

SAUDI CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT**

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Saudi Cement Company

Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial statements of **Saudi Cement Company** ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-months period ended 31 March 2024;
- the condensed consolidated statement of changes in equity for the three-months period ended 31 March 2024;
- the condensed consolidated statement of cash flows for the three-months period ended 31 March 2024; and
- the notes to the condensed consolidated interim financial statements.

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

Scope of Review

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠) ريال سعودي مطوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفران وشركاه محاسبين ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Saudi Cement Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 condensed consolidated interim financial statements of Saudi Cement Company and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services



Nasser Ahmed Al Shutairy
License No: 454



Al Khobar,
Date: 07 Dhul Qadah 1445H
Corresponding to: 15 May 2024G

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

(Expressed in Saudi Riyals in thousands, unless otherwise stated)

| | Note | 31 March 2024 (Un-Audited) | 31 December 2023 (Audited) |
|--|------|----------------------------------|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 1,966,827 | 2,003,995 |
| Right-of-use assets | | 40,745 | 42,354 |
| Intangible assets | | 10,745 | 10,889 |
| Investment in an associate | 5 | 49,347 | 48,497 |
| Total non-current assets | | 2,067,664 | 2,105,735 |
| Current assets | | | |
| Inventories | | 553,000 | 563,670 |
| Trade receivables | | 425,495 | 387,366 |
| Prepayments and other current assets | | 81,900 | 42,445 |
| Cash and cash equivalents | 6 | 94,944 | 114,916 |
| Total current assets | | 1,155,339 | 1,108,397 |
| Total Assets | | 3,223,003 | 3,214,132 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 7 | 1,530,000 | 1,530,000 |
| Statutory reserve | | 459,000 | 459,000 |
| Retained earnings | | 284,070 | 170,311 |
| Total equity | | 2,273,070 | 2,159,311 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Employees' benefits | | 128,041 | 126,331 |
| Lease liabilities | | 38,068 | 38,871 |
| Provision for site restoration | | 6,126 | 6,049 |
| Total non-current liabilities | | 172,235 | 171,251 |
| Current liabilities | | | |
| Lease liabilities – current portion | | 5,996 | 6,722 |
| Short term loans | 8 | 250,000 | 400,000 |
| Trade payables | | 41,329 | 60,922 |
| Dividend payable | 15 | 228,217 | 226,090 |
| Accruals and other current liabilities | | 205,828 | 141,655 |
| Contract liabilities | | 20,346 | 26,699 |
| Provision for Zakat | 9 | 25,982 | 21,482 |
| Total current liabilities | | 777,698 | 883,570 |
| Total Liabilities | | 949,933 | 1,054,821 |
| Total Equity and Liabilities | | 3,223,003 | 3,214,132 |


Designated Member / CEO
Mohammed A. AlGarni


Finance Manager
Evan Abaza

The accompanying notes from 1 to 18 on pages 5 to 13 form an integral part of these condensed consolidated interim financial statements.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months period ended 31 March 2024

(Expressed in Saudi Riyals in thousands, unless otherwise stated)

| | Note | Three-months period ended | |
|--|------|-------------------------------|-------------------------------|
| | | 31 March 2024 (Un-Audited) | 31 March 2023 (Un-Audited) |
| Revenue | 10 | 426,521 | 409,626 |
| Cost of revenue | | (251,762) | (233,850) |
| Gross Profit | | 174,759 | 175,776 |
| Selling and distribution expenses | | (35,684) | (33,068) |
| General and administrative expenses | | (19,752) | (18,965) |
| Operating Profit | | 119,323 | 123,743 |
| Other income | | 4,275 | 654 |
| Share of profit of investment in an associate | 5 | 850 | 126 |
| Finance charges | | (6,189) | (5,072) |
| Gain on sale of Investment | 14 | - | 8,842 |
| Profit before Zakat | | 118,259 | 128,293 |
| Zakat expense | 9 | (4,500) | (4,500) |
| Profit for the Period | | 113,759 | 123,793 |
| Other comprehensive Income | | | |
| <i>Item that will not be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i> | | | |
| Share of other comprehensive loss of investment in an associate | | - | (83) |
| Total other comprehensive loss | | - | (83) |
| Total comprehensive income for the period | | 113,759 | 123,710 |
| Earnings per share: | | SR | SR |
| Basic and diluted earnings per share attributable to the shareholders of the Company | 16 | 0.74 | 0.81 |

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SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months period ended 31 March 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

| | Attributable to shareholders of the Company | | | | |
|--|--|--------------------------|---------------------------|--------------------------|---------------------|
| | Share capital | Statutory reserve | Fair value reserve | Retained earnings | Total equity |
| Balance at 1 January 2023 (Audited) | 1,530,000 | 459,000 | 327 | 303,635 | 2,292,962 |
| <i>Total comprehensive income for the period</i> | | | | | |
| Profit for the period | - | - | - | 123,793 | 123,793 |
| Other comprehensive loss | - | - | (327) | 244 | (83) |
| Total comprehensive income for the period | - | - | (327) | 124,037 | 123,710 |
| Balance at 31 March 2023 (Un-Audited) | <u>1,530,000</u> | <u>459,000</u> | <u>-</u> | <u>427,672</u> | <u>2,416,672</u> |
| Balance at 1 January 2024 (Audited) | 1,530,000 | 459,000 | - | 170,311 | 2,159,311 |
| <i>Total comprehensive income for the period</i> | | | | | |
| Profit for the period | - | - | - | 113,759 | 113,759 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 113,759 | 113,759 |
| Balance at 31 March 2024 (Un-Audited) | <u>1,530,000</u> | <u>459,000</u> | <u>-</u> | <u>284,070</u> | <u>2,273,070</u> |


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SAUDI CEMENT COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months period ended 31 March 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

| | 31 March 2024 | 31 March 2023 |
|---|------------------|------------------|
| Note | (Un-Audited) | (Un-Audited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | 113,759 | 123,793 |
| Adjustments for: | | |
| Depreciation - property, plant and equipment | 4 51,148 | 53,240 |
| Depreciation - right-of-use assets | 1,609 | 1,741 |
| Amortization - intangible assets | 144 | 143 |
| Share of profit of investment in an associate | (850) | (126) |
| Zakat expense | 9 4,500 | 4,500 |
| Provision for employees' benefits | 3,401 | 2,894 |
| Finance charges | 6,189 | 5,072 |
| Provision for spare parts | 109 | - |
| Gain on sale of FVOCI investment | - | (8,842) |
| | <u>180,009</u> | <u>182,415</u> |
| Changes in: | | |
| Inventories | 10,561 | 7,912 |
| Trade receivables | (38,129) | (28,571) |
| Prepayments and other current assets | (39,455) | (11,725) |
| Trade payables | (19,593) | (96,625) |
| Accruals and other current liabilities | 64,183 | 46,906 |
| Contract liabilities | (6,353) | - |
| Cash generated from operating activities | <u>151,223</u> | <u>100,312</u> |
| Finance charges paid | (5,623) | (4,799) |
| Employees benefits paid | (1,691) | (2,468) |
| Net cash from operating activities | <u>143,909</u> | <u>93,045</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | 4 (21,341) | (17,932) |
| Proceeds on disposal of property, plant and equipment | 7,361 | - |
| Proceeds from sale of FVOCI investment | 14 - | 12,027 |
| Net cash used in investing activities | <u>(13,980)</u> | <u>(5,905)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of lease liability | (2,028) | (3,607) |
| Repayment of short term loans | (150,000) | (75,000) |
| Dividend payments of past due dividends | (1,565) | (1,657) |
| Dividends returned from bank | 3,692 | - |
| Proceeds from short term loans | - | 50,000 |
| Net cash used in financing activities | <u>(149,901)</u> | <u>(30,264)</u> |
| Net change in cash and cash equivalents | (19,972) | 56,876 |
| Cash and cash equivalents at the beginning of the period | 114,916 | 91,476 |
| Cash and cash equivalents at the end of the period | <u>94,944</u> | <u>148,352</u> |


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Finance Manager
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SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months period ended 31 March 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

1 CORPORATE INFORMATION

Saudi Cement Company ("the Company") is a Saudi Joint Stock Company incorporated under Royal Decree number 6/6/10/726 dated 8 Rabi' II 1375 H (corresponding to 23 November 1955) and registered in the Kingdom of Saudi Arabia, in the city of Dammam under Commercial Registration number 2050000602 dated 6 Dhul Qadah 1377 H (corresponding to 24 May 1958). The Company is engaged in manufacturing and selling cement and its related products.

The Company obtained under the Royal Decree number 10/6/6/8500 dated 26 Rajab 1370H corresponding to 3 May 1951, the right of the mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement in Al Hassa for 30 years period.

Thereafter, the Company obtained the licenses for the existing quarries under the Royal Decree number M/11 dated 29/04/1405H (corresponding to 22/01/1985) which gives mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement for 30 years period.

In the year 1985, a Saudi Bahraini Company obtained the right of the mining concession for the extraction of limestone, gypsum and clay under the Royal Decree number M/12 dated 29/04/1405H (corresponding to 22/01/1985) which was merged with the Saudi Cement Company in 1990. Accordingly, the Ministry of Petroleum and Mineral Resources resolved on 04/01/1412H (corresponding to 15/07/1991) to transfer all quarries and related licenses of Saudi Bahraini Company to the Saudi Cement Company.

In the year 2020, all of the above licenses which have been issued under the Royal Decree numbers M/11 and M/12 dated 29/04/1405H (corresponding to 22/01/1985) were renewed by the Ministry of Industry and Mineral Resources for a period of 30 years started from 29/4/1435 H (corresponding to 01 March 2014) except quarry license for Aba Hamama area in Al-Ahsa region which has been renewed for 10 years started from 11/12/1441 (corresponding to 01 August 2020).

The accompanying condensed consolidated interim financial statements includes the activities of the Company and its following subsidiary (collectively referred to as "the Group")

| Name | Country of incorporation | Percentage of holding | |
|-----------------------------|--------------------------|-------------------------------|-------------------------------|
| | | 31 March 2024 (Un-Audited) | 31 December 2023 (Audited) |
| United Cement Company W.L.L | Kingdom of Bahrain | 100% | 100% |

United Cement Company W.L.L. (UCC) is a limited liability company incorporated in the Kingdom of Bahrain on 15 March 1989 with the Ministry of Industry, Commerce and Tourism under commercial registration number 20906.

The principal activities of UCC include import, export and sale of cement in different forms. The registered office of UCC is situated at Mina Salman Industrial Area, P.O. Box 26719, Mina Salman Industrial Area, Kingdom of Bahrain.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months period ended 31 March 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Statement of compliance (Continued)

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023 ("Last Annual Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The results for the interim periods are unaudited hence interim results may not be an indicator for the full year results.

2.2 Basis of preparation

These condensed consolidated interim financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for certain employees' benefits which are measured at present value of the defined benefit obligation using the projected unit credit method.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management had assessed the impact of the New Companies Law, accordingly amended its By-Laws and obtained approval in annual general meeting that was held in November 2023.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) which is the Company's functional and Group's presentation currency.

2.4 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2.5 Material accounting policies

The accounting policies applied in these condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

2.6 Basis of consolidation

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company 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; and
- The Parent Company's voting rights and potential voting right.

The Parent Company 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 period are included in the interim 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 Parent Company and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months period ended 31 March 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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. If the Group loses control over a subsidiary, it:

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

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3 NEW STANDARDS, AMENDMENTS AND INTERPRETATION

a) New and revised standards with no material effect on the interim financial statements

Following are the recent changes to IFRSs that are required to be adopted in annual periods beginning on 1 January 2024:

- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024
- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024
- Lease liabilities in a Sale and Leaseback (Amendments to IFRS 16), effective for annual periods beginning on or after 1 January 2024
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7), effective for annual periods beginning on or after 1 January 2024

The application of the revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Lack of exchangeability (Amendments to IAS 21), effective for annual periods beginning on or after 1 January 2025
- IFRS 18 Presentation and Disclosure in Financial Statements, effective for annual periods beginning on or after 1 January 2027
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), effective date yet to be determined.

The above-mentioned standards are not expected to have a significant impact on the Group's interim financial statements.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months period ended 31 March 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment is as follows:

| | 31 March 2024 (Un-Audited) | 31 December 2023 (Audited) |
|--|---|----------------------------------|
| Carrying value at the beginning of the period / year | 2,003,995 | 2,137,937 |
| Additions | 21,341 | 80,226 |
| Disposals, net of accumulated depreciation | (7,361) | (151) |
| Depreciation for the period / year | (51,148) | (214,017) |
| Carrying value at the end of the period / year | 1,966,827 | 2,003,995 |

Property, plant and equipment includes construction work in progress which majorly represents the ongoing construction work of a bulk railway loading facility and its railway link (collectively referred to as "the railway project") and other construction projects. In order to facilitate and complete the railway connection work, in March 2022, the Group received an offer letter for additional cost of SR 7.50 million to complete the project which was further revised in November 2023, through revised offer letter from Saudi Arabia Railways (SAR) to complete the said project in 2024 with a cost of SR 14 million. The Group is currently evaluating the offer and is in discussion with SAR for finalization of revised scope. As at period ended 31 March 2024, majority of the project work has been completed and final connection is remaining.

5 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 33.33% share in Cement Product Industry Company Limited (CPI). CPI is a limited liability company registered and operating in the Kingdom of Saudi Arabia. CPI is engaged in the manufacturing of cement derivative products and other products necessary for manufacturing and packing cement. Share of profit for the period ended 31 March 2024 amounts to SR 0.85 million (31 March 2023: SR 0.126 million)

6 CASH AND CASH EQUIVALENTS

| | 31 March 2024 (Un-Audited) | 31 December 2023 (Audited) |
|---------------------------------|---|----------------------------------|
| Cash in hand | 239 | 250 |
| Murabaha investments (note 6.1) | 7,500 | 10,000 |
| Cash at banks | 87,205 | 104,666 |
| | 94,944 | 114,916 |

6.1 Murabaha investments represent placements with banks (related to subsidiary) having original maturity of less than three months and carry interest rate of 5.22% per annum (31 December 2023: 5.90%)

7 SHARE CAPITAL

The authorized, issued and paid up capital of the Company is SR 1,530 million which is divided into 153 million shares (31 December 2023: 153 million shares) of SR 10 each.

8 SHORT TERM LOANS

Short term loans represent Tawarruq facilities obtained from various local banks to meet the working capital requirements with a total facility limit amount of SR 2,100 million (31 December 2023: SR 2,000 million). The utilized balance as of 31 March 2024 amounted to SR 250 million (31 December 2023: SR 400 million). These facilities carry financial costs in excess of SIBOR and are consistent with the terms of each facility agreement that are secured by promissory notes issued by the Group and carry charges agreed with the facilities' providers.

The outstanding financing is classified under current liabilities in the condensed consolidated statement of financial position as these are repayable within 12 months from the reporting date.

SAUDI CEMENT COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months period ended 31 March 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

9 ZAKAT

The Company has submitted its zakat returns up to year ended 31 December 2023, settled zakat as per the returns and obtained the required certificates and official receipts. The Company received a final zakat assessment from Zakat, Tax and Customs Authority ("ZATCA") up to year 2020 which has been settled. However, the final assessment for the year 2021, 2022 & 2023 is still under review by ZATCA.

10 REVENUE

The Group generates revenue primarily from the sale of cement and clinker.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and major products. Revenue is recognised at point in time for all products.

| | 31 March 2024 (Un-Audited) | 31 March 2023 (Un-Audited) |
|-----------------------------------|---|----------------------------------|
| Primary geographic markets | | |
| Local | 312,145 | 282,018 |
| Export | 114,376 | 127,608 |
| | 426,521 | 409,626 |
| Major product types | | |
| Cement | 361,904 | 346,312 |
| Clinker | 64,617 | 63,314 |
| | 426,521 | 409,626 |

The following table provides information about trade receivables and advance from customers.

| | 31 March 2024 (Un-Audited) | 31 December 2023 (Audited) |
|-----------------------|---|----------------------------------|
| Trade receivables | 425,495 | 387,366 |
| Contract liabilities* | 20,346 | 26,699 |

* Contract liabilities represent advance consideration received from customers for the products to be sold, for which revenue is recognized at point in time. This will be recognized as revenue when the Group deliver the products to the customers and their balances for advances are settled with the revenue made.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months period ended 31 March 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

11 RELATED PARTY TRANSACTIONS AND BALANCES

The following table provides the total amount of transactions that have been entered into with related parties during the three-month period ended 31 March 2024 and 31 March 2023 and related parties balances as at 31 March 2024 and 31 December 2023.

| Related party | Relationship | Nature of transaction | Three-month period | | Ending balance | |
|---|---------------------|--|-----------------------|------------------|----------------|-------------|
| | | | Amount of transaction | | 31 March | 31 December |
| | | | 31 March 2024 | 31 March 2023 | 2024 | 2023 |
| | | | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Audited) |
| Cement Product Industry Company Limited | Associate | Purchases of raw materials | 7,974 | 13,216 | - | - |
| Wataniya Insurance Company | Common directorship | Insurance of property, plant and equipment | 5,586 | 7,470 | (262) | (31) |

Terms and conditions of transactions with related parties

Transactions with related parties are made in the ordinary course of business. Outstanding balances at the period ended 31 March 2024 and 31 March 2023 are unsecured and settled in cash. There have been no guarantees provided to amounts due to related parties.

Prices and terms for the above transactions are approved by the Group's management.

| Key management personnel | 31 March 2024 (Un-Audited) | 31 March 2023 (Un-Audited) |
|--------------------------------|----------------------------------|----------------------------------|
| Short term employment benefits | 4,508 | 4,559 |
| Post-employment benefits | 288 | 285 |
| | 4,796 | 4,844 |

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12 COMMITMENTS

- a) As of 31 March 2024, the capital expenditure contracted by the Company but not incurred till 31 March 2024 was approximately SR 23.7 million (31 December 2023: SR 26.64 million).
- b) The Company's bankers have given guarantees, on behalf of the Company amounted to SR 125.57 million (31 December 2023: SR 91.97 million).
- c) UCC's bankers have issued guarantees, on behalf of UCC, in favour of various suppliers against purchase and services obtained in the normal course of business amounted to SR 2.52 million (31 December 2023: SR 2.52 million).

13 SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operations are related to two operating geographical segments which are Saudi Cement Company operating in the Kingdom of Saudi Arabia and United Cement Company operating in Kingdom of Bahrain. Both segments are engaged in cement manufacturing and are sold to local and foreign customers. Accordingly, segment analysis by geography are presented as follows:

| | Kingdom of Saudi Arabia | Kingdom of Bahrain | Elimination | Total |
|--|-------------------------------|--------------------------|-------------|-----------|
| For the three-month period ended 31 March 2024 (Un-Audited) | | | | |
| External revenue | 414,980 | 11,541 | - | 426,521 |
| Inter-segment revenue | 6,537 | - | (6,537) | - |
| Total revenue | 421,517 | 11,541 | (6,537) | 426,521 |
| Cost of revenue | (246,306) | (11,993) | 6,537 | (251,762) |
| Profit / (loss) for the period | 113,759 | (1,844) | 1,844 | 113,759 |
| Finance cost | (6,137) | (52) | - | (6,189) |
| Depreciation – property, plant and equipment | (51,031) | (117) | - | (51,148) |
| Depreciation – right of use assets | (1,584) | (25) | - | (1,609) |
| Amortization – intangible assets | (144) | - | - | (144) |
| Share of profit from an associate | 850 | - | - | 850 |
| Zakat expense | (4,500) | - | - | (4,500) |

For the three-month period ended
31 March 2023 (Un-audited)

| | | | | |
|--|-----------|----------|---------|-----------|
| External revenue | 398,961 | 10,665 | - | 409,626 |
| Inter-segment revenue | 6,311 | - | (6,311) | - |
| Total revenue | 405,272 | 10,665 | (6,311) | 409,626 |
| Cost of revenue | (228,075) | (12,086) | 6,311 | (233,850) |
| Profit for the period | 123,793 | 6,069 | (6,069) | 123,793 |
| Finance cost | (5,020) | (52) | - | (5,072) |
| Depreciation – property, plant and equipment | (51,395) | (1,845) | - | (53,240) |
| Depreciation – right of use assets | (1,716) | (25) | - | (1,741) |
| Amortization – intangible assets | (143) | - | - | (143) |
| Share of profit from an associate | 126 | - | - | 126 |
| Zakat expense | (4,500) | - | - | (4,500) |

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13 SEGMENT INFORMATION (CONTINUED)

| | Kingdom of Saudi Arabia | Kingdom of Bahrain | Elimination | Total |
|---|-------------------------------|-----------------------|-------------|-----------|
| As at 31 March 2024 (Un-Audited) | | | | |
| Total assets | 3,211,224 | 47,684 | (35,905) | 3,223,003 |
| Total liabilities | 938,154 | 18,316 | (6,537) | 949,933 |
| As at 31 December 2023 (Audited) | | | | |
| Total assets | 3,204,347 | 46,221 | (36,436) | 3,214,132 |
| Total liabilities | 1,045,128 | 14,543 | (4,850) | 1,054,821 |

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy.

This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying values of other financial assets and liabilities in the condensed consolidated interim statement of financial position approximate to their fair values.

During the period ended 31 March 2023, the investment of SR 3.19 million representing 4.54% equity stake in Banz Group B.S.C. (c) was sold for an amount of SR 12 million and consequently, the investment was derecognized and the gain on disposal of this investment was recognized in the condensed consolidated statement of profit and loss and other comprehensive income for the same period.

15 DIVIDENDS

On 15 Shawal 1445H (corresponding to 24 April 2024), the General Assembly approved the Board of Directors' proposal to distribute cash dividend amounting to SR 1 per share (SR 153 million in total) for the second half of 2023.

Dividend payable as at 31 March 2024 amounted to SR 228.21 million (31 December 2023: SR 226.09 million) represents unclaimed dividend for prior years.

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16 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the profit and share capital data used in the basic and diluted earnings per share computations:

| | Three-month period ended | |
|---------------------------------------|---------------------------------|--------------|
| | 31 March | 31 March |
| | 2024 | 2023 |
| | (Un-Audited) | (Un-Audited) |
| | SR '000 | SR '000 |
| Profit attributable to equity holders | 113,759 | 123,793 |
| Number of shares outstanding in '000 | 153,000 | 153,000 |
| Earnings per share in (SR) | 0.74 | 0.81 |

There has been no item of dilution affecting the weighted average number of ordinary shares.

17 EVENTS AFTER THE REPORTING DATE

Except as disclosed in note 15 to these condensed consolidated interim financial statements, there have been no significant subsequent events since the period ended 31 March 2024 till the date of authorization for issuance and approval of these condensed consolidated interim financial statements by the Board of Directors that require either an adjustment or disclosure in these condensed consolidated interim financial statements.

On 15 Shawal 1445H (corresponding to 24 April 2024), the General Assembly resolved the approval of transferring the statutory reserve balance of SR 459 million as stated in the financial statements for the year ended 31 December 2023 to be transferred to retained earnings.

18 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were authorized for issue and approved by the Board of Directors on 12 May 2024G corresponding to 04 Dhul Qadah 1445H.