

**UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)**

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

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

<u>INDEX</u>	<u>PAGE</u>
Independent auditor's report	1 – 5
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 40



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
Riyadh - Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of **Umm Al-Qura Cement Company**, a Saudi Joint Stock Company (“the Company”), which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

Basis for Opinion

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

Key audit matters

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

Independent Auditor's Report on the Audit of the Financial Statements of Umm Al-Qura Cement Company for the year ended 31 December 2025 (continued)

Key audit matters (continued)

Revenue recognition	
Key audit matter	How the matter was addressed during our audit
Refer to note 3.22 for the accounting policy and note 18 for related disclosures.	
<p>The Company's revenue amounted to ₪ 279,057,429 for the year ended 31 December 2025.</p> <p>Revenue recognition is a principal risk under International Standards on Auditing (ISAs), as material misrepresentation due to fraudulent financial reporting in terms of revenue recognition often results from an overstatement of revenue, for example, through early recognition of revenue or recording false revenue.</p> <p>The risk of fraud in respect of revenue recognition is greater in listed entities than in other entities, including pressures on management or their motives to produce fraudulent financial reporting by improperly recognizing revenue when performance is measured, for example, the increase in revenue and profit for the current year compared to the previous year.</p> <p>Therefore, the revenue recognition process has been considered a key audit matter.</p>	<p>Our Audit procedures included, among others ,the following:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the Company's accounting policy related to revenue recognition and compared it with the applicable accounting standards endorsed in the Kingdom of Saudi Arabia. - Assessed the design and implementation of relevant key controls over the revenue cycle, including anti-fraud control measures. - Performed substantive analytical procedures on revenue by evaluating year-over-year fluctuations in sales volumes and unit prices. This analysis sought to identify material variances or unusual trends relative to our assessment of current market conditions. - Selected a sample of revenue transactions and inspected evidence of related cash collections,delivery note and supporting documentation. - Assessed the adequacy and completeness of the disclosures in the accompanying financial statements .

Independent Auditor's Report on the Audit of the Financial Statements of Umm Al-Qura Cement Company for the year ended 31 December 2025 (continued)

Key audit matters (continued)

Existence of inventory	
Key audit matter	How the matter was addressed during our audit
Refer to note 3.10 for the accounting policy and note 8 for related disclosures.	
<p>The carrying amount of the Company's inventory amounted to ₪ 468,741,773 as at 31 December 2025.</p> <p>Included in the inventory balance is work-in-process amounting to ₪ 411,084,764, which consists mainly of clinker inventory.</p> <p>Since determining the weights for this inventory item is not practically feasible, the year-end available quantities are estimated by measuring the clinker stockpiles and converting the measurements to units of volume using angle of stability, density, and quantity.</p> <p>To carry out this process, management engages an external expert to review the assumptions and the related estimates when applying the systematic operational measurement calculations, and to apply density conversion methods used for similar types of inventory utilized in the cement manufacturing process.</p> <p>We considered this a key audit matter due to the materiality of the inventory amount and the assumptions, judgments, and associated estimates made by management when measuring the year-end clinker stockpiles.</p>	<p>Our Audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> - Obtained management's physical inventory count instructions to understand and evaluate their instructions and procedures regarding the count and the recording of the actual results of the company's inventory count . - Evaluated the competence, capabilities, and objectivity of the independent external expert engaged by management to perform the clinker inventory count. - Attended the company's physical inventory count under the supervision of the external expert to observe the implementation of management's inventory count procedures. - Obtained copies of management's complete and company-approved records relating to the physical inventory count and tested their accuracy and completeness. - Evaluated the suitability and reasonableness of the inventory count procedures performed and the methodology applied in estimating the actual quantity of clinker stockpiles. - Assessed the adequacy of the Company's disclosures in the accompanying financial statements.

**Independent Auditor's Report on the Audit of the Financial Statements of Umm Al-Qura Cement Company
for the year ended 31 December 2025 (continued)**

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated . When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance, we have nothing to report on this matter.

Responsibilities of the Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance, in particular the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

Independent Auditor's Report on the Audit of the Financial Statements of Umm Al-Qura Cement Company for the year ended 31 December 2025 (continued)

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

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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 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 Dr. Mohamed Al-Amri & Co.,




Ahmed Fahad Al-Jumah
Certified Public Accountant
License No. 621


Riyadh, on 26 Ramadan 1447 (H)
Corresponding to: 15 March 2026 (G)



**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Note	31 December 2025 SAR (ﷲ)	31 December 2024 SAR (ﷲ)
Assets			
Non-current assets			
Property, plant and equipment	4	656,377,994	692,424,468
Intangible assets	5	880,029	1,027,972
Right-of-use-assets	6-A	589,105	1,712,194
Financial investments at fair value through OCI	7	96,354	203,510
Total non-current assets		657,943,482	695,368,144
Current assets			
Inventory	8	468,741,773	438,287,750
Accounts receivable, prepaid expenses and other receivables	9	14,091,887	15,509,876
Cash and cash equivalents	10	16,679,927	35,039,724
Total current assets		499,513,587	488,837,350
Total assets		1,157,457,069	1,184,205,494
Equity and Liabilities			
Equity			
Share capital	1	550,000,000	550,000,000
Retained earnings		308,973,568	263,418,003
Reserve for revaluation of financial investments at fair value through OCI	7	63,188	175,174
Total equity		859,036,756	813,593,177
Liabilities			
Non-current liabilities			
Saudi Industrial Development Fund loan- non current portion	12	-	200,095,467
Provision for rehabilitation of areas subject to franchise license	14	20,883,149	17,423,202
Lease liabilities - non-current portion	6-B	71,298	994,329
Employees' benefit liabilities	15	4,673,069	4,080,618
Total non-current liabilities		25,627,516	222,593,616
Current liabilities			
Saudi Industrial Development Fund loan- current portion	12	200,095,467	76,942,053
Lease liabilities - current portion	6-B	976,223	396,942
Accounts payable, accrued expenses and other payables	16	65,935,222	62,380,062
Zakat provision	17	5,785,885	8,299,644
Total current liabilities		272,792,797	148,018,701
Total liabilities		298,420,313	370,612,317
Total equity and liabilities		1,157,457,069	1,184,205,494


Finance Manager



Chief Executive Officer



Chairman

The accompanying notes from (1) to (27) form an integral part of these financial statements.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	For the year ended 31 December	
		2025	2024
		SAR (ﷲ)	SAR (ﷲ)
Sales	18	279,057,429	265,590,348
Cost of sales	18	(202,089,804)	(182,667,667)
Gross profit		76,967,625	82,922,681
Selling and marketing expenses	19	(3,627,049)	(3,621,424)
General and administrative expenses	20	(13,141,640)	(14,030,415)
Operating profit		60,198,936	65,270,842
Finance costs	21	(9,379,545)	(11,863,724)
(Loss) / Profits from foreign currency exchange		(118,671)	162,355
Losses on disposal of Property, plant and equipment		(368,215)	(1,553)
Other income	22	925,925	2,357,249
Net profit for the year before Zakat		51,258,430	55,925,169
Zakat	17	(5,483,305)	(8,205,985)
Net profit for the year		45,775,125	47,719,184
<u>Other comprehensive income</u>			
Items that will not be reclassified subsequently to profit or loss			
Unrealized (Losses)/Gains on revaluation of financial investments at fair value through OCI	7	(111,986)	73,468
Actuarial (Losses) from re-measurement of employees' benefit liabilities	15	(219,560)	(234,559)
Total other comprehensive (Losses) for the year		(331,546)	(161,091)
Total comprehensive income for the year		45,443,579	47,558,093
Earnings per share			
Basic and diluted earnings per share in net profit for the year	25	0.83	0.87


Finance Manager


Chief Executive Officer


Chairman


The accompanying notes from (1) to (27) form an integral part of these financial statements.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**


	Share capital SAR (ﷲ)	Statutory reserve SAR (ﷲ)	Reserve for revaluation of financial investments at fair value through OCI SAR (ﷲ)	Retained earnings SAR (ﷲ)	Total equity SAR (ﷲ)
<u>For the year ended 31 December 2024</u>					
Balance as at 1 January 2024	550,000,000	32,070,228	101,706	183,863,150	766,035,084
Net profit for the year	-	-		47,719,184	47,719,184
Items of other comprehensive income for the year			73,468	(234,559)	(161,091)
Total comprehensive income for the year	-	-	73,468	47,484,625	47,558,093
Transfer of statutory reserve balance to retained earnings (Note 11)	-	(32,070,228)	-	32,070,228	-
Balance as at 31 December 2024	<u>550,000,000</u>	<u>-</u>	<u>175,174</u>	<u>263,418,003</u>	<u>813,593,177</u>
<u>For the year ended 31 December 2025</u>					
Balance as at 1 January 2025	<u>550,000,000</u>	-	<u>175,174</u>	<u>263,418,003</u>	<u>813,593,177</u>
Net profit for the year	-	-	-	45,775,125	45,775,125
Items of other comprehensive income for the year	-	-	(111,986)	(219,560)	(331,546)
Total comprehensive income for the year	-	-	(111,986)	45,555,565	45,443,579
Balance as at 31 December 2025	<u>550,000,000</u>	<u>-</u>	<u>63,188</u>	<u>308,973,568</u>	<u>859,036,756</u>



Finance Manager



Chief Executive Officer



Chairman

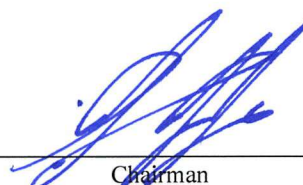
The accompanying notes from (1) to (27) form an integral part of these financial statements.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 SAR (ﷲ)	2024 SAR (ﷲ)
Cash flows from operating activities			
Net profit for the year before Zakat		51,258,430	55,925,169
Adjustments to reconcile net profit for the year before zakat:			
Depreciations of property, plant and equipment	4	51,697,431	51,360,017
Amortizations of intangible assets	5	147,943	196,022
Depreciation of right of use assets	6	1,123,089	1,081,061
Finance costs	21	9,379,546	11,863,724
Losses on disposal of property, plant and equipment		368,215	1,553
Provision for employees' benefits liabilities		919,891	771,167
Inventory impairment		764,073	760,889
		115,658,618	121,959,602
Changes in:			
Inventory		(31,218,095)	(50,660,374)
Accounts receivable, prepaid expenses and other receivables		1,417,989	(4,147,281)
Accounts payable, accrued expenses and other payables		4,023,357	(13,284,820)
Cash generated from operating activities		89,881,869	53,867,127
Employees defined benefits liabilities paid		(547,000)	(378,098)
Finance costs paid		(5,376,000)	(6,512,000)
Zakat paid	17	(7,997,064)	(9,365,056)
Net cash generated from operating activities		75,961,805	37,611,973
Cash flows from investing activities			
Payment for purchase of property, plant and equipment	4	(13,915,042)	(6,026,606)
Payment for purchase of financial investments at fair value through OCI		(4,830)	-
Net cash used in investing activities		(13,919,872)	(6,026,606)
Cash flows from financing activities			
Repayment of Saudi Industrial Development Fund Loan		(80,000,000)	(40,000,000)
Lease liabilities paid		(401,730)	(1,326,458)
Net cash used in financing activities		(80,401,730)	(41,326,458)
Net change in cash and cash equivalents		(18,359,797)	(9,741,091)
Cash and cash equivalents at the beginning of the year		35,039,724	44,780,815
Cash and cash equivalents at end of the year		16,679,927	35,039,724
<u>Non-cash transactions in investment activities:</u>			
Revaluation reserve of financial investments at fair value through OCI		(111,986)	73,468
Reassessment of eligibility of areas subject to franchise license		2,104,130	-
Additions to right of use assets corresponding to related lease liabilities		-	1,970,928
<u>Non-cash transactions in operating activities:</u>			
Actuarial (Losses) from re-measurement of employees' benefit liabilities		(219,560)	(234,559)


Finance Manager


Chief Executive Officer


Chairman

The accompanying notes from (1) to (27) form an integral part of these financial statements.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

1- ESTABLISHMENT AND ACTIVITIES

Umm Al-Qura Cement Company was registered as a Saudi Joint Stock Company under Commercial Registration number 1010382514 issued in Riyadh on 28 Shaban 1434 H (corresponding to 7 July 2013). The share capital of the Company is SAR 550,000,000 divided into 55,000,000 shares with a nominal value of SAR 10 each.

The activities of the Company include the manufacture of ordinary cement (Portland), the manufacture of salt-resistant cement, the manufacture of agglomerated cement (clinker) and the manufacture of white cement, Pursuant to Industrial License No. 1549 dated 5 Rajab 1435H (corresponding to 4 May 2014), which was subsequently renewed under License No. 1435100181734, with an expiry date of 13 Dhul Qadah 1451H (corresponding to 17 March 2030).

The financial statements include the assets, liabilities and results of the Company's operations and its branches as below:

<u>Branch Name</u>	<u>CR No.</u>	<u>City</u>	<u>Activity</u>
Umm Al-Qura Cement Company Plant	4032044432	Taif	White cement manufacturing, ordinary (Portland) cement manufacturing, salt-resistant cement manufacturing, and agglomerated cement (clinker) manufacturing.
Umm Al-Qura Cement Company	4032254452	Taif	Wholesale of cement, plaster and similar materials , retail sale of building materials, including cement, bricks, gypsum, cement tiles, etc.

The head office of the Company is in Riyadh King Abdulaziz Road, Al-Sahafa District, P.O. Box 4286, Riyadh 13321, Riyadh, kingdom of Saudi Arabia. The Company's plant is located in Taif.

Climate Change

The Company is subject to short-term and long-term climate change related risks; these risks are inherent part of operating a cement industry. The Company is continually working to reduce environmental impact from the business, in part, due to inherent risks.

Rising fuel costs and the greenhouse gas emissions associated with fuel and electricity consumption have an impact not only on the environment but also on the Company's net financial profit. Climate change also leads to risks to cement production through reductions in fuel consumption, diseases, etc., that pose challenges for sustaining and increasing production levels.

The Company has developed a sustainability strategy, outlining how it will improve its energy performance through efficient energy consumption and generation from sustainable sources. The strategy focuses on electricity generation and fuel efficiency measures powered by alternative fuels.

2- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2-1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (hereinafter referred to as “IFRS that are endorsed in KSA”). The financial statement has been prepared on the going concern basis.

2-2 Preparation of the financial statements

The financial statements have been prepared on a historical cost basis except when IFRS requires the use of another measurement basis, as indicated in the material accounting policies (Note 3).

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

2 Basis OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2-3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SAR), which is the Company's functional currency and the amounts in these financial statements are rounded to the nearest Saudi Riyal.

3- MATERIAL ACCOUNTING POLICIES

3-1 New Standards, Interpretations and Amendments Not Yet Effective

There are several standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (“IASB”) that are effective in future accounting periods that the Company has decided not to adopt early.

	<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments		1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7		1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements		1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability		1 January 2027
IAS 21	Translation into the presentation currency in a hyperinflationary economy		1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments.

The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

3-2 New Standards, Interpretations and Amendments

The following are the new standards, interpretations and amendments to standards that are effective in the current year, but they have no impact on these financial statements.

	<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IAS 21	Amendment – Lack of Exchangeability		1 January 2025

Early adoption of standards

During the financial year ended 31 December 2025, the company did not implement early application of any of the new standards or amendments issued by the international Accounting Standards Board.

3-3 Use of judgement and estimates

The preparation of the financial statements in accordance with IFRS Accounting Standards endorsed in Saudi Arabia requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. These estimates and underlying assumptions are based on past experience and various other factors that are considered reasonable under the current circumstances. Their outcomes serve as the basis for judgments regarding the carrying amount of assets and liabilities that are not readily apparent from their sources. Actual results may

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

3-3 Use of judgement and estimates (continued)

differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

A. Estimate useful lives of property, plant and equipment And intangible assets

Management estimates the useful lives of property, plant and equipment and intangible assets to calculate depreciation and amortization. These estimates are determined after taking into account the expected use of the assets, obsolescence and damage. Management reviews the residual value and useful lives annually and changes in depreciation and amortization expenses in current and future periods, -if any- are adjusted.

B. Allowance for slow-moving inventory

Management makes an allowance for slow-moving and obsolete inventory items. Inventory is measured at cost or net realizable value. Estimation of the net realizable value are based on the most reliable evidence at the time of the estimates. These estimates take into account price fluctuations or costs directly related to events occurring after the date of the financial statements.

C. Strategic spare parts

The Company maintains a strategic and reserve inventory of spare parts for the production line in its plant, and management aims to hold it for longer periods of more than one year. Management believes that all property, plant and equipment will provide future economic benefits from the future use of strategic spare parts. Management reviews the spare parts in the reserve and strategic equipment, which should be available when needed and consumed with the expected life of the related asset.

D. Employee end of service benefits liability

Employee end-of-service benefits liability is determined according to a defined unfunded benefit plan and measured at the present value of future obligation using Projected Unit Credit Method. The actuarial valuation includes many assumptions that may differ from the actual developments in the future. These assumptions include the determination of the discount rate, future salary increases and turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined unfunded benefit liability is highly sensitive to changes in these assumptions. Thus, all assumptions are reviewed once a year or more often, as necessary.

E. Provision for rehabilitation of areas subject to franchise license

The provision for rehabilitation of areas subject to franchise license is recognized at the present value of the expected cost of re-leveling the site of the Company's plant land. The present value of the provision was estimated and the provision was recognized at the expected present value at the end of the plant's life, These assumptions include the determination of the discount rate. The Company relied on renewing the current quarry license after its expiry when initially measuring the present value of the provision.

UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))

3- MATERIAL ACCOUNTING POLICIES (continued)

3-4 Classification of assets and liabilities from 'current' to 'non-current'

The Company presents assets and liabilities in the statement of financial position on a current / non-current basis. The asset is considered current when it is:

- Expected to be realized, intended to be sold or or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the financial year; or
- Cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial year.
- All other assets are classified as “non-current”.

The liability is considered current when it is:

- expected to be settled during the normal business cycle;
- Held primarily for the purpose of trading;
- it is due within twelve months after the financial year; or
- there is no unconditional right to defer the settlement of liabilities for at least twelve months after the after the financial year.
- All other liabilities are classified as "non-current".

3-5 Property, machinery , and equipment

Property, machinery and equipment are stated at cost less accumulated depreciation and any impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an item of property, machinery and equipment have different useful lives, then its accounted for as separate items (major components) of property, machinery and equipment. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight line method based on the estimated useful lives of the assets. Depreciation commences from the date the asset is available for use leasehold improvements are amortized on a straight-line basis over the useful life of the improvements or the lease term, whichever is shorter. Sold or disposed asset and its accumulated depreciation are written-off at the date of sale or disposal.

Profit or loss on disposal is recognized in the statement of profit or loss. The estimated useful lives of the principal classes of assets are:

<u>Asset</u>	<u>Years</u>
Buildings and roads	10-30
Machinery and equipment	4-20
Furniture and fixtures	5-20
Trucks and forklifts	7

Depreciation method and useful lives are reviewed periodically to ensure that depreciation method is appropriate with the expected economic benefits of property, plant and equipment.

3-6 Projects under construction

The cost of projects under construction is calculated on the basis of the actual cost and is shown as projects under construction until they are completed and then transferred to the various items within the property, plant and equipment, and then their depreciation begins

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

3- MATERIAL ACCOUNTING POLICIES (continued)

3-7 Impairment of non-financial assets

At each reporting date, the Company performance a review of all non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication that assets have suffered an impairment loss, the recoverable amount of any affected asset (or group of assets) is estimated and compared the its carrying amount.If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Impairment exists when the asset's or cash-generating unit's ("CGU") carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell or its value in use. The fair value of an asset is estimated based on sales transactions, conducted at arm's length for identical assets or observable market prices of similar assets, less any additional costs to sell. The value in use is calculated based on the present value of the asset's expected cash flows over the next five years. These projected cash flows do not include restructuring activities to which the Company is not yet committed or significant future investments that would enhance the performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for value-in-use estimation purposes.

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

3-8 Intangible assets

Intangible assets, including software and quarry exploration license fees acquired by the Company, with a useful life of 5 to 10 years, are measured at cost less accumulated amortization and any accumulated impairment losses, if any.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in a specific asset to which they relate, and all other expenses that are internally generated are recognized in the statement of profit or loss when incurred.Amortization of the cost of intangible assets, net of residual value, is calculated using the straight-line method over their estimated useful lives and is recognized in the statement of profit or loss.

3-9 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition.Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of profit or loss.

Financial assets

Financial assets are classified into the following categories.Financial assets at fair value through PL, fair value through OCI, and financial assets measured at amortized cost.The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.All regular way purchases and sales of financial assets are recognized on a trade date basis.Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

3- MATERIAL ACCOUNTING POLICIES (continued)

3-9 Financial instruments (continued)

A) Financial assets at fair value through profit or loss (fair value through PL)

Financial assets are classified at fair value through profit or loss when they are acquired for trading purposes or designated to be classified as such.

Financial assets are classified as held for trading if:

- they were acquired mainly to be sold in the near future.
- they represent part of a known financial portfolio managed by the Company and include the actual pattern of a financial instrument that generates profits in the short term.
- they represent a derivative but not classified or effective as a hedging instrument.

Financial assets designated at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in profit or loss.

Net profit or loss includes any dividends or interest due from the financial asset and is included in the statement of profit or loss.

B) Financial assets at amortized cost

Accounts receivable, cash and cash equivalents are measured at amortized cost using the effective interest method less any impairment loss, and charged to profit or loss.

Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant.

C) Financial assets at fair value through other comprehensive income (fair value through OCI)

Gains and losses arising from changes in fair value are recognized under other comprehensive income items, which are added to the accumulated changes in fair value of investments under equity, except for impairment losses, which are recognized in profit or loss. If investment is disposed or suffered an impairment, gains or losses resulted from previous evaluation which were recognized in investment revaluation reserve are included in the statement of other comprehensive income.

Dividends income from equity instruments measured at fair value through other comprehensive income is recognized when the Company's right to receive payments for dividends from those investments arises. It is recognized as income in the statement of profit or loss unless the dividends clearly represent a recovery of part of the investment cost. Other gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

D) Impairment of non-derivative financial assets

The Company recognizes loss allowances according to the expected credit loss model on financial assets recognized at amortized cost, such as trade receivables. The Company evaluates future credit losses based on the expected credit loss model for financial assets carried at amortized cost. For trade receivables, the Company applies the simplified approach, which requires recognizing lifetime expected credit losses on trade receivables from the date of initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates were calculated based on the Company's historical data and adjusted to reflect the expected future result, which also includes forward-looking information on macroeconomic factors such as inflation and GDP growth rate.

Other financial assets such as employee receivables and bank balances have low credit risk, and the application of the expected credit loss model is considered insignificant.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

3- MATERIAL ACCOUNTING POLICIES (continued)

3-9 Financial instruments (continued)

E) Derecognition

The Company derecognizes a financial asset only when the contractual rights to receive cash flows from the asset expire or when substantially all the risks and rewards of ownership are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

Financial liabilities

Financial liabilities (including loans and accounts payable) are measured initially and subsequently at amortised cost using the effective interest method.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of disposed financial liabilities and amount paid is charged to the statement of profit or loss.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, other premiums or discounts) over the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Measuring the fair value of financial instruments including derivative financial instruments

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be measured on the basis of prices quoted in the active market and where international standards require that such assets or liabilities be valued at their fair value, their fair value is determined using valuation methods, including the use of the present value of expected cash flows from those assets or using other methods as stipulated in IFRS 13. Inputs for these methods are taken from active markets whenever possible. However, when this is not feasible, a certain degree of estimation is required to determine fair value. These estimates take into account liquidity risk, credit risk, and volatility. Changes in assumptions regarding these factors can affect the reported fair value of financial instruments.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

3- MATERIAL ACCOUNTING POLICIES (continued)

3-9 Financial instruments (continued)

E) Derecognition (continued)

Fair value

Fair value is the price at which an asset would be sold or a liability would be settled between willing parties in an arm's length transaction on the measurement date. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

A financial instrument is considered to be listed in an active market if quoted prices are readily and regularly available from a foreign exchange dealer, broker, industry group, pricing service, or regulatory authority, and these prices represent actual and regularly occurring market transactions on a commercial basis. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

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.

3-10 Inventory

Inventories are valued at the lower of cost or net realisable value, and cost is determined using the weighted average method. The cost of finished goods and work-in-process includes the cost of materials, labour and indirect manufacturing overheads that contribute to converting raw materials into finished goods. Net realisable value represents the estimated selling price in the ordinary course of business less any costs to complete the sale. A provision is made for obsolete and slow-moving items based on management's estimates at the date of preparing the financial statements (if any), at each reporting date.

3-11 Related parties

A related party is a person or entity associated with the Company that prepares its financial statements.

A) If the person or a member of his family is closely related to the Company whose financial statements are prepared:

- Has control or joint control over the Company preparing the financial statements;
- Has a material impact on the Company that prepares its financial statements; or
- He is a member of the senior management of the Company that prepares its financial statements.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

3- MATERIAL ACCOUNTING POLICIES (continued)

3-11 Related parties (continued)

B) If the entity is related to the Company that prepares its financial statements if any of the following conditions are met:

- The entity and the company that prepares its financial statements are members of the same company (which means that both the parent company, subsidiaries and associates have a relationship with the other).
- One of the companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of a group to which the other company belongs).
- Both companies are joint ventures of the same third party.
- One of the companies is a joint venture of a third company, and the other company is an associate of the third company.
- The Company is controlled or jointly controlled by a specific person as outlined in paragraph (a).
- The person identified in paragraph (a) (1) has a material influence on the company or is a member of the top management in the company (or the parent company).
- The company or any member of the company provides part of the services of senior management personnel of the company that prepares its financial statements or to the parent of the company that prepares its financial statements.

3-12 Accounts receivable

Accounts receivable are stated at the original amount of invoice, less allowance for expected credit losses. An allowance for expected credit losses is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off as incurred against related receivables. Provisions are charged to the statement of profit or loss. Any receivables recovered subsequently that were previously written off are recorded under other income in the statement of profit or loss.

3-13 Cash and cash equivalents

Cash and cash equivalent comprise cash on hand and bank balances, time deposits and other highly liquid short-term investments with original maturities of three months or less from the acquisition date which are available to the Company without restrictions that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

3-14 Loans

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings are measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the amount of recovery is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to be ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

3- MATERIAL ACCOUNTING POLICIES (continued)

3-15 Provision for rehabilitation of areas subject to franchise license

Provision for rehabilitation of areas subject to franchise license is measured at the present value of the expected cost of restoring the site subject to franchise license using the discount rate as at the start date of the franchise license contract.

3-16 Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

Provisions are measured based on the best estimate of the amount required to settle the obligation as of the date of the statement of financial position, taking into account the risks and uncertainties surrounding the obligation. A provision is also measured using the estimated cash flows required to settle the present obligation. A receivable is recognized as an asset if the receipt and replacement of the amount are certain and can be reliably measured.

3-17 Employees' benefits liabilities

End of service benefits

End-of-service benefits are determined using the projected unit credit method, with an actuarial valuation conducted at the end of each financial period. Remeasurements, including actuarial gains and losses, are recognized in the statement of financial position, while gains and losses are recorded in other comprehensive income in the period in which they are incurred. Remeasurements recognized in other comprehensive income are immediately included in retained earnings and are not reclassified to profit or loss.

Retirement benefits

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

Short-term employee benefits

The liability for employee benefits, including wages, salaries, annual leave, and sick leave, is recognized in the period in which the related service is provided. The liability is measured at the undiscounted amount of benefits expected to be paid for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the amount of the benefits expected to be paid in exchange for the related service.

3-18 Accounts payable and other payables

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by suppliers or not.

3-19 Value added tax (VAT)

Expenses and assets are recognized net of VAT, except in the following cases:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the Zakat, Tax, and Customs Authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When accounts receivable and accounts payable are recorded with the VAT amount.

3-20 Zakat provision

The estimated Zakat is an obligation of the Company and is reflected in the accompanying financial statements by being charged to the statement of profit or loss, in accordance with the Zakat standards and the guidance issued by SOCPA. It is calculated for the year on an accrual basis.

Zakat is calculated at the end of the year based on the higher of the adjusted net income or the Zakat base, in accordance with the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia.

Differences between the provision and the final assessment are accounted for in the year the assessment is received.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

3- MATERIAL ACCOUNTING POLICIES (continued)

3-21 Board of Directors remunerations

According to the international financial reporting standards adopted in the Kingdom of Saudi Arabia, the remuneration of the members of the Board of Directors is recorded through the statement of profit or loss

3-22 Recognition of revenue from contracts with customers

Revenue is measured at the fair value of the consideration received from cash customers or receivable from cash customers for goods sold, net of returns, trade discounts, and rebates granted to customers, in accordance with the five steps outlined in IFRS 15:

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 Company 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 Company sells bulk and packaged cement, under specific and independent sales invoices entered into 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.

Sale of goods:

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

The Company considers the following indicators in evaluating the transfer of control over the asset towards the customer:

- The Company has an immediate right to a payment for the assets.
- The customer has legal ownership of the asset.
- The company has transferred the actual ownership of the asset.
- The customer bears the significant risks and rewards of ownership of the asset.
- Customer acceptance of the contract.

3-23 Expenses

General and administrative expenses include all expenses that are not directly related to the cost of revenue or selling and marketing expenses. Common expenses are allocated when necessary. Selling and marketing expenses include all costs associated with the sales and marketing function.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

3- MATERIAL ACCOUNTING POLICIES (continued)

3-24 Leases

The company is a lessor

Lease payments under operating leases are recognized in the statement of profit or loss on a straight-line basis over the relevant lease term.

The Company as lessee

Upon initiation of non-cancellable operating leases, the leased asset is identified and defined as the "right to use the leased asset" and is measured at cost with an appropriate discount on the relevant components of the lease term and payment obligations including the initial direct cost, terms and incentives mentioned in the basic lease agreement. After initial measurement and recognition, the "right to use the leased asset" is subsequently measured periodically using a cost model that includes initial measurement and any re-measurement adjustments minus accumulated depreciation.

The Company depreciates the right of use asset over the estimated term of the lease using the straight-line method, the right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. .

At the lease commencement date, the net present value of all unpaid lease payments as of that date is determined, discounted using an appropriate rate. After initial measurement, 'lease liabilities' are measured periodically by increasing the carrying cost to reflect the interest cost on future unpaid lease liabilities and any re-measurement adjustment minus the lease payments made up to that date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3-25 Short-term and low-value leases

The Company has chosen not to recognize the assets (right of use) and lease liabilities for short-term leases of 12 months or less and low-value leased. The Company recognizes the lease payments associated with these leases as expenses in the statement of profit or loss on a straight-line basis over the lease term.

3-26 Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements but are disclosed, unless the likelihood of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

3-27 Earnings per share

Basic and diluted earnings per share are calculated based on the weighted average number of shares outstanding as of year-end.

3-28 Segment information

The Company carries out its activity in one operating sector in the production of cement and is fully operating in the Kingdom of Saudi Arabia. The financial information has not been segmented into different business or geographical sectors.

3-29 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Saudi Riyals at the exchange rates prevailing at year's end. Gains and losses arising from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are listed in Saudi Riyals (ﷲ))

4- PROPERTY, PLANT AND EQUIPMENT

	Buildings and roads SAR	Machinery and equipment SAR	Furniture and fixtures SAR	Trucks and forklifts SAR	Projects under construction SAR	Total SAR
Cost						
Balance as at 1 January 2024	314,648,480	764,068,075	1,810,804	38,023,826	-	1,118,551,185
Additions during the year	239,796	5,294,847	450,949	26,764	14,250	6,026,606
Disposals during the year	-	(720)	(152,779)	-	-	(153,499)
Balance as at 31 December 2024	314,888,276	769,362,202	2,108,974	38,050,590	14,250	1,124,424,292
Additions during the year	2,194,402	13,366,436	196,209	60,525	201,600	16,019,172
Transfer between asset classes	(81,359)	-	81,359	-	-	-
Disposals during the year	-	(687,551)	-	-	-	(687,551)
Balance as at 31 December 2025	317,001,319	782,041,087	2,386,542	38,111,115	215,850	1,139,755,913
Accumulated depreciation						
Balance as at 1 January 2024	74,172,707	269,479,229	1,348,864	35,790,953	-	380,791,753
Charge for the year	10,783,208	40,337,086	162,164	77,559	-	51,360,017
Disposals during the year	-	(720)	(151,226)	-	-	(151,946)
Balance as at 31 December 2024	84,955,915	309,815,595	1,359,802	35,868,512	-	431,999,824
Charge for the year	10,840,884	40,548,270	224,590	83,687	-	51,697,431
Transfer between asset classes	(22,671)	-	22,671	-	-	-
Disposals during the year	-	(319,336)	-	-	-	(319,336)
Balance as at 31 December 2025	95,774,128	350,044,529	1,607,063	35,952,199	-	483,377,919
Net book value:						
As at 31 December 2025	221,227,191	431,996,558	779,479	2,158,916	215,850	656,377,994
As at 31 December 2024	229,932,361	459,546,607	749,172	2,182,078	14,250	692,424,468

- The land, on which the plant is constructed is covered by a raw material quarry license granted to the Company by the Ministry of Industry and Mineral Resources for the exploitation of limestone under in the manufacture of ordinary Portland cement from Hurra Hodun location (2), in Taif which is part of the Makkah Region. The area of the land is 24,537 square kilometers.
- The entire buildings, machinery, equipment and related accessories are mortgaged as a guarantee for SIDF loan (Note 12).

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

The depreciation charged for the year was allocated as follows:

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Cost of revenue	51,617,871	51,284,487
Selling and marketing expenses (Note 19)	24,903	21,680
General and administrative expenses (Note 20)	54,657	53,850
	<u>51,697,431</u>	<u>51,360,017</u>

5- INTANGIBLE ASSETS

The intangible assets consist of the Company's software, in addition to exploration license fees for the quarry used to extract limestone. These costs are amortized over a period ranging from 5 years to 10 years.

The movement of intangible assets as at 31 December 2025 is as follows:

	<u>Software</u>	<u>Exploration license fees</u>	<u>Total</u>
Cost			
Balance as at 1 January 2024	1,794,015	1,244,810	3,038,825
Additions during the year			
Balance as at 31 December 2024	1,794,015	1,244,810	3,038,825
Additions during the year	-	-	-
Balance as at 31 December 2025	1,794,015	1,244,810	3,038,825
Accumulated amortization			
Balance as at 1 January 2024	1,685,233	129,598	1,814,831
Charged during the year	71,542	124,480	196,022
Balance as at 31 December 2024	1,756,775	254,078	2,010,853
Charged during the year	23,462	124,481	147,943
Balance at the end of the year	1,780,237	378,559	2,158,796
Net book value as at 31 December 2025	13,778	866,251	880,029
Net book value as at 31 December 2024	37,240	990,732	1,027,972

The amortization charged for the year was allocated as follows:

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Cost of revenue	140,391	188,470
General and administrative expenses (Note 20)	7,552	7,552
	147,943	196,022

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷻ))**

6- Right-of- Use Assets and Lease liability

The following table shows the movement during the year for both right-of-use assets and lease liabilities:

A. Movement in the right of use assets

	Right of use assets (Buildings)	Right of use assets (Cars)	Total right of use assets
Cost			
Balance as at 1 January 2024	2,962,622	983,160	3,945,782
Additions during the year	1,582,834	388,094	1,970,928
Disposals during the year *	(2,733,868)	-	(2,733,868)
Balance as at 31 December 2024	1,811,588	1,371,254	3,182,842
Additions during the year	-	-	-
Disposals during the year *	(228,753)	(905,483)	(1,134,236)
Balance as at 31 December 2025	1,582,835	465,771	2,048,606
Accumulated depreciation			
Balance as at 1 January 2024	2,748,776	374,679	3,123,455
Charge for the year	695,119	385,942	1,081,061
Disposals during the year	(2,733,868)	-	(2,733,868)
Balance as at 31 December 2024	710,027	760,621	1,470,648
Charge for the year	739,368	383,721	1,123,089
Disposals during the year	(228,753)	(905,483)	(1,134,236)
Balance as at 31 December 2025	1,220,642	238,859	1,459,501
Net book value:			
As at 31 December 2025	362,192	226,913	589,105
As at 31 December 2024	1,101,561	610,633	1,712,194

* Disposal during year 2025 are represented in termination of some leased buildings and cars.

The amortization charged for the year was allocated as follows:

	For the year ended 31 December	
	2025	2024
Cost of revenue	217,590	224,554
Selling and marketing expenses (Note 19)	113,600	191,502
General and administrative expenses (Note 20)	791,899	665,005
	1,123,089	1,081,061

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷻ))**

6- Right-of-use and lease liability (CONTINUED)

B. Movement in lease liabilities:

	<u>31 December 2025</u>	<u>31 December</u>
Balance at the beginning of the year	1,391,271	691,309
Additions during the year	-	1,970,928
Amortization of interest during the year (note 21)	57,980	55,492
Payment made during the year	(401,730)	(1,326,458)
Balance at the end of the year	1,047,521	1,391,271

Lease liabilities are classified as follows:

	<u>31 December 2025</u>	<u>31 December</u>
Non-current portion	71,298	994,329
Current portion	976,223	396,942
	1,047,521	1,391,271

7- FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OCI

The following table presents the movement of investments classified at fair value through other comprehensive income as shown in the statement of financial position, in addition to the net change in fair value recognized in other comprehensive income during the period.

	As at 31 December	
	<u>2025</u>	<u>2024</u>
Investment balance at the beginning of the year	203,510	130,042
Additions during the year (subscription)	4,830	-
Net change in fair value during the period (OCI)	(111,986)	73,468
Investment balance at the end of the year	96,354	203,510

- Fair value reserve for financial investments measured at fair value through OCI

This reserve represents the net unrealized gains and losses arising from the remeasurement of financial investments classified at fair value through other comprehensive income, which are recognized in other comprehensive income and are not reclassified to the statement of profit or loss.

	As at 31 December	
	<u>2025</u>	<u>2024</u>
Opening balance of the reserve	175,174	101,706
(Losses) /Gain on change in fair value	(111,986)	73,468
Closing balance of the reserve	63,188	175,174

The investments comprise shares in a listed company (ACWA Power). The number of shares held as at 31 December 2025 amounted to 530 shares (31 December 2024: 507 shares). The fair value of the investment was measured based on the quoted share price as at 31 December 2025.

During the period, the Company subscribed to additional shares (Priority rights shares) in ACWA Power in July 2025, and the subscription amount was recognized within investments measured at fair value through other comprehensive income. The Company elected these financial assets as **fair value through other comprehensive income (FVOCI)** as its strategic equity investments that are not held for trading.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

8- INVENTORY

	<u>31 December 2025</u>	<u>31 December 2024</u>
Work in progress*	411,084,764	380,765,874
Spare parts	27,576,762	26,795,197
Raw materials	6,891,745	7,881,510
Finished goods	5,216,310	4,875,877
Fuel and oil	17,598,297	16,169,969
Packing materials	1,898,857	2,560,212
Impairment in spare parts inventory**	(1,524,962)	(760,889)
	<u>468,741,773</u>	<u>438,287,750</u>

* Working in progress consists mainly of clinker. Clinker is one of the main materials used in the production of cement (the Company's finished goods). These materials are stored in large yards within the plant premises, where they can maintain their quality for up to five years, according to the Company's production management estimates.

** The amount of impairment in spare parts inventory was charged to cost of sales during the year.

The movement in the provision for slow-moving inventories and consumables was as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	760,889	-
Charged (reversed) during the year	764,073	760,889
Balance at the end of the year	<u>1,524,962</u>	<u>760,889</u>

9- ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER RECEIVABLES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Accounts receivable	9,032,027	8,353,243
(Less): Allowance for expected credit losses	(872,929)	(872,929)
Accounts receivable, net	8,159,098	7,480,314
Prepaid expenses	1,973,990	1,990,707
	<u>10,133,088</u>	<u>9,471,021</u>
Advances to contractors and supplier	3,958,799	6,038,855
	<u>14,091,887</u>	<u>15,509,876</u>

The following table presents the movement of the allowance for expected credit losses:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	872,929	872,929
Balance at the end of the year	<u>872,929</u>	<u>872,929</u>

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

9- ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER RECEIVABLES (continued)

The following table presents the aging of the Company's accounts receivable:

	<u>31 December 2025</u>	<u>31 December 2024</u>
1 to 90 days	8,293,776	7,508,162
91 to 180 days	-	98,870
181 to 360 days	-	-
Over 360 days	738,251	746,211
	<u>9,032,027</u>	<u>8,353,243</u>

10- CASH AND CASH EQUIVALENTS

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash at banks	6,652,288	7,492,195
Cash on hand	27,639	32,664
Highly liquid financial investments*	10,000,000	27,514,865
	<u>16,679,927</u>	<u>35,039,724</u>

* The amount represents the Islamic return account at Riyadh Bank and investments in units of the Al Rajhi Commodities Mudaraba Fund, in addition to investments in treasury operations . These are highly liquid investments with a low risk rate. Profits from these investments were made during the year ended 31 December 2025, amounting to SAR 276,112 (31 December 2024: SAR 1,608,631), and are included under "Other Income" (Note 22).

11- STATUTORY RESERVE

During the second quarter of 2024, the Company transferred the balance of the statutory reserve amounting to SAR 32,070,228, as shown in the financial statements for the year ended 31 December 2023, to the retained earnings account. This was based on the approval of the Extraordinary General Assembly meeting held on 29 April 2024, to amend the Company's Articles of Association in line with the new Companies Law. The new Articles of Association were approved by the Ministry of Commerce on 9 May 2024.

12- SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN

Movement of the Saudi Industrial Development Fund Loan is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as at the beginning of the year	283,000,000	323,000,000
Repayment of loan during the year	(80,000,000)	(40,000,000)
Balance as at the end of the year	203,000,000	283,000,000
(Less): Deferred administrative finance costs*	(2,904,533)	(5,962,480)
Balance as at the end of the year	<u>200,095,467</u>	<u>277,037,520</u>
Loan balance is classified as follows:		
SIDF loan: current portion	<u>200,095,467</u>	<u>76,942,053</u>
SIDF loan: non-current portion	-	<u>200,095,467</u>

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

12- SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN (CONTINUED)

* The following table shows the movement in deferred administrative finance costs:

	31 December 2025	31 December 2024
Balance at the beginning of the year	5,962,480	10,006,309
Amortization of deferred administrative finance costs	(3,057,947)	(4,043,829)
Balance at the end of the year	2,904,533	5,962,480

- On May 21, 2014, the Company signed a long-term loan agreement with the Saudi Industrial Development Fund (SIDF) for an amount of SAR 678,000,000 to finance the construction of a cement production plant. The loan is secured by a mortgage on the Company's buildings, machinery, and equipment to the Fund. The loan agreement includes terms regarding the Company's commitment to certain financial ratios and conditions. The loan is to be repaid in sixteen installments, with the first installment due on 15 Safar 1439H (corresponding to 4 November 2017) and the final installment due on 15 Sha'ban 1446H (corresponding to 14 February 2025).
- On 23 Dhul-Qi'dah 1438H (corresponding to 15 August 2017), a letter was signed to amend certain terms of the original loan agreement. This included a reduction in the loan amount to SAR 656,876,000, modification of the repayment schedule to fifteen unequal semi-annual installments, and the adjustment of the first installment repayment date to 15 Sha'ban 1439H (corresponding to 1 May 2018), without amending the final installment repayment date.
- Deferred finance costs represent the amounts deducted in advance upon receipt of the loan. These fees are amortized over the term of the related loan using the effective interest rate method. The follow-up fees are incurred on the obligations of that loan.
- In 2023, a rescheduling agreement was agreed between the company and the Saudi Industrial Development Fund to extend the loan repayment period. The remaining amount will be repaid in eight semi-annual installments, with the first installment due on 15 Safar 1446H (corresponding to 19 August 2024), and the final installment due on 15 Sha'ban 1449H (corresponding to 12 January 2028).
- In accordance with the requirements of IFRS 9, the Company assessed whether the rescheduling constituted a significant modification of the existing financial liability terms. The study revealed that it did not represent a significant modification of the loan terms. The Company recognized a gain of SAR 8,761,365 in the statement of profit or loss and other comprehensive income for the year 2023. This gain represents the difference between the discounted present value of the cash flows under the new terms, using the original effective interest rate, and the discounted present value of the remaining cash flows under the original terms of the financial liability.
- The loan agreements include certain covenants and specified repayment schedules. Under the terms of these agreements, the lender has the right to demand immediate repayment of the loan in the event of non-compliance with any of the covenants or repayment schedules. As at 30 September 2025, the installment was not settled in accordance with the contractual terms, and the Company was notified by the Fund through a demand letter requiring full settlement of the loan amount. Accordingly, this resulted in the reclassification of the non-current liabilities to current liabilities.

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

12- SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN (CONTINUED)

– Below are maturities of SIDF loan after rescheduling:

Year	31 December 2025	31 December 2024
2025	-	80,000,000
2026	80,000,000	80,000,000
2027	80,000,000	80,000,000
2028	43,000,000	43,000,000
	203,000,000	283,000,000

13- CREDIT FACILITIES

A Sharia-compliant credit facility agreement was signed with Riyad Bank on 23 April 2019, and renewed on 28 November 2023, for an amount of SAR 50 million. The facility period ends on 28 November 2026, with a promissory note of SAR 54 million provided by the Company in favor of the bank granting the facility. The purpose of the facility is to finance the Company's working capital, capital expenditures, and letters of credit.

14- PROVISION FOR REHABILITATION OF AREAS SUBJECT TO FRANCHISE LICENSE

The provision for rehabilitation of areas subject to franchise license represents the present value of the expected cost of re-leveling the concession site, specifically the land of the Company's plant. In 2018, the Company appointed a specialized expert in estimating the present values of provisions and the remaining values of properties, machinery, and equipment to estimate the present value of the rehabilitation provision. The Company recognized the quarry rehabilitation cost related to license No. (143352) based on a technical study issued by a certified expert specialized in the mining sector during 2025, in accordance with a request from the Ministry of Industry and Mineral Resources..

On 17 December 2022, Ministerial Resolution No. 503/3/1444 was issued granting the Company a mining license to exploit limestone ore for industry from a site in Radwan – the main Taif-Riyadh road in the Taif Governorate, part of the Makkah Region. The duration of the license granted to the Company is ten years. The company recognized the cost of rehabilitating the quarry for license number (144441) based on a technical study issued by an accredited expert specializing in the mining sector, at the request of the Ministry of Industry and Mineral Resources. The movement in the provision for rehabilitation is as follows:

	31 December 2025	31 December 2024
Present value of the provision rehabilitation	4,105,867	4,105,867
Additions to the present value of the quarry rehabilitation provision during the year	5,860,533	3,756,403
Total present value of the provision for rehabilitation	9,966,400	7,862,270
<u>Actual interest</u>		
Actual interest at the beginning of the year	9,560,932	8,304,701
Actual interest charged for the year (Note 21)	1,355,817	1,256,231
Actual interest at the end of the year	10,916,749	9,560,932
Net present value of the provision for rehabilitation	20,883,149	17,423,202

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

15- EMPLOYEES' BENEFITS LIABILITIES

A. The Company determines the present value of employee benefits liabilities by conducting an actuarial assessment using the projected unit credit method, taking into account the following set of assumptions:

	31 December 2025	31 December 2024
Discount rate	<u>4,55%</u>	<u>5,25%</u>
Benefits increase rate	<u>6,05%</u>	<u>6,75%</u>

B. The movement in the employee benefits liabilities is as follows:

	31 December 2025	31 December 2024
Employees benefits liabilities balance the beginning of the year	<u>4,080,618</u>	<u>3,452,990</u>
<u>Included in profit or loss</u>		
Current service cost	698,715	610,562
Interest cost	221,176	160,605
<u>Included in items of other comprehensive income</u>		
Actuarial losses from re-measurement of employee benefits liabilities	219,560	234,559
Payment made during the year	(547,000)	(378,098)
Employees benefits liabilities balance at the end of the year	<u>4,673,069</u>	<u>4,080,618</u>

C. Employees' benefits liabilities sensitivity

	31 December 2025	31 December 2024
	bp	
	+ 0,5% Increase	4,765,527
	- 0,5% Decrease	4,159,072
Rate of change in salaries	4,585,348	4,005,969
	bp	
	+ 0,5% Increase	4,553,906
	- 0,5% Decrease	3,978,724
Discount rate	4,799,664	4,188,591
Assumption of a statistical study for the employees' membership data		
Average age of employees (years)	40	39
Average years of past experience	5	5

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

16- ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2025 SAR	31 December 2024 SAR
Contractors and suppliers payables	25,727,143	25,235,521
Exploitation fees - Ministry of Industry and Mineral Resources (A)	28,966,854	25,524,464
Retention amounts for maintenance works (B)	1,661,415	1,661,415
Accrued expenses	2,611,492	2,778,356
Follow-up fees of SIDF Loan (C)	1,470,807	1,939,006
Employees' accruals	1,137,891	1,501,082
Advance from customers	1,005,780	641,278
VAT and withholding tax	3,353,840	3,098,940
	<u>65,935,222</u>	<u>62,380,062</u>

- A) Represents amount due to Ministry of Industry and Mineral Resources , according to the license granted to the Company for the exploitation of Limestone in the licensed area.
- B) The amount is represented in provision made for maintenance of the Company's silos and production line during the subsequent period.
- C) SIDF loan follow-up fees represent amounts due on the loan granted by the SIDF to the Company for monitoring the project, in accordance with the agreement signed with SIDF.

17- ZAKAT PROVISION

- A) The following is the movement in estimated Zakat provision:

	31 December 2025 SAR	31 December 2024 SAR
Balance as at the beginning of the year	8,299,644	9,458,715
Charged during the year	5,483,305	8,205,985
Payment made during the year	(7,997,064)	(9,365,056)
Balance as at the end of the year	<u>5,785,885</u>	<u>8,299,644</u>

B) Zakat status:

The Company has submitted zakat returns for previous years up to the year 2024 and obtained the zakat certificates for those years.

UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))

18- SALES AND COST OF SALES

- The Company's revenue consists of sales from bulk and packaged cement, and there are no other products for the Company. The Company's products are sold inside the Kingdom of Saudi Arabia. The Company sells its products entirely through distributors and individuals, and the sales occur at a single point in time, not over a period of time. The Company's sales as at 31 December 2025 amounted to SAR 279,057,429(2024: SAR 265,590,348).
- The cost of sales primarily consists of the cost of raw materials, direct labor, fuel and energy, spare parts, packing, other industrial expenses, and consumables. The cost of sales as at 31 December 2025 amounted to SAR 202,089,804 (2024: SAR 182,667,667).

19- SELLING AND MARKETING EXPENSES

	2025	2024
	SAR	SAR
Salaries, wages, and other benefits	<u>2,951,825</u>	3,016,824
Depreciation of right-of-use assets	113,600	191,502
Rentals	100,279	13,638
Depreciation on property, plant and equipment	24,903	21,680
Others	436,442	377,780
	<u>3,627,049</u>	<u>3,621,424</u>

20- GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
	SAR	SAR
Salaries, wages, and other benefits	<u>6,839,394</u>	6,575,509
Allowances and remunerations of members of the BOD and its committees	1,987,500	2,029,500
Consulting and professional fees	1,593,834	2,874,911
Shareholders' register management expenses	503,823	500,886
Depreciation of right-of-use assets	791,899	665,005
Technical support for computer software	562,529	497,623
Government fees	64,605	72,319
Medical insurance	428,670	364,652
Amortization of intangible assets	7,552	7,552
Depreciation on property, plant and equipment	54,657	53,850
Others	307,177	388,608
	<u>13,141,640</u>	<u>14,030,415</u>

21- FINANCE COSTS

	2025	2024
	SAR	SAR
SIDF loan follow-up fees	<u>4,907,801</u>	6,508,172
Amortization of deferred administrative finance costs for the SIDF loan	3,057,947	4,043,829
Present value discount of the provision for rehabilitation of areas subject to franchise license	1,355,817	1,256,231
Additions to lease liabilities interest	57,980	55,492
	<u>9,379,545</u>	<u>11,863,724</u>

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

22- OTHER INCOME

	2025	2024
	SAR	SAR
Gains on highly liquid financial investments	276,112	1,608,631
Others	649,813	748,618
	925,925	2,357,249

23- FINANCIAL RISK MANAGEMENT

Management has overall responsibility for determining the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility

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

- Liquidity risk .
- Credit risk
- Market risk
- Interest rate risk
- Currency risk
- Other price risk
- Fair Value, and

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Liquidity risk

Liquidity risks are those that the Company may face in providing the necessary liquidity to fulfill its obligations related to financial instruments it is committed to on behalf of others.

To minimize liquidity risks and the associated losses on the Company's business operations, the Company maintains, whenever possible, sufficient highly liquid current assets under all business conditions. The Company avoids financing long-term capital requirements through short-term borrowing. . The Company also has a policy for forecasting highly dynamic cash flows and a system that allows the estimation of the due dates of its liabilities, enabling the development of appropriate plans to provide the resources needed to meet these liabilities on time

UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))

23- RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

Below is the maturity of financial assets and liabilities as at 31 December 2025, and 31 December 2024:

	Carrying amount SAR	3 months or less SAR	More than 3 months to 1 year SAR	More than 1 year SAR	Total SAR
31 December 2025					
Financial Assets					
Accounts receivable	9,032,027	8,293,776	-	738,251	9,032,027
Total	9,032,027	8,293,776	-	738,251	9,032,027
Financial Liabilities					
Saudi Industrial Development Fund (SIDF) Loan	200,095,467	203,000,000	-	-	203,000,000
Lease liabilities	1,047,521	41,670	952,919	74,786	1,069,375
Accounts payable, accrued expenses and other payable	32,608,747	32,608,747	-	-	32,608,747
Total	236,678,122	235,650,417	952,919	74,786	236,678,122
31 December 2024					
Financial Assets					
Accounts receivable	8,353,243	7,508,162	98,870	746,211	8,353,243
Total	8,353,243	7,508,162	98,870	746,211	8,353,243
Financial Liabilities					
Saudi Industrial Development Fund (SIDF) Loan	277,037,520	40,000,000	40,000,000	203,000,000	283,000,000
Lease liabilities	1,391,271	122,811	287,292	1,062,355	1,472,458
Accounts payable, accrued expenses and other payable	33,115,380	33,115,380	-	-	33,115,380
Total	317,587,838	73,238,191	40,287,292	204,062,355	317,587,838

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷻ))**

23- RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates. The management also continuously monitors the credit exposure related to its customers and makes provision against those balances considered doubtful of recovery. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are basically due from customers in local markets and some balances are pledged against effective bank guarantees from local banks with sound credit ratings.

Trade and other receivables are stated at their estimated realizable values. The Management considers reasonable and supportive forward-looking information such as:

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

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

	31 December 2025	31 December 2024
	SAR	SAR
Cash and cash equivalent	16,652,288	35,007,060
Accounts receivable, net	8,159,098	7,480,314
	24,811,386	42,487,374

Customer credit risk is managed by management subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Company provides its goods to a large number of customers. Further, trade receivable for most customers are guaranteed by letter of guarantee. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, service type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Loss rates are calculated using flow rate method based on the probability of a receivable progressing through successive stages of delinquency. Flow rates are calculated separately for exposures in different class of customers based on the common credit risk characteristics. The ageing of trade receivables as at the reporting date is as follows:

	31 December 2025	31 December 2024
1 to 90 days	8,293,776	7,508,162
91 to 180 days	-	98,870
181 to 360 days	-	-
Over 360 days	738,251	746,211
	9,032,027	8,353,243

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

23- RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

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

Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rate. The Company's financial assets and liabilities as at the balance sheet date is not exposed to cash flow interest rate risk from borrowings as all of the company's loans is at fixed rate. It is currently company policy that the external company borrowings (excluding short-term overdraft facilities and lease liabilities) are fixed rate borrowings. Where the company wishes to vary the amount of external fixed rate debt it. Although the management accepts that this policy neither protects the company entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During 2025, no new borrowing have been made by the Company's borrowings at variable rate were denominated. The company 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. Based on the simulations performed, the impact on profit or loss and net assets of a 100 basis-point shift (being the maximum reasonable expectation of changes in interest rates [basis point: 1/100th of a percentage point]).

The loans balance as at the reporting date is as follows:

	31 December 2025	31 December 2024
Saudi Industrial Development Fund (SIDF) Loan	203,000,000	283,000,000

The Company did not apply the sensitivity analysis on this loan as the loan is in fixed rate and not exposed to this risk.

UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷻ))

23- RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the company currency. The company exposure to foreign currency risk is primarily limited to transactions in United State Dollars (“USD”) and Euro.

Currency	Financial Assets	Financial Liabilities	Net Exposure
USD			
Cash and cash equivalent	50,078	-	50,078
Accounts payable, accrued expenses and other payable	-	(140,180)	(140,180)
	50,078	(140,180)	(90,102)
EUR			
Cash and cash equivalent	-	-	-
Accounts payable, accrued expenses and other payable	283,587	(1,030,702)	(747,115)
	283,587	(1,030,702)	(747,115)
	333,665	(1,170,882)	(837,217)

Sensitivity analysis:

	As at 31 December 2025		As at 31 December 2024	
	1 ﷻ Increase	1 ﷻ Decrease	1 ﷻ Increase	1 ﷻ Decrease
USD	(90,102)	90,102	(29,276)	29,276
EUR	(747,115)	747,115	1,226,751	(1,226,751)

Other price risk

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

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

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

	Impact on OCI as at 31 December 2025	Impact on OCI as at 31 December 2024
Variable rate instruments		
Share price increase by 0.5%	482	1,018
Share price decrease by 0.5%	(482)	(1,018)

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

23- RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

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

31 December 2025

	Carrying amount			Fair value			
	Financial investments at FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Financial investments at fair value through OCI (FVOCI)	96,354	-	96,354	96,354	-	-	96,354
	<u>96,354</u>	<u>-</u>	<u>96,354</u>	<u>96,354</u>	<u>-</u>	<u>-</u>	<u>96,354</u>
Financial assets not measured at fair value							
Trade receivables	-	9,032,027	9,032,027	-	-	-	-
Cash and cash equivalents	-	16,679,927	16,679,927	-	-	-	-
	<u>-</u>	<u>25,711,954</u>	<u>25,711,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Saudi Industrial Development Fund (SIDF) Loan	-	203,000,000	203,000,000	-	-	-	-
Lease liabilities	-	1,069,375	1,069,375	-	-	-	-
Accounts payable, accrued expenses and other payable	-	32,608,747	32,608,747	-	-	-	-
	<u>-</u>	<u>236,678,122</u>	<u>236,678,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
 (Amounts are listed in Saudi Riyals (ﷲ))

23- RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

31 December 2024

	Carrying amount			Fair value			
	Financial investments at FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Financial investments at fair value through OCI (FVOCI)	203,510	-	203,510	203,510	-	-	203,510
	<u>203,510</u>	<u>-</u>	<u>203,510</u>	<u>203,510</u>	<u>-</u>	<u>-</u>	<u>203,510</u>
Financial assets not measured at fair value							
Trade receivables	-	8,353,243	8,353,243	-	-	-	-
Cash and cash equivalents	-	35,039,724	35,039,724	-	-	-	-
	<u>-</u>	<u>43,392,967</u>	<u>43,392,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Saudi Industrial Development Fund (SIDF) Loan	-	283,000,000	283,000,000	-	-	-	-
Lease liabilities	-	1,472,458	1,472,458	-	-	-	-
Accounts payable, accrued expenses and other payable	-	33,115,380	33,115,380	-	-	-	-
	<u>-</u>	<u>317,587,838</u>	<u>317,587,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Amounts are listed in Saudi Riyals (ﷲ))**

24- RELATED PARTIES

Related parties include the members of the Board of Directors and the senior management personnel of the Company. Senior management personnel are those who exercise authority and responsibility in planning, managing, and overseeing the Company's activities, either directly or indirectly, including the directors. Transactions for the year ended 31 December are:

Related parties	Nature of transaction	31 December 2025 SAR	31 December 2024 SAR
Senior management, members of the Board of Directors, and other committees	Salaries, wages, and other benefits, Board of Directors' remuneration, attendance allowances, and other committees salaries	5,882,900	5,597,034

25- EARNINGS PER SHARE

Basic and diluted earnings per share was calculated by dividing the year's net profit by the number of shares outstanding during the year as follows:

	For the year ended 31 December	
	2025	2024
Net profit for the year	45,775,125	47,719,184
	Share	Share
Number of shares	55,000,000	55,000,000
	SAR / Share	SAR / Share
Basic and diluted earnings per share	0.83	0,87

26- CAPITAL COMMITMENTS

The Company has capital commitments related to the purchase of key plant equipment amounting to SAR 7.1 million, of which SAR 0.9 million has been paid, with the remaining balance of SAR 6.2 million outstanding.

The Company has entered into a construction contract amounting to SAR 17.8 million with a local contractor for the execution of works to connect the Company's plant to the Saudi Electricity Company grid.

The Company has no contingent liabilities as at 31 December 2025.

27- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 23 Ramadan 1447 H (corresponding to 12 March 2026).