

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

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

SOUTHERN PROVINCE 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	2-5
- 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	10-46

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Southern Province Cement Company
(Saudi Joint Stock Company)
Abha, Kingdom of Saudi

Opinion

We have audited the financial statements of Southern Province Cement Company (a Saudi joint stock Company) ("the Company"), which comprise the statement of financial position as at 31 December 2025, and 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 International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by 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 year. 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.

Existence and valuation of inventory	
Key audit matter	How the matter was addressed in our audit
As at 31 December 2025, the balance of spare parts inventory amounted to SAR 243.8 million, and work-in-progress (WIP) inventory amounted to SAR 652 million. The WIP inventory primarily comprises clinker stored in stockpiles within designated storage yards.	<p>Our audit procedures included the following:</p> <p>Attended the physical inventory count conducted by the Company.</p> <p>Evaluating the design and testing the operating effectiveness of key internal controls over inventory valuation, including spare parts and work-in-progress.</p> <p>Assessing the competence, capabilities, and objectivity of management's independent expert engaged in the inventory measurement process.</p>

Independent Auditor's Report to the Shareholders Southern Province Cement Company (a Saudi joint stock Company) Jeddah, Kingdom of Saudi Arabia (Continued)

Existence and valuation of inventory	
Key audit matter	How the matter was addressed in our audit
<p>Spare Parts Inventory The valuation of spare parts inventory involves significant judgment in assessing whether the carrying value is lower than its net realizable value (NRV) at the reporting date. Determining NRV requires management to make assumptions regarding the expected level of utilization of spare parts within the production process. Changes in these assumptions and estimates could have a material impact on the carrying value of spare parts inventory.</p> <p>work-in-progress (WIP) Due to the operational nature of WIP inventory (clinker), particularly clinker stockpiles, it is not practicable to perform a direct physical weighing. Accordingly, management engages an independent expert to assess the reasonableness of the estimated quantities. This assessment relies on the application of systematic measurement techniques, including volumetric surveys and the use of density conversion factors based on comparable materials within the cement industry.</p> <p>Given the significant judgment involved in estimating both the quantities and valuation of spare parts and clinker inventory, this area was considered to be a Key Audit Matter.</p>	<p>Challenging the reasonableness of management's assumptions and methodologies used in measuring clinker stockpiles, including the conversion of volumetric measurements into quantities, and assessing the resulting net realizable value.</p> <p>Testing a sample of inventory purchases by verifying supporting documentation, confirming the accuracy of recorded additions, and reperformance of relevant calculations, including supplier obligations.</p> <p>Assessing management's evaluation of strategic inventory.</p> <p>Evaluating the appropriateness and consistent application of the Company's accounting policies related to inventory, in line with the applicable financial reporting framework.</p> <p>Testing management's assessment of slow-moving and obsolete inventory, including the adequacy of related provisions.</p> <p>Assessing the adequacy and completeness of the related disclosures in the financial statements for the year ended 31 December 2025.</p>
<p>The accounting policy for inventory is disclosed in Note 5, and details of inventory balances are presented in Note 10.</p>	

Other Matter

The Company's financial statements as at 31 December 2024 were audited by another auditor, who expressed an unmodified opinion in their report dated 10 Shawwal 1446H, corresponding to 8 April 2025.

As part of our audit of the Company's financial statements for the year 2025, we also audited the adjustments disclosed in Note (34) that were applied to restate the 2024 financial statements. In our opinion, these adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or perform any procedures on the Company's financial statements for the year 2024 other than those related to these adjustments. Accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year 2024 taken as a whole.

Independent Auditor's Report to the Shareholders Southern Province Cement Company (a Saudi joint stock Company) Jeddah, Kingdom of Saudi Arabia (Continued)

Other information

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in conformity with International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the Regulations for Companies and the Company's by laws with respect to the preparation and presentation of financial statements, 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, the Company's 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 the Company's management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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.

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.

Independent Auditor's Report to the Shareholders Southern Province Cement Company (a Saudi joint stock Company) Jeddah, Kingdom of Saudi Arabia (Continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For BDO Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
License No. 514



Jeddah, on: 19 Shawwal 1447 (H)
Corresponding to: 7 April 2026 (G)

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)


STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(Saudi Riyal)

	<u>Note</u>	31 December 2025	31 December 2024 (Restated - Note 34)	1 January 2024 (Restated - Note 34)
Assets				
Non-current assets				
Property plant and equipment	7	3,563,082,488	3,054,889,423	2,816,864,176
Intangible assets	8	1,040,061	905,957	-
Investment properties	9	-	5,476,376	5,437,625
Total non-current assets		<u>3,564,122,549</u>	<u>3,061,271,756</u>	<u>2,822,301,801</u>
Current assets				
Inventories	10	918,795,785	892,956,391	686,961,483
Trade receivables	11	151,877,701	135,832,318	97,475,209
Prepayments and other current assets	12	23,396,950	49,601,982	41,966,676
Cash and cash equivalents	13	100,926,261	186,413,978	363,096,531
Total current assets		<u>1,194,996,697</u>	<u>1,264,804,669</u>	<u>1,189,499,899</u>
Total assets		<u>4,759,119,246</u>	<u>4,326,076,425</u>	<u>4,011,801,700</u>
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital	14	1,400,000,000	1,400,000,000	1,400,000,000
Statuary reserve	15	700,000,000	700,000,000	700,000,000
Retained earnings		965,768,196	1,141,749,778	1,097,454,749
Total shareholders' equity		<u>3,065,768,196</u>	<u>3,241,749,778</u>	<u>3,197,454,749</u>
Liabilities				
Non-current liabilities				
Bank borrowings	16	1,168,603,934	610,129,335	361,164,949
Employees' defined benefits obligations	17	89,209,000	106,197,155	116,804,570
Quarry rehabilitation provision	18	3,958,648	3,944,150	1,140,000
Total Non-current liabilities		<u>1,261,771,582</u>	<u>720,270,640</u>	<u>479,109,519</u>
Current liabilities				
Bank borrowings	16	95,303,545	46,993,610	5,064,314
Accrued expenses and other current liabilities	19	84,004,297	86,788,404	74,320,067
Trade payables		72,048,437	74,270,474	76,482,127
Dividend payables	20	159,430,142	128,738,188	159,375,577
Zakat provision	21	20,793,047	27,265,331	19,995,347
Total Current liabilities		<u>431,579,468</u>	<u>364,056,007</u>	<u>335,237,432</u>
Total liabilities		<u>1,693,351,050</u>	<u>1,084,326,647</u>	<u>814,346,951</u>
Total shareholders' equity and liabilities		<u>4,759,119,246</u>	<u>4,326,076,425</u>	<u>4,011,801,700</u>


Executive Vice President
of Finance


Chief Executive Officer


Chairman

The accompanying notes 1 to 36 of these financial statements.

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025
(Saudi Riyal)

	Note	For the year ended 31	
		2025	2024 (Restated - Note 34)
Revenues		867,338,252	935,028,850
Cost of revenues	23	(835,225,340)	(626,022,673)
Gross profit	23	32,112,912	309,006,177
(Losses) / Reversal of Expected Credit Losses	11	(118,146)	279,099
Selling and distribution expenses	24	(14,497,264)	(10,001,598)
General and administration expenses	25	(58,319,210)	(71,993,874)
Operating (loss) / profit		(40,821,708)	227,289,804
Finance income	28	2,820,232	6,651,819
Finance costs	27	(8,838,258)	(20,849,426)
Other income	26	11,830,339	6,417,146
(Loss) / Profit before Zakat		(35,009,395)	219,509,343
Zakat	21	(13,502,848)	(26,482,386)
(Loss) / Profit for the year		(48,512,243)	193,026,957
Other comprehensive income items			
Items that will not be reclassified to profit or loss			
Remeasurement of employee benefit obligations		5,530,661	12,268,072
Total items of other comprehensive income		5,530,661	12,268,072
Total comprehensive income		(42,981,582)	205,295,029
<u>(Loss) / Earnings per share</u>			
Basic and diluted, (Loss) / earning per share	22	(0.35)	1.38


Executive Vice-President
of Finance


Chief Executive Officer


Chairman


The accompanying notes 1 to 36 of these financial statements.

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the year ended 31 December 2025
(Saudi Riyal)

	Note	Share capital	Statutory reserve	Retained earnings	Total
Balance at 1 January 2024		1,400,000,000	700,000,000	1,186,204,368	3,286,204,368
Prior period adjustments (Note 34)		-	-	(88,749,619)	(88,749,619)
Restated balance as at 1 January 2024		1,400,000,000	700,000,000	1,097,454,749	3,197,454,749
Profit for the year (Restated - Note 34)		-	-	193,026,957	193,026,957
Other comprehensive income		-	-	12,268,072	12,268,072
Total comprehensive income for the year (Restated)		-	-	205,295,029	205,295,029
Dividends	20	-	-	(161,000,000)	(161,000,000)
Balance at 31 December 2024 (Restated)		1,400,000,000	700,000,000	1,141,749,778	3,241,749,778
Balance at 1 January 2025 (Restated)		1,400,000,000	700,000,000	1,141,749,778	3,241,749,778
Loss for the year		-	-	(48,512,243)	(48,512,243)
Other comprehensive income		-	-	5,530,661	5,530,661
Total comprehensive income for the year		-	-	(42,981,582)	(42,981,582)
Dividends	20	-	-	(133,000,000)	(133,000,000)
Balance at 31 December 2025		1,400,000,000	700,000,000	965,768,196	3,065,768,196


Executive Vice President
of Finance


Chief Executive Officer


Chairman


The accompanying notes 1 to 36 of these financial statements.


SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2025
(Saudi Riyal)

	Note	For the year ended 31 December	
		2025	2024 (Restated - Note 34)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit for the year before zakat		(35,009,395)	219,509,343
Adjustments:			
Depreciation on property, plant and equipment	7	200,385,522	207,683,544
Amortization of intangible assets	8	139,448	20,813
Losses from loan rescheduling	27	(11,892,723)	(1,211,639)
Gain on disposal of property, plant and equipment		(308,142)	(661,565)
Gains on disposal of investment properties	26	(7,523,624)	-
Inventory provision	10	5,833,210	(2,641,632)
Reversal for Expected credit loss provision	11	118,146	(279,099)
Quarry rehabilitation provision		251,999	2,804,150
Finance costs	27	14,558,982	27,389,310
Finance income	28	(2,726,810)	(7,840,577)
Provision for employees' defined benefit obligations	17	13,996,712	9,219,773
		<u>177,823,325</u>	<u>453,992,421</u>
Changes in working capital:			
Trade receivable		(16,163,526)	(38,078,010)
Inventory		(31,672,604)	(213,574,050)
Prepayments and other receivables		26,205,032	(8,335,306)
Trade payables		(2,222,035)	(2,211,653)
Accrued expenses and other payables		(2,784,107)	29,278,158
Net cash provided by operating activities		<u>151,186,085</u>	<u>221,071,560</u>
Employees defined benefit obligations - paid		(25,454,206)	(13,211,812)
Finance costs paid		(63,869,339)	(23,277,499)
Zakat paid		(19,975,132)	(19,212,402)
Net cash generated from operating activities		<u>41,887,408</u>	<u>165,369,847</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Additions of property, plant and equipment	7	(657,830,346)	(445,708,827)
Proceeds from disposal of property, plant and equipment		589,825	661,600
Addition of intangible assets	8	(273,552)	(926,770)
Paid for quarries restoration provision		(237,501)	(236,350)
Proceeds from disposal of investment properties	9	13,000,000	(38,751)
Finance income received		2,726,810	7,840,577
Net cash used in investing activities		<u>(642,024,764)</u>	<u>(438,408,521)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from loans	16	624,251,341	287,993,510
Repayment from facilities	16	(7,293,656)	-
Dividends paid	20	(102,308,046)	(191,637,389)
Net cash generated from / (used in) financing activities		<u>514,649,639</u>	<u>96,356,121</u>
Change in cash and cash equivalents during the year		(85,487,717)	(176,682,553)
Cash and cash equivalents at beginning of the year	13	186,413,978	363,096,531
Cash and cash equivalents at the end of the year	13	<u>100,926,261</u>	<u>186,413,978</u>
Significant non-cash transactions			
Transferred from projects under construction to PPE		20,034,086	113,321,919
Capitalized accrued interest on PPE		3,958,313	-
Unpaid dividends		30,691,954	-


Executive Vice President
of Finance


Chief Executive Officer


Chairman

The accompanying notes 1 to 36 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

1. CORPORATE INFORMATION

Southern Province Cement Company was established as a Saudi Joint Stock Company (“the Company”) under the Royal Decree No. M/3 on 12/2/1398H based on the companies law and executive regulations from the Ministry of Commerce. (unified number xxx)

The Company's main activity is to manufacture and produce cement, its derivatives and accessories, and to trade in those products and to carry out all works related directly or indirectly to the realization of these purposes.

As at 31 December 2025, the company’s authorized, subscribed and fully paid capital amounted to SR 1.4 billion (2024: SR 1.4 billion) distributed into 140 million ordinary shares (2024: 140 million ordinary shares) each valued at SR 10 (2024: SR 10).

The registered address of the Company is as follows:

Southern Province Cement Company
Abha City
P.O. Box 548
Abha, Kingdom of Saudi Arabia

The Company operates through three factories, which are as follows:

- a) Jazan, Ahad Al Masariyah city.
- b) Aseer region, Bisha Governorate.
- c) Mecca Region, Al Qunfudhah - Thaloth Emara.

The following factories operate under separate industrial licenses that are numbered and dated as follows:

<u>Factory</u>	<u>Industrial license No.</u>	<u>Industrial license date</u>
Ahad Al Masariyah - Jazan area	1397100191146	24/10/1450H, corresponding to 10 March 2029
Bisha - Aseer area	441110123631	24/07/1449H, corresponding to 23 December 2027
Tehama - Makkah area	1424100183192	6/03/1451H, corresponding to 18 July 2029

The Company’s shares are listed in the Capital Market Authority in the Kingdom of Saudi Arabia. The Public Investment Fund owns 37,4%, while 62,6% is owned by other shareholders as at 31 December 2025 (31 December 2024: 37,4% by Public Investment Fund and 62,6% by other shareholders).

2. BASIS OF PREPERATION

a) Statement of compliance

These financial statements have been prepared in accordance with IFRS as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”), (collectively referred to “IFRS as endorsed in KSA”).

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as “the Law”) came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The Company presented the amended Articles of bylaws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification on 6 December 2023. The amendment of the company's by-laws was approved in accordance with the new company’s system.

b) Basis of measurement

The accompanying financial statements are prepared on the historical cost basis, except for the defined benefit obligation is measured at the present value of future obligations using the projected unit credit method using the accrual basis of accounting and the going concern concept.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. **FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements have been prepared in Saudi Arabian Riyals (SR) which is the Company's functional and presentation currency.

4. **USE OF JUDGEMENTS AND ESTIMATES**

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

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to determine the book value of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments made by the management upon the adopting the Company's accounting policies correspond to the disclosed policies in last year's financial statements.

Information about significant estimates and uncertainties and significant judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Measurement of employee benefits obligation

The cost of post-employment defined benefits is the present value of the related obligation, as determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. With respect to determining the appropriate discount rate, yield and duration of high-quality bonds obligation, as designated by an internationally acknowledged rating agency are considered and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

Impairment of inventory

The Company holds spare parts inventory for the machinery of its plant and these spare parts are held for no longer than one reporting period. Management estimate the appropriate level of provisioning for spare parts at the end of each reporting period based on management's expectations for future utilization in the process of production, disposal or sale plans for the spare parts.

Quantity of inventory

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

Impairment of trade and other receivables

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Impairment of non-financial assets

The Company reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use .

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income immediately in the statement of profit or loss and other comprehensive income.

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of property, plant and equipment with finite useful lives for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the depreciation and methods and useful lives annually and current and future years depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

The Company's management reviews the useful lives, residual value and method of depreciation annually for any significant changes and any resultant changes to the depreciation charge are adjusted in current and future periods.

Fair value of assets and liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Fair value of assets and liabilities (continued)

The carrying values and fair values of financial assets and liabilities including their fair value hierarchy are disclosed. It doesn't include information about fair value of financial assets and financial liabilities not measured at fair value if book value reasonably equals fair value in note (33).

Provision of zakat

The estimate of zakat provision involves significant management judgement that involves calculation of the zakat base and zakatable profits in accordance with the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount could be significantly different from the declarations and appeals filed by the Company. In determining the best estimate of the amount payable to Zakat, Tax and Customs Authority ("ZATCA"), the Company has applied judgement and interpretation of the ZATCA requirements for calculating Zakat.

5. MATERIAL ACCOUNTING POLICIES

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

Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss and other comprehensive income.

Revenues from contracts with customers

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

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

Employee benefits

Evaluation methodology and key assumptions for the actuarial study

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

5. **MATERIAL ACCOUNTING POLICIES (continued)**

Employee benefits (Continued)

Evaluation methodology and key assumptions for the actuarial study (Continued)

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

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

Defined benefit costs are classified as follows:

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

Short-term employee benefits

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

Retirement benefit costs

The Company contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employees' remuneration. Payments to retirement benefit plans are charged as an expense when due.

Finance income and finance costs

Finance income comprise of interest income from murabaha which is recognized in profit or loss using the effective interest rate.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of specific assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs consist of commission and other costs that an entity incurs in connection with the borrowing of funds.

Zakat

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

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

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31December 2025

5. **MATERIAL ACCOUNTING POLICIES (continued)**

Property, plant and equipment

Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

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

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

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

Subsequent costs

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

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

Depreciation

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

Depreciation charge is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated on the lower of lease period or the useful life. Freehold lands are not depreciated. When the useful lives of items of property and equipment differ, they are accounted for as separate items.

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

<u>Item</u>	<u>Useful lives</u>
Buildings and constructions	33
Roads and utilities	12.5 - 33 years
Plant and equipment	10-30 years
Furniture and office equipment	5-10 years
Vehicles and heavy equipment	4-5 years

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31December 2025

5. **MATERIAL ACCOUNTING POLICIES (continued)**

Projects in progress

The cost of under construction projects are accounted on actual cost basis and presented under property, plant and equipment item till these projects are ready to use, then they are transferred under property, plant and equipment and its depreciation starts to be accounted in accordance with expected useful lives. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required substantially to complete and prepare those assets for its intended use, if the recognition criteria are met.

Intangible Assets

Intangible assets acquired individually are initially measured at cost. The cost of intangible assets acquired through business combinations is their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. As for intangible assets developed internally (except for capitalized development costs), they are not capitalized, and the expenses are recognized in the profit or loss statement as they are incurred.

Gains or losses arising from the disposal of intangible assets are measured as the difference between the net proceeds from the disposal and the carrying amount of the asset, and they are recognized in the profit or loss statement when the asset is disposed of.

The estimated useful lives of intangible assets are as follows:

<u>Item</u>	<u>Useful lives</u>
Computers software	8

Investment properties

Investment property is property acquired either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business of the Company, and it shall not be used in the production or supply of goods or services or for administrative purposes. Investment properties are initially presented at cost including transaction costs, measured later in accordance with the cost model (at historical cost less accumulated depreciation - except lands which are measured at their cost - and accumulated impairment losses)

Financial instruments

a) Non-Derivative Financial Assets

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

- those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI") or through profit or loss), and
- those to be measured at amortized cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). For Investments designated as FVOCI and for which management has an intention to sell such investments within a period of 12 months from the financial year end, are classified under current assets.

The Company initially recognizes financial assets on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

5. **MATERIAL ACCOUNTING POLICIES (continued)**

Financial instruments (Continued)

a) Non-Derivative Financial Assets (Continued)

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

Financial assets and liabilities are offset, and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets:

Financial Assets at Amortized Cost

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

Financial Assets at FVOCI

The Company has elected to recognize changes in the fair value of investments in equity shares in OCI. These changes are accumulated within the 'other reserve' classified under equity. The Company may transfer this amount from other reserve to retained earnings when the relevant shares are derecognized.

Dividends from such investments continue to be recognized in the Statement of Profit or Loss as other income when the Company's right to receive payments is established. Accumulated gains and losses on these financial assets are never recycled to the Statement of Profit or Loss.

b) Non-Derivative Financial Liabilities

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

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Non-derivative financial liabilities of the Company comprise of bank borrowings and trade and other payables.

5. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (Continued)

b) Non-Derivative Financial Liabilities (Continued)

Financial assets- subsequent measurement - profits or losses:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognized in statement Profit or loss. Any gain or loss is recognized in statement Profit or loss.
FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention for the Company to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Impairment

Impairment of financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Impairment (continued)

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

Impairment of non-financial assets

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

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

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

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

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

Provisions

A provision is recognized if the Company has a present (legal or contractual) obligations at the reporting date arising from previous events and the payment of the obligation may result in outflow of economic benefits and can be reliably measured. Long-term provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to this liability.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

5. MATERIAL ACCOUNTING POLICIES (continued)

Loans and receivables

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

For trade receivables, which are reported net after deducting the impairment, such provision is recorded in a separate account and offset by a loss that is recorded in the statement of profit or loss and other comprehensive income, when it is certain that the trade receivables will not be collected, the total book value of them is written off against the related provision.

Cash and cash equivalents

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

Trade payables and accruals

Trade payables and other payables are recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Company derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished; that is, when the liability specified in the contract is discharged or canceled or expires.

Expenses

Selling and marketing expenses arising from the Company's efforts underlying the marketing and selling functions. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocation of common expenses between cost of sales, selling and distribution and general and administrative expenses, where required, is made on a consistent basis based on predetermined rates as appropriate by the Company with regards to the nature and circumstances of the common expenses.

Current / non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. **MATERIAL ACCOUNTING POLICIES (continued)**

Segment information

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

The Company conducts most of its activities inside the Kingdom of Saudi Arabia, and therefore the financial information is not separated into geographical sectors.

Dividends

Dividends are recorded in the period in which they are approved by the general assembly of shareholders.

Statutory reserve

In accordance with the company's bylaws, the ordinary general assembly, based on the proposal of the Board of Directors, may decide to form reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed dividend as much as possible to shareholders.

6. **NEW STANDARDS, INTERPRETATIONS AND AMMENDMENTS**

Standards, interpretations, and amendments issued but not yet effective:

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, interpretations and amendments if applicable, when they become effective.

<u>Standard / interpretation</u>	<u>Description</u>	<u>Effective date</u>
Amendments to International Financial Reporting Standard (IFRS) 9 and International Financial Reporting Standard (IFRS) 7.	Classification and measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7) clarifying the requirements for the timing of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system.	01 January 2026
"Classification and measurement of financial instruments"	Introducing new disclosures for certain instruments with contractual terms that may modify cash flows (such as instruments with features linked to environmental, social, and governance performance); and updating the disclosure requirements for equity instruments designated at fair value through other comprehensive income.	
IFRS 18	The new standard on presentation and disclosure in the financial statements focuses on updates to the statement of profit or loss. The main new concepts introduced include the structure of the statement of profit or loss, the disclosure requirements for certain profit or loss performance measures that are reported outside the entity's financial statements (i.e., management-defined performance measures), and enhancements to the principles of aggregation and classification that apply to the primary financial statements and the notes in general.	01 January 2027
"IFRS 19" - International	Subsidiaries that are not publicly accountable, disclosures.	01 January 2027

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

6. NEW STANDARDS, INTERPRETATIONS AND AMMENDMENTS (Continued)

Standards, interpretations and amendments that became effective during the year:

Following amendments to IFRS and International Accounting Standards were effective on or after 1 January 2024, but they did not have a material effect on the Company's financial statements:

<u>Standard / interpretation</u>	<u>Description</u>	<u>Effective date</u>
Lack of exchangeability (Amendments to IAS 21)	"On 15 August 2024, the International Accounting Standards Board (IASB) issued the Lack of Exchangeability amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates. These amendments were developed in response to a request submitted to the IFRS Interpretations Committee regarding how to determine the exchange rate when there is a long-term lack of exchangeability. Prior to these amendments, IAS 21 did not include explicit requirements on how to determine the exchange rate when a currency is not exchangeable for another currency, resulting in diversity in practice. The IFRS Interpretations Committee recommended that the IASB develop narrow-scope amendments to IAS 21 to address this issue. After further deliberations, the IASB published an Exposure Draft of the proposed amendments in April 2021, and the final amendments were issued in August 2024. The amendments introduce requirements for assessing when a currency is exchangeable for another currency and when it is not, and they require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable."	01 January 2025

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

7. PROPERTY, PLANT AND EQUIPMENT

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

	Note	<u>Lands</u>	<u>Buildings and constructions</u>	<u>Roads and utilities</u>	<u>Plant and Equipment</u>	<u>Furniture and office equipment</u>	<u>Vehicles and heavy equipment</u>	<u>Projects in progress</u>	<u>Total</u>
<u>Cost:</u>									
Balance at 1 January 2025 (Restated - Note 34)		13,659,973	1,606,664,657	119,669,062	4,918,379,352	413,616,874	62,094,105	502,324,595	7,636,408,618
Additions		-	-	-	8,819,591	3,329,412	907,058	695,804,214	708,860,275
Disposal		-	-	-	-	(1,164,484)	(3,529,437)	-	(4,693,921)
Transferred from projects in progress		-	1,586,508	3,571,946	14,154,611	212,510	508,511	(20,034,086)	-
Balance at 31 December 2025		13,659,973	1,608,251,165	123,241,008	4,941,353,554	415,994,312	59,980,237	1,178,094,723	8,340,574,972
<u>Accumulated depreciation:</u>									
Balance at 1 January 2025 (Restated - Note 34)		-	952,001,026	89,772,251	3,108,211,212	378,988,606	52,546,099	-	4,581,519,194
Depreciation charged on the year	7.c	-	37,540,143	2,164,028	143,684,498	15,129,381	1,867,472	-	200,385,522
Disposals		-	-	-	-	(897,886)	(3,514,346)	-	(4,412,232)
Balance at 31 December 2025		-	989,541,169	91,936,279	3,251,895,710	393,220,101	50,899,225	-	4,777,492,484
<u>Net book value:</u>									
At 31 December 2025		13,659,973	618,709,996	31,304,729	1,689,457,844	22,774,211	9,081,012	1,178,094,723	3,563,082,488

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	<u>Note</u>	<u>Lands</u>	<u>Buildings and constructions</u>	<u>Roads and utilities</u>	<u>Plant and Equipment</u>	<u>Furniture and office equipment</u>	<u>Vehicles and heavy equipment</u>	<u>Projects in progress</u>	<u>Total</u>
<u>Cost:</u>									
Balance at 1 January 2024 (Restated - Note 34)		13,659,973	1,604,772,157	115,337,999	4,783,914,527	412,955,442	60,435,210	210,276,652	7,201,351,960
Additions		-	67,198	3,986,063	23,410,278	11,195,971	1,679,455	405,369,862	445,708,827
Disposal		-	-	-	(48,000)	(10,564,849)	(39,320)	-	(10,652,169)
Transferred from projects in progress		-	1,825,302	345,000	111,102,547	30,310	18,760	(113,321,919)	-
Balance at 31 December 2024 (Restated - Note 34)		13,659,973	1,606,664,657	119,669,062	4,918,379,352	413,616,874	62,094,105	502,324,595	7,636,408,618
<u>Accumulated depreciation:</u>									
Balance at 1 January 2024 (Restated - Note 34)		-	914,402,519	87,700,157	2,957,023,591	374,558,032	50,803,485	-	4,384,487,784
Depreciation charged on the year	7.c	-	37,598,507	2,072,094	151,235,620	14,995,397	1,781,926	-	207,683,544
Disposals		-	-	-	(47,999)	(10,564,823)	(39,312)	-	(10,652,134)
Balance at 31 December 2024 (Restated - Note 34)		-	952,001,026	89,772,251	3,108,211,212	378,988,606	52,546,099	-	4,581,519,195
<u>Net book value:</u>									
At 31 December 2024		13,659,973	654,663,631	29,896,811	1,810,168,140	34,628,268	9,548,006	502,324,595	3,054,889,423

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	<u>Note</u>	31 December 2025	31 December <u>2024</u>
Cost of sales		199,465,382	206,817,960
General and administration expenses	25	872,571	826,886
Selling and distribution expenses	24	47,569	38,698
		<u>200,385,522</u>	<u>207,683,544</u>

d) The Company's property, plant and equipment as at 31 December 2025 includes projects in progress amounting to SR 1.1 Billion (31 December 2024: SR 502.3 million) mainly relates to works of Jizan third line production and energy renewal projects of the Bisha plant.

During the year ended 31 December 2021, the Company's management took a decision to replace the two production lines of Jazan factory and to establish a production line with a production capacity of 5 thousand tons per day, provided that the replacement process would be completed by 2026. Accordingly, the Company's management reviewed the estimated useful lives of the two production lines of Jizan factory, The useful life of the two production lines has been revised and reduced, and depreciation is now calculated over the remaining useful life of these production lines, which will end in 2026.

. During the year, the Company capitalized borrowing cost amounting to SR 51 million using a rate of 6% which related to projects in progress. (2024: The Company capitalized borrowing cost amounting to SR 27.3 million using a rate of 7%.)

8. INTANGIBLE ASSETS

Movement in the Carrying Amount of Intangible Assets:

<u>Description</u>	<u>Note</u>	31 December 2025	31 December <u>2024</u>
<u>Cost:</u>			
Balance as at 1 January		926,770	-
Additions		273,552	926,770
Balance as at 31 December		<u>1,200,322</u>	<u>926,770</u>
<u>Accumulated Amortization:</u>			
Balance as at 1 January		20,813	-
Amortizing	25	139,448	20,813
Balance as at 31 December		<u>160,261</u>	<u>20,813</u>
Net book value:		<u>1,040,061</u>	<u>905,957</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

9. INVESTMENT PROPERTIES

Investment properties represent a plot of land that was owned by the Company and was disposed of during the year 2025.

Investment properties are measured at cost in accordance with the Company's approved accounting policies. The fair value of the investment property as at December 31, 2024, amounted to SAR 14.1 million, which was determined based on a valuation carried out by Mahad Real Estate Development, an independent certified real estate appraiser (License No. 1210000015), based on prevailing market prices for similar properties.

The Company held this land for undetermined future use.

During the year ended 31 December 2025, the Company disposed of investment properties for proceeds amounting to SAR 13,000,000, resulting in a gain of SAR 7.5 million, which was recognised in the statement of profit or loss. No amounts were recognised in the statement of profit or loss for the year ended 31 December 2024 in respect of the disposal of investment properties.

As at December 31, 2024, and December 31, 2025, there were no restrictions on the realizability of investment properties or the remittance of income and proceeds of disposal. Furthermore, there are no contractual obligations on the Company to purchase, construct, or develop investment properties, or for repairs, maintenance, or enhancements thereto.

The key assumptions used in 2024 are as follows:

Key assumptions	Value
Rent per square meter for exhibitions	790 SAR
Rent per square meter for Office space	395 SAR
Occupancy rate	%100
Operation and maintenance ratio	%25
Rate of return	%9

	31 December <u>2025</u>	31 December 2024
Cost:		
Balance as at 1 January	5,476,376	5,437,625
Addition during year	-	38,751
Disposal during year	(5,476,376)	-
Balance as at 31 December	-	5,476,376
Net book value	-	5,476,376
Fair value	-	14,087,165

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

10. INVENTORIES

a) Inventories as at 31 December comprise the following:

	<u>Not</u> <u>e</u>	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u> (Restated - Note 34)	<u>1 January</u> <u>2024</u> (Restated - Note 34)
Production under processing		652,021,207	661,232,261	425,889,679
Spare parts	10-b	243,820,512	251,877,940	257,528,943
Raw, filling and packaging materials		<u>122,298,269</u>	<u>73,357,183</u>	<u>99,695,486</u>
		<u>1,018,139,988</u>	<u>986,467,384</u>	<u>783,114,108</u>
Less: write down inventory items	10-c	<u>(99,344,203)</u>	<u>(93,510,993)</u>	<u>(96,152,625)</u>
		<u>918,795,785</u>	<u>892,956,391</u>	<u>686,961,483</u>

b) This represents the Clinker product which is under process to the final cement product.

c) Movement in write down inventory during the year as follows:

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u> (Restated - Note 34)	<u>1 January</u> <u>2024</u> (Restated - Note 34)
Balance at the beginning of year (Reversal) / provided during the year	93,510,993	96,152,625	95,154,182
	5,833,210	(2,641,632)	998,443
Balance at the end of the year	<u>99,344,203</u>	<u>93,510,993</u>	<u>96,152,625</u>

11. TRADE RECEIVABLES

a) Trade receivables comprise the following:

	<u>Note</u>	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Trade receivables		152,056,845	135,893,316
Allowance for expected credit losses (ECL)	11.b	<u>(179,144)</u>	<u>(60,998)</u>
		<u>151,877,701</u>	<u>135,832,318</u>

b) The movement in allowance for expected credit losses is as follows:

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Balance at the beginning of year	60,998	340,097
Provided / (Reversal) for Expected credit loss provision	<u>118,146</u>	<u>(279,099)</u>
Balance at the end of the year	<u>179,144</u>	<u>60,998</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

12. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other receivables comprise of the following:

	31 December 2025	31 December 2024 (Restated - Note 34)	1 January 2024 (Restated - Note 34)
Payments to suppliers	15,962,189	29,832,978	32,676,180
Prepaid expenses	5,233,857	4,525,189	4,977,215
Other debit balances	2,200,904	15,243,815	4,313,281
	<u>23,396,950</u>	<u>49,601,982</u>	<u>41,966,676</u>

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents compromise of following:

	Note	31 December 2025	31 December 2024
Cash at banks - current accounts		100,889,395	106,376,457
Cash in hand		36,866	37,521
Cash		<u>100,926,261</u>	<u>106,413,978</u>
Islamic deposits	13 (a)	-	80,000,000
Cash and cash equivalents		<u>100,926,261</u>	<u>186,413,978</u>

(a) Investment in Islamic deposits represents time deposits, placed with commercial banks, and has a maturity of 3 months or less as at the original investment date, and on which a commission is generated according to the prevailing short-term deposit rates.

14. SHARE CAPITAL

	No. of shares	31 December 2025	31 December 2024
Authorised capital	<u>140,000,000</u>	<u>1,400 million</u>	<u>1,400 million</u>
Share capital	<u>140,000,000</u>	<u>1,400 million</u>	<u>1,400 million</u>

At 31 December 2025, the Company share capital is SR 1,400 million consists of 140 million fully paid shares of SR 10 each (31 December 2024: SR 1,400 million consists of 140 million shares of SR 10 each).

15. STATUTORY RESERVE

In accordance with the company's bylaws, the ordinary general assembly, based on the proposal of the Board of Directors, may decide to form reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed dividend as much as possible to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. LOANS AND FACILITIES

On 8 June 2023, the Company renewed the facilities agreement and rescheduled the bank facilities with a local bank, so that the total amount of the facilities amounted to SR 1,63 billion as at December 31, 2025 (December 31, 2024: SR 1,63 billion), resulting in loan rescheduling losses of SAR 7.6 million and the utilized balance of facilities at December 31, 2025 amounted to SR 1,264 million (December 31, 2024: SR 657,1 million). To be paid in variable quarterly installments starting on 6 October 2025 until the end of the year 2033. These facilities are secured by promissory note.

During the year, the Company restructured one of its credit facilities, whereby the repayment terms were amended for installments to commence from October 6, 2026, until the end of 2033, instead of the previous schedule. This resulted in a gain on loan restructuring amounting to SAR 9.8 million.

The facility agreements with bank contain some undertakings, which include the following covenants:

- The liquidity ratio shall not be less than 1:1 based on the latest audited annual financial statements.
- The debt coverage ratio (income from main business / total repayments due from the facility principal) shall not be less than 1:1.75.
- In the event that the bank's commitment coincides with the dividend distribution date, the bank shall be paid first.
- The company undertakes to give the first right to the Bank to hedge against the volatility of the lending rate or to reject if the bank's offer is identical to or higher than the offers of other banks.
- The company undertakes to submit expected cash flows for the Jazan project in line with the requirements of the Bank and to approve them.

The Company has complied with all covenants as of 31 December 2025.

A breach of these covenants in the future may lead to renegotiation. The management monitors the covenants on a monthly basis, and in case of the existence of a breach that is expected to occur in the future, the management takes the necessary measures to ensure compliance.

All banking facilities carry agreed upon commissions according to the commercial rates prevailing in the market.

The facilities are stated in the statement of financial position as follows:

	31 December 2025	31 December 2024 (Restated - Note 34)	1 January 2024 (Restated - Note 34)
Current portion under current liabilities	95,303,545	46,993,610	5,064,314
Non-current portion under non-current liabilities	1,168,603,934	610,129,335	361,164,949
	<u>1,263,907,479</u>	<u>657,122,945</u>	<u>366,229,263</u>

The financing movement during the year is as follows:

	31 December 2025	31 December 2024 (Restated - Note 34)	1 January 2024 (Restated - Note 34)
Balance at the beginning of the year	657,122,945	366,229,263	253,397,000
Proceeds during the year	624,251,341	287,993,510	121,337,200
Gains / losses on loan restructuring	(10,327,752)	-	7,642,389
Amortization of loan restructuring losses	(1,564,971)	(1,211,639)	-
Repayments during the year	(7,293,656)	-	(20,000,000)
Interest expense	65,588,911	27,389,310	18,960,202
Interest paid	<u>(63,869,339)</u>	<u>(23,277,499)</u>	<u>(15,107,528)</u>
	<u>1,263,907,479</u>	<u>657,122,945</u>	<u>366,229,263</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

17. EMPLOYEE'S DEFINED BENEFIT OBLIGATIONS

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

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

- a) The valuation was prepared by an independent external actuarial (Al Khenizan and partner Certified Public Accountants - KHCPA Company) using the following key assumptions:

	31 December 2025	31 December 2024
Discount rate	5.30%	5.83%
Salary increase rate	4%	4.50%
Assumed Retirement Age	Till 65 years old	Till 65 years old
Withdrawal rate	Age based (1%-25%)	Age based (2%-15%)

Risk Exposure:

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

Inflation risk:

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

Changes in bond yields:

Decrease in corporate bond yields will increase plan liabilities.

- b) The movement in the employee benefit obligations is as follows:

	31 December 2025	31 December 2024
Present value of the obligation as at the beginning of the year	<u>106,197,155</u>	<u>116,804,570</u>
<u>Components of cost charged on year in statement of profit or loss:</u>		
Current service cost	8,076,712	9,219,773
Interest cost	<u>5,920,000</u>	<u>5,652,696</u>
Total expense charged to statement of profit or loss	<u>13,996,712</u>	<u>14,872,469</u>
<u>Items within statement of other comprehensive income:</u>		
Re-assessment of employee benefit obligations	<u>(5,530,661)</u>	<u>(12,268,072)</u>
Actual benefits paid during the year	<u>(25,454,206)</u>	<u>(13,211,812)</u>
Current value of the obligation at the end of the year	<u><u>89,209,000</u></u>	<u><u>106,197,155</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

17. EMPLOYEE'S DEFINED BENEFIT OBLIGATIONS (continued)

c) Defined benefit liability sensitivity

		31 December <u>2025</u>	31 December <u>2024</u>
	Base		
Rate of change in salaries	Increase by 1%	82,032,000	115,543,197
	Decrease by 1%	97,437,000	96,606,182
	Base		
Discount rate	Increase by 1%	97,467,000	97,202,415
	Decrease by 1%	81,882,000	115,009,534
Assumption of a statistical study of employees			
Membership data			
	Number of employees	1565	1614
	Total monthly salaries qualifying for end of service benefit	10,695,456	11,113,737
	Average monthly salaries	6,834	6,886
	Average age of employees (years)	41.7	41
	Average years of past experience	10.7	9.9

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

18. QUARRY REHABILITATION PROVISION

The quarry rehabilitation provision represents the present value of the expected cost of re-leveling the Company's concession site. The movement on the quarry rehabilitation provision is as follows:

	31 December <u>2025</u>	31 December <u>2024</u>
Balance at the beginning of year	3,944,150	1,140,000
Financing costs of quarry rehabilitation	14,498	2,804,150
Balance as at 31 December	<u>3,958,648</u>	<u>3,944,150</u>

19. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other payables at comprise of the following:

		31 December <u>2024</u>	1 January <u>2024</u>
		(Restated -	(Restated -
	Note	<u>2025</u>	<u>Note 34)</u>
Advances from customers	19 (a)	27,888,330	24,069,434
Accrued expenses		18,283,175	20,808,423
Value Added Tax (VAT)		7,253,442	2,550,467
Board of Directors' remuneration		7,018,620	2,700,000
Others		2,823,503	3,383,912
Accrued quarry usage fees		20,737,227	31,838,252
Provision for legal cases		-	1,437,916
		<u>84,004,297</u>	<u>86,788,404</u>
			<u>74,320,067</u>

(a) The balance of advances from customers amounting to SAR 24 million as of 31 December 2024 was recognized as revenue during 2025.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

20. DIVIDEND PAYABLES

The movement on the dividends payable as follows:

	31 December <u>2025</u>	31 December <u>2024</u>
Balance January 1	128,738,188	159,375,577
Dividends declared during the year	133,000,000	161,000,000
Dividend payments during the year	<u>(102,308,046)</u>	<u>(191,637,389)</u>
	<u>159,430,142</u>	<u>128,738,188</u>

The Board of Directors, at its meeting held on Ramadan 3, 1445H, corresponding to March 13, 2024, recommended cash dividends of SR 91 million for the second half of the financial year 2023 at SR 0.65 per share which was approved by the company's General Assembly in their meeting dated 12 Dhu al-Qi'dah 1445H corresponding to May 20, 2024.

The Board of Directors, in its meeting held on 4 Safar 1446H (corresponding to August 8, 2024), resolved to distribute cash dividends amounting to SAR 70 million for the first half of the financial year 2024 at SAR 0.50 per share, which were approved by the General Assembly in its meeting held on 7 Safar 1446H (corresponding to August 11, 2024).

The Board of Directors, in its meeting held on 26 Ramadan 1446H (corresponding to March 26, 2025), resolved to distribute cash dividends amounting to SAR 98 million for the second half of the financial year 2024 at SAR 0.7 per share, which were approved by the General Assembly in its meeting held on 22 Dhu al-Hijjah 1446H (corresponding to June 18, 2025).

The Board of Directors, in its meeting held on 9 Rajab 1447H (corresponding to March 29, 2025), resolved to distribute cash dividends amounting to SAR 98 million for the first half of the financial year 2025 at SAR 0.25 per share.

21. ZAKAT

a) Charge for the year

	<u>Note</u>	<u>For the year ended 31 December</u>	
		<u>2025</u>	<u>2024</u>
Charge for the year	21 (b)	<u>13,502,848</u>	<u>26,482,386</u>
		<u>13,502,848</u>	<u>26,482,386</u>

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

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Balance at the beginning of year	27,265,331	19,995,347
Provided during the year	20,793,047	26,482,386
Provision no more required	(7,290,199)	-
Paid during the year	<u>(19,975,132)</u>	<u>(19,212,402)</u>
Balance at the end of the year	<u>20,793,047</u>	<u>27,265,331</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

21. ZAKAT (Continued)

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

	31 December <u>2025</u>	31 December <u>2024</u>
Additions		
Share capital	1,400,000,000	1,400,000,000
Retained earnings	1,019,335,888	1,280,225,383
Bank facilities	1,168,603,934	607,550,536
Adjusted net (loss) / profit	(48,559,285)	217,363,777
Statutory reserve	700,000,000	700,000,000
Provisions	128,614,800	106,197,155
Others	304,712,913	71,231,374
Total additions	<u>4,672,708,250</u>	<u>4,382,568,225</u>
Deductions		
Property, plant and equipment (net)	(3,563,082,488)	(3,082,478,300)
Intangible assets (net)	(1,040,061)	(905,957)
Investment properties - lands	-	(5,476,376)
Other	(58,108,905)	-
Spare parts	(243,820,512)	(266,336,124)
Total deductions	<u>(3,866,051,966)</u>	<u>(3,355,196,757)</u>
Total Zakat base	<u>831,721,875</u>	<u>1,059,295,440</u>
Total Zakat payable	<u>20,793,047</u>	<u>26,482,386</u>

- d) Zakat and tax status

The Company filed the zakat declaration for the years 2021, 2022, 2023 and 2024 and paid the zakat due accordingly, and obtained the certificate.

22. (LOSS) / EARNINGS PER SHARE (EPS)

- a) Basic earnings per share

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

	31 December <u>2025</u>	31 December <u>2024</u>
(Loss) / Profit for the year	<u>(48,512,243)</u>	<u>193,026,957</u>
Number of shares (weighted average)	<u>140,000,000</u>	<u>140,000,000</u>
Basic (Loss) / earnings per share (SR)	<u>(0.35)</u>	<u>1.38</u>

- b) Diluted (Loss) / EPS

The calculation of diluted (Loss) / earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any.

During the year there were no diluted shares, accordingly the diluted (Loss) / earnings per share was the same as the basic.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

23. REVENUE AND COST OF SALES

- a) Any other classifications of revenues have not been disclosed since the Company is selling two types of products (cement and clinker) and no significant differences have appeared between the sale prices and production cost for different types of Cement, whether packed or non-packed. The selling is conducted at a certain point in time, not over time. Below is the breakup of revenue by product:

	Year ended 31 December <u>2025</u>	Year ended 31 December <u>2024</u>
Cement	827,162,439	890,935,440
Clinker	40,175,813	44,093,410
	<u>867,338,252</u>	<u>935,028,850</u>

- b) The cost of sales mainly represents cost of raw materials, direct wages, fuel, energy, spare parts and consumables.

24. SELLING AND DISTRIBUTION EXPENSES

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

	Note	Year ended 31 December <u>2025</u>	Year ended 31 December <u>2024 (Restated - Note 34)</u>
Salaries, wages and equivalents		9,178,781	5,056,296
Export fees		3,966,637	4,514,971
Depreciation	7.c	47,569	38,698
Others		1,304,277	391,633
		<u>14,497,264</u>	<u>10,001,598</u>

25. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December are as follow:

	Note	Year ended 31 December <u>2025</u>	Year ended 31 December <u>2024</u>
Salaries, wages and benefits		38,238,276	47,630,025
Board of Directors' remuneration		4,514,166	2,950,000
Consultancy fees		2,662,605	4,619,065
Committee meeting attendance fees and bonuses		2,475,000	3,887,000
Subscriptions		2,010,003	2,999,224
Donations and contributions	7.c	1,930,000	1,793,625
Depreciation	8	872,571	826,886
Amortization of intangible assets		139,448	20,813
Others		5,477,141	7,267,236
		<u>58,319,210</u>	<u>71,993,874</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

26. OTHER INCOME

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

	Year ended 31 December <u>2025</u>	Year ended 31 December <u>2024</u>
Gains on disposal of investment properties	7,523,624	-
Government grants	3,000,000	-
Insurance claims	389,450	4,878,578
Proceeds from scrap sales	465,306	135,015
Rental income	85,500	147,000
Gains on disposal of property and equipment	308,142	661,565
Others	58,317	594,988
	<u>11,830,339</u>	<u>6,417,146</u>

27. FINANCE COST

The finance cost for the year ended 31 December comprises of as follows:

	Year ended 31 December <u>2025</u>	Year ended 31 December 2024 (Restated - Note 34)
Finance costs on loans	14,558,982	16,408,369
Finance cost charged to the statement of profit or loss within employee benefit obligations (Note 17-b)	5,920,000	5,652,696
Net effect of loan restructuring	(11,892,723)	(1,211,639)
Interest expense on quarry rehabilitation provision	251,999	-
	<u>8,838,258</u>	<u>20,849,426</u>

28. FINANCE INCOME

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

	Year ended 31 December <u>2025</u>	Year ended 31 December <u>2024</u>
Murabaha income	2,726,810	7,840,577
Profit / (loss) from currency valuation differences	93,422	(1,188,758)
	<u>2,820,232</u>	<u>6,651,819</u>

29. CONTINGENCIES AND CAPITAL COMMITMENTS

- a) As at 31 December 2025, the capital contingencies related to projects in progress amounted to SR 104.4 million (2024: SR 1,3 Billion).
- b) As at 31 December 2025, the contingent liabilities against issued banking letters of guarantee amounted to SR 80.4 million (2024: SR 45 million).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include the Company's shareholders, entities with significant influence, key management personnel of the Company. Pricing policies and terms of these transactions are approved by the Company's management. All outstanding balances with these related parties are priced on mutually agreed terms. The major shareholder of the Company is Public Investment Fund (PIF). The Government of Kingdom of Saudi Arabia controls PIF, and the Company is an associate to PIF due to its shareholding ownership of 37.4%. As a result, the Government of Saudi Arabia, semi-Government and other entities with Government ownership or control, including, but not limited to ministries, regulatory bodies and authorities are related parties of the Company. In accordance with the exemption in IAS 24, the management has adopted a partial exemption for disclosure of transactions and balances for government-related entities as required under IAS 24.

Significant related party transactions with major shareholder, entities with significant influence and other related parties for the year and balance arising there from are described as under:

<u>Entity Name</u>	<u>Nature of transaction</u>	<u>For the year ended</u>	
		<u>31 December 2025</u>	<u>31 December 2024</u>
Government entity	Purchases	245,486,639	220,047,181
Government entity	Services	1,408,808	1,654,743
Government entity	Loan and facility	624,251,341	287,993,510
Government entity	Bank charges	255,976	556,134
Government entity	Finance cost	65,588,911	27,389,310
		<u>Closing balance</u>	
		<u>31 December 2025</u>	<u>31 December 2024</u>
Cash and cash equivalents		19,294,867	38,576,406
Trade payables		(15,829,449)	(13,217,015)
Loans and facilities		(1,263,907,479)	(657,122,945)
		<u>(1,260,442,061)</u>	<u>(631,763,554)</u>

As at 31 December 2025, contingent liabilities to related parties amounted to SR 65 million (2024: SR 45 million).

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

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Key management personnel	Salaries, wages and equivalents	<u>11,424,764</u>	<u>10,746,540</u>
BOD members	Board of directors' remunerations and allowances	<u>6,989,166</u>	<u>2,700,000</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

31. SEGMENT INFORMATION

The Company has one main product, which is packed and unpackaged cement. The main sectors of the Company are presented according to geographical sectors. These segments are organized and managed separately according to the geographical location, each forming a separate unit. The geographical segments set out below are determined by distinguishing business activities from which the Company generates revenues and incurs costs. The economic characteristics are reviewed and the method of determining the geographical sectors is reconsidered in light of the evaluation made by the Chief Operating Decision Maker at least every quarter, provided that they are approved by the Company's Board of Directors. The Company is operating its activities in the Kingdom of Saudi Arabia through the following geographic areas:

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
For the year ended 31 December 2025:					
Revenue from selling cement	263,603,175	298,472,012	265,087,252	-	827,162,439
Revenue from selling clinker	29,476,313		10,699,500	-	40,175,813
Total revenues	293,079,488	298,472,012	275,786,752	-	867,338,252
Depreciation and Amortization	35,563,559	60,333,233	103,448,473	1,040,256	200,385,521
Murabaha income				2,820,232	2,820,232
Finance cost				8,838,258	8,838,258
Loss before Zakat	(4,323,315)	(12,130,773)	34,991,468	(53,546,775)	(350,009,395)
Zakat expense				(13,502,848)	(13,502,848)
Loss for the year	(4,323,315)	(12,130,773)	34,991,468	(67,049,623)	(48,512,243)

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
For the year ended 31 December 2024:					
Revenue from selling cement	275,674,640	276,134,441	339,126,359	-	890,935,440
Revenue from selling clinker	44,093,410	-	-	-	44,093,410
Total revenues	319,768,050	276,134,441	339,126,359	-	935,028,850
Depreciation and amortization	42,253,950	58,142,612	106,460,096	847,699	207,704,357
Murabaha income	-	-	-	6,651,819	6,651,819
Finance cost	-	-	-	20,849,426	20,849,426
Profit before Zakat	86,802,476	95,906,809	122,712,440	(85,912,382)	219,509,343
Zakat expense	-	-	-	(26,482,386)	(26,482,386)
Profit for the year	86,802,476	95,906,809	122,712,440	(112,394,768)	193,026,957

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

31. SEGMENT INFORMATION (continued)

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
As at 31 December 2025:					
Total assets	1,513,464,662	1,315,001,126	1,817,206,577	113,446,881	4,759,119,246
Total liabilities	1,125,416,638	32,654,546	9,4571,961	145,707,905	1,693,351,050

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
As at 31 December 2024:					
Total assets	918,865,710	1,406,465,998	1,807,948,406	192,796,311	4,326,076,425
Total liabilities	746,120,202	78,379,565	106,237,545	153,589,335	1,084,326,647

Major customers

Revenue from the company's two largest customers represents approximately 80% (31 December 2024: 74%) of the company's total revenue.

The percentage of revenue from the company's two largest customers is as follows:

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>
For the year ended 31 December 2025:	87%	78%	86%
For the year ended 31 December 2024:	80%	76%	68%

32. FINANCIAL INSTRUMENTS

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

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

Financial risk management framework

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS (continued)

Market risk

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

Interest rate risk cost

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

	31 December 2025	31 December 2024 (restated)
<u>Variable rate instruments</u>		
Loans	<u>1,263,907,479</u>	<u>657,122,945</u>

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased, or decreased the equity and profit before Zakat for the year by SR 12.6 million (2024: SR 6.49 million).

Foreign currency risks

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the Company's core transactions during the period were denominated in Saudi Riyals and US Dollars. However, the company also transacts in Euro whereas exposure related to other currencies is not material to the company. Moreover, the Company's management monitors such fluctuations and manages its effect on the Company's financial statements accordingly.

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 at banks balances are held with banks with sound credit ratings ranging from BBB- and above. Trade and other receivables are basically due from customers in local markets and most 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

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

	31 December 2025	31 December 2024 (restated)
<u>Financial assets</u>		
Trade receivables	152,056,845	135,893,316
Cash and cash equivalent	100,926,261	186,413,978
	<u>252,983,106</u>	<u>322,307,294</u>
	31 December 2025	31 December 2024 (restated)
<u>Trade receivables</u>		
Unsecured balances	1,758,942	2,822,724
Secured balances against bank guarantees	150,297,903	133,070,592
	<u>152,056,845</u>	<u>135,893,316</u>

Customer credit risk is managed by management subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Company provides its goods to a large number of customers. The largest customers account 96% of outstanding trade receivables as at 31 December 2025 (2024: 70%). Further, as disclosed above majority of trade receivable 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:

<u>Duration</u>	31 December 2025		31 December 2024	
	<u>Balance</u> SR	<u>Impairment</u> SR	<u>Balance</u> SR	<u>Impairment</u> SR
Not past due	95,310,802	41,284	92,178,147	7,434
From 1 to 60 days	45,790,378	59,788	37,189,360	28,416
From 61 to 90 days	10,446,549	68,145	5,742,251	17,594
More than 90 days	509,116	9,927	783,558	7,554
	<u>152,056,845</u>	<u>179,144</u>	<u>135,893,316</u>	<u>60,998</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS (continued)

Credit risk (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.

Liquidity risk

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

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

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

31 December 2025	<u>Undiscounted contractual cash flows</u>			<u>Total contractual maturity</u>	<u>Total Carrying Amount</u>
	<u>Less than 1 year</u>	<u>1 year to 3 years</u>	<u>Over 3 years</u>		
Loans	127,365,980	395,915,693	756,702,312	1,279,983,985	1,263,907,479
Trade payables	72,048,437	-	-	72,048,437	72,048,437
Accrued and other current liabilities	84,004,297	-	-	84,004,297	84,004,297
Dividends payable	159,430,142	-	-	159,430,142	159,430,142
	<u>442,848,856</u>	<u>395,915,693</u>	<u>756,702,312</u>	<u>1,595,466,861</u>	<u>1,579,390,355</u>

31 December 2024	<u>Undiscounted contractual cash flows</u>			<u>Total contractual maturity</u>	<u>Total Carrying Amount</u>
	<u>Less than 1 year</u>	<u>1 year to 3 years</u>	<u>Over 3 years</u>		
Loans	41,607,924	322,653,256	300,999,826	665,261,006	657,122,945
Trade payables	74,270,474	-	-	74,270,474	74,270,474
Accrued and other current liabilities	86,788,404	-	-	86,788,404	86,788,404
Dividends payable	128,738,188	-	-	128,738,188	128,738,188
	<u>331,404,990</u>	<u>322,653,256</u>	<u>300,999,826</u>	<u>955,058,072</u>	<u>946,920,011</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS (continued)

Capital Management

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

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

	31 December <u>2025</u>	31 December <u>2024</u>
Total liabilities	1,693,351,050	1,084,326,647
Less: Cash and cash equivalent	<u>(100,926,261)</u>	<u>(186,413,978)</u>
Net liabilities	<u>1,592,424,789</u>	<u>897,912,669</u>
Total shareholders' equity	<u>3,065,768,196</u>	<u>3,241,749,778</u>
Net liabilities to equity ratio	<u>0.52</u>	<u>0.28</u>

33. MEASURING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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 does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value

	31 December 2025					
	Carrying amount		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets						
Trade receivables	151,877,701	151,877,701	-	-	-	-
Cash and cash equivalents	<u>100,926,261</u>	<u>100,926,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>252,803,962</u>	<u>252,803,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Loans and facilities	1,263,907,479	1,263,907,479	-	-	-	-
Trade payables, accrued expense and other current liabilities	156,052,734	156,052,734	-	-	-	-
	<u>1,419,960,213</u>	<u>1,419,960,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

33. MEASURING THE FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	31 December 2024					
	Carrying amount		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets						
Trade receivables	135,832,318	135,832,318	-	-	-	-
Cash and cash equivalents	186,413,978	186,413,978	-	-	-	-
	<u>322,246,296</u>	<u>322,246,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Loans and facilities	657,122,945	657,122,945	-	-	-	-
Trade payables, accrued expense and other current liabilities	161,058,878	161,058,878	-	-	-	-
	<u>818,181,823</u>	<u>818,181,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

34. PRIOR YEARS ADJUSTMENTS

The financial statements for the year ended 31 December 2024 and the opening balances as at 1 January 2024 have been restated and reclassified due to the following reasons:

1- Borrowing Costs

The Company did not recognize interest expenses in accordance with the requirements of the International Financial Reporting Standards, as it capitalized interest costs that were not eligible for capitalization within property and equipment. Accordingly, it was determined that an amount of SAR 12 million in 2023 and SAR 16.4 million in 2024 had been capitalized to the construction-in-progress related to the Jazan Plant, whereas these amounts should have been recognized as finance costs in the statements of profit or loss for the years 2023 and 2024, respectively.

The Company has appropriately reversed the accounting impact, and the opening retained earnings as at 1 January 2024 have been adjusted to reflect this correction.

2- Loan Arrangement Fees

The Company did not recognize the loan arrangement fees amounting to SAR 2.8 million in accordance with the requirements of the International Financial Reporting Standards, as the amount was recognized using the effective interest rate method.

The Company has appropriately reversed the accounting impact, and the opening retained earnings as at 1 January 2024 have been adjusted to reflect this correction.

3- Other Debit Balances

The Company did not capitalize an amount of SAR 7 million within property, plant and equipment, representing a payment made pursuant to a court judgment related to the Company's acquisition of a portion of the Jazan Plant land, which was previously owned by another party. The Company obtained a final judgment transferring the legal title of the land to the Company on 1 July 2005, and the Company has exercised effective control over the land, thereby meeting the recognition requirements of IAS 16 "Property, Plant and Equipment". Accordingly, the Company has appropriately reversed the accounting impact to reflect this correction.

4- Accrual of 2023 Production Bonus

During 2024, the Company discovered that it had not recognized bonus expenses on an accrual basis in accordance with International Financial Reporting Standards (IFRS). Accordingly, the bonus amounting to SAR 9.75 million was recognized in the statement of profit or loss and other comprehensive income for the year ended December 31, 2024, which should have been recognized in the financial statements for the year ended December 31, 2023. The Company has appropriately reversed the impact in the statement of profit or loss and other comprehensive income for the period ended December 31, 2024, as well as adjusting the retained earnings as at January 1, 2024.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

34. PRIOR YEARS ADJUSTMENTS (Continued)

5- Strategic spare parts inventory

During 2025, the Company conducted a comprehensive study of strategic inventory, which revealed that certain spare parts meet the recognition criteria for property, plant and equipment in accordance with International Accounting Standard (16), as these parts are expected to be used for more than one financial period.

Accordingly, the Company reclassified an amount of SAR 14 million from inventory to property, plant and equipment. Furthermore, the related depreciation for the relevant prior years was calculated and recognized. This resulted in the restatement of comparative figures in the financial statements as at December 31, 2025.

6- Accrued Ministry of Industry and Mineral Resources fees

During 2025, the Company received an email from representatives of the Ministry of Industry and Mineral Resources indicating discrepancies between the clinker quantities reported in the Board of Directors' report and those declared in the mining return for the year 2024, and claiming dues amounting to SAR 15.5 million. This is attributed to the non-calculation of the financial consideration for the exploitation license in accordance with the Mining Investment Law and its Executive Regulations. Accordingly, the Company prepared a study to estimate the dues since 2023 (the date of implementing the new calculation methodology), which resulted in differences amounting to SAR 7 million. Consequently, the comparative figures in the financial statements as at December 31, 2025, have been restated.

7- Limestone inventory count

The Company had not properly verified the existence of limestone inventory during previous years. Upon completion of the physical count and reconciliation with the accounting records and financial statements, differences amounting to SAR 17.3 million were identified, of which SAR 10.1 million relates to 2023 and SAR 6.9 million relates to 2024.

8- Allowance for impairment of spare parts inventory

During 2025, it was identified that the Company had not assessed the need to recognize an allowance for impairment of spare parts inventory related to the production line at the Jazan plant, which was decommissioned following management's decision in 2023. Consequently, the Company had not recognized an impairment allowance for spare parts inventory amounting to SAR 41 million.

9- Depreciation rate for additions to the decommissioned production line in Jazan plant:

During 2023, the Company's management decided to decommission the old production line at the Jazan plant starting from the second half of 2026. Accordingly, the useful lives of the related assets were adjusted to align with the expected decommissioning date.

However, during 2025, it was identified that the Company calculated the depreciation for additions made after the decommissioning decision using the previous depreciation rate, instead of applying the revised rate based on the updated useful life. This resulted in a difference of SAR 16.4 million.

10- Correction of interest expense recognition for the Jazan plant loan:

During 2024, the Company recognized the interest expense related to the Jazan plant loan on a cash basis instead of the accrual basis, resulting in an understatement of interest expense and related liabilities by SAR 1.8 million as at December 31, 2024.

Accordingly, the comparative figures in the financial statements as at December 31, 2025, have been restated to reflect this correction

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

34. PRIOR YEARS ADJUSTMENTS (Continued)

Impact On Statement Of Financial Position

As of 31 December 2024:

Description	As Previously Issued 31 December 2024	Adjustments	Reclassification	As Restated 31 December 2024
Property, plant and equipment	3,086,225,242	(31,335,819)	-	3,054,889,423
Inventory	959,097,904	(66,141,513)	-	892,956,391
Prepayments and other current assets	54,408,314	(4,806,332)	-	49,601,982
Other comprehensive income	12,551,903	-	(12,551,903)	-
Retained earnings	1,258,916,874	(129,718,999)	12,551,903	1,141,749,778
Bank loans current	41,607,924	4,477,980	907,706	46,993,610
Bank loans non current	607,550,536	-	2,578,799	610,129,335
Accrued expenses and other current liabilities	67,317,554	22,957,356	(3,486,506)	86,788,404

As of 1 January 2024:

Description	As Previously Issued 1 January 2024	Adjustments	Reclassification	As Restated 1 January 2024
Property, plant and equipment	2,826,226,343	(9,362,167)	-	2,816,864,176
Inventory	744,786,614	(57,825,131)	-	686,961,483
Prepaid expenses, advances and other current assets	46,353,008	(4,386,332)	-	41,966,676
Other comprehensive income	283,831	-	(283,831)	-
Accrued expenses and other current liabilities	60,996,752	17,175,989	(3,852,674)	74,320,067
Bank loans current	1,211,640	-	3,852,674	5,064,314
Retained earnings	1,185,920,537	(88,749,619)	283,831	1,097,454,749

Impact on statement of profit or loss and other comprehensive income

As of 31 December 2024:

Description	2024 (Previously Issued)	Adjustments	Reclassification	2024 (Restated)
Cost of revenue	(591,711,662)	(34,311,011)	-	(626,022,673)
Finance Cost	(4,441,057)	(16,408,369)	-	(20,849,426)
Reversal of expected credit losses	-	-	279,099	279,099
Selling and distribution expenses	(9,722,499)	-	(279,099)	(10,001,598)
Net profit	243,746,337	(50,719,380)	-	193,026,957

Impact on the Statement of Cash Flows

As 2024:	2024 (Previously Issued)	Adjustments	2024 (Restated)
Net cash generated from operating activities	176,643,886	44,427,674	221,071,560
Net cash used in investing activities	(449,682,560)	11,274,039	(438,408,521)

35. SUBSEQUENT EVENTS

Following the reporting date, the Gulf region experienced heightened geopolitical tensions, which resulted in a significant increase in global oil prices and volatility across regional and international financial markets. These developments also contributed to disruptions in transportation, shipping activities, and supply chains within the region.

As of the date the financial statements were approved, the geopolitical situation remains fluid and uncertain. These developments may have a potential impact on the Company's future operations, supply chain, or operating costs. Management continues to closely monitor the situation and will take appropriate actions as necessary; however, the possible financial impact of these events cannot be reliably estimated at this time.

On 31 March 2026, the Board of Directors of the company recommended the distribution of cash dividends for the second half of the year ended 2025, amounting SAR 35 million (SAR 0.25 per share) provided that the eligibility to dividends shall be for shareholders holding the Company's shares at the end of the day of the General Assembly meeting.

36. APPROVAL OF FINANCIAL STATEMENTS

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