

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month periods ended 31 March 2026
with
INDEPENDENT AUDITOR'S REVIEW REPORT

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month periods ended 31 March 2026

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KPMG Professional Services Company

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report on Review of Condensed Interim

Financial Statements

To Shareholders of Tabuk Cement Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 31 March 2026 condensed interim financial statements of Tabuk Cement Company (the "Company"), which comprise:

- the condensed statement of financial position as at 31 March 2026;
- the condensed statement of profit or loss and other comprehensive income for the three-month periods ended 31 March 2026;
- the condensed statement of changes in equity for the three-month period ended 31 March 2026;
- the condensed statement of cash flows for the three-month period ended 31 March 2026; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim 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 on Auditing that are 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.

Basis of Qualified Conclusion

As disclosed in note (6) to the condensed interim financial statements, the Company's property, plant and equipment included within the cement manufacturing facility (the "CGU") with a carrying amount of SAR 782 million as at 31 March 2026 (31 December 2025: SAR 790 million).

As reported in our audit report dated 8 April 2026 on the financial statements for the year ended 31 December 2025, management performed an impairment assessment of the CGU as at that date. We concluded that certain significant assumptions used by management in estimating the recoverable amount were not reasonable and supportable as required by IAS 36 Impairment of Assets, resulting in an overstatement of property, plant and equipment by at least SAR 38 million as at 31 December 2025.



Independent Auditor's Report on Review of Condensed Interim Financial Statements

To Shareholders of Tabuk Cement Company
(A Saudi Joint Stock Company)

Basis of Qualified Conclusion (continued)

Management believes the assessment performed as at 31 December 2025 remains valid as at 31 March 2026. However, based on our review procedures, we identified that certain assumptions and conditions underlying the impairment assessment may have changed since 31 December 2025.

In the absence of an updated impairment assessment by management, it was not practicable for us to quantify the financial effects of this matter as at 31 March 2026. However, based on the evidence obtained, we believe that property, plant and equipment and retained earnings are materially overstated as at 31 March 2026.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis of Qualified Conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying 31 March 2026 condensed interim financial statements of Tabuk Cement Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services Company

Abdullah Oudah Althagafi
License No. 455



Jeddah, 17 May 2026
Corresponding to 30 Dhul Qadah 1447H

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)



CONDENSED STATEMENT OF FINANCIAL POSITION


As at 31 March 2026


(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Note	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Assets			
Property, plant and equipment	6	837,161,405	846,914,972
Investment properties		72,279,440	72,279,440
Equity investment at Fair Value through Other Comprehensive Income (FVOCI)	7	148,732,000	148,732,000
Intangible assets		2,335,432	2,738,092
Right-of-use assets		2,293,464	2,752,214
Derivative financial instrument	8	--	343,366
Non-current assets		1,062,801,741	1,073,760,084
Inventories	9	246,387,771	246,200,988
Trade receivables		67,932,503	57,876,296
Prepayment and other debit balances		10,191,800	8,108,558
Cash and cash equivalents	10	2,557,198	31,889,616
Current assets		327,069,272	344,075,458
Total assets		1,389,871,013	1,417,835,542
Equity			
Share capital	1	900,000,000	900,000,000
Statutory reserve		233,592,463	233,592,463
Other reserves		(20,616,750)	(20,273,384)
Retained earnings		61,189,470	57,091,465
Total equity		1,174,165,183	1,170,410,544
Liabilities			
Lease liabilities		523,487	1,035,326
Employees' defined benefit obligations		21,177,560	21,584,473
Non-current liabilities		21,701,047	22,619,799
Current portion of long-term loan	11	--	31,651,001
Lease liabilities		1,997,561	1,965,872
Accruals and other credit balances		38,111,495	38,869,737
Trade payables		28,016,062	27,588,735
Dividends payable to shareholders	12	120,111,804	120,136,993
Provision for zakat	13	5,767,861	4,592,861
Current liabilities		194,004,783	224,805,199
Total liabilities		215,705,830	247,424,998
Total equity and liabilities		1,389,871,013	1,417,835,542

These condensed interim financial statements were approved by the Board of Directors on 10 May 2026, corresponding to 23 Dhul Qadah 1447H and were signed on their behalf by:


Abdullah Almutairi
CFO


Abdulkadr Hamed Shoikan
CEO


Tareq bin Khalid AlAngari
BOD Member

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)





CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

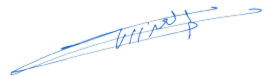
For the three-month periods ended 31 March 2026
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		<u>2026</u> (Unaudited)	<u>2025</u> (Unaudited)
Revenues		62,548,643	67,679,110
Cost of revenues		(52,590,905)	(47,178,813)
Gross profit		<u>9,957,738</u>	<u>20,500,297</u>
Selling and marketing expenses		(893,012)	(1,277,984)
General and administrative expenses		(7,313,139)	(7,668,314)
Reversal / Impairment (loss) on trade receivables		(393,366)	(397,801)
Other income	14	4,117,252	4,117,252
Operating income		<u>5,475,473</u>	<u>15,273,450</u>
Finance cost		(144,567)	(669,834)
Murabaha income		37,722	132,500
Effect of financial liability cash flows adjustment		(84,441)	(412,574)
Profit before zakat		<u>5,284,187</u>	<u>14,323,542</u>
Zakat	13	(1,186,182)	(1,280,149)
Profit for the period		<u>4,098,005</u>	<u>13,043,393</u>
Other Comprehensive income;			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Movement in fair value of cash flow hedges		(343,366)	(752,992)
Total other comprehensive loss		<u>(343,366)</u>	<u>(752,992)</u>
Total comprehensive income		<u>3,754,639</u>	<u>12,290,401</u>
Earnings per share:			
Basic and diluted earnings per share	15	<u>0.046</u>	<u>0.145</u>

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TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)




CONDENSED STATEMENT OF CHANGES IN EQUITY


For the three-month period ended 31 March 2026

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total Equity</u>
Balance at 1 January 2025 (audited)	900,000,000	233,592,463	3,313,017	65,329,156	1,202,234,636
Profit for the period	--	--	--	13,043,393	13,043,393
Other comprehensive loss	--	--	(752,992)	--	(752,992)
Total comprehensive income for the period	--	--	(752,992)	13,043,393	12,290,401
Dividends (note 12)	--	--	--	(22,500,000)	(22,500,000)
Balance at 31 March 2025 (unaudited)	900,000,000	233,592,463	2,560,025	55,872,549	1,192,025,037
Balance at 1 January 2026 (audited)	900,000,000	233,592,463	(20,273,384)	57,091,465	1,170,410,544
Profit for the period	--	--	--	4,098,005	4,098,005
Other comprehensive loss	--	--	(343,366)	--	(343,366)
Total comprehensive income for the period	--	--	(343,366)	4,098,005	3,754,639
Balance at 31 March 2026 (unaudited)	900,000,000	233,592,463	(20,616,750)	61,189,470	1,174,165,183

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TABUK CEMENT COMPANY
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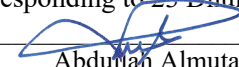
CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2026

(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Note	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Cash flow from operating activities:			
Profit for the period before Zakat		5,284,187	14,323,542
Adjustments for:			
Depreciation on property, plant and equipment	6	11,044,994	10,812,239
Amortization of intangible assets		402,660	402,661
Amortization of right-of-use assets		458,750	458,750
Finance cost		144,567	669,834
Murabaha income		(37,722)	(132,500)
Provision for expected credit losses		393,366	397,801
Impairment in value of inventory items	9	28,128	72,595
Effect of financial liability cash flows adjustment		84,441	412,574
Employee defined benefit obligation charge for the period		974,781	1,171,153
		<u>18,778,152</u>	<u>28,588,649</u>
Changes in:			
Trade receivables		(10,449,573)	(14,890,643)
Prepayments and other debit balances		(2,083,242)	(3,783,113)
Inventories		(214,911)	(3,387,153)
Trade payables		427,327	(6,978,417)
Accruals and other credit balances		(758,242)	(1,294,479)
Employees' defined benefit obligations - paid		(1,381,694)	(746,709)
Cash generated from / (used in) operating activities		<u>4,317,817</u>	<u>(2,491,865)</u>
Zakat Paid	13	(11,182)	(3,410,430)
Net cash generated from / (used in) operating activities		<u>4,306,635</u>	<u>(5,902,295)</u>
Cash flows from investing activities:			
Additions of property, plant and equipment	6	(1,608,302)	(755,485)
Proceeds from disposal of property, plant and equipment		316,875	2,860
Murabaha income received		37,722	132,500
Net cash (used in) investing activities		<u>(1,253,705)</u>	<u>(620,125)</u>
Cash flows from financing activity:			
Paid from loans	11	(31,735,442)	(15,867,721)
Payment of lease liabilities		(480,150)	(450,452)
Payment of lease liabilities interest		(45,960)	(75,658)
Finance cost paid		(98,607)	(594,176)
Dividends paid	12	(25,189)	(13,368)
Net cash used in financing activities		<u>(32,385,348)</u>	<u>(17,001,375)</u>
Net cash decrease in cash and cash equivalents		(29,332,418)	(23,523,795)
Cash and cash equivalents beginning of the period		31,889,616	82,549,364
Cash and cash equivalents at the end of the period	10	<u>2,557,198</u>	<u>59,025,569</u>
Significant non-cash information:			
Dividends		--	22,500,000

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BOD Member

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2026

(Expressed in Saudi Arabian Riyals unless otherwise stated)

1. GENERAL INFORMATION

Tabuk Cement Company (the Company) is a Saudi joint stock company established under the regulations for companies in the Kingdom of Saudi Arabia issued by Royal Decree No, (M/6) dated 30 Jumada Thani 1405H (corresponding to 22 March 1985), The Company is registered in the city of Tabuk under Commercial Registration No, 3550012690 and the unified Number 7001365316 on 25 Safar 1415H (corresponding to 2 August 1994).

The Company's main activity is as follows:

1. Production of ordinary cement (Portland)
2. Production of salt-resistant cement
3. Production of agglomerated cement (clinker)

The Company operates under industrial license No, 42110217153 issued on 21 Safar 1445H (corresponding to 6 September 2023) which expires on 16 Rabi' Al-Thani 1450H (corresponding to 6 September 2028).

As at 31 March 2026, the authorized, subscribed and fully-paid-up share capital 900 million (31 December 2025: SAR 900 million) divided into 90 million ordinary shares (31 December 2025: 90 million shares) of SAR 10 each (31 December 2025: SAR 10). The Company's shares are listed in the Capital Market Authority in the Kingdom of Saudi Arabia.

The registered address of the Company is:

TCC Building
Al-Dhabab area, north of Dhaba City
Beside Dhaba Port, near Duba Sea Port
P.O. Box 122, Tabuk 71451
Kingdom of Saudi Arabia

2. BASIS OF PREPERATION

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting standards "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). These condensed interim financial statements do not include all the information and disclosure required in the annual financial statements. They should be read with the last annual financial statements of the Company as at 31 December 2025 ("Last Annual Financial Statements"). However, some accounting policies and explanatory notes have been included to explain the events and transactions that are important to understand the changes in the financial position and financial performance of the Company from the financial statements of the previous year.

In addition, the results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2026

(Expressed in Saudi Arabian Riyals unless otherwise stated)

2. BASIS OF PREPERATION (continued)

b) Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except for the following significant items included in the condensed statement of financial position:

- Employee defined benefit obligations, which are measured at the present value of future obligations using the projected unit credit method using the accrual basis of accounting and the going concern concept,
- Investment in equity instruments is measured at fair value through other comprehensive income.
- The derivative financial instrument is measured at fair value through other comprehensive income.

c) Functional and presentation currency

These condensed interim financial statements are presented in Saudi Arabian Riyals (SAR) which is the functional and presentation currency of the Company.

3. USE OF JUDGEMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Company's accounting policies are consistent with those disclosed in the latest annual financial statements.

a) Land Concession Renewal

The Company's facilities are located on land governed by a concession agreement set to expire in September 2028. While no official confirmation has been received from the authorities, management expects the agreement to be renewed based on several critical factors. The Company has the renewal option under the given lease arrangement, however, the renewal remains a Royal prerogative, introducing inherent uncertainty that requires careful financial assessment and disclosure. The Company has applied the judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Company included the renewal period as part of the lease term for leases due to the significance of leased assets to its operations.

Management has further considered the following factors in assessing the reasonable certainty for renewal of the given leased land:

- The company has fully complied with all concession conditions and operational requirements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2026

(Expressed in Saudi Arabian Riyals unless otherwise stated)

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

a) Land Concession Renewal (continued)

- The company's mining license remains valid until 6 September 2028.
- The concession supports key operations, including the major strategic projects construction near the company site, making renewal commercially beneficial.

Similar concessions in the region have been routinely renewed in comparable circumstances

b) Going concern

In preparing the condensed interim financial statements, management has assessed the Company's ability to continue as a going concern for a period of at least twelve months from the reporting date. As part of this assessment, management evaluated the potential impact of the concession renewal uncertainty. Based on the factors mentioned in point (a) above, including full compliance with concession terms, strategic necessity of the site for both the Company and regional projects, historical precedent of renewals, the continuing validity of related licenses, and being a listed entity, management believes that it is highly probable that the concession agreement will be renewed.

As part of this assessment, management considered the Company's liquidity position, including the level of cash and cash equivalents, expected operating cash inflows, working-capital requirements, and forecast obligations over the assessment period. While cash and cash equivalents amounted to SAR 2.6 million as at 31 March 2026, management notes that the Company continues to generate positive operating cash flows, supported by ongoing cement production and sales activities. The Company also expects to meet its obligations as they fall due through a combination of recurring operating cash receipts, collections of trade receivables, and active working-capital management.

Accordingly, management has concluded that the Company will be able to continue its normal operations without material disruption, and the financial statements have been prepared on a going-concern basis. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the condensed interim financial statements continue to be prepared on the going concern basis

c) Geopolitical developments

Tabuk Cement Company continues to monitor regional geopolitical developments and their potential impact on the Kingdom of Saudi Arabia and the broader GCC region, noting that the Company's operations are primarily located in the northern region of Saudi Arabia. While the situation remains evolving, management has implemented robust operational and risk-management frameworks to mitigate potential adverse effects.

As of the reporting period ended 31 March 2026, these developments have not had a material impact on the Company's financial position, financial performance, or cash flows. Nevertheless, given the uncertainty surrounding the geopolitical environment, management will continue to assess any potential short- or long-term implications on the Company's operations and financial results at future reporting dates.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2026

(Expressed in Saudi Arabian Riyals unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of condensed interim financial statements are consistent with the accounting policies applied in the preparation of the Company's annual financial statements for the year ended 31 December 2025, except if mentioned otherwise.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

5.1 New Standards, Amendment to Standards and Interpretations:

The Company has applied the following standards and amendments, where applicable, for the first time for their annual reporting period commencing 1 January 2026.

<i><u>Standards / Interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Volume 11	Annual Improvements to IFRS Accounting Standards	1 January 2026

The adoption of above amendments did not have any material impact on the financial statements during the period.

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

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted for certain new standards and amendments. However, the Company has not early adopted them in preparing these Financial Statements. The Company is currently evaluating the impact of the adoption of these standards on the Financial Statements.

<i><u>Standards / Interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2026

(Expressed in Saudi Arabian Riyals unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

Movement in property, plant and equipment is as follows:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)	31 December 2025 (Audited)
Cost			
Beginning of the period / year	2,413,911,230	2,402,424,204	2,403,627,706
Addition during the period / year	1,608,302	755,485	12,901,901
Disposal during the period / year	(390,000)	(4,855)	(2,618,377)
Ending of the period / year	<u>2,415,129,532</u>	<u>2,403,174,834</u>	<u>2,413,911,230</u>
Accumulated depreciation			
Beginning of the period / year	1,566,996,258	1,524,341,995	1,525,545,497
Charge during the period / year	11,044,994	10,812,239	43,861,671
Disposals during the period / year	(73,125)	(1,995)	(2,410,910)
Ending of the period / year	<u>1,577,968,127</u>	<u>1,535,152,239</u>	<u>1,566,996,258</u>
Net book value at the end of period / year	<u>837,161,405</u>	<u>868,022,595</u>	<u>846,914,972</u>

- a) The buildings are built on land with a 30-year concession from the Ministry of Industrial and Mineral Resources that expires on September 2028. The lease is renewable for further period of 20-years. The Company is reasonably certain for the extension of the given period.
- b) Impairment of Property, Plant and Equipment;

In prior and current periods, Management identified impairment indicators related to Line 1 of the Company's integrated cement plant, which has not been fully operational for approximately seven years due to allocated Heavy Fuel Oil (HFO) constraints. Certain components of Line 1 continue to support Line 2 operations. Accordingly, Management tested the cement manufacturing cash-generating unit (CGU) for impairment as at 31 December 2025 in accordance with IAS 36, comprising Lines 1 and 2 together with associated grinding units, power plant, utilities with total carrying amount of SR 782 million, in addition to working capital and other supporting assets with carrying amount of SR 318 million, together represent the carrying amount of the CGU (31 December 2025: carrying amount of SR 790 million, in addition to working capital and other supporting assets with carrying amount of SR 305 million). The Management believe this assessment remains valid as there are no changes in the data or assumptions used for the three-month period ended 31 March 2026.

To support the impairment assessment, management engaged an independent external specialist, to estimate the recoverable amount of the CGU as at 31 December 2025. The specialist performed the impairment study, covering both value-in-use (VIU) and fair value less cost to sell using depreciated replacement cost (DRC) in line with IAS 36.

Recoverable amount basis;

Consistent with IAS 36, recoverable amount was determined as the higher of VIU and DRC;

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2026

(Expressed in Saudi Arabian Riyals unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

b) Impairment of Property, Plant and Equipment (continued);

Significant judgements and estimation uncertainty

The impairment assessment involves significant judgements about future operating performance and market conditions, notably;

- Fuel availability/pricing: dependence on HFO allocations and potential policy changes affecting production economics.
- Land-use rights: assumption that the Royal Decree land-use/concession will be renewed beyond August/September 2028; non-renewal would materially affect the valuation.
- Utilisation and pricing trajectory: realization of expected utilisation ramp-up and pricing dynamics linked to regional mega-projects.

Valuation approach

Depreciated
replacement cost

The cost approach estimates value based on the economic principle of substitution, which assumes that a prudent buyer would not pay more for an asset than the cost of acquiring or constructing an asset of equal utility. Accordingly, unless undue time, risk, inconvenience, or other limiting factors exist, the value of an asset should not exceed the cost required to replace it with an equivalent asset offering similar functionality. This method is most frequently applied to the valuation of specialized assets, for which market transactions are relatively infrequent.

Value-in-use

Value-in-use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. It is determined using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

Management believes the assumptions applied are reasonable and supportable at the reporting date; nevertheless, given that the CGU includes a production line that is not fully operational, outcomes remain subject to inherent estimation uncertainty.

7. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

The equity investment at fair value through other comprehensive income (FVOCI) represent 2.36% shares in the Industrialization and Energy Services Company -TAQA (Saudi joint stock company), (31 December 2025: 2.36%).

The nature of this Company's business is power generation, and the investment was recorded, based on the Company's business model, at fair value through other comprehensive income, previously the investment is mortgaged against the loan granted to the Company (Note 11). The Industrialization and Energy Services Company – TAQA has not announced any dividends for the period ended 31 March 2026 (for the year ended 31 December 2025 the Company did not announced any dividends).

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7. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (continued)

The following is the movement occurred on this balance during the period:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)	31 December 2025 (Audited)
Balance as at beginning period / year	148,732,000	169,961,000	169,961,000
Unrealized loss on investment revaluation at fair value through other comprehensive income	--	--	(21,229,000)
Balance as at ending period / year	148,732,000	169,961,000	148,732,000

8. DERIVATIVE FINANCIAL INSTRUMENT

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)	31 December 2025 (Audited)
Balance as at beginning period / year	343,366	2,700,767	2,700,767
Changes in fair value of cash flow hedges in OCI	(343,366)	(752,992)	(2,357,401)
Balance as at ending period / year	--	1,947,775	343,366

On 11 November 2021, the Company entered into profit rate SWAP agreements (“Hedging Instrument”) with a local bank for its long-term loan to hedge against changes in SIBOR (“Hedging Item”). The Hedging Instrument and Hedging Item have similar significant terms such as reference rate, reset dates, payment dates, maturity dates and notional amount, and therefore the hedge ratio is 1:1.

This arrangement was designated as a hedging relationship since inception and was subject to a forward-looking test of hedge effectiveness at each reporting date. The underlying long-term loan matured on 31 March 2026 and was fully settled by the Company during the period. Accordingly, the hedging relationship was closed upon maturity and the settlement of the underlying loan (31 December 2025: As at the reporting date, the hedge effectiveness was assessed as 100% as all significant conditions were met throughout the year).

The details of the agreement are as follows:

<u>Effective date</u>	<u>Due date</u>	Book value as at 31 March 2026	Book value as at 31 March 2025	Book value as at 31 December 2025
3 January 2022	12 March 2026	--	79,338,604	31,735,442

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9. INVENTORIES

Inventories comprise the following:

	31 March <u>2026</u> (Unaudited)	31 March <u>2025</u> (Unaudited)	31 December <u>2025</u> (Audited)
Production under processing	104,340,947	105,037,774	101,419,386
Spare parts	97,818,161	92,816,061	97,840,486
Raw materials	29,607,580	38,682,150	32,665,843
Finished goods	7,657,692	6,559,225	6,464,369
Goods in transit	8,704,629	4,587,257	9,524,014
	248,129,009	247,682,466	247,914,098
Less: provision for net realisable value	(1,741,238)	(1,313,826)	(1,713,110)
	246,387,771	246,368,640	246,200,988

Movement for the provision of net realizable value as follows:

	31 March <u>2026</u> (Unaudited)	31 March <u>2025</u> (Unaudited)	31 December <u>2025</u> (Audited)
Balance as at beginning period / year	1,713,110	1,241,231	1,241,231
Charge during the period / year	28,128	72,595	471,879
Balance as at ending period / year	1,741,238	1,313,826	1,713,110

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	31 March <u>2026</u> (Unaudited)	31 March <u>2025</u> (Unaudited)	31 December <u>2025</u> (Audited)
Cash at banks on current accounts	2,557,198	14,025,569	31,889,616
Islamic Murabaha	10.1 --	45,000,000	--
	2,557,198	59,025,569	31,889,616

10.1 Islamic Murabaha represents short-term Murabaha held with local commercial banks in Saudi Riyals and with original maturity period did not exceed three months from the date of the original investment. It generates a return according to prevailing short-term deposit rates.

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11. LONG-TERM LOAN

The Company's long-term loan matured and was fully settled on 31 March 2026. Accordingly, there is no outstanding loan balance as at 31 March 2026 (31 December 2025: SAR 31,651,001).

The loan is stated in the condensed statement of financial position as follows:

	31 March 2026 (Unaudited)	31 March <u>2025</u> (Unaudited)	31 December <u>2025</u> (Audited)
Current portion under current liabilities	--	62,566,499	31,651,001
Non-current portion under non-current liabilities	--	15,955,725	--
	--	<u>78,522,224</u>	<u>31,651,001</u>

The loan movement during the period / year is as follows:

	31 March 2026 (Unaudited)	31 March <u>2025</u> (Unaudited)	31 December <u>2025</u> (Audited)
Balance at the beginning of the period / year	31,651,001	93,977,371	93,977,371
Effect of financial liability cash flows adjustment	84,441	412,574	1,144,513
Payment	(31,735,442)	<u>(15,867,721)</u>	<u>(63,470,883)</u>
	--	<u>78,522,224</u>	<u>31,651,001</u>

During 2020, the Company's management rescheduled the loan and amended the terms of the contract, The Company performed a 10% test of the loan obligation in accordance with the requirements of IFRS, 9 "Financial Instruments". This test resulted in a modification gain of SAR 22,758,671, this amount represents the difference between the present value of the loan according to the terms before the amendment and the present value of future cash payments according to the terms of the renegotiated and modified loan amendment, which is discounted at the original effective interest rate of the loan. Since the difference is less than 10%, the modification in the terms is not considered material and is not accounted for as a release of the loan obligation and recognition of a new financial liability. Accordingly, the present value of future cash payments according to the terms of the amendment was recognized using the original effective interest rate of the loan, and the difference was recognized as a modification gain. During the period ended 31 March 2026, this impact was fully amortized with the maturity of the underlying loan.

On 11 November 2021, the Company entered into profit rate swap agreements with a local bank to hedge against changes in SIBOR in respect of the long-term loan (Note 8). The hedging relationship was closed upon maturity and full settlement of the underlying loan on 31 March 2026.

The long-term loan was previously secured by an investment in the Industrialization and Energy Services Company – TAQA (Note 7). Following the full settlement of the loan, the Company is in the process to release the pledged.

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11. LONG-TERM LOAN (continued)

Although certain financial covenants under the loan agreement were not met during the period ended 31 March 2026, these covenants are no longer applicable following the settlement and closure of the loan arrangement.

12. DIVIDENDS PAYABLE TO SHAREHOLDERS

The movement on dividends payable to shareholders is as follows:

	31 March <u>2026</u> (Unaudited)	31 March <u>2025</u> (Unaudited)	31 December <u>2025</u> (Audited)
Balance at 1 January	120,136,993	120,133,922	120,133,922
Dividends distributed during the period / year	--	22,500,000	45,000,000
Dividend payments during the period / year	(25,189)	(13,368)	(44,996,929)
	<u>120,111,804</u>	<u>142,620,554</u>	<u>120,136,993</u>

During the period ended 31 March 2026 no cash dividends were announced to shareholders (31 March 2025; SAR 22,500,000 and 31 December 2025: SAR 45,000,000).

13. ZAKAT

a) Charge of the period

	31 March <u>2026</u> (Unaudited)	31 March <u>2025</u> (Unaudited)
Charged on the period	<u>1,186,182</u>	<u>1,280,149</u>
	<u>1,186,182</u>	<u>1,280,149</u>

b) Provision for zakat

The movement in Zakat payable represented as follows:

	31 March <u>2026</u> (Unaudited)	31 March <u>2025</u> (Unaudited)	31 December <u>2025</u> (Audited)
Balance at beginning of the period / year	4,592,861	9,598,456	9,598,456
Add: Charge of the period / year	1,186,182	1,280,149	4,411,834
Less: Payments during the period / year	(11,182)	(3,410,430)	(9,417,429)
Balance at end of the period/year	<u>5,767,861</u>	<u>7,468,175</u>	<u>4,592,861</u>

The Company has submitted its Zakat returns up to the year 2025 and obtained a Zakat certificate valid until 30 April 2027.

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13. ZAKAT (continued)

b) Provision for zakat (continued)

The Company submitted its Zakat return for the year ended 31 December 2024, and the Zakat due for that year amounted to SAR 5,044,042. After offsetting the Zakat refund related to the 2023 assessment amounting to SAR 173,867, the net Zakat payable for 2024 amounted to SAR 4,870,174, which was settled on 13 July 2025. The 2024 Zakat return has been examined by the Zakat, Tax and Customs Authority (“ZATCA”), and a final assessment was issued with additional differences amounting to SAR 11,181, which were settled in January 2026.

ZATCA has also issued the Zakat assessment for the year 2024 amounting to SAR 11,181 and the Company has settled the full amount during 2026.

14. OTHER INCOME

	31 March <u>2026</u> (Unaudited)	31 March <u>2025</u> (Unaudited)
Building and land rental	<u>4,117,252</u>	<u>4,117,252</u>
	<u>4,117,252</u>	<u>4,117,252</u>

15. EARNING PER SHARE

a) Basic earnings per share

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

	For the three-months period ended 31 March	
	<u>2026</u> (Unaudited)	<u>2025</u> (Unaudited)
Profit for the period	4,098,005	13,043,393
Number of shares (weighted average)	90,000,000	90,000,000
Basic earnings per share	<u>0.046</u>	<u>0.145</u>

b) Diluted EPS

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any. During the period, there were no diluted shares, accordingly the diluted earnings per share was the same as the basic.

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16. CONTINGENT COMMITMENT

Contingent commitment in the letter of guarantees outstanding as of 31 March 2026 amounted to SAR 13,000,136 (31 December 2025: SAR 15,341,281).

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Transactions with related parties principally represent transactions with BOD members and key management personnel. The transactions with related parties during the period ended 31 March 2026 and the period ended 31 March 2025 are as follows:

<u>Transactions with</u>	<u>Nature of the transaction</u>	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Key management personnel	Salaries, wages, benefits, and equivalents	<u>892,194</u>	<u>390,000</u>
	End of service benefits	<u>27,170</u>	<u>31,170</u>
BOD members	Board of directors' remunerations	<u>717,000</u>	<u>640,509</u>

18. SEGMENT REPORT

A Segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. The Company's Chief Operating Decision Maker (CODM), the Chief Executive Officer considers for management reporting and decision-making purposes, the activities of the Company are organized into one operating segment. The Company operates in the said reportable operating segment. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

19. FINANCIAL RISK MANAGEMENT

The Company generally has exposure to the financial risks, credit risk, liquidity risk and market risk. Generally, the Company's objectives, policies and processes for managing risk are the same as those disclosed in its annual financial statements for the year ended December 31, 2025, with reference to the following:

Credit Risk

Revenue from seven customers of the Company represented approximately 95.6% amounting to SAR 59.8 million (31 March 2025 revenue from seven customers represented approximately: 94% amounting to SAR 63.7 million) of the Company's total revenue.

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20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

As the Company's financial instruments are compiled under the historical cost convention, except for Derivative Financial Instruments and Equity investments at Fair Value through Other Comprehensive Income (FVOCI), differences can arise between the book values and fair value estimates. Management believes that the carrying value of the Company's other financial assets and liabilities approximate its respective fair values.

The table below shows the carrying amounts and fair values of Derivative Financial Instruments and Equity investments at Fair Value through Other Comprehensive Income (FVOCI), including their levels in the fair value hierarchy:

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20. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

There were no transfers between fair value levels during the period ended 31 March 2026 and year ended 31 December 2025.

The carrying values of the other financial assets and liabilities under amortised cost approximate their fair value on each reporting date due to its short term maturity.

Equity investments at FVOCI include investments in non-public equity instruments. The following table outlines the valuation techniques applied in measuring Level 3 fair values, along with the significant unobservable inputs used:

Type	Valuation Technique	Significant Unobservable Inputs
Equity Investments in Non-Public Companies	Market approach using Price-to-Book Value (P/BV)	Price to book value multiple Average Discount for lack of marketability 15.63%

Market approach valuation techniques

For unlisted equity investments classified as Level 3, the company applies the Market Approach using the Price-to-Book Value (P/BV) multiple. Valuation techniques falling under the Market Approach typically derive market multiples from a set of comparable assets. A market multiple expresses the value of a business or other asset relative to a financial, operating, or physical metric. For instance, a price-to-earnings (P/E) ratio expresses an entity's per-share value in relation to its earnings per share. The multiple is then applied to the corresponding metric of a comparable entity that shares similar characteristics but may differ in scale, subject to necessary adjustments to account for those differences. The independent valuer has determined the fair value based on the median P/BV multiple as of 31 December 2025, sourced from reliable financial databases. Average discount of 15.63% using valuation Advisors DLOM study method.

Valuation inputs and relationships to fair value (Significant unobservable inputs)

The following table summarizes the quantitative information about the significant unobservable inputs used in the fair value measurements of the equity accounted investment. The fair values are determined based on the discounted cash flows.

<u>Description</u>	<u>Management range</u>	<u>Relation of unobservable inputs to fair value</u>
P/BV Multiple	1.8x	Higher the multiple, higher the fair value
Weighted Average Discount rate	15.63%	Higher the discount rate lowers the fair value

Sensitivity analysis

The fair value of the Level 3 equity investment is sensitive to changes in the key unobservable inputs namely, the Price-to-Book Value (P/BV) multiple and the Discount for Lack of Marketability (DLOM).

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20. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis (continued)

For financial reporting purposes, management considers that reasonably possible changes in these inputs at the reporting date fall within a 5% to 10% variation range, rather than the broader external market ranges referenced in the valuation report.

A $\pm 5\%$ to $\pm 10\%$ change in either the applied P/BV multiple or the DLOM would result in a corresponding increase or decrease in the fair value measurement of the investment.

21. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The condensed interim financial statements were authorized for issue by the Board of Directors on 10 May 2026, corresponding to 23 Dhul Qadah 1447H.