

CITY CEMENT COMPANY
A SAUDI JOINT STOCK COMPANY
THE CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

INDEX OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT

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

Riyadh - Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of City Cement Company - a Saudi Joint Stock Company ("the Company") and its subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, 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 and other explanatory notes.

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 2023 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 as 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 professional code of conduct and ethics, as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters (continued)

Attendance at physical inventory counting	
Key audit matter	How the matter was addressed during our audit
<p>As described in Note (11), the carrying value of the Company's inventory as at 31 December 2023 amounting to 180,224,665 SR.</p> <p>As at 31 December 2023 the carrying value includes work in progress inventory - clinker amounting to 75,428,758 SR.</p> <p>Due to the difficulty of inventorying clinker inventory in practice because it takes the form of piles, the Company uses procedures to estimate the actual quantity of clinker inventory available at year end by estimating the clinker piles available at year end, and these procedures depend on surveying these piles, measuring their density, and converting these measurements into quantities.</p> <p>We considered this to be a key audit matter as the inventory is material balance, as well as the procedures used by the Company to estimate the physical quantity of clinker inventory at the end of the year.</p> <p>See more details of the accounting policies mentioned in Note (4-10).</p>	<ul style="list-style-type: none"> - Obtained management's physical inventory counting instructions to understand and assess their instructions and procedures regarding the cut off procedures (details of inventory movement just prior to, during and after the count inventory), and the recording of the actual counts of the Company's inventory. - Evaluated the competency, capabilities, and objectivity of the inspection team used by management in counting the clinker inventory. - Attended the physical inventory count conducted by the Company to observe the implementation of the management's procedures for counting, the identification of obsolete, damaged items of inventory, in addition to our test counts performed. - Obtained a copy of the final listing of the Company's physical inventory, and inspected that it is accurate, complete and reflects the actual inventory counts. - Based on our accumulated audit knowledge and experience, evaluated the appropriateness and reasonableness of the procedures used for estimating the physical quantity of clinker inventory piles, and tested the arithmetical accuracy of the used model. - Evaluated the inventory in accordance with the requirements of IAS (2), at net realizable value or cost, whichever is lower. - Reviewed the adequacy of the Company's disclosures included in the accompanying financial statements for compliance with accounting standards that are relevant to inventory.

Revenues Recognition	
Key audit matter	How the matter was addressed during our audit
<p>As a described in accounting policy (4.4) – The Company applies IFRS (15) – Revenues from contract with customers.</p> <p>The Company generated revenues of SR 356 million for the year ended 31 December 2023.</p> <p>Revenues is a key indicator for measuring performance and this implies the presence of inherent risk by overstatement of revenues recognition increase profitability. Therefore, revenues recognition was considered a key audit matter.</p>	<ul style="list-style-type: none"> - An examination of the revenue recognition process, taking into account the requirements of the relevant accounting standards, As well as the extent of compliance with the requirements of IFRS (15). - Evaluated the design and implementation of internal control procedures related to revenue recognition and their operational effectiveness, including anti-fraud control procedures. - Conducting analytical audit procedures for revenues, by comparing sales quantities and prices for the current year with the previous year, and determining whether any significant trends as light of our understanding the current market conditions. - On sample basis, test revenues transactions with the supporting documents, to verify that the revenues are recorded at the correct amount and in their correct period.

Other information

Other information consists of the information included in the Group's annual report for the year 2023, other than the consolidated financial statements and auditor's report thereon. Management is responsible for other information included in its annual 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

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 International Financial Reporting Standards ("IFRSs") as endorsed in the kingdom of Saudi Arabia, and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and Regulations for Companies and the Company's Article of Association, and for such internal control as the management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intend to liquidate the Group or to cease operations, or has no realistic alternative not to do so.

Those Charged with Governance, in particular the Audit Committee, 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 International Standards on Auditing as 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, 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, relevant preventive measures.

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



Date: 9 Sha'ban 1445 (H)
Corresponding to: 19 February 2024 (G)

CITY CEMENT COMPANY
A Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(In Saudi Riyals)

	Notes	Balance As at 31 December	
		2023	2022
Assets			
Non-current assets			
Property, plant and equipment	6	1,240,681,556	1,313,366,413
Right of use assets	7	2,875,300	4,299,860
Investments in equity instruments at fair value through other comprehensive income	8	3,683,295	3,257,155
Investments in Joint Venture	9	1,971,000	-
Intangible assets	10	7,726,701	6,076,194
Total non-current assets		1,256,937,852	1,326,999,622
Current assets			
Inventory	11	180,224,665	153,813,168
Trade receivables	12	36,246,410	31,187,169
Investments in equity instruments at fair value through profit or loss	13	132,358,210	179,902,861
Prepayments and other receivables	14	19,158,214	28,805,772
Short term time deposit		196,000,000	171,000,000
Cash and cash equivalents	15	43,293,906	49,527,492
Total current assets		607,281,405	614,236,462
Total assets		1,864,219,257	1,941,236,084
Equity and Liabilities			
Equity			
Share capital	1-4	1,400,000,000	1,400,000,000
Statutory reserve	16	211,199,871	202,999,762
Other reserves		(1,264,866)	(2,359,859)
Retained earnings		166,248,570	218,447,594
Total equity		1,776,183,575	1,819,087,497
Liabilities			
Non-current liabilities			
Employees' end-of-service benefits	17	19,427,072	19,222,307
Non-current portion of lease liability	18	1,213,772	2,274,967
Provision for rehabilitation of areas subject to franchise license	19	7,254,605	6,975,577
Total non-current liabilities		27,895,449	28,472,851
Current liabilities			
Trade payables		24,426,871	27,606,001
Current portion of lease liability	18	1,169,900	1,531,329
Accrual and other payables	20	22,475,721	52,701,768
Provision for zakat	21	12,067,741	11,836,638
Total current liabilities		60,140,233	93,675,736
Total liabilities		88,035,682	122,148,587
Total equity and liabilities		1,864,219,257	1,941,236,084

Finance and information technology Director	CEO and Board Member	Vice Chairman of Board of Directors and Managing Director
Abdulaziz Bin Mohamed Alsuwaidan	Majed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (34) 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 2023**

(In Saudi Riyals)

	Notes	For the year ended 31 December	
		2023	2022
Revenues		356,469,662	431,381,721
Cost of Revenues	22	(246,039,753)	(285,942,775)
Gross profit		110,429,909	145,438,946
Expenses and Charges:			
Selling and marketing expenses	23	(8,852,046)	(9,661,359)
General and administrative expenses	24	(28,714,549)	(24,968,606)
Operating profit		72,863,314	110,808,981
Gains on changes in fair value investments in equity instruments	13	6,255,349	4,843,119
Other Income / (Expenses)	25	16,714,443	6,226,689
Finance cost	26	(1,292,021)	(976,981)
Provisions no longer required		-	4,115,150
Allowance for expected credit losses	12	(240,000)	(240,000)
Profit for the year before zakat		94,301,085	124,776,958
Zakat expense	21	(12,300,000)	(9,766,531)
Profit for the year		82,001,085	115,010,427
Items of other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gains/(Losses) on changes in fair value of investment in equity instruments	8	426,140	(45,216)
Actuarial Gain on re-measurement of end of service benefits	17	668,853	1,849,847
Total comprehensive income for the year		83,096,078	116,815,058
Earnings per share			
Basic and diluted earnings per share of Profit for the year	27	0.59	0.82

Finance and information technology Director	CEO and Board Member	Vice Chairman of Board of Directors and Managing Director
Abdulaziz Bin Mohamed Alsuwaidan	Majed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al-Abdulatif

The accompanying notes from (1) to (34) 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 2023**
(In Saudi Riyals)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity
For the year ended 31 December 2023					
Balance as at 1 January 2023	1,400,000,000	202,999,762	(2,359,859)	218,447,594	1,819,087,497
Profit for the year	-	-	-	82,001,085	82,001,085
Items of other comprehensive income	-	-	1,094,993	-	1,094,993
Total comprehensive income	-	-	1,094,993	82,001,085	83,096,078
Transfer to statutory reserve	-	8,200,109	-	(8,200,109)	-
Dividends (Note 28)	-	-	-	(126,000,000)	(126,000,000)
Balance as at 31 December 2023	1,400,000,000	211,199,871	(1,264,866)	166,248,570	1,776,183,575
For the year ended 31 December 2022					
Balance as at 1 January 2022	1,400,000,000	191,498,719	(2,314,643)	240,938,210	1,830,122,286
Profit for the year	-	-	-	115,010,427	115,010,427
Other comprehensive income	-	-	(45,216)	-	(45,216)
Total comprehensive income	-	-	(45,216)	115,010,427	114,965,211
Transfer to statutory reserve	-	11,501,043	-	(11,501,043)	-
Dividends (Note 28)	-	-	-	(126,000,000)	(126,000,000)
Balance as at 31 December 2022	1,400,000,000	202,999,762	(2,359,859)	218,447,594	1,819,087,497

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Finance and information technology Director	CEO and Board Member	Vice Chairman of Board of Directors and Managing Director
Abdulaziz Bin Mohamed Alswaidan	Majed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (34) 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 2023
(In Saudi Riyals)

		For the year ended 31 December	
	Notes	2023	2022
<u>Operating activities</u>			
Profit for the year before zakat		94,301,085	124,776,958
<u>Adjustments:</u>			
Depreciation	6,7,10	82,703,027	81,682,248
Gains on changes in fair value of investment in equity instruments	13	(6,255,349)	(4,843,119)
Allowance for expected credit losses provisions no longer required	12	240,000	240,000
		-	(4,115,150)
Allowance for obsolescence inventory	11	300,000	1,562,500
Employees' end-of-service benefits		2,167,396	854,499
Finance cost	26	1,292,021	976,981
Gain on sale property, plant and equipment		-	(462,629)
<u>Changes in:</u>			
Inventories		(26,711,497)	(8,597,867)
Trade receivables		(5,299,241)	(3,471,930)
Prepayments and other receivables		9,647,558	(11,448,790)
Trade payables		(3,271,967)	4,024,682
Accrual and other payables		(30,133,210)	(5,603,171)
Cash from operation		118,979,823	175,575,212
Zakat paid		(12,068,897)	(10,855,490)
Employees' end-of-service benefits paid		(2,187,003)	(801,845)
Net cash flows generated from operating activities		104,723,923	163,917,877
<u>Investing activities</u>			
Purchase of investment in equity instruments at FVTPL	13	(147,200,000)	(582,861,372)
Proceeds from the Sale of investment in equity instruments at FVTPL	13	201,000,000	656,078,421
Purchase of short-term time deposit		(25,000,000)	(101,000,000)
Purchase of property, plant and equipment and Capital work in progress	6	(13,183,284)	(11,033,612)
Disposal of property, equipment, and projects in progress		968,167	-
Purchase of intangible assets		-	(4,242,386)
Proceeds from the disposal of Property, Plant and Equipment		-	462,629
Net cash flows generated from / (used in) investing activities		16,584,883	(42,596,320)
<u>Financing activities</u>			
Dividends paid	28	(126,000,000)	(126,000,000)
Repayments of lease liability		(1,542,392)	(1,531,897)
Net cash flows used in financing activities		(127,542,392)	(127,531,897)
Net change in cash and cash equivalents		(6,233,586)	(6,210,340)
Cash and cash equivalents at the beginning of the year		49,527,492	55,737,832
Cash and cash equivalents at the end of the year		43,293,906	49,527,492
<u>Non-Cash transactions:</u>			
Investments in joint venture through the providing of assets		(1,971,000)	-

Finance and information
technology Director
Abdulaziz Bin Mohamed
Alsuwaidan

CEO and Board Member
Majed Bin Abdulrahman Al-Osailan

Vice Chairman of Board of Directors and
Managing Director
Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (34) 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 2023

(All amounts in Saudi Riyals unless otherwise stated)

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

1.1 Establishment of the Company

City Cement Company (“the Company”), is a Saudi joint stock company, established under Ministerial Resolution No. 804 and dated 12/5/1426 (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 3/6/1426 (corresponding to:9/7/2005) and renewed with No. 590 dated 10/2/1438 (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 28/7/1425 (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 branches commercial registration:

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

These Consolidated Financial Statements include the assets, liabilities and results of the work of its subsidiary, Green Solutions for Environmental Services.

Green Solutions for Environmental Services Company – (The 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 period, City Cement Company, through its subsidiary, “Green Solutions Company for Environmental Services,” participated in establishing the Innovative Alternatives Company for Environmental Services, 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.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)

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 nature of the Company's activity

The Company's activity is 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 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 of 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 2 Jumada II 1442 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 Saudi Riyal 10 of each, all of the Company's shares are cash and ordinary shares, and the procedures for accreditation in the commercial register were completed on Jumada II 18, 1442, corresponding to 31 January 2022, and therefore the share capital has been amended in the Consolidated Financial Statements.

2. BASIS OF PREPARATION

2.1 Statement of Commitment

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).

2.2 Preparing financial statements

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

- The investments in equity instruments that are measured at fair value through other comprehensive income, which are measured at fair value.
- The investments in equity instruments that are measured 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 concession license which is measured at present value.

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

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)

3. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENT

The consolidated financial statements include the financial statements of the Company and its subsidiary (together referred to as the “Group”) located in the Kingdom of Saudi Arabia as on December 31, 2023.

Subsidiary Company Name	Legal Entity	Ownership as of December 31, 2023
Green Solutions for Environmental Services Company	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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

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

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise. In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances

4.1 New standards, amendments to standards, and interpretation

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

4.1.1 Amendments to IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

4.1.2. Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

4.2 Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. These amendments are not expected to have significant impact in the Group's Consolidated Financial Statements.

4.2.1. Amendments to IFRS 16 – Leases on sale and leaseback:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

4.2.2. Amendments IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Noncurrent Amendments

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

4.2.3. Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

4.2.4. Amendments to IAS 27 – Lack of exchangeability

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

4.2.5. IFRS S1, 'General requirements for disclosure of sustainability-related financial information

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

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4.2.6. IFRS S2, 'Climate-related disclosures'

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

4.3 Financial instruments

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

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

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

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

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

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

The Group has the following financial assets:

Financial Assets at Amortised Cost

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

Financial assets at fair value through other comprehensive income

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

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

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

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

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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

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

Financial liabilities

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

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

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

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

Financial liabilities of the Group comprise of lease liability, Trade 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 accrual date.

4.4 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.

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

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

- The group has an immediate right to a payment for the principal.
- The customer has legal ownership of the asset.
- The Group 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 original.

4.5 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 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 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.

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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:

Machinery and Equipment	4 %
Buildings and roads	3 – 10 %
Mobile equipment	6.67 %
Vehicles	20 %
Furniture and fixtures	15 %

Land and capital work in progress are not depreciated.

Capital work in progress at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

The assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

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

4.6 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.

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.

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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.

4.7 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 Company'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 company'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 Company and joint ventures are eliminated to the extent of the Company's interest in the joint ventures.

After applying the equity method, the company determines whether it is necessary to recognize any impairment loss in the value of its investment in the joint venture. At the date of preparing each financial statements, the company determines whether there is objective evidence of a decline in the value of the investment in the joint project. When such evidence exists, the company calculates the amount of the decrease based on the difference between the recoverable value of the joint project and its book value, and records the loss in the statement of profit or loss.

Upon loss of joint control of the joint venture, the Company measures and recognizes the retained investment at its fair value. The difference between the carrying value of the joint venture upon loss of joint control and the fair value of the retained investment as well as the disposal proceeds is recognized in profit or loss.

When the company's share of losses exceeds its share in the joint venture, the book value of that share, including long-term investments, is reduced to nothing, and any additional losses are discontinued to the extent of the company's corresponding legal obligation.

4.8 Intangible assets

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

The Group applies annual depreciation rates to its intangible assets:

- Software licenses 20%

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Subsequent expenditure

Subsequent expenditure are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses incurred internally are recognized in the consolidated profit or loss when incurred.

Amortization

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

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

4.9 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.

4.10 Inventories

Inventories are measured at the lower of cost and net realisable 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. Cost of inventories is recognised as an expense and included in cost of sales.

Spares are valued 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.

4.11 Cash and cash equivalents

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

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4.12 Zakat provision

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

4.13 Employee Retirement benefits

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

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

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

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.

4.15 Statutory reserve

In accordance with Company's by-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Group is required to recognise a reserve comprising of 10% of its profit for the year. This reserve is currently not distributable to the Shareholders.

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.

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 Fair value measurement of financial instruments

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

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

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

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

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

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

4.19 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 reporting 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 statement consolidated profit or loss.

4.20 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.

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B) Strategic and reserve spare parts

The Group maintains strategic and reserve spare parts inventory for two production lines in its plant, which the management aims to maintain for longer periods (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 that are in reserve 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 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.

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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 2022	3,600,000	1,590,635,502	612,579,029	128,502,337	12,822,437	17,078,371	6,701,211	2,371,918,887
Additions during the year	-	6,063,479	210,000	1,188,222	-	65,377	3,506,534	11,033,612
Disposals	-	-	-	-	(462,629)	-	-	(462,629)
Balance as at 31 December 2022	3,600,000	1,596,698,981	612,789,029	129,690,559	12,359,808	17,143,748	10,207,745	2,382,489,870
Additions during the year	-	4,050,043	1,467,979	903,162	659,242	340,065	5,762,793	13,183,284
Transferred to intangible assets (note 10)	-	-	-	-	-	-	(2,047,250)	(2,047,250)
Transferred from Capital work in progress	-	-	181,607	-	-	-	(181,607)	-
Disposals	-	-	-	-	-	-	(2,939,167)	(2,939,167)
Balance as at 31 December 2023	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
Accumulated depreciation:								
Balance as at 1 January 2022	-	664,399,537	214,521,485	82,562,442	12,161,094	15,754,281	-	989,398,839
Depreciation during the year	-	56,519,553	17,896,965	5,008,651	258,015	504,063	-	80,187,247
Disposals	-	-	-	-	(462,629)	-	-	(462,629)
Balance as at 31 December 2022	-	720,919,090	232,418,450	87,571,093	11,956,480	16,258,344	-	1,069,123,457
Depreciation during the year	-	57,136,711	17,952,593	5,255,462	235,444	301,514	-	80,881,724
Balance as at 31 December 2023	-	778,055,801	250,371,043	92,826,555	12,191,924	16,559,858	-	1,150,005,181
Net book value:								
As at 31 December 2023	3,600,000	822,693,223	364,067,572	37,767,166	827,126	923,955	10,802,514	1,240,681,556
As at 31 December 2022	3,600,000	875,779,891	380,370,579	42,119,466	403,328	885,404	10,207,745	1,313,366,413

- The Company uses quarries of raw materials leased from the Ministry of Industry and Mineral Resources under a license of raw materials query for a 30-year Hijri from 15/9/1426 H.

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7. RIGHT - OF - USE ASSETS

	<u>leased land</u>	<u>leased building</u>	<u>Total</u>
Cost:			
Balance as at 1 January 2022	1,372,201	5,750,599	7,122,800
Disposals during the year *	(1,372,201)	-	(1,372,201)
Balance as at 31 December 2023	-	5,750,599	5,750,599
Accumulated depreciation:			
Balance as at 1 January 2022	1,097,760	1,725,180	2,822,940
Depreciation	274,441	1,150,119	1,424,560
Disposals during the year	(1,372,201)	-	(1,372,201)
Balance as at 31 December 2023	-	2,875,299	2,875,299
Net book value:			
As at 31 December 2023	-	2,875,300	2,875,300
As at 31 December 2022	274,441	4,025,419	4,299,860

* The exclusions include the expiration of the lease contract for the operation and maintenance of the damaged tire recycling unit in the city of Buraidah (Al-Qassim) during the current year, 2023, and it has not been renewed.

8. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OCI

	<u>No. of Shares</u>	<u>As at 31 December</u>	
		<u>2023</u>	<u>2022</u>
Saudi Arabian Oil Company (Aramco) a Saudi joint stock company	111,615 Shares	3,257,155	3,302,371
Gains / (loss) on change in fair value		426,140	(45,216)
Total investment in shares		3,683,295	3,257,155

- 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 15, 2022, 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.
- On March 14, 2023, the Saudi Arabian Oil Company (Aramco), a Saudi joint stock company, announced the distribution of cash dividends for the fourth quarter of 2022 at the rate of 3,326.0 riyals per share, which resulted in dividends of 33,749 SR, which are included in other income.
- On May 8, 2023, the Extraordinary General Assembly of the Saudi Arabian Oil Company (Aramco), a Saudi joint stock company, announced its approval of the Board of Directors' recommendation to increase

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the company's capital by granting shareholders one (1) share for every ten (10) shares owned in the company.

9. INVESTMENTS IN JOINT VENTURE:

	No. of Shares	As at 31 December	
		2023	2022
Innovative Alternatives Company for Environmental Services	19,914	1,971,000	-
Total investment in shares		1,971,000	-

During the period, City Cement Company, through its subsidiary, "Green Solutions Company for Environmental Services," participated in establishing the "Innovative Alternatives Company for Environmental Services", 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. Since the Innovative Alternatives Company have been recently established, the company has not yet operated and has not achieved any revenues or incurred any expenses.

10. INTANGIBLE ASSETS:

	Software	Resource Planning Software	Total
Cost:			
Balance as at 1 January 2022	1,394,079	5,941,864	7,335,943
Transferred from Projects Under Progress *	-	2,047,250	2,047,250
Balance as at 31 December 2023	1,394,079	7,989,114	9,383,193
Accumulated depreciation:			
Balance as at 1 January 2022	1,230,610	29,139	1,259,749
Depreciation	48,469	348,274	396,743
Balance as at 31 December 2023	1,279,079	377,413	1,656,492
Net book value:			
As at 31 December 2023	115,000	7,611,701	7,726,701
As at 31 December 2022	163,469	5,912,725	6,076,194

* Intangible assets transferred from projects under implementation are represented by the resource planning and information technology development program for the company's factory.

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11. INVENTORY

	As at 31 December	
	2023	2022
Work in progress – Clinker	75,428,758	53,751,792
Finished goods	5,301,612	7,171,834
Raw materials	10,680,611	11,514,520
Spare parts	92,113,684	84,375,022
	183,524,665	156,813,168
Less: Allowance for obsolescence inventory	(3,300,000)	(3,000,000)
	180,224,665	153,813,168

The movement of impairment in inventory is as follow:

	As at 31 December	
	2023	2022
Balance at the beginning of the year	3,000,000	5,000,000
Charged during the year	300,000	1,562,500
Provisions no longer required	-	(3,562,500)
Balance at the end of the year	3,300,000	3,000,000

12. TRADE RECEIVABLES

	As at 31 December	
	2023	2022
Trade receivables	38,457,514	33,158,273
Allowance for Expected credit losses	(2,211,104)	(1,971,104)
	36,246,410	31,187,169

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

	As at 31 December	
	2023	2022
Balance at the beginning of the year	1,971,104	1,731,104
Charged during the year	240,000	240,000
Balance at the end of the year	2,211,104	1,971,104

The trade receivables are fully covered by bank guarantees amounted SAR 20,500,000 and promissory notes amounted to SAR 22,700,000.

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13. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2023	2022
Balance at the beginning of the year	179,902,861	248,276,792
Purchases during the year	147,200,000	582,861,371
Sales during the year	(201,000,000)	(656,078,421)
Gains on change in fair value	6,255,349	4,843,119
Balance at the end of the year	132,358,210	179,902,861

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

14. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
Advances to suppliers	8,699,963	17,183,078
Prepaid expenses	7,979,447	6,408,236
Refundable insurance	774,298	596,046
Others	1,704,506	1,119,779
	19,158,214	28,805,772

15. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023	2022
Cash at bank – current accounts- Saudi Riyals	36,048,762	43,448,194
Cash at bank – current accounts- foreign currency	7,129,614	5,985,347
Cash in hand	115,530	93,951
	43,293,906	49,527,492

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16. STATUTORY RESERVE

In accordance with the Companies Law and the Company's Articles of Association (Article 129), the Board of Director shall transfer 10% from the profit of each year end to the statutory reserve, and the ordinary general assembly meeting of the Company could decide to cease such transfer when it reaches 30% from the share capital. This reserve is not available for dividends.

	As at 31 December	
	2023	2022
Balance at the beginning of the year	202,999,762	191,498,719
Addition during the year	8,200,109	11,501,043
Balance at the end of the year	211,199,871	202,999,762

17. 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 2023.

	As at 31 December	
	2023	2022
Balance at 1 January	19,222,307	19,184,685
<i>Included in the consolidated profit or loss statement</i>		
Current service cost	2,167,396	2,151,696
Interest cost (Note 26)	893,225	537,618
<i>Included in consolidated other comprehensive income</i>		
Actuarial (gain)	(668,853)	(1,849,847)
Paid	(2,187,003)	(801,845)
Balance as at 31 December	19,472,072	19,222,307

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- Actuarial assumptions:

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

	As at 31 December	
	2023	2022
Financial assumption	%-Year	%-Year
Discount rate	5,05%	5%
Salary increases	4%	4%
Demographic assumptions:		
Withdrawal rates	From 5% to %20	From 5% to 20%
Retirement age	60 Years	60 Years

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	EMOLOYEES' END OF SERVICE BENIFITS LIABILITY	
		Increase	Decrease
Discount rate	(- / +) (1%)	(1,771,764)	(1,692,693)
Salary increases	(- / +) (1%)	2,079,488	1,991,975
Withdrawal rates	(- / +) (20%)	(17,161)	(38,559)
Mortality rate	(- / +) (20%)	1,280	917

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18. LEASE LIABILITY

	As at 31 December	
	2023	2022
Non-current portion of lease liability	1,213,772	2,274,967
Current portion of lease liability	1,169,900	1,531,329
	2,383,672	3,806,296

The amount of interest expense related to the lease liability for the year ended 31 December 2023 amounted to 119,768 SR (31 December 2022: 171,187 SR (Note 26)).

19. PROVISION FOR REHABILITATION OF AREAS THAT SUBJECT TO FRANCHISE LICENSE

The provision movement is as follow:

	As at 31 December	
	2023	2022
Balance at the beginning of the year	6,975,577	6,707,401
Effective interest (Note 26)	279,028	268,176
Balance at the end of the year	7,254,605	6,975,577

20. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2023	2022
Accrued expenses	6,666,949	19,732,091
Accrued quarry fees	5,043,066	18,824,990
Accrual for governmental authorities	265,121	1,508,536
Accruals for vacation and travel tickets	871,286	2,094,796
Board and committee members' bonuses (Note 32)	1,400,000	1,400,000
Advances from costumers	2,476,516	3,697,407
Retention held from subcontractors	309,958	309,958
Value added tax (VAT)	2,308,243	4,021,799
Others	3,134,582	1,112,191
	22,475,721	52,701,768

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21. PROVISION FOR ZAKAT

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

	As at 31 December	
	2023	2022
Profit for the year before zakat	94,301,085	124,776,958
Non-current assets	(1,347,845,323)	(1,322,430,065)
Non-current liabilities	33,224,569	19,222,307
Equity	1,695,447,356	1,644,854,384
Allowance for the expected credit losses	2,211,104	1,971,104
Provision for zakat	2,070,849	2,070,849
Impairment in inventory	3,300,000	3,000,000
Zakat base	482,709,640	473,465,537
Zakat rate 2.5%	12,067,741	11,836,638

B) The movement in Zakat provision is as follows:

	As at 31 December	
	2023	2022
Balance at the beginning of the year	11,836,638	12,925,597
Paid during the year	(12,068,897)	(10,855,490)
Charged during the year	12,300,000	9,766,531
Balance at the end of the year	12,067,741	11,836,638

C) Zakat assessment position:

The Company submitted its zakat returns and paid the zakat payments due on it and obtained the zakat certificate for the year 2022.

The Company also received final assessments for the years from 2006 to 2018, and during 2021 the Company received zakat assessments from the Zakat, Tax and Customs Authority for the years 2019 and 2020. These assessments showed zakat differences of 243,266 SR and 226,732 SR, respectively. The Company appealed to these assessments, noting that the appeal is now with the General Secretariat of the Tax Committees, On March 29, 2023, the Adjudication Committee's decision was issued to partially accept the objection items, and the Zakat, Tax, and Customs Authority filed an appeal against the Adjudication Committee's decision on April 30, 2023 and the Appeal Committee set an initial date to consider the submitted lawsuit on June 30, 2024.

22. COST OF REVENUES

The cost of revenues mainly represents the cost of Raw Materials, Direct Wages, Fuel, Energy, Spare Parts and Consumables.

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23. SELLING AND MARKETING EXPENSES

	For the year ended 31 December	
	2023	2022
Salaries, wages and employee's benefits	3,526,694	3,895,806
Transportation expenses	1,904,560	3,822,095
Advertising and promotion	2,842,522	1,469,309
Depreciation	89,484	147,525
Sales department expenses	488,786	326,624
	8,852,046	9,661,359

24. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2023	2022
Salaries, wages and employee's benefits	19,769,065	18,353,183
Governmental fees	880,378	1,114,331
Donations	905,000	811,841
Depreciation	1,600,694	1,437,636
Board of directors' remuneration (Note 32)	1,400,000	1,400,000
Professional and consulting fees	1,971,151	468,713
Board of directors' attendance allowance (Note 32)	532,997	646,853
Bank charges	60,714	35,848
Subscriptions and fees	351,895	115,046
Repair and maintenance	598,002	62,944
Withholding tax	28,997	20,123
Others	615,656	502,088
	28,714,549	24,968,606

25. OTHER INCOME / (EXPENSES)

	For the year ended 31 December	
	2023	2022
Revenue from environmental services	4,662,317	2,395,501
Income from bank deposits	10,991,911	3,748,226
Losses on foreign currency translation differences	(217,222)	(248,018)
Dividends on investments at fair value through OCI	169,193	129,807
Others	1,108,244	201,173
	16,714,443	6,226,689

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26. FINANCE COST

	For the year ended 31 December	
	2023	2022
Interest cost on employees end of service liability	893,225	537,618
Interest cost on lease liability	119,768	171,187
Interest cost of provision for rehabilitation of areas subject to franchise license	279,028	257,977
	<u>1,292,021</u>	<u>976,981</u>

27. EARNINGS PER SHARE

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

	For the year ended 31 December	
	2023	2022
Net profit for the year	82,001,085	115,010,427
	<u>Share</u>	<u>Share</u>
Number of shares	<u>140,000,000</u>	<u>140,000,000</u>
	<u>SAR / Share</u>	<u>SAR / Share</u>
Basic and diluted earnings per share from the net profit of the year	<u>0,59</u>	<u>0,82</u>

28. DIVIDENDS

- On August 14, 2023, and based on a mandate from the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the first half of 2023 at the rate of 0.40 SR per share, with a value of 56,000,000 SR, at a rate of 4% of the group's capital.
- On March 16, 2023, and based on a mandate from the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the second half of 2022 at the rate of 0.50 SR per share, with a value of 70,000,000 SR, at a rate of 5% of the group's capital.
- On 8 September 2022 and based on a mandate from the Ordinary General Assembly, the Board of Directors distribute dividends to shareholders for the first half of 2022 for 0.40 SR per share, at a value of 56,000,000 SR, at 4% of the Group's capital.
- On 9 March 2022 and based on a mandate from the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the first half of 2022 at 0.50 SR per share, at a value of 70,000,000 SR, at a rate of 5% of the Group's capital.

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29. FINANCIAL FACILITIES

The Company has available financial facilities from local banks amounted to Saudi Riyals 90.6 million guaranteed by promissory note, the Company has not used until the date of the consolidated financial statements, except for what was mentioned in Note 29, and there are no obligations as a result of not using these facilities.

30. CONTINGENT LIABILITIES

- The contingent liabilities against letters of credit amounted to SAR 3,424,285 at 31 December 2023.
- The contingent liabilities against letters of guarantee amounted to SAR 7,423,585 as at 31 December 2023.

31. SEGMENT REPORTING

	For the year ended at 31 December 2023		For the year ended at 31 December 2022	
	Cement sales	Revenue from environmental services (Note: 25)	Cement sales	Revenue from environmental services (Note: 25)
Geographical area				
Kingdom of Saudi Arabia	356,469,662	4,662,317	431,381,721	2,395,501
Total	356,469,662	4,662,317	431,381,721	2,395,501

32. 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.

The following table illustrates details of remuneration and compensation paid to Directors and Key Management Personnel.

Related parties	Nature of the transaction	For the year ended at 31 December	
		2023	2022
Members of Board of the directors, Key Management Personnel and Other Committees	Salaries, wages, and equivalent and board remuneration and attendance allowances and Other Committees Salaries	10,161,666	9,557,045

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33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

a) **Market risk**

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

Commission rate risk

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

Currency risk

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

b) **Credit risk**

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

	As at 31 December	
	2023	2022
Cash and cash equivalents	43,293,906	49,527,492
Trade receivables	38,457,514	33,158,273
	81,751,420	82,685,765

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

The Group manages credit risk relating to trade receivables in accordance with the specified policies and procedures. The Group limits credit risk relating to trade receivables by setting credit limits for each customer and continuously monitoring outstanding trade receivables.

The movement on the allowance for the expected credit losses related to the trade receivables is as follows:

	As at 31 December	
	2023	2022
Balance as at 1 January	1,971,104	1,731,104
Charged during the year	240,000	240,000
Balance as at 31 December	2,211,104	1,971,104

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c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest payments.

As at 31 December 2023	Book value	Less than one year	From 1 year to 5 years	Total
Lease liability	2,492,377	1,212,186	1,280,191	2,492,377
Trade payables	24,426,871	24,426,871	-	24,426,871
Accrual and other payables	22,475,721	22,475,721	-	22,475,721
	49,394,969	48,114,778	1,280,191	49,394,969
As at 31 December 2022				
Lease liability	3,977,483	1,485,106	2,492,377	3,977,483
Trade payables	27,606,001	27,606,001	-	27,606,001
Accrual and other payables	52,701,768	52,701,768	-	52,701,768
	84,285,252	81,792,875	2,492,377	84,285,252

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. The Group's terms of sales require amounts to be paid either on a cash on delivery or on a term's basis.

d) Financial instruments at fair value

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

2023	Book value	Level 1	Fair Value		Total
			Level 2	Level 3	
Financial assets					
Investment in equity instruments at fair value through other comprehensive income (Note 8)	3,683,295	3,683,295	-	-	3,683,295
Investment in equity instruments at fair value through profit or loss (Note 13)	132,358,210	132,358,210	-	-	132,358,210
	136,041,505	136,041,505	-	-	136,041,505

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<u>2022</u>	<u>Book value</u>	<u>Level 1</u>	<u>Fair Value</u> <u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>					
Investment in equity instruments at fair value through other comprehensive income (Note 8)	3,257,155	3,257,155	-	-	3,257,155
Investment in equity instruments at fair value through profit or loss (Note 13)	179,902,861	179,902,861	-	-	179,902,861
	<u>183,160,016</u>	<u>183,160,016</u>	<u>-</u>	<u>-</u>	<u>183,160,016</u>

- There were no transfers between the fair value levels during the year.
- The carrying value of financial assets and financial liabilities at amortized cost approximates their fair value on the date of the consolidated financial position.

34. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 4 Shaaban 1445 (H) Corresponding to 14 February 2024 (G).
