اسمنت ينبع
Yanbu Cement

1- Board of Directors Annual Report

2- Annual Consolidated Financial Statement and Company's Auditor Report

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اسمنت ينبع
Yanbu Cement

رؤية VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

2024 ANNUAL REPORT

Annual Report

Board of Directors report

Industrial Lighthouse and Sustainable Prosperity

بسم الله الرحمن الرحيم

Custodian of the Two Holy Mosques King
Salman bin Abdalziz Al Saud

His Royal Highness the Crown Prince and Prime Minister
Mohammed bin Salman bin Abdulaziz Al Saud

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About Yanbu Cement

Chairman of the Board of Directors' Statement

Mr. Fahd Bin Sulaiman Al-Rajhi

Ladies and Gentlemen,Esteemed Shareholders of Yanbu Cement Company

May the peace and blessings of Allah be upon you,

I am pleased, both on my own behalf and on behalf of my colleagues, the members of the Board of Directors, to present to you the annual report of Yanbu Cement Company for the fiscal year 2024, which highlights the key achievements and challenges, the company has accomplished over the past year.

This year has been marked by remarkable achievements that reflect dedication, commitment, and the concerted efforts made to enhance the company's journey towards success and excellence, By the grace of Allah, Yanbu Cement company has continued in 2024 to achieve its strategic objectives, guided by its vision, mission, and values, which embody its commitment to excellence, sustainability, and growth. The company has remained focused on key pillars, including institutional maturity, business excellence, sustainability, and growth, along with business diversification and the enhancement of governance practices.

This resulted in the company receiving the Governance Indicators Improvement Award over the past three years, reaffirming its commitment to a sustainable developmental vision and the implementation of best governance practices to achieve a balance between maximizing investor returns, and enhancing its social and environmental responsibilities.

The company has continued its journey in enhancing energy efficiency and investing in sustainable environmental initiatives, enabling it to obtain Environmental Product Declaration (EPD) certifications for all its products in accordance with SCS international Standards. which drives sustainability and the circular economy. Furthermore, the company was honored under the National Initiative for Afforestation, reaffirming its leading role in driving positive change and supporting collective efforts to achieve a greener and more prosperous future for generations to come.

The company launched several strategic projects, including transformation in human capital, technology, and cybersecurity. it has ensured that its daily operations and strategic plans align seamlessly with the development of its products and activities, the growth of national talents, and the enhancement of leadership skills among its promising workforces. In this regard, the company has adopted modern technologies and advanced methodologies to improve efficiency and productivity, achieving an advanced ranking in Fourth Industrial Revolution programs and applications , under the sponsorship of the Ministry of Industry and Mineral Resources. As a result, the company won the second place in the Future Factories Program and was subsequently nominated among the top 20 qualified companies to become a global industrial lighthouse. aligning with Saudi Vision 2030, which serves as a roadmap to enhance the Kingdom's competitiveness, economic and developmental role, and increase its contribution to the gross domestic product (GDP).

On this occasion, I would like to extend my profound gratitude and appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and His Royal Highness, Crown Prince Mohammed bin Salman Al Saud – may Allah protect them – for their continues support of the industrial sector, which has significantly contributed to our ability to achieve our goals and enhance our role in supporting the national economy.

I would also like to express my sincere thanks and appreciation to the members of the Board of Directors, the executive management, and all the employees of the company, who have been the cornerstone in transforming challenges into opportunities and aspirations into tangible achievements.

In conclusion, we ask Allah, the Almighty, to grant us success in fulfilling our responsibilities to the best of our abilities. I assure you that the Board of Directors of Yanbu Cement Company places the interests of the company, its shareholders, and its partners at the top of its priorities.

We ask Allah to bless all our efforts and to keep our nation in the blessings of security and prosperity.

May the peace and blessings of Allah be upon you

Chairman of the Board of Directors.

CEO's Statement

Ali bin Abdullah Alayed

Dear Esteemed Shareholders,

May the peace and blessings of Allah be upon you,

By the grace and blessings of Allah, Yanbu Cement Company continued in 2024 to achieve its strategic objectives, guided by its vision, mission, and values that reflect its commitment to excellence, sustainability, and growth. Our strategy continued to focus on key pillars, including institutional maturity, business excellence, sustainability and growth, along with business diversification and the enhancement of governance practices. As a result, the company received the Governance Indicators Improvement Award over the past three years.

Despite the challenges faced by both local and global markets, the company achieved financial results that exceeded those of 2023, Sales increased by 6%, while net profit grew by 31%, all while continuing to improve operational efficiency. The company also maintained its local market share despite intense competition, and continued its presence in global markets, despite geopolitical challenges in the Red Sea. This success is a result of the company's ongoing efforts to strengthen its presence and expand into more strategic local and international markets, further enhances its competitive position.

As part of our commitment to environmental and social responsibility, the company continued to adopt community initiatives and develop environmentally friendly technologies, leading to an increase in green cement sales. This product plays a crucial role in reducing carbon dioxide emissions, while improving energy efficiency and environmental sustainability throughout the production processes.

Additionally, the company continued to raise quality standards and enhance occupational safety and health indicators, and foster a culture of innovation and continuous improvement to ensure the delivery of products and services that meet our customers' expectations with high efficiency.

Believing that human capital is one of the key drivers of success, the Board of Directors, its committees, and the executive management have continued to invest in the development of human resources by providing a stimulating work environment, enhancing training and development programs, and attracting national talents. The company also supported localization programs, achieving a Saudization rate of 54% compared to 52% in 2023.

In conclusion, I extend my heartfelt thanks and gratitude to our wise leadership for their continuous support, to the members of the Board of Directors of Yanbu Cement Company and its specialized committees for their trust and ongoing support. I also express my sincere gratitude to all company employees for their dedication and sincere efforts. My thanks are also extended to the shareholders and investors for their unwavering trust. We reaffirm our commitment to striving to be the first choice for our partners.

CEO

Company Overview

Yanbu Cement Company is a Saudi joint-stock company (listed) with a paid-up capital of 1.575 billion Saudi Riyals. The company is ranked among the top 50 outstanding national companies and is one of the largest cement manufacturers in the Kingdom of Saudi Arabia. It is also the largest cement company in the Western Region, with a clinker production capacity of 21,000 tons per day and 7 million tons annually. Additionally, its cement packing and delivery capacity reaches 30,000 tons per day.

The company's headquarters is located in Jeddah, while its plant is situated in the northern part of Yanbu Governorate in the Ras Beridi area on the Red Sea coast. The plant includes an industrial complex and integrated residential communities that provide all essential services, including educational and healthcare facilities, as well as recreational amenities such as gardens, green spaces, a sports center, and a beachfront. This reflects the company's commitment to providing a comprehensive and sustainable environment.

A Legacy of Excellence and Continued Leadership

1977
Yanbu Cement Company was established.

1979
Operations commenced with two dry kilns, each having production capacity of 3,000 tons of clinker per day.

1985
The first plant expansion was completed with the addition of a third dry kiln, increasing the plant's total production capacity to 4,000 tons of clinker per day (equivalent to 1.3 million tons annually). These lines were permanently Shut down in 2016 .

1999
The company initiated an expansion to increase the plant's production capacity by constructing a fourth production line, which was the largest kiln of its kind in the Middle East at that time, with a capacity of 7,000 tons of clinker per day (equivalent to 2.1 million tons annually). Over the years, the company successfully increased the fourth line's capacity to 9,000 tons per day (equivalent to 2.7 million tons annually).

2009
The company resolved to add a fifth production line with a design capacity of 10,000 tons of clinker per day.

2012
The fifth production line commenced operations, increasing the company's annual clinker production capacity to 7 million tons.

2016
by the end of 2016, the production capacity of the fifth production line was increased to 12,000 tons per day, bringing the total production capacity to 21,000 tons per day, despite the decommissioning of the first three lines.

The company continues its journey as a benchmark among its peers, by playing a leading role in achieving the objectives of the Fourth Industrial Revolution initiatives by enhancing operational efficiency and increasing automation in its processes Additionally, it remains committed to environmental sustainability by reducing carbon dioxide emissions and adopting innovative energy solutions, such as utilizing wasted thermal energy and leveraging renewable energy sources. This ensures that the company remains at the forefront of institutions supporting sustainable development.

Our Vision

To always be the first choice for our partners.

Our Mission

Maintain quality in our production, reliability in supply, and a commitment to nature and humanity in our surroundings.

Our Values

Yanbu Cement Company establishes its values in its operations and corporate culture, making them the foundation for all its practices in achieving its strategic objectives through compliance with the highest standards of ethical conduct.

- Commitment to performance standards.
- Providing an ideal working environment.
- Adherence to ethical values.
- Commitment to social responsibility.
- Respecting environmental values.
- Supporting initiatives and innovation.

Company strategy

Yanbu Cement Company places a strong focus on its future vision and strategic planning to address potential challenges and keep pace with economic developments, demonstrating its commitment to sustainable growth, business continuity, and fulfilling the aspirations of investors and stakeholders. Therefore, we are committed to always being the first choice for our partners, continuing to move forward in our journey of success and strategic progress, in alignment with the objectives of Saudi Arabia's Vision 2030.

The company fully recognizes the necessity of adapting to market changes with agility, while focusing on delivering products and services that uphold environmental and humanity well-being. The growing trust of our shareholders and partners, day by day, reflects unwavering commitment to fulfilling their aspirations by maintaining performance values, providing an ideal work environment, adhering to ethical standards, supporting the community, respecting environmental values, and supporting innovation and initiatives.

In January 2023, the company began implementing an ambitious strategy focused on governance and compliance transformation, sustainability, business excellence and organizational maturity. This strategy also includes strategic projects aimed at achieving digital transformation, human resources transformation, expanding market presence, and maintaining sustainable profitability for shareholders. These initiatives reaffirm the company's commitment to innovation and responsibility, positioning it at the forefront of the cement industry and reinforcing its role as a reliable strategic partner.

Our Products

Our company offers a different of products distinguished by their high quality, which surpasses similar products in the Saudi market, all at competitive prices that cater to various customers need. This excellence enables Yanbu Cement products to achieve the perfect balance between superior quality and affordability. As part of the company's commitment to strengthening its environmental efforts and maintaining high national quality standards, Yanbu Cement has conducted a study on replacing traditional paper bags used for cement packaging with eco-friendly plastic bags. This initiative reflects the company's dedication to environmental sustainability and improving customer satisfaction, positioning Yanbu Cement as the first choice for customers in the cement sector in the Kingdom.

All of Yanbu Cement Company's products have obtained EPD (Environmental Product Declaration) Certification:

In line with its commitment to environmental responsibility and achieving the highest standards of transparency, Yanbu Cement Company has obtained environmental Product Declaration (EPD) certifications for all its flagship products. Additionally, the company has registered and published its environmental disclosure reports through the international SCS system, setting a benchmark in providing transparent information about the environmental impact of its products.

This achievement reflects the company's future vision and its commitment to supporting sustainable construction practices in the Kingdom, in alignment with global environmental standards and the aspirations of investors and stakeholders.

Complete environmental disclosure reports and environmental disclosure certificates are available for review on the official website of the SCS Global Services Foundation:

https://www.scsglobalservices.com/certified-green-products-guide?q=yanbu

Alternatively, they can be accessed via the QR code:

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Environmental and Social Sustainability

Environmental and Social Sustainability

In 2024, Yanbu Cement Company achieved a significant milestone in reinforcing its leadership role in environmental and social sustainability. Through Its continuous efforts, the company has successfully promoted awareness of sustainable practices adding tangible value to both the company and its stakeholders. Yanbu Cement has embraced innovative solutions and advanced technologies aimed at minimizing its environmental footprint by reducing energy consumption, diversifying energy sources, and optimizing the use of liquid fuels in manufacturing processes and operational activities.

These efforts represent a key pillar in the company's vision to advance sustainable development and environmental protection. remains committed to implementing innovative strategies that enhance the adoption of advanced environmental standards, while also focusing on developing high- impact initiatives that contribute to the long-term sustainability of the cement sector and strengthen its positive impact on both the environment and society.

Environmental Sustainability

Reducing Carbon Dioxide Emissions

As part of the Kingdom of Saudi Arabia's promising vision and its commitment to enhancing production efficiency and optimizing energy utilization, with strong emphasis on environmental sustainability, the waste heat recovery system has been adapted to reduce energy demand from fossil fuels by approximately 25%. This transformation has significantly contributed to lowering our carbon footprint and cutting CO_2 emissions by 100,000 tons annually in 2024. We place environmental protection efforts and the conservation of natural resources at the forefront of all our operations.

As a proactive step towards further sustainability, Yanbu Cement participated in a international auction organized by the Regional Voluntary Carbon Market Company in 2024, which provides carbon credits that align with the CORSIA standards and are registered in the VERRA program. This initiative emphasizes the company's commitment to contributing to environmental responsibility and aligning its strategy with the global shift toward carbon neutrality.

Supporting the National Afforestation Program

As part of achieving the goals of Saudi Vision 2030 and the Saudi Green Initiative, the National Afforestation Program, overseen by the National Center for Vegetation Cover Development and Combating Desertification, stands as a key initiative to enhance environmental sustainability and preserve natural resources. The program focuses on expanding vegetation cover through afforestation in 13 regions, utilizing native plant species that are adapted to the Saudi environment.it also utilizes sustainable water resources, including rainwater, treated water, and seawater for mangrove forests cultivation. The program aims to employ nature-based solutions to achieve environmental balance, support biodiversity, and ensure the long-term sustainability of natural resources.

In alignment with this national direction, Yanbu Cement Company takes great pride in being honored by His Excellency Eng. Abdulrahman Abdulmohsen Al-Fadley, the Minister of Environment, Water, and Agriculture, in recognition of its active contribution to supporting the National Afforestation Program. This recognition reflects the company's unwavering commitment to environmental sustainability and its alignment with the Saudi Green Initiative, further emphasizing its role in promoting sustainable development and and the environment protection.

Yanbu Cement's participation in this national initiative reaffirms its leadership in driving positive change and supporting collective efforts to achieve a greener and more prosperous future for generations to come.

Latest Update on the Turtle Reserve Development Project (Ras Beridi Turtle Reserve Initiative)

Yanbu Cement is a key partner in the development of the Ras Beridi Turtle Reserve Development project where the project has made significant strides in enhancing marine life conservation efforts in the Red Sea. This area is distinguished by its unique ecological diversity and serves as a habitat for many rare turtles species, including the hawksbill sea turtle and the endangered green sea turtle. These species face numerous threats, such as overfishing, predation, and plastic waste, which harm their survival.

Driven by environmental awareness and social responsibility, Yanbu Cement has actively participated in the initiative to protect and conserve endangered sea turtles from the extinction. The initiative focuses on safeguarding these species and mitigating environmental threats through several key components, including:

01 Environmental Education
The initiative aims to raise awareness about the importance of protecting sea turtles and their vital role in maintaining ecological balance both locally and globally.

02 Architectural Development
The visitor experience has been developed to meet international standards, reflecting the best practices of leading nature reserves, with turtle-inspired architectural designs utilizing locally sourced and eco-friendly materials.

03 advanced hatchery for baby turtles
An innovative hatchery has been developed and designed with the aim of increasing nesting rates and protecting turtles from encroachment and poaching, the hatchery ensures the safe incubation of turtle eggs, which remain buried under the sand at a depth of half a meter for six to seven weeks.

04 Logistical Support
Providing comprehensive logistical support for the development of the reserve, including the establishment of a fully integrated visitor center that serves the goals of the initiative.

05 Environmental Enhancement:
The entire lighting system along the factory beach has been replaced with specialized lighting designed to prevent distractions for baby turtles, which rely on moonlight to navigation to the sea. Additionally, tree planting efforts have been carried out in the surrounding areas to contribute to the improvement of the natural habitat for turtles.

The Participation of Yanbu Cement Company in the First International Conference on Marine Turtle Conservation

As part of its ongoing efforts to support the achievement of Saudi Arabia's Vision 2030 related to the protection of terrestrial and marine ecosystems, and in alignment with its commitment to conservation, Yanbu Cement Company participated in the First International Conference on Marine Turtle Conservation in the Red Sea, in collaboration with the Shams Initiative.

During the conference, the company showcased its contributions to marine trutles conservation, which included:

- Developing estuaries to optimize water flow efficiency.
- Reducing light pollution in areas surrounding the reserve.
- Rehabilitating of Coastal Sands to Support turtle Nesting.
- Implementation tree -Planting Initiatives to Enhance Environmental Diversity
- Raising community awareness about the importance of protecting marine reserves.

These efforts reflect Yanbu Cement Company's strong commitment to supporting ecosystems, enhancing biodiversity, and protecting endangered species in marine reserves, in alignment with both national and global sustainability goals.

Social Sustainability

As part of its commitment to its role and corporate social responsibility (CSR), it has adopted a range of practices and behaviors aimed at achieving sustainable development and contributing to the well-being of the communities in which it operates. Corporate social responsibility is of great importance to the company for several reasons:

- Enhancing trust and building positive relationships.
- Realizing sustainable development.
- Ensuring compliance with international regulations and standards.
- Creating shared value for both businesses and the communities in which we operate, as we are an integral part of them, influencing and being influenced by them.

Believing in its role as a leading and reliable supporter supporter, the company considers social responsibility a core pillar of its strategy and an essential part of its corporate value toward various segments of society. In this regard, the company continues to provide financial and moral support to numerous charitable organizations, as well as contribute to community initiatives across various sectors.

In 2024, the total amount spent to support these initiatives reached SAR 2,314,183.

Examples of These initiatives:

Children with Disability Association:

A non-profit organization in Saudi Arabia that provides care and support for children with disabilities.It aims to offer a suitable educational and healthcare environment, providing medical, social, and psychological services. The association also works on empowering children with disabilities and facilitating their integration into society.

KAU Endowment (Waqf):

A charitable endowment established by King Abdulaziz University in Jeddah to support various educational, social, and community initiatives. Its objectives include funding scholarships, educational programs, and research projects that align with the university's mission to promote knowledge and higher education. Additionally, it supports initiatives in areas such as health and environmental sustainability to improve people's lives.

Federation of Saudi Chambers:

the entity responsible for organizing and promoting commercial and industrial activities in the Kingdom of Saudi Arabia. It represents the private sector before government entities and international organizations, while supporting entrepreneurship in small and medium-sized enterprises by providing a conducive business environment. The federation enhances cooperation and coordination between the chambers of commerce in the Kingdom, stimulate economic growth by encouraging investment, and activate both internal and external trade. The federation also participates in shaping laws and economic policies that affect the private sector and provides recommendations that contribute to improving the business environment and enhancing economic competitiveness

Al-Ber Charitable Association in Al-Rweedat:

A charitable organization that provides financial and social support to families in need, orphans, and underprivileged groups.it contributes to social development, assists youth in finding job opportunities, and supports healthcare services by providing medications, medical visits, and awareness campaigns in both health and social fields.

Hayat Charity Association in Madinah:

A foundation dedicated to improving the social and economic conditions of underprivileged groups in Madinah and surrounding areas. It provides support to needy families and orphans, offers medical care, and facilitates education and vocational training programs. It also develops initiatives that contribute to community development.

Liajlehum Association for Serving People with Disabilities:

A charitable organization offering comprehensive services to people with disabilities in Saudi Arabia. These services, include healthcare, education, social, and psychological support, with the goal of enhancing their quality of life and promoting their integration into society.

Ehsan Platform:

A Saudi electronic platform designed to enhance charitable work by providing innovative solutions that simplify donations and support humanitarian and social projects.

Yanbu College of Applied Technology:

It is an educational institution specializing in providing training and vocational training programs in the field of technology and various industries. The college aims to equip students with the knowledge and practical skills needed to enter the job market or establish their own businesses in diverse technological fields.

The Charitable Association for the Memorization of the Quran in Yanbu:

A charitable organization dedicated to teaching, spreading, and memorizing the Quran in Yanbu.it focuses on Quranic education, training individuals in recitation and memorization, and promoting Islamic values within the community.

Yanbu Cement Company strives to be a pioneering model in the field of social responsibility both internally and externally. The company provides comprehensive support to its employees, enhances their quality of life, and contributing to a work environment that focuses on employee well-being while encouraging teamwork and productivity. Additionally, it extends support to their families and actively contributes to the sustainable development of the local community.

Among the most prominent initiatives launched by the company are financial support for the families of deceased employees to alleviate financial burdens. The company also provided bonuses to security guards in recognition of their distinguished efforts in maintaining the company’s security. Furthermore, the company is committed to supporting outstanding trainees by offering incentive rewards as part of various training programs, aiming to enhance their skills and motivate them to develop their abilities.

03

Financial Performance Summary

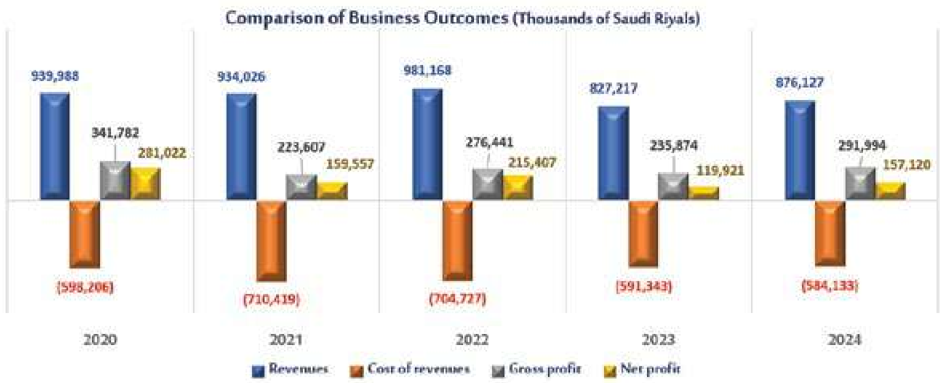
Financial Performance Summary

The company's assets, liabilities, and business outcomes for the fiscal years 2020 to 2024.

Comparison of Business Outcomes (Thousands of Saudi Riyals).

Description	2020	2021	2022	2023	2024
Revenues	939,988	934,026	981,168	*827,217	876,127
Cost of Revenues	(598,206)	(710,419)	* (704,727)	(591,343)	(584,133)
Gross profit	341,782	223,607	276,441	*235,874	291,994
Net profit	281,022	159,557	215,407	119,921	157,120

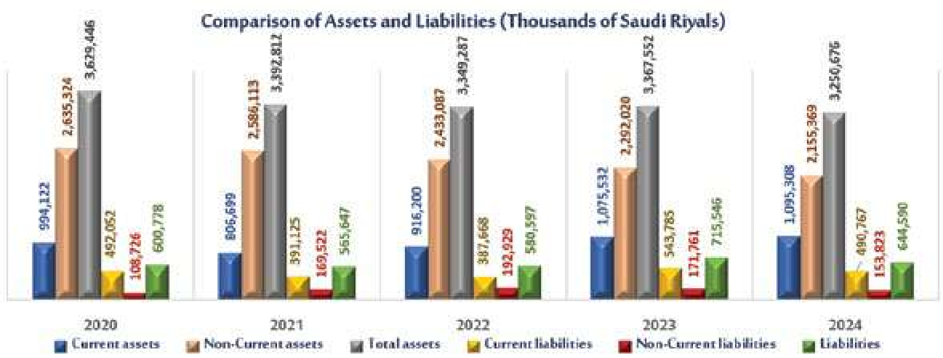
(*) Reclassification



Comparison of Assets and Liabilities (Thousands of Saudi Riyals)

Description	2020	2021	2022	2023	2024
Current Assets	994,122	* 806,699	916,200	1,075,532	1,095,308
Non-Current Assets	2,635,324	2,586,113	2,433,087	2,292,020	2,155,369
Total Assets	3,629,446	* 3,392,812	3,349,287	3,367,552	3,250,676
Current Liabilities	492,052	391,125	387,668	543,785	490,767
Non-Current liabilities	108,726	169,522	192,929	171,761	153,823
Total Liabilities	600,778	* 565,647	580,597	715,546	644,590

(*) Reclassification



Significant Variations in operational Results compared to the previous year's Results (Thousands of Saudi Riyals).

Description	2023	2024	Variations	Percentage of variation
Revenues	827,217	876,127	48,910	5.91%
Cost of Revenues	(591,343)	(584,133)	(7,210)	(1.22%)
Gross profit	235,874	291,994	56,120	23.79%
Other operating expenses	(109,666)	(112,339)	2,673	2.44%
Operating Earnings (Loss)	126,208	179,655	53,447	42.35%

(*) Reclassification: some items in the income statement for the year 2023 have been reclassified to align with the comparative year.

Loans and Total Debt Disclosure of the Company and its Subsidiaries.

The table below presents statement of the loans obtained by the company and the repayment movements during the year 2024 (in Saudi Riyals) .

- Medium-Term Loans (SAR)

Company	Creditor's Name	Amount of principal dept	Loan Duration	Amounts Paid During the year	Remaining loan balance	Total debt of the company and its subsidiaries.
Yanbu Cement Company	Saudi Al-Awwal Bank (SAB)	70,000,000 *	3 years	20,000,000	40,000,000	40,000,000
Yanbu Cement Company	Saudi Al-Awwal Bank (SAB)	35,000,000 *	5 years	7,000,000	22,750,000	22,750,000

(*) A. During 2023, the Parent Company entered a Murabaha finance agreement with SAB amounted to SR 70 million. The loan is repayable in quarterly installments of SR 5 million each, starting from September 2023 until February 2027. The loan entails financing costs as per prevailing Saudi rates (SIBOR) in addition to a fixed commission rate.

(*) B. During 2022, the Parent Company entered into a bank facility agreement with SAB amounted SR 35 million ,The loan is subject to repayment of quarterly installments of SR 1.75 million each, starting from July 2023 until June 2028. The loan entails financing costs as per prevailing Saudi rates (SIBOR) in addition to a fixed commission rate.

- Short-Term Loans (SAR)

Company	Creditor's Name	Amount of principal dept	Loan Duration	Amounts Paid During the year	Remaining loan balance	Total debt of the company and its subsidiaries.
Yanbu Cement Company	Saudi National Bank	49,500,000	One year	-	49,500,000	49,500,000
Yanbu Cement Company	Saudi National Bank	50,000,000	One year	-	50,000,000	50,000,000
Yanbu Cement Company	Saudi National Bank	49,800,000	One year	-	49,800,000	49,800,000
Yanbu Cement Company	Saudi National Bank	49,500,000	Six months	49,500,000	-	-
Yanbu Cement Company	Saudi National Bank	100,000,000	One year	100,000,000	-	-
Yanbu Cement Company	Saudi National Bank	50,000,000	One month	-	50,000,000	50,000,000
Yanbu Cement Company	Saudi EXIM Bank	75,000,000	One year	75,000,000	-	-
Yanbu Cement Company	Saudi EXIM Bank	75,000,000	One year	75,000,000	-	-
Yanbu Cement Company	Banque Saudi Fransi	50,000,000	Two months	-	50,000,000	50,000,000
Yanbu Cement Company	Banque Saudi Fransi	25,000,000	Three months	25,000,000	-	-
Yanbu Cement Company	Banque Saudi Fransi	30,000,000	Three months	30,000,000	-	-

Paid and Outstanding statutory payments (Thousands of Saudi Riyals).

Description	2024 Amount Paid	2024 Outstanding Amount until the end of the Fiscal Year and Unpaid	A Brief Description	Reasons
Zakat	13,249	16,558	Zakat and Tax Authority payments	Statutory Zakat due for the years 2023 and 2024
Withholding Tax	527	-	Zakat and Tax Authority payments	Payment of income tax for non-resident individuals receiving revenue from sources within Saudi Arabia.
Value Added Tax (VAT)	53,430	1,065	Zakat and Tax Authority payments	Value Added Tax payment
Customs Duties	2,175	-	Zakat and Tax Authority payments	Paid on foreign purchases
The General Organization for Social Insurance (GOSI)	12,759	1,059	General Organization for Social Insurance payments	Payment of employee social insurance contributions
Fees for Raw material Quarry Exploitation	44,245	13,690	Ministry of Industry and Mineral Resources payments	Payment of quarry exploitation fees
Miscellaneous Fees (Work Permits - Municipality - Passports)	1,215	-	Miscellaneous payment	Payment of government fees and subscriptions

The Company's Dividends Distribution Policy

The Company's annual Net Profits are distributed as follows:

• The Ordinary General Assembly, upon the proposal of the Board of Directors, may decide to disburse the reserve not allocated for a specific purpose in the interest of the company or shareholders, and the competent authority shall establish rules on the use of reserves.

• After reserves are set aside, a percentage of not less than 5% of the paid-up capital of the Company shall be distributed over shareholders.

• The Board of Directors' remuneration is disbursed based on the remuneration policy for member of the Board Members, its committees, and the executive management.

• Balance of the profits (or part thereof) may be distributed thereafter as an additional share to shareholders, or carry over or any, part thereof based on the proposal of the Board of Directors to the next fiscal year.

• The company may distribute interim dividends to its shareholders on an annual, semi-annual, or quarterly basis in accordance with the regulations issued by the Capital Market Authority, based on an (annual) authorization issued by the General Assembly to the Board of Directors to distribute interim dividends.

Profit Distribution for the Year 2024 (SAR)

Description	Dividends distributed for the first half of 2024 (SAR)	Dividends distributed for the second half of 2024 (SAR)	Total
Disbursement Date	June 11, 2024	December 30, 2024	
Distribution percentage to the nominal value of the share	7.5%	5 %	12.5 %
Total	SAR 118,125,000	SAR 78,750,000	SAR 196,875,000

Audit Committee’s Opinion

Audit Committee’s Opinion on the Integrity of Financial and Administrative Systems

The committee was not identified any matters that would lead it to believe that there are any material deficiencies requiring disclosure regarding the integrity of the financial and administrative systems and their relevance to the preparation of financial statements and reports. The committee also confirms that the control systems are operating efficiently and effectively, and that all observations and recommendations presented to it have been duly addressed.

04

Operational Performance Summary

Operational Excellence

As part of its 2025 strategy, Yanbu Cement Company continued to enhance its operational excellence by adopting the latest advancements in digital transformation and sustainability technologies. An effective operational excellence model was developed, leveraging cutting-edge technologies. The focus was on the digital transformation strategy as a key driver for improving operational processes, utilizing artificial intelligence solutions to analyze data more rapidly and accurately. This contributed to faster decision-making and increased plant efficiency. Additionally, smart visual presentations were implemented to simplify complex data for operational teams, enhancing internal communication and motivating them to make informed decisions. The principles of agility, flexibility, and continuous improvement (Kaizen) were further integrated by strengthening the plant's organizational structure, enabling the company to swiftly adapt to rapid changes in the work environment. In 2024, the company achieved a significant increase in production compared to 2020, reflecting substantial progress in production processes and ability to efficiently address challenges.

Yanbu Cement Company remains committed to continuous development and the integration of sustainability technologies to achieve operational excellence and fulfill its strategic goals. The company also continues to seek new opportunities to enhance efficiency and adopt innovative technologies, to drive sustainable growth and reinforce its leading position in the industrial sector.

Digitalization in the Manufacturing Sector

In line with the Ministry of Industry and Mineral Resources' announcement of the "Factories of the Future" program, which supports factories in adopting Fourth Industrial Revolution (4IR) technologies and implementing global best practices in smart manufacturing, Yanbu Cement Company has successfully enhanced the profitability of its plant and reduced production costs by adopting the Smart Industries Readiness Index (SIRI). This index, recognized by the World Economic Forum (WEF), serves as the framework Saudi Arabia has adopted to measure the level of smart manufacturing and evaluate the digital maturity of factories.

The company conducted a SIRI assessment through an accredited assessor from INSIT, achieving second place among factories in the Kingdom. This accomplishment was made possible by the company's implementation of the latest applications of the Fourth Industrial Revolution, particularly AI-driven automation programs. The AI system monitors key indicators of industrial processes, such as temperature and feed rates, and analyzes this data to make decisions comparable to those made by human operators. The system continuously learns from past process analyses enhancing its predictive capabilities.

The adoption of these technologies has led to a significant increase in production capacity and a reduction in fuel and electricity consumption at the plant. Fuel consumption decreased by 3%, while electricity consumption dropped by 11% between 2020 and 2024.

At Yanbu Cement Company, we continue to utilize the latest technologies to ensure that our products meet the highest local and international quality standards. We have an integrated automated system for sample collection at all stages of the production process, where samples are analyzed, inspected, and proactive preventive measures are taken. The automated system adjusts the raw material ratios based on previous analysis results without the need for human intervention.

We have also implemented an automated system that links the customer database with the sales system and the automated loading system. Through this system, customer trucks are automatically directed to designated loading points and loaded using an automated loading robot. Additionally, we adopt the concept of preventive maintenance for critical production equipment by applying a root cause analysis methodology for malfunctions. We also utilize cloud computing to determine the minimum automatic order threshold for consumable spare parts.

Quality Control

Yanbu Cement Company has implemented comprehensive and fully integrated quality management systems, including both international and national quality certificates (ISO 9001, 14001, 45001, and 50001), as well as certification from the Saudi Standards Metrology and Quality Organization (SASO). The company is committed to a continuous improvement methodology to enhance the efficiency of production processes and meet both national and international product quality standards. All production units, facilities, and chemical and physical laboratories are equipped with the latest technologies, samples are automatically collected at real-time rates for quality control and analysis using X-ray and active radiation devices, and the entire process is fully automated through state-of-the-art robotic systems.

Some of the Most Important Certifications Include:

- The Quality Mark from the Saudi Standards, Metrology, and Quality Organization (SASO).
- Quality Management System Certification - ISO 9001
- Environmental Management System Certification - ISO 14001
- Occupational Health and Safety Management System Certification ISO - 45001
- Energy Management System Certification - ISO 50001
- Environmental Product Declaration (EPD) Certification for all company products.

Quality standards

Yanbu Cement Company is committed to ensuring that its products comply with various Saudi, American, and European quality standards, enabling it to meet a wide range of customer requirements based on any specified standard. The company continuously strives to enhance and improve the quality of its products to meet the highest local and international benchmarks, making this a key strategic objective. These efforts have been recognized through numerous global and local quality certifications, reaffirming the company's adherence to strict quality control measures at every stage of production. Furthermore, Yanbu Cement places strong emphasis on research and development by conducting ongoing studies aimed at optimizing production processes, thereby further enhancing competitiveness and leadership in the cement industry.

Information Technology

Yanbu Cement Company has achieved a series of remarkable accomplishments in the field of information technology, which have enhanced digital transformation and operational efficiency within the company. Among the most notable achievements is the Tayseer (ERP) Project, which is the company's largest digital transformation initiative, providing integrated cloud services. The company also developed an advanced system for automating sales operations using the latest technologies to improve operational efficiency.

In the context of enhancing the user experience, the company launched an interactive system via WhatsApp that allows employees and customers to easily and quickly inquire about their data, thereby strengthening their communication with the company and opening new channels for interaction. The company also worked on programming internal technological systems to manage and automate manual processes, such as the factory visit system and the residential area maintenance system, which contributed to improving efficiency and streamlining operations.

To improve system integration, the company developed a unified system for seamless connectivity with Oracle Cloud, enabling automatic notifications via SMS, WhatsApp, and email services.

The company's website underwent a comprehensive redesign incorporating AI tools and Search Engine Optimization (SEO) techniques, leading to significant improvement in its ranking.

In the field of cybersecurity, the company launched awareness programs under the ('Waei' initiative), aimed at raising employees' awareness of cybersecurity threats and prevent measures, particularly related to security breaches of devices and mobile phones. Additionally, networks have been secured with advanced solutions to ensure business continuity and prevent breaches, with a compliance rate of 60% with the cybersecurity regulations issued by the National Cybersecurity Authority.

Yanbu Cement Company remains committed to fostering an innovative, secure, and sustainable work environment, reinforcing its leadership in technological innovation and achieving the highest levels of operational efficiency.

Safety and Occupational Health

Yanbu Cement Company places the safety and health of its employees and their families at the top of its priorities. It strives to achieve this by strengthening its security and safety policies and procedures. The company has focused its efforts on achieving several key objectives, including:

- Achieving highest quality standards in safety and occupational health.
- Promote awareness and spread the culture of occupational safety and health among all employees.
- Reducing occupational safety and health-related work injury rates.
- Identify and mitigating occupational safety and health hazards.

The Latest Developments in Occupational Safety and Health for 2024:

As part of its efforts to improve the work environment and ensure the safety of its employees, the company worked throughout 2024 to enhance the culture of safety and safe behavior while increasing employee awareness. This was achieved through adopting a self-safety approach and setting clear standards for compliance. Additionally, safety awareness platforms were created, and regular inspection tours were organized. The company also provided theoretical and practical training for emergency situations. The company reaffirmed the principle of "safety is a shared responsibility," where individual commitment to personal safety in the workplace comes first, followed by active participation in reporting observations and hazards at work sites.

As a result of these efforts, several notable achievements have been realized, most notably:

- **Safety Key Performance Indicator :**

An overall rate of 98% was achieved, surpassing the target of 95% for 2024. This KPI reflects the performance of all departments involved in manufacturing and their commitment to safety. The attendance rate of company employees and permanent contractor workers in safety training sessions reached 95%, with over 2,700 internal safety awareness sessions held.

- **Mock Evacuation Drills:**

A total of 16 simulated fire and evacuation drills were conducted, across most work areas to enhance employee readiness during emergency situations.

- **Safety Inspection Tours :**

A total of 50 safety inspection tours were conducted by the safety department, surpassing the target of 40 tours by 25%. The Focus was on raising and effectively addressing observations and hazards at work sites.

Through these initiatives, Yanbu Cement Company strives to improve a safe and sustainable work environment, ensuring the safety of all employees, which reflects its ongoing commitment to occupational safety and health standards

Risk Management

Yanbu Cement Company has established a comprehensive risk management framework by implementing an integrated program aimed at identifying, assessing, and mitigating risks to ensure business sustainability. This proactive approach allows for the development of effective strategies to minimize risk impact and reduce the likelihood of occurrence , thereby protecting the company's reputation, enhancing stakeholder confidence, and avoiding financial losses. Additionally, risk management plays a crucial role in supporting strategic decision-making, optimizing resource allocation, and enhances the efficiency of business strategies.

The company faces several operational risks, including the rising costs in raw material, manufacturing equipment, energy, and fuel, which directly impact operating and production expenses. Additionally, there are risks associated with fluctuations in the overall economy in the Kingdom, which may lead to a decline in domestic demand for cement. To mitigate these risks, follows a strategy of expanding into new markets outside the Kingdom. Regarding financial risks, the company adopts a prudent approach to ensuring sufficient cash liquidity to meet operational needs and fulfill financial obligations as they arise, this is achieved through efficient management of operational activities and credit facilities to address any future commitments.

To effectively address potential risks, the company has established a permanent Steering Committee for Risk Management and Business Continuity to oversee both current and future operations. This committee is responsible for monitoring risk factors, assessing necessary resources, and ensuring execution aligns with best practices within the specified timeframe.

Risk management is considered one of the key pillars to ensure business continuity and compliance with regulatory standards.

Supply Chain

The supply chain function plays a critical role in driving operational excellence and ensuring seamless process continuity with optimal efficiency. This sector also contributes to meeting the company's needs with flexibility and speed while maintaining quality and cost standards, further enhancing the company's role as a market leader.

The supply chain sector has played a pivotal role in supporting and enriching local content, with a commitment to prioritizing products and services provided by national enterprises. This ensures that expenses are retained within the kingdom and strengthens the local economy. These efforts have yielded results, achieving a local procurement rate of 74% by leveraging local components of goods and services and developing local suppliers.

In addition, the sector is committed to achieving a strategic balance in inventory management, ensuring the continuous availability of essential materials, minimizing waste, and balancing supply and demand. The sector focuses on executing contracts with excellence by overseeing 64 contracts, which has contributed to building long-term strategic partnerships with suppliers and customers. The excellence of logistics operations is also evident through precise execution of transactions, ensuring timely delivery of supplies, which supports production continuity and maintains customer satisfaction.

Through its unwavering commitment, Yanbu Cement Company solidifies its position as a trusted national partner. While reinforcing local content today, the company also sets clear performance benchmarks to attract top local talent and drive national innovation for the future.

Business Continuity Management

Yanbu Cement Company places business continuity at the forefront of its priorities to maintain seamless operation even amid unforeseen event such as natural disasters, cyberthreats, or pandemics. The company has designed and implemented a comprehensive Business Continuity Management Plan (BCMP) aimed to safeguard employee safety, restore critical assets such as buildings and equipment, and sustain business operations with external stakeholders. The BCMP covers the recovery of vital records, the restoration IT systems affected by cyber threats, and the implementation of crisis management and communication protocols, all of which contribute to minimizing the impact of disruptions, reducing financial losses, and maintaining customer satisfaction.

This plan is structured on periodic and comprehensive business impact analyses to ensure its effectiveness. establishes a systematic framework for implementing protocols and guidelines that reinforce the continuity of operational processes across all company units.

Human Capital

Yanbu Cement Company takes pride in its employees, recognizing them as the driving force behind its success and the foundation for achieving strategic objectives. The company's Human Capital sector continues to work on creating a safe and engaging work environment that contributes to the development of employees' skills and enhances their well-being. To improve quality of life, the company has introduced advanced medical services and organized cultural and recreational activities that foster employee engagement and strengthen their sense of belonging. Furthermore, food services have been enhanced, and healthcare coverage has been expanded to include employees' families and the local community surrounding the company, affirming the company's commitment to social responsibility and the well-being of all its members.

The Human Capital sector at Yanbu Cement Company has focused on enhancing employees' capabilities and developing their skills by training 28% of employees through internal and external development programs, Additionally, the company offering training opportunities for university students to nurture national talent and develop future industry leaders. Comprehensive performance management programs have also been developed in alignment with the company's strategy, contributing to improved individual performance and enhanced professional efficiency. Moreover, in line with its commitment to leadership excellence, the company launched specialized leadership development programs to prepare future leaders for emerging challenges and strategic success. Internal communication has been improved through digital channels, which contribute to enhancing transparency and fostering effective interaction between employees. Additionally, programs have been launched to promote a balance between professional and personal life for employees, offering a flexible work environment that meets their specific needs.

Yanbu Cement Company has implemented qualitative improvements in its Enterprise resource planning (ERP) system to increase operational efficiency. The company has also leveraged global consultancy expertise to enhance recruitment practices and performance management. Continuing its efforts to promote localization, the percentage of national workforce reached 54%, reflecting the company's commitment to supporting national competencies and achieving the goals of Saudi Arabia's Vision 2030. On another front, the Enterprise resource planning sector focused on enhancing operational policies and procedures, leading to streamlined processes and improved efficiency. Additionally, New technologies were also introduced, helping to accelerate procedures and improve interaction between employees and management.

As part of encouraging creativity and community involvement, the company organized internal events and competitions aimed at stimulating innovation among employees. The company also placed great emphasis on employee participation in community initiatives, which enhances the spirit of collaboration and integration within the company and leads to further successes.

05

A Description of the Main Types of Activities of the Company and its Subsidiaries

A Description of the Main Types of Activities of the Company and its Subsidiaries

1.Yanbu Cement Company

The manufacture and producing cement, its derivatives and components, as well as trading in cement, and carrying out all activities directly or indirectly related to this purpose.

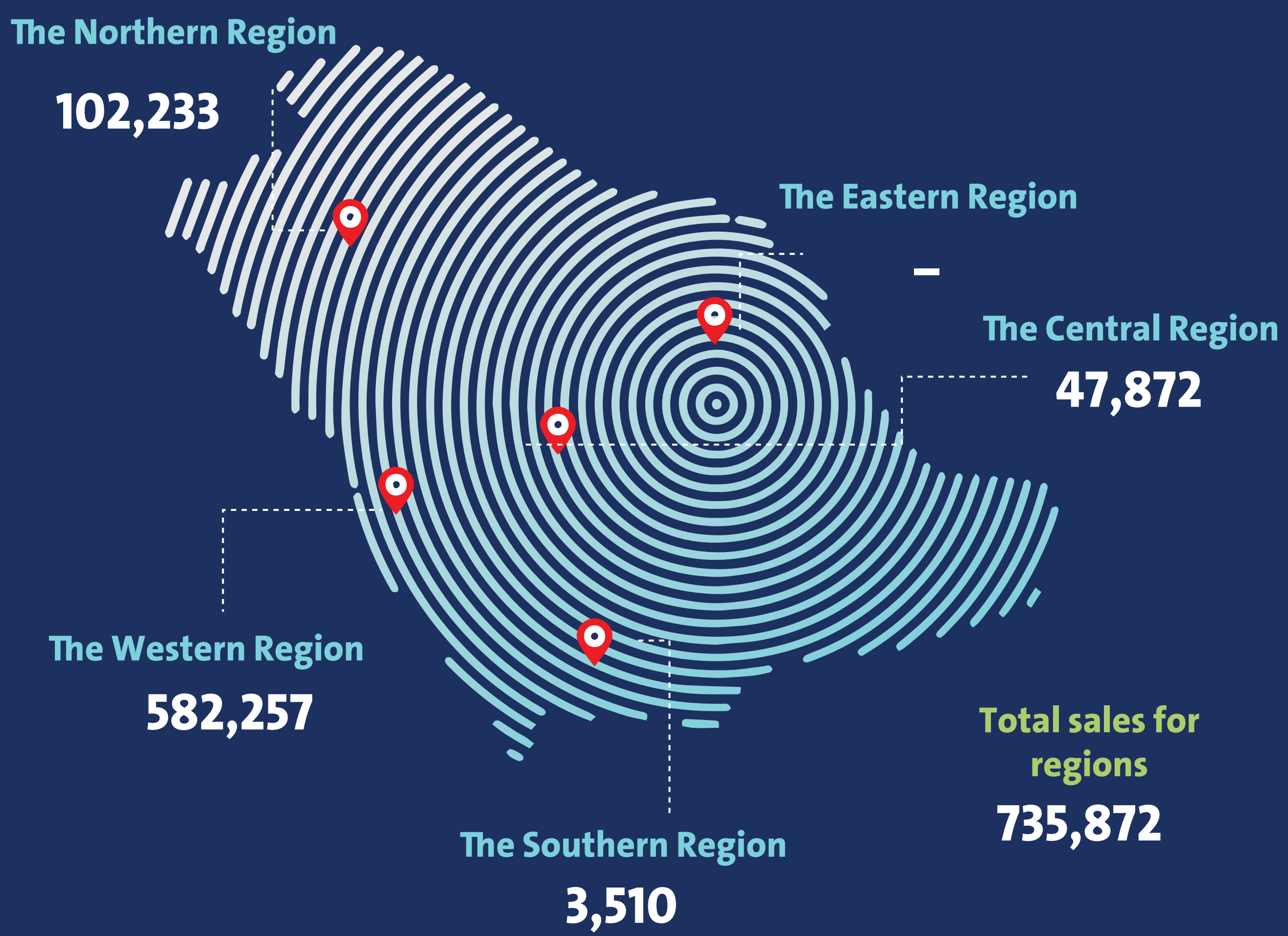
Geographic analysis of the company's total revenues for 2024 (Thousands of Saudi Riyals).

The Local Market
735,872

The Foreign Market
108,089

Total
843,961

Geographic Analysis of Local Sales Revenues (Thousands of Saudi Riyals).



Geographic Analysis of Export Sales Revenue (Clinker and Cement) (Thousands of Saudi Riyals).

	Total
Yemen	67,742
Colombia	11,025
Ivory Coast	15,135
Cameroon	6,906
Guinea	4,272
Ghana	3,009

Total
108,089

Port of Entry : Yanbu Commercial Port Customs

A Description of the Main Types of Activities of the Company and its Subsidiaries

2.Yanbu Saudi Kuwaiti Paper Products Co. Ltd. yanbupaper

It is a fully owned subsidiary of Yanbu Cement Company. Founded in 2005 with an initial capital of 12.5 million Saudi Riyals, which was later increased to 50 million Saudi Riyals, reflecting the expansion of its activities and investments. The company specializes in providing sustainable packaging solutions using eco-friendly, multi-layered Kraft paper bags. With an annual production capacity of approximately 160 million bags, the company efficiently meets the diverse needs of multiple market sectors. The company packaging solutions cater to a broad range of industries, including bulk materials such as cement, lime, gypsum, and other construction materials. This reinforces its position as a strategic partner for the construction sector in the region.

Vision

To be the leading paper bag manufacturer in the Middle East and establish a trusted brand to be the leading provider of innovative and sustainable packaging solutions

Mission

To be the trusted partner in delivering high-quality and cost-effective packaging solutions tailored to our clients' needs

Company Name	Capital	The company's ownership percentage.	Main activity	Country of its principal operations	Country of incorporation
Yanbu Saudi Kuwaiti Paper Products Co. Ltd.	50,000,000 SAR	100 %	Paper products manufacturing	Saudi Arabia	Saudi Arabia

Geographical Analysis of Total Revenues of Yanbu Saudi Kuwaiti Paper Products Co. for the Year 2024 (Thousands of Saudi Riyals)

The Local Market
56,178

The Foreign Market
–

Total
56,178

Geographical analysis of total revenues of Yanbu Saudi Kuwaiti Paper Products Co. in the local market (Thousands of Saudi Riyals)

Total sales for regions
56,178

Geographical analysis of total revenues of Yanbu Saudi Kuwaiti Paper Products Co. in the foreign market (Thousands of Saudi Riyals)

Country	Total
NA	-
Total foreign sales	

A Description of the Main Types of Activities of the Company and its Subsidiaries

3. Cement Knowledge Center for Training

CEMENT KNOWLEDGE CENTER
BY FLSMIDTH & YANBU CEMENT

In a pioneering initiative across the Middle East and North Africa, Yanbu Cement Company, in collaboration with the Danish engineering firm FLSmidth, has launched the "Cement Knowledge Center for Training." This Center stands as a distinguished model in developing local competencies and enhancing national expertise in the cement industry. In alignment with the objectives of Saudi Vision 2030, which aims to empower Saudi capabilities in various industrial sectors.

The center has an annual capacity of up to 100 trainees annually, and offers a diverse of training programs including short, medium, and long-term training programs. These programs are meticulously designed to equip trainees with both practical and theoretical, knowledge, strengthening their competencies in the cement industry, thereby contributing to the achievement of sustainability and innovation in the industrial sector.

Company Name	Capital	Company's equity share	Main activity	Country of its principal operations	Country of incorporation
Cement Knowledge Center for Training Co.	500,000 SAR	49 %	providing technical and administrative courses	Saudi Arabia	Saudi Arabia

Geographical Analysis of Total Revenues of Cement Knowledge Center for Training Co. for the Year 2024 (Thousands of Saudi Riyals)

The Local Market
1,384

The Foreign Market
-

Total
1,384

Engineers Professional Development Program (EPDP):

The Cement knowledge Center offers a range of specialized training programs and courses in the cement industry, most notably the Engineers Professional Development Program (EPDP). The program aims to qualify newly graduated Saudi engineers for the labor market within six months. The program culminates in the development of a practical project that addresses a persistent challenge in the cement industry by proposing innovative solutions. The program contributes to graduating professional engineers who significantly contribute to the growth of the cement industry sector and the localization of essential expertise.

2024 Class Graduation Ceremony

The year 2024 witnessed the graduation of a new class from the Engineers Professional Development Program, with 20 Saudi engineers representing several cement companies in Saudi Arabia. This achievement reflects the Knowledge Center's commitment to developing national competencies and enhancing local capabilities to support the cement industry in the Kingdom. The Company held a graduation ceremony for the 2024 class, attended by officials from the Ministry of Industry and Mineral Resources, as well as representatives from the Ministry of Human Resources and Social Development. During the event, 20 professional engineers specializing in the cement industry were officially accredited—a significant milestone in strengthening local expertise in this vital sector.

06

Governance, Compliance, and Related Disclosures

Governance and Compliance

Yanbu Cement Company recognizes that governance and compliance form the solid foundation for achieving success and sustainability in a competitive business environment. Based on this principle, the Company has adopted a comprehensive approach based on the highest standards to ensure the transparent and integrity-driven management of its operations, while being committed to protecting the rights of investors and all stakeholders and promoting their interests. The Company places great importance on providing accurate information in a timely manner, believing that trust and transparency are the keys to sustainable relations.

The Company's strategy relies on the principles of good governance, which include disclosure, transparency, responsibility, and accountability. These principles are the pillars of decision-making and gaining the trust of stakeholders. They contribute to improving institutional performance and enhancing the ability to make strategic decisions that serve long-term goals, while adhering to the laws and regulations governing the Company's activity.

Yanbu Cement Company views governance and compliance not merely as regulatory requirements, but as an integral part of its corporate culture and its approach to achieving sustainable growth and enhancing its competitive position in the local market, as well as building a strong reputation in the industrial sector. It is keen to instill the values of integrity and responsibility in its corporate culture, with all its employees committed to professional behaviors that reflect these values.

Yanbu Cement Company Wins Excellence Award Among the Best Companies Improving in Governance Indicators Over the Past Three Years

In this context, Yanbu Cement Company is proud to be honored among the "Top Ten Companies Improving in Governance Indicators Over the Past Three Years" during the Third International Corporate Governance Conference held in 2024, under the supervision of the Corporate Governance Center at Al Faisal University. This recognition reflects the Company's firm commitment to implementing best governance practices and promoting a culture of compliance and ethical conduct, making it a model to be emulated in responsible and transparent business management according to the highest international standards.

This achievement is a testament to the success of Yanbu Cement Company in establishing governance principles in all aspects of its business. The Company affirms its continued pursuit of institutional excellence, focusing on promoting sustainable growth and adopting best global practices to ensure transparency and accountability, thereby consolidating its position as a model to be followed in the industrial sector.

Implemented and Non-Implemented Provisions of Corporate Governance Regulations, and justification thereof.

The Company acknowledges the implementation of all provisions contained in the Corporate Governance Regulations, except for the following:

Article and Paragraph Number According to the Corporate Governance Regulations Issued on 18/01/2023	Partially Implemented	Not Implemented	Reasons of Non-Implementation
Article Thirty-Nine: (The Assessment) A. The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company. B. The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment. C. The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general. D. The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees' meetings and dedicating adequate time thereof. E. The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years. F. Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	-	✔	Guiding article
Article Sixty-Seven: Composition of the Risk Management Committee The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee." Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	-	✔	Guiding article

Implemented and Non-Implemented Provisions of Corporate Governance Regulations, and justification thereof.

The Company acknowledges the implementation of all provisions contained in the Corporate Governance Regulations, except for the following:

Article and Paragraph Number According to the Corporate Governance Regulations Issued on 18/01/2023	Partially Implemented	Not Implemented	Reasons of Non-Implementation
Article Sixty-Eight: (Competencies of the Risk Management Committee) The competencies of the risk management committee shall include the following: 1 . developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors; 2 . determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level; 3 . Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months; 4 . Overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein; 5 . Regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example); 6 . Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board; 7 . providing recommendations to the Board on matters related to risk management; 8 . ensuring the availability of adequate resources and systems for risk management; 9 . reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board; 10 . Verifying the independence of the risk management employees from activities that may expose the Company to risk; 11 . Ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk; and 12 . Reviewing any issues raised by the audit committee that may affect the Company's risk management.	✓	-	The tasks of the Risk Management Committee have been combined with the tasks of the Audit Committee
Article Sixty-Nine: Meetings of the Risk Management Committee The Risk Management Committee shall convene periodically at least once every six months, and as may be necessary.	-	✓	Guiding article

Article and Paragraph Number According to the Corporate Governance Regulations Issued on 18/01/2023	Partially Implemented	Not Implemented	Reasons of Non-Implementation
Article Eighty: Regulating the Relationship with Stakeholders The Board shall establish clear and written policies and procedures regulating the relationship with Stakeholders with the aim of protecting them and safeguard their rights, which shall include the following, in particular: 1 . methods to compensate Stakeholders when their rights established by laws or protected by contracts are infringed; 2 . methods for resolving complaints or disputes that may arise between the Company and the Stakeholders; 3 . methods for building good relationships with customers and suppliers and maintaining the confidentiality of their information; 4 . rules of professional conduct for Company managers and employees that are prepared in compliance with the proper professional and ethical standards and regulate their relationship with Stakeholders, provided that the Board shall establish mechanisms for supervising the implementation of, and compliance with such rules; 5 . the Company's social contributions; 6 . ensuring that the Company's transactions with Board members and Related Parties are entered into on terms identical to the terms of transactions with Stakeholders without any discrimination or bias; 7 . Stakeholders obtaining of information relevant to their activities to enable them to perform their duties. Such information shall be correct and sufficient and shall be provided in timely manner and on a regular basis; and 8 . treating Company employees pursuant to the principles of justice and equality and without discrimination.	✓	-	Some policies have been prepared and approved by the Board
Article Eighty-One: Reporting Non-Compliant Practices The Board shall, based upon a proposal from the audit committee, develop the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations, taking the following into consideration: 1 . facilitating the method by which Stakeholders (including Company employees) report to the Board conducts and practices of the Executive Management's that violate applicable laws, regulations and rules or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard; 2 . maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the audit committee or other specialized committees; 3 . appointing an employee to receive and address complaints or reports sent by Stakeholders; 4 . dedicating a telephone number or an email address for receiving complaints; and 5 . providing the necessary protection to the Stakeholders.	✓	-	The policy and mechanism of safe whistleblowing of Fraudulence, Embezzlement, or Corruption have been developed and approved by the Board of Directors

Implemented and Non-Implemented Provisions of Corporate Governance Regulations, and justification thereof.

The Company acknowledges the implementation of all provisions contained in the Corporate Governance Regulations, except for the following:

Article and Paragraph Number According to the Corporate Governance Regulations Issued on 18/01/2023	Partially Implemented	Not Implemented	Reasons of Non-Implementation
Article Eighty-Two: Employee Incentives The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include the following: 1 . forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions; 2 . establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such program; and 3 . establishing social organizations for the benefit of the Company's employees.	-	✓	Guiding article
Article Eighty-Three: Professional Conduct Policy The Board shall establish a policy for professional conduct and ethical values at the Company, which shall particularly take the following into consideration: 1 . ensuring that each member of the Board or the Executive Management and employees perform his/her duties of loyalty and care to the Company, and undertake the measures that may protect the Company's interests and contribute to its development and increase its value, and shall not, at all times, priorities his/her own interests over the interests of the Company; 2 . a Board member shall represent all shareholders of the Company and take all actions to achieve the best interests of the Company and its shareholders, while protecting the rights of the other Stakeholders rather than only the interests of the group that elected him; 3 . entrench among the Board members and Senior Executives the principle of compliance with all relevant laws, regulations and instructions; 4 . preventing the Board members or the Executive Management from abusing their positions with the aim of achieving benefits for himself/herself or a third party; 5 . ensuring that the Company's assets and resources are only used to achieve the Company's purposes and objectives, and not to achieve personal interests; and 6 . establishing accurate, well-formed, and clear rules regulating the authority to access the Company's internal information and timing to access it, in a way that prevents the Board members, the Executive Management and others from making personal use or disclosing the same to any person, except within the prescribed limits or as permitted by law	✓	-	The Code of Conduct and Professional Ethics Policy has been developed and approved by the Board of Directors

Article and Paragraph Number According to the Corporate Governance Regulations Issued on 18/01/2023	Partially Implemented	Not Implemented	Reasons of Non-Implementation
Article Eighty-Four: Social Responsibility The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	✓	-	The Social Responsibility Policy has been developed and approved by The Board of Directors)
Article Eighty-Five: Social Initiatives The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include: 1 . establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities; 2 . disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility; 3 . disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's; and 4 . establishing awareness programs to the community to familiarize them with the Company's social responsibility.	-	✓	Guiding article
Article Ninety-Two: Formation of a Corporate Governance Committee If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.	✓	-	The tasks of the Corporate Governance Committee have been combined with the tasks of the Nominations and Remuneration Committee

Board of Directors, their Classifications, Committee Members, their Current and Previous Positions, Qualifications, and Experiences

The Board of Directors includes a selection of leaders with rich, comprehensive, and diverse experiences, allowing for the formation of an integrated mixture of skills and experiences that support the Company's progress. The Board plays a pivotal role in guiding the Company's strategy, collaborating with the executive management to achieve the Company's goals and enhance its position in the market.

Mr. Fahd bin Sulaiman Al Rajhi - Non-Executive Member

Current Position

Chairman of the Board of Directors of Yanbu Cement Company

Previous Position

Vice Chairman of the Board of Directors of Yanbu Cement Company

Qualifications

- Bachelor of Science in Industrial Management - King Fahd University of Petroleum and Minerals, 1983.

Experience

- Board Chairman of Yanbu Cement Company.
- Board Vice Chairman of Sahara International Petrochemical Company (Sipchem) and Chairman of the Executive Company.
- Board Chairman of Al Rajhi Ekhwan Group Company.
- Board Chairman of the Saudi German Company for Nonwoven Products.
- Board Chairman of Advanced Flexible Packaging Company.
- Board Vice Chairman of Musharaka Capital Company.
- Member of the Board of Directors of the International Methanol Company.
- Board Member of King Abdullah Humanitarian Foundation and Member of Executive Committee.

Mr. Mohammed bin Abdullah Al Khereiji - Non-Executive Member

Current Position

Vice Chairman of the Board of Directors of Yanbu Cement Company

Previous Position

Chairman of the Board of Directors of Al Khereiji Holding Group

Qualifications

- Law Degree, Cairo University, 1973.
- Diploma in Marketing, Global Marketing Institute
- Marketing Management Certificate, the Global Marketing Institute, Cambridge (USA), 1976.
- Diploma in Change Management, Harvard University, 2000.

Experience

- Membership in several joint stock companies and executive committees.

Mr. Ibrahim bin Hamad Al-Rashid - Independent Member

Current Position

Businessman

Previous Position

CEO of Social Development Bank

Qualifications

- Bachelor of Computer Science, King Saud University
- Master of Computer Science, Florida Institute of Technology, USA, 2002.

Experience

- Chairman Of Rawafed Company
- Vice Chairman of Takamul Holding Company
- Business Relations and Development Manager at Al Rajhi Bank, CIO.
- General Director of the "Yusr" e-Government Transactions Center.
- Consultant at Al-Rashid Accountants and Auditors.
- Chief Information Officer at the Technical and Vocational Training Corporation.

Mr. Ali bin Abdullah Al-Aayed - Executive Member

Current Position

CEO of Yanbu Cement Company

Board and Executive Committee Member

Previous Position

CEO of the Saudi Technology Develop-ment and Investment Company

Qualifications

- Bachelor of Science in Industrial Management - King Fahd University of Petroleum and Minerals, 1979.
- Financial Analysis Program, Chase Manhattan Bank, New York, USA, 1981.

Experience

- Former Board member of the Al Watania for Industry company, and member of the Executive Committee.
- Former General Manager of the Saudi Industrial Development Fund.
- Former Board Chairman of the Saudi Egyptian Industrial Investments Company (Egyptian company).
- Former Board Member of October Pharma (Egyptian company).
- Former Board Member, Audit Committee, and Executive Committee Member of the Power and Water Utility Company for Jubail and Yanbu (Marafiq).
- Former Board Vice Chairman and Chairman of the Audit Committee of the Arab Industrial Fibers Company (Ibn Rushd).
- Former Board member and Chairman of the Audit Committee, Social Development Bank.
- Former member of the Economic Balance Committee (Council of Economic and Development Affairs).
- Former member and Chairman of the Audit Committee, National Industrial Clusters Program.
- Former member of the Supreme Preparatory Committee for Local Manufacturing.
- Former Board member of the Saudi German Development and Investment Company Limited (SAGCO).
- Former Board member of the Saudi Ceramics Company.
- Former CEO of the Saudi Technology Development and Investment Company.
- Former Board member of Alexandria Carbon Black Company (Egyptian company).

Board of Directors, their Classifications, Committee Members, their Current and Previous Positions, Qualifications, and Experiences

Eng. Riyad bin Abdulrahman Aba Al-Khail - Independent Member

Current Position	Previous Position
Senior Governance and Quality Management Consultant at Saudi Telecom Company	Executive Director of Licensing and Registration at the Ministry of Investment

Qualifications

- Electrical Engineering, King Saud University
- Higher Diploma, Cambridge University, UK

Experience

- General Manager of Licensing at the General Investment Authority.
- Project Management Consultant at the Saudi Industrial Development Fund.
- Supervisor of the financial audit project for foreign establishments licensed by the General Investment Authority.
- Director of the Riyadh Investor Services Center.
- Member of the Licensing Committee at the General Investment Authority.
- Representative of the General Investment Authority at the Customs Exemptions Committee.

Mr. Turki bin Musaed Al-Mubarak - Independent Member

Current Position	Previous Position
Businessman	Director and Managing Partner at Al-Asna Trading Company.

Qualifications

- Bachelor of Accounting, King Saud University 2003.

Experience

- Director and Managing Partner of Al-Asna Trading Company
- Part-time consultant at Al-Yemni Holding Group.
- Manager of the Investment Department at Samba Financial Group.
- Assistant Manager of the Investment Department at Samba Financial Group.

Mr. Abdulaziz bin Sulaiman Al Rajhi - Non-Executive Member

Current Position	Previous Position
Businessman	Businessman

Qualifications

- Bachelor of Financial Management, Prince Sultan University

Experience

- Board Chairman of Al Rajhi Investment Company and Watania Agricultural Company.
- CEO of Sulaiman Alrajhi Holding Company.
- General Secretary of the Sulaiman Al Rajhi Endowment.
- Board Member of several companies, including Al Rajhi International Company and Jabal Omar Company.
- Founder and Board member of Alrajhi United Holding Investment Company.
- Founder and Board member of Raj Real Estate Company, in addition to managing some private businesses.

Eng. Abdulaziz bin Abdullah Al-Habardi - Independent Member

Current Position	Previous Position
Retired	Chairman of the Arab Petrochemicals Company (Petrokemya)

Qualifications

- Bachelor of Mechanical Engineering, King Fahd University of Petroleum and Minerals, 1984.

Experience

- Member of the Board of Directors of Advanced Petrochemical Company
- Vice Chairman of the Board of Directors of Advanced Polyolefins Company
- Member of the Audit Committee of Advanced Polyolefins Company
- Former member of the Board of Directors of Saudi Kayan Petrochemical Company
- Former member of the Board of Directors of the Arabian Petrochemical Company
- Former member of the Board of Directors of the Eastern Petrochemical Company
- Former Chairman of the Board of Directors of Gas Company, a subsidiary of SABIC

Mr. Fahd bin Ibrahim Al-Jomaih - Independent Member

Current Position	Previous Position
Director of Middle East and North Africa Investments Department at the Public Investment Fund	Senior Vice President of Middle East and North Africa Investments Department at the Public Investment Fund

Qualifications

- Master of Business Administration, University of Portsmouth, UK, 2007.
- Master of International Investments and Banking, University of Reading, UK, 2006.
- Bachelor of Business Administration, Northeastern University, USA, 2004.

Experience

- Investments Manager at Abdul Latif Jameel Investments Company.
- Vice President of Banking Investments at the Saudi French Bank.
- Associate - Banking Investments at the Saudi French Bank.

Mr. Omar Jahidi - Independent Member

Current Position	Previous Position
Senior Director - Head of Mergers and Acquisitions - Investment Consulting At the Public Investment Fund	Director of Investment Banking Consulting at HSBC

Qualifications

- Master of Management and Corporate Finance - EM Lyon Business School, France, 2008.
- Bachelor of Business Administration, Al Akhawayn University, Ifrane, Morocco, 2006.

Experience

- Assistant Manager of Mergers and Acquisitions - HSBC.
- Assistant - Mergers and Acquisitions - HSBC.

Companies wherein the Board Member is a Member in its Current and Previous Board or One of its Managers

Member's name	Names of Companies in which a Board Member is a Member of their Current Board or a Manager	Inside/Outside the Kingdom	Legal entity	Names of Companies in which a Board Member is a Member of their Previous Board or a Manager	Inside/Outside the Kingdom	Legal entity
Mr. Fahd bin Sulaiman Al Rajhi	Yanbu Cement Company	Inside KSA	Listed Joint Stock	Al Watania Poultry	Inside KSA	Closed Joint Stock
	Sahara International Petrochemical Co.	Inside KSA	Listed Joint Stock	Naqwa Company	Inside KSA	Closed Joint Stock
	Al Rajhi Ekhwan Group Company	Inside KSA	Closed Joint Stock	Al Watania for Industries	Inside KSA	Closed Joint Stock
	International Methanol Company	Inside KSA	Closed Joint Stock	Saudi Cement Company	Inside KSA	Listed Joint Stock
	Saudi German Non-Woven Products Company	Inside KSA	Closed Joint Stock	Saudi Industrial Investment Group	Inside KSA	Listed Joint Stock
	Musharaka Capital	Inside KSA	Closed Joint Stock	-	-	-
	Advanced Flexible Packaging Company	Inside KSA	Limited Liability	-	-	-
	King Abdullah Humanitarian Foundation	Inside KSA	Public Interest Entity	-	-	-
Mr. Mohammed bin Abdullah Al Khereiji	Al Khereiji Holding Group	Inside KSA	Limited Liability	Global Trade and Contracting Center	Inside KSA	Limited Liability
	Abdullah Al Khereji Sons Real Estate Company	Inside KSA	Limited Liability	Makkah International Market	Inside KSA	Limited Liability
	Hill International Company	Inside KSA	Limited Liability	Global Environmental Services Management Company Ltd.	Inside KSA	Limited Liability
	Al Khereji Company	Inside KSA	Closed Joint Stock	Jeddah Holding Company	Inside KSA	Limited Liability
	WorldCare International	Outside KSA	Limited Liability	Amen Company	Inside KSA	Limited Liability
	Ithmar Bank	Outside KSA	Closed Joint Stock	Faisal Investment Bank	Outside KSA	Limited Liability
	Yanbu Cement Company	Inside KSA	Listed Joint Stock	Tihama Company	Outside KSA	Joint stock
	Faisal Investment Bank of Egypt	Outside KSA	Joint stock	Edera Company	Inside KSA	Listed Joint Stock
	-	-	-	Dar Al-Maal Al-Islami	Outside KSA	Limited Liability
	-	-	-	Medical Equipment and Services	Inside KSA	Limited Liability
Mr. Ali bin Abdullah Alayed	Yanbu Cement Company	Inside KSA	Listed Joint Stock	Saudi Ceramics Company	Inside KSA	Listed Joint Stock
	Yanbu Cement Knowledge Center for Training	Inside KSA	Mixed Limited Liability	Ibn Rushd Company	Inside KSA	Unlisted Joint Stock
	-	-	-	Saudi German Development and Investment Company	Inside KSA	Limited Liability
	-	-	-	Saudi Egyptian Industrial Investments Company	Outside KSA	Joint stock
	-	-	-	Marafiq Company	Inside KSA	Listed Joint Stock
	-	-	-	October Pharma Company	Outside KSA	Joint stock
	-	-	-	Alexandria Carbon Black Company	Outside KSA	Joint stock
	-	-	-	Social Development Bank	Inside KSA	Government Entity
	-	-	-	Al Watania for Industries	Inside KSA	Closed Joint Stock
Mr. Ibrahim Hamad Al-Rashid	Yanbu Cement Company	Inside KSA	Listed Joint Stock	-	-	-
	Future Work Company	Inside KSA	Closed Joint Stock	-	-	-
	Saudi Fund for Small and Emerging Companies	Inside KSA	Closed Joint Stock			
	National Gas and Industrialization Company	Inside KSA	Listed Joint Stock	-	-	-
Eng. Riyad bin Abdulrahman Aba Al-Khail	Yanbu Cement Company	Inside KSA	Listed Joint Stock	-	-	-
Mr. Turki bin Musaed Al-Mubarak	Yanbu Cement Company	Inside KSA	Listed Joint Stock	Technical Company for Technology Localization	Inside KSA	Unlisted Joint Stock
	Saudi Public Transport Company (SAPTCO)	Inside KSA	Listed Joint Stock	-	-	-
Mr. Abdulaziz bin Sulaiman Al Rajhi	Alrajhi Union Holding	Inside KSA	Closed Joint Stock	Sulaiman Alrajhi Holding	Inside KSA	Limited Liability
	Raj Real Estate	Inside KSA	Limited Liability	Alrajhi International	Inside KSA	Limited Liability
	Alpha Investments	Inside KSA	Limited Liability	Sulaiman Alrajhi Real Estate Investments	Inside KSA	Limited Liability
	Yanbu Cement Company	Inside KSA	Listed Joint Stock	-	-	-
	Al-Watania Agricultural	Inside KSA	-	-	-	-

Companies wherein the Board Member is a Member in its Current and Previous Board or One of its Managers

Member's name	Names of Companies in which a Board Member is a Member of their Current Board or a Manager	Inside/Outside the Kingdom	Legal entity	Names of Companies in which a Board Member is a Member of their Previous Board or a Manager	Inside/Outside the Kingdom	Legal entity
Eng. Abdulaziz bin Abdullah Al-Habardi	Yanbu Cement Company	Inside KSA	Listed Joint Stock	Saudi Kayan Petrochemical Company (Kayan)	Inside KSA	Listed Joint Stock
	Advanced Petrochemical Company	Inside KSA	Listed Joint Stock	National Industrial Gases Company (GAS)	Inside KSA	Limited Liability
	Advanced Polyolefins Company	Inside KSA	Closed Joint Stock	The Arab Petrochemicals Company (Petrokemya)	Inside KSA	Limited Liability
	-	-	-	Eastern Petrochemical Company (SHARQ)	Inside KSA	Limited Liability
	-	-	-	Saudi Petrochemical Company (SADAF)	Inside KSA	Limited Liability
Mr. Fahd bin Ibrahim Al-Jomaih	Yanbu Cement Company	Inside KSA	Listed Joint Stock	-	-	-
	D360 Bank	Inside KSA	Closed Joint Stock	-	-	-
	Saudi Tadawul Group	Inside KSA	Listed Joint Stock	-	-	-
	Industrial Company for Electronics	Inside KSA	Closed Joint Stock	-	-	-
	The Saudi Technology Development and Investment Company	Inside KSA	Closed Joint Stock	-	-	-
				-	-	-
	Al Jomaih Equipment Company	Inside KSA	Limited Liability	-	-	-
	Pergola Holding Company	Inside KSA	Limited Liability	-	-	-
	International Refreshments Company	Inside KSA	Limited Liability	-	-	-
Mr. Omar Jahidi	Yanbu Cement Company	Inside KSA	Listed Joint Stock			

Board Meetings

Board Meeting Attendance Record

Name	Position	Classification	First 24/03/2024 14/09/1445	Second 16/05/2024 08/10/1445	Third 16/05/2024 08/10/1445	Fourth 13/06/2024 07/12/1445	Fifth 25/06/2024 19/12/1445	Sixth 30/09/2024 27/03/1446	Seventh 07/12/2024 06/06/1446	Total Attendance
Mr. Fahd bin Sulaiman Al Rajhi	Chairman of the Board	Non-Executive	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Mr. Mohammed bin Abdullah Al Khereiji	Vice Chairman of the Board	Non-Executive	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Mr. Ali bin Abdullah Alayed	Member - CEO	Executive	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Mr. Ibrahim bin Hamad Al-Rashid	Member	Independent	Attended	Attended	Attended	Attended	Absent	Attended	Attended	6
Eng. Riyad bin Abdulrahman Aba Al-Khail	Member	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Mr. Turki bin Musaed Al-Mubarak	Member	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Mr. Abdulaziz bin Sulaiman Al Rajhi	Member	Non-Executive	Attended	Attended	Attended	Attended	Attended	Attended	Absent	6
Eng. Abdulaziz bin Abdullah Al-Habardi	Member	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Mr. Fahd bin Ibrahim Al- Jomaih	Member	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Mr. Omar Jahidi	Member	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7

Board of Directors Committees

First: Executive Committee:

The Executive Committee consists of four members of the Board. The committee held (9) meetings during the year 2024. The committee supports the Board of Directors by submitting recommendations on strategic plans and estimated annual budgets, in addition to following up, ensuring their implementation, and measuring their effectiveness in achieving the desired goals, reviewing and updating them from time to time.

Executive Committee Meeting Attendance Record

Name	Position	Classification	First 07/03/2024 26/08/1445	Second 17/03/2024 07/09/1445	Third 16/05/2024 08/10/1445	Fourth 11/06/2024 05/12/1445	Fifth 22/09/2024 19/03/1446	Sixth 17/11/2024 15/05/1446	Seventh 24/11/2024 22/05/1446	Eighth 06/12/2024 05/06/1446	Ninth 29/12/2024 28/06/1446	Total Attendance
Eng. Riyad bin Abdulrahman Aba Al-Khail	Committee Chairman	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	9
Mr. Ali bin Abdullah Alayed	Member	Executive	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	9
Eng. Abdulaziz bin Abdullah Al-Habardi	Member	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	9
Mr. Omar Jahidi	Member	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	9

Second: Audit Committee:

The Audit Committee consists of three (3) non-executive members. The committee held (8) meetings during the year 2024. The Audit Committee supports the Board of Directors by reviewing the effectiveness of risk management and internal auditing, reviewing financial statements, verifying the effectiveness of anti-fraud procedures, in addition to establishing mechanisms that allow company employees to submit their comments on any violations in financial or other reports confidentially.

Audit Committee Meeting Attendance Record

Name	Position	Classification	First 13/03/2024 03/09/1445	Second 18/03/2024 08/09/1445	Third 12/05/2024 04/10/1445	Fourth 25/06/2024 19/12/1445	Fifth 24/07/2024 18/01/1446	Sixth 01/10/2024 28/03/1446	Seventh 23/10/2024 20/04/1446	Eighth 31/12/2024 30/06/1446	Total Attendance
Mr. Ibrahim bin Hamad Al-Rashid	Committee Chairman	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
Mr. Fahd bin Ibrahim Al-Jomaih	Member	Independent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
Mr. Abdulaziz bin Abdullah Al-Naim	Member	External Member	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8

Third: Nominations and Remuneration Committee:

The Nominations and Remuneration Committee consists of three (3) members of the Board. The Nominations and Remuneration Committee held (4) meetings during 2024. The committee supports the Board of Directors regarding nominations by proposing clear policies and standards for membership in the Board of Directors and Executive Management, verifying the independence of independent members, and ensuring the absence of any conflict of interest. In addition to identifying weaknesses and strengths in the Board of Directors and proposes solutions to address them. In terms of remuneration, it prepares a clear policy for the remuneration of members of the Board of Directors, committees emanating from the Board, and Executive Management to enhance and motivate the administrative system and retain distinguished personnel.

Nominations and Remuneration Committee Meeting Attendance Record

Name	Position	Classification	First 21/03/2024 11/09/1445	Second 03/06/2024 26/11/1445	Third 10/09/2024 07/03/1446	Fourth 19/11/2024 17/05/1446	Total Attendance
Mr. Turki bin Musaed Al-Mubarak	Committee Chairman	Independent	Attended	Attended	Attended	Attended	4
Mr. Mohammed bin Abdullah Al Khariji	Member	Non-Executive	Attended	Attended	Attended	Attended	4
Mr. Abdulaziz bin Sulaiman Al Rajhi	Member	Non-Executive	Attended	Attended	Attended	Excused	3

Executive Management Members, Their Current and Previous Positions, Qualifications, and Experience:

Mr. Ali bin Abdullah Alayed

Current Position

CEO of Yanbu Cement Company
Board and Executive Committee Member

Previous Position

CEO of the Saudi Technology Development and Investment Company

Qualifications

- Bachelor of Science in Industrial Management - King Fahd University of Petroleum and Minerals, 1979.
- Financial Analysis Program, Chase Manhattan Bank, New York, USA, 1981.

Experience

- Former Board member of the Al Watania for Industry company, and member of the Executive Committee.
- Former General Manager of the Saudi Industrial Development Fund.
- Former Board Chairman of the Saudi Egyptian Industrial Investments Company (Egyptian company).
- Former Board Member of October Pharma (Egyptian company).
- Former Board Member, Audit Committee, and Executive Committee Member of the Power and Water Utility Company for Jubail and Yanbu (Marafiq).
- Former Board Vice Chairman and Chairman of the Audit Committee of the Arab Industrial Fibers Company (Ibn Rushd).
- Former Board member and Chairman of the Audit Committee, Social Development Bank.
- Former member of the Economic Balance Committee (Council of Economic and Development Affairs).
- Former member and Chairman of the Audit Committee, National Industrial Clusters Program.
- Former member of the Supreme Preparatory Committee for Local Manufacturing.
- Former Board member of the Saudi German Development and Investment Company Limited (SAGCO).
- Former Board member of the Saudi Ceramics Company.
- Former CEO of the Saudi Technology Development and Investment Company.
- Former Board member of Alexandria Carbon Black Company (Egyptian company).

Mr. Waleed bin Mohammed bin Mayouf

Current Position

Chief Financial Affairs Officer of Yanbu Cement Company

Previous Position

Vice President to CEO for Finance of Yanbu Cement Company

Qualifications

- Bachelor of Accounting, College of Administrative Sciences, King Saud University, 1990.
- Diploma in English Language and Accounting from the Institute of Economics, USA, 1994-1995.

Experience

- Director of Enterprise Risk Management and Board Secretary at the National Shipping Company of Saudi Arabia (BAHRI).
- Financial Manager - National Chemical Carriers Company (Bahri Chemicals).
- Documentary Credits Director at Saudi Basic Industries Corporation (SABIC).

Eng. Hatim bin Mohammed Imam

Current Position

Chief Human Capital Officer of Yanbu Cement Company

Previous Position

Vice President to CEO for Human Capital Management of Yanbu Cement Company

Qualifications

- Licensed Aircraft Technician Diploma (FFA), University of Washington, USA, 1999.
- Bachelor of Business Administration (BBA), University of Washington, USA, 2001.
- Bachelor of Computer Science (B.SC), University of Washington - USA, 2003.
- Master in Human Resources (M.SC), University of Washington, USA, 2004.

Experience

- CEO of Human Resources and Administrative Affairs at Delmon Products Saudi Limited Company (Saudi Arabia and GCC countries).
- Deputy CEO of Human Resources and Shared Services Sector at Tabuk Agricultural Development Company (TADCO).
- Executive Director of Human Resources and Administrative Affairs at Samaco Cars Co.
- General Manager of Human Resources and Administrative Affairs at Al-Miftah Car Rental Company.
- General Manager of Human Resources and Administrative Affairs at Almarai Company - Western Bakeries (Lusine).
- General Manager of Human Resources and Administrative Affairs at Attieh Steel Limited Company (Saudi Arabia and GCC countries).

Dr. Adeib bin Ahmed Al-Jafari Al-Tayyar

Current Position

Chief of Marketing and Sales Officer of Yanbu Cement Company

Previous Position

Vice President to CEO for Marketing and Sales of Yanbu Cement Company

Qualifications

- Higher Diploma in Programming, British Energy Institute - United Kingdom, 1986.
- Master of Business Administration, Hull University, United Kingdom, 1998.
- Ph.D. in Marketing, MUST University, United States, 2012.

Experience

- Sales Manager for Saudi Arabia and the Arabian Gulf at Al-Obaikan Industrial Company.
- Middle East Sales Manager at SABIC.
- Manager of Sales and Marketing at Petro Rabigh Company.

Eng. Ali bin Yahya Al-Zailaie

Current Position

Chief Manufacturing Officer of Yanbu Cement Company

Board Member of the Cement Knowledge Center for Training

Previous Position

Vice President to CEO for Manufacturing of Yanbu Cement Company

Qualifications

- Bachelor of Applied Chemical Engineering, King Fahd University of Petroleum and Minerals, 2001.
- Master of Business Administration, Arab Academy for Science, Technology and Maritime Transport, 2010.

Experience

- Laboratory Specialist at the Saudi Standards, Metrology and Quality Organization.
- Factory Operator at Abdullah Hashem Industrial Equipment and Gases Company.
- Cement Mill Supervisor - Third Line at Yanbu Cement Company.
- Production and Facilities Manager at Arab Cement Company.
- Plant Manager at Eastern Cement Company

Mr. Nabeel bin Mohammed Baghdadi

Current Position

Chief Legal Affairs, Governance and Compliance Officer of Yanbu Cement Company

Previous Position

Advisor to CEO for Legal Affairs and Governance of Yanbu Cement Company

Qualifications

- Master of Regulations (Law) from King Abdulaziz University 2002.
- Bachelor of Regulations (Law) from King Abdulaziz University 1992.

Experience

- Advisor to the CEO of Legal Affairs.
- Advisor to the General Manager of Legal Affairs.
- Assistant CEO of Legal and Administrative Affairs.
- Assistant General Manager of Administrative Affairs.
- Senior Manager of the Legal Affairs Department.
- Head of the Personnel Affairs Department.
- Assistant Head of the Personnel Affairs Department.

Membership of Committees and Secretariat

- Secretary of the Board of Directors of Yanbu Cement Company (15th - 16th sessions).
- Secretary of the Board of Directors of Yanbu Saudi-Kuwaiti Paper Products Company (6th - 7th sessions).
- Secretary of the Audit Committee of Yanbu Cement Company (14th - 15th - 16th sessions).
- Managing Director of Yanbu Saudi-Kuwaiti Paper Products Limited Company.
- Member of the Board of Directors of Yanbu Saudi-Kuwaiti Paper Products Limited Company.
- Secretary of the Board of Directors of Yanbu Saudi-Kuwaiti Paper Products Limited Company.

Executive Management Members, Their Current and Previous Positions, Qualifications, and Experience:

Mr. Abdulrahman bin Mohammed Badahdah

Current Position

Chief Supply Chain Officer of Yanbu Cement Company

Previous Position

Vice President to CEO for Supply Chain of Yanbu Cement Company

Qualifications

- Master of Business Administration (MBA), Arab Academy for Science and Technology, Egypt, 2008.
- Bachelor of Petroleum Geology and Sedimentology, King Abdulaziz University, 2001.

Experience

- General Manager of the Supply Chain.
- General Manager of Procurement.
- Manager of the Contracts and Procurement Department.
- Head of the Human Resources Planning and Development Department.
- Manager of the Warehouses Department.
- Deputy Manager of the Warehouses Department.
- Assistant Manager of Quarries.
- Geologist in the Quarries Department.

Dr. Badr bin Ali Al-Ojaiman

Current Position

Chief Strategy and Risk Officer of Yanbu Cement Company

Previous Position

Advisor to CEO for Strategy and Risks at Yanbu Cement Company

Qualifications

- Ph.D. in Computer Science - Flinders University - Australia - 2016.
- Master of Information Technology - Griffith University - Australia - 2009.
- Bachelor of Computer Science - Edith Cowan University - Australia - 2002.

Experience

- Member of the Standing Committee for Strategic Planning and Development Initiatives at Shaqra University.
- Acting Agent in the Deanship of Information Technology at Shaqra University.
- Faculty Member and Head of Department at the College of Computer Science at Shaqra University.
- Systems Analyst and Quality Program Supervisor at the Saudi Standards, Metrology and Quality Organization.

Ownership of the Board of Directors Members and Their Relatives, the Senior Executives, Their Wives and Minor Children in the Shares or Debt Instruments of the Company or Any of its Subsidiaries:

First: Ownership of Board Members in the Shares or Debt Instruments of the Company or any of its subsidiaries:

Board Members	Number of Shares and Ownership Percentage on 01/01/2024		Net Change During 2024		Number of Shares and Ownership Percentage on 31/12/2024	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Mr. Fahd bin Sulaiman Al Rajhi	708,075	0.4496 %	-	0.0 %	708,075	0.4496 %
Mr. Mohamed bin Abdullah Al-Khereiji	9,138	0.0058 %	-	0.0 %	9,138	0.0058 %
Mr. Ali bin Abdullah Alayed	12,000	0.0076 %	-	0.0 %	12,000	0.0076 %
Eng. Riyad bin Abdulrahman Aba Al-Khail	10,370	0.0066 %	-	0.0 %	10,370	0.0066 %
Mr. Turki bin Musaed Al-Mubarak	100	0.0001 %	-	0.0 %	100	0.0001 %
Mr. Abdulaziz bin Sulaiman Al Rajhi	165.020	0.1048 %	-	0.0 %	165.020	0.1048 %
Mr. Ibrahim bin Hamad Al-Rashid	-	0.0 %	-	0.0 %	-	0.0 %
Eng. Abdulaziz bin Abdullah Al-Habardi	500	0.0003 %	500	0.0003 %	1,000	0.0006 %
Mr. Fahd bin Ibrahim Al-Jomaih	-	0.0 %	-	0.0 %	-	0.0 %
Mr. Omar Jahidi	-	0.0 %	-	0.0 %	-	0.0 %

Second: Ownership of Board Members' Relatives, their Wives and Minor Children in the Shares or Debt Instruments of the Company and its Subsidiaries

Name	Number of Shares and Ownership Percentage on 01/01/2024		Net Change During 2024		Number of Shares and Ownership Percentage on 31/12/2024	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Abdulaziz Fahd Sulaiman Al Rajhi	107,193	0.0681 %	(107,193)	(0.0681) %	-	0.0 %
Najlaa Fahd Sulaiman Al Rajhi	50,734	0.0322 %	(50,734)	(0.0322) %	-	0.0 %
Al-Jawhara Fahd Sulaiman Al Rajhi	50,354	0.0320 %	(50,354)	(0.0320) %	-	0.0%

Third: Ownership of Senior Executives, Their Wives and Minor Children

Name	Number of Shares and Ownership Percentage on 01/01/2024		Net Change During 2024		Number of Shares and Ownership Percentage on 31/12/2024	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Mr. Ali bin Abdullah Al-Aayed	12,000	0.0076 %	0.0 %	-	12,000	0.0076 %
Mr. Nabeel bin Mohammed Baghdadi	1,200	0.0008 %	0.0 %	-	1,200	0.0008 %
Dr. Badr bin Ali Al-Ojaiman	-	0.0%	0.0%	-	5950	0.0037 %

Remuneration Mechanism

The following must be considered in determining remuneration:

- Fair and commensurate with the activities and responsibilities of the members of the board of directors, committees and executive management,
- Supportive to achieve the strategic objectives of the Board of Directors.
- Based on the recommendation of the Nominations and Remuneration Committee.
- Commensurate with the Company's activity and the skills needed to manage it.
- Considering the sector in which the company operates, its size and complexity, and the experience of the members of the Board of Directors, committees and executive management.
- Reasonably sufficient to retain the members of the Board of Directors, its committees, the executive management, and the ability to attract qualified and experienced persons.
- Directors' remunerations shall be commensurate with the number of meetings they attend.
- In all cases, the sum of what a member of the Board of Directors receives in terms of remunerations and financial or in-kind benefits shall not exceed the stipulations of the regulations.
- When forming the membership of the committee, the number of committees that a board member may serve at must be considered, as the total amount paid for the Director's membership in the board of directors and committees shall not exceed the limit decided by the regulations.

The Board of Directors believes that the remunerations during the fiscal year 2024 were distributed in accordance with the approved policy, and there are no material deviations from it.

Remuneration of Board Members, its Committees, and the Executive Management

The annual remuneration for the Board of Directors members, its committees, and the executive management are determined based on the approved policy, in accordance with the Company's Bylaws, the resolution of the General Assembly of Shareholders, and the relevant regulations in this regard, as follows:

First: Remuneration of the Board of Directors

The remuneration of the Board of Directors consists of the following:

- A specific amount;
- Allowance for attending the Board sessions.
- In-kind benefits;
- A specific percentage of net profits;
- Or a combination of two or more of these benefits.

Table of Annual Remuneration and Compensation for Board Members:

	Fixed Remuneration							Variable Remuneration								
Member	Specific (*) Amount	Board Meeting Attendance Allowance	Total Committee Meeting Attendance Allowance	In-kind benefits	Technical, Administrative, and Advisory Work Remuneration	Chairman, Managing Director, or Secretary Remuneration (if applicable)	Total	Percentage of Profits	Periodic Remuneration	Short-Term Incentive Plans	Long-Term Incentive Plans	granted shares	Total	Severance pay	Total	Expenses Allowance
First: Independent Members																
Mr. Ibrahim bin Hamad Al-Rashid	200,000	15,000	24,000	-	-	-	239,000	-	-	-	-	-	-	-	239,000	-
Eng. Riyad bin Abdulrahman Aba Al-Khail	200,000	18,000	27,000	-	-	-	245,000	-	-	-	-	-	-	-	245,000	-
Mr. Turki bin Musaed Al-Mubarak	200,000	18,000	12,000	-	-	-	230,000	-	-	-	-	-	-	-	230,000	-
Mr. Fahd bin Ibrahim Al-Jomaih	200,000	18,000	24,000	-	-	-	242,000	-	-	-	-	-	-	-	242,000	-
Mr. Omar Jahidi	200,000	18,000	27,000	-	-	-	245,000	-	-	-	-	-	-	-	245,000	-
Eng. Abdulaziz bin Abdullah Al-Habardi	200,000	18,000	27,000	-	-	-	245,000	-	-	-	-	-	-	-	245,000	-
Total	1,200,000	105,000	141,000	-	-	-	1,446,000	-	-	-	-	-	-	-	1,446,000	-
Second: Non-Executive Members																
Mr. Fahd bin Sulaiman Al Rajhi	200,000	18,000	-	-	-	-	218,000	-	-	-	-	-	-	-	218,000	-
Mr. Mohamed bin Abdullah Al-Khereiji	200,000	18,000	12,000	-	-	-	230,000	-	-	-	-	-	-	-	230,000	-
Mr. Abdulaziz bin Sulaiman Al Rajhi	200,000	15,000	9,000	-	-	-	224,000	-	-	-	-	-	-	-	224,000	-
Total	600,000	51,000	21,000	-	-	-	672,000	-	-	-	-	-	-	-	672,000	-
Third: Executive Members																
Mr. Ali bin Abdullah Alayed	200,000	18,000	27,000	-	-	-	245,000	-	-	-	-	-	-	-	245,000	-
Total	200,000	18,000	27,000	-	-	-	245,000	-	-	-	-	-	-	-	245,000	-

* Remuneration (Specific Amount) according to the second year of the sixteenth Board of Directors term, that began: from 06/2024 to

Second: Remuneration of Committee Members

Remuneration and allowances for committees and attendance allowances for committee meetings from 01/01/2024 to 31/12/2024 (SAR)

Executive Committee Members	Remuneration * 06/2024 to 06/2025	Meeting Attendance Allowance 01/01/2024 to 31/12/2024	Total
Eng. Riyad bin Abdulrahman Aba Al-Khail	100,000	27,000	127,000
Mr. Ali bin Abdullah Alayed	100,000	27,000	127,000
Eng. Abdulaziz bin Abdullah Al-Habardi	100,000	27,000	127,000
Mr. Omar Jahidi	100,000	27,000	127,000
Total	400,000	108,000	508,000

(*) Remuneration for the second year of the sixteenth term will be disbursed after the term concludes on 29/06/2025

Audit Committee Members	Remuneration * 06/2024 to 06/2025	Meeting Attendance Allowance 01/01/2024 to 31/12/2024	Total
Mr. Ibrahim bin Hamad Al-Rashid	120,000	24,000	144,000
Mr. Fahd bin Ibrahim Al-Jomaih	120,000	24,000	144,000
Mr. Abdulaziz bin Abdullah Al-Naim	120,000	24,000	144,000
Total	360,000	72,000	432,000

(*) Remuneration for the second year of the sixteenth term will be disbursed after the term concludes on 29/06/2025

Nominations and Remuneration Committee Members	Remuneration * 06/2024 to 06/2025	Board Meeting Attendance Allowance 01/01/2024 to 31/12/2024	Total
Mr. Turki bin Musaed Al-Mubarak	100,000	12,000	112,000
Mr. Mohammed bin Abdullah Al-Khereiji	100,000	12,000	112,000
Mr. Abdulaziz bin Sulaiman Al Rajhi	100,000	9,000	109,000
Total	300,000	33,000	333,000

(*) Remuneration for the second year of the sixteenth term will be disbursed after the term concludes on 29/06/2025

Third: Executive Management Members Remunerations

The executive management is responsible for managing the Company's daily operations, proposing and implementing strategic decisions. This includes roles such as the CEO, CFO, and executive vice presidents.

The following provisions apply to their remuneration:

- The Nominations and Remuneration Committee submits its recommendations to the Board of Directors for approval regarding the executive management remunerations and increments.
- The Board of Directors sets indicators for evaluating the performance of the executive management based on the recommendation of the Nominations and Remuneration Committee.
- The Nomination and Remunerations Committee submits its recommendations to the Board of Directors for approval regarding the key performance indicators for the executive management, and they shall be associated with the remunerations.
- The Nominations and Remuneration Committee submits its recommendations to the Board of Directors for approval, based on the CEO's suggestion of the annual remunerations for the executive management and the company's employees.

Senior Executive Remuneration for 2024 (Thousands of Saudi Riyal)

	Fixed Remuneration				Variable Remuneration								
Senior Executive Role	Salaries	Allowances	Benefits	Total	Periodic Remuneration	Granted Profits	Short-Term Incentive Plans	Long-Term Incentive Plans	Value of Shares Granted	Total	End of Service	Total Executive Remuneration for the Board	Total
CEO	1,926	642	353	2,921	928	-	-	-	-	-	121	200	4,170
Chief of Financial Affairs Officer	1,214	404	222	1,840	332	-	-	-	-	-	76	-	2,248
Chief of Marketing and Sales Officer	910	303	166	1,379	212	-	-	-	-	-	57	-	1,648
Chief of Manufacturing Officer	982	98	180	1,260	192	-	-	-	-	-	62	-	1,514
Chief of Legal Affairs, Governance, and Compliance Officer	745	248	99	1,092	219	-	-	-	-	-	91	-	1,402
Total	5,777	1,695	1,020	8,492	1,883	-	-	-	-	-	407	200	10,982

07

Shareholders' Rights and Investor Relations

Shareholders' Rights and Investor Relations

Shareholder Relations

To enhance the Company's relationship with both external stakeholders represented by shareholders, investors, customers, and the community and internal stakeholders represented by Company employees, who are partners in success and a major reason for its growth and prosperity while believing in the importance of corporate governance that aims to protect shareholders' rights, the Company prioritizes the care and preservation of shareholder rights. The Company ensures that shareholders can exercise their rights transparently. This is achieved by adopting strategic plans and objectives aimed to achieving sustainability and balancing corporate, social, and environmental governance, with implementing integrated programs to support this direction and to consolidate the values of transparency and accountability across all Company operations.

Enabling Shareholders and Investors to Access Information

Yanbu Cement Company is committed to transparency in its dealings with stakeholders, as it publishes financial reports, announcements and fundamental resolutions through the Capital Market Website “Tadawul”, in addition to issuing its annual Board of Directors report. The Company has also established a department dedicated to following up on shareholder affairs, with the aim of enhancing communication and responding to their inquiries, reflecting its keenness to meet shareholder needs and ensure their satisfaction.

General Assembly Meetings for Shareholders in 2024 and Attending Board Members

Name	Position	Classification	Extraordinary General Assembly No. (10) 08/11/1445 16/05/2024	Total Attendance
Mr. Fahd bin Sulaiman Al Rajhi	Chairman of the Board	Non-Executive	Attended	1
Mr. Mohammed bin Abdullah Al-Khereji	Vice Chairman of the Board	Non-Executive	Attended	1
Mr. Ali bin Abdullah Alayed	Board Member - CEO	Executive	Attended	1
Mr. Ibrahim bin Hamad Al-Rashid	Member - Chairman of the Audit Committee	Independent	Attended	1
Eng. Riyad bin Abdulrahman Aba Al-Khail	Member - Chairman of the Executive Committee	Independent	Attended	1
Mr. Turki bin Musaed Al-Mubarak	Member - Chairman of the Nominations and Remuneration Committee	Independent	Attended	1
Mr. Abdulaziz bin Sulaiman Al Rajhi	Member	Non-Executive	Attended	1
Eng. Abdulaziz bin Abdullah Al-Habardi	Member	Independent	Attended	1
Mr. Fahd bin Ibrahim Al-Jomaih	Member	Independent	Attended	1
Mr. Omar Jahidi	Member	Independent	Attended	1

Procedures Taken by the Board to Inform its Members, Non-Executive Directors in Particular, of Shareholders' Suggestions and Remarks on the Company and its Performance:

The Board reviews the comments, questions, and inquiries of shareholders (if any) in its meetings through the Company's shareholder relations department, as well as through shareholder questions in general assembly meetings.

The Number of the Company's Requests of Shareholders Registry, Dates and Reasons thereof

Number of Company Requests for Shareholder Register	Date of Request	Reasons for Request
1	02/01/2024	Other
2	30/04/2024	Company Procedures
3	14/05/2024	General Assembly
4	21/05/2024	dividends File
5	23/05/2024	Other
6	24/05/2024	Company Procedures
7	11/12/2024	dividends File
8	31/12/2024	Company Procedures

Company Announcements on Tadawul Website

Announcement Title	Announcement Date
Yanbu Cement Company announces that it has received a notification from Saudi Aramco to change the prices of fuel products.	2024/01/03
Addendum announcement from Yanbu Cement Company regarding the receipt of notification to modify the prices of fuel products	2024/01/22
Yanbu Cement Co. Announces the Annual Consolidated Financial Result for the period ending on 31/12/2023	2024/03/13
Yanbu Cement Company announces the Board of Directors' resolution to not distribute dividends for the second half of the financial year 2023.	2024/03/24
Yanbu Cement Company Board invites its shareholders to attend the Extraordinary General Assembly meeting (First meeting) via modern technology	2024/04/22
Yanbu Cement Company announces its Interim Condensed Consolidated Financial Results for the period ended on 31-03-2024 (Three months)	2024/05/12
Yanbu Cement Company Announces of the imminent end of electronic voting on the Agenda of Extraordinary General Assembly meeting (The First Meeting) via modern technology	2024/05/15
Yanbu Cement Company announces the distribute of cash dividends for the First half of the financial year 2024	2024/05/19
Yanbu Cement Company Announces the Results of the Extraordinary General Assembly Meeting (First Meeting)	2024/05/19
Yanbu Cement Co. announces signing a Non-Binding Memorandum of Understanding with Southern Province Cement Company	2024/06/23
Addendum announcement from Yanbu Cement Company regarding the receipt of notification to modify the prices of fuel products	2024/06/27
Yanbu Cement Company announces the Interim Condensed Consolidated Financial Results for the period ended on 30-06-2024 (Six months)	2024/07/24
Yanbu Cement Company Announces the obtaining of Environmental Product Declaration (EPD) certificates for its Products	2024/09/11
Yanbu Cement Company announces the Interim Condensed Consolidated Financial Results for the period ended on 30-09-2024 (Nine months)	2024/10/23
Yanbu Cement Company announces the Board of Directors' decision to distribute cash dividends to shareholders for the Second half of the financial year 2024	2024/12/08

08

Awards and Honors Obtained by the Company During 2024

Awards and Honors Obtained by the Company During 2024

1 . Yanbu Cement Company was selected as one of the leading and distinguished factories in both Saudi Arabia and the Gulf level during the second Gulf Industrial Exhibition 2024 held in Qatar. This honor comes in recognition of the company's efforts in achieving industrial excellence in the cement sector, and its adoption of the latest applications of the fourth industrial revolution in its production operations.

2 . Choosing Yanbu Cement Company as one of the best improvements in corporate governance indicators over the past three years, during the third International Conference on Corporate Governance held in Riyadh on December 12, 2024, under the supervision of the Corporate Governance Center at Al Faisal University.

3 . Yanbu Cement Company is proud to be honored by His Excellency the Minister of Environment, Water and Agriculture, Engineer Abdulrahman bin Abdulmohsen Al-Fadli, in recognition of the company's active contribution to supporting the National Greening Program. This honor reflects the company's firm commitment to the principles of environmental sustainability and the integration of its efforts with the Saudi Green Initiative, reflecting its contribution to promoting sustainable development and environmental protection.

4 . Yanbu Cement Company received a distinguished honor after achieving an advanced position in the Future Factories Program, as part of the Riyadh International Industrial Week 2024, in recognition of its adoption of the latest smart technologies in its industrial operations.

5 . Obtaining Environmental Product Declaration (EPD) certificates for all Yanbu Cement Company products.
In line with its commitment to environmental responsibility and achieving the highest standards of transparency, Yanbu Cement Company has obtained environmental Product Declaration (EPD) certifications for all its flagship products. Additionally, the company has registered and published its environmental disclosure reports through the international SCS system, setting a benchmark in providing transparent information about the environmental impact of its products.

This achievement reflects the company's future vision and its commitment to supporting sustainable construction practices in the Kingdom, in alignment with global environmental standards and the aspirations of investors and stakeholders.

09

Board of Directors' Declarations

Any Penalty, Sanction, Precautionary Measure, or Precautionary Restriction Imposed on the Company by the Authority or Any Other Supervisory, Regulatory, or Judicial Body:

Entity Imposing Penalty or Sanction	Reason	Penalty	Company's Action
Execution Court	Execution of arbitration award	Compensation of (3,809,432) Three million eight hundred and nine thousand four hundred and thirty-two riyals only	In the process of paying the amount

Results of the Annual Review of the Effectiveness of Internal Control Procedures at the Company

Audit Committee's Opinion on the Adequacy of the Internal Control System in the Company:

Given the importance of internal control, which is one of the most critical fundamentals in protecting the company's assets and supporting it in achieving its objectives, the Board of Directors of Yanbu Cement Company is keen to verify the effectiveness of these procedures through annual review. The Board considers sound financial, operational, and administrative control procedures as a fundamental factor in reducing the risks of misuse of the company's assets and its impact on its business. Hence, the importance of reviewing these procedures annually to verify their effectiveness and efficiency and to make necessary adjustments to them.

Believing in the pivotal role of internal control, the Board of Directors has given utmost care to internal control procedures by assigning the Audit Committee to supervise the work of the Internal Audit Department. The committee's mission is to ensure the optimal implementation of the approved internal audit plan, which is based on a risk assessment approach, for the fiscal year ending on 31 December 2024.

Board of Directors' Declarations

Declaration

in accordance with the available information and in light of the report developed by the external auditor, current market information, as well as future indicators, the Board of Directors of Yanbu Cement Company (YCC) does hereby acknowledge the following:

- The accounting records have been properly prepared according to accounting standards issued by the Saudi Organization for Certified Public Accountants.
- The internal control system was set up on a proper basis and has been effectively implemented.
- The financial position and results of the company business/operations confirm its ability to continue its business/operations.
- There are no business or contracts wherein the company is a party nor an interest for any of the members of the Board of Directors, senior executives, or any person related to them.
- There is no competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.

Conclusion

In conclusion, this report aimed to present the most important achievements of Yanbu Cement Company and its most prominent works and initiatives during the year, in which many achievements were accomplished in line with the Kingdom's Vision 2030, reflecting the Company's commitment to continue enhancing the Kingdom's position globally and elevating it to the ranks of advanced countries in the field of industry, especially cement. We extend our sincere thanks to investors and shareholders for their precious trust in the management of Yanbu Cement Company, asking Allah Almighty to protect the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, and his loyal Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, and to guide them to achieve the best for this country and its citizens.

We also ask Allah Almighty to protect this beloved country, keep it safe from all harm, and perpetuate the blessing of security, safety, and peace.

The Board of Directors also extends thanks and gratitude to all employees of the company for their dedication and sincerity in their work, which contributed to maintaining the Company's prosperity, progress, and continued success.

May Allah grant us success. May Allah's peace, mercy, and blessings be upon you!

Board of Directors

اسمنت ينبع
Yanbu Cement

Annual Consolidated Financial Statement and Company's Auditor Report

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4117 Al Mudun St. - Al Baghdadiyah Al Gharbiyah Dist. 8375 - Unit No. 44
Jeddah 22234
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YANBU CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

YANBU CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

BDO الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yanbu Cement Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Yanbu Cement Company - A Saudi Joint Stock Company - ("the Company" or "the Parent Company") and its subsidiary (together "the Group''), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matter
Revenue recognition	
The Group has recognized revenue from operations amounted SR 876.13 million. The Group recognizes the revenue at a point in time when control over the goods is transferred to the customer, generally on delivery of goods. Revenue is considered as a key audit matter as its recognition requires management to establish the fact that control over goods is transferred at the time of delivery in accordance with IFRS 15, 'Revenue from contracts with customers'. The Group focuses on revenue as a key performance measure which could create an incentive for key management personnel to recognize revenue before the control has been transferred. Refer to note 4 for the accounting policy on revenue and note 8 for related disclosure.	Our audit procedures to assess the recognition of revenue include the following: • Accessed Group's revenue recognition policy and its compliance in terms of IFRS 15 'Revenue from contract with customers'. • Assessed the relevant design and implementation of internal controls related to revenue recognition. • Performed sample tests of individual sales transactions and traced to sales invoices, delivery notes, bill of lading and other related documents. Further, in respect of the samples tested, we checked that the revenue has been recognized upon delivery as per IFRS 15. • Tested on a sample basis, revenue transactions made pre and post-year end with underlying documentation to assess whether revenue is recognized in the correct accounting period. • Assessed the adequacy of the related disclosures in the accompanying consolidated financial statements.

BDO الدكتور محمد العمري وشركاه
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Independent Auditor's Report to the Shareholders of Yanbu Cement Company (A Saudi Joint Stock Company)

Other Information

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2024 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Group's annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Parent Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e., the Company's Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

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Independent Auditor's Report to the Shareholders of Yanbu Cement Company (A Saudi Joint Stock Company)

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

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

For BDO Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
Registration No. 514

25 Ramadan 1446(H)
25 March 2025 (G)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 SR	2023 SR
Revenue	8	876,126,630	827,216,726
Cost of revenue	9	(584,132,550)	(591,342,753)
GROSS PROFIT		**291,994,080**	235,873,973
Selling and distribution expenses	10	(50,953,402)	(61,258,899)
General and administrative expenses	11	(61,385,761)	(48,407,337)
PROFIT FROM OPERATIONS		**179,654,917**	**126,207,737**
Other income, net	12	10,258,807	20,034,156
Loss on derivative instruments at fair value through profit or loss	15	(1,468,609)	(1,689,614)
Gain on investment at fair value through profit or loss (FVTPL)	22.1	2,290,385	161,356
Share of net (loss) / profit from an associate	30	(69,294)	332,175
Finance income		3,355,336	3,188,563
Finance cost	14	(21,069,594)	(17,076,327)
PROFIT BEFORE ZAKAT		**172,951,948**	**131,158,046**
Zakat	16	(15,831,463)	(11,236,850)
NET PROFIT FOR THE YEAR		**157,120,485**	**119,921,196**
EARNINGS PER SHARE			
Earnings per share	28	**1.00**	**0.76**

The accompanying notes from 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 SR	2023 SR
Net profit for the year		**157,120,485**	119,921,196
Other comprehensive income			
Items not to be reclassified to consolidated statement of profit or loss in subsequent periods:			
Re-measurement loss on provision for employees' defined benefits obligations	31	**(6,164,977)**	(355,583)
Total comprehensive income for the year		**150,955,508**	119,565,613

The accompanying notes from 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 SR	2023 SR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	2,145,220,562	2,269,412,183
Intangible assets	18	406,491	1,104,590
Investment in an associate	30	575,159	644,453
Other non-current assets	27	9,166,298	20,858,710
TOTAL NON-CURRENT ASSETS		**2,155,368,510**	**2,292,019,936**
CURRENT ASSETS			
Inventories	19	807,032,088	702,602,518
Trade receivables	20	178,462,666	164,017,760
Prepayments, advances and other receivables	21	38,128,771	47,341,449
Financial derivative	15	1,353,446	2,822,055
Investment at fair value through profit or loss (FVTPL)	22	15,380,757	85,161,356
Cash and cash equivalents	23	54,950,226	73,586,556
TOTAL CURRENT ASSETS		**1,095,307,954**	**1,075,531,694**
TOTAL ASSETS		**3,250,676,464**	**3,367,551,630**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	24	1,575,000,000	1,575,000,000
Statutory reserve	25	787,500,000	787,500,000
Retained earnings		243,586,225	289,505,717
TOTAL EQUITY		**2,606,086,225**	**2,652,005,717**
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank borrowings	29(A)	35,750,000	62,750,000
Lease liability	35	-	5,053,736
Provision for employees’ defined benefits obligations	31	112,542,513	103,957,335
Provision for site restoration	36	5,530,853	-
TOTAL NON-CURRENT LIABILITIES		**153,823,366**	**171,761,071**
CURRENT LIABILITIES			
Trade payables		14,324,542	20,642,692
Current portion of bank borrowings	29(A)	27,301,713	28,636,661
Short term financing	29(B)	255,315,909	320,887,477
Dividend payable	26	82,859,626	82,016,121
Accrued expenses and other current liabilities	32	94,406,547	77,625,784
Zakat payable	16	16,558,536	13,976,107
TOTAL CURRENT LIABILITIES		**490,766,873**	**543,784,842**
TOTAL LIABILITIES		**644,590,239**	**715,545,913**
TOTAL EQUITY AND LIABILITIES		**3,250,676,464**	**3,367,551,630**

The accompanying notes from 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
As at 1 January 2023	1,575,000,000	787,500,000	406,190,104	2,768,690,104
Net profit for the year	-	-	119,921,196	119,921,196
Other comprehensive loss for the year (Note 31)	-	-	(355,583)	(355,583)
Total comprehensive income for the year	-	-	119,565,613	119,565,613
Dividends (Note 26)	-	-	(236,250,000)	(236,250,000)
Balance at 31 December 2023	**1,575,000,000**	**787,500,000**	**289,505,717**	**2,652,005,717**
As at 1 January 2024	1,575,000,000	787,500,000	289,505,717	2,652,005,717
Net profit for the year	-	-	157,120,485	157,120,485
Other comprehensive loss for the year (Note 31)	-	-	(6,164,977)	(6,164,977)
Total comprehensive income for the year	-	-	150,955,508	150,955,508
Dividends (Note 26)	-	-	(196,875,000)	(196,875,000)
Balance at 31 December 2024	**1,575,000,000**	**787,500,000**	**243,586,225**	**2,606,086,225**

CONSLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 SR	2023 SR
OPERATING ACTIVITIES			
Profit before zakat		172,951,948	131,158,046
Adjustments to reconcile operating income to net cash flows:			
Depreciation of property, plant and equipment	17	165,177,250	168,077,551
Amortization of intangible assets	18	698,099	698,099
Finance cost	14	21,069,594	17,076,327
Loss on derivative instruments	15	1,468,609	1,689,614
Gain on investments at FVTPL	22.1	(2,290,385)	(161,356)
Provision for employees' defined benefits' obligations	31	13,003,010	13,102,598
Share of net loss / (profit) from an associate	30	69,294	(332,175)
Gain on adjustment of lease		(554,783)	
(Gain) / loss on disposal of property, plant and equipment	12	(6,813,043)	28,055
Provision against spare parts	19	5,269,287	8,280,914
Allowance for expected credit losses	20	5,253,890	3,309,246
		375,302,770	**342,926,919**
Working capital adjustments:			
Inventories		(109,698,857)	(115,897,932)
Trade receivables		(19,698,796)	(10,261,753)
Prepayments, advances and other receivables		20,905,090	2,659,369
Trade payables		(6,318,150)	(31,743,586)
Accrued expenses and other current liabilities		17,139,292	(86,842,099)
		277,631,349	**100,840,918**
Employees benefits paid	31	(10,582,809)	(5,484,746)
Finance cost paid		(20,829,678)	(16,817,216)
Zakat paid	16	(13,249,034)	(13,223,018)
Net cash generated from operating activities		**232,969,828**	**65,315,938**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, net	17	(39,862,174)	(39,449,867)
Proceeds from the disposal of property, plant and equipment		6,813,043	-
Additions to investments at FVTPL	22	(43,000,000)	(85,000,000)
Proceeds from investments at FVTPL	22	115,070,984	-
Short term Murabaha deposit		-	21,000,000
Net cash generated from / (used in) investing activities		**39,021,853**	**(103,449,867)**
FINANCING ACTIVITIES			
Repayment of lease liability	35	(690,000)	(650,000)
Repayment of bank borrowings		(28,334,948)	(23,850,998)
Repayment of short-term financing		(344,871,568)	(341,486,522)
Proceeds from short-term financing		279,300,000	612,332,286
Dividends paid	26	(196,031,495)	(235,306,147)
Net cash (used in) / generated from financing activities		**(290,628,011)**	**11,038,619**
NET CHANGES IN CASH AND CASH EQUIVALENTS		(18,636,330)	(27,095,310)
Cash and cash equivalents at the beginning of the year		73,586,556	100,681,866
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	**54,950,226**	**73,586,556**

The accompanying notes from 1 to 42 are the integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Yanbu Cement Company ("the Company" or "the Parent Company") - a Saudi Joint Stock Company – has been established in the Kingdom of Saudi Arabia by the Royal Decree No. M/10 dated on 4 Rabi' I 1397H (corresponding to 22 February 1977), and it is registered in Yanbu city under Commercial Registration (CR) No. 4700000233 dated on 21 Dhul-Qi'dah 1398H (corresponding to 24 October 1978). The Company's shares are listed in the Stock Exchange of the Kingdom of Saudi Arabia. These consolidated financial statements comprise the financial statements of the Company and its fully owned subsidiary, Yanbu Saudi Kuwaiti Paper Products Company Limited (the "Subsidiary") (together referred to as the "Group").

The Parent Company's authorized and paid-up share capital is divided into 157,500,000 shares as at 31 December 2024 (31 December 2023: 157,500,000 shares) stated at SR 10 per share.

The Company is mainly engaged in manufacturing, producing and trading in cement and its related products as per industrial license No. 451110128256 renewed on 5 Muharram 1445H (corresponding to 23 July 2023) which ends on 13 Rabi ul Awal 1450H (corresponding to 4 August 2028). The Subsidiary is mainly engaged in manufacturing and wholesale trading of cement paper as per industrial license No. 431110118935 issued on 23 Sha'ban 1425H (corresponding to 7 October 2004) and ending on 26 Dhu'l-Hijjah 1448H (corresponding to 01 June 2027) and registered in Yanbu city under Commercial Registration (CR) No. 4700009036 dated on 17 Dhul-Qi'dah 1425H (corresponding to 29 December 2004).

The registered address of the Company is Yanbu Cement building located at Al Baghdadiyah Al Gharbiyah District, P. O. Box 5530, Jeddah 21422, Kingdom of Saudi Arabia. The Company has branch in Jeddah with CR number 4030021367. The financial results of this Branch are included in these consolidated financial statements.

On 23 June 2024, the company signed a non-binding Memorandum of Understanding (MoU) with Southern Province Cement Company to assess the feasibility of a merger between the two companies. A committee from both companies has been formed to oversee the process and implement the necessary steps.

Interest in associate

During the year ended 31 December 2020, the Company has invested 49% interest in Knowledge Center for Cement Training Limited (the associate company), a mixed limited liability company registered in the Kingdom of Saudi Arabia and have a share capital of SR 500,000. The Company is established to conduct short term cement training programs. The remaining 51% shareholding is held by FLSmidth Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis except for otherwise disclosed in the notes to the consolidated financial statements.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyals (SR) which is also the functional currency of the Group.

2. BASIS OF PREPARATION (Continued)

2.4 Basis of consolidation and equity accounting

I) Subsidiaries

Control is achieved when the Group is exposed, or has rights, to variable returns from its transactions with the investee and has the ability to affect those returns through exercising its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its transactions with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the it ceases to control the subsidiary.

Statement of profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in consolidated statement of profit or loss. Any investment retained is recognized at fair value.

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Intra group balances and transactions, and any unrealized income and expenses arising from intra group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

II) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method, after initially being recognized at cost.

2. BASIS OF PREPARATION (Continued)

2.4 Basis of consolidation and equity accounting (Continued)

II) Associates (Continued)

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. After the share in the investee is reduced to zero, a liability is recognized only to the extent that there is an obligation to fund the investee's operations or any payments have been made on behalf of the investee. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in the other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The financial statements of the associate are prepared for the same reporting period as the Group.

When necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss as 'Share of profit of an associate" in the consolidated statement of profit or loss.

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

3. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

The following new accounting standards, interpretations and amendments to existing standards have been published by IASB and are mandatory for the accounting period beginning on 01 January 2024 or later.

3.1 New standards, interpretations and amendments effective from 01 January 2024

A number of other new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Group's consolidated financial statements.

Standard / Interpretation	Description	Effective for annual years beginning on or after
IAS 1	Amendment - Non-current liabilities with covenants	1 January 2024
IAS 1	Amendment - Classification of liabilities as current or non-current	1 January 2024
IFRS 16	Amendment - Lease liability in sales and leaseback	1 January 2024
IAS 7 and IFRS 7	Amendment - Supplier finance arrangements	1 January 2024

3. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS (Continued)

3.2 New standards, amendments and revised IFRS issued but not yet effective

The Group has not early applied the following new and revised IFRSs and amendments that have been issued but are not yet effective.

Standard / Interpretation	Description	Effective for annual years beginning on or after
IAS 21	Amendment - Lack of exchangeability	1 January 2025
IFRS 9	Amendments - Classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

Management anticipates that these new interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable.

4. MATERIAL ACCOUNTING POLICIES

A) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquire. For each business combination, the Group elects whether to measure the non-controlling interest in the acquire at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquire.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in consolidated statement of profit or loss.

B) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method (Refer Note 2.4(II)).

C) Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the date of the consolidated statement of financial position, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICIES (Continued)

C) Current versus non-current classification (Continued)

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

D) Fair value measurement financial instruments

The Group measures financial instruments, such as derivatives at fair value at each financial position date.

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

- In the principal market for the assets or liabilities, or
- In the absence of a principal market, in the most advantageous market for the assets or liabilities

The principal or the most advantageous market must be accessible by the Group.
The fair value of assets or liabilities is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of non-financial assets considers 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. All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated financial statements at fair value on a recurring basis, the Group 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 period.

E) Revenue

The Group is engaged in selling packed, bulk cement, clinker and cement bags. The sale is performed by sales invoices and / or specific contracts independently entered into with customers.

(a) Sale of goods

Sale of cement / clinker is the sole performance obligation. Revenue is recognised when a performance obligation is satisfied. This is defined as the point in time when control of the goods has been transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. The Group has concluded that revenue from sale should be recognized at a point in time when control of goods is transferred to the customer, generally on delivery. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duty. No element of financing component is deemed present as the sales are either made on cash or credit terms falls in the range of 30 days to 90 days i.e, less than 12 months.

4. MATERIAL ACCOUNTING POLICIES (Continued)

E) Revenue (Continued)

(b) Presentation and disclosure requirements
The group has separated the revenue from contracts with customers into categories that illustrates how the economic factors affect the nature, amount, timing and uncertainty of revenues and cash flows for each category, see note 8.

(c) Contract assets
A contract asset is the right to consideration in exchange for goods provided to the customer. If the Company performs services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the contract consideration that is conditional.

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

F) Other income
Other income that are incidental to the Company's business model are recognized as other income as they are earned or accrued.

G) Costs and expenses

i) Cost of revenue
Production costs and direct manufacturing expenses are classified as cost of revenue. This includes raw material, direct labor and other attributable overhead costs including allowance for slow moving or obsolete spare parts.

ii) Selling and distribution expenses
These include any costs incurred to carry out or facilitate selling activities of the Group. These costs typically include salaries of the sales staff, distribution and other contingent related expenses.

iii) General and administrative expenses
These pertain to operation expenses which are not directly related to the production of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of revenue or selling and distribution expenses.

Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administrative expenses, where required, is made on a consistent basis.

H) Finance income
Finance income is recognized on an accrual basis using the effective yield basis.

I) Zakat
Zakat is provided in accordance with the Regulations of the Zakat, Tax and Custom Authority ("ZATCA") in the Kingdom of Saudi Arabia on accruals basis. The provision is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

J) Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss.

K) Dividends
The Group recognizes a liability to make cash distribution to the shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Group. Distribution authorization is assessed in line with the Companies Law in the Kingdom of Saudi Arabia, of which a distribution is authorized when approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends, if any, are recorded when approved by the Board of Directors.

4. MATERIAL ACCOUNTING POLICIES (Continued)

L) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a comprehensive inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset / site restoration after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The Group will periodically assess the expectation and estimation of the decommissioning liability / site restoration.

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

Buildings	25 – 40 years
Vehicles	4 – 6.67 years
Machinery and equipment	25 – 40 years
Quay	20 years
Furniture and other assets	4 - 6.67 years
Paper factory machinery and equipment	Units of production

Land and capital work in progress is stated at cost, net of accumulated impairments losses, if any.

An item of property, plant and equipment (“the asset”) and any significant part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The residual values, useful lives and depreciation methods for property, plant and equipment are reviewed on annual basis at the end of each fiscal year and adjustments are made whenever necessary.

M) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets – Leasehold land

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives. Currently, right-of-use assets are depreciated using an average range rate from 6% to 11%. Right-of-use assets are subject to impairment.

4. MATERIAL ACCOUNTING POLICIES (Continued)

M) Leases (Continued)

Group as a lessee *(Continued)*

ii. Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets

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

N) Borrowing costs

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

O) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expenses on intangible assets with finite lives are recognized in the consolidated statement income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

The estimated useful life of software is 5 years. The amortization method, useful life and residual value are reviewed at each reporting date and the changes are adjusted, if appropriate.

4. MATERIAL ACCOUNTING POLICIES (Continued)

O) Financial instruments

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

i) Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in the consolidated statement of profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes trade and other receivables.

Financial assets at fair value through OCI (debt instruments)

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

P) Financial instruments (Continued)

i) Financial assets (Continued)

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

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

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

The Group uses derivatives financial instruments such as interest rate swap to manage its interest rate and currency risks (see note 15).

Derecognition

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

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

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

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

Impairment of financial assets

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

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

P) Financial instruments (Continued)

i) Financial assets (Continued)

Impairment of financial assets (Continued)

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

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below: Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

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

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

P) Financial instruments (Continued)

ii) Financial liabilities (Continued)

Q) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

R) Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a weighted average basis
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Consumable spare parts

Consumables are ancillary materials which are consumed in the production of semi-finished and finished products. Spare parts are the interchangeable parts of property, plant and equipment which are considered to be essential to support routine maintenance, repair and overhaul of plant and equipment or to be used in emergency situations for repairs. Spares, equipment items and other consumables are capitalized as part of property, plant and equipment where the capitalization criteria is met. Depreciation starts from the date of purchase or installation of items in the plant and is charged over the period which is shorter of the item’s useful life or the remaining useful life of the property, plant and equipment in which it is to be utilized. General spares, equipment items and other consumables which do not meet the recognition criteria for property, plant and equipment are recorded under inventory and are subject to assessment for obsolescence provision.

S) Impairment of non-financial assets

The Group assesses, at the date of preparing the financial statements, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset or CGU’s fair value less costs of disposal or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate future cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account- if available or an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group’s Cash Generating Units (“CGUs”) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. To cover longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment of goods, are recognized in the consolidated statement of profit or loss in expense category consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at the date of preparing each consolidated statement of financial position to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

S) Impairment of non-financial assets (Continued)

T) **Cash and cash equivalents**
Cash and cash equivalents in the consolidated statement of financial position comprise of cash in hand, bank balances and short-term deposits with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

U) Short term deposit
Short term deposit in the consolidated statement of financial position comprises of Murabaha deposit with original maturity of more than three months and are not readily convertible to known amounts of cash for a fixed period of time.

V) **Provisions**
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

W) Provision for employees' defined benefits obligations

This represents end-of-service ("employee benefits") under defined unfunded benefit plans. End-of-service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service. The Group's net obligations in respect of employee benefits ("the obligations") is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognized past service costs. The discount rate used is the market yield on high quality corporate bonds at the reporting date that has maturity dates and the risk profile approximating the terms of the Group's obligations.

The cost of providing benefits under the defined benefit plans is determined by using the projected unit credit method to determine the Group's present value of the obligation, with actuarial valuations to be carried out annually. The defined benefit liability comprises the present value of defined benefit obligation as adjusted for any past service cost not yet recognized. Currently there are no past service costs. The full amount of actuarial gains and losses are recognized in consolidated statement of comprehensive income in the year in which they arise.

X) Provision for site restoration
Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset. The cash flows are discounted at a rate that reflects the risks specific to the provision for site restoration. The unwinding of the discount is expensed in the consolidated statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

Y) Accrued expense and other current liabilities
Liabilities are recognized for amounts to be paid in the future for goods/services when risks and rewards attributable to goods/services are transferred to the Group or services are received, whether or not billed to the Group.

5. CRITICAL JUDGEMENTS, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure of contingent liabilities at the date of preparing the consolidated financial statements. Uncertainty about these assumptions and estimates could result in making material adjustments to the carrying amount of asset or liabilities affected in future years.

5.1 Critical judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A) Component parts of property, plant and equipment

The Group's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to primary asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of preparing the consolidated financial statements, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the subsequent financial periods, are described below. The Group based its assumptions and estimates on parameters available at the date of preparing the consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A) Allowance for expected credit losses of trade receivables

By adopting IFRS 9, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20.

B) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

C) Provision for employees' defined benefits obligations

The cost of defined benefit liabilities regarding employee's end of service are determined using actuarial valuations. An actuarial valuation requires making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each annual reporting date.

5. CRITICAL JUDGEMENTS, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

5.2 Estimates and assumptions (Continued)

D) Zakat assessments

Provision for zakat and withholding taxes is determined by the Group in accordance with the requirements of the Zakat, Tax and Custom Authority ("ZATCA”) and is subject to change based on final assessments received from the ZATCA. The Group recognizes liabilities for any anticipated zakat and withholding tax based on management's best estimates of whether additional zakat/taxes will be due. The final outcome of any additional amount assessed by the ZATCA is dependent on the eventual outcome of the appeal process which the Group is entitled to. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could impact the consolidated statement of profit or loss in the period in which such final determination is made

E) Provision for spare parts

The Group holds spare parts inventory for the machinery of its plant held longer than one reporting period. This might impact the valuation of spare parts and involves judgment in estimating spares parts inventory provision. The Group has a policy to assess the appropriate level of provisioning for spare parts inventory items, which may be ultimately disposed or sold below cost as a result of obsoleteness or the retirement of related machinery. This policy includes management’s expectations for future utilization, disposal or sale plans for the spare parts.

F) Existence of inventories

Inventories comprise of purchased raw materials (limestone, sand, gypsum and iron ore) and work in progress (mainly clinker which are stored in purpose built shed and 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 an independent surveyor to estimate the quantities by using certain scientific systematic measurements calculations and applying the density conversion methods which are applied for similar stock in the cement industry.

6. SEGMENT INFORMATION

The Group is engaged in one operating segment engaged in manufacturing cement and operates completely within the Kingdom of Saudi Arabia. Accordingly, the financial information was not divided into different geographic or business segments. The financial information of the subsidiary is not significant to Group’s consolidated financial statements for the purpose of segment information.

7. SUBSIDIARY

Below is a summary of the financial information of the subsidiary, "Yanbu Saudi-Kuwaiti Paper Products Company Limited" (A Limited Liability Company). This information is based on amounts before intercompany eliminations.

Summarized statement of profit or loss and other comprehensive income for the year:

	2024 SR	2023 SR
Revenue	55,556,175	70,355,288
Cost of revenue	(46,110,436)	(62,211,135)
GROSS PROFIT	**9,445,739**	8,144,153
Selling and distribution expenses	(218,284)	(181,719)
General and administrative expenses	(2,556,219)	(3,502,870)
PROFIT FROM OPERATION	**6,671,236**	**4,459,564**
Murabaha income	1,117,104	902,694
Other income	299,123	216,593
PROFIT BEFORE ZAKAT	**8,087,463**	**5,578,851**
Zakat	(1,331,463)	(1,236,850)
NET PROFIT FOR THE YEAR	**6,756,000**	**4,342,001**
Other comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods	(64,301)	200,900
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**6,691,699**	**4,542,901**

7. SUBSIDIARY (Continued)

Summarized statement of financial position:

	2024 SR	2023 SR
Non-current assets	35,641,467	36,946,344
Current assets	53,068,411	56,642,476
Non-current liabilities	(3,015,725)	(2,945,870)
Current liabilities	(6,881,027)	(10,521,523)
Total equity	**78,813,126**	**80,121,427**

Summarized cash flow information for the year:

	2024 SR	2023 SR
Operating activities	15,785,703	(4,583,687)
Investing activities	(15,026,216)	20,950,399
Financing activities	(8,000,000)	(15,000,000)
Net changes in cash and cash equivalents	**(7,240,513)**	**1,366,712**

8. REVENUE

	2024 SR	2023 SR (Note 41)
Product type		
Bulk cement	517,452,472	363,756,698
Packed cement	218,419,580	231,934,471
Cement bags	32,165,557	48,791,836
Raw cement (Clinker)	108,089,021	182,733,721
Total revenue (Note 8.1)	**876,126,630**	**827,216,726**
Geographical markets		
Total revenue inside the Kingdom of Saudi Arabia	768,037,609	644,483,005
Total revenue outside the Kingdom of Saudi Arabia	108,089,021	182,733,721
Total revenue (Note 8.1)	**876,126,630**	**827,216,726**

8.1 The timing of the revenue recognition from the above goods is at a point in time basis.
8.2 The amount of SR 3.36 million in advance from customers as at 31 December 2023 has been recognized as revenue in financial year 2024 (2023: SR 10.46 million).

9. COST OF REVENUE

	2024 SR	2023 SR
Raw materials	191,744,059	181,142,050
Depreciation (Note 17)	163,343,409	165,852,304
Amortization (Note 18)	698,099	698,099
Salaries and employees' related costs (Note 13)	129,161,452	128,088,230
Spare parts consumption	35,910,154	67,487,050
Quarries exploitation fees	47,013,214	52,769,235
Operation and maintenance expenses	85,981,140	103,784,386
Provision for spare parts (Note 19.1)	5,269,287	8,280,914
Rentals and other expenses	10,157,064	14,196,659
Operation cost total	669,277,878	**722,298,927**
Change in inventories	(85,145,328)	(130,956,174)
	584,132,550	**591,342,753**

10. SELLING AND DISTRIBUTION EXPENSES

	2024 SR	2023 SR (Note 41)
Transportation expenses	32,742,634	46,671,301
Salaries and employees' related costs (Note 13)	10,137,451	9,907,515
Donations and social responsibility	2,431,433	2,066,687
Depreciation (Note 17)	445,768	853,486
Travelling	514,590	209,512
Advertisement	4,113,998	615,863
Others	567,528	934,535
	50,953,402	**61,258,899**

11. GENERAL AND ADMINISTRATIVE EXPENSES

	2024 SR	2023 SR
Salaries and employees' related costs (Note 13)	33,855,449	29,171,213
Remuneration of Board of Directors	4,155,413	3,852,366
Consulting and professional fees	6,308,014	4,826,639
Depreciation (Note 17)	1,388,073	1,371,761
Repair and maintenance	1,455,630	1,907,225
Subscription fees	1,130,284	117,921
Utilities	436,854	509,050
Allowance for expected credit losses (Note 20.1)	5,253,890	3,309,246
Others (Note 11.1)	7,402,154	3,341,916
	61,385,761	**48,407,337**

11.1) The others include supplier's claim amounted to SR 3.81 million (31 December 2023: Nil)

12. OTHER INCOME, NET

	2024 SR	2023 SR
Gain on disposal of property, plant and equipment	6,813,043	-
Gain on sale of scrap	-	16,247,148
Insurance claim	-	185,012
Net foreign exchange gain	154,754	167,762
Others	3,291,010	3,434,234
	10,258,807	**20,034,156**

13. SALARIES AND EMPLOYEES' RELATED COSTS

Salaries and employees' related costs (including provision for employee defined benefits obligations) for the year were allocated as follows:

	2024 SR	2023 SR
Cost of revenue (Note 9)	129,161,452	128,088,230
Selling and distribution expenses (Note 10)	10,137,451	9,907,515
General and administrative expenses (Note 11)	33,855,449	29,171,213
	173,154,352	**167,166,958**

14. FINANCE COST

	2024 SR	2023 SR
Finance cost on loans	20,829,678	16,817,216
Finance cost on lease obligations (Note 35)	239,916	259,111
	21,069,594	**17,076,327**

15. FINANCIAL DERIVATIVES

The Parent Company has entered into an interest rate swap contract with one of the local commercial banks to manage interest rates fluctuations. As at 31 December 2024, the fair value of the contract was amounting to SR 1.35 million (31 December 2023: SR 2.82 million). Accordingly, the Parent Company recognized fair valuation loss during the year ended 31 December 2024 amounting to SR 1.47 million (2023: Valuation loss of SR 1.69 million). The notional amount of interest rate swap contract as at 31 December 2024 is amounting to SR 40 million (31 December 2023: SR 60 million).

16. ZAKAT

a) Provision for the year:

The Parent Company and its subsidiary provide separate financial statements for zakat on a non-consolidated basis using the equity method. The principal elements of the zakat base for each Company comprises of Company's shareholders' equity, provisions as at the beginning of the year, adjusted net income, minus the net book value of property, plant and equipment and investments and other different items. If the zakat base is negative, the Company does not have zakat payable for the year.

	2024 SR	2023 SR
Zakat charge for the year	**15,831,463**	**11,236,850**

b) The movement in zakat payable is as follows:

	2024 SR	2023 SR
Balance at beginning of the year	13,976,107	15,962,275
Charge for the year	15,831,463	11,236,850
Paid during the year	(13,249,034)	(13,223,018)
Balance at the end of the year	**16,558,536**	**13,976,107**

c) Zakat status

Parent Company:

The Company has submitted its zakat returns to Zakat, Tax and Customs Authority ("ZATCA") up to the year ended 31 December 2023. The Company has also finalized its status until the year ended 31 December 2022 with a zakat difference of SAR 0.404 million, which was settled during February 2025.

During 2021, the Company received assessment orders from ZATCA for the years 2019 and 2020, claiming additional zakat of SR 23.61 million. The Company paid an amount of SR 11.75 million for the appeal to be accepted as per ZATCA regulations and filed its objection to the said assessments. Subsequently the claim was reduced to SR 13.48 million. On 2 January 2022, the Company filed an appeal with the Tax Committees for Resolution of Tax Violations and Disputes (TVDRC) against ZATCA's revised assessment. On 16 November 2022, the Company raised its appeal to the Tax Violation and Dispute Appellate Committee ("TVDAC"). In November 2023, the TVDAC decided to support the Company for all the objectionable items, and a partial amendment was issued by TVDAC of SR 0.04 million which was duly paid and the zakat status has been finalized for the years 2019 and 2020.

16. ZAKAT (Continued)

c) Zakat status

Subsidiary:

The Subsidiary has submitted the zakat returns to ZATCA up to the year ended 31 December 2023. The Subsidiary has also finalized its status until the year ended 31 December 2020.

The Subsidiary received an additional assessment from ZATCA for the year 2017 claiming an additional zakat liability of SR 0.20 million and accordingly filed objections against this assessment order with the TVDRC which were rejected on 16 March 2022. Management has filed the appeal against the decision to TVDAC on 13 April 2022. On 2 May 2024, the TVDAC decided to support the Company without any additional claim and the zakat status has been finalized for the year 2017.

On 8 August 2023, the subsidiary received a request for additional information for the year 2020 and a final assessment has been issued on 30 May 2024 claiming an additional zakat of SR 0.003 million which was duly paid and the zakat status has been finalized for the year 2020.

17. PROPERTY, PLANT AND EQUIPMENT

	Land SR	Right-of use asset (Leasehold land) SR	Factory buildings on leasehold land SR	Production buildings of paper factory on leasehold land SR	Buildings and other constructions SR	Quay SR	Machinery and equipment SR	Paper factory machinery and equipment SR	Vehicles SR	Furniture and other assets SR	Capital work in progress SR	Total SR
Cost:												
As at 1 January 2023	4,805,116	7,153,653	358,073,888	23,682,301	621,599,280	16,360,228	4,771,507,709	45,191,388	28,558,261	42,540,238	28,549,056	5,948,021,118
Additions	-	-	-	-	-	-	17,641,410	21,500	942,755	5,309,478	15,534,724	39,449,867
Disposals	-	-	-	-	-	-	(850)	-	(109,497)	(97,495)	-	(207,842)
Transfers	-	-	-	-	381,400	-	16,091,755	-	-	821,226	(17,294,381)	-
As at 31 December 2023	**4,805,116**	**7,153,653**	**358,073,888**	**23,682,301**	**621,980,680**	**16,360,228**	**4,805,240,024**	**45,212,888**	**29,391,519**	**48,573,447**	**26,789,399**	**5,987,263,143**
Additions (Note 17.5)	-	-	5,530,853	-	500,000	-	**16,056,607**	-	56,610	2,612,588	20,636,369	45,393,027
Disposals	-	-	(125,488,143)	-	(6,934,079)	-	(368,973,403)	-	(5,346,275)	(15,074,121)	-	(521,816,021)
Transfers	-	-	-	-	2,938,425	-	15,230,738	-	-	1,214,763	(19,383,926)	-
Adjustment (Note 17.4)	-	(7,153,653)	-	-	-	-	-	-	-	-	-	(7,153,653)
As at 31 December 2024	**4,805,116**	**-**	**238,116,598**	**23,682,301**	**618,485,026**	**16,360,228**	**4,467,553,966**	**45,212,888**	**24,101,854**	**37,326,677**	**28,041,842**	**5,503,686,496**

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land SR	Right-of use asset (Leasehold land) SR	Factory buildings on leasehold land SR	Production buildings of paper factory on leasehold land SR	Buildings and other constructions SR	Quay SR	Machinery and equipment SR	Paper factory machinery and Equipment SR	Vehicles SR	Furniture and other assets SR	Capital work in progress SR	Total SR
Depreciation:												
As at 1 January 2023	-	1,830,837	267,241,727	12,389,611	319,667,666	16,360,228	2,846,654,063	21,362,166	27,926,909	36,519,989	-	3,549,953,196
Charge for the year	-	457,709	5,836,066	549,310	15,157,328	-	142,001,089	900,745	353,274	2,822,030	-	168,077,551
Disposals	-	-	-	-	-	-	(850)	-	(84,576)	(94,361)	-	(179,787)
As at 31 December 2023	**-**	**2,288,546**	**273,077,793**	**12,938,921**	**334,824,994**	**16,360,228**	**2,988,654,302**	**22,262,911**	**28,195,607**	**39,247,658**	**-**	**3,717,850,960**
Charge for the year	-	457,709	4,836,639	502,398	15,373,418	-	138,833,744	807,095	406,522	3,959,725	-	**165,177,250**
Adjustment (Note 17.4)	-	(2,746,255)	-	-	-	-	-	-	-	-	-	(2,746,255)
Disposals	-	-	(125,488,143)	-	(6,934,079)	-	(368,973,403)	-	(5,346,275)	(15,074,121)	-	(521,816,021)
As at 31 December 2024	**-**	**-**	**152,426,289**	**13,441,319**	**343,264,333**	**16,360,228**	**2,758,514,643**	**23,070,006**	**23,255,854**	**28,133,262**	**-**	**3,358,465,934**
Net Book Value:												
As at 31 December 2024	**4,805,116**	**-**	**85,690,309**	**10,240,982**	**275,220,693**	**-**	**1,709,039,323**	**22,142,882**	**846,000**	**9,193,415**	**28,041,842**	**2,145,220,562**
As at 31 December 2023	4,805,116	4,865,107	84,996,095	10,743,380	287,155,686	-	1,816,585,722	22,949,977	**1,195,912**	9,325,789	26,789,399	**2,269,412,183**

17.1 The Group has property, plant and equipment of SR 111 million (31 December 2023: SR 81.96 million) which are fully depreciated but still in use.

17.2 Depreciation for the year is allocated as follows:

	2024 SR	2023 SR
Cost of revenue (Note 9)	163,343,409	165,852,304
Selling and distribution expenses (Note 10)	445,768	853,486
General and administrative expenses (Note 11)	1,388,073	1,371,761
	165,177,250	**168,077,551**

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

17.3 The plants are situated on land leased from Ministry of Industries and Mineral Resources of Ras Baridi in Yanbu, for 30 Hijra years commencing 4 Rabi' I 1398H (corresponding to 12 February 1978). The lease has been renewed for a similar period for 30 years on 3 Rabi' I 1428H (corresponding to 22 March 2007). The lease is renewable for further similar periods subject to the agreement of both parties.

17.4 During the year, the Group re-evaluated the recognition of surface rentals as lease under the scope of IFRS 16 "Leases" and reversed right of use asset, accumulated depreciation and lease liability. The surface rentals have now been recorded as "rent expense" under the "Cost of Sales" The Group did not restate the comparative information as the overall impact of adjustments is not material to the consolidated financial statements.

17.5 This includes provision for site restoration cost amounted to SR 5.53 million (31 December 2023: Nil) (Refer Note 36).

18. INTANGIBLE ASSETS

	Software	
	2024	**2023**
	SR	**SR**
Cost:		
At 1 January	11,494,123	11,494,123
Balance at 31 December	**11,494,123**	**11,494,123**
Amortization:		
At 1 January	10,389,533	9,691,434
Amortization during the year	698,099	698,099
Balance at 31 December	**11,087,632**	**10,389,533**
Net Book Value at 31 December	**406,491**	**1,104,590**

19. INVENTORIES

Inventories as at 31 December 2024 and 31 December 2023 comprised of the following:

	2024	**2023**
	SR	**SR**
Spare parts	277,925,728	266,907,325
Less: provision against spare parts (Note 19.1)	(109,105,657)	(103,836,370)
Spare parts, net	168,820,071	163,070,955
Finished goods	5,055,210	5,035,407
Work in process	574,994,547	489,869,021
Raw materials	33,075,772	27,519,411
Fuel	13,145,246	10,611,179
Packaging materials	6,237,657	2,384,888
Fuel in transit	3,035,559	3,837,917
Raw material in transit	2,444,179	-
Other materials	223,847	273,740
	638,212,017	**539,531,563**
	807,032,088	**702,602,518**

19.1 Provision against spare parts

	2024	**2023**
	SR	**SR**
At the beginning of the year	103,836,370	95,555,456
Charge for the year	5,362,852	8,280,914
Reversal during the year	(93,565)	-
Net charge for the year	**5,269,287**	**8,280,914**
At the end of the year	**109,105,657**	**103,836,370**

20. TRADE RECEIVABLES

	2024 SR	2023 SR
Trade receivables	190,141,580	170,442,784
Allowance for expected credit losses (Note 20.1)	(11,678,914)	(6,425,024)
	178,462,666	**164,017,760**

20.1 The movement in the allowance for expected credit losses of trade receivables is as follows:

	2024 SR	2023 SR
At the beginning of the year	6,425,024	3,115,778
Allowance for expected credit losses	5,320,831	3,309,246
Reversal of allowance for the year	(66,941)	-
	5,253,890	**3,309,246**
At the end of the year	**11,678,914**	**6,425,024**

The information about the credit exposures is disclosed in Note 37.

21. PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES

	2024 SR	2023 SR
Advances to suppliers	9,394,108	13,458,525
Employees advances	10,179,139	12,749,459
Prepaid expenses	6,469,540	5,861,133
Due from related party (Note 33.1)	393,580	714,946
Other non-current assets – current portion (Note 27)	11,692,404	12,045,636
Others	-	2,511,750
	38,128,771	**47,341,449**

22. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	2024 SR	2023 SR
Balance at beginning of the year	85,161,356	-
Purchases during the year	43,000,000	85,000,000
Sales during the year	(115,070,984)	-
Fair value gain (Note 22.1)	2,290,385	161,356
Balance at end of the year	**15,380,757**	**85,161,356**

22.1 Gain on investment at fair value through profit or loss

	2024 SR	2023 SR
Unrealized gain	214,830	161,356
Realized gain	2,075,555	-
	2,290,385	**161,356**

23. CASH AND CASH EQUIVALENTS

	2024 SR	2023 SR
Cash in hand	-	5,044
Bank balances	**54,950,226**	73,581,512
	54,950,226	**73,586,556**

24. SHARE CAPITAL

The Parent Company's authorized and paid-up share capital is divided into 157,500,000 shares as at 31 December 2024 (31 December 2023: 157,500,000 shares) stated at SR 10 per share.

25. STATUTORY RESERVE

In accordance with the Parent Company's By-laws, the Parent Company is required to transfer at least 10% of net profit to the statutory reserve. The Parent Company may cease such transfers when the statutory reserve equals 30% of the share capital. The Parent Company has voluntarily decided to maintain the statutory reserves at 50% of the share capital. According to the latest update in the Regulation for the Companies in the Kingdom of Saudi Arabia, the mandatory statutory reserve requirement has been abolished.

26. DIVIDENDS DISTRIBUTION

During the year ended 31 December 2024, the Parent Company paid dividends amounting to SR 196.03 million (31 December 2023: SR 235.31 million).

a) Dividends for the year ended 31 December 2024:

- On 16 May 2024 (corresponding to 8 Dhu-Al Qa'dah 1445), the Board of Directors of the Parent Company decided to distribute cash dividends amounting to SR 118.13 million (SR 0.75 per share) for the first half of the year ended 31 December 2024 which represent 7.5% of the nominal value of shares.

- On 7 December 2024 (corresponding to 6 Jummad Al-Akhir 1446), the Board of Directors of the Parent Company decided to distribute cash dividends amounting to SR 78.75 million (SR 0.5 per share) for the second half of the year ended 31 December 2024 which represent 5% of the nominal value of shares.

b) Dividends for the year ended 31 December 2023:

- On 28 May 2023 (corresponding to 8 Dhu-Al Qa'dah 1444), the Board of Directors of the Parent Company decided to distribute cash dividends amounting to SR 236.25 million (SR 1.50 per share) for the first half of the year ended 31 December 2023 which represents 15% of the nominal value of shares.

27. OTHER NON-CURRENT ASSETS

During 2021, the Parent Company sold machinery and heavy equipment for SR 60.62 million having a net book value of SR 12.20 million. The sale proceeds against the said disposal will be received as per the terms of the contract over the period of next five years. Accordingly, the net present value of the receipt is calculated and an amount of SR 9.17 million (31 December 2023: SR 20.86 million) has been classified as non-current portion and an amount of SR 11.69 million (31 December 2023: SR 12.05 million) has been classified as current portion (refer note 21).

28. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the year by the weighted average number of ordinary shares which are 157.5 million shares.

The table below reflects the details of the net profit for the year and the number of shares used in calculating basic and diluted earnings per share:

	2024 SR	2023 SR
Profit for the year	**157,120,485**	**119,921,196**
Weighted average number of outstanding ordinary share	**157,500,000**	**157,500,000**
Basic and diluted earnings per share (Saudi Riyals)	**1.00**	**0.76**

There has been no item of dilution affecting the weighted average number of ordinary shares.

29. LOANS

The outstanding bank borrowings at the consolidated statement of financial position are as follows:

A) BANK BORROWINGS

	2024 SR	2023 SR
SAB loan (Note – a & b)	63,051,713	91,386,661
Current portion	(27,301,713)	(28,636,661)
Non-current portion	**35,750,000**	**62,750,000**

a) During 2022, the Parent Company entered into a bank facility agreement with SAB amounted SR 35 million to cover the acquisition of 40% of the remaining shares of the Subsidiary Company. The loan is subject to repayment of quarterly installments of SR 1.75 million each, starting from July 2023 until June 2028. The loan entails financing costs as per prevailing Saudi rates (SIBOR) in addition to a fixed commission rate.

b) During 2023, the Parent Company entered into a Murabaha finance agreement with SAB amounted to SR 70 million. The loan is repayable in quarterly installments of SR 5 million each, starting from September 2023 until February 2027. The loan entails financing costs as per prevailing Saudi rates (SIBOR) in addition to a fixed commission rate.

Below is the summary of the undiscounted loans repayment schedule

	2024 SR	2023 SR
2024	-	32,765,857
2025	29,817,144	30,800,099
2026	28,243,460	28,863,247
2027	7,303,721	7,581,144
2028	1,772,303	1,782,147
	67,136,628	**101,792,494**

B) SHORT TERM FINANCING

The Parent Company has entered into non-conventional financing facilities agreements with various banks at SAIBOR plus agreed commission rate to meet its working capital requirements. The facilities availed during the year 2024 amounted to SR 430 million (31 December 2023: SR 865 million). As at 31 December 2024, the outstanding amounts of SR 255.32 million (31 December 2023: SR 320.89 million) were classified under current liabilities since these are due within 12 months period.

30. INVESTMENT IN AN ASSOCIATE

The movement of investment in an associate is as follows:

	2024 SR	2023 SR
Cost of investment	644,453	312,278
Share of net profit from an associate	(69,294)	332,175
	575,159	**644,453**

31. PROVISION FOR EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

	2024 SR	2023 SR
Balance at the beginning of the year	103,957,335	95,983,900
Current service cost	8,055,219	8,177,042
Interest cost	4,947,791	4,925,556
Re-measurement loss	6,164,977	355,583
Paid during the year	(10,582,809)	(5,484,746)
Balance at the end of the year	**112,542,513**	**103,957,335**

The following is the breakup of the re-measurement loss / (gain) on employee's benefits obligations:

	2024 SR	2023 SR
Demographic assumptions	72,815	361
Financial assumptions	1,787,771	(144,785)
Experience adjustment	4,304,391	500,007
	6,164,977	**355,583**

Provision for employees' defined benefits obligations:

	2024 SR	2023 SR
Current service cost	8,055,219	8,177,042
Interest cost on defined benefits obligations	4,947,791	4,925,556
Provision for employees' defined benefits obligations	**13,003,010**	**13,102,598**

The principle actuarial assumptions used in the calculation of the provision for employees' defined benefits obligations are as follows:

	2024	2023
Discount rate per annum	5.35%	4.70%
Salary increase rate per annum	5.00%	3.00%
Mortality rate	WHO SA19	WHO SA19

The effect of the change of one of the actuarial assumptions that has a reasonable change in the rate in the employees' defined benefits obligations, with all other variable assumptions constant, is presented as follows:

	2024 SR	2023 SR
Discount rate +0.5%	110,155,485	99,393,035
Discount rate - 0.5%	120,343,720	108,882,982
Long term salary increases +0.5%	119,496,831	108,098,201
Long term salary increases -0.5%	110,887,863	100,071,632

32. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2024	2023
	SR	SR
Accrued expenses against limestone extraction fees	13,716,124	10,342,848
Service payable accounts	23,147,926	19,890,841
Advances from customers (Note 8)	23,298,280	4,701,568
Operation accrued expenses	19,162,692	29,469,297
VAT payable	1,876,494	3,532,203
Lease liability (Note 35)	-	358,529
Retention payable	5,000,000	5,000,000
Others	8,205,031	4,330,498
	94,406,547	**77,625,784**

33. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, the Board of Directors, the Group's key management personnel and enterprises managed or significantly influenced by those parties. The following are the details of major related parties' transactions during the year ended 31 December 2024.

Allowances and compensation of the Board of Directors and senior executives:

- The Group's key management personnel include senior management and executives, Board of directors, having authorities and responsibilities for planning, directing and controlling the activities of the Group.
- Board of Directors and committees' compensation charged during the year amounting to SR 4.16 million (31 December 2023: SR 3.85 million) (Refer note 11).

Key management personnel compensation comprises the following:

	2024	2023
	SR	SR
Short term employee benefits	9,881,949	8,812,792
Post-employment benefits	575,733	536,576
	10,457,682	**9,349,368**

- The Group entered into transaction with its associate under mutually agreed terms and conditions:

Knowledge Centre for Cement Training Limited – (the "associate")	**2024**	**2023**
Nature of transactions	**SR**	**SR**
Training cost charges by associate	392,438	1,232,389
Paid on behalf of associate	781,536	878,400

Knowledge Centre for Cement Training Limited - associate	**2024**	**2023**
Balances	**SR**	**SR**
Due from related party balance (Note 33.1)	**393,580**	**714,946**

33.1 Due from related party balance is included in prepayments, advances and other receivables.

34. CONTINGENCIES AND CAPITAL COMMITMENTS

1. As at 31 December 2024, the contingencies against banks' letters of guarantees issued on behalf of the Group are amounted to SR 46.26 million (31 December 2023: SR 20.3 million).
2. As at 31 December 2024, the Group has letters of credit amounted to SR 0.694 million (31 December 2023: SR 2.99 million) issued from banks in the Kingdom of Saudi Arabia.

35. LEASES

	2024 SR	2023 SR
As at 1 January	5,412,265	5,803,154
Interest expense	239,916	259,111
Payments made	(690,000)	(650,000)
Adjustment (Note 17.4)	(4,962,181)	-
As at 31 December 2024	-	5,412,265
Less: current portion (Note 32)	-	(358,529)
Non-current portion	-	5,053,736

36. PROVISION FOR SITE RESTORATION

The management of the Company, through its external consultant, conducted a study to estimate cost of restoration of the Company's quarry after the end of the mining period and accordingly recorded the provision for its quarries sites rehabilitation / restoration. The estimated amount is recognized by discounting it to its present value.

37. RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks are part of the Group's operations and are managed through a continuous mechanism including the identification and then assessment of risks with follow up in line with other approved restrictions and controls. Risk management is important for the Group's ability to achieve gains. Every employee in the Group is responsible for risk management related to his roles and responsibilities. The Group is exposed to market risk, commission rate risk, currencies risk, credit risk and liquidity risk.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include bank borrowing and derivative financial instruments.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowing obligations and short-term borrowings with floating interest rates. The Group manages the commission risks mainly by entering into interest rate swap agreements with one of the local commercial banks (Note 15).

Currency risk
Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The Group is not exposed to any significant currency risk as the Group did not have any significant balances as at 31 December 2024 denominated other than Saudi Riyal and US Dollars.

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

37. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

Trade receivables

- Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of guarantees or other forms of credit insurance obtained from reputable banks. The five largest customers account for 92% of outstanding trade receivables as at 31 December 2024 (31 December 2023: 92%). Sales to such customers represent 62% of the total sales of the Group for the year ended 31 December 2024 (31 December 2023: 50%).
- An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The letters of guarantees are considered integral part of trade receivables and considered in the calculation of impairment. At 31 December 2024, 76% (2023: 71%) of the Groups trade receivables are covered by letters of guarantees.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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

31 December 2024	**Trade receivables**						
	Days past due						
	Not due yet **SR**	**< 90 days** **SR**	**91-180 days** **SR**	**181-270 days** **SR**	**271-360 days** **SR**	**>360 days** **SR**	**Total** **SR**
Expected credit loss rate	0.25%	0.58%	5.76%	8.18%	51.13%	100%	6.14%
Estimated total gross carrying amounts at default (includes secured balance)	131,583,129	45,529,468	910,425	55,015	10,527	12,053,016	190,141,580
Expected credit loss	**72,434**	**40,867**	**38,102**	**4,502**	**5,382**	**11,517,627**	**11,678,914**

37. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Trade receivables (Continued)

31 December 2023	Trade receivables						
	Days past due						
	Not due yet	< 90 days	91-180 days	181-270 days	271-360 days	>360 days	Total
	SR	SR	SR	SR	SR	SR	SR
Expected credit loss rate	0.43%	1.08%	12.87%	32.45%	61.54%	100%	3.77%
Estimated total gross carrying amounts at default (includes secured balance)	108,725,629	46,474,235	2,950,284	1,438,800	5,339,728	5,514,108	170,442,784
Expected credit loss	**74,584**	**156,320**	**333,872**	**466,934**	**2,134,590**	**3,258,724**	**6,425,024**

Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Approximately 90% of the Group's debt will mature in less than one year at 31 December 2024 (2023: 85%) based on the carrying value of borrowings reflected in the consolidated financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	< 3 months	3- 12 months	1 to 5 years	> 5 years	Total
31 December 2024	**SR**	**SR**	**SR**	**SR**	**SR**
Trade payables	14,324,542	-	-	-	14,324,542
Short term financing	100,789,327	159,336,656	-	-	260,125,983
Bank borrowings	7,641,821	22,175,323	37,319,483	-	67,136,627
Dividends payable	82,859,626	-	-	-	82,859,626
Other current liabilities	69,231,773	-	-	-	69,231,773
	274,847,089	**181,511,979**	**37,319,483**	**-**	**493,678,551**

	< 3 months	3- 12 months	1 to 5 years	> 5 years	Total
31 December 2023	**SR**	**SR**	**SR**	**SR**	**SR**
Lease liability	40,000	650,000	2,600,000	3,590,000	6,880,000
Trade payables	20,642,692	-	-	-	20,642,692
Short term financing	76,640,403	249,483,250	-	-	326,123,653
Bank borrowings	8,386,661	24,379,196	69,026,637	-	101,792,494
Dividends payable	82,016,121	-	-	-	82,016,121
Other current liabilities	69,033,484	-	-	-	69,033,484
	256,759,361	**274,512,446**	**71,626,637**	**3,590,000**	**606,488,444**

37. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

For the purpose of the Group's capital management, the Group's capital includes issued share capital and all other equity reserves. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net liabilities to equity ratio, which is net liabilities divided by total to equity.

	2024 SR	2023 SR
Total liabilities	644,590,239	715,545,913
Less: cash and cash equivalents	(54,950,226)	(73,586,556)
Net debt	**589,640,013**	**641,959,357**
Total equity	**2,606,086,225**	**2,652,005,717**
Net debt to equity ratio	**22.63%**	**24.21%**

38. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2024 SR	Cash flows SR	Others SR	31 December 2024 SR
Current portion of bank borrowings	28,636,661	(27,000,000)	25,665,052	27,301,713
Bank borrowings	62,750,000	-	(27,000,000)	35,750,000
Short term financing	320,887,477	(68,075,000)	2,503,432	255,315,909
Dividend payable	82,016,121	(196,031,495)	196,875,000	82,859,626
Total liabilities from financing activities	**494,290,259**	**(291,106,495)**	**198,043,484**	**401,227,248**

	1 January 2023 SR	Cash flows SR	Others SR	31 December 2023 SR
Current portion of bank borrowings	23,737,659	(23,850,998)	28,750,000	28,636,661
Bank borrowings	91,500,000	-	(28,750,000)	62,750,000
Short term financing	50,041,713	270,845,764	-	320,887,477
Dividend payable	81,072,268	(235,306,147)	236,250,000	82,016,121
Lease liability	5,803,154	(650,000)	259,111	5,412,265
Total liabilities from financing activities	**252,154,794**	**11,038,619**	**236,509,111**	**499,702,524**

The 'Others' column includes the effect of reclassification of non-current portion of bank borrowings to current portion of bank borrowings and dividend declared and accrued during the year. The Group classifies finance cost paid as cash flows from operating activities.

39. FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Financial instruments measured at fair value	Date of valuation	Total SR	Fair value measurement using: Quoted prices in active markets (Level 1) SR	Significant observable inputs (Level 2) SR	Significant unobservable inputs (Level 3) SR
Financial derivatives	**31 December 2024**	**1,353,446**	**-**	**-**	**1,353,446**
Investment at FVTPL	**31 December 2024**	**15,380,757**	**-**	**7,380,757**	**8,000,000**
Financial derivatives	31 December 2023	2,822,055	-	-	2,822,055
Investment at FVTPL	31 December 2023	85,161,356	-	85,161,356	-

Financial derivatives

The Group enters into derivative financial instruments principally with financial institutions having investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs is interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

Investment at FVTPL

This represents investment in mutual funds. The fund manager limits market risk by monitoring the developments in the relevant markets for these instruments.

During the year ended 31 December 2024 and 2023, there were no movements between the levels.

40. EVENTS AFTER REPORTING PERIOD

Subsequent to the year ended 31 December 2024, the Parent Company received a notification letter from Saudi Aramco to change the prices of fuel products that are used in the Parent's activities starting from 1st January 2025. Due to the said change in fuel prices, management is expecting to increase the production cost in 2025 by around 10%. However, the Parent Company is currently studying different ways to reduce the financial impact of this change on the future financial results.

41. COMPARATIVE FIGURES

During the year, the Group reclassified transportation expenses previously netted off from 'revenue' to "selling and distribution expenses". This was done to achieve proper classification of expenses and the comparative figures amounted to SR 46.67 million have also been reclassified to conform to the current year presentation. These reclassification does not affect the net profit and retained earnings of the Group in prior year.

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the Group were approved by the Board of Directors on 17/09/1446H (corresponding to 17/03/2025).