

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2025
with
INDEPENDENT AUDITOR'S REPORT

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2025

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KPMG Professional Services Company

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إي جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To Shareholders of Tabuk Cement Company
A Saudi Joint Stock Company

Qualified Opinion

We have audited the financial statements of Tabuk Cement Company (a Saudi Joint Stock Company) ("the Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 Qualified Opinion

As disclosed in note (6) to the financial statements, the Company's property, plant and equipment included within the cement manufacturing facility (the "CGU") with a carrying amount of SAR 790 million as at 31 December 2025. Due to the existence of impairment indicators, management performed an impairment assessment comparing the carrying amount of the CGU with its recoverable amount. In performing our audit, we identified that certain significant assumptions used by management in estimating the recoverable amount were, in our opinion, not sufficiently supported by objective evidence and therefore did not fully align with the requirements of IAS 36 "Impairment of Assets". Due to the sensitivity of the recoverable amount to multiple interdependent assumptions, and the resulting range of outcomes in our assessment, it was not practicable for us to determine the precise amount of the overstatement. However, the audit evidence obtained indicates that, even under the most favourable supportable assumptions, the carrying amount of property, plant and equipment is overstated, and impairment loss is understated, by at least SAR 38 million, with a corresponding overstatement of retained earnings by the same amount.

We conducted our audit in accordance with International Standards on Auditing 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of public interest entities. We have also 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 qualified opinion.

Independent Auditor's Report (continued)

To Shareholders of Tabuk Cement Company
A Saudi Joint Stock Company

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matter described below to be a key audit matter to be communicated in our report.

Valuation of inventory

With reference to note (4) regarding the use of judgments and estimates in respect of the impairment of inventories, note (5) for the accounting policy and note (12) regarding disclosure of inventories.

Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the book value of the spare parts inventory amounted to SAR 97.84 million, and production under processing inventory balance amounted to SAR 101.4 million.</p> <p>The impairment evaluation requires estimates in assessing whether the carrying value of spare parts and production under processing inventories is not higher than their net realizable value at year-end. Significant estimate is required in determining the net realizable value (NRV) provision for inventory, including the estimation of sale price less cost to sell and the expected utilisation of the spares in the production process. Changes to these assumptions could result in a material change in the carrying value of inventory.</p> <p>Inventory was considered a key audit matter due to the significant judgement involved in estimating inventory balances, including the quantities of production under processing inventory and the valuation of spare parts and production under processing inventory.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of key controls related to the valuation of inventories. • Attended the physical inventory count conducted by the Company. • Assessed the competence, capabilities and objectivity of the specialist engaged by management to measure the in-process quantities. • Involved our specialist to assess the reasonableness of in-progress inventory piles measurements carried out by management during the physical count and recalculated the conversion of volumes into quantities. • Tested on a sample basis the purchases occurred during the year against proper supporting evidences. • On a sample basis, tested the year-end inventory valuation and assessed the estimates used by management in determining the net realizable value (NRV). • Assessed the adequacy and appropriateness of the related disclosures in the accompanying financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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



Independent Auditor's Report (continued)

To Shareholders of Tabuk Cement Company
A Saudi Joint Stock Company

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (continued)

To Shareholders of Tabuk Cement Company
A Saudi Joint Stock Company

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For KPMG Professional Services Company

Abdullah Oudah Althagafi
License No. 455

Jeddah, 8 April 2026
Corresponding to 20 Shawal 1447H



TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(Saudi Riyal)

	Note	31 December 2025	31 December 2024
Assets			
Property, plant and equipment	6	846,914,972	878,082,209
Investments properties	7	72,279,440	72,279,440
Equity investments at fair value through other comprehensive income (FVOCI)	8	148,732,000	169,961,000
Intangible assets	10	2,738,092	4,348,735
Right of use assets	11	2,752,214	4,587,213
Derivative financial instruments	9	343,366	2,700,767
Non-current assets		1,073,760,084	1,131,959,364
Inventories	12	246,200,988	243,054,082
Trade receivables	13	57,876,296	46,612,826
Prepayments and other debit balances	14	8,108,558	7,651,734
Cash and cash equivalents	15	31,889,616	82,549,364
Current assets		344,075,458	379,868,006
Total assets		1,417,835,542	1,511,827,370
Equity			
Share capital	1	900,000,000	900,000,000
Statutory reserve	16	233,592,463	233,592,463
Other reserves	16	(20,273,384)	3,313,017
Retained earnings		57,091,465	65,329,156
Total equity		1,170,410,544	1,202,234,636
Liabilities			
Long term loan	17	--	30,506,488
Lease liabilities	11	1,035,326	3,089,056
Employees' defined benefit obligations	18	21,584,473	19,923,690
Non-current liabilities		22,619,799	53,519,234
Current portion of long-term loan	17	31,651,001	63,470,883
Lease liabilities	11	1,965,872	1,754,572
Accruals and other credit balances	19	38,869,737	35,904,119
Trade payables		27,588,735	25,211,548
Dividends payable to shareholders	20	120,136,993	120,133,922
Provision for zakat	21	4,592,861	9,598,456
Current liabilities		224,805,199	256,073,500
Total liabilities		247,424,998	309,592,734
Total equity and liabilities		1,417,835,542	1,511,827,370

The attached notes from 1 to 36 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 30 March 2026, corresponding to 11 Shawwal 1447H and were signed on their behalf by:

Abdullah Almutairi
CFO



Abdulkadr Hamed Shoikan
CFO



Tareq bin Khalid AlAngari
BOD Member




TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(Saudi Riyal)

	Note	For the year ended 31 December	
		2025	2024
Revenues	23	287,041,234	343,363,336
Cost of revenues	24	(223,243,742)	(246,811,679)
Gross profit		63,797,492	96,551,657
Selling and marketing expenses	26	(4,462,976)	(4,524,744)
General and administrative expenses	27	(31,508,709)	(30,598,443)
Impairment reversal / (loss) on trade receivables	13	169,180	(876,173)
Other income	25	16,149,008	30,469,471
Operating profit		44,143,995	91,021,768
Finance cost	28	(1,955,620)	(4,156,525)
Murabaha income		658,017	901,404
Effect of financial liability cash flows adjustment	17	(1,144,513)	(2,386,187)
Profit before Zakat		41,701,879	85,380,460
Zakat	21	(4,411,834)	(5,817,932)
Profit for the year		37,290,045	79,562,528
Other comprehensive income:			
<i>Items that will not be reclassified under profit or loss:</i>			
Unrealized loss on investments in equity instruments at FVOCI	8	(21,229,000)	(117,150,819)
Remeasurement of employees' defined benefit obligation	18	(527,736)	(2,144,375)
Items that are or may be reclassified subsequently to profit or loss:			
Movement in fair value on cash flow hedges		(2,357,401)	(4,479,033)
Other comprehensive loss for the year		(24,114,137)	(123,774,227)
Total comprehensive income / (loss) for the year		13,175,908	(44,211,699)
Earnings per share:			
Basic and diluted earnings per share	22	0.414	0.884

The attached notes from 1 to 36 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 30 March 2026, corresponding to 11 Shawwal 1447H and were signed on their behalf by:


 Abdullah Almutairi
 CFO


 Abdulkadr Hamed Shoikan
 CEO


 Tareq bin Khalid AlAngari
 BOD Member



TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(Saudi Riyals)

	Note	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2024		900,000,000	233,592,463	124,942,869	32,911,003	1,291,446,335
<u>Total comprehensive income</u>						
Profit for the year		--	--	--	79,562,528	79,562,528
Other comprehensive loss for the year		--	--	(121,629,852)	(2,144,375)	(123,774,227)
Total comprehensive loss for the year		--	--	(121,629,852)	77,418,153	(44,211,699)
<u>Transactions with shareholders of the Company</u>						
Dividends	20	--	--	--	(45,000,000)	(45,000,000)
Balance as at 31 December 2024		900,000,000	233,592,463	3,313,017	65,329,156	1,202,234,636
Balance as at 1 January 2025		900,000,000	233,592,463	3,313,017	65,329,156	1,202,234,636
<u>Total comprehensive income</u>						
Profit for the year		--	--	--	37,290,045	37,290,045
Other comprehensive loss for the year		--	--	(23,586,401)	(527,736)	(24,114,137)
Total comprehensive loss for the year		--	--	(23,586,401)	36,762,309	13,175,908
<u>Transactions with shareholders of the Company</u>						
Dividends	20	--	--	--	(45,000,000)	(45,000,000)
Balance as at 31 December 2025		900,000,000	233,592,463	(20,273,384)	57,091,465	1,170,410,544

The attached notes from 1 to 36 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 30 March 2026, corresponding to 11 Shawwal 1447H and were signed on their behalf by:



Abdullah Almutairi
CFO

Abdulkadr Hamed Shoikan
CEO

Tareq bin Khalid AlAngari
BOD Member

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025
(Saudi Riyals)

	Notes	For the year ended 31 December	
		2025	2024
Cash flows from operating activities			
Profit before Zakat		41,701,879	85,380,460
Adjustments for:			
Depreciation on property, plant and equipment	6	43,861,671	45,675,152
Amortization of intangible assets	10	1,610,643	1,610,643
Allowance / (reversal) for slow moving inventory items	12	471,879	(119,524)
Depreciation of right-of-use	11	1,834,999	1,834,999
Effect of financial liability cash flows adjustment	17	1,144,513	2,386,187
Murabaha Income		(658,017)	(901,404)
Dividends on equity investments at fair value through other comprehensive income	8	--	(5,080,463)
Finance cost	28	1,955,620	4,156,525
Loss on disposal of property, plant and equipment		115,851	4,801
(Reversal) / provision for expected credit losses	13	(169,180)	876,173
Employees' defined benefit obligations charge for the year	18	2,714,647	2,550,322
		<u>94,584,505</u>	<u>138,373,871</u>
Changes in:			
Trade receivables		(11,094,290)	(23,811,659)
Prepayments and other debit balances		(456,824)	6,153,618
Inventories		(3,618,785)	39,421,151
Trade payables		2,377,187	8,162,546
Accruals and other credit balances		2,965,618	15,641,795
Cash generated from operating activities		<u>84,757,411</u>	<u>183,941,322</u>
Employees' defined benefit obligations - paid	18	(1,581,600)	(2,148,136)
Zakat paid	21	(9,417,429)	(12,417,710)
Net Cash generated from operating activities		<u>73,758,382</u>	<u>169,375,476</u>
Cash flows from investing activities			
Additions to property, plant and equipment	6	(12,901,901)	(15,889,835)
Dividends on equity investments at fair value through other comprehensive income	8	--	5,080,463
Murabaha Income		658,017	901,404
Proceeds from sale of property, plant and equipment		91,616	98,202
Net cash used in investing activities		<u>(12,152,268)</u>	<u>(9,809,766)</u>
Cash flows from financing activities			
Repayment of short-term bank loans	17	(63,470,883)	(63,470,884)
Payment of lease liability		(1,842,430)	(1,725,597)
Finance cost paid for lease liability		(262,010)	(378,842)
Finance cost paid		(1,693,610)	(3,777,683)
Dividends paid	20	(44,996,929)	(44,557,607)
Net cash used in financing activities		<u>(112,265,862)</u>	<u>(113,910,613)</u>
Net (decrease) / increase in cash and cash equivalents		(50,659,748)	45,655,097
Cash and cash equivalents at beginning of the year		82,549,364	36,894,267
Cash and cash equivalents at end of the year		<u>31,889,616</u>	<u>82,549,364</u>
Significant non-cash information:			
Change in investment FVOCI reserves		(21,229,000)	(117,150,819)

The attached notes from 1 to 36 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 30 March 2026, corresponding to 11 Shawwal 1447H and were signed on their behalf by:


 Abdullah Almutairi
CFO


 Abdulkadr Hamed Shoikan
CFO


 Tareq bin Khalid AlAngari
BOD Member



TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE INFORMATION

Tabuk Cement Company (the Company) is a Saudi joint stock company established under the regulations for companies in the Kingdom of Saudi Arabia issued by Royal Decree No. (M/6) dated 30 Jumada Thani 1405H (corresponding to 22 March 1985). The Company is registered in the city of Tabuk under Commercial Registration No. 3550012690 having a unified number 7001365316 on 25 Saffar 1415H (corresponding to 2 August 1994).

The main activity of the Company is as follows:

1. Production of ordinary cement (Portland)
2. Production of salt-resistant cement
3. Production of agglomerated cement (clinker)

The Company operates under industrial license No. 42110217153 issued on 21 Safar 1445H (corresponding to 6 September 2023) which expires on 16 Rabi' Al-Thani 1450H (corresponding to 6 September 2028).

As at 31 December 2025, the authorized, subscribed and fully-paid-up share capital 900 million (31 December 2024: SAR 900 million) divided into 90 million ordinary shares (31 December 2024: 90 million shares) of SAR 10 each (31 December 2024: SAR 10). The Company's shares are listed in the Capital Market Authority in the Kingdom of Saudi Arabia.

The registered address of the Company is:

TCC Building
Al-Dhabab Area, North of Dhaba city
Beside Dhaba port, near Duba sea port
P.O. Box 122, Tabuk 71451
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION

a) Statement of compliance

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization of Chartered and Professional Accountants (SOCPA) (hereafter referred to as "IFRS as endorsed in KSA"). Accounting policies applied by the Company are set out in note (5).

b) Basis of measurement

The accompanying financial statements have been prepared on the historical cost basis except for the following significant items included in the statement of financial position:

- Employee defined benefit obligations, which are measured at the present value of future obligations using the projected unit credit method using the accrual basis of accounting and the going concern concept
- Investment in equity instruments is measured at fair value through other comprehensive income
- The derivative financial instrument is measured at fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. PRESENTATION AND FUNCTIONAL CURRENCY

These financial statements have been presented in Saudi Arabian Riyals (SAR) which is also the Company's presentation and functional currency. All financial information presented in SAR have been rounded to the nearest Riyal, unless otherwise stated.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements and estimates about the future, including climate-related risks and opportunities, that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively.

a) Net realisable value of spare parts

The Company holds spare parts that are intended for use in the maintenance and operation of its production machinery. Spare parts are classified as inventory when they are expected to be consumed within one reporting period. At each reporting date, the Company assesses the net realisable value (NRV) of spare parts by evaluating the expected future consumption of these items in production, planned disposal, or potential sale.

b) Quantity 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.

c) Fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2: Inputs other than quoted prices included level I that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. USE OF JUDGEMENTS AND ESTIMATES (continued)

c) Fair value of assets and liabilities (continued)

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 hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at 31 December 2025 and 31 December 2024, there are no transfers between levels.

The carrying values and fair values of financial assets and liabilities including their fair value hierarchy are disclosed. It doesn't include information about fair value of financial assets and financial liabilities not measured at fair value if book value reasonably equals fair value in note (34).

d) Impairment of trade receivables

The Company's management recognizes loss allowance for ECLs on financial assets measured at amortized cost. ECLs are a probability weighted estimate of credit losses. Company's ECL computation uses historical trends and a forward-looking element to compute percentage allowance to be recorded as impairment loss on financial assets.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

e) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or other CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The impairment losses are recognised in the statement of profit or loss and other comprehensive income. They are collected first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been calculated, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. USE OF JUDGEMENTS AND ESTIMATES (continued)

f) Land Concession Renewal

The Company's facilities are located on land governed by a concession agreement set to expire in September 2028. While no official confirmation has been received from the authorities, management expects the agreement to be renewed based on several critical factors. The Company has the renewal option under the given lease arrangement, however, the renewal remains a Royal prerogative, introducing inherent uncertainty that requires careful financial assessment and disclosure. The Company has applied the judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Company included the renewal period as part of the lease term for leases due to the significance of leased assets to its operations.

Management has further considered the following factors in assessing the reasonable certainty for renewal of the given leased land:

- The company has fully complied with all concession conditions and operational requirements.
- The company's mining license remains valid until 6 September 2028.
- The concession supports key operations, including the major strategic projects construction near the company site, making renewal commercially beneficial.
- Similar concessions in the region have been routinely renewed in comparable circumstances.

g) Going concern

In preparing the financial statements, management has assessed the Company's ability to continue as a going concern for a period of at least twelve months from the reporting date. As part of this assessment, management evaluated the potential impact of the concession renewal uncertainty. Based on the factors mentioned in point (f) above, including full compliance with concession terms, strategic necessity of the site for both the Company and regional projects, historical precedent of renewals, the continuing validity of related licences, and being a listed entity, management believes that it is highly probable that the concession agreement will be renewed.

Accordingly, management has concluded that the Company will be able to continue its normal operations without material disruption, and the financial statements have been prepared on a going-concern basis. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

h) Useful lives of property, plant and equipment

The Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage physical wear and tear. Management reviews the residual value and useful lives annually and change in amortisation charges (if any) are adjusted in current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise:

Revenues from contracts with customers

Revenue is recognized at the allocated price when the customers obtain control of the products that is when the goods are collected from the factory by the customer. Upon collection of goods by the customer from factory the Company consider that the performance obligation is satisfied.

This is defined as the point in time when control of the products has been transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. The transfer of control to customers takes place according to trade agreement terms. Revenue represents the fair value of the consideration received or receivable for goods sold and trade discounts. Discounts are provided on a monthly basis based on the approved policy in line with the quantity purchased.

Employee benefits

Defined employee benefit plans

The Company is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. The end of service benefit plan is unfunded.

Evaluation methodology and key assumptions for the actuarial study

In compliance with the requirements of IAS 19 “Employee Benefits”, the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each financial year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. Remeasurement recognized in comprehensive income is immediately reflected in retained earnings and is not included in profit or loss. The cost of the previous service (past cost) is calculated in profit or loss during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit asset or liability.

The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss and other comprehensive income under employee benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly are recognized in profit or loss and other comprehensive income.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged in equity in the statement of other comprehensive income in the period in which they arise.

Defined benefit costs are classified as follows:

- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- interest cost, and
- remeasurement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Short-term employee benefits

Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs

The Company contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employees' remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Company's liabilities against these plans are equivalent to those that arise in a defined contribution retirement plan. Payments to retirement benefit plans are charged as an expense when due.

Finance income and finance charges

Finance income comprise of Islamic Murabaha of invested money which are recognized in profit or loss. Interest income from Islamic Murabaha is recognised as it accrues under profit or loss, using the effective interest method.

Finance charges comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit or loss using the effective interest rate method. The financing charges resulting from leasing operations are classified within the operating activities in the statement of cash flows.

Zakat

Zakat is provided for in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in Saudi Arabia. Zakat is provided for the period ratably and charged separately in the statement of profit or loss. Zakat liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized.

The Company withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations in the Kingdom of Saudi Arabia.

Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories cost is calculated using the weighted average method, which includes expenditure incurred in bringing inventories to their existing location and condition and in case of manufactured inventories and work in progress, inventories are charges with an appropriate share of production overheads based on normal operation capacity of the Company. Net realisable value is the estimated selling price in the Company's ordinary course of business, less the estimated costs of completion and selling.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Recognition and measurement

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

Cost includes expenses that are directly attributable to the acquisition of the asset. For internally established assets, cost of asset includes materials and direct labor costs and other direct costs required to operate these assets in the location and purpose which they are acquired for.

If a significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses from disposal of an item of property tools and equipment are determined based on the deference between net proceeds from selling and book value of disposed items of property, plant and equipment and they are carried on in the statement of profit or loss and other comprehensive income at the same period at which the disposal takes place.

Subsequent costs

The cost of replacing part of the item of property, plant and equipment is recognized in the carrying amount of the item if the future economic benefits of the Company in that segment are probable and the cost can be measured reliably. Book value of the replaced item is disposed. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

Major inspections and overhauls are identified and accounted for as a separate component if that component is used over more than one period. The carrying amount of such component is determined with reference to the current market price of such overhauls.

Depreciation

Depreciation is an organized distribution of depreciable value of property, plant and equipment items (asset's cost less asset's residual value) along the asset's useful life.

Depreciation charge is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated on the lower of lease period or the useful life. Unless there is a reasonable certainty that the asset's ownership will be transferred to the Company by the end of the lease term. Freehold lands are not depreciated.

When the useful lives of items of property, plant and equipment differ, they are accounted for as separate items.

The estimated useful lives of the items of properties, plant and equipment for the current year and the comparative periods are as follow:

<u>Item</u>	<u>Years</u>
Buildings and constructions	7-50
Plant and equipment	3-30
Furniture and office equipment	5-20
Vehicles and heavy equipment	4-8

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The Company reviews depreciation methods, useful lives and residual value of property, plant and equipment at the end of each financial year and in case there are any differences, they are considered as change in accounting estimates (in the change year and the subsequent years).

Projects in progress

The cost of under construction projects are accounted on actual cost basis and presented under property, plant and equipment item till these projects are ready to use, then they are transferred under property, plant and equipment and its depreciation starts to be accounted in accordance with expected useful lives.

Intangible assets

Intangibles acquired separately are measured on initial recognition at cost. Cost of intangible assets acquired based on business combinations represents the fair value at the acquisition date. Following initial recognition, intangibles are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Intangible assets internally developed (except for capitalized development costs) are not capitalized and included as expenses in the statement of profit or loss at the date of their maturity.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The estimated useful lives of intangible asset are as follows:

<u>Asset</u>	<u>Useful lives (Years)</u>
Software licenses	4

Investment properties

Investment properties are non-current assets held either to earn rental income or for capital appreciation or for both, as well as those held for undetermined future as investment properties. Investment property is measured at cost less accumulated depreciation and impairment loss if any. investment properties are depreciated on a straight-line basis over the estimated useful life of the respective assets. No depreciation is charged on lands.

Investment property is derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit or loss and other comprehensive income in the period of derecognition.

Expenses incurred for replacing component of investment properties items, which are accounted for separately are capitalized, and carrying value of replaced component is written off. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of the related investment properties. All other expenses are recognized in the statement of profit or loss and other comprehensive income when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Investment properties (continued)

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Leases

a. Definition of a lease

The Company assesses whether a contract is or contains a lease. Under IFRS 16, an arrangement is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

b. As a lessee

The lease liabilities have been measured at the present value of the remaining lease payments, less the Company's borrowing rate as at the date of the lease. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued rents. The Company has applied this approach to all leases.

The Company used the allowed exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of the lease term.

The lease liability is re-measured when there is a change in future lease payments.

Financial instruments

Non-derivative financial instruments

a) Non-Derivative Financial Assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial instruments (continued)

a) Non-Derivative Financial Assets (continued)

Initial recognition and measurement (continued)

In order for a 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. 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 Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following 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 de-recognition (equity instruments)
- Financial assets at fair value through income statement

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. the Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in statement of profit or loss when the asset is derecognized, modified or impaired. the Company's financial assets at amortized cost include cash and cash equivalents, trade, other receivables and contract assets.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial instruments (continued)

a) Non-Derivative Financial Assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments) (continued)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit and loss and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to the statement of income. Currently the Company does not have investment in financial asset at fair value through OCI.

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

Upon initial recognition, the Company 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 the income statement. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Company 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. Currently the Company have financial asset designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. 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 statement of profit or loss and other comprehensive income.

De-recognition of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial instruments (continued)

a) Non-Derivative Financial Assets (continued)

De-recognition of financial assets (continued)

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

b) Non-Derivative Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payable, lease liabilities and other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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.

Gains or losses on liabilities held for trading are recognized in the statement of income. 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. The Company has not designated any financial liability as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial instruments (continued)

b) Non-Derivative Financial Liabilities (continued)

Subsequent measurement (continued)

Trade and other payables

This category is relevant to the Company. After initial recognition, borrowings, trade and other payables are subsequently measured at amortized cost using the effective interest rate (“EIR”) method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the statement of profit or loss and other comprehensive income.

Amortized cost is calculated by taking into account 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 statement of profit or loss and other comprehensive income.

De-recognition of financial liabilities

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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments (“derivatives”) (“interest rate swaps”) to hedge against risks related to interest rates and are recognized as cash flows hedges. Initially, these derivatives are initially recognized at fair value at the date of signing the contract of the derivative instrument, and then remeasured at fair value. Derivatives are carried at books as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives not eligible for hedge accounting are directly recognized in the statement of profit or loss.

At the beginning of hedging process, the Company determines and documents the process that the Company wants to apply the hedging accounting on, as well as the objectives of risk management and hedging strategy. Documents include the hedging instrument definition and the item or process hedged for, it also include the risks’ nature and how would the entity evaluate effectiveness of hedge instrument against exposure to changes in the item’s cash flows and risks return. These hedges are expected to be highly effective in decreasing changes in cash flows and are continually evaluated to determine its effectiveness during periods of preparing financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial instruments (continued)

b) Non-Derivative Financial Liabilities (continued)

De-recognition of financial liabilities (continued)

Derivative financial instruments and hedge accounting (continued)

Current portion of profit or loss arising from cash flows hedges, which matches hedging accounting requirements are directly recognized in equity, while any non-current portion are directly recognized in and the statement of profit or loss and other comprehensive income.

Amounts presented in equity are transferred to statement of profit or loss when transaction starts to impact profit or loss, e.g., when hedging for an expense or revenue or when an expected selling takes place. If the hedged item represents the cost of non-financial assets or non-financial liabilities, then amounts registered in equity are transferred to original book value of non-financial assets or non-financial liabilities.

If hedge instrument has expired, disposed, terminated, used without being replaced or renewed (as a part of the hedge strategy), or in the case of hedge derecognition or if hedge instrument doesn't meet the hedge accounting requirements any more, then accumulated profit or loss previously recognized in equity remains under a separate account in equity till the expected transaction takes place or the fixed obligation from the foreign currencies is met. If expected transaction and fixed obligation are not expected to take place, then all amounts previously recognized in equity are transferred to statement of profit or loss and other comprehensive income.

Impairment

Impairment of financial assets

IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

Expected credit loss should be measured for financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments investments.

Under IFRS 9, loss allowances are measured on either of the following methods;

- 12-month ECL. These are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime expected credit loss. These are ECLs that result from all possible default events over the expected life of a financial instrument

Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Company can assume that credit risks on a financial instrument didn't significantly increase since the initial recognition; if the financial instrument is previously determined as low credit risk instrument at the date of report. However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Company can adopt this policy to trade receivables with a non-significant finance item.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment (continued)

Impairment of financial assets (continued)

The Company elected to evaluate trade receivables impairment using expected credit loss model.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, it is recognized in profit or loss in the period of recovery.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is indication of impairment. If any such indication exists the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate 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 considered impaired and is written down to the recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognized in the statement of profit or loss and other comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, if any, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Company 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 exceeds 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 recognised in the statement of profit or loss and other comprehensive income.

Non-financial assets other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less from the origination date, which are available to the Company without any restrictions and the statement of cash flows is prepared as per the indirect method.

Current / non-current classification

The Company classifies assets and liabilities in the statement of financial position based on current/non-current classification. Asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

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

The Company classifies all other liabilities as non-current.

Segment information

An operating segment is a company of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Segment information (continued)

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in economic environments.

Climate Change

The Company is subject to short term and long term climate change related risks. These risks are an inherent part of operating in the cement industry. The Company continuously work to reduce the environmental footprint of the business, in part, due to inherent risks.

Greenhouse gas emissions associated with the consumption of clinker, fuel, and electricity impact not only the environment but also the Company's financial bottom line.

The Company has introduced, developed, and implemented a sustainable strategy to reduce CO2 emissions and its carbon footprint, ensuring all resources are used sustainably and environmentally friendly. As part of this strategy, the Company introduced "Pozzolana Cement" in 2000 and gradually increased its production and sales to 23% of total sales by 2025, which involves lower clinker consumption, thereby reducing CO2 emissions and the carbon footprint. Additionally, in 2024, the Company joined the "Competency Program for the Industrial Sector," which encourages companies to reduce fossil fuel consumption. Furthermore, the Company achieved the "Certified Environmental Management System ISO 14001" in 2025 as part of its sustainability and carbon footprint goals.

Earnings per share

The management determines basic earnings per share by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year; a reasonable approximation of the weighted average is adequate in many circumstances.

Diluted earning per share amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

New standards, interpretations and amendments

1) New Standards, Amendment to Standards and Interpretations:

The Company has applied the following standards and amendments, where applicable, for the first time for their annual reporting period commencing 1 January 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments (continued)

1) New Standards, Amendment to Standards and Interpretations (continued):

<i><u>Standards / Interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025

The adoption of above amendments does not have any material impact on the Financial Statements during the year.

2) Standards, interpretations and amendments issued but not yet effective;

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted for certain new standards and amendments. However, the Company has not early adopted them in preparing these Financial Statements. The Company is currently evaluating the impact of the adoption of these standards on the Financial Statements.

<i><u>Standards / Interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Volume 11	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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6. PROPERTY, PLANT AND EQUIPMENT

a) Movement in property, plant and equipment for the year ended 31 December 2025 are as follows:

	Note	<u>Buildings and constructions</u>	<u>Vehicles and heavy equipment</u>	<u>Plant and equipment</u>	<u>Furniture and office equipment</u>	<u>Projects in progress</u>	<u>Total</u>
<u>Cost:</u>							
Balance at 1 January 2025		504,720,915	65,635,720	1,785,119,966	45,099,410	3,051,695	2,403,627,706
Additions		--	1,632,000	8,006,835	589,571	2,673,495	12,901,901
Disposal		--	(1,401,599)	(1,203,502)	(13,276)	--	(2,618,377)
Balance at 31 December 2025		504,720,915	65,866,121	1,791,923,299	45,675,705	5,725,190	2,413,911,230
<u>Accumulated depreciation:</u>							
Balance at 1 January 2025		279,091,651	65,230,529	1,144,766,260	36,457,057	--	1,525,545,497
Depreciation charged for the year	6-c	7,338,231	275,444	34,295,421	1,952,575	--	43,861,671
Disposal		--	(1,202,236)	(1,203,502)	(5,172)	--	(2,410,910)
Balance at 31 December 2025		286,429,882	64,303,737	1,177,858,179	38,404,460	--	1,566,996,258
<u>Net book value:</u>							
At 31 December 2025		218,291,033	1,562,384	614,065,120	7,271,245	5,725,190	846,914,972

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For the year ended 31 December 2025

6. PROPERTY, PLANT AND EQUIPMENT (continued)

b) Movement in property, plant and equipment for the year ended 31 December 2024 are as follows:

	Note	Buildings and constructions	Vehicles and heavy equipment	Plant and equipment	Furniture and office equipment	Projects in progress	Total
<u>Cost:</u>							
Balance at 1 January 2024		496,840,544	66,096,520	1,776,910,261	40,492,418	7,880,372	2,388,220,115
Additions		--	--	8,209,705	4,628,436	3,051,694	15,889,835
Transfer from projects in progress		7,880,371	--	--	--	(7,880,371)	--
Disposal		--	(460,800)	--	(21,444)	--	(482,244)
Balance at 31 December 2024		<u>504,720,915</u>	<u>65,635,720</u>	<u>1,785,119,966</u>	<u>45,099,410</u>	<u>3,051,695</u>	<u>2,403,627,706</u>
<u>Accumulated depreciation:</u>							
Balance at 1 January 2024		271,742,581	65,150,285	1,108,818,876	34,537,844	--	1,480,249,586
Depreciation charged for the year	6-c	7,349,070	454,643	35,947,384	1,924,055	--	45,675,152
Disposal		--	(374,399)	--	(4,842)	--	(379,241)
Balance at 31 December 2024		<u>279,091,651</u>	<u>65,230,529</u>	<u>1,144,766,260</u>	<u>36,457,057</u>	<u>--</u>	<u>1,525,545,497</u>
<u>Net book value:</u>							
At 31 December 2024		<u>225,629,264</u>	<u>405,191</u>	<u>640,353,706</u>	<u>8,642,353</u>	<u>3,051,695</u>	<u>878,082,209</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. PROPERTY, PLANT AND EQUIPMENT (continued)

c) The depreciation for the year has been allocated as follows:

	<u>Note</u>	31 December 2025	31 December 2024
Cost of revenue	24	41,688,633	43,514,056
General and administrative expenses	27	2,060,481	1,986,753
Selling and marketing expenses	26	112,557	174,343
		<u>43,861,671</u>	<u>45,675,152</u>

d) The buildings are built on land with a 30-year concession from the Ministry of Industry and Mineral Resources that expires on 4 September 2028. The lease is renewable for further period of 20 years. The Company is reasonably certain for the extension of the given period.

e) Project under progress includes the residential complex project.

f) Impairment of Property, Plant and Equipment:

In prior and current periods, Management identified impairment indicators related to Line 1 of the Company's integrated cement plant, which has not been fully operational for approximately seven years due to allocated Heavy Fuel Oil (HFO) constraints. Certain components of Line 1 continue to support Line 2 operations. Accordingly, Management tested the cement manufacturing cash-generating unit (CGU) for impairment as at 31 December 2025 in accordance with IAS 36, comprising Lines 1 and 2 together with associated grinding units, power plant, utilities with total carrying amount of SR 790 million, in addition to working capital and other supporting assets with carrying amount of SR 305 million, together represent the carrying amount of the CGU.

To support the impairment assessment, management engaged an independent external specialist, to estimate the recoverable amount of the CGU as at 31 December 2025. The specialist performed the impairment study, covering both value-in-use (VIU) and fair value less cost to sell using depreciated replacement cost (DRC) in line with IAS 36.

Recoverable amount basis;

Consistent with IAS 36, recoverable amount was determined as the higher of VIU and DRC;

Significant judgements and estimation uncertainty

The impairment assessment involves significant judgements about future operating performance and market conditions, notably;

- Fuel availability/pricing: dependence on HFO allocations and potential policy changes affecting production economics.
- Land-use rights: assumption that the Royal Decree land-use/concession will be renewed beyond August/September 2028; non-renewal would materially affect the valuation.
- Utilisation and pricing trajectory: realization of expected utilisation ramp-up and pricing dynamics linked to regional mega-projects.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation approach

Depreciated replacement cost	The cost approach estimates value based on the economic principle of substitution, which assumes that a prudent buyer would not pay more for an asset than the cost of acquiring or constructing an asset of equal utility. Accordingly, unless undue time, risk, inconvenience, or other limiting factors exist, the value of an asset should not exceed the cost required to replace it with an equivalent asset offering similar functionality. This method is most frequently applied to the valuation of specialized assets, for which market transactions are relatively infrequent.
Value-in-use	Value-in-use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. It is determined using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

Significant assumption used in the valuation of investment properties

Valuation Approach - Fair Value Less Cost to Sell (FVLCS)

Unobservable

<u>Input / Assumption</u>	<u>Description / Basis</u>	<u>Value</u>	<u>Sensitivity</u>
Price Escalation Indices	Producer Price Index (PPI) and Construction Cost Index (CCI) used to index historical cost to current replacement cost. Indices sourced from GASTAT and adjusted for sector-specific trends.	1.00x – 1.672x (P&M) 1.00x – 1.605x(Building)	+/- 1%: FVLCS changes by SAR 8.9 Mn
Functional and technological obsolescence	Adjustment for reduced utility due to functional inefficiency, technological supersession, or over-capacity. Applied to DRC based on asset-specific assessment. P&M Line 1 assets carry 20% FO; Line 2 and Building Line 2 assets have 0% FO. Building Line 1 assets carry 20% FO.	8%	+/- 1%: FVLCS changes by SAR 5.8 Mn
Economic obsolescence	Adjustment for external economic factors reducing asset value, including market conditions, regulatory changes, and industry overcapacity. Applied as a percentage of DRC, determined by asset-specific economic analysis.	24%	+/- 1%: FVLCS changes by SAR 14.2 Mn

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Unobservable Input / Assumption</u>	<u>Description / Basis</u>	<u>Value</u>	<u>Sensitivity</u>
Estimated cost to sell	Transaction costs expected to be incurred in a hypothetical sale, including broker fees, legal, and dismantling costs. Applied as a percentage of RCNLD after all obsolescence adjustments.	5%-7.5%	+/- 1%: FVLCS changes by SAR 10.4 Mn
Useful life	Total expected useful life used in straight-line depreciation to calculate DRC from indexed replacement cost. P&M assessed at 30 years; Building at 50 years; Compound at 50 years (600 months).	P&M: 30 years Building: 50 years Compound: 50 years	+/- 1%: FVLCS changes by SAR 20 Mn

Valuation Approach – Value in Use (VIU)

<u>Unobservable Input / Assumption</u>	<u>Description / Basis</u>	<u>Value</u>	<u>Sensitivity</u>
EBITDA margin	EBITDA margins projected to improve from 23.0% (FY2026) to 31.3% (FY2030) driven by operating leverage from higher volumes and stable cost base	23.0% - 31.3%	+/-1pp: VIU changes by SAR 47.8 Mn
Capital expenditure	Routine and major overhaul CAPEX over the projection period; useful life of new assets at 30 years	SAR 20.5M - 37.2M p.a.	+/- 1%: VIU changes by SAR 2.2 Mn
Growth rate	Long-term growth rate applied to terminal year free cash flow beyond the 5-year projection period	2%	+/- 1%: VIU changes by SAR 109.3 Mn
Discount rate	Weighted average cost of capital used to discount projected free cash flows to present value	10.95%	+/- 1%: VIU changes by SAR 130.9 Mn

Management believes the assumptions applied are reasonable and supportable at the reporting date; nevertheless, given that the CGU includes a production line that is not fully operational, outcomes remain subject to inherent estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. INVESTMENT PROPERTIES

The following is the analysis of the movement in the investment properties represented in the lands owned by the Company as at 31 December:

	31 December 2025	31 December 2024
Balance at the beginning and ending of the year	<u>72,279,440</u>	<u>72,279,440</u>

The fair value of real estate investments represented in lands owned by the Company amounted to SAR 105 million as at 31 December 2025 (31 December 2024: SAR 105 million).

7.1 Measurement of fair values

a) Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio every year.

Investment properties have been classified within Level 3 of the fair value hierarchy, as the valuations rely on significant unobservable inputs.

The investment properties consist of bare land plots located in Al Jumum (Makkah Region) and Al Masarah District (Jeddah). For both land plots, management use the Market Approach (Sales Comparison Method). This approach compares the land with similar properties recently transacted in the surrounding area, with adjustments made for differences in size, location, accessibility, and infrastructure.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Market Approach (Sales Comparison Method)

<u>Significant unobservable inputs</u>	<u>Adjustment Rate Used</u>	<u>Inter-relationship</u>	<u>Sensitivity (+/- %)</u>
Market land price benchmarks• Al Jumum: SAR 100–122/sqm, adopted: SAR 118/sqm• Al Masarah: SAR 405–495/sqm, adopted: SAR 456/sqm	Adjustments applied by valuers:• ±10% for size, location, access, infrastructure	Higher comparable prices increase fair value; lower prices decrease fair value. Adjustments reflect differences in property characteristics.	N/A (observable input – comparable sales prices; sensitivity not required).
Valuation adjustments (unobservable inputs) applied to comparable sales:• Size• Location• Accessibility• Infrastructure	Fixed adjustment range used by valuers:±10% applied to comparables	Higher positive adjustments increase fair value; negative adjustments reduce it.	±5% change in unobservable adjustments would result in approximately ±5% change in fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. INVESTMENT PROPERTIES (continued)

The fair value of the Company's investment properties is sensitive to changes in the unobservable valuation adjustments applied to comparable market data. While the underlying comparable land prices represent observable inputs, the adjustments for location, size, access, and infrastructure are unobservable. A reasonably possible alternative assumption of $\pm 5\%$ in these unobservable adjustments would result in an estimated $\pm 5\%$ change in the fair value measurement. Observable inputs (comparable prices) do not require sensitivity analysis; therefore, sensitivity for those inputs is presented as N/A.

8. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

The equity investment at fair value through other comprehensive income (FVOCI) represent 2.36% shares in the Industrialization and Energy Services Company -TAQA (Saudi joint stock company), (31 December 2024: 2.36%).

The nature of this company's business is power generation, and the investment was recorded, based on the company's business model, at fair value through other comprehensive income, The investment is mortgaged against the loan granted to the Company (Note 17). The Industrialization and Energy Services Company – TAQA has not announced any dividends for the year ended 31 December 2025 (for the year ended 31 December 2024 the Company received dividends of SAR 5,080,463).

	31 December 2025	31 December 2024
Balance at the beginning of year	169,961,000	287,111,819
Unrealized loss on investment revaluation at fair value through other comprehensive income	<u>(21,229,000)</u>	(117,150,819)
Balance at the ending year	<u>148,732,000</u>	<u>169,961,000</u>

9. DERIVATIVE FINANCIAL INSTRUMENT

	31 December 2025	31 December 2024
Balance as at beginning year	2,700,767	7,179,800
Changes in fair value of cash flow hedges in OCI	<u>(2,357,401)</u>	(4,479,033)
Balance as at the ending year	<u>343,366</u>	<u>2,700,767</u>

On 11 November 2021, the Company entered into profit rate SWAP agreements ("Hedging Instrument") with a local bank for its long-term loan to hedge against changes in SIBOR ("Hedging Item"), The Hedging Instrument and Hedging Item have similar significant terms such as reference rate, reset dates, payment dates, maturity dates and notional amount, and therefore the hedge ratio is 1:1.

This arrangement has been designated as a hedging instrument since inception and is subject to a forward-looking test of hedge effectiveness at each reporting date, as at the reporting date, the hedge effectiveness was assessed as 100% as all significant covenants were met throughout the year. (31 December 2024: As at the reporting date, the hedge effectiveness was assessed as 100% as all significant conditions were met throughout the year).

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9. DERIVATIVE FINANCIAL INSTRUMENT (continued)

The details of the agreement are as follows;

<u>Effective date</u>	<u>Due date</u>	Book value as at 31 December 2025	Book value as at 31 December 2024
3 January 2022	12 March 2026	31,735,442	95,206,323

10. INTANGIBLE ASSETS

The balance of intangible assets represents the Oracle licenses and programs, and their details are as follows:

<u>Cost</u>	31 December 2025	31 December 2024
Balance as at 1 January and 31 December	6,442,570	6,442,570
<u>Accumulated amortization</u>		
Balance as at 1 January	2,093,835	483,192
Amortization during the year	1,610,643	1,610,643
Disposal during the year	--	--
Balance as at 31 December	3,704,478	2,093,835
Net carrying amount	2,738,092	4,348,735

11. LEASES

a) The right to use leased cars for the Company is as follows:

	31 December 2025	31 December 2024
Balance as at 1 January	4,587,213	6,422,212
Depreciation during the year	(1,834,999)	(1,834,999)
Balance as at 31 December	2,752,214	4,587,213

b) This pertains to the amount of leases recognized as lease liabilities under IFRS 16. The details and movement of these are as follows:

	31 December 2025	31 December 2024
Balance as at 1 January	4,843,628	6,569,225
Finance cost charged during the year	262,010	378,842
Paid during the year	(2,104,440)	(2,104,439)
Balance as at 31 December	3,001,198	4,843,628

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. LEASES (continued)

	31 December <u>2025</u>	31 December <u>2024</u>
Current portion	1,965,872	1,754,572
Non-current portion	1,035,326	3,089,056
	<u>3,001,198</u>	<u>4,843,628</u>

The financing charges charged to the statement of profit or loss and other comprehensive income amounted to SAR 262,010 during the financial year ended 31 December 2025 (31 December 2024: SAR 378,842).

Expenses related to short-term and low-value leases for the period ending 31 December 2025 amounted to SAR 189,631 (31 December 2024: SAR 81,000).

12. INVENTORIES

a) Inventories as at 31 December comprise the following:

	<u>Note</u>	31 December <u>2025</u>	31 December <u>2024</u>
Production under processing		101,419,386	101,229,705
Spare parts		97,840,486	93,720,391
Raw, filling and packaging materials		32,665,843	40,615,123
Finished goods		6,464,369	4,519,154
Goods in transit		9,524,014	4,210,940
		<u>247,914,098</u>	<u>244,295,313</u>
Less: Allowance for slow moving inventory items	12-b	<u>(1,713,110)</u>	<u>(1,241,231)</u>
		<u>246,200,988</u>	<u>243,054,082</u>

b) Movement on provision for slow moving inventory during the year as follows:

	31 December <u>2025</u>	31 December <u>2024</u>
Balance as at 1 January	1,241,231	1,360,755
Provided during the year	471,879	--
Reversal during the year	--	(119,524)
Balance at the end of the year	<u>1,713,110</u>	<u>1,241,231</u>

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13. TRADE RECEIVABLES

a) Trade receivables comprise the following:

	<u>Note</u>	31 December 2025	31 December 2024
Trade receivables		58,955,732	47,861,442
Allowance for expected credit losses (ECL)	13 (b)	(1,079,436)	(1,248,616)
		<u>57,876,296</u>	<u>46,612,826</u>

b) The movement in ECL allowance is as following:

	31 December 2025	31 December 2024
Balance as at 1 January	1,248,616	372,443
Provision during the year	(169,180)	876,173
Balance as at 31 December	<u>1,079,436</u>	<u>1,248,616</u>

c) Additional information related to the Company's exposure to credit and market risk is disclosed in note (32).

14. PREPAYMENTS AND OTHER DEBIT BALANCES

Prepayments and other receivables comprise of the following:

	31 December 2025	31 December 2024
Payments to suppliers	1,235,051	1,046,113
Withholding tax receivable	1,858,337	1,858,337
Accrued rent revenue	--	1,840,000
Customs refunds	1,447,988	--
Prepaid Insurance	954,910	1,568,130
Advance to Employees	1,027,346	867,435
Other Prepaid expenses	1,584,926	471,719
	<u>8,108,558</u>	<u>7,651,734</u>

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<u>Note</u>	31 December 2025	31 December 2024
Islamic Murabaha	15.1	--	33,000,000
Cash at banks - current accounts		31,889,616	49,549,364
		<u>31,889,616</u>	<u>82,549,364</u>

15.1 Islamic Murabaha represents short-term Murabaha held with local commercial banks in Saudi Riyals and their original maturity period does not exceed three months from the date of the original investment. It generates a return according to prevailing short-term deposit rates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. RESERVES

16.1 Statutory reserve

The statutory reserve included in the financial statements as of 31 December 2025, and 31 December 2024, was required under the Company's previous by-laws. However, following amendments to the Company's by-laws during the year ended 31 December 2024, the requirement to set aside a statutory reserve has been removed.

16.2 Other reserves

	Note	2025		2024
		Fair value reserve	Hedging reserve	Total
Balance as at 1 January		612,250	2,700,767	3,313,017
Unrealized loss on investments in equity instruments at FVOCI		(21,229,000)	--	(21,229,000)
Movement in fair value on cash flow hedges	9	--	(2,357,401)	(2,357,401)
Balance as at 31 December		(20,616,750)	343,366	(20,273,384)
				124,942,869
				(117,150,819)
				(4,479,033)
				3,313,017

17. LONG-TERM LOAN

The Company has bank loan with a local bank with a total amount of SAR 31,651,001 million as at 31 December 2025 (31 December 2024: SAR 93,977,371). The loan agreement with the bank contains some covenants, which among other things, that the leverage ratio shall not be more than 1:1 and the debt coverage ratio shall not be less than 1:3 based on the annual audited financial statements and it also requires maintaining financial ratios which include that the company annual deposit with the bank shall not less than 70% of the company's annual revenue and capital expansion of more than SAR 300 million annually except after the bank's approval.

During the year ended 31 December 2025, the Company did not comply with certain financial covenants stipulated in the loan agreement. However, all borrowings are classified as current liabilities as at the reporting date, and therefore the covenant breach did not have an impact on the classification of the borrowings in the financial statements.

Management is in communication with the lending bank regarding the covenant breach and is taking the necessary actions to ensure compliance with the loan terms going forward.

The loan has been presented in statement of financial position as follows:

	31 December 2025	31 December 2024
Current portion under current liabilities	31,651,001	63,470,883
Non-current portion under non-current liabilities	--	30,506,488
	31,651,001	93,977,371

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. LONG-TERM LOAN (continued)

The loan movement during the year is as follows:

	31 December <u>2025</u>	31 December <u>2024</u>
Balance at the beginning of year	93,977,371	155,062,068
Effect of financial liability cash flows adjustment	1,144,513	2,386,187
Payment	(63,470,883)	(63,470,884)
Balance as at the ending year	<u>31,651,001</u>	<u>93,977,371</u>

During the year 2020, the Company's management rescheduled the loan and amended the terms of the contract. The Company performed a 10% test of the loan obligation in accordance with the requirements of IFRS 9 "Financial Instruments". This test resulted in a modification gain of SAR 22,758,671. This amount represents the difference between the present value of the loan according to the terms before the amendment and the present value of future cash payments according to the terms of the renegotiated and modified loan amendment, which is discounted at the original effective interest rate of the loan. Since the difference is less than 10%, the modification in the terms is not considered material and is not accounted for as a release of the loan obligation and recognition of a new financial liability. Accordingly, the present value of future cash payments according to the terms of the amendment was recognized using the original effective interest rate of the loan, and the difference was recognized as a modification gain.

On 11 November 2021, the Company entered into profit rate swap agreements ("hedging instrument") with a local bank for its long-term loan to hedge against changes in SIBOR (Note 9).

The loan is secured by an investment in the Industrialization and Energy Services Company, (Note 8), The loan includes financial covenants, The management monitors the fulfillment of commitments on a regular basis, and in the event of a breach expected to occur in the future, the necessary measures are taken to ensure compliance.

18. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

The Company is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. The end of service benefit plan is unfunded.

An independent actuarial exercise has been conducted by the Company as of 31 December 2025 and 31 December 2024 to ensure the adequacy of the provision for employees end of service benefits in accordance with the rules stated under Saudi Arabian labor law by using the projected unit credit method as required under International Accounting Standards 19: Employee Benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (continued)

1. The valuation was prepared was prepared by an independent external actuarial (Lux Actuaries & Consultants) using the following key assumptions:

	31 December 2025	31 December 2024
Discount rate	5.55%	5.60%
Salary increase rate	1%	1%
Withdrawal rate		
From 18 – 25 years	15%	15%
From 26 – 35 years	10%	10%
From 36 – 45 years	8%	8%
From 46 – 55 years	6%	6%
From 56 – 58 years	5%	5%
From 59 – 60 years	4%	4%
Assumed Retirement Age	58 - 65	60

Risk Exposure:

The Company is exposed to a number of risks, the most significant of which are detailed below;

Inflation risk:

The majority of the plan's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities.

Changes in bond yields:

Decrease in corporate bond yields will increase plan liabilities.

2. The movement in the employee benefit obligations is as follows:

	31 December 2025	31 December 2024
Present value of the obligation as at the beginning of the year	19,923,690	17,377,129

Components of cost charged on year in statement of profit or loss:

Current service cost	1,873,284	1,782,040
Past service gain	(221,447)	--
Interest cost	1,062,810	768,282
Total expense charged to statement of profit or loss	2,714,647	2,550,322

Items within statement of other comprehensive income:

Remeasurement of employees' defined benefit obligation	527,736	2,144,375
Actual benefits paid during the year	(1,581,600)	(2,148,136)
Present value of the obligation at the end of the year	21,584,473	19,923,690

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (continued)

3. Defined benefit liability sensitivity

		31 December 2025	31 December 2024
	Base		
Rate of change in salaries	Increase by 1%	23,076,118	21,433,305
	Decrease by 1%	20,258,836	18,578,526
	Base		
Discount rate	Increase by 1%	20,324,185	18,645,461
	Decrease by 1%	23,022,455	21,378,352
	Base		
Withdrawal Rate	Increase by 20%	21,964,462	20,305,273
	Decrease by 20%	21,166,581	19,506,789
Assumption of a statistical study of employees			
Membership data			
	Number of employees	404	410
	Total monthly salaries qualifying for end of service benefit	3,507,214	3,506,751
	Average monthly salaries	8,681	8,553
	Average age of employees (years)	42.13	42.59
	Average years of past experience	9.94	9.38

The following undiscounted payments are expected to the defined benefit plan in future years:

	31 December 2025	31 December 2024
Within the next 12 months	6,174,907	5,271,006
Between 1 to 5 years	10,150,447	7,982,181
More than 5 years	11,509,366	13,776,015

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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19. ACCRUALS AND OTHER CREDIT BALANCES

Accruals and other credit balances are as follows:

	31 December <u>2025</u>	31 December <u>2024</u>
Employees' accruals and benefits	9,163,240	9,403,034
Retention payable	4,946,689	5,024,688
Accrued fees for the exploitation of raw materials	3,872,963	3,013,800
Value added tax	2,171,912	2,766,706
Accrued finance charges	304,144	744,797
Contract liabilities	1,123,665	1,654,744
Unearned Revenues (note 19.1)	16,469,008	12,351,756
Others	818,116	944,594
	<u>38,869,737</u>	<u>35,904,119</u>

19.1 the Company entered into an agreement with NEOM Company granting NEOM a Right of Access to a designated area of the Company's land for NEOM's reclamation and construction activities. Under the agreement, NEOM is entitled to access and utilize 2,058,626 m² of the designated site for a period of thirty-nine (39) months, commencing 1 October 2023 (the "Access Period"), in exchange for an annual access fee calculated at SAR 8 per square meter per annum. The Company has invoiced NEOM for the agreed Access Fee. The portion relating to periods after the reporting date has been recorded as Unearned Revenue

20. DIVIDENDS PAYABLE TO SHAREHOLDERS

The balance represents dividends for previous years that have not been paid to shareholders as follows:

	31 December <u>2025</u>	31 December <u>2024</u>
Balance at the beginning of year	120,133,922	119,691,529
Dividends distributed during the year	45,000,000	45,000,000
Dividends payments during the year	<u>(44,996,929)</u>	<u>(44,557,607)</u>
Balance as at the ending year	<u>120,136,993</u>	<u>120,133,922</u>

The Extraordinary General Assembly on 26 March 2025 approved the distribution of cash dividends to shareholders at the rate of SAR 0.25 per share, with a total amount of SAR 22,500,000 (30 September 2024; SAR 22,500,000 and 31 December 2024: SAR 45,000,000).

On 4 August 2025, the Board of Directors approved cash dividends of SAR 22,500,000 for the first half of the year 2025 at a value of SAR 0.25 per share.

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For the year ended 31 December 2025

21. ZAKAT

a) Charge for the year

	31 December <u>2025</u>	31 December <u>2024</u>
Charge for the current year	4,411,834	5,044,042
Prior year charge	--	773,890
	<u>4,411,834</u>	<u>5,817,932</u>

b) Provision for zakat

The movement in provision for zakat for the year ended 31 December is as follows:

	31 December <u>2025</u>	31 December <u>2024</u>
Balance as at 1 January	9,598,456	16,198,234
Add: charge for the year	4,411,834	5,817,932
Less: Payments during the year	<u>(9,417,429)</u>	<u>(12,417,710)</u>
Balance as at 31 December	<u>4,592,861</u>	<u>9,598,456</u>

The breakdown of payments during the year is as follow:

	31 December <u>2025</u>	31 December <u>2024</u>
Zakat settlement payments during the year	(9,417,429)	(6,063,475)
The zakat charged for the previous years and paid during the year	<u>--</u>	<u>(6,354,235)</u>
Balance at the end of the year	<u>(9,417,429)</u>	<u>(12,417,710)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. ZAKAT (continued)

c) Components of zakat base

The significant components of Zakat base for the year ended 31 December comprise of the following:

	31 December 2025	31 December 2024
Adjusted zakat net profit	37,290,045	79,562,528
<u>Additions</u>		
Shareholders' equity at the beginning of the year	1,310,612,920	1,319,055,541
Provisions at beginning of the year	6,111,950	15,321,337
Debts and debts equivalents	--	86,921,158
Other reserves	30,887,793	3,313,017
Total additions	1,347,612,663	1,424,611,053
<u>Deductions</u>		
Net fixed assets and equivalent	(846,914,972)	(878,082,208)
Investments in a non-trading facility inside the Kingdom and are subject to levy of zakat	(148,732,000)	(169,961,000)
Other discounts	(180,725,314)	(181,421,306)
Total deductions	(1,176,372,286)	(1,229,464,514)
Zakat base	171,240,378	195,146,539
Zakat charge for the year	4,411,834	5,044,042

Zakat is calculated from the adjusted net profit at 2.5%, while the zakat base is calculated from the zakat base less the adjusted net profit at 2.57640% (during 2024, zakat is due at 2.58475% of the zakat base after deducting the adjusted net profit and 2.5% of the adjusted net profit).

d) Zakat Status

The Company has submitted its Zakat returns up to the year 2024 and obtained a Zakat certificate valid until 30 April 2026.

The Company submitted its Zakat return for the year ended 31 December 2024, and the Zakat due for that year amounted to SAR 5,044,042. After offsetting the Zakat refund related to the 2023 assessment amounting to SAR 173,867, the net Zakat payable for 2024 amounted to SAR 4,870,174, which was settled on 13 July 2025. The 2024 Zakat return has been examined by the Zakat, Tax and Customs Authority ("ZATCA"), and a final assessment was issued with additional differences amounting to SAR 11,181, which were settled in January 2026.

ZATCA has also issued the Zakat assessment for the year 2025 amounting to SAR 11,181.78, and the Company has settled the full amount during 2025.

In addition, ZATCA issued Zakat assessments for the years from 2019 to 2022, resulting in total additional Zakat differences amounting to SAR 13,124,512, of which the Company settled the outstanding balance during 2024.

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For the year ended 31 December 2025

22. EARNINGS PER SHARE (EPS)

a) Basic earnings per share

The calculation of basic earnings per share has been based the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements.

	31 December 2025	31 December 2024
Profit for the year	<u>37,290,045</u>	<u>79,562,528</u>
Number of shares (weighted average)	<u>90,000,000</u>	<u>90,000,000</u>
Basic earnings per share (SAR)	<u><u>0.414</u></u>	<u><u>0.884</u></u>

b) Diluted earnings per share

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any. During the year there were no diluted shares, accordingly the diluted earnings per share was the same as the basic.

23. REVENUES

The Company's revenue is derived from contracts with customers as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Sales inside KSA	<u>287,041,234</u>	<u>343,363,336</u>

Any other classifications of revenues have not been disclosed since the Company is selling three types of products (OPC, SRC and PPC) and no significant differences have appeared between the sale prices and production cost for different types of Cement, whether packed on non-packed. The selling is conducted at a certain point in time, not over time.

	Year ended 31 December 2025	Year ended 31 December 2024
Cement products	<u>286,840,894</u>	<u>343,098,736</u>
Others (dust)	<u>200,340</u>	<u>264,600</u>
	<u><u>287,041,234</u></u>	<u><u>343,363,336</u></u>

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23. REVENUES (continue)

The following table provides information about trade receivables and advance from customers.

	Year ended 31 December 2025	Year ended 31 December 2024
Trade receivable	57,876,296	46,612,826
Contract liabilities*	1,123,665	1,654,744

*Contract liabilities represent advance consideration received from customers for the products to be sold, for which revenue is recognized at point in time. This will be recognized as revenue when the Company deliver the products to the customers and their balances for advances are settled with the revenue made.

24. COST OF REVENUES

The cost of revenues mainly represents the cost of raw materials, salaries and wages, spare parts and depreciations.

	Year ended 31 December 2025	Year ended 31 December 2024
Salaries, wages and equivalents	41,471,108	41,988,537
Raw Materials	92,735,280	81,805,548
Packing materials	4,407,685	5,599,656
Consumption of spare parts	27,026,087	31,603,917
Depreciation expense	41,688,633	43,514,056
Depreciation on right of use assets	1,297,593	1,344,064
Others	16,752,252	9,214,394
Total operation cost	<u>225,378,638</u>	215,070,172
Change in inventories	<u>(2,134,896)</u>	31,741,507
	<u>223,243,742</u>	<u>246,811,679</u>

25. OTHER INCOME

The other income for the year ended 31 December comprises of as follows:

	Note	Year ended 31 December 2025	Year ended 31 December 2024
Rent income		16,149,008	25,389,008
Dividends on equity investments at fair value through comprehensive income	8	--	5,080,463
		<u>16,149,008</u>	<u>30,469,471</u>

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26. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the year ended 31 December comprise the following:

	<u>Note</u>	Year ended 31 December 2025	Year ended 31 December 2024
Salaries, wages and equivalents		3,732,667	3,764,920
Depreciation	6	112,557	174,343
Depreciation on right of use assets		99,847	92,679
Others		517,905	492,802
		<u>4,462,976</u>	<u>4,524,744</u>

27. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December comprise of the following:

	<u>Note</u>	Year ended 31 December 2025	Year ended 31 December 2024
Salaries, wages and equivalents		14,918,566	15,191,299
Consultancy fee		2,463,746	1,154,384
Directors' remunerations and allowances	29	2,745,500	2,799,500
Depreciation	6	2,060,481	1,986,753
Depreciation on right of use assets		437,559	398,256
Amortization of intangible assets	10	1,610,643	1,610,643
Audit fee		550,000	520,000
Donations and aids		290,000	290,000
Cleaning expenses		870,987	680,656
Rent expense		189,631	81,000
Postage and telephone charges		1,282,811	1,448,424
Subscription		426,163	389,803
IT expenses		1,655,132	1,883,774
Others		2,007,490	2,163,951
		<u>31,508,709</u>	<u>30,598,443</u>

28. FINANCE COST

Finance cost for the year ended 31 December comprise the following:

	Year ended 31 December 2025	Year ended 31 December 2024
Finance cost on loans	1,693,610	3,777,683
Finance cost on lease liabilities	262,010	378,842
	<u>1,955,620</u>	<u>4,156,525</u>

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29. CONTINGENCIES AND CAPITAL COMMITMENTS

As at 31 December 2025, the contingent liabilities against outstanding letters of guarantee and letter of credits amounted to SAR 15,341,281 (2024: SAR 9,944,341).

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related party transactions mainly represent Salaries, allowances and bonuses of senior executives. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Directors and shareholders (whether executive or otherwise).

The salaries, wages and related costs benefits during the year ended 31 December include the following:

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Key Management Personnel	Salaries, wages and equivalents		2,490,000	2,100,000
Key Management Personnel	End-of-service benefits		126,413	125,850
			2,616,413	2,225,850
BOD members	BOD's remunerations and allowances	27	2,745,500	2,799,500

31. SEGMENT INFORMATION

A Segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. The Company's Chief Operating Decision Maker (CODM) the Chief Executive Officer considers for management reporting and decision-making purposes, the activities of the Company are organized into one operating segment. The Company operates in the said reportable operating segment. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

32. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges against financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

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32. FINANCIAL RISK MANAGEMENT (continued)

Financial risk management framework (continued)

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The risk committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, financial assets, borrowings, trade and other payables, other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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 of three types of risk: Interest rate risk, currency risk and price risk.

Interest rate risk cost

The loans obtained by the Company are carried at variable interest rates based at prevailing market interest rates.

	31 December <u>2025</u>	31 December <u>2024</u>
<u>Variable rate instruments</u>		
Loans	<u>31,651,001</u>	<u>93,977,371</u>

The table below reflects the possible change of 100 basis points in interest rates at the reporting date on profit or loss assuming all other variables are remain constant.

	<u>Profit / (loss) 2025</u>		<u>Profit / (loss) 2024</u>	
	BPs decrease on interest rates <u>100 bp</u>	BPs increase on interest rates <u>100 bp</u>	BPs decrease on interest rates <u>100 bp</u>	BPs increase on interest rates <u>100 bp</u>
Loans	<u>316,510</u>	<u>(316,510)</u>	<u>939,774</u>	<u>(939,774)</u>

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32. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the Company's core transactions during the period were denominated in Saudi Riyals and US Dollars. Thus, there are no significant risks associated with transactions and balances denominated in US Dollars.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from special commission rate risk (also referred to as interest rate risk or commission rate risk) or currency risk, whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company exposure to price risk arises from investments held by the Company and classified in the statement of financial position at fair value through other comprehensive income. The Company closely monitors price in order to manage price risk arising from equity investments at fair value through other comprehensive income.

The table below summarizes the impact of increases/decreases of the market price on the Company's equity investments at fair value through other comprehensive income. The analysis is based on the assumption that the market price of the shares had increased or decreased by 0.5% with all other variables held constant, and that all the Company's investment moved in line with the market price.

	<u>Impact on Profit or Loss as at</u>	
	<u>31 December</u>	31 December
	<u>2025</u>	<u>2024</u>
<u>Variable rate instruments</u>		
Share price increase by 0.5%	744,700	849,805
Share price decrease by 0.5%	<u>(744,700)</u>	<u>(849,805)</u>

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates.

The management also continuously monitors the credit exposure related to its customers and makes provision against those balances considered doubtful of recovery. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are basically due from customers in local markets and some balances are pledged against effective bank guarantees from local banks with sound credit ratings. Trade and other receivables are stated at their estimated realizable values.

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32. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Management considers reasonable and supportive forward-looking information such as:

- a) Actual or expected significant adverse changes in business.
- b) Actual or expected significant changes in the operating results of the counterparty.
- c) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
- d) Significant increase in credit risk on other financial instruments of the same counterparty,
- e) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

The Company's gross maximum exposure to credit risk is as follows:

	31 December <u>2025</u>	31 December <u>2024</u>
<u>Financial assets</u>		
Trade receivables	58,955,732	47,861,442
Bank Balances	31,889,616	82,549,364
	<u>90,845,348</u>	<u>130,410,806</u>
	31 December <u>2025</u>	31 December <u>2024</u>
<u>Financial assets</u>		
Secured against bank guarantees	16,591,950	22,693,402
	<u>16,591,950</u>	<u>22,693,402</u>

Customer credit risk is managed by management subject to the Company'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.

The Company provides its goods to a large number of customers. The five largest customers account 93% of outstanding trade receivables as at 31 December 2025 (2024: 92%). Further, trade receivable for all customers are guaranteed by letter of guarantee and promisory notes.

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, service 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.

Loss rates are calculated using flow rate method based on the probability of a receivable progressing through successive stages of delinquency. Flow rates are calculated separately for exposures in different class of customers based on the common credit risk characteristics.

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32. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The ageing of trade receivables as at the reporting date is as follows:

<u>Duration</u>	<u>31 December 2025</u>		<u>31 December 2024</u>	
	<u>Balance</u>	<u>Impairment</u>	<u>Balance</u>	<u>Impairment</u>
	SAR	SAR	SAR	SAR
From 0 to 90 days	48,047,872	160,057	40,223,469	278,120
From 91 to 180 days	6,692,138	247,477	7,516,885	849,408
From 181 to 360 days	4,099,633	555,813	--	--
More than 361 days	116,089	116,089	121,088	121,088
	<u>58,955,732</u>	<u>1,079,436</u>	<u>47,861,442</u>	<u>1,248,616</u>

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Revenue from the top five customers of the Company represented approximately 77% amounting to SAR 221.5 million (31 December 2024: 82% amounting to SAR 280.7 million) of the Company's total revenue.

During the period five customers (2024 three customer) individually accounted for more than 10% of the Company's revenue. The related revenue figures for these major customers, the identity of which may vary by period, were as follows;

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Variable rate instruments</u>		
`Customer A	49,840,043	115,174,708
Customer B	41,438,959	82,878,320
Customer C	56,993,126	40,262,477
Customer D	45,071,236	--
Customer E	<u>28,179,806</u>	<u>--</u>

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments.

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32. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date, based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that most counter parties will not request repayment on the earliest date the Company could be required to pay and the table does not reflect the expected cash flows indicated by the Company's history.

<u>31 December 2025</u>	Total Carrying amount	Undiscounted contractual cash flows		Total contractual maturity
		Less than 1 year	Above 1 year	
Long term loan	31,651,001	31,651,001	--	31,651,001
Trade payables	27,588,735	27,588,735	--	27,588,735
Accruals and other credit balances	36,697,825	36,697,825	--	36,697,825
Lease liabilities	3,001,198	1,974,427	1,139,883	3,114,309
Dividends payable	120,136,993	120,136,993	--	120,136,993
	219,075,752	218,048,981	1,139,883	219,188,863

<u>31 December 2024</u>	Total Carrying amount	Undiscounted contractual cash flows		Total contractual maturity
		Less than 1 year	Over 1 year	
Long term loan	93,977,371	65,622,387	32,070,382	97,692,769
Trade payables	25,211,548	25,211,548	--	25,211,548
Accruals and other credit balances	33,137,413	33,137,413	--	33,137,413
Lease liabilities	4,843,628	2,104,440	3,156,660	5,261,100
Dividends payable	120,133,922	120,133,922	--	120,133,922
	277,303,882	246,209,710	35,227,042	281,436,752

- It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. and to maintain a strong capital base to support the sustained development of its businesses.

The Company's adjusted net liabilities to equity ratio was as follows:

	31 December <u>2025</u>	31 December <u>2024</u>
Total liabilities	247,424,998	309,592,734
Less: Cash and cash equivalents	<u>(31,889,616)</u>	<u>(82,549,364)</u>
Net Liabilities	<u>215,535,382</u>	<u>227,043,370</u>
Total equity	<u>1,170,410,544</u>	<u>1,202,234,636</u>
Net liabilities to equity ratio	<u>0.18</u>	<u>0.19</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

The below table shows the carrying amounts and fair values of the financial assets and liabilities including their levels in the fair value hierarchy. It doesn't include information about fair value of financial assets and financial liabilities not measured at fair value if book value reasonably equals fair value.

31 December 2025

	Fair value						
	<u>Hedging instruments</u>	<u>Equity investments at FVOCI</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value							
Derivative Financial Instruments	343,366	--	343,366	--	343,366	--	343,366
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	--	148,732,000	148,732,000	--	--	148,732,000	148,732,000
	<u>343,366</u>	<u>148,732,000</u>	<u>149,075,366</u>	<u>--</u>	<u>343,366</u>	<u>148,732,000</u>	<u>149,075,366</u>

31 December 2024

	Fair value						
	<u>Hedging instruments</u>	<u>Equity investments at FVOCI</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value							
Derivative Financial Instruments	2,700,767	--	2,700,767	--	2,700,767	--	2,700,767
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	--	169,961,000	169,961,000	--	--	169,961,000	169,961,000
	<u>2,700,767</u>	<u>169,961,000</u>	<u>172,661,767</u>	<u>--</u>	<u>2,700,767</u>	<u>169,961,000</u>	<u>172,661,767</u>

There were no transfers between fair value levels during the year ended 31 December 2025 and 31 December 2024.

The carrying values of the other financial assets and liabilities under amortised cost approximate their fair values on each reporting date due to its short term maturity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Equity investments at FVOCI include investments in non-public equity instruments. The following table outlines the valuation techniques applied in measuring Level 3 fair values, along with the significant unobservable inputs used:

<u>Type</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>
Equity Investments in Non-Public Companies	Market approach using Price-to-Book Value (P/BV)	Price to book value multiple Average Discount for lack of marketability 15.63%

Market approach valuation techniques

For unlisted equity investments classified as Level 3, the company applies the Market Approach using the Price-to-Book Value (P/BV) multiple. Valuation techniques falling under the Market Approach typically derive market multiples from a set of comparable assets. A market multiple expresses the value of a business or other asset relative to a financial, operating, or physical metric. For instance, a price-to-earnings (P/E) ratio expresses an entity's per-share value in relation to its earnings per share. The multiple is then applied to the corresponding metric of a comparable entity that shares similar characteristics but may differ in scale, subject to necessary adjustments to account for those differences. The independent valuer has determined the fair value based on the median P/BV multiple as of 31 December 2025, sourced from reliable financial databases. Average discount of 15.63% using valuation Advisors DLOM study method.

Valuation inputs and relationships to fair value (Significant unobservable inputs)

The following table summarizes the quantitative information about the significant unobservable inputs used in the fair value measurements of the equity accounted investment. The fair values are determined based on the discounted cash flows.

<u>Description</u>	<u>Management range</u>	<u>Relation of unobservable inputs to fair value</u>
P/BV Multiple	1.8x	Higher the multiple, higher the fair value
Weighted Average Discount rate	15.63%	Higher the discount rate lowers the fair value

Sensitivity analysis

The fair value of the Level 3 equity investment is sensitive to changes in the key unobservable inputs—namely, the Price-to-Book Value (P/BV) multiple and the Discount for Lack of Marketability (DLOM).

For financial reporting purposes, management considers that reasonably possible changes in these inputs at the reporting date fall within a 5% to 10% variation range, rather than the broader external market ranges referenced in the valuation report.

A ±5% to ±10% change in either the applied P/BV multiple or the DLOM would result in a corresponding increase or decrease in the fair value measurement of the investment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2025, certain geopolitical developments occurred in the Gulf region. While the situation introduces uncertainty regarding potential future claims and risk exposure, there is currently insufficient information to estimate any impact on the Company's financial position. These are considered non-adjusting subsequent events under IAS 10 "Events after the reporting period". The management is closely monitoring the situation and will provide updates and disclosures in future periods as more information becomes available.

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 30 March 2026, corresponding to 11 Shawwal 1447H.