



AL JOUF CEMENT COMPANY
(A Saudi Joint Stock Company)

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

AL JOUF CEMENT COMPANY
(A Saudi Joint Stock Company)

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Al Jouf Cement Company
(A Saudi Joint Stock Company)

Riyadh, the Kingdom of Saudi Arabia

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the accompanying consolidated financial statements of Al Jouf Cement Company – A Saudi Joint Stock Company (the “Company”) and its subsidiaries (together the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

Basis for Qualified Opinion

During the year ended 31 December 2025, management recognized inventory loss of 97.8 million relating to work-in-progress inventory. This loss resulted from discrepancies between management’s inventory records and management’s expert report related to inventory year-end physical count. Consequently, management has engaged an external consultant to investigate this matter. The investigation is still ongoing as of the date of our report. Accordingly, we were unable to ascertain whether this loss pertains to the current year or prior years.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matter

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

INDEPENDENT AUDITOR'S REPORT – CONTINUED

To the Shareholders
Al Jouf Cement Company
 (A Saudi Joint Stock Company)

Riyadh, the Kingdom of Saudi Arabia

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Key Audit Matters – Continued

Impairment assessment of property, plant, and equipment	
<p>As of 31 December 2025, the property, plant, and equipment balance amounted to SR 1,669,203,636.</p> <p>At the date of each financial reporting, the cash generating unit is subject to impairment test whether there are internal or external indicators of impairment, accordingly the Group conducted an impairment test by comparing the recoverable amount of cash generating units with it's carrying amount to ensure that the carrying amount of the assets do not exceed the recoverable amount.</p> <p>In determining the recoverable amounts, management estimated the value in use of the cash-generating unit which is based on a discounted cash flow model. Value in use is based on management's estimate of future performance as well as external market conditions.</p> <p>Based on the valuation prepared by the management, the Group's management considered that the recoverable value of the assets was higher than its book value.</p> <p>The accounting policy for the property, plant, and equipment is explained in note (6.3) and the details of the property, plant, and equipment are presented in note 8.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Reviewed the management's procedures in identifying impairment indicators in respect of property, plant and equipment in accordance with the requirements of relevant IFRS that are endorsed in Kingdom of Saudi Arabia. • Tested on sample basis, the integrity of inputs of projected cashflows used in the valuation performed by management. • Involved our internal specialists to review the reasonableness of significant management's assumptions used in impairment study, including determination of appropriate valuation methodologies, future margins and terminal values. • Ensure the accuracy of the model applied. • Reviewed the adequacy of disclosures in related impairment disclosures in the accompanying consolidated financial statements.

INDEPENDENT AUDITOR’S REPORT – CONTINUED

To the Shareholders
Al Jouf Cement Company
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Riyadh, the Kingdom of Saudi Arabia

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Other matter

The Group’s consolidated financial statement for the year ended 31 December 2024 were audited by another auditor who issued unmodified opinion on those consolidated financial statements on 30 Shawwal 1446H corresponding to 28 April 2025.

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 consolidated financial statements and our auditor’s report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

INDEPENDENT AUDITOR’S REPORT – CONTINUED

To the Shareholders
Al Jouf Cement Company
(A Saudi Joint Stock Company)

Riyadh, the Kingdom of Saudi Arabia

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

To the Shareholders
Al Jouf Cement Company
(A Saudi Joint Stock Company)

Riyadh, the Kingdom of Saudi Arabia

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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

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

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

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

Report on Other Legal and Regulatory Requirements

Article 20 of the Companies Law requires that the auditor includes in his report what might come to his attention with respect to non-compliance of the terms of the Company's Bylaws. During the course of our current audit of the consolidated financial statements, we have noted following non-compliances of the Company Law, having no material impact on the consolidated financial statements:

The Group has not announced its annual consolidated financial results for the year ended 31 December 2025 within the prescribed timeframe. This is not in compliance with the Article (66) of Rules on the Offer of Securities and Continuing Obligations Issued by the Capital Market Authority ("CMA") issued in the Kingdom of Saudi Arabia, which requires companies to prepare and publish their annual financial statements within the specified regulatory deadlines.

RSM Allied Accountants Professional Services



Abdullah Bin Ahmed Al Faddaghi

License No, 706

Riyadh, Kingdom of Saudi Arabia

12 Thul-Qi'dah 1447 AH (corresponding to 29 April 2026)



AL JOUF CEMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(ALL AMOUNTS IN SAR UNLESS OTHERWISE STATED)

	Note	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property, plant, and equipment	8	1,669,203,636	1,695,155,061
Intangible assets	9	3,367,488	4,062,347
Right of use assets	10.1	-	188,562
Investments at fair value through other comprehensive income	11	-	-
Total non-current assets		<u>1,672,571,124</u>	<u>1,699,405,970</u>
Current assets			
Inventory	12	112,890,301	267,321,283
Trade receivables	13	20,016,770	98,118,382
Prepayments and other receivables	14	8,848,658	17,565,719
Cash at banks	15	1,860,312	11,959,909
Total current assets	1	<u>143,616,041</u>	<u>394,965,293</u>
Total assets		<u>1,816,187,165</u>	<u>2,094,371,263</u>
Equity and liabilities			
Equity			
Share capital	1	1,087,000,000	1,087,000,000
Statutory reserve	16	-	62,947,016
Fair value reserve	11	(46,000,000)	(46,000,000)
(Accumulated losses) / retained earnings		(130,845,274)	12,600,195
Foreign currency translation reserve		(63,150)	(63,150)
Total equity		<u>910,091,576</u>	<u>1,116,484,061</u>
Liabilities			
Non-current liabilities			
Long-term banks facilities – non-current portion	17	126,264,389	403,832,361
Quarry exploitation fee – non-current portion	18	16,539,778	26,683,018
Employee benefit obligations	19	10,949,247	10,553,319
Total non-current liabilities		<u>153,753,414</u>	<u>441,068,698</u>
Current liabilities			
Long-term bank facilities – current portion	17	406,969,793	163,134,153
Short term bank facilities	17	168,352,588	162,120,283
Trade and other payables	20	124,501,880	172,573,514
Quarry exploitation fee – current portion	18	18,143,238	10,128,741
Lease liability – current portion	10.2	-	205,160
Provision for zakat	21	34,374,676	28,656,653
Total current liabilities	1	<u>752,342,175</u>	<u>536,818,504</u>
Total liabilities		<u>906,095,589</u>	<u>977,887,202</u>
Total equity and liabilities		<u>1,816,187,165</u>	<u>2,094,371,263</u>

 Acting Chief Financial Officer	 Managing director and CEO	 Chairman of Board of Directors

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025****(ALL AMOUNTS IN ﷲ UNLESS OTHERWISE STATED)**

	Note	For the year ended 31 December	
		2025	2024
Net revenue	22	244,311,341	256,504,047
Cost of revenue	23	(240,946,789)	(221,666,221)
Inventory loss	23.2	(97,759,506)	-
Gross profit		(94,394,954)	34,837,826
Selling and marketing expenses	24	(7,684,182)	(11,038,831)
General and administrative expenses	25	(39,550,728)	(38,995,165)
Operating loss		(141,629,864)	(15,196,170)
Finance cost	27	(58,830,389)	(56,543,323)
Debt extinguishment	17	-	14,234,714
Allowance for expected credit losses	13 & 14	(2,190,506)	(2,131,125)
Other income, net	26	2,329,105	37,204,524
Net loss before zakat		(200,321,654)	(22,431,380)
Zakat charge	21	(6,243,023)	(5,300,000)
Net loss for the year		(206,564,677)	(27,731,380)
Other comprehensive income (loss)			
<i>Items that will not subsequently be reclassified to profit or loss:</i>			
Actuarial gain (loss) on re-measurement of employee benefit obligations	19	172,192	(259,409)
Total comprehensive loss for the year		(206,392,485)	(27,990,789)
Loss per share			
Basic and diluted loss per share - ﷲ per share	28	(1.90)	(0.26)

 Acting Chief Financial Officer	 Managing director and CEO	 Chairman of Board of Directors

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

AL JOUF CEMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(ALL AMOUNTS IN ٬ UNLESS OTHERWISE STATED)

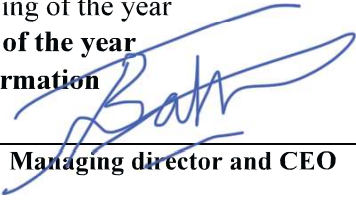
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Fair value reserve</u>	<u>Retained earnings / (accumulated losses)</u>	<u>Foreign currency translation reserve</u>	<u>Total equity</u>
Balance as at 1 January 2024	1,087,000,000	62,947,016	(46,000,000)	40,590,984	(63,150)	1,144,474,850
Net loss for the year	-	-	-	(27,731,380)	-	(27,731,380)
Other comprehensive loss for the year	-	-	-	(259,409)	-	(259,409)
Total comprehensive loss for the year	-	-	-	(27,990,789)	-	(27,990,789)
Balance as at 31 December 2024	<u>1,087,000,000</u>	<u>62,947,016</u>	<u>(46,000,000)</u>	<u>12,600,195</u>	<u>(63,150)</u>	<u>1,116,484,061</u>
Balance as at 1 January 2025	1,087,000,000	62,947,016	(46,000,000)	12,600,195	(63,150)	1,116,484,061
Net loss for the year	-	-	-	(206,564,677)	-	(206,564,677)
Other comprehensive income for the year	-	-	-	172,192	-	172,192
Total comprehensive loss for the year	-	-	-	(206,392,485)	-	(206,392,485)
Transferred from statutory reserve	-	(62,947,016)	-	62,947,016	-	-
Balance as at 31 December 2025	<u>1,087,000,000</u>	<u>-</u>	<u>(46,000,000)</u>	<u>(130,845,274)</u>	<u>(63,150)</u>	<u>910,091,576</u>

		
Acting Chief Financial Officer	Managing director and CEO	Chairman of Board of Directors

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

AL JOUF CEMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(ALL AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

	Note	For the year ended 31 December	
		2025	2024
Cashflow from operating activities			
Net loss before zakat		(200,321,654)	(22,431,380)
Adjustments for:			
Depreciation of property, plant and equipment	8	27,038,094	45,783,391
Loss on disposal of property, plant and equipment	26	343,859	3,470
Amortization of intangible assets	9	930,796	376,525
Depreciation of right-of-use assets	10.1	188,562	188,562
Reversal of provision against loan guarantee	26	-	(35,681,000)
Provision for slow moving inventory	12	577,875	-
Allowance for expected credit losses for trade receivables	13	1,084,287	2,131,125
Allowance for expected credit losses for prepayments and other receivables	14	1,106,219	3,790,884
Cashflow modification gain	17.7	-	(14,234,714)
Provision for legal claims	25	5,621,155	-
Employees' benefit obligations	19	1,660,738	1,438,391
Finance cost	27	58,830,389	56,543,323
Changes in operating assets and liabilities:			
Inventory		153,853,107	(42,114,541)
Trade receivables		16,665,587	(37,369,895)
Prepayments and other receivables		7,610,842	(5,685,800)
Trade and other payables		6,658,949	(19,358,749)
Cash inflow (outflow) from operations		81,848,805	(66,620,408)
Employee benefit obligations paid	19	(1,596,705)	(416,085)
Zakat paid	21A	(525,000)	(772,730)
Payment of quarry exploitation fee	18	(4,800,000)	(6,000,000)
Net cash inflow (outflow) from operating activities		74,927,100	(73,809,223)
Cashflow from investing activities			
Purchase of property, plant and equipment	8	(1,998,538)	(3,615,634)
Purchase of intangible asset	9	(235,937)	(1,662,021)
Proceeds from sale of property, plant and equipment		568,010	-
Net cash outflow from investing activities		(1,666,465)	(5,277,655)
Cashflow from financing activities			
Paid from credit facilities	17	(40,923,465)	(120,795,739)
Received from credit facilities	17	3,923,978	244,616,582
Lease liabilities paid	10.2	(209,473)	(209,000)
Financing costs paid	17	(46,151,272)	(44,072,711)
Net cash (outflow) inflow from financing activities		(83,360,232)	79,539,132
Net change in cash and cash equivalents		(10,099,597)	452,254
Cash and cash equivalents at the beginning of the year		11,959,909	11,507,655
Cash and cash equivalents at the end of the year	15	1,860,312	11,959,909
Supplemental non-cash financial information	33		

Acting Joint Financial Officer	 Managing director and CEO	Chairman of Board of Directors
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The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

1. CORPORATE INFORMATION

Al-Jouf Cement Company (the “Company”) is a Saudi joint stock company, established under License No. 25 of the Ministry of Commerce and Industry dated 11 Muharram 1426H (corresponding to 20 February 2006) and registered in the city of Riyadh under Commercial Registration number 1010225259 dated 1 Dhul-Qi’dah 1427H (corresponding to 22 November 2006) and Industrial License number 25 dated 11 Muharram 1426H (corresponding to 20 May 2005) and renewed under number 1042 dated 8 Rabi’ al-Thani 1437H (18 January 2016). The Group operates under a materials quarry license in accordance with the mining system issued by Royal Decree No. 59/Q, dated 3 Rajab 1428 (corresponding to 17 July 2007). Its duration is (30) thirty Hijri years starting from the date of the license, and the Company has the right to request renewal of this license for a similar period with the approval of the Ministry of Industry and Mineral Resources.

These consolidated financial statements include the assets, liabilities, and business results of the Company and its subsidiaries and branch (the “Group”), which are as follows:

<u>Company Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	<u>Main activities</u>
Al-Jouf Cement Company	Subsidiary	The Hashemite Kingdom of Jordan	100%	Import, export, wholesale and retail trade in Al-Jouf Cement Company products.
Al-Jouf Investments Company	Subsidiary	Kingdom of Saudi Arabia	100%	Wholesale and retail trade of cement and its derivatives, commercial undertakings, import and export services, and marketing for others.
Jahez Al-Jouf Company	Subsidiary	Kingdom of Saudi Arabia	100%	Wholesale of cement and the like, and land transportation of goods.
Al Jouf Cement Company – Branch	Branch	Kingdom of Saudi Arabia	100%	Wholesale and retail trade in Al-Jouf Cement Company products.

The above subsidiaries and the branch have not started their operations as at 31 December 2025.

The Group’s activity is the production of ordinary cement (Portland), salt-resistant cement, white cement, agglomerated cement (clinker), pozzolanic cement and green cement.

The capital of the Company as at 31 December 2025 comprised 108.7 million shares stated at ﷲ 10 per share (2024: 108.7 million shares at ﷲ 10 per share).

Climate change

The Group has prepared a strategic plan for sustainability, such as increasing the efficiency of heavy fuel consumption in production lines and increasing the efficiency of emission filters with the aim of reducing the amounts of carbon emitted from production lines. The Group has also started an electrical connection project. The strategic plan includes the following:

1- Maintenance of production lines and energy efficiency, which in turn will reduce the percentage of fuel used for production by 25% per ton.

AL JOUF CEMENT COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

1. CORPORATE INFORMATION - CONTINUED

Climate change - continued

2- Using environmentally friendly natural materials, which in turn will reduce the percentage of fuel used for production by 11% per ton.

3- The electrical connection project and the use of natural gas, which they initiated, will lead to a decrease in the percentage of fuel used for production by 25% per ton.

The Group's management expects to exceed the strategy's target before the end of 2030.

2. GOING CONCERN

The Group has a net loss for the year ended 31 December 2025 amounting to ﷲ 206,564,677 (2024: ﷲ 27,731,380), and as of that date the Group has accumulated losses of ﷲ 130,845,274. The Group's current liabilities exceeded its current assets, which led to a deficit in working capital amounted to ﷲ 608,726,134 as at 31 December 2025 (2024: ﷲ 141,853,211).

During 2024, the Group successfully signed an agreement with the National Electricity Transmission Company to deliver electricity to the factory by the third quarter of 2026. An agreement is also signed with Engie to build a 22-megawatt solar power plant (operational contract) that will start in the fourth quarter of 2026, with no capital costs for the Group. Such agreement will help the Group to reduce its operational cost and move towards environment friendly tools. Management expects to complete the factory's connection to the natural gas grid by 2027. All of these factors will help utilize the factory's full capacity, thus significantly reducing production costs, which will contribute to improving the Group's profit margins. On 29 September 2025, the Group held a meeting with the Ministry regarding the Liquid Fuel Displacement Program, which is designed to compensate the Group for costs incurred in internal modifications necessary to implement an alternative energy initiative.

The Group participated in the Industrial Sector Competitiveness Program through an agreement aimed at enhancing energy efficiency and quality in its industrial facilities. The program contributed to reducing production costs, complementing ongoing initiatives to improve operational efficiency. As a result, the Group received the financial compensation starting in 2024.

On 18 May 2025, the Group obtained initial approvals for revolving credit facilities from the Saudi Export-Import Bank, amounting to ﷲ 30,000,000 which will support the operating expenses of the products.

Furthermore, the Group has developed a 7-year business plan, approved by the Board of Directors on 26 August 2025. The plan projects improved operational performance and profitability through optimal utilization of existing production capacity and an increase in production and sales of cement and clinker. Key initiatives include the revision of selling prices in line with market trends, expansion into regional export markets and planned transition from heavy fuel oil to natural gas is expected to significantly lower production costs and improve gross profit margins. Based on business plan the Group will generate sufficient cashflows and meet its current liabilities within 12 months of the reporting period.

In addition, the Board of Directors and management are actively engaged in strengthening the Group's financial position by pursuing banks facilities restructuring arrangements and rollover existing short term bank facilities through deferred sale agreements (note 17). These initiatives, coupled with management's ongoing efforts to enhance operational efficiency and cost control, are expected to support improved liquidity, reduce net losses, and ensure the Group's continued financial stability.

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

2. GOING CONCERN - CONTINUED

The Group management has confidence in the financial position of the Group in the coming period, accordingly these consolidated financial statements have been prepared on the going concern basis.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (here and after refer to as IFRS as endorsed in the Kingdom of Saudi Arabia).

3.2 Preparation of the consolidated financial statements

These consolidated financial statements have been prepared on a going concern basis, using historical cost except for the following material items in the consolidated statement of financial position:

- The investments in equity instruments that are measured at fair value through other comprehensive income.
- Employees’ end-of-service benefits using the projected unit credit method.
- Provision for the rehabilitation of areas subject to a concession license which is measured at present value.

3.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal “ﷻ”, which is the functional and presentation currency of the Group.

4. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Company and its subsidiaries and branch (the “Group”) which are as follows:

<u>Company Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	<u>Main activities</u>
Al-Jouf Cement Company	Subsidiary	The Hashemite Kingdom of Jordan	100%	Import, export, wholesale and retail trade in Al-Jouf Cement Company products.
Al-Jouf Investments Company	Subsidiary	Kingdom of Saudi Arabia	100%	Wholesale and retail trade of cement and its derivatives, commercial undertakings, import and export services, and marketing for others.
Jahez Al-Jouf Company	Subsidiary	Kingdom of Saudi Arabia	100%	Wholesale of cement and the like, and land transportation of goods.
Al Jouf Cement Company – Branch	Branch	Kingdom of Saudi Arabia	100%	Wholesale and retail trade in Al-Jouf Cement Company products.

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4. BASIS OF CONSOLIDATION - CONTINUED

Subsidiaries are all those entities over which the Group has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

5. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS

The Group adopted the following new amendment for the first time in its annual reporting period beginning on 1 January 2025.

Amendments to IAS 21 – Lack of exchangeability:

An entity is affected by the amendments when it has a transaction or event in a foreign currency that is not exchangeable into another currency at the measurement date for a specific purpose.

The adoption of the above-mentioned amendment does not have any material impact on the consolidated financial statements during the year.

Standards 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 Group has not early adopted them in preparing these consolidated financial statements and these amendments are not expected to have a material impact on the Group's consolidated financial statements.

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5. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS - CONTINUED

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments:

- These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

IFRS 18 Presentation and Disclosure in Financial Statements

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

6. MATERIAL ACCOUNTING POLICY INFORMATION

6.1 Financial instruments

The Group initially recognises financial instruments on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following financial assets:

Financial assets at amortised cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the consolidated statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method through consolidated statement of profit or loss.

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6 MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

6.1 Financial instruments - continued

Financial assets at fair value through other comprehensive income

The debt instrument is measured at fair value by other comprehensive income only if it meets the following conditions and is not recognized at fair value through consolidated statement of profit and loss:

- The asset is held in a business model that is designed to hold assets to collect contractual cash flows and sell the financial assets.
- The contractual terms of the financial asset lead on specific dates to cash flows that are only the payments from the principal amount and interest on the principal amount due.

Debt instruments measured at fair value through other comprehensive income are subsequently measured at fair value while recognizing the profits and losses resulting from changes in fair value in other comprehensive income. Financing income, foreign exchange gains and losses are carried at the consolidated statement of profit or loss.

Equity instruments: On initial recognition, to invest in non-traded shares, the Group may apply an irrevocable option to make subsequent changes in fair value in other comprehensive income. The presented amounts in other comprehensive income are not subsequently transferred to the consolidated statement of profit or loss.

Financial assets at fair value through profit or loss

All other financial assets are classified as measured at fair value through the consolidated statement of profit or loss (for example: shares held for trading and debt securities that are not classified based on amortized cost or at fair value through other comprehensive income).

Derecognition of financial assets

A financial asset is primarily derecognised when:

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

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

Impairment of financial assets

For accounts receivables, the group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected loss rates were derived from historical information of the group and are adjusted to reflect the expected future outcome.

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6 MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

6.1 Financial instruments - continued

Financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities of the group comprise of lease liability, Trade and other payables and quarry exploitation fees.

Amortized cost for financial asset or liability

The amortized cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less prepayments of the principal amount, plus or less the cumulative amortization using the effective interest method of any difference between that initial amount and the amount at the accrual date.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized with the difference recognized as a de-recognition gain or loss and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in statement of profit or loss and other comprehensive income. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as special commission income.

Financial liabilities

The Group recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of profit or loss and other comprehensive income.

6.2 Revenue recognition

Revenue represents the fair value of the consideration received from cash customers or due from credit customers for the goods sold, net after deducting returns, trade discounts, and rebates granted to customers. Within the framework of the five steps specified by International Financial Reporting Standard (15), they are:

Step (1) – Identify the contract(s) with the client: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the standards that must be met for each contract.

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6. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

6.2 Revenue recognition - continued

Step (2) - Determine the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a distinct good or service to the customer.

Step (3) - Determine the transaction price: The transaction price is the amount of compensation that the Group expects to receive in exchange for transferring the goods or services promised to the customer, excluding amounts collected on behalf of other parties.

Step (4) - Allocating the transaction price to the performance obligations in the contract: For a contract that includes more than one performance obligation, the Group will distribute the transaction price to each performance obligation on the basis of their standalone price.

Step (5) – Revenue is recognized when (or whenever) the entity satisfies the performance obligation.

The Group satisfies a performance obligation and recognizes revenue when the customer gains control of the merchandise at a specified point in time (i.e., when the merchandise is delivered and acknowledged), and the merchandise is sold at significant discounts retrospectively based on total sales over a 12-month period. Revenue from these sales is recognized based on the price specified in the contract less the estimated volume of discounts. Accumulated experience is used to estimate and provide discounts using expected value and revenue is recognized to the extent it is highly probable that there will be no material reversal. The related liabilities (included under trade payables and other payables) are recognized for expected discounts on amounts due to customers in respect of sales made during the year.

The Group sells bulk and packaged cement, under specific and independent sales invoices concluded with customers. There is no existing financing component as sales are made either in cash or term debt in line with market practice.

Selling goods

For invoices with customers where the sale of cement is generally expected to be a performance obligation by the Group, revenue from the sale is recognized at the point in time when control of the asset is transferred to the customer at a specified point in time, which is usually upon delivery.

The Group takes into account the indicators mentioned below in evaluating the transfer of control of the asset to the customer:

- The Group has a right to payment for the asset.
- The customer has legal ownership of the asset.
- The Group has transferred actual ownership of the asset.
- The client bears the significant risks and rewards of ownership of the asset.
- Customer acceptance of the asset.

6.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The acquisition cost of an asset includes all costs related to the acquisition of the asset. The cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges related to purchases of property, plant and equipment. The cost includes expenses directly attributable to the acquisition of the asset until its maturity date. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the

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6. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

6.3 Property, plant and equipment - continued

consolidated statement of profit or loss. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and can be measured reliably. Land is not depreciated.

Capital spare parts

The Group classifies capital spare parts into critical spare parts (strategic spare parts) and general spare parts, using the following guidelines:

- Critical spare parts are the parts intended for urgent use, which are likely to be a major items/parts that should be kept on hand to ensure continuous operation of production equipment. They are usually only used when malfunctions occur, and are not generally expected to be used routinely. Depreciation of important spare parts begins immediately from the date of purchase.
- General spare parts are other major spare parts that are not considered critical and are purchased in advance due to scheduled replacement plans (in line with the scheduled maintenance program) in order to replace existing major spare parts with new operable parts. These terms are deemed “available for use” only at a future date. Then the depreciation process begins when they are installed as replacement parts. The depreciation period for such general capital parts is over their useful life or the expected remaining useful life of the associated equipment, whichever is less.

The Group has spare and strategic spare parts that must be available for its two production lines, which are classified under machinery and equipment and depreciated over the life of the associated asset. The useful life of property, machinery and equipment is reviewed at the end of each year, and in the event that the expected useful life differs from what was previously estimated, the remaining book value is depreciated on the remaining useful life after the re-estimation, starting from the year in which the re-estimation was made. The cost less the estimated residual value is depreciated on a straight-line basis for all asset classes using the following annual depreciation rates:

<u>Item</u>	<u>No. of years as productive life</u>	<u>Salvage value</u>
Machinery and Equipment	10-40	10%
Buildings	40-50	-
Roads	50	-
Vehicles	4-20	-
Strategic spare parts	40	-
Furniture and fixtures	4-10	-

Capital works in progress

Assets under construction or development are capitalized under capital work in progress. Assets under construction or development are transferred to the appropriate category of property, plant and equipment or intangible assets (depending on the nature of the project), when the asset reaches the location and/or condition necessary to be able to operate in the manner intended by management. The cost of the capital work-in-progress item includes the purchase price, construction/development cost, and any other costs directly related to the construction or acquisition of the capital work-in-progress item that are deemed by management. Costs associated with testing capital work-in-progress items (before they are available for use) are capitalized net of proceeds from the sale of any production during the testing period. Capital work in progress is not depreciated or amortized.

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6. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

6.3 Property, plant and equipment - continued

Capital works in progress - continued

The residual value, useful lives of assets and impairment indicators are reviewed at the end of each financial year and adjusted prospectively, when necessary.

If significant parts of an item of property, plant and equipment have different useful lives then they are accounted for as separate items of property, plant and equipment.

In determining the lease term, the management generally considers certain factors including historical lease durations and major improvements to leased properties over the lease term that have significant economic benefit to the Group's operations, the importance of the leased asset to the Group's operations, and whether alternatives are available to the Group and business disruptions that require the replacement of the leased asset.

6.4 Intangible assets

Intangible assets that include software programs and license, which acquired by the Group and have a finite useful life 5 and 3 years respectively, are measured at cost less accumulated amortization and any accumulated impairment losses.

The Group applies annual amortization rates to its intangible assets:

<u>Item</u>	<u>No of years as amortization rate</u>
Software licenses	20%
Americam Petroleum Institute (API) License	33.33%

Subsequent expenditure

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenses incurred internally are recognized in the consolidated profit or loss when incurred.

Amortization

Amortization is charged to the cost of intangible assets less the residual value using the straight-line method over their estimated useful lives, and recognized in the consolidated statement of profit or loss.

The residual values of intangible assets, their useful lives and impairment indicators are reviewed at the end of each financial year and adjusted prospectively where necessary.

6.5 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects current market assessments of the

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6. MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

6.5 Impairment of non-financial assets - continued

time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its' carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of consolidated profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

6.6 Inventories

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

- Raw materials: purchase cost on a weighted average method.
- Finished goods and work in progress: cost of direct materials, labour and all direct manufacturing expenditure based on the normal level of activity and transportation and handling costs.

Cost of inventories is recognised as an expense and included in cost of sales.

Net realizable value and inventory allowance estimate

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling. Net realizable value is usually measured individually for inventory write-offs, when items related to the same product line (and have the same purpose and end use) are produced and marketed in the same geographic region.

Writing off inventory below cost to arrive at net realizable value is consistent with IFRS, where assets should not be recognized for more than the amounts expected to be realized from their sale.

6.7 Trade receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less expected credit loss.

6.8 Cash and cash equivalents

For the purpose of statement of financial position, cash and cash equivalents include bank balances, cheques in hand and deposits with original maturities of three months or less, if any.

6.9 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

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6. MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

6.10 Bank facilities

Borrowings are initially recognized at fair value (as proceeds), net of transaction costs incurred. Subsequently, borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the borrowings to the extent that it is probable that some or all of the facilities will be drawn down. In such cases, the fees are deferred until the drawdown occurs.

To the extent that there is no evidence that it is probable that some or all of the facilities will be drawn down, the fees are capitalized as prepayments for liquidity services and amortized over the period of the related facilities.

Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss and other comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Other borrowing costs are recognized as an expense in the period in which they are incurred in the consolidated statement of profit or loss and other comprehensive income.

6.11 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

6.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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6. MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

6.12 Leases - continued

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

a) At initial recognition

The Group acting as lessee recognizes a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The right-of-use asset is measured at its cost which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is measured at the present value of the lease payments that are not paid at the date of the consolidated statement of financial position.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payments that depend on an index or rate, initially measured at the applicable index or rate at the lease commencement date;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, or the penalty payable on the exercise of a termination option unless the Group is reasonably certain not to exercise the option; and
- any amounts expected to be payable under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group is using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

b) Amortization of right-of-use assets

Right-of-use assets are generally amortized over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Amortization is charged to consolidated statement of profit or loss using the straight-line method to allocate their costs over their lease term.

c) Subsequent measurement

Right-of-use assets:

The Group adopt the cost model to measure right of use assets. After recognition as an asset, right-of-use assets are carried at its initial recognition amounts less any accumulated amortization and impairment losses, if any.

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6. MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

6.12 Leases - continued

Lease Liability:

The lease liability is measured as follows:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments.

Where the Group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

d) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

6.13 Zakat provision

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority (“ZATCA”). Zakat is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes.

On 22 March 2024, ZATCA announced the issuance of a new Zakat Implementing Regulation, through the Ministerial Resolution (MR) No.1007 dated 29 February 2024, which was electronically published in the Official Gazette (Umm Al-Qura) on 21 March 2024. The new Zakat regulation is replacing the current regulation issued through MR No. 2216 dated 14 March 2019.

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6. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

6.14 Employee benefit obligations

Employee benefit obligations are payable to all employees employed under the terms and conditions of the Labour Laws applicable on the group, on termination of their employment contracts.

The group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value.

The group sets the assumptions used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with the group's actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

Re-measurement of defined benefit liability, which comprise of actuarial gains and losses are recognised immediately in the consolidated statement of other comprehensive income. The group determines interest expense on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, considering any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit are recognised in the consolidated statement of profit or loss.

6.15 Provisions

Provisions are recognized when the group has:

- A legal or constructive obligation resulting from past events;
- It is probable that an inflow of resources will be required to settle the obligation in the future; and
- The amount can be estimated reliably.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects current market assessments of the time value of money and the risks specific to the liability.

If there are a number of similar obligations (for example, product guarantees, similar contracts or other provisions), the probability that an outflow will be required for settlement is determined on the basis of the class of obligations as a whole. Although the probability of a cash outflow for an item may be small, it may be possible that some cash inflows will be needed to settle the class of liabilities as a whole. Provisions are measured at the present value of the expenses expected to be used to settle the obligation. A pre-tax discount rate is used that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

6.16 Loss per share

Basic and diluted loss per share (if any) are presented for ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the period. The diluted loss per share are adjusted by adjusting the loss attributable to ordinary equity holders of the group and the weighted average number of shares outstanding during the year with the effect of all potential dilutive ordinary shares.

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6. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

6.17 Segmental reporting

Operating segment is a component of the group that engages in business activities from which it earns revenue and incurs costs including income and expenses related to transactions with any other elements of the group. A geographical segment is associated with the provision of products in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in economic environment. For further details about segment information refer to note 22.

6.18 Fair value measurement 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. Underlying the definition of fair value is the presumption that the group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industrial group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the group uses market observable data as far as possible. Fair values are categorized into different 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 in Level 1 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 the asset or liability that are not based on observable market data (unobservable inputs).

6.19 Foreign currency translation

Transactions conducted during the year in foreign currencies are converted into ﷲ at the prevailing exchange rates on the date of the transactions. The balances of monetary assets and liabilities recorded in foreign currencies are retranslated at the prevailing exchange rates on the date of the consolidated statement of financial position. Gains and losses from settlement and translation of foreign currency transactions are included in the statement consolidated profit or loss.

6.20 Dividends

Dividends are recorded in the consolidated financial statements in the year in which the General Assembly of Shareholders approves these distributions.

7. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

7.1 Changes in accounting estimates

The Group may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience. By its nature, a change in an accounting estimate does not relate to prior years and is not the correction of an error.

The effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior year errors.

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7. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS - CONTINUED

7.1 Changes in accounting estimates – continued

A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate. When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

The effect of a change in an accounting estimate, is recognized prospectively in profit or loss in the period of the change, if the change affects that period only or the period of the change and future periods, if the change affects both.

Change in depreciation method under IAS 16 and IAS 8

During the year, the management of the Group reviewed the estimated pattern of consumption of the future economic benefits of certain property, plant, and equipment (Machinery and equipment – related to production line). As a result, the Group changed depreciation method from the straight-line method to the units of production method. This change was made as part of the Group's periodic review of accounting estimates.

Management determined that the units of production method provides a more accurate reflection of the usage pattern and consumption of the economic benefits of the assets, given the production-based nature of their utilization.

As this change represents a change in accounting estimate, it has been applied prospectively, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", with effect from 1 January 2025.

The depreciation expense for the current year, under the units of production method, amounted to ﷲ 13,503,565 compared to ﷲ 35,605,643 that would have been recorded under the straight-line method, this change has reduced the depreciation cost for the year ended 31 December 2025 by ﷲ 22,102,078.

The impact of the change has been recognized in the current year's cost of production and profit or loss only

The other significant estimates made by management in applying the Group's accounting policies and key sources of estimation uncertainties were similar to those described in the last annual consolidated financial statements.

7.2 Critical Judgments and Key Sources of Estimation Uncertainty

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

7.2.1 Critical judgements in applying accounting policies

The following critical judgments that have most significant effect on the amounts recognized in the consolidated financial statements:

Determining the timing of revenue recognition on the sale of precast products

The Group evaluates the timing of revenue recognition on the sale of precast based on analysing of the rights and obligations under the terms of each contract.

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7. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS - CONTINUED

7.2 Critical Judgments and Key Sources of Estimation Uncertainty - continued

7.2.1 Critical judgements in applying accounting policies - continued

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group's consolidated financial statements continue to be prepared on the going concern basis.

7.2.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Zakat

Management has assessed the zakat position having regard to the regulations of ZATCA, decrees issued periodically and conventions. Interpretation of such legislation, decrees, and conventions is not always clear and entails completion of assessment by ZATCA.

Impairment of non-financial assets

An 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 fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Estimated useful life of property, plant and equipment

The cost of property, plant and equipment depreciated over the estimated useful life of the asset based on the expected use and obsolescence of the asset, the maintenance and repair program, technical obsolescence and the recoverable value considerations of the asset. Management reviews the residual value of property, plant and equipment and useful lives annually and change in depreciation charges where the management believe that the useful life differs than the past estimates.

Strategic and reserve spare parts

The group maintains strategic and reserve spare parts inventory for two production lines in its plant, which the management aims to maintain for longer periods more than one year. The management believes that all spare parts will be provided with future economic benefits from the future use of all property, plant and equipment. The management reviews spare parts that are in reserve equipment, which should be available as needed and depreciated with the estimated useful life of the associated asset.

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7. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS - CONTINUED

7.2.2 Key sources of estimation uncertainty - continued

Actuarial valuation of employee benefit obligations

The employees' benefit obligations is determined according to a defined unfunded benefit plan and measured using actuarial evaluation. Actuarial evaluation includes many assumptions that may differ from the actual future developments. These assumptions include the determination of the discount rate and future salary increases and turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. Thus, all assumptions are reviewed once a year or more often, as deemed necessary.

Provision for rehabilitation of areas subject to franchise license

The provision for rehabilitation of areas subject to franchise license is recognised at the present value of the expected cost of rehabilitation of the site and the group 's factory land. The current value of the provision estimated at the expected present value of the end of the factory lifespan, and the group relied on the renewal of the current quarry license after its expiry at the initial measurement of the current value of the provision.

Allowance for impairment for trade receivables

The Group assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, which are carried at amortized cost for accounts receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. ECL assessment requires a several estimates related to the categorization of customers, discount rates and a general assessment of the economic conditions in the market. Management use their best estimates and historical trends of customers to assess the receivables provision under ECL model.

Provision for obsolete, slow moving and damaged inventory

Management makes a provision for slow moving, obsolete and damaged inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of year.

Fair value measurement

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 estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 'Inventories' or value in use in IAS 36 'Impairment of Assets', where applicable.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

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8. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Buildings	Roads	Vehicles	Strategic spare parts	Furniture and office equipment	Capital work in progress	Total
Cost:								
Balance as at 1 January 2024	1,776,987,501	378,035,282	90,478,595	25,178,887	23,613,858	14,558,194	1,318,833	2,310,171,150
Additions during the year	68,235	139,000	-	32,800,000	-	877,522	2,530,877	36,415,634
Write-off during the year	(70,650)	-	-	-	-	(310,044)	-	(380,694)
Transferred between assets	1,129,368	1,458,253	-	-	(693,056)	-	(1,894,565)	-
Balance as at 31 December 2024	1,778,114,454	379,632,535	90,478,595	57,978,887	22,920,802	15,125,672	1,955,145	2,346,206,090
Additions during the year	905,196	129,970	-	-	71,167	92,205	800,000	1,998,538
Disposals during the year	-	-	-	(546,667)	-	(490,000)	-	(1,036,667)
Transferred between assets	489,338	-	-	-	(489,338)	-	-	-
Balance as at 31 December 2025	1,779,508,988	379,762,505	90,478,595	57,432,220	22,502,631	14,727,877	2,755,145	2,347,167,961
Accumulated depreciation:								
Balance as at 1 January 2024	399,338,847	135,514,305	33,849,141	14,782,019	9,924,237	12,236,313	-	605,644,862
Depreciation during the year	35,891,972	6,664,233	1,532,774	843,713	353,752	496,947	-	45,783,391
Write-off during the year	(70,647)	-	-	-	-	(306,577)	-	(377,224)
Balance as at 31 December 2024	435,160,172	142,178,538	35,381,915	15,625,732	10,277,989	12,426,683	-	651,051,029
Depreciation during the year	13,750,608	6,808,930	1,532,306	4,130,631	368,605	447,014	-	27,038,094
Disposals during the year	-	-	-	(26,798)	-	(98,000)	-	(124,798)
Balance as at 31 December 2025	448,910,780	148,987,468	36,914,221	19,729,565	10,646,594	12,775,697	-	677,964,325
Net book value:								
As at 31 December 2024	1,342,954,282	237,453,997	55,096,680	42,353,155	12,642,813	2,698,989	1,955,145	1,695,155,061
As at 31 December 2025	1,330,598,208	230,775,037	53,564,374	37,702,655	11,856,037	1,952,180	2,755,145	1,669,203,636

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8. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

8.1 The Group exploits raw materials quarries leased from the Ministry of Industry and Mineral Resources under a raw materials quarry license for a period of 30 Hijri years, starting from 3 Rajab, 1428 AH, corresponding to 17 July 2007.

8.2 The Group entered into a loan agreement with Saudi Industrial Development Fund and Alinma Bank. These loans are secured by a mortgage on all property, plant and equipment of the factory. The Group has also entered into a loan agreement with Al Rajhi Bank and SAB Al Awwal Bank. These loans are secured by a mortgage on all property, plant and equipment of the factory up to ﷲ 163.7 million and ﷲ 200 million respectively.

8.3 As of 31 December 2025, the capital work in progress mainly represents costs for power plant upgrade, construction of weight bridge and installation of water pumps.

8.4 Management conducted an impairment test for machinery and equipment as of 31 December 2025. For the purposes of assessing impairment, management used a discount rate of 10.05% and a terminal growth rate of 2.3%. The assessed recoverable amount was higher than the current net book value. The recoverable amount as of 31 December 2025 is based on value in use.

8.5 During 2024, the Group had entered into an agreement with one of its related parties (note 30) for the purchase of trucks with an amount of ﷲ 32,800,000 (excluding value-added tax) representing 60 trucks with bulkers.

8.6 Depreciation expense has been allocated as follows:

	Note	For the year ended 31 December	
		2025	2024
Cost of sales		24,919,410	44,532,230
Selling and marketing expenses	24	1,451,993	585,269
General and administrative expenses	25	666,691	665,892
		27,038,094	45,783,391

9. INTANGIBLE ASSETS

	Software	Capital work in progress	License	Total
Cost:				
Balance as at 1 January 2024	1,882,625	1,647,276	-	3,529,901
Additions during the year	-	1,662,021	-	1,662,021
Balance as at 31 December 2024	1,882,625	3,309,297	-	5,191,922
Additions during the year	-	235,937	-	235,937
Transfer during the year	422,550	(1,831,834)	1,409,284	-
Balance as at 31 December 2025	2,305,175	1,713,400	1,409,284	5,427,859
Accumulated amortization:				
Balance as at 1 January 2024	753,050	-	-	753,050
Amortization during the year	376,525	-	-	376,525
Balance as at 31 December 2024	1,129,575	-	-	1,129,575
Amortization during the year	461,035	-	469,761	930,796
Balance as at 31 December 2025	1,590,610	-	469,761	2,060,371
Net book value:				
As at 31 December 2024	753,050	3,309,297	-	4,062,347
As at 31 December 2025	714,565	1,713,400	939,523	3,367,488

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9. INTANGIBLE ASSETS - CONTINUED

9.1 Amortization expense for the year ended 31 December 2025 amounting to ﷲ 930,796 is charged to cost of sales, (2024: ﷲ 376,525).

9.2 As at 31 December 2025, the capital work in progress mainly represents costs for human resource project development and enterprise resource planning (SAP).

9.3 As at 31 December 2025, the license represents the right to use the official American Petroleum Institute (API) monogram on manufactured products.

10. LEASES

Leases represent lease of the Group's head office, with a lease term of 3 years. However, the agreement expired as at 31 December 2025.

10.1 Right of use assets

Right of use assets movement during the year is as follows:

	<u>Note</u>	For the year ended 31 December	
		<u>2025</u>	<u>2024</u>
Balance at the beginning of the year		565,686	565,686
Balance as at the end of the year		565,686	565,686
Accumulated depreciation:			
Balance at the beginning of the year		377,124	188,562
Depreciation charged during the year	25	188,562	188,562
Balance as at the end of the year		565,686	377,124
Net book value at the end of the year		-	188,562

10.2 Lease liability

Lease liability movement during the year is as follows:

	<u>Note</u>	For the year ended 31 December	
		<u>2025</u>	<u>2024</u>
Balance at the beginning of the year		205,160	393,274
Finance cost during the year	27	4,313	20,886
Payments during the year		(209,473)	(209,000)
Balance as at the end of the year		-	205,160

The table below shows the Group's discounted lease liabilities based on the contractual due date:

	As at 31 December	
	<u>2025</u>	<u>2024</u>
Lease liabilities – Current portion	-	205,160
Lease liabilities – Non current portion	-	-
	-	205,160

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11. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Ownership percentage		As at 31 December	
	2025	2024	2025	2024
Eastern Industrial Company (EIC) - Closed Saudi Joint Stock Co. (11.1)	10%	10%	46,000,000	46,000,000
Less: fair value reserve for investment in Eastern Industrial Company (11.2)			(46,000,000)	(46,000,000)
			-	-

11.1 The Group holds a 10% ownership in Eastern Industrial Company (EIC), a Closed Saudi Joint Stock Company in which the Group does not have effective control or influence.

11.2 In previous years, the Group devalued its investment in EIC to zero because EIC incurring accumulated losses and the decision by shareholders to liquidate EIC. Despite the appointment of a liquidator to oversee the liquidation process, the Group has not received any financial statements from EIC since 2019.

11.3 On 21 Jumada Al-Thani 1443 H, corresponding to 24 January 2022 the Group received a payment request from Saudi Industrial Development Fund (SIDF) amounting to ﷲ 49,549,920 as a result of EIC defaulting on a guaranteed loan that the Group had a share in since 2013. The Group had already recognized a liability for this amount in its financial statements in the year ended 31 December 2021 under "provision for a loan guarantee" and had made partial payments in the previous years (2022 and 2023) by an amount of ﷲ 9,955,000 and ﷲ 3,913,920 respectively. A lawsuit was filed by SIDF against the Group to recover the outstanding balance, and a court ruling initially ordered the seizure of funds to settle the debt, but this ruling was later lifted due to a defect in the guarantee provided by the Group. The remaining amount owed to SIDF is ﷲ 35,681,000, which the Group anticipates settling through the liquidation process.

11.4 Shareholders of EIC have announced the company's liquidation, and the bankruptcy trustee has initiated the liquidation process following a ruling by the Commercial Court in Dammam. The Group's general assembly has authorized legal action against former board members for losses arising from the investment in EIC.

11.5 The Group has commenced the liquidation process for EIC and has received confirmation of approval for a proportional payment of ﷲ 50,658,222 from the surplus of the liquidation proceeds to cover the Group's payments to date for the loans of EIC to Bank Al Jazira and SIDF, which were guaranteed by the Group.

11.6 Despite recording a liability of ﷲ 35,681,000 for guarantees made to SIDF for the EIC loan, during the year 2024, the management of the Group has decided to reverse this liability in the Group's books and disclose it as a contingent liability (note 29). This decision had been taken based on the updated information indicating SIDF's priority as a secured creditor in the liquidation of EIC's assets which has been supported by the Group's expert lawyer and the Group's assessment that the expected sale proceeds from EIC's assets will be sufficient to settle the outstanding amounts owed to SIDF. The Group's management believes that the recorded liability to SIDF is remote and cannot be reliably estimated, hence they reversed the liability and treated it as a contingent liability.

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12. INVENTORY

	As at 31 December	
	2025	2024
Raw materials	8,483,463	7,760,536
Work in progress (note 23.2)	27,031,267	194,344,895
Finished products	9,533,605	3,768,329
Spare parts	62,794,091	57,362,424
Fuel and consumables	12,133,335	10,592,684
	119,975,761	273,828,868
Less: Provision for slow moving inventory	(7,085,460)	(6,507,585)
	112,890,301	267,321,283

The movement on the provision for slow moving inventory during the year is as follows:

	2025	2024
Balance as of 1 January	6,507,585	6,507,585
Charge during the year	577,875	-
Balance as of 31 December	7,085,460	6,507,585

During the year ended 31 December 2025, an assessment for the net realizable value of inventory has been conducted by the management, which resulted in an impairment for finished products by an amount of ﷲ 577,875 which has been directly charged to cost of sales.

13. TRADE RECEIVABLES

	As at 31 December	
	2025	2024
Receivable from a related party (note 30)	21,421,838	29,037,664
Trade receivables	12,209,451	81,610,950
	33,631,289	110,648,614
Less: Provision for expected credit losses	(13,614,519)	(12,530,232)
	20,016,770	98,118,382

The movement of provision for expected credit losses is as follow:

	2025	2024
Balance as at 1 January	12,530,232	10,399,107
Provision charge during the year	1,084,287	2,131,125
Balance as of 31 December	13,614,519	12,530,232

Balances from four major customers represent 81% (2024: 69%) of total trade receivables.

The information related to the decline in the value of trade receivables and the Groups' exposure to credit risk is disclosed in (note 31.3).

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14. PREPAYMENTS AND OTHER RECEIVABLES

	Note	As at 31 December	
		2025	2024
Advances to suppliers		5,497,079	8,944,558
Clinker import support claims		3,790,884	3,790,884
Employee receivables		1,584,978	879,648
Prepaid expenses		1,498,021	7,232,556
Other receivables		1,374,799	508,957
		13,745,761	21,356,603
Less:			
Provision for expected credit losses on other debit balances	14.1	(4,897,103)	(3,790,884)
		8,848,658	17,565,719

14.1 The movement of provision for expected credit losses on other debit balances movement is as follows:

	2025	2024
Balance as of 1 January	3,790,884	-
Charged during the year	1,106,219	3,790,884
Balance as of 31 December	4,897,103	3,790,884

The information related to the decline in the value of employee and other receivables and the Groups' exposure to credit risk is disclosed in (note 31.3).

15. CASH AT BANKS

	As at 31 December	
	2025	2024
Cash at banks	1,860,312	11,959,909

Cash at banks is deposited with financial institutions with good credit rating and considered to have low risk (note 31.3). Cash at banks are maintained in current accounts and does not yield any income.

16. STATUTORY RESERVE

In accordance with the Company's By-laws and the provisions of the new Companies Law implemented in the Kingdom of Saudi Arabia in January 2023 and its implementing regulations, the Ordinary General Assembly may decide to establish other reserves to the extent that serves the Group's interests or ensures the distribution of fixed dividends, as far as possible, to shareholders. The said Assembly may also deduct amounts from net profits to achieve special purposes for the Group's employees.

In the extraordinary general assembly meeting held on 6 March 2025, the shareholders of the Group approved to transfer the statutory reserve amounted to ﷲ 62,947,016 to the retained earnings within the statement of changes in equity. This is in light of the amendments made to the Company's by-laws, which include the cancellation of the requirement to transfer to the statutory reserve. Accordingly, the statutory reserve has no balance as of 31 December 2025 (2024: ﷲ 62,947,016).

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17. BANK FACILITIES

The movement on credit facilities is as follows:

	Note	As at 31 December	
		2025	2024
Balance as of 1 January		729,086,797	610,688,524
Payments of the principal of the loan		(40,923,465)	(120,795,739)
Additions to the principal of the loan		3,923,978	244,616,582
Debt extinguishment of bank facilities	17.7	-	(14,234,714)
Financing costs for the year	27	55,650,732	52,884,855
Financing cost paid		(46,151,272)	(44,072,711)
Balance as of 31 December		701,586,770	729,086,797

The sources of outstanding facilities were as follows:

	Note	As at 31 December	
		2025	2024
Long-term bank facilities		515,261,693	525,958,998
Short-term bank facilities	17.6	161,038,263	149,627,988
Total bank facilities - local commercial banks		676,299,956	675,586,986
Saudi Industrial Development Fund facilities	17.3	17,972,489	34,700,000
Finance companies	17.4 & 17.6	7,314,325	18,799,811
		701,586,770	729,086,797

The current and non-current portion of the bank facilities are presented as follows:

	Note	As at 31 December	
		2025	2024
Long-term bank facilities – non current portion		126,264,389	403,832,361
Long-term bank facilities – current portion		406,969,793	163,134,153
Short term bank facilities	17.6	168,352,588	162,120,283
		701,586,770	729,086,797

Bank facilities - local commercial banks

	Note	As at 31 December	
		2025	2024
Bank facilities - SAB Al Awwal Bank (long-term)	17.1	139,536,815	143,059,418
Bank facilities - Alinma Bank (long-term)	17.2	272,055,221	279,857,523
Bank facilities - Alinma Bank (short-term)	17.6	110,873,465	98,338,903
Bank facilities - Alrajhi Bank (long-term)	17.5	103,669,657	103,042,057
Bank facilities - Alrajhi Bank (short-term)	17.6	50,164,798	51,289,085
		676,299,956	675,586,986
Saudi Industrial Development Fund facilities	17.3	17,972,489	34,700,000
		694,272,445	710,286,986

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17. BANK FACILITIES - CONTINUED**The maturity schedule for discounted bank facilities is as follows:**

	As at 31 December	
	2025	2024
Less than one year	575,322,381	325,254,436
From one to two years	30,891,951	60,426,134
From two to three years	30,891,951	77,677,665
More than three years	64,480,487	265,728,562
	701,586,770	729,086,797

17.1 The Group has total facilities amounting to ﷲ 154,459,754 from SAB Al Awwal Bank, where the outstanding balance as at 31 December 2025 amounting to ﷲ 139,536,815 (2024: ﷲ 143,059,418). These facilities are secured by a promissory note signed by chairman for the full value of the facilities and a mortgage of a portion of the company's assets. These facilities are repayable in quarterly instalments. The facilities were rescheduled during the third quarter of year 2024. The last instalment of these facilities (after rescheduling) is due in June 2031. The outstanding balance of the SAB Al Awwal Bank loan before rescheduling amounted to ﷲ 154,459,754, however, due to discounting the rescheduled instalments according to the terms before the rescheduling and the present value of future cash flows on the date of rescheduling, a difference of ﷲ 14,853,730 was recognized as extinguishment modification gain at 31 December 2024 (note 17.7).

17.2 The Group has bank facilities amounting to ﷲ 746,115,000 from Alinma Bank, where the outstanding balance of which as of 31 December 2025, amounted to ﷲ 272,055,221 (2024: ﷲ 279,857,523), part of where repaid by Al Rajhi Bank. These facilities are secured by a promissory note signed by chairman and a second mortgage on the Group's property, plant and equipment (note 8). These facilities are repayable in quarterly instalments. The facilities were rescheduled during the third quarter of year 2024. The last instalment of these facilities (after rescheduling) is due in May 2031. The outstanding balance of the Alinma loan before the rescheduling split into two loans amounted to ﷲ 250,000,000 and ﷲ 28,250,000 respectively. However, due to the discounting of the rescheduled instalments according to the terms before the rescheduling and the present value of future cash flows at the date of rescheduling, differences amounting to ﷲ 1,262,838 and ﷲ 643,822 respectively (net ﷲ 619,016), was recognized as extinguishment modification (loss) and gain respectively as at 31 December 2024 (note 17.7).

Due to the rescheduling agreements, the Group has a rescheduling fee amounting to ﷲ 2,087,124, and according to the requirements of the IFRS 9 "Financial Instruments" the rescheduling fee has been capitalized to the contractual cashflow and will be amortized over the agreement's term.

17.3 The Group has a loan from the Saudi Industrial Development Fund (SIDF) with outstanding balance of ﷲ 17,972,489 as at 31 December 2025 (2024: ﷲ 34,700,000). This loan is secured by a mortgage on all properties, machinery and equipment that are being established in the concession area granted to the Group, located southeast of Turaif Governorate, where the Group's factory is located, with an area of 22.6 square kilo meters, along with the entire factory, its equipment, machinery and all its accessories (note 8), with a net book value of ﷲ 1,669,203,636 as at 31 December 2025 (2024: 1,695,155,061). According to the agreement, the last instalment of this loan was due in 2017. On 14 April 2019, the Group obtained a schedule for the remaining dues instalments to SIDF amounting to ﷲ 87,500,000 divided on 11 instalments, with the last instalment amounting to ﷲ 61,500,000 to be paid in year 2020. During the third quarter of year 2024, the Group obtained a rescheduling of the remaining dues instalments to SIDF by an amount of ﷲ 52,700,000 divided into 10 monthly instalments. The last instalment of this loan is due in June 2025. Therefore, no extinguishment modification gain or loss had been recognized.

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17. BANK FACILITIES - CONTINUED

17.4 During the year 2023, the Group obtained facilities from Sukuk Financial Company by an amount of ﷲ 10,000,000 to be paid on quarterly instalments. The last instalment of these facilities was due in September 2025 to support the Group's operational activities. The facility was fully settled as of 31 December 2025.

The Group also obtained another facility from Manafa Finance Company amounting to ﷲ 7,500,000 during 2023, to be paid on monthly instalments, the last instalment was due in November 2025, which is a renewable facility, to support the Group's operational activities.

During the second quarter of year 2024, the Group obtained another facility from Lendo Company by an amount of ﷲ 7,500,000 to be paid on monthly instalments starting after four months from the date of obtaining the facility, and the last instalment was due in July 2025. Facility had been obtained to support operational activities. The facility was fully settled as of 31 December 2025.

17.5 During the third quarter of year 2024, the Group obtained long-term facilities from Al Rajhi Bank by an amount of ﷲ 100,000,000, for the purpose of repaying part of the existing loan of Alinma Bank. These facilities are secured by a promissory note signed by chairman and a mortgage of part of the Group's property, plant and equipment (note 8). These facilities are repayable in semi-annual instalments. The last instalment of these facilities is due in August 2032.

17.6 Short-term credit facilities

During the third quarter of year 2024, the Group obtained credit facilities from Alinma Bank, with a total limit of ﷲ 95,750,000. The total balance of the facility has been received during the year 2024. These facilities are subject to a commission according to the prevailing market prices.

Short-term banks facilities also included credit facilities from Manafa Finance Company amounting to ﷲ 7,500,000 obtained during the year 2023, and credit facilities from Lendo Company amounting to ﷲ 7,500,000 obtained during the year 2024. These facilities are subject to commissions according to the prevailing interest rates in the market.

During the third quarter of year 2024, the Group obtained additional bank facility to support the Group's operational activities from Al Rajhi Bank, with a credit limit of ﷲ 50,000,000. This facility is subject to commission according to prevailing interest rates in the market.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Alinma Bank	110,873,465	98,338,903
Al Rajhi Bank	50,164,798	51,289,085
Manafa Finance Company	6,908,595	6,855,600
Lendo Company	405,730	5,636,695
Short term credit facilities	168,352,588	162,120,283
Sukuk Financial Company	-	6,307,517
Total	168,352,588	168,427,800

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17. BANK FACILITIES - CONTINUED**17.7 Rescheduling of bank facilities**

As a result of the rescheduling of the bank facilities referred to above, and as a result of the Group's management signing rescheduling agreements for banks facilities with all of Alinma Bank, SAB Al Awwal Bank and SIDF bank, which led to a change in the repayment terms as a result of extending the repayment period, as well as changing the commission rates as a result of renegotiation, the Group's management performed 10% corridor test for the commitment of bank facilities in accordance with the requirements of IFRS 9 "Financial Instruments", as a result of the change in the pattern of cash flows, and this test resulted in net extinguishment modification gain at 31 December 2024 amounting to ﷲ 14,234,714. This amount represents the difference between the present value of the bank facilities according to the terms before the rescheduling and the present value of future cash flows according to the terms of the bank facilities after modification, which are discounted at the original effective interest rate of the facility. Since the difference rate is less than 10%, the modification in the terms is not considered substantial and is not accounted for as a derecognition of the old facilities and the recognition of a new financial obligation. Accordingly, the present value of future cash flows under the terms of the modification was recognized using the original effective interest rate of those facilities, and the difference was recognized as a extinguishment modification gain for the year ended 31 December 2024.

The extinguishment modification gains from bank facilities are as follows:

	<u>Balance before rescheduling</u>	<u>Balance after rescheduling</u>	<u>Cash flow gains / (loss)</u>
Bank facilities – SAB Al Awwal Bank	154,459,754	139,606,024	14,853,730
Bank facilities – Alinma Bank	278,250,000	278,869,016	(619,016)
Credit facilities – SIDF	54,700,000	54,700,000	-
	<u>487,409,754</u>	<u>473,175,040</u>	<u>14,234,714</u>

17.8 Financial covenants

These bank facilities contain financial covenants, the breach of which may lead to renegotiation with the lenders. These covenants are monitored on a periodic basis by management. In the event of a breach or potential breach of these covenants, management ensures the compliance with these covenants. Some of these covenants are linked to financial ratios. The Group was unable to comply with financial covenant of Al Rajhi Bank and Alinma Bank, accordingly, an amount of ﷲ 100,000,000 and ﷲ 250,000,000 has been reclassified as long term banks facility-current portion.

18. QUARRY EXPLOITATION FEE

	<u>Note</u>	<u>For the year 31 December</u>	
		<u>2025</u>	<u>2024</u>
Balance as of 1 January		36,811,759	39,577,912
Finance cost	27	2,671,257	3,233,847
		<u>39,483,016</u>	<u>42,811,759</u>
Paid during the year	18.1	(4,800,000)	(6,000,000)
Balance as of 31 December		<u>34,683,016</u>	<u>36,811,759</u>

The current and non-current portion of quarry exploitation fee is presented as follows: -

	<u>As at 31 December</u>	
	<u>2025</u>	<u>2024</u>
Quarry exploitation fee - non-current portion	16,539,778	26,683,018
Quarry exploitation fee - current portion	18,143,238	10,128,741
	<u>34,683,016</u>	<u>36,811,759</u>

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18. QUARRY EXPLOITATION FEE - CONTINUED

18.1 On 27 Rabi' al-Awwal 1445H (corresponding to 12 October 2023), and in accordance with the arrangement signed between the Group and the Ministry of Industry and Mineral Resources, it has been agreed to reschedule the due balance of quarry exploitation fee to the Ministry of Industry and Mineral Resources as at 31 December 2022, amounting to ﷲ 48,915,768 where the first instalment will be due on 1 September, 2023, and the last instalment will be due on 1 March 2028. These instalments have been recognized at their discounted value. During the year ended 31 December 2025, the Group has submitted request to the Ministry of Industry and Mineral Resources to reschedule outstanding dues amounting to ﷲ 34,683,016. As of the 31 December 2025, formal approval had not yet been received. However, existing classification of the outstanding dues between current and non-current liabilities has been considered based on the latest signed reschedule agreement.

19. EMPLOYEE BENEFIT OBLIGATIONS

The Group's policy stipulates that all employees who complete a qualifying period of service are entitled to end-of-service benefits under the Labour Law in the Kingdom of Saudi Arabia.

The annual employee end-of-service benefit obligation is based on the actuarial evaluation, and the most recent actuarial evaluation was conducted by an independent expert appointed by the Group's management, using the actuarial methodology for the projected credit unit method as of 31 December 2025.

	For the year ended 31 December	
	2025	2024
Balance at 1 January	10,553,319	8,867,869
Expense charged to the statement of profit or loss	2,164,825	1,842,126
Actuarial remeasurement charged to other comprehensive income	(172,192)	259,409
Paid during the year	(1,596,705)	(416,085)
Balance at 31 December	10,949,247	10,553,319

	Note	For the year ended 31 December	
		2025	2024
Amount charged to the statement of profit or loss			
Current service cost		1,660,738	1,502,819
Finance cost	27	504,087	403,735
Past service cost		-	(64,428)
		2,164,825	1,842,126

	For the year ended 31 December	
	2025	2024
Amount charged to other comprehensive income:		
Effect of changes in financial assumptions	(405,477)	(202,301)
Effect of experience adjustments	233,285	461,710
	(172,192)	259,409

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19. EMPLOYEES' BENEFIT OBLIGATIONS - CONTINUED

Actuarial assumptions:

During the year actuarial valuations were performed under the projected unit credit method using the following significant assumptions:

	<u>2025</u>	<u>2024</u>
Financial assumptions:		
Discount rate	5.4%	5%
Salary increases rate	2.5%	2.5%
Demographic assumptions:		
Withdrawal rates	Moderate	Moderate
Retirement age	58 - 65 years	58 - 65 years

Actuarial sensitivity analysis to determine employee benefit obligations

Sensitivity analysis is based on the change in assumptions while all other assumptions are held constant. In practice, this is unlikely to happen and some changes in some assumptions may be related to each other. When calculating the sensitivity of employee benefit obligations to a fundamental actuarial assumption, the same method is applied (the present value of employee benefit obligations is calculated on the basis of the projected unit credit method). estimated at the end of the reporting period) when calculating employee benefit obligations recognized in the consolidated statement of financial position as shown below:

	Reasonable possible changes	End-of-service compensation obligation for employees	
		As at 31 December	
		<u>2025</u>	<u>2024</u>
Discount rate			
Increase	+1%	10,047,592	9,636,026
Decrease	-1%	12,018,190	11,637,111
Salary increase rate			
Increase	+1%	12,039,614	11,654,227
Decrease	-1%	10,015,835	9,606,965

20. TRADE AND OTHER PAYABLES

	Note	As at 31 December	
		<u>2025</u>	<u>2024</u>
Trade creditors		88,408,673	85,059,005
Accrued expenses	20.1	26,132,582	15,473,010
Accrued salaries, wages and other benefits		7,112,519	9,009,898
Provision for rehabilitation of areas		2,541,000	2,541,000
Other payables		168,243	-
Retention execution of works		138,863	138,863
Accrued discounts	20.2	-	60,351,738
		<u>124,501,880</u>	<u>172,573,514</u>

20.1 Accrued expenses include provision against legal claims as of 31 December 2025 amounting to ﷲ 5,621,155 (2024: nil).

20.2 The Group had accrued discounts amounting to ﷲ 60,351,738 as at 31 December 2024 for various customers. During the year the Group has issued credit notes to those customers by the full amount and accordingly, the discount has been settled against the receivable balance.

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21. PROVISION FOR ZAKAT

A) The movement in provision for Zakat for the year is as follow:

	For the year ended 31 December	
	2025	2024
Balance at the beginning of the year	28,656,653	24,129,383
Charge during the year	6,243,023	5,300,000
Paid during the year	(525,000)	(772,730)
Balance at the end of the year	34,374,676	28,656,653

B) Zakat assessment position

The Company and its subsidiaries submitted their zakat returns until the year ended 31 December 2025, and is yet to obtain the related zakat certificate. Currently, the Group has a zakat certificate valid until 30 April 2025.

The Company received partial zakat assessments from ZATCA for the years from 2014 to 2018, totalling additional zakat by ﷲ 34,300,000. The Company objected to those assessments before the General Secretariat of the Tax Committees (the “Committees”).

For the years 2014 and 2015, the Committees cancelled ZATCA procedure for 2014 due to the statute of limitations and partially upheld the decision for 2015. ZATCA then filed an appeal, but the Court of Appeal upheld the Committees’ decision for both 2014 and 2015, dismissing the ZATCA appeal. For the years 2016 to 2018, the Committees partially accepted the assessment for 2016 and 2017, while rejecting the objection for 2018. The Company appealed the decisions for those years, but the appeals were rejected, and the Adjudication Committee’s decision was upheld. The Company had submitted requests for reconsideration for 2016 and 2017, but these requests were rejected. The Group agreed with ZATCA, and the amount was settled.

The Company received zakat assessments for the years 2019 and 2020 with additional zakat amounting to ﷲ 3,700,000. It was objected to by ZATCA and an advance payment was paid as a guarantee to complete the objection procedures. The objection was rejected by ZATCA and the objection was submitted to the Committees. The objection was rejected before the Committees. The Company appealed the Committees’ decision, and a decision was issued to uphold the Committees’ decision. The Company submitted an appeal on the Committees’ decision, and the appeal was rejected. The Group agreed with ZATCA, and the case is considered finalized.

During the year 2025, the Company received zakat assessments for the years 2021, 2022 and 2023, with additional zakat amounts of ﷲ 756,877, ﷲ 22,712 and ﷲ 1,025,107, respectively. The Company has accepted the assessments for the years 2021 and 2022 with ZATCA, and these cases are considered finalized. However, the Company has submitted an objection with ZATCA regarding the assessment for the year 2023, which is currently under review. Management is confident that the outcome of the objection will be in favour of the Company.

The zakat return for the year 2024 are still not reviewed by ZATCA, as of 31 December 2025.

On 15 October 2025, the Group has submitted request to the ZATCA for instalment plan and to settle its outstanding liabilities and the approval is still awaited.

The Group had maintained adequate provisions to cover these assessments.

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22. NET REVENUE

The Group has one business segment, which is mainly represented in the production and sale of ordinary cement (Portland), salt-resistant cement, agglomerated cement (clinker) and pozzolanic cement. The Group factory is located in the city of Turaif, Kingdom of Saudi Arabia.

	For the year ended 31 December	
	2025	2024
Cement and clinker sales	244,311,341	256,504,047
Net Revenue	244,311,341	256,504,047

	For the year ended 31 December	
	2025	2024
Geographical information of net revenue		
Sales within the Kingdom of Saudi Arabia	214,103,424	227,329,208
Sales outside the Kingdom of Saudi Arabia	30,207,917	29,174,839
	244,311,341	256,504,047

	For the year ended 31 December	
	2025	2024
Type of products		
Cement sales	221,981,531	227,724,084
Clinker sales	22,329,810	28,779,963
	244,311,341	256,504,047

Revenue has been recognized at a point in time and the Group is considered principal in all sale transactions.

22.1 Transactions with key clients

Revenue from two major customers amounted to 53% of total revenue and receivable balance as at 31 December 2025 amounting to ﷲ 21,421,838 (2024: 54% and receivable balances amounting to ﷲ 63,779,480). The rest of the revenue is derived from various customers whose individual share is less than 10% of net revenue.

23. COST OF REVENUE

23.1 The cost of revenue mainly represents the cost of raw materials, salaries and wages, overheads, fuel, energy, depreciation, amortization, spare parts and consumables. As of 31 December 2025 the cost of direct materials disbursed from inventory amounted to ﷲ 73.7 million (2024: ﷲ 117.1 million).

23.2 During the year ended 31 December 2025, the management identified significant differences in work-in-progress inventory balances during the year-end physical inventory count. Accordingly, management recognized an inventory loss of ﷲ 97.8 million arising from discrepancies between quantities recorded in the management's inventory records and quantities determined by management's expert report.

Management has initiated a detailed review and engaged an external consultant to investigate the matter, with preliminary findings indicating possible accumulations from prior periods and inconsistencies in certain inventory measurement and recording processes. As sufficient evidence was not available to determine the specific periods to which the differences relate, the full adjustment has been recognized in the current year consolidated financial statements.

The investigation is still ongoing and may result in further accounting adjustments or disclosures in future years.

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24. SELLING AND MARKETING EXPENSES

	Note	For the year ended 31 December	
		2025	2024
Employee benefits		5,232,189	10,416,387
Depreciation of property, plant and equipment	8	1,451,993	585,269
Professional fee		1,000,000	-
Other		-	37,175
		<u>7,684,182</u>	<u>11,038,831</u>

25. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	For the year ended 31 December	
		2025	2024
Employee benefits		17,671,817	20,592,558
Board members' remuneration	30	6,121,667	7,900,002
Provision for the year against legal claims	20.1	5,621,155	-
Professional fee		2,900,335	4,526,853
Annual subscription		906,595	742,487
Depreciation of property, plant and equipment	8	666,691	665,892
Donations		265,027	840,270
Depreciation of right-of-use assets	10	188,562	188,562
Others		5,208,879	3,538,541
		<u>39,550,728</u>	<u>38,995,165</u>

Auditors' remuneration for the statutory audit and review of the Group's financial statements for the year ended 31 December 2025 amounts to ﷲ 275,000 (2024: ﷲ 450,000). Fee for other statutory and related services provided by the auditors to the Group amounts to ﷲ 40,000 (2024: ﷲ 32,000).

26. OTHER INCOME, NET

	Note	For the year ended 31 December	
		2025	2024
Loss on disposal of property, plant and equipment		(343,859)	(3,470)
Scrap sales		428,159	799,753
Reversal of loan guarantee provision	11.6	-	35,681,000
Other		2,244,805	727,241
		<u>2,329,105</u>	<u>37,204,524</u>

27. FINANCE COST

	Note	For the year ended 31 December	
		2025	2024
Interest on bank facilities	17	55,650,732	52,884,855
Interest on quarry exploitation fee	18	2,671,257	3,233,847
Interest on employee benefit obligations	19	504,087	403,735
Interest on lease liabilities	10.2	4,313	20,886
		<u>58,830,389</u>	<u>56,543,323</u>

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28. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share was calculated by dividing net loss for the year by the weighted average number of shares during the year. Diluted loss per share is same as basic loss per share as the Group has neither convertible securities nor derivative financial instruments to exercise.

	For the year ended 31 December	
	2025	2024
Net loss for the year	(206,564,677)	(27,731,380)
Weighted average number of shares	108,700,000	108,700,000
Basic and diluted loss per share based on net loss of the year - ﷲ per share	(1.90)	(0.26)

29. CONTINGENCIES

The Group has a contingent liability of ﷲ 35,681,000 due to a SIDF guarantee on behalf of Eastern Industrial Company. This liability has been considered contingent based on the circumstances stated in note 11.

30. TRANSACTIONS WITH RELATED PARTIES

Related parties are subsidiaries, associates, joint ventures, shareholders who have representation on the Company's board of directors, their close relatives, members of the board of directors, partners of subsidiaries, members of the Group's senior management, and companies that they control, are under common control, or over which they have a significant influence.

Related party transactions primarily involve salaries, allowances, and bonuses of key executives, and sales of cement to shareholders.

Key management personnel are those who exercise authority and responsibility for planning, directing, and controlling the Group's activities, directly or indirectly, including members of the Board of Directors (whether executive or otherwise).

Members of the Board of Directors are not paid any compensation for their role in managing the Group unless approved by the General Assembly. Board members are paid an attendance allowance for Board and Board committee meetings. Chief Executive Officers are paid a fixed remuneration for their direct management duties and responsibilities.

(a) Major shareholders

Following are the major shareholders of the Group:

	Ownership percentage	
	31 December 2025	31 December 2024
Suleiman bin Saleh Al-Muhailib and Sons Company	5.19%	5.09%
Rasana Fund	-	6.267%

(b) Transactions with related parties

Shareholder name	Nature of the relationship	Nature of the transaction	For the year ended 31 December	
			2025	2024
Suleiman bin Saleh Al-Muhailib and Sons Company	Major shareholder	Sale of cement (Net)	93,005,153	86,767,867
		Purchase of trucks	-	32,800,000

As at 31 December 2025 the shareholder (Suleiman bin Saleh Al-Muhailib and Sons Company), has a receivable balance amounting to ﷲ 21,421,838 (2024: ﷲ 29,037,664). The balance is recorded under trade receivables (note 13).

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30. TRANSACTIONS WITH RELATED PARTIES

(c) Details of the compensation and bonuses paid to non-executive directors and senior management staff

Related parties	Nature of the transaction	For the year ended 31 December	
		2025	2024
Key Management	Salaries, wages, and other benefits	5,796,286	15,831,056
Board of Directors	Board remuneration and attendance allowances	6,121,667	7,900,002

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including market risk, credit risk, and liquidity risk.

Financial instruments in the Group's consolidated statement of financial position include investments at fair value through other comprehensive income, cash at banks, employee receivables, other receivables, trade receivables, trade and other payables, quarry exploitation fees, lease liabilities and banks facilities.

31.1 Financial instruments by category

	As at 31 December	
	2025	2024
Financial assets at amortized cost:		
Trade receivables	20,016,770	98,118,382
Cash at banks	1,860,312	11,959,909
Employee receivables	1,584,978	879,648
Other receivables	1,374,799	508,957
Total financial assets	24,836,859	111,466,896
Financial liabilities at amortized cost:		
Bank facilities	701,586,770	729,086,797
Trade and other payables	124,501,880	172,573,514
Quarry exploitation fee	34,683,016	36,811,759
Lease liabilities	-	205,160
Total financial liabilities	860,771,666	938,677,230

The Group has no financial assets and financial liabilities at fair value.

31.2 Market risk

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as, profit rate, price risk and foreign currency exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED**31.2 Market risk - continued****Profit rate risk**

Profit rate risk is the exposure associated with the effect of fluctuations in the prevailing profit rates on the Group consolidated financial position and consolidated cash flows.

The profit rate statement for the Group's profit bearing financial instruments disclosed to the Group's management is as follows:

	As at 31 December	
	2025	2024
Bank facilities	701,586,770	729,086,797
	701,586,770	729,086,797

The table below reflects the reasonably likely effect of a 100 basis point change in profit rates at the financial position date on profit or loss, assuming all other variables to remain constant.

	Profit / (loss) 2025		Profit / (loss) 2024	
	Bps decrease on profit rate 100 bp	Bps increase on profit rate 100 bp	Bps decrease on profit rate 100 bp	Bps increase on profit rate 100 bp
Bank facilities	7,015,868	(7,015,868)	7,290,868	(7,290,868)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the group currency. The Group's exposure to foreign currency risk is primarily limited to transactions in United State Dollars. The Group's management believes that exposure to currency risk on financial instruments is limited.

Price risk

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

Price risk does not apply to the Group, as it has no investments in equity instruments or derivatives affected by market fluctuations.

31.3 Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on the financial instruments as follows:

	2025	2024
Trade receivables	20,016,770	98,118,382
Cash at banks	1,860,312	11,959,909
Employee receivables	1,584,978	879,648
Other receivables	5,165,683	4,299,841
	28,627,743	115,257,780

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31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED**31.3 Credit risk - continued**

The carrying amounts of financial assets represent the maximum credit exposure.

Cash at banks

Credit risk from balances with banks and financial institutions is managed by the Group's cash department in accordance with the Group's policy. The credit risk on bank balances is low given that the Group has outstanding credit facilities with various banks, in Saudi Arabia, with good credit ratings, accordingly concentration risk is also low.

Trade receivables

The following table represents an analysis of the aging of trade receivables and expected credit losses as follows:

<u>31 December 2025</u>	Total accounts receivable	Expected credit losses	Expected credit loss
90 days	8,804,547	352,729	4%
91-180 days	12,724,650	1,159,698	9%
More than 365 days	12,102,092	12,102,092	100%
Total	33,631,289	13,614,519	

<u>31 December 2024</u>	Total accounts receivable	Expected credit losses	Expected credit loss
90 days	29,331,189	263,040	0.9%
91-180 days	45,697,435	2,930,129	6%
181-270 days	23,739,946	24,537	0.1%
271-360 days	987	444	45%
More than 365 days	11,879,057	9,312,082	78%
Total	110,648,614	12,530,232	

The Group manages credit risk related to amounts due from trade receivables through monitoring in accordance with established policies and procedures. The Group limits credit risks related to trade receivables by setting credit limits for each customer and monitoring existing trade receivables on an ongoing basis.

Employee and other receivables

<u>31 December 2025</u>	Total receivable	Expected credit losses	Expected credit loss
90 days	1,813,691	-	-
More than 365 days	4,936,970	4,897,103	99%
Total	6,750,661	4,897,103	

<u>31 December 2024</u>	Total receivable	Expected credit losses	Expected credit loss
90 days	1,388,605	-	-
More than 365 days	3,790,884	3,790,884	100%
Total	5,179,489	3,790,884	

The Group manages credit risk related to amounts due from employee and other receivables through monitoring in accordance with established policies and procedures. The Group limits credit risks related to employee receivables by setting credit limits for each employees and monitoring existing other receivables on an ongoing basis.

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31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED**31.4 Liquidity risk**

Liquidity risk is the difficulty an entity faces in providing funds to meet obligations related to financial instruments. Liquidity risk can result from the inability to sell a financial asset quickly at an amount close to its fair value.

The contractual maturities of financial liabilities at the end of the financial year are as follows. Amounts are shown in gross, undiscounted and include estimated interest payments:

31 December 2025	Less than one year	More than 1 year to 3 years	More than 3 years	Total	Book value
Trade payables	124,501,880	-	-	124,501,880	124,501,880
Quarry exploitation fee	18,143,238	16,539,778	-	34,683,016	34,683,016
Bank facilities	340,322,381	141,783,901	219,480,488	701,586,770	701,586,770
	482,967,499	158,323,679	219,480,488	860,771,666	860,771,666

31 December 2024	Less than one year	More than 1 year to 3 years	More than 3 years	Total	Book value
Trade payables	172,573,514	-	-	172,573,514	172,573,514
Quarry exploitation fee	10,128,741	26,683,018	-	36,811,759	36,811,759
Bank facilities	325,254,436	138,103,799	265,728,562	729,086,797	729,086,797
Lease liabilities	209,000	-	-	209,000	209,000
	508,165,691	164,786,817	265,728,562	938,681,070	938,681,070

Liquidity risk is managed by monitoring it on a regular basis to ensure the availability of the necessary funds, banking and other credit facilities upon delivery of goods or to meet the Group's future obligations. The Group's sales terms stipulate that payments are made in cash on a credit sale basis.

31.5 Capital management

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

The adjusted ratio of the Group's net liabilities to equity is as follows:

	As at 31 December	
	2025	2024
Total liabilities	906,095,589	977,887,202
Less: cash at banks	(1,860,312)	(11,959,909)
Net liabilities	904,235,277	965,927,293
Total equity	910,091,576	1,116,484,061
Net liabilities to equity	0.99	0.87

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31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

31.6 Financial instruments at fair value

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<u>2025</u>	<u>Book value</u>	<u>Level 1</u>	<u>Fair value</u> <u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>					
Investment in equity instruments at fair value through other comprehensive income (note 11)	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2024</u>	<u>Book value</u>	<u>Level 1</u>	<u>Fair value</u> <u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>					
Investment in equity instruments at fair value through other comprehensive income (note 11)	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- There were no transfers between the fair value levels during the year.

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32. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures for the year ended 31 December 2024 have been reclassified in line with the presentation for the current year ended December 31, 2025.

	Balance previously presented	Reclassification	Balance after reclassification
Cost of sales	240,668,980	(19,002,759)	221,666,221
General and administrative expenses	24,101,522	14,893,643	38,995,165
Selling and marketing expenses	6,929,715	4,109,116	11,038,831

33. SUPPLEMENTAL NON-CASH FINANCIAL INFORMATION

	Note	For the year ended 31 December	
		2025	2024
Accrued discounts settled against trade receivables	20.2	60,351,738	-
Purchase of property, plant and equipment from a related party	8	-	32,800,000
Actuarial gain (loss) on re-measurement of employee benefit obligations	19	172,259	(259,409)

34. SUBSEQUENT EVENTS

Subsequent to the year ended 31 December 2025, significant 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 Group's financial position as at 31 December 2025. This is considered as a non-adjusting subsequent event under IAS 10 "Events after the reporting period". Management continues to monitor the situation closely and will provide updates and disclosures in future periods, if required, as more information becomes available.

The management believes that there have been no other significant subsequent events since the year-end that require disclosure or adjustment in these consolidated financial statements.

35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 11 Thul-Qi'dah 1447H (corresponding to 28 April 2026).