

**YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED FINANCIAL
STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTHS AND NINE-MONTHS
PERIOD ENDED SEPTEMBER 30, 2023**

Yamama Cement Company
Saudi Joint Stock Company
Interim Condensed Financial Statements (unaudited)
For the three months and nine-months periods ended September 30, 2023
(EXPRESSED IN SAUDI RIYALS)

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Report on the Review of the Interim Condensed Financial Statements

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

Introduction:

We have reviewed the interim condensed financial statements of YAMAMA Cement Company (the Company), which comprise the interim condensed statement of financial position as at September 30, 2023, and the interim condensed statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-months and nine-months period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies and other explanatory information.

Company's management is responsible for the preparation and presentation for these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review:

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards in Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 (Interim Financial Report), as endorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi & Co.

Abdullah S. Al Msned
License No. (456)



Riyadh:
1 Rabi Al-Thani 1445H
16 October 2023

YAMAMA Cement Company

Saudi Joint Stock Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT SEPTEMBER 30, 2023

(EXPRESSED IN SAUDI RIYALS)

	Note	September 30, 2023 (unaudited)	December 31, 2022 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment, Net	3	4,898,449,380	4,941,346,371
Projects under construction		126,107,905	47,288,669
Intangible assets	4	6,624,138	8,535,932
Right of use assets, Net	5	4,421,660	5,442,044
Investments in associates, Net	6	48,535,419	46,433,630
Financial assets at fair value through other comprehensive income	7	547,564,350	548,100,310
Total non-current assets		5,631,702,852	5,597,146,956
Current assets			
Trade receivables		139,976,586	145,684,971
Inventory		309,365,773	267,086,297
Prepayments and other debit balances		210,715,473	39,244,020
Due from related parties	8	259,238	747,500
Financial assets at fair value through profit or loss	9	-	225,000,000
Cash and cash equivalents		151,142,787	75,903,587
Total current assets		811,459,857	753,666,375
TOTAL ASSETS		6,443,162,709	6,350,813,331
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	1-3	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		1,161,247,463	1,112,256,998
Accumulative change in fair value of OCI items		206,651,059	207,187,020
Total Shareholders' Equity		4,699,719,057	4,651,264,553
Non-current liabilities			
Long term loans	10	907,666,667	840,333,333
Lease liabilities – non-current portion	5	2,824,142	2,761,386
Provision for land restoration subject to the franchise license		10,578,776	10,543,694
Employees defined benefit obligations		109,399,014	106,675,226
Total non-current liabilities		1,030,468,599	960,313,639
CURRENT LIABILITIES:			
Trade payables		132,604,700	313,965,484
Long Term Loans – short portion	10	451,500,000	262,666,667
Lease liabilities – current portion	5	1,349,861	2,763,865
Due to Related Parties	8	2,623,104	301,992
Dividends payable		73,240,749	73,711,480
Accrued expenses and other credit balances		38,420,882	49,690,596
Provision for Zakat		13,235,757	36,135,055
Total current liabilities		712,975,053	739,235,139
TOTAL LIABILITIES		1,743,443,652	1,699,548,778
Total Liabilities & Shareholder's Equity		6,443,162,709	6,350,813,331

Vice CEO for Finance



CEO



Chairman



The accompanying notes are an integral part of these interim condensed financial statements (unaudited)

YAMAMA Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN SAUDI RIYALS)

	Note	For the three-months period ended 30		For the nine-months period ended 30	
		September		September	
		2023	2022	2023	2022
Revenue		(Unaudited) 211,709,567	(Unaudited) 248,627,236	(Unaudited) 710,644,659	(Unaudited) 673,677,450
Cost of revenue		(174,115,309)	(136,708,545)	(455,524,767)	(426,088,825)
Gross profit		37,594,258	111,918,691	255,119,892	247,588,625
Expenses and charges:					
Selling and distribution expenses		(2,895,794)	(2,892,213)	(7,789,049)	(9,525,402)
General and administrative expenses		(13,899,080)	(12,443,635)	(42,051,668)	(37,113,392)
Total expenses and charges		(16,794,874)	(15,335,848)	(49,840,717)	(46,638,794)
Profit from main activities		20,799,384	96,582,843	205,279,175	200,949,831
Other (expenses) / income:					
Finance Cost		(10,424,504)	-	(33,766,307)	-
Investment income		2,589,946	7,774,101	16,262,331	13,724,065
Gain from sale of property, plant and equipment	11	10,086,445	-	30,413,881	18,646,733
Other income	12	20,731,304	977,492	42,301,385	8,325,805
Profit for the period before zakat		43,782,575	105,334,436	260,490,465	241,646,434
Zakat expense		(3,000,000)	(4,000,000)	(9,000,000)	(20,000,000)
Net profit for the period		40,782,575	101,334,436	251,490,465	221,646,434
(Other comprehensive loss) / other comprehensive income :					
(loss) / gain of change in fair value of financial assets at fair value through other comprehensive income		(357,306)	4,377,011	(535,961)	(3,662,397)
(Other comprehensive loss) / other comprehensive income		(357,306)	4,377,011	(535,961)	(3,662,397)
Total comprehensive income for period		40,425,269	105,711,447	250,954,504	217,984,037
Earnings per share (SAR):					
From main activities	17	0.10	0.48	1.01	0.99
From net profit for the period		0.20	0.50	1.24	1.09

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CEO



Chairman



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YAMAMA Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY(UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN SAUDI RIYALS)

	<u>Share capital</u>	<u>Legal reserve</u>	<u>Additional Reserve</u>	<u>Retained Earnings</u>	<u>Changes in accumulated fair value for other comprehensive income items</u>	<u>Total</u>
Balance as at January 1, 2022 (audited)	2,025,000,000	726,883,763	579,936,772	761,989,763	193,108,987	4,286,919,285
Net profit for the period	-	-	-	221,646,434	-	221,646,434
Other comprehensive loss	-	-	-	-	(3,662,397)	(3,662,397)
Balance as at September 30, 2022 (unaudited)	2,025,000,000	726,883,763	579,936,772	983,636,197	189,446,590	4,504,903,322
Balance as at January 1, 2023 (audited)	2,025,000,000	726,883,763	579,936,772	1,112,256,998	207,187,020	4,651,264,553
Net profit for the period	-	-	-	251,490,465	-	251,490,465
Dividends - (Note 14)	-	-	-	(202,500,000)	-	(202,500,000)
Other comprehensive loss	-	-	-	-	(535,961)	(535,961)
Balance as at September 30, 2023 (unaudited)	2,025,000,000	726,883,763	579,936,772	1,161,247,463	206,651,059	4,699,719,057

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CEO



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The accompanying notes are an integral part of these interim condensed financial statements (unaudited)

YAMAMA Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023
(EXPRESSED IN SAUDI RIYALS)

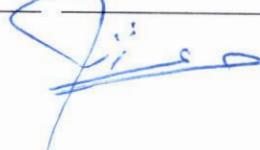
	For the nine-months period ended	
	September 30, 2023	September 30, 2022
Note	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit before zakat	260,490,465	241,646,434
Adjustments for non-cash items:		
Depreciation/Amortization	131,165,669	6,142,761
Provision for obsolescence of main spare parts	2,941,018	43,750,000
Employee defined benefit obligation expenses	5,908,233	9,365,426
Change in provision of land restorations cost	35,082	34,539
Gain from sale of property, plant and equipment	(30,413,881)	(18,646,733)
Realized gain from disposal of financial assets at fair value through other comprehensive income	(11,735,994)	(2,724,466)
Realized gain from disposal of financial assets at fair value through profit or loss	(2,424,549)	(1,189,580)
Share of results from associate companies	(2,101,790)	(9,810,019)
Reversed zakat provision	12 (19,000,000)	-
	334,864,253	268,568,362
Changes in working capital:		
Trade receivables	5,708,385	(41,062,286)
Inventories	(42,279,476)	39,023,388
Due from related parties	488,262	(145,908)
Prepayments and other debit balances	(171,471,453)	(5,120,364)
Trade payable	(181,360,784)	73,369,975
Due to related parties	2,321,112	2,297,700
Accrued expenses and other credit balances	(11,269,714)	(4,517,973)
Change in leasing obligations	(1,351,248)	2,633,748
Zakat Paid	(12,899,298)	(6,414,800)
Employee defined benefit obligations paid	(3,690,562)	(12,024,115)
Net cash (used in)/ generated from operating activities:	(80,940,523)	316,607,727
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in financial investments at fair value through profit or loss	225,000,000	(140,000,000)
Purchase of property, plant and equipment and intangible assets	(9,333,573)	(994,093)
Proceeds from property, plant and equipment	30,639,068	18,646,733
Purchase of main spare parts	(25,371,702)	(31,404,696)
Change in the right of use the asset	1,020,384	(3,057,577)
Project under construction	(133,130,931)	(149,049,415)
Proceeds from investment income	14,160,542	2,724,466
Net cash generated from/ (used in) investing activities	102,983,788	(303,134,582)
CASH FLOWS FROM FINANCING ACTIVITIES:		
long- term loans paid	(168,833,333)	(190,091)
long- term loans Proceeds	425,000,000	-
Dividends payable	(202,970,732)	(359,458)
Net cash generated from / (used in) financing activities	53,195,935	(549,549)
Change in cash and cash equivalents	75,239,200	12,923,596
Cash and cash equivalents at beginning of period	75,903,587	74,087,510
Cash and cash equivalents at end of period	151,142,787	87,011,106

The disclosure of non-cash activities in the Note (13).

Vice CEO for Finance



CEO



Chairman



The accompanying notes are an integral part of these interim condensed financial statements (unaudited)

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE EXPRESSED)

1. THE COMPANY AND NATURE OF ITS BUSINESS:

1.1 Establishment of 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.

1.2 Nature of 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.

1.3 Company's Share Capital

YAMAMA Cement Company is a public joint stock company listed on the Saudi stock market. With a capital of SAR 2,025 million divided into 202,500,000 shares with a value of SAR 10 per share, it is wholly owned by individuals and public institutions.

2. BASIS OF PREPARATION:

2.1 Statement of compliance

The company's interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia (KSA). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2022. In addition, the results of operations for the period ended September 30, 2023 do not necessarily represent an indicator for the results of operations for year ending December 31, 2023.

2.2 Basis of measurement

The interim condensed financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are recognized at fair value through other comprehensive income (related to financial assets at fair value through other comprehensive income) and through profit or loss (related to financial assets at fair value through profit or loss), and investment in associate companies which is recognized by using equity method.

2.3 Functional and presentation currency

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

2.4 Significant accounting policies

The accounting policies applied in these interim condensed financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2022.

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE EXPRESSED)

2. BASIS OF PREPARATION (CONTINUED):**2.5 Significant accounting estimates, judgements, and assumptions**

The preparation of Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The significant judgements made by management in applying the Company's accounting policies and key sources of estimates uncertainty were the same as those described in the financial statements for year ended 31 December 2022.

3. PROPERTY, PLANT, AND EQUIPMENT:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Property, Plant, and Equipment (Note 3-1)	4,632,524,421	4,697,852,096
Add:		
Spare Parts Machineries and Ovens	418,029,327	392,657,625
Impairment of Spare Parts Machinery and Ovens*	(152,104,368)	(149,163,350)
Spare Parts Machinery and Ovens Net	265,924,959	243,494,275
Total	4,898,449,380	4,941,346,371

* The movement of the provision was as follows:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at beginning of the period/year	149,163,350	77,163,350
Formed during the period/year	3,750,000	72,000,000
Utilized during the period/year	(808,982)	-
Balance at end of the period/year	152,104,368	149,163,350

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE EXPRESSED)

3/1. PROPERTY, PLANT, AND EQUIPMENT (continued):

	<u>Land</u>	<u>Building and Construction</u>	<u>Plants & Machinery of the Factory</u>	<u>Vehicles</u>	<u>Tools</u>	<u>Furniture & Office Equipment</u>	<u>Total</u>
Cost:							
Balance at January 1,2023 (audited)	12,234,510	2,769,603,320	3,637,563,178	28,558,712	16,996,190	51,591,941	6,516,547,851
Additions during the period	-	-	8,083,776	112,024	202,701	626,658	9,025,159
Transferred from capital work in progress during the period	-	53,006,816	1,769,557	-	41,440	-	54,817,813
Disposals during the period	-	-	-	(2,876,110)	-	-	(2,876,110)
Balance at September 30,2023 (unaudited)	<u>12,234,510</u>	<u>2,822,610,136</u>	<u>3,647,416,510</u>	<u>25,794,626</u>	<u>17,240,332</u>	<u>52,218,599</u>	<u>6,577,514,713</u>
Accumulated depreciation:							
Balance at January 1,2023 (audited)	-	565,270,734	1,186,367,995	25,172,873	9,822,294	32,061,859	1,818,695,755
Depreciation for the period	-	61,402,986	61,771,689	1,165,794	604,377	4,000,614	128,945,460
Related to disposals	-	-	-	(2,650,923)	-	-	(2,650,923)
Balance at September 30,2023 (unaudited)	<u>-</u>	<u>626,673,720</u>	<u>1,248,139,684</u>	<u>23,687,744</u>	<u>10,426,671</u>	<u>36,062,473</u>	<u>1,944,990,292</u>
Net Book Value:							
Balance at September 30,2023 (unaudited)	<u>12,234,510</u>	<u>2,195,936,417</u>	<u>2,399,276,826</u>	<u>2,106,882</u>	<u>6,813,661</u>	<u>16,156,126</u>	<u>4,632,524,421</u>
Balance at December 31,2022 (audited)	<u>12,234,510</u>	<u>2,204,332,586</u>	<u>2,451,195,183</u>	<u>3,385,839</u>	<u>7,173,896</u>	<u>19,530,082</u>	<u>4,697,852,096</u>

*On October 17, 2022, the company's board of directors approved the transfer of capital work in progress related to the new Yamama factory project, with a balance of 4,662 billion SAR, to property, machinery, and equipment, Also, during the period of nine months ended September 30, 2023, an additional part of capital work in progress mainly represented in buildings and constructions amounted to SAR 54.8 million has been capitalized to property, plant and equipment.

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE EXPRESSED)

4. INTANGIBLE ASSETS:

Intangible assets represent value of licenses and computer programs as follows:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Cost:		
Balance at beginning of the period/year	14,561,514	13,517,514
Transferred from capital work in progress during the period/year	-	950,000
Additions during the period/year	308,414	94,000
Balance at end of the period/year	14,869,928	14,561,514
Accumulated amortization:		
Balance at beginning of the period/year	6,025,582	3,271,612
Amortized during the period/year	2,220,208	2,753,970
Balance at end of the period/year	8,245,790	6,025,582
Net book value at end of the period/year	6,624,138	8,535,932

5. Leasing contracts

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
<u>Right of use assets</u>		
Cost:		
Balance at beginning of the period/year	10,889,598	6,811,637
Additions during the period/year	-	4,077,961
Balance at end of the period/year	10,889,598	10,889,598
Accumulated depreciation:		
Balance at beginning of the period/year	5,447,554	4,087,043
Depreciation during the period/year	1,020,384	1,360,511
Balance at end of the period/year	6,467,938	5,447,554
Net book value at end of the period/year	4,421,660	5,442,044

Leasing liabilities

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at beginning of the period/year	5,525,251	2,850,270
Adjustment on leasing contracts during the year	-	3,952,284
Interest charged during the period/year	92,752	166,697
Paid during the period/year	(1,444,000)	(1,444,000)
Balance at end of the period/year	4,174,003	5,525,251
The current portion of leasing liabilities	1,349,861	2,763,865
Non-current portion of leasing liabilities	2,824,142	2,761,386
	4,174,003	5,525,251

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(EXPRESSED IN SAUDI RIYALS UNLESS OTHERWISE EXPRESSED)

6. INVESTMENTS IN ASSOCIATE COMPANIES, NET:

	Percentage equity %	September 30, 2023	December 31, 2022
		(Unaudited)	(Audited)
Saudi Yamani Cement Co.-Yamani Closed Joint Stock	20%	75,060,000	75,060,000
Less: Impairment of Investments		(75,060,000)	(75,060,000)
Net, Investment in Saudi Yamani co.		-	-
Cement Product Industry Co. Ltd. (Saudi limited liability Company)	33.33%	48,535,419	46,433,630
		48,535,419	46,433,630

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

	Percentage equity %	September 30, 2023	December 31, 2022
		(Unaudited)	(Audited)
Industrialization & Energy Service Co. (Saudi Joint Stock Co.)	3.92%	489,374,861	489,374,861
Investments in real estate funds and sukuk		58,189,489	58,725,449
		547,564,350	548,100,310

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

8. RELATED PARTIES:

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

	Nature of relationship	September 30, 2023	December 31, 2022
		<i>(Unaudited)</i>	<i>(Audited)</i>
Due from Related Parties:			
Obeikan digital solutions Co. Ltd	Procurement services development	-	747,500
Saudi Yamani Cement Co.-Yamani Closed Joint Stock	associate	259,238	-
		259,238	747,500

	Nature of relationship	September 30, 2023	December 31, 2022
		<i>(Unaudited)</i>	<i>(Audited)</i>
Due to Related Parties:			
Sahl Al-Madar Trading Co. Ltd.	Development of logistics services	-	301,992
Cement Product Industry Co. Ltd. (Saudi limited liability Company)	associate	2,623,104	-
		2,623,104	301,992

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

Name of related party	Type of Transactions	September 30, 2023	December 31, 2022
		<i>(Unaudited)</i>	<i>(Audited)</i>
Cement Product Industry Co. Ltd. (Saudi limited liability Company)	Purchasing Packing Paper Bags	23,710,608	33,591,408
Arabian Shield Co-operative Insurance Co. Saudi Joint Stock Co.	Insurance	11,319,769	16,299,251
Saudi Yamani Cement Co.-Yamani Closed Joint Stock	Payment on behalf	259,238	198,790
Mobile Telecommunication Company Saudi Arabia -Zain	Communication services	1,497,378	2,287,662
Al Rajhi Bank	Sukuk Investment	-	15,000,000
Obeikan Digital Solutions Co. Ltd.	Purchasing services development	-	747,500
Sahl Al-Madar Trading Co. Ltd.	Development of logistics services	10,802,717	1,085,050

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

8. RELATED PARTIES (CONTINUED):

The Chairman of Board of Directors of the Arabian Shield Co-operative Insurance Company is a member of the Board of Directors of the Company.

The Chairman of Zain is a member of the Board of Directors of the Company.

Board member of Arabian Shield Co-operative Insurance Company is a member of the Board of Directors of the Company.

The Chairman of the Board of Directors of Al Rajhi Bank is the brother of the member of the Board of Directors of the company.

Chairman of Obeikan Digital Solutions Company He is a member of the Board of Directors of the company.

Chairman of Sahl Al-Madar Trading Company He is a member of the Board of Directors of the company.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/ INVESTMENTS:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Murabaha funds	-	225,000,000
	-	225,000,000

During the period of nine months ended September 30, 2023, the Company disposed of all Murabaha Funds which classified as financial assets at fair value through profit or loss and recognized income amounted to SAR 2,424,549 from the disposal transaction.

10. LONG TERM LOANS:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Saudi Industrial Development Fund	465,000,000	540,000,000
Saudi National Bank	894,166,667	563,000,000
	1,359,166,667	1,103,000,000
divided into:		
Short portion of long-term loans	451,500,000	262,666,667
Long term portion of long-term loans	907,666,667	840,333,333
	1,359,166,667	1,103,000,000

Saudi Industrial Development Fund:

On December 20, 2016, the Company received long-term financing which was in accordance with sharia laws of SAR 900 million from the Saudi Industrial Development Fund to finance the construction of a new Al Yamama cement plant in the Northern Halal area of Al-Kharj, Riyadh. With a guarantee mortgage of the new plant assets. which are in addition to promissory notes for the loan to be repaid on 12 semi-annual payments, started to be paid in September 2020.

The Company has also made the following pledges:

- The ratio of the current assets to the current liabilities should not be less than 1:1 throughout the life of the loan.
- That the ratio of total liabilities to net tangible value is not more than 3: 1 throughout the life of the loan.
- There are no restrictions on the profits allocated for distribution, annual rents and capital expenditures as long as the Company is committed to paying the loan installments.

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

10. LONG TERM LOANS (CONTINUED):**Commercial banks:**

- On March 31, 2022, the company signed an Islamic Murabaha agreement with the Saudi National Bank that is compatible with Islamic Sharia, according to which the company obtains partial bank facilities amounted to SAR 1,842,500,000.

The Company has also made the following pledges:

- The liquidity ratio should not be less than (1) at year end.
- The leverage ratio should not exceed (2:1) at year end.
- The tangible property rights should not be less than (3 billion) SAR at year end.
- The percentage of debt service coverage ratio should not be less than 1.25% at year end.

11. GAINS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT:

The gains from the sale of property, plant and equipment is represented in the profits resulting from the sale of some parts of the old production lines during the first nine months of the year 2023, which were disposed from Company's books during the year 2022, in addition to the other disposals during the period of nine months ended September 30, 2023.

12. OTHER INCOME:

The other income for the period ended September 30, 2023, includes an amount of SAR 19,000,000 represents no longer required zakat provision related to years from 2013 till 2020, and the Company obtained final zakat settlement on July 24, 2023, for these years.

13. NON-CASH ACTIVITIES:

	September 30, 2023	September 30, 2023
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Un-Realizable Gain from Investments through other comprehensive income	535,961	-
Transfer from provision of employee liabilities to capital work-in-progress	506,119	630,151
Transfer from capital work-in-progress to assets	54,817,813	-

14. DIVIDENDS TO SHAREHOLDERS:

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

15. 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 equivalents, trade receivables, advance payments to suppliers, other debit balances and due from related parties.

Financial liabilities consist of trade payables, due to related parties and other credit balances.

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

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

16. 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 60 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 the 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 period.

17. EARNINGS PER SHARE:

Earnings per share for the period is calculated by dividing net profit for the period by the weighted average of the number of shares during the period which is as follows:

	September 30, 2023	September 30, 2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit for the period attributable to Shareholders of the Company	251,490,465	221,646,434
Weighted average number of shares	202,500,000	202,500,000
Earnings per share for the period	<u>1.24</u>	<u>1.09</u>

- During the period, there were no dilutive shares, so the diluted earnings per share does not differ from the basic earnings per share.

18. GEOGRAPHICAL DISTRIBUTION:

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

19. SEGMENT INFORMATION:

The company's main business is one product locally and therefore does not report on the operating sectors in multiple products or geographical areas.

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2023

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

20. CONTINGENCIES AND COMMITMENTS:

The Company engages in commitments related to substantial capital expenditures, mainly in connection with the construction of the new YAMAMA plant. Existing capital expenditure commitments as of September 30, 2023: SAR 3 million (as at December 31, 2022: SAR 169 million).

The contingent liabilities are the value of the letters of guarantee issued to third parties by the Company, which amounted to SAR 58,88 million as of September 30, 2023, for third-party services (as at December 31, 2022: 59 million).

21. COMPARATIVE FIGURES:

Certain comparative figures have been reclassified to conform with the presentation for the period ended September 30, 2023.

22. APPROVAL THE INTERIM CONDENSED FINANCIAL STATEMENTS:

These accompanying interim condensed financial statements were approved by the Company's Board of Directors on 16 October 2023, 1 Rabi Al-Thani 1445H