

Arabian Cement Company S.A.E.

Condensed separate interim financial statements

Together with limited review report

For the nine months ended September 30, 2021

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Arabian Cement Company (Condensed separate interim financial statements)

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Limited Review Report
For the Condensed Separate Interim Financial Statements

To: The Board of directors of Arabian Cement Company
An Egyptian Joint Stock Company

Introduction

We have conducted our limited review for the accompanying condensed separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of September 30, 2021 and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements (2410) – Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements are not prepared, in all material respects, in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting.

Cairo, November 11, 2021

Kamel Magdy Saleh FCA, FESAA

RAA 8510

EFSA 69



Arabian Cement Company S.A.E.
 Separate statement of financial position
 At September 30, 2021

| EGP | Notes | September 30, 2021 | December 31, 2020 |
|--------------------------------------|-------|----------------------|----------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, Plant, and equipment (Net) | 10 | 2 025 886 298 | 2 175 578 977 |
| Assets under construction | 11 | 6 563 562 | 6 563 562 |
| Intangible assets (Net) | 12 | 226 521 531 | 254 049 586 |
| Investments in subsidiaries | 13 | 47 476 057 | 47 476 057 |
| Investments in a joint venture | 14 | 125 000 | 125 000 |
| TOTAL NON-CURRENT ASSETS | | 2 306 572 448 | 2 483 793 182 |
| CURRENT ASSETS | | | |
| Inventories | 15 | 284 728 370 | 169 977 656 |
| Debtors and other debit balances | 16 | 139 351 599 | 124 613 704 |
| Due from related parties | 25 | 88 349 196 | 22 953 016 |
| Cash and bank balances | 17 | 94 507 599 | 51 720 149 |
| TOTAL CURRENT ASSETS | | 606 936 764 | 369 264 525 |
| TOTAL ASSETS | | 2 913 509 212 | 2 853 057 707 |

- Limited review report is attached

Arabian Cement Company S.A.E.
 Separate statement of financial position
 At September 30, 2021

| EGP | Notes | September 30, 2021 | December 31, 2020 |
|--|-------|----------------------|----------------------|
| EQUITY | | | |
| CAPITAL AND RESERVES | | | |
| Issued and paid-up capital | 18 | 757 479 400 | 757 479 400 |
| Legal reserve | 19 | 257 740 154 | 257 740 154 |
| Retained earnings | | 6 093 759 | 37 734 467 |
| TOTAL EQUITY | | 1 021 313 313 | 1 052 954 021 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 21 | 302 619 565 | 387 454 349 |
| Deferred tax liabilities | 8.3 | 308 449 767 | 321 893 851 |
| Notes Payable | 20 | 8 429 599 | 11 021 813 |
| TOTAL NON-CURRENT LIABILITIES | | 619 498 931 | 720 370 013 |
| CURRENT LIABILITIES | | | |
| Trade payables | 20 | 619 603 403 | 445 631 321 |
| Credit facilities | 21 | 332 544 486 | 340 110 399 |
| Current income tax payable | 8.2 | 13 017 435 | -- |
| Current portion of long-term borrowings | 21 | 111 784 781 | 99 165 216 |
| Current portion of long-term other liabilities | 23 | -- | 769 250 |
| Creditors and other credit balances | 24 | 169 038 568 | 173 007 938 |
| Due to related parties | 25 | 8 350 917 | 3 740 835 |
| Provisions | 22 | 18 357 378 | 17 308 714 |
| TOTAL CURRENT LIABILITIES | | 1 272 696 968 | 1 079 733 673 |
| TOTAL LIABILITIES | | 1 892 195 899 | 1 800 103 686 |
| TOTAL EQUITY AND LIABILITIES | | 2 913 509 212 | 2 853 057 707 |

– The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez
 Chief Executive Officer

Salvador Cabañas Lopez
 Chief Financial Officer

Arabian Cement Company S.A.E.
 Separate statement of profit or loss
 For the nine months ended September 30, 2021

| EGP | Notes | Three months ended | | Nine months ended | |
|---|-------|--------------------|---------------------|---------------------|---------------------|
| | | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Sales revenue | 3 | 641 829 881 | 591 627 454 | 1 568 150 642 | 1 871 710 194 |
| Cost of sales | 4 | (599 914 047) | (615 775 541) | (1 490 307 985) | (1 802 264 455) |
| GROSS (LOSS) / PROFIT | | 41 915 834 | (24 148 087) | 77 842 657 | 69 445 739 |
| General and administration expenses | 5 | (27 720 912) | (22 702 290) | (77 118 882) | (72 184 389) |
| Provisions | 22 | (348 664) | (350 000) | (1 048 664) | (1 050 000) |
| Interest income | | 39 614 | 135 512 | 187 048 | 987 020 |
| Other income | | 115 352 | 4 953 606 | 26 739 050 | 5 521 184 |
| Finance costs | 6 | (16 395 231) | (19 098 758) | (52 031 598) | (61 935 620) |
| Foreign currency exchange differences | | (454 863) | 13 104 297 | 471 074 | 11 551 881 |
| Capital gain | | -- | -- | -- | 142 466 |
| (LOSS) FOR THE PERIOD BEFORE TAX | | (2 848 870) | (48 105 720) | (24 959 315) | (47 521 719) |
| Income tax | 8.1 | (599 875) | 13 637 709 | 426 649 | 9 270 773 |
| (LOSS) FOR THE PERIOD AFTER TAX | | (3 448 745) | (34 468 011) | (24 532 666) | (38 250 946) |
| Losses /Earnings per share (Basic and diluted) | | | | | |
| Basic and diluted (EGP / Share) | 9 | (0.01) | (0.10) | (0.08) | (0.12) |

– The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Salvador Cabañas Lopez
 Chief Financial Officer



Arabian Cement Company S.A.E.
 Separate statement of comprehensive income
 For the nine months ended September 30, 2021

| EGP | Three months ended | | Nine months ended | |
|--|--------------------|---------------------|---------------------|---------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| (LOSS) FOR THE PERIOD, NET OF INCOME TAX | (3 448 745) | (34 468 011) | (24 532 666) | (38 250 946) |
| OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX | -- | -- | -- | -- |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | (3 448 745) | (34 468 011) | (24 532 666) | (38 250 946) |

– The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez
 Chief Executive Officer

Salvador Cabañas Lopez
 Chief Financial Officer

Arabian Cement Company S.A.E.
 Separate statement of changes in equity
 For the nine months ended September 30, 2021

| EGP | Issued and Paid-up capital | Legal reserve | Retained earnings | Total |
|---|----------------------------|--------------------|--------------------|----------------------|
| Balance at January 1, 2020 | 757 479 400 | 254 730 209 | 164 024 227 | 1 176 233 836 |
| Transfer to legal reserve | -- | 3 009 945 | (3 009 945) | -- |
| Dividends distributed | -- | -- | (7 066 422) | (7 066 422) |
| Total other comprehensive income, net of income tax | -- | -- | (38 250 946) | (38 250 946) |
| Balance at September 30, 2020 | 757 479 400 | 257 740 154 | 115 696 914 | 1 130 916 468 |
| Balance at January 1, 2021 | 757 479 400 | 257 740 154 | 37 734 467 | 1 052 954 021 |
| Dividends distributed | -- | -- | (7 108 042) | (7 108 042) |
| Total other comprehensive income, net of income tax | -- | -- | (24 532 666) | (24 532 666) |
| Balance at September 30, 2021 | 757 479 400 | 257 740 154 | 6 093 759 | 1 021 313 313 |

– The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez
 Chief Executive Officer

Salvador Cabañas Lopez
 Chief Financial Officer

Arabian Cement Company S.A.E.
Separate statement of cash flows
For the nine months ended September 30, 2021

| EGP | Notes | September 30, 2021 | September 30, 2020 |
|--|-------|--------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Losses) for the period | | (24 959 315) | (47 521 719) |
| Adjusted by: | | | |
| Finance costs recognized in profit or loss | 6 | 52 031 598 | 61 935 620 |
| Interest income | | (187 048) | (987 020) |
| Depreciation of property, plant and equipment | 10 | 152 894 699 | 154 216 230 |
| Capital gain | | -- | (142 466) |
| Amortization of intangible assets | 12 | 27 528 055 | 30 942 420 |
| Amortization of Right-of-use assets | | -- | 13 321 |
| Foreign currency exchange (gain) differences | | (391 304) | (2 956 522) |
| Provision formed | 22 | 1 048 664 | 1 050 000 |
| (Increase) in inventories | | (114 750 714) | (32 996 539) |
| (Increase) in debtors and other debit balances | | (14 737 895) | (31 852 424) |
| (Increase) in trade receivables | | -- | (26 550 426) |
| (Increase) in due from related parties | | (65 396 180) | (4 028 374) |
| (Decrease) / Increase in creditors and other credit balances | | (3 534 726) | 13 427 296 |
| Increase / (Decrease) in trade payables | | 171 379 868 | (205 204 544) |
| Increase/(Decrease) in due to related parties | | 4 610 082 | (5 500 660) |
| Provisions used | | -- | (2 000 000) |
| Cash generated by operations | | 185 535 784 | (98 155 807) |
| Interest paid | | (52 466 242) | (72 345 037) |
| Net cashflows generated by (used in) operating activities | | 133 069 542 | (170 500 844) |

Arabian Cement Company S.A.E.
 Separate cash flow statement
 For the nine months ended September 30, 2021

| EGP | Notes | September 30, 2021 | September 30, 2020 |
|--|-------|---------------------|--------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for property, plant and equipment | 10 | (3 202 020) | (1 418 545) |
| Payments for assets under construction | 11 | -- | (2 785 622) |
| Interest income | | 187 048 | 987 020 |
| Proceeds from sale of fixed asset | | -- | 191 600 |
| Net cashflows (used in) investing activities | | (3 014 972) | (3 025 547) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of loans | | (71 823 915) | (69 854 347) |
| (Payments to) / Proceeds from credit facilities | | (7 565 913) | 276 330 511 |
| Payments of Finance lease | | -- | (8 540) |
| Payment of dividends | | (7 108 042) | (7 066 422) |
| Repayment of other liabilities | | (769 250) | (9 231 000) |
| Net cashflows (used in) generated from financing activities | | (87 267 120) | 190 170 202 |
| Net change in cash and cash equivalents | | 42 787 450 | 16 643 811 |
| Cash and cash equivalents at the beginning of the period | | 51 720 149 | 86 186 000 |
| Cash and cash equivalents at the end of the period | 17 | 94 507 599 | 102 829 811 |

– The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Salvador Cabañas Lopez
 Chief Financial Officer



Arabian Cement Company S.A.E
Condensed separate interim financial statements
Together with limited review Report
For the nine months ended September 30, 2021

1. The Company's general information

The Company was established on March 5, 1997 under Law No. 230 of 1989 and Law No. 95 of 1992 according to the decision of the President of General Authority for Investment and Free Zone (GAFI) No. 167 of 1997.

The Company was registered at the Commercial Register under No. 13105 in Cairo on April 3, 2005, which was changed to No. 53445 on August 16, 2011 as the Company changed its registered office from 72 Gameat El Dowal Street, Mohandiseen, Giza- Egypt to be Villa 56 El Gihaz Street, Fifth Settlement, New Cairo, Egypt. The admin office changed to be on Gamal Abdel Nasser square (west Arabella), Fifth Settlement Arabella Plaza, Office Building (A), 5th floor.

The Company's objective is the manufacturing and sale of clinker, cement and the other related products and Selling and exporting the company's products and producing other building materials and construction supplies and usage of mines and extraction of all mining materials required for the production of construction materials and road transportation for all the company's product. The Company may carry out other projects or amend its purpose according to the Investment Incentives and Guarantees Law.

The Company produces cement with a clinker capacity of 4.2 million tons per annum that can produce 5 million tons per annum of cement.

The main shareholder of the Company is Aridos Jativa – Spanish Company, and it owns 60% of the Company's capital.

The Company's term is 25 years starting from the date of its registration at the commercial register.

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on November 11, 2021.

2. Significant accounting policies

2.1 Statement of compliance

The condensed separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed separate interim financial statements do not include all the information required in the preparation of the full set annual separate financial statements and must be read in conjunction with the annual separate financial statements as of December 31, 2020.

2.2 Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. Sales revenue

The analysis of the Company's revenue for the period is as follows:

| EGP | Three months ended | | Nine months ended | |
|--------------|--------------------|--------------------|----------------------|----------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Local sales | 497 221 148 | 516 677 933 | 1 256 729 262 | 1 635 368 729 |
| Export sales | 78 941 272 | 47 115 623 | 196 787 528 | 143 707 306 |
| Services | 65 667 461 | 27 833 898 | 114 633 852 | 92 634 159 |
| TOTAL | 641 829 881 | 591 627 454 | 1 568 150 642 | 1 871 710 194 |

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4. Cost of sales

The analysis of the Company's cost of sales for the period is as follows:

| EGP | Three months ended | | Nine months ended | |
|---|--------------------|--------------------|----------------------|----------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Raw materials | 459 737 773 | 517 276 929 | 1 142 955 414 | 1 489 913 866 |
| Manufacturing depreciation | 50 928 222 | 50 926 103 | 151 373 109 | 151 776 166 |
| Electricity supply agreement amortization | 8 180 271 | 9 807 364 | 27 528 055 | 30 942 420 |
| Right-of-use assets – amortization | -- | -- | -- | 13 321 |
| Transport costs | 30 371 960 | 16 103 606 | 64 678 993 | 56 486 614 |
| Overhead costs | 50 695 821 | 21 661 539 | 103 772 414 | 73 132 068 |
| TOTAL | 599 914 047 | 615 775 541 | 1 490 307 985 | 1 802 264 455 |

5. General and administration expenses

The analysis of the Company's general and administration expenses for the period is as follows:

| EGP | Three months ended | | Nine months ended | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Professional services | 11 009 305 | 9 889 470 | 32 723 164 | 27 854 190 |
| Salaries and wages | 6 614 543 | 3 421 235 | 20 293 339 | 20 145 348 |
| Security and cleaning services | 380 542 | 260 776 | 1 054 249 | 1 039 818 |
| Rentals | 498 982 | 482 598 | 1 400 606 | 1 441 089 |
| Transportation | 561 690 | 256 817 | 1 100 259 | 833 739 |
| Advertising | 76 930 | 5 675 | 1 002 118 | 921 550 |
| Administrative Depreciation | 403 866 | 807 415 | 1 521 590 | 2 440 064 |
| Other | 8 175 054 | 7 578 304 | 18 023 557 | 17 508 591 |
| TOTAL | 27 720 912 | 22 702 290 | 77 118 882 | 72 184 389 |

6. Finance costs

The analysis of the Company's finance costs for the period is as follows:

| EGP | Three months ended | | Nine months ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Loan interest expense | 8 696 857 | 10 826 531 | 27 016 153 | 36 706 638 |
| Electricity agreement interest expense | -- | 1 718 250 | 572 750 | 6 507 000 |
| Credit facilities interest expense | 7 617 192 | 6 553 977 | 23 306 656 | 18 721 982 |
| Other finance costs | 81 182 | -- | 1 136 039 | -- |
| TOTAL | 16 395 231 | 19 098 758 | 52 031 598 | 61 935 620 |

Arabian Cement Company S.A.E
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7. Compensation of key management personnel *

| EGP | Three months ended | | Nine months ended | |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Board of Directors allowance | 2 037 732 | 1 414 886 | 6 117 090 | 6 053 637 |
| Board of Directors salaries | 2 452 840 | 1 296 176 | 7 363 200 | 7 446 400 |
| TOTAL | 4 490 572 | 2 711 062 | 13 480 290 | 13 500 037 |

* Included in Salaries and wages in the General and administration expenses

8. Income taxes

8.1 Income tax recognised in profit or loss

| EGP | Three months ended | | Nine months ended | |
|--|--------------------|---------------------|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2019 |
| CURRENT TAX | | | | |
| Current tax expense for the current period | 5 855 862 | (8 839 112) | 13 017 435 | 2 951 638 |
| DEFERRED TAX | | | | |
| Net deferred tax recognized in the current period | (5 255 987) | (4 798 597) | (13 444 084) | (12 222 411) |
| TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD | 599 875 | (13 637 709) | (426 649) | (9 270 773) |

8.2 Current tax liabilities

| EGP | September 30, 2021 | December 31, 2020 |
|----------------------------------|--------------------|-------------------|
| Current tax Liability (note 8.1) | 13 017 435 | -- |
| CURRENT TAX LIABILITIES | 13 017 435 | -- |

8.3 Deferred tax liabilities

Deferred tax liabilities arise from the following:

| September 30, 2021 | Opening balance | Recognized in profit or loss | Closing balance |
|-----------------------------------|------------------------|-------------------------------------|------------------------|
| EGP | | | |
| (LIABILITIES) | | | |
| Temporary differences | | | |
| Property, plant & equipment | (321 893 851) | 13 444 084 | (308 449 767) |
| NET DEFERRED TAX LIABILITY | (321 893 851) | 13 444 084 | (308 449 767) |
| December 31, 2020 | Opening balance | Recognized in profit or loss | Closing balance |
| EGP | | | |
| (LIABILITIES) | | | |
| Temporary differences | | | |
| Property, plant & equipment | (337 073 457) | 15 179 606 | (321 893 851) |
| NET DEFERRED TAX LIABILITY | (337 073 457) | 15 179 606 | (321 893 851) |

Arabian Cement Company S.A.E
Condensed separate interim financial statements
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9. Earnings and losses per share

Basic earnings per share is calculated by dividing the earnings from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As the company does not have any dilutive potential, the basic and diluted earnings per share are the same.

The earnings and losses from continuing operations and weighted average number of ordinary shares used in the calculation of basic and diluted earnings and losses per share are as follows:

| EGP | Three months ended | | Nine months ended | |
|--|--------------------|---------------------|---------------------|---------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| LOSSES (for basic and diluted earnings per share) | | | | |
| (losses) for the period | (3 448 745) | (34 468 011) | (24 532 666) | (38 250 946) |
| Employees' share in distributable profits (note 16) | (1 729 084) | (1 799 264) | (5 281 015) | (5 289 475) |
| Distributable to | (5 177 829) | (36 267 275) | (29 813 681) | (43 540 421) |
| NUMBER OF SHARES (for basic and diluted earnings per share) | | | | |
| Weighted average number of ordinary shares for the purposes of EPS | 378 739 700 | 378 739 700 | 378 739 700 | 378 739 700 |
| LOSSES/EARNINGS PER SHARE | (0.01) | (0.10) | (0.08) | (0.12) |

Arabian Cement Company S.A.E
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10. Property, plant and equipment (Net)

| EGP | Freehold land | Buildings | Vehicles | Machinery and Equipment | Furniture and fixtures | Other installations | Computers and software | Total |
|---------------------------------|---------------|-------------|------------|-------------------------|------------------------|---------------------|------------------------|---------------|
| COST | | | | | | | | |
| Balance at January 1, 2020 | 50 243 436 | 633 074 458 | 27 639 939 | 2 849 216 289 | 14 824 642 | 301 857 244 | 20 442 022 | 3 897 298 030 |
| Additions | -- | 65 077 | 248 195 | 567 295 | 35 350 | 314 383 | 188 245 | 1 418 545 |
| Disposals | -- | -- | (245 000) | -- | -- | -- | -- | (245 000) |
| Transfer from PUC | -- | -- | -- | -- | -- | -- | -- | -- |
| Balance at September 30, 2020 | 50 243 436 | 633 139 535 | 27 643 134 | 2 849 783 584 | 14 859 992 | 302 171 627 | 20 630 267 | 3 898 471 575 |
| Balance at January 1, 2021 | 50 243 436 | 633 139 535 | 27 691 784 | 2 849 783 583 | 14 998 065 | 302 171 628 | 20 776 284 | 3 898 804 315 |
| Additions | -- | 401 667 | 222 978 | 1 877 505 | 71 450 | 216 000 | 412 420 | 3 202 020 |
| Balance at September 30, 2021 | 50 243 436 | 633 541 202 | 27 914 762 | 2 851 661 088 | 15 069 515 | 302 387 628 | 21 188 704 | 3 902 006 335 |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| Balance at January 1, 2020 | -- | 235 363 546 | 11 944 907 | 1 125 585 846 | 6 470 639 | 119 831 696 | 18 373 069 | 1 517 569 703 |
| Depreciation expense | -- | 21 366 092 | 2 799 609 | 115 153 864 | 1 255 745 | 12 456 600 | 1 184 320 | 154 216 230 |
| Disposals depreciation | -- | -- | (195 866) | -- | -- | -- | -- | (195 866) |
| Balance at September 30, 2020 | -- | 256 729 638 | 14 548 650 | 1 240 739 710 | 7 726 384 | 132 288 296 | 19 557 389 | 1 671 590 067 |
| Balance at January 1, 2021 | -- | 263 902 811 | 15 476 390 | 1 279 406 452 | 8 143 420 | 136 451 836 | 19 844 429 | 1 723 225 338 |
| Depreciation expense | -- | 21 327 679 | 2 625 837 | 115 055 921 | 1 099 663 | 12 363 672 | 421 927 | 152 894 699 |
| Balance at September 30, 2021 | -- | 285 230 490 | 18 102 227 | 1 394 462 373 | 9 243 083 | 148 815 508 | 20 266 356 | 1 876 120 037 |
| CARRYING AMOUNT | | | | | | | | |
| At September 30, 2021 | 50 243 436 | 348 310 712 | 9 812 535 | 1 457 198 715 | 5 826 432 | 153 572 120 | 922 438 | 2 025 886 298 |
| At September 30, 2020 | 50 243 436 | 376 409 897 | 13 094 484 | 1 609 043 874 | 7 133 608 | 169 883 331 | 1 072 878 | 2 226 881 508 |
| At December 31, 2020 | 50 243 436 | 369 236 724 | 12 215 394 | 1 570 377 131 | 6 854 645 | 165 719 792 | 931 855 | 2 175 578 977 |

- Cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt as a guarantee for loans was granted by the bank to the company's land, all current and future buildings and constructions, and the tangible and intangible elements of the Company's factory, Until the date of the financials, the Company did not finalize the mortgage amendment procedures to be in favour of the Commercial International Bank (CIB) (Security agent)

- According to the loans contracts granted by the Commercial international bank (Security agent), the Company insured for the benefit of the bank an insurance policy against all potential risks on the Company's factory and the production lines, in favour for the bank as it's the (Security agent), and the bank is the first and only beneficiary of this policy.

- The Company has insurance on cars and silos, in the favour of the company.

Arabian Cement Company S.A.E
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11. Assets under construction

| EGP | September 30, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| Balance as of January 1 | 6 563 562 | 3 777 941 |
| Additions | -- | -- |
| Transfer to fixed assets | -- | -- |
| Transfer to supplier advance payment | -- | 2 785 621 |
| TOTAL | 6 563 562 | 6 563 562 |
| Assets under construction are represented in the following categories: | | |
| Machinery and equipment | 3 465 713 | 3 465 713 |
| Other installations | 137 000 | 137 000 |
| Advance to suppliers | 2 960 849 | 2 960 849 |
| TOTAL | 6 563 562 | 6 563 562 |

12. Intangible assets (Net)

| EGP | Operating license | Electricity contract | Total |
|--|----------------------|----------------------|----------------------|
| <u>Cost</u> | | | |
| Cost as of January 1 , 2021 | 563 204 713 | 225 200 000 | 788 404 713 |
| Additions during period | -- | -- | -- |
| Cost as of September 30, 2021 | 563 204 713 | 225 200 000 | 788 404 713 |
| <u>Accumulated amortization</u> | | | |
| Accumulated amortization as of January 1, 2021 | (315 623 852) | (218 731 275) | (534 355 127) |
| Amortization for the period | (21 059 330) | (6 468 725) | (27 528 055) |
| Total accumulated amortization as of September 30, 2021 | (336 683 182) | (225 200 000) | (561 883 182) |
| Net book value September 30,2021 | 226 521 531 | -- | 226 521 531 |
| Net book value December 31,2020 | 247 580 861 | 6 468 725 | 254 049 586 |

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 281.4 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

The above mentioned value will be also applied for the second line and a 25% will be paid as an advance payment and residual amount will be settled over a period of 3 years according to the interest rate determined by Central Bank of Egypt (CBE).

On 22 January 2015, the Industrial Development Authority (IDA) accepted to receive EGP 8 million on a monthly basis until the legal dispute with the company is resolved, which is currently at the court.

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Electricity contract

Intangible assets represent the value of the contract concluded with the Ministry of Electricity on March 11, 2010, where the Ministry of Electricity identifies the needs of heavy industrial projects and arranges their needs, either through the establishment of new stations or already established ones. The cost of investments will be paid by the company according to what has been determined by the Ministry, which amounted to EGP 217.2 million, where payment has been agreed to be paid as follows:

15% advance payment equivalent to EGP 32.58 million.

120 monthly instalments due on the first of every month from April 2010 amounted by EGP 1.220 million per each instalment.

120 monthly instalments due on the first of every month from February 2011 amounted by EGP 1.342 million per each instalment.

In addition to EGP 8 million for the allocation of two cells of the traditional type, to be paid in four quarterly instalments and the last instalment was due on 1 February 2011.

13. Investments in subsidiaries

The Company has control over all the subsidiaries as listed below:

| Company name EGP | Domicile | Share/ paid- in capital | September 30, 2021 | December 31, 2020 | Proportion of ownership interest and voting power held by the Company | Principal activities |
|---|----------|-------------------------------|--------------------|-------------------|---|---|
| Andalus Concrete Company | Egypt | 99.99 % | 30 926 807 | 30 926 807 | 99.99% | Concert products, mainly ready mix |
| Evolve Investment & Projects Management Company | Egypt | 99.99 % | 16 499 750 | 16 499 750 | 99.99% | Alternative fuel and recycling |
| ACC for Management and Trading Company | Egypt | 99.99 % | 49 500 | 49 500 | 99% | Providing managerial services |
| TOTAL | | | 47 476 057 | 47 476 057 | | |

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14. Investments in joint venture

Details of the Company's joint venture at the end of the reporting period are as follows:

| Name of joint venture | Place of incorporation | Proportion of ownership interest and voting power held by the company | EGP | |
|-------------------------------------|------------------------|---|--------------------|-------------------|
| | | | September 30, 2021 | December 31, 2020 |
| Andalus Reliance for Mining Company | Egypt | 50% | 125 000 | 125 000 |
| TOTAL | | | 125 000 | 125 000 |

15. Inventories

| EGP | September 30, 2021 | December 31, 2020 |
|-------------------|--------------------|--------------------|
| Raw materials | 41 669 963 | 99 093 696 |
| Packing materials | 10 869 330 | 12 224 129 |
| Spare parts | 9 782 535 | 7 822 772 |
| Work in progress | 2 220 876 | 3 121 477 |
| Finished goods | 220 185 666 | 47 715 582 |
| TOTAL | 284 728 370 | 169 977 656 |

16. Debtors and other debit balances

| EGP | September 30, 2021 | December 31, 2020 |
|---|--------------------|--------------------|
| Advance to suppliers | 40 386 630 | 22 574 433 |
| Withholding tax | 11 251 325 | 7 130 884 |
| VAT | -- | 6 994 687 |
| Deposit with others | 79 316 179 | 78 811 267 |
| Amounts paid to Employees to be settled through dividends | 5 281 015 | 7 108 042 |
| Letters of guarantee – cash margin | 35 810 | 191 043 |
| Cash imprest | 3 069 388 | 2 390 720 |
| Other debit balances | 1 619 060 | 1 020 436 |
| Less:- Impairment in Debtors and other debit balances | (1 607 808) | (1 607 808) |
| TOTAL | 139 351 599 | 124 613 704 |

17. Cash and bank balances

| EGP | September 30, 2021 | December 31, 2020 |
|------------------------------------|--------------------|-------------------|
| Cash on hand | 1 710 716 | 927 027 |
| Current account – local currency | 54 842 664 | 16 798 510 |
| Current account – foreign currency | 6 708 831 | 10 501 303 |
| Bank deposits | 31 245 388 | 23 493 309 |
| Total | 94 507 599 | 51 720 149 |

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18. Capital

| EGP | September 30, 2021 | December 31, 2020 |
|---|--------------------|--------------------|
| Par value per share | 2 | 2 |
| Number of ordinary shares authorized, issued and fully paid | 378 739 700 | 378 739 700 |
| Issued capital | 757 479 400 | 757 479 400 |

19. Legal reserve

In accordance with the Companies' Law No.159 of 1981 and the Company's Articles of Incorporation, 10% of annual net profit is transferred to legal reserve. The entity shall cease such transfer when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

20. Trade payables

| EGP | Current | | Non-current | |
|------------------------|--------------------|--------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Local trade payables | 383 743 583 | 259 997 582 | -- | -- |
| Foreign trade payables | 232 356 571 | 181 838 866 | -- | -- |
| Notes payables | 3 503 249 | 3 794 873 | 8 429 599 | 11 021 813 |
| TOTAL | 619 603 403 | 445 631 321 | 8 429 599 | 11 021 813 |

21. Borrowings

| EGP | Current | | Non-current | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| First: Credit facilities | | | | |
| Credit facilities - CIB | 332 544 486 | 340 110 399 | -- | -- |
| Total Facilities | 332 544 486 | 340 110 399 | -- | -- |
| Second: Bank loans | | | | |
| Bank loans – CIB | 43 350 000 | 30 600 000 | 165 750 000 | 198 900 000 |
| Bank loans – EBRD | 68 434 781 | 68 565 216 | 136 869 565 | 188 554 349 |
| Total bank Loans | 111 784 781 | 99 165 216 | 302 619 565 | 387 454 349 |

22. Provisions

| EGP | Provision for claims |
|--------------------------------------|----------------------|
| Balance at January 1, 2021 | 17 308 714 |
| Additional provisions recognized | 1 048 664 |
| Used during the period | -- |
| Balance at September 30, 2021 | 18 357 378 |

Management annually reviews and adjusts these provisions based on the latest developments, discussions and agreements with the involved parties.

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23. Other liabilities

| EGP | Current | | Non-current | |
|----------------------|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Electricity contract | -- | 769 250 | -- | -- |
| TOTAL | -- | 769 250 | -- | -- |

24. Creditors and other credit balances

| EGP | September 30, 2021 | December 31, 2020 |
|----------------------------|--------------------|--------------------|
| Advances from customers | 67 491 246 | 57 765 886 |
| Accrued expenses | 9 739 276 | 10 099 030 |
| Accrued development duties | 13 946 912 | 12 423 454 |
| Accrued customers rebates | 41 504 325 | 64 339 746 |
| Accrued taxes | 15 927 242 | 6 936 356 |
| Accrued interest | 1 557 370 | 1 992 014 |
| Deferred Revenue - Grant | 13 733 266 | 14 272 322 |
| Retention | 5 138 931 | 5 179 130 |
| TOTAL | 169 038 568 | 173 007 938 |

25. Related party transactions

During the period, entity entities entered into the following transactions with related parties:

| EGP | Relation type | Transaction nature | Volume of the transactions | |
|---|---------------|--------------------|----------------------------|--------------------|
| | | | September 30, 2021 | September 30, 2020 |
| Andalus Concrete Company | Subsidiary | Sales | -- | 9 489 275 |
| ACC for Management and Trading Company | Subsidiary | Services | 38 033 098 | 39 866 938 |
| Evolve Investment & Projects Management Company | Subsidiary | Purchases | 7 508 156 | 12 235 216 |
| Andalus Reliance for Mining Company | Joint Venture | Purchases | 27 935 414 | 24 906 097 |
| Cementos La Union | Subsidiary | IT Services | -- | 1 975 593 |
| Cementos La Union | Subsidiary | Sales | 109 647 988 | -- |

The following balances were outstanding at the end of the reporting period / year:

| EGP | Due from related parties | | Due to related parties | |
|---|--------------------------|-------------------|------------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Andalus Concrete Company | 13 090 022 | 13 187 492 | -- | -- |
| Evolve Investment & Projects Management Company | 4 115 069 | 5 338 890 | -- | -- |
| ACC for Management and Trading Company | 5 393 406 | 4 426 634 | -- | -- |
| Cementos La Union | 65 750 699 | -- | -- | 1 818 586 |
| Andalus Reliance for Mining Company | -- | -- | 8 350 917 | 1 922 249 |
| TOTAL | 88 349 196 | 22 953 016 | 8 350 917 | 3 740 835 |

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- Andalus Concrete Company purchases cement materials and products from Arabian Cement Company, which are used for manufacturing and trading concrete and construction materials.
- ACC for Management and Trading Company renders managerial services for Arabian Cement Company.
- Cementos La Union – Spain renders technical support services for Arabian Cement Company.
- Cementos La Union – Spain Purchase clinker from Arabian Cement Company.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.
- Evolve Company renders alternative fuels to Arabian Cement Company.

26. Significant Events during current period

With the recent and rapid development of the Coronavirus disease, (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations.

Governments, including the Arab Republic of Egypt, have implemented restrictions on travelling as well as strict quarantine measures in addition to the Prime Minister announce a bunch of strict protective measures taken in the face of the coronavirus pandemic including Suspending international flights in all Egyptian airports and the Central Bank of Egypt (CBE) has announced a package of procedures that aim at easing banking operations in the wake of the Coronavirus

Covid-19 has been accompanied by the drop in oil price and the slowdown in demand, Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

On May 17, 2020, The Prime Minister indicated that the work will start gradually return in all sectors of the country as of mid-June with an emphasis on commitment by applying precautionary and preventive measures, and will announce this successively during the next stage.

On June 20, 2020 a number of decisions were approved, including agreeing to cancel the partial prohibition of movement from Saturday, June 27, 2020, and agreeing to reopen restaurants, gyms, and cafes, but only 25% of its capacity is allowed, as well as closing all stores at nine in the evening, provided that restaurants and cafes continue until ten in the evening, with the continued closure of parks, gardens and public beaches, as it was agreed to continue the work of public transportation until midnight, in addition to opening places of worship as included in the decisions, to agree to open cultural facilities Cinemas and theaters, but with a rate of 25% of its absorptive capacity, and decisions also included that ministries, governorates, entities and bodies provide all their services to citizens, according to what the competent authority estimates in each entity, and taking into account commitment to all precautionary measures and health precautions, as well as the commitment of citizens to wear protective masks while they are By all means of mass transportation, whether public or private, while they are visiting all governmental or private establishments, banks or places of worship. International aviation has also resumed as of July 1, 2020.

On September 21, 2020 a package of new decisions that will be implemented which include approval of holding funeral , agreed to allow the resumption of holding weddings in open areas, in hotels that have a health safety certificate, with a maximum of 300 people, and the same decision applies to meetings and conferences with an attendance rate of 50% and a maximum of 150 people, and approval of organizing cultural exhibitions is implemented in Open areas, with an attendance rate not exceeding 50%, with the application of the precautionary measures.

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The Monetary Policy Committee (MPC) decided at its meeting on Thursday, September 24, 2020 to cut the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 50 basis points to 8.75 percent, 9.75 percent, and 9.25 percent, respectively. The discount rate was also cut by 50 basis points to 9.25 percent.

The Monetary Policy Committee (MPC) decided at its meeting on Monday, November 12, 2020 to cut the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 50 basis points to 8.25 percent, 9.25 percent, and 8.75 percent, respectively. The discount rate was also cut by 50 basis points to 8.75 percent.

Management has considered the unique circumstances and the risk exposures of the group has concluded in the light of available information that there is no significant impact in the group's profitability position may arise from current event. The event is not expected to have an immediate material impact on the business operations as the company's management follow certain procedures as follows;

- The management of the company decreased dependence on other countries through the purchase of coal-petcock from local market, accordingly no expectation for any disruption in business operations, even if the situation extend for 2-3 months.
- The Company still the main cement exporter in Egypt, which is reporting us some USD revenues to cover any exposure in USD.
- The management follow the cash flows on a monthly basis and concluded that the expected cash flows will be positive during the coming months with no currently cash flow issues, accordingly the management decided to pay all bank loans on time without benefit from the initiative of Central Bank by postponing the installments for six months

The management assessment included taken into consideration the following areas during the assessment of impact of COVID-19

- Risk of impairment in Property, Plant & Equipment
- Risk of impairment due to slow moving in Inventories
- Risk of fail to pay the installments due to bank, creditors and salaries in due date.
- Risk of any expected claims may result from any litigation

The management concluded that no impact on the company's operation that could trigger an impairment issue in Property, Plant & Equipment as the factory is working as planned to meet the customers demand with no indication for any risk of slow moving in inventory and for all bank installments paid in due date even the company opted not to benefit from the initiative announced by Central bank of Egypt by postponing the installments for six months.

Management will continue to monitor the situation closely and will assess the need for any further plans or actions in case the period of disruption becomes prolonged.

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer