

**YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023,**

YAMAMA Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTH-PERIOD ENDED MARCH 31, 2023

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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 March 31, 2023, and the interim condensed statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies and other explanatory information.

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, as endorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi Co.



Abdullah S. Al Msned
License No. (456)

Riyadh:

Shawal 11, 1444H
May 1, 2023G



YAMAMA Cement Company

Saudi Joint Stock Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT MARCH 31, 2023

(EXPRESSED IN SAUDI RIYALS)

	Note	March 31, 2023 (unaudited)	December 31, 2022 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment, Net	(3)	4,945,387,935	4,941,346,371
Capital works in progress		28,821,950	47,288,669
Intangible assets	(4)	8,111,130	8,535,932
Right of use assets, Net	(5)	5,101,915	5,442,044
Investments in associates using equity method, Net	(6)	46,465,627	46,433,630
Financial assets at fair value through other comprehensive income	(7)	547,564,350	548,100,310
Total non-current assets		5,581,452,907	5,597,146,956
Current assets			
Accounts receivables		260,306,661	173,662,324
Inventory		294,484,811	267,086,297
Prepayments and other debit balances		10,031,568	11,266,667
Due from related parties	(8)	16,212	747,500
Financial assets at fair value through profit or loss	(9)	-	225,000,000
Cash and cash equivalents		226,812,177	75,903,587
Total current assets		791,651,429	753,666,375
TOTAL ASSETS		6,373,104,336	6,350,813,331
EQUITY AND LIABILITIES			
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		1,022,156,064	1,112,256,998
Cumulative change in fair value for Items of other comprehensive income		206,651,059	207,187,020
Total Shareholders' Equity		4,560,627,658	4,651,264,553
Non-current liabilities			
Long term loans- non current portion	(10)	661,500,000	840,333,333
Lease liabilities – non-current portion	(5)	2,782,148	2,761,386
Provision for land restoration cost		10,555,301	10,543,694
Employees' defined benefits liabilities		106,947,561	106,675,226
Total non-current liabilities		781,785,010	960,313,639
CURRENT LIABILITIES:			
Accounts payable		236,438,840	313,965,484
Long term loans- current portion	(10)	441,500,000	262,666,667
Lease liabilities – current portion	(5)	2,773,789	2,763,865
Due to Related Parties	(8)	458,160	301,992
Dividends payable		276,095,898	73,711,480
Accrued expenses and other credit balances		34,289,926	49,690,596
Provision for Zakat		39,135,055	36,135,055
Total current liabilities		1,030,691,668	739,235,139
TOTAL LIABILITIES		1,812,476,678	1,699,548,778
Total Shareholder's Equity and Liabilities		6,373,104,336	6,350,813,331

Finance EVP

CEO

Chairman

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

YAMAMA Cement Company

Saudi Joint Stock Company

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTH-PERIOD ENDED MARCH 31, 2023

(EXPRESSED IN SAUDI RIYALS)

	Note	For the three-month period ended	
		March 31, 2023 <i>(Unaudited)</i>	March 31, 2022 <i>(Unaudited)</i>
Revenue, Net		283,151,128	221,575,507
Cost of revenue		(146,027,015)	(180,840,148)
Gross profit		137,124,113	40,735,359
Expenses and charges:			
Selling and distribution expenses		(5,926,195)	(5,587,333)
General and administrative expenses		(14,106,016)	(11,836,552)
Total expenses		(20,032,211)	(17,423,885)
Income from main activities		117,091,902	23,311,474
Other (expense) / income:			
Investment income		4,136,687	3,417,022
Gain from sale of property, plant and equipment		-	8,332,041
Finance Cost		(10,285,300)	-
Other income		4,455,777	555,826
Profit before zakat		115,399,066	35,616,363
Provision for zakat		(3,000,000)	(6,000,000)
Net profit for the period		112,399,066	29,616,363
OTHER OTHER COMPREHENSIVE (LOSS) / INCOME:			
(Loss) / gain of change in fair value of financial assets designated at fair value through other comprehensive income		(535,961)	446,634
Gross other comprehensive (loss) / income		(535,961)	446,634
Gross comprehensive income for period		111,863,105	30,062,997
Earnings per share (SAR):			
From main activities		0.58	0.12
From net income for the period	(15)	0.56	0.15

Finance EVP



CEO



Chairman



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

**YAMAMA Cement Company
Saudi Joint Stock Company**

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(EXPRESSED IN SAUDI RIYALS)**

	Equity attributable to shareholders of the parent					Total
	Share capital	Legal reserve	Additional Reserve	Retained Earnings	Change in accumulated fair value	
Balance 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	-	-	-	29,616,363	-	29,616,363
Other comprehensive income	-	-	-	-	446,634	446,634
Balance at March 31, 2022 (unaudited)	2,025,000,000	726,883,763	579,936,772	791,606,126	193,555,621	4,316,982,282
Balance 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	-	-	-	112,399,066	-	112,399,066
Dividends to shareholders (Note 12)	-	-	-	(202,500,000)	-	(202,500,000)
Other comprehensive income	-	-	-	-	(535,961)	(535,961)
Balance at March 31, 2023 (unaudited)	2,025,000,000	726,883,763	579,936,772	1,022,156,064	206,651,059	4,560,627,658

Finance EVP



CEO



Chairman



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

YAMAMA Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(EXPRESSED IN SAUDI RIYALS)

	For the three-month period ended		
	Note	March 31, 2023 (unaudited)	March 31, 2022 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit before zakat		115,399,066	35,616,363
Adjustments to reconcile net profit to net cash (used in) / provided from operating activities:			
Depreciation and amortization		44,227,361	2,039,140
Provision for obsolescence of main spare parts (machinery and ovens)	3	1,250,000	1,250,000
Employees' defined benefit obligations		1,909,768	1,867,986
Change in provision of land restoration cost		11,607	11,757
Gain from sale of property, plant and equipment		-	(8,332,041)
Realized gain from financial assets at fair value through other comprehensive income		(4,104,690)	(1,250,574)
Realized gain from financial assets at fair value through profit or loss		-	(145,857)
Share of results from associate companies using equity method		(31,997)	(2,020,590)
Adjusted net income		158,661,115	29,036,184
Changes in working capital:			
Accounts receivable		(86,644,337)	(21,443,907)
Inventories		(27,398,514)	62,099,310
Due from related parties		731,288	(30,108)
Prepayments and other debit balances		1,235,099	11,388
Accounts payable		(77,526,645)	(11,127,325)
Due to related parties		156,168	1,435,200
Accrued expenses and other credit balances		(15,400,669)	(6,893,052)
The change in leasing obligations		30,686	(1,428,848)
Employees' defined benefits liabilities paid		(1,800,166)	(4,199,997)
Net cash (used in) / generated from operating activities		(47,955,975)	47,458,845
INVESTING ACTIVITIES			
Disposal / (purchase) of financial assets at fair value through profit or loss		225,000,000	(20,000,000)
Purchase of property, plant and equipment		(587,719)	(114,694)
Proceeds from sale of property, plant, and equipment		-	8,332,041
Disposal / (purchase) in main spare parts (machinery and ovens)		1,917,921	(13,349,397)
Change in the right of use assets		340,128	340,575
Change in capital works in progress		(31,794,873)	(17,086,315)
Proceeds from investment income		4,104,690	1,250,575
Net cash generated from / (used in) investing activities		198,980,147	(40,627,215)
FINANCING ACTIVITIES			
Long-term loan		-	563,000,000
Dividends payable		(115,582)	(342,793)
Net cash (used in) / generated from financing activities		(115,582)	562,657,207
Change in cash and cash equivalents		150,908,590	569,488,837
Cash and cash equivalents at beginning of period		75,903,587	74,087,509
Cash and cash equivalents at end of period		226,812,177	643,576,346

The disclosure of non-cash activities in the Note (11)
Finance EVP

CEO

Chairman

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

YAMAMA CEMENT COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

1. THE COMPANY AND NATURE OF ITS BUSINESS:

1.1 Establishment of Company

Al-YAMAMA Saudi 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 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 10 riyals 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 March 31, 2022 do not necessarily represent an indicator for the results of operations for year ending December 31, 2022.

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 as at March 31, 2023 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
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

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:

	<u>March 31, 2023</u> <i>(Unaudited)</i>	<u>December 31, 2022</u> <i>(Audited)</i>
Property, Plant, and Equipment (note 3-1)	4,705,061,581	4,697,852,096
ADD:		
Spare Parts Machineries and ovens	390,739,704	392,657,625
Prov. for Spare Parts Machinery and ovens *	(150,413,350)	(149,163,350)
Spare Parts Machinery and ovens Net	<u>240,326,354</u>	<u>243,494,275</u>
	<u>4,945,387,935</u>	<u>4,941,346,371</u>

* Based on the decision of the Board of Directors, a provision is made for the obsolescence of machinery and equipment spare parts in the amount of 5 million SAR annually.

The movement in the provision was as follows:

	<u>March 31, 2023</u> <i>(Unaudited)</i>	<u>December 31, 2022</u> <i>(Audited)</i>
Balance at beginning of the period/year	149,163,350	77,163,350
Provided during the period/year	<u>1,250,000</u>	<u>72,000,000</u>
Balance at end of the period/year	<u>150,413,350</u>	<u>149,163,350</u>

YAMAMA CEMENT COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

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

	<u>Land</u>	<u>Building, Construction</u>	<u>Machinery and Equipment</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	51,591,942	6,516,547,852
Additions	-	-	-	-	71,930	207,375	279,305
Transferred from capital work in progress during the period/year	-	50,424,324	-	-	-	-	50,424,324
Balance at March 31,2023 (unaudited)	<u>12,234,510</u>	<u>2,820,027,645</u>	<u>3,637,563,178</u>	<u>28,558,712</u>	<u>17,068,120</u>	<u>51,799,316</u>	<u>6,567,251,481</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	-	20,741,464	20,898,219	290,422	242,430	1,321,610	43,494,145
Balance at March 31,2023 (unaudited)	<u>-</u>	<u>586,012,198</u>	<u>1,207,266,214</u>	<u>25,463,295</u>	<u>10,064,724</u>	<u>33,383,469</u>	<u>1,862,189,900</u>
Net Book Value							
Balance at March 31,2023 (unaudited)	<u>12,234,510</u>	<u>2,234,015,447</u>	<u>2,430,296,964</u>	<u>3,095,417</u>	<u>7,003,396</u>	<u>18,415,847</u>	<u>4,705,061,581</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. during the first quarter of 2023, amount of 50.4 million SAR was capitalized from capital work in progress.

YAMAMA CEMENT COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

4. INTANGIBLE ASSETS:

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

	<u>March 31, 2023</u> <i>(Unaudited)</i>	<u>December 31, 2022</u> <i>(Audited)</i>
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	<u>14,869,928</u>	<u>14,561,514</u>
Accumulated amortization:		
Balance at beginning of the period/year	6,025,582	3,271,612
Amortized during the period/year	733,216	2,753,970
Balance at end of the period/year	<u>6,758,798</u>	<u>6,025,582</u>
Net book value	<u>8,111,130</u>	<u>8,535,932</u>

5. Right of use assets

	<u>March 31, 2023</u> <i>(Unaudited)</i>	<u>December 31, 2022</u> <i>(Audited)</i>
Right to use assets		
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	<u>10,889,598</u>	<u>10,889,598</u>
Accumulated depreciation:		
Balance at beginning of the period/year	5,447,554	4,087,043
Depreciation during the period/year	340,128	1,360,511
Balance at end of the period/year	<u>5,787,682</u>	<u>5,447,554</u>
Net book value	<u>5,101,915</u>	<u>5,442,044</u>

Leasing obligations

	<u>March 31, 2023</u> <i>(Unaudited)</i>	<u>December 31, 2022</u> <i>(Audited)</i>
Present value of obligations		
Cost:		
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	30,686	166,697
Payments made during the period/year	-	(1,444,000)
Balance at end of the period/year	<u>5,555,937</u>	<u>5,525,251</u>
The current portion of leasing obligations	2,773,789	2,763,865
Non-current portion of leasing obligations	2,782,148	2,761,386
	<u>5,555,937</u>	<u>5,525,251</u>

YAMAMA CEMENT COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

6. INVESTMENTS IN ASSOCIATE COMPANIES USING EQUITY METHOD:

	Percentage equity %	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
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%	46,465,627	46,433,630
Total		46,465,627	46,433,630

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

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

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	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Due from Related Parties:			
Obeikan Digital Solutions Co. Ltd.	Procurement services development	-	747,500
Cement Co.-Yamani Joint Stock Co.-Private	associate	16,212	-
		16,212	747,500
Due to Related Parties:			
Sahl Al-Madar Trading Co. Ltd.	Development of logistics services	-	301,992
Cement Product Industry Co. Ltd.	Associate	458,160	-
		458,160	301,992

YAMAMA CEMENT COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

8. RELATED PARTIES (continued):

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

Name of related party	Type of Transactions	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cement Product Industry Co. Ltd.	Purchasing Packing Paper Bags	8,786,736	33,591,408
Arabian Shield Co-operative Insurance Co (Saudi Joint Stock)	Insurance	3,426,728	16,299,251
Saudi Yamani Cement (Joint Stock Co.)	Payments on behalf	16,212	198,790
Mobile Telecommunication Company Saudi Arabia -Zain- (Saudi Joint Stock)	Communication services	469,985	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	1,996,614	1,085,050

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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Registered Murabaha funds	-	225,000,000

10. LONG TERM LOANS:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Saudi Industrial Development Fund	540,000,000	540,000,000
Saudi National Bank	563,000,000	563,000,000
	1,103,000,000	1,103,000,000
divided into:		
Short portion of long-term loans	441,500,000	262,666,667
Long term portion of long-term loans	661,500,000	840,333,333
	1,103,000,000	1,103,000,000

YAMAMA CEMENT COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
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10. LONG TERM LOANS (continued):

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 order bonds for the loan to be repaid on 12 semi-annual payments.

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 less 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.

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 in the amount of SAR 1,842,500,000, of which only an amount of 563 million Saudi riyals was used during 2022 for the purpose of repaying the Al-Rajhi Bank loan , which was paid in full subsequently on the day of April 3, 2022.
- Subsequent to March 31, 2023, the company used part of this bank facility amounted to 200 million SAR.

The Company has also made the following pledges:

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

The Company was committed to all loans' covenants mentioned above.

11. NON-CASH ACTIVITIES:

	March 31, 2023 (unaudited)	March 31, 2022 (unaudited)
Gain of change in fair value of financial assets designated at fair value through other comprehensive income	535,961	-
Transfer from employee defined benefits obligations to capital work-in-progress	162,733	998,314
Transfer from capital work-in-progress to assets	50,424,324	-

12. DIVIDENDS TO SHAREHOLDERS:

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.

13. 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.

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14. 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 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.

15. 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 outstanding shares during the period which is as follows:

	March 31, 2023 <i>(Unaudited)</i>	March 31, 2022 <i>(Unaudited)</i>
Net income for the period attributable to Shareholders of the Company	112,399,066	29,616,363
Weighted average number of shares	202,500,000	202,500,000
Earnings per share from net income for the period	0.56	0.15

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

16. 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.

17. 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.

18. 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 March 31, 2023: SAR 125 million (as at December 31, 2022: SAR 169 million).

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

19. APPROVAL THE INTERIM CONDENSED FINANCIAL STATEMENTS:

These interim condensed financial statements were approved by the Company's Board of Directors on May 1 , 2023G, Shawal 11 , 1444H.