

## CHAIRMAN'S STATEMENT



### The performance delivered during the period

reflects the benefits of disciplined execution, strategic geographic positioning, and continued investment in developing operational capabilities. Despite sector-wide challenges associated with rising costs, Riyadh Cement maintained a strong pace of revenue generation, stable profitability, and a solid liquidity position. This enabled the Company to continue investing in its assets, its people, and its future growth opportunities, while also sustaining attractive returns to shareholders and supporting the Kingdom's transformation journey.

Riyadh Cement's strategic location at the heart of the Kingdom's most active construction area represents a core competitive advantage. Proximity to mega-projects in Riyadh contributes to lower transportation costs, stronger delivery reliability, and higher asset utilization. These factors have become increasingly important in a market characterized by elevated clinker inventory levels and ongoing competitive pricing pressure. When combined with a diversified product portfolio that includes grey and white cement, this advantage enhances the Company's ability to adapt to demand dynamics and customer requirements.

The Company maintains a clear and consistent strategic focus through progress across five core pillars: profitable growth, operational excellence, digital transformation, sustainability, and human capital. During the period, the Company strengthened its presence across a range of the Kingdom's leading development projects, reinforcing its position as a reliable supplier for priority projects aligned with Saudi Vision 2030. This has also deepened relationships with key customers, partners, and relevant government entities.

Sustainability is an integral part of the Company's long-term strategy. Riyadh Cement continues to implement a clear decarbonization roadmap aligned with national priorities, with the objective of achieving carbon neutrality by 2050. Current investments include high-efficiency clinker production, waste heat recovery systems, and circular economy practices, all of which contribute to improving the cost structure and reducing environmental impact. Afforestation initiatives and broader environmental programs further reflect the Company's commitment to delivering a lasting positive impact in the communities where it operates. The Company is scheduled to issue its first Environmental, Social and Governance (ESG) report for 2025, aimed at enhancing transparency and accountability.

Riyadh Cement's financial strength continues to support its differentiated position. The Company benefits from a strong financial position, high liquidity levels, and low leverage as a result of its primarily self-financed approach. This strengthens financial flexibility, enables effective navigation of market cycles, and supports the sustainability of the business and future growth with confidence and stability.

The Board of Directors continues to oversee the Company's strategy, sustainability agenda, and advanced digital foundation. Riyadh Cement is well positioned to continue creating value for its shareholders and to play an active role in supporting the Kingdom's economic and social development.

**Mr. Salah bin Rashed Al Rashed**

Chairman of the Board

# CHIEF EXECUTIVE OFFICER'S MESSAGE



## 01 Operational performance, reliability, and cost discipline

The year 2025 was characterized by a focus on stable production, on-time delivery, controlling unit costs, and maintaining plant reliability, within a competitive market environment in the Central Region. Despite price volatility and persistently high clinker inventory levels across the sector, our focus remained on operating assets safely and efficiently, serving priority projects without interruption, and translating operational performance into stable cash flows. Operational discipline remains central to the Company's approach. Multi-year reliability, maintenance, and efficiency programs have supported sustainable production growth and cost control, while digital transformation initiatives continue to drive a step-change in how our plants are operated. The Company is implementing smart manufacturing systems,

including real-time monitoring, quality prediction tools, and digital twin solutions. These capabilities enhance productivity, operational consistency, and decision-making across the supply chain. Proximity to the Central Region's largest construction activities supports shorter delivery lead times; however, execution success depends on disciplined planning, coordinated fleet and dispatch operations, and strict controls for order management from receipt through to delivery. The Company also strengthened technical support capabilities to help customers optimize mix designs, address placement-condition challenges, and meet performance requirements, particularly in specialized white cement applications, where consistency and finish quality are critical.

## 02 Cost management and energy efficiency

Competitiveness in the cement sector depends on operational efficiency and energy performance. During 2025, we intensified the management of electricity and thermal consumption indicators per ton, maintenance costs, and operating consumables usage rates, supported by more precise operational control and continuous process improvement.

We also continued to advance waste heat recovery initiatives and to reduce energy intensity as part of our long-term strategy to improve the cost curve. In parallel, we expanded predictive maintenance programs to reduce stoppages, supporting both cost control and production stability.

## 03 Digital operations and data-driven control

Our digital agenda in 2025 was focused on delivering tangible operational outcomes, foremost among them: clearer visibility, faster decision-making, and reduced performance variability. Accordingly, we progressed in implementing smart manufacturing initiatives, including real-time monitoring, quality prediction tools, and digital twin applications, to strengthen process

control and enable early detection of deviations throughout the production cycle. We do not pursue digitalization as an end in itself, but as a means to achieve measurable improvements in runtime, quality consistency, and resource efficiency. As these systems mature, they have become embedded in daily operating routines, maintenance planning, and quality assurance across the Company's facilities.

## 04 Building execution capability

Execution effectiveness begins with a safe working environment and a skilled workforce. Over the past period, we maintained a "safety first" culture, supported by clear procedures, effective contractor controls, and a rigorous

permit-to-work system. We also continued to invest in training and capability development, while supporting national talent development through structured learning pathways that strengthen workforce sustainability over the long term.

## 04 Financial outcomes through operational discipline

In a market where margins can be affected by cost movements, financial resilience depends on operational discipline. By focusing on reliability, unit-cost control, working capital management, and strict investment

prioritization, we preserved the strength of our financial position. This enabled us to fund critical projects, maintain maintenance standards, and continue dividend distributions to shareholders.

Eng. Shoeil Jarallah Al Ayed

CEO