work in progress	5	(56,814,057)	(11,797,120)
Additions to intangible assets	8	(725,430)	(1,097,116)
Movement in fixed deposits		54,175,473	(228,367,947)
Additions to financial assets at fair value through other comprehensive income	10	(54,473,796)	(51,677,457)
Proceeds from disposal of property, plant and equipment		145,000	--
Proceeds from disposal of non-current asset held for sale		--	7,530,000
Proceeds from disposals of financial assets at fair value through other comprehensive income	10	42,762,179	38,085,179
Capital reduction in investment in associate		--	14,448,890
Dividend income received against investment in financial assets at fair value through other comprehensive income	24	11,892,894	12,512,118
Dividend income received against investment in associate	9	2,000,000	2,486,342
Interest income received		16,208,591	27,413,625
Rental income received		6,807,136	7,425,924
<b>Net cash generated from/(used in) investing activities</b>		<b>21,977,990</b>	<b>(183,037,562)</b>

DELOITTE & TOUCHE  
Doha-Qatar

09 FEB 2026

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Signed for Identification  
Purposes Only

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	Notes	2025 QR	2024 QR
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of principal related to lease liability	6	(538,580)	--
Dividends paid		(179,288,074)	(196,785,338)
<b>Net cash used in financing activities</b>		<b>(179,826,654)</b>	<b>(196,785,338)</b>
<b>Net change in cash equivalents</b>		<b>46,391,758</b>	<b>(243,514,849)</b>
Cash and cash equivalents at January 1		159,338,454	402,853,303
<b>Cash and cash equivalents at December 31</b>	13	<b>205,730,212</b>	<b>159,338,454</b>

### Non-cash transactions for the year:

- During the year, non-current assets held for sale were disposed of against advances from customers in the amount of QR 2.47 million
- During 2024, property, plant and equipment reclassified to non-current assets held for sale in the amount of QR 0.72 million



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# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 1. GENERAL INFORMATION

Qatar National Cement Company (Q.P.S.C.) (the “Company”) was incorporated in the State of Qatar as a Qatari Shareholding Company, under the Emiri Decree No. 7 of 1965 with Commercial Registration No. of 25. The Company’s head office is located in Doha, State of Qatar. The Company is a listed entity on the Qatar Stock Exchange.

The Company is primarily engaged in the production and sale of cement and washed sand and other related products at its plants located in Umm Bab and Al Rakiya in the State of Qatar.

The sand plant is registered as a branch which is an integral part of these financial statements.

### 2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS Accounting Standards recently issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations effective as of January 1, 2025:

#### 2.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied the following amendment to IFRS Accounting Standards issued by the IASB, which is mandatorily effective for an accounting period that begins on or after January 1, 2025. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 21 - Lack of Exchangeability (January 1, 2025)

#### 2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted

The Company has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

- Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments (January 1, 2026)
- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity
- Annual Improvements to IFRS Accounting Standards -Volume 11- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows
- IFRS 18 Presentation and Disclosures in Financial Statement (January 1, 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (January 1, 2027)

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company’s financial statements as and when they are applicable. The Company is currently evaluating the impact of these new standards and amendments to existing standards.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION

#### **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and the applicable provisions of Qatar Commercial Companies' Law and the Company's article of association.

#### **Basis of preparation**

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period.

These financial statements are presented in Qatari Riyals, which is the Company's functional currency.

Details of the Company's material accounting policies which have been applied in the preparation of the financial statements are set out below:

#### **Investments in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### Investments in associates (continued)

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Company retains an interest in the former associate and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

When the Company reduces its ownership interest in an associate but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment as per IAS 16. The capitalised spares are considered necessary by management to ensure the continuity of the production process and are depreciated from the date they become available for use.

The Company has applied the unit of production method for depreciating the following assets:

Buildings attached to plants

Plant and equipment attached to plants including capital spare parts

For the remaining assets, the Company has applied the straight-line method. Depreciation is recognised to write-off the cost of assets less their residual values over their useful lives as follows:

Description	Useful lives
Buildings	5 - 20 years
Tools & equipment	3 - 20 years
Motor vehicles	5 - 10 years
Furniture and fixtures	3 - 20 years

The asset's residual values, useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each reporting date. The effect of any changes to estimates are accounted for on a prospective basis.

**3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**Property, plant and equipment (continued)**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

*Capital work in progress*

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

**Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured at cost, including transaction costs, net of accumulated depreciation and impairment.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. Investment properties, other than land are depreciated on a straight line basis over the estimated useful lives of 20 – 30 years. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognised.

**Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less impairment losses, if any.

Intangible assets represent the cost of software development. The software development cost is amortised on straight-line basis over the estimated useful life of three years. The amortisation expense is recognized in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

**3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**Impairment of tangible and intangible assets**

At each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Inventories**

Inventories are stated at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated as follows:

- Raw materials, minor spare parts and consumables: purchases cost on weighted average cost basis
- Work in progress and finished goods: cost of direct materials, direct labour, and other direct cost plus attributable overheads based on normal level of activity.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. In the case of manufactured inventories and work in progress, cost includes raw materials, payroll costs and an appropriate allocation of production overheads based on normal operating capacity.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### 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 the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### *Employees' end of service benefits*

The Company provides end of service benefits to its employees that meets or exceeds the provisions of the Qatar Labour Law and any amendments thereof. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

#### *End of service benefit for Qatari employees*

The Company makes contributions to the General Retirement and Social Insurance Authority in respect to its national employees which is calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

#### *Employees' leave salary*

Provisions for leave salary are determined as per the Management's policy applicable for each level of employees

#### Fair value measurement

For measurement and disclosure purposes, the Company determines the fair value of an asset or liability at initial measurement or at each reporting 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, regardless of whether that price is directly observable or estimated using another valuation technique. 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 to 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.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### **Fair value measurement (continued)**

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

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

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

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

#### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification of financial assets*

#### *Debt instruments designated at amortised cost*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### Financial instruments (continued)

#### Financial assets (continued)

##### *Classification of financial assets (continued)*

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

##### *Amortised cost and effective interest rate method*

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

##### *Equity instruments designated as at FVTOCI*

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### Financial instruments (continued)

#### Financial assets (continued)

##### *Equity instruments designated as at FVTOCI (continued)*

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Company designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

A financial asset is held for trading if either:

- It has been acquired principally for the purpose of selling it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

##### *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in statement of profit or loss.

##### *Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at FVTOCI, trade receivables, contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### Financial instruments (continued)

#### Financial assets (continued)

##### *Impairment of financial assets (continued)*

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

##### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default;
- (2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### Financial instruments (continued)

#### Financial assets (continued)

#### *Impairment of financial assets (continued)*

#### (ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

#### (iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

#### (v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### **Financial instruments (continued)**

#### **Financial assets (continued)**

#### *Impairment of financial assets (continued)*

#### (v) Measurement and recognition of expected credit losses (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position

#### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of profit or loss.

#### **Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

#### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### **Financial instruments (continued)**

#### **Financial liabilities (continued)**

##### *Financial liabilities measured subsequently at amortised cost (continued)*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit or loss.

#### **Revenue recognition**

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

##### *Sale of goods*

For sales of goods to the market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer specific location (delivery). A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the point of sale. Payment of the transaction price is due immediately at the point the customer purchases the goods.

##### *Dividend and interest revenue*

Dividend revenue from investments is recognised when the Company's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### *Rental income*

Rental income is recognised in the statement of profit or loss on a straight-line basis over the lease term.

##### *Other income*

Other income is recognized on an accrual basis.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### Leases

##### *The Company as lessee*

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

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

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

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

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

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

The Company did not make any such adjustments during the periods presented.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### **Leases (continued)**

##### *The Company as lessee (continued)*

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

The right-of-use of assets are presented as a separate line in the statement of financial position.

#### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

#### **Foreign exchange difference**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

#### **Basic and diluted earnings per share**

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

#### **Social and sports contribution fund**

The Company makes contributions equivalents to 2.5% of the adjusted net profit for the year into a state social and sports contribution fund for the support of social and sports activities. This is presented in the statement of changes of equity as appropriation of profit in accordance with Law No. 13 of 2008.

#### **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**Events after the reporting date**

The financial statements are adjusted to reflect events that occurred between the reporting date and when the financial statements are authorized for issue, provided they give evidence of conditions that existed at the reporting date.

**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Critical judgments and estimates**

The preparation of the financial statements in compliance with IFRSs requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

*Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

*Significant increase in credit risk*

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### **Critical judgments and estimates (continued)**

##### *Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

##### *Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue a going concern. Therefore, the financial statements are prepared on a going concern basis.

##### *Classification of investments*

Management decides on the acquisition of an investment whether to classify it as fair value through other comprehensive income (FVTOCI), amortised cost, or financial assets at fair value through profit or loss. The Company classifies investments as amortised cost if the management objective is to hold financial assets in order to collect contractual cash flows or the financial asset, if the management objective is to achieve by both collecting contractual cash flows and selling the financial assets its measure the investment as FVTOCI. All other investments are measured at fair value through profit or loss (FVTPL).

The Company invests substantially in quoted securities. The Management has primarily decided to account for them on their potential for long term growth rather than the short term profit basis. Consequently, the entire investments are recognized as fair value through other comprehensive income (FVTOCI) rather than at fair value through profit or loss (FVTPL).

##### *Accounting policy for measurement of investment properties*

Management of the Company is required to choose as its accounting policy either the fair value model or the cost model and shall apply this policy to all of its investment properties, except if it holds an investment property as a lessee under an operating lease, under which it is required to hold these investment properties only at fair value.

The Company has chosen to adopt the cost model for the purposes of measuring its investment properties in the statement of financial position.

##### *Accounting for spare parts*

Spare parts are recognised as property, plant and equipment when they are held for production and are expected to be used during more than one year. The capitalised spares are considered necessary by management to ensure the continuity of the production process and are depreciated from the date they become available for use. All other spares are considered as inventory. The capitalised spares are considered necessary by management to ensure the continuity of the production process and are considered "available for use" when the spare parts are in the store for use in the production.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### Critical judgments and estimates (continued)

##### Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within are discussed below.

##### *Impairment of tangible and intangible assets*

The Company's management evaluate whether there are indicators that suggest tangible and intangible assets have suffered impairment in accordance with accounting policies stated in Note 3. The recoverable amount of an asset is determined based on the fair value less cost of disposal of the specific asset impaired. No impairment indicators were identified during the year.

##### *Estimated useful lives of property, plant and equipment*

The costs of items of property, plant and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives and depreciation methods of each asset and/ or category of assets based on the following factors:

- Expected usage of the assets,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.
- Expected economic benefits.

Management has not made estimates of residual values for any items of property, plant and equipment at the end of their useful lives as these have been deemed to be insignificant.

The Company applies the unit of production method of depreciation for the following assets, reflecting their usage-based consumption:

- Buildings attached to plants;
- Plant and equipment attached to plants, including capital spare parts.

For all other assets, the Company applies the straight-line method of depreciation, which allocates the depreciable amount evenly over the estimated useful life of the asset.

##### *Calculation of loss allowance*

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Company uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**Estimates (continued)**

*Provision for slow moving inventories*

The Company's management determines the estimated amount of slow moving and obsolete inventories. This estimate is based on the aging of items in inventories. The provision is subject to change as a result of technical innovations and the usage of items. The Company's assessment of slow moving and obsolete spare parts is based on consistently applied percentages of each age group of such spare parts. Management regularly reviews the percentages used to reflect historical patterns of any change in circumstances.

*Classification of investment property*

When determining whether property, plant and equipment should be classified as investment property, the Company assesses whether the property is held to earn rentals for capital appreciation or both. The Company follows the guidance of IAS 40 on classifying its investment property. If the property meets the definition, the Company assesses the suitable basis for allocation for the ratio of leased out area in proportion to the total area of the property, either on the basis of floors or square meter area rented out.

*Fair value measurements*

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages qualified external valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in respective notes.

*Discounting of lease payments*

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

*Recognition and measurement of provisions and contingencies*

The Company's plants, quarries and buildings including certain housings are constructed on land licensed from the State of Qatar via an Emiri Decree. The terms of the license / concession have expired in 2015. Management is confident that the terms of the concession will be renewed with the relevant authorities and is working therewith to finalize the arrangements. Further, the Company is in discussion with relevant authorities in respect of the related lease agreements. The Company believes that it has no legal or constructive obligations which impact the financial statements as of December 31, 2025.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### Estimates (continued)

##### *Classification of associates investment as held for sale*

The Company entered into an agreement on April 29, 2025, to sell its shares in Qatar Quarries & Building Materials Co. However, the related terms and conditions required to complete the transaction are still being finalised. Accordingly, the Company has classified its investment in associate as an asset held for sale and presented separately in the statement of financial position. Since the fair value of the asset exceeds the carrying amount no impairment losses have been recognised on classification as held for sale.

The statement of profit or loss and the statement of cash flow for the comparative period of the Company have been represented to disclose the discontinued operations of Qatar Quarries & Building Materials Co. from continuing operations.

##### *Existence of inventory*

Inventories comprise raw materials (mainly limestone, clay and shale and raw sand) and work in progress (mainly clinker which are stored in stockpiles). Since the weighing of these inventories is not practicable, management assesses the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using the angle of repose and the bulk density. In doing so, management appoints external surveyors to estimate the quantities by using certain scientific systematic measurements calculations, after which management applies the density conversion method which is applied for similar stock in the cement industry.

**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

**5. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS**

<b>Cost</b>	<b>Buildings</b>	<b>Plants, equipment and tools</b>	<b>Motor vehicles</b>	<b>Furniture and fixtures</b>	<b>Capital work in progress</b>	<b>Total</b>
	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>
Balance as at January 1, 2024	802,867,778	3,348,105,404	119,269,832	29,687,654	5,628,990	4,305,559,658
Additions during the year	337,882	6,538,108	5,650	586,718	4,328,762	11,797,120
Transfers	--	992,321	--	--	(992,321)	--
Transferred to intangible assets (Note 8)	--	--	--	--	(6,809,363)	(6,809,363)
<b>Balance as at December 31, 2024</b>	<b>803,205,660</b>	<b>3,355,635,833</b>	<b>119,275,482</b>	<b>30,274,372</b>	<b>2,156,068</b>	<b>4,310,547,415</b>
Additions during the year	129,781	18,441,692	1,209,700	403,320	36,629,564	56,814,057
Adjustments	--	(12,456,252)	--	(305,156)	--	(12,761,408)
Disposals	--	--	(435,000)	--	--	(435,000)
<b>As at December 31, 2025</b>	<b>803,335,441</b>	<b>3,361,621,273</b>	<b>120,050,182</b>	<b>30,372,536</b>	<b>38,785,632</b>	<b>4,354,165,064</b>
<b>Accumulated Depreciation and Impairment</b>						
Balance as at January 1, 2024	503,562,205	2,105,491,082	111,362,869	28,059,389	--	2,748,475,545
Depreciation for the year	6,601,408	38,179,672	1,011,203	736,324	--	46,528,607
<b>Balance as at December 31, 2024</b>	<b>510,163,613</b>	<b>2,143,670,754</b>	<b>112,374,072</b>	<b>28,795,713</b>	<b>--</b>	<b>2,795,004,152</b>
Depreciation for the year	5,452,616	23,241,763	1,156,619	452,680	--	30,303,678
Adjustments	1,242,835	(13,693,783)	(5,304)	(305,156)	--	(12,761,408)
Disposals	--	--	(435,000)	--	--	(435,000)
<b>Balance as at December 31, 2025</b>	<b>516,859,064</b>	<b>2,153,218,734</b>	<b>113,090,387</b>	<b>28,943,237</b>	<b>--</b>	<b>2,812,111,422</b>
<b>Net carrying amount</b>						
<b>At December 31, 2025</b>	<b>286,476,377</b>	<b>1,208,402,539</b>	<b>6,959,795</b>	<b>1,429,299</b>	<b>38,785,632</b>	<b>1,542,053,642</b>
At December 31, 2024	293,042,047	1,211,965,079	6,901,410	1,478,659	2,156,068	1,515,543,263

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 5. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS (CONTINUED)

#### a) *Changes in pattern of consumption of expected economic benefits of property plant and equipment*

During the year 2024, the management has decided to cease clinker production as of June 1, 2024 due to a decline in demand for cement and related products and the availability of an adequate supply of clinker. Based on external consultant's outcome and considering numerous factors, reasonable assessments were made by the management to review and revise the consumption of future economic benefits from clinker and cement production units, along with its integral buildings, with effective from January 1, 2024. The Company resumed clinker production with effective from January 1, 2026.

Management has determined that unit of production method will accurately reflect the pattern of expected economic benefits. The management has arrived at per ton rate of depreciation by obtaining the remaining quantities of cement and clinker that can be produced on the current lines from an independent expert.

*Depreciation Charge for the year is as follows;*

	<u>2025</u>	<u>2024</u>
	<b>QR</b>	<b>QR</b>
Straight-line method	26,804,402	27,050,627
Unit of production method	<u>3,499,276</u>	<u>19,477,980</u>
	<b><u>30,303,678</u></b>	<b><u>46,528,607</u></b>

*The depreciation charge for the year is included in the statement of profit or loss as follows:*

	<u>2025</u>	<u>2024</u>
	<b>QR</b>	<b>QR</b>
Cost of sales (Note 23)	28,385,536	44,166,079
Selling and distribution expenses (Note 26)	25,886	34,524
General and administrative expenses (Note 25)	<u>1,892,256</u>	<u>2,328,004</u>
	<b><u>30,303,678</u></b>	<b><u>46,528,607</u></b>

b) The Company's plants, quarries and buildings including certain housings are constructed on land licensed from the State of Qatar via an Emiri Decree. The terms of the license / concession have expired in 2015. Management is confident that the terms of the concession will be renewed with the relevant authorities and is working therewith to finalize the arrangements. Further, the Company is in discussion with relevant authorities in respect of the related lease agreements. The Company believes that it has no legal or constructive obligations which impact the financial statements as of December 31, 2025.

#### c) *Assets held for sale*

Effective from June 1, 2016 operations at Cement Plant I were discontinued. In 2023, management entered into a firm contract with a buyer to sell Plant I and its integrated inventories for QR 10 million.

As of December 31, 2025, management has derecognised these assets following the completion of the transaction.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 5. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS (CONTINUED)

- d) Plant, equipment and tools include capital spares with a net book value of QR 125.63 million (2024: QR 121.16 million).
- e) Capital work in progress represents expenses incurred by the Company in respect of construction of Company warehouse and staff accommodations.

### 6. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Company lease office space, warehouse and labour accommodation. The average lease term is 5 - 25 years.

#### 6.1 Right of use assets

Movement of the recognised right of use assets during the year:

	<u>2025</u>	<u>2024</u>
	QR	QR
Balance as at January 1,	--	--
Additions	7,111,850	--
Amortisation for the year	(334,266)	--
<b>Balance as at December 31,</b>	<b>6,777,584</b>	<b>--</b>

The amortisation charge for the year is included in the statement of profit or loss as follows:

	<u>2025</u>	<u>2024</u>
	QR	QR
Cost of sales (Note 23)	236,955	--
General and administrative expenses (Note 25)	97,311	--
	<b>334,266</b>	<b>--</b>

#### 6.2 Lease liabilities

The statement of financial position shows the following amounts relating to lease liabilities:

	<u>2025</u>	<u>2024</u>
	QR	QR
Balance as at January 1,	--	--
Additions	7,111,849	--
Lease payments	(538,580)	--
Finance cost	305,557	--
<b>Balance as at December 31,</b>	<b>6,878,826</b>	<b>--</b>
<b>Classification of:</b>		
Current	618,108	--
Non-current	6,260,718	--
	<b>6,878,826</b>	<b>--</b>

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 7. INVESTMENT PROPERTIES

	<u>2025</u> QR	<u>2024</u> QR
<b>Cost</b>		
Balance as at January 1,	42,556,999	42,556,999
<b>Balance as at December 31,</b>	<u>42,556,999</u>	<u>42,556,999</u>
<b>Accumulated Depreciation</b>		
Balance as at January 1,	40,185,333	39,731,615
Charge for the year (Note 25)	453,718	453,718
<b>Balance as at December 31,</b>	<u>40,639,051</u>	<u>40,185,333</u>
<b>Net carrying amount as at December 31,</b>	<u>1,917,948</u>	<u>2,371,666</u>

a) The statement of profit or loss includes a sum of QR 6.81 million as rental income from investment properties for the year ended December 31, 2025 (2024: QR 6.05 million).

b) Investment properties were appraised by an accredited independent appraiser at a fair value of QR 184.97 million as of December 31, 2023. Management is of the opinion that the fair value of the investment properties as of December 31, 2025 is not materially different from the valuation date. The appraiser is an industry specialist in valuing these types of investment properties. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties on valuation date. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

c) Land on which the above properties located are integral part of the above investment properties.

### 8. INTANGIBLE ASSETS

	<u>2025</u> QR	<u>2024</u> QR
<b>Cost</b>		
Balance as at January 1,	14,045,648	6,139,169
Transferred from work in progress (Note 5)	--	6,809,363
Additions	725,430	1,097,116
<b>Balance as at December 31,</b>	<u>14,771,078</u>	<u>14,045,648</u>
<b>Accumulated Amortisation</b>		
Balance as at January 1,	7,842,884	5,895,577
Amortisation for the year (Note 25)	3,077,929	1,947,307
<b>Balance as at December 31,</b>	<u>10,920,813</u>	<u>7,842,884</u>
<b>Net carrying amount as at December 31,</b>	<u>3,850,265</u>	<u>6,202,764</u>

Intangible assets mainly represent the cost of software development – SAP S4 Hana ERP, which was completed and implemented in 2024 and the total development costs incurred were transferred from capital work in progress and capitalized as intangible assets. The software development cost is amortised on straight line basis over the estimated useful life of three years.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 9. INVESTMENT IN ASSOCIATES

Details of the Company's associates at December 31, are as follows:

Name of the associates	Principal activity	Place of incorporation and operation	Proportion of ownership interest	
			2025 %	2024 %
Qatar Saudi Gypsum Industries Co. (W.L.L.)	Production of gypsum	Qatar	33.325	33.325
Qatar Quarries & Building Materials Co. (P.Q.S.C) *	Production of gabbro aggregate	Qatar	20	20

\* During the year, investment in Qatar Quarries & Building Materials Co. was classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell and ceases to be accounted for under the equity method. The carrying amount at the date of classification as held for sale is the 'frozen' equity method carrying amount, i.e. the amount at which the investment in associate was recognised under the equity method immediately prior to reclassification.

The carrying amount of each equity-accounted investment is as follows:

	2025 QR	2024 QR
Balance as at January 1,	31,586,797	48,113,019
Share of results from associates from continuing operations	1,787,440	1,816,230
Share of results from associates from discontinued operations	(187,899)	(726,344)
Dividend received for the year	(2,000,000)	(2,500,000)
Net share of other comprehensive income/(loss) (Note 19)	1,868,770	(667,218)
Capital reduction	--	(14,448,890)
	<b>33,055,108</b>	<b>31,586,797</b>

	Qatar Saudi Gypsum Industries Co. (W.L.L.)		Qatar Quarries & Building Materials Co. (P.Q.S.C.)	
	2025 QR	2024 QR	2025 QR	2024 QR
Balance as at January 1,	30,248,632	31,401,234	1,338,165	16,711,785
Share of results from associates from continuing operations	1,787,440	1,816,230	--	--
Share of results from associates from discontinued operations	--	--	(187,899)	(726,344)
Dividend received for the year	(2,000,000)	(2,500,000)	--	--
Net share of other comprehensive income/(loss)	1,868,770	(468,832)	--	(198,386)
Capital reduction	--	--	--	(14,448,890)
<b>Balance at December 31,</b>	<b>31,904,842</b>	<b>30,248,632</b>	<b>1,150,266</b>	<b>1,338,165</b>

**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2025

**9. INVESTMENT IN ASSOCIATES (CONTINUED)**

The summarised financial information of the above associates based on their latest available financial statements is as follows:

	<b>Qatar Saudi Gypsum Industries Co. (W.L.L)</b>		<b>Qatar Quarries &amp; Building Materials Co. (P.Q.S.C.)</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
	<b>QR</b>	QR	<b>QR</b>	QR
Total net assets	<b>98,677,244</b>	90,768,588	<b>5,751,331</b>	6,690,826
Share of net assets	<b>31,904,842</b>	30,248,632	<b>1,150,266</b>	1,338,165
Profit/(loss) for the year	<b>5,363,662</b>	5,450,053	<b>(939,496)</b>	(3,631,720)
Share of profit/ (loss) for the year	<b>1,787,440</b>	1,816,230	<b>(187,899)</b>	(726,344)
Other comprehensive income/ (loss)	<b>5,607,712</b>	(1,406,849)	--	(991,930)
Share of other comprehensive income/ (loss)	<b>1,868,770</b>	(468,832)	--	(198,386)

The balance at the end of the year have been presented in the statement of financial position as follows:

	<b>2025</b>	2024
	<b>QR</b>	QR
Investments in associate	<b>31,904,842</b>	31,586,797
Assets classified as held for sale	<b>1,150,266</b>	--
	<b>33,055,108</b>	31,586,797

**10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

Financial assets at fair value through other comprehensive income-equity instruments comprise of investments in shares of listed entities on the Qatar Stock Exchange. The fair value of the quoted equity shares is determined by reference to published price quotations in Qatar Stock Exchange.

	<b>2025</b>	2024
	<b>QR</b>	QR
Balance as at January 1,	<b>238,338,380</b>	229,910,712
Additions during the year	<b>54,473,796</b>	51,677,457
Disposals during the year	<b>(42,762,179)</b>	(38,085,179)
Net changes in fair value for the year (Note 18)	<b>825,638</b>	(5,164,610)
<b>Balance at December 31,</b>	<b>250,875,635</b>	238,338,380

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 11. INVENTORIES

	2025	2024
	QR	QR
Raw materials	35,600,371	65,719,145
Work in progress	309,286,183	411,664,675
Finished goods	51,982,621	55,142,660
Spare parts	97,126,062	103,286,438
Fuel, oil and lubricants	680,587	861,382
Others	2,408,035	3,234,658
	<u>497,083,859</u>	<u>639,908,958</u>
Less: Provision for obsolete and slow-moving items	<u>(16,105,442)</u>	<u>(15,755,442)</u>
	<u>480,978,417</u>	<u>624,153,516</u>
Goods in transit	507,991	1,870,909
	<u>481,486,408</u>	<u>626,024,425</u>

\* The management has decided to stop producing clinker as of June 1, 2024 due to the decline in demand for cement and related products and the availability of an adequate supply of clinker. The Company resumed clinker production with effective from January 1, 2026.

*Movement for provision for obsolete and slow moving inventories:*

	2025	2024
	QR	QR
Balance as at January 1,	15,755,442	25,701,379
Provision for the year (Note 23)	350,000	--
Write-offs during the year	--	(9,945,937)
<b>Balance as at December 31,</b>	<u>16,105,442</u>	<u>15,755,442</u>

### 12. TRADE AND OTHER RECEIVABLES

	2025	2024
	QR	QR
Trade receivables	215,095,277	215,176,971
Provision for expected credit losses	<u>(16,948,648)</u>	<u>(5,686,876)</u>
	198,146,629	209,490,095
Advances to suppliers	2,940,695	8,046,512
Deposits	5,266,116	5,266,116
Accrued interest receivables	15,203,890	6,009,866
Prepayments and other receivables	3,754,017	868,959
	<u>225,311,347</u>	<u>229,681,548</u>

Concentration: A sum of QR 47.5 million is receivable from two major customers which represents 22.09% of total trade receivable as at December 31, 2025 (2024: QR 42.9 million from two major customers, represents 19.94%).

*Movement in provision for expected credit loss:*

	2025	2024
	QR	QR
Balance as at January 1,	5,686,876	5,214,351
Provision for the year (Note 25)	11,261,772	472,525
<b>Balance as at December 31,</b>	<u>16,948,648</u>	<u>5,686,876</u>

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The average credit period on sales of goods is 90 days. No interest is charged on outstanding trade receivables. The company obtains bank guarantees from its customers.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime Expected Credit Losses (ECL) using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, and when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that no further provision is required in excess of the current allowance for doubtful debts.

### 13. CASH AND CASH EQUIVALENTS

	<u>2025</u> QR	<u>2024</u> QR
Cash on hand	46,112	28,017
Call and current accounts	68,564,060	15,889,486
Short term fixed deposits (maturity within 90 days)	137,120,040	143,420,951
<b>Total cash and cash equivalents</b>	<b>205,730,212</b>	<b>159,338,454</b>
Short term fixed deposits (maturity over 90 days) *	439,936,526	494,111,999
<b>Total cash and banks</b>	<b>645,666,738</b>	<b>653,450,453</b>

\* The short-term fixed deposits which are held at local banks for the period more than 90 days are not considered as cash and cash equivalents and subsequently measured as per IFRS 9.

The balances in short term fixed deposits have a profit rate of 3.5% to 4.65% per annum during the year ended December 31, 2025 (2024: 4% to 6.15% per annum).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by Qatar Central Bank. None of the balances with banks at the end of reporting period are past due, and based on the historical default experience and the current credit ratings of the bank, the management of the Company has assessed that there is no significant impairment on these balances.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 14. SHARE CAPITAL

	<u>2025</u> QR	<u>2024</u> QR
<i>Authorised, issued and fully paid up capital</i> 653,529,000 ordinary shares of QR 1 each	<u>653,528,940</u>	<u>653,528,940</u>

### 15. LEGAL RESERVE

As required by Qatar Commercial Companies' Law and the Company's Articles of Association, a minimum of 10% of the net profit for the year should be transferred to legal reserve each year until this reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above-mentioned Law.

### 16. DIVIDEND

The Board of Directors has proposed a cash dividend distribution of QR 0.22 per share for the year ended December 31, 2025 (2024: QR. 0.27 per share).

During the year, cash dividends of QR 0.27 per share amounting to QR 176.45 million relating to 2024 were approved by the shareholders at the Annual General Assembly Meeting held on February 17, 2025 (December 31, 2024: QR 0.3 per share amounting to QR 196.06 million relating to 2023).

### 17. SOCIAL AND SPORTS FUND CONTRIBUTION

In accordance with Law No. 13 of 2008, the Company has made an appropriation of profit of QR 2.5 million (2024: QR 3.99 million) which is equivalent to 2.5% of the adjusted net profit relating to Qatar operations for the year to support the social and sports activities.

The social and sports fund contribution has been treated as distribution from retained earnings of the Company and presented in statement of changes in equity.

### 18. FAIR VALUE RESERVE OF FINANCIAL ASSETS

	<u>2025</u> QR	<u>2024</u> QR
Balance as at January 1,	9,515,891	13,210,390
Net changes in fair value for the year (Note 10)	825,638	(5,164,610)
De-recognition of fair value reserve upon disposal	(2,520,661)	1,470,111
<b>Balance as at December 31,</b>	<u>7,820,868</u>	<u>9,515,891</u>

### 19. FAIR VALUE RESERVES OF ASSOCIATES

	<u>2025</u> QR	<u>2024</u> QR
Balance as at January 1,	6,495,490	7,162,708
Net changes in share of fair value reserves (Note 9)	1,868,770	(667,218)
<b>Balance as at December 31,</b>	<u>8,364,260</u>	<u>6,495,490</u>

**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2025

**20. EMPLOYEES' END OF SERVICE BENEFITS**

	<u>2025</u>	<u>2024</u>
	QR	QR
Balance as at January 1,	13,694,624	11,177,687
Charge for the year	1,165,670	4,144,690
Paid during the year	<u>(1,074,652)</u>	<u>(1,627,753)</u>
<b>Balance as at December 31,</b>	<b><u>13,785,642</u></b>	<b><u>13,694,624</u></b>

\* During the year end December 31, 2024, the company has changed the basis of gratuity calculation from 21 days of service per year to 28 days of service per year for employees with more than five years of service.

**21. ACCOUNTS AND OTHER PAYABLES**

	<u>2025</u>	<u>2024</u>
	QR	QR
Accruals against energy suppliers	58,116,606	86,797,040
Dividends payable	97,086,375	99,921,635
Accounts payable	22,312,297	17,629,662
Advances from customers	6,176,439	8,236,175
Accruals and provisions	4,357,913	9,861,773
Retention payable	4,301,259	600,640
Provision for social and sports fund contribution	2,507,056	3,995,659
Directors' remuneration payable	2,704,000	5,904,000
Amicable legal claims payable*	--	6,897,466
Advance received against non-current assets held for sale	--	2,470,000
Other payables	<u>4,412,585</u>	<u>3,571,273</u>
	<b><u>201,974,530</u></b>	<b><u>245,885,323</u></b>
<b>Classification of:</b>		
Current	200,124,220	202,625,581
Non-current	<u>1,850,310</u>	<u>43,259,742</u>
	<b><u>201,974,530</u></b>	<b><u>245,885,323</u></b>

*Accruals against energy suppliers*

Pursuant to the Gas Sales and Purchase Agreement with Qatar Energy and Power Supply Agreement with Qatar General Electricity & Water Corporation referred as "Energy Suppliers", the company has agreed with the energy suppliers to purchase minimum quantities of the energy for the operation of the Cement Plants.

The below dues are measured and accounted as per the terms of the contractual arrangements with the energy suppliers as follows:

	<u>2025</u>	<u>2024</u>
	QR	QR
Qatar General Electricity & Water Corporation	58,116,606	86,232,600
Qatar Energy	<u>--</u>	<u>564,440</u>
	<b><u>58,116,606</u></b>	<b><u>86,797,040</u></b>

## QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

#### 21. ACCOUNTS AND OTHER PAYABLES (CONTINUED)

*Take or pay charges payable to Qatar General Electricity & Water Corporation (Kahramaa)*

- The company has signed Power Supply Agreements (for plants III, IV&V) for the use of electricity usage and differences between actual and minimum energy utilization as stipulated in the agreements.
- In 2021, amendments were made to secure concessions such as tariff reductions.
- Further in 2021, the company agreed to settle all outstanding take-or-pay charges amounting to QR 172.03 million from 2009 to 2020 in 6 equal annual instalments with effective from January 1, 2022.
- The contractual obligation of the company with Kahramaa are as follows:

	<u>2025</u>	<u>2024</u>
	<u>QR</u>	<u>QR</u>
Take-or-pay claims from supplier	<b>56,691,717</b>	85,055,966
Utilization claims from supplier	<b>1,424,889</b>	1,176,634
	<b><u>58,116,606</u></b>	<u>86,232,600</u>

*Take or pay charges payable to Qatar Energy*

- The company had signed in priors years Energy Supply Agreements for the use of gas and differences between actual and minimum energy utilization as stipulated in the agreement.
- During 2024, the company entered into latest “Gas Sale and Purchase Agreement” which supersedes the previous agreements. There was no contractual obligation as at December 31, 2025 as there was no production during the year. The take or pay charges will resume depends on the production in future years.
- The contractual obligation of the company with Qatar Energy are as follows:

	<u>2025</u>	<u>2024</u>
	<u>QR</u>	<u>QR</u>
Utilization claims from supplier	<u>--</u>	<u>564,440</u>

*\*Amicable Legal Claims - Ministry of Environment and Climate Change*

With reference to the lawsuit filed by the Ministry of Environment and Climate Change of State of Qatar during 2017 against the company for extracting raw materials used in cement industry from outside the designated areas during the period from 2008 to 2011, the company entered into amicable settlement on March 31, 2021 which is subsequently sanctioned at the Court. In accordance with the outcome of the Court Verdict dated May 27, 2021 related to the above case, the Company has agreed to settle a sum of QR 34.49 million in 5 equal annual instalments commencing from June 1, 2021.

#### 22. SALES

The Company derives its revenue from contracts with customers in the following major product lines:

	<u>2025</u>	<u>2024</u>
	<u>QR</u>	<u>QR</u>
<b>Revenue – at a point in time</b>		
Revenue from sale of Cement	<b>290,954,214</b>	306,966,844
Revenue from sale of Sand	<b>99,467,906</b>	80,923,081
Revenue from sale of other products	<b>8,690,668</b>	9,085,220
	<b><u>399,112,788</u></b>	<u>396,975,145</u>

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 23. COST OF SALES

	<u>2025</u>	<u>2024</u>
	QR	QR
Raw materials, labor and other related costs	279,808,249	219,967,583
Depreciation of property, plant and equipment (Note 5)	28,385,536	44,166,079
Provision for obsolete and slow-moving inventories (Note 11)	350,000	
Amortisation of right of use assets (Note 6)	236,955	--
	<u>308,780,740</u>	<u>264,133,662</u>

### 24. OTHER INCOME

	<u>2025</u>	<u>2024</u>
	QR	QR
Dividend income	11,892,894	12,512,118
Interest income	25,402,616	29,723,410
Rental income - investment properties	5,969,604	6,051,204
Rental income - others	837,532	1,374,720
Transportation income	1,895,718	2,534,782
Gain on disposal	1,894,774	5,328,419
Insurance claims	1,000,000	--
Income from scrap sales	115,000	655,050
Others	640,610	504,152
	<u>49,648,748</u>	<u>58,683,855</u>

### 25. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2025</u>	<u>2024</u>
	QR	QR
Salaries and benefits	10,262,572	9,796,456
Directors' remuneration*	3,400,000	6,600,000
Consultancy expenses	473,111	361,000
Depreciation of property, plant and equipment (Note 5)	1,892,256	2,328,004
Amortisation of right of use assets (Note 6)	97,311	--
Depreciation of investment property (Note 7)	453,718	453,718
Amortisation of intangible assets (Note 8)	3,077,929	1,947,307
Provision for expected credit losses (Note 12)	11,261,772	472,525
Legal claims	--	109,000
Others	3,145,654	4,544,481
	<u>34,064,323</u>	<u>26,612,491</u>

\* The provision for proposed directors' remuneration are accrued based on the decision from the management, which is subject to the approval by the shareholders at the annual general meeting. Of this amount, QR. 0.69 million has been paid to the managing director.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 25. SELLING AND DISTRIBUTION EXPENSES

	<u>2025</u>	<u>2024</u>
	<u>QR</u>	<u>QR</u>
Rebates on sale of cement	<b>895,488</b>	517,457
Salaries and benefits	<b>1,960,354</b>	1,886,773
Advertisement Expenses	<b>349,051</b>	125,010
Depreciation of property, plant and equipment (Note 5)	<b>25,886</b>	34,524
Others	<b>3,478,426</b>	3,344,140
	<b><u>6,709,205</u></b>	<b><u>5,907,904</u></b>

### 26. RELATED PARTY TRANSACTIONS

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures, include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

#### *Transactions with Government of Qatar and its agencies*

The various Government based entities together hold about 45% of the Company's share capital. In the normal course of business, the Company supplies its commodities to various Government and semi Government agencies and companies in the State of Qatar. The Company also avails of various services from Government and semi Government agencies and companies in the State of Qatar, in particular from Qatar Energy for natural gas and Kahramaa for power supply.

The rental income includes a sum of QR 5 million for the year ended December 31, 2025 (2024: QR 5 million) from the Government of Qatar.

#### *Transactions with key management personnel*

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company.

During the year ended December 31, 2025, the Company accrued QR. 3.4 million (2024: 6.6 million) as remuneration to the members of the Board of Directors. Of this amount, QR. 0.69 million has been paid to the managing director. In addition, the Company has incurred salaries, retirement and other benefits (paid and provided) to key members of management amounted to QR 4.03 million (2024: QR 4.2 million).

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 27. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year.

	<u>2025</u>	<u>2024</u>
	<u>QR</u>	<u>QR</u>
Profit/(loss) attributable to equity holders of the Company for basic and diluted earnings		
- Continuing operations	<b>100,470,138</b>	160,552,705
- Discontinued operations	<b>(187,899)</b>	(726,344)
	<u><b>100,282,239</b></u>	<u>159,826,361</u>
Weighted average number of shares outstanding during the year	<u><b>653,528,940</b></u>	<u>653,528,940</u>
Basic and diluted earnings per share (QR per share)		
- From continuing operations	<u><b>0.15</b></u>	<u>0.24</u>
- From continuing and discontinued operations	<u><b>0.15</b></u>	<u>0.24</u>

### 28. SEGMENT REPORTING

The company is organized into two major business segments, which comprises the manufacturing and sale of cement and sand and other by-products. In addition to sale of cement and sand, the company's other activities are classified as "Others" for segmentation purposes. Geographically, the company's entire business operations are concentrated in State of Qatar. The chief operating decision makers evaluate the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. The company has elected to disclose only the results of operating segments in the financial statements as management does not maintain and capture segment-wise information about assets and liabilities as it is not required for decision making purposes.

For the year ended December 31, 2025

	<u>Cement</u>	<u>Sand</u>	<u>Others</u>	<u>Total</u>
	<u>QR</u>	<u>QR</u>	<u>QR</u>	<u>QR</u>
<i>Continued operations</i>				
Sales (at a point in time)	<b>290,954,214</b>	<b>99,467,906</b>	<b>8,690,668</b>	<b>399,112,788</b>
Cost of sales	<b>(228,899,895)</b>	<b>(74,600,929)</b>	<b>(5,279,916)</b>	<b>(308,780,740)</b>
Gross profit	<b>62,054,319</b>	<b>24,866,977</b>	<b>3,410,752</b>	<b>90,332,048</b>
Other income	--	--	<b>49,648,748</b>	<b>49,648,748</b>
General and administrative expenses	<b>(25,260,867)</b>	<b>(8,635,880)</b>	<b>(167,576)</b>	<b>(34,064,323)</b>
Selling and distribution expenses	<b>(4,891,027)</b>	<b>(1,672,085)</b>	<b>(146,093)</b>	<b>(6,709,205)</b>
Share of profit from associates	--	--	<b>1,787,440</b>	<b>1,787,440</b>
Finance costs	--	--	<b>(524,570)</b>	<b>(524,570)</b>
Profit for the year from continuing operations	<u><b>31,902,425</b></u>	<u><b>14,559,012</b></u>	<u><b>54,008,701</b></u>	<u><b>100,470,138</b></u>
<i>Discontinued operations</i>				
Loss for the year from discontinued operations	<u>--</u>	<u>--</u>	<u><b>(187,899)</b></u>	<u><b>(187,899)</b></u>
Profit for the year	<u><b>31,902,425</b></u>	<u><b>14,559,012</b></u>	<u><b>53,820,802</b></u>	<u><b>100,282,239</b></u>

## QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

#### 29. SEGMENT REPORTING (CONTINUED)

For the year ended December 31, 2024

	Cement QR	Sand QR	Others QR	Total QR
<i>Continued operations</i>				
Sales (at a point in time)	306,966,844	80,923,081	9,085,220	396,975,145
Cost of sales	(198,171,924)	(60,692,310)	(5,269,428)	(264,133,662)
Gross profit	108,794,920	20,230,771	3,815,792	132,841,483
Other income	--	--	58,683,855	58,683,855
General and administrative expenses	(20,790,371)	(5,475,261)	(615,327)	(26,880,959)
Selling and distribution expenses	(4,568,373)	(1,204,322)	(135,209)	(5,907,904)
Share of profit from associates	---	--	1,816,230	1,816,230
Profit for the year from continuing operations	83,436,176	13,551,188	63,565,341	160,552,705
<i>Discontinued operations</i>				
Loss for the year from discontinued operations	--	--	(726,344)	(726,344)
Profit for the year	83,436,176	13,551,188	62,838,997	159,826,361

#### 30. COMMITMENTS AND CONTINGENCIES

	2025 QR	2024 QR
Capital commitments	9,779,164	8,494,731
Letters of credit	2,027,348	55,117
Payment guarantees	4,353,000	1,165,000

In addition, the company has entered into a credit facility agreement with a local commercial bank for a maximum facility amount of QR 105 million which includes overdraft, letter of credit and various guarantees.

#### *Litigation*

There were no major reportable legal litigations against or in favor of the company as of reporting date which would require adjustments to the reported balances.

#### 31. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

Regularly, the Company reviews its capital structure and considers the cost of capital and the risks associated with it. It manages its capital to ensure that it will be able to support its operations while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company is not subject to any externally imposed capital requirements. As at the reporting date, the Company has no borrowings.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 32. FINANCIAL INSTRUMENTS

#### *Fair value hierarchy*

As at December 31, the Company held the following financial instruments measured at fair value:

#### *Financial assets at fair value through other comprehensive income*

	<u>Total</u> <u>QR</u>	<u>Level 1</u> <u>QR</u>	<u>Level 2</u> <u>QR</u>	<u>Level 3</u> <u>QR</u>
<b>December 31, 2025</b>	<b>250,875,635</b>	<b>250,875,635</b>	--	--
December 31, 2024	238,338,380	238,338,380	--	--

During the year, there were no transfers between level 1, level 2 and level 3 categories of fair value.

#### *Reconciliation of liabilities arising from financing activities*

The below table details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

	<u>At January</u> <u>1, 2025</u> <u>QR</u>	<u>Financing</u> <u>cash flows</u> <u>QR</u>	<u>Non cash</u> <u>changes</u> <u>QR</u>	<u>At December</u> <u>31, 2025</u> <u>QR</u>
Lease liabilities	--	(538,580)	7,417,406	6,878,826
Dividends	99,921,635	(179,288,074)	176,452,814	97,086,375
	<u>At January</u> <u>1, 2024</u> <u>QR</u>	<u>Financing</u> <u>cash flows</u> <u>QR</u>	<u>Non cash</u> <u>changes</u> <u>QR</u>	<u>At December</u> <u>31, 2024</u> <u>QR</u>
Dividends	100,648,291	(196,785,338)	196,058,682	99,921,635

### 33. FINANCIAL RISK MANAGEMENT

#### *Financial risk management objectives*

The Company's principal financial liabilities comprise accounts and other payables. The main purpose of these financial liabilities is to manage Company's cash flows and partially finance capital work in progress. The Company has various financial assets such as cash and bank balances, accounts and other receivables, and equity instrument investments which arise directly from operations.

The main risk arising from Company's financial instruments are liquidity risk, credit risk and market risk. The Management reviews and agrees policies for managing each of these risks, which are summarized below:

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate reserves, banking facilities, and by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

# QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

### 33. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *Liquidity risk (continued)*

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation,

The following are the contractual maturities of financial liabilities:

December 31, 2025	<u>Less than 1 year</u> QR	<u>Between 1 and 2 years</u> QR	<u>Between 2 and 5 years</u> QR	<u>Contractual cash flows</u> QR	<u>Carrying amounts</u> QR
Accounts and other payables	193,259,251	1,850,310	--	195,109,561	195,109,561
<b>Total</b>	<b>193,259,251</b>	<b>1,850,310</b>	<b>--</b>	<b>195,109,561</b>	<b>195,109,561</b>
December 31, 2024	<u>Less than 1 year</u> QR	<u>Between 1 and 2 years</u> QR	<u>Between 2 and 5 years</u> QR	<u>Contractual cash flows</u> QR	<u>Carrying amounts</u> QR
Accounts and other payables	188,768,149	43,259,742	--	232,027,891	232,027,891
<b>Total</b>	<b>188,768,149</b>	<b>43,259,742</b>	<b>--</b>	<b>232,027,891</b>	<b>232,027,891</b>

#### *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the creditworthiness of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The Company holds performance bonds and bank guarantees to mitigate its credit risk association with its financial assets. Further, the Group limits its exposure on export customers by taking out letters of credit.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	When there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	When there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that there is a severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2025

**33. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Credit risk (continued)*

The tables below detail the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk:

<b>December 31, 2025</b>	<b>Note</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying QR</b>	<b>Loss allowance QR</b>	<b>Net carrying Amount QR</b>
Bank balances	13	12-month ECL	<b>645,620,626</b>	--	<b>645,620,626</b>
Trade receivables	12	Lifetime ECL	<b>215,095,277</b>	<b>(16,948,648)</b>	<b>198,146,629</b>
<b>December 31, 2024</b>	<b>Note</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying QR</b>	<b>Loss allowance QR</b>	<b>Net carrying Amount QR</b>
Bank balances	13	12-month ECL	653,422,436	--	653,422,436
Trade receivables	12	Lifetime ECL	215,176,971	(5,686,876)	209,490,095

For trade receivable, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The loss allowance as at year end was determined as follows for trade receivable:

<b>December 31, 2025</b>	<b>Up to 30 days QR</b>	<b>31 – 90 days QR</b>	<b>91 – 180 days QR</b>	<b>181-365 days QR</b>	<b>Over 365 days QR</b>	<b>Total QR</b>
<i>Expected credit loss rate</i>	<b>6%</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>	<b>44%</b>	
Gross carrying amount						
Trade receivable	<b>40,658,059</b>	<b>61,935,788</b>	<b>49,408,839</b>	<b>33,360,910</b>	<b>29,731,681</b>	<b>215,095,277</b>
Less: Loss allowance	<b>(2,321,184)</b>	<b>(939,506)</b>	<b>(468,634)</b>	--	<b>(13,219,324)</b>	<b>(16,948,648)</b>
						<b><u>198,146,629</u></b>
<b>December 31, 2024</b>	<b>Up to 30 days QR</b>	<b>31 – 90 days QR</b>	<b>91 – 180 days QR</b>	<b>181-365 days QR</b>	<b>Over 365 days QR</b>	<b>Total QR</b>
<i>Expected credit loss rate</i>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>13%</b>	
Gross carrying amount						
Trade receivable	45,788,965	46,186,469	45,734,899	35,013,893	42,452,745	215,176,971
Less: Loss allowance	--	--	--	--	(5,686,876)	(5,686,876)
						<b><u>209,490,095</u></b>

## **QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2025

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#### **33. FINANCIAL RISK MANAGEMENT (CONTINUED)**

##### *Credit risk (continued)*

The Company always measures the loss allowance for trade receivable at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

##### *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to any fixed or floating interest rate risk as there are no borrowings at the reporting date.

##### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency exposure due to its minimal exposure to currency risk as most of its financial liabilities are denominated in US Dollars as the exchange rate for this currency is pegged to Qatari Riyal.

##### *Equity price risk*

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

If equity prices had been 10% higher/lower, profit for the year ended December 31, 2025 would have been unaffected as the equity investments are classified as FVTOCI and other comprehensive income for the year ended December 31, 2025 would increase/decrease by QR 25.1 million (2024: QR 23.8 million).

#### **34. COMPARATIVE FIGURES**

Certain comparative figures presented for the prior year have been reclassified where necessary to preserve consistency with the current year figures. However, such reclassifications did not have any effect on the net profit or equity of the comparative year.