



AL JOUF CEMENT COMPANY

(Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended 31 Mar 2024

Together with the Independent Auditor's Review Report

AL JOUF CEMENT COMPANY

(Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods Ended 31 Mar 2024

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**INDEPENDENT AUDITOR’S REVIEW REPORT ON THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY
A SAUDI JOINT STOCK COMPANY
RIYADH, KINGDOM OF SAUDI ARABIA**

INTRODUCTION

We have reviewed the accompanying interim consolidated statement of financial position of Al Jouf Cement Company (the “Company”) and its subsidiaries (Collectively referred to the (“Group”) as at 31 March 2024 and the related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 -“Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed Consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

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**INDEPENDENT AUDITOR’S REVIEW REPORT ON THE INTERIM CONDENSED
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TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY
A SAUDI JOINT STOCK COMPANY
RIYADH, KINGDOM OF SAUDI ARABIA**

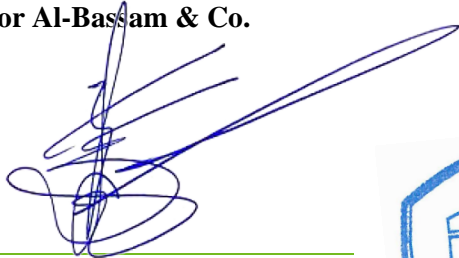
OTHER MATTER

The Group’s interim condensed consolidated financial statements for the three-month period ended 31 March 2023 were reviewed by another auditor, who expressed a qualified conclusion on those interim condensed and consolidated financial statements on 29 May 2023.

The predecessor auditor qualified his conclusion based on the Group’s management completion of the transition of the workings of costing system from manual to the enterprise resource planning (ERP) system, during the three-month period ending 31 March 2023. As part of the transition process, the management used the assistance of a consultant to recalculate the standard cost and the actual cost during the period. Based on his report, the management increased the inventory balance as at 31 March 2023 by an amount of SR 18.7 million and reduced the cost of revenue during the three-month period then ended by the same amount. The predecessor auditor was unable to verify that the adjustments made in accordance with the requirements of IAS (2) “Inventory” because he was not provided with the detailed calculation.

As described in Note (19), management subsequently recalculated the regular distribution of fixed and variable overhead production expenses that were incurred to convert raw materials into under-process and finished product inventory and its impact on the cost of goods sold since the beginning of the year to comply with the requirements of IAS (2) “Inventory”, accordingly, the management has corrected the comparative figures for the period ended 31 March 2023, and therefore the qualification related to this matter has been removed.

For Al-Bassam & Co.



Ibrahim Ahmed Al-Bassam
Certified Public Accountant
License No. 337

Riyadh: 13 Dhual-Qa’dah 1445
Corresponding to: 21 May 2024



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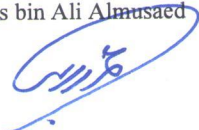
AL JOUF CEMENT COMPANY
(Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 Mar 2024
(All amounts in SAR unless otherwise stated)

| | Note | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|-----------------------------------------------------------------------------------------------|------|----------------------------|-------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant, and equipment | 6 | 1,691,823,490 | 1,703,207,455 |
| Intangible assets | | 1,035,444 | 1,129,575 |
| Right of use assets | | 329,984 | 377,124 |
| Investments in equity instruments non-listed at fair value through other comprehensive income | 7 | - | - |
| Total non-current assets | | 1,693,188,918 | 1,704,714,154 |
| Current assets | | | |
| Investments in equity instruments listed at fair value through profit or loss | 8 | - | - |
| Inventory | 9 | 235,125,426 | 225,206,742 |
| Trade receivables | 10 | 138,627,415 | 105,740,470 |
| Prepayments and other receivables | | 20,041,139 | 18,636,912 |
| Cash and cash equivalents | | 210,270 | 11,507,655 |
| Total current assets | | 394,004,250 | 361,091,779 |
| Total assets | | 2,087,193,168 | 2,065,805,933 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | | 1,087,000,000 | 1,087,000,000 |
| Statutory reserve | | 62,947,016 | 62,947,016 |
| Fair value reserve | | (46,000,000) | (46,000,000) |
| Retained earnings | | 129,416,849 | 116,965,893 |
| Foreign currency translation reserve | | (63,150) | (63,150) |
| Total equity | | 1,233,300,715 | 1,220,849,759 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Long-term credit facilities – non-current portion | 12 | 404,959,754 | 415,959,754 |
| Quarry exploitation fees - non-current portion | 13 | 33,752,263 | 36,011,759 |
| Non-current portion of lease liability | | 125,708 | 188,562 |
| Employees' end-of-service benefits | | 9,014,297 | 8,867,869 |
| Total non-current liabilities | | 447,852,022 | 461,027,944 |
| Current liabilities | | | |
| Long-term credit facilities – current portion | 12 | 165,380,066 | 148,978,770 |
| Short term credit facilities | 12 | 47,272,696 | 45,750,000 |
| Trade and other payables | | 126,877,310 | 125,618,212 |
| Quarry exploitation fees - current portion | 13 | 6,153,492 | 3,566,153 |
| Current portion of lease liability | | 169,214 | 204,712 |
| Provision against a loan guarantee | | 35,681,000 | 35,681,000 |
| Provision for zakat | 14 | 24,506,653 | 24,129,383 |
| Total current liabilities | | 406,040,431 | 383,928,230 |
| Total liabilities | | 853,892,453 | 844,956,174 |
| Total equity and liabilities | | 2,087,193,168 | 2,065,805,933 |

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

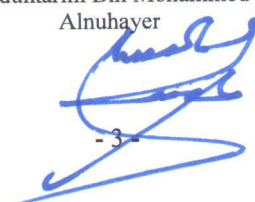
Chief Financial Officer

Alabbas bin Ali Almusaed



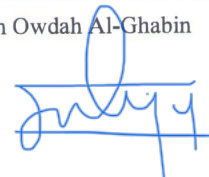
Managing Director & Chief Executive Officer

Abdulkarim Bin Mohammed Alnuhayer



Chairman of the Board of Directors

Abdullah Bin Owdah Al-Ghabin



AL JOUF CEMENT COMPANY

(Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**For the three-month periods ended 31 Mar 2024****(All amounts in SAR unless otherwise stated)**

| | Note | For the three- month period ended 31 Mar | |
|-------------------------------------------------------------------|------|------------------------------------------|------------------------------------------|
| | | 2024 (Unaudited) | 2023 (Amended note 19) (Unaudited) |
| Sales | 17 | 82,044,584 | 70,270,824 |
| Cost of sales | | (53,755,118) | (45,935,924) |
| Gross profit | | 28,289,466 | 24,334,900 |
| Selling and Marketing expenses | | (1,211,582) | (1,043,352) |
| General and administrative expenses | | (4,374,599) | (2,486,570) |
| Operating income | | 22,703,285 | 20,804,978 |
| Finance costs | | (12,008,832) | (10,247,471) |
| (Expense)/reverse of allowance for expected credit losses | | 1,857,276 | (1,291,478) |
| Other income, net | | 1,049,227 | 544,330 |
| Net income for the period before Zakat | | 13,600,956 | 9,810,359 |
| Zakat charge | | (1,150,000) | (665,912) |
| Zakat settlement | | - | 1,126,820 |
| Net income for the period | | 12,450,956 | 10,271,267 |
| Items of other comprehensive income | | - | - |
| Total comprehensive income for the period | | 12,450,956 | 10,271,267 |
| Earnings per share | | | |
| Basic and diluted earnings per share of net profit for the period | 15 | 0.11 | 0.09 |

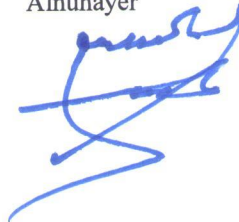
The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Alabbas bin Ali Almusaed


Managing Director & Chief Executive Officer

Abdulkarim Bin Mohammed Alnuhayer


Chairman of the Board of Directors

Abdullah Bin Owdah Al-Ghabin



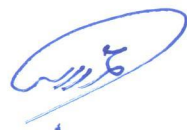
AL JOUF CEMENT COMPANY
(Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 Mar 2024
(All amounts in SAR unless otherwise stated)

| Note | Share Capital | Statutory Reserve | Fair Value Reserve | Retained Earnings / (Losses) | Foreign Exchange Reserve | Total Equity |
|------------------------------------------------------------------|----------------------|-------------------|---------------------|------------------------------|--------------------------|----------------------|
| For the three-month period ended 31 Mar, 2024 | | | | | | |
| Balance as of January 1, 2024 (Audited) | 1,087,000,000 | 62,947,016 | (46,000,000) | 116,965,893 | (63,150) | 1,220,849,759 |
| Net profit for the period | - | - | - | 12,450,956 | - | 12,450,956 |
| Other comprehensive income items | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 12,450,956 | - | 12,450,956 |
| Balance as of 31 Mar 2024 (Unaudited) | 1,087,000,000 | 62,947,016 | (46,000,000) | 129,416,849 | (63,150) | 1,233,300,715 |
| For the three-month period ended 31 Mar, 2023 | | | | | | |
| Balance as of January 1, 2023 (Audited) – Adjusted | 1,087,000,000 | 54,475,832 | (46,000,000) | 40,861,759 | (63,150) | 1,136,274,441 |
| Net income for the period After adjustment (Amended note 19) | - | - | - | 10,271,267 | - | 10,271,267 |
| Other comprehensive income items | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 10,271,267 | - | 10,271,267 |
| Balance as of 31 Mar 2023 (Unaudited) – (Amended Note 19) | 1,087,000,000 | 54,475,832 | (46,000,000) | 51,133,026 | (63,150) | 1,146,545,708 |

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

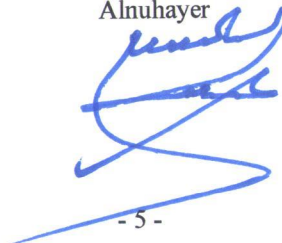
Chief Financial Officer

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Chairman of the Board of Directors

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AL JOUF CEMENT COMPANY
(Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-month period ended 31 Mar 2024
(All amounts in SAR unless otherwise stated)

| | Notes | 31 Mar 2024 (Unaudited) | 31 Mar 2023 (Unaudited) |
|-----------------------------------------------------------------------|-------|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income for the period before Zakat | | 13,600,956 | 9,810,359 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 6 | 11,472,203 | 10,879,749 |
| Provision for expected credit losses | 10 | (1,857,276) | 1,291,478 |
| Depreciation of right-of-use assets | | 47,140 | 47,141 |
| Amortization of intangible assets | | 94,131 | 94,131 |
| Gain on disposal of property, plant and equipment | | - | (500,000) |
| Finance costs | | 12,008,832 | 10,247,471 |
| Employees' end of service benefits | | 413,268 | 417,363 |
| Quarry exploitation fees | | - | 2,648,507 |
| | | <u>35,779,254</u> | <u>34,936,199</u> |
| Changes in operating assets and liabilities: | | | |
| Inventory | 9 | (9,918,684) | (19,700,151) |
| Trade receivables | 10 | (31,029,669) | (14,274,960) |
| Prepayments and other receivables | | (1,404,227) | 940,733 |
| Trade and other payables | | 1,259,098 | 1,869,158 |
| Cash flow from operating activities | | <u>(5,314,228)</u> | <u>3,770,979</u> |
| Employees' end of service benefits paid | | (266,840) | (220,276) |
| Zakat paid | 14 | (772,730) | (19,622) |
| Payment of quarry exploitation fees | | (500,000) | |
| Net cash flows generated from operating activities | | <u>(6,853,798)</u> | <u>3,531,081</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (88,238) | (2,318,757) |
| Proceeds from sale of property, plant and equipment | | - | 1,076,931 |
| Net cash flows generated from / (used in) investing activities | | <u>(88,238)</u> | <u>(1,241,826)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Loans paid during the period | 12 | (32,540,000) | (14,700,000) |
| Received of short-term loans during the period | 12 | 30,750,000 | 6,957,064 |
| Lease liabilities paid during the period | | (104,500) | (104,501) |
| Finance costs paid during the period | 12 | (2,460,849) | (9,913,718) |
| Net cash flows used in financing activities | | <u>(4,355,349)</u> | <u>(17,761,155)</u> |
| Net change in cash and cash equivalents | | <u>(11,297,385)</u> | <u>(15,471,900)</u> |
| Cash and cash equivalents at beginning of the period | | 11,507,655 | 16,977,082 |
| Cash and cash equivalents at end of the period | | <u>210,270</u> | <u>1,505,182</u> |
| Non-cash transactions: | | | |
| Additions in right-of-use assets | | - | 565,686 |

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

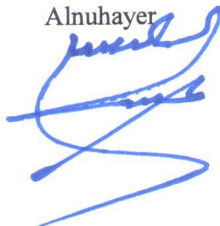
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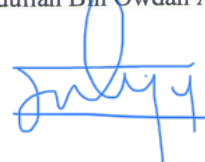
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AL JOUF CEMENT COMPANY

(Saudi Joint Stock Company)

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 Mar 2024

(All amounts in SAR unless otherwise stated)

1. OVERVIEW ABOUT THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS ACTIVITIES:

1.1 Establishment of the Company

Al-Jouf Cement Company (“the Company”) is a Saudi joint stock company, established under License No. 25 of the Ministry of Commerce and Industry dated 11 Muharram 1426 (corresponding to February 20, 2006) and registered in the city of Riyadh under Commercial Registry No. 1010225259 dated 1 Dhul-Qi’dah 1427 (Corresponding to November 22, 2006) and Industrial License No. 25 dated Muharram 11, 1426 (corresponding to May 20, 2005) and renewed under No. 1042 dated Rabi’ al-Thani 8, 1437 (January 18, 2016). The company operates under a materials quarry license in accordance with the mining system issued by Royal Decree No. 59/Q, dated 3 Rajab 1428 (corresponding to July 17, 2007). Its duration is (30) thirty Hijri years starting from the date of the license, and the company has the right to request renewal of this license for a similar period with the approval of the Ministry of Industry and Mineral Resources.

These consolidated financial statements include the assets, liabilities, and business results of its subsidiary, which are as follows:

| <u>Company Name</u> | <u>Country of incorporation</u> | <u>Ownership percentage</u> | <u>Main activities</u> |
|--------------------------------|---------------------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Al-Jouf Cement Company, Jordan | the Hashemite Kingdom of Jordan | 100% | Import, export, wholesale and retail trade in Al-Jouf Cement Company products. |
| Al-Jouf Investments Company | Kingdom of Saudi Arabia | 100% | Wholesale and retail trade of cement and its derivatives, commercial undertakings, import and export services, and marketing for others. |
| Jahez Al-Jouf Company | Kingdom of Saudi Arabia | 100% | Wholesale of cement and the like, and land transportation of goods. |

1.2 The nature of the company's activity

The company's activity is the production of ordinary cement (Portland), the manufacture of salt-resistant cement, the manufacture of white cement, the manufacture of agglomerated cement (clinker), and the manufacture of pozzolanic cement.

1.3 Company Capital

The capital of the Company as at 31 March 2024 comprised 108.7 million shares stated at SR 10 per share (2023: 108.7 million shares at SR 10 per share).

1-4 Climate change

The group has prepared a strategic plan for sustainability, such as increasing the efficiency of heavy fuel consumption in production lines and increasing the efficiency of emission filters with the aim of reducing the amounts of carbon emitted from production lines. The group has also started an electrical connection project. The strategic plan includes the following:

- 1- Maintenance of production lines and energy efficiency, which in turn will reduce the percentage of fuel used for production by 25% per ton.
- 2- Using environmentally friendly natural materials, which in turn will reduce the percentage of fuel used for production by 11% per ton.
- 3- The electrical connection project and the use of natural gas, which they initiated, will lead to a decrease in the percentage of fuel used for production by 25% per ton.

The group's management expects to exceed the strategy's target before the end of 2030.

AL JOUF CEMENT COMPANY

(Saudi Joint Stock Company)

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 Mar 2024

(All amounts in SAR unless otherwise stated)

2. BASIS OF PREPARATION

2.1 adopted accounting standards

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the consolidated financial statements of the group for year ended 31 December 2023. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements to prepare a complete set of financial statements; however, the accounting policies and explanatory notes are mentioned to explain events and the important transaction to understand the changes in the Group's financial position and its performance since the last annual financial statement of the Group.

The results for the period three-month ended 31 Mar 2024 are not necessarily indicative of the results that can be expected for the financial year ended 31 December 2024.

2.2 Basis of Consolidation

The interim condensed consolidated financial statements include the financial statements of Al Jouf Cement Company and its subsidiaries (together referred to as the "Group") as disclosed within note (1).

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed to risks, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee only when the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure to risks, or rights, to variable returns from its involvement with the investee company, and
- The ability to use its power over the investee company to affect its returns

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee company, including:

- The contractual arrangement with the other voting holders of the investee company.
- Rights arising from other contractual arrangements.
- Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses its control the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date that the Group acquired until the date the Group ceases to control over subsidiary.

Net Profit or loss and each item of other comprehensive income are attributed to shareholders of the Group.

Adjustments are made when necessary to the financial statements of subsidiaries in order to bring the accounting policies in line with the accounting policies of the group. All intra-group assets and liabilities, equity, revenues, expenses and cash flows relating to intra-group transactions are eliminated in full on consolidation.

AL JOUF CEMENT COMPANY

(Saudi Joint Stock Company)

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 Mar 2024

(All amounts in SAR unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of Consolidation (CONTINUED)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control of a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative Foreign exchange recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in consolidated statement of profit or loss
- Reclassifies the parent Company share of items previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Basis of measurement

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost principle, except for:

- a. Investments measured at fair value.
- b. Employees' end of service benefits is recognized at the present value of future obligations using the projected unit credit method.

2.4 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the group. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

2.5 Going Concern

The interim condensed consolidated financial statements have been prepared on the basis of a going concern principle, which assumes that the Group will continue its business for the foreseeable future. As disclosed in the interim condensed consolidated financial statements, the Group's current liabilities exceeded its current assets by SAR 12.03 million as at 31 March 2024 (31 December 2023: SAR 22.8 million). The Group's management has appointed a consulting firm to restructure its loans and the loan restructuring process is expected to be completed during the year 2024. The Group's management will also consider the option of increasing the company's capital through the issuance of rights issues in light of the results of the loan restructuring process. The success of the loan restructuring process depends mainly on the approval of the lenders and the success of the capital increase depends on the approval of the regulators and There is a demand among investors in the financial market. The Group's management believes that the Group's failure to restructure loans and its failure to raise capital is excluded from its point of view and the management is confident of its ability to reduce costs, increase quantities sold and improve prices based on increased demand.

However, the management acknowledges that the Group's need for others approval in both matters indicates a material uncertainty that may raise significant doubts about the Group's viability as a going concern. The Group's management is fully confident in the success of the loan restructuring process as well as in its ability to obtain the necessary regulatory approvals to increase its capital if required and therefore these consolidated financial statements have been prepared on the basis of the principle of going concern.

AL JOUF CEMENT COMPANY

(Saudi Joint Stock Company)

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 Mar 2024****(All amounts in SAR unless otherwise stated)****3. NEW AMENDED STANDARDS AND INTERPRETATIONS:**

3.1 A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's interim condensed financial statements.

| Amendments to standard | Description | Effective from accounting period beginning on or after | Summary of amendment |
|-------------------------------|---------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IAS 1 | Classification of liabilities as current or non-current | January 1, 2024 | The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification. |
| IFRS 16 | Leases on sale and leaseback | January 1, 2024 | These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. |
| IAS 7 and IFRS 7 | Supplier finance arrangements | January 1, 2024 | These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. |

3.2 The Company has not applied the following amendment to IFRS that have been issued but are not yet effective:

| Amendments to standard | Description | Effective from accounting period beginning on or after | Summary of amendment |
|-------------------------------|-------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| IAS 21 | Lack of Exchangeability | January 1, 2025 | The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. |

Management anticipates that this amendment will be adopted in the Company's financial statements as and when it is applicable and adoption of this amendments may have no material impact on the financial statements of the Company in the period of initial application.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenue and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant estimates made by management when applying the Group's accounting policies and the significant sources of estimation uncertainty were similar to those disclosed in the last issued annual financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the interim condensed consolidated financial statements are consistent with those used in preparing the annual consolidated financial statements of the Group for the year ended December 31, 2023.

6. PROPERTY, PLANT AND EQUIPMENT

| | As at 31 Mar 2024 (Unaudited) | As at 31 December 2023 (Audited) |
|-----------------------------------------------------|-------------------------------------|----------------------------------------|
| Cost: | | |
| Balance at the beginning of the period / year | 2,308,533,184 | 2,284,336,259 |
| Additions during the period / year | 88,238 | 37,772,288 |
| Disposals during the period / year | - | (13,256,230) |
| Transferred from inventory during the period / year | - | - |
| Adjustments | (7,790) | (319,133) |
| Balance at the end of the period / year | 2,308,613,632 | 2,308,533,184 |
| Accumulated Depreciation: | | |
| Balance at the beginning of the period / year | 605,325,729 | 572,073,025 |
| Charge for the period / year | 11,472,203 | 45,208,535 |
| Disposals during the period / year | - | (7,230,527) |
| Adjustments | (7,790) | (319,133) |
| Reverse to decline in value | - | (4,406,171) |
| Balance at the end of the period / year | 616,790,142 | 605,325,729 |
| Net book value for the period / year | 1,691,823,490 | 1,703,207,455 |

- All property, plant and equipment are pledged as guarantee against loans (note 12).

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| | <u>Ownership Percentage</u> | | <u>31 Mar 2024</u> <u>(Unaudited)</u> | <u>31 December 2023</u> <u>(Audited)</u> |
|------------------------------------------------------------------------------------|-----------------------------|-------------|------------------------------------------|---------------------------------------------|
| | <u>2024</u> | <u>2023</u> | | |
| Eastern Industrial Company (EIC) - Closed Saudi Joint Stock Co.(7-1) | 10% | 10% | 46,000,000 | 46,000,000 |
| Less: Fair value reserve for investment in Eastern Industrial Company (7-2) | | | <u>(46,000,000)</u> | <u>(46,000,000)</u> |
| | | | <u>-</u> | <u>-</u> |

7-1 The group owns 10% of Eastern Industrial Company (a closed Saudi joint stock company), and the group does not have any effective control or influence over this company.

7-2 During the previous years, the group reduced the value of the investment to zero through the investment fair value reserve in the statement of equity as a result of the company incurring accumulated losses in addition to the shareholders' decision to liquidate the company. A liquidator was appointed to carry out the liquidation work, but the liquidator did not continue his mission. The last financial statements issued and received from Eastern Industrial Company were the financial statements for the year 2019.

7-3 On 21 Jumada II 1443 H, corresponding to January 24, 2022 , a demand was received from the Saudi Industrial Development Fund to pay the amount of 49,549,920 Saudi riyals, due to the default of the Eastern Industrial Company, an investee company, as Al-Jouf Cement Company guaranteed this part of the loan in 2013, and accordingly The Group recorded the full amount in the year ending December 31, 2021 under the provision for a loan guarantee, and part of the loan was repaid during the years ending December 31, 2022 and December 31, 2023, with amounts of 3,913,920 Saudi riyals and 9,955,000 Saudi riyals, respectively.

The Saudi Industrial Development Fund filed a lawsuit against the group to demand that it pay this amount, and the court issued a non-final ruling to seize the amount required to pay the amount of debt, and during the year ending on December 31, 2023, a ruling was issued in favor of the group to lift the seizure on its funds due to the presence of a formal defect in the guarantee provided by the group. For the benefit of the Industrial Development Fund. The remaining required amount of the claim amounted to 35,681,000 Saudi riyals. The group's management expects that the amount due to the fund will be paid through the announced liquidation.

7-4 The company's shareholders announced the liquidation of the company, and the bankruptcy trustee announced the ruling issued by the (First) Circuit of the Commercial Court in Dammam in Case No. (451000308) for the year 1445 H, dated 5 Shaban 1445 H, corresponding to February 15, 2024, ruling the opening of the liquidation procedure for the Eastern Industrial Company. Closed shareholding, commercial registration number (2050064674), and invites creditors to submit their claims within a period not exceeding (ninety) days from the date of the announcement.

7-5 On 9 Shaban 1445 H, corresponding to February 19, 2024, the group's general assembly authorized the Board of Directors to begin the procedures for filing a liability suit against 3 former members of the Board of Directors for their direct and indirect responsibility for the losses resulting from the investment in Eastern Industrial Company.

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| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|-------------------------------------|------------------------------------------|--------------------------------------|
| Units in KASB City Real Estate Fund | - | - |
| | <u>-</u> | <u>-</u> |

The movement of equity instrument carried at FVTPL during the period / year is as follows:

| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|---------------------------------------------------------|------------------------------------------|--------------------------------------|
| Balance at beginning of the period / year | - | 8,508,563 |
| Disposals during the period | - | (7,958,561) |
| Losses on Change in fair value during the period / year | - | (550,002) |
| Balance at end of the period / year | <u>-</u> | <u>-</u> |

The group owns one million units in the KASB City Real Estate Fund, with a fair value per unit amounting to SAR 8.51 million on 31 December 2022, and during the Year ended 31 December 2023. the group disposed the investment as a result of the liquidation of the fund, which resulted in realized losses as a result of Disposal.

9. Inventory

| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|--------------------------------------------------|------------------------------------------|--------------------------------------|
| Raw Materials | 8,068,372 | 7,378,013 |
| Finished products and products under manufacture | 165,974,742 | 154,177,796 |
| Spare parts | 55,975,917 | 57,611,306 |
| Fuel and consumables | 11,613,980 | 12,547,212 |
| | <u>241,633,011</u> | <u>231,714,327</u> |
| Less: Provision for slow moving inventory | (6,507,585) | (6,507,585) |
| | <u>235,125,426</u> | <u>225,206,742</u> |

The movement on the provision for slow moving inventory during the period / year is as follows:

| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|-----------------------------------------------|------------------------------------------|--------------------------------------|
| Balance at the beginning of the year / period | 6,507,585 | 18,595,244 |
| Reverse of Provision | - | (12,087,659) |
| Balance at the End of the year / period | <u>6,507,585</u> | <u>6,507,585</u> |

10. TRADE RECEIVABLES

| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|--------------------------------------|------------------------------------------|--------------------------------------|
| Trade receivables | 147,169,246 | 116,139,577 |
| less: | | |
| Provision for expected credit losses | (8,541,831) | (10,399,107) |
| | <u>138,627,415</u> | <u>105,740,470</u> |

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The movement of provision for expected credit losses is as follows:

| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|------------------------------------------------------------------|------------------------------------------|--------------------------------------|
| Balance at the beginning of the period / year | 10,399,107 | 50,481,116 |
| Charged during the period / year | (1,857,276) | 1,291,478 |
| Written off during the period / year | - | (41,373,487) |
| Reversal of provision for expected credit losses during the year | - | - |
| Balance at the end of the period / year | 8,541,831 | 10,399,107 |

10-1 The Group is working on reviewing the accounts of the trade debtors to evaluate and treat them in accordance with the systems, standards and authorities. Accordingly, the files of the indebtedness of the sale of the investee company and some of the trade debtors have been transferred to the competent authorities to preserve the rights of the group and ensure their collection. Therefore, in accordance with Board of Directors Resolution No. (4) for the year 2024 On 3 Ramadan 1445, corresponding to March 13, 2024, and in accordance with the authority matrix approved by the Board of Directors, the balances of commercial debtors in the amount of 41,373,487 Saudi riyals were written off as of December 31, 2023, with the follow-up of the collection of these amounts with the competent authorities.

11. RELATED-PARTY TRANSACTIONS AND BALANCES

Transactions with related parties are mainly sales, salaries, allowances and remunerations to Board members, key executives and such transactions are carried out in the normal course of Group's business and in line with basis of transactions with other

Key management personnel are the persons who have the power and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Board members (whether executives or otherwise).

Board members are not paid any compensation for their role in managing the group unless approved by the general assembly. Board members are paid remunerations for attending the meetings of the Board of Directors and the meetings of the Board committees.

The following table shows the most significant related-party transactions in detail:

11.A The most significant related-party transactions

| | Nature of Relationship | 31 Mar 2024 (Unaudited) | 31 Mar 2023 (Unaudited) |
|-----------------------|-------------------------------|------------------------------------------|-----------------------------------|
| Principal shareholder | Sales | 19,560,540 | 23,622,005 |

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SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 Mar 2024****(All amounts in SAR unless otherwise stated)****11. RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)****11.B Benefits, remunerations and compensations to key management and executives**

The following table shows compensations, remunerations and allowances for attending paid to Board members and key management personnel:

| | 31 Mar 2024 (Unaudited) | | 31 Mar 2023 (Unaudited) | |
|-------------------------------------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|
| | BOD and related committees | Executive management | BOD and related committees | Executive management |
| Remunerations to board members and related committees | 1,970,750 | - | 917,000 | - |
| Salaries, Wages and equivalents | - | 915,300 | - | 769,500 |
| Accrued employee benefit obligations | - | 76,275 | - | 64,125 |

12. Credit facilities

The movement on credit facilities is as follows:

| | 31 Mar 2024 (Unaudited) | 31 Dec 2023 (Audited) |
|----------------------------------------|----------------------------|--------------------------|
| Balance at the beginning of the period | 610,688,524 | 606,969,282 |
| Payment of the principal of the loan | (32,540,000) | (59,959,528) |
| Additions to the principal of the loan | 30,750,000 | 55,750,000 |
| Finance costs accrued during the year | 11,174,841 | 42,413,281 |
| Financing costs paid | (2,460,849) | (34,484,511) |
| Balance at the end of the period | 617,612,516 | 610,688,524 |

The sources of outstanding facilities at December 31 were as follows:

| | Note | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|--------------------------------------------------|------------|----------------------------|-------------------------------|
| Long-term bank credit facilities | | 503,691,266 | 498,474,569 |
| Short-term bank credit facilities | 12-7 | 39,484,586 | 38,547,524 |
| Total Credit facilities - local commercial banks | | 543,175,852 | 537,022,093 |
| Industrial Development Fund facilities | 12-4 | 55,908,632 | 56,166,431 |
| Finance companies | 12-5, 12-7 | 18,528,032 | 17,500,000 |
| | | 617,612,516 | 610,688,524 |

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| | Note | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|----------------------------------------------|------|----------------------------|-------------------------------|
| Credit facilities - SABB Bank | 12-1 | 158,336,365 | 155,306,363 |
| Credit facilities - Alinma Bank (long-term) | 12-2 | 345,044,901 | 341,068,206 |
| Credit facilities - Alinma Bank (short-term) | 12-7 | 39,484,586 | 38,547,524 |
| Credit facilities - Bank Al Jazira | 12-3 | 310,000 | 2,100,000 |
| | | 543,175,852 | 537,022,093 |

The current and non-current portion of the credit facilities are presented as follows: -

| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|---------------------------------------------------|----------------------------|-------------------------------|
| Long-term credit facilities – non-current portion | 404,959,754 | 415,959,754 |
| Long-term credit facilities – current segment | 165,380,066 | 148,978,770 |
| Short term credit facilities | 47,272,696 | 45,750,000 |
| | 617,612,516 | 610,688,524 |

The maturity schedule for discounted credit facilities at the end of the period is as follows:

| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|-------------------------|----------------------------|-------------------------------|
| less than one year | 212,652,762 | 194,728,770 |
| From one to two years | 64,000,000 | 66,000,000 |
| From two to three years | 67,807,130 | 68,871,420 |
| More than three years | 273,152,624 | 281,088,334 |
| | 617,612,516 | 610,688,524 |

12-1 The group has credit facilities worth 184.5 million Saudi riyals from SABB Bank, the outstanding balance of which as of March 31, 2024 amounted to 158.3 million Saudi riyals. These facilities are guaranteed by a promissory note for the full value of the facilities. These facilities will be repaid in quarterly installments. The last installment for these facilities is due in April 2027.

12-2 The group has credit facilities worth 357 million Saudi riyals from Alinma Bank, the outstanding balance of which as of March 31, 2024 amounted to 345 million Saudi riyals. These facilities are secured by a second mortgage on the Group's property, machinery and equipment (Note 6). These facilities are repaid in semi-annual installments. The last installment for these facilities is due in August 2029.

12-3 The Group has credit facilities worth 37.5 million Saudi riyals from Bank Al Jazira, the outstanding balance of which as of March 31, 2024 amounted to 310 thousand Saudi riyals. These facilities are guaranteed by a promissory note for the full value of the facilities.

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12. Credit facilities (continued)

12-4 The Group has a loan from the Industrial Development Fund whose balance as of March 31, 2024 amounted to 55.9 million Saudi riyals. This loan is secured by the mortgage of all real estate, machinery and equipment that are being constructed in the concession area granted to the company, located southeast of Turaif Governorate, on which the company's factory is located, with an area of 22.6 square kilo meters, along with the entire factory, its equipment, machinery, and all its annexes (note 6), and their net book value is as On March 31, 2024, the amount of 1.7 billion Saudi riyals, and according to the agreement, the last installment of this loan was due in the year 2017. On April 14, 2019, the group obtained a schedule for the remainder of the fund's dues in the amount of 87,500,000 Saudi riyals, divided into 11 installments, with the last installment amounting to 61,500,000 Saudi riyals to be paid in the year 2020, and the remaining of it, amounting to 55.9 million Saudi riyals.

12-5 During the year 2023, the company obtained facilities from Sukuk Financial Company in the amount of 10.7 million Saudi riyals, to be paid in quarterly installments. The last installment of these facilities is due in September 2025 in order to support operational activity. The company also obtained facilities from Manafa Finance Company in the amount of 7.5 One million riyals during the year 2023, to be paid in monthly installments, which are renewable facilities, in order to support operational activity.

12-6 Financial pledges

These credit facilities contain bank covenants, breach of which may result in renegotiation with lenders. These pledges are monitored on a periodic basis by the administration. In the event of a breach or potential violation of these pledges, measures are taken by the management to ensure the fulfilment of these pledges. Some of these pledges are linked to financial ratios, and due to non-compliance with some financial ratios according to the financial pledges included in the agreements with local banks and the Saudi Industrial Development Fund, the administration took the necessary measures with the local lending banks to ensure compliance and not demand urgent repayment of the full value of the loan.

12-7 Short-term credit facilities

During 2023, the group obtained banking facilities from Alinma Bank. The total credit limit for these loans amounted to 39.48 million Saudi riyals. These facilities are subject to a commission according to the prevailing market prices.

The short-term credit facilities also included bank facilities granted by Sukuk Financial Company in the amount of 7,500,000 Saudi riyals during the year 2023. These facilities are subject to a commission according to prevailing market rates.

The movement on short-term credit facilities is as follows:

| | As at 31 December | |
|------------------------------------------------|----------------------------|-------------------------------|
| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
| Balance at the beginning of the Period / year | 45,750,000 | 10,000,000 |
| Paid during the Period / year | (30,750,000) | (10,000,000) |
| Additions during the Period / year | 32,272,696 | 45,750,000 |
| Balance at the end of the Period / year | 47,272,696 | 45,750,000 |

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| | Note | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|-------------------------------------------|------|----------------------------|-------------------------------|
| Balance as of January 1 | | 48,915,768 | 45,010,344 |
| Additions up to the date of the agreement | 13-1 | - | 3,905,424 |
| | | 48,915,768 | 48,915,768 |
| Paid till date | | (1,100,000) | (600,000) |
| | | 47,815,768 | 48,315,768 |
| Cash flow adjustment gains | | (9,835,244) | (9,835,244) |
| Accumulated Finance cost | | 1,925,231 | 1,097,388 |
| Balance at the end of the Period / Year | | <u>39,905,755</u> | <u>39,577,912</u> |

The current and non-current portion of quarrying fees are presented as follows: -

| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|------------------------------------------------|----------------------------|-------------------------------|
| Quarry exploitation fees - non-current portion | 33,752,263 | 36,011,759 |
| Quarry exploitation fees - the current portion | 6,153,492 | 3,566,153 |
| | <u>39,905,755</u> | <u>39,577,912</u> |

13-1 On 11 Rabi' al-Awwal 1445, corresponding to September 26, 2023, and in accordance with the agreement signed between the company and the Ministry of Industry and Mineral Resources, the scheduling of the debt owed by the company till the first quarter of 2023 to the Ministry was approved without interest, with the first instalment starting on September 1, 2023, and the last instalment on March 1, 2028. This resulted in a cash flow adjustment gain of SAR 9,835,244.

Receivables for the year after the first quarter of 2023 are recognized as accrued expenses.

14. ZAKAT PROVISION**14.1 Zakat Movement**

The movement of zakat payable by the Group is as follows:

| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
|---------------------------------------------------------|----------------------------|-------------------------------|
| Balance at the beginning of the period / year | 24,129,383 | 35,130,601 |
| Charged during the period / year | 1,150,000 | 2,848,393 |
| Adjustment in respect of zakat during the period / year | - | (13,049,611) |
| Paid during the period / year | (772,730) | (800,000) |
| Balance at the end of the period / year | <u>24,506,653</u> | <u>24,129,383</u> |

14.2 Zakat Assessment status

-The holding company and its subsidiaries submitted their zakat returns until the year ending on December 31, 2023, and obtained a zakat certificate valid until April 30, 2025.

-The holding company obtained a zakat assessment for the years from 2014 to 2018 in the amount of 34.3 million Saudi riyals. An objection was made and a partial acceptance was issued. The objection was submitted to the General Secretariat of Tax Committees and the committee's decision was issued for the years 2014 and 2015 to cancel the Authority's procedure for the year 2014. As for the year 2015, the company by submitting a request to appeal it, as for the remaining years from 2016 to 2018, no decision was issued by the committee until the date of issuing the consolidated financial statements.

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14. ZAKAT PROVISION (continued)

14.2 Zakat Assessment status (continued)

-The holding company obtained a Zakat assessment for the years from 2019 AD to 2020 AD in the amount of 3.4 million Saudi riyals. It was objected to by the Authority and a payment was made on account to complete the objection procedures. The objection was rejected by the Authority and the objection was submitted to the General Secretariat of Tax Committees and was not resolved. A decision will be issued by the committee until the date of issuance of the consolidated financial statements.

- During the year 2023 AD, the management of the holding company conducted a complete study of the zakat situation through its zakat advisor based on the developments during the year 2023 AD, through which it concluded that the company has the right to refund an amount of 13,049,611 Saudi riyals from the zakat allocation in exchange for the amounts expected to be recovered from those claims. Management is confident of its ability to recover this value of claims.

15. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share were calculated by dividing the net income for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The diluted earnings per share are the same as the basic earnings per share since the Group does not have any dilutive instruments.

| | For the three-month period ended 30 Mar | |
|-----------------------------------------------------------------------|--------------------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Net Income for the period | 12,450,956 | 10,271,267 |
| Weighted average number of shares | 108,700,000 | 108,700,000 |
| Basic and diluted earnings per share out of net income for the period | 0.11 | 0.09 |

16. CONTINGENCIES LIABILITIES AND CAPITAL COMMITMENTS

The Group's management believes that there are no contingencies or capital commitments to be disclosed

17. SEGMENT REPORTS

The group has one business segment, which is mainly represented in the production and sale of ordinary cement (Portland), salt-resistant cement, agglomerated cement (clinker) and pozzolanic cement. The group practices its cooking activity in the city of Turaif in the Kingdom of Saudi Arabia.

| | 31 Mar 2024 (Unaudited) | 31 Mar 2023 (Unaudited) |
|----------------------------------------------------------------|----------------------------|----------------------------|
| Sales revenues within the Kingdom of Saudi Arabia | 69,003,586 | 61,233,365 |
| Revenues from export sales outside the Kingdom of Saudi Arabia | 13,040,998 | 9,037,459 |
| | 82,044,584 | 70,270,824 |

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| | 31 Mar 2024 (Unaudited) | 31 March 2023 (Unaudited) |
|-----------------------|------------------------------------|-------------------------------|
| Cement sales | 69,031,083 | 61,316,502 |
| Clinker sales | 13,013,501 | 8,954,322 |
| | 82,044,584 | 70,270,824 |
| | 31 Mar 2024 (Unaudited) | 31 December 2023 (Audited) |
| At point in time | 82,044,584 | 70,270,824 |
| Over a period of time | - | - |
| Total | 82,044,584 | 70,270,824 |

18. FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- In the principal market for the asset or liability, or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The principal or most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market parties use when pricing the asset or liability, assuming that market parties act in their best economic interests.

The fair value measurement of a non-financial asset considers the ability of market parties to provide economic benefits by using the asset for the best benefit, or by selling it to another market party for the best benefit.

The Group uses valuation techniques that are appropriate to circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable inputs, and minimize the use of unobservable inputs substantially.

All assets and liabilities whose fair values are measured or disclosed at their fair values in the interim condensed consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

- Level 1: prices that are quoted in active markets for identical assets or liabilities.
- Level 2: other valuation techniques in which the lowest level of significant inputs is directly or indirectly observable to the fair value measurement.
- Level 3: Other valuation techniques in which the lowest level inputs that are significant are not observable to the fair value measurement.

For assets and liabilities recognized in the interim condensed consolidated financial statements on an ongoing basis, the Group determines whether transfers have taken place between levels of the hierarchy above by reassessing categorization (based on the lowest level inputs that are significant to the fair value measurement as a whole) At the end of each period of preparation of interim condensed consolidated financial statements.

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(Saudi Joint Stock Company)

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 Mar 2024****(All amounts in SAR unless otherwise stated)****18. FAIR VALUE (CONTINUED)**

The carrying amount of financial assets that cannot be measured at fair value approximates its fair value. The financial liabilities have been measured at amortized cost, which is a reasonable approximation of their fair value.

All financial assets and liabilities are measured at amortized cost except for investments carried at FVTPL. The carrying amount of all other financial assets and liabilities measured at amortized cost approximates their fair values.

The fair value of the group's investments in equity instruments at fair value through comprehensive income reached zero due to the difficulty in realizing the investment value, while all of the group's investments in equity instruments were sold at fair value through profit or loss during the year 2023.

19. COMPARATIVE FIGURES

The group has adjusted some of the amounts and balances included in the consolidated financial statements for the prior year 2023, as the transactions related to these balances have not been properly accounted for, and accordingly, the adjustment was made in accordance with the requirements of International Accounting Standard No. (8) "Accounting Policies, Changes in Accounting Estimates and Errors". Details of each of these modifications are summarized below;

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

| | Note | (As previously stated) | Adjustment | Reclass | (After adjustment) |
|-------------------------------------------------------------------|------|------------------------------|--------------|-------------|-----------------------|
| Cost of sales | A, B | (28,098,692) | (13,205,009) | (4,632,223) | (45,935,924) |
| Selling and Marketing expenses | B | (1,864,234) | - | 820,882 | (1,043,352) |
| General and administrative expenses | B | (6,297,911) | - | 3,811,341 | (2,486,570) |
| Gross profit | A, B | 42,172,132 | (13,205,009) | (4,632,223) | 24,334,900 |
| Operating income | A | 34,009,987 | (13,205,009) | - | 20,804,978 |
| Net income for the period before Zakat | | 23,015,368 | (13,205,009) | - | 9,810,359 |
| Net income for the period | A | 23,476,276 | (13,205,009) | - | 10,271,267 |
| Total comprehensive income for the period | A | 23,476,276 | (13,205,009) | - | 10,271,267 |
| Basic and diluted earnings per share of net profit for the period | | 0.22 | (0.13) | - | 0.09 |

**INTERIM CONSOLIDATED
STATEMENT OF CASH FLOWS
(UNAUDITED)**

| | Note | (As previously stated) | Adjustment | (After adjustment) |
|--------------------------------------------|------|------------------------------|--------------|-----------------------|
| Net income for the period before Zakat | A | 23,015,368 | (13,205,009) | 9,810,359 |
| <u>Cash flow from operating activities</u> | | | | |
| Inventory | A | (32,905,160) | 13,205,009 | (19,700,151) |

AL JOUF CEMENT COMPANY

(Saudi Joint Stock Company)

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 Mar 2024

(All amounts in SAR unless otherwise stated)

19. COMPARATIVE FIGURES(CONTINUED)

Details of each of these amendments are summarized below:

A - The period's share of the impact of recalculating the regular distribution of fixed and variable general production expenses amounted to 13,205,009 Saudi riyals, which was incurred to convert raw materials into production inventory in operation and finished production, and its impact on the cost of goods sold since the beginning of the year to comply with the requirements of the International Accounting Standard. No. (2) "Inventory" and this amendment was made retrospectively to comply with the requirements of International Accounting Standard No. (8) Accounting Policies, Changes in Accounting Estimates and Errors.

B- Some comparative figures for the financial period ending on March 31, 2023 have been reclassified to be consistent with the current presentation of the interim condensed and consolidated financial statements.

20. SUBSEQUENT EVENTS

There are no significant subsequent events since the end of the period that may require disclosure or adjustment to these interim condensed consolidated financial statements.

21. DATE OF APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors on 07 Dhual-Qa'dah 1445 corresponding to 15 May 2024.