

**YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
RIYADH - SAUDI ARABIA
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025**

**Yamama Cement Company
Saudi Joint Stock Company
Financial Statements and Independent Auditor's Report
For the Year Ended December 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion:

We have audited the financial statements of **Yamama Cement Company** (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion:

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

Key Audit Matters

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

Key audit matters	How the matter was addressed in our audit
<p>Revenue recognition: During the year ended 31 December 2025, Company's revenue amounted to SAR 1.4 billion (31 December 2024: SAR 1.2 billion).</p> <p>Revenue is a key indicator of performance, and as a result, there are inherent risks associated with revenue recognition, including the potential for management override of certain control procedures to achieve revenue targets. Therefore, the recognition of revenue has been identified as a key audit matter.</p> <p>Please refer to notes (5-16) for the revenue accounting policy and note (22) related to financial statements.</p>	<p>We have performed the following procedures regarding revenue recognition:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Company by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Customers". - Evaluating the design, implementation and testing of the operational effectiveness of the Company's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Company's policy. - Testing sales transactions, on a sample basis, and performing cut-off tests of revenue made at the beginning or end of the year to assess whether the revenue has been recognized in the correct period.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters (continued)	How the matter was addressed in our audit
	<ul style="list-style-type: none"> - Testing revenue transactions, on a sample basis, and verifying supporting documents, to ensure the accuracy and validity of revenue recognition.
<p>Property, machinery, equipment: The balances of Property, Plant, and Equipment "PPE" and Capital Work in Progress CWIP are of highly material, with the net book value of PPE amounting to SAR 5.9 billion as of December 31, 2025 (December 31, 2024: SAR 5.8 billion) and CWIP amounting to SAR 1.2 billion as of December 31, 2025 (December 31, 2024: SAR 1.1 billion). Additionally, management is required to apply significant estimates and assumptions that impact these balances, including the determination of useful lives, periodic reassessment of those lives, and the resulting depreciation charges, which directly affect the financial results. This also necessitates specific procedures to verify the validity of contracts, recognition, timing, and conditions for their classification as PPE. Accordingly, we have identified PPE and CWIP as key audit matters. The accounting policy for PPE and CWIP has been disclosed in Notes (5-7) and (5-8) to the accompanying financial statements. Additionally, detailed disclosures regarding PPE and CWIP are provided in Note (6), within the financial statements.</p>	<p>We have performed the following procedures regarding existence and valuation of property, plant and equipment and capital work in progress balances:</p> <ul style="list-style-type: none"> - Evaluating the design and implement of internal control procedures over the accounting cycle for property, plant and equipment and capital work in progress. We assessed the adequacy of the capitalization policies and undertook sample-based verification procedures and verified the depreciation policy for the year. We discussed with the management their professional judgment about the nature of items that have been capitalized and the appropriateness of useful lives and related policies in this regard.
<p>Inventory: As at December 31, 2025, the Company's inventory balance amounted to SAR 557 million (31 December 2024: SAR 560 million), which represent 49% of Company's total current assets and 8% of total assets 2025 (31 December 2024: 54% of Company's total current assets and 8% of total assets), and inventory balance included non-finished goods (clinker) with an amount of SAR 421.4 million (31 December 2024: SAR 408.3 million). Clinker stocks are in the form of piles in yards and hangars set up for this purpose. Whereas, determining the weight of this stock is practically not possible. The management estimates the available quantities at the year-end by measuring the stock piles and converting the measurements into unit volumes using the stability angle and the quantitative density. To do this, management assigns an independent inspection expert to estimate quantities at the year end.</p>	<p>We have performed the following procedures regarding existence and valuation of inventory balance:</p> <ul style="list-style-type: none"> - Attending the physical inventory count held by the Company and the independent inspection expert. - Obtaining the stock inventory report submitted by the independent inspection expert regarding the stock of raw materials, especially clinkers. - Evaluating the design and implement of internal control procedures for the inventory accounting cycle. - Evaluating the appropriateness and adequacy of disclosures related to inventory in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters (continued)	How the matter was addressed in our audit
<p>Inventory (continued): In addition, the management calculates the cost of sales and the value of inventory at year end based on costs incurred, quantities produced and the inventory balance at year end. Thus, the existence and valuation of inventory and cost of sales are affected by the above-mentioned inventory count process at year end. With reference to the importance of inventory balance and related valuations and assumptions used, this matter was considered a key audit matter. Please refer to note (5-6) for accounting policy and note (12) related to financial statements.</p>	<p>- Testing the validity of inventory measurement at cost or net realizable value, whichever is lower.</p>

Other information

Other information consists of other information included in the Company's annual report for the year ended 31 December 2025, other than the financial statements and the auditors' report thereon. The Company's management is responsible for the other information mentioned in its annual report .

Our opinion on the financial statements does not cover other information and we do not and will not express any form of assurance conclusion thereon. In our audit of the financial statements, it is our responsibility to read the information described above. In doing so, we consider whether the other information is not materially consistent with the financial statements or knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that is a material misstatement of this other information, we are required to report that fact . We have nothing to report in this regard .

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation for the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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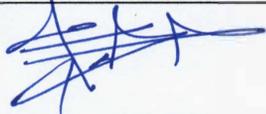
Riyadh:
06 Ramadan 1447H
23 February 2026



YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Assets			
Non-current assets			
Property, plant and equipment, Net	(6)	5,938,946,684	5,769,878,946
Intangible assets	(7)	14,973,083	10,889,067
Right of use assets, Net	(8)	4,962,820	6,664,360
Investments in associates using equity method, Net	(9)	54,977,783	52,778,664
Financial assets at fair value through other comprehensive income	(10)	282,694,673	442,085,017
Total non-current assets		6,296,555,043	6,282,296,054
Current assets			
Trade receivables	(11)	276,364,578	234,910,806
Inventory	(12)	577,318,740	559,922,722
Prepayments and other debit balances	(13)	43,180,083	178,668,789
Financial assets at fair value through profit or loss	(14)	227,000,000	-
Cash and cash equivalents	(15)	52,296,760	61,033,582
Total current assets		1,176,160,161	1,034,535,899
Total Assets		7,472,715,204	7,316,831,953
Shareholders' Equity and liabilities			
Shareholders' Equity:			
Share capital	(1)	2,025,000,000	2,025,000,000
Statutory reserve		726,883,763	726,883,763
Additional reserve		579,936,772	579,936,772
Retained earnings		1,681,089,849	1,410,340,907
Cumulative change in fair value of other comprehensive income		(43,218,618)	101,171,726
Total Shareholders' Equity		4,969,691,766	4,843,333,168
Non-current liabilities			
Long term loans- non-current portion	(16)	1,447,128,852	1,412,280,673
Lease liabilities – non-current portion	(8)	1,756,101	3,460,363
Provision for land restoration cost	(17)	38,931,740	33,644,343
Employees' defined benefits obligations	(18)	165,562,555	143,509,571
Total non-current liabilities		1,653,379,248	1,592,894,950
Current liabilities:			
Trade payable		248,688,197	294,691,061
Long term loans- current portion	(16)	386,787,114	375,481,233
Lease liabilities – current portion	(8)	1,704,262	1,653,956
Due to related parties	(19)	6,904,396	6,698,276
Dividends payable		63,954,396	75,555,138
Accrued expenses and other credit balances	(20)	120,143,342	107,061,555
Provision for Zakat	(21)	21,462,483	19,462,616
Total current liabilities		849,644,190	880,603,835
Total liabilities		2,503,023,438	2,473,498,785
Shareholders' Equity and Liabilities		7,472,715,204	7,316,831,953

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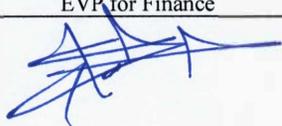
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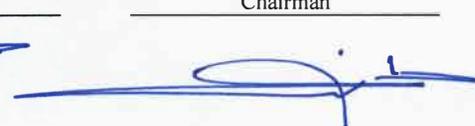
The accompanying notes are an integral part of these financial statements.

YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2025
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	Note	2025	2024
Revenue, Net	(22)	1,423,215,257	1,172,979,234
Cost of revenue		(889,603,689)	(638,806,634)
Gross profit		533,611,568	534,172,600
Selling and distribution expenses	(23)	(18,999,529)	(15,750,227)
General and administrative expenses	(24)	(75,731,975)	(69,662,714)
Provision for expected credit loss (ECL)	(11)	(20,185,882)	-
Income from main activities		418,694,182	448,759,659
Other (expenses)/ income:			
Finance Cost	(25)	(67,583,596)	(59,179,955)
Provision for impairment of spare parts for Plants and equipment	(6)	(31,801,775)	-
Investment income	(26)	6,262,657	17,596,017
Gain from sale of property, plant and equipment	(27)	163,562,977	20,029,443
Other income		6,743,079	5,800,820
Income for the year before zakat		495,877,524	433,005,984
Zakat charged for the year	(21)	(13,000,000)	(12,300,000)
Net income for the year		482,877,524	420,705,984
Other Comprehensive Loss:			
Items that will not be reclassified to profit or loss:			
Losses of change in fair value of financial assets designated at fair value through other comprehensive income	(10)	(144,390,344)	(86,414,084)
Actuarial losses from re-measurement for employees' defined benefits	(18)	(9,628,582)	(21,765,182)
Total other comprehensive loss		(154,018,926)	(108,179,266)
Total comprehensive income for year		328,858,598	312,526,718
Earnings per share:	(31)		
From net income for the year		2.38	2.08

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

**YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2025
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)**

	Share capital	Statutory reserve	Additional reserve	Retained earnings	Cumulative change in fair value of other comprehensive income	Total
Balance as of 1 January 2024	2,025,000,000	726,883,763	579,936,772	1,213,900,105	187,585,810	4,733,306,450
Profit for the year	-	-	-	420,705,984	-	420,705,984
Dividends paid to shareholders (note 32)	-	-	-	(202,500,000)	-	(202,500,000)
Other comprehensive loss	-	-	-	(21,765,182)	(86,414,084)	(108,179,266)
Balance as of 31 December 2024	2,025,000,000	726,883,763	579,936,772	1,410,340,907	101,171,726	4,843,333,168
Balance as at 1 January 2025	2,025,000,000	726,883,763	579,936,772	1,410,340,907	101,171,726	4,843,333,168
Profit for the year	-	-	-	482,877,524	-	482,877,524
Dividends paid to shareholders (note 32)	-	-	-	(202,500,000)	-	(202,500,000)
Other comprehensive loss	-	-	-	(9,628,582)	(144,390,344)	(154,018,926)
Balance as at 31 December 2025	2,025,000,000	726,883,763	579,936,772	1,681,089,849	(43,218,618)	4,969,691,766

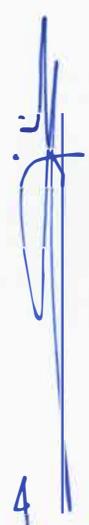
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The accompanying notes are an integral part of these financial statements.

YAMAMA Cement Company

Saudi Joint Stock Company

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDING DECEMBER 31, 2025

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year before zakat	495,877,524	433,005,984
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	194,030,888	185,340,479
Employees' defined benefit obligations	15,997,802	9,597,866
Provision for land restoration cost	5,287,397	23,053,696
Gain from sale of property, plant and equipment	(163,562,977)	(20,029,443)
Allowance for impairment of spare parts for Plants and equipment	31,801,775	-
Provision for expected credit loss (ECL)	20,185,882	-
Realized gain from financial assets at fair value through other comprehensive income	(2,717,514)	(13,286,781)
Realized and unrealized gain from financial assets at fair value through profit or loss	(1,346,024)	-
Profits from investments in associated companies	(2,199,119)	(4,309,236)
	<u>593,355,634</u>	<u>613,372,565</u>
Changes in working capital		
Trade receivable	(61,639,654)	(103,826,414)
Inventory	(17,396,018)	(106,270,069)
Due from related parties	-	342,948
prepayments and other debit balances	136,069,330	(4,905,134)
Trade payable	(46,002,864)	176,057,700
Due to related parties	206,120	(2,303,906)
Accrued expenses and other credit balances	10,063,078	23,139,939
Zakat Paid	(11,000,133)	(9,073,141)
Employees' defined benefits obligations paid	(4,447,563)	(2,714,095)
	<u>599,207,930</u>	<u>583,820,393</u>
Cash flows generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(227,000,000)	-
Change in Financial Investments at Fair Value Through Other Comprehensive Income	15,000,000	-
Purchase of property, plant, and equipment	(22,275,219)	(49,406,291)
Purchase of Intangible assets	(294,281)	(1,470,413)
Proceeds from sale of property, plant, and equipment	186,450,527	20,055,559
Additions to capital works in progress	(393,708,055)	(934,360,818)
Proceeds from investment income	3,482,914	13,286,781
	<u>(438,344,114)</u>	<u>(951,895,182)</u>
Net cash flows used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repaid amount of long-term loan	(380,845,940)	(360,571,429)
Proceeds from long-term loan	427,000,000	833,000,000
Dividends paid	(214,100,742)	(200,070,861)
Change in lease obligations	(1,653,956)	(3,410,133)
	<u>(169,600,638)</u>	<u>268,947,577</u>
Net cash flows generated from financing activities		
Change in cash and cash equivalents	(8,736,822)	(99,127,212)
Cash and cash equivalents at the beginning of the year	61,033,582	160,160,794
Cash and cash equivalents at the end of the year	<u>52,296,760</u>	<u>61,033,582</u>

The disclosure of non-cash activities in the Note (28).

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

YAMAMA CEMENT COMPANY

Saudi Joint Stock Company

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2025

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

1. THE COMPANY AND NATURE OF ITS BUSINESS:

a) The Establishing of The Company

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

b) The Nature of The Company's Activity

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

c) The Company's Capital

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

d) Fiscal year

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

e) Functional and presentation currency

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

2. THE BASIS OF PREPARATION:

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Going concern

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS:

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

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

3.1 Long-term assumptions regarding employee benefits:

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

3.2 Expected credit losses:

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

3.3 Impairment of non-financial assets:

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

3.4 Measurement of lease liabilities

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued):

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

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

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

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

3.7 Other provisions:

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

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

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

3.9 Provision for obsolete and slow-moving spare parts.

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

4. CHANGES IN ACCOUNTING POLICIES:

4.1 New standards, amendments and interpretations

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 Group has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

4.1.1 Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments:

- Clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

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4. CHANGES IN ACCOUNTING POLICIES (continued):

4.1.1 Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (continued):

- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets).
- Make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

4.1.2 IFRS 18, 'Presentation and Disclosure in Financial Statements':

This is the new standard on presentation and disclosure in financial statements which is s starts in or after 2027, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss.
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures).
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:

The policies used to prepare the financial statements for the year ended December 31, 2025:

5.1 Financial instruments, financial assets, and financial liabilities:

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

Financial assets

The main financial assets of the company include the following:

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

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

Classification of financial assets

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

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

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

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

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

Recognition and measurement of financial assets

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

Financial liabilities

The main financial liabilities of the company include the following:

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

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

Initial recognition of financial liabilities

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

Classification of financial liabilities

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

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

Derecognition of financial liabilities

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

5.2 Cash and cash equivalents:

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

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

5.3 Investments in associate companies using equity method:

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

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

5.4 Financial assets at fair value through other comprehensive income:

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

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

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

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

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

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

5.5 Financial assets at fair value through profit or loss:

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

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

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

5.5 Financial assets at fair value through profit or loss (continued):

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

5.6 Inventory:

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

5.7 Property, machinery and equipment:

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

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

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

Capitalization of costs within property, plant, and equipment

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

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

Subsequent costs are not included in the carrying amount of the asset or recognized as a separate asset, depending on the case, only when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be reliably measured. Any costs directly are attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the way intended by management.

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

5.7 Property, machinery and equipment (continued):

Disposal of property, plant, and equipment

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

Capital spare parts

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

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

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

5.8 Capital works in progress:

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

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

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

5.8 Capital works in progress (continued):

Borrowing costs

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

5.9 Intangible assets:

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

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

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

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

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

5.10 Right-of-use assets:

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

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

5.11 Lease liabilities:

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

5.12 Provisions:

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

5.13 Provision for employee benefits obligations:

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

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

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

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

5.14 Provision for Zakat:

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

5.15 Reserves:

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

5.16 Revenues from contracts with customers:

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

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

5.16 Revenues from contracts with customers (continued):

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

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

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

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

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

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

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

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

(a) Sales of goods

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

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

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

5.17 Dividend income:

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

5.18 Other income:

Other revenues are recognized on an accrual basis.

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

5.19 Expenses:

Cost of revenue:

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

Selling and distribution expenses:

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

General and administrative expenses:

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

5.20 Foreign Exchange Translation:

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

5.21 Earnings per share:

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

5.22 Dividends:

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

5.23 Transactions with related parties:

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

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

5.24 Current / Non-current classification:

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

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

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

5.24 Current / Non-current classification (continued):

All other assets are classified as non-current assets.

A liability is classified as current when:

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

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

5.25 Contingent liabilities:

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

5.26 Fair value of assets and liabilities:

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

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

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

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

A) Book values and fair value

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2025</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>
Financial assets at fair value Through other comprehensive income	35,194,743	-	247,499,930	282,694,673
	<u>35,194,743</u>	<u>-</u>	<u>247,499,930</u>	<u>282,694,673</u>

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

5.26 Fair value of assets and liabilities (continued):

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value	SAR	SAR	SAR	SAR
Through other comprehensive income	52,338,586	-	389,746,431	442,085,017
	52,338,586	-	389,746,431	442,085,017

B) Fair value measurement

The following table shows the evaluation methods used to measure the fair value of the third level as at December 31, 2025. and December 31, 2024. addition to the substantial inputs used, which are not observed.

<u>Type</u>	<u>Evaluation method</u>	<u>Unobserved material input</u>	<u>The relationship between unobserved core inputs and fair value measurement</u>
Sukuk and investment funds	Evaluations are based on prices received by the portfolio manager at the end of each year and on closing prices for the net value of the declared assets.	Not applicable.	Not applicable.
Investment in unlisted companies	The fair value was measured using the market approach for the year 2025, and using both the income and market approaches for the year 2024	Not applicable.	Not applicable.

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6. PROPERTY, PLANT, AND EQUIPMENT:

	Land	Buildings and Construction	Plants and Machinery	Vehicles	Tools	Furniture and Office Equipment	Capital Works in Progress	Total
Cost								
Balance as at January 1, 2025	12,234,510	2,854,120,814	3,969,498,278	20,895,925	14,340,708	55,407,014	1,142,381,610	8,068,878,859
Additions during the year	-	1,949,543	16,821,333	108,190	1,992,874	1,403,279	389,663,261	411,938,480
Transferred from\ to capital works in progress	-	49,392,538	277,068,293	-	-	127,515	(326,588,346)	-
Disposals	-	-	(82,636,764)	(4,815,744)	-	-	-	(87,452,508)
Impairment	-	-	(31,801,775)	-	-	-	-	(31,801,775)
Balance as at December 31, 2025	12,234,510	2,905,462,895	4,148,949,365	16,188,371	16,333,582	56,937,808	1,205,456,525	8,361,563,056
Accumulated depreciation								
Balance as at January 1, 2025	-	730,978,595	1,496,378,484	19,829,593	8,752,542	43,060,699	-	2,298,999,913
Depreciation charged for the year	-	84,758,082	97,846,653	651,186	806,261	4,119,185	-	188,181,367
Disposals	-	-	(59,749,164)	(4,815,744)	-	-	-	(64,564,908)
Balance as at December 31, 2025	-	815,736,677	1,534,475,973	15,665,035	9,558,803	47,179,884	-	2,422,616,372
Net Book Value:								
Balance as at December 31, 2025	12,234,510	2,089,726,218	2,614,473,392	523,336	6,774,779	9,757,924	1,205,456,525	5,938,946,684

- Capital work in progress as of 31 December 2025 includes an amount of SAR 1.196 million representing expenditures related to the production line project.
- The charge for the year includes depreciation of assets used in general and administrative activities amounting to SAR 5,782,280 and assets used in selling and marketing activities amounting to SAR 162,265.

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6. PROPERTY, PLANT, AND EQUIPMENT (continued):

Cost	Land	Buildings and Construction	Plants and Machinery	Vehicles	Tools	Furniture and Office Equipment	Capital Works in Progress	Total
Balance as at January 1, 2024	12,234,510	2,824,162,133	3,949,631,957	25,794,626	13,316,068	52,786,696	229,620,766	7,107,546,756
Additions during the year	-	8,191,809	37,533,361	-	1,024,640	2,656,481	934,527,716	983,934,007
Transferred from\ to capital works in progress	-	21,766,872	-	-	-	-	(21,766,872)	-
Disposals	-	-	-	(4,898,701)	-	(36,163)	-	(22,601,904)
Balance as at December 31, 2024	12,234,510	2,854,120,814	3,969,498,278	20,895,925	14,340,708	55,407,014	1,142,381,610	8,068,878,859
Accumulated depreciation								
Balance as at January 1, 2024	-	647,023,031	1,425,022,377	23,916,623	8,047,987	37,636,218	-	2,141,646,236
Depreciation charged for the year	-	83,955,564	88,997,076	811,661	704,555	5,460,644	-	179,929,500
Disposals	-	-	(17,640,969)	(4,898,691)	-	(36,163)	-	(22,575,823)
Balance as at December 31, 2024	-	730,978,595	1,496,378,484	19,829,593	8,752,542	43,060,699	-	2,298,999,913
Net Book Value:								
Balance as at December 31, 2024	12,234,510	2,123,142,219	2,473,119,794	1,066,332	5,588,166	12,346,315	1,142,381,610	5,769,878,946

- Capital work in progress as at December 31, 2024, includes an amount of SAR 1.126 million, representing the production line project.
- The charge for the year includes depreciation of assets used in general and administrative activities amounting to SAR 6,411,890 and assets used in selling and marketing activities amounting to SAR 158,692.

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7. INTANGIBLE ASSETS:

	Intangible Assets	Capital works in progress	Total
Cost:			
Balance as at 1 January 2025	21,559,741	2,205,507	23,765,248
Additions during the year	294,281	7,937,716	8,231,997
Transfer from/ to capital works in progress	2,278,008	(2,278,008)	-
Total costs as at 31 December 2025	24,132,030	7,865,215	31,997,245
Amortization:			
Balance as at 1 January 2025	12,876,181	-	12,876,181
Amortization charged the year	4,147,981	-	4,147,981
Balance as at 31 December 2025	17,024,162	-	17,024,162
Net book value as at 31 December 2025	7,107,868	7,865,215	14,973,083
Net book value as at 31 December 2024	8,683,560	2,205,507	10,889,067

8. LEASE CONTRACTS:

	2025	2024
Right to use assets		
Cost:		
Balance as at 1 January	15,056,123	15,056,123
Total costs as at 31 December	15,056,123	15,056,123
Accumulated depreciation:		
Balance as at 1 January	8,391,763	6,690,223
Depreciation during the year	1,701,540	1,701,540
Balance as at 31 December	10,093,303	8,391,763
Net book value as at 31 December	4,962,820	6,664,360

Lease obligations

	2025	2024
Cost:		
Balance as at 1 January	5,114,319	8,524,452
Interest during the year	151,044	199,867
Paid during the year	(1,805,000)	(3,610,000)
Balance as at 31 December	3,460,363	5,114,319
Lease obligations – Current portion	1,704,262	1,653,956
Lease obligations – Non-current portion	1,756,101	3,460,363
	3,460,363	5,114,319

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9. INVESTMENTS IN ASSOCIATE USING EQUITY METHOD:

	Percentage equity %	2025	2024
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%	54,977,783	52,778,664
Balance as at 31 December		54,977,783	52,778,664

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

	2025	2024
Balance as at 1 January	52,778,664	48,469,427
Share of results from associate company	2,199,119	4,309,237
	54,977,783	52,778,664

Financial information of investment in associate is as follows:

	2025	2024
Current assets	102,662,743	92,038,270
Non-current assets	156,138,359	145,539,343
Current liabilities	64,531,583	59,728,614
Non-current liabilities	29,587,164	19,393,165
Equity	164,682,355	158,455,834
The Group's share from equity	54,894,118	52,818,611

	2025	2024
Revenue	189,632,672	175,922,035
Net operating profit	8,720,406	15,766,200
Total comprehensive income	6,226,521	13,178,691

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

	2025	2024
Investments in Securities:		
Industrialization & Energy Service Co. (Saudi Joint Stock Co.)	247,499,930	389,746,431
Investments in real estate funds and sukuk	35,194,743	52,338,586
Balance as at 31 December	282,694,673	442,085,017

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

	2025	2024
Balance as at 1 January	442,085,017	528,499,101
Disposals during the year	(15,000,000)	-
Change in fair value during the year	(144,390,344)	(86,414,084)
Balance as at 31 December	282,694,673	442,085,017

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11. TRADE RECEIVABLES:

	2025	2024
Accounts receivables	296,550,460	234,910,806
	296,550,460	234,910,806
Less:		
Allowance for expected credit loss (ECL)	(20,185,882)	-
	276,364,578	234,910,806

The movement in the expected credit loss provision during the year ended 31 December was as follows:

	2025	2024
Balance as at 1 January	-	-
Charged during the year	20,185,882	-
Balance as at 31 December	20,185,882	-

12. INVENTORY:

	2025	2024
Work in Process - clinker	421,454,350	408,265,949
Spare parts	131,216,894	112,351,116
Finished Goods	11,213,220	10,254,146
Raw materials	6,770,707	20,599,929
Work in Process - other	2,578,179	2,732,679
Fuel and oil	2,198,412	3,663,818
Packing materials	1,886,978	2,055,085
	577,318,740	559,922,722

13. PREPAYMENTS AND OTHER DEBIT BALANCES:

	2025	2024
Advances to suppliers	30,274,917	150,398,245
Due to employees	4,941,916	4,897,625
Pre-paid expenses	4,023,429	2,292,740
Investment Income Receivable	580,624	-
Other debit balance	3,359,197	21,080,179
	43,180,083	178,668,789

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
Islamic Murabaha	227,000,000	-
Total	227,000,000	-

These Murabaha placements represent Islamic deposits invested with local banks in accordance with Sharia-compliant structures, and all of them are short-term in nature

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15. CASH AND CASH EQUIVALENTS:

	<u>2025</u>	<u>2024</u>
Cash at banks*	52,246,760	61,009,781
Cash in hand	50,000	23,801
Cash and cash equivalents	<u>52,296,760</u>	<u>61,033,582</u>

* As at 31 December 2025, the cash at banks including a restricted cash amounted to SAR 30 million for dividends payable, and this balance isn't under Company's control (31 December 2024: SAR 41million).

16. LONG TERM LOANS:

	<u>2025</u>	<u>2024</u>
Local Banks (a)	1,728,915,966	1,492,761,906
Saudi Industrial Development Fund (b)	105,000,000	295,000,000
Total	<u>1,833,915,966</u>	<u>1,787,761,906</u>
Classified as follows:		
Long term loans – Current portion	386,787,114	375,481,233
Long term loans – Non-current portion	1,447,128,852	1,412,280,673
	<u>1,833,915,966</u>	<u>1,787,761,906</u>

(a) Loan from Local Banks:

The company obtained Islamic facilities and long, medium and short-term loans (Islamic Murabaha compatible with Islamic Sharia) from local banks amounting to 2,810,610,970 Saudi riyals to finance projects, refinance loans, finance working capital, and enhance liquidity. The Islamic banking facilities (Islamic Murabaha) that are not used and available for use amounted to 390 million riyals as of December 31, 2025, AD. These facilities are subject to a commission according to the commission rates accepted between banks in Saudi Arabia (SIBOR), plus an agreed upon margin, and these facilities are guaranteed by promissory notes. The loans are repaid on a semi-annual basis. The loan agreement includes certain pledges with the banks. Under the terms of this agreement, the management monitors the pledges periodically.

(b) Loan from Saudi Industrial Development Fund:

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

17. PROVISION FOR LAND REHABILITATION COST:

	<u>2025</u>	<u>2024</u>
Balance as at 1 January	33,644,343	10,590,647
Charged during the year	5,287,397	23,053,696
Balance as at 31 December	<u>38,931,740</u>	<u>33,644,343</u>

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18. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS:

	<u>2025</u>	<u>2024</u>
Balance as at 1 January	143,509,571	114,064,732
Charged during the Year	9,447,677	5,237,154
Finance cost	7,424,288	5,156,598
Paid during the Year	(4,447,563)	(2,714,095)
Actuarial loss	9,628,582	21,765,182
Balance as at 31 December	<u>165,562,555</u>	<u>143,509,571</u>

The main assumptions for the actuarial valuation were as follows:

	<u>2025</u>	<u>2024</u>
Long-term salary increases rate	%6.65	7.25%
Discount rate	%4.65	5.25%

Sensitivity Analysis of Key Actuarial Assumptions

	<u>2025</u>	<u>2024</u>
+ 0.5% Discount Rate	160,693,594	139,203,669
- 0.5% Discount Rate	170,740,167	148,085,420
+ 0.5% Long-Term Salary	171,015,119	147,007,404
- 0.5% Long-Term Salary	160,383,082	140,181,226
+ 10% Withdrawal Rate	164,153,982	142,284,270
- 10% Withdrawal Rate	167,114,293	144,860,798
+ 10% Mortality Rate	165,487,180	143,446,785
- 10% Mortality Rate	165,638,374	143,572,733

19. RELATED PARTIES:

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

	<u>2025</u>	<u>2024</u>
Due to Related Parties:		
Arabian Shield Co-operative Insurance Co (Saudi Joint Stock)	-	441,460
Sahl Al-Madar Trading Co. Ltd.	5,137,378	682,720
Cement Product Industry Co. Ltd.	1,767,018	5,574,096
	<u>6,904,396</u>	<u>6,698,276</u>

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

	Nature	Type of Transactions	<u>2025</u>	<u>2024</u>
Cement Product Industry Co. Ltd.	Affiliate company	Purchasing Packing Paper Bags	25,173,900	25,028,251
Arabian Shield Co-operative Insurance Co (Saudi Joint Stock)	(A)	Insurance	18,806,994	17,380,792
Mobile Telecommunication Company Saudi Arabia Zain (Saudi Joint Stock)	(B)	Communication services	597,327	1,833,058
Saudi Yamani Cement (Joint Stock Co.)	Affiliate company	Payments on behalf	376,350	56,742
Sahl Al-Madar Trading Co. Ltd.	(C)	Development of logistics services	3,873,615	5,129,430

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19. RELATED PARTIES (continued):

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

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

B. The Chairman of the Board of Directors of Zain is the Chairman of the Board of Directors of the company.

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

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

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

<u>Transaction with</u>	<u>Nature of transaction</u>	<u>2025</u>	<u>2024</u>
Senior Executives	Salaries and benefits	<u>18,487,200</u>	<u>17,052,000</u>
Senior Executives	Employees defined benefits obligations	<u>989,667</u>	<u>920,000</u>
Board of Directors	Board Remuneration	<u>3,301,000</u>	<u>2,837,000</u>

20. ACCRUED EXPENSES AND OTHER CREDIT BALANCES:

	<u>2025</u>	<u>2024</u>
Accrued expenses	33,249,719	26,303,154
Accrued loan interest	30,192,367	34,090,815
Due to employees	19,822,044	17,573,878
Advances from customers	18,270,641	13,180,981
Accrued taxes	15,170,608	13,174,764
Other	3,437,963	2,737,963
	<u>120,143,342</u>	<u>107,061,555</u>

21. ZAKAT PROVISION:

A) Zakat Calculations:

	<u>2025</u>	<u>2024</u>
Book Net profit	482,877,524	420,705,984
Adjusted net profit	482,877,524	420,705,984
Total added items	6,722,935,657	6,868,025,662
Total subtracted items	<u>(6,308,689,828)</u>	<u>(6,672,749,283)</u>
Estimated Zakat base	414,245,828	195,276,379
The base according to the new regulations	482,877,524	420,705,984
Estimated Zakat by 2.5% of the Zakat base	<u>12,481,156</u>	<u>10,874,180</u>

B) The movement in zakat provision is as follows:

	<u>2025</u>	<u>2024</u>
Balance as at 1 January	19,462,616	16,235,757
Charged during the Year *	13,000,000	12,300,000
Paid during the Year	(11,000,133)	(9,073,141)
Balance at 31 December	<u>21,462,483</u>	<u>19,462,616</u>

***Zakat position:**

The company has submitted its zakat declarations for all years up to 2024, and the final zakat assessment has been issued up to 2023. The due zakat has been fully paid.

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22. REVENUE:

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

23. SELLING AND DISTRIBUTION EXPENSES:

	2025	2024
Salaries and employees' benefits	11,088,354	9,583,677
Advertisement and marketing	2,831,720	2,151,847
Services expenses	2,389,043	1,785,302
Fees and subscription	1,179,091	759,853
Training Expenses	460,528	391,249
Depreciation	162,265	158,692
Maintenance	37,061	89,361
Insurance	26,748	29,607
Donation	26,400	12,000
Other	798,319	788,639
	18,999,529	15,750,227

24. GENERAL AND ADMINISTRATIVE EXPENSES:

	2025	2024
Salaries and employees' benefits	51,199,870	41,945,134
Depreciation	5,782,280	6,411,890
Fees and subscription	3,182,557	7,745,979
Services expenses	2,871,788	2,175,443
Donation	2,771,600	1,400,000
Training	1,348,327	1,355,513
Bank Expenses	983,156	541,040
Water and Electricity	523,443	525,638
Maintenance	234,193	927,552
Insurance	83,728	870,282
Other	6,751,033	5,764,243
Total	75,731,975	69,662,714

25. FINANCE COSTS:

	2025	2024
Financing expenses on loans	60,159,308	54,023,357
Interest on employee benefit obligations	7,424,288	5,156,598
Balance as at 31 December	67,583,596	59,179,955

26. INVESTMENT INCOME:

	2025	2024
Realized gain from sale financial assets at fair value through profit or loss	1,346,024	-
Realized investment income from assets measured at fair value through other comprehensive income	2,717,514	13,286,781
Income from investments in associate companies using equity method	2,199,119	4,309,236
	6,262,657	17,596,017

27. Gains From The Sale Of Property, Plant And Equipment:

The value of gains from the sale of property, plant, and equipment represents the profits resulting from the sale of certain accessories of old production lines and old gas turbines during the year 2025, which had been fully depreciated.

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28. Non-Cash Transactions

	<u>2025</u>	<u>2024</u>
Loss of change in fair value of financial assets designated at fair value through other comprehensive income	(144,390,344)	(86,414,084)
Transfer from employee defined benefits obligations to capital work-in-progress	874,163	795,886
Transfer from capital work-in-progress to property, plant and equipment	326,588,346	21,766,872
Non-cash additions to capital work-in-progress	3,018,709	-
Transfer from capital work-in-progress to intangible assets	2,278,008	-
Investment Income Receivable	580,624	-

29. FAIR VALUE OF FINANCIAL TOOLS:

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

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

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

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

30. RISK MANAGMENT:**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 At maturity obligations. The following are the contractual maturities of financial liabilities as at the end of the reporting period. The amounts are presented on a gross basis and include estimated interest payments up to the maturity date.

	<u>Book Value</u>	<u>On demand or less than one year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Loans and facilities	1,833,915,966	486,277,114	1,298,595,963	375,652,887	2,160,525,966
Trade and other payables	368,831,539	368,831,539	-	-	368,831,539
Lease liabilities	3,460,363	1,704,263	1,756,100	-	3,460,363
	<u>2,206,207,868</u>	<u>856,812,916</u>	<u>1,300,352,064</u>	<u>375,652,888</u>	<u>2,532,817,868</u>

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30. RISK MANAGEMENT (continued):

Currency risk

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

Capital management

The Company's objective in managing capital is to maintain the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain a strong capital base to support the sustainable development of its business.

31. EARNINGS PER SHARE FOR THE YEAR:

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Net profit for the year of the Company's shareholders	482,877,524	420,705,984
Weighted average number of shares	202,500,000	202,500,000
Share of profit for the year	<u>2.38</u>	<u>2.08</u>

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

32. DIVIDENDS TO SHAREHOLDERS:

A. On April 14, 2025, the Board of Directors' recommendation to distribute cash dividends in the amount of 202,500,000 Saudi riyals to shareholders for the year ending December 31, 2024, was approved, at a rate of 1.00 riyals per share, which represents 10% of the nominal value of one share, provided that the dividend distribution had began on May 04, 2025.

B. On March 25, 2024, 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, 2023, 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 21, 2024.

33. GEOGRAPHICAL DISTRIBUTION:

All of the Company's assets and liabilities are located in Saudi Arabia except for investments in the Saudi Yamani Cement Company, which is headquartered in Yemen (note 9).

34. SEGMENT INFORMATION:

The company's main activities consist of the manufacture and production of cement, its derivatives, by-products, and components. All of these are sold to local customers; therefore, the company does not report on operating segments in terms of multiple products or different geographical areas.

35. CONTINGUOUSION AND COMMITMENTS:

A. The Company engages in commitments related to Capital works in progress as at December 31, 2025, Amounted to SAR 207 million (as at December 31, 2024: SAR 408 million).

B. The potential liabilities are the value of the letters of guarantee issued to third parties by the Company, which amounted to SAR 88 million as of December 31, 2025, for third-party services (as at December 31, 2024: 76 million).

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36. RECLASSIFICATION OF COMPARATIVE FIGURES:

Certain comparative figures have been reclassified to conform with the current year's presentation for the financial year ended 31 December 2025.

37. THE SUBSEQUENT EVENTS:

The Company's Board of Directors recommended to the General Assembly, in its meeting on February 16, 2026, the distribution of cash dividends for the year ended December 31, 2025, amounted to SAR 202,500,000 for number of shares amounted to 202,500,000 share (SAR 1 per share).

38. THE APPROVAL OF THE FINACIAL STATEMENTS:

These financial statements were approved by the Company's Board of Directors on 16 February 2026, 28 Shaaban, 1447H.