Riyadh Cement Company
(A Saudi Joint Stock Company)

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

Riyadh Cement Company
(A Saudi Joint Stock Company)

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RIYADH CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the financial statements of Riyadh Cement 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 a summary of material accounting policy information.

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

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF RIYADH CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

Key Audit Matter (continued)

Key audit matter	How our audit addressed the key audit matter
Existence of raw materials and work in process under inventories	
As at 31 December 2025, the Company's inventories amounted to SR 338.2 million of which: - SR 47.5 million represents raw materials inventories that mainly include iron ore, kaolin, shale, sand, pyrophyllite and gypsum, which are stored in stockpiles; - SR 192.5 million represents work in process inventories that mainly include clinker and limestone, which are stored in stockpiles. As at 31 December 2025, these two items of inventories represent 71% of total inventories, and 13% of total assets. Since the weighing of these inventories is not practicable, management assesses the quantities available at the year-end by obtaining measurements of the stockpiles and converting these measurements into unit of volumes by using relevant density. In doing so, management appoints external surveyor (the "Management Expert") to estimate the quantities by using certain scientific systematic measurements calculations, which are applied for similar type of inventories in the cement industry. We have identified this as a key audit matter as it involves management's assumptions and use of judgement as well as the materiality of the amounts involved. Refer to note 3.8 for the accounting policy related to inventories, note 4.1 for the significant accounting estimates and judgments, and note 9 for the related disclosures.	Our audit procedures performed included, among others, the following: - Obtained an overall understanding of the inventory count process and basis of measurement including surveying equipment and conversion methods used towards eventual determination of the inventory quantities; - Attended the physical inventory count performed by the Company and the Management Expert; - Evaluated competence, capabilities, and objectivity of the Management Expert engaged by the Company; - Obtained and reviewed the inventory count report of the Management Expert's for the major stock items and recalculated the conversion to the volumes; - Traced, on a sample basis, the inventory count result to and from the Management Expert's reports against the Company's final inventory compilation listings; - Assessed the reasonableness of the density conversion factors applied by management in the density conversion calculation; - Tested the mathematical accuracy of the density conversion calculation used by management to arrive at the quantities on hand at the year-end and - Assessed the completeness and adequacy of the relevant disclosures related to inventories in the financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF RIYADH CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

Other matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 Ramadan 1446H (Corresponding to 19 March 2025).

Other Information Included in the Company's 2025 Annual Report

Other information consists of the information included in the Company's 2025 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's 2025 annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
As part of an audit, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF RIYADH CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

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

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 Ernst & Young Professional Services

Abdullah A. Alshenaibir
Certified Public Accountant
License No. (583)

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سجل تجاري ١٠١٠٣٨٣٨٢١
CR.1010383821
شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 26 Ramadhan 1447H
(15 March 2026)

Riyadh Cement Company
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2025
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	*31 December 2025* ***SR***	*31 December 2024* *SR*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**1,230,642,147**	1,211,000,605
Right-of-use assets	8	**906,779**	982,344
TOTAL NON-CURRENT ASSETS		**1,231,548,926**	1,211,982,949
CURRENT ASSETS			
Inventories	9	**338,175,517**	294,236,319
Trade and other receivables	10	**245,984,261**	216,680,873
Advances, prepayments and other current assets	11	**9,205,118**	12,464,206
Short term Murabaha	12	**10,001,347**	86,403,264
Cash and cash equivalents	13	**61,971,835**	148,702,353
TOTAL CURRENT ASSETS		**665,338,078**	758,487,015
TOTAL ASSETS		**1,896,887,004**	1,970,469,964
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	**1,200,000,000**	1,200,000,000
Reserve	15	**360,000,000**	360,000,000
Retained earnings		**158,190,701**	221,249,005
TOTAL EQUITY		**1,718,190,701**	1,781,249,005
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefit obligations	16	**27,456,249**	23,884,010
Assets retirement obligations	17	**8,876,757**	8,306,603
Lease liabilities	8	**936,211**	1,056,211
TOTAL NON-CURRENT LIABILITIES		**37,269,217**	33,246,824
CURRENT LIABILITIES			
Trade payables		**22,188,285**	41,769,631
Accruals and other current liabilities	18	**94,342,161**	82,394,680
Dividend payable	30	**12,477,451**	14,758,822
Current portion of lease liabilities	8	**720,000**	3,062,672
Zakat liability	19	**11,699,189**	13,988,330
TOTAL CURRENT LIABILITIES		**141,427,086**	155,974,135
TOTAL LIABILITIES		**178,696,303**	189,220,959
TOTAL EQUITY AND LIABILITIES		**1,896,887,004**	1,970,469,964

Chairman | **Chief Executive Officer** | **Chief Financial Officer**

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

Riyadh Cement Company
(A Saudi Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	*31 December 2025* ***SR***	*31 December 2024* *SR*
Revenue	20	**787,625,882**	789,396,360
Cost of revenue	21	**(529,807,593)**	(460,629,498)
GROSS PROFIT		**257,818,289**	328,766,862
General and administrative expenses	22	**(37,742,279)**	(32,197,042)
Selling and marketing expenses	23	**(3,827,998)**	(3,633,426)
PROFIT FROM OPERATIONS		**216,248,012**	292,936,394
Murabaha income	12	**5,137,245**	6,301,164
Finance costs	25	**(2,840,961)**	(3,847,680)
Other income, net	24	**845,977**	3,850,075
PROFIT BEFORE ZAKAT		**219,390,273**	299,239,953
Zakat (expense) / refund	19	**(11,563,648)**	11,199,067
PROFIT FOR THE YEAR		**207,826,625**	310,439,020
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement (loss)/ gain on defined benefit obligations	16	**(884,929)**	1,042,164
Other comprehensive income for the year		**(884,929)**	1,042,164
TOTAL COMPREHENSIVE INCOME		**206,941,696**	311,481,184
Earnings per share of profit for the year attributable to the shareholders of the Company			
Basic and diluted earnings per share	27	**1.73**	2.59

Chairman | **Chief executive officer** | **Chief financial officer**

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

Riyadh Cement Company
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025
(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital SR	*Reserve SR*	*Retained earnings SR*	*Total SR*
1 January 2025	**1,200,000,000**	**360,000,000**	**221,249,005**	**1,781,249,005**
Profit for the year	**-**	**-**	**207,826,625**	**207,826,625**
Other comprehensive income for the year	**-**	**-**	**(884,929)**	**(884,929)**
Total comprehensive income for the year	**-**	**-**	**206,941,696**	**206,941,696**
Dividends (note 30)	**-**	**-**	**(270,000,000)**	**(270,000,000)**
31 December 2025	**1,200,000,000**	**360,000,000**	**158,190,701**	**1,718,190,701**
1 January 2024	1,200,000,000	360,000,000	119,767,821	1,679,767,821
Profit for the year	-	-	310,439,020	310,439,020
Other comprehensive income for the year	-	-	1,042,164	1,042,164
Total comprehensive income for the year	-	-	311,481,184	311,481,184
Dividends (note 30)	-	-	(210,000,000)	(210,000,000)
31 December 2024	1,200,000,000	360,000,000	221,249,005	1,781,249,005

Chairman | **Chief Executive Officer** | **Chief Financial Officer**

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

Riyadh Cement Company
(A Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2025
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	*31 December 2025*	*31 December 2024*
OPERATING ACTIVITIES			
Profit before zakat		**219,390,273**	299,239,953
Adjustments for non-cash items			
Depreciation of property, plant and equipment	7	**111,794,132**	105,719,608
Depreciation of right-of use assets	8	**75,565**	412,610
Write-off of inventory	21.1	**-**	12,747,048
Assets retirement obligations	17	**570,154**	477,139
Provision for employees' benefits obligations	16	**4,629,632**	3,707,424
Interest on lease liabilities	8	**57,328**	450,098
Provision for slow moving inventories	9	**11,198,862**	-
Gain on disposal of property, plant and equipment	7	**-**	(317,798)
Change in operating assets and liabilities			
Change in inventories		**(55,138,060)**	(17,099,064)
Change in trade and other receivables		**(29,303,388)**	(4,954,143)
Change in advances, prepayments and other current assets		**3,259,088**	(4,393,608)
Change in trade payables		**(19,581,346)**	15,157,485
Change in accruals and other current liabilities		**11,947,481**	38,303,831
Cash generated from operations		**258,899,721**	449,450,583
Employee benefits obligations paid	16	**(1,942,322)**	(2,738,227)
Zakat paid	19	**(13,852,789)**	(11,735,735)
Net cash generated from operating activities		**243,104,610**	434,976,621
INVESTING ACTIVITIES			
Short term Murabaha		**76,401,917**	(65,785,416)
Additions to property, plant and equipment	7	**(131,435,674)**	(91,847,142)
Proceeds from disposal of property, plant and equipment		**-**	950,913
Net cash used in investing activities		**(55,033,757)**	(156,681,645)
FINANCING ACTIVITIES			
Dividends paid	30	**(272,281,371)**	(210,780,215)
Payment of lease liabilities	8	**(2,462,672)**	(120,000)
Interest on lease liabilities paid	8	**(57,328)**	-
Net cash used in financing activities		**(274,801,371)**	(210,900,215)
Net (decrease) / increase in cash and cash equivalents		**(86,730,518)**	67,394,761
Cash and cash equivalents at beginning of year		**148,702,353**	81,307,592
Cash and cash equivalents at end of year	13	**61,971,835**	148,702,353
Significant non cash transactions			
Accruals and other current liabilities settled	19	**2,043,066**	10,453,563
Zakat liability settled	19	**-**	14,592,829

Chairman | **Chief Executive Officer** | **Chief Financial Officer**

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

1. ORGANIZATION AND ACTIVITIES

Riyadh Cement Company (the "Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia under unified number 7001387864 and commercial registration number 1010146169 dated 25 Safar 1418H (corresponding to 1 July 1997). The Company's shares are publicly traded.

The Company is principally engaged in the production and selling of cement pursuant to Industrial License No. 494 dated 25 Jumada II 1414H (corresponding to 8 December 1993) as amended in Ministerial Resolution No. 797 dated 29 Rajab 1419H (corresponding to 18 November 1998).

The accompanying financial statements includes the results, assets and liabilities of the Company and its branches, registered in Riyadh, under CR numbers 1010210405, and 1010449308. The registered address of the Company is P.O. Box 17775, Riyadh 11494, Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia ("IFRS") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2 Basis of measurement

These financial statements have been prepared on a historical basis except for employee defined benefit liabilities that are measured at the present value using the projected unit credit method. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The financial statements provide comparative information in respect of the previous period.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentational currency of the Company.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash and bank balances 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 current when:

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

The Company classifies all other liabilities as non-current.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Revenue from contract with customers

The Company generates revenue from the sale of cement.

Where the revenue is recognised at the point in time.

The following are some of the key indicators used by the Company in determining when control has passed to the customer:

i. the Company has a right to payment for the product or service;
ii. the customer has legal title to the product;
iii. the Company has transferred physical possession of the product to the customer;
iv. the customer has the significant risks and rewards of ownership of the product; and
v. the customer has accepted the product

Revenue from sale of cement

Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of the Company's activities. The Company recognizes revenue when control of cement has transferred, being when cement is delivered to the customer, the customer has full discretion over the use or sale of cement, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when cement is received by the customer at the Company's premises as per the terms of the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed.

Revenue is recognized net of discounts and returns. Revenue from the sales with discounts, if any, is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability, if any (included in trade and other payables) is recognized for expected volume discounts, if any, payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. A receivable is recognized when the cement is delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contract liability

A contract liability is recognised if a payment is received from a customer before the Company transfers the related goods. Contract liabilities are recognised as revenue when the Company transfers control of the related goods to the customer.

3.3 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in "SR", which is the Company's presentation as well as functional currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Foreign currencies (continued)

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

3.4 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment if the recognition criteria are satisfied.

All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.
Land is not depreciated as it is deemed to have an indefinite life.

Depreciation is calculated on property, plant and equipment so as to allocate its cost, less estimated residual value, on a straight-line basis over the estimated useful lives of the assets.

Depreciation is charged to the statement of profit or loss over the following estimated economic useful lives:

	Years
Buildings, constructions and internal roads	6 – 30
Machinery and equipment	3 - 30
Vehicles and transportation equipment	4 – 6
Furniture and fixture	4 - 10

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit or loss. Major spare parts qualify for recognition as property, plant and equipment when the Company expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Assets in the course of construction or development are capitalized in the capital work in progress. The capital work in progress or development is transferred to the appropriate category in property, plant and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of assets under construction comprises its purchase price, construction / development costs and any other directly attributable costs to the construction or acquisition of an item of assets under construction. Assets under construction are not depreciated.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualifying assets until the commencement of commercial production.

3.6 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

    (i) the Company has the right to operate the asset; or
    (ii) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Leases (continued)

(i) At initial recognition

The Company acting as lessee recognizes a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (net of any lease incentives received), any initial direct costs incurred by the Company, and an estimate of costs that the lessee expects to incur in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the asset to the condition required by the lease terms and conditions, unless such costs are incurred to produce inventories. The lease liability is measured at the present value of lease payments that remain unpaid as of the date of the statement of financial position.

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the labilities.

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

(ii) Depreciation of right-of-use assets

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

(iii) Subsequent measurement

Right-of-use assets

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

Lease liabilities

The lease liability is measured as follows:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Leases (continued)

(iii) Subsequent measurement (continued)

Lease liabilities (continued)

- Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments.

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

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

(iv) Short-term leases and leases of low-value assets

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

3.7 Financial instruments

(i) Classification of financial instruments

The Company classifies its financial assets at amortized cost.

The Company classifies its financial liabilities as those measured at amortized cost.

(ii) Recognition and derecognition

A financial asset or financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date.

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

A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation, or the contract is cancelled or expires.

(iii) Measurement

Initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.7 Financial instruments (continued)

Initial recognition (continued)

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent measurement

Subsequent measurement of financial assets is as follows:

Debt instruments

The debt instruments are subsequently measured at amortised costs.

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss. This category generally applies to trade and other receivables, amounts due from related parties, and bank balances.

Financial liabilities

Subsequent to initial recognition financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities of the Company comprise trade payables, accruals and other liabilities

(iv) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost e.g. deposits, trade and other receivables, due from related parties and bank balances. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer Note 29, which details how the Company determines whether there has been a change in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 29 for further details.

Impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit or loss.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.7 Financial instruments (continued)

Credit-impaired financial assets (continued)

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Reclassifications

Financial assets are reclassified when the Company changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset for a short-term or long-term. Financial liabilities are not reclassified.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset so that the net amount is reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3.8 Inventories

Raw materials and spares, work in process and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Spare parts inventory is reduced by the value of obsolete and slow-moving items according to management estimates and inventories aging.

Work in process and finished goods

Clinker represents work in process inventories and cement represents the finished goods inventories that are carried at the lower of cost or net realizable value. Cost is determined on the weighted-average cost basis. The cost of clinker and cement inventories includes the cost of raw materials, direct labor and manufacturing overheads and all other costs necessary to bring the cement inventories to their existing condition and location.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

3.9 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU's) 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 its recoverable amount.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.9 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discount rate that reflects current market assessments of the time value of money. 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.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. 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 exceed 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 recognized in the statement of profit or loss .

3.10 Trade recievables

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

3.11 Cash and cash equivalents

For the purpose of statement of financial position and presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3.12 Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money are material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Assets retirement obligations

Provision for assets retirement obligations is recognized when the Company has a liability for restoration work or land rehabilitation. The extent of decommissioning required, and the associated costs are dependent on the requirements of current laws, regulations and the lease terms.

Costs included in the provision includes all decommissioning obligations expected to occur over the life of the asset. The provision for decommissioning is discounted to its present value and capitalized as part of the asset under property, plant and equipment and then depreciated as an expense over the expected life of that asset.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Provisions(continued)

Assets retirement obligations (continued)

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase in liability and a corresponding increase in the related asset. Factors influencing those adjustments include:

- developments in technology;
- regulatory requirements and environmental management strategies;
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation; and
- changes in economic sustainability.

3.13 Employee benefit obligations

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment obligation

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans are not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Net interest expense and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in statement of profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

The rate used to discount post-employment benefit obligations is determined by reference to market yields at the statement of financial position date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yield (at the end of the reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-retirement benefit obligations.

The Company uses the yield available on the Kingdom of Saudi Arabia bonds as a reasonable assumption for the discount rate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.14 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing net profit or loss for the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the net profit or loss for the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.15 Advances and prepayments

Advances and prepayments are carried at cost less provision for impairment. An advance or prepayment is classified as non-current when the goods or services relating to the advance or prepayment are expected to be obtained after one year, or when the advance relates to an asset which will itself be classified as non current upon initial recognition. Advances to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to an advance or prepayment will not be received, the carrying value of the advance or prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

3.16 Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with all conditions attached to the grants. When a grant relates to an expense item (which is mostly the case relate to grant from the Industrical Compittivness Program), it is recognized in the statement of profit or loss under cost of revenue over the periods in which the related costs is expensed for which the grant given.

3.17 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Board of Directors and Chief executive officer (collectively considered to be the Chief Operating Decision Maker) which makes decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. For further details about segment information refer to note 6.

3.18 Zakat and tax

The Company is subject to the Regulations of the Zakat, Tax, and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

The Company is subject to the value-added tax (VAT) system. The tax is calculated immediately when the invoice is issued, the goods are delivered, or the price or part thereof is received. The VAT return is submitted on a monthly basis. Management deducts withholding taxes on non-resident parties, if any, in accordance with the regulations of ZATCA, which are not recognized as expenses because the amounts of liabilities on the counterparty are deducted on behalf of the counterparty.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as awhole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above

3.20 Share Capital

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

3.21 Trade Payables

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

3.22 Cost of sales

Cost of sales includes materials and consumables and other direct costs. Allocations between cost of sales and other operating costs, when required, are made on a consistent basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.23 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales. Allocations between general and administrative expenses and cost of revenue, when required, are made on a consistent basis.

3.24 Selling and marketing expenses

Selling and marketing expenses principally consist of costs incurred in the distribution and selling of the Company's products and services. All other expenses are classified as general and administrative expenses.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS Accounting Standards, that are endorsed in the Kingdom of Saudi Arabia, require the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period are discussed below:

4.1 Inventory quantities

Inventories comprise of raw materials (mainly iron ore, kaolin, shale, sand and gypsum) and work in process (mainly clinker which are stored in 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 surveying and other techniques and density. In doing so, management appoints an expert (i,e. external surveyors) to estimate the quantities by using certain scientific systematic measurements calculations, after which management applies the density conversion method which is applied for similar stock in the cement industry. At year-end, if the estimated quantity increased / decreased by 5% with all other variables held constant, profit for the year would have been SR 11.17 million higher or lower.

4.2 Useful life and residual value of property, plant and equipment.

The management determines the estimated useful lives of property, plant and equipment for computing depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates. At year end, if the useful life increased / decreased by 5% against the current useful life with all other variables held constant, profit for the year would have been SR 5.3 million higher or lower.

At year end, if the residual value increased / decreased by 5% against the current residual value with all other variables held constant, profit for the year would have been SR 881,741 higher or lower.

4.3 Employment benefits obligations

Employment benefits represent obligations that will be settled in the future and require assumptions to project obligations. International Financial Reporting Standards, that are endorsed in Kingdom of Saudi Arabia, requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases and return on assets, mortality rates, employment turnover and future healthcare costs. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred, for further details please refer to note 16.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

4.4 Provision for slow moving spare parts

The Company holds spare parts inventory for the machinery of its plant held longer than one reporting period, which may be ultimately disposed or sold below cost as a result of obsolescence or retirement of the related machinery. Management estimate the appropriate level of provisioning for spare parts at the end of each reporting period. Factors influencing this estimate includes management's expectations for future utilization, disposal or sale plans for the spare parts. At year-end, if management expectations increased / decreased by 5% with all other variables held constant, profit for the year would have been impacted by SR 1.8 million higher / lower.

4.5 Impairment of expected credit losses in trade receivables

Measurement of ECLs is a significant estimate that involves determination methodology, models, and data inputs. Details of ECL measurement methodology are disclosed in Note 29.1.

The Company uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed and incorporated if considered relevant and significant.

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

4.6 Asset retirement obligation

The Company has recognised a provision for decommissioning obligations associated with a land owned by the Government. In determining the fair value of the provision, assumptions and estimates were made in relation to discount rates, the expected cost to dismantle and remove the plant from the site in order to remediate the environmental damage caused and the expected timing of those costs. In estimating the expected cost, the Company took into account changes in environmental legislation and regulations that may impact the process for dismantling and removing the plant. The carrying amount of the provision as at 31 December 2025 was SR 8.8 million (2024: SR 8.3 million). The Company has estimated that the costs would be realized over the license period which will end by 2037 and it is measured at the present value of the expected cost to restore the site, using a discount rate at the commencement date of the license over the term of the license. If the estimated pre-tax discount rate used in the calculation had been 1% higher than management's estimate, the carrying amount of the provision would have been SR 1.3 million lower.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flow.

The amendments did not have any impact on the Company's financial statements.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)

5.1 Standards issued but not yet effective

The new and amended standards and interpretations 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 new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Other Standard, Amendment or Interpretation which will not have any impact on the Company's financial statements.

	Particulars	***Effective date***
-	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
-	Amendments to Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
-	Annual Improvements to IFRS Accounting Standards - Volume (11)	1 January 2026
-	IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
-	IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027

6. SEGMENT INFORMATION

All of the Company's operations are related to one operating segment which is cement manufacturing and are substantially sold to local customers. The information related to revenue from major customers and geographic area are disclosed in note 20.

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings, constructions and internal roads	Machinery and equipment	Vehicle and transportation equipment	Furniture and fixture	Capital work in progress	Total
Cost:							
At 1 January 2025	**18,389,032**	**880,321,623**	**1,905,574,370**	**7,712,759**	**32,382,197**	**79,192,222**	**2,923,572,203**
Additions	-	**4,535,969**	**21,997,284**	**667,000**	**303,918**	**103,931,503**	**131,435,674**
Transfers	-	**1,100,000**	**26,135,108**	**-**	**-**	**(27,235,108)**	**-**
At 31 December 2025	**18,389,032**	**885,957,592**	**1,953,706,762**	**8,379,759**	**32,686,115**	**155,888,617**	**3,055,007,877**
Accumulated depreciation							
At 1 January 2025	**-**	**518,982,858**	**1,160,140,968**	**6,357,906**	**27,089,866**	**-**	**1,712,571,598**
Depreciation charge for the year	**-**	**28,172,164**	**81,900,423**	**400,402**	**1,321,143**	**-**	**111,794,132**
At 31 December 2025	**-**	**547,155,022**	**1,242,041,391**	**6,758,308**	**28,411,009**	**-**	**1,824,365,730**
Net book value:							
At 31 December 2025	**18,389,032**	**338,802,570**	**711,665,371**	**1,621,451**	**4,275,106**	**155,888,617**	**1,230,642,147**
Cost:							
At 1 January 2024	18,389,032	870,698,903	1,893,184,654	10,728,887	31,709,115	18,545,262	2,843,255,853
Additions	-	9,622,720	19,830,716	1,073,664	673,082	60,646,960	91,847,142
Disposal	-	-	(7,441,000)	(4,089,792)	-	-	(11,530,792)
At 31 December 2024	18,389,032	880,321,623	1,905,574,370	7,712,759	32,382,197	79,192,222	2,923,572,203
Accumulated depreciation							
At 1 January 2024	-	490,792,767	1,091,841,138	10,116,268	24,999,494	-	1,617,749,667
Depreciation charge for the year	-	28,190,091	75,107,715	331,430	2,090,372	-	105,719,608
Disposal	-	-	(6,807,885)	(4,089,792)	-	-	(10,897,677)
At 31 December 2024	-	518,982,858	1,160,140,968	6,357,906	27,089,866	-	1,712,571,598
Net book value:							
At 31 December 2024	18,389,032	361,338,765	745,433,402	1,354,853	5,292,331	79,192,222	1,211,000,605

7. PROPERTY, PLANT AND EQUIPMENT (continued)

7.1 Depreciation charge for the year has been allocated as follows:

	Note	*31 December 2025*	*31 December 2024*
Cost of revenue	21	**109,452,216**	103,334,282
General and administrative expenses	22	**2,282,490**	2,313,154
Selling and marketing expenses	23	**59,426**	72,172
		111,794,132	105,719,608

7.2 The assets under construction are mainly for the construction of bucket elevator and waste heat recovery plant, which are expected to be completed during the year 2026. Remaining items in the capital work in progress relates to the development and enhancement works in factory.

7.3 The Company leases land from the Ministry of Energy and Mineral Resources on which the Company's plant is situated. The lease term spans from 8 January 2008 to 31 December 2037, representing a period of 30 years.

8. LEASES

The Company leases a land from the Ministry of Energy and Mineral Resources on which the Company's plant is situated. The lease term spans from 8 January 2008 to 31 December 2037, representing a period of 30 years.

The Company does not provide residual value guarantees in relation to any of its leases.

Right-of-use assets
The estimated useful life of the right-of-use assets for the calculation of depreciation has 19 years.

	Land
Cost:	
At 31 December 2025 and 31 December 2024	3,458,006
Depreciation:	
At 1 January 2024	2,063,052
Charge for the year (note 21)	412,610
At 31 December 2024	2,475,662
Charge for the year (note 21)	**75,565**
At 31 December 2025	**2,551,227**
Net book value:	
At 31 December 2024	982,344
At 31 December 2025	**906,779**

Lease liabilities

The lease liabilities are presented in the statement of financial position as follows:

	31 December 2025	*31 December 2024*
At the beginning of the year	**4,118,883**	3,788,785
Accretion of interest (note 25)	**57,328**	450,098
Payments	**(2,520,000)**	(120,000)
At the end of the year	**1,656,211**	4,118,883

8. LEASES (continued)

Lease liabilities (continued)

	31 December 2025	*31 December 2024*
Non-current portion	**936,211**	1,056,211
Current portion	**720,000**	3,062,672
	1,656,211	4,118,883

Amounts recognized in the statement of profit or loss

	31 December 2025	*31 December 2024*
	SR	*SR*
Depreciation expense of right-of-use assets (note 21)	**75,565**	412,610
Interest on lease liabilities (Note 25)	**57,328**	450,098
	132,893	862,708

The aging of minimum lease payments together with the present value of minimum lease payments as of 31 December 2025 and 31 December 2024 are as follows:

	2025		2024	
	Minimum lease payments	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
Within twelve months	**720,000**	**665,883**	3,120,000	3,062,672
One to five years	**600,000**	**383,646**	600,000	364,947
Over five years	**720,000**	**606,682**	840,000	691,264
Total minimum lease payments	**2,040,000**	**1,656,211**	4,560,000	4,118,883
Less: financial charges	**(383,789)**	-	(441,117)	-
Present value of minimum lease payments	**1,656,211**	**1,656,211**	4,118,883	4,118,883

9. INVENTORIES

	31 December 2025	*31 December 2024*
Work in process	**192,532,687**	139,738,105
Spare parts and supplies, not held for sale	**120,618,242**	114,953,721
Raw materials	**47,531,196**	47,990,910
Finished goods	**8,996,199**	11,857,528
	369,678,324	314,540,264
Less: provision for slow-moving inventories	**(31,502,807)**	(20,303,945)
	338,175,517	294,236,319

9. INVENTORIES (continued)

9.1 Movement in provision for slow-moving inventories:

	31 December 2025	*31 December 2024*
Opening balance	**20,303,945**	20,530,824
Charge / (reversal) (note 21)	**11,198,862**	(226,879)
Closing balance	**31,502,807**	20,303,945

10. TRADE AND OTHER RECIEVABLES

	Note	***31 December 2025***	*31 December 2024*
Trade receivables – third parties		**176,613,984**	154,670,397
Trade receivables – related parties	26	**46,115,057**	61,504,466
Expected credit loss allowance	10.2	**(1,995,586)**	(2,153,999)
		220,733,455	214,020,864
Receivable from Industrial Sector Competitiveness Program (the "Program")	10.1	**25,223,481**	2,530,290
Employee receivables		**27,325**	129,719
		245,984,261	216,680,873

10.1 Receivable from Industrial Sector Competitiveness Program (the "Program")

The Company recorded an amount of SR 45.4 million (2024: 30.56 million) from Industrial Sector Competitiveness Program (the "Program") out of which SR 22.7 million (2024: 28.04 million) were received by the Company during the year. The purpose of the program is to reduce production cost of the Company which was affected by increase in fuel prices. Accordingly, the impact has been adjusted in cost of sales and inventory. Below is the movement in government grant for the year ended 31 December:

	31 December 2025	*31 December 2024*
Opening balance	**2,530,290**	-
Recorded during the year (charged to cost of revenue)	**45,445,648**	30,570,290
Received during the year	**(22,752,457)**	(28,040,000)
Closing balance	**25,223,481**	2,530,290

Subsequent to year end, Company has received SR 24.9 million from Industrial Sector Competitiveness Program.

10.2 Movement of expected credit loss allowance on trade receivables is as follows:

	31 December 2025	*31 December 2024*
Opening balance	**2,153,999**	2,048,293
(Reversal) / Charge during the year	**(158,413)**	105,706
Closing balance*	**1,995,586**	2,153,999

* Expected credit loss allowance reversal pertaining to related parties receivables amounted to SR 284,319 (31 December, 2024:SR 281,887).

10. TRADE AND OTHER RECIEVABLES (continued)

10.2 Movement of expected credit loss allowance on trade receivables is as follows (continued)

(i) Classification as trade receivables

Trade receivables are non-derivative financial assets carried at amortized cost and are generally on terms of 30 to 90 days. The carrying value may be affected by changes in the credit risk of the counterparties. The vast majority of the Company's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at 31 December 2025, three largest customers accounted for 92% (31 December 2024: three largest customers accounted for 91%) of the outstanding trade receivables.

(ii) Fair values of trade receivables

Due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values.

(iii) Impairment and risk exposure

Information about the impairment of trade receivables and the Company's exposure to credit risk and foreign currency risk can be found in Note 29.

(iv) Collateral

The Company has collateral in the form of bank guarantees against trade receivables which are considered integral part of trade receivables and considered in the calculation of ECL. During the year ended 31 December 2025 and 31 December 2024, there has not been any change in the quality of collateral.

11. ADVANCES, PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2025	*31 December 2024*
Advances to suppliers, net (note 11.1)	**6,795,120**	10,526,590
Prepaid expenses	**1,581,063**	1,111,236
Others	**828,935**	826,380
	9,205,118	12,464,206

11.1 During the year ended 31 December 2025, a provision amounting to SR 4.09 million (2024: SR nil) was recorded against long-outstanding advances that had not yet been settled.

12. SHORT TERM MURABAHA

As at 31 December 2025, short-term Murabaha deposits represent deposits amounting SR 10 million, (31 December 2024: SR 86.40 million) and were placed with investment and local banks, with a maturity period of more than three months and less than twelve months, and generates returns based on profit rates stipulated in the Murabaha agreements. All short term Murabaha matured during the year.

13. CASH AND CASH EQUIVALENTS

	Note	***31 December 2025***	*31 December 2024*
Cash at banks		**26,684,179**	53,132,011
Cash on hand		**255,677**	90,411
Short-term Murabaha	13.1	**35,031,979**	95,479,931
		61,971,835	148,702,353

13. CASH AND CASH EQUIVALENTS (Continued)

13.1 These represent deposits placed in Murabaha deposits with a maturity period of three months or less from the date of placement and generate returns based on profit rates stipulated in the Murabaha agreements.

14. SHARE CAPITAL

The authorized, issued and paid-up capital of the Company is SR 1,200,000,000 divided into 120 million shares of Saudi Riyals 10 each.

15. RESERVE

This balance represents the total amounts appropriated from net income for prior years as statutory reserves in accordance with the requirements of the previous Companies Law and the Company's By-Law prior to alignment with the new Companies Law. The utilization of these reserves is subject to the decisions of the shareholders' assembly.

16. EMPLOYEE BENEFIT OBLIGATIONS

The Company operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

The movement in employee defined benefit liabilities for the year ended 31 December, is as follows:

		31 December 2025	*31 December 2024*
Opening balance		**23,884,010**	23,956,977
Payments during the year		**(1,942,322)**	(2,738,227)
Current service cost		**3,500,029**	2,564,478
Interest cost	25	**1,129,603**	1,142,946
Actuarial loss / (gain)		**884,929**	(1,042,164)
Closing balance		**27,456,249**	23,884,010

16.1 Key actuarial assumptions

	31 December 2025	*31 December 2024*
Discount rate	**5.00%**	4.93%
Salary growth rate	**5.20%**	4.75%
Average duration period (Years)	**7**	7

16.2 Sensitivity analysis for actuarial assumptions

	31 December 2025	*31 December 2024*
Discount rate + 1%	**(1,897,909)**	(1,751,041)
Discount rate - 1%	**2,039,496**	1,848,290
Expected rate of future salary increase + 1%	**2,038,843**	1,847,721
Expected rate of future salary increase - 1%	**(1,898,223)**	(1,751,314)

16. EMPLOYEE BENEFIT OBLIGATIONS (Continued)

16.2 Sensitivity analysis for actuarial assumptions (continued)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

16.3 Expected maturity analysis

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

	31 December 2025	*31 December 2024*
Within the next 12 months (next annual reporting period)	**2,310,249**	2,014,637
Between 2 and 5 years	**17,414,392**	15,706,734
Over 5 years	**29,635,236**	26,062,997

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (2024: 7 years).

17. ASSETS RETIREMENT OBLIGATIONS

The provision for asset retirement obligations relates to the requirement to vacate the land provided to the Company by the Ministry of Industry and Mineral resources under an operating license. The Company is required to return the land and restore it to the same condition in which it was originally provided. The present value of the expected restoration costs is recognized as a provision, and the land must be fully rehabilitated and returned to the Ministry by 2037.

	Note	***31 December 2025***	*31 December 2024*
Opening balance		**8,306,603**	7,829,464
Accretion of interest	25	**570,154**	477,139
Closing balance		**8,876,757**	8,306,603

18. ACCRUALS AND OTHER CURRENT LIABILITIES

	Note	***31 December 2025***	*31 December 2024*
Accrued expenses		**42,649,164**	35,502,587
Contractors retentions		**16,794,567**	15,585,654
Accrued quarry extraction fees		**9,830,461**	7,653,965
VAT payable		**8,566,543**	5,840,481
Accrued bonuses		**7,573,798**	7,536,250
Advances from customers	18.1	**3,967,416**	6,778,222
Others		**2,540,212**	1,077,521
Accrued Board of Directors' remuneration	26	**2,420,000**	2,420,000
		94,342,161	82,394,680

The carrying amounts of accruals and other current liabilities are considered to be the same as their fair values, due to their short-term nature

18 ACCRUALS AND OTHER CURRENT LIABILITIES(Continued)

18.1 Movement in advances from customer is as follows:

	31 December 2025	*31 December 2024*
At the beginning of the year	**6,778,222**	5,627,597
Revenue for the year*	**(217,282,258)**	(243,744,129)
Billing raised / advance received during the year	**214,471,452**	244,894,754
Closing balance	**3,967,416**	6,778,222

* The above revenue represents revenue from contracts paid in advance by customers.

19. ZAKAT

19.1 Components of the zakat base for the year ended is as follows:

	2025 SR	*2024 SR*
Profit after zakat	**207,826,625**	310,439,020
Adjustment	**351,363**	144,157
Amended profit after zakat	**208,177,988**	310,583,177
Share capital	**1,200,000,000**	1,200,000,000
Reserve	**360,000,000**	360,000,000
Retained earnings	**158,190,701**	221,249,005
Dividend payable	**12,477,451**	14,758,822
Zakat payable	**11,699,190**	13,988,330
Adjustment to profit after zakat	**351,363**	144,157
Non-current liabilities	**37,269,217**	33,246,824
Additional current liabilities in relation to spare parts and supplies	**19,558,801**	19,282,090
Non-current deductible assets	**(1,231,548,926)**	(1,211,982,949)
Spare parts and supplies, not held for sale	**(120,618,243)**	(114,953,721)
Zakat base	**447,379,554**	535,732,558
Zakat base pro rata (366/354)	**462,545,958**	553,892,984
Zakat due on zakat base	**11,563,648**	13,847,325

19.2 Zakat expense / (refund)

	31 December 2025	*31 December 2024*
Zakat provision made for the year	**11,563,648**	13,847,325
Adjustment of credit received from ZATCA	**-**	(25,046,392)
Zakat (refund) / expense	**11,563,648**	(11,199,067)

19 ZAKAT (Continued)

19.3 Movement

The movement in Zakat provision is as follows:

	31 December 2025	*31 December 2024*
Opening balance	**13,988,330**	26,469,569
Provision for the year	**11,563,648**	13,847,325
Payment during the year	**(13,852,789)**	(11,735,735)
Adjustment of credit received from ZATCA	**-**	(25,046,392)
Settlement of VAT liability against credit received from ZATCA	**-**	10,453,563
Closing balance	**11,699,189**	13,988,330

19.4 Status of final assessments

The Company has filed its zakat return up to 31 December 2024 and have received zakat certificates for the same.

The Company has finalized its assessment with ZATCA up to 31 December 2020.

During the year ended 31 December 2024, the Company received the final decision issued by the General Secretariat for Zakat, Tax and Custom Committees ("GSZTC") regarding withholding taxes for the years 2006 – 2010 for a total amount of SR 26,972,457 in favor of the Company. On 22 July 2024, the Company received statement of account from ZATCA reflecting the amounts credited to the Company's account amounting to SR 25,046,392 against which the Company utilized SR 10,453,563 to settle VAT payable and utilized SR 14,592,829 to settle zakat liability pertaining to zakat assessments for the years 2015-2020 as mentioned below. On 13 February 2025, the Company has received statement of account from ZATCA reflecting the credit of the remaining amount of SR 2,043,066. The Company has utilized this amount to settle VAT payable settled and recorded as other income in the statement of profit or loss for the year ended 31 December 2025.

ZATCA issued assessments for the years 2015 – 2020 and claimed an additional zakat liability amounting to SR 48,649,706. The Company paid SR 7,045,469 and objected against the remaining amount of the assessments to the Tax Dispute and Violation Appellate Committee (the "Committee") and GSZTC.

The Committee and GSZTC rendered its decision and reduced zakat liability of the Company by SR 27,011,407 for the years 2015-2020. The Company received final invoices from ZATCA amounting to SR 14,592,829 for the years 2015-2020. The Company settled these invoices against the credit received of SR 25,046,392 in respect of withholding taxes for the years 2006-2010.

20 REVENUE

	31 December 2025	*31 December 2024*
Revenue from sale of cement	**838,810,297**	844,475,274
Less: volume discounts and rebates	**(51,184,415)**	(55,078,914)
	787,625,882	789,396,360

a) Disaggregation by customer type

	Note	***31 December 2025***	*31 December 2024*
Non-related parties		**671,793,959**	640,519,006
Related parties	26	**115,831,923**	148,877,354
		787,625,882	789,396,360

20. REVENUE (continued)

b) Disaggregation by geography

	31 December 2025	*31 December 2024*
Kingdom of Saudi Arabia	**784,881,138**	785,231,370
State of Iraq	**464,094**	1,613,810
Sultanate of Oman	**1,158,718**	1,062,287
Hashemite Kingdom of Jordan	**-**	528,124
Kingdom of Bahrain	**409,092**	480,596
State of Yemen	**712,840**	480,173
	787,625,882	789,396,360

c) Disaggregation by product type

The Company derives revenue from the sale of cement at a point in time in the following product lines:

	31 December 2025	*31 December 2024*
Grey cement	**625,406,540**	628,400,274
White cement	**162,219,342**	160,996,086
	787,625,882	789,396,360

Revenue from two major customers amounted to SR 298.8 million and SR 92.8 million, respectively. (31 December 2024: SR 282.9 million and SR 112.9 million, respectively). The rest of the revenue is derived from various customers whose individual revenue is less than 10% of total revenue.

21 COST OF REVENUE

	Note	***31 December 2025***	*31 December 2024*
Raw materials consumed		**207,915,792**	154,210,390
Depreciation of property, plant and equipment	7.1	**109,452,216**	103,334,282
Salaries and wages		**86,908,086**	74,510,202
Repairs and maintenance		**59,809,209**	60,775,498
Quarry extraction fees		**34,955,774**	27,556,125
Packing material consumed		**13,683,614**	14,058,763
Write-off of inventory	21.1	**-**	12,747,048
Insurance		**435,927**	387,652
Depreciation expense of right of use assets	8	**75,565**	412,610
Charge / (reversal) for slow moving inventories	9.1	**11,198,862**	(226,879)
Others		**5,372,548**	12,863,807
		529,807,593	460,629,498

21.1 Write-off of Inventory represents low quality white clinker written off during the year ended 31 December 2024.

22 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	*31 December 2025*	*31 December 2024*
Salaries and other benefits		**22,138,751**	20,468,852
Professional and subscription fees*		**3,641,209**	4,580,621
Board of directors' and other committees remuneration	26	**2,880,000**	2,752,268
Depreciation of property, plant and equipment	7.1	**2,282,490**	2,313,154
Utilities		**1,228,639**	1,207,301
Provision against supplier advance long outstanding		**4,094,730**	-
Others		**1,476,460**	874,846
		37,742,279	32,197,042

* Includes fees of the Company external auditor for audit and interim reviews services amounting to SR 644,000 for the year ended 31 December 2025 (2024: SR 892,858).

23 SELLING AND MARKETING EXPENSES

	Note	*31 December 2025*	*31 December 2024*
Employee related costs		**3,556,719**	3,320,787
Depreciation of property, plant and equipment	7.1	**59,426**	72,172
Others		**211,853**	240,467
		3,827,998	3,633,426

24 OTHER INCOME, NET

	Note	*31 December 2025*	*31 December 2024*
Refund of withholding tax	19	**2,043,066**	-
(Loss) / gain on foreign exchange translation		**(1,321,698)**	1,652,538
Gain on sale of scrap		**-**	1,862,000
Gain on disposal of property, plant and equipment		**-**	317,798
Other		**124,609**	17,739
		845,977	3,850,075

25 FINANCE COST

	Note	*31 December 2025*	*31 December 2024*
Bank Charges		**1,083,876**	1,777,497
Interest on employee's defined benefits liabilities	16	**1,129,603**	1,142,946
Unwinding of discount of assets retirement Obligations	17	**570,154**	477,139
Interest on lease liabilities	8	**57,328**	450,098
		2,840,961	3,847,680

26 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the shareholders, directors, associate company, key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

Rashid Development Company Limited (Rashidco) is one of the major shareholder of the Company with effective ownership interest percentage of 23.21% as at 31 December 2025, and 2024. Rashidco is 100% owned by Al Awael Investment Holding Company which is its ultimate parent.

(a) Following are the transactions with related parties:

Name	Nature of transactions	***31 December 2025***	*31 December 2024*
Alrashed Cement Company (common ownership)	Revenue	**92,858,395**	112,892,513
Towa Development Company (common directorship)	Revenue	**22,973,528**	35,545,026
Precast Building System Company (common directorship)	Revenue	**-**	439,810

(b) Key management personnel compensation:

	31 December 2025	*31 December 2024*
Salaries and other employee benefits expense for the year	**10,303,900**	9,429,299
Post-employment benefits outstanding balance	**2,466,572**	1,818,622
	12,770,472	11,247,921

(c) Directors and other committees' remuneration and related expenses

	31 December 2025	*31 December 2024*
Board of Directors'and other committees' remunerations	**2,880,000**	2,752,268
	2,880,000	2,752,268

(d) Directors and other committees' remuneration outstanding balance

	Nature of relationship	Note	***31 December 2025***	*31 December 2024*
Accrued Board of Directors' and other committees remuneration	Board of Directors	18	**2,420,000**	2,420,000
			2,420,000	2,420,000

26 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(e) Due from related parties

	31 December 2025	*31 December 2024*
Alrashed Cement Company (common ownership)	**36,473,983**	48,651,445
Towa Development Company (common directorship)	**9,638,958**	12,364,396
Precast Building System Company (common directorship)	**2,116**	488,625
	46,115,057	61,504,466

Due from related parties are recorded under trade and other receivables (refer note 10).

(f) Terms and conditions

The transactions with related parties are entered at mutually agreed terms and conditions and a price agreed upon according to a contract / arrangement / agreement. Key management personnel remunerations are made according to their contractual terms.

27 EARNINGS PER SHARE

Earnings per share have been calculated by dividing the profit for the year of the Company by the weighted average number of shar es outstanding during the year.

	31 December 2025	*31 December 2024*
Profit for the year attributable to shareholders of the Company	**207,826,625**	310,439,020
Weighted average number of ordinary shares	**120,000,000**	120,000,000
Basic and diluted, earning per share	**1.73**	2.59

The company does not have any dilutive potential shares

28 FINANCIAL INSTRUMENTS

Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	At amortized cost	
31 December	**2025**	**2024**
Assets as per statement of financial position		
Trade and other receivables	**245,984,261**	216,680,873
Short term Murabaha	**10,001,347**	86,403,264
Cash and cash equivalents	**61,971,835**	148,702,349
Total	**317,957,443**	451,786,486

28 FINANCIAL INSTRUMENTS (Continued)

	At amortized cost	
31 December	**2025**	**2024**
Liabilities as per statement of financial position		
Trade payables	**22,188,285**	41,769,631
Accruals and other current liabilities	**94,342,161**	82,394,680
Lease liabilities	**1,656,211**	4,118,883
Dividend payable	**12,477,451**	14,758,822
Total	**130,664,108**	143,042,016

29 FINANCIAL RISK MANAGEMENT

29.1 Financial risk factors

The Company's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly 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 Company's Audit Committee oversees how management monitors compliance 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.The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the Company's functional currency.

The company is exposed to currency risk pertaining to its operations that are denominated in a currency other than the functional currency of the Company which is Saudi Arabian Riyal (SR). The company transactions are primarily denominated in SR, United Arab Emirates Dirham (AED), United States Dollar (USD), and EURO.

The company exposure of financial instruments in Euro is SR 6.4 million.

29 **FINANCIAL RISK MANAGEMENT (Continued)**

29.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis

A 1% possible strengthening (weakening) of the SR against EURO at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by SR 63,670.

(iii) Fair value and cash flow interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Company are not significant. As at 31 December 2025 and 2024, there are no outstanding borrowings and the fair value of interest bearing financial assets approximate their fair values.

(iv) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. Price risk is not applicable to the Company as it does not have any equity investment or any derivative that is affected by market fluctuations.

(b) Credit risk

Credit risk arises from cash and cash equivalents, short term murabah and credit exposures to customers, including outstanding receivables.

Credit risk is managed on a company basis. For banks, only independently rated parties above P-2 ratings are accepted (rated by Moody’s credit rating agency or equivalent). For trade receivables, internal risk control department assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by line management. See Note 10 for concentration of credit risk.

A significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment. The Company defines trade receivables as in default when the counterparty fails to make contractual payments within 365 days of when they fall due. The Company categorizes a receivable for write off when a debtor fails to make contractual payments greater than 720 days past due and when there is no reasonable expectation of recovery. During the year, the Company has not written-off any over-due balances (2024: no write-off).

For majority of the trade receivables, the Company obtains security in the form of bank letter of guarantee, which can be called upon if the counterparty is in default under the terms of the agreement.

Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Impairment of financial assets

The Company has the following financial assets that are subject to the expected credit loss model:

	31 December 2025	*31 December 2024*
Trade receivables – third parties	**176,613,984**	154,670,397
Trade receivables – related parties	**46,115,057**	61,504,466
Short term Murabaha	**10,001,347**	86,403,264
Cash and cash equivalents	**61,971,835**	148,702,353
Receivable from the Program	**25,223,481**	2,530,290
Employees and other receivables	**27,325**	129,719
	319,953,029	453,940,489

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

IFRS 9 uses forward-looking 'expected credit loss' (ECL) model. Cash at banks are placed with banks with sound credit ratings.

Employee and other receivables are financial assets and are considered to have low credit risk. Based on management impairment assessment, there is no provision required in respect of these balances for all the periods presented.

For trade receivables, the Company applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. The historical loss rates are also considered to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP rate to be the most relevant macro-economic factors of forward-looking information accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are grouped based on collateral:

	31 December 2025	*31 December 2024*
Balances secured by bank guarantees	**219,662,416**	211,423,576
Balances unsecured	**3,066,625**	4,751,287
	222,729,041	216,174,863

The following table provides information about the exposure to credit risk and ECL for secured and unsecured trade receivables separately:

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Secured trade receivables

	31 December 2025		
	Gross carrying amount	**Loss rate**	**Loss allowance**
Current (0 -90 days)	**153,049,167**	**0.01%**	**22,364**
91-180 days	**65,378,425**	**0.02%**	**14,329**
181-270 days	**1,234,824**	**0.51%**	**6315**
	219,662,416		**43,008**

	31 December 2024		
	Gross carrying amount	Loss rate	Loss allowance
Current (0 -90 days)	156,865,349	0.02%	35,295
91-180 days	54,221,674	0.02%	12,276
181-270 days	336,553	0.02%	76
	211,423,576		47,647

Unsecured trade receivables

	31 December 2025		
	Gross carrying amount	**Loss rate**	**Loss allowance**
Current (0 -90 days)	**1,072,616**	**0.02%**	**215**
91-180 days	**7,350**	**0.03%**	**2**
181-270 days	**34,540**	**0.7%**	**242**
above 365 days	**1,952,119**	**100%**	**1,952,119**
	3,066,625		**1,952,578**

	31 December 2024		
	Gross carrying amount	Loss rate	Loss allowance
Current (0 -90 days)	2,285,916	1.78%	40,789
91-180 days	7,000	4.07%	285
181-270 days	522,082	24.71%	128,989
above 365 days	1,936,289	100.00%	1,936,289
	4,751,287		2,106,352

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Reversal / impairment loss on financial assets recognized in the statement of profit and loss are as follows:

	Note	***31 December 2025***	*31 December 2024*
Reversal / impairment loss on financial assets	11	**(158,413)**	105,706
		(158,413)	105,706

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 720 days past due. During the year, the Company has not written-off any over-due balances (2024: no write-off).

(c) Liquidity risk

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

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	31 December 2025			
	One or less than one year	**1 to 5 years**	**More than 5 years**	**Total**
Trade payables	**22,188,285**	**-**	**-**	**22,188,285**
Other current financial liabilities	**94,342,161**	**-**	**-**	**94,342,161**
Dividend payable	**12,477,451**	**-**	**-**	**12,477,451**
Lease liabilities	**720,000**	**600,000**	**720,000**	**2,040,000**
	129,727,897	**600,000**	**720,000**	**131,047,897**

	31 December 2024			
	One or less than one year	1 to 5 years	More than 5 years	Total
Trade payables	41,769,631	-	-	41,769,631
	82,394,680			82,394,680
Other current financial liabilities		-	-	
Dividend payable	14,758,822	-	-	14,758,822
Lease liabilities	3,120,000	600,000	840,000	4,560,000
	142,043,133	600,000	840,000	143,483,133

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments. Refer to Note 31 (iv) for unused credit facilities. The Company's terms of sales require amounts to be paid on a terms basis.

29 FINANCIAL RISK MANAGEMENT (Continued)

29.2 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a proper capital ratio in order to support its business and maximize shareholders' value. The capital structure includes all component of shareholders' equity totaling Saudi Riyals 1.72 billion at 31 December, 2025 (31 December, 2024: Saudi Riyals 1.78 billion). The Board of directors manages the Company capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated based on the net debt divided by total equity.

	31 December 2025	*31 December 2024*
Lease liabilities	**1,656,211**	4,118,883
Less: cash and cash equivalents	**(61,971,835)**	(148,702,353)
Net funds	**(60,315,624)**	(144,583,470)
Total equity	**1,722,188,923**	1,781,249,005
Total capital	**1,200,000,000**	1,200,000,000
Gearing ratio	**(4%)**	(8%)

The net fund position indicates that the Company's capital structure is effectively comprised of equity only.

29.3 Fair value estimation

As at 31 December, 2025 and 2024, the fair values of the Company's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, bear no interest, except for short-term deposits which are at prevailing market rates.

30 Dividends

On 21 Rajab 1446H (corresponding to 21 January 2025), the Board of Directors of the Company recommended dividends of SR 150 million at SR 1.25 per share for distribution from the retained earnings. The General Assembly approved these dividends on 19 Shawwal 1446H (corresponding to 17 April 2025).

On 11 Safar 1447H (corresponding to 5 August 2025), the Board of Directors of the Company resolved to distribute dividends of SR 120 million at SR 1 per share for distribution from the retained earnings. The General Assembly authorized the Board of Directors to distribute the interim dividends for the financial year 31 December 2025 in its meeting held on 19 Shawwal 1446H (corresponding to 17 April 2025).

On 27 Jumada al-Ula 1445H (corresponding to 11 December 2023), the Board of Directors of the Company recommended dividends of SR 90 million at SR 0.75 per share for distribution from the retained earnings. The General Assembly approved these dividends on 14 Shawwal 1445H (corresponding to 23 April 2024).

On 3 Safar 1446H (corresponding to 7 August 2024), the Board of Directors of the Company resolved to distribute dividends of SR 120 million at SR 1 per share for distribution from the retained earnings. The General Assembly authorized the Board of Directors to distribute the interim dividends for the financial year 31 December 2024 in its meeting held on 14 Shawwal 1445H (corresponding to 23 April 2024).

30. Dividends (Continued)

Below is the movement of dividend during the year ended 31 December:

	31 December 2025	*31 December 2024*
At the beginning of the year	**14,758,822**	15,539,037
Dividend declared during the year	**270,000,000**	210,000,000
Paid during the year	**(272,281,371)**	(210,780,215)
At the end of the year	**12,477,451**	14,758,822

31. CONTINGENT LIABILITIES, GUARANTEES, LETTERS OF CREDIT AND COMMITMENTS

i) Contingent liability

During the year ended 31 December 2025, one of the Company's suppliers filed a lawsuit against the Company demanding SR 1.8 million. The Company has recorded full amount under accruals and other current liabilities.

ii) Guarantees and letters of credit

The bank issued guarantees and letters of credit on behalf of the Company as at 31 December 2025 for an amount of SR 61.12 million (31 December 2024: SR 140.98 million).

iii) Capital commitments

The Company has capital commitments in relation with contracts for constructing property, plant and equipment as at 31 December 2025 amounting to SR 185.25 million (31 December 2024: SR 112.65 million).

Subsequent to the year ended 31 December 2025, the Company has entered into a contract of SR 59.34 million with a foreign engineering, procurement and construction company for the conversion to natural gas under the Liquid Fuel Displacement Program.

iv) Credit facilities

The Company has unutilized credit facilities amounting to SR 20 million (31 December 2024: SR 20 million). These credit facilities are secured against promissory notes. The credit facilities are denominated in SR and bears variable finance charge based on prevailing market rates of interest which are based on Saudi Arabian Interbank Offered Rate (SAIBOR) plus spread.

32. EVENTS SUBSEQUENT TO THE REPORTING DATE

Except as disclosed in note 31, in the opinion of management, there are no events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

33. BOARD OF DIRECTORS APPROVAL

The financial statements were authorized for issue by the Company's Board of Directors on 19 Ramadhan 1447H (corresponding to 8 March 2026).