



Building for a better future

CITY CEMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT FOR THE YEAR ENDED 31 DECEMBER 2025**

CITY CEMENT COMPANY
A Saudi Joint Stock Company

INDEX OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Contents	Page
Independent auditor's report	1- 4
Consolidated statement of financial position	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9 - 41



INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
City Cement Company
A Saudi Joint Stock Company

Riyadh - Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of City Cement Company - a Saudi Joint Stock Company ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 of the Group in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Independent Auditor's Report on the Audit of the Consolidated Financial Statements of City Cement Company for the Year Ended December 31, 2025 (Continued)

Key audit matters

Key audit matter	How the matter was addressed during our audit
Revenue Recognition	
Refer to note 4.3 for the accounting policy and note 21 for related disclosures.	
<p>The Group's revenue amounted to 519,638,396 ﷲ for the year ended on 31 December 2025.</p> <p>Revenue recognition is a principal risk under International Standards on Auditing (ISAs), as material misrepresentation due to fraudulent financial reporting in terms of revenue recognition often results from an overstatement of revenue, for example, through early recognition of revenue or recording false revenue.</p> <p>The risk of fraud in respect of revenue recognition is greater in listed entities than in other entities, including pressures on management or their motives to produce fraudulent financial reporting by improperly recognizing revenue when performance is measured, for example, in terms of an increase in revenue and profit for the current year compared to the previous year.</p> <p>Therefore, the revenue recognition process has been considered a key audit matter.</p>	<p>Our Audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the Group's accounting policy related to revenue recognition and compared it with the applicable accounting standards endorsed in the Kingdom of Saudi Arabia. - Assessed the design and implementation of relevant key controls over the revenue cycle, including anti-fraud control measures. - Performed substantive analytical procedures on revenue by evaluating year-over-year fluctuations in sales volumes and unit prices. This analysis sought to identify material variances or unusual trends relative to our assessment of current market conditions. - Selected a sample of revenue transactions and inspected evidence of related cash collections, delivery notes and supporting documentation. - Assessed the adequacy and completeness of the disclosures in the accompanying consolidated financial statements to ensure they provide a fair representation of the Group's financial position.
Existence of inventory	
Refer to note 4.9 for the accounting policy and note 11 for related disclosures.	
<p>The carrying value of the Group's inventory as at 31 December 2025 amounted to 137,935,992 ﷲ.</p> <p>The carrying value includes work in progress inventory - clinker by an amount of 49,966,987 ﷲ as at 31 December 2025.</p> <p>Since determining the weights for this inventory item is not practically feasible, the year-end available quantities are estimated by measuring the clinker stockpiles and converting the measurements to units of volume using angle of stability, density, and quantity. To do this, management makes judgments regarding the assumptions and associated estimates when using practical systematic measurement calculations and applying density conversion methods applicable to similar types of inventory used in cement manufacturing.</p> <p>We considered this a key audit matter, due to the materiality of the inventory amount and the assumptions, judgments, and associated estimates made by management when measuring the year-end clinker (Work in process).</p>	<p>Our Audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> - Obtained management's physical inventory count instructions to understand and evaluate their instructions and procedures regarding the count and the recording of the actual results of the company's inventory count. - Evaluated the competence, capabilities, and objectivity of the inspection team identified by management for the clinker inventory count. - Attended the Group's physical inventory count and that observed the implementation of management's inventory count instructions and procedures. - Obtained copies of the company's completed and approved inventory reports and inspected that it is accurate, complete and reflects the actual inventory counts. - Evaluated the suitability and reasonableness of the inventory count procedures performed and the methodology applied in estimating the actual quantity of clinker stockpiles. - Examined the adequacy of the disclosures included in the consolidated financial statements.



Independent Auditor's Report on the Audit of the Consolidated Financial Statements of City Cement Company for the Year Ended December 31, 2025 (Continued)

Other information

Other information consists of the information included in the Group's annual report, other than the consolidated financial statements and auditor's report thereon. Management is responsible for other information included in its annual report. The group's annual report is expected to be available to us after the date of this report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, when made available to us, 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. When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the 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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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 ISAs 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent Auditor's Report on the Audit of the Consolidated Financial Statements of City Cement Company for the Year Ended December 31, 2025 (Continued)

As part of an audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management 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 auditor's 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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

For Dr. Mohamed Al-Amri & Co.,


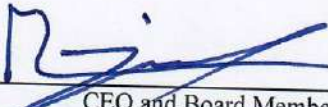

Gihad Mohamed Al-Amri
Certified Public Accountant
License Number 362



Riyadh, on 28 Ramadan 1447 (H)
Corresponding to: 17 March 2026 (G)

CITY CEMENT COMPANY
A Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(In SAR)

	Notes	Balance As at 31 December	
		2025	2024
Assets			
Non-current assets			
Property, plant and equipment	6	1,184,652,196	1,190,962,122
Right of use assets	7	2,064,538	2,420,497
Investments in equity instruments at fair value through other comprehensive income	8	2,659,785	3,130,801
Investments in Joint Venture	9	3,429,666	3,607,539
Intangible assets	10	7,133,319	7,602,920
Total non-current assets		<u>1,199,939,504</u>	<u>1,207,723,879</u>
Current assets			
Inventory	11	137,935,992	156,419,480
Trade receivables	12	42,613,823	44,143,524
Investments in Financial instruments at fair value through profit or loss	13	394,563,647	214,976,744
Prepayments and other receivables	14	12,292,301	13,193,235
Due From Related Party	32	1,527,122	-
Short term time deposit		146,000,000	216,000,000
Cash and cash equivalents	15	13,777,135	42,358,215
Total current assets		<u>748,710,020</u>	<u>687,091,198</u>
Total assets		<u>1,948,649,524</u>	<u>1,894,815,077</u>
Equity and Liabilities			
Equity			
Share capital			
Reserve for revaluation of financial investments at fair value through OCI	1-4	1,400,000,000	1,400,000,000
Retained earnings		(292,055)	178,961
Total equity		<u>432,733,457</u>	<u>394,951,071</u>
Liabilities		<u>1,832,441,402</u>	<u>1,795,130,032</u>
Non-current liabilities			
Employees' end-of-service benefits	16	20,501,342	19,430,653
Non-current portion of lease liability	17	561,382	-
Provision for rehabilitation of areas subject to franchise license	18	7,846,590	7,544,794
Total non-current liabilities		<u>28,909,314</u>	<u>26,975,447</u>
Current liabilities			
Trade payables		36,007,988	29,739,991
Current portion of lease liability	17	590,102	1,695,396
Accrual and other payables	19	35,530,287	28,470,457
Provision for zakat	20	15,170,431	12,803,754
Total current liabilities		<u>87,298,808</u>	<u>72,709,598</u>
Total liabilities		<u>116,208,122</u>	<u>99,685,045</u>
Total equity and liabilities		<u>1,948,649,524</u>	<u>1,894,815,077</u>

		
CFAO Abdulaziz Bin Mohamed Alsuwaidan	CEO and Board Member Majed Bin Abdulrahman Al-Osailan	Chairman Bader Bin Omar Al-Abdullatif

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

CITY CEMENT COMPANY

A Saudi Joint Stock Company

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

(In #)

	Notes	For the year ended 31 December	
		2025	2024
Revenues	21	519,638,396	520,836,291
Cost of Revenues	21	(355,716,360)	(332,295,633)
Gross profit		163,922,036	188,540,658
Selling and marketing expenses	22	(15,442,444)	(15,409,393)
General and administrative expenses	23	(35,274,927)	(37,238,004)
Operating profit		113,204,665	135,893,261
Gains of changes in fair value of investments in financial instruments through profit or loss	13	13,231,816	8,735,090
Group's share in losses from joint venture	9	(177,873)	(430,382)
(Losses) from sale of Property, plant and equipment	6	(373,664)	-
Other income	24	21,406,022	14,574,183
Finance cost	25	(1,345,632)	(1,300,119)
provision for expected credit losses	12	(240,000)	(240,000)
Profit for the year before zakat		145,705,334	157,232,033
Zakat expense	20	(16,780,247)	(13,112,100)
Profit for the year		128,925,087	144,119,933
Items of other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss			
(Losses) of changes in fair value of investment in equity instruments	8	(471,016)	(552,494)
Actuarial (Loss) Gain on re-measurement of end of service benefits	16	(142,701)	1,379,018
Total comprehensive income for the year		128,311,370	144,946,457
Earnings per share			
Basic and diluted earnings per share	26	0.92	1.03



CFAO

Abdul Aziz Bin Mohamed Al-Suwaidan



CEO and Board Member

Majed Bin Abdulrahman Al-Osailan



Chairman

Bader Bin Omar Al-Abdullatif

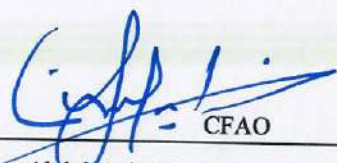
The accompanying notes from (1) to (35) form an integral part of these consolidated financial statement

CITY CEMENT COMPANY
A Saudi Joint Stock Company

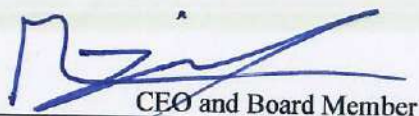
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

(In ٢)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Reserve for revaluation of financial investments at fair value through OCI</u>	<u>Retained earnings</u>	<u>Total equity</u>
<u>For the year ended 31 December 2025</u>					
Balance as at 1 January 2025	1,400,000,000	-	178,961	394,951,071	1,795,130,032
Profit for the year	-	-	-	128,925,087	128,925,087
Items of other comprehensive income for the year	-	-	(471,016)	(142,701)	(613,717)
Total comprehensive income	-	-	(471,016)	128,782,386	128,311,370
Dividends (Note 27)	-	-	-	(91,000,000)	(91,000,000)
Balance as at 31 December 2025	<u>1,400,000,000</u>	<u>-</u>	<u>(292,055)</u>	<u>432,733,457</u>	<u>1,832,441,402</u>
<u>For the year ended 31 December 2024</u>					
Balance as at 1 January 2024	1,400,000,000	211,199,871	731,455	164,252,249	1,776,183,575
Profit for the year	-	-	-	144,119,933	144,119,933
Items of Other comprehensive income for the year	-	-	(552,494)	1,379,018	826,524
Total comprehensive income	-	-	(552,494)	145,498,951	144,946,457
Transfer to retained earnings	-	(211,199,871)	-	211,199,871	-
Dividends	-	-	-	(126,000,000)	(126,000,000)
Balance as at 31 December 2024	<u>1,400,000,000</u>	<u>-</u>	<u>178,961</u>	<u>394,951,071</u>	<u>1,795,130,032</u>


CFAO

Abdul-Aziz Bin Mohamed Al-Suwaidan


CEO and Board Member

Majed Bin Abdulrahman Al-Osailan


Chairman

Bader Bin Omar Al-Abdullatif

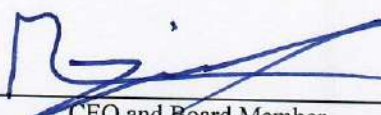
The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements.

CITY CEMENT COMPANY
A Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In ﷲ)

		For the year ended 31 December	
	Note	2025	2024
Operating activities			
Profit for the year before zakat		145,705,334	157,232,033
Adjustments			
Depreciation and Amortisation	6,7,10	92,648,473	90,736,760
Loss from disposal of Property Plant & Equipment	6	373,664	-
Gains of changes in fair value of investments in financial instruments through profit or loss	13	(13,231,816)	(8,735,090)
Provision for expected credit losses	12	240,000	240,000
Allowance for obsolescence inventory	11	300,000	300,000
Employees' end-of-service benefits	16	1,276,616	1,926,493
Group's share in losses from joint venture	9	177,873	430,382
Finance cost	25	1,345,632	1,300,119
Changes in:			
Inventory		18,183,488	23,505,185
Trade receivables		1,289,701	(8,137,114)
Prepayments and other receivables		900,934	5,964,979
Due From Related Parties	32	(1,527,122)	-
Trade payables		6,267,997	4,518,434
Accrual and other payables		6,925,957	6,789,421
Cash from operation		260,876,731	276,071,602
Zakat paid	20	(14,413,570)	(12,376,087)
Employees' end-of-service benefits paid	16	(1,335,555)	(1,487,404)
Net cash flows generated from operating activities		245,127,606	262,208,111
Investing activities			
Purchase of Investments in Financial instruments at fair value through profit or loss	13	(333,500,000)	(220,900,000)
Proceeds from the Sale of Investments in Financial instruments at fair value through profit or loss	13	167,144,913	147,016,556
Purchase of property, plant and equipment and Capital work in progress	6	(84,273,279)	(39,116,033)
Sell/(purchase) of short-Term Deposit		170,000,000	(20,000,000)
Payment in Investments in joint venture	9	-	(2,066,921)
Purchase of intangible assets	10	-	(341,084)
Net cash flows used in investing activities		(80,628,366)	(135,407,482)
Financing activities			
Dividends paid	27	(91,000,000)	(126,000,000)
Repayments of lease liability		(2,080,320)	(1,736,320)
Net cash flows used in financing activities		(93,080,320)	(127,736,320)
Net change in cash and cash equivalents		71,418,920	(935,691)
Cash and cash equivalents at the beginning of the year		42,358,215	43,293,906
Cash and cash equivalents at the end of the year	15	113,777,135	42,358,215
Non-Cash transactions in investing activities:			
Transferred from capital work in progress		33,713,534	12,123,291



CFAO
Abdul-Aziz Bin Mohamed Al-Suwaidan



CEO and Board Member
Majed Bin Abdulrahman Al-Osailan



Chairman
Bader Bin Omar Al-Abdullatif

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

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

1- OVERVIEW ABOUT THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS ACTIVITIES

1.1 Establishment of the Company

City Cement Company (“the Company”), is a Saudi joint stock company, established under Ministerial Resolution No. 804 and dated 12/5/1426H (corresponding to: 18/6/2005) and registered in Riyadh under Commercial Register No. 1010210441 dated 14/5/1426 (corresponding to: 20/6/2005) and Industrial License No. 1163/ dated 3/6/1426H (corresponding to:9/7/2005) and renewed with No. 590 dated 10/2/1438H (corresponding to:10/11/2016). The Company operates under a material quarry license according to the mining regulations issued by Royal Decree No. 216 dated 28/7/1425H (corresponding to: 12/9/2004) and its duration is thirty Hijra years starting from the date of the license, and the Company has the right to request a similar period of renewal of this license subject to the approval of the Ministry of Industry and Mineral Resources.

The Company obtained the following branch commercial registration:

Branch name	CR No.	Date	
		Hijri	Georgian
Branch of City Cement Company for Contracting	1010356028	16-1-1434	29-11-2012

1.2 Climate Change

The Group is subject to short-term and long-term climate change related risks, these risks are inherent part of operating a cement industry. The Group is continually working to reduce environmental impact from the business, in part, due to inherent risks.

Rising fuel costs and the greenhouse gas emissions associated with fuel and electricity consumption have an impact not only on the environment but also on the Group's net financial profit. Climate change also leads to risks to cement production through reductions in fuel consumption, diseases, etc., that pose challenges for sustaining and increasing production levels.

The Group has developed a sustainability strategy, outlining how it will improve its energy performance through efficient energy consumption and generation from sustainable sources. The strategy focuses on electricity generation and fuel efficiency measures powered by alternative fuels.

1.3 The Company's activity

The Company's activity represented by the production of ordinary Portland cement and sulphate resistant cement, the import and operation of radioactive devices of the Company's plants, processing waste, industrial, agricultural and municipal waste, and producing alternative fuels after obtaining the necessary licenses and specialized sub-contracts.

1.4 Company's Capital

City Cement Company is a public joint stock company listed on the Saudi capital market. Its share capital was SAR 1,892,000,000 divided into 189,200,000 shares with a nominal value of 10 Saudi Riyals each. In accordance with the decision of the Extraordinary General Assembly on 25 August 2021, the capital was reduced by Saudi Riyals 492,000,000 by distributing the amount in cash to the shareholders.

The Company's Article of Association has been amended on 5 Jumada II 1442H corresponding to 18 January 2020, and the Company's share capital has become Saudi Riyals 1,400,000,000 divided into 140 million shares of equal value with a nominal value of 10 Saudi Riyals each, all of the Company's shares are cash and ordinary shares, and the procedures for accreditation in the commercial register were completed on 18 Jumada II, 1442H, corresponding to 31 January 2021.

These Consolidated Financial Statements include the assets, liabilities and business results of the work of its subsidiaries which are Green Solutions for Environmental Services and Naizak for Mining.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

1- OVERVIEW ABOUT THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS ACTIVITIES (continued)

Green Solutions for Environmental Services Company – (Subsidiary)

On 27/7/1442 H (corresponding to 10/3/2021), the company's board of directors approved the establishment of a 100% owned one-person limited liability company, headquartered in Riyadh, with a capital of 500,000 Saudi riyals, after obtaining the necessary approvals and licenses from the relevant authorities.

During the year 2021, the company announced the completion of the issuance of the articles of incorporation and commercial registration for its subsidiary company under Commercial Registration No. 1010664201.

The company's articles of incorporation were issued on 27 Shawwal 1442 H (corresponding to 8 June 2021).

The nature of the company's activity is as follows:

Collecting materials for recycling, transporting municipal waste, operating municipal waste dumping sites for disposal purposes, treating organic waste for the purpose of disposal, recycling and reusing municipal waste.

During the year 2024, City Cement Company, through its subsidiary, "Green Solutions Company for Environmental Services," participated in establishing Innovation Alternative company, which changed its name to be TerraFuel Company, with a capital of 6,770,000 Saudi riyals and an ownership percentage of 29.4%, for the Green Solutions Company for Environmental Services, in partnership with "Tadweer Company for Environmental Services," with an ownership percentage of 51%, owned by the Saudi Investment and Recycling Company (SIRC) and with Lichtenberg Middle East Environmental Services Company (Related Party) with an ownership percentage of 19.6%, which is 80% owned by Al-Abdullatif Holding Group and 20% by Lichtenberg Holding Company, so that the new company will produce alternative fuels from waste and market them locally and internationally.

The financial year of the company is twelve months from the beginning of January until the end of December of each year.

Naizak for Mining Company – (Subsidiary)

On October 6, 2024, the subsidiary company "Naizak for Mining" was established—a limited liability company wholly owned (100%) by City Cement Company—under Commercial Registration No. (1009112679). The subsidiary specializes in providing mining services.

On October 8, 2024, City Cement Company, through its subsidiary "Naizak for Mining," signed a partnership agreement with Next Generation SCM Company. This agreement aims to establish a company specialized in processing natural raw materials using environmentally friendly technologies for use in construction activities.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

2. BASIS OF PREPARATION

2.1 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 that are 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). The financial statement has been prepared on the going concern basis.

2.2 Financial statements preparation

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

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

3. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENT

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group”) located in the Kingdom of Saudi Arabia as at 31 December 2025.

Subsidiary Company Name	Legal Entity	Ownership as of 31 December 2025
Green Solutions for Environmental Services Company	One Person Limited Liability Company	100%
Naizak for Mining	One Person Limited Liability Company	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.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

3. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENT (continued)

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 shareholders of the Group.

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

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

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

4. MATERIAL ACCOUNTING POLICIES

4.1 New standards, Amendments to Standards Interpretations

There are several standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted; however, the Group has not adopted them in the preparation of these financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027
IAS 21	Translation into the presentation currency in a hyperinflationary economy	1 January 2027

The Group is currently assessing the impact of these new accounting standards and amendments.

The Group does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Group.

New standards, interpretations, and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year, but they have no impact on these financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IAS 21	Amendment – Lack of Exchangeability	1 January 2025

Early adoption of standards

During the financial year ended 31 December 2025, the Group did not implement early application of any of the new standards or amendments issued by the international Accounting Standards Board.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (continued)

4.2 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.

Financial Assets

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

Trade and other receivables, short-term time deposits, due from related party and cash and cash equivalents are measured at amortized cost using the effective interest method less any impairment loss and charged to profit or loss.

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 Group has a strategic investment in a listed entity which are not accounted for as subsidiaries, associates or jointly controlled entities. For this investment, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for this asset. It is carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments (continued)

Financial assets at fair value through changes in the consolidated profit and loss statement

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).

Impairment of financial assets

The Group recognizes loss allowances according to the expected credit loss model on financial assets recognized at amortized cost, such as trade receivables. The Group evaluates future credit losses based on the expected credit loss model for financial assets carried at amortized cost. For trade receivables, the Group applies the simplified approach, which requires recognizing lifetime expected credit losses on trade receivables from the date of initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates were calculated based on the Group's historical data and adjusted to reflect the expected future result, which also includes forward-looking information on macroeconomic factors such as inflation and GDP growth rate.

Other financial assets such as employee receivables and bank balances have low credit risk, and the application of the expected credit loss model is considered insignificant.

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 Payables and Accruals and other payables.

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 due date.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, other premiums or discounts) over the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments (continued)

Measuring the fair value of financial instruments including derivative financial instruments

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be measured on the basis of prices quoted in the active market and where international standards require that such assets or liabilities be valued at their fair value, their fair value is determined using valuation methods, including the use of the present value of expected cash flows from those assets or using other methods as stipulated in IFRS 13. Inputs for these methods are taken from active markets whenever possible. However, when this is not feasible, a certain degree of estimation is required to determine fair value. These estimates take into account liquidity risk, credit risk, and volatility. Changes in assumptions regarding these factors can affect the reported fair value of financial instruments.

Fair value

Fair value is the price at which an asset would be sold or a liability would be settled between willing parties in an arm's length transaction on the measurement date. Fair value definition includes the assumption that the Group will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

A financial instrument is considered to be listed in an active market if quoted prices are readily and regularly available from a foreign exchange dealer, broker, industry group, pricing service, or regulatory authority, and these prices represent actual and regularly occurring market transactions on a commercial basis. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

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.

4.3 Recognition of revenues from contracts with customers

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

Step (1) - Define the contract(s) with the customer: A contract is defined as an agreement between two or more parties that establishes enforceable rights and obligations and specifies the criteria 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 good or service to the customer.

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

Step (4) - Allocate the transaction price to the performance obligations in the contract: For a contract that includes more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that specifies the amount of contract consideration that the Company expects to receive in exchange for fulfilling each performance obligation.

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

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (continued)

4.3 Recognition of revenues from contracts with customers (continued)

The Company satisfies a performance obligation and recognizes revenue when the customer obtains control of the goods at a specified point in time (ie when the goods are delivered and acknowledged), and the goods are sold at substantial retrospective discounts 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 discounts. Accumulated experience is used to estimate and provide discounts using expected value and revenue is recognized to the extent reasonably probable that there will be no material reversal. The related liability (included under trade and other payables) is recognized for expected discounts on amounts payable to customers in respect of sales made during the year.

The Company sells bulk and packaged cement, under specific and independent sales invoices entered into with the customers. There is no financing component present as sales are made either on cash or on term credit in line with market practice.

Sale of goods:

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

The Company considers the following indicators in evaluating the transfer of control over the asset towards the customer:

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

4.4 Property, plant and equipment

Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of expenditure that is directly attributable to the acquisition of the asset. Cost includes the reclassifications from equity of any gains or losses on qualifying cash flow hedges relating to purchases of Property, Plant and Equipment. Cost includes expenditures that are directly attributable to the acquisition / growing of the plant till its maturity. Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the consolidated statement of profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and amount can be measured reliably.

The Group has strategic and reserve spare parts that must be available for the production lines at its plant, and are classified under property and equipment, and subject to depreciation over the useful life of the asset associated with those spare parts.

The cost of projects under construction is calculated on the basis of the actual cost and is shown as projects under construction until they are completed and then transferred to the various items within the property, plant and equipment, and then their depreciation begins. The useful life of property, plant and equipment are reviewed at the end of each year. If the estimated useful life is different from previously estimated, the carrying amount of the asset is depreciated over the remaining useful life after reassessment of the year in which the revision was made.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment (continued)

The cost less estimated residual value is depreciated on a straight-line basis over the following estimated useful lives of the assets by using the following annual depreciation rates:

Asset Class	Useful lives for the current year	Useful lives for the comparative years
Machinery and Equipment	40	25
Buildings and roads	40	10-30
Mobile equipment	15	15
Vehicles	5	5
Furniture and fixtures	5-6	5-6

Depreciation methods, useful lives and residual values of property, plant and equipment are reviewed by the Group. During the year ended 31 December 2025, the Group conducted a comprehensive review of the estimated useful lives and residual values of its machinery and equipment, supported by an assessment from an independent technical expert. This exercise was performed to align the Group's depreciation profiles with the average useful lives observed in similar cement plants within the industry. Based on the updated technical assessments, historical maintenance patterns, and expected future usage, the Group determined that the revised estimates provide a more reliable and relevant representation of the pattern in which the assets' future economic benefits are expected to be consumed. In accordance with IAS 8, this change has been accounted for as a change in accounting estimate and applied prospectively from November 2025. The reason behind this change is to ensure the company's financial reporting reflects the actual economic reality of asset usage by benchmarking against industry standards.

Based on the results of the review, the maximum estimated useful life of building category was adjusted to 40 years instead of 30 years and the machinery and equipment category was adjusted to 40 years instead of 25 years.

Difference in estimates was treated as changes in accounting estimates since November 2025 and the subsequent years.

	2025	2026	2027	2028
(Decrease)/increase in depreciation expense	(5,859,335)	(35,156,010)	(35,156,010)	(35,156,010)

4.5 Leases

The Group assesses whether a contract is a lease or contains a lease. The contract is a lease or contains a lease if it gives the right of use a specific asset for a period of time in exchange for a compensation.

Right-of-use assets and lease liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and - restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (continued)

4.5 Leases (continued)

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items relating to office equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

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.

4.6 Investments in Joint Ventures

A joint venture is a form of joint arrangement under which the parties that have joint control of the arrangement have rights to the net assets of the joint ventures. Joint control represents the contractually agreed sharing of control of an arrangement, and exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

The matters considered in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in the joint venture is calculated using the equity method.

Under the equity method, the investment in the joint venture is originally recognized at cost and the book value of the investment is adjusted to reflect changes in the company's share in the net assets of the joint venture since the date of acquisition. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment independently.

The statement of profit or loss reflects the Group's share of the results of joint venture operations. Any change in other comprehensive income of those investees is shown as part of the Company's other comprehensive income. In addition, if any change is recognized directly in the equity of joint ventures, the company shall record its share of any changes, when applicable, in the statement of changes in equity.

Unrealized gains and losses arising from transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in the joint ventures.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (continued)

4.8 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.

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.

4.9 Inventories

Inventories are initially measured at cost and subsequently at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost comprises all direct manufacturing expenditure based on the normal level of activity and transportation and handling costs. Net realisable value comprises estimated selling price less further production costs to completion and appropriate selling and distribution costs. Allowance is made, where necessary for slow moving inventories.

Spare parts are measured at lower of cost or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

4.10 Cash and cash equivalents

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

4.11 Zakat provision

The estimated Zakat is an obligation of the Group and is reflected in the accompanying financial statements by being charged to the statement of profit or loss, in accordance with the Zakat standards and the guidance issued by SOCPA. It is calculated for the year on an accrual basis.

Zakat is calculated at the end of the year based on the higher of the adjusted net income or the Zakat base, in accordance with the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia.

Differences between the provision and the final assessment are accounted for in the year the assessment is received.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (continued)

4.12 Value added tax (VAT)

Expenses and assets are recognized net of VAT, except in the following cases:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the Zakat, Tax, and Customs Authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When accounts receivable and accounts payable are recorded with the VAT amount.

4.13 Employee end of service benefits

Employee end of service 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.

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.

4.14 Provisions

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Provisions are measured based on the best estimate of the amount required to settle the obligation as of the date of the statement of financial position, taking into account the risks and uncertainties surrounding the obligation. A provision is also measured using the estimated cash flows required to settle the present obligation. A receivable is recognized as an asset if the receipt and replacement of the amount are certain and can be reliably measured.

4.15 Provision for rehabilitation of areas subject to franchise license

Provision for rehabilitation of areas subject to franchise license is measured at the present value of the expected cost of restoring the site subject to franchise license using the discount rate as at the start date of the franchise license contract.

4.16 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.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (continued)

4.17 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.

4.18 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated financial position date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement profit or loss.

4.19 Dividends

Dividends is recognized in the consolidated financial statements when it is approved by the General Assembly of shareholders for annual distributions.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards requires management to use judgments, estimates and assumptions that affect the amounts of income, expenses, assets and liabilities appearing in the consolidated financial statements, the accompanying notes attached to the consolidated financial statements, and the disclosure of contingent assets and liabilities. However, the uncertainty involved in these assumptions and estimates may lead to significant adjustments to the carrying amount of assets or liabilities that may be affected in future periods.

In the context of applying the Group's accounting policies, management has made judgments that have a material impact on the amounts recognized in the consolidated financial statements. In addition to the main assumptions that have been considered when assessing the impact of future conditions on the figures appearing in the consolidated financial statements and the related disclosures at the date of preparing the consolidated financial statements, which have substantial risks associated with them that may cause significant adjustments to the carrying values of assets and liabilities during the next financial year. The Group relied in its estimates and assumptions on the existing conditions and available information when preparing the consolidated financial statements. However, existing circumstances and assumptions about foreseeable developments may change as a result of market changes and circumstances beyond the control of the Group. These changes are reflected in the assumptions as they occur.

A) 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.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

B) Strategic and critical spare parts

The Group maintains strategic and critical spare parts inventory for two production lines in its plant, the management aims to maintain such inventory for longer periods (i.e. 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 of the equipment, which should be available as needed and depreciated with the estimated useful life of the associated asset.

C) 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.

D) Provision for Slow moving spare parts

The company maintains an inventory of spare parts for its factory machinery, which are held for a period longer than one reporting period. Management estimates the appropriate level of spare parts allocation at the end of each reporting period. Factors influencing this estimate include management's expectations of future usage, plans for disposal, or the sale of spare parts.

E) Joint Venture

The acquisition of joint arrangements requires the application of management's judgment to determine whether there is control, joint control, or significant influence over investments in joint arrangements or associates. Judgments are also applied in determining whether control over an entity is exercised through voting rights, potential voting rights, or other rights granted through contractual arrangements. This includes considering the purpose and design of the entity, among other factors. Judgments are further applied in assessing whether joint control over the arrangement is exercised by all parties or a group of parties through making decisions about relevant activities by unanimous consent of the parties participating in control. Additionally, judgments are applied in determining whether the joint arrangement is classified as a joint venture or a joint operation.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Related parties

A related party is a person or entity associated with the Company that prepares its financial statements.

A) If the person or a member of his family is closely related to the Company whose financial statements are prepared:

- Has control or joint control over the Company preparing the financial statements;
- Has a material impact on the Company that prepares its financial statements; or
- He is a member of the senior management of the Company that prepares its financial statements.

B) If the entity is related to the Company that prepares its financial statements if any of the following conditions are met:

- The entity and the company that prepares its financial statements are members of the same company (which means that both the parent company, subsidiaries and associates have a relationship with the other).
- One of the companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of a group to which the other company belongs).
- Both companies are joint ventures of the same third party.
- One of the companies is a joint venture of a third company, and the other company is an associate of the third company.
- The Company is controlled or jointly controlled by a specific person as outlined in paragraph (a).
- The person identified in paragraph (a) (1) has a material influence on the company or is a member of the top management in the company (or the parent company).
- The company or any member of the company provides part of the services of senior management personnel of the company that prepares its financial statements or to the parent of the company that prepares its financial statements.

F) 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 Company's factory land. The current value of the provision estimated at the expected present value of the end of the life of the plant, and the Company relied on the renewal of the current quarry license after its expiry at the initial measurement of the current value of the provision..

CITY CEMENT COMPANY

A Saudi Joint Stock Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in ﷲ unless otherwise stated)

6 PROPERTY, PLANT, AND EQUIPMENT

	<u>Lands</u>	<u>Machinery and Equipment</u>	<u>Buildings and roads</u>	<u>Mobile equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Capital work in progress</u>	<u>Total</u>
Cost:								
Balance as at 1 January 2024	3,600,000	1,600,749,024	614,438,615	130,593,721	13,019,050	17,483,813	10,802,514	2,390,686,737
Additions during the year	-	26,803,288	831,472	510,707	131,821	880,695	9,958,050	39,116,033
Transferred from Capital work in progress	-	12,123,291	-	-	-	-	(12,123,291)	-
Balance as at 31 December 2024	3,600,000	1,639,675,603	615,270,087	131,104,428	13,150,871	18,364,508	8,637,273	2,429,802,770
Additions during the year	-	10,418,870	-	4,005,521	-	411,741	69,437,147	84,273,279
Transferred from capital work in progress	-	33,713,534	-	-	-	-	(33,713,534)	-
Disposals during the year	-	(1,368,397)	-	-	-	-	-	(1,368,397)
Balance as at 31 December 2025	3,600,000	1,682,439,610	615,270,087	135,109,949	13,150,871	18,776,249	44,360,886	2,512,707,652
Accumulated depreciation:								
Balance as at 1 January 2024	-	778,055,801	250,371,043	92,826,555	12,191,924	16,559,858	-	1,150,005,181
Depreciation of the year	-	64,687,836	18,084,808	5,139,532	266,725	656,566	-	88,835,467
Balance as at 31 December 2024	-	842,743,637	268,455,851	97,966,087	12,458,649	17,216,424	-	1,238,840,648
Depreciation of the year	-	66,126,231	17,199,478	6,186,260	214,778	482,794	-	90,209,541
Disposals during the year	-	(994,733)	-	-	-	-	-	(994,733)
Balance as at 31 December 2025	-	907,875,135	285,655,329	104,152,347	12,673,427	17,699,218	-	1,328,055,456
Net book value:								
As at 31 December 2025	3,600,000	774,564,475	329,614,758	30,957,602	477,444	1,077,031	44,360,886	1,184,652,196
As at 31 December 2024	3,600,000	796,931,966	346,814,236	33,138,341	692,222	1,148,084	8,637,273	1,190,962,122

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

7 RIGHT - OF - USE ASSETS

	<u>Leased land</u>	<u>Leased building</u>	<u>Total</u>
Cost:			
Balance as at 1 January 2024	-	5,750,599	5,750,599
Additions during the year	981,625	-	981,625
Balance as at 31 December 2024	981,625	5,750,599	6,732,224
Additions *	1,713,812	-	1,713,812
Adjustments **	(53,527)	(368,406)	(421,933)
Balance as at 31 December 2025	2,641,910	5,382,193	8,024,103
Accumulated depreciation:			
Balance as at 1 January 2024	-	2,875,299	2,875,299
Depreciation	286,309	1,150,119	1,436,428
Balance as at 31 December 2024	286,309	4,025,418	4,311,727
Depreciation	892,888	1,076,439	1,969,327
Adjustments	(26,765)	(294,724)	(321,489)
Balance as at 31 December 2025	1,152,432	4,807,133	5,959,565
Net book value:			
As at 31 December 2025	1,489,478	575,060	2,064,538
As at 31 December 2024	695,316	1,725,181	2,420,497

* The additions during the year are represented by the lease contract for the operation and maintenance of the damaged tire recycling unit in the city of Al Riyadh.

** The adjustments related to leased land represent a reduction in the value of the final instalment of the contract. The adjustments related to leased buildings represent charging Green Solutions Company with its share of the annual rental cost of the Company's headquarters

8 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>No. of Shares</u>	<u>As at 31 December</u>	
		<u>2025</u>	<u>2024</u>
Saudi Arabian Oil Company (Aramco) a Saudi joint stock company	111,615 Shares	3,130,801	3,683,295
Losses of change in fair value		(471,016)	(552,494)
Total investment in shares		2,659,785	3,130,801

- On 3 December 2019, the Board of Directors approved the investment in Saudi Arabian Oil Company (Aramco) shares and was subscribed in 92,245 shares with a total of SAR 2,951,840. This is from the Company's own sources and in accordance with its future flows and plans.
- On May 08, 2024, the Extraordinary General Assembly of the Saudi Arabian Oil Company (Aramco) – a Saudi joint stock company, announced the approval of the Board of Directors' recommendation to increase the company's capital by granting shareholders one (1) share for every ten (10) shares owned in the company.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

9 INVESTMENTS IN JOINT VENTURE:

Company	Number of Shares	Ownership Percentage	Balance as at 31 December 2024	Additions	Share in Results of Operations	Balance as at 31 December 2025
TerraFuel Company	19,914	29.40%	3,607,539	-	(177,873)	3,429,666
Total Investment in Shares			3,607,539	-	(177,873)	3,429,666

Company	Number of Shares	Ownership Percentage	Balance as at 31 December 2023	Additions	Share in Results of Operations	Balance as at 31 December 2024
TerraFuel Company	19,914	29.40%	1,971,000	2,066,921	(430,382)	3,607,539
Total Investment in Shares			1,971,000	2,066,921	(430,382)	3,607,539

City Cement Company, through its subsidiary, "Green Solutions Company for Environmental Services," participated in establishing Innovation Alternative company, which changed its name to be "TerraFuel Company", with a capital of 6,770,000 Saudi riyals and an ownership percentage of 29.4%.

10 INTANGIBLE ASSETS:

	Software	Resource Planning Software	Total
Cost:			
Balance as at 1 January 2025	3,496,079	6,228,198	9,724,277
Balance as at 31 December 2025	3,496,079	6,228,198	9,724,277
Accumulated depreciation:			
Balance as at 1 January 2025	1,322,688	798,669	2,121,357
Amortisation	156,871	312,730	469,601
Balance as at 31 December 2025	1,479,559	1,111,399	2,590,958
Net book value:			
As at 31 December 2025	2,016,520	5,116,799	7,133,319
As at 31 December 2024	2,173,391	5,429,529	7,602,920

11 INVENTORY

	As at 31 December	
	2025	2024
Work in progress	49,966,987	68,569,080
Finished goods	189,126	61,353
Packing Material	1,509,918	4,086,845
Raw materials	12,237,050	7,914,413
Spare parts	77,932,911	79,387,789
	141,835,992	160,019,480
Less: Allowance for obsolescence inventory	(3,900,000)	(3,600,000)
	137,935,992	156,419,480

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

11 INVENTORY (continued)

The movement of allowance for obsolescence in inventory is as follow:

	As at 31 December	
	2025	2024
Balance at the beginning of the year	3,600,000	3,300,000
Charged during the year	300,000	300,000
Balance at the end of the year	3,900,000	3,600,000

12 TRADE RECEIVABLES

	As at 31 December	
	2025	2024
Trade receivables	45,304,927	46,594,628
Provision for Expected credit losses	(2,691,104)	(2,451,104)
	42,613,823	44,143,524

The movement of the expected credit losses provision is as follow:

	As at 31 December	
	2025	2024
Balance at the beginning of the year	2,451,104	2,211,104
Charged during the year	240,000	240,000
Balance at the end of the year	2,691,104	2,451,104

The trade receivables are fully covered by bank guarantees amounted to ﷲ 21,120,000 and promissory notes amounted to ﷲ 25,800,000.

13 INVESTMENTS IN FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
Balance at the beginning of the year	214,976,744	132,358,210
Purchases during the year	333,500,000	220,900,000
Sales during the year	(167,144,913)	(147,016,556)
Gains of change in fair value	13,231,816	8,735,090
Balance at the end of the year	394,563,647	214,976,744

The investments represent units in open local investment funds with an objective of providing a reasonable amount of income as well as liquidity realized from short-term investments in ﷲ.

14 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
Advances to suppliers	2,979,269	5,041,999
Accrued interest	3,531,762	3,285,167
Prepaid expenses	4,691,123	3,184,458
LGs Cash Cover	1,045,562	1,248,493
Others	44,585	433,118
	12,292,301	13,193,235

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

15 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025	2024
Cash at bank – current accounts- Saudi Riyals	10,526,052	33,540,384
Cash at bank – current accounts- foreign currency	3,156,549	8,704,970
Cash in hand	94,534	112,861
	13,777,135	42,358,215
Short Term Deposit*	100,000,000	-
	113,777,135	42,358,215

* The balance as at 31 December 2025 amounting to ﷲ 100 million represents deposits and Sukuk held with banks with maturities of 90 days or less; accordingly, they have been classified as cash equivalents.

16 EMPLOYEES' END-OF-SERVICE BENEFITS

The Group's policy stated that the end-of-service benefit is due to all employees who complete the qualifying period of service under the Saudi Labour Law.

The annual employee's end of service liability is based on actuarial evaluation, and the most recent actuarial evaluation was conducted by an appointed independent expert by the Group's management, using the actuarial methodology of the expected credit unit as at 31 December 2025.

	As at 31 December	
	2025	2024
Balance as at 1 January	19,430,653	19,427,072
The consolidated statement of profit or loss		
Current service cost	1,276,616	1,926,493
Interest cost (Note 25)	986,927	943,510
Items of other comprehensive income		
Actuarial Losses/(gain)	142,701	(1,379,018)
Paid	(1,335,555)	(1,487,404)
Balance as at 31 December	20,501,342	19,430,653

- Actuarial assumptions:

During the year, actuarial assumptions were conducted under the expected credit unit method using the following important assumptions:

	As at 31 December	
	2025	2024
Financial assumption	%-Year	%-Year
Discount rate	5 %	5.26%
Salary increases	3%	4%
Demographic assumptions:		
Withdrawal rates	From 5% to %20	From 5% to %20
Retirement age	65 Years	65 Years

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

16 EMPLOYEES' END-OF-SERVICE BENEFITS (continued)

Sensitivity in defined benefit obligation

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee retirement benefits are to material actuarial assumptions, the same method (present value of the employee retirement benefits calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employee retirement benefits recognised in the consolidated statement of financial position as described below:

	Reasonable potential changes	EMOLOYEEES' END OF SERVICE BENIFITS LIABILITY	
		Increase	Decrease
Discount rate	(- / +) (1%)	19,888,735	22,861,532
Salary increases	(- / +) (1%)	22,861,026	19,888,491
Mortality rates	(- / +) (1 year)	21,112,555	21,526,645
Withdrawal rate	(- / +) (10%)	21,367,113	21,275,094

17 LEASE LIABILITY

	As at 31 December	
	2025	2024
Non-current portion of lease liability	561,382	-
Current portion of lease liability	590,102	1,695,396
	<u>1,151,484</u>	<u>1,695,396</u>

The amount of interest expense related to the lease liability for the year ended 31 December 2025 amounted to 56,909 ﷲ (31 December 2024: 66,420 ﷲ (Note 25)).

18 PROVISION FOR REHABILITATION OF AREAS THAT SUBJECT TO FRANCHISE LICENSE

The provision for rehabilitation of areas subject to franchise license represents the present value of the expected cost of re-leveling the concession site, specifically the land of the Company's plant. The Company appointed a specialized expert to estimate the present value of the rehabilitation provision.

The provision movement is as follow:

	As at 31 December	
	2025	2024
Balance at the beginning of the year	7,544,794	7,254,605
Effective interest (Note 25)	301,796	290,189
Balance at the end of the year	<u>7,846,590</u>	<u>7,544,794</u>

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

19 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2025	2024
Accrued expenses	13,343,603	8,400,046
Value added tax (VAT)	5,309,127	6,548,801
Accrued quarry fees	5,140,187	5,412,084
Advances from costumers	6,359,161	3,217,889
Board of directors' remuneration	1,400,000	1,400,000
Retention held from subcontractors	309,958	309,958
Accrual for governmental authorities	-	95,602
Others	3,668,251	3,086,077
	35,530,287	28,470,457

20 ZAKAT PROVISION

A) The main elements of Zakat base are as follows:

	As at 31 December	
	2025	2024
Profit for the year before zakat	145,705,334	157,232,033
Non-current assets	(1,193,850,053)	(1,356,996,752)
Liabilities	41,520,156	33,026,551
Equity	1,800,753,089	1,566,686,912
Investments	(48,659,785)	49,130,801
Other deductions	(74,258,861)	75,404,455
Zakat base	671,209,880	524,484,000
Zakat at rate of 2.5%	16,780,247	13,112,100

B) The movement in Zakat provision is as follows:

	As at 31 December	
	2025	2024
Balance at the beginning of the year	12,803,754	12,067,741
Paid during the year	(14,413,570)	(12,376,087)
Charged during the year	16,780,247	13,112,100
Balance at the end of the year	15,170,431	12,803,754

C) Zakat position:

- The Company submitted its zakat returns and paid the zakat payments due on it and obtained the zakat certificate for the year 2024.
- The Zakat, Tax and Custom Authority audited the Company till 2023, and all Zakat differences were settled.
- Years 2024 under audit by Zakat, Tax and Custom Authority, and no Zakat claim was received.

D) Value Added Tax:

- The Zakat, Tax and Custom Authority inspected the Company till year 2024, and all VAT differences were settled and they were found is not material.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

21 REVENUE AND COST OF REVENUES

- The Company's revenue consists of sales from bulk and packaged cement, and there are no other products for the Company. The Company's products are sold inside the Kingdom of Saudi Arabia. The Company sells its products entirely through distributors and individuals, and the sales occur at a point in time, not over a period of time. The Company's sales as at 31 December 2025 amounted to ﷲ 519,638,396 (2024: ﷲ 520,836,291).
- The cost of sales primarily consists of the cost of raw materials, direct labor, fuel and energy, spare parts, packing, other industrial expenses, and consumables. The cost of sales as at 31 December 2025 amounted to ﷲ 355,716,360 (2024: ﷲ 332,295,633).

22 SELLING AND MARKETING EXPENSES

	For the year ended 31 December	
	2025	2024
Promotions and Discount Loyalty	9,392,239	6,830,471
Salaries, wages and employee's benefits	3,922,594	3,626,516
Transportation expenses	1,341,078	1,924,182
Depreciation	48,515	83,498
Consultancy fees	52,500	-
Other marketing expenses	685,518	2,944,726
	<u>15,442,444</u>	<u>15,409,393</u>

23 GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2025	2024
Salaries, wages and employee's benefits	22,783,901	21,905,545
Professional and consulting fees	2,987,737	6,346,421
Subscriptions and fees	2,677,329	2,078,736
Depreciation	1,852,274	1,824,823
Board of directors' remuneration	1,400,000	1,400,000
Donations	950,000	866,000
Board of directors' attendance allowance	351,133	596,235
Withholding tax	76,226	357,474
Bank charges	79,615	115,355
Repair and maintenance	11,553	11,167
Others	2,105,159	1,736,248
	<u>35,274,927</u>	<u>37,238,004</u>

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

24 OTHER INCOME

	For the year ended 31 December	
	2025	2024
Income from environmental services	1,734,988	2,025,031
Income from bank deposits	15,820,527	12,180,353
Gain/(Losses) on foreign currency translation differences	227,907	(295,519)
Dividends on investments at fair value through OCI	127,676	128,778
Others	3,494,924	535,540
	<u>21,406,022</u>	<u>14,574,183</u>

25 FINANCE COST

	For the year ended 31 December	
	2025	2024
Interest cost on employees end of service benefits	986,927	943,510
Interest cost on lease liability	56,909	66,420
Interest cost of provision for rehabilitation of areas subject to franchise license	301,796	290,189
	<u>1,345,632</u>	<u>1,300,119</u>

26 EARNINGS PER SHARE

Basic and diluted earnings per share was calculated by dividing the year's net profit by the number of outstanding shares during the year as follows:

	For the year ended 31 December	
	2025	2024
Net profit of the year	128,925,087	144,119,933
	<u>Share</u>	<u>Share</u>
Number of shares	140,000,000	140,000,000
	<u>SAR / Share</u>	<u>SAR / Share</u>
Basic and diluted earnings per share	0.92	1.03

27 DIVIDENDS

- On July 28, 2025, and based on the authorization of the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the first half of 2025 at the rate of 0.65 ﷲ per share, with a value of 91,000,000 ﷲ, at a rate of 6.5% of the group's capital.

- On September 2, 2024, and based on the authorization of the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the first half of 2024 at the rate of 0.50 SR per share, with a value of 70,000,000 ﷲ, at a rate of 5% of the group's capital.

- On February 14, 2024, and based on the authorization of the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the second half of 2023 at the rate of 0.40 ﷲ per share, with a value of 56,000,000 ﷲ, at a rate of 4% of the group's capital.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

28 FINANCIAL FACILITIES

The Company has available financial facilities from local banks amounted to ﷲ 90.6 million guaranteed by promissory note, the Company has not used until the date of the consolidated financial statements, and there are no obligations as a result of not using these facilities.

29 CONTINGENT LIABILITIES

- The contingent liabilities against letters of credit amounted to ﷲ 3,977,516 as at 31 December 2025.
- The contingent liabilities against letters of guarantee amounted to ﷲ 20,734,577 as at 31 December 2025.

30 Capital Commitments

The company has capital commitments for assets under constructions at an amount of ﷲ 106,458,714 with amount of ﷲ 37,298,563 of the total cost has been paid, the remaining amount at ﷲ 69,160,151 represents the capital commitment as of 31 December 2025.

31 SEGMENT REPORTING

<u>Geographical area</u>	<u>For the year ended at 31 December 2025</u>		<u>For the year ended at 31 December 2024</u>	
	<u>Cement sales</u>	<u>Income from environmental services (Note: 24)</u>	<u>Cement sales</u>	<u>Income from environmental services (Note: 24)</u>
Kingdom of Saudi Arabia	<u>519,638,396</u>	<u>1,734,988</u>	<u>520,836,291</u>	<u>2,025,031</u>
Total	<u>519,638,396</u>	<u>1,734,988</u>	<u>520,836,291</u>	<u>2,025,031</u>

32 A) RELATED PARTY BALANCE

<u>Related parties</u>	<u>Nature of the transaction</u>	<u>For the year ended at 31 December</u>	
		<u>2025</u>	<u>2024</u>
Due From NG SCM	Finance	<u>1,527,122</u>	<u>-</u>
		<u>1,527,122</u>	<u>-</u>

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

32 B) TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties consist mainly of salaries, allowances and key executive personnel remuneration.

Key management personnel are those who exercise authority and responsibility in directly or indirectly planning, directing and monitoring the Group's activities, including the members of the board of directors.

Members of the Board of Directors do not receive any remuneration for their role in managing the Group unless approved by the General Assembly. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings. Executive Directors receive fixed remuneration as a result of their direct duties and responsibilities.

In addition, during the year, the Group provided financing to Next Generation SCM, a joint venture in which the Group holds a 50% ownership interest through Naizak for Mining Company. The financing was provided to cover incorporation costs and initial project development and establishment expenses of the joint venture.

The following table presents details of remuneration, compensation, and financing transactions with related parties:

<u>Related parties</u>	<u>Nature of the transaction</u>	<u>For the year ended at</u> <u>31 December</u>	
		<u>2025</u>	<u>2024</u>
Members of Board of directors, Key Management Personnel and Other Committees	Salaries, wages, and equivalent and board remuneration and attendance allowances and Other Committees Salaries	11,572,089	9,129,589
NG SCM	Financing	1,527,122	-

33 FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Management has overall responsibility for determining the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The overall objective of the management is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility

The Group is exposed through its operations to the following financial risks :

- Liquidity risk .
- Credit risk
- Market risk
- Interest rate risk
- Currency risk
- Other price risk
- Fair Value

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

33 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Liquidity risk

Liquidity risks are those that the Group may face in providing the necessary liquidity to fulfill its obligations related to financial instruments it is committed to on behalf of others.

To minimize liquidity risks and the associated losses on the Group's business operations, the Group maintains, whenever possible, sufficient highly liquid current assets under all business conditions. The Group avoids financing long-term capital requirements through short-term borrowing. Currently, long-term projects are financed only through long-term loans. The Group also has a policy for forecasting highly dynamic cash flows and a system that allows the estimation of the due dates of its liabilities, enabling the development of appropriate plans to provide the resources needed to meet these liabilities on time.

Below is the maturity of financial assets and liabilities as at 31 December 2025, and 31 December 2024:

Carrying Amount (discounted)	Contractual maturities (undiscounted)			
	Book value	Less than one year	From 1 year to 5 years	Total
As at 31 December 2025				
Financial Assets				
Accounts receivable	45,304,927	43,560,356	1,744,571	45,304,927
Total	45,304,927	43,560,356	1,744,571	45,304,927
Financial Liabilities				
Lease liability	1,151,484	600,000	600,000	1,200,000
Trade payables	36,007,988	36,007,988	-	36,007,988
Accrual and other payables	29,911,201	29,911,201	-	29,911,201
	67,070,673	66,519,189	600,000	67,119,189
As at 31 December 2024				
Financial Assets				
Accounts receivable	46,594,628	45,286,439	1,308,189	46,594,628
Total	46,594,628	45,286,439	1,308,189	46,594,628
Financial Liabilities				
Lease liability	1,695,396	1,736,320	-	1,736,320
Trade payables	29,739,991	29,739,991	-	29,739,991
Accrual and other payables	21,856,533	21,856,533	-	21,856,533
	53,291,920	53,332,844	-	53,332,844

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

33 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates. The management also continuously monitors the credit exposure related to its customers and makes provision against those balances considered doubtful of recovery. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are basically due from customers in local markets and some balances are pledged against effective bank guarantees from local banks with sound credit ratings.

- a) Trade and other receivables are stated at their estimated realizable values. The Management considers reasonable and supportive forward-looking information such as:
- b) Actual or expected significant adverse changes in business.
- c) Actual or expected significant changes in the operating results of the counterparty.
- d) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
- e) Significant increase in credit risk on other financial instruments of the same counterparty,
- f) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.
- g) The Group's gross maximum exposure to credit risk is as follows.

	As at 31 December	
	2025	2024
Cash at banks	13,777,135	42,358,215
Accounts receivable, net	42,613,823	44,143,524
	56,390,958	86,501,739

Customer credit risk is managed by management subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Group provides its goods to a large number of customers. Further, trade receivables for most customers are guaranteed by letter of guarantee. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, service type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Loss rates are calculated using flow rate method based on the probability of a receivable progressing through successive stages of delinquency. Flow rates are calculated separately for exposures in different class of customers based on the common credit risk characteristics.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷲ unless otherwise stated)

33 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

Credit risk (continued)

. The aging of trade receivables as at the reporting date is as follows:

	As at 31 December	
	2025	2024
1 to 90 days	41,117,671	41,219,693
91 to 180 days	2,026,696	2,600,724
181 to 360 days	415,989	1,466,022
Over 360 days	1,744,571	1,308,189
	<u>45,304,927</u>	<u>46,594,628</u>

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (another price risk).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rate, The Group's financial assets and liabilities as at the balance sheet date, with the exception of credit facilities, are not exposed to interest rate risk. Credit facilities carry interest in addition to credit margin based on prevailing market interest rates.

The Group is not exposed to such risk as the Group has no loans or any kind of credit facilities during this year.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group. In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves. Apart from these particular cash-flows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. The Group exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD") and Euro.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in ﷻ unless otherwise stated)

33 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

Foreign exchange risk (continued)

Currency	Assets	Liabilities	Net Exposure
USD	1,177,943	(2,007,689)	(829,746)
EUR	1,978,606	-	1,978,606
	<u>3,156,549</u>	<u>(2,007,689)</u>	<u>1,148,860</u>

Sensitivity analysis:

	As at 31 December 2025		As at 31 December 2024	
	1 ﷻ Increase	1 ﷻ Decrease	1 ﷻ Increase	1 ﷻ Decrease
USD	829,746	(829,746)	1,612,873	(1,612,873)
EUR	1,978,606	(1,978,606)	6,958,750	(6,958,750)

Another price risks

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from special commission rate risk (also referred to as interest rate risk or commission rate risk) or currency risk, whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market .

Th Group exposure to price risk arises from investments held by the Group and classified in the statement of financial position at fair value through other comprehensive income. The Group closely monitors price in order to manage price risk arising from equity investments at fair value through other comprehensive income .

The table below summarizes the impact of increases/decreases of the market price of the on the Group's equity investments at fair value through other comprehensive income. The analysis is based on the assumption that the market price of the shares had increased or decreased by 0.5% with all other variables held constant, and that all the Group's investment moved in line with the market price.

	31 December 2025	31 December 2024
<u>Variable rate instruments</u>		
Impact on Investments through OCI		
Share price increase by 0.5%	1,330	1,565
Share price decrease by 0.5%	(1,330)	(1,565)
Impact on Investments through P&L		
Share price increase by 0.5%	197,282	107,488
Share price decrease by 0.5%	(197,282)	(107,488)

CITY CEMENT COMPANY

A Saudi Joint Stock Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in ﷲ unless otherwise stated)

33 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)**Fair value**

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 the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk. The below table shows the carrying amounts and fair values of the financial assets and liabilities including their levels in the fair value hierarchy. It doesn't include information about fair value of financial assets and financial liabilities not measured at fair value if book value reasonably equals fair value.

	31 December 2025						
	Carrying amount			Fair value			
	Financial investments	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Financial investments at fair value through OCI (FVOCI)	2,659,785	-	2,659,785	2,659,785	-	-	2,659,785
Investment in financial instruments at fair value through profit or loss	394,563,647	-	394,563,647	394,563,647	-	-	394,563,647
	<u>397,223,432</u>	<u>-</u>	<u>397,223,432</u>	<u>397,223,432</u>	<u>-</u>	<u>-</u>	<u>397,223,432</u>
Financial assets not measured at fair value							
Cash and cash equivalents	-	13,789,387	13,789,387	-	-	-	-
Trade receivables	-	43,141,007	43,141,007	-	-	-	-
Short Term Deposit	-	146,000,000	146,000,000	-	-	-	-
Due From Related Party	-	1,527,120	1,527,120	-	-	-	-
	<u>-</u>	<u>204,457,514</u>	<u>204,457,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Lease liability	-	1,151,484	1,151,484	-	-	-	-
Trade payables	-	36,007,988	36,007,988	-	-	-	-
Accrual and other payables	-	29,911,201	29,911,201	-	-	-	-
	<u>-</u>	<u>67,070,673</u>	<u>67,070,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY CEMENT COMPANY

A Saudi Joint Stock Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in ﷲ unless otherwise stated)

33 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

	31 December 2024						
	Carrying amount			Fair value			
	Financial investments	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Financial investments at fair value through OCI (FVOCI)	3,130,801	-	3,130,801	3,130,801	-	-	3,130,801
Investment in financial instruments at fair value through profit or loss	214,976,744	-	214,976,744	214,976,744	-	-	214,976,744
	<u>218,107,545</u>	<u>-</u>	<u>218,107,545</u>	<u>218,107,545</u>	<u>-</u>	<u>-</u>	<u>218,107,545</u>
Financial assets not measured at fair value							
Cash and cash equivalents	-	42,358,215	42,358,215	-	-	-	-
Trade receivables	-	46,594,628	46,594,628	-	-	-	-
Short Term Deposit	-	216,000,000	216,000,000	-	-	-	-
	<u>-</u>	<u>304,952,843</u>	<u>304,952,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Lease liability	-	1,695,396	1,695,396	-	-	-	-
Trade payables	-	29,739,991	29,739,991	-	-	-	-
Accrual and other payables	-	21,856,533	21,856,533	-	-	-	-
	<u>-</u>	<u>53,291,920</u>	<u>53,291,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

34 SIGNIFICANT EVENTS TO THE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS:

No Significant events to the date of the consolidated financial statements that could affect the financial statement.

35 APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 27 Ramadan 1447 (H) Corresponding to 16 March 2026 (G).