

**YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
RIYADH - SAUDI ARABIA
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Yamama Cement Company
Saudi Joint Stock Company
Financial Statements and Independent Auditor's Report
For the Year Ended December 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the **Shareholders of Yamama Cement Company**
(A Saudi Joint Stock Company)

Opinion:

We have audited the financial statements of **Yamama Cement Company** (the Company), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters	How the matter was addressed in our audit
<p>Revenue recognition: During the year ended 31 December 2024, Company's revenue amounted to SAR 1.2 billion (31 December 2023: SAR 935 million).</p> <p>Revenue is a key indicator of performance, and as a result, there are inherent risks associated with revenue recognition, including the potential for management override of certain control procedures to achieve revenue targets. Therefore, the recognition of revenue has been identified as a key audit matter.</p> <p>Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions.</p>	<p>We have performed the following procedures regarding revenue recognition:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Company by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients". - Evaluating the design, implementation and testing of the operational effectiveness of the Company's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Company's policy. - Testing sales transactions, on a sample basis, and performing cut-off tests of revenue made at the beginning or end of the year to assess whether the revenue has been recognized in the correct period.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters (continued)	How the matter was addressed in our audit
<p>Revenue recognition (Continued): Please refer to notes (5-16) for the revenue accounting policy and note (22) related to financial statements.</p>	<ul style="list-style-type: none"> - Testing revenue transactions, on a sample basis, and verifying supporting documents, to ensure the accuracy and validity of revenue recognition.
<p>Property, machinery, equipment, and capital work in progress: The balances of Property, Plant, and Equipment (PPE) and Capital Work in Progress (CWIP) are of high material significance, with the net book value of PPE amounting to SAR 4.6 billion as of December 31, 2024 (December 31, 2023: SAR 4.7 billion) and CWIP amounting to SAR 1.1 billion as of December 31, 2024 (December 31, 2023: SAR 231.2 million). Additionally, management is required to apply significant estimates and assumptions that impact these balances, including the determination of useful lives, periodic reassessment of those lives, and the resulting depreciation charges, which directly affect the financial results. This also necessitates specific procedures to verify the validity of contracts, recognition, timing, and conditions for their classification as PPE. Accordingly, we have identified PPE and CWIP as key audit matters. The accounting policy for PPE and CWIP has been disclosed in Notes (5-7) and (5-8) to the accompanying financial statements. Additionally, detailed disclosures regarding PPE and CWIP are provided in Notes (6) and (7), respectively, within the financial statements.</p>	<p>We have performed the following procedures regarding existence and valuation of property, plant and equipment and capital work in progress balances:</p> <ul style="list-style-type: none"> - Evaluating the design and effectiveness of internal control procedures over the accounting cycle for property, plant and equipment and capital work in progress. We assessed the adequacy of the capitalization policies and undertook sample-based verification procedures and verified the depreciation policy for the year. We discussed with the management their professional judgment about the nature of items that have been capitalized and the appropriateness of useful lives and related policies in this regard.
<p>Inventory: As at December 31, 2024, the Company's inventory balance amounted to SAR 559.9 million (31 December 2023: SAR 453.7 million), which exceeded 54% of Company's total current assets and 8% of total assets 2024 (31 December 2023: 49% of Company's total current assets and 7% of total assets), and inventory balance included non-finished goods (clinker) with an amount of SAR 408.3 million (31 December 2023: SAR 244.2 million). Clinker stocks are in the form of piles in yards and hangars set up for this purpose. Whereas, determining the weight of this stock is practically not possible. The management estimates the available quantities at the year-end by measuring the stock piles and converting the measurements into unit volumes using the stability angle and the quantitative density. To do this, management assigns an independent inspection expert to estimate quantities at the year end.</p>	<p>We have performed the following procedures regarding existence and valuation of inventory balance:</p> <ul style="list-style-type: none"> - Attending the physical inventory count held by the Company and the independent inspection expert. - Obtaining the stock inventory report submitted by the independent inspection expert regarding the stock of raw materials, especially clinkers. - Evaluating the design and effectiveness of internal control procedures for the inventory accounting cycle. - Evaluating the appropriateness and adequacy of disclosures related to inventory in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters (continued)	How the matter was addressed in our audit
<p>Inventory (continued): In addition, the management calculates the cost of sales and the value of inventory at year end based on costs incurred, quantities produced and the inventory balance at year end. Thus, the existence and valuation of inventory and cost of sales are affected by the above-mentioned inventory count process at year end. With reference to the importance of inventory balance and related valuations and assumptions used, this matter was considered a key audit matter. Please refer to note (5-6) for accounting policy and note (13) related to financial statements.</p>	<ul style="list-style-type: none"> - Testing the validity of inventory measurement at cost or net realizable value, whichever is lower.

Other information included in the Company's annual report for the year ended 31 December 2024

Other information consists of other information included in the Company's annual report for the year ended 31 December 2024, other than the financial statements and the auditors' report thereon. We obtained the report from the Board of Directors, prior to the date of our Auditors' report and we expect to obtain the remaining section of the 2024 Annual Report after the date of this auditor's report. The Company's management is responsible for the other information mentioned in its annual report. Our opinion on the financial statements does not cover other information and we do not and will not express any form of assurance conclusion thereon. In our audit of the financial statements, it is our responsibility to read the information described above. In doing so, we consider whether the other information is not materially consistent with the financial statements or 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 for the financial statements in accordance with IFRSs, 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information or commercial activities within the Company, to express an opinion on the financial statements. We are responsible for directing, supervising, and implementing the audit process. We remain solely responsible for the audit opinion.

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

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

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

For Al-Kharashi Co.



Abdullah S. Al Misned
License No. (456)

Riyadh:
20 Shaaban 1446H
19 February 2025



YAMAMA Cement Company

Saudi Joint Stock Company

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2024

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	<u>Note</u>	2024	2023
Assets			
Non-current assets			
Property, plant and equipment, Net	(6)	4,627,497,336	4,736,279,754
Capital works in progress	(7)	1,144,587,119	231,197,287
Intangible assets	(8)	8,683,558	10,922,584
Right of use assets, Net	(9)	6,664,360	8,365,900
Investments in associates using equity method, Net	(10)	52,778,664	48,469,427
Financial assets at fair value through other comprehensive income	(11)	442,085,017	528,499,101
Total non-current assets		6,282,296,054	5,563,734,053
Current assets			
Trade receivables	(12)	234,910,806	131,084,392
Inventory	(13)	559,922,722	453,652,653
Prepayments and other debit balances	(14)	178,668,789	173,763,655
Due from related parties	(15)	-	342,948
Cash and cash equivalents	(16)	61,033,582	160,160,794
Total current assets		1,034,535,899	919,004,442
Total Assets		7,316,831,953	6,482,738,495
Shareholders' Equity and Liabilities			
Shareholders' Equity:			
Share capital	(1)	2,025,000,000	2,025,000,000
Statutory reserve		726,883,763	726,883,763
Additional reserve		579,936,772	579,936,772
Retained earnings		1,410,340,907	1,213,900,105
Cumulative change in fair value of other comprehensive income		101,171,726	187,585,810
Total Shareholders' Equity		4,843,333,168	4,733,306,450
Non-current Liabilities			
Long term loans- non-current portion	(17)	1,412,280,673	907,666,667
Lease liabilities – non-current portion	(9)	3,460,363	5,114,317
Provision for land restoration cost	(18)	33,644,343	10,590,647
Employees' defined benefits obligations	(19)	143,509,571	114,064,732
Total non-current liabilities		1,592,894,950	1,037,436,363
Current Liabilities:			
Trade payable		328,781,876	152,724,176
Long term loans- current portion	(17)	375,481,233	407,666,667
Lease liabilities – current portion	(9)	1,653,956	3,410,135
Due to related parties	(15)	6,698,276	9,002,182
Dividends payable		75,555,138	73,125,999
Accrued expenses and other credit balances	(20)	72,970,740	49,830,766
Provision for Zakat	(21)	19,462,616	16,235,757
Total current liabilities		880,603,835	711,995,682
Total Liabilities		2,473,498,785	1,749,432,045
Shareholders' Equity and Liabilities		7,316,831,953	6,482,738,495

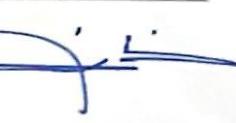
EVP for Finance



CEO



Chairman



The accompanying notes are an integral part of these financial statements.

YAMAMA Cement Company

Saudi Joint Stock Company

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FISCAL YEAR ENDING DECEMBER 31, 2024

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Revenue, Net	(22)	1,172,979,234	935,192,569
Cost of revenue		(643,963,232)	(599,835,423)
Gross profit		529,016,002	335,357,146
Selling and distribution expenses	(23)	(15,750,227)	(13,043,404)
General and administrative expenses	(24)	(69,662,714)	(58,757,020)
Income from main activities		443,603,061	263,556,722
Other (expenses)/ income:			
Finance Cost		(54,023,357)	(42,610,888)
Investment income	(25)	17,596,017	16,402,589
Gain from sale of property, plant and equipment		20,029,443	32,678,090
Other income	(26)	5,800,820	46,225,330
Income for the year before zakat		433,005,984	316,251,843
Zakat charged for the year	(21)	(12,300,000)	(12,000,000)
Net income for the year		420,705,984	304,251,843
Other Comprehensive Loss:			
Losses of change in fair value of financial assets designated at fair value through other comprehensive income		(86,414,084)	(19,601,210)
Actuarial losses from re-measurement for employees' defined benefits	(19)	(21,765,182)	(108,736)
Total other comprehensive loss		(108,179,266)	(19,709,946)
Total comprehensive income for year		312,526,718	284,541,897
Earnings per share:	(30)		
From net income for the year		2.08	1.50

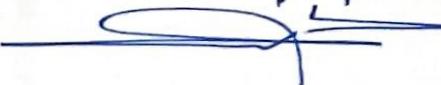
EVP for Finance



CEO



Chairman

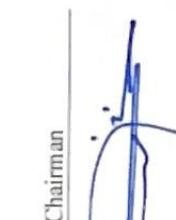


The accompanying notes are an integral part of these financial statements.

YAMAMA Cement Company
 Saudi Joint Stock Company
 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE FISCAL YEAR ENDING DECEMBER 31, 2024
 (ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	Share capital	Legal reserve	Additional reserve	Retained earnings	Cumulative change in fair value of other comprehensive income	Total
Balance as of 1 January 2023	2,025,000,000	726,883,763	579,936,772	1,112,256,998	207,187,020	4,651,264,553
Profit for the year	-	-	-	304,251,843	-	304,251,843
Dividends paid to shareholders (note 31)	-	-	-	(202,500,000)	-	(202,500,000)
Other comprehensive loss	-	-	-	(108,736)	(19,601,210)	(19,709,946)
Balance as of 31 December 2023	2,025,000,000	726,883,763	579,936,772	1,213,900,105	187,585,810	4,733,306,450
Balance as of 1 January 2024	2,025,000,000	726,883,763	579,936,772	1,213,900,105	187,585,810	4,733,306,450
Profit for the year	-	-	-	420,705,984	-	420,705,984
Dividends paid to shareholders (note 31)	-	-	-	(202,500,000)	-	(202,500,000)
Other comprehensive loss	-	-	-	(21,765,182)	(86,414,084)	(108,179,266)
Balance as of 31 December 2024	2,025,000,000	726,883,763	579,936,772	1,410,340,907	101,171,726	4,843,333,168


 CEO

 EVP for Finance

 Chairman

The accompanying notes are an integral part of these financial statements.

**YAMAMA Cement Company
Saudi Joint Stock Company
STATEMENT OF CASH FLOWS**

**FOR THE FISCAL YEAR ENDING DECEMBER 31, 2024
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)**

	<u>Note</u>	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the year before zakat		433,005,984	316,251,843
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		183,638,939	179,322,282
Employees' defined benefit obligations	(19)	9,597,866	10,847,137
Provision for land restoration cost	(18)	23,053,696	46,953
Gain from sale of property, plant and equipment		(20,029,443)	(32,678,090)
Realized gain from financial assets at fair value through other comprehensive income	(25)	(13,286,781)	(11,942,244)
Realized and unrealized gain from financial assets at fair value through profit or loss	(25)	-	(2,424,549)
Profits from investments in associated companies	(25)	(4,309,236)	(2,035,796)
Reversed zakat provision for prior years	(21)	-	(19,000,000)
		611,671,025	438,387,536
Changes in working capital			
Trade receivable		(103,826,414)	14,600,579
Inventory		(106,270,069)	(65,347,347)
Due from related parties		342,948	404,552
prepayments and other debit balances		(4,905,134)	(134,519,634)
Trade payable		176,057,700	(161,241,308)
Due to related parties		(2,303,906)	8,700,191
Accrued expenses and other credit balances		23,139,939	140,171
Change in lease obligations		(3,410,133)	2,999,201
Zakat Paid	(21)	(9,073,141)	(12,899,298)
Employees' defined benefits obligations paid	(19)	(2,714,095)	(4,570,817)
Cash flows generated from operating activities		578,708,720	86,653,826
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal/(purchase) financial assets at fair value through profit or loss		-	225,000,000
Additions to Property, Plant, Equipment, and Intangible Assets		(50,876,704)	(36,385,703)
Proceeds from sale of property, plant, and equipment		20,055,559	32,903,277
Change in the right of use assets		1,701,540	(2,923,856)
Additions to capital works in progress		(934,360,818)	(244,604,980)
Proceeds from investment income		13,286,781	14,366,792
Net cash flows used in investing activities		(950,193,642)	(11,644,470)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		(360,571,429)	(262,666,667)
Proceeds from loans		833,000,000	475,000,000
Dividends paid		(200,070,861)	(203,085,482)
Net cash flows generated from financing activities		272,357,710	9,247,851
Change in cash and cash equivalents		(99,127,212)	84,257,207
Cash and cash equivalents at the beginning of the year		160,160,794	75,903,587
Cash and cash equivalents at the end of the year	(16)	61,033,582	160,160,794

The disclosure of non-cash activities in the Note (27).

EVP for Finance

CEO

Chairman

The accompanying notes are an integral part of these financial statements.

YAMAMA CEMENT COMPANY**Saudi Joint Stock Company****NOTES TO THE FINANCIAL STATEMENTS****AS OF 31 DECEMBER 2024****(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)**

1. THE COMPANY AND NATURE OF ITS BUSINESS:**a) The Establishing of The Company**

YAMAMA Cement Company is a Saudi Joint Stock Company - formed by Royal Decree No. 15 dated 13/3/1381H – and registered in Riyadh city under Commercial Registration No. 1010001578 dated 18-4-1379H.

b) The Nature of The Company's Activity

The nature of the company's activity is the production of ordinary Portland cement, salt-resistant cement, clinker cement and finishing cement with industrial license No. (2370) dated 22/09/1439 H.

c) The Company's Capital

YAMAMA Cement Company is a public joint stock company listed on the Saudi stock market. With a capital of SAR 2,025 billion divided into 202,5 million shares with a value of SAR10 per share.

d) Fiscal year

The Company's financial year is twelve months starts from first January to end of December every year.

e) Functional and presentation currency

The financial statements are prepared in Saudi Riyals, which is the functional and presentation currency for the Company, all the numbers are rounded to the nearest Saudi Riyal, unless otherwise indicated.

2. THE BASIS OF PREPARATION:**2.1 Statement of compliance**

The Company's financial statements were prepared in accordance with the international standards of the financial report adopted in Saudi Arabia and other standards and issues issued by the Saudi Association of Chartered Accountants.

2.2 Basis of measurement

Financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, excluding financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and investments in Islamic Murabaha that are proven at fair value through the statement of profits or losses and investments in associate companies which are recorded in accordance with the method of equity.

2.3 Going concern

The company's ability to continue is assessed based on the going concern principle, to ensure that it has the necessary resources to continue its operations in the foreseeable future. Accordingly, the preparation of the financial statements continues under the going concern assumption.

YAMAMA CEMENT COMPANY**Saudi Joint Stock Company****NOTES TO THE FINANCIAL STATEMENTS****AS OF 31 DECEMBER 2024****(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)**

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS:

The preparation of financial statements requires making judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities as of the date of the financial statements. Uncertainty about these assumptions and estimates may result in material adjustments to the carrying values of assets or liabilities that will be affected in the future. These estimates and assumptions are based on experience and other factors considered reasonable under the circumstances and are used to measure the carrying values of assets and liabilities that cannot be directly obtained from other sources. The relevant estimates and assumptions are continuously reviewed. Adjustments to accounting estimates are recorded in the period in which the estimate is revised, or in the period of revision and future periods if the changes in estimates affect both the current period and future periods.

The following significant judgments and estimates have a material impact on the amounts recorded in the financial statements:

3.1 Long-term assumptions regarding employee benefits:

End-of-service benefits represent obligations that will be settled in the future and require the use of actuarial valuation processes to measure these obligations. The company is required to make assumptions related to variables such as discount rates, salary increase rates, life expectancy, and other assumptions necessary for measurement. Due to the challenges involved in the valuation and its long-term nature, an external actuary provides a report on these assumptions. Changes in key assumptions can have a significant impact on the expected benefit obligations or the periodic costs of defined employee benefits incurred.

3.2 Expected credit losses:

Expected credit losses are calculated to determine the impairment losses on receivables. The provision is determined by referencing a set of factors to ensure that accounts receivable is not overstated due to the possibility of non-collection. Based on the aging from the initial recognition of receivables, expected credit losses are measured. Receivables are grouped according to shared credit risk characteristics and the number of overdue days. Expected loss rates are derived from the company's historical information and adjusted to reflect the expected future outcome, which includes any forward-looking information on macroeconomic factors such as inflation and GDP growth rates.

3.3 Impairment of non-financial assets:

Non-financial assets (other than inventory) are assessed at the end of each year to determine if there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated to test for impairment. Assets are grouped into smaller units that generate cash flows from continuous use and are largely independent of cash flows from other assets or cash-generating units. The recoverable amount of an asset or a cash-generating unit is the higher of its value in use or its fair value less costs to sell. The value in use is based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market estimates of the time value of money and specific risks associated with the asset or cash-generating unit. Impairment losses are recognized if the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit or loss statement and may be reversed only to the extent that the carrying amount of the asset does not exceed its carrying amount after depreciation or amortization, as would have been determined if no impairment loss had been recognized.

3.4 Measurement of lease liabilities

The lease liabilities are measured using the implicit borrowing rate. The implicit borrowing rate is the interest rate the company would need to pay in order to borrow the necessary funds over a similar term, with the same guarantees, to acquire an asset of the same value as the "right-of-use" asset in a similar economic environment. Therefore, the implicit borrowing rate reflects what the company "needs to repay," and it requires estimation when market rates are not available or when adjustments are needed to reflect the terms and conditions of the lease agreement. The implicit borrowing rate is estimated using observable inputs (such as market interest rates) when available, and it requires certain judgments in its estimation.

YAMAMA CEMENT COMPANY

Saudi Joint Stock Company

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2024

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued):

3.5 Determining the lease term for lease contracts that include renewal and termination options:

The lease term is determined as the non-cancellable period of the lease, plus any periods covered by a renewal option if it is reasonably certain that the option will be exercised, or any periods covered by a termination option if it is reasonably certain that the option will not be exercised. The company applies these provisions when assessing whether it is reasonably certain that the lease renewal or termination option will be exercised. This means considering all relevant factors that could provide an economic incentive to exercise the renewal or termination option. After the lease commencement date, the lease term is re-assessed if a significant event or change in circumstances within the company's control occurs that affects its ability to exercise (or not exercise) the renewal or termination option.

3.6 Useful lives and residual values of property, plant, and equipment, and intangible assets:

The estimated useful lives of property, plant, and equipment, and intangible assets are determined for the purpose of calculating depreciation and amortization. These estimates are made after considering the expected use of the assets and the physical wear and tear to which the assets are subject. The residual value is determined based on experience and observable data when available. The company periodically reviews the useful lives and residual values and adjusts the future depreciation or amortization expense when it believes the useful lives differ from previous estimates.

3.7 Other provisions:

Provisions are recognized when there are present (legal or constructive) obligations arising from past events, and when it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

3.8 Provision for rehabilitation obligations of areas subject to franchise licenses:

The provision for the rehabilitation of areas subject to a franchise license is measured at the present value of the expected cost to restore the site, using a discount rate at the commencement date of the franchise license over the term of the license

3.9 Provision for obsolete and slow-moving spare parts.

The company maintains an inventory of spare parts for machinery, property, and equipment, which may be held for longer than a single reporting period, leading to their eventual write-off or sale at less than cost due to obsolescence or scrapping of machinery. The appropriate level is estimated by the technical management through internal reports to create a provision for spare parts at the end of each reporting period. Factors influencing this estimate include the company's expectations regarding potential future non-use or plans for the disposal of spare parts.

4. CHANGES IN ACCOUNTING POLICIES:

4.1 New standards, amendments and interpretations

The amendments to the standards effective as of January 1, 2024, are as follows:

4.1.1 Amendments to International Financial Reporting Standard (IFRS) 16 - Lease Liabilities in Sale and Leaseback Transactions:

These amendments include requirements for sale and leaseback transactions in International Financial Reporting Standard (IFRS) 16 to clarify how a company should account for sale and leaseback transactions after the transaction date. Sale and leaseback transactions where some or all lease payments are considered variable lease payments based on an index or rate that is highly likely to be affected.

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4. CHANGES IN ACCOUNTING POLICIES (continued):**4.1.2 Amendments to International Accounting Standard (IAS) 1 - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current:**

These amendments clarify how compliance with conditions that a company must meet within twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information provided by the company regarding liabilities subject to these conditions.

4.1.3 Amendments to International Accounting Standard (IAS) 7 and International Financial Reporting Standard (IFRS) 7 – Supplier Financing Arrangements:

These amendments require disclosures to enhance the transparency of supplier financing arrangements and their effects on the company's liabilities, cash flows, and exposure to liquidity risks.

The adoption of the above-mentioned amendments had no material impact on the financial statements during the year.

4.2 Standards issued but not yet effective

The following is a statement of new standards and amendments to the standards that are effective for years beginning on or after January 1, 2025, with early adoption permitted, but the company has not applied them in the preparation of these financial statements. The company is currently evaluating the impact of applying these standards to its financial statements.

4.2.1 Amendments to International Accounting Standard (IAS) 27 – Inability to convert:

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

4.2.2 Amendments to International Financial Reporting Standard (IFRS) 9 and International Accounting Standard (IAS) 7 - Classification and Measurement of Financial Instruments:

Amendments:

- Clarifying the timing requirements for recognizing and derecognizing certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system.
- Providing further guidance and additional instructions for evaluating whether a financial asset meets the criterion of being solely for payments of principal and interest.
- Introducing new disclosures for certain instruments with contractual features that may alter cash flows (such as instruments with features tied to achieving environmental, social, and governance (ESG) goals).
- Updating disclosures for equity instruments measured at fair value through other comprehensive income.

4.2.3 International Financial Reporting Standard (IFRS) 18, "Presentation and Disclosure in Financial Statements:

The new standard for presentation and disclosure in financial statements which becomes effective on or after 1 January 2027, with a focus on updates to the income statement. The main new concepts introduced in International Financial Reporting Standard (IFRS) 18 include the following:

- The structure of the income statement.
- Required disclosures in the financial statements for certain profit or loss performance measures reported outside the financial statements of the entity (performance measures defined by management).
- Strengthening the principles of aggregation and classification that apply to the primary financial statements and the accompanying notes in general.

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:

The policies used to prepare the financial statements for the year ended December 31, 2024:

5.1 Financial instruments, financial assets, and financial liabilities:

The company recognizes a financial asset or financial liability in the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the instrument. The company recognizes all of its contractual rights and obligations under derivatives in the statement of financial position as assets and liabilities.

Financial assets

The main financial assets of the company include the following:

- Investments in securities
- Trade and other receivables, excluding prepaid expenses and zakat/taxes payable
- Cash and cash equivalents.

All of these are directly derived from the company's operations.

Classification of financial assets

Financial assets are classified into one of the following three categories based on the business model in which the financial asset is managed and the contractual cash flow characteristics:

- Measured at amortized cost,
- Fair value through profit or loss, or
- Fair value through other comprehensive income.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, it will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Recognition and measurement of financial assets

Financial assets are initially recognized at fair value on the transaction date, including directly attributable transaction costs. Trade receivables that do not include a significant financing component are initially recognized at the transaction price. Purchases and sales of regular financial assets are recorded on the trade date, which represents the company's commitment to buy or sell the asset. Subsequently, financial assets are measured at fair value or amortized cost, less any impairment.

Financial liabilities

The main financial liabilities of the company include the following:

- Long-term loans,
- Lease liabilities,
- Trade and other payables – excluding obligations related to zakat/taxes and employee benefits obligations, and
- Accrued expenses.

The main purpose of financial liabilities is to finance the company's operations and ensure support for its activities.

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of the consideration received, net of directly attributable transaction costs, as applicable. Subsequently, financial liabilities are measured at amortized cost. Long-term loans are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Any differences between the proceeds and the repaid amount are recognized in the profit or loss statement over the term of the long-term loans using the effective interest rate method. Loans are classified as current liabilities when the remaining maturity is less than 12 months.

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

5.1 Financial instruments, financial assets, and financial liabilities (continued):

Classification of financial liabilities

Financial liabilities are classified and subsequently measured at amortized cost, except for the following:

- Financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition or when the continuous linking method is applied.
- Financial guarantee contracts, which are measured at the higher of the provision for loss and the amount initially recognized.
- Obligations to provide a loan at an interest rate lower than the market rate, which must be measured at the higher of the provision for loss, the amount initially recognized, and any potential compensation in the case of business combinations.

Derecognition of financial liabilities

Financial liabilities are derecognized only when they are settled, cancelled, or expired within the financial liabilities. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid or received, including any non-cash assets transferred or liabilities assumed, is recognized as a gain or loss in the profit or loss statement. Long-term loans are derecognized from the statement of financial position when the obligation specified in the contract is settled, cancelled, or expired. In the case of any modification to financial liabilities, management considers both quantitative and qualitative factors to determine the amount of modification or settlement of these financial liabilities. The difference between the carrying amount of financial liabilities settled or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized as a gain in the profit or loss statement under other income or financing costs.

5.2 Cash and cash equivalents:

cash and equivalent cash consists of the Fund, banks and Murabaha deposits, with a maturity period of three months or less from the date of acquisition.

5.3 Investments in associate companies using equity method:

An associate Company is one over which the Company has the ability to exert significant influence, but not joint control or control, by participating in the financial and operational decisions of the Company's investor. The Company owns a minimum 20% stake in its capital.

These investments are accounted for in a proprietary manner. They are proven by cost and subsequently adjusted in light of the change in the Company's share of the Company's net assets invested in it. The Company's share of the Company's net profit and loss is included in the list of earnings or losses. Losses of an associate Company that exceeds the Company's ownership rights are not recognized.

5.4 Financial assets at fair value through other comprehensive income:

Upon initial recognition, the Company can make an irrevocable decision (on an instrument-by-instrument basis) whereby the decision designates the investments in equity instruments as at fair value through other comprehensive income. These investments are not permitted to be classified at fair value through other comprehensive income if they are held for trading.

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

5.4 Financial assets at fair value through other comprehensive income (continued):

A financial asset or financial liability is held for trading in the following cases:

- ✓ It is acquired or incurred primarily for the purpose of selling or repurchasing it in the near term.
- ✓ On initial recognition, this is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a real pattern of profit-taking in the short term. or
- ✓ A derivative except for a derivative of a financial or specific security contract and an effective hedging instrument.

Investments in equity instruments are initially measured at fair value through other comprehensive income plus transaction costs. Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Gains or losses on equity instruments are never reclassified to the statement of profit or loss and no reduction is recognized in the statement of profit or loss. Investments in unlisted equity, which were previously recorded at cost in accordance with International Accounting Standard No. 39 approved in the Kingdom of Saudi Arabia, are now measured at fair value. The cumulative gain or loss will not be reclassified to the statement of profit or loss when the investments are sold.

Dividends on these investments are recognized in the statement of profit or loss when the company's right to receive the dividends is established in accordance with International Accounting Standard No. 18 endorsed in the Kingdom of Saudi Arabia, unless the dividend clearly represents a recovery of part of the cost of the investment.

The investment revaluation reserve includes the net cumulative change in the fair value of an equity investment measured at fair value through other comprehensive income. When these financial instruments are disposed of, the amount accumulated in the fair value reserve is transferred to retained earnings.

5.5 Financial assets at fair value through profit or loss:

The company may, upon initial recognition, choose to classify a financial asset at fair value through profit or loss if it does not meet the requirements to classify it as a financial instrument at amortized cost or at fair value through other comprehensive income, if this leads to a significant reduction or reduction of the accounting mismatch that may appear. In other matters.

Financial assets are not reclassified after initial recognition, except for the period after the company changes its business model for managing financial assets.

Financial assets held for trading purposes, if any, whose performance is evaluated on the basis of fair value and included in financial assets at fair value through profit and loss, are measured because they are not held to collect contractual cash flows, nor are they kept to collect contractual cash flows, nor are they kept to collect contractual cash flows and sell financial assets.

5.6 Inventory:

Inventory is valued, including raw materials, finished goods, and consumable materials (spare parts), at cost. historical purchase prices based on the weighted average method, plus the directly associated costs, or at net realizable value, whichever is lower. Net realizable value is defined as the estimated selling price in the ordinary course of business, less the costs necessary to complete the production and the estimated costs to make the sale. Finished goods inventory and work-in-progress include the cost of materials, labor, and a reasonable share of indirect manufacturing costs based on normal operating capacity. Spare parts may represent items that could result in fixed capital expenditures but are not distinguishable from consumable materials, and therefore, they are classified under spare parts as current assets.

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

5.7 Property, machinery and equipment:

Property, machinery and equipment appear at cost minus accumulated depreciation and any decrease in value. The cost is consumed minus the residual estimated value of property, machinery and equipment (excluding land where it is not consumed) in a fixed-installment manner over its projected production life span using the following annual depreciation ratios:

- | | |
|----------------------------------|-------|
| • Building and facilities | 3-10% |
| • Machinery and equipment | 3-10% |
| • Vehicles and transport | 25% |
| • Tools | 10% |
| • Furniture and office equipment | 20% |

The residual values, useful lives, and depreciation methods of assets are reviewed and adjusted, if appropriate, on a periodic basis in the future.

Capitalization of costs within property, plant, and equipment

The cost of property, plant, and equipment consists of the following:

- The purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the way intended by management.
- The initial estimate of dismantling, transporting the item, and restoring the site to its original condition, as well as any obligation incurred either as a result of purchasing this item or as a result of using it for purposes other than producing inventory during that period.

Subsequent costs are not included in the carrying amount of the asset or recognized as a separate asset, depending on the case, 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 reliably measured. Any costs directly are attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the way intended by management.

Disposal of property, plant, and equipment

An item of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss resulting from the disposal or retirement of an item of property, plant, and equipment is determined by the difference between the proceeds from the sale and the carrying amount of the asset and is included in the profit or loss and other comprehensive income. The carrying amount of a component recognized as a separate asset is no longer recognized when it is replaced.

Capital spare parts

The accounting policy for the initial and subsequent recognition of major spare parts has been amended starting from the financial year 2024. Items such as spare parts, standby equipment, and maintenance equipment are recognized in accordance with IAS 16 – Property, Plant, and Equipment when they meet the definition of property, plant, and equipment as follows:

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):**5.7 Property, machinery and equipment (continued):****Capital spare parts (continued)**

- Spare equipment is a part intended for use, like original equipment, that is likely to be a key component/important part that should be kept available to ensure the continued operation of production equipment. It is generally only used when failures occur and is not typically expected to be used routinely. The depreciation of critical spare parts starts from the date of purchase of the associated original equipment and is depreciated over its corresponding useful life in the operational unit.
- Strategic spare parts are parts that must be available when needed and are purchased in advance due to planned replacement schedules (in line with the scheduled maintenance program) to replace major existing spare parts with new, operational ones. These items are considered "available for use" only at a future date. Therefore, the depreciation process begins when they are installed as a replacement part. The depreciation period for such general capital items is over their useful life or the remaining expected useful life of the related equipment, whichever is shorter.

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

5.8 Capital works in progress:

The cost of capital work in progress, which is still under construction or development, is recorded in the capital projects under development account. The asset under construction or development is transferred to the appropriate category of property, plant, and equipment, or intangible assets (depending on the nature of the project) when the asset is in the location or condition necessary to make it capable of operating in the manner intended by management. The cost of capital projects under development includes the purchase price, construction/development costs, and any costs directly attributable to the creation or acquisition of the asset by management. Proceeds from the sale of any production during the trial operation period and the associated production costs (before the asset becomes ready for use) are recorded separately in profit or loss for the period.

- Financing costs related to qualifying assets are capitalized as part of the cost of the qualifying assets until commercial production begins.
- Capital projects under development are measured at cost, less any impairment that has been recognized.
- Capital projects under development are not depreciated.
- Depreciation begins when the assets are capable of operating in the manner intended by management after being transferred to the appropriate asset category.

Borrowing costs

Borrowing costs directly attributable to the creation of qualifying assets, which are assets that require a long period of time to become ready for their intended use, are capitalized when all necessary activities related to preparing the qualifying asset for its intended purpose have been completed. All other borrowing costs are recognized as expenses and charged to the profit or loss and other comprehensive income for the period in which they are incurred.

5.9 Intangible assets:

Intangible assets with specified production ages purchased separately are included in the cost minus accumulated extinguishment and accumulated depreciation losses. The amortization is recognized on a fixed premium basis over their estimated useful life. Estimated useful life and the method of extinguishing at the end of each reporting period should be reviewed, and the effects of any changes in estimates are calculated on a future basis. Intangible assets with undefined useful life purchased separately are listed at cost minus losses that have decreased the accumulate value.

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):**5.9 Intangible assets(continued):**

The company applies annual amortization rates of 20% to its intangible assets.

Any intangible asset is excluded as soon as it is disposed of or when no future economic benefits are expected from its use or disposal. Gains or losses resulting from the exclusion of intangible asset, calculated on the basis of the difference between net sales intake and the book value of the asset, are recognized in gains or losses when the asset is excluded.

At the end of each reporting period, the Company reviews the book values of its tangible and intangible assets to determine whether there is any indication that those assets have suffered impairment losses. If such indicators exist, the recoverable value of the asset is estimated in order to determine the extent of loss of depreciation (if any). If it is not possible to estimate the refundable amount for a single asset, the Company estimates the refundable amount for the cash generating unit to which the asset belongs. When a reasonable and consistent basis for distribution can be established, the Company's assets are also distributed to individual cash generating units or otherwise distributed to the smallest set of cash units for which a reasonable and consistent basis can be determined. The refundable amount exceeds the fair value, minus the sale cost and the value generated by the use. When estimating the value of use, estimated future cash flows are deducted from their current value using the pre-tax discount rate that reflects current market assessments of the time value of the money and the specific risks of the asset for which future cash flows have not been adjusted. If the refundable amount (cash generating unit) is less than its book value, the book value (cash generating unit) of the asset is reduced to its refundable amount. A loss of depreciation is listed directly in profits or losses.

If the loss of value is subsequently reversed, the book value of the asset (or cash generating unit) must be increased to the adjusted estimates of the recoverable amount, but so that the increased book value does not exceed the book value that could have been determined if the loss of value of the asset (or cash generating unit) was not acknowledged in previous years. The loss of impairment is recognized directly in profits or losses.

5.10 Right-of-use assets:

The company recognizes right-of-use assets at the lease commencement date (i.e., the date when the asset subject to the lease becomes available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the recognized lease liabilities, initial direct costs incurred, lease payments made on or before the lease commencement date, less any lease incentives received and restoration costs. Unless the company is reasonably certain of obtaining ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using the straight-line method over their estimated useful life or the lease term, whichever is shorter. Right-of-use assets are subject to impairment.

5.11 Lease liabilities:

The company recognizes lease liabilities at the lease commencement date, measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including actual fixed payments), less any lease incentives receivable, variable lease payments dependent on an index or rate, and amounts expected to be paid under residual value guarantees. They also include lease payments for the exercise of a purchase option that is reasonably certain to be exercised by the company, and penalties for lease termination if the lease reflects the company's exercise of the termination option. Variable lease payments that are not dependent on a specific index or rate are recognized as expenses in the year in which the event or condition necessitating the payment occurs.

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

5.12 Provisions:

A provision is recognized if the company has past events or transactions that could result in a present legal or contractual obligation that can be reliably estimated, and there is a probability that it will result in an outflow of economic benefits to settle the obligation.

5.13 Provision for employee benefits obligations:

The company provides employee benefits compensation in accordance with the labor laws of the Kingdom of Saudi Arabia. This compensation is based on the employee's final salary and the length of service, provided that the minimum service period is met.

The end-of-service obligation is calculated by estimating the future benefits owed to employees for both current and past periods, then discounting the value to arrive at the present value.

Re-measurements of defined benefit obligations, which include actuarial gains and losses, are directly recognized in other comprehensive income. The interest expense on the defined benefit obligations for the year is determined by applying the discount rate used in measuring the defined benefit obligations at the beginning of the year, taking into account any changes in the net defined benefit obligations during the year due to contributions and payments.

Net interest expense and other expenses related to defined benefit plans are recognized in the profit or loss statement and other comprehensive income.

5.14 Provision for Zakat:

Zakat is calculated in accordance with the regulations of the Zakat, Tax, and Customs Authority ("the Authority") in the Kingdom of Saudi Arabia. The provision is charged to the profit or loss statement. The zakat allocated to the Saudi shareholders is 2.5% of the zakat base or the adjusted net profit, whichever is higher. Any differences between the estimated zakat and the final assessment, once approved, are recorded and the provision is adjusted accordingly.

5.15 Reserves:

In accordance with the company's articles of association, reserves are established for the company and these reserves are used based on a decision by the company's general assembly of shareholders to the extent that it serves its best interest.

5.16 Revenues from contracts with customers:

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

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

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

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

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

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

5.16 Revenues from contracts with customers (continued):

Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation.

If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer.

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if the Company's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

The Company sells packed and non-packed cement, where selling process is either through selling invoices and/or specific contracts with customers.

(a) Sales of goods

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

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

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

5.17 Dividend income:

Dividend income is recognized when the shareholders' right to receive dividend payments is declared, and it is probable that economic benefits will flow to the company, with the amount of income being reliably measurable.

5.18 Other income:

Other revenues are recognized on an accrual basis.

5.19 Expenses:

Cost of revenue:

All expenses are recognized on an accrual basis. Operating costs are recorded based on historical cost. Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw materials, direct labor or employee costs, depreciation, amortization, and other related overheads. Other related costs associated with sales are recorded as selling and distribution expenses, while all remaining costs are presented as general and administrative expenses.

Selling and distribution expenses:

This item includes any costs incurred to carry out or facilitate all sales activities within the company. These costs typically include selling and distribution expenses as well as commissions. It also includes the allocation of certain indirect general expenses.

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):**5.19 Expenses (continued):****General and administrative expenses:**

This item pertains to operating expenses that are not directly related to the production of goods or services. It also includes the allocation of additional general expenses that are not specifically related to cost of sales or selling and distribution expenses.

5.20 Foreign Exchange Translation:

Transactions conducted in foreign currencies during the period are converted into Saudi Riyals at the prevailing exchange rates on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates prevailing on the statement of financial position date. Any gains or losses resulting from settlements and foreign currency translations are recognized in the statement of profit or loss and other comprehensive income.

5.21 Earnings per share:

Earnings per share from major operations and dividends per share from net profit for the year are calculated by dividing net profit from major operations and net profit on the weighted average number of shares at the end of the year.

5.22 Dividends:

The dividend distribution policy is approved by the company's general assembly. The company recognizes dividends as liabilities when they are approved, and the distribution is no longer subject to the company's discretion. The corresponding amount is directly recorded within equity.

5.23 Transactions with related parties:

Parties are related parties because of their ability to exercise control over the Company or to exert significant influence or joint control over the Company's financial and operational decisions. Also, companies are related parties when the Company can exert influence, or jointly control the financial and operational decisions of these parties.

Transactions with related parties usually involve the transfer of resources, services, or obligations between the parties.

5.24 Current / Non-current classification:

The company classifies assets and liabilities in the statement of financial position as current and non-current. An asset is classified as current when:

- It is expected to be realized or is intended to be sold or consumed in the normal operating cycle;
- It is held primarily for trading purposes;
- It is expected to be realized within twelve months after the reporting date; or
- Cash or cash equivalents, unless restricted from being used to settle liabilities for at least twelve months after the reporting date.

All other assets are classified as non-current assets.

A liability is classified as current when:

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

The company classifies all other liabilities as non-current liabilities.

YAMAMA CEMENT COMPANY**Saudi Joint Stock Company****NOTES TO THE FINANCIAL STATEMENTS****AS OF 31 DECEMBER 2024****(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)****5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):****5.25 Contingent liabilities:**

By their nature, contingent liabilities will only be settled upon the occurrence or non-occurrence of one or more future events. The assessment of such contingent liabilities inherently involves the exercise of significant judgment and estimates regarding future events.

5.26 Fair value of assets and liabilities:

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

When measuring the fair value of an asset or liability, the company uses observable market data as much as possible. Fair values are classified into levels within the fair value hierarchy based on the inputs used in the valuation methods as follows:

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

If the inputs used to measure the fair value of an asset or liability fall within different levels of the fair value hierarchy, the measurement is classified entirely within the same level of the hierarchy as the lowest level of input that is considered significant to the overall measurement.

A) Book values and fair value

Below are the levels in the hierarchy of financial instruments measured at fair value:

<u>December 31, 2024</u>	Level 1	Level 2	Level 3	Total
	SAR	SAR	SAR	SAR
Financial assets at fair value				
Through other comprehensive income	52,338,586	-	398,746,431	442,085,017
	52,338,586	-	398,746,431	442,085,017
<u>December 31, 2023</u>	Level 1	Level 2	Level 3	Total
	SAR	SAR	SAR	SAR
Financial assets at fair value				
Through other comprehensive income	54,661,082	-	473,838,019	528,499,101
	54,661,082	-	473,838,019	528,499,101

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5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):**5.26 Fair value of assets and liabilities:****B) Fair value measurement**

The following table shows the evaluation methods used to measure the fair value of the third level as at December 31, 2024. and December 31, 2023. addition to the substantial inputs used, which are not observed.

Type	Evaluation method	Unobserved material input	The relationship between unobserved core inputs and fair value measurement
Sukuk and investment funds	Evaluations are based on prices received by the portfolio manager at the end of each year and on closing prices for the net value of the declared assets.	Not applicable.	Not applicable.
Investment in unlisted companies	Cost that falls within the range of potential fair value measurements as the best estimate of fair value	Not applicable.	Not applicable.

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6. PROPERTY, PLANT, AND EQUIPMENT:

	Land	Buildings and Construction	* Plants and Machinery	Vehicles	Tools	Furniture and Office Equipment	Total
Cost							
Balance as at January 1,2024	12,234,510	2,824,162,133	3,949,631,957	25,794,626	13,316,068	52,786,696	6,877,925,990
Additions during the year	-	8,191,809	37,533,361	-	1,024,640	2,656,481	49,406,291
Transferred from capital works in progress	-	21,766,872	-	-	-	-	21,766,872
Disposals	-	-	(17,667,040)	(4,898,701)	-	(36,163)	(22,601,904)
Balance as at December 31,2024	12,234,510	2,854,120,814	3,969,498,278	20,895,925	14,340,708	55,407,014	6,926,497,249
Accumulated depreciation							
Balance as at January 1,2024	-	647,023,031	1,425,022,377	23,916,623	8,047,987	37,636,218	2,141,646,236
Depreciation charged for the year	-	83,955,564	88,997,076	811,661	704,555	5,460,644	179,929,500
Disposals	-	-	(17,640,969)	(4,898,691)	-	(36,163)	(22,575,823)
Balance as at December 31,2024	-	730,978,595	1,496,378,484	19,829,593	8,752,542	43,060,699	2,298,999,913
Net Book Value:							
Balance as at December 31,2024	12,234,510	2,123,142,219	2,473,119,794	1,066,332	5,588,166	12,346,315	4,627,497,336
Balance as at December 31,2023	12,234,510	2,177,139,102	2,524,609,580	1,878,003	5,268,081	15,150,478	4,736,279,754

* The Plants and Machinery item includes the cost of major spare parts in the amount of 271 million Saudi riyals as of December 31, 2024 (as of December 31, 2023: 296 million Saudi riyals). The provision for obsolescence of major spare parts has been reclassified to the accumulated depreciation balance of machinery and equipment in the amount of 151 million Saudi riyals as of December 31, 2024 (as of December 31, 2023: 153 million Saudi riyals) To be consistent with the actual useful life of the equipment associated with the spare parts and in line with the period of stopping the old factory and the end of its virtual life, the amount of 112 million Saudi riyals was also reclassified to the inventory item as of December 31, 2024 (as of December 31, 2023: 121 million Saudi riyals) based on the amendment to the accounting policy for initial and subsequent recognition of major spare parts in the property, machinery and equipment policy in Note No. (5-7) within a summary. The most important accounting policies as of January 1, 2024.

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7. CAPITAL WORKS IN PROGRESS:

	2024	2023
Capital works in progress*	1,142,381,612	229,620,766
Information systems projects	2,205,507	1,576,521
	1,144,587,119	231,197,287

*Capital work in progress as at December 31, 2024, includes an amount of SAR 1.126 million, representing the production line project (December 31, 2023: SAR 196 million).

8. INTANGIBLE ASSETS:

	2024	2023
Cost:		
Balance as at 1 January	20,089,328	14,561,514
Transfer from capital works in progress	-	5,219,400
Additions during the year	1,470,413	308,414
Total costs as at 31 December	21,559,741	20,089,328
Amortization:		
Balance as at 1 January	9,166,744	6,025,582
Amortization charged the year	3,709,439	3,141,162
Balance as at 31 December	12,876,183	9,166,744
Net book value as at 31 December	8,683,558	10,922,584

9. Lease contracts

	2024	2023
Right to use assets		
Cost:		
Balance as at 1 January	15,056,123	10,889,598
Adjustment on lease contract during the year	-	4,166,525
Total costs as at 31 December	15,056,123	15,056,123
Amortization:		
Balance as at 1 January	6,690,223	5,447,553
Amortization during the year	1,701,540	1,242,670
Balance as at 31 December	8,391,763	6,690,223
Net book value as at 31 December	6,664,360	8,365,900

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9. Lease contracts (continued)

Lease obligations

	2024	2023
Cost:		
Balance as at 1 January	8,524,452	5,525,251
Adjustment on lease contracts during the year	-	2,947,013
Interest during the year	199,867	52,188
Paid during the year	(3,610,000)	-
Balance as at 31 December	5,114,319	8,524,452
 Lease obligations – Current portion	 1,653,956	 3,410,135
Lease obligations – Non-current portion	3,460,363	5,114,317
	5,114,319	8,524,452

10. INVESTMENTS IN ASSOCIATE COMPANIES USING EQUITY METHOD:

	Percentage equity %	2024	2023
Saudi Yamani Cement Co. (closed joint Stock)	20%	75,060,000	75,060,000
Less: Provision for Investments		(75,060,000)	(75,060,000)
Net, Investment in Saudi Yamani Cement Co. (closed joint stock)			
Cement Product Industry Co. Ltd.	33.33%	52,778,664	48,469,427
Balance as at 31 December		52,778,664	48,469,427

The movement in investments in associate companies using equity method during the year ending December 31 is as follows:

	2024	2023
Balance as at 1 January	48,469,427	46,433,630
Share of results from associate company	4,309,237	2,035,797
	52,778,664	48,469,427

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

	2024	2023
Investments in Securities:		
Industrialization & Energy Service Co. (Saudi Joint Stock Co.)	389,746,431	473,838,019
Investments in real estate funds and sukuk	52,338,586	54,661,082
Balance as at 31 December	442,085,017	528,499,101

The movement on financial assets at fair value through other comprehensive income during the year ended on 31 December as follows:

	2024	2023
Balance as at 1 January	528,499,101	548,100,311
Additions during the year	-	-
Disposals during the year	-	-
Change in fair value during the year	(86,414,084)	(19,601,210)
Balance as at 31 December	442,085,017	528,499,101

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	2024	2023
Accounts receivables	234,910,806	131,084,392
	<u>234,910,806</u>	<u>131,084,392</u>

The trade receivables have a maturity period ranging from 30 to 90 days. There is no expected credit loss allowance, as the receivables balance as at December 31, 2024, is Fully covered by guarantee letters.

13. INVENTORY:

	2024	2023
Work in Process - clinker	408,265,949	244,174,596
Spare parts	112,351,116	121,219,009
Raw materials	20,599,929	4,038,727
Finished Goods	10,254,146	28,056,646
Fuel and oil	3,663,818	9,248,344
Work in Process - other	2,732,679	45,302,943
Packing materials	2,055,085	1,612,388
	<u>559,922,722</u>	<u>453,652,653</u>

14. PREPAYMNETS AND OTHER DEBIT BALANCES:

	2024	2023
Advances to suppliers	150,398,245	167,326,883
Due to employees	4,897,625	3,659,457
Pre-paid expenses	2,292,740	1,935,588
Other debit balance	21,080,179	841,727
	<u>178,668,789</u>	<u>173,763,655</u>

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15. RELATED PARTIES:

Dealing with related parties are in ordinary scope of work for the Company. Determining the value of those transactions by fair value.

	2024	2023
Due from Related Parties:		
Saudi Yamani Cement (Joint Stock Co.)	-	342,948
	<u>-</u>	<u>342,948</u>
	2024	2023
Due to Related Parties:		
Arabian Shield Co-operative Insurance Co (Saudi Joint Stock)	441,460	2,440,340
Sahl Al-Madar Trading Co. Ltd.	682,720	329,670
Obeikan Digital Solutions Co. Ltd.	-	747,500
Cement Product Industry Co. Ltd.	<u>5,574,096</u>	<u>5,484,672</u>
	<u>6,698,276</u>	<u>9,002,182</u>

Significant year end balances arising from transactions with related parties are as follows:

	Type of Transactions	2024	2023
Cement Product Industry Co. Ltd.	Purchasing Packing Paper Bags	25,028,251	27,968,184
Arabian Shield Co-operative Insurance Co (Saudi Joint Stock)	Insurance	17,380,792	14,031,508
Saudi Yamani Cement (Joint Stock Co.)	Payments on behalf	56,742	342,948
Mobile Telecommunication Company Saudi Arabia Zain (Saudi Joint Stock)	Communication services	1,833,058	1,996,924
Obeikan Digital Solutions Co. Ltd.	Purchasing services development	747,500	-
Sahl Al-Madar Trading Co. Ltd.	Development of logistics services	5,129,430	2,087,520

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15. RELATED PARTIES (continued):

The Chairman of the Board of Directors of the Arabian Shield Cooperative Insurance Company is the Chairman of the Board of Directors of the company.

The Chairman of the Board of Directors of Zain is the Chairman of the Board of Directors of the company. Board member of Arabian Shield Co-operative Insurance Company is Vice Chairman of the Company's Board of Directors.

Board member of Obeikan Digital Solutions Company He is Vice Chairman of the Company's Board of Directors.

Board member of Sahl Al-Madar Trading Company He is Vice Chairman of the Company's Board of Directors.

Transactions with members of the Board of Directors and senior executives:

Related party transactions are mainly the salaries, allowances and remunerations of senior executives. Senior management personnel are the persons who exercise authority and responsibility in planning, directing and controlling the Company's activities, directly or indirectly, including directors and shareholders (whether executive or non-executive). That). The item on salaries, wages and the like during the year ending on December 31, includes the following:

Transaction with	Nature of transaction	2024	2023
Senior Executives	Salaries and benefits	17,052,000	14,070,701
Senior Executives	Employees defined benefits obligations	920,000	802,127
Board of Directors	Board Remuneration	2,600,000	2,400,000

The reward for attending committees for the year ended December 31, 2024, was SAR 237,000 compared SAR 213,000 in December 31, 2023.

16. CASH AND CASH EQUIVALENTS:

	2024	2023
Cash at banks*	61,009,781	160,110,794
Cash in hand	23,801	50,000
Cash and cash equivalents	61,033,582	160,160,794

* As at 31 December 2024, the cash at banks including a restricted cash amounted to SAR 41 million for dividends payable, and this balance isn't under Company's control (31 December 2023: SAR 37.2 million).

17. LONG TERM LOANS:

	2024	2023
Local Banks (a)	1,492,761,906	850,333,334
Saudi Industrial Development Fund (b)	295,000,000	465,000,000
Total	1,787,761,906	1,315,333,334
Classified as follows:		
Long term loans – Current portion	375,481,233	407,666,667
Long term loans – Non-current portion	1,412,280,673	907,666,667
	1,787,761,906	1,315,333,334

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17. LONG TERM LOANS (continued):**(a) Loan from Local Banks:**

The company obtained Islamic facilities and long, medium and short-term loans (Islamic Murabaha compatible with Islamic Sharia) from local banks amounting to 2,810,610,970 Saudi riyals to finance projects, refinance loans, finance working capital, and enhance liquidity. The Islamic banking facilities (Islamic Murabaha) that are not used and available for use amounted to 1,097,000,000 riyals as of December 31, 2024, AD. These facilities are subject to a commission according to the commission rates accepted between banks in Saudi Arabia (SIBOR), plus an agreed upon margin, and these facilities are guaranteed by promissory notes. The loan agreement includes certain pledges with the banks. Under the terms of this agreement, the management monitors the pledges periodically.

(b) Loan from Saudi Industrial Development Fund:

On December 20, 2016, the company obtained long-term financing compatible with Sharia regulations in the amount of 900 million Saudi riyals from the Saudi Industrial Development Fund for the purpose of financing the construction of the new Yamama Cement Factory in the northern Al-Halal region of Al-Kharj Governorate affiliated of Riyadh Region, the financing is secured by a pledge of the new factory's assets in addition to promissory notes. The loan will be repaid in 12 semi-annual payments, with repayments started in September 2020. The loan agreement includes certain commitments with the Saudi Industrial Development Fund. Under the terms of this agreement, the management monitors the pledges periodically.

18. PROVISION FOR LAND REHABILITATION COST:

	2024	2023
Balance as at 1 January	10,590,647	10,543,694
Charged during the year	23,053,696	46,953
Balance as at 31 December	33,644,343	10,590,647

19. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS:

	2024	2023
Balance as at 1 January	114,064,732	106,675,226
Charged during the Year	9,472,858	7,015,087
Finance cost	920,894	4,836,500
Paid during the Year	(2,714,095)	(4,570,817)
Actuarial loss	21,765,182	108,736
Balance as at 31 December	143,509,571	114,064,732

The main assumptions for the actuarial valuation were as follows:

	2024	2023
Long-term salary increases rate	7.25%	6.65%
Discount rate	5.25%	4.9%

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19. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS(continued):

Sensitivity Analysis of Key Actuarial Assumptions

	2024	2023
+ 0.5% Discount Rate	139,203,669	127,228,845
- 0.5% Discount Rate	148,085,420	136,310,048
+ 0.5% Long-Term Salary	147,007,404	135,293,604
- 0.5% Long-Term Salary	140,181,226	128,140,993
+ 10% Withdrawal Rate	142,284,270	130,382,432
- 10% Withdrawal Rate	144,860,798	132,999,262
+ 10% Mortality Rate	143,446,785	131,564,116
- 10% Mortality Rate	143,572,733	131,700,029

20. ACCRUED EXPENSES AND OTHER CREDIT BALANCES:

	2024	2023
Accrued expenses	26,303,154	15,086,053
Due to employees	17,573,878	13,495,620
Advances from customers	13,180,981	16,123,196
Accrued taxes	13,174,764	3,228,778
Other	2,737,963	1,897,119
	72,970,740	49,830,766

21. ZAKAT PROVISION:

A) Zakat Calculations:

Book Net profit	420,705,984	316,251,843
Provisions charged during the year	-	13,874,075
Adjusted net profit	420,705,984	330,125,918
Total added items	6,868,025,662	6,489,965,355
Total subtracted items	(6,672,749,283)	(6,039,332,991)
Estimated Zakat base	195,276,379	450,632,364
The base according to the new regulations	420,705,984	-
Estimated Zakat by 2.5% of the Zakat base according to the new regulations, which have been implemented effective 1 January 2024	10,874,180	11,265,809

B) The movement in zakat provision is as follows:

	2024	2023
Balance as at 1 January	16,235,757	36,135,055
Charged during the Year *	12,300,000	12,000,000
Reversed zakat provision for prior years	-	(19,000,000)
Paid during the Year	(9,073,141)	(12,899,298)
Balance at 31 December	19,462,616	16,235,757

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21. ZAKAT PROVISION(continued):***Zakat position:**

The company has submitted its zakat declarations for all years up to 2023, and the final zakat assessment has been issued up to 2022. The due zakat has been fully paid.

22. REVENUE:

The company sells cement products, and there is no significant difference between the selling prices or production costs for bulk or packaged cement. The sales occur at a point in time, and the sales transactions are not conducted over a period of time.

23. SELLING AND DISTRIBUTION EXPENSES:

	2024	2023
Salaries and employees' benefits	9,583,677	8,737,695
Advertisement and marketing	2,151,847	2,511,932
Fees and subscription	759,853	172,722
Training Expenses	391,249	201,220
Depreciation	158,692	225,247
Maintenance	89,361	119,901
Insurance	29,607	28,492
Donation	12,000	12,000
Other	2,573,941	1,034,195
	<u>15,750,227</u>	<u>13,043,404</u>

24. GENERAL AND ADMINISTRATIVE EXPENSES:

	2024	2023
Salaries and employees' benefits	41,945,134	39,185,725
Fees and subscription	7,745,979	4,510,904
Depreciation	6,411,890	6,009,596
Donation	1,400,000	1,292,294
Training	1,355,513	561,998
services expenses	977,434	932,992
Maintenance	927,552	1,873,262
Insurance	870,282	370,047
Bank Expenses	541,040	494,653
Water and Electricity	525,638	500,529
Other	6,962,252	3,025,020
Total	<u>69,662,714</u>	<u>58,757,020</u>

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25. INVESTMENT INCOME:

	2024	2023
Realized gain from sale financial assets at fair value through profit or loss	-	2,424,549
Realized gain from financial assets at fair value through other comprehensive income (Dividends Received)	13,286,781	11,942,244
Income from investments in associate companies using equity method (Note 10)	<u>4,309,236</u>	<u>2,035,796</u>
	<u>17,596,017</u>	<u>16,402,589</u>

26. OTHER INCOME:

	2024	2023
Customs fees refundable and other	1,699,928	7,701,800
Scrap Sales	126,990	2,574,598
Reversed zakat provision for prior years	-	19,000,000
Contractors' fines	-	14,989,317
Earned discount	-	281,522
Other	<u>3,973,902</u>	<u>1,678,093</u>
	<u>5,800,820</u>	<u>46,225,330</u>

27. Non-Cash Transactions

	2024	2023
Loss of change in fair value of financial assets designated at fair value through other comprehensive income	<u>(86,414,084)</u>	<u>(19,601,210)</u>
Transfer from employee defined benefits obligations to capital work-in-progress	<u>795,886</u>	<u>1,004,450</u>
Transfer from capital work-in-progress to property, plant and equipment	<u>21,766,872</u>	<u>56,481,413</u>
Transfer from capital work-in-progress to intangible assets	<u>-</u>	<u>5,219,400</u>

28. FAIR VALUE OF FINANCIAL TOOLS:

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The Company's financial instruments consist of financial assets and financial liabilities.

The Company's financial assets consist of cash and its judgment, commercial debtors and payments to suppliers and other debtor assets due from related parties.

Financial liabilities consist of credit suppositions and receivables to related parties and other credit balances.

The fair value of financial instruments is not fundamentally different from their listed value, unless otherwise indicated.

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29. RISK MANAGEMENT:**Credit risk**

Credit risk represents one party's inability to meet its obligations, resulting in the other party incurring financial loss. The Company is committed to managing customer-related credit risk by setting credit limits for each customer and monitoring existing debits.

Special commission price risk

Special commission price risk relates to the risks resulting from the fluctuation of the value of a financial instrument as a result of the change in the prevailing commission rates in the market, and the Company is subject to the risk of special commission rates on its assets associated with special commissions such as Murabaha deposits and credit facilities.

Liquidity risk

Liquidity risks represent the Company's difficulties in providing funds to meet financial instrument obligations. Liquidity risk results from the inability to sell a financial asset quickly at an amount equivalent to its fair value. The Company manages liquidity risks by maintaining cash balances with banks and ensuring that adequate facilities can be obtained, if necessary, to continuously cover its short-term obligations.

The terms of collection include the collection of the value of the sales within a period of 30 to 90 days from the date of sale and that the purchases are paid within a period of 30 to 60 days from the date of purchase.

Currency risk

Currency risk resulting from fluctuating value of financial instruments is the result of changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates during its normal business cycle. The Company did not conduct any significant transactions in currencies other than the Saudi riyal, US dollar and euro during the year.

30. EARNINGS PER SHARE FOR THE YEAR:

Profit per share by division of profit for the year is calculated by the weighted rate of the number of shares during the year and stated as follows:

	December 31, 2024	December 31, 2023
Net profit for the year of the Company's shareholders	420,705,984	304,251,843
Weighted average number of shares	202,500,000	202,500,000
Share of profit for the year	2.08	1.50

- There is no difference between the weighted average number of shares used in calculating basic earnings per share and that used in calculating diluted earnings per share.

31. DIVIDENDS TO SHAREHOLDERS:

A. On March 25, 2024, the Board of Directors' recommendation to distribute cash dividends in the amount of 202,500,000 Saudi riyals to shareholders for the year ending December 31, 2023, was approved, at a rate of 1.00 riyals per share, which represents 10% of the nominal value of one share, provided that the dividend distribution had began on April 21, 2024.

B. On March 20, 2023, the Board of Directors' recommendation has been approved to distribute cash dividends in the amount of 202,500,000 Saudi riyals to shareholders for the year ended December 31, 2022, at 1.00 Saudi riyal per share, which represents 10% of the nominal value of one share, provided that the dividend distribution had began on April 9, 2023.

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32. GEOGRAPHICAL DISTRIBUTION:

All of the Company's assets and liabilities are located in Saudi Arabia except for investments in the Saudi Yamani Cement Company, which is headquartered in Yemen.

33. SEGMENT INFORMATION:

The Company's main business is two products (Clinker and Cement) and all sales for local customers and therefore does not report on the operating sectors in multiple products or geographical areas.

34. CONTINGUOUS AND COMMITMENTS:

A. The Company engages in commitments related to Capital works in progress as at December 31, 2024, Amounted to SAR 408 million (as at December 31, 2023: SAR 517 million).

B. The potential liabilities are the value of the letters of guarantee issued to third parties by the Company, which amounted to SAR 76 million as of December 31, 2024, for third-party services (as at December 31, 2023: 57 million).

35. RECLASSIFICATION OF COMPARATIVE FIGURES:

Some comparative figures have been reclassified to align with the current classification for the financial year ended December 31, 2024. The company has reclassified spare parts from the property, plant, and equipment category to inventory, with a value of SAR 121 million.

36. THE SUBSEQUENT EVENTS:

On January 2, 2025, the company announced that it had received an official notification from the Saudi Arabian Oil Company (Saudi Aramco), stating that the prices of fuel products used in cement production would be amended, starting from January 1, 2025, noting that work is underway by the company to calculate the expected financial impact. The company will also work during the coming period to examine ways to reduce the financial impact of this amendment on the company's financial results

The Company's Board of Directors recommended to the General Assembly, in its meeting on February 18, 2025, the distribution of cash dividends for the year ended December 31, 2024, amounted to SAR 202,500,000 for number of shares amounted to 202,500,000 share (SAR 1 per share).

37. THE APPROVAL OF THE FINANCIAL STATEMENTS:

These financial statements were approved by the Company's Board of Directors on 18 February 2025, 19 Shaaban, 1446H.