ALJOUF CEMENT COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

TOGETHER WITH

INDEPENDENT AUDITOR'S REVIEW REPORT

ALJOUF CEMENT COMPANY
A Saudi Joint Stock Company
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

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PKF Al Bassam
Chartered Accountants

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

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 2025 and the related interim consolidated statements of profit or loss and other comprehensive loss, changes in equity and cash flows, for the three-month period 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.

For PKF Al-Bassam.
Chartered Accountants

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ALJOUF CEMENT COMPANY
A Saudi Joint Stock Company
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025
(All amounts in Saudi Riyals)

	Notes	31 March 2025 (Unaudited)	31 December 2024 (Audited)
		As at	
Assets			
Non-current assets			
Property, plant, and equipment	5	**1,688,406,749**	1,695,155,061
Intangible assets		**3,968,216**	4,062,347
Right of use assets		**141,421**	188,562
Investments in equity instruments at fair value through other comprehensive income	6	**-**	-
Total non-current assets		**1,692,516,386**	1,699,405,970
Current assets			
Inventory	7	**256,708,744**	267,321,283
Trade receivables	8	**40,156,329**	98,118,382
Prepayments and other receivables		**17,807,711**	17,565,719
Cash and cash equivalents		**950,842**	11,959,909
Total current assets		**315,623,626**	394,965,293
Total assets		**2,008,140,012**	2,094,371,263
Equity and Liabilities			
Equity			
Share capital		**1,087,000,000**	1,087,000,000
Statutory reserve	9	**-**	62,947,016
Fair value reserve		**(46,000,000)**	(46,000,000)
Retained earnings		**60,312,122**	12,600,195
Foreign currency translation reserve		**(63,150)**	(63,150)
Total equity		**1,101,248,972**	1,116,484,061
Liabilities			
Non-current liabilities			
Long-term credit facilities – non-current portion	10	**392,764,539**	403,832,361
Quarry exploitation fees - non-current portion	11	**24,226,243**	26,683,018
Provision for employees' end of service benefits		**10,805,206**	10,553,319
Total non-current liabilities		**427,795,988**	441,068,698
Current liabilities			
Long-term credit facilities – current portion	10	**47,671,378**	63,134,153
Long-term credit facilities – reclassified to current portion	10	**100,000,000**	100,000,000
Short term credit facilities	10	**172,032,329**	162,120,283
Trade and other payables	12	**121,901,376**	172,573,514
Quarry exploitation fees - current portion	11	**10,526,020**	10,128,741
Lease liability – current portion		**207,296**	205,160
Provision for zakat	13	**26,756,653**	28,656,653
Total current liabilities		**479,095,052**	536,818,504
Total liabilities		**906,891,040**	977,887,202
Total equity and liabilities		**2,008,140,012**	2,094,371,263

CONTINGENCIES AND COMMITMENTS 17

Chief Financial Officer	Managing director and CEO	Chairman of Board of Directors
Al-Abbas bin Ali Al Musaed	Abdul Karim bin Muhammad Al-Nuhayer	Abdullah bin Owdah Al-Ghabin

The accompanying notes from (1) to (20) form an integral part of these interim condensed consolidated financial statements.

ALJOUF CEMENT COMPANY
A Saudi Joint Stock Company
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals)

		For the three-month period ended 31 March	
		2025	2024 (Restated – Note 18)
	Notes	**(Unaudited)**	(Unaudited)
Net Sales	15	**68,498,213**	63,799,057
Cost of sales		**(66,490,892)**	(53,755,118)
Gross profit		**2,007,321**	10,043,939
Selling and marketing expenses		**(3,105,867)**	(1,211,582)
General and administrative expenses		**(5,174,689)**	(4,374,599)
Operating (loss) / profit		**(6,273,235)**	4,457,758
Finance cost		**(14,538,440)**	(12,008,832)
Reversal of allowance for expected credit losses	8	**2,000,000**	1,857,276
Other income		**1,676,586**	1,049,227
Net loss for the period before zakat		**(17,135,089)**	(4,644,571)
Zakat expense	13	**(100,000)**	(1,150,000)
Zakat adjustment	13	**2,000,000**	-
Net loss for the period		**(15,235,089)**	(5,794,571)
Other comprehensive loss			
Items that will not subsequently be reclassified to profit or loss			
Total comprehensive loss for the period		**(15,235,089)**	(5,794,571)
Loss per share			
Basic and diluted loss per share of net loss for the period		**(0.14)**	(0.05)

Chief Financial Officer	Managing director and CEO	Chairman of Board of Directors
Al-Abbas bin Ali Al Musaed	Abdul Karim bin Muhammad Al-Nuhayer	Abdullah bin Owdah Al-Ghabin

The accompanying notes from (1) to (20) form an integral part of these interim condensed consolidated financial statements.

ALJOUF CEMENT COMPANY
A Saudi Joint Stock Company
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals)

	Note	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Foreign currency translation reserve	Total equity
For the period ended 31 March 2024							
Balance as at 1 January 2024 (Before restatement)		1,087,000,000	62,947,016	(46,000,000)	116,965,893	(63,150)	1,220,849,759
Impact of restatement	18	-	-	-	(76,374,909)	-	(76,374,909)
Balance as at 1 January 2024 (after restatement)		1,087,000,000	62,947,016	(46,000,000)	40,590,984	(63,150)	1,144,474,850
Net loss for the period - Restated	18	-	-	-	(5,794,571)	-	(5,794,571)
Items of other comprehensive loss		-	-	-	-	-	-
Total comprehensive loss		-	-	-	(5,794,571)	-	(5,794,571)
Balance as at 31 March 2024 - Restated		1,087,000,000	62,947,016	(46,000,000)	34,796,413	(63,150)	1,138,680,279
For the period ended 31 March 2025							
Balance as at 1 January 2025 (Audited)		**1,087,000,000**	**62,947,016**	**(46,000,000)**	**12,600,195**	**(63,150)**	**1,116,484,061**
Net loss for the period		-	-	-	**(15,235,089)**	-	**(15,235,089)**
Item of other comprehensive loss		-	-	-	-	-	-
Total comprehensive loss		-	-	-	**(15,235,089)**	-	**(15,235,089)**
Transfer from statutory reserve	9	-	**(62,947,016)**	-	**62,947,016**	-	-
Balance as at 31 March 2025		**1,087,000,000**	-	**(46,000,000)**	**60,312,122**	**(63,150)**	**1,101,248,972**

Chief Financial Officer	Managing director and CEO	Chairman of Board of Directors
Al-Abbas bin Ali Al-Musaed	**Abdul Karim bin Muhammad Al-Nuhayer**	**Abdullah bin Owdah Al-Ghabin**

The accompanying notes from (1) to (20) form an integral part of these interim condensed consolidated financial statements.

ALJOUF CEMENT COMPANY
A Saudi Joint Stock Company
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals)

	Notes	For the three-month period ended 31 March 2025 (unaudited)	31 March 2024 (unaudited) (restated)
Operating activities			
Net loss for the period before zakat		**(17,135,089)**	(4,644,571)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	5	**6,887,331**	11,472,203
Amortization of intangible assets		**94,131**	94,131
Depreciation of right-of-use assets		**47,141**	47,140
Provision for inventory	7	**(2,859,208)**	-
Reversal of allowance for expected credit losses	8	**(2,000,000)**	(1,857,276)
Provision for employees' end of service benefits		**459,781**	413,268
Finance cost		**14,538,440**	12,008,832
		32,527	17,533,727
Changes in Operating assets and liabilities:			
Inventory		**13,471,747**	(9,918,684)
Trade receivables		**(389,685)**	(31,029,669)
Prepayments and other receivables		**(241,992)**	(1,404,227)
Trade and other payables		**9,679,600**	19,504,625
Cash generated from / (used) in operation		**22,552,197**	(5,314,228)
Employees' end-of-service benefits paid		**(207,894)**	(266,840)
Zakat paid		**-**	(772,730)
Payment of quarry exploitation fees	11	**(2,800,000)**	(500,000)
Net cash flows generated from / (used) in operating activities		**19,544,303**	(6,853,798)
Cash flow from investing activities			
Purchase of property, plant and equipment	5	**(139,019)**	(88,238)
Net cash flows used in investing activities		**(139,019)**	(88,238)
Cash flow from financing activities			
Paid from credit facilities	10	**(18,738,889)**	(32,540,000)
Received from credit facilities	10	**1,323,982**	30,750,000
Lease liabilities paid		**-**	(104,500)
Financing costs paid	10	**(12,999,444)**	(2,460,849)
Net cash flows used in financing activities		**(30,414,351)**	(4,355,349)
Net change in cash and cash equivalents		**(11,009,067)**	(11,297,385)
Cash and cash equivalents at the beginning of the period		**11,959,909**	11,507,655
Cash and cash equivalents at the end of the period		**950,842**	210,270
Non-cash transactions			
Accrued discounts have been settled against the trade receivables		**60,351,738**	-

Chief Financial Officer	Managing director and CEO	Chairman of Board of Directors
Al-Abbas bin Ali Al Musaed	Abdul Karim bin Muhammad Al-Nuhayer	Abdullah bin Owdah Al-Ghabin

The accompanying notes from (1) to (20) form an integral part of these interim condensed consolidated financial statements.

(All amounts in Saudi Riyals 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 20 February 2006) and registered in the city of Riyadh under Commercial Registry No. 1010225259 dated 1 Dhul-Qi'dah 1427 (corresponding to 22 November 2006) and Industrial License No. 25 dated 11 Muharram 1426 (corresponding to 20 May 2005) and renewed under No. 1042 dated 8 Rabi' al-Thani 1437 (18 January 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 17 July 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 interim condensed consolidated financial statements include the assets, liabilities, and business results of its subsidiary, branch, which are as follows:

Company Name	Country of incorporation	Ownership percentage	Main activities
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.
Al Jouf Cement Company – Branch	Kingdom of Saudi Arabia	**100%**	Wholesale and retail trade in Al-Jouf Cement Company products.

1.2 The nature of the company's activity

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

1.3 Company Capital

The capital of the Company as at 31 March 2025 comprised 108.7 million shares stated at SAR 10 per share (2024: 108.7 million shares at SAR 10 per share).

2. GOING CONCERN

The interim condensed consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will continue its business in the future. As stated in the interim condensed consolidated financial statements, the Group's current liabilities exceeded its current assets by SAR 163.4 million as at 31 March 2025 (31 December 2024: SAR 141.8 million) and the Group has a net loss for the three months period ended 31 march 2025 amounting to 15.2 million (for the three months period ended 31 march 2024: 5.7 million). Despite this, the Group’s Management is confident of its ability to reduce costs, increase quantities sold and improve prices based on increased demand.

During 2024, the group successfully signed an agreement with the National Electricity Transmission Company to deliver electricity to the factory by the second quarter of 2026. An agreement was also signed with Engie to build a 22-megawatt solar power plant (operational contract) starting in the second quarter of 2026, with no capital costs for the group. Management expects to complete the factory's connection to the natural gas grid by 2027. All of these factors will help utilize the factory's full capacity, thus significantly reducing production costs, which will contribute to improving the group's profit margins.

The Group management purchased 60 trucks to help reduce the expected transportation cost by 35% compared to other carriers.

The Group did not enter into the competitiveness program that supports the Group for the purpose of eliminating the use of heavy fuel. Therefore, the Group benefiting from the program receives direct support from the government to reduce the burden of the high costs of heavy fuel. The Group’s management held several meetings with the Ministry of Industry and Mineral Resources to include the Group in the program in line with other companies and in view of the high costs of production in the Group. The group obtained the approval of the Ministry and will obtain appropriate financial compensation retrospectively from the beginning of 2024.

The Group obtained approvals from the Saudi Export-Import Bank, amounting to SAR 30 million, which will support the operating expenses of the products.

The group management has confidence in the financial position of the Group in the coming period, accordingly these interim condensed consolidated financial statements have been prepared on the going concern basis.

3. BASIS OF PREPARATION

3.1 Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) should be read in conjunction with the consolidated financial statements of the group for the year ended 31 December 2024. 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 result for the three-month period ended 31 March 2025 are not necessarily indicative of the results that can be expected for the financial year ended 31 December 2025.

3. BASIS OF PREPARATION (CONTINUED)

3.2 Basis of Consolidation of financial statements

The interim condensed consolidated financial statements include the financial statements of the company, branches and its subsidiary (together referred to as the "Group") located in the Kingdom of Saudi Arabia as on 31 March 2025 as disclosed in the (Note 1.1).

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

- Has power over the investee (having rights to give the group the ability to direct the activities related to the investee company).
- Is exposed to risk, or has rights to variable returns from its involvement with the investee and
- Has the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not 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 control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 New amended standards and interpretations

New standards and a set of amendments to standards have been issued and are effective from 1 January 2025 and have been reflected in the Group's interim condensed consolidated financial statements, but do not have a material impact on the Group's interim condensed interim consolidated financial statements as disclosed in annual consolidated financial statements.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Significant accounting judgements, estimates and assumptions

The preparation of these interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that effect 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 the management when applying the Group's accounting policies and the significant sources of the estimation uncertainty were similar to those disclosed in the last issued annual consolidated financial statements except the change of depreciation method as stated below:

During the period the management of the Group reviewed the estimated pattern of consumption of the future economic benefits of certain property, plant, and equipment (Machinery and equipment – related to production line). As a result, the Group changed the depreciation method from the straight-line method to the units of production method. This change was made as part of the Group's periodic review of accounting estimates. Management determined that the units of production method provides a more accurate reflection of the usage pattern and consumption of the economic benefits of the assets, given the production-based nature of their utilization.

As this change represents a change in accounting estimate (not a change in accounting policy), it has been applied prospectively, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with effect from 1 January 2025.

The depreciation expense for the current period, under the units of production method, amounted to SAR 3,070,294 compared to SAR 8,380,662 that would have been recorded under the straight-line method, this change has reduced the depreciation cost for the first quarter by SAR 5,310,368.

The impact of the change has been recognized in the current period's cost of production and profit or loss only.

4.3 Significant accounting policies

The accounting policies used in the preparing the interim condensed consolidated financial statements are consistent with those used in preparing the annual consolidated financial statements for the Group for the year ended 31 December 2024.

(All amounts in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	For the three-month period ended 31 March 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Cost:		
Balance at the beginning of the period / year	**2,346,206,090**	2,310,171,150
Additions during the period / year	**139,019**	36,415,634
Disposals during the period / year	**-**	(380,694)
Balance at end of the period / year	**2,346,345,109**	2,346,206,090
Accumulated Depreciation:		
Balance at beginning of the period / year	**651,051,029**	605,644,862
Depreciation during the period / year	**6,887,331**	45,783,391
Disposals during the period / year	**-**	(377,224)
Balance at end of the period / year	**657,938,360**	651,051,029
Net book value for the period / year	**1,688,406,749**	**1,695,155,061**

All property, plant and equipment are pledged as guarantee against several loans (Note 10).

The Group has changed the depreciation method for machinery and equipment from straight line method to unit of production method with effect from 1 January 2025. This change has reduced the impact of depreciation in the current financial statements as disclosed in Note 4.2.

6. INVESTMENT IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Ownership percentage		**31 March 2025**	**31 December 2024**
	2025	2024	**(Unaudited)**	(Audited)
Eastern Industrial Company (EIC) - Closed Saudi Joint Stock Co. (6.1)	10%	10%	**46,000,000**	46,000,000
Less: Fair value reserve for investment in Eastern Industrial Company (6.2)			**(46,000,000)**	(46,000,000)
			-	-

6.1 The Group holds 10% ownership stake in Eastern Industrial Company (EIC), a closed Saudi joint stock company in which the Group does not have effective control or influence.

6.2 In previous years, the Group had devalued its investment in Eastern Industrial Company to zero through fair value reserve in the equity due to the company incurring accumulated losses and the decision by shareholders to liquidate EIC. Despite the appointment of a liquidator to oversee the liquidation process, the Group has not received any financial statements from Eastern Industrial Company since 2019.

(All amounts in Saudi Riyals unless otherwise stated)

6. INVESTMENT IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

6.3 On 21 Jumada II 1443 H, corresponding to 24 January 2022 the Group received a payment request from Saudi Industrial Development Fund (SIDF) amounting to SAR 49,549,920 as a result of Eastern Industrial Company defaulting on a guaranteed loan that the Group had a share in since 2013. The Group had already recognized a liability for this amount in its financial statements in the year ended 31 December 2021 under "provision for a loan guarantee" and had made partial payments in the previous years (2022 and 2023) by an amount of SAR 9,955,000 and SAR 3,913,920 respectively. A lawsuit was filed by SIDF against the Group to recover the outstanding balance, and a court ruling initially ordered the seizure of funds to settle the debt, but this ruling was later lifted due to a defect in the guarantee provided by the Group. The remaining amount owed to SIDF amounted to SAR 35,681,000, which the Group anticipates settling through the liquidation process.

6.4 Shareholders of Eastern Industrial Company have announced the company's liquidation, and the bankruptcy trustee has initiated the liquidation process following a ruling by the Commercial Court in Dammam. The Group's general assembly has authorized legal action against former board members for losses arising from the investment in Eastern Industrial Company.

6.5 The Group has commenced the liquidation process for Eastern Industrial Company and has received confirmation of approval for a proportional payment of SAR 50.7 million from the surplus of the liquidation proceeds to cover the Group's payments to date for the loans of EIC to Bank Al Jazira and SIDF, which were guaranteed by the Group.

6.6 Despite recording a liability of SAR 35,681,000 for guarantees made to SIDF for the EIC loan, during the year 2024, the management of the Group has decided to reverse this liability in the Group's books and disclose it as a contingent liability (Note 17.1). This decision had been taken based on the updated information indicating SIDF's priority as a secured creditor in the liquidation of EIC's assets which has been supported by the Group's expert lawyer and the Group's assessment that the expected sale proceeds from EIC's assets will be sufficient to settle the outstanding amounts owed to SIDF. The Group's management believes that the recorded liability to SIDF is remote and cannot be reliably estimated, hence they reversed the liability and treated it as a contingent liability.

7. INVENTORY

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Raw materials	**8,569,368**	7,760,536
Work in progress	**184,706,860**	194,344,895
Finished products	**7,789,255**	3,768,329
Spare parts	**54,921,577**	57,362,424
Fuel and consumables	**10,088,477**	10,592,684
	266,075,537	273,828,868
Less: Provision for inventory	**(9,366,793)**	(6,507,585)
	256,708,744	267,321,283

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

	For the three-month period ended 31 March 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period / year	**6,507,585**	6,507,585
Charge during the period / year	**2,859,208**	-
Balance at the end of the period / year	**9,366,793**	6,507,585

(All amounts in Saudi Riyals unless otherwise stated)

7. INVENTORY (CONTINUED)

7.2 During the three-month period ended 31 March 2025, an assessment for the net realizable value of inventory has been conducted by management, which resulted in an impairment for work in progress inventory by an amount of SAR 2,859,208 which has been directly charged to cost of sales.

8. TRADE RECEIVABLES

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Trade receivables	**50,686,561**	110,648,614
Provision for expected credit losses	**(10,530,232)**	(12,530,232)
	40,156,329	98,118,382

The movement of allowance for expected credit losses is as follow:

	For the three-month period ended 31 March 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period / year	**12,530,232**	10,399,107
(Reversal) / charge during the period / year	**(2,000,000)**	2,131,125
Balance at the end of period / year	**10,530,232**	12,530,232

During the period, Trade receivables had been adjusted against the previously recorded accrued discounts by an amount of SAR 60,351,738, resulting from the credit notes that have been issued to the customers during the period (Note 12.1).

9.STATUTORY RESERVE

In accordance with the Group's Articles of Association and the provisions of the new Companies Law implemented in the Kingdom of Saudi Arabia in January 2023 and its implementing regulations, the Ordinary General Assembly may decide to establish other reserves to the extent that serves the Group's interests or ensures the distribution of fixed dividends, as far as possible, to shareholders. The said Assembly may also deduct amounts from net profits to achieve social purposes for the Group's employees.

In the extraordinary general assembly meeting held on 6 March 2025, the shareholders of the Group approved to close the statutory reserve amounted to SAR 62,947,016 in the retained earnings within the statement of shareholders' equity. This is in light of the amendments made to the company's articles of association to comply with the Companies Law, which include the cancellation of the requirement to transfer to the statutory reserve. Accordingly, the statutory reserve has no balance as of 31 March 2025 (December 31, 2024: SAR 62,947,016).

10. CREDIT FACILITIES

The movement on credit facilities is as follows:

	For the three-month period ended 31 March 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period / year	**729,086,797**	610,688,524
Payment of the principal of the loan	**(18,738,889)**	(120,795,739)
Additions to the principal of the loan	**1,323,982**	244,616,582
Cash flows adjustment for credit facilities	**-**	(14,234,714)
Financing costs accrued during the period / year	**13,795,800**	52,884,855
Financing cost paid	**(12,999,444)**	(44,072,711)
Balance at the end of the period / year	**712,468,246**	729,086,797

(All amounts in Saudi Riyals unless otherwise stated)

10. CREDIT FACILITIES (CONTINUED)

The sources of outstanding facilities were as follows:

	Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Long-term bank credit facilities		**513,630,721**	516,387,916
Short-term bank credit facilities	10.6	**159,394,025**	159,199,070
Total Credit facilities - local commercial banks		**673,024,746**	675,586,986
Industrial Development Fund facilities	10.3	**22,500,000**	34,700,000
Financing companies	10.4, 10.6	**16,943,500**	18,799,811
		712,468,246	729,086,797

Credit facilities - local commercial banks

	Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Credit facilities - SABB Bank	10.1	**142,562,863**	143,059,418
Credit facilities - Alinma Bank (long-term)	10.2	**278,681,325**	279,857,523
Credit facilities - Alinma Bank (short-term)	10.6	**100,612,442**	98,338,903
Credit facilities - Alrajhi Bank (long-term)		**100,915,109**	103,042,057
Credit facilities - Alrajhi Bank (short-term)		**50,253,007**	51,289,085
		673,024,746	675,586,986

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

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Long-term credit facilities – non-current portion	**392,764,539**	403,832,361
Long-term bank credit facilities - reclassified to current portion	**100,000,000**	100,000,000
Long-term credit facilities – current portion	**47,671,378**	63,134,153
Short term credit facilities	**172,032,329**	162,120,283
	712,468,246	729,086,797

The maturity schedule for discounted credit facilities as of 31 March is as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Less than one year	**311,393,080**	325,254,436
From one to two years	**58,430,511**	60,426,134
From two to three years	**67,141,951**	77,677,665
More than three years	**275,502,704**	265,728,562
	712,468,246	729,086,797

10. CREDIT FACILITIES (CONTINUED)

10.1 The Group has credit facilities amounting to SAR 154.5 million from SABB Bank, where the outstanding balance as at 31 March 2025 amounting to SAR 142.5 million. These facilities are secured by a promissory note for the full value of the facilities and a mortgage of a portion of the company's assets. These facilities are repayable in quarterly instalments. The facilities were rescheduled during the third quarter of year 2024. The last instalment of these facilities (after rescheduling) is due in June 2031. The outstanding balance of the SAB Bank loan before rescheduling amounted to SAR 154,459,754, however, due to discounting the rescheduled instalments according to the terms before the rescheduling and the present value of future cash flows on the date of rescheduling, a difference of SAR 14,853,730 was recognized as cashflow modification gain at 31 December 2024 (Note 10.7).

10.2 The Group has credit facilities amounting to SAR 378 million from Alinma Bank, where the outstanding balance of which as of 31 March 2025, amounted to SAR 279 million, part of where repaid by Al Rajhi Bank. These facilities are secured by a promissory note and a second mortgage on the Group's property, plant and equipment (Note 5). These facilities are repayable in quarterly instalments. The facilities were rescheduled during the third quarter of year 2024. The last instalment of these facilities (after rescheduling) is due in May 2031. The outstanding balance of the Alinma loan before the rescheduling splited in two loans amounted to SAR 250,000,000 and SAR 28,250,000 respectively. However, due to the discounting of the rescheduled instalments according to the terms before the rescheduling and the present value of future cash flows at the date of rescheduling, differences amounting to SAR (1,262,838) and SAR 643,822 respectively, was recognized as cashflow modification (loss) / gain at 31 December 2024 (Note 10.7).

Due to the rescheduling agreements, the group has a rescheduling fee amounting to SAR 2,087,124, and according to the requirements of the International Financial Reporting Standard No. (9) Financial Instruments the rescheduling fee has been capitalized to the contractual cashflow and will be amortized over the agreement's terms.

10.3 The Group has a loan from the Industrial Development Fund with outstanding balance of SAR 22.5 million as at 31 March 2025. This loan is secured by a mortgage on all properties, machinery and equipment that are being established in the concession area granted to the Group, located southeast of Turaif Governorate, where the Group's factory is located, with an area of 22.6 square kilometres, along with the entire factory, its equipment, machinery and all its accessories (Note 5), with a net book value of SAR 1.689 billion as at 31 March 2025. According to the agreement, the last instalment of this loan was due in 2017. On 14 April 2019, the Group obtained a schedule for the remaining dues instalments to SIDF amounting to SAR 87,500,000 divided on 11 instalments, with the last instalment amounting to SAR 61.5 million to be paid in year 2020. During the third quarter of year 2024, the Group obtained a rescheduling of the remaining dues instalments to SIDF by an amount of SAR 52.7 divided into 10 monthly instalments. The last instalment of this loan is due in June 2025. Therefore, no Modification gain or loss had been recognized.

10.4 During the year 2023, the Group obtained facilities from Sukuk Financial Company by an amount of SAR 10 million, to be paid on quarterly instalments. The last instalment of these facilities is due in September 2025 to support the Group's operational activities.

The Group also obtained another facility from Manafa Finance Company amounting to SAR 7.5 million during 2023, to be paid on monthly instalments, which are renewable facility, to support the Group's operational activities.

During the second quarter of year 2024, the Group obtained another facility from Lendo Company by an amount of SAR 7.5 million, to be paid on instalments starting after four months from the date of obtaining the facility. Facility had been obtained to support operational activities.

(All amounts in Saudi Riyals unless otherwise stated)

10. CREDIT FACILITIES (CONTINUED)

10.5 During the third quarter of year 2024, the Group obtained long-term facilities from Al Rajhi Bank by an amount of SAR 100 million, for the purpose of repaying part of the existing loan of Alinma Bank. These facilities are secured by a promissory note and a mortgage of part of the Group's property, plant and equipment (Note 5). These facilities are repayable in semi-annual instalments. The last instalment of these facilities is due in August 2032.

10.6 Short-term credit facilities

During the third quarter of year 2024, the Group obtained credit facilities from Alinma Bank, with a total limit of SAR 95.75 million. The total balance of the facility has been received during the year. These facilities are subject to a commission according to the prevailing market prices.

Short-term credit facilities also included credit facilities from Manafa Finance Company amounting to SAR 7.5 million during the year 2023, and credit facilities from Lendo Company amounting to SAR 7.5 million during the year 2024. These facilities are subject to commissions according to the prevailing interest rates in the market.

During the third quarter of year 2024, the Group obtained additional credit facility to support the Group's operational activities from Al Rajhi Bank, with a credit limit of SAR 50 million. The outstanding balance as at 31 March 2025 amounted to SAR 49.9 million. This facility is subject to commission according to prevailing interest rates in the market.

10.7 Rescheduling of Credit facilities

As a result of the rescheduling of the credit facilities referred to above, and as a result of the Group's management signing rescheduling agreements for credit facilities with all of Alinma Bank, SAB Bank and SIDF bank, which led to a change in the repayment terms as a result of extending the repayment period, as well as changing the commission rates as a result of renegotiation, the Group's management performed 10% corridor test for the commitment of credit facilities in accordance with the requirements of International Financial Reporting Standard No. (9) "Financial Instruments", as a result of the change in the pattern of cash flows, and this test resulted in net modification gain at 31 December 2024 amounting to SAR 14,234,714. This amount represents the difference between the present value of the credit facilities according to the terms before the rescheduling and the present value of future cash flows according to the terms of the credit facilities after modification, which are discounted at the original effective interest rate of the facility. Since the difference rate is less than 10%, the modification in the terms is not considered substantial and is not accounted for as a derecognition of the old facilities and the recognition of a new financial obligation. Accordingly, the present value of future cash flows under the terms of the modification was recognized using the original effective interest rate of those facilities, and the difference was recognized as a modification gain at 31 December 2024

The modification gains from credit facilities are as follows: -

	Balance before rescheduling	Balance after rescheduling	Cash flow gains / (loss)
Credit facilities – SAAB Bank	154,459,754	139,606,024	14,853,730
Credit facilities – Alinma Bank	250,000,000	251,262,838	(1,262,838)
Credit facilities – Alinma Bank	28,250,000	27,606,178	643,822
Credit facilities - SIDF	54,700,000	54,700,000	-
	487,409,754	473,175,040	14,234,714

(All amounts in Saudi Riyals unless otherwise stated)

10. CREDIT FACILITIES (CONTINUED)

10.8 Financial covenants

These credit facilities contain financial covenants, the breach of which may lead to renegotiation with the lenders. These covenants are monitored on a periodic basis by management. In the event of a breach or potential breach of these covenants, management ensures the compliance with these covenants. Some of these covenants are linked to financial ratios. The Group was unable to comply with financial covenants of Al Rajhi Bank, accordingly, an amount of SAR 100 million has been classified as current facility. Additionally, the Group was unable to comply with some financial covenants for other banks. The non-compliance with the financial covenants of the other banks does not have an impact on the consolidated financial statements.

11. QUARRY EXPLOITATION FEES

	Note	**For the three-month period ended 31 March 2025 (Unaudited)**	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period / year	**11.1**	**36,811,759**	39,577,912
Paid during the period / year		**(2,800,000)**	(6,000,000)
		34,011,759	33,577,912
Finance cost during the period / year		**740,504**	3,233,847
Balance at the end of the period / year		**34,752,263**	36,811,759

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

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Quarry exploitation fees – non-current portion	**24,226,243**	26,683,018
Quarry exploitation fees – current portion	**10,526,020**	10,128,741
	34,752,263	36,811,759

11.1 On 11 Rabi' al-Awwal 1445, corresponding to 26 September 2023, and in accordance with the arrangement signed between the Group and the Ministry of Industry and Mineral Resources, it has been agreed to reschedule the due balance of quarry exploitation fees to the Ministry of Industry and Mineral Resources as at 31 December 2022, amounting to SAR 48.91 million at interest free rates where the first instalment will be due on 1 September, 2023, and the last instalment will be due on 1 March 2028. These instalments have been recognized at its discounted value.

12. TRADE AND OTHER PAYABLES

	Note	**For the three-month period ended 31 March 2025 (Unaudited)**	For the year ended 31 December 2024 (Audited)
Trade creditors		**97,110,338**	85,059,005
Accrued expense		**16,721,520**	15,473,010
Accrued salaries, wages and other benefits		**5,389,655**	9,009,898
Accrued discounts	**12.1**	**-**	60,351,738
Retention execution of works		**138,863**	138,863
Other payables		**2,541,000**	2,541,000
		121,901,376	172,573,514

(All amounts in Saudi Riyals unless otherwise stated)

12. TRADE AND OTHER PAYABLES (CONTINUED)

12.1 The Group had accrued discounts amounting to SAR 60,351,738 as at 31 December 2024 for various customers. During the period the Group has issued credit notes to these customers by the full amount and accordingly, the discount has been settled against the receivable balance.

13. PROVISION FOR ZAKAT

A) The movement in Zakat provision for the year is as follow:

	For the three-month period ended 31 March 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period / year	**28,656,653**	24,129,383
Charges during the period / year	**100,000**	5,300,000
Reversal of provision during the period / year	**(2,000,000)**	-
Paid during the period / year	**-**	(772,730)
Balance at the end of the period / year	**26,756,653**	28,656,653

B) Zakat assessment position

The holding company and its subsidiaries submitted their zakat returns until the year ending on 31 December 2024, and is yet to obtain the revised zakat certificate. Currently, the group has a zakat certificate valid until 30 April 2025.

The holding company received a partial zakat assessment from the Zakat, Tax, and Customs Authority for the years 2014 to 2018, totalling SAR 34.3 million. The company objected to the assessment before the General Secretariat of the Tax Committees. For the years 2014 and 2015, the committees cancelled the Authority's procedure for 2014 due to the statute of limitations and partially upheld the decision for 2015. The Authority then filed an appeal, but the Court of Appeal upheld the Tax Committees' decision for both 2014 and 2015, dismissing the Authority's appeal.

For the years 2016 to 2018, the committees partially accepted the assessment for 2016 and 2017, while rejecting the objection for 2018. The company appealed the decisions for these years, but the appeals were rejected, and the Adjudication Committee's decision was upheld. The company subsequently submitted requests for reconsideration for 2016 and 2017, but these requests were rejected.

The holding company received a zakat assessment for the years 2019 to 2020 amounting to SAR 3.7 million. It was objected to by the Authority and an advance payment was paid as a guarantee to complete the objection procedures. The objection was rejected by the Authority and the objection was submitted to the General Secretariat of the Tax Committees. The objection was rejected before the Tax Committees. The company appealed the committee’s decision, and a decision was issued to uphold the committee’s decision. The company submitted an appeal on the appeal request, and a decision was issued not to accept the request for reconsideration.

During the year 2023, 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 2024, through which it concluded that the company has the right to refund an amount of SAR 13,049,611 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.

During the year 2025, the holding company received zakat assessments for the year 2021 and 2022 amounting to SAR 756,877 and SAR 22,712 respectively, and management has approved the received assessments.

In addition, upon submitting the zakat return of year 2024 during the month of April 2025, there was a surplus of estimated zakat change in year 2024 and accordingly a reversal of zakat provision has been accounted for during the current period.

(All amounts in Saudi Riyals unless otherwise stated)

14. LOSS PER SHARE

Basic loss per share was calculated by dividing the period's net loss by the weighted average number of shares during the period. Diluted loss per share is same as basic loss per share as the Group has neither convertible securities nor derivative financial instruments to exercise.

	For the three-month period ended 31 March	
	2025 (Unaudited)	2024 (Restated-Note 18) (Unaudited)
Net loss for the period	**(15,235,089)**	(5,794,571)
Weighted average number of shares	**108,700,000**	108,700,000
Basic loss per share from the net loss of the period	**(0.14)**	(0.05)

15. NET SALES

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 operating activities in the city of Turaif, Kingdom of Saudi Arabia.

	For the three-month period ended 31 March	
	2025 (Unaudited)	2024 (Restated-Note 18) (Unaudited)
Cement and Clinker sales	**56,692,647**	76,137,093
Transportation revenue	**11,805,566**	6,229,860
Discounts	**-**	(18,567,896)
Net Sales	**68,498,213**	63,799,057

Geographical information of net sales	**For the three-month period ended 31 March**	
	2025 (Unaudited)	2024 (Unaudited)
Sales revenues within the Kingdom of Saudi Arabia	**68,129,393**	55,963,459
Sales from export sales outside the Kingdom of Saudi Arabia	**368,820**	7,835,598
	68,498,213	63,799,057

Type of products net sales	**For the three-month period ended 31 March**	
	2025 (Unaudited)	2024 (unaudited)
Cement sales	**68,271,528**	55,990,956
Clinker sales	**226,685**	7,808,101
	68,498,213	63,799,057

All sales had been recognized at point in time and the group is considered principle in all sale transactions.

Sales from two major customers amounted to 61% of total sales as at 31 March 2025 (31 March 2024: 46%). The rest of sales is derived from various customers whose individual share is less than 10% of net sales.

(All amounts in Saudi Riyals unless otherwise stated)

16. TRANSACTIONS WITH RELATED PARTIES

Related party transactions primarily involve salaries, allowances, and bonuses of key executives, and sales of cement to shareholders.

Key management personnel are those who exercise authority and responsibility for planning, directing, and controlling the Group's activities, directly or indirectly, including members of the Board of Directors (whether executive or otherwise).

Members of the Board of Directors are not paid any compensation for their role in managing the Group unless approved by the General Assembly. Board members are paid an attendance allowance for Board and Board committee meetings. Chief Executive Officers are paid a fixed remuneration for their direct management duties and responsibilities.

(a) Major Shareholders
Following are the major shareholders of the Group:

	Ownership Percentage	
	31 March 2025	**31 December 2024**
Suleiman bin Saleh Al-Muhailib and Sons Company	**5.09%**	5.09%
Rasana Fund	**5.896%**	6.267%

(b) Transaction with related parties

				For the period ended 31 March	
Shareholder Name	**Nature of the relationship**	**Receivable Balance**	**Nature of the transaction**	**2025**	**2024**
Suleiman bin Saleh Al-Muhailib and Sons Company	Major Shareholder	37,250,501	Sale of Cement (Net)	**33,011,927**	19,560,540
			Marketing Expenses (Inclusive of VAT)	**1,150,000**	-

As at 31 March 2025 the shareholder (Suleiman bin Saleh Al-Muhailib and Sons Company), have a due balance amounting to SAR 37,250,501 (31 December 2024: SAR 29,037,664). This balance is recorded under Trade Receivable (Note 8).

(c) Details of the compensation and bonuses paid to non-executive directors and senior management staff

Related parties	**Nature of the transaction**	**For the three-month period ended 31 March 2025 (Unaudited)**	**For the three-month period ended 31 March 2024 (Unaudited)**
Key Management	Salaries, wages, and other benefits	**1,851,554**	991,575
Board of Directors	Board remuneration and attendance allowances	**1,987,749**	1,970,750

(All amounts in Saudi Riyals unless otherwise stated)

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingent liabilities

The Group has a contingent liability of SAR 35,681,000 due to SIDF guarantee on behalf of Eastern Industrial Company. This liability has been considered contingent based on the circumstances stated in Note (6).

17.2 Capital commitments

The group has no capital commitments as of 31 March 2025.

18. PRIOR YEAR RESTATEMENTS

The Group has adjusted some of the amounts and balances included in the consolidated financial statements for the prior year 2024, 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, Change in Accounting Estimates and Errors".

All the Below restatements have been comprehensively disclosed in Note 32 of the audited financial statements for the year ended 31 December 2024.

The Impact of the restatement on the consolidated statement of profit or loss and comprehensive income for the three-month period ending as of 31 March 2024 as follow:

	Notes	31 March 2024 Before Restatement	Restatements	Restated Balance
Sales	18.1	82,044,584	(18,245,527)	63,799,057
Cost of sales		(53,755,118)	-	(53,755,118)
Gross profit		**28,289,466**	**(18,245,527)**	**10,043,939**
Selling and marketing expenses		(1,211,582)	-	(1,211,582)
General and administrative expenses		(4,374,599)	-	(4,374,599)
Operating profit		**22,703,285**	**(18,245,527)**	**4,457,758**
Finance cost		(12,008,832)	-	(12,008,832)
Reversal of allowance for expected credit losses		1,857,276	-	1,857,276
Other income, net		1,049,227	-	1,049,227
Net profit / (loss) for the period before zakat		**13,600,956**	**(18,245,527)**	**(4,644,571)**
Zakat expense		(1,150,000)	-	(1,150,000)
Net profit / (loss) for the period		**12,450,956**	**(18,245,527)**	**(5,794,571)**
Other comprehensive income / (loss)				
Items that will not subsequently be reclassified to consolidated statement of profit or loss				
Total comprehensive income / (loss) for the period		**12,450,956**	**(18,245,527)**	**(5,794,571)**
Earnings / (loss) per share				
Basic and diluted earnings / (loss) per share of net profit / (loss) for the period		0.11	(0.16)	(0.05)

(All amounts in Saudi Riyals unless otherwise stated)

18. PRIOR YEAR RESTATEMENTS (CONTINUED)

The Impact of these restatement on the consolidated statement of changes in equity as at 1 January 2024 as follow:

	Notes	1 January 2024
Balance Before Restatement		1,220,849,759
Impact of restatements	18.2 & 18.3 &18.4 & 18.5	(76,374,909)
Balance After Restatement		1,144,474,850

The impact of these restatements is summarized below:

18.1 The Group accrued discounts related to the full year of 2024 amounting to SAR 55,217,465. The Group's management has allocated the impact of the adjustments for these accrued discounts for the three-month period ending 31 March 2024 which amounts to SAR 18,245,527 as shown in above interim condensed consolidated statement of profit or loss and comprehensive income for the period ending 31 March 2024.

18.2 During the previous years, the management agreed with certain customers for compensation of price in the form of discounts due to downturn in the cement industry. The Group incorrectly continued to invoice the customers at original agreed prices without reflecting the agreed discounts. The impact of these transactions amounted to SAR 41,791,424.

18.3 During the previous years the management of the group agreed with its suppliers for the delivery of export Clinker. The management did not accrue for the related transportation charges. The impact of these transactions amounted to SAR 25,834,913.

18.4 During the year previous year 2020, the Group signed a contract with one of its customers, under which the prices were stated in the contract as inclusive of value-added tax (VAT). However, due to error in application of VAT accounting, the Group incorrectly issued its sales invoices by same price exclusive of VAT. The impact of this transaction amounted to SAR 6,065,495 inclusive of value-added tax.

18.5 During the previous year 2022, the Group entered into a revenue contract with one of its customers which included variable consideration in the form of incentives of free quantities contingent upon achievement of certain purchase targets. The Group's management had not fully account for this variable consideration based on the customer's achieved target in accordance with the requirements of International Financial Reporting Standard (IFRS) 15. The impact these transactions amounted to SAR 2,683,077.

18.6 The total cash flows from operating, investing and financing activities were not affected by these amendments and reclassifications. The effects of the adjustments to the statement of cash flows are primarily adjustments to the changes in working capital within cash flows from operating activities, and therefore are not disclosed separately.

19. Subsequent Events

Management believes that there are no significant subsequent events since the end of the period that would require disclosure or amendment to these interim consolidated financial statements.

20. Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements have been approved by the Board of Directors on 17 Dhul Qadah 1446 H corresponding to 15 May 2025.