

شركة أسمنت تبوك
Tabouk Cement Company



Found to Adopt

Annual
Report 2023

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud

May Allah protect him



His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz Al Saud

Crown Prince, Prime Minister and Minister of Defense

May Allah protect him

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M/s Shareholders of Tabuk Cement Company

May Peace, mercy, and blessings of Allah be upon you

The Company's Board of Directors is pleased to present to you the annual report to your esteemed General Assembly for review and discussion for the year ending 12/31/2023, along with the final financial statements and the Company's auditor's report. This report included a summary of the Company's activities and developments in its business at the operational, financial and administrative levels during the year 2023. This report also includes mechanisms for implementing governance and detailed information about the members of the Board of Directors and the committees emanating from the Board and provides quick overviews of the risks facing our business and our future expectations for the financial year 2024 as well as a review of the Company's most prominent initiatives to promote health, the environment, and sustainable growth.

It should be noted that this report is prepared in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority and the Companies Regulations issued by the Ministry of Commerce, taking into account adopting a high degree of transparency and disclosure in a way that enhances the loyalty of all stakeholders in the Company and helps shareholders and investors make their investment decisions.

01

Annual Report 2023

About Tabuk Cement Company

Company's Activity

Subsidiaries

Company's Vision

Company's Mission

Company's Objectives

Composition and activity

Tabuk Cement Company is a Saudi joint stock company registered in the city of Tabuk under Ministerial Resolution No. (889) dated 7 Sha 'ban 1414H corresponding to 19 January 1994G and registered under the Commercial Register No. (3550012690) dated 25 Safar 1415H corresponding to 2 August 1994G.

The authorized and paid-up capital of the Company is SAR 900 million divided into 90 million shares of equal value, each worth SAR 10, all of which are nominal ordinary and cash shares.

The main activities of the Company is to manufacture ordinary cement, Portland cement, sulfate-resistant cement, Pozzolana cement for industrial purposes, cement derivatives and accessories, trade in such products, carry out all related and complementary works for this purpose, establish factories and laboratories related to the branching and complementary industries of cement industry from building materials and others, in addition to importing and exporting cement and related products and owning real estate and scientific laboratories to improve products under the industrial license No. (514/R), amended by Resolution No. (421102107153) dated 1/10/2020.

Tabuk Cement Company is located near Duba Port and at a distance of 30 km. from Duba Governorate, and a distance of 225 km from the city of Tabuk, while the factory is located 30 km from the city of Duba, Al-Badaa Road, next to the port of Duba.

Subsidiaries

Tabuk Cement Company conducts its activities through one operational activity represented in its factory located in Duba Governorate, and it does not have any subsidiaries at the present time. Tabuk Cement Company conducts its activities through one operational activity represented in its factory located in Duba Governorate, and it does not have any subsidiaries at the present time.

Company`s Vision Company`s Vision

To reach local and regional leadership in the field of cement industry by maintaining us to be an icon of quality, efficiency and the best choice for each of our customers, employees, shareholders and investors

Company`s Mission

Providing the local and regional market with cement products that comply with international specifications and standards and supporting sustainable development by activating the urban movement, the construction environment and the development of infrastructure in the region.

Company`s Objectives

Promoting sustainable development and revitalizing the national economy

Covering the need of the local and regional market of high-quality cement at competitive prices

Optimal investment in the natural resources available in the region and maintaining a dynamic work environment

Maintaining a level of excellence through training and continuous development of competencies, projects and services



02

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Sustainability and Social Responsibility

Occupational Health and Safety

Sustainability

Social Responsibility

Human Resources

Occupational Health and Safety

Occupational Health and Safety

Occupational Health:



Providing a health ambulance center provided with a doctor on a daily basis to receive employees suffering from any diseases, follow up their condition, and provide medicines in a way that gives the nature of attention to the Company's employees. We also provide workshops to educate employees on how they work and how to work properly.



Providing first aid boxes in all departments and divisions of the company under the supervision of trained persons.



- Developing safety policies and procedures for everyone and translating them into the official languages of the Company, Arabic and English.



Providing the necessary safety tools for each department according to the work need as per the risk identification schedule.



Submitting and analyzing injury reports and working to find appropriate solutions to prevent their recurrence.



Following up facilities and buildings and inspecting them, developing a plan to implement procedures and provide means of protection and comfort and providing sports playgrounds and tools for the entertainment of employees during the periods of rest and the residential city.

Occupational Safety:

Contracting with approved companies to add early warning system devices and firefighting tools according to the requirements and conditions applicable inside the factories (fire boxes and fire extinguishers .and providing fully equipped and heat-resistant emergency exits)



Adding early warning systems and automatic extinguishing devices in the .transformer rooms and main electrical panels



Providing an automatic spraying system for the entire factory and ensuring that all production areas are covered at a rate of 100%. Providing an automatic spraying system for the entire factory and ensuring that all .production areas are covered at a rate of 100%



.Providing a foam extinguishing system for chemical storage areas



Environment:

Despite the importance of cement in the prosperity of urban civilization, this industry has harmful side effects to the environment if environmental standards are not applied, hence the importance of taking into account the design of sustainable development plans according to the consideration of the environmental dimension with its various elements. Therefore, Tabuk Cement Company, in accordance with its environmental strategy, applies all national and international standards and criteria in its factories and adopts a number of initiatives to preserve the environment, which enabled it to obtain an environmental safety certificate. For this purpose, we have taken the following actions:

1. Using the latest technology in our factory
2. Applying the highest environment protection norms
3. Reducing harmful emissions from production lines.

Sustainability

Our essence is sustainability and our goal is to be the foundation with regard to quality, development and the environment. We believe that increasing the quality of our products in balance with the environment and society will achieve sustainable competitive value for our company, our customers and our environment.

Tabuk Cement believes that leadership in the field of sustainability at both regional and global levels requires optimal direction of the Company's resources by placing sustainability as a key goal in the Company's top strategy

Social Responsibility

We believe that our role should have a positive impact on the local society and the surrounding environment, according to our internal and external strategy, by supporting and sponsoring social responsibility programs, specifically continuous development programs to support the Company's employees, increase their efficiency and achieve their satisfaction.

Related areas and activities:

Knowledge and Culture Support

Providing cooperative training program for students of various universities and colleges to help them in practical achievement and attracting competencies from them.

Providing student visits program by visiting the Company's factory by various universities and colleges.

Health Promotion:

Active participation in health awareness and blood donation campaigns

Philanthropy: Philanthropy:

Providing financial and moral support for charities in the region, including:

1. Prince Fahd Bin Sultan Social Program Association
2. King Abdulaziz Charity Society in Tabuk
3. Charity Association in Duba

Human Resources

Tabuk Cement Company has realized the importance of the human element in its journey and that success undoubtedly depends on paying attention to this vital element. Therefore it pays most of its attention through human resources management, which realizes the importance of its role. It creates a healthy and successful work environment, helps the employee achieve job creativity and enhances his ability to produce, which contributes to the continued development of the Company. It is keen to meet all the basic needs of the employee, in addition to ensuring the conditions and basics of health and safety. Tabuk Cement Company always seeks to create a work environment that enables the employee to participate with the Management in decision-making and to participate in setting its goals to be compatible with the general objectives of the company, creates the appropriate environment for him, motivates him to do any distinguished work he does and helps him highlight his achievements as an important part of the ecosystem.

In Tabuk Cement Company, we are also interested in employing the female component based on our awareness of the important role that diversity plays in enriching our workforce. Although the company works in the industrial sector, it has paid attention to employing the female component in operational jobs. The percentage of female employees in the company is about (5%) of the total workforce. In addition, the company is keen to employ Saudi citizens in an effort to support Saudization efforts, community participation and the application of best social sustainability practices. Saudization rate in the company reached (52,38%), where the company achieved high Saudization levels. The company worked to send many of its employees, the majority of whom are Saudis, to various and different training courses inside and outside KSA, which had a great impact on increasing the efficiency of Saudi employees in various departments and increasing the efficiency of operations.

03

Annual Report 2023

Summary of Operational Performance

Products

Clinker Production

Achievements of the Marketing
and Sales Department



Products



Sulphate Resistant Cement (SRC)

A type of Portland cement in which the percentage of compounds that can react with sulfur emitters is less than normal in order to protect concrete from decomposition under the presence of sulfur emitters in soil or groundwater.

Areas of use



Suitable for underground works wherever sulfates are present in soil or groundwater



Chemical Plants



Infrastructure and Basement



Foundations and Bases



Ordinary Portland Cement (OPC)

The most common type of cement is used in concrete, masonry and foundations in general when there are no sulfates in the soil or groundwater.

Areas of use



Concrete Works Block/Brick



Construction



General



Manufacturing Plastering and Flooring



Concrete Structures



Pozzolana Portland Cement (PPC)

One of the well-known types of Portland cement compositions that are produced by grinding clinker and gypsum with mixing a certain percentage of the volcanic stone material (pozzolana) and similar in its properties to the cement material.

Areas of use



Marine Buildings



Hydraulic buildings and dams



Low-cost housing projects



Huge Constructions



Can be used under extreme conditions



Huge concrete works such as bridges



Can be used in hot weather areas



Clinker Production

Clinker is the primary product in the cement industry and is produced through the process of burning limestone ore with some corrected ores in the kiln and then the clinker stock is used to produce cement after grinding and adding gypsum with other materials to control the type of cement produced.

During the past year 2023, 1,471,785 tons of ordinary Portland clinker was produced, 883,156 tons of clinker resistant to sulfur salts, 588,629 tons of both types.

Quality Label



The company has retained the quality label granted by the Saudi Standards, Metrology and Quality Organization as a result of maintaining the highest levels of quality.



The company has maintained the implementation of the Quality Law by obtaining the ISO 9001 certificate since 23/04/2004 as a result of its commitment to the implementation of the Quality Law.

Achievements of the Marketing and Sales Department for 2023

The most prominent achievements of the Marketing and Sales Department during the past year 2023 were as follows:

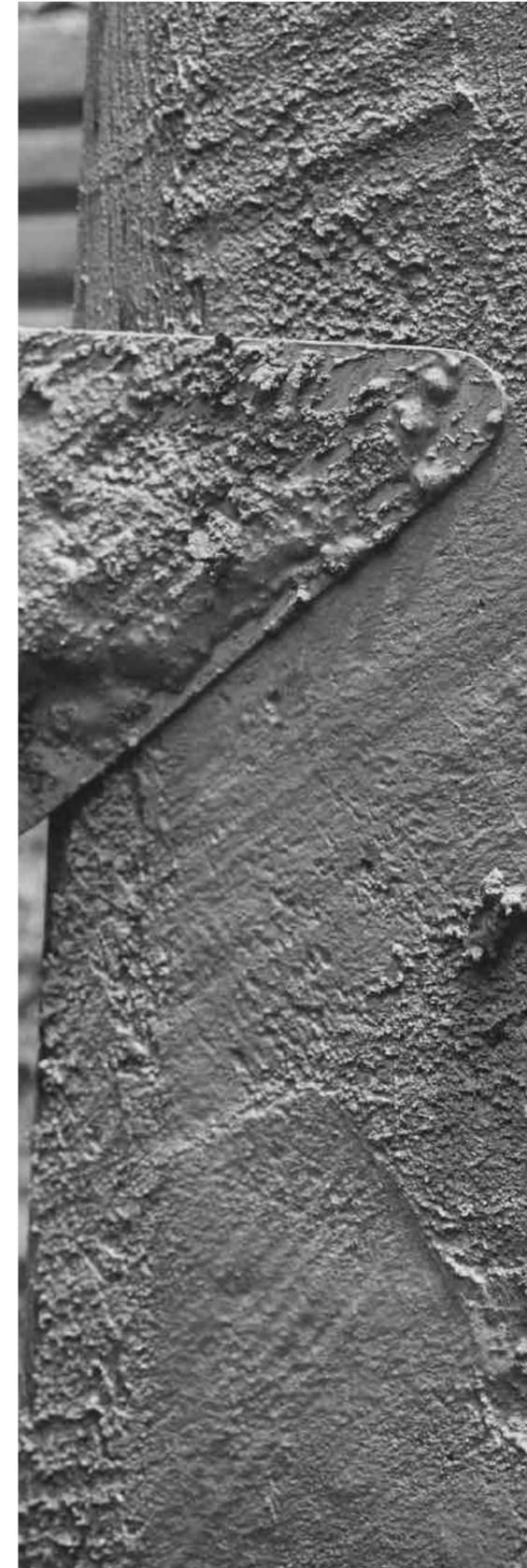
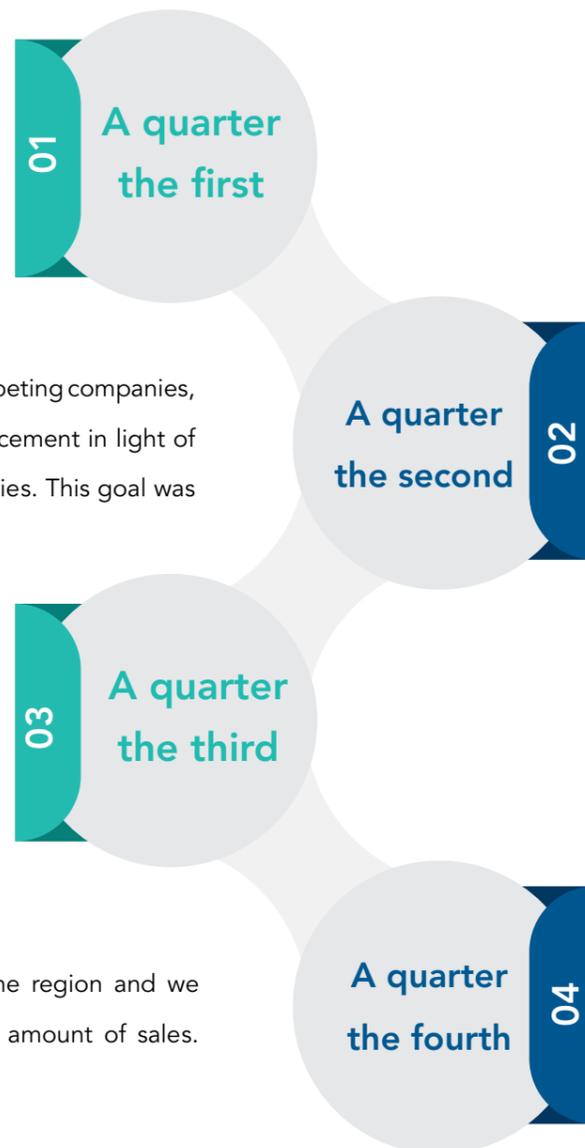
Sales phase during 2023

Extending to 2022, the prices of cement tended to decline in all western, northern and central regions due to the price competition of cement companies to acquire the largest market share, but after the success granted by Allah and good planning, that stage was successfully passed, which resulted in obtaining very positive results in our favor.

By following up the markets and the movements of the competing companies, the goal was to obtain the best average price per ton of cement in light of the decline in prices witnessed by the competing companies. This goal was achieved as well as expansion outside the region.

With the intensity of competition with companies in various regions and low prices, the best average price was maintained and the best profit margin was achieved.

The goal was to attract new customers from outside the region and we succeeded in this, which resulted in an increase in the amount of sales.



Sales were restructured during the year and efforts were made to reduce the percentage of bagged cement in exchange for increasing the percentage of bulk cement, which results in the highest profitability and seeking with the factory management and strategic customers to adopt the pozzolana bulk product with characteristics of 30% pozzolana for the next NEOM projects. This study is still under approval to date, as the project began in 2021 to date. We have a final vision that the pozzolana product will be approved in Q1 of 2024.

- Obtaining (SASO) certificate for the product (30% PPC).
- Cement export sales for this year (72,008) tons were reduced compared to 2022 (118,760) in order to increase the average price.
- Periodic meetings were held with manufacturers and the necessary recommendations were submitted the management of the factory in order to reach the highest quality in line with the vision of NEOM and AMALA.
- Collection in December resulted in the closure of 98% of external debts, (SAR 31 million and 76 thousand were collected for the fourth consecutive year and what was collected during 2023 is SAR 298 million and 11 thousand).
- Customers of both NEOM were gained by (90%) and AMALA by (60%) and the goal is to increase that percentage during this year.
- The request for the international EPD certificate, which is the environmental impact certificate of the product, has been submitted as it will open up prospects for us that the product (PPC) is green cement and environmentally safe. Accordingly, the environment logo will be added to the pozzolana cement bags and announced on the Company's website and social media.

04

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Risks and how to deal with them

Risk Management Concept

Why does the Company care about the risk management process?

Nature of risk

Risk Management Concept in Tabuk Cement

Risk management is the process of measuring and evaluating potential risks and developing their management strategies to ensure the preventive handling of those risks and facilitate early detection of actual problems in order to reduce their negative effects on the Company.

Why the company is interested in the risk management process

Stricter monitor and control of risks surrounding the Company's activities and business.

Identifying specific treatment for each type of risk.

Working to reduce losses and accepting them to a minimum. Providing appropriate confidence to all stakeholders in the Company, especially shareholders, creditors, customers and suppliers, in order to protect the ability to generate profits despite any incidental losses that may lead to reduction or non-realization of profits.

The most important risks facing the company:

The risks outlined below do not cover all the risks that the company may face, as there may be additional risks that are either unknown to the company at present or considered non-essential by the company and do not impact its operations. Those risks can be summarized as follows:

Market Risks:

Market risks are risks related to the fair value or cash flows of financial instruments that may fluctuate due to changes in market prices. Market risks consist of three types of risks: interest rate risks, currency risks, and other price risks.

Foreign Currency Risks:

Currency risks involve the fluctuation of the value of a financial instrument due to changes in foreign exchange rates. The company is not significantly exposed to fluctuations in foreign exchange rates during its regular business cycle, as its essential transactions during the year are conducted in Saudi Riyals and US Dollars. Since the Saudi Riyal exchange rate is fixed against the US Dollar, there are no significant risks associated with transactions and balances denominated in US Dollars.

Credit Risks:

Credit risks entail the inability of one party to a financial instrument to fulfill its obligations, resulting in financial losses incurred by the counterparty. Concentration risks arise when there are several parties with similar activities or operating in the same geographic areas, or having similar economic characteristics that prevent them from fulfilling their contractual obligations. To mitigate credit risks, the company has implemented regulatory approval procedures for the credit limits granted to its customers, based on comprehensive customer evaluations and previous repayment rates. Additionally, management continuously monitors credit risks related to its customers and sets aside provisions for doubtful debts. Customer balances are constantly monitored, and cash and cash equivalents are deposited with highly-rated local banks. Trade receivables and other receivables are primarily from customers in the local market, and some customer balances are secured by valid bank guarantees from highly-rated local banks. Commercial liabilities and other payables are mainly owed to customers in the local market, and some customer balances are redeemable at their estimated recoverable value.

Management takes into account available and supportive future information such as:

- Actual or expected significant changes in operations.
- Actual or expected significant changes in the operating results of the counterparty.
- Financial or economic conditions that are expected to cause changes in the counterparty's ability to fulfill its obligations.
- A substantial increase in credit risks on other financial instruments of the same counterparty.

Significant changes in the collateral value supporting obligations or in the nature of counterparties' guarantees or credit enhancements.

Liquidity Risks:

Liquidity risks involve difficulties faced by an entity in providing funds to meet obligations related to financial instruments. Liquidity risks can arise from the inability to sell financial assets quickly and at an amount close to their fair value. Liquidity risks are managed by continuously monitoring liquidity and ensuring the availability of sufficient financial resources. Concentration in liquidity risks may arise from terms of repayment of financial obligations or sources of funding and loans or reliance on a specific market to obtain liquid assets.

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Annual Report 2023

The Company's Strategy and Future Expectations

01

Developing human resources technically and administratively continuously by focusing on training and developing national competencies in various fields and creating a practical environment with a high level of professionalism and productive capacity.

02

Keeness to increase the rate of Saudization.

03

Developing a high monitoring and control system to maintain the quality of work and product and achieve the desired growth.

04

Constant keeness to meet all the needs of customers and maintain a stable level of growth to cover their requirements continuously.

05

Maintaining the application of the highest safety standards and promoting the preservation of the environment.

Ensuring the promotion of product quality and continuous development.

06

Continuous development in the IT sector and its devices, equipment and systems.

07

Ensuring the promotion of product quality and continuous development.

08

Providing facilities to customers at competitive prices.

09

Maximizing the utilization of assets

10

In light of the forgoing and according to the market variables, the Company expects that the demand for the Company's products of cement of all kinds will increase to achieve the expected goals of sales

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Capital and Equity

Capital

Investment Restrictions

Ownership of the Company Shares by

BOD Members and Senior Executives

First: Capital

The following table indicates the capital information and the number of its shares as of 31/12/2023:

Authorized Capital (SAR)	900,000,000/900,000,000
Paid up Capital (SAR)	900,000,000
Number of Shares	90,000,000
Nominal Value of the Share (SAR)	10
Paid Value per Share (SAR)	10
The financial market in which shares are traded	Saudi Exchange (Tadawul)
Market Type	Main market
Main sector	Base Materials
Company Code	3090
Country Code	SA0007879535+

Second: Investment Restrictions

There are no restrictions on the Company's shares as stipulated by both the rules governing the investment of qualified foreign capital institutions in listed securities and the instructions regulating the ownership of strategic shares by foreign strategic investors in listed companies in accordance with the Company's Articles of Association and the instructions issued by the supervisory and regulatory authorities to which the company is subject.

Third: Ownership of the Company Shares by BOD Members and Senior Executives:

The Board of Directors of Tabuk Cement Company consists of natural members representing themselves, and legal members. The following is a statement of the total shares owned by the Chairman of the Board, natural members and senior executives of the company:

Member Ownership:

Member	Position	Remarks	Beginning of Year	End of the Year	Net Change	Percentage of Change
			Number of Shares	Number of Shares		
Mr.Yazid bin Khalid Al-Shathri	Chairman	His shares	0	0	0	0
Mr.Abdulaziz bin Abdulrahman Al-Khamis	Deputy	His shares	0	0	0	0
Eng. Ali bin Mohammed Al-Qahtani	Chairman	His shares	0	0	0	0
Mr.Abdulmohsen bin Sultan Al-Otaibi	Member	His shares	3500	3500	0	0
Mr.Tariq bin Khalid Al-Anqari	Member	His shares	1,001	1,001	0	0
A. Mohsen bin Hassan Al-Fahadi	Member	His shares	0	0	0	0
A. MUSAED bin Khalid bin Saleh	Member	His shares	2,000	2,000	0	0

Ownership of BOD Members' Relatives (Spouses and Minor Children):

Name of the person to whom the interest belongs	Relation	Beginning of Year	End of the Year	Net Change	Percentage of Change
		Number of Shares	Number of Shares		
Mr. Khalid bin Saleh Al-Shathri	Father of Mr. Yazid Al-Shathri	12,263,876	12,920,138	656,262,00	%5.35
	Father of Mr. MUSAED Al-Shathri				

Ownership of Senior Executives and their Relatives (Spouses and Minor Children):

There are no shares for senior executives or their relatives.

07

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Dividend Policy

Dividend Policy

Remuneration policy for members of the Board of Directors, committees emanating from the Board and executive management

Statement of remuneration paid to members of the Board of Directors during the year 2023

Remuneration of Committee Members

Senior Executive Remuneration

Dividend Policy

In line with Article 47 of the Company's Articles of Association, the annual net profits of the Company shall be distributed as follows:

1. (10%) of the net profits shall be deducted to form the statutory reserve of the company. The Ordinary General Assembly may decide to discontinue this deduction when the said reserve reaches (30%) of the paid-up capital.
2. The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct sums from the net profits for the establishment of social institutions for the Company's employees or to assist the existing ones of these institutions.
3. From the remainder, a percentage of no less than (5%) of the Company's paid-up capital shall be distributed to the shareholders.
4. The remainder of the profits shall be distributed to the shareholders in accordance with Article (48) of the Articles of Association, which stipulates that (the shareholder shall be entitled to a share of the profits in accordance with the decision of the General Assembly issued in this regard. The decision shall indicate the due date and the date of distribution. The entitlement to profits shall be for the shareholders registered in the shareholders' records at the end of the day specified for maturity).

Remuneration Policy for Board Members, Board Committees and Executive Management

1. Policy Objective:

This policy aims to:

- Following standards related to the performance of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, disclosing the policy, the actual payments and establishing a mechanism to verify the implementation of the policy to ensure the principle of transparency in dealing.
- Determining the methodology for setting goals and expectations for the results of the Board's work and the roles assigned to the members and then determining the standards used to evaluate the performance.
- Reviewing the corrective actions applied by the Board of Directors to review the effectiveness of the performance of the Executive Management and how to address any failures or weaknesses that are detected.

- Remuneration is defined as the amounts, allowances, profits and the like, periodic or annual bonuses associated with performance, short-term or long-term incentive plans, and any other in-kind benefits, except for the actual reasonable expenses and charges incurred by the Company for the member of the Board of Directors for the purpose of performing his work.

2. Scope of Policy Application:

This policy applies to:

- Members of the Board of Directors
- Members of the Board Committees
- External Board Committees Members
- Executive Management: five senior executives who receive the highest remuneration from the company, including the CEO and the CFO.

3. Text of Remuneration Policy for Board Members, Board Committees and Executive Management:

The members of the Board of Directors, the committees emanating from the Board and the Executive Management shall be entitled to remuneration based on this policy and in accordance with the standards and controls of the remuneration of the members of the Board of Directors, the committees emanating from the Board and the Executive Management. The Nomination and Remuneration Committee shall review the relationship between the remuneration granted and the remuneration policy and assess its effectiveness in achieving the desired objectives. The Committee shall submit its recommendations to the Board of Directors on the remuneration of the members of the Board of Directors, the committee emanating from it and the senior executives of the Company in accordance with the approved policy. The remuneration of the members of the Board of Directors, the committees emanating from the Board and the Executive Management may be a certain financial amount, an attendance allowance for the sessions, or in-kind benefits and two or more of these benefits may be combined.

The members of the Board of Directors shall be paid a remuneration for their management of the Company, which is an annual amount not exceeding (200,000) Saudi riyals per member, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.

4. Remuneration standards for members of the Board of Directors, committees emanating from the Board and the Executive Management:

The following standards shall be taken into account when approving the remuneration of the members of the Board of Directors, the committees emanating from the Board and the Executive Management:

1. The remuneration shall be fair and proportionate to the functions of the member, the executive management, the work and responsibilities they carry out and bear, in addition to the objectives specified by the Board of Directors to be achieved during the financial year.
2. The remuneration shall be based on the recommendation of the Nomination and Remuneration Committee.
3. Remuneration shall be provided with the aim of urging and motivating the members of the Board of Directors and the Executive Management to make the Company successful and achieve its objectives in the medium and long term. A mechanism may also be developed to link part of the variable remuneration to the total and partial performance of the Company in the medium and long term, to use this as a tool to attract, maintain and motivate professionalism.
4. The remuneration shall be determined based on the level of the position, the tasks and responsibilities assigned to its holder, academic qualifications, work experience and the skills necessary to perform the tasks.
5. The remuneration shall be in line with the size, nature and degree of risk of the Company.
6. Taking into account the practices of other companies in determining remuneration and avoiding what may arise from the same with an unjustified rise in remuneration and compensation.
7. The Board of Directors may suspend the payment of the remuneration or recover it if it is found that it was decided on the basis of inaccurate information provided by a member of the Board of Directors or the Executive Management, in order to ensure that the employment status is not exploited to obtain undue remuneration.

5. Remuneration controls for members of the Board of Directors, committees emanating from the Board:

In all cases, the total remuneration and financial or in-kind benefits received by the member of the Board of Directors shall not exceed five hundred thousand riyals annually, in accordance with the controls set by the competent authority, with the exception of executives.

6. Members of the Board of Directors, committees emanating from the Board shall be entitled to the following remuneration:

1. The members of the Board of Directors shall be entitled to an amount of (200 thousand riyals annual bonus), in accordance with the Company's controls for the disbursement of bonuses.
2. A member of the Board of Directors shall be entitled to an allowance to attend the meeting of the Board of Directors in the amount of (SAR 3,000) for each meeting.
3. The member of the committee shall be entitled to an allowance of (SAR 3,000) for attending the meeting of each of the committees of the Board.

7. Executive Management Remuneration:

With regard to the Executive Management, the Remuneration and Nomination Committee shall review and approve the salary scale specified for all employees and senior executives and incentive programs and plans on an ongoing basis, based on a recommendation from the executive management. The remuneration of the executive management shall include the following:

1. Basic salary (to be paid at the end of each calendar month and on a monthly basis).
2. Allowances, including but not limited to housing allowance, and transportation allowance.
3. Other benefits including but not limited to annual leave, end of service benefit according to the Labor Law and the human resources policy approved by the company.

8. Cases of suspension or recovery of the reward

1. The Company shall recover the remuneration if it is found that the remuneration was decided on the basis of inaccurate information provided by a member of the Board of Directors or the Executive Management.
2. The Company shall recover the remuneration if anything suspicious occurs before the remuneration is disbursed and if it is proven that the remuneration was decided based on inaccurate information provided by a member of the Board of Directors or the Executive Management.

Dividends Distribution for the year 2023

No dividends were distributed for the year 2023.

Statement of remuneration paid to members of the Board of Directors during the year 2023

The company pays the members of the Board of Directors expenses and allowances to attend meetings and financial rewards within the framework of what is stipulated in the above Law and Policy. Below is a statement of the total payments of the Company to the members of the Board of Directors

Members of the Board of Directors	Variable Remunerations						Fixed Remunerations									
	Allowance	Total	End of service gratuity	Total	Granted Shares (value is entered)	Long-term incentive plans	Short-term incentive plans	Reward	Percentage of profits	Total	Remuneration of the chairman of the board, managing director or secretary if he/she is a member	Remuneration for technical, administrative and consulting work	In-kind Allowances	Total allowance for attending the committee meetings	Allowance for attending Board meetings	A certain amount
First: Independent Members																
Mr. Abdulaziz bin Abdulrahman Al-Khamis	200,000	12,000	-	-	-	212,000	-	-	-	-	-	-	-	-	-	-
Mr. Tariq bin Khalid Al-Anqari	300,000	12,000	-	-	-	312,000	-	-	-	-	-	-	-	-	-	-
Mr. Mohsen bin Hassan Al-Fahadi	200,000	12,000	-	-	-	212,000	-	-	-	-	-	-	-	-	-	-
Mr. Abdulmohsen bin Sultan Al-Otaibi	200,000	12,000	-	-	-	212,000	-	-	-	-	-	-	-	-	-	-
Total	800,000	48,000	-	-	-	948,000	-	-	-	-	-	-	-	-	-	-
Second: Non-Executive Members																
Mr. Yazid bin Khalid Al-Shathri	200,000	9,000	-	-	-	209,000	-	-	-	-	-	-	-	-	-	-
Mr. Musaed bin Khalid Al-Shathri	200,000	9,000	-	-	-	209,000	-	-	-	-	-	-	-	-	-	-
Total	400,000	18,000	-	-	-	418,000	-	-	-	-	-	-	-	-	-	-
Third: Executive Members																
Eng. Ali bin Mohammed Al-Qahtani	200,000	12,000	-	-	-	212,000	-	-	-	-	-	-	-	-	-	-
Total	200,000	12,000	-	-	-	212,000	-	-	-	-	-	-	-	-	-	-

Senior Executive Jobs	Fixed Remunerations			Variable remunerations						End of Service Gratuity	Remuneration for the Executive Group for the Board, if any	Total
	Salaries	Allowances	In-kind Allowances	Total	Periodic Incentives	Dividends	Short-term incentive plans	Long-term incentive plans	Granted shares (value entered)			
Total	2.235.000			2.235.000	1.140.000	-	-	-	-	1.140.000	-	-

Remuneration for Senior Executives

Member	Fixed Remuneration (excluding session attendance allowance)	Allowance for attending sessions	Total
Audit Committee Members			
Mr. Tariq bin Khalid Al-Anqari	100.000	24.000	124,000
Mr. Ali bin Suleiman Al-Ayed (Member from outside the Board)	100.000	24.000	124,000
Mr. Turki bin Abdul Mohsen Al-Laheed (Member from outside the Council)	100.000	24.000	124,000
Mr. Ahmed bin Ibrahim Hayjan (Member from outside the Council)	100.000	24.000	124,000
Total	400,000	96,000	496,000
Members of the Executive Committee			
Mr. Yazid bin Khalid Al-Shathri	-	12.000	12,000
Mr. Abdulaziz bin Abdulrahman Al-Khamis	-	12.000	12,000
Eng. Ali bin Mohammed Al-Qahtani	-	12.000	12,000
Mr. Mohsen bin Hassan Al-Fahadi	-	12.000	12,000
Total		48,000	48,000
Members of the Nomination and Remuneration Committee			
Mr. Mohsen bin Hassan Al-Fahadi	-	12.000	12,000
Mr. Abdulmohsen bin Sultan Al-Otaibi	-	12.000	12,000
Mr. Musaed bin Khalid Al-Shathri	-	12.000	12,000
Total		36,000	36,000
Governance Committee Members			
Mr. Tariq bin Khalid Al-Anqari	-	6.000	6,000
Mr. Yazid bin Khalid Al-Shathri	-	6.000	6,000
Mr. Mohsen bin Hassan Al-Fahadi	-	6.000	6,000
Total		18,000	18,000

In light of the above policies and the subsequent details of the remuneration paid, the Company confirms the following:

- There are no arrangements or agreement made under which a member of the Board of Directors or a senior executive has waived any remuneration during the financial year 2023.
- There is no arrangement or agreement made under which a shareholder of the Company has waived any rights of the dividend during the financial year 2023.
- There are no other investments or reserves established for the benefit of the Company's employees during the year 2023, except for the end of service benefit according to the regulations issued by the competent authorities.

08

Annual Report 2023

Corporate Governance

Introduction to the concept of corporate
governance at Tabuk Cement Company

Board of Directors

Committees Emanating from the Board of
Directors

Transactions with Related Parties

Results of Governance Practices during 2023

Shareholders ' Equity and General Assembly

Disclosure and Transparency Policy

Acknowledgments of the Board of Directors

Introduction to the concept of corporate governance at Tabuk Cement Company

Governance aims to establish rules and standards to ensure adherence to the best governance practices that ensure the protection of shareholders' and stakeholders' rights. Tabuk Cement Company is committed to adopting the highest standards of governance, believing that a sound governance law is an important tool in the long-term development of shareholders' wealth. This law is consistent with the Company's commitment to quality in all its operations, activities and products. The rules, policies and procedures contained in this law are binding on all members of the Board of Directors, executive management, managers and employees of the company. This law may not be amended except by a decision of the Board of Directors of the Company.

The governance law of Tabuk Cement Company is defined as being built on important bases, namely:

The governance law of Tabuk Cement Company has been prepared in a manner that does not conflict with the provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, and in accordance with internationally recognized standards of corporate governance. It should be considered as the basis of the Company's governance law and not as a substitute for sound management policies for all administrative levels of the Company. It shall be taken into account within:

An optimal law through which the company is directed and controlled, and clarifies the governance structure and the distribution of powers and responsibilities among the various participants in the Company, such as the Board Of Directors, managers, shareholders and other stakeholders

01

02

Clarifies the rules and procedures related to decision-making in the Company's affairs, and provides the structure that clarifies the Company's objectives and means of achieving them and monitoring performance. The Board of Directors shall responsible for the governance law of Tabuk Cement Company.

- The Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and its executive regulations.
- The Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H
- Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H and its amendments, decisions and circulars issued by the Ministry of Commerce.
- The Articles of Association of Tabuk Cement Company

The Board of Directors or the Assembly may amend this Law from time to time when needed in accordance with the instructions and requirements of the Capital Market Authority, the needs of the business and the need for sound management in a manner that does not conflict with the provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority. The Board of Directors or the Assembly may amend this Law from time to time when needed in accordance with the instructions and requirements of the Capital Market Authority, the needs of the business and the need for sound management in a manner that does not conflict with the provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority.

Board of Directors (its Composition, Functions and Classification of its Members)

The General Assembly shall appoint seven members of the Board of Directors by cumulative voting and remote voting from among the applicants for membership of the Board in accordance with the controls and procedures specified by the Ministry of Commerce, the Capital Market Authority and the Company's Articles of Association for a period not exceeding three years. They may be re-elected, noting that the governance law of the Tabuk Cement Company stipulates that the majority of the members of the Board shall be non-executive.

Definition of the Board of Directors

The Board of Directors is the highest administrative body in the Company that represents it and protects its interests. The Board has several main tasks:

1. Leading and controlling the work and activities of the Company and continuously following up its performance.
2. Exercising this responsibility by adopting and implementing its policies and objectives and supporting its departments in performing their tasks in accordance with specific standards.
3. Directing and controlling the executive management, setting the appropriate controls for its work, including defining a clear vision and strategy for the company and determining the basis for delegating powers to manage the policies and determinants that are allowed to work within its limits.

The responsibility of the Board of Directors is also represented in several points, including:

1. Setting the strategic objectives of the Company and providing the leadership that works to implement them, supervising the management of the company and preparing reports for shareholders on their management of the Company.
2. The work of the Board of Directors shall be subject to the laws, regulations and Articles of Association of the Company and to the control of the shareholders in the General Assembly of the Company.



The responsibility of the Board of Directors shall also include approving the strategic directives and the main objectives of the company and supervising their implementation, including:

- Developing, reviewing and directing the overall Company's strategy, key business plans and risk management policy.
- Determining the optimal capital structure of the Company, its strategies and financial objectives and approving the initial annual budgets
- Overseeing the main capital expenditures of the Company and owning and disposing of assets.
- Setting performance goals and monitoring implementation and overall performance in the Company.
- Periodic review and approval of organizational and functional structures in the Company.
- Establishing internal control systems and controls and general supervision over them, including:
- Developing a written policy regulating "conflicts of interest" and address potential conflicts for the BOD members, executive management and shareholders, including preventing misuse of the Company's assets and facilities as well as misconduct resulting from dealings with related persons.
- Ensuring the integrity of financial and accounting laws, including relevant financial reporting laws.
- Ensuring the application of control laws for risk management, by determining the general perception of the risks that the Company may face, and presenting them transparently.
- Annual review of the effectiveness of internal control procedures applicable in the Company.

There are also some responsibilities entrusted to the Board of Directors in line with the relevant laws and regulations, including:

- Formulating the Company's governance law and rules in a manner that does not conflict with the provisions and texts of the laws and regulations in force and monitoring the effectiveness of these rules in general and amending them when necessary.
- Developing policies, standards and procedures for the membership of the Board of Directors and putting them into effect after being approved by the General Assembly.
- Developing a written policy regulating the relationship with related parties in order to protect the rights of all parties.
- Developing a code of professional conduct for the Company's managers and employees in accordance with sound professional and ethical standards.
- Developing policies and procedures that ensure the Company's respect to laws and regulations, its obligation to disclose material information to shareholders, creditors and other parties.
- Preparing the financial statements and annual report on the activities of the Company and its financial position for the past financial year including the proposed method of payment of dividends.
- Recommending to the General Assembly of Shareholders the appointment and dismissal of auditors and determining their fees.

There are also some responsibilities entrusted to the Board of Directors in line with the relevant laws and regulations, including:

The governance law of Tabuk Cement Company stipulates that the majority of the members of the Board of Directors shall be non-executive members, and also stipulates that the number of independent members of the Board of Directors shall not be less than two or one-third of the members of the Board, whichever is more.

Members are categorized as follows:

Mr.Yazid bin Khalid Saleh Al-Shathri	Independent <input type="radio"/>	Non-Executive <input checked="" type="radio"/>	Executive <input type="radio"/>
A. Mr.Abdulaziz bin Abdulrahman Al-Khamis	Independent <input checked="" type="radio"/>	Non-Executive <input type="radio"/>	Executive <input type="radio"/>
Eng. Ali bin Mohammed Marih Al-Saif Al-Qahtani	Independent <input type="radio"/>	Non-Executive <input type="radio"/>	Executive <input checked="" type="radio"/>
Mr.Tariq bin Khalid Al-Anqari	Independent <input checked="" type="radio"/>	Non-Executive <input type="radio"/>	Executive <input type="radio"/>
Mr.Abdulmohsen bin Sultan Abd Al-Otaibi	Independent <input checked="" type="radio"/>	Non-Executive <input type="radio"/>	Executive <input type="radio"/>
Mr.Mohsen bin Hassan Mohsen Al-Fahadi	Independent <input checked="" type="radio"/>	Non-Executive <input type="radio"/>	Executive <input type="radio"/>
Mr.Musaed bin Khalid Al-Shathri	Independent <input type="radio"/>	Non-Executive <input checked="" type="radio"/>	Executive <input type="radio"/>

The experiences of the members of the Board of Directors and the subordinate committees in current and previous companies.

Mr.Yazid bin Khalid Al-Shathri

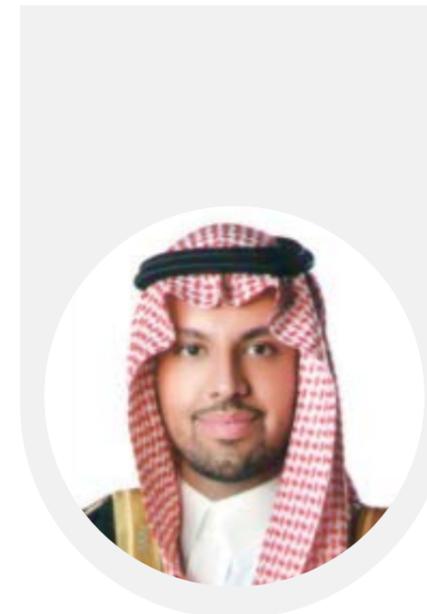
Bachelor of Human Resource Management,
Dar Al Uloom University

Current Position

- Chairman of Tabuk Cement Company
- Deputy Chairman of Obeikan Glass Company

Former Position

- Deputy Chairman of Deutsche Gulf Finance.
- Chairman of Saudi Advanced Industries Company



Names of companies he is a member of their current BODs or from their directors

Inside/Outside KSA

Legal Entity Listed Joint Stock Company
Unlisted Joint Stock Company
Limited Liability Company

Deputy Chairman of Obeikan Glass Company

Inside KSA

Listed Joint Stock Company
Deputy Chairman of Deutsche Gulf Finance.
• Chairman of Saudi Advanced Industries Company
Unlisted Joint Stock Company

Mr. Tariq bin Khalid Al-Anqari

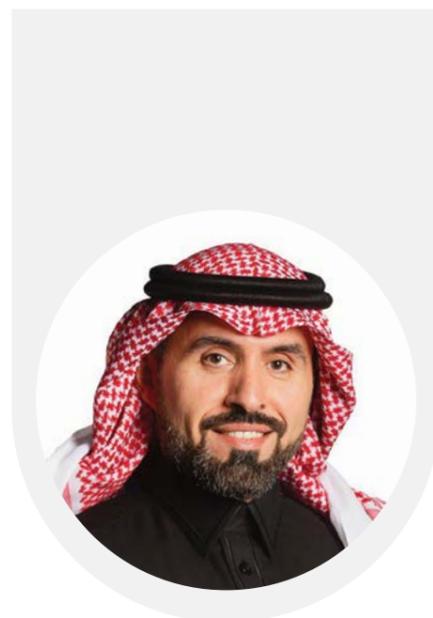
- .MBA from leBusiess School
- Corporate Finance and Credit Diploma
- Bachelor's degree in Marketing from King Fahd University of Petroleum and Minerals
- Executive Masters in Change Management - INSEAD Business School
- License for membership of the Board of Directors from the Institute of Board Members

Current Position

- Deputy Chairman of Tabuk Cement Company and Chairman of the Audit Committee.
- Member of the Board of Directors of Leejam Sports Company (Fitness Time) and member of the Executive Committee
- CEO of E& Enterprise (a subsidiary of the Emirates Telecommunications Group) from April 2020 to date.

Former Position

- MBA from leBusiess School.
- Corporate Finance and Credit Diploma
- Bachelor's degree in Marketing from King Fahd University of Petroleum and Minerals
- Executive Masters in Change Management - INSEAD Business School
- License for membership of the Board of Directors from the Institute of Board Members



Names of companies he is a member of their current BODs or from their directors

Inside/Outside KSA

Legal Entity
Listed Joint Stock Company
Unlisted Joint Stock Company
Limited Liability Company

Names of companies in which the BOD member is a member of their previous BODs or from their directors

Member of the Board of Directors of Leejam Sports Company (Fit-ness Time)

Inside KSA

Listed Joint Stock Company

Member of the Nomination Committee of the Filling and Packing Materials Manufacturing Company (FIPCO)

Names of Companies inside or outside Saudi Arabia, in which the Director is a member in its current or previous Board or one of its managers

Eng.Ali bin Mohammed Al-Qahtani

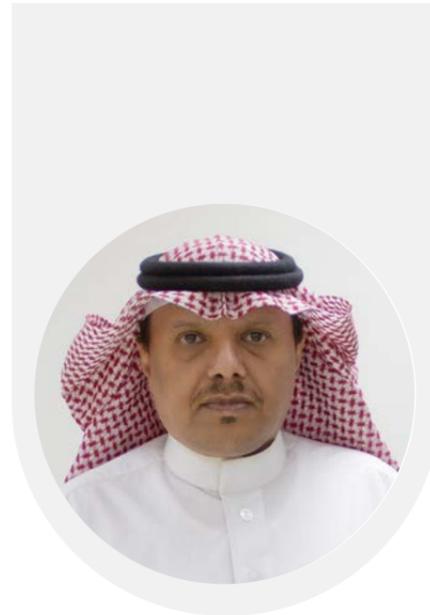
- Bachelor of Chemical Engineering - King Saud University
- Seconded planning consultant from Saudi Aramco to the Saudi Electricity Company - Member of the Saudi Numbering Board - Member of the Arab Union of Cement and Building Materials and Member of the National Committee for Cement Companies - Member of the Board of the Oxygen Club – Senior Deputy Chairman of the Tabuk Chamber.

Current Position

- Member of the Board of Directors of Tabuk Cement Company
- CEO of Tabuk Cement Company
- Member of the Executive Committee of Tabuk Cement Company

Former Position

- CEO of Al-Jeri Transport Company



Names of companies he is a member of their current BODs or from their directors

Inside/Outside KSA

Legal Entity
Listed Joint Stock Company
Unlisted Joint Stock Company
Limited Liability Company

Names of companies in which the BOD member is a member of their previous BODs or from their directors

CEO of Tabuk Cement Company
Executive Committee Member

Inside KSA

Closed

CEO of Al-Jeri Transport Company

Names of Companies inside or outside Saudi Arabia, in which the Director is a member in its current or previous Board or one of its managers

Mr. Abdulaziz bin Abdulrahman Al-Khamis

- BA Economics, Northeastern University, Boston, USA

Current Position

- Member of the Board of Directors of Tabuk Cement Company

Former Position

- Consultant – Leading Investments Company
- Deputy Governor for Investment Affairs - Public Pension Agency
- General Manager of Financial Investment - Public Pension Agency
- Senior Fixed Income Dealer, Investment Department - SAMA
- Assistant Chief Dealer, Investment Department - SAMA
- Senior Fixed Income Dealer, Investment Department - SAMA



Names of companies he is a member of their current BODs or from their directors

Inside/Outside KSA

Legal Entity

Listed Joint Stock Company

Unlisted Joint Stock Company

Limited Liability Company

Names of companies in which the BOD member is a member of their previous BODs or from their directors

The Saudi Investment Bank
The Company for Cooperative Insurance (Tawuniya)

Inside KSA

Listed Joint Stock Company

Sipchem - Petrochem Company

Listed Joint Stock Company

United Insurance Company

Bahrain

Closed Joint Stock Company

Saudi Polymers Company - GulfPolymers Distribution Company

Inside KSA

Closed Joint Stock Company

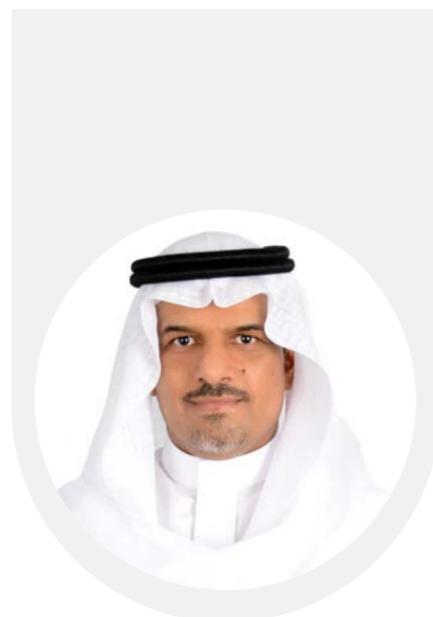
UAE

Closed Joint Stock Company

Names of Companies inside or outside Saudi Arabia, in which the Director is a member in its current or previous Board or one of its managers

Mr. Mohsen bin Hassan Al-Fahadi

- Bachelor's degree in human resources and management from King Abdulaziz University
- Master's degree in public administration specializing in human resources management from the University of Long Island.
- Graduated from Harvard University's Public Administration Program



Current Position

- Member of the Board of Directors of Tabuk Cement Company
- CEO of Human Capital - King Abdullah Financial Center

Former Position

- Deputy Chairman of the Board of Directors, Chairman of the Remuneration and Nomination Committee and member of the Investment Committee of the Saudi Advanced Industries Company
- Member of the Board of Directors and the Remuneration and Nomination Committee of Al Salam Aircraft Company
- Secretary of the Remuneration and Nomination Committee for the National Transformation Program
- Secretary of the Remuneration and Nomination Committee of the National Center for Public Agencies Performance Measurement "Adda

Names of companies he is a member of their current BODs or from their directors

Inside/Outside KSA

Legal Entity

Listed Joint Stock Com-pany

Unlisted Joint Stock Company

Limited Lia-bility Com-pany

Names of companies in which the BOD member is a member of their previous BODs or

Saudi Company for Development and Technical Investment

Inside

Unlisted Company

Unlisted Company

Al Salam Aircraft Company

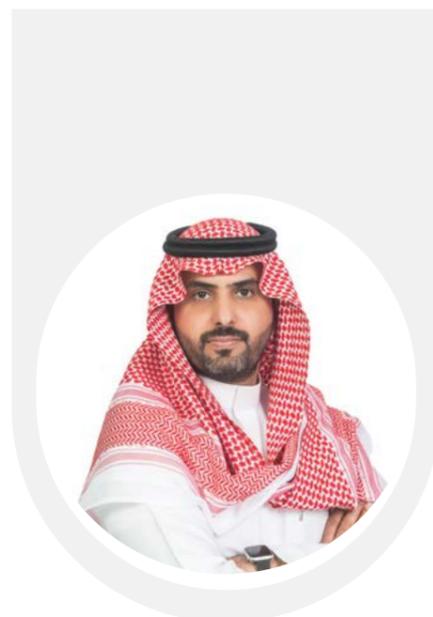
Listed Joint Stock Company

Saudi Advanced Industries Company

Names of Companies inside or outside Saudi Arabia, in which the Director is a member in its current or previous Board or one of its managers

Mr. Mohsen bin Hassan Al-Fahadi

- Bachelor's degree in human resources and management from King Abdulaziz University
- Master's degree in public administration specializing in human resources management from the University of Long Island.
- Graduated from Harvard University's Public Administration Program



Current Position

- Member of the Board of Directors of Tabuk Cement Company
- CEO of Human Capital - King Abdullah Financial Center

Former Position

- Deputy Chairman of the Board of Directors, Chairman of the Remuneration and Nomination Committee and member of the Investment Committee of the Saudi Advanced Industries Company
- Member of the Board of Directors and the Remuneration and Nomination Committee of Al Salam Aircraft Company
- Secretary of the Remuneration and Nomination Committee for the National Transformation Program
- Secretary of the Remuneration and Nomination Committee of the National Center for Public Agencies Performance Measurement "Adda

Names of companies he is a member of their current BODs or from their directors

Inside/Outside KSA

Legal Entity

Listed Joint Stock Com-pany

Unlisted Joint Stock Company

Limited Lia-bility Com-pany

Names of companies in which the BOD member is a member of their previous BODs or

Saudi Company for Development and Technical Investment

Inside

Unlisted Company

Unlisted Company

Al Salam Aircraft Company

Listed Joint Stock Company

Saudi Advanced Industries Company

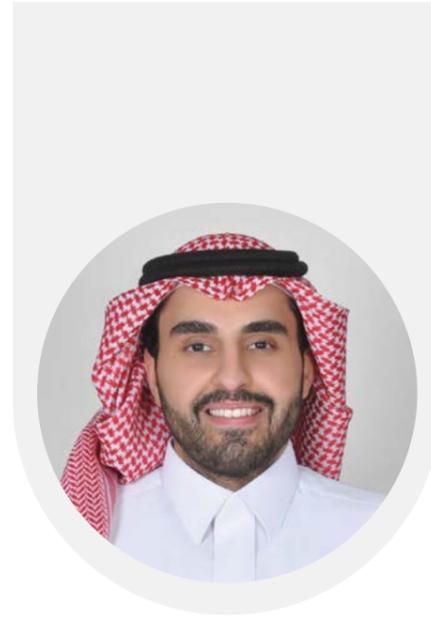
Names of Companies inside or outside Saudi Arabia, in which the Director is a member in its current or previous Board or one of its managers

Mr. Musaed bin Khalid Al-Shathri

- Bachelor of Operations and Project Management.

Current Position

- Member of the Board of Directors of Tabuk Cement Company



Former Position

- None

Names of companies he is a member of their current BODs or from their directors

Inside/Outside KSA

Legal Entity

Listed Joint Stock Company

Unlisted Joint Stock Company

Limited Liability Company

Names of companies in which the BOD member is a member of their previous BODs or from their directors

Names of Companies inside or outside Saudi Arabia, in which the Director is a member in its current or previous Board or one of its managers

Senior executives of the company, their positions, qualifications and previous experience

Member	Current Position	Former Position	Qualifications and Experience
Mr. Ali bin Sulaiman Al-Ayed Member of Audit Committee from outside the Board	Retired Member of the Audit Committee of Tabuk Cement Company	Control Director General of Insurance Companies	Bachelor of Accounting - King Saud University
Mr. Turki bin Abdulmohsen Alluhaid Member of Audit Committee from outside the Board	Alluhaid & Alyahya Chartered Accountants Member of the Audit Committee of Tabuk Cement Company	EY Audit Manager and Partner	Bachelor of Accounting - King Saud University Chartered Accountant and Fellow of the American Society of Chartered Accountants
Mr. Ahmed bin Ibrahim Hijan Member of Audit Committee from outside the Board	Member of the Board of Directors + Member of the Audit Committee of Al-Jouf Agricultural Company Member of the Audit Committee of Tabuk Cement Company	Director of the Internal Audit Department of the National Company for Industry	Bachelor's degree in Accounting - King Khalid University

Senior executives of the company, their positions, qualifications and previous experience

Eng. Ali bin Mohammed Al-Qahtani

Current Position

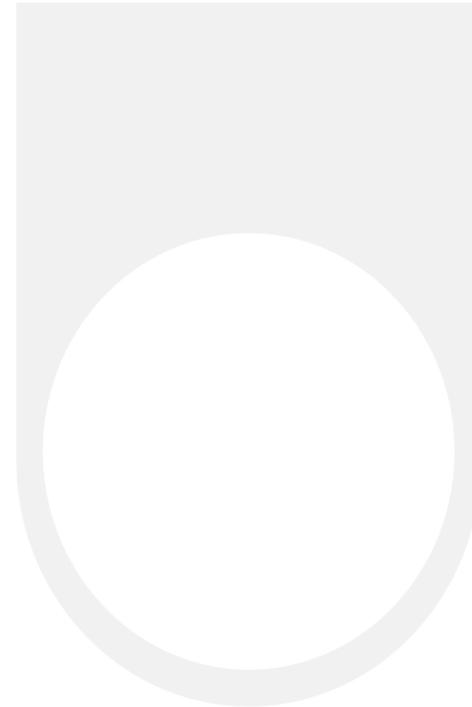
- CEO of Tabuk Cement Company

Former Title

- CEO Al Jeri Transport Company Director of Project Support Department Saudi Aramco

Qualifications

- Bachelor of Chemical Engineering
- King Saud University Bachelor of Chemical Engineering – King Saud University



Previous Experience

Inside/Outside KSA

- CEO – Al Jeri Transport Company
Director of Project Support Department - Saudi Aramco
- Saudi Aramco Seconded Planning Consultant for Electricity Company
- Internal Strategic Planning Team Leader – Saudi Aramco
Senior Operating Engineer - Saudi Aramco
- Engineering Supervisor - Saudi Aramco
New Business Development Supervisor - Saudi Aramco
- Senior Operating Representative - Saudi Aramco

Mansour Ibrahim Al-Habdan

Current Position

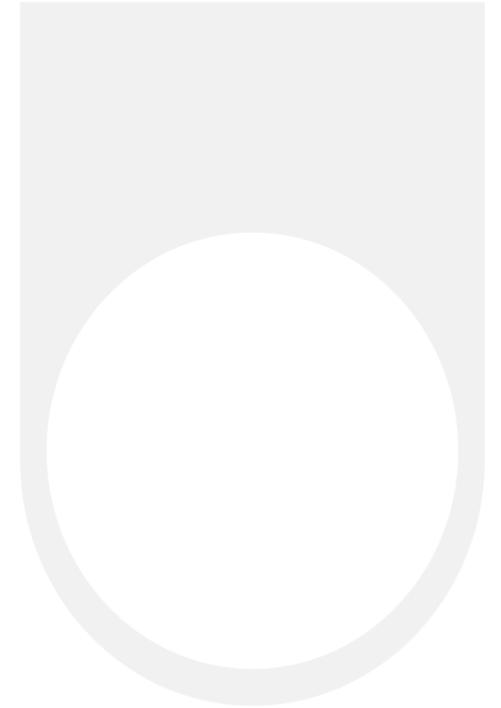
- Director of Finance – Tabuk Cement Company

Former Title

- CFO at Dr. Abdulrahman Al-Mishari Hospital Company

Qualifications

- Bachelor of Accounting - King Saud University
- Higher Diploma in Business Administration Colorado
- Higher Diploma in Finance – Banking Institute



Previous Experience

Inside/Outside KSA

- Credit Manager, Central Region – Riyadh Bank
- Director of Planning and Budgeting Reports – Nadec Agriculture Company
- CFO - National Finance Company
- CFO - Al Salam Medical Group Co.
- CFO - Dr. Abdulrahman Al-Mishari Hospital Company

Schedule of attendance at the meetings of the Board of Directors during the year 2023

Member	Number and Date of Meeting			
	Meeting No. 159: 28/05/2023	Meeting No. 158: 22/03/2023	Meeting No. 157: 26/01/2023	Meeting No. 156: 02/01/2023
Mr. Yazid bin Khalid Al-Shathri	⊗	✓	✓	✓
Mr. Abdulaziz bin Abdulrahman Al-Khamis	✓	✓	✓	✓
Mr. Tariq bin Khalid Al-Anqari	✓	✓	✓	✓
Eng. Ali bin Mohammed Al-Qahtani	✓	✓	✓	✓
Mr. Abdulmohsen bin Sultan Al-Otaibi	✓	✓	✓	✓
Mr. Mohsen bin Hassan Al-Fahadi	✓	✓	✓	✓
Mr. MUSAED bin Khalid Al-Shathri	✓	✓	✓	✓

⊗ Apologetic ✓ Present

Member Name	37th Ordinary General Assembly held on Thursday, 17 Shawwal 1444H Corresponding to 07 May 2023G
Mr. Yazid bin Khalid Al-Shathri	✓
Mr. Abdulaziz bin Abdulrahman Al-Khamis	✓
Mr. Tariq bin Khalid Al-Anqari	✓
Eng. Ali bin Mohammed Al-Qahtani	✓
Mr. Abdulmohsen bin Sultan Al-Otaibi	✓
Mr. Mohsen bin Hassan Al-Fahadi	✓
Mr. MUSAED bin Khalid Al-Shathri	✓

⊗ Apologetic ✓ Present

Actions taken by the Board of Directors to inform its members especially non-executives, of the shareholders' proposals and comments regarding the Company and its performance

The company's Articles of Association and the Company's governance regulations guarantee shareholders all rights related to the share. Accordingly, the company has taken a number of measures to inform the members of the Board Of Directors, especially non-executives, of the shareholders' proposals towards the Company and its performance as follows:

1. The company's Articles of Association and the Company's governance regulations guarantee shareholders all rights related to the share. Accordingly, the company has taken a number of measures to inform the members of the Board Of Directors, especially non-executives, of the shareholders' proposals towards the Company and its performance as follows:
2. The Company has allocated an Investor Relations Department in the Company that will respond to the inquiries of the shareholders and receive their comments or complaints through the communication channels available through the Company's website, phone or e-mail.
3. These inquiries, if any, shall be examined and classified and the essential ones shall be submitted to the Board of Directors during its periodic meetings.
4. The Company is always keen to urge all members of its board of directors to attend the general assemblies to answer the shareholders' questions and to provide their views and observations on the Company and its performance. The regulations of the work of the board committees oblige the chairmen of the committees of the Board Of Directors or their deputies to attend the general assemblies to respond to the shareholders' inquiries.
5. Shareholders' questions and inquiries shall be recorded in the minutes of the meetings of the General Assembly and shall be kept at the Company's headquarters and any shareholder may view them upon request.

The means relied upon by the Board of Directors in evaluating its performance and the performance of its committees and members, and the external party that carried out the evaluation and its relationship with the Company, if any:

Based on the keenness of the Board of Directors of Tabuk Cement Company to meet all the corporate governance articles issued by the Capital Market Authority, including the guiding materials and the most prominent practices in force globally, especially with regard to the role of the Chairman of the Board in listening to the views of the non-executive members of the Board regarding their comments and views on the performance of the Company and the evaluation of its executive management periodically. To this end, Tabuk Cement Company has conducted a periodic evaluation of the performance of its Board of Directors and its committees since 2018 with the aim of identifying the strengths and weaknesses and made proposals on how to address them in a manner commensurate with the interest of the Company, noting that the evaluation process is carried out under the supervision of the Nomination and Remuneration Committee. Evaluation mechanisms and its axes were presented to the Board of Directors. They included a comprehensive survey that included all the axes covering the tasks and responsibilities of the Board and committees, as well as the effectiveness of the meetings of these bodies, including the evaluation of the effectiveness of participation and discussions during these meetings to reach thoughtful decisions that enhance the Company's performance and achieve its objectives.



Committees Emanating from the Board of Directors

The Board of Directors has formed specialized committees in line with the Corporate Governance Regulations issued by the Board of the Capital Market Authority in order to assist the Board in performing its functions effectively and in accordance with the need of the Company and the nature of its business

These committees have been formed in accordance with general procedures set by the Board, which include determining the tasks of each committee, the duration of its work, the powers vested in it and the manner of the Board's control over it. Its work and recommendations are followed up by the Board of Directors periodically to verify the execution of works entrusted to it.

It was also taken into account the appointment of a sufficient number of non-executive members of the Board of Directors in the committees concerned with the tasks that may result in conflicts of interest, such as ensuring the integrity of financial and non-financial reports, reviewing the transactions of related parties, if any, nominating for membership of the Board of Directors, appointing senior executives, determining remuneration, etc.

The chairmen and members of these committees shall abide by the principles of honesty, integrity, loyalty, diligence and concern for the interests of the Company and its shareholders and put them in front of their personal interest.

Taking into account that all the current and former positions, qualifications and experiences of the members of the committees, whether from the Board of Directors or from outside the Board, have been indicated above.



Below is a summarized description of the subordinate committees and a statement of their members, responsibilities and meetings held throughout the year 2023.

1. Executive Committee

The Board of Directors of the Company shall form the Executive Committee of a number of its members, provided that their number shall not be less than three members in addition to the CEO of the Company. In this regard, a decision shall be issued by the Board of Directors specifying the names of the members of the Committee and the name of the Chairman of the Committee in order to devote more time and effort to discussing certain topics and making recommendations thereon to facilitate decision-making within the Board of Directors. The formation of the Executive Committee is as follows:

Members of the Executive Management

01

A. Yazid bin Khalid Al-Shathri - Non-Executive Member

Committee Chairman

02

A. Yazid bin Khalid Al-Shathri - Non-Executive Member

Member of the Committee

03

Eng. Ali bin Mohammed Al-Qahtani - Executive Member

Member of the Committee

04

Mr. Mohsen bin Hassan Al-Fahadi

Member of the Committee

Roles and Responsibilities of the Committee

The Executive Committee shall undertake all tasks and responsibilities that fall within the scope of its purposes and any other tasks and responsibilities referred to it by the Board of Directors, in particular the following

1. Managing and directing the business and affairs of the Company and inform the Board of Directors of decisions or actions taken by the Committee or those that require the Board's approval.
2. Discussing any subject within the functions of the Board of Directors without exception and submitting these recommendations to the Board of Directors to take appropriate decisions thereon, including, but not limited to, appointing advisory bodies and submitting recommendations to the Board of Directors regarding the nomination for membership of the Committee and the periodic review of the Committee's regulations.
3. Preparing an annual report to the Board of Directors on the work accomplished by the Committee.
4. Designing the matrix of powers in the Company and submitting it periodically to the Board of Directors for approval and review.
5. Reviewing periodic management reports, evaluating performance and reviewing and approving new investments or reinvestments before submitting them to the Board for approval.
6. Reviewing annual budgets and plans and investigate material differences related to budgets (if any) before they are presented to the Board of Directors.
7. Periodic review of capital expenditures, considering the Company's assets, reviewing investment plans in the Company's excess liquidity, discussing investment opportunities and expansion in addition to identifying the challenges facing the Company's operational activities to ensure the quality of products.



Table of attendance of the meetings of the members of the Executive Committee for 2023

Member	Number and Date of Meeting			
	Meeting No. 84: 30/11/2023	Meeting No. 83: 10/08/2023	Meeting No. 82: 24/05/2023	Meeting No. 81: 06/03/2023
Mr. Yazid bin Khalid Al-Shathri	✓	✓	✓	✓
Mr. Abdulaziz bin Abdulrahman Al-Khamis	✓	✓	✓	✓
Mr. Mohsen bin Hassan Al-Fahadi	✓	✓	✓	✓
Eng. Ali bin Mohammed Al-Qahtani	✓	✓	✓	✓

⊗ Apologetic ✓ Present

2. Audit Committee

The Audit Committee of Tabuk Cement Company is pleased to submit to its shareholders its annual report for the financial year ended 31/12/2023, which includes details of its performance of its functions, tasks, recommendations, opinion and the adequacy of the internal control, financial and risk management law applicable in the company in compliance with the provisions of paragraph (a) of Article (88) of the Corporate Governance Regulations issued by the Capital Market Authority on 18/01/2023.

Audit Committee Members

The Audit Committee, which was formed by a resolution of the 36th Ordinary General Assembly dated 29/12/2022, of its work in accordance with the regulations of the approved Audit Committee with experience and competence in financial, administrative and internal control affairs of the following gentlemen.

01

Mr. Tariq bin Khalid Al-Anqari
Committee Chairman

02

Mr. Ali bin Sulaiman Al-Ayed
Member of the Committee

03

Mr. Turki bin Abdulmohsen Alluhaid
Member of the Committee

04

Mr. Ahmed bin Ibrahim Hijan
Member of the Committee

Tasks and responsibilities of the Audit Committee

A . External Auditor and Financial Reports:

1. Reviewing and evaluating the qualifications, performance and independence of external auditors including the Lead Partner and other senior members of the independent auditor's team on an annual basis and obtaining annual recognition of such independence.
2. Reviewing the external auditor's plan, scope and approach.
3. Supervising the activities of the external auditors and approving any activity outside the scope of the audit work assigned to them during the performance of their duties.
4. Reviewing the comments or qualifications of the external auditor on the financial statements and following up the actions taken thereon.
5. Reviewing the report of the external auditor on the financial statements and the management letter.
6. Reviewing the interim and annual financial statements before presenting them to the Board of Directors and expressing an opinion and recommendations regarding their integrity and transparency.
7. Upon the request of the Board of Directors, the Committee shall provide its technical opinion on whether the annual report of the Board of Directors and the financial statements are fairly representative, consistent, understandable and contain an appropriate amount of information in order to enable shareholders and investors to evaluate the financial position of Tabuk Cement Company, the results of its operations, business models and strategies.
8. Reviewing with external auditors the extent to which changes or improvements in financial or accounting practices have been implemented.
9. Reviewing regularly with the external auditors any audit problems or difficulties encountered during the audit process, including any restrictions on the scope of activities of the external auditors or on obtaining the required information and management's response thereto.
10. Reviewing and discussing quarterly and annual press releases.
11. After approval by the Board of Directors, the abridged financial statements shall be approved, signed by an authorized member of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer, and disclosed to the shareholders within a period not exceeding (30) days from the end of the financial period covered by those statements.

B. Internal Audit:

1. Studying and reviewing the company's internal and financial control law and risk management law.
2. Reviewing internal audit reports and follow up the implementation of corrective measures in relation to the audit observations contained therein.
3. Monitoring and supervising the activities if the internal audit department of the Company ensures its effectiveness in carrying out the activities and duties specified by the Board of Directors. If the Company does not have an internal auditor, the committee shall submit its recommendation to the Board of Directors regarding the need for its appointment.

C. Auditor

1. Providing recommendations to the Board of Directors to nominate Auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
2. Verifying the independence of the Auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
3. Reviewing the plan of the Company's auditor and its activities, and ensuring that it does not provide any technical and administrative works that are beyond its scope of work, and providing its opinion thereon.
4. Responding to queries of the Company's auditor.
5. Studying the auditor's report and its comments on the financial statements and following up on what was taken regarding them.

D. Ensuring Compliance

1. Reviewing the results of any examinations by the supervisory bodies and ensuring that the Company has taken the necessary actions in relation thereto.
2. Ensuring that the Company has taken appropriate measures to comply with relevant laws, regulations, policies and procedures.
3. Reviewing the proposed contractual arrangements and transactions with related parties and providing its opinion to the Board of Directors regarding these arrangements and transactions.

E. Ethics and Fraud

1. The Committee shall make arrangements for the Company's employees to submit anonymous reports of concerns and comments in relation to financial reports and other matters. The Committee shall also ensure that procedures are effectively applied by conducting appropriate independent investigations regarding the extent of reported irregularities, errors, inaccuracies or violations and take appropriate follow-up action.
2. Ensuring that appropriate measures are taken to respond to any reported allegations or concerns, including obtaining external legal or technical advice where necessary.
3. Reviewing and evaluating the operations of Tabuk Cement Company to manage the Code of Ethical Conduct.

Table of attendance at the meetings of the members of the Audit Committee for 2023

Member	Number and Date of Meeting							
	Meeting No. 113: 18/12/2023	Meeting No. 113: 08/11/2023	Meeting No. 111: 12/09/2023	Meeting No. 110: 08/08/2023	Meeting No. 109: 16/07/2023	Meeting No. 108: 11/05/2023	Meeting No. 107: 02/03/2023	Meeting No. 106: 13/03/2023
Mr. Tariq bin Khalid Al-Anqari	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ali bin Sulaiman Al-Ayed	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Turki bin Abdulmohsen	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ahmed bin Ibrahim Hijan	✓	✓	✓	✓	✓	✓	✓	✓

⊗ Apologetic ⊙ Present

Results of annual audit for the internal control measures effectiveness in the Company

The Internal Audit Department of the Company carries out continuous audits to verify the effectiveness of the internal control law and procedures in protecting the Company's assets, evaluating work risks and measuring the efficiency of performance. The aforementioned audits did not show a material weakness in the internal control law of the company. On the other hand, the External Auditor evaluates this law within the task of reviewing the final financial statements of the company. The company enables it to view all the minutes of the meetings of the audit committee, the reports of the Internal Audit Department for the financial period/year and all the required documents.

Audit Committee's opinion on the adequacy of the internal control law:

The Audit Committee's evaluation of the Company's internal and financial control laws and controls did not show any material weakness, with the exception of some non-material observations that were reported in the various audit reports. The Internal Audit Department agreed with the concerned departments to implement its corrective actions.

On the other hand, the External Auditor usually evaluates this law as part of its audit of the Company's annual financial statements, where the company enables it to view all laws, policies, procedures, minutes of the Audit Committee meetings and reports of the Internal Audit Department for the financial period /year under examination.

3. Nomination and Remuneration Committee

It is a committee emanating from the Board of Directors of the Company. It consists of (3) three members appointed by the Board of Directors. It determines the term of their membership so that this term does not exceed the term of membership in the Board of Directors.

Members of the Nomination and Remuneration Committee

01

Mr. Mohsen bin Hassan Al-Fahadi
Committee Chairman

02

Mr. Musaed bin Khalid Al-Shathri
Member of the Committee

03

Mr. Abdulmohsen bin Sultan Al-Otaibi
Member of the Committee

Tasks and Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee undertakes all tasks and responsibilities that fall within the scope of its purposes as well as any other tasks and responsibilities referred to it by the Board of Directors, in particular the following:

1. Recommending to the Board of Directors the nomination for membership of the Board or its committees in accordance with the approved policies and standards.
2. The committee shall take into account many factors when evaluating members nominated for membership of the Board or committees, such as integrity, credibility, accountability, availability of

the necessary expertise, independence and leadership ability.

3. Annual review of the required needs for appropriate skills for membership of the Board of Directors and re-description of the capabilities and qualifications required for membership of the Board of Directors, including the determination of the time required by the member for the work of the Board of Directors.
4. Reviewing the structure of the Board of Directors and make recommendations on changes that may be made.
5. Ensuring annually the independence of independent members and making sure that there is no conflict of interest if the member is a member of the board of directors of another company.
6. Developing clear policies for the compensation and remuneration of members of the Board of Directors and senior executives, taking into account that these policies are developed according to standards related to performance.
7. Ensuring that there is an introductory program for new members of the Board or its committees.
8. Carrying out an annual evaluation of the performance of the Board and the performance of the members according to specific models approved by the Board of Directors based on the proposal of the Committee, and independent external parties may be used whenever needed.
9. Determining the necessary standards for the annual evaluation of the CEO of the Company and conducting an annual evaluation of the performance of the CEO of the Company.

Members of the Governance Committee

Member	Number and Date of Meeting			
	Meeting No. 36: 13/12/2023	Meeting No. 35: 06/07/2023	Meeting No. 34: 06/03/2023	Meeting No. 33: 01/02/2023
Mr. Mohsen bin Hassan Al-Fahadi	✓	✓	✓	✓
Mr. Musaed bin Khalid Al-Shathri	✓	✓	✓	✓
Mr. Abdulmohsen bin Sultan Al-Otaibi	✓	✓	✓	✓

⊗ Apologetic ✓ Present

4. Governance Committee

It is a committee emanating from the Board of Directors of the Company. It consists of (4) four members appointed by the Board of Directors. It determines the term of their membership so that this term does not exceed the term of membership in the Board of Directors.

Members of the Governance Committee

01

Mr. Tariq bin Khalid Al-Anqari
Committee Chairman

02

Mr. Yazid bin Khalid Al-Shathri
Member of the Committee

03

Mr. Mohsen bin Hassan Al-Fahadi
Member of the Committee

Roles and Responsibilities of the Governance Committee

The Governance Committee undertakes all tasks and responsibilities that fall within the scope of its purposes and any other tasks and responsibilities referred to it by the Board of Directors, in particular the following:

1. Developing the Company's governance rules (Governance Regulations), reviewing and updating its rules in accordance with the statutory requirements and best practices and verifying the Company's compliance with those rules.
2. Reviewing the governance regulations issued by the Capital Market Authority and ensuring that the Company's regulations comply with them and that the members of the Board of Directors always keep abreast of developments in the field of corporate governance and best practices.

3. Reviewing and developing professional codes of conduct that represent the values of Tabuk Cement Company as well as other internal procedures to meet the needs of the Company.
4. Ensuring that all written and approved policies and procedures of the Company are in accordance with the applicable compliance rules, updating the policies and procedures for compliance and reviewing the reports of the Company's departments sent to the regulatory authorities.
5. Identifying and evaluating the main risks facing the Company, supervising the Company's risk management law, evaluating its effectiveness, and developing mechanisms and measurement to follow up on the risks that the Company may be exposed to.
6. Developing a comprehensive risk management strategy and policies commensurate with the nature and size of the Company's activities, and verifying their implementation, reviewing and updating it based on the internal and external variables of the Company.
7. Determining and maintaining an acceptable level of risk to which the Company may be exposed, verifying that it is not exceeded by the Company, and conduct stress tests to restore the Company's ability to bear and be exposed to risks periodically.
8. Verify the feasibility of continuing the company and continuing its activity successfully while identifying the risks that threaten its continuation during the next twelve months.
9. Preparing detailed reports on the Company's exposure to risks and the proposed steps to manage these risks and submitting them to the Board of Directors.
10. Working to ensure the availability of adequate resources and laws for risk management and making recommendations to the Board on issues related to risk management.
11. Reviewing the organizational structure of risk management and making recommendations thereon prior to its approval by the Board of Directors and verifying the independence of risk management staff from activities that may give rise to the Company's exposure to risks.
12. Reviewing the issues raised by the Audit Committee that may affect the Company's risk management.

Table of attendance at the meetings of the members of the Governance Committee for 2023

Member	Number and Date of Meeting	
	Meeting No. 06: 08/11/2023	Meeting No. 05: 24/07/2023
Mr. Yazid bin Khalid Al-Shathri	✓	✓
Mr. Tariq bin Khalid Al-Anqari	✓	✓
Mr. Mohsen bin Hassan Al-Fahadi	✓	✓

⊕ Attendance ⊖ Present

Transactions with Related Parties

The Company confirms that during the financial year 2023, no contracts, deals or transactions were concluded to which Tabuk Cement was a party and in which there was an interest for any of the members of the Board of Directors or for any of the members of the committees from outside the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, any of the senior executives of the Company, or with any person related to any of them.

Results of governance practices during 2023

The Board of Directors was keen to establish an effective governance law and consider it an integral part of the Company's administrative and financial law. The governance law organizes internal work by clarifying the relationship between the Board of Directors and the Shareholders' Assembly on the one hand, and the Board of Directors and the Executive Management on the other. The governance system also organizes external work by managing its relations with government sectors, legislative bodies, suppliers and contractors in order to achieve high efficiency and effectiveness that ensures the achievement of the Company's strategic and operational objectives. The Company is keen on comprehensiveness of regulations and business rules related to transparency, responsibility, justice and independence in order to comply with the provisions of the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations issued by the Board of Directors of the Capital Market Authority and other relevant regulations and legislation in force in the Kingdom of Saudi Arabia, while taking advantage of the best local and global practices applied in this field.

The Company also received the Excellence Award in the Corporate Governance Index for companies listed on the Saudi Stock Exchange from the Corporate Governance Center at Al-Faisal University. This comes as a result of the Company's commitment to applying the best good governance practices.

The following table indicates the latest developments in the Company's application of the guidance materials

Article No.	Article/ Paragraph Text	Reasons and details
Article 67: Risk Management Committee (Indicative Article)	A committee called Risk Management Committee shall be formed by a resolution of the Board of Directors. The Chairman and the majority of its members shall be non-executive members of the Board of Directors, provided that its members shall have the appropriate knowledge of risk management and financial management.	The Governance Committee has been formed, and the Governance Committee performs the functions of the Risk Management Committee
Article 85: Motivation of Employees (Indicative Article)	<ol style="list-style-type: none"> Forming committees or holding workshops to listen to the views of the employees of the company and discuss the issues and topics that are the subject of important decisions. Programs to grant employees shares in the company or a share of achieved profits and retirement programs, and establishment of an independent fund to spend on those programs Establishing social institutions for employees of the company 	Although the article is indicative, the company is keen to provide a safe and healthy work environment for all its employees and is constantly studying ways to raise the degree of loyalty by intensifying incentive programs in the coming years. The employees were met by the company's management and a special email was placed for the employees to communicate with the board of directors
Article 87: Social Responsibility (Indicative Article)	The Ordinary General Assembly, upon the proposal of the Board of Directors, shall establish a policy that ensures the balance between its goals and the goals that society seeks to achieve, with the aim of developing the social and economic conditions of society	The company's efforts in the field of social responsibility are disclosed within the annual report of the Board of Directors, and there is a special work team to supervise and implement these programs and initiatives, and the Board will present this matter to the General Assembly whenever it deems necessary.
Article 88: Social Work Initiatives (Indicative Article)	<ol style="list-style-type: none"> Develop measurement indicators that link the company's performance to its initiatives in social work and compare this with other companies with similar activity. Develop awareness programs for the community to introduce the social responsibility of the company 	Indicative Article

Sixth: Shareholders' Equity and General Assembly

The articles of association of Tabuk Cement Company and its governance law guarantee the shareholder several points, provided that all rights related to the share are proven to the shareholders, namely:

1. The right to receive a share of the profits to be distributed.
2. The right to obtain a share of the Company's assets upon liquidation.
3. The right to attend ordinary or extraordinary assembly meetings, participate in the deliberations and voting on resolutions.
4. The right to dispose of shares, monitor the work of the Board of Directors and file a liability lawsuit against the members of the Board.
5. The right to inquire and request information in a manner that does not harm the interests of the Company and does not conflict with the Capital Market Law and its Executive Regulations
6. The company allows the participation of the largest number of its shareholders in the general assembly meeting. It is keen to select the appropriate time and place to hold it. In addition, it adopts a remote voting system to make it easier for its shareholders to exercise the right to vote.

The articles of association of Tabuk Cement Company and its governance law also stipulate the provisions related to the general assembly of shareholders, which include the following procedures and precautions:



1. Ensuring that all shareholders exercise their statutory rights and that the General Assembly is the highest authority in the company.
2. Exclusive powers including appointment and dismissal of members of the Board of Directors.
3. Monitoring the work of the Board of Directors and the right to inquire and request information in a manner that does not harm the interests of the Company and does not conflict with the Capital Market Law and its Executive Regulations and approving the consolidated financial statements, appointing the auditor and determining his fees, approving the distribution of profits recommended by the Board of Directors, increasing or decreasing the capital of the company, and amending the Articles of Association of the Company.

Disclosure and Transparency Policy

Within its awareness of the rights of shareholders and investor relations and strengthening its relationship with its shareholders and all its investors and stakeholders and preserving their rights, and believing in the importance of corporate governance aimed at protecting shareholders' rights and enhancing internal control by activating the role of the Board of Directors and its committees and adhering to the principle of disclosure and transparency, Tabuk Cement Company continued during the year 2020 to abide by the Corporate Governance Regulations issued by the Saudi Capital Market Authority and other relevant regulations.

Accordingly, Tabuk Cement Company shall:

1. Not limit its statutory disclosures to the Company's performance and financial results, but the disclosure shall include all information that may be of interest to the Company's shareholders, investors and stakeholders, as required by the relevant regulations and good international practices adopted by the Company in the field of governance and transparency.
2. Include shareholders' rights in the Company's articles of association and governance manual.
3. Enable shareholders and investors to obtain information, as the Company publishes financial reports, announcements and substantive news through the Capital Market website "Tadawul", daily newspapers and the annual report of its Board of Directors.
4. Establish a special department in the Company to follow up the shareholders' affairs and respond to their inquiries related to unreceived profits or others.

Number of Company's requests for shareholder register	Request Date:	Reasons for Request
1	2023/05/04	General Assembly
2	2023/10/25	Other

Acknowledgments of the Board of Directors

1. The Board of Directors of Tabuk Cement Company acknowledges the following:
2. The accounting records have been prepared correctly.
3. The internal control system was prepared on sound foundations and implemented effectively.
4. There is no significant doubt regarding the Company's ability to continue its activity.
5. There are no sanctions, penalties or precautionary restrictions imposed on the Company by the Capital Market Authority or by any other supervisory, regulatory or judicial authority.
6. The financial statements of the Company have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants, and in accordance with the relevant requirements of the Companies Law and the Articles of Association of the Company in connection with the preparation and publication of the financial statements.
7. There are no shares or debt instruments issued to a subsidiary because the company does not have a subsidiary.
8. The company does not have treasury shares held during 2023.
9. The company is committed to working to protect the rights of shareholders and not to distinguish between shareholders who own the same category of shares and not to withhold any right from them in order to ensure fair treatment for all shareholders.
10. The Company did not develop any action which may hinder the use by the Shareholder of its right to vote.
11. The company did not provide any cash loan of any kind to any of its board members, nor did it guarantee any loan contracted by any of its board members with third parties.
12. There is no interest in the category of voting shares belonging to persons (other than members of the Board of Directors, senior executives and their relatives) who informed the Company of those rights during 2023.
13. The Company does not have convertible debt instruments and any contractual securities, subscription right notes or similar rights issued or granted by the Company during 2023.

14. There are no transfer or underwriting rights under convertible debt instruments, contractual securities, underwriting notes or similar rights issued or granted by the Company during 2023.
15. There is no redemption, purchase or cancellation by the Company of any redeemable debt instruments of the Company.
16. There are no recommendations by the Audit Committee that contradict with the resolutions made by the Board of Directors, or recommendations that the Board refused to take into account regarding the appointment and dismissal of the auditor of the Company, the determination of its fees and the evaluation of the internal auditor.
17. During the financial year 2023, the external auditor of the Company did not provide any advisory services to the Company and did not receive any fees in this regard.
18. The Company did not receive from the Auditor a request to hold the General Assembly during the financial year ended and it has not been held.
19. There are no material subsequent events affecting the integrity of the financial position of the Company and the results of its operations that occurred after the end of the year and have not been clarified, except what is included in this report.
20. The Board of Directors acknowledges that there is a loan on the Company in favor of Bank Albilad.
21. There are no debt instruments convertible into shares or any option rights, underwriting right notes or similar rights issued or granted by the Company during the financial year.
22. There are no subsidiaries of the Company inside or outside KSA.
23. There is no interest and option rights belonging to the Company's members of the Board of Directors, senior executives, their spouses, minor children, parents and relatives in shares or debt instruments.
24. There are neither debt instruments that are convertible into shares nor debt instruments that are redeemable.
25. There is no arrangement or agreement made under which a shareholder of the Company has waived any rights of the dividends.
26. There are no investments or other reserves created for the benefit of the Company's employees.

Summary of the company's financial performance

Statement of Financial Position

Statement	2019	2020	2021	2022	2023	التغير
Current Assets:						
Cash at banks	14,104,701	20,693,362	22,882,531	20,672,004	26,894,267	0.30
Short-term investments		20,000,000	25,200,000	26,281,687	10,000,000	0.62-
Time deposits (investments for more than 3 months)			-	-	-	
Receivables - Net	8,210,899	6,234,814	7,977,607	17,627,304	23,677,340	0.34
Prepaid expenses and other assets	1,582,666	4,684,631	1,351,321	791,406	580,184	0.27-
Other debit balances	2,818,988	3,694,444	9,889,102	11,506,663	13,225,168	0.15
Inventory	299,661,317	285,063,097	292,949,241	258,517,543	282,355,709	0.09
Total Current Assets	326,378,571	340,370,348	360,249,802	335,396,607	356,732,668	0.06
Non-current Assets:						
Long-Term Investments	-	-	-	-	-	
Investments in equity instruments (through other comprehensive income)	270,958,000	281,288,274	283,140,949	295,201,417	287,111,819	0.03-
Fixed Net Asset Value	1,127,243,138	1,065,784,188	1,007,993,279	959,119,151	907,970,529	0.05-
Investment properties	79,881,137	77,464,847	72,279,440	72,279,440	72,279,440	0.00
Capital work-in-progress	-	-	-	-	-	
Intangible assets	4,205,434	5,043,683	4,762,692	4,874,048	5,959,378	0.22
Net Deferred Expenses	-	-	-	-	-	
Derivative instrument	-	-	-	-	7,179,800	
Right to use an asset	5,256,830	3,566,366	1,705,654	-	6,422,212	
Total non-current assets	1,487,544,539	1,433,147,358	1,369,882,014	1,331,474,056	1,286,923,178	0.03-
Total Assets	1,813,923,110	1,773,517,706	1,730,131,816	1,666,870,663	1,643,655,846	0.01-
Liabilities and Shareholders' Equity:						
:Current Liabilities						
Current portion of lease obligation	1,645,854	1,881,295	1,772,419	-	1,725,597	
Short Term Loans/Current portion of Long Term Loan	95,206,325	63,470,883	63,470,883	63,470,883	63,470,883	0.00
Payables	20,272,673	19,427,291	16,376,937	12,223,887	17,049,002	0.39
Other Credits	50,771,497	39,870,370	26,892,160	19,049,299	20,262,324	0.06
Dividends due to shareholders	124,636,545	121,694,374	121,079,857	120,371,949	119,691,529	0.01-
Dividends proposed to be distributed to shareholders	-	-	-	-	-	
Provision for Sharia Zakat	4,018,930	10,156,261	6,956,392	6,683,401	11,466,807	0.72
Total Current Liabilities	296,551,824	256,500,474	236,548,648	221,799,419	233,666,142	0.05
Non-current liabilities:						
Long Term Loan	309,420,556	252,000,653	210,212,689	151,471,216	91,591,185	0.40-
Provision for end of service benefits	16,852,045	14,216,404	15,923,026	16,135,397	17,377,129	0.08
Non-current portion of lease obligation	3,604,412	1,772,419	-	-	4,843,628	
Total non-current liabilities	329,877,013	267,989,476	226,135,715	167,606,613	113,811,942	0.32-

Statement	2019	2020	2021	2022	2023	التغير
:Shareholders' equity						
Capital	900,000,000	900,000,000	900,000,000	900,000,000	900,000,000	0.00
Statutory reserve	222,588,069	227,745,646	229,521,378	231,618,097	233,592,463	0.01
Fair value variance reserve	101,609,250	111,939,524	113,792,199	125,852,667	124,942,869	0.01-
Retained Profit (Loss)	-36,703,046	9,342,586	24,133,876	19,993,867	37,642,430	0.88
Total Shareholders' Equity	1,187,494,273	1,249,027,756	1,267,447,453	1,277,464,631	1,296,177,762	0.01
Total liabilities and shareholders' equity	1,813,923,110	1,773,517,706	1,730,131,816	1,666,870,663	1,643,655,846	0.01-

Statement of Profit or Loss and Other Comprehensive Income

Description	2019	2020	2021	2022	2023	التغير
Net Sales	238,663,555	276,454,772	228,529,275	297,549,464	265,083,135	0.11-
:Less						
Cost of Sales	184,084,981-	208,207,773-	-179,919,725	-234,115,479	-211,928,173	0.09-
Gross Profit	54,578,574	68,246,999	48,609,550	63,433,985	53,154,962	0.16-
:Less						
Selling and Marketing Expenses	8,526,180-	2,951,585-	-3,046,032	-3,787,430	-4,681,112	0.24
General and Administrative Expenses	18,711,045-	20,354,578-	-21,652,001	-23,226,783	-26,677,736	0.15
Total Selling and Marketing Expenses	-27,237,225	23,306,163-	-24,698,033	-27,014,213	-31,358,848	0.16
Other Expenses	-320,783	-	-	-237,429	-	1.00-
Inventory Reversal /Impairment Losses	9,647,520	-	-	-	-	
Other Revenues	6,237,905	8,175,384	10,899,132	-	6,917,251	
Dividends Investments in equity instruments at fair value through other comprehensive income	5,080,463	-	-	-	5,080,463	
Net other income and expenses	20,645,105	8,175,384	10,899,132	-237,429	11,997,714	51.53-
Net operating profit/ loss	47,986,454	53,116,220	34,810,649	36,182,343	33,793,828	0.07-
Deposit income	317,901	54,087	827,091	235,102	900,347	2.83
Finance Cost	-24,780,605	-11,274,890	-7,019,208	-7,580,146	-5,296,193	0.30-
Effect of adjusting cash flows of a financial liability	-	17,750,601	-5,815,199	-4,729,410	-3,590,852	0.24-
Net income for the year before Zakat provision	23,523,750	59,646,018	22,803,333	24,107,889	25,807,130	0.07
:Less						
Reflect zakat provision	4,684,980	0	-	-		
Provision for Sharia Zakat	4,018,930-	8,070,246-	-5,046,012	-3,140,701	-6,063,468	0.93
Net income (loss) for the year	24,189,800	51,575,772	17,757,321	20,967,188	19,743,662	0.06-
Items that will not be classified later in profit and loss						
Other Comprehensive Income /(Loss)						
Actuarial gains from remeasurement of employees' end of service liability	1,906,630	372,563-	-1,190,299	-510,478	-120,733	0.76-
Unrealized gain on remeasurement of investments in equity instruments at fair value	0	10,330,274	1,852,675	12,060,468	-8,089,598	1.67-
Items that may be reclassified later in profit and loss						
Movement in fair value of cash flow hedges	0	0	-	11,146,526	-3,966,726	
Total Comprehensive Income	26,096,430	61,533,483	18,419,697	43,663,704	7,566,605	0.83-
Profitability / (loss of basis and reduced from net profit / (loss) for the year	0.27	0.57	0.20	0.23	0.22	0.06-
Basis profit / (loss) reduced from total profit / (loss) comprehensive income for the year	0.29	0.68	0.20	0.49	0.08	0.83-
	0.10	0.19	0.08	0.07		

Investments					
Short Deposits	-	20,000,000	25,200,000	26,281,687	10,000,000
Time Deposits	-	-	-	-	-
capacity	270,958,000	281,288,274	283,140,949	295,201,417	287,111,819
Total	270,958,000	301,288,274	308,340,949	321,483,104	297,111,819

Income Statement 2023	Change	Significant differences in operational items from last year
		Reasons
Net Sales	(0.11)	Decrease in quantity and value of sales
:Less		
Cost of Sales	(0.09)	Decrease in sold quantities
Gross Profit	(0.16)	Result of the above
:Less		
Selling and Marketing Expenses	0.24	High wages and multiple visits to markets and customers
General and Administrative Expenses	0.15	.High values of its constituent items
Total Selling and Marketing Expenses	0.16	As a result of the above
Other Expenses	(1.00)	
Reversal/ (Impairment Losses) in Inventory Value		
Other Revenues		of rents for part of the company's assets
Dividends Investments in equity instruments at fair value through other comprehensive income		
Net other income and expenses	(51.53)	Failure to sell company's assets during the year and effectively exploiting the company's assets
Net (0) /Operating Profit	(0.07)	of lack of sales quantity and value
Deposit income	2.83	Increased liquidity invested in deposits
Finance Cost	(0.30)	Activation of hedging agreement at the beginning of 2022
Effect of adjusting cash flows of a financial liability	(0.24)	Rescheduling the loan balance on March 15, 2020 and calculating the losses of a financial obligation against the profits of the year 2020
Net income for the year before Zakat provision	0.07	As a result of the above
:Less		
Reversal of zakat provision		
Provision for Sharia Zakat	0.93	As a result of the decrease in the liabilities required by the company (loan - the right to use an asset)
Net income (loss) for the year	(0.06)	As a result of the above
Items that may subsequently be reclassified to profit and loss		
Other Comprehensive Income/ (Loss)		
Recalculation of end of service indemnities	(0.76)	Value of actuarial profits (losses) - from the actuary's report
Unrealized gain on remeasurement of investments in equity instruments at fair value	(1.67)	Value of profit (loss) on revaluation of investments in equity instruments at fair value
Total Comprehensive Income	(0.83)	As a result of the above

Item	2023	2022	2021	2020	2019
Clinker Production	1471785	1,218,309.00	1,249,856.00	1,445,198	1,476,139
Cement - Production	1626059	1,794,580.00	1,497,930.00	1,742,525	1,222,033
Sales - Tons	1619365	1,803,348.00	1,494,480.00	1,734,834	1,220,906
Sales Value	264846615	297,451,184.00	228,417,352.00	276,438,072	215,134,149
Cement Dust Sales Value	236520	98,280.00	111,923.00	16,700	17,500
Total - Report		297,549,464	228,529,275	276,454,772	215,151,649
Clinker Sales (Tons)	0	118,985.00	25,500.00	0	202,470
Clinker Stock/Ton	1293040.49	1,326,327.00	1,876,610.00	1,994,858	2,094,795
Cement Stock/Ton	54700	49,924.00	63,212.00	64,091	56,400

Manpower	2023	2022	2021	2020	2019
Saudi	196	197	198	172	172
Non-Saudi	182	180	168	192	192
	378	377	366	364	364
				276,454,772	238,663,555

Item	2023	2022	2021	2020	2019
Tabuk and Neom Region	226,350,309.35	199,486,773.94	135091822	152,264,288.00	177,352,501.63
Western and Northern Regions	260,511.20	20,618,933.60	25477086	53,069,856.00	11,864,888.84
Central Region	-	-	3227666	5,671,848.00	-
Medina and Al-Ula	28,192,050.60	52,580,732.60	57215353	33,228,484.00	20,797,363.86
Tasdeer	10,001,850.74	24,823,936.66	7405439	32,203,597.00	28,648,800.52
Total	264,804,722	297,510,377	228,417,366	276,438,073	238,663,555

Region	2023	2022	2021	2020	2019
Zakat, Income and Customs Authority	6063468	3,140,701.00	7,146,999.00	8,070,246	4,018,930
Ministry of Petroleum and Mineral Resources	2926652	1,057,156.00	9,643,027.00	9,323,027	6,377,959
GOSI	357290.68	523,512.00	3,723,019.00	296,769	255,512

Activities' Outcomes

Statement	2023	2022	2021	2020	2019
Gross Profit	53154962	63,433,985.00	48,609,550.00	68,246,999.00	54,578,574.00
Total Marketing and Administrative Expenses	-31358848	-27,014,213.00	24,698,033.00-	23,306,163.00-	27,237,225.00-
Net Income and Other Expenses	1197714	-237,429.00	10,899,132.00	8,175,384.00	20,645,105.00
Financing Liabilities and Costs	-7086351	-12,309,556.00	12,007,316.00-	6,529,798.00	24,462,704.00-
Net income before Sharia zakat	25,807,130	24,107,889.00	22,803,333.00	59,646,018.00	23,523,750.00
Sharia zakat	-6063468	-3,140,701.00	5,046,012.00-	8,070,246.00-	4,018,930.00-
Annual Net Income	19,743,662	20,967,188.00	17,757,321.00	51,575,772.00	24,189,800.00
Comprehensive Annual Income	7566605	43,663,704.00	18,419,697.00	61,533,483.00	26,096,430.00
Total Shareholders' Equity	1296177762	1,288,611,157.00	1,267,447,453.00	1,249,027,756	1,187,494,273

Sales Distribution for the Year 2023

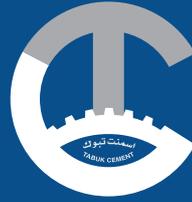
Sr.	Region		Quantity (Tons)	Total Qty (Tons)	Average Price (SAR)	Value (SAR)	
1	Tabbuk	Amlaj		911,701.11	1,249,856.00	139,190,674.25	0.53
		Albbeda'					
		Alwajeh	6,645.68				
		Tabouk	787,762.37				
		Temaa	42,957.64				
		Amalah	74,335.42				
		Shruma					
		Dhhebaa					
2	NEOM Region	NEOM and Jabal al-Lawz	414,619.06	414,619.06	210.22	87,159,635.10	-
3	Tasdeer		72,008.38	72,008.38	138.90	10,001,850.74	0.04
4	Central Region		-	-	-	-	-
5	Northern Region		781.98	781.98	109.99	86,010.80	0.00
6	Western Region	Mecca	1,300.96	1,300.96	134.13	174,500.40	0.00
7	ALmadinah	Al-Ula	40,634.90	218,953.40	128.76	28,192,050.60	0.11
		ALmadinah Almunawwarah	178,318.50				
			1,619,364.89	1,619,364.89	163.52	264,804,721.89	

Conclusion

At the conclusion of our report, the Chairman and members of the Company's Board of Directors are pleased to extend their sincere thanks and appreciation to the Ministry of Trade and Investment, all relevant government departments, and the Capital Market Authority for their support and continued cooperation with the company, which has had a great impact on the company's progress and prosperity, to the Company's esteemed shareholders for their support and trust and to all the Company's employees for their fruitful efforts over the past year. At the conclusion of our report, the Chairman and members of the Company's Board of Directors are pleased to extend their sincere thanks and appreciation to the Ministry of Trade and Investment, all relevant government departments, and the Capital Market Authority for their support and continued cooperation with the company, which has had a great impact on the company's progress and prosperity, to the Company's esteemed shareholders for their support and trust and to all the Company's employees for their fruitful efforts over the past year.



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