



**ALJOUF CEMENT COMPANY**  
**A SAUDI JOINT STOCK COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
**TOGETHER WITH**  
**INDEPENDENT AUDITOR'S REPORT**

**ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

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## INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(1/6)

#### OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Jouf Cement Company, A Saudi Joint Stock Company (the "Company"), and its subsidiaries (collectively referred to as the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the consolidated financial statements of the Group, which comprise of the following:

- The consolidated statement of financial position as at 31 December 2024;
- The consolidated statement of profit or loss and other comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- The notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated financial statements" section of our report. We are independent from the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### EMPHASIS OF MATTER

We draw attention to (Note 32) to the consolidated financial statements, which states the details of the restatement of comparative figures related to revenues, revenue discounts and transportation costs. The restatement arose from the errors identified by management in prior year's financial statements where they decided to correct these errors by restating the comparative figures accordingly. In addition, during the year ended 31 December 2024, management had reassessed and confirmed all of the significant receivable balances due from customers, which resulted in the recognition of additional customers' discounts. These additional accrued discounts have been accounted for under trade and other payables, as disclosed in (Note 20). Our opinion in this regard has not been modified.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (2/6)

#### KEY AUDIT MATTERS (CONTINUED)

| Key Audit Matters   | How our audit addressed the key audit matter   |
|---|--|
| <b>Existence and valuation of work in progress inventory</b>  |  |
| <p>As described in Note (12), the net carrying value of the Group's inventory as at 31 December 2024 amounting to SAR 267,321,283 (31 December 2023: SAR 225,206,742), included work in progress inventory as of 31 December 2024 amounting to SAR 194,344,895 (31 December 2023: SAR 148,802,899).</p> <p>The determination of the quantity of work in progress inventory, require management estimates for the quantities available at the end of the year for measuring inventory piles and converting the measurements into unit volumes using the angle of repose and quantitative density. Management used its experts to estimate the quantities, who used some practical methodological measurement calculations and apply density conversion methods used for similar types of inventory in the cement industry.</p> <p>Given the significance of such balances included in the inventories and related estimates used in determining the quantities, the existence and the valuation of inventory was considered as a key audit matter.</p> <p>The accounting policy for inventories is outlined in note (5.7) and breakdown is presented in note (12).</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>■ Attending the physical count conducted by the Group through its experts.</li> <li>■ Evaluating the efficiency, qualifications, and objectivity of the experts.</li> <li>■ Obtaining the work in progress inventory count report submitted by the experts regarding the main inventory items and testing them on sample basis.</li> <li>■ Assessing the reasonableness of inventory piles measurements carried out by management and its experts during the physical count and recalculating the conversion of piles into quantities.</li> <li>■ On a sample basis, testing the work in progress inventory valuation at the end of the year, and assessing judgments and estimates used in estimating the damages and the impairment by management.</li> <li>■ Assessing the adequacy of disclosures included in the consolidated financial statements.</li> </ul> |

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (3/6)

#### KEY AUDIT MATTERS (CONTINUED)

| Impairment assessment of property, plant, and equipment   |   |
|---|---|
| <p>As of 31 December 2024, the property, plant, and equipment balance amounted to SAR 1,695,155,061 (2023: SAR 1,704,526,288).</p> <p>At the date of each financial reporting, the Property, plant and equipment is subject to impairment test whether there are internal or external indicators of impairment, accordingly the Group conducted an impairment test by comparing the recoverable amount of cash generating units with its' carrying amount to ensure that the carrying amount of the assets do not exceed the recoverable amount.</p> <p>In determining the recoverable amounts, management estimated the value in use of the cash-generating unit which is based on a discontinued cash flow model. Value in use is based management's estimate of future performance as well as external market conditions.</p> <p>Based on the valuation prepared by an expert certified by Saudi Authority for Accredited Valuers (Taqeem), the group's management considered that the recoverable value of the assets was higher than its book value.</p> <p>The accounting policy for the property, plant, and equipment is explained in note (5.4) and the details of the property, plant, and equipment are presented in note 7.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>■ We obtained the study prepared by the independent expert and verified the independence and assumptions made in the study.</li> <li>■ Assess the reasonableness of management's assumptions and estimates used to assess the value in use and determine the recoverable amount for assets.</li> <li>■ Identify the key assumptions and ensure their reasonableness.</li> <li>■ Ensure the mathematical accuracy of the model.</li> <li>■ Assessing the adequacy of disclosures included in the consolidated financial statement.</li> </ul> |

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA**

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (4/6)**

**OTHER INFORMATION**

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for the year ended 31 December 2024 but does not include the consolidated financial statements and auditor's report thereon, which is expected to be made available to us after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the Group, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Regulations for Companies, the Company's By Laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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**TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA****REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (5/6)****AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

As part of an audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (6/6)**

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

For PKF Albassam  
Chartered Accountants



Ibrahim A. Al Bassam  
Certified Public Accountant  
License No. 337  
Riyadh: 30 SHAWWAL 1446H  
Corresponding to: 28 ABRIL 2025





**ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024**

(All amounts in Saudi Riyals)

|  | Notes | 31 December 2024     | 31 December 2023<br>(Restated-Note 32) | 1 January 2023<br>(Restated-Note 32) |
|--|-------|----------------------|--|--------------------------------------|
| <b>Assets</b>  |       |                      |  |                                      |
| <b>Non-current assets</b>  |       |                      |  |                                      |
| Property, plant, and equipment   | 7     | 1,695,155,061        | 1,704,526,288                          | 1,712,263,234                        |
| Intangible assets  | 8     | 4,062,347            | 2,776,851                              | 1,506,100                            |
| Right of use assets  | 9.1   | 188,562              | 377,124                                | -                                    |
| Investments in equity instruments at fair value through other comprehensive income | 10    | -                    | -                                      | -                                    |
| <b>Total non-current assets</b>  |       | <b>1,699,405,970</b> | <b>1,707,680,263</b>                   | <b>1,713,769,334</b>                 |
| <b>Current assets</b>  |       |                      |  |                                      |
| Investments in equity instruments at fair value through profit or loss             | 11    | -                    | -                                      | 8,508,563                            |
| Inventory  | 12    | 267,321,283          | 225,206,742                            | 154,344,311                          |
| Trade receivables  | 13    | 98,118,382           | 95,679,612                             | 38,730,637                           |
| Prepayments and other receivables  | 14    | 17,565,719           | 15,670,803                             | 18,052,046                           |
| Cash and cash equivalents  | 15    | 11,959,909           | 11,507,655                             | 16,977,082                           |
| <b>Total current assets</b>  |       | <b>394,965,293</b>   | <b>348,064,812</b>                     | <b>236,612,639</b>                   |
| <b>Total assets</b>  |       | <b>2,094,371,263</b> | <b>2,055,745,075</b>                   | <b>1,950,381,973</b>                 |
| <b>Equity and Liabilities</b>  |       |                      |  |                                      |
| <b>Equity</b>  |       |                      |  |                                      |
| Share capital  | 1.3   | 1,087,000,000        | 1,087,000,000                          | 1,087,000,000                        |
| Statutory reserve  | 16    | 62,947,016           | 62,947,016                             | 54,475,832                           |
| Fair value reserve   | 10    | (46,000,000)         | (46,000,000)                           | (46,000,000)                         |
| Retained earnings  |       | 12,600,195           | 40,590,984                             | 11,520,364                           |
| Foreign currency translation reserve   |       | (63,150)             | (63,150)                               | (63,150)                             |
| <b>Total equity</b>  |       | <b>1,116,484,061</b> | <b>1,144,474,850</b>                   | <b>1,106,933,046</b>                 |
| <b>Liabilities</b>   |       |                      |  |                                      |
| <b>Non-current liabilities</b>   |       |                      |  |                                      |
| Long-term credit facilities – non-current portion                                  | 17    | 403,832,361          | 415,959,754                            | 484,159,727                          |
| Quarry exploitation fees - non-current portion                                     | 18    | 26,683,018           | 36,011,759                             | -                                    |
| Lease liability – non-current portion  | 9.2   | -                    | 188,562                                | -                                    |
| Provision for employees' end of service benefits                                   | 19    | 10,553,319           | 8,867,869                              | 8,386,180                            |
| <b>Total non-current liabilities</b>   |       | <b>441,068,698</b>   | <b>461,027,944</b>                     | <b>492,545,907</b>                   |
| <b>Current liabilities</b>   |       |                      |  |                                      |
| Long-term credit facilities – current portion                                      | 17    | 63,134,153           | 148,978,770                            | 112,809,555                          |
| Long-term credit facilities – reclassified to current portion                      | 17    | 100,000,000          | -                                      | -                                    |
| Short term credit facilities   | 17    | 162,120,283          | 45,750,000                             | 10,000,000                           |
| Trade and other payables   | 20    | 172,573,514          | 191,932,263                            | 108,357,600                          |
| Quarry exploitation fees - current portion   | 18    | 10,128,741           | 3,566,153                              | 45,010,344                           |
| Lease liability – current portion  | 9.2   | 205,160              | 204,712                                | -                                    |
| Provision against a loan guarantee   | 10    | -                    | 35,681,000                             | 39,594,920                           |
| Provision for zakat  | 21    | 28,656,653           | 24,129,383                             | 35,130,601                           |
| <b>Total current liabilities</b>   |       | <b>536,818,504</b>   | <b>450,242,281</b>                     | <b>350,903,020</b>                   |
| <b>Total liabilities</b>   |       | <b>977,887,202</b>   | <b>911,270,225</b>                     | <b>843,448,927</b>                   |
| <b>Total equity and liabilities</b>  |       | <b>2,094,371,263</b> | <b>2,055,745,075</b>                   | <b>1,950,381,973</b>                 |

**CONTINGENCIES AND COMMITMENTS**

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

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements

**ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals)

|   | Notes   | For the year ended<br>31 December |                            |
|---|---------|-----------------------------------|----------------------------|
|   |         | 2024                              | (Restated-Note 32)<br>2023 |
| Net Sales   | 22      | 256,504,047                       | 269,284,152                |
| Cost of sales   | 23      | (240,668,980)                     | (199,484,420)              |
| <b>Gross profit</b>   |         | <b>15,835,067</b>                 | <b>69,799,732</b>          |
| Selling and marketing expenses  | 24      | (6,929,715)                       | (5,676,472)                |
| General and administrative expenses   | 25      | (24,101,522)                      | (18,004,833)               |
| <b>Operating (loss) / profit</b>  |         | <b>(15,196,170)</b>               | <b>46,118,427</b>          |
| Finance cost  | 27      | (56,543,323)                      | (43,943,931)               |
| Cash flow modification gain   | 17 & 18 | 14,234,714                        | 9,835,244                  |
| Loss from changes in the fair value of investment measured at fair value through profit or loss | 11      | -                                 | (550,002)                  |
| Reversal of impairment of value of property, plant and equipment                                | 7       | -                                 | 4,406,171                  |
| Allowance for expected credit losses  | 13      | (2,131,125)                       | (1,291,478)                |
| Other income, net   | 26      | 37,204,524                        | 12,902,681                 |
| <b>Net (loss) / profit for the year before zakat</b>  |         | <b>(22,431,380)</b>               | <b>27,477,112</b>          |
| Zakat expense   | 21      | (5,300,000)                       | (2,848,393)                |
| Zakat adjustments   | 21      | -                                 | 13,049,611                 |
| <b>Net (loss) / profit for the year</b>   |         | <b>(27,731,380)</b>               | <b>37,678,330</b>          |
| <b>Other comprehensive (Loss) / income</b>  |         |                                   |                            |
| <b>Items that will not subsequently be reclassified to statement of profit or loss</b>          |         |                                   |                            |
| Actuarial losses on re-measurement of employees' end of service benefits                        | 19      | (259,409)                         | (136,526)                  |
| <b>Total comprehensive (loss) / income for the year</b>   |         | <b>(27,990,789)</b>               | <b>37,541,804</b>          |
| <b>(Loss) / Earnings per share</b>  |         |                                   |                            |
| Basic and diluted (loss) / earnings per share of net (loss) / profit for the year               | 28      | (0.26)                            | 0.35                       |

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

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statement.

**ALJOUF CEMENT COMPANY**  
A Saudi Joint Stock Company  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals)

|   | Note | Share capital        | Statutory reserve | Fair value reserve  | Retained earnings | Foreign currency translation reserve | Total equity         |
|---|------|----------------------|-------------------|---------------------|-------------------|--------------------------------------|----------------------|
| <b>For the year ended 31 December 2023</b>        |      |                      |                   |                     |                   |                                      |                      |
| Balance as at 1 January 2023 (Before restatement) |      | 1,087,000,000        | 54,475,832        | (46,000,000)        | 40,861,759        | (63,150)                             | 1,136,274,441        |
| Impact of restatement                             | 32   | -                    | -                 | -                   | (29,341,395)      | -                                    | (29,341,395)         |
| Balance as at 1 January 2023 (after restatement)  |      | 1,087,000,000        | 54,475,832        | (46,000,000)        | 11,520,364        | (63,150)                             | 1,106,933,046        |
| Net profit for the year (restated)                |      | -                    | -                 | -                   | 37,678,330        | -                                    | 37,678,330           |
| Item of other comprehensive income                |      | -                    | -                 | -                   | (136,526)         | -                                    | (136,526)            |
| Total comprehensive income                        |      | -                    | -                 | -                   | 37,541,804        | -                                    | 37,541,804           |
| Transfer to statutory reserve                     | 16   | -                    | 8,471,184         | -                   | (8,471,184)       | -                                    | -                    |
| <b>Balance as at 31 December 2023 - Restated</b>  |      | <b>1,087,000,000</b> | <b>62,947,016</b> | <b>(46,000,000)</b> | <b>40,590,984</b> | <b>(63,150)</b>                      | <b>1,144,474,850</b> |
| <b>For the year ended 31 December 2024</b>        |      |                      |                   |                     |                   |                                      |                      |
| 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                             | 32   | -                    | -                 | -                   | (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 year                             |      | -                    | -                 | -                   | (27,731,380)      | -                                    | (27,731,380)         |
| Items of other comprehensive income               |      | -                    | -                 | -                   | (259,409)         | -                                    | (259,409)            |
| Total comprehensive loss                          |      | -                    | -                 | -                   | (27,990,789)      | -                                    | (27,990,789)         |
| <b>Balance as at 31 December 2024</b>             |      | <b>1,087,000,000</b> | <b>62,947,016</b> | <b>(46,000,000)</b> | <b>12,600,195</b> | <b>(63,150)</b>                      | <b>1,116,484,061</b> |

|                                |                                     |                                       |
|--------------------------------|-------------------------------------|---------------------------------------|
| <b>Chief Financial Officer</b> | <b>Managing director and CEO</b>    | <b>Chairman of Board of Directors</b> |
| Al-Abbas bin Ali Al Musaed     | Abdul Karim bin Muhammad Al-Nuhayer | Abdullah bin Owda Al-Ghabin           |

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.



**ALJOUF CEMENT COMPANY**  
A Saudi Joint Stock Company  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(All amounts in Saudi Riyals)

|  | Notes   | For the year ended 31 December |                            |
|--|---------|--------------------------------|----------------------------|
|  |         | 2024                           | (Restated-Note 32)<br>2023 |
| <b>Operating activities</b>  |         |                                |                            |
| Net (loss) / profit for the year before zakat                                      |         | (22,431,380)                   | 27,477,112                 |
| <b>Adjustments for non-cash items:</b>   |         |                                |                            |
| Depreciation of property, plant and equipment                                      | 7       | 45,783,391                     | 45,208,535                 |
| Losses on disposal of property, plant and equipment                                | 26      | 3,470                          | 4,599,997                  |
| Reversal in the impairment value of property, plant and equipment                  | 7       | -                              | (4,406,171)                |
| Amortization of intangible assets  | 8       | 376,525                        | 376,525                    |
| Depreciation of right-of-use assets  | 9       | 188,562                        | 188,562                    |
| Reversal of provision against loan guarantee                                       | 26      | (35,681,000)                   | -                          |
| Losses from changes in the fair value of investment in equity instruments          | 11      | -                              | 550,002                    |
| Reversal in impairment provision for slow moving inventory                         | 12      | -                              | (12,087,659)               |
| Expense allowance for expected credit losses                                       | 13      | 2,131,125                      | 1,291,478                  |
| Expense / (reversal) of impairment provision for prepayments and other receivables | 14      | 3,790,884                      | (4,608,273)                |
| Cashflow modification gain   | 17 & 18 | (14,234,714)                   | (9,835,244)                |
| Quarry exploitation fees up to the date of the settlement agreement                | 18      | -                              | 3,905,424                  |
| Provision for employees' end of service benefits                                   | 19      | 1,438,391                      | 1,051,504                  |
| Finance cost   | 27      | 56,543,323                     | 43,943,931                 |
|  |         | 37,908,577                     | 97,655,723                 |
| <b>Changes in Operating assets and liabilities:</b>                                |         |                                |                            |
| Inventory  |         | (42,114,541)                   | (58,774,772)               |
| Trade receivables  |         | (37,369,895)                   | (58,240,453)               |
| Prepayments and other receivables  |         | (5,685,800)                    | 6,989,516                  |
| Trade and other payables   |         | (19,358,749)                   | 84,500,369                 |
| <b>Cash from operation</b>   |         | <b>(66,620,408)</b>            | <b>72,130,383</b>          |
| Employees' end-of-service benefits paid  | 19      | (416,085)                      | (1,103,515)                |
| Zakat paid   | 21A     | (772,730)                      | (800,000)                  |
| Payment of quarry exploitation fees  | 18      | (6,000,000)                    | (600,000)                  |
| <b>Net cash flows (used in) / generated from operating activities</b>              |         | <b>(73,809,223)</b>            | <b>69,626,868</b>          |
| <b>Cash flow from investing activities</b>   |         |                                |                            |
| Purchase of property, plant and equipment  | 7       | (3,615,634)                    | (39,091,121)               |
| Proceeds from sale of investment in equity instruments at FVTPL                    |         | -                              | 7,958,561                  |
| Purchase of intangible asset   | 8       | (1,662,021)                    | (1,647,276)                |
| Proceeds from sale of property, plant and equipment                                |         | -                              | 500,000                    |
| <b>Net cash flows used in investing activities</b>                                 |         | <b>(5,277,655)</b>             | <b>(32,279,836)</b>        |
| <b>Cash flow from financing activities</b>   |         |                                |                            |
| Paid from credit facilities  | 17      | (120,795,739)                  | (59,959,528)               |
| Received from credit facilities  | 17      | 244,616,582                    | 55,750,000                 |
| Payment of a provision against loan guarantee                                      | 10      | -                              | (3,913,920)                |
| Lease liabilities paid   | 9.2     | (209,000)                      | (208,500)                  |
| Financing costs paid   | 17      | (44,072,711)                   | (34,484,511)               |
| <b>Net cash flows generated from / (used in) financing activities</b>              |         | <b>79,539,132</b>              | <b>(42,816,459)</b>        |
| <b>Net change in cash and cash equivalents</b>                                     |         | <b>452,254</b>                 | <b>(5,469,427)</b>         |
| Cash and cash equivalents at the beginning of the year                             |         | 11,507,655                     | 16,977,082                 |
| <b>Cash and cash equivalents at the end of the year</b>                            |         | <b>11,959,909</b>              | <b>11,507,655</b>          |
| <b>Non-cash transactions</b>   | 33      |                                |                            |

|                                |                                     |                                       |
|--------------------------------|-------------------------------------|---------------------------------------|
| <b>Chief Financial Officer</b> | <b>Managing director and CEO</b>    | <b>Chairman of Board of Directors</b> |
| Al-Abbas bin Ali Al Musa'ed    | Abdul Karim bin Muhammad Al-Nuhayer | Abdullah bin Owdah Al-Ghabin          |

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

## ALJOUF CEMENT COMPANY

A Saudi Joint Stock Company

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(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 Group 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 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 cement (Portland), 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 December 2024 comprised 108.7 million shares stated at SAR 10 per share (2023: 108.7 million shares at SAR 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.

## **ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

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## **1. OVERVIEW ABOUT THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS ACTIVITIES (CONTINUED)**

### **1.4 Climate change (continued)**

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.

## **2. GOING CONCERN**

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will continue its business in the foreseeable future. As stated in the consolidated financial statements, the Group's current liabilities exceeded its current assets by SAR 141.8 million as at 31 December 2024 (31 December 2023: SAR 102 million) and the Group has a negative operating cash flow of SAR 73.8 million as at 31 December 2024. And despite this, the Group's Management is confident of its ability to reduce costs, increase quantities sold and improve prices based on increased demand. The group has confidence in the financial position of the company in the coming period, accordingly these consolidated financial statements have been prepared on the going concern basis.

## **3. BASIS OF PREPARATION**

### **3.1 Statement of Compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (hereinafter referred to as the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia).

### **3.2 Preparing financial statements**

The consolidated financial statements are prepared on a historical cost basis, except for the following significant items included in the statement of consolidated financial position:

- The investments in equity instruments that are measured at fair value through other comprehensive income.
- The investments in equity instruments that are measured at fair value through profit or loss.
- End of service benefits for employees using the expected unit credit method.
- Provision for the rehabilitation of areas subject to a concession license which is measured at present value.

These Consolidated financial statements are presented in Saudi Riyals ("SAR"), which is the functional and presentation currency of the Group.

**ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**4. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS**

The consolidated financial statements include the financial statements of the company, branches and its subsidiaries (together referred to as the “Group”) located in the Kingdom of Saudi Arabia as on 31 December 2024.

| <u>Company Name</u>            | <u>Country</u>          | <u>Legal Entity</u> | <u>Ownership as of 31 December, 2024</u> |
|--------------------------------|-------------------------|---------------------|--|
| Al-Jouf Cement Company, Jordan | Kingdom of Jordan       | Limited liability   | 100%                                     |
| Al-Jouf Investments Company    | Kingdom of Saudi Arabia | Limited liability   | 100%                                     |
| Jahez Al-Jouf Company          | Kingdom of Saudi Arabia | Limited liability   | 100%                                     |

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.



**ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

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**4. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS (CONTINUED)**

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.

**ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES****5.1 New standards, amendments to standards, and interpretation****New and amended IFRS standards issued and effective in the year 2024**

The following amendments to standards relevant to the Group are effective for the annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group adopted these standards and / or amendments, however, there is no significant impact of these on the consolidated financial statements:

| <b>Amendments to standards</b> | <b>Description</b>                                      | <b>Effective from accounting period beginning on or after</b> | <b>Summary of amendment</b>   |
|--------------------------------|---|---|---|
| IAS 1                          | Classification of liabilities as current or non-current | 1 January 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                            | 1 January 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                           | 1 January 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.   |

**ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****New and amended IFRS Standards issued but not yet effective.**

The Group has not applied the following new and revised IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

|                   |   |                |   |
|-------------------|---|----------------|---|
| IAS 21            | Lack of Exchangeability                                 | 1 January 2025 | <p>The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.</p> <p>The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.</p> <p>These amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.</p> <p>They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features.</p> <p>Additionally, these amendments introduce new disclosure requirements and update others.</p>  |
| IFRS 9 and IFRS 7 | Classification and Measurement of Financial Instruments | 1 January 2026 | <p>IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.</p> <p>IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.</p> <p>Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.</p> <p>IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs)* and eliminates classification options for interest and dividends in the statement of cash flows.</p> |
| IFRS 19           | Subsidiaries without Public Accountability              | 1 January 2027 |   |
| IFRS 18           | Presentation and Disclosure in Financial Statements     | 1 January 2027 |   |

## **ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

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## **5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

### **5.2 Financial instruments**

The Group initially recognises financial instruments on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group has the following financial assets:

#### **Financial Assets at Amortised Cost**

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the consolidated statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method through consolidated statement of profit or loss.

#### **Financial assets at fair value through other comprehensive income**

The debt instrument is measured at fair value by other comprehensive income only if it meets the following conditions and is not recognized at fair value through consolidated statement of profit and loss:

- The asset is held in a business model that is designed to hold assets to collect contractual cash flows and sell the financial assets.
- The contractual terms of the financial asset lead on specific dates to cash flows that are only the payments from the principal amount and interest on the principal amount due.

## **ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

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## **5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.2 Financial instruments (continued)**

Debt instruments measured at fair value through other comprehensive income are subsequently measured at fair value while recognizing the profits and losses resulting from changes in fair value in other comprehensive income. Financing income, foreign exchange gains and losses are carried at the consolidated statement of profit or loss.

Equity instruments: On initial recognition, to invest in non-traded shares, the Group may apply an irrevocable option to make subsequent changes in fair value in other comprehensive income. The presented amounts in other comprehensive income are not subsequently transferred to the consolidated statement of profit or loss.

#### **Financial assets at fair value through profit or loss**

All other financial assets are classified as measured at fair value through the consolidated statement of profit or loss (for example: shares held for trading and debt securities that are not classified based on amortized cost or at fair value through other comprehensive income).

#### **Derecognition of financial assets**

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass - through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### **Impairment of financial assets**

For accounts receivables, the group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected loss rates were derived from historical information of the group and are adjusted to reflect the expected future outcome.

#### **Financial liabilities**

Financial liabilities are recognised initially on the trade date, which is the date that the group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities of the group comprise of lease liability, Trade and other payables and quarry exploitation fees.

## **ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

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## **5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.2 Financial instruments (continued)**

#### **Amortized cost for financial asset or liability**

The amortized cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less prepayments of the principal amount, plus or less the cumulative amortization using the effective interest method of any difference between that initial amount and the amount at the accrual date.

#### **Modification of financial assets and financial liabilities**

##### **Financial assets**

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized with the difference recognized as a de-recognition gain or loss and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in statement of profit or loss and other comprehensive income. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as special commission income.

##### **Financial liabilities**

The Group recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of profit or loss and other comprehensive income.

### **5.3 Revenue Recognition**

Revenue represents the fair value of the consideration received from cash customers or due from credit customers for the goods sold, net after deducting returns, trade discounts, and rebates granted to customers. Within the framework of the five steps specified by International Financial Reporting Standard No. (15), they are:

Step (1) – Identify the contract(s) with the client: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the standards that must be met for each contract.

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

Step (3) - Determine the transaction price: The transaction price is the amount of compensation that the Group expects to receive in exchange for transferring the goods or services promised to the customer, excluding amounts collected on behalf of other parties.

Step (4) - Allocating the transaction price to the performance obligations in the contract: For a contract that includes more than one performance obligation, the Group will distribute the transaction price to each performance obligation on the basis of their standalone price.

Step (5) – Revenue is recognized when (or whenever) the entity satisfies the performance obligation.

## **ALJOUF CEMENT COMPANY**

A Saudi Joint Stock Company

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

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## **5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.3 Revenue Recognition (continued)**

The Group satisfies a performance obligation and recognizes revenue when the customer gains control of the merchandise at a specified point in time (i.e., when the merchandise is delivered and acknowledged), and the merchandise is sold at significant discounts retrospectively based on total sales over a 12-month period. Revenue from these sales is recognized based on the price specified in the contract less the estimated volume of discounts. Accumulated experience is used to estimate and provide discounts using expected value and revenue is recognized to the extent it is highly probable that there will be no material reversal. The related liabilities (included under trade payables and other payables) are recognized for expected discounts on amounts due to customers in respect of sales made during the year.

The group sells bulk and packaged cement, under specific and independent sales invoices concluded with customers. There is no existing financing component as sales are made either in cash or term debt in line with market practice.

#### Selling goods

For invoices with customers where the sale of cement is generally expected to be a performance obligation by the Group, revenue from the sale is recognized at the point in time when control of the asset is transferred to the customer at a specified point in time, which is usually upon delivery.

The Group takes into account the indicators mentioned below in evaluating the transfer of control of the asset to the customer:

- The group has a right to payment for the asset.
- The customer has legal ownership of the asset.
- The group has transferred actual ownership of the asset.
- The client bears the significant risks and rewards of ownership of the asset.
- Customer acceptance of the asset.

### **5.4 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The acquisition cost of an asset includes all costs related to the acquisition of the asset. The cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges related to purchases of property, plant and equipment. The cost includes expenses directly attributable to the acquisition of the asset until its maturity date. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the consolidated statement of profit or loss. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and can be measured reliably.

#### **Capital spare parts**

The Group classifies capital spare parts into critical spare parts (strategic spare parts) and general spare parts, using the following guidelines:

- Critical spare parts are the parts intended for urgent use, which are likely to be a major items/parts that should be kept on hand to ensure continuous operation of production equipment. They are usually only used when malfunctions occur, and are not generally expected to be used routinely. Depreciation of important spare parts begins immediately from the date of purchase.



**ALJOUF CEMENT COMPANY**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

**5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****5.4 Property, plant and equipment (continued)****Capital spare parts (continued)**

• General spare parts are other major spare parts that are not considered critical and are purchased in advance due to scheduled replacement plans (in line with the scheduled maintenance program) in order to replace existing major spare parts with new operable parts. These terms are deemed “available for use” only at a future date. Then the depreciation process begins when they are installed as replacement parts. The depreciation period for such general capital parts is over their useful life or the expected remaining useful life of the associated equipment, whichever is less.

The Group has spare and strategic spare parts that must be available for its two production lines, which are classified under machinery and equipment and depreciated over the life of the associated asset. The useful life of property, machinery and equipment is reviewed at the end of each year, and in the event that the expected useful life differs from what was previously estimated, the remaining book value is depreciated on the remaining useful life after the re-estimation, starting from the year in which the re-estimation was made. The cost less the estimated residual value is depreciated on a straight-line basis for all asset classes using the following annual depreciation rates:

| <u>Clause</u>           | <u>Productive life</u> | <u>Salvage value</u> |
|-------------------------|------------------------|----------------------|
| Machinery and Equipment | 40 years               | 10%                  |
| Buildings               | 40-50 years            | -                    |
| Roads                   | 50 years               | -                    |
| Vehicles                | 4-10 years             | -                    |
| Furniture and fixtures  | 5-10 years             | -                    |
| Tools                   | 4 years                | -                    |
| Strategic spare parts   | 40 years               | -                    |

**Capital works in progress**

Land and capital work in progress are not depreciated.

Assets under construction or development are capitalized under capital work in progress. Assets under construction or development are transferred to the appropriate category of property, plant and equipment or intangible assets (depending on the nature of the project), when the asset reaches the location and/or condition necessary to be able to operate in the manner intended by management. The cost of the capital work-in-progress item includes the purchase price, construction/development cost, and any other costs directly related to the construction or acquisition of the capital work-in-progress item that are deemed by management. Costs associated with testing capital work-in-progress items (before they are available for use) are capitalized net of proceeds from the sale of any production during the testing period. Capital work in progress is not depreciated or amortized.

The residual value, useful lives of assets and impairment indicators are reviewed at the end of each financial year and adjusted prospectively, when necessary.

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## **5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.4 Property, plant and equipment (continued)**

#### **Capital works in progress (continued)**

If significant parts of an item of property, plant and equipment have different useful lives then they are accounted for as separate items of property, plant and equipment.

In determining the lease term, the management generally considers certain factors including historical lease durations and major improvements to leased properties over the lease term that have significant economic benefit to the Group's operations, the importance of the leased asset to the Group's operations, and whether alternatives are available to the Group and business disruptions that require the replacement of the leased asset.

### **5.5 Intangible assets**

Intangible assets that include software programs, which acquired by the group and have a finite useful life (5 years), are measured at cost less accumulated amortization and any accumulated impairment losses.

The group applies annual depreciation rates to its intangible assets:

- Software licenses                      20%

#### **Subsequent expenditure**

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenses incurred internally are recognized in the consolidated profit or loss when incurred.

#### **Amortization**

Amortization is charged to the cost of intangible assets less the residual value using the straight-line method over their estimated useful lives, and recognized in the consolidated statement of profit or loss.

The residual values of intangible assets, their useful lives and impairment indicators are reviewed at the end of each financial year and adjusted prospectively where necessary.

### **5.6 Impairment of non-financial assets**

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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## **5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.6 Impairment of non-financial assets (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its' carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of consolidated profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

### **5.7 Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a weighted average method.
- Finished goods and work in progress: cost of direct materials, labour and all direct manufacturing expenditure based on the normal level of activity and transportation and handling costs.

Cost of inventories is recognised as an expense and included in cost of sales.

### **Net realizable value and inventory allowance estimate**

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling. Net realizable value is usually measured individually for inventory write-offs, when items related to the same product line (and have the same purpose and end use) are produced and marketed in the same geographic region.

Writing off inventory below cost to arrive at net realizable value is consistent with IFRS, where assets should not be recognized for more than the amounts expected to be realized from their sale.

### **5.8 Cash and cash equivalents**

For the purpose of statement of financial position, cash and bank balances include bank balances, cheques in hand and deposits with original maturities of three months or less, if any.

### **5.9 Zakat Provision**

Zakat is provided for in accordance with Zakat and Tax and Customs Authority ("ZATCA") regulations. Adjustments arising from final zakat assessments are recorded in the period in which such assessments are made.

### **5.10 Provision for employees' end of service benefits**

Employee Retirement benefits are payable to all employees employed under the terms and conditions of the Labour Laws applicable on the group, on termination of their employment contracts.

The group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value.

The group sets the assumptions used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with the group's actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

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#### **5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

##### **5.10 Provision for employees' end of service benefits (continued)**

Re-measurement of defined benefit liability, which comprise of actuarial gains and losses are recognised immediately in the consolidated statement of other comprehensive income. The group determines interest expense on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, considering any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit are recognised in the consolidated statement of profit or loss.

##### **5.11 Provisions**

Provisions are recognized when the group has:

- A legal or constructive obligation resulting from past events;
- It is probable that an influx of resources will be required to settle the obligation in the future; and
- The amount can be estimated reliably.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects current market assessments of the time value of money and the risks specific to the liability.

If there are a number of similar obligations (for example, product guarantees, similar contracts or other provisions), the probability that an outflow will be required for settlement is determined on the basis of the class of obligations as a whole. Although the probability of a cash outflow for an item may be small, it may be possible that some cash inflows will be needed to settle the class of liabilities as a whole. Provisions are measured at the present value of the expenses expected to be used to settle the obligation. A pre-tax discount rate is used that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

##### **5.12 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. The requirement to maintain a statutory reserve is no longer required with the implementation of the new Companies Law in the Kingdom of Saudi Arabia effective 19 January 2023.

##### **5.13 Earnings per share**

Basic and diluted earnings per share (if any) are presented for ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the period. The diluted earnings per share are adjusted by adjusting the profit or loss attributable to ordinary equity holders of the group and the weighted average number of shares outstanding during the year with the effect of all potential dilutive ordinary shares.

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## **5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.14 Segmental reporting**

Operating segment is a component of the group that engages in business activities from which it earns revenue and incurs costs including income and expenses related to transactions with any other elements of the group. A geographical segment is associated with the provision of products in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in economic environment.

### **5.15 Fair value measurement of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industrial group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### **5.16 Foreign currency translation**

Transactions conducted during the year in foreign currencies are converted into Saudi riyals at the prevailing exchange rates on the date of the transactions. The balances of monetary assets and liabilities recorded in foreign currencies are retranslated at the prevailing exchange rates on the date of the consolidated statement of financial position. Gains and losses from settlement and translation of foreign currency transactions are included in the statement consolidated profit or loss.

### **5.17 Dividends**

Dividends are recorded in the consolidated financial statements in the year in which the General Assembly of Shareholders approves these distributions.

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## **6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

### **6.1 Changes in accounting estimates**

The Group may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience. By its nature, a change in an accounting estimate does not relate to prior years and is not the correction of an error.

The effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior year errors.

A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate. When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

The effect of a change in an accounting estimate, is recognized prospectively in profit or loss in the period of the change, if the change affects that period only or the period of the change and future periods, if the change affects both.

### **6.2 Critical Judgments and Key Sources of Estimation Uncertainty**

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

#### **6.2.1 Critical judgements in applying accounting policies**

The following critical judgments that have most significant effect on the amounts recognized in the consolidated financial statements:

##### **Determining the timing of revenue recognition on the sale of precast products**

The Group evaluates the timing of revenue recognition on the sale of precast based on analysing of the rights and obligations under the terms of each contract.

##### **Going concern**

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group's consolidated financial statements continue to be prepared on the going concern basis.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### **6.2.2 Key sources of estimation uncertainty**

##### **Zakat**

Management has assessed the zakat position having regard to the regulations of Zakat, Tax, and Customs Authority (ZATCA), decrees issued periodically and conventions. Interpretation of such legislation, decrees, and conventions is not always clear and entails completion of assessment by ZATCA.

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**6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)****6.2 Key judgments and sources of estimation uncertainty (continued)****6.2.2 Key sources of estimation uncertainty (continued)****Impairment of non-financial asset**

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

**Estimated useful life of property, plant and equipment**

The cost of property, plant and equipment depreciated over the estimated useful life of the asset based on the expected use and obsolescence of the asset, the maintenance and repair program, technical obsolescence and the recoverable value considerations of the asset. Management reviews the residual value of property, plant and equipment and useful lives annually and change in depreciation charges where the management believe that the useful life differs than the past estimates.

**Strategic and reserve spare parts**

The group maintains strategic and reserve spare parts inventory for two production lines in its plant, which the management aims to maintain for longer periods more than one year. The management believes that all spare parts will be provided with future economic benefits from the future use of all property, plant and equipment. The management reviews spare parts that are in reserve equipment, which should be available as needed and depreciated with the estimated useful life of the associated asset.

**Actuarial valuation of employees' end of service benefits liabilities**

The employees' end-of-service benefits liability is determined according to a defined unfunded benefit plan and measured using actuarial evaluation. Actuarial evaluation includes many assumptions that may differ from the actual future developments. These assumptions include the determination of the discount rate and future salary increases and turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. Thus, all assumptions are reviewed once a year or more often, as deemed necessary.

**Provision for rehabilitation of areas subject to franchise license**

The provision for rehabilitation of areas subject to franchise license is recognised at the present value of the expected cost of rehabilitation of the site and the group's factory land. The current value of the provision estimated at the expected present value of the end of the factory lifespan, and the group relied on the renewal of the current quarry license after its expiry at the initial measurement of the current value of the provision.



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**6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)****6.2 Key judgments and sources of estimation uncertainty (continued)****6.2.2 Key sources of estimation uncertainty (continued)****Allowance for impairment for trade receivables**

The Group assesses on a forward-looking basis the Expected Credit Losses (“ECL”) associated with its debt instruments as part of its financial assets, which are carried at amortized cost for accounts receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. ECL assessment requires a several estimates related to the categorization of customers, discount rates and a general assessment of the economic conditions in the market. Management use their best estimates and historical trends of customers to assess the receivables provision under ECL model.

**Provision for obsolete, slow moving and damaged inventory**

Management makes a provision for slow moving, obsolete and damaged inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring sub-sequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of year.

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 ‘Inventories’ or value in use in IAS 36 ‘Impairment of Assets’, where applicable.

**Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

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**7. PROPERTY, PLANT AND EQUIPMENT**

|   | <b>Machinery<br/>and<br/>Equipment</b> | <b>Strategic<br/>spare parts</b> | <b>Buildings</b>   | <b>Roads</b>      | <b>Vehicles</b>   | <b>Furniture and<br/>office equipment</b> | <b>Capital work in<br/>progress</b> | <b>Total</b>         |
|---|--|----------------------------------|--------------------|-------------------|-------------------|---|-------------------------------------|----------------------|
| <b><u>Cost:</u></b>                     |  |                                  |                    |                   |                   |   |                                     |                      |
| Balance as at 1 January 2023            | 1,766,635,580                          | 11,371,760                       | 376,386,462        | 90,478,595        | 24,758,821        | 14,705,041                                | -                                   | 2,284,336,259        |
| Additions during the year               | 18,415,130                             | 15,012,791                       | 1,648,820          |                   | 1,940,266         | 755,281                                   | 1,318,833                           | 39,091,121           |
| Disposals                               | (8,794,379)                            | (2,039,523)                      | -                  | -                 | (1,520,200)       | (902,128)                                 | -                                   | (13,256,230)         |
| Transferred between assets              | 731,170                                | (731,170)                        | -                  | -                 | -                 | -   | -                                   | -                    |
| <b>Balance as at 31 December 2023</b>   | <b>1,776,987,501</b>                   | <b>23,613,858</b>                | <b>378,035,282</b> | <b>90,478,595</b> | <b>25,178,887</b> | <b>14,558,194</b>                         | <b>1,318,833</b>                    | <b>2,310,171,150</b> |
| Additions during the year               | 68,235                                 | -                                | 139,000            | -                 | 32,800,000        | 877,522                                   | 2,530,877                           | 36,415,634           |
| Write-off during the year               | (70,650)                               | -                                | -                  | -                 | -                 | (310,044)                                 | -                                   | (380,694)            |
| Transferred between assets              | 1,129,368                              | (693,056)                        | 1,458,253          | -                 | -                 | -   | (1,894,565)                         | -                    |
| <b>Balance as at 31 December 2024</b>   | <b>1,778,114,454</b>                   | <b>22,920,802</b>                | <b>379,632,535</b> | <b>90,478,595</b> | <b>57,978,887</b> | <b>15,125,672</b>                         | <b>1,955,145</b>                    | <b>2,346,206,090</b> |
| <b><u>Accumulated depreciation:</u></b> |  |                                  |                    |                   |                   |   |                                     |                      |
| Balance as at 1 January 2023            | 371,941,337                            | 7,439,027                        | 133,424,513        | 33,357,287        | 13,205,621        | 12,705,240                                | -                                   | 572,073,025          |
| Depreciation during the year            | 35,507,121                             | 4,524,733                        | 2,089,792          | 491,854           | 2,169,929         | 425,106                                   | -                                   | 45,208,535           |
| Disposals                               | (3,703,440)                            | (2,039,523)                      | -                  | -                 | (593,531)         | (894,033)                                 | -                                   | (7,230,527)          |
| Reversal of previous decline in value   | (4,406,171)                            | -                                | -                  | -                 | -                 | -   | -                                   | (4,406,171)          |
| <b>Balance as at 31 December 2023</b>   | <b>399,338,847</b>                     | <b>9,924,237</b>                 | <b>135,514,305</b> | <b>33,849,141</b> | <b>14,782,019</b> | <b>12,236,313</b>                         | <b>-</b>                            | <b>605,644,862</b>   |
| Depreciation during the year            | 35,891,972                             | 353,752                          | 6,664,233          | 1,532,774         | 843,713           | 496,947                                   | -                                   | 45,783,391           |
| Write-off during the year               | (70,647)                               | -                                | -                  | -                 | -                 | (306,577)                                 | -                                   | (377,224)            |
| <b>Balance as at 31 December 2024</b>   | <b>435,160,172</b>                     | <b>10,277,989</b>                | <b>142,178,538</b> | <b>35,381,915</b> | <b>15,625,732</b> | <b>12,426,683</b>                         | <b>-</b>                            | <b>651,051,029</b>   |
| <b><u>Net book value:</u></b>           |  |                                  |                    |                   |                   |   |                                     |                      |
| <b>As at 31 December 2023</b>           | <b>1,377,648,654</b>                   | <b>13,689,621</b>                | <b>242,520,977</b> | <b>56,629,454</b> | <b>10,396,868</b> | <b>2,321,881</b>                          | <b>1,318,833</b>                    | <b>1,704,526,288</b> |
| <b>As at 31 December 2024</b>           | <b>1,342,954,282</b>                   | <b>12,642,813</b>                | <b>237,453,997</b> | <b>55,096,680</b> | <b>42,353,155</b> | <b>2,698,989</b>                          | <b>1,955,145</b>                    | <b>1,695,155,061</b> |

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**7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

7.1 The group exploits raw materials quarries leased from the Ministry of Industry and Mineral Resources under a raw materials quarry license for a period of 30 Hijri years, starting from 3 Rajab, 1428 AH, corresponding to 17 July 2007.

7.2 The group entered into a loan agreement with the Saudi Industrial Development Fund and Al Inma Bank. These loans are secured by a mortgage on all property, plant and equipment of the factory. The group has also entered into a loan agreement with Al Rajhi Bank and Saudi Awwal Bank. These loans are secured by a mortgage on all property, plant and equipment of the factory up to SAR 100 million and SAR 200 million respectively.

7.3 As of 31 December 2024, the capital work in progress mainly represents advances for power plant upgrade, construction of weight bridge and installation of water pumps.

7.4 During the year 2024, management conducted an impairment test for machinery and equipment as of 31 December 2024. For the purposes of assessing impairment, management used a discount rate of 9.30% and a terminal growth rate of 2.5%. The assessed recoverable amount was higher than the current net book value. The recoverable amount as of 31 December 2024 is based on value in use.

7.5 During the year 2024, the Group has entered into an agreement with one of its related parties for the purchase of trucks with an amount of SAR 32.8 million (excluding value-added tax) representing 60 trucks with bulkers. The ownership of these assets has not been transferred as of the date of the financial statements ending on 31 December 2024. Subsequent to the year end assets' ownership has been transferred to the Group.

7.6 Depreciation expense has been allocated as follows:

|                                     | <b>Note</b> | <b>For the year ended 31 December</b> |             |
|-------------------------------------|-------------|---------------------------------------|-------------|
|                                     |             | <b>2024</b>                           | <b>2023</b> |
| Cost of sales                       |             | <b>44,532,230</b>                     | 43,896,279  |
| Selling and marketing expenses      | <b>24</b>   | <b>585,269</b>                        | 767,978     |
| General and administrative expenses | <b>25</b>   | <b>665,892</b>                        | 544,278     |
|                                     |             | <b>45,783,391</b>                     | 45,208,535  |

**8. INTANGIBLE ASSETS**

|                                       | <b>Software</b>  | <b>Capital work in progress</b> | <b>Total</b>     |
|---------------------------------------|------------------|---------------------------------|------------------|
| <b>Cost:</b>                          |                  |                                 |                  |
| Balance as at 1 January 2023          | 1,882,625        | -                               | 1,882,625        |
| Additions during the year             | -                | 1,647,276                       | 1,647,276        |
| <b>Balance as at 31 December 2023</b> | <b>1,882,625</b> | <b>1,647,276</b>                | <b>3,529,901</b> |
| Additions during the year             | -                | 1,662,021                       | 1,662,021        |
| <b>Balance as at 31 December 2024</b> | <b>1,882,625</b> | <b>3,309,297</b>                | <b>5,191,922</b> |
| <b>Accumulated Amortization:</b>      |                  |                                 |                  |
| Balance as at 1 January 2023          | 376,525          | -                               | 376,525          |
| Amortization during the year          | 376,525          | -                               | 376,525          |
| Balance as at 31 December 2023        | <b>753,050</b>   | -                               | <b>753,050</b>   |
| Amortization during the year          | <b>376,525</b>   | -                               | <b>376,525</b>   |
| Balance as at 31 December 2024        | <b>1,129,575</b> | -                               | <b>1,129,575</b> |
| <b>Net book value:</b>                |                  |                                 |                  |
| As at 31 December 2023                | 1,129,575        | 1,647,276                       | 2,776,851        |
| <b>As at 31 December 2024</b>         | <b>753,050</b>   | <b>3,309,297</b>                | <b>4,062,347</b> |

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**8. INTANGIBLE ASSETS (CONTINUED)**

8.1 Amortization expense for the year ending 31 December, 2024 amounting to SAR 376,525 was charged to cost of sales, selling and marketing and general and administration expenses. (2023: SAR 376,525).

8.2 As at 31 December 2024, the capital work in progress mainly represents advances for human resource project development and enterprise resource planning (SAP).

**9. LEASES**

Leases represented in the lease of the Group's head office, with lease term of 3 years.

**9.1 Right of use assets**

Right of use assets movement during the year is as follows:

|  | <b>Note</b> | <b>For the year ended 31 December</b> |             |
|--|-------------|---------------------------------------|-------------|
|  |             | <b>2024</b>                           | <b>2023</b> |
| Balance at the beginning of the year         |             | <b>565,686</b>                        | -           |
| Additions during the year                    |             | -                                     | 565,686     |
| <b>Balance as at the end of the year</b>     |             | <b>565,686</b>                        | 565,686     |
| <b>Accumulated depreciation:</b>             |             |                                       |             |
| Balance at the beginning of the year         |             | <b>188,562</b>                        | -           |
| Depreciation charged during the year         | <b>25</b>   | <b>188,562</b>                        | 188,562     |
| <b>Balance as at the end of the year</b>     |             | <b>377,124</b>                        | 188,562     |
| <b>Net book value at the end of the year</b> |             | <b>188,562</b>                        | 377,124     |

**9.2 Lease Liability**

Lease liability movement during the year is as follows:

|  | <b>Note</b> | <b>For the year ended 31 December</b> |             |
|--|-------------|---------------------------------------|-------------|
|  |             | <b>2024</b>                           | <b>2023</b> |
| Balance at the beginning of the year     |             | <b>393,274</b>                        | -           |
| Additions during the year                |             | -                                     | 565,686     |
| Finance cost during the year             | <b>27</b>   | <b>20,886</b>                         | 36,088      |
| Payments during the year                 |             | <b>(209,000)</b>                      | (208,500)   |
| <b>Balance as at the end of the year</b> |             | <b>205,160</b>                        | 393,274     |

The table below shows the Group's discounted lease liabilities based on the contractual due date:

|   | <b>As at 31 December</b> |             |
|---|--------------------------|-------------|
|   | <b>2024</b>              | <b>2023</b> |
| Lease liabilities – Current portion     | <b>205,160</b>           | 204,712     |
| Lease liabilities – Non-current portion | -                        | 188,562     |
|   | <b>205,160</b>           | 393,274     |

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

|   | Ownership percentage |      | As at 31 December,  |              |
|---|----------------------|------|---------------------|--------------|
|   | 2024                 | 2023 | 2024                | 2023         |
| Eastern Industrial Company (EIC) - Closed Saudi Joint Stock Co. (10.1)              | 10%                  | 10%  | <b>46,000,000</b>   | 46,000,000   |
| <b>Less:</b> Fair value reserve for investment in Eastern Industrial Company (10.2) |                      |      | <b>(46,000,000)</b> | (46,000,000) |
|   |                      |      | <u>-</u>            | <u>-</u>     |

10.1 The Group holds a 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.

10.2 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.

10.3 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 is SAR 35,681,000, which the Group anticipates settling through the liquidation process.

10.4 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.

10.5 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.

10.6 Despite recording a liability of SAR 35,681,000 for guarantees made to SIDF for the EIC loan, management has decided to reverse this liability in the Group's books and disclose it as a contingent liability. This decision comes following 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.

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**11. INVESTMENT IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

As at 31 December 2022, the Group owned one million units in the Kasb City Real Estate Fund, with the fair value of each unit amounting to SAR 8.51. During the year ended 31 December 2023, the Group disposed off the investment as a result of the liquidation of the Fund, which resulted in realized losses amounting of SAR 550,002.

**12. INVENTORY**

|   | As at 31 December  |                    |
|---|--------------------|--------------------|
|   | 2024               | 2023               |
| Raw materials                             | 7,760,536          | 7,378,013          |
| Work in progress                          | 194,344,895        | 148,802,899        |
| Finished products                         | 3,768,329          | 5,374,897          |
| Spare parts                               | 57,362,424         | 57,611,306         |
| Fuel and consumables                      | 10,592,684         | 12,547,212         |
|   | <b>273,828,868</b> | <b>231,714,327</b> |
| Less: Provision for slow moving inventory | <b>(6,507,585)</b> | <b>(6,507,585)</b> |
|   | <b>267,321,283</b> | <b>225,206,742</b> |

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

|                           | For the year ended 31 December |                  |
|---------------------------|--------------------------------|------------------|
|                           | 2024                           | 2023             |
| Balance as of 1 January   | 6,507,585                      | 18,595,244       |
| Reversal of provision     | -                              | (12,087,659)     |
| Balance as of 31 December | <b>6,507,585</b>               | <b>6,507,585</b> |

Reversal of provision for slow moving for the last year had been charged to other income.

**13. TRADE RECEIVABLES**

|                                      | As at 31 December |                            | 1 January                  |
|--------------------------------------|-------------------|----------------------------|----------------------------|
|                                      | 2024              | 2023<br>(Restated-Note 32) | 2023<br>(Restated-Note 32) |
| Trade receivables                    | 110,648,614       | 106,078,719                | 89,211,753                 |
| Provision for expected credit losses | (12,530,232)      | (10,399,107)               | (50,481,116)               |
|                                      | <b>98,118,382</b> | <b>95,679,612</b>          | <b>38,730,637</b>          |

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

|                             | Note | For the year ended 31 December |                            |
|-----------------------------|------|--------------------------------|----------------------------|
|                             |      | 2024                           | 2023<br>(Restated-Note 32) |
| Balance as at 1 January     |      | 10,399,107                     | 50,481,116                 |
| Provision during the year   |      | 2,131,125                      | 1,291,478                  |
| Written-off during the year | 13.1 | -                              | (41,373,487)               |
| Balance as of 31 December   |      | <b>12,530,232</b>              | <b>10,399,107</b>          |

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**13. TRADE RECEIVABLES (CONTINUED)**

13.1. The Group is working on reviewing the accounts of the trade receivables 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 13 March, 2024, and in accordance with the authority matrix approved by the Board of Directors, the balances of commercial debtors in the amount of SAR 41,373,487 has been written off during the year 2023 with the follow-up of the collection of these amounts with the competent authorities.

Balances from four major customers represent 69% (2023: 61%) of total trade receivables.

The information related to the decline in the value of trade receivables and the Groups' exposure to credit risk is disclosed in (Note 31B).

**14. PREPAYMENTS AND OTHER RECEIVABLES**

|  | Note | As at 31 December |                   |
|--|------|-------------------|-------------------|
|  |      | 2024              | 2023              |
| Advances to suppliers                        |      | 8,944,558         | 6,210,144         |
| Prepaid expenses                             |      | 7,232,556         | 4,750,902         |
| Clinker import support claims                |      | 3,790,884         | 3,790,884         |
| Employee receivables                         |      | 879,648           | 409,918           |
| Others                                       |      | 508,957           | 508,955           |
|  |      | <u>21,356,603</u> | <u>15,670,803</u> |
| <b>Less:</b>                                 |      |                   |                   |
| Provision for payments and other receivables | 14.1 | (3,790,884)       | -                 |
|  |      | <u>17,565,719</u> | <u>15,670,803</u> |

14.1 The movement on provision for prepayments and other receivables during the year is as follows:

|                                      | For the year ended 31 December |              |
|--------------------------------------|--------------------------------|--------------|
|                                      | 2024                           | 2023         |
| Balance as of 1 January              | -                              | 48,332,549   |
| Charged / (reversal) during the year | 3,790,884                      | (4,608,273)  |
| Written off                          | -                              | (43,724,276) |
| Balance as of 31 December            | <u>3,790,884</u>               | <u>-</u>     |

14.2 Reference to Note 13.1, the Board of Directors had decided to also write-off advance payment to suppliers and other receivables by an amount of SAR 43,724,276.

14.3 The provision of clinker import support claim has been charged to the cost of sales.

**15. CASH AND CASH EQUIVALENTS**

|               | As at 31 December |                   |
|---------------|-------------------|-------------------|
|               | 2024              | 2023              |
| Cash at banks | 11,959,909        | 11,507,655        |
|               | <u>11,959,909</u> | <u>11,507,655</u> |

Cash at banks is deposited with financial institutions with good credit rating and considered to have low risk (Note 31b). Cash at banks are maintained in current accounts and does not yield any income.



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**16. 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.

The requirement to maintain a statutory reserve is no longer required with the implementation of the new Companies Law in the Kingdom of Saudi Arabia effective 19 January 2023 and accordingly the Group stopped providing any additional amounts to the statutory reserve.

**17. CREDIT FACILITIES**

The movement on credit facilities is as follows:

|   | <b>Note</b> | <b>As at 31 December</b> |              |
|---|-------------|--------------------------|--------------|
|   |             | <b>2024</b>              | <b>2023</b>  |
| Balance as of 1 January                     |             | <b>610,688,524</b>       | 606,969,282  |
| Payment of the principal of the loan        |             | <b>(120,795,739)</b>     | (59,959,528) |
| Additions to the principal of the loan      |             | <b>244,616,582</b>       | 55,750,000   |
| Cash flows adjustment for credit facilities | <b>17.8</b> | <b>(14,234,714)</b>      | -            |
| Financing costs for the year                | <b>27</b>   | <b>52,884,855</b>        | 42,413,281   |
| Financing cost paid                         |             | <b>(44,072,711)</b>      | (34,484,511) |
| Balance as of 31 December                   |             | <b>729,086,797</b>       | 610,688,524  |

The value of revolving loans during the year (paid and additions) amounted to SAR 128.87 million.

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

|  | <b>Note</b>       | <b>As at 31 December</b> |             |
|--|-------------------|--------------------------|-------------|
|  |                   | <b>2024</b>              | <b>2023</b> |
| Long-term bank credit facilities                                   |                   | <b>416,387,916</b>       | 498,474,569 |
| Long-term bank credit facilities - reclassified to current portion | <b>17.9</b>       | <b>100,000,000</b>       | -           |
| Short-term bank credit facilities                                  | <b>17.7</b>       | <b>159,199,070</b>       | 38,547,524  |
| Total Credit facilities - local commercial banks                   |                   | <b>675,586,986</b>       | 537,022,093 |
| Industrial Development Fund facilities                             | <b>17.4</b>       | <b>34,700,000</b>        | 56,166,431  |
| Finance companies  | <b>17.5, 17.7</b> | <b>18,799,811</b>        | 17,500,000  |
|  |                   | <b>729,086,797</b>       | 610,688,524 |

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**17. CREDIT FACILITIES (CONTINUED)****The current and non-current portion of the credit facilities are presented as follows: -**

|  | <b>As at 31 December</b> |             |
|--|--------------------------|-------------|
|  | <b>2024</b>              | <b>2023</b> |
| Long-term credit facilities – non-current portion                  | <b>403,832,361</b>       | 415,959,754 |
| Long-term bank credit facilities - reclassified to current portion | <b>100,000,000</b>       | -           |
| Long-term credit facilities – current portion                      | <b>63,134,153</b>        | 148,978,770 |
| Short term credit facilities                                       | <b>162,120,283</b>       | 45,750,000  |
|  | <b>729,086,797</b>       | 610,688,524 |

**Credit facilities - local commercial banks**

|   | <b>Note</b> | <b>As at 31 December</b> |             |
|---|-------------|--------------------------|-------------|
|   |             | <b>2024</b>              | <b>2023</b> |
| Credit facilities – SAB Bank                  | <b>17.1</b> | <b>143,059,418</b>       | 155,306,363 |
| Credit facilities - Alinma Bank (long-term)   | <b>17.2</b> | <b>279,857,523</b>       | 341,068,206 |
| Credit facilities - Alinma Bank (short-term)  | <b>17.7</b> | <b>98,338,903</b>        | 38,547,524  |
| Credit facilities - Alrajhi Bank (long-term)  | <b>17.6</b> | <b>103,042,057</b>       | -           |
| Credit facilities - Alrajhi Bank (short-term) | <b>17.7</b> | <b>51,289,085</b>        | -           |
| Credit facilities - Bank Al Jazira            | <b>17.3</b> | -                        | 2,100,000   |
|   |             | <b>675,586,986</b>       | 537,022,093 |

**The maturity schedule for discounted credit facilities is as follows:**

|                         | <b>As at 31 December</b> |             |
|-------------------------|--------------------------|-------------|
|                         | <b>2024</b>              | <b>2023</b> |
| Less than one year      | <b>325,254,436</b>       | 194,728,770 |
| From one to two years   | <b>60,426,134</b>        | 66,000,000  |
| From two to three years | <b>77,677,665</b>        | 68,871,420  |
| More than three years   | <b>265,728,562</b>       | 281,088,334 |
|                         | <b>729,086,797</b>       | 610,688,524 |

17.1 The Group has credit facilities amounting to SAR 154.5 million from SABB Bank, where the outstanding balance as at 31 December 2024 amounting to SAR 143.0 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 (Note 17.8).

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#### **17. CREDIT FACILITIES (CONTINUED)**

17.2 The Group has credit facilities amounting to SAR 378 million from Alinma Bank, where the outstanding balance of which as of 31 December 2024, amounted to SAR 280 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 7). 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 splitted 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 gains (Note 17.8).

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 (9) Financial Instruments the rescheduling fee has been capitalized to the contractual cashflow and will be amortized over the agreements term.

17.3 The Group has credit facilities amounting to SAR 37.5 million from Al Jazira Bank. The entire outstanding balance was completely paid during the second quarter of year 2024, and a final settlement was obtained from the bank.

17.4 The Group has a loan from the Industrial Development Fund with outstanding balance of SAR 34.7 million as at 31 December 2024. 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 kilometers, along with the entire factory, its equipment, machinery and all its accessories (Note 7), with a net book value of SAR 1.69 billion as at 31 December 2024. 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.

17.5 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.

17.6 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 7). These facilities are repayable in semi-annual instalments. The last instalment of these facilities is due in August 2032.

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**17. CREDIT FACILITIES (CONTINUED)****17.7 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 December 2024 amounted to SAR 49.9 million. This facility is subject to commission according to prevailing interest rates in the market.

**17.8 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 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.

The modification gains from credit facilities are as follows: -

|                                 | Balance before<br>rescheduling | Balance after<br>rescheduling | Cash flow gains /<br>(loss) |
|---------------------------------|--------------------------------|-------------------------------|-----------------------------|
| Credit facilities – SAB 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                    | -                           |
|                                 | <b>487,409,754</b>             | <b>473,175,040</b>            | <b>14,234,714</b>           |

**17.9 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 covenant of Al Rajhi Bank, accordingly, an amount of SAR 100 million has been classified as short-term credit facilities. 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.

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**18. QUARRY EXPLOITATION FEES**

|   | Note        | For the year 31 December |             |
|---|-------------|--------------------------|-------------|
|   |             | 2024                     | 2023        |
| Balance as of 1 January                   |             | <b>39,577,912</b>        | 45,010,344  |
| Additions up to the date of the agreement | <b>18.1</b> | -                        | 3,905,424   |
|   |             | <b>39,577,912</b>        | 48,915,768  |
| Paid during the year                      |             | <b>(6,000,000)</b>       | (600,000)   |
|   |             | <b>33,577,912</b>        | 48,315,768  |
| Cash flow modification gain               |             | -                        | (9,835,244) |
| Finance cost                              | <b>27</b>   | <b>3,233,847</b>         | 1,097,388   |
| Balance as of 31 December                 |             | <b>36,811,759</b>        | 39,577,912  |

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

|  | As at 31 December |            |
|--|-------------------|------------|
|  | 2024              | 2023       |
| Quarry exploitation fees - non-current portion | <b>26,683,018</b> | 36,011,759 |
| Quarry exploitation fees - current portion     | <b>10,128,741</b> | 3,566,153  |
|  | <b>36,811,759</b> | 39,577,912 |

18.1 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 has been discounted and accordingly resulted in a cash flow modification gain of SAR 9,835,244.

**19. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS**

The Group's policy stipulates that all employees who complete a qualifying period of service are entitled to end-of-service benefits under the Labour Law in the Kingdom of Saudi Arabia.

The annual employee end-of-service benefit obligation is based on the actuarial evaluation, and the most recent actuarial evaluation was conducted by an independent expert appointed by the group's management, using the actuarial methodology for the projected credit unit as of 31 December 2024.

|   | For the year ended 31 December |             |
|---|--------------------------------|-------------|
|   | 2024                           | 2023        |
| Balance at the beginning of the year                          | <b>8,867,869</b>               | 8,386,180   |
| Expense charged to the statement of profit or loss            | <b>1,842,126</b>               | 1,448,678   |
| Actuarial remeasurement charged to other comprehensive income | <b>259,409</b>                 | 136,526     |
| Paid during the year  | <b>(416,085)</b>               | (1,103,515) |
| Balance on 31 December  | <b>10,553,319</b>              | 8,867,869   |

|   | Note      | For the year ended 31 December |           |
|---|-----------|--------------------------------|-----------|
|   |           | 2024                           | 2023      |
| Current service cost                                |           | <b>1,502,819</b>               | 1,051,504 |
| Past service cost                                   |           | <b>(64,428)</b>                | -         |
| Finance cost  | <b>27</b> | <b>403,735</b>                 | 397,174   |
| The cost charged to the statement of profit or loss |           | <b>1,842,126</b>               | 1,448,678 |

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**19. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)****Actuarial Assumptions:**

During the year actuarial valuations were performed under the projected unit credit method using the following significant assumptions:

|                                 | <u>2024</u> | <u>2023</u> |
|---------------------------------|-------------|-------------|
|                                 | year - %    | year - %    |
| <b>Financial Assumptions:</b>   |             |             |
| Discount rate                   | 5%          | 4.8%        |
| Salary increases rate           | 2.5%        | 2.5%        |
| <b>Demographic assumptions:</b> |             |             |
| Withdrawal rates                | Moderate    | Moderate    |
| Retirement age                  | 65 years    | 60 years    |

**Actuarial sensitivity analysis to determine employees' end-of-service liability**

Sensitivity analysis are based on the change in assumptions while all other assumptions are held constant. In practice, this is unlikely to happen and some changes in some assumptions may be related to each other. When calculating the sensitivity of employees' end-of-service benefits to a fundamental actuarial assumption, the same method is applied (the present value of employees' end-of-service benefits is calculated on the basis of the unit credit cost method). estimated at the end of the reporting period) when calculating employee end-of-service benefits recognized in the consolidated statement of financial position as shown below:

|                             | <b>Reasonabl<br/>e possible<br/>changes</b> | <b>End-of-service compensation obligation<br/>for employees<br/>As at 31 December</b> |             |
|-----------------------------|---|---|-------------|
|                             |   | <u>2024</u>   | <u>2023</u> |
| <b>Discount rate</b>        |   |   |             |
| Increase                    | +1%   | 9,636,026   | 8,090,379   |
| Decrease                    | -1%   | 11,637,111  | 9,782,083   |
| <b>Salary increase rate</b> |   |   |             |
| Increase                    | +1%   | 11,654,227  | 9,794,558   |
| Decrease                    | -1%   | 9,606,965   | 8,067,105   |

**20. TRADE AND OTHER PAYABLES**

|  |             | <b>As at 31 December</b> |                       | <b>1 January</b>      |
|--|-------------|--------------------------|-----------------------|-----------------------|
|  |             | <u>2024</u>              | <u>2023</u>           | <u>2023</u>           |
|  | <b>Note</b> |                          | Restated<br>(Note 31) | Restated<br>(Note 31) |
| Trade creditors                            |             | 85,059,005               | 102,104,455           | 53,878,098            |
| Accrued expense                            |             | 15,473,010               | 24,674,363            | 19,117,183            |
| Accrued salaries, wages and other benefits |             | 9,009,898                | 9,539,965             | 3,629,264             |
| Provision for government claims            | 20.1        | -                        | 6,000,000             | 10,000,000            |
| Accrued discounts                          | 22.2        | 60,351,738               | 46,933,617            | 18,753,013            |
| Retention execution of works               |             | 138,863                  | 138,863               | 944,284               |
| Other payables                             |             | 2,541,000                | 2,541,000             | 2,035,758             |
|  |             | <u>172,573,514</u>       | <u>191,932,263</u>    | <u>108,357,600</u>    |

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**20. TRADE AND OTHER PAYABLES (CONTINUED)**

20.1 Adjudication of Competition System Violations No. (179) punishing the Group with an amount of SAR 10 million, upheld by the Administrative Court of Appeal in Riyadh with Ruling No. (7752) for the year 1443 H. The Ministry, in its minutes No. (1254) dated 14 Muharram 1445 H, agreed to pay the debt amount in 10 equal monthly instalments. Remaining outstanding amount of SAR 6 million as at 31 December 2023 has been paid during the year 2024.

**21. PROVISION FOR ZAKAT**

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

|  | <b>For the year ended 31 December</b> |              |
|--|---------------------------------------|--------------|
|  | <b>2024</b>                           | <b>2023</b>  |
| Balance at the beginning of the year   | <b>24,129,383</b>                     | 35,130,601   |
| Charges during the year                | <b>5,300,000</b>                      | 2,848,393    |
| Adjustments in respect of zakat claims | -                                     | (13,049,611) |
| Paid during the year                   | <b>(772,730)</b>                      | (800,000)    |
| Balance at the end of the year         | <b>28,656,653</b>                     | 24,129,383   |

**B) Zakat assessment position**

The holding company and its subsidiaries submitted their zakat returns until the year ending on 31 December 2023, and obtained 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 2023, 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.

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**22. 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.

|                          | <b>Note</b> | <b>For the year ended 31 December</b> |                                   |
|--------------------------|-------------|---------------------------------------|-----------------------------------|
|                          |             | <b>2024</b>                           | <b>2023</b><br>(Restated-Note 32) |
| Cement and Clinker sales |             | <b>303,418,923</b>                    | 281,893,066                       |
| Transportation revenues  |             | <b>27,358,453</b>                     | 38,912,684                        |
| Discounts                | <b>22.2</b> | <b>(74,273,329)</b>                   | (51,521,598)                      |
| <b>Net Sales</b>         |             | <b>256,504,047</b>                    | 269,284,152                       |

|   | <b>For the year ended 31 December</b> |                                   |
|---|---------------------------------------|-----------------------------------|
|   | <b>2024</b>                           | <b>2023</b><br>(Restated-Note 32) |
| <b>Geographical information of revenue</b>                  |                                       |                                   |
| Sales revenues within the Kingdom of Saudi Arabia           | <b>227,329,208</b>                    | 210,257,735                       |
| Sales from export sales outside the Kingdom of Saudi Arabia | <b>29,174,839</b>                     | 59,026,417                        |
|   | <b>256,504,047</b>                    | 269,284,152                       |

|                              | <b>For the year ended 31 December</b> |                                   |
|------------------------------|---------------------------------------|-----------------------------------|
|                              | <b>2024</b>                           | <b>2023</b><br>(Restated-Note 32) |
| <b>Sales by product type</b> |                                       |                                   |
| Cement sales                 | <b>227,724,084</b>                    | 210,600,853                       |
| Clinker sales                | <b>28,779,963</b>                     | 58,683,299                        |
|                              | <b>256,504,047</b>                    | 269,284,152                       |

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

**22.1 Transactions with key clients**

Sales from two major customers amounted to 48 % of total sales as at 31 December, 2024 (2023: 60%). The rest of sales is derived from various customers whose individual share is less than 10% of net sales.

**22.2 Discounts**

During the year ended 31 December 2024, the Group granted various discounts to customers. These discounts have been recognized in the consolidated statement of profit or loss and other comprehensive income for the year. In addition, management identified errors relating to prior years (Note 32), whereby certain customer discounts had not been appropriately accounted for in the relevant periods. Upon discovery, the Group performed a detailed review and reached a final settlement with the affected customers during the year 2024. As a result, the correction of prior period error has been accounted for in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and settlements related to year 2024 had been charged as discounts in net sales. Settlements related to year 2024 resulted in accrued discounts by an amount of SAR 55,217,465.

**23. COST OF SALES**

The cost of sales represents consumable materials, salaries and wages, consumables and other supplies. As of 31 December, 2024 the cost of materials disbursed from inventory amounted to SAR 117.1 million (2023: SAR 107.2 million).



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**24. SELLING AND MARKETING EXPENSES**

|   | <b>Note</b> | <b>For the year ended 31 December</b> |             |
|---|-------------|---------------------------------------|-------------|
|   |             | <b>2024</b>                           | <b>2023</b> |
| Employee benefits                             |             | <b>6,307,271</b>                      | 4,908,494   |
| Depreciation of property, plant and equipment | <b>7</b>    | <b>585,269</b>                        | 767,978     |
| Other   |             | <b>37,175</b>                         | -           |
|   |             | <b>6,929,715</b>                      | 5,676,472   |

**25. GENERAL AND ADMINISTRATIVE EXPENSES**

|   | <b>Note</b> | <b>For the year ended 31 December</b> |             |
|---|-------------|---------------------------------------|-------------|
|   |             | <b>2024</b>                           | <b>2023</b> |
| Employee benefits                             |             | <b>5,698,915</b>                      | 4,657,505   |
| Board members' remuneration                   | <b>30</b>   | <b>7,900,002</b>                      | 7,623,271   |
| Professional fees                             |             | <b>4,526,853</b>                      | 2,167,061   |
| Donations                                     |             | <b>840,270</b>                        | 72,000      |
| Annual subscription                           |             | <b>742,487</b>                        | 888,553     |
| Depreciation of property, plant and equipment | <b>7</b>    | <b>665,892</b>                        | 544,278     |
| Depreciation of right-of-use assets           | <b>9</b>    | <b>188,562</b>                        | 188,562     |
| Others  |             | <b>3,538,541</b>                      | 1,863,603   |
|   |             | <b>24,101,522</b>                     | 18,004,833  |

The professional fees for auditing the annual consolidated financial statements and reviewing the interim condensed consolidated financial statements for the company amounted to SAR 450,000 (2023: SAR 374,000).

**26. OTHER INCOME, NET**

|   | <b>Note</b>        | <b>For the year ended 31 December</b> |             |
|---|--------------------|---------------------------------------|-------------|
|   |                    | <b>2024</b>                           | <b>2023</b> |
| Reversal of impairment allowances                   | <b>12 &amp; 14</b> | -                                     | 16,695,932  |
| Losses on disposal of property, Plant and equipment |                    | <b>(3,470)</b>                        | (4,599,997) |
| Scrap sales   |                    | <b>799,753</b>                        | 83,796      |
| Reversal of Loan guarantee provision                | <b>10.6</b>        | <b>35,681,000</b>                     | -           |
| Other   |                    | <b>727,241</b>                        | 722,950     |
|   |                    | <b>37,204,524</b>                     | 12,902,681  |

**27. FINANCE COST**

|                                      | <b>Note</b> | <b>For the year ended 31 December</b> |             |
|--------------------------------------|-------------|---------------------------------------|-------------|
|                                      |             | <b>2024</b>                           | <b>2023</b> |
| Credit facilities                    | <b>17</b>   | <b>52,884,855</b>                     | 42,413,281  |
| Interest on quarry exploitation fees | <b>18</b>   | <b>3,233,847</b>                      | 1,097,388   |
| Employees' end of service benefits   | <b>19</b>   | <b>403,735</b>                        | 397,174     |
| Lease liabilities                    | <b>9</b>    | <b>20,886</b>                         | 36,088      |
|                                      |             | <b>56,543,323</b>                     | 43,943,931  |

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**28. LOSS / EARNINGS PER SHARE**

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

|  | <b>For the year ended 31 December</b> |             |
|--|---------------------------------------|-------------|
|  | <b>2024</b>                           | <b>2023</b> |
| Net (loss) / profit for the year   | <b>(27,731,380)</b>                   | 37,678,330  |
| Weighted average number of shares  | <b>108,700,000</b>                    | 108,700,000 |
| Basic (loss) / earnings per share from the net (loss) / profit of the year | <b>(0.26)</b>                         | 0.35        |

**29. CONTINGENCIES AND COMMITMENTS****29.1 Contingent liabilities**

The Group has potential liabilities resulting from number of legal cases amounting to SAR 231,868 and documentary credits and bank guarantees issued in the ordinary course of the Group's business amounting to nothing as of 31 December, 2024 (2023: SAR 2,918,087).

As stated in Note (10), the Group has a contingent liability of SAR 35,681,000 due to SIDF guarantee on behalf of EIC.

**29.2 Capital commitments**

The group has no capital commitments as of 31 December, 2024.

**30. 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:

|   | <b>Ownership Percentage</b> |             |
|---|-----------------------------|-------------|
|   | <b>2024</b>                 | <b>2023</b> |
| Suleiman bin Saleh Al-Muhailib and Sons Company | <b>5.09%</b>                | 5.09%       |
| Rasana Fund                                     | <b>6.267%</b>               | 6.851%      |

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**30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

(b) Transaction with related parties

| Shareholder<br>Name                                       | Nature of the<br>relationship | Receivable<br>Balance | Nature of the<br>transaction   | For the year ended 31<br>December          |                     |
|---|-------------------------------|-----------------------|--|--|---------------------|
|   |                               |                       |  | 2024                                       | 2023                |
| Suleiman bin<br>Saleh Al-<br>Muhailib and<br>Sons Company | Major<br>Shareholder          | 29,037,664            | Sale of Cement (Net)<br><br>Purchase of Trucks<br>(Inclusive of VAT) | <b>86,767,867</b><br><br><b>37,720,000</b> | 79,271,604<br><br>- |

As at 31 December 2024 the shareholder (Suleiman bin Saleh Al-Muhailib and Sons Company), have a due balance amounting off SAR 29,037,664 (2023: 53,406,038), these balances have been included in note (13), Trade Receivables.

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

| Related parties    | Nature of the transaction                    | For the year ended 31 December |            |
|--------------------|--|--------------------------------|------------|
|                    |  | 2024                           | 2023       |
| Key Management     | Salaries, wages, and other benefits          | <b>15,745,056</b>              | 13,517,180 |
| Board of Directors | Board remuneration and attendance allowances | <b>7,900,002</b>               | 7,623,271  |

**31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks, market risk, credit risk, and liquidity risk.

Financial instruments in the Group's consolidated statement of financial position include investments at fair value through other comprehensive income, cash and cash equivalents, other assets, account receivable, and other liabilities.

**31.1 Financial instruments by category**

|   | As at 31 December  |             | 1 January   |
|---|--------------------|-------------|-------------|
|   | 2024               | 2023        | 2023        |
| <b>Financial assets at amortized cost:</b>      |                    |             |             |
| Trade receivables, net                          | <b>98,118,382</b>  | 95,679,612  | 38,730,637  |
| Employee receivable                             | <b>879,648</b>     | 409,918     | 702,493     |
| Other receivables                               | <b>508,957</b>     | 508,955     | 1,247,447   |
| Cash and cash equivalents                       | <b>11,959,909</b>  | 11,507,655  | 16,977,082  |
| <b>Total financial assets</b>                   | <b>111,466,896</b> | 108,106,140 | 57,657,659  |
| <b>Financial liabilities at amortized cost:</b> |                    |             |             |
| Trade and other payables                        | <b>172,573,514</b> | 191,932,263 | 108,357,600 |
| Quarry exploitation fees                        | <b>36,811,759</b>  | 39,577,912  | 45,010,344  |
| Lease liabilities                               | <b>205,160</b>     | 393,274     | -           |
| Credit facilities                               | <b>729,086,797</b> | 610,688,524 | 606,969,282 |
| <b>Total financial liabilities</b>              | <b>938,677,230</b> | 842,591,973 | 760,337,226 |

The Group has no financial liability at fair value.

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**31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****31.1 Financial instruments by category (continued)****a) Market risk**

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as, commission rates, commodity prices and foreign currency exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Commission rate risk**

Commission rate risk is the exposure associated with the effect of fluctuations in the prevailing commission rates on the group consolidated financial position and consolidated cash flows.

**Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the group currency. The group exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD") the Group's management believes that exposure to currency risk on financial instruments is limited.

**b) Credit risk**

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The group is exposed to credit risk on the financial instruments as follows:

|                           | <b>2024</b>        | <b>2023</b> |
|---------------------------|--------------------|-------------|
| Cash and cash equivalents | <b>11,959,909</b>  | 11,507,655  |
| Trade receivables         | <b>98,118,382</b>  | 95,679,612  |
| Other receivables         | <b>1,388,605</b>   | 918,873     |
|                           | <b>111,466,896</b> | 108,106,140 |

The carrying amount of financial assets represents the maximum credit exposure.

**Cash and cash equivalents.**

Credit risk from balances with banks and financial institutions is managed by the Group's cash department in accordance with the Group's policy. The credit risk on bank balances is low given that the Group has outstanding credit facilities with various banks, in Saudi Arabia, with good credit ratings, accordingly concentration risk is also low.

**Trade receivables**

The following table represents an analysis of the aging of trade receivables and expected credit losses as follows:

| <b><u>31 December 2024</u></b> | <b>Total accounts<br/>receivable</b> | <b>Expected credit<br/>losses</b> | <b>Expected credit loss<br/>rate</b> |
|--------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|
| 90 days                        | 29,331,189                           | 263,040                           | 3.61%                                |
| 91-180 days                    | 45,697,435                           | 2,930,129                         | 13.91%                               |
| 181-270 days                   | 23,739,946                           | 24,537                            | 41.46%                               |
| 271-360 days                   | 987                                  | 444                               | 45.00%                               |
| More than 365 days             | 11,879,057                           | 9,312,082                         | 78.00%                               |
| Total                          | <b>110,648,614</b>                   | <b>12,530,232</b>                 |                                      |

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**31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****31.1 Financial instruments by category (continued)****b) Credit risk (continued)**Trade receivables (continued)

| <u>31 December 2023 (Restated)</u> | Total accounts<br>receivable | Expected credit<br>losses | Expected credit loss<br>rate |
|------------------------------------|------------------------------|---------------------------|------------------------------|
| 90 days                            | 87,439,994                   | 1,081,507                 | 1.2%                         |
| 91-180 days                        | 8,529,936                    | 987,457                   | 11.6%                        |
| 181-270 days                       | 548,562                      | 93,804                    | 17.1%                        |
| 271-360 days                       | -                            | -                         | 0.0%                         |
| More than 365 days                 | 9,560,227                    | 8,236,339                 | 86.1%                        |
| Total                              | 106,078,719                  | 10,399,107                |                              |

The Group manages credit risk related to amounts due from trade receivables through monitoring in accordance with established policies and procedures. The Group limits credit risks related to trade receivables by setting credit limits for each customer and monitoring existing trade receivables on an ongoing basis.

**(c) Liquidity risk**

Liquidity risk is the difficulty an entity faces in providing funds to meet obligations related to financial instruments. Liquidity risk can result from the inability to sell a financial asset quickly at an amount close to its fair value.

The contractual maturities of financial liabilities at the end of the financial year are as follows. Amounts are shown in gross, undiscounted and include estimated interest payments:

| <u>As at 31 December 2024</u>                | <u>Book value</u> | <u>Less than one<br/>year</u> | <u>More than 1<br/>year to 3 years</u> | <u>More than 3<br/>years</u> |
|--|-------------------|-------------------------------|--|------------------------------|
| Trade payables                               | 172,573,514       | 172,573,514                   | -                                      | -                            |
| Quarry exploitation fees                     | 42,315,768        | 15,471,259                    | 26,844,509                             | -                            |
| Credit facilities                            | 729,086,797       | 325,254,436                   | 138,103,799                            | 265,728,562                  |
| Lease liabilities                            | 209,000           | 209,000                       | -                                      | -                            |
|  | 944,185,079       | 513,508,209                   | 164,948,308                            | 265,728,562                  |
| <br>   |                   |                               |  |                              |
| <u>As at 31 December 2023<br/>(Restated)</u> |                   |                               |  |                              |
| Trade payables                               | 191,932,263       | 191,932,263                   | -                                      | -                            |
| Quarry exploitation fees                     | 48,115,768        | 9,832,457                     | 43,047,652                             | 3,972,125                    |
| Credit facilities                            | 610,688,524       | 194,728,770                   | 134,871,420                            | 281,088,334                  |
| Lease liabilities                            | 434,598           | 225,598                       | 209,000                                | -                            |
|  | 851,171,153       | 396,719,088                   | 178,128,072                            | 285,060,459                  |

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**31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****31.1 Financial instruments by category (continued)****(c) Liquidity risk (continued)**

Liquidity risk is managed by monitoring it on a regular basis to ensure the availability of the necessary funds, banking and other credit facilities upon delivery of goods or to meet the Group's future obligations. The Group's sales terms stipulate that payments are made in cash on a credit sale basis.

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## 31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

**d) Financial instruments at fair value**

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| <u>2024</u>   | <u>Book value</u> | <u>Level 1</u> | Fair Value<br><u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-------------------|----------------|------------------------------|----------------|--------------|
| <u>Financial assets</u>   |                   |                |                              |                |              |
| Investment in equity instruments at fair value through other comprehensive income (Note 10) | -                 | -              | -                            | -              | -            |
|   | <u>-</u>          | <u>-</u>       | <u>-</u>                     | <u>-</u>       | <u>-</u>     |

| <u>2023</u>   | <u>Book value</u> | <u>Level 1</u> | <u>Fair Value</u><br><u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-------------------|----------------|-------------------------------------|----------------|--------------|
| <u>Financial assets</u>   |                   |                |                                     |                |              |
| Investment in equity instruments at fair value through other comprehensive income (Note 10) | -                 | -              | -                                   | -              | -            |
|   | <u>-</u>          | <u>-</u>       | <u>-</u>                            | <u>-</u>       | <u>-</u>     |

- There were no transfers between the fair value levels during the year.

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**32. PRIOR YEAR RESTATEMENTS AND RECLASSIFICATIONS**

During the current year 2024, management reviewed and conducted settlement arrangements with certain customers and suppliers. Based on final settlement agreements, clearance and confirmations, management discovered certain differences in the recorded balances for these customers / suppliers, and they recorded it in its related periods. Certain adjustments was related to prior years since **2020**, accordingly they restated and reclassified certain account balances previously presented in the consolidated financial statements of prior years, as these transactions have not been properly accounted for, and accordingly, these adjustment was reflected on comparative figures in accordance with the requirements of International Accounting Standard No. (8) "Accounting Policies, Changes in Accounting Estimates and Errors".

Following are the details of these adjustments:

**32.1 Adjustments related to sales:**

| Nature of the adjustment                  | Related year of adjustment | Note   | Impact on retained earnings as at 1 January 2023 | Impact on profit or loss for the year ended 31 December 2023 | Cumulative impact on retained earnings as at 31 December 2023 |
|---|----------------------------|--------|--|--|---|
| Discounts not provided                    | 2021                       | 32.1.1 | 1,052,322  | -  | 1,052,322   |
| Discounts not provided                    | 2022                       | 32.1.1 | 8,534,919  | -  | 8,534,919   |
| Discounts not provided                    | 2023                       | 32.1.1 | -  | 32,204,183   | 32,204,183  |
| Differences due to wrong exclusion of VAT | 2020                       | 32.1.2 | 1,322,366  | -  | 1,322,366   |
| Differences due to wrong exclusion of VAT | 2021                       | 32.1.2 | 4,743,129  | -  | 4,743,129   |
| Un-provided incentives                    | 2022                       | 32.1.3 | 2,683,077  | -  | 2,683,077   |
| <b>Total Impact</b>                       |                            |        | <b>18,335,813</b>                                | <b>32,204,183</b>  | <b>50,539,996</b>   |

**Total Impact adjusted against:**

|   | As at 1 January 2023 | As at 31 December 2023 |
|---|----------------------|------------------------|
| Accounts receivables (Decrease)                         | (10,060,858)         | (10,060,858)           |
| Trade and other payables – Accrued Discounts (Increase) | (11,025,327)         | (46,933,617)           |
| Trade and other payables (Decrease)                     | 2,750,372            | 6,454,479              |
| <b>Total Impact</b>                                     | <b>(18,335,813)</b>  | <b>(50,539,996)</b>    |



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**32. PRIOR YEAR RESTATEMENTS AND RECLASSIFICATIONS (CONTINUED)****32.1 Adjustments related to sales (continued):****32.1.1 Discounts not provided**

During previous years 2021, 2022 and 2023, the management of the group agreed with certain customers for the compensation of price in the form of discounts due to downturn in the cement industry. The Group incorrectly continued to invoice the customers at the originally agreed prices without reflecting the agreed discounts on the invoices and accordingly in the consolidated financial statements. During the current year the management has corrected this error and adjusted comparative consolidated financial statements and recorded the accrued discounts related to these prior periods for the said customers. The total impact of these transactions amounting of SAR 46,933,617 inclusive of value-added tax, allocated on years 2021, 2022 and 2023 by the amounts of SAR 1,210,170, SAR 9,815,157, and SAR 35,908,290 respectively. The impact of this transaction exclusive of value-added tax amounts to SAR 41,791,424 allocated on years 2021, 2022 and 2023 by the amounts of SAR 1,052,322, SAR 8,534,919 and SAR 32,204,183 respectively. The impact of these adjustments has been recognized in the retained earnings, revenues in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position, and the retained earnings in consolidated statement of change in equity and the consolidated statement of cash flows on their respective accounts as stated in the above schedule. The above adjustments related to the unprovided discounts include an amount of SAR 20,156,428 related to one of the related parties.

**32.1.2 Differences due to wrong exclusion of VAT**

During the year 2020, the Group signed a contract with one of its customers (who is also a related party), which was covering a one-year period covering periods in year 2020 and 2021, under which the prices were stated in the contract as inclusive of value-added tax (VAT). However, due to an error in the application of VAT accounting, the Group incorrectly issued its sales invoices by same price exclusive of VAT, accordingly VAT amount was duplicated. As a result, the reported revenue and VAT payable were overstated. The impact of these adjustments amounting in total of SAR 6,975,319 inclusive of value-added tax. The impact of these adjustments amounts in total of SAR 6,065,495 exclusive of value-added tax allocated on years 2020 and 2021 by the amounts of SAR 1,322,366 and SAR 4,743,129 respectively. These adjustments resulted in a reduction in the outstanding accounts receivable balances against the retained earnings as at 1 January 2023 and 31 December 2023 in the comparative consolidated statement of financial position.

**32.1.3 Un-provided incentives**

During the year 2022, the group entered into a revenue contract with one of its customers (who is also a related party), which included variable consideration in the form of incentives of free quantities contingent upon the achievement of certain purchase targets. The group's management had not fully account for this variable consideration based on the customer's achieved targets in accordance with the requirements of International Financial Reporting Standard (IFRS) 15, Revenue from Contract with Customers. During the current year the management has identified and corrected this error amounting to SAR 3,085,539 inclusive of value-added tax and amounting of SAR 2,683,077 exclusive of value-added tax resulting in a reduction in the outstanding accounts receivable balances against the retained earnings as at 1 January 2023 and 31 December 2023 in the comparative consolidated statement of financial position.

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**32. PRIOR YEAR RESTATEMENTS AND RECLASSIFICATIONS (CONTINUED)****32.2 Adjustments related to transportation cost:**

| Nature of the adjustment  | Related year of adjustment | Note   | Impact on retained earnings as at 1 January 2023 | Impact on profit or loss for the year ended 31 December 2023 | Cumulative impact on retained earnings as at 31 December 2023 |
|---------------------------|----------------------------|--------|--|--|---|
| Transportation Adjustment | 2022                       | 32.2.1 | 11,005,582                                       | -  | 11,005,582  |
| Transportation Adjustment | 2023                       | 32.2.1 | -  | 14,829,331   | 14,829,331  |
| <b>Total Impact</b>       |                            |        | <b>11,005,582</b>                                | <b>14,829,331</b>  | <b>25,834,913</b>   |

**Total Impact adjusted against:**

|                                     | As at 1 January 2023 | As at 31 December 2023 |
|-------------------------------------|----------------------|------------------------|
| Trade and other payables (Increase) | (11,005,582)         | (25,834,913)           |

**32.2.1 Unrecorded transportation liabilities**

During the previous years 2022 and 2023, the management of the group arranged with its suppliers for the delivery of export Clinker. The management did not accrue for the related transportation charges. During the current year, the Group received claims from the transport service providers for the recovery of these transportation charges. These claims amounted to SAR 11,005,582 and SAR 14,829,331 for the years ended 31 December 2022 and 31 December 2023, respectively. During the current year the management has identified and corrected this error amounting to the total of SAR 25,834,913 resulting in an increase in the outstanding balance of trade and other payables against the accumulated retained earnings as at 1 January 2023 and 31 December 2023 in the comparative consolidated statement of financial position by the amounts of SAR 11,005,582 and SAR 25,834,913 respectively. These adjustments have resulted in an increase in cost of sales amounting to SAR 14,829,331 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023, which reduced the net profit of the same year by the same amount.

32.3 Subsequent to the year, in year 2025, management has conducted an investigation by an independent consultant to assess the root cause of such errors and the responsibilities of these errors who concluded that these errors had been occurred due to deficiencies in the application of ERP (SAP) in regard to the invoice system, deficiencies in the internal communication between sales department and finance department, overburdened staff and lack of qualification of account receivable team.

32.4 In Additions to the above-mentioned restatement, the Group has re-classified certain balances, which provide more accurate presentation and reflects the relevant nature of the presented accounts.

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**32. PRIOR YEAR RESTATEMENTS AND RECLASSIFICATIONS (CONTINUED)****Impact of the restatements on the consolidated statement of financial position as of 1 January 2023:**

|  | <b>Note</b>            | <b>1 January 2023<br/>(Before<br/>Restatement)</b> | <b>Restatements</b> | <b>Reclassification</b> | <b>Restated<br/>Balances</b> |
|--|------------------------|--|---------------------|-------------------------|------------------------------|
| <b>Assets</b>  |                        |  |                     |                         |                              |
| <b>Non-current assets</b>  |                        |  |                     |                         |                              |
| Property, plant, and equipment   |                        | 1,712,263,234                                      | -                   | -                       | 1,712,263,234                |
| Intangible assets  |                        | 1,506,100  | -                   | -                       | 1,506,100                    |
| Right of use assets  |                        | -  | -                   | -                       | -                            |
| Investments in equity instruments at fair value through other comprehensive income |                        | -  | -                   | -                       | -                            |
| <b>Total non-current assets</b>  |                        | <b>1,713,769,334</b>                               | <b>-</b>            | <b>-</b>                | <b>1,713,769,334</b>         |
| Investments in equity instruments at fair value through profit or loss             |                        | 8,508,563  | -                   | -                       | 8,508,563                    |
| Inventory  |                        | 154,344,311  | -                   | -                       | 154,344,311                  |
| Trade receivables  | <b>32.1</b>            | 48,791,495   | (10,060,858)        | -                       | 38,730,637                   |
| Prepayments and other receivables  |                        | 18,052,046   | -                   | -                       | 18,052,046                   |
| Cash and cash equivalents  |                        | 16,977,082   | -                   | -                       | 16,977,082                   |
| <b>Total current assets</b>  |                        | <b>246,673,497</b>                                 | <b>(10,060,858)</b> | <b>-</b>                | <b>236,612,639</b>           |
| <b>Total assets</b>  |                        | <b>1,960,442,831</b>                               | <b>(10,060,858)</b> | <b>-</b>                | <b>1,950,381,973</b>         |
| <b>Equity and Liabilities</b>  |                        |  |                     |                         |                              |
| <b>Equity</b>  |                        |  |                     |                         |                              |
| Share capital  |                        | 1,087,000,000                                      | -                   | -                       | 1,087,000,000                |
| Statutory reserve  |                        | 54,475,832   | -                   | -                       | 54,475,832                   |
| Fair value reserve   |                        | (46,000,000)                                       | -                   | -                       | (46,000,000)                 |
| Retained earnings  | <b>32.1 &amp; 32.2</b> | 40,861,759   | (29,341,395)        | -                       | 11,520,364                   |
| Foreign currency translation reserve   |                        | (63,150)   | -                   | -                       | (63,150)                     |
| <b>Total equity</b>  |                        | <b>1,136,274,441</b>                               | <b>(29,341,395)</b> | <b>-</b>                | <b>1,106,933,046</b>         |
| <b>Liabilities</b>   |                        |  |                     |                         |                              |
| <b>Non-current liabilities</b>   |                        |  |                     |                         |                              |
| Long-term credit facilities - non-current portion                                  |                        | 484,159,727  | -                   | -                       | 484,159,727                  |
| Provision for employees' end of service benefits                                   |                        | 8,386,180  | -                   | -                       | 8,386,180                    |
| <b>Total non-current liabilities</b>   |                        | <b>492,545,907</b>                                 | <b>-</b>            | <b>-</b>                | <b>492,545,907</b>           |
| <b>Current liabilities</b>   |                        |  |                     |                         |                              |
| Long-term credit facilities - current portion                                      |                        | 112,809,555  | -                   | -                       | 112,809,555                  |
| Short term credit facilities   |                        | 10,000,000   | -                   | -                       | 10,000,000                   |
| Trade and other payables   | <b>32.1 &amp; 32.2</b> | 89,077,063   | 19,280,537          | -                       | 108,357,600                  |
| Quarry exploitation fees - current portion   |                        | 45,010,344   | -                   | -                       | 45,010,344                   |
| Current portion of lease liability   |                        | -  | -                   | -                       | -                            |
| Provision against a loan guarantee   |                        | 39,594,920   | -                   | -                       | 39,594,920                   |
| Provision for zakat  |                        | 35,130,601   | -                   | -                       | 35,130,601                   |
| <b>Total current liabilities</b>   |                        | <b>331,622,483</b>                                 | <b>19,280,537</b>   | <b>-</b>                | <b>350,903,020</b>           |
| <b>Total liabilities</b>   |                        | <b>824,168,390</b>                                 | <b>19,280,537</b>   | <b>-</b>                | <b>843,448,927</b>           |
| <b>Total equity and liabilities</b>  |                        | <b>1,960,442,831</b>                               | <b>(10,060,858)</b> | <b>-</b>                | <b>1,950,381,973</b>         |

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**32. PRIOR YEAR RESTATEMENTS AND RECLASSIFICATIONS (CONTINUED)****Impact of the restatements on the consolidated statement of financial position as of 31 December 2023:**

|  |             | 31 December 2023 |              |                  |               |
|--|-------------|------------------|--------------|------------------|---------------|
|  |             | (Before          |              |                  | Restated      |
|  | Note        | Restatement)     | Restatements | Reclassification | Balances      |
| Assets   |             |                  |              |                  |               |
| Non-current assets   |             |                  |              |                  |               |
| Property, plant, and equipment   | 32.4        | 1,703,207,455    | -            | 1,318,833        | 1,704,526,288 |
| Intangible assets  | 32.4        | 1,129,575        | -            | 1,647,276        | 2,776,851     |
| Right of use assets  |             | 377,124          | -            | -                | 377,124       |
| Investments in equity instruments at fair value through other comprehensive income |             | -                | -            | -                |               |
| Total non-current assets   |             | 1,704,714,154    | -            | 2,966,109        | 1,707,680,263 |
| Investments in equity instruments at fair value through profit or loss             |             | -                | -            | -                | -             |
| Inventory  |             | 225,206,742      | -            | -                | 225,206,742   |
| Trade receivables  | 32.1        | 105,740,470      | (10,060,858) | -                | 95,679,612    |
| Prepayments and other receivables  | 32.4        | 18,636,912       | -            | (2,966,109)      | 15,670,803    |
| Cash and cash equivalents  |             | 11,507,655       | -            | -                | 11,507,655    |
| Total current assets   |             | 361,091,779      | (10,060,858) | (2,966,109)      | 348,064,812   |
| Total assets   |             | 2,065,805,933    | (10,060,858) | -                | 2,055,745,075 |
| 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  | 32.1 & 32.2 | 116,965,893      | (76,374,909) | -                | 40,590,984    |
| Foreign currency translation reserve   |             | (63,150)         | -            | -                | (63,150)      |
| Total equity   |             | 1,220,849,759    | (76,374,909) | -                | 1,144,474,850 |
| Liabilities  |             |                  |              |                  |               |
| Non-current liabilities  |             |                  |              |                  |               |
| Long-term credit facilities - non-current portion                                  |             | 415,959,754      | -            | -                | 415,959,754   |
| Quarry exploitation fees - non-current portion                                     |             | 36,011,759       | -            | -                | 36,011,759    |
| Non-current portion of lease liability   |             | 188,562          | -            | -                | 188,562       |
| Provision for employees' end of service benefits                                   |             | 8,867,869        | -            | -                | 8,867,869     |
| Total non-current liabilities  |             | 461,027,944      | -            | -                | 461,027,944   |
| Current liabilities  |             |                  |              |                  |               |
| Long-term credit facilities - current portion                                      |             | 148,978,770      | -            | -                | 148,978,770   |
| Short term credit facilities   |             | 45,750,000       | -            | -                | 45,750,000    |
| Trade and other payables   | 32.1 & 32.2 | 125,618,212      | 66,314,051   | -                | 191,932,263   |
| Quarry exploitation fees - current portion   |             | 3,566,153        | -            | -                | 3,566,153     |
| Current portion of lease liability   |             | 204,712          | -            | -                | 204,712       |
| Provision against a loan guarantee   |             | 35,681,000       | -            | -                | 35,681,000    |
| Provision for zakat  |             | 24,129,383       | -            | -                | 24,129,383    |
| Total current liabilities  |             | 383,928,230      | 66,314,051   | -                | 450,242,281   |
| Total liabilities  |             | 844,956,174      | 66,314,051   | -                | 911,270,225   |
| Total equity and liabilities   |             | 2,065,805,933    | (10,060,858) | -                | 2,055,745,075 |

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**32. PRIOR YEAR RESTATEMENTS AND RECLASSIFICATIONS (CONTINUED)****Impact of the restatement on the consolidated statement of profit or loss and comprehensive income for the year ending as of 31 December 2023:**

|   | <u>Notes</u> | <u>31 December 2023<br/>Before Restatement</u> | <u>Restatements</u> | <u>Restated Balance</u> |
|---|--------------|--|---------------------|-------------------------|
| Sales   | <b>32.1</b>  | 301,488,335                                    | (32,204,183)        | 269,284,152             |
| Cost of sales   | <b>32.2</b>  | (184,655,089)                                  | (14,829,331)        | (199,484,420)           |
| <b>Gross profit</b>   |              | <b>116,833,246</b>                             | <b>(47,033,514)</b> | <b>69,799,732</b>       |
| Selling and marketing expenses  |              | (5,676,472)                                    | -                   | (5,676,472)             |
| General and administrative expenses   |              | (18,004,833)                                   | -                   | (18,004,833)            |
| <b>Operating profit</b>   |              | <b>93,151,941</b>                              | <b>(47,033,514)</b> | <b>46,118,427</b>       |
| Finance cost  |              | (43,943,931)                                   | -                   | (43,943,931)            |
| Cash flow adjustment gains  |              | 9,835,244                                      | -                   | 9,835,244               |
| Losses from changes in the fair value of investment in equity instruments                           |              | (550,002)                                      | -                   | (550,002)               |
| Reverse in the value of property, plant and equipment   |              | 4,406,171                                      | -                   | 4,406,171               |
| (Expense)/reverse of allowance for expected credit losses   |              | (1,291,478)                                    | -                   | (1,291,478)             |
| Other income, net   |              | 12,902,681                                     | -                   | 12,902,681              |
| <b>Net profit for the year before zakat</b>   |              | <b>74,510,626</b>                              | <b>(47,033,514)</b> | <b>27,477,112</b>       |
| Zakat expense   |              | (2,848,393)                                    | -                   | (2,848,393)             |
| Zakat adjustments   |              | 13,049,611                                     | -                   | 13,049,611              |
| <b>Net profit for the year</b>  |              | <b>84,711,844</b>                              | <b>(47,033,514)</b> | <b>37,678,330</b>       |
| <b>Other comprehensive income</b>   |              |  |                     |                         |
| <b>Items that will not subsequently be reclassified to consolidated statement of profit or loss</b> |              |  |                     |                         |
| Actuarial losses on re-measurement of end of service benefits                                       |              | (136,526)                                      | -                   | (136,526)               |
| <b>Total comprehensive income for the year</b>  |              | <b>84,575,318</b>                              | <b>(47,033,514)</b> | <b>37,541,804</b>       |
| <b>Earnings per share</b>   |              |  |                     |                         |
| Basic and diluted earnings per share of net profit for the year                                     |              | <b>0.78</b>                                    | (0.43)              | 0.35                    |

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**32. PRIOR YEAR RESTATEMENTS AND RECLASSIFICATIONS (CONTINUED)****Impact of the restatement on the consolidated statement of changes in equity for the year ended 31 December 2023:**

|  | Note        | 31 December<br>2023  | 1 January<br>2023 |
|--|-------------|----------------------|-------------------|
| <b>Balance Before Restatement</b>                                |             | <b>1,220,849,759</b> | 1,136,274,441     |
| The effect of decrease in trade receivables on retained earnings | 32.1        | (10,060,858)         | (10,060,858)      |
| The effect of increase in trade payables on retained earnings    | 32.1 & 32.2 | (66,314,051)         | (19,280,537)      |
| Total Adjustments  |             | (76,374,909)         | (29,341,395)      |
| <b>Balance After Restatement</b>                                 |             | <b>1,144,474,850</b> | 1,106,933,046     |

**The Impact of the restatement on the consolidated statement of cashflows for the year ended 31 December 2023:**

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.

**33. Non-cash transactions**

|  | Note | For the year ended 31 December<br>2024 | 2023      |
|--|------|--|-----------|
| Purchase of property, plant and equipment from related party             | 7    | 32,800,000                             | -         |
| Actuarial losses on re-measurement of employees' end of service benefits | 19   | (259,409)                              | (136,526) |

**34. Subsequent Events**

Management believes that there are no significant subsequent events except those disclosed in the consolidated financial statements since the end of the year that would require disclosure or amendment to these consolidated financial statements.

**35. Approval of the financial statements**

The Consolidated financial statements have been approved by the Board of Directors on 21 Shawwal 1446 H corresponding to 19 April 2025.