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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Najran Cement Company (A Saudi Joint Stock Company)
Najran - Saudi Arabia

Qualified Opinion

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

In our opinion, 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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Qualified Opinion

As disclosed in Note (10-3) to the consolidated financial statements regarding property, plant and equipment, the Group's management has performed an impairment assessment with the assistance of an external consultant to verify that no impairment in the value of property, plant and equipment in accordance with the requirements of International Financial Reporting Standard (IAS 36) "Impairment of Assets." This assessment was based on projected future cash flows and other key assumptions, due to the presence of potential indications of impairment in property, plant and equipment with their carrying amount to SR 1,944 million as of 31 December 2025. These indications include, among others, a decline in the Group's net profit for the year ended 31 December 2025 compared with the profits reported to prior years, and the underutilization of full production capacity of the main production lines, in addition to other factors and considerations, and the assessment concluded that no impairment exists. We were unable to obtain sufficient and appropriate audit evidence to assess the reasonableness of the key assumptions and forecasts used by management and its external consultants in performing this assessment. Accordingly, we were unable to determine whether any adjustments might be necessary to the consolidated financial statements as of and for the year ended 31 December 2025.

We conducted our audit in accordance with International Standards on Auditing as 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 (including International Independence Standards), as 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 that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Independent Auditor's Report to the Shareholders of Najran Cement Company (A Saudi Joint Stock Company), Najran - Saudi Arabia (Continued)

Key Audit Matters

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

Key audit matter **Revenue recognition**	**How the matter was addressed in our audit**
The Group has recognized revenue from operations for the year ended 31 December 2025 amounted to SR 516 million. (2024: SR 535 million). The Group recognizes the revenue at a point in time when control over the goods is transferred to the customer, generally on delivery of the goods. Revenue is considered as a key audit matter as this requires the management to establish the fact that control over goods is transferred at the time of delivery in accordance with "IFRS 15 - Revenue from contracts with customers", and that the variety of terms that define when control is transferred to the customer as well as the high volume of the transactions give rise to the risk that revenue is not recognized in the correct period. The Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the control has been transferred. Accordingly, revenue was considered a Key Audit Matter.	Our audit procedures to assess the recognition of revenue included the following: • Assessed Group's revenue recognition policy and its compliance in terms of IFRS 15; • Assessed the design and implementation of controls related to revenue recognition; • Performed tests on selected samples by tracing the individual sales transaction to sales invoices, sales orders, delivery notes and other related documents. Further in respect of the samples tested, we checked that the revenue has been recognized as per the shipping terms; • Performed sample tests of revenue transactions made pre- and post-year end and agreed the period of revenue recognition to third party support such as transporter invoice and customer confirmation of receipt of goods; • Assessed the adequacy of the related disclosures.
Refer to note (4) for the accounting policy and note (22) for related disclosures.	

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Independent Auditor's Report to the Shareholders of Najran Cement Company (A Saudi Joint Stock Company), Najran - Saudi Arabia (Continued)

Key Audit Matters (Continued)

<table>
<tr><th>Key audit matter
Existence and valuation of inventories</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As at 31 December 2025, The inventory of the Group includes raw materials and work in process amounted to SR 371,9 million. (2024: SR 328,7 million).

This mainly includes Clinker, Bauxite and Iron ore which are stored in stockpiles in yards. As the weighing of these inventories is not practically possible, management appoints an external surveyor to assess the reasonableness of the quantities on hand by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using angle of induction and bulk density.

Existence and valuation of inventories is considered as a key audit matter because of the significance of inventory balances and related estimations involved in determining the quantities.</td><td>Our audit procedures to assess the existence and valuation of inventory included the following:
• Attended physical inventory counts performed by the Group and the external surveyor;
• Evaluated the competence, capabilities and objectivity of the surveyor;
• Obtained and reviewed the inventory count report of the external surveyor for major stock items on sample basis;
• Assessed the reasonableness of management's measurements of stockpiles during the physical count and calculation of the conversion of stockpiles to the volumes;
• Assessed the completeness and adequacy of disclosures relating to the inventories.</td></tr>
<tr><td colspan="2">Refer to note (4) for significant accounting estimate and note (12) for related disclosure</td></tr>
</table>

Other Information

Other information consists of the information included in the Group's annual report for the year ended 31 December 2025, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

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

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

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Independent Auditor's Report to the Shareholders of Najran Cement Company (A Saudi Joint Stock Company), Najran - Saudi Arabia (Continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the 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.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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Independent Auditor's Report to the Shareholders of Najran Cement Company (A Saudi Joint Stock Company), Najran - Saudi Arabia (Continued)

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

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

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

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

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

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

For BDO Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
License No. 514

د. محمد العمري وشركاه - محاسبون قانونيون
شركة مهنية رقم ٣٢٣/١١/٦٦
س.ت ١٠١٠٣٣٢٧٥٣٣٠٤٠
Jeddah
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

18/10/1447(H)
06/04/2026 (G)

NAJRAN CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	31 December 2025 SR '000	31 December 2024 SR '000
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,944,136	2,029,870
TOTAL NON-CURRENT ASSETS		**1,944,136**	**2,029,870**
Current assets			
Inventories	12	438,990	379,628
Trade receivables	13	22,315	21,839
Prepayments and other receivables	14	23,044	28,871
Cash and cash equivalents	15	6,722	16,485
TOTAL CURRENT ASSETS		**491,071**	**446,823**
TOTAL ASSETS		**2,435,207**	**2,476,693**
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1,700,000	1,700,000
Treasury shares	18	(43,847)	-
Retained earnings		378,825	342,315
TOTAL EQUITY		**2,034,978**	**2,042,315**
Non-current liabilities			
Employees' defined benefit obligations	16	52,562	47,684
Non-current portion of lease liability	17	1,549	1,827
Rehabilitation provision	11	1,302	1,217
Non-current portion of long-term borrowing	19	215,280	205,962
TOTAL NON-CURRENT LIABILITIES		**270,693**	**256,690**
Current liabilities			
Provision for zakat	20	7,799	6,927
Current portion of lease liability	17	277	269
Current portion of long-term borrowing	19	35,393	61,357
Short-term financing	19	10,000	30,000
Contract liability-advances from customers		6,210	5,542
Trade payables		53,006	46,958
Accrued and other payables	21	15,952	25,181
Dividends payable		899	1,454
TOTAL CURRENT LIABILITIES		**129,536**	**177,688**
TOTAL LIABILITIES		**400,229**	**434,378**
TOTAL EQUITY AND LIABILITIES		**2,435,207**	**2,476,693**

CFO	CEO	Authorized Board Member
Rami Jawad Abu Jneid	Ataa Abdulqader Bakkar	Fahad Abdullah AlRajhi

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 SR '000	2024 SR '000
Revenue	22	516,125	534,505
Cost of revenue	23	(406,050)	(389,271)
Gross profit		**110,075**	**145,234**
Selling and distribution expense	24	(8,744)	(9,437)
General and administrative expense	25	(37,442)	(37,843)
Operating profit		**63,889**	**97,954**
Finance costs	26	(21,095)	(26,039)
Other income, net	27	1,281	2,240
Profit before zakat		**44,075**	**74,155**
Zakat	20	(7,329)	(5,726)
Net profit for the year		**36,746**	**68,429**
Earnings per share			
Earnings per share attributable to the shareholders of the Company:			
Basic and diluted (SR)	28	0.22	0.40
Weighted average number of shares outstanding:			
Basic and diluted ('000 shares)		166,940	170,000

CFO	CEO	Authorized Board Member
Rami Jawad Abu Jneid	Ataa Abdulqader Bakkar	Fahad Abdullah AlRajhi

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	*2025* *SR '000*	*2024* *SR '000*
Net profit for the year		36,746	68,429
Other comprehensive income ("OCI")			
Items not to be reclassified to consolidated statement of profit or loss in subsequent periods:			
Re-measurement loss of employees' end of service benefits	16.1	(236)	(176)
Other comprehensive loss		**(236)**	**(176)**
Total comprehensive income for the year		**36,510**	**68,253**

CFO	CEO	Authorized Board Member
Rami Jawad Abu Jneid	Ataa Abdulqader Bakkar	Fahad Abdullah AlRajhi

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NAJRAN CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	*Share capital SR '000*	*Treasury shares SR '000*	*Statutory reserve SR '000*	*Retained earnings SR '000*	*Total Equity SR '000*
As at 1 January 2024		1,700,000	-	162,193	111,869	1,974,062
Net profit for the year		-	-	-	68,429	68,429
Other comprehensive loss		-	-	-	(176)	(176)
Total comprehensive income for the year		-	-	-	68,253	68,253
Transferred from statutory reserve	18.3	-	-	(162,193)	162,193	-
Balance as at 31 December 2024		**1,700,000**	**-**	**-**	**342,315**	**2,042,315**
As at 1 January 2025		1,700,000	-	-	342,315	2,042,315
Net profit for the year		-	-	-	36,746	36,746
Other comprehensive loss		-	-	-	(236)	(236)
Total comprehensive income for the year		-	-	-	36,510	36,510
Treasury shares	18.2	-	(43,847)	-	-	(43,847)
Balance as at 31 December 2025		**1,700,000**	**(43,847)**	**-**	**378,825**	**2,034,978**

CFO	CEO	Authorized Board Member
Rami Jawad Abu Jneid	Ataa Abdulqader Bakkar	Fahad Abdullah AlRajhi

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

NAJRAN CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 SR '000	2024 SR '000
OPERATING ACTIVITIES			
Profit before zakat		44,075	74,155
Adjustments for non-cash items:			
Depreciation	10	98,351	96,480
Loss on disposal of property, plant and equipment	27	14	32
Transfer of property, plant and equipment		-	2,947
Expected credit loss	13	87	-
Impairment in advance to suppliers	14	1,537	-
Provision for slow moving inventory	12	249	245
Finance cost	26	21,095	26,039
Employees' defined benefit obligations, current service cost	16	4,546	4,490
Rehabilitation provision	11	85	170
		170,039	**204,558**
Changes in working capital:			
Trade receivables		(563)	(763)
Inventories		(59,611)	(35,597)
Prepayments and other receivables		4,290	1,416
Contract liability - advances from customers		668	(948)
Trade payables		6,048	2,123
Accrued and other payables		(9,229)	(30,813)
Cash generated from operating activities		**111,642**	**139,976**
Zakat paid	20	(6,457)	(6,829)
Finance costs paid		(19,425)	(24,242)
Employees' benefits paid	16	(2,220)	(4,360)
Net cash generated from operating activities		**83,540**	**104,545**
INVESTING ACTIVITIES			
Additions to property, plant and equipment	10	(12,918)	(64,292)
Proceeds from sale from of property, plant and equipment		287	1,325
Net cash used in investing activities		**(12,631)**	**(62,967)**
FINANCING ACTIVITIES			
Repayment of long-term borrowing	19	(16,000)	(50,846)
Net movement of short-term loans	19	(20,000)	10,000
Net movement of lease liability		(270)	(262)
Dividend paid		(555)	-
Purchases of treasury shares	18.2	(43,847)	-
Net cash used in financing activities		**(80,672)**	**(41,108)**
Net change in cash and cash equivalents		(9,763)	470
Cash and cash equivalents at the beginning of the year		16,485	16,015
Cash and cash equivalents at the end of the year		**6,722**	**16,485**

CFO
Rami Jawad Abu Jneid

CEO
Ataa Abdulqader Bakkar

Authorized Board Member
Fahad Abdullah AlRajhi

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Najran Cement Company ("the Company" or "the Parent Company"), a Saudi Joint Stock Company, registered at Najran on 5 Ramadan 1426 (corresponding to 9 October 2005) under Commercial Registration number 5950010479. On 10 Shaaban 1437 (corresponding to 17 May 2016), the Company was granted an Industrial License, number 2446. The Company's shares are listed in the Saudi stock market in the Kingdom of Saudi Arabia.

The principal activities of the Company are manufacturing of ordinary portland cement and cement resistant to salts.

These consolidated financial statements comprise the Company and its wholly owned subsidiary, Wasl Al Janub Land Transportation Company (together referred to as the "Group").

The Subsidiary Company is registered as a limited liability Company at Najran was established on 23 Dhul-Hijjah 1441 (corresponding to 8 August 2020) under Commercial Registration number 5950119264. On 02 Shaaban 1442 (corresponding to 15 March 2023), the subsidiary company was granted transportation License, number 11/00007925.

The principal activity of the Subsidiary Company is transport of goods.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

2.2 Going Concern

Management has assessed the Group's ability to successfully execute its business plan and to generate sufficient cash flows to meet its obligations for the next twelve months. In preparing the forecasts, management considered all reasonably possible cash flows, with timing and amounts supported by conditions and facts available as at the date of approval of these consolidated financial statements. In developing the business plan, management considered the following factors:

1. The Group has continued to generate positive cash flows from its operating activities and achieved ⃁ 83.5 million in 2025. Management believes that the Group will be able to generate positive cash flows in its plan for the next twelve months.
2. The Group has existing financing obligations, with no breaches of debt covenants, and has a proven track record of renewing banking facilities and dealing with financing parties.
3. As disclosed in the subsequent events note, the Group obtained additional financing after the reporting date, which enhances liquidity and supports its ability to meet obligations in the future period.
4. Management has prepared a budget and cash flow forecast covering the next twelve months, which indicates the Group's ability to meet its obligations as they fall due.

Based on the above plan, the Group's expected cash flows for the twelve-month period from the reporting date show a net positive cash flow. Management believes that the Group will be able to generate sufficient cash flows to meet its obligations as they fall due over the twelve months following the date of these consolidated financial statements. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION (CONTINUED)

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

2.4 Functional and presentation currency
These consolidated financial statements are presented in Saudi Riyals ("⃁") which is also the functional and presentation currency of the Group.

2.5 Basis of consolidation
These consolidated financial statements comprise the financial position and performance of the Parent Company and the following subsidiary (collectively referred to "the Group") in which the Company exercises control as at 31 December 2025:

Subsidiary name	*Country of incorporation*	*Principal business activity*	*Effective ownership interest*	
			31 December 2025	*31 December 2024*
Wasl Al Janub Land Transportation Company (One person company)	**KSA**	**Transportation of goods**	**100%**	**100%**

The financial statements of the subsidiary are prepared for the same reporting period as that of the Group, using consistent accounting policies of the Group.

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

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

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

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

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

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. CRITICAL JUDGEMENTS, SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

3.1 Critical judgements

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

A) Component parts of property, plant and equipment

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

B) Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset)

3.2 Estimates and assumptions

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

A) Allowance for expected credit losses of trade receivables

By adopting IFRS 9, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

3. CRITICAL JUDGEMENTS, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)
3.2 Estimates and assumptions (Continued)
A) Allowance for expected credit losses of trade receivables (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 13.

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

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the commission rates of corporate bonds in currencies consistent with the currencies of the post-employment defined liabilities with at least an ‘AA’ rating or above, as set by an internationally acknowledged rating agencies, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the respective countries. Those mortality tables are subject to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the respective countries and future salary increases.

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

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

F) Existence of inventories
Inventories comprise of purchased raw materials (limestone, sand, gypsum and iron ore) and work in progress (mainly clinker which are stored in purpose built shed and stockpiles). Since the weighing of these inventories is not practicable, management assesses the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using the angle of induction and the bulk density. In doing so, management appoints an independent surveyor to estimate the quantities by using certain scientific systematic measurements calculations and applying the density conversion methods which are applied for similar stock in the cement industry.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The following are the material accounting policies applied by the Group consistently in preparing its consolidated financial statements except for the new and amended standards and interpretations as disclosed in note 5 and 6

4.1 Current versus non-current classification

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

Assets

An asset is classified as current when:

- It is expected to be realized or intended to sell or consumed in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is current when:

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

All other liabilities are classified as non-current.

4.2 Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyals ("⃁"), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange ruling at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency, if any, are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item.

4.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of comprehensive income in the period in which the expenditure is incurred.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.3 Intangible assets (Continued)

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

Intangible assets under development consist of costs incurred in relation to the development of software which will be eventually transferred to intangible assets. Intangible assets with indefinite useful lives (goodwill) are not amortized but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use of disposal. Any gain or loss arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Intangible assets represent computer software which have finite useful lives. The estimated rates of amortization of intangible assets are as follows:

Software	10 years

4.4 Property, plant and equipment

Adjustment of Accosting policy and method of the depreciation and rates

Property, plant, and equipment, except for non-depreciable land, are presented at cost, net of accumulated depreciation and accumulated impairment losses, if any. Repair and maintenance expenses are expensed as incurred, while improvement expenses are capitalized.

Depreciation is provided for over the estimated useful lives of applicable assets using the straight-line method and considering appropriate residual values. The Group reviews the appropriateness of the depreciation rate, useful life, and residual values used for depreciation recognition on an annual basis. Depreciation is recognized from the date an asset is available for use and continues until the earlier of the date the asset is classified as held for sale or the date it is derecognized.

The estimated annual depreciation rates for major assets are as follows:

	Annual Useful life
Land	*Not depreciated*
Right of use assets	Over the contract period
Buildings	10-45
Plant, quarry, machinery and other equipment	8-35
Vehicles	6-10
Furniture and fixtures, and office equipment	8-10
Assets held for future use (Strategic)	35
Computers	6.6
Capital work in process	Not depreciated

Capital work in progress includes all costs (including advance payments) that have not yet been reclassified into one of the asset categories mentioned above. Capital work in progress is reclassified as property, plant, and equipment once the relevant performance tests have been satisfactorily completed. No depreciation is charged on capital work in progress.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4 Property, plant and equipment (Continued)

Capital Spare Parts

During the year ended 31 December 2024, the accounting policy for the initial and subsequent recognition of major spare parts was amended. Significant (strategic) spare parts are recognized in accordance with International Accounting Standard 16 “Property, Plant and Equipment” when they meet the definition of property, plant and equipment as follows:

Critical spare parts are a part intended for use as original equipment, that is Likely to be a key Component Important Part that should be kept available to ensure the continuous operation of production equipment. It is generally only used when failures occurs as not typically expected to used routinely. Depreciation of critical spare parts begins from the purchase date of the associated original equipment and is depreciated over its corresponding useful life within the operational unit.

Strategic spare parts are parts that must be available when needed and are purchased in advance due to planned replacement schedules (aligned with the scheduled maintenance program). They are intended to replace existing critical spare parts with new operational components.These items are considered "available for use" only at a future date. Depreciation of strategic spare parts begins from the purchase date of the associated original equipment and is depreciated over its corresponding useful life within the operational unit.

The Costs of periodic maintenance for an items are recorded in the carrying amount of property, plant, and equipment items if spare parts do not meet the criteria of recognition as property, plant, and equipment, These Cost are then included in inventory or recognized in the profit or loss statement when used.

4.5 Leases

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

Group as a lessee

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

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5 Leases (Continued)

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs).

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

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

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

4.6 Financial instruments

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

A) Financial Assets

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

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value and in the case of a financial asset not carried at fair value through profit or loss, fair value plus transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price and for other trade receivables, that contain a significant financing component, the Group adjusts the transaction price in respect to the significant financing component.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.6 Financial instruments (Continued)

A) Financial Assets (Continued)
Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

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

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

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified, or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents, trade receivables, employee loans and margin on letter of credit.

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.6 Financial instruments (Continued)

A) Financial Assets (Continued)

Derecognition (Continued)

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.

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

B) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group’s financial liabilities include trade payables, due to related parties and lease liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

<u>Financial liabilities at amortized cost (loans and borrowings)</u>

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Derecognition

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

4.7 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realizable value represents the estimated selling price for inventories less the costs necessary to make the sale. Any impairment loss arising as a result of bringing the inventories at their net realizable value is recognized in the consolidated statement of profit or loss.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Inventories (Continued)

Consumable Spare Parts

Consumable spare parts are replacement components used in machinery or equipment, designed for regular use and disposal rather than long-term retention. These parts typically have a short life and require frequent replacement which do not meet the recognition criteria for property, plant, and equipment are recorded under inventory and are subject to assessment for provision.

4.8 Cash and cash equivalents

Cash and cash equivalents balances comprise of cash at banks, cash on hand and short-term highly liquid deposits with original maturities of three months or less that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

4.9 Employees defined benefits obligations

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Group’s obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the subsequent defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the consolidated statement of profit or loss (refer to note 16).

4.10 Zakat

The Group (entities registered in Kingdom of Saudi Arabia only) is subject to the Regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Zakat is provided for in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia and on accruals basis.

The zakat charge is computed on the zakat base of the individual companies in the Group and is charged to consolidated statement of profit or loss and other comprehensive income. Any shortfall / excess on finalization of an assessment is accounted for in the year in which assessment is finalized.

4.11 Value Added Tax (“VAT”)

Revenues, expenses, and assets are recognized net of the amount of Value Added Tax (“VAT”) except:

- Where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to the ZATCA is included as part of receivables or payables in the consolidated statement of financial position.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.12 Provisions

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

Rehabilitation costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of Rehabilitation are reviewed annually and adjusted as appropriate.

4.13 Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- revenue from contracts with customers.

Step (1) - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations, and sets out the criteria to be met for each contract.

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

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

Step (4) - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

The Group satisfies a performance obligation and recognizes revenue when the customer obtains control of the goods at a specified point in time (i.e., when the goods are delivered and acknowledged), and the goods are sold at substantial retrospective discounts 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 discounts. Accumulated experience is used to estimate and provide discounts using expected value and revenue is recognized to the extent reasonably probable that there will be no material reversal. The related liability (included under trade and other payables) is recognized for expected discounts on amounts payable to customers in respect of sales made during the year.

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

a) Sale of goods

For contracts with customers which the only obligation is going to be selling cement, revenues shall be recognized at the time in which control over asset is transferred to the costumer at a specific point in time, which is usually at the delivery date.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Revenue from contracts with customers (Continued)

a) Sale of goods (Continued)

The Group recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations. The Group considers the below mentioned indicators to assess the transfer of control of the promised asset:

- The Group has a present right to payment for the asset
- The customer has legal title to the asset
- The Company has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

4.14 *Other Income*

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued. This represents profit from sale of scrapped inventory and other miscellaneous income.

4.15 Expenses

Cost of revenue

Cost of revenue represents all expenses directly attributable or incidental to the core operating activities of the Group.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate selling activities of the Group. These costs typically include salaries of the sales staff, marketing, distribution, and logistics expenses.

General and administrative expenses

These are operational expenses which are not directly related to the sale of goods. These also include allocations of general overheads which are not specifically attributed to cost of revenue.

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

4.16 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

4.17 Cash dividend to shareholders of the Group

The Group recognized a liability to pay a dividend when the distribution is recognized and no longer at the discretion of the Group. As per the By-laws of the Company, a distribution is recognized when it is approved by the shareholders.

5. NEW STANDARDS, AMENDMENTS BUT NOT YET EFFECTIVE

The following are the new and amended standards issued by the International Accounting Standards Board (IASB) that are not yet effective as at the date of the consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if any, when they become effective.

There are a number of standards, amendments to standards, and interpretations issued by the IASB that are effective in future accounting periods, which the Group has decided not to early adopt. The Group is currently assessing the impact of applying these standards on the consolidated financial statements, the most significant of which are as follows:

IFRS	Summary	Effective date
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).	1 January 2026
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.	1 January 2027
IFRS 19	Subsidiaries without public accountability: Disclosure	1 January 2027

6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE AT THE CURRENT YEAR

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

IFRS	Summary	Effective date
Lack of Exchangeability (Amendments to IAS 21)	On August 15, 2024, the International Accounting Standards Board (IASB) issued the amendments on Lack of Exchangeability, which amend International Accounting Standard (IAS) 21 – The Effects of Changes in Foreign Exchange Rates (the "Amendments"). The amendments arose from a submission received by the IFRS Interpretations Committee regarding the determination of the exchange rate when there is a long-term lack of exchangeability. Prior to the amendments, IAS 21 did not include explicit requirements for determining the exchange rate when a currency is not exchangeable into another currency, which resulted in diversity in practice. The Committee recommended that the IASB develop narrow-scope amendments to IAS 21 to address this issue. Following further deliberations, the IASB issued an Exposure Draft in April 2021 and published the final amendments in August 2024. The amendments introduce requirements to assess when a currency is exchangeable and when it is not. When an entity concludes that a currency is not exchangeable into another currency, the amendments require the entity to estimate the spot exchange rate to be used.	1 January 2025

7. SUBSIDIARY

Below is a summary of the financial information of the subsidiary "Wasl Al Janub Land Transportation Company (One person company)" which is a wholly owned subsidiary of Najran Cement Company, This information is based on amounts before intercompany eliminations:

	31 December 2025	*31 December 2024*
Summary of statement of financial position		
Non-current assets	117,407	132,768
Current assets	2,036	9,252
Non-current liabilities	56,598	74,479
Current liabilities	11,362	21,347
Net assets	51,483	46,194
Summary of statement of comprehensive income	**2025**	**2024**
Operating Profit	**8,943**	**13,755**
Net Profit	**5,289**	**9,027**

8. INTANGIBLE ASSETS

Cost:	
At 1 January 2024	**9,325**
Additions	**-**
Balance at 31 December 2024	**9,325**
Balance at 31 December 2025	**9,325**
Amortization:	
At 1 January 2024	**9,325**
Amortization during the Year	**-**
Balance at 31 December 2024	**9,325**
Balance at 31 December 2025	**9,325**
Net Book Value:	
At 31 December 2024	**-**
At 31 December 2025	**-**

9. SEGMENTAL REPORTING

The Group is engaged in one operating segment, i.e., manufacturing cement. Although the Group has operations in the Kingdom of Saudi Arabia and certain foreign jurisdictions, the financial information has not been divided into separate geographic segments as the foreign operations are not material. Significant liabilities of the Group are payable in Saudi Arabia.

10. PROPERTY, PLANT AND EQUIPMENT

	Land SR'000	*Right of use asset SR'000*	*Buildings SR'000*	*Plant, quarry, machinery and other equipment SR'000*	*Vehicles SR'000*	*Furniture and fixtures, and office equipment SR'000*	*Assets Held for Future Use (Strategic) SR'000*	*Computers SR'000*	*Total SR'000*
Cost:									
1 January 2025	2,563	5,765	1,163,601	2,004,165	182,620	14,504	116,889	5,852	3,495,959
Reclassification	-	-	686	-	(1,024)	50	-	288	-
1 January 2025 (after reclassification)	**2,563**	**5,765**	**1,164,287**	**2,004,165**	**181,596**	**14,554**	**116,889**	**6,140**	**3,495,959**
Additions	-	-	-	2,110	1,918	54	7,502	1,334	12,918
Disposal	-	-	-	-	(658)	-	-	(6)	(664)
Transfer	-	-	-	7,878	-	-	(7,878)	-	-
31 December 2025	**2,563**	**5,765**	**1,164,287**	**2,014,153**	**182,856**	**14,608**	**116,513**	**7,468**	**3,508,213**
Accumulated depreciation:									
1 January 2025	-	3,943	361,754	1,008,547	45,278	13,321	28,664	4,582	1,466,089
Reclassification	-	-	26	-	(86)	5	-	55	-
1 January 2025 (after reclassification)	**-**	**3,943**	**361,780**	**1,008,547**	**45,192**	**13,326**	**28,664**	**4,637**	**1,466,089**
Additions	-	231	25,782	51,181	16,896	262	3,704	295	98,351
Disposal	-	-	-	-	(359)	-	-	(4)	(363)
Transfer	-	-	-	435	-	-	(435)	-	-
31 December 2025	**-**	**4,174**	**387,562**	**1,060,163**	**61,729**	**13,588**	**31,933**	**4,928**	**1,564,077**
Net book value:									
At 31 December 2025	**2,563**	**1,591**	**776,725**	**953,990**	**121,127**	**1,020**	**84,580**	**2,540**	**1,944,136**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land SR'000	*Right of use asset SR'000*	*Buildings SR'000*	*Plant, quarry, machinery and other equipment SR'000*	*Vehicles SR'000*	*Furniture and fixtures, and office equipment SR'000*	*Assets Held for Future Use (Strategic) SR'000*	*Computers SR'000*	*Total SR'000*
Cost:									
1 January 2024	2,563	5,765	1,163,451	1,974,562	164,339	14,414	108,302	5,644	3,439,040
Additions	-	-	150	30,014	22,641	90	11,181	216	64,292
Disposal	-	-	-	(3,005)	(4,360)	-	-	(8)	(7,373)
Transfer	-	-	-	2,594	-	-	(2,594)	-	-
31 December 2024	**2,563**	**5,765**	**1,163,601**	**2,004,165**	**182,620**	**14,504**	**116,889**	**5,852**	**3,495,959**
Accumulated depreciation:									
1 January 2024	-	3,702	335,924	957,373	32,668	13,117	25,505	4,389	1,372,678
Additions	-	241	25,830	51,174	15,672	204	3,159	200	96,480
Disposal	-	-	-	-	(3,062)	-	-	(7)	(3,069)
31 December 2024	**-**	**3,943**	**361,754**	**1,008,547**	**45,278**	**13,321**	**28,664**	**4,582**	**1,466,089**
Net book value:									
At 31 December 2024	**2,563**	**1,822**	**801,847**	**995,618**	**137,342**	**1,183**	**88,225**	**1,270**	**2,029,870**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.1 The allocation of depreciation expense between operating cost of revenue, selling and distribution expenses and general and administrative expenses is as follows:

	2025 SR'000	*2024 SR'000*
Cost of revenue (note 23)	96,476	94,842
Selling and distribution expenses (note 24)	630	551
General and administrative expenses (note 25)	1,245	1,087
Total	**98,351**	**96,480**

10.2 The plants are situated on land leased in Sulttana from Ministry of industry and Mineral Resources, for 30 Hijra years commenced on 11 Jumada II 1426H (corresponding to 17 July 2005) and land leased in Akfah from Najran Municipal for 25 Hijra years commenced on 21 Dhu al-Qi`dah 1428H (corresponding to 1 December 2007).

10.3 The Group, as at 31 December 2025, assessed whether there were any indicators of impairment of its property, plant and equipment in accordance with the requirements of International Accounting Standard (IAS) 36 “Impairment of Assets.” An impairment test was performed with the assistance of an independent certified valuer using a value-in-use model, which is based on estimated future cash flows and a number of key assumptions relating to expected operational performance and future economic conditions. The results of the assessment concluded that there is no impairment in the value of property, plant and equipment as at the reporting date.

11. REHABILITATION PROVISION

The management of the Company conducted a study to estimate and calculate the costs of stabilizing the soil, rocky slopes and surfaces to be safe for humans and animals for the Company’s quarry, based on the surroundings of the exploited areas in the quarry after the end of the mining period. A discount rate of 7.8% was used by the management to reflect the time value of money of obligation expected to be settled at the end of the mining term.

The provision for the rehabilitation of areas subject to a franchise license represents the present value of the expected cost of re-settlement of the Company's franchise site.

	31 December 2025 SR'000	*31 December 2024 SR'000*
At 1 January	1,217	1,047
Addition	85	170
Balance at 31 December	**1,302**	**1,217**

12. INVENTORIES

	31 December 2025 SR'000	*31 December 2024 SR'000*
Raw materials, fuel and packing materials	26,921	18,491
Work in process	344,996	310,194
Finished goods	6,737	6,158
Spare parts – Consumables not for sale	68,153	52,353
Total	446,807	387,196
Less: Provision for obsolete and slow-moving inventories (note 12.1)	**(7,817)**	**(7,568)**
Total	**438,990**	**379,628**

12. INVENTORIES (CONTINUED)

12.1 Movement in the provision for obsolete and slow-moving inventories is as follows:

	31 December 2025 SR'000	*31 December 2024 SR'000*
At the beginning of the year	7,568	7,323
Charge for the year	249	245
At the end of the year	**7,817**	**7,568**

13. TRADE RECEIVABLES

13.1 Trade receivables

	31 December 2025 SR'000	*31 December 2024 SR'000*
Trade receivables	24,091	23,591
Less: provision for expected credit loss (note 13.2)	(1,666)	(1,579)
Less: Accrued incentive	(110)	(173)
	22,315	**21,839**

Trade receivables are non-interest bearing and are generally have repayment terms of 30 to 90 days.

13.2 Movement in the provision for expected credit loss is as follows:

	31 December 2025 SR'000	*31 December 2024 SR'000*
Balance at the beginning	1,579	1,579
Charged during the year	87	-
Balance at the end of the year	**1,666**	**1,579**

Please refer to Note 31 for additional information about market and credit risk.

14. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2025 SR'000	*31 December 2024 SR'000*
Advances to suppliers	13,121	16,522
Prepaid expenses	6,059	5,590
Refundable custom duties – net	2,645	3,849
Other receivables	2,756	2,910
Less: Impairment in advance to supplier	(1,537)	-
Total	**23,044**	**28,871**

15. CASH AND CASH EQUIVALENTS

	31 December 2025 SR'000	*31 December 2024 SR'000*
Cash on hand	283	397
Current account at banks	6,439	16,088
Total	**6,722**	**16,485**

16. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

The Group operates an unfunded employees' terminal benefit plan for its employees as required by the Saudi Arabian Labour Law. The movement in provision for end-of-service benefits for the year ended 31 December is as follows:

	Note	*31 December 2025 SR'000*	*31 December 2024 SR'000*
Balance at beginning of the year		47,684	45,267
Current service cost		4,546	4,490
Interest cost		2,316	2,111
Amount recognised in profit or loss account		6,862	6,601
Re-measurement loss recognized in other comprehensive income	16.1	236	176
Benefits paid during the year		(2,220)	(4,360)
Balance at the end of the year		52,562	47,684

16.1 Re-measurements loss recognized in other comprehensive income for the year ended 31 December are as follow:

	31 December 2025 SR'000	*31 December 2024 SR'000*
Impact of changes in financial assumptions	(69)	(51)
Impact of changes in demographic assumptions	(137)	-
Impact of experience adjustments	442	227
Total	236	176

16.2 Significant actuarial assumptions:

Below are the significant actuarial assumptions:

Key actuarial assumptions	*31 December 2025*	*31 December 2024*
Discount rate used	4,70%	5,25%
increase in salary for the next two years	4,70%	5,25%
Increase in salary for long term	4,70%	5,25%
Turnover	Moderate	Moderate
Demographic assumptions		
Retirement age	60	60

16.3 Sensitivity analysis:

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31 December 2025 (SR'000)		*31 December 2024 (SR'000)*	
	Increase	*Decrease*	*Increase*	*Decrease*
Discount rate (0.5% movement)	50,968	54,261	46,250	49,309
Future salary growth (0.5% movement)	54,318	50,899	49,360	46,188

17. LEASES

	31 December 2025 SR'000	*31 December 2024 SR'000*
Current portion of lease liabilities	277	269
Non-current portion of lease liabilities	1,549	1,827
Balance at end of year	1,826	2,096

The lease is represented in land leased in Akfah from Najran Municipal for 25 Hijra years commenced on 21 Dhu al-Qi`dah 1428H (corresponding to 1 December 2007).

The lease liabilities are secured by the related underlying assets.

The analysis by maturity of future lease payments at 31 December are as follows:

As at 31 December 2025	*< 1 year SR'000*	*1-5 year SR'000*	*>5 years SR'000*	*Total SR'000*
Lease payments	340	1,652	62	2,054
Less: Interest expense for future periods	(63)	(155)	(10)	(228)
Net present values	277	1,497	52	1,826
As at 31 December 2024				
Lease payments	332	1,660	332	2,324
Less: Interest expense for future periods	(63)	(155)	(10)	(228)
Net present values	269	1,505	322	2,096

18. SHARE CAPITAL AND STATUTORY RESERVE

18.1 Share capital

The authorized share capital of the Group comprised 170 million ordinary shares stated at ⃁ 10 per share. All shares are issued and fully paid. (31 December 2024: 170 million ordinary shares stated at ⃁ 10 per share).

18.2 Treasury shares

On 22 Rabi' al-Awal 1446H (corresponding to 25 September 2024), The group's board of directors decided to purchase 17 million shares of the Group and retain them as treasury shares for a period of ten years from the date of the Extraordinary General Assembly's approval, due to the decline in the Group's share price in the market.

On 21 Jumada al-Thani 1446H (corresponding to 22 December 2024), the Extraordinary General Assembly of the Group approved the purchase of these shares.

During the year ending December 31, 2025, the Group purchased 5,24 million shares worth ⃁ 43,8 million. Accordingly, the group completed the share repurchase in accordance with the applicable laws and regulations.

18.3 Statutory reserve

In accordance with the previous Companies Law in the Kingdom of Saudi Arabia, the Company had allocated a statutory reserve by transferring 10% of its net income to the statutory reserve until it reached 30% of the share capital. This reserve was not available for distribution.

During the year ended 31 December 2024, The Group has updated its Articles of Association in accordance with the new Companies Law. Additionally, the Extraordinary General Assembly approved the transfer of the statutory reserve to retained earnings on 21 Jumada al-Thani 1446H (corresponding to 22 December 2024).

20. ZAKAT

The movement in zakat payable on the Group was as follows:

	31 December 2025 SR'000	*31 December 2024 SR'000*
Balance at beginning of the year	6,927	8,030
Provided during the year	7,329	5,726
Paid during the year	(6,457)	(6,829)
Balance at the end of the year	**7,799**	**6,927**

Zakat returns for all the years up to December 31, 2024 have been filed by the group. Zakat assessments have been finalized with Zakat, Tax and Customs Authority (ZATCA) for the years 2006 to 2011 and 2014 to 2023.

21. ACCRUED AND OTHER PAYABLES

	31 December 2025 SR'000	***31 December 2024 SR'000***
Raw material royalties payable	3,898	4,326
Accrued expenses	8,061	12,140
Other payables	3,993	8,715
Total	**15,952**	**25,181**

22. REVENUE

22.1 Disaggregated revenue information

	31 December 2025 SR'000	***31 December 2024 SR'000***
Product type		
Cement	516,125	534,505
Total revenue	516,125	534,505
Customer type		
Corporate customers	**516,125**	**534,505**
Total revenue	**516,125**	**534,505**
Geographical markets		
Local	478,250	500,193
Export	37,875	34,312
Total revenue	**516,125**	**534,505**

22.2 Performance obligations - point in time

The performance obligation is satisfied at a point in time and payment is generally due in advance or on demand.

20. ZAKAT

The movement in zakat payable on the Group was as follows:

	31 December 2025 SR'000	*31 December 2024 SR'000*
Balance at beginning of the year	6,927	8,030
Provided during the year	7,329	5,726
Paid during the year	(6,457)	(6,829)
Balance at the end of the year	**7,799**	**6,927**

Zakat returns for all the years up to December 31, 2024 have been filed by the group. Zakat assessments have been finalized with Zakat, Tax and Customs Authority (ZATCA) for the years 2006 to 2011 and 2014 to 2025.

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	31 December 2025 SR'000	***31 December 2024 SR'000***
Raw material royalties payable	3,898	4,326
Accrued expenses	8,061	12,140
Other payables	3,993	8,715
Total	**15,952**	**25,181**

22. REVENUE

22.1 Disaggregated revenue information

	31 December 2025 SR'000	***31 December 2024 SR'000***
Product type		
Cement	516,125	534,505
Total revenue	516,125	534,505
Customer type		
Corporate customers	**516,125**	**534,505**
Total revenue	**516,125**	**534,505**
Geographical markets		
Local	478,250	500,193
Export	37,875	34,312
Total revenue	**516,125**	**534,505**

22.2 Performance obligations - point in time

The performance obligation is satisfied at a point in time and payment is generally due in advance or on demand.

23. COST OF REVENUE

	Note	31 December 2025 SR'000	31 December 2024 SR'000
Materials consumed		72,798	88,530
Depreciation	10.1	96,476	94,842
Salaries, wages and related benefits		97,935	102,511
Fuel and power		116,446	80,322
Repairs and maintenance		31,557	44,595
Operation and management expenses		17,160	20,208
Other manufacturing expenses		8,052	5,039
Provision for obsolescence and slow-moving inventory	12.1	249	245
		440,673	**436,292**
Opening work in progress and finished goods		318,636	271,615
Closing work in progress and finished goods		(353,259)	(318,636)
Cost of revenue		**406,050**	**389,271**

24. SELLING AND DISTRIBUTION EXPENSES

	Note	31 December 2025 SR'000	31 December 2024 SR'000
Salaries, wages and related benefits		6,740	6,979
Export attestation expenses		806	1,028
Depreciation	**10.1**	630	551
Travel expenses		203	245
Others		365	634
Total		**8,744**	**9,437**

25. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	31 December 2025 SR'000	31 December 2024 SR'000
Salaries, wages and related benefits		23,236	24,227
Board of directors renumerations	30	4,874	4,031
Depreciation	10.1	1,245	1,087
Legal and professional services		2,029	1,816
Maintenance expenses		1,940	2,303
Regulatory fees		690	682
Donations		595	598
Others		2,833	3,099
Total		**37,442**	**37,843**

26. FINANCE COST

	31 December 2025 SR'000	31 December 2024 SR'000
Finance cost related to employees' benefits	2,316	2,111
Finance cost related to Long term loans	18,631	23,774
Other Finance Cost	148	154
	21,095	**26,039**

27. OTHER INCOME, NET

	31 December 2025 SR'000	*31 December 2024 SR'000*
Miscellaneous Revenues, net	1,227	2,229
Impairment in advance to supplier	(1,537)	-
Loss on sale of property, plant, and equipment	(14)	(32)
Scrap sales	1,605	43
	1,281	**2,240**

28. EARNINGS PER SHARE

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

	31 December 2025	*31 December 2024*
Profit for the year attributable to ordinary equity holders of the Parent Company (SR' 000)	36,746	68,429
Weighted average number of outstanding ordinary shares (000' shares)	166,940	170,000
Basic and diluted earnings per share attributable to shares holders of the Parent Company (Saudi Riyals)	0.22	0.40

29. CONTINGENCIES AND COMMITMENTS

The Group was contingently liable for letters of credit and bills for collections issued in the normal course of the business amounting to ⃁ 26,000 thousand as at 31 December 2025 (31 December 2024: ⃁ 24,936 thousand). The Group has contingent liabilities as at 31 December 2025 amounting to ⃁ 49 million, as disclosed in Note 32.

30. RELATED PARTY TRANSACTIONS AND BALANCES

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

Due to related parties			**2025**	**2024**
Related party	***Nature of relation***	***Nature of transaction***	***SR'000***	***SR'000***
Al Masane Al kobra Mining Company	**Some members of the group's Board of directors are members of the company's Board of directors**	**Sales to related party**	**-**	**282**

Allowances and compensation of the Board of directors and senior executives

The Group's senior management includes key management personnel and executives, Board of Directors, having authorities and responsibilities for planning, directing and controlling the activities of the Group.

Board of Directors and committees' compensation charged during the year ended 31 December 2025 amounting to ⃁ 4,874 thousand (31 December 2024: ⃁ 4,031 thousand).

Allowances and compensation of the Board of directors and senior executives comprised the following:

	31 December 2025 SR'000	*31 December 2024 SR'000*
Short term benefits	11,206	10,235
Post-employment benefits	349	483
	11,555	**10,718**

31. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Group is exposed to market risk (including profit rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as investments, trade and other receivables. The Group has various financial liabilities such as long-term financing, trade and other accounts payable including accrued liabilities.
The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

a) Trade receivables
b) Cash and cash equivalents
c) Trade and other payables
d) Long term financing

Financial instruments by category (amortized cost)

	31 December 2025 (SR'000)	*31 December 2024 (SR'000)*
Financial assets		
Trade receivables	22,315	21,839
Other receivables	2,756	2,910
Cash and cash equivalents	6,722	16,485
Total	**31,793**	**41,234**

	31 December 2025 (SR'000)	*31 December 2024 (SR'000)*
Financial liabilities		
Long and short-term financing	260,673	297,319
Trade payables	53,006	46,958
Lease liability	1,826	2,096
Accrued and other payables	15,952	25,181
Dividend payable	899	1,454
Total	**332,356**	**373,008**

The Group is exposed through its operations to the following financial risks:

- Market risk
- Credit risk; and
- Liquidity risk

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: Interest rate risk, currency risk and other price risk.

(a) Interest rate risk
Profit rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market profit rates. The Group mitigates its risk against exposure through focusing on maintaining bank balances. As of the statement of financial position date the Group is exposed to profit rate risk on its borrowings.
During 2025 and 2024, the Group's borrowings at variable rate were denominated in ⃁. The Group analyses the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging.

Variable rate instruments	*31 December 2025 (SR'000)*	*31 December 2024 (SR'000)*
Loans	**260,673**	**297,319**

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Interest rate risk (Continued)

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

	Profit / (loss) 2025		*Profit / (loss) 2024*	
	Decrease in basis points of related commission rates	*Increase in basis points of related to commission rates*	*Decrease in basis points of related commission rates*	*Increase in basis points of related to commission rates*
	100 bps (SR'000)	*100 bps (SR'000)*	*100 bps (SR'000)*	*100 bps (SR'000)*
Loans	**2,607**	**(2,607)**	**2,973**	**(2,973)**

(b) Currency risk

Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the financial assets and liabilities denominated in foreign currencies. The Group does not believe it is materially exposed to currency risk as the majority of the Group's transactions and the balances are denominated in Saudi Riyals or in US Dollars. US dollar rate is fixed with the Saudi Riyal. There are some transactions denominated in Euro, however, they are not material.

(c) Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices. The Group is not exposed to any other risks.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's credit risk is primarily attributable to its liquid funds and receivables. Cash balances are deposited with banks with good credit standings. Whilst a small number of customers account for a significant portion of both revenues and accounts receivable balances. These customers have provided appropriate guarantees ensuring that their debts will be recoverable. All major customers are high profile customers with the Kingdom of Saudi Arabia and there is no reason to suggest that there will be a loss of revenue from these sources.

The Group's maximum credit exposure are as follows:

	31 December 2025 (SR'000)	*31 December 2024 (SR'000)*
Trade receivables	22,315	21,839
Cash at bank	6,439	16,088
Total	**28,754**	**37,927**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Age of trade receivables aging as of 31 December is as follows:

	31 December 2025 (SR'000)	*31 December 2024 (SR'000)*
Not due yet	13,588	18,729
1-90 days	5,366	1,179
91-180 days	1,602	1,508
181-270 days	906	542
271-360 days	227	23
Over 360 days	2,402	1,610
Total	**24,091**	**23,591**

Age of impaired trade receivables as of 31 December is as follows:

	31 December 2025 (SR'000)	*31 December 2024 (SR'000)*
More than 360 days	**2,402**	**1,610**

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available. The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets.

The following is the contractual maturities for financial liabilities at the end of the period and represented by Gross amounts:

	Undiscounted contractual cash flows 31 December 2025			
	1 year or less SR'000	*1 year to 3 years SR'000*	*3 years or more SR'000*	*Total SR'000*
Non-derivative financial liabilities:				
Long and short term financing	45,393	41,056	174,224	260,673
Lease liabilities	340	1,652	62	2,054
Trade payables	53,006	-	-	53,006
Accrued and other payables	15,952	-	-	15,952
Dividends payable	899	-	-	899
	115,590	**42,708**	**174,286**	**332,584**

	Undiscounted contractual cash flows 31 December 2024			
	1 year or less SR'000	*1 year to 3 years SR'000*	*3 years or more SR'000*	*Total SR'000*
Non-derivative financial liabilities:				
Long and short term financing	91,357	128,022	77,940	297,319
Lease liabilities	332	1,660	332	2,324
Trade payables	46,958	-	-	46,958
Accrued and other payables	25,181	-	-	25,181
Dividends payable	1,454	-	-	1,454
	165,282	**129,682**	**78,272**	**373,236**

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 benefits for other stakeholders. and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents and short-term deposits.

The Group net debt to equity ratio was as follows:

	31 December 2025 (SR'000)	*31 December 2024 (SR'000)*
Total liabilities	400,229	434,378
Less: Cash and cash equivalents	(6,722)	(16,485)
Net liabilities	**393,507**	**417,893**
Total equity	**2,034,978**	**2,042,315**
Net liabilities to equity	**0.19**	**0.20**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial instruments for which fair value is recognised or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value measurement (Continued)

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

The management assessed that the fair value of cash and cash equivalents, trade and other receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Term loans carrying amount approximate fair value as it carries variables interest at the prevailing market rates.

32. SIGNIFICANT AND SUBSEQUENT EVENTS

- On 15 January 2026, the Parent Company signed new banking facilities agreement (Tawarruq) with a local Bank to finance the expansion of its subsidiary, amounting to ⃁ 50 million. The financing will be repaid over five years in semi-annual instalments, with a six-month grace period. Financing costs will be borne based on the prevailing Saudi Interbank Offered Rate (SAIBOR) plus a specified profit margin. The amount is secured by a promissory note. The loan book values are recorded in Saudi Riyals.
- On 25 June 2025, the Group entered into an agreement with the National Electricity Transmission Company (a subsidiary of the Saudi Electricity Company) to implement a power transmission substation project aimed at supplying electricity to the Group's plant located in Sultana – Najran, under the Kingdom's Liquid Fuel Displacement Program across the Kingdom of Saudi Arabia. The total project cost will be included within the Liquid Fuel Displacement Program, in accordance with the Ministry of Energy letter No. (45020804/700) dated 27/01/1445H. Subsequently, on 5 March 2026, the Group signed a contract with Sinoma International Engineering Co., Ltd. amounting to ⃁ 49 million for the execution of the grid connection project.
- On 26 March 2026, the Parent Company signed a banking facilities agreement (Tawarruq) with a local bank to finance the electrical grid connection project, amounting to ⃁ 49 million. The financing will be repaid over two years in annual instalments, with a six-month grace period. Financing costs will be borne based on the prevailing Saudi Interbank Offered Rate (SAIBOR) plus a specified profit margin. The amount is secured by a promissory note. The carrying amounts of the loans are denominated in Saudi Riyals.

- Subsequent to the date of the financial statements, the Gulf region witnessed escalating geopolitical tensions, leading to a significant increase in global oil prices and volatility in regional and global financial markets, as well as disruptions to transportation, shipping, and supply chains in the region. As of the date of approval of the financial statements, the geopolitical situation remains evolving and unstable, and these developments may have a potential impact on the Company's operations, supply chains, or operating costs in future periods. Management continues to monitor these developments on an ongoing basis and take appropriate action when necessary, however, the financial impact of these developments cannot currently be reliably estimated.

Management has assessed these developments and considered them to be non-adjusting subsequent events to the financial statements, as these circumstances arose after the financial reporting date.

33. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by the Group's Board of Directors on 10 Shawwal 1447H (corresponding to 29 March 2026).