

**YANBU CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

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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 2025, 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 2025, 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	
<p>The Group has recognized revenue from operations amounted to S\$ 1,083.96 million.</p> <p>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.</p> <p>Refer to note 4 for the accounting policy on revenue and note 8 for related disclosure.</p>	<p>Our audit procedures to assess the recognition of revenue include the following:</p> <ul style="list-style-type: none"> • 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.

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 2025 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 2025 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.

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



22 Ramadan 1447(H)
11 March 2026 (G)

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024 (Restated, note 40)
	Note	ﷲ	ﷲ
Revenue	8	1,083,964,180	876,749,280
Cost of revenue	9	(800,651,111)	(584,132,550)
GROSS PROFIT		283,313,069	292,616,730
Selling and distribution expenses	10	(98,696,349)	(51,576,052)
General and administrative expenses	11	(56,181,332)	(61,385,761)
PROFIT FROM OPERATIONS		128,435,388	179,654,917
Other income, net	12	1,913,417	9,280,443
Loss on derivative instruments at fair value through profit or loss	15	(1,016,989)	(1,468,609)
Gain on investments at fair value through profit or loss (FVTPL)	22.1	200,234	2,290,385
Share of net loss from an associate	30	(282,531)	(69,294)
Finance income		3,528,631	4,333,700
Finance cost	14	(12,147,104)	(21,069,594)
PROFIT BEFORE ZAKAT		120,631,046	172,951,948
Zakat	16	(16,163,089)	(15,831,463)
NET PROFIT FOR THE YEAR		104,467,957	157,120,485
EARNINGS PER SHARE			
Basic and diluted earnings per share	28	0.66	1.00

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 ﷲ	2024 ﷲ
Net profit for the year		104,467,957	157,120,485
Other comprehensive income			
<i>Items not to be reclassified to consolidated statement of profit or loss in subsequent periods:</i>			
Re-measurement loss on provision for employees' defined benefits obligations	31	(1,316,459)	(6,164,977)
Total comprehensive income for the year		103,151,498	150,955,508

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

		2025	2024 (Restated, note 40)
	Note	س	س
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	1,990,503,928	2,135,029,958
Intangible assets	18	20,668,630	17,231,645
Investment in an associate	30	292,628	575,159
Other non-current assets	27	-	9,166,298
TOTAL NON-CURRENT ASSETS		2,011,465,186	2,162,003,060
CURRENT ASSETS			
Inventories	19	744,966,895	807,032,088
Trade receivables	20	166,771,286	178,462,666
Prepayments, advances and other receivables	21	38,635,009	31,494,221
Financial derivative	15	336,456	1,353,446
Investments at fair value through profit or loss (FVTPL)	22	5,002,375	15,380,757
Bank balances	23	75,364,663	54,950,226
TOTAL CURRENT ASSETS		1,031,076,684	1,088,673,404
TOTAL ASSETS		3,042,541,870	3,250,676,464
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		149,862,723	243,586,225
TOTAL EQUITY		2,512,362,723	2,606,086,225
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank borrowings	29(A)	8,750,000	35,750,000
Provision for employees' defined benefits obligations	31	115,095,164	112,542,513
Provision for site restoration	35	11,626,344	5,530,853
TOTAL NON-CURRENT LIABILITIES		135,471,508	153,823,366
CURRENT LIABILITIES			
Trade payables		45,324,701	14,324,542
Current portion of bank borrowings	29(A)	27,199,960	27,301,713
Short term financing	29(B)	120,195,912	255,315,909
Dividends payable	26	86,137,015	82,859,626
Accrued expenses and other current liabilities	32	95,515,644	94,406,547
Zakat payable	16	20,334,407	16,558,536
TOTAL CURRENT LIABILITIES		394,707,639	490,766,873
TOTAL LIABILITIES		530,179,147	644,590,239
TOTAL EQUITY AND LIABILITIES		3,042,541,870	3,250,676,464

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital ﷲ	Statutory reserve ﷲ	Retained earnings ﷲ	Total ﷲ
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	<u>1,575,000,000</u>	<u>787,500,000</u>	<u>243,586,225</u>	<u>2,606,086,225</u>
As at 1 January 2025	1,575,000,000	787,500,000	243,586,225	2,606,086,225
Net profit for the year	-	-	104,467,957	104,467,957
Other comprehensive loss for the year (Note 31)	-	-	(1,316,459)	(1,316,459)
Total comprehensive income for the year	-	-	103,151,498	103,151,498
Dividends (Note 26)	-	-	(196,875,000)	(196,875,000)
Balance at 31 December 2025	<u>1,575,000,000</u>	<u>787,500,000</u>	<u>149,862,723</u>	<u>2,512,362,723</u>

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
COSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024 (Restated, note 40)
	Note	ﷲ	ﷲ
OPERATING ACTIVITIES			
Profit before zakat		120,631,046	172,951,948
<i>Adjustments to reconcile operating income to net cash flows:</i>			
Depreciation on property, plant and equipment	17	168,373,282	165,177,250
Amortization on intangible assets	18	890,426	698,099
Finance cost	14	12,147,104	21,069,594
Loss on derivative instruments	15	1,016,989	1,468,609
Gain on investments at FVTPL	22.1	(200,234)	(2,290,385)
Provision for employees' defined benefits' obligations	31	15,080,630	13,003,010
Share of net loss from an associate	30	282,531	69,294
Gain on adjustment of lease		-	(554,783)
Loss / (gain) on disposal of property, plant and equipment	12	6,012,580	(6,813,043)
Provision against spare parts	19.1	11,045,076	5,269,287
(Reversal) / allowance for expected credit losses	20.1	(436,602)	5,253,890
		<u>334,842,828</u>	<u>375,302,770</u>
<i>Working capital adjustments:</i>			
Inventories		51,020,117	(109,698,857)
Trade receivables		12,127,982	(19,698,796)
Prepayments, advances and other receivables		2,025,509	27,539,640
Trade payables		31,000,159	(6,318,150)
Accrued expenses and other current liabilities		1,109,098	17,139,292
		<u>432,125,693</u>	<u>284,265,899</u>
Employees benefits paid	31	(13,844,438)	(10,582,809)
Finance cost paid		(17,872,974)	(20,829,678)
Zakat paid	16	(12,387,218)	(13,249,034)
Net cash generated from operating activities		<u>388,021,063</u>	<u>239,604,378</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	(24,397,172)	(29,671,570)
Purchase of intangible assets	18	(4,327,411)	(16,825,154)
Proceeds from the disposal of property, plant and equipment		-	6,813,043
Additions to investments at FVTPL	22	(5,000,000)	(43,000,000)
Proceeds from investments at FVTPL	22	15,578,616	115,070,984
Net cash (used in) / generated from investing activities		<u>(18,145,967)</u>	<u>32,387,303</u>
FINANCING ACTIVITIES			
Payment of lease liability		-	(690,000)
Payment of bank borrowings		(27,101,753)	(28,334,948)
Payment of short-term financing		(578,061,295)	(344,871,568)
Proceeds from short-term financing		449,300,000	279,300,000
Dividends paid	26	(193,597,611)	(196,031,495)
Net cash used in financing activities		<u>(349,460,659)</u>	<u>(290,628,011)</u>
NET CHANGES IN BANK BALANCES			
Bank balances at the beginning of the year	23	20,414,437	(18,636,330)
BANK BALANCES AT THE END OF THE YEAR	23	<u>54,950,226</u>	<u>73,586,556</u>
		<u>75,364,663</u>	<u>54,950,226</u>

The accompanying notes from 1 to 41 form an 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 1977G), and it is registered in Yanbu city under Commercial Registration (CR) No. 4700000233 (Unified Number: 7000275540) dated on 21 Dhul-Qi'dah 1398H (Corresponding to 24 October 1978G). 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 2025 (31 December 2024: 157,500,000 shares) stated at ₪ 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 2023G) which ends on 13 Rabi ul Awal 1450H (Corresponding to 4 August 2028G). 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 2004G) and ending on 26 Dhu'l-Hijjah 1448H (Corresponding to 01 June 2027G) and registered in Yanbu city under Commercial Registration (CR) No. 4700009036 (Unified Number: 7001473409) dated on 17 Dhul-Qi'dah 1425H (Corresponding to 29 December 2004G).

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 (Unified Number: 7012137845). The financial results of this Branch are included in these consolidated financial statements.

On 17 Dhul Hijjah 1445H (Corresponding to 23 June 2024G), 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. On 27 Dhul Hijjah 1446H (Corresponding to 23 June 2025G), both companies have agreed to extend the memorandum of understanding for an additional three months. On 30 Rabi Al-Awwal 1447H (Corresponding to 22 September 2025G), the memorandum has expired without reaching a final agreement between the two companies.

Investment 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 ₪ 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 (₪) which is also the functional currency of the Company and the presentation 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 2025 or later.

3.1 New standards, interpretations and amendments effective from 01 January 2025

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 21	Amendment - Lack of exchangeability	1 January 2025

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
IFRS 9 and 7	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 and adoption of these interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the year of initial application.

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 acquiree.

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)).

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

(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 Group'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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

G) Costs and expenses (Continued)

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.

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:

<u>Items</u>	<u>Useful Live</u>
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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

L) Property, plant and equipment (Continued)

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.

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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

M) Leases (Continued)

Group as a lessee (Continued)

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. Carbon Credit Certificates are not amortized instead annual impairment assessment is conducted.

P) 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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

P) Financial instruments (Continued)

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 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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

P) Financial instruments (Continued)

i) Financial assets (Continued)

Impairment of financial assets (Continued)

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

For trade 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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

P) Financial instruments (Continued)

ii) Financial liabilities (Continued)

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.

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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

T) Cash and bank balances

Cash and bank balances 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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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. CRITICAL JUDGEMENTS, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

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.

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.

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

5.2 Estimates and assumptions (Continued)

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 obsolescence 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:

	2025	2024 (Restated, note 40)
	ﷲ	ﷲ
Revenue	55,438,516	56,178,825
Cost of revenue	(46,708,308)	(46,110,436)
GROSS PROFIT	8,730,208	10,068,389
Selling and distribution expenses	(1,208,510)	(840,934)
General and administrative expenses	(1,308,906)	(2,556,219)
PROFIT FROM OPERATION	6,212,792	6,671,236
Other income	730,508	299,123
Gain on investments at fair value through profit or loss (FVTPL)	197,859	380,757
Finance income	598,388	736,347
PROFIT BEFORE ZAKAT	7,739,547	8,087,463
Zakat	(1,163,089)	(1,331,463)
NET PROFIT FOR THE YEAR	6,576,458	6,756,000
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods	36,914	(64,301)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,613,372	6,691,699

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7. SUBSIDIARY (CONTINUED)

Summarized statement of financial position:

	2025	2024
	ﷲ	ﷲ
Non-current assets	33,345,167	35,641,467
Current assets	61,245,319	53,068,411
Non-current liabilities	(3,380,482)	(3,015,725)
Current liabilities	(5,783,506)	(6,881,027)
Total equity	<u>85,426,498</u>	<u>78,813,126</u>

Summarized cash flow information for the year:

	2025	2024
	ﷲ	ﷲ
Operating activities	(2,763,649)	15,785,703
Investing activities	15,557,716	(15,026,216)
Financing activities	-	(8,000,000)
Net changes in cash and cash equivalents	<u>12,794,067</u>	<u>(7,240,513)</u>

8. REVENUE

	2025	2024
	ﷲ	ﷲ (Restated, note 40)
Product type		
Cement	696,477,815	735,872,052
Cement bags	34,858,868	32,788,207
Clinker	352,627,497	108,089,021
Total revenue (Note 8.1)	<u>1,083,964,180</u>	<u>876,749,280</u>
Geographical markets		
Total revenue inside the Kingdom of Saudi Arabia	728,736,620	768,660,259
Total revenue outside the Kingdom of Saudi Arabia	355,227,560	108,089,021
Total revenue (Note 8.1)	<u>1,083,964,180</u>	<u>876,749,280</u>

8.1 The timing of the revenue recognition from the above goods is at a point in time basis.

9. COST OF REVENUE

	2025	2024
	ﷲ	ﷲ
Raw materials	249,269,806	191,744,059
Depreciation on property, plant and equipment (Note 17.2)	166,494,077	163,343,409
Amortization on intangible assets (Note 18.1)	503,279	698,099
Salaries and employees' related costs (Note 13)	126,195,525	129,161,452
Spare parts consumption	44,863,400	35,910,154
Quarries exploitation fees	46,944,697	47,013,214
Operation and maintenance expenses	89,453,937	85,981,140
Provision for spare parts (Note 19.1)	11,045,076	5,269,287
Other expenses	16,123,873	10,157,064
Operation cost total	<u>750,893,670</u>	<u>669,277,878</u>
Change in inventories	49,757,441	(85,145,328)
	<u>800,651,111</u>	<u>584,132,550</u>

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10. SELLING AND DISTRIBUTION EXPENSES

	2025	2024 (Restated, note 40)
	ﷲ	ﷲ
Transportation expenses	82,035,476	33,365,284
Salaries and employees' related costs (Note 13)	12,113,138	10,137,451
Donations and social responsibility	2,499,092	2,431,433
Depreciation on property, plant and equipment (Note 17.2)	471,916	445,768
Amortization on intangible assets (Note 18.1)	145,180	-
Travelling	343,747	514,590
Advertisement	672,353	4,113,998
Others	415,447	567,528
	<u>98,696,349</u>	<u>51,576,052</u>

11. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
	ﷲ	ﷲ
Salaries and employees' related costs (Note 13)	39,230,574	33,855,449
Remuneration of Board of Directors (Note 11.1)	4,737,507	4,155,413
Consulting and professional fees	4,467,662	6,308,014
Depreciation on property, plant and equipment (Note 17.2)	1,407,289	1,388,073
Amortization on intangible assets (Note 18.1)	241,967	-
Repair and maintenance	2,048,118	1,455,630
Subscription fees	890,330	1,130,284
Utilities	476,546	436,854
(Reversal) / allowance for expected credit losses (Note 20.1)	(436,602)	5,253,890
Others (Note 11.2)	3,117,941	7,402,154
	<u>56,181,332</u>	<u>61,385,761</u>

11.1 This includes refund of bonus amounting to ﷲ 0.43 million (2024: Nil) from one of the Directors.

11.2 During the year ended 2024, the others include an expense amounting to ﷲ 3.81 million recognized against a legal claim that was paid during the year ended 2025.

12. OTHER INCOME, NET

	2025	2024 (Restated, note 40)
	ﷲ	ﷲ
(Loss) / gain on disposal of property, plant and equipment	(6,012,580)	6,813,043
Export incentive from the government	3,000,000	-
Net foreign exchange gain	287,563	154,754
Others (Note 12.1)	4,638,434	2,312,646
	<u>1,913,417</u>	<u>9,280,443</u>

12.1 This amount includes the reversal of a liability of ﷲ 2.53 million (2024: Nil) relating to a supplier, which is no longer payable pursuant to a mutual agreement between the Company and the supplier.

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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:

	2025 ﷲ	2024 ﷲ
Cost of revenue (Note 9)	<u>126,195,525</u>	<u>129,161,452</u>
Selling and distribution expenses (Note 10)	12,113,138	10,137,451
General and administrative expenses (Note 11)	39,230,574	33,855,449
	<u><u>177,539,237</u></u>	<u><u>173,154,352</u></u>

14. FINANCE COST

	2025 ﷲ	2024 ﷲ
Finance cost on loans	<u>11,514,273</u>	<u>20,829,678</u>
Finance cost on decommissioning liability	632,831	-
Finance cost on lease obligations	-	239,916
	<u><u>12,147,104</u></u>	<u><u>21,069,594</u></u>

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 2025, the fair value of the contract was amounting to ﷲ 0.34 million (31 December 2024: ﷲ 1.35 million). Accordingly, the Parent Company recognized fair valuation loss during the year ended 31 December 2025 amounting to ﷲ 1.02 million (2024: Valuation loss of ﷲ 1.47 million). The notional amount of interest rate swap contract as at 31 December 2025 is amounting to ﷲ 20 million (31 December 2024: ﷲ 40 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. The principal elements of the zakat base for each Company comprises of Company's shareholders' equity, long-term liabilities as at the end of the year and 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.

	2025 ﷲ	2024 ﷲ
Zakat charge for the year	<u><u>16,163,089</u></u>	<u><u>15,831,463</u></u>

b) The movement in zakat payable is as follows:

	2025 ﷲ	2024 ﷲ
Balance at beginning of the year	<u>16,558,536</u>	<u>13,976,107</u>
Charge for the year	16,163,089	15,831,463
Paid during the year	<u>(12,387,218)</u>	<u>(13,249,034)</u>
Balance at the end of the year	<u><u>20,334,407</u></u>	<u><u>16,558,536</u></u>

16. ZAKAT (CONTINUED)

c) Zakat status

Parent Company:

The Company has submitted its Zakat returns to the Zakat, Tax and Customs Authority (“ZATCA up to the year ended 31 December 2024 and obtained Zakat certificate. The Company finalized its zakat position up to the year ended 31 December 2023, resulting in zakat differences amounting to ₪ 0.40 million for the years 2021 and 2022, and ₪ 0.07 million for the year ended 2023. These amounts were settled during the months of February and June 2025.

During the year, the Company has received an assessment order from the ZATCA for the year ended 31 December 2024, and claimed additional amount ₪ 3.72 million. The Company has objected on the above mentioned assessment and the ZATCA response is still under process until 31 December 2025.

Subsidiary:

The Subsidiary has submitted the zakat returns to ZATCA up to the year ended 31 December 2024 and obtained the Zakat certificate. 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 ₪ 0.20 million and accordingly filed objections against this assessment order with the Tax Dispute and Violation Committee Procedures (TVDR) 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 ₪ 0.003 million which was duly paid and the zakat status has been finalized for the year 2020.

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17. PROPERTY, PLANT AND EQUIPMENT

	Land	Right-of use asset (Leasehold land)	Factory buildings on leasehold land	Production buildings of paper factory on leasehold land	Buildings and other constructions	Quay	Machinery and equipment	Paper factory machinery and equipment	Vehicles	Furniture and other assets	Capital work in progress	Total
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
Cost:												
As at 1 January 2024	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 17.4, 18) - Restated, note 40	-	-	5,530,853	-	500,000	-	16,056,607	-	56,610	2,612,588	10,445,765	35,202,423
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 17.3)	-	(7,153,653)	-	-	-	-	-	-	-	-	-	(7,153,653)
As at 31 December 2024 (Restated, note 40)	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	17,851,238	5,493,495,892
Additions (Note 17.4)	-	-	5,462,660	-	-	-	7,685,795	20,900	16,300	4,074,983	12,599,194	29,859,832
Disposals	-	-	-	-	-	-	(39,552,870)	-	-	-	-	(39,552,870)
Transfers	-	-	-	-	4,096,376	-	16,384,788	-	-	-	(20,481,164)	-
As at 31 December 2025	4,805,116	-	243,579,258	23,682,301	622,581,402	16,360,228	4,452,071,679	45,233,788	24,118,154	41,401,660	9,969,268	5,483,802,854

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17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land ﷲ	Right-of-use asset (Leasehold land) ﷲ	Factory buildings on leasehold land ﷲ	Production buildings of paper factory on leasehold land ﷲ	Buildings and other constructions ﷲ	Quay ﷲ	Machinery and equipment ﷲ	Paper factory machinery and Equipment ﷲ	Vehicles ﷲ	Furniture and other assets ﷲ	Capital work in progress ﷲ	Total ﷲ
Accumulated depreciation:												
As at 1 January 2024	-	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 17.3)	-	(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
Charge for the year	-	-	6,017,761	528,428	16,294,307	-	140,391,084	804,452	356,412	3,980,838	-	168,373,282
Disposals	-	-	-	-	-	-	(33,540,290)	-	-	-	-	(33,540,290)
As at 31 December 2025	-	-	158,444,050	13,969,747	359,558,640	16,360,228	2,865,365,437	23,874,458	23,612,266	32,114,100	-	3,493,298,926
Net Book Value:												
As at 31 December 2025	4,805,116	-	85,135,208	9,712,554	263,022,762	-	1,586,706,242	21,359,330	505,888	9,287,560	9,969,268	1,990,503,928
As at 31 December 2024 (Restated, note 40)	4,805,116	-	85,690,309	10,240,982	275,220,693	-	1,709,039,323	22,142,882	846,000	9,193,415	17,851,238	2,135,029,958

17.1 The Group has property, plant and equipment of ﷲ 110 million (31 December 2024: ﷲ 111 million) which are fully depreciated but still in use.

17.2 Depreciation for the year is allocated as follows:

	2025 ﷲ	2024 ﷲ
Cost of revenue (Note 9)	166,494,077	163,343,409
Selling and distribution expenses (Note 10)	471,916	445,768
General and administrative expenses (Note 11)	1,407,289	1,388,073
	168,373,282	165,177,250

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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 Hijri years commencing 4 Rabi' I 1398H (Corresponding to 12 February 1978G). The lease has been renewed for a similar period for 30 years on 3 Rabi' I 1428H (Corresponding to 22 March 2007G). The lease is renewable for further similar periods subject to the agreement of both parties.

17.4 The addition includes provision for site restoration cost amounted to ₪ 11.63 million (31 December 2024: ₪ 5.53 million) (Refer, note 35).

18. INTANGIBLE ASSETS

	Software ₪	Carbon credit certificates ₪	Capital work in progress ₪	Total ₪
Cost:				
As at 1 January 2024	11,494,123	-	-	11,494,123
Additions (Restated, Note 40)	-	6,634,550	10,190,604	16,825,154
As at 31 December 2024 (Restated, note 40)	11,494,123	6,634,550	10,190,604	28,319,277
Additions	-	-	4,327,411	4,327,411
Transfer	14,518,015	-	(14,518,015)	-
As at 31 December 2025	26,012,138	6,634,550	-	32,646,688
Accumulated amortization:				
As at 1 January 2024	10,389,533	-	-	10,389,533
Amortization for the year	698,099	-	-	698,099
As at 31 December 2024	11,087,632	-	-	11,087,632
Amortization for the year	890,426	-	-	890,426
As at 31 December 2025	11,978,058	-	-	11,978,058
Net Book Value:				
As at 31 December 2025	14,034,080	6,634,550	-	20,668,630
As at 31 December 2024 (Restated, note 40)	406,491	6,634,550	10,190,604	17,231,645

18.1 Amortization for the year is allocated as follows:

	2025 ₪	2024 ₪
Cost of revenue (Note 9)	503,279	698,099
Selling and distribution expenses (Note 10)	145,180	-
General and administrative expenses (Note 11)	241,967	-
	890,426	698,099

18.2 Carbon credit certificates were purchased by the Parent Company and it represents 200,000 units.

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19. INVENTORIES

Inventories as at 31 December 2025 and 31 December 2024 comprised of the following:

	2025 ﷲ	2024 ﷲ
Spare parts	271,091,760	277,925,728
Less: provision against spare parts (Note 19.1)	(120,150,733)	(109,105,657)
Spare parts, net	150,941,027	168,820,071
Finished goods	10,991,188	5,055,210
Work in process	519,301,127	574,994,547
Raw materials	27,338,157	33,075,772
Fuel	22,426,278	13,145,246
Packaging materials	5,589,514	6,237,657
Fuel in transit	3,616,622	3,035,559
Raw material in transit	3,390,392	2,444,179
Other materials	1,372,590	223,847
	<u>594,025,868</u>	<u>638,212,017</u>
	<u>744,966,895</u>	<u>807,032,088</u>

19.1 Provision against spare parts

	2025 ﷲ	2024 ﷲ
At the beginning of the year	109,105,657	103,836,370
Charge for the year (Note 9)	11,045,076	5,362,852
Reversal during the year	-	(93,565)
Net charge for the year	11,045,076	5,269,287
At the end of the year	<u>120,150,733</u>	<u>109,105,657</u>

20. TRADE RECEIVABLES

	2025 ﷲ	2024 ﷲ
Trade receivables	178,013,598	190,141,580
Allowance for expected credit losses (Note 20.1)	(11,242,312)	(11,678,914)
	<u>166,771,286</u>	<u>178,462,666</u>

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

	2025 ﷲ	2024 ﷲ
At the beginning of the year	11,678,914	6,425,024
(Reversal) / allowance for expected credit losses (Note 11)	(436,602)	5,253,890
At the end of the year	<u>11,242,312</u>	<u>11,678,914</u>

20.2 The information about the credit exposures is disclosed in Note 36.

21. PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES

	2025 ﷲ	2024 (Restated, note 40) ﷲ
Advances to suppliers	9,657,787	2,759,558
Employees advances	9,072,845	10,179,139
Prepaid expenses	6,711,427	6,469,540
Due from a related party (Note 33.1)	-	393,580
Other non-current assets - current portion (Note 27)	9,166,298	11,692,404
VAT receivables	1,034,091	-
Others	2,992,561	-
	<u>38,635,009</u>	<u>31,494,221</u>

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

	2025	2024
	ﷲ	ﷲ
Balance at beginning of the year	15,380,757	85,161,356
Purchases during the year	5,000,000	43,000,000
Sales during the year	(15,578,616)	(115,070,984)
Fair value gain (Note 22.1)	200,234	2,290,385
Balance at end of the year	<u>5,002,375</u>	<u>15,380,757</u>

22.1 Gain on investment at fair value through profit or loss

	2025	2024
	ﷲ	ﷲ
Unrealized gain	2,375	214,830
Realized gain	197,859	2,075,555
	<u>200,234</u>	<u>2,290,385</u>

23. BANK BALANCES

	2025	2024
	ﷲ	ﷲ
Cash at banks	<u>75,364,663</u>	<u>54,950,226</u>

24. SHARE CAPITAL

The Parent Company's authorized and paid-up share capital is divided into 157,500,000 shares as at 31 December 2025 (31 December 2024: 157,500,000 shares) stated at ﷲ 10 per share.

25. STATUTORY RESERVE

In accordance with the Company's previous By-laws, the Company was required to allocate at least 10% of its annual net income to the statutory reserve until the reserve reached 30% of the share capital. As part of its financial policy, the Company had decided to continue maintaining the statutory reserve at 50% of the share capital. However, following recent amendments to the Companies Law, the Company has discontinued the creation of the statutory reserve and By-laws has been updated in this regard.

Accordingly, the Board of Directors has approved submitting a recommendation to the General Assembly regarding the transfer of the entire statutory reserve balance of ﷲ 787.50 million, comprising ﷲ 393.75 million to be transferred to the general reserve and ﷲ 393.75 million to be transferred to the retained earnings in accordance with the By-laws, in a manner that best serves the interests of the Company and its shareholders in accordance with the amended By-laws, which is pending the General Assembly's approval.

26. DIVIDENDS DISTRIBUTION

During the year ended 31 December 2025, the Parent Company paid dividends amounting to ﷲ 196.88 million (31 December 2024: ﷲ 196.88 million).

a) Dividends for the year ended 31 December 2025:

- On 19 Muharam 1447H (Corresponding to 14 Jul 2025G), the Board of Directors of the Parent Company decided to distribute cash dividends amounting to ﷲ 78.75 million (ﷲ 0.50 per share) for the first half of the year ended 31 December 2025 which represent 5% of the nominal value of shares.
- On 15 Jummad Al-Akhir 1447H (Corresponding to 6 December 2025G), the Board of Directors of the Parent Company decided to distribute cash dividends amounting to ﷲ 118.13 million (ﷲ 0.75 per share) for the second half of the year ended 31 December 2025 which represent 7.5% of the nominal value of shares.

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26. DIVIDENDS DISTRIBUTION (CONTINUED)

b) Dividends for the year ended 31 December 2024:

- On 8 Dhu-Al Qa'dah 1445H (Corresponding to 16 May 2024G), the Board of Directors of the Parent Company decided to distribute cash dividends amounting to ﷲ 118.13 million (ﷲ 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 6 Jummad Al-Akhir 1446H (Corresponding to 7 December 2024G), the Board of Directors of the Parent Company decided to distribute cash dividends amounting to ﷲ 78.75 million (ﷲ 0.50 per share) for the second half of the year ended 31 December 2024 which represents 5% of the nominal value of share.

27. OTHER NON-CURRENT ASSETS

During 2021, the Parent Company sold machinery and heavy equipment for ﷲ 60.62 million having a net book value of ﷲ 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 ﷲ Nil (31 December 2024: ﷲ 9.17 million) has been classified as non-current portion and an amount of ﷲ 9.17 million (31 December 2024: ﷲ 11.69 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:

	2025 ﷲ	2024 ﷲ
Profit for the year	<u>104,467,957</u>	<u>157,120,485</u>
Weighted average number of outstanding ordinary shares	<u>157,500,000</u>	<u>157,500,000</u>
Basic and diluted earnings per share (ﷲ)	<u>0.66</u>	<u>1.00</u>

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

	2025 ﷲ	2024 ﷲ
SAB loan (Note - a & b)	<u>35,949,960</u>	<u>63,051,713</u>
Current portion	<u>(27,199,960)</u>	<u>(27,301,713)</u>
Non-current portion	<u>8,750,000</u>	<u>35,750,000</u>

- a) During 2022, the Parent Company entered into a Shariah-compliant banking facility agreement with Saudi Awwal Bank (SAB) amounted to ﷲ 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 ﷲ 1.75 million each, starting from June 2023 to February 2028. The loan entails financing costs as per prevailing Saudi rates (SAIBOR) in addition to a fixed commission rate.
- b) During 2023, the Parent Company entered into a Shariah-compliant banking facility agreement with SAB amounted to ﷲ 70 million. The loan is repayable in quarterly installments of ﷲ 5 million each, starting from September 2023 until November 2026. The loan entails financing costs as per prevailing Saudi rates (SAIBOR) in addition to a fixed commission rate.

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29. LOANS (CONTINUED)

A) BANK BORROWINGS (Continued)

Below is the summary of the undiscounted loans repayment schedule

	2025 ﷲ	2024 ﷲ
2025	-	29,817,144
2026	28,243,460	28,243,460
2027	7,303,721	7,303,721
2028	1,772,303	1,772,303
	<u>37,319,484</u>	<u>67,136,628</u>

B) SHORT TERM FINANCING

The Parent Company has entered into un-secured Shariah-compliant financing facilities agreements with various banks at SAIBOR plus agreed commission rate to meet its working capital requirements. The facilities availed during the year 2025 amounted to ﷲ 430 million (31 December 2024: ﷲ 430 million). As at 31 December 2025, the outstanding amounts of ﷲ 120.20 million (31 December 2024: ﷲ 255.32 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:

	2025 ﷲ	2024 ﷲ
Cost of investment	575,159	644,453
Share of net loss from an associate	(282,531)	(69,294)
	<u>292,628</u>	<u>575,159</u>

31. PROVISION FOR EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

	2025 ﷲ	2024 ﷲ
Balance at the beginning of the year	112,542,513	103,957,335
Current service cost	9,000,292	8,055,219
Interest cost	6,080,338	4,947,791
Re-measurement loss	1,316,459	6,164,977
Paid during the year	(13,844,438)	(10,582,809)
Balance at the end of the year	<u>115,095,164</u>	<u>112,542,513</u>

The following is the breakup of the re-measurement loss on employees' defined benefits obligations:

	2025 ﷲ	2024 ﷲ
Demographic assumptions	-	72,815
Financial assumptions	(396,348)	1,787,771
Experience adjustment	1,712,807	4,304,391
	<u>1,316,459</u>	<u>6,164,977</u>

Provision for employees' defined benefits obligations' expense:

	2025 ﷲ	2024 ﷲ
Current service cost	9,000,292	8,055,219
Interest cost on defined benefits obligations	6,080,338	4,947,791
Provision for employees' defined benefits obligations' expense	<u>15,080,630</u>	<u>13,003,010</u>

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31. PROVISION FOR EMPLOYEES' DEFINED BENEFITS OBLIGATIONS (CONTINUED)

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

	<u>2025</u>	<u>2024</u>
Discount rate per annum	5.05%	5.35%
Salary increase rate per annum	5.00%	5.00%
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:

	<u>2025</u>	<u>2024</u>
	ﷲ	ﷲ
Discount rate +0.5%	112,543,003	110,155,485
Discount rate - 0.5%	123,074,536	120,343,720
Long term salary increases +0.5%	122,185,212	119,496,831
Long term salary increases -0.5%	113,313,743	110,887,863

32. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>2025</u>	<u>2024</u>
	ﷲ	ﷲ
Accrued expenses against limestone extraction fees	15,660,779	13,716,124
Service payable accounts	12,928,351	23,147,926
Advances from customers (Note 8)	41,226,329	23,298,280
Operation accrued expenses	18,913,941	19,162,692
VAT payable	260,670	1,876,494
Retention payable	5,000,000	5,000,000
Others	1,525,574	8,205,031
	<u>95,515,644</u>	<u>94,406,547</u>

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 2025.

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 ﷲ 4.74 million (31 December 2024: ﷲ 4.16 million) (Refer note 11).

Key management personnel compensation comprises the following:

	<u>2025</u>	<u>2024</u>
	ﷲ	ﷲ
Short term employee benefits	16,117,565	9,881,949
Post-employment benefits	1,660,129	575,733
	<u>17,777,694</u>	<u>10,457,682</u>

33. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Knowledge Centre for Cement Training Limited - (the “associate”)

Nature of transactions:

	2025 ﷲ	2024 ﷲ
Training cost charges by associate	-	392,438
Paid on behalf of associate	18,396	781,536

Due from a related party balance:

	31 December 2025 ﷲ	31 December 2024 ﷲ
Due from a related party balance (Note 33.2)	-	393,580

33.2 Due from a related party balance is included in prepayments, advances and other receivables. (Refer, note 21)

34. CONTINGENCIES AND CAPITAL COMMITMENTS

34.1 As at 31 December 2025, the contingencies against banks’ letters of guarantees issued on behalf of the Group are amounted to ﷲ 62.57 million (31 December 2024: ﷲ 46.26 million).

34.2 As at 31 December 2025, the Group has letters of credit amounted to Nil (31 December 2024: ﷲ 0.69 million) issued from banks in the Kingdom of Saudi Arabia.

35. 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 quarry’s sites rehabilitation / restoration. The estimated amount is recognized by discounting it to its present value.

36. 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).

36. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 2025 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.

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 91% of outstanding trade receivables as at 31 December 2025 (31 December 2024: 92%). Sales to such customers represent 47% of the total sales of the Group for the year ended 31 December 2025 (31 December 2024: 62%).
- 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 2025, 71% (2024: 76%) 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:

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36. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Trade receivables (Continued)

	Trade receivables						Total
	Days past due						
31 December 2025	Not due yet	Less than 90 days	91-180 days	181-270 days	271-360 days	More than 360 days	
Expected credit loss rate	0.24%	0.59%	5.78%	9.61%	48.34%	100%	6.32%
Estimated total gross carrying amounts at default (includes secured balance)	138,541,969	20,856,775	3,846,098	4,328,967	907,668	9,532,121	178,013,598
Expected credit Losses	46,384	89,400	270,608	868,512	437,177	9,530,231	11,242,312

	Trade receivables						Total
	Days past due						
31 December 2024	Not due yet	Less than 90 days	91-180 days	181-270 days	271-360 days	More than 360 days	
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 losses	72,434	40,867	38,102	4,502	5,382	11,517,627	11,678,914

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 94% of the Group's debt will mature in less than one year at 31 December 2025 (31 December 2024: 89%) 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:

31 December 2025	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
Trade payables	45,324,701	-	-	-	45,324,701
Short term financing	121,269,811	-	-	-	121,269,811
Bank borrowings	7,060,865	21,182,595	9,076,024	-	37,319,484
Dividends payable	86,137,015	-	-	-	86,137,015
Other current liabilities	54,028,645	-	-	-	54,028,645
	313,821,037	21,182,595	9,076,024	-	344,079,656

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36. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
31 December 2024	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
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
	<u>274,847,089</u>	<u>181,511,979</u>	<u>37,319,483</u>	<u>-</u>	<u>493,678,551</u>

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 liability to equity ratio, which is net liabilities divided by total to equity.

	2025	2024
	ﷲ	ﷲ
Total liabilities	<u>530,179,147</u>	<u>644,590,239</u>
Less: bank balances	<u>(75,364,663)</u>	<u>(54,950,226)</u>
Net debt	<u>454,814,484</u>	<u>589,640,013</u>
Total equity	<u>2,512,362,723</u>	<u>2,606,086,225</u>
Net debt to equity ratio	<u>18.10%</u>	<u>22.63%</u>

37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2025	Cash flows	Others	31 December 2025
	ﷲ	ﷲ	ﷲ	ﷲ
Current portion of bank borrowings	27,301,713	(27,000,000)	26,898,247	27,199,960
Bank borrowings	35,750,000	-	(27,000,000)	8,750,000
Short term financing	255,315,909	(584,419,997)	449,300,000	120,195,912
Dividend payable	82,859,626	(193,597,611)	196,875,000	86,137,015
Total liabilities from financing activities	<u>401,227,248</u>	<u>(805,017,608)</u>	<u>646,073,247</u>	<u>242,282,887</u>
	1 January 2024	Cash flows	Others	31 December 2024
	ﷲ	ﷲ	ﷲ	ﷲ
Current portion of bank borrowings	28,636,661	(28,334,948)	27,000,000	27,301,713
Bank borrowings	62,750,000	-	(27,000,000)	35,750,000
Short term financing	320,887,477	(356,240,859)	290,669,291	255,315,909
Dividend payable	82,016,121	(196,031,495)	196,875,000	82,859,626
Total liabilities from financing activities	<u>494,290,259</u>	<u>(580,607,302)</u>	<u>487,544,291</u>	<u>401,227,248</u>

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.

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38. 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 ﷲ	Fair value measurement using		
			Quoted prices in active markets (Level 1) ﷲ	Significant observable inputs (Level 2) ﷲ	Significant unobservable inputs (Level 3) ﷲ
Financial derivatives	31 December 2025	336,456	-	336,456	-
Investment at FVTPL	31 December 2025	5,002,375	-	5,002,375	-
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

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 2025 and 2024, there were no movements between the levels.

39. EVENTS AFTER REPORTING PERIOD

Subsequent to the year ended 31 December 2025, 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 2026. Due to the said change in fuel prices, management is expecting to increase the production cost in 2026 by around 4%. However, the Parent Company is currently studying different ways to reduce the financial impact of this change on the future financial results.

40. EFFECT OF RESTATEMENT AND RECLASSIFICATION

The Group has made certain re-classifications in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for the prior period to conform to the presentation in the current period as described below:

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40. EFFECT OF RESTATEMENT AND RECLASSIFICATION (CONTINUED)

- i. 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 ﷲ 0.62 million have also been reclassified to conform to the current year presentation.
- ii. Management reclassified the amount of ﷲ 0.98 related to unwinding discounts from other income to finance income. This was done to achieve proper classification of income and the comparative figures has also been reclassified.
- iii. Management has reclassified the amount of ﷲ 10.19 million related to addition of capital work in progress associated with a software project from the property, plant and equipment to intangible assets. This represents software development costs under progress, which was previously been classified within property, plant and equipment instead of intangible assets.
- iv. Management identified a prior period classification error relating to Carbon Credit Certificates. In prior year, the carbon credit certificates amounted to ﷲ 6.63 million had been recorded under prepayments, advances and other receivables. Upon reassessment as per the relevant IFRS Accounting Standards, the management determined that it is more appropriate to present these Carbon Credit Certificates under intangible assets. Accordingly, the balances have been reclassified from prepayments, advances and other receivables to intangible assets in the prior year.

The above reclassification errors relate solely to presentation and does not impact total profit, total assets and total equity. Accordingly, the comparative figures have been reclassified as per the requirements of IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors” and the resulting effect of reclassification is disclosed below:

40.1 Impact on consolidated statement of profit or loss for the year ended 31 December 2024:

	2024 (Previously stated)	Effect of reclassification	2024 (Reclassified)
	ﷲ	ﷲ	ﷲ
Revenue (i)	876,126,630	622,650	876,749,280
Selling and distribution expenses (i)	(50,953,402)	(622,650)	(51,576,052)
Other income, net (ii)	10,258,807	(978,364)	9,280,443
Finance income (ii)	3,355,336	978,364	4,333,700

40.2 Impact on consolidated statement of financial position as at 31 December 2024:

	31 December 2024 (Previously stated)	Effect of reclassification	31 December 2024 (Reclassified)
	ﷲ	ﷲ	ﷲ
<u>Impact on non-current assets:</u>			
Property, plant and equipment (iii)	2,145,220,562	(10,190,604)	2,135,029,958
Intangible assets (iii, iv)	406,491	16,825,154	17,231,645
<u>Impact on current assets:</u>			
Prepayments, advances and other receivables (iv)	38,128,771	(6,634,550)	31,494,221

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40. EFFECT OF RESTATEMENT AND RECLASSIFICATION (CONTINUED)

40.3 Impact on consolidated statement of cash flows for the year ended 31 December 2024:

	31 December 2024 (Previously stated)	Effect of reclassification	31 December 2024 (Reclassified)
	ﷲ	ﷲ	ﷲ
<u>Impact on operating activities:</u>			
Prepayments, advances and other receivables (iv)	20,905,090	6,634,550	27,539,640
<u>Impact on investing activities:</u>			
Purchase of property, plant and equipment (iii)	(39,862,174)	10,190,604	(29,671,570)
Purchase of intangible assets (iii, iv)	-	(16,825,154)	(16,825,154)

40.4 No impact on the consolidated statement of changes in equity.

41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the Group were approved by the Board of Directors on 14 Ramadan 1447H (Corresponding to 3 March 2026).