



# ANNUAL REPORT 2022



**HCC**  
أسمنت حائل  
Hail Cement

DECEMBER 31, 2022

HCC



# الأسمنت الحائل القديم القديم

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## Overview :

The year 2022 AD was a witness to the commitment of Hail Cement firmly to excellence and its dealings with economic challenges and variables, and the continued plans to document its leading position regionally and provide the product in high quality and continue to improve its performance by its management and employees towards all parties with interest. The philosophy of Hail Cement in its achievements comes to focus on integration and prior planning towards the sustainability of the methodology of achievement in a systematic institutional work centered on its strategic pillars.



Where **environmental, health, security and safety** initiatives for the year 2022 AD focused on emissions control, maintaining employee health, and enhancing the security and safety environment.



On the other hand, **human resources** initiatives contributed to reaching a high participation rate for employees that come in parallel with effective internal communication initiatives that work within the best methods of managing change and stimulating the organization's association and values with an attractive and digital work environment that covers the entire employee experience automatically through the latest versions of the Success Factor system.



In the side of **operations**, Hail Cement has succeeded in raising the rate of automation of operations in the institution's resource planning system through the latest versions of the Sap S4Hana system linked to a cloud control panel that contributes to enhancing analysis, report and planning for operational operations, and Hail Cement also worked to raise the efficiency of the administrative structure in a way that contributes to Integration and empowerment of institutional risk management, governance and internal audit, and linking all the outputs of the departments to a guide to measuring performance indicators that translate the highest efficiency of the company's operational operation.



At the level of **customers and marketing**, Hail Cement strategies in the leadership position of the brand in the region led in several systematic initiatives that contributed to the company obtaining many privileges and appreciation for the brand and sales growth and reflected in raising its market share.



As a result; On the **financial** level, the year 2022 AD was witnessed the highest revenue record of Hail Cement Company, with a continued focus on control and cost management.

# 1. cement hail About

## 1.1 Activity

The capital of Hail Cement is 979,000,000 million Saudi Riyals. Divided into 97,900,000 issued and fully paid shares at SAR 10 per share.



The purposes for which the company was established are the manufacture and production of cement and its accessories and derivatives and components, and trading in it inside and outside the Kingdom of Saudi Arabia, and managing and operating cement factories of all kinds, and for this it has the practice of mining and quarrying and everything that enables the company to obtain raw materials for the cement industry such as limestone Clay, gypsum, iron, kaolin, sand, silica sand ore, and other materials needed for the manufacture of cement. To achieve this purpose, it has the right to conclude all types of contracts, and to practice all aspects of activities that achieve its purposes, such as the practice of transporting cement, raw materials and all materials related to the cement industry. The company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

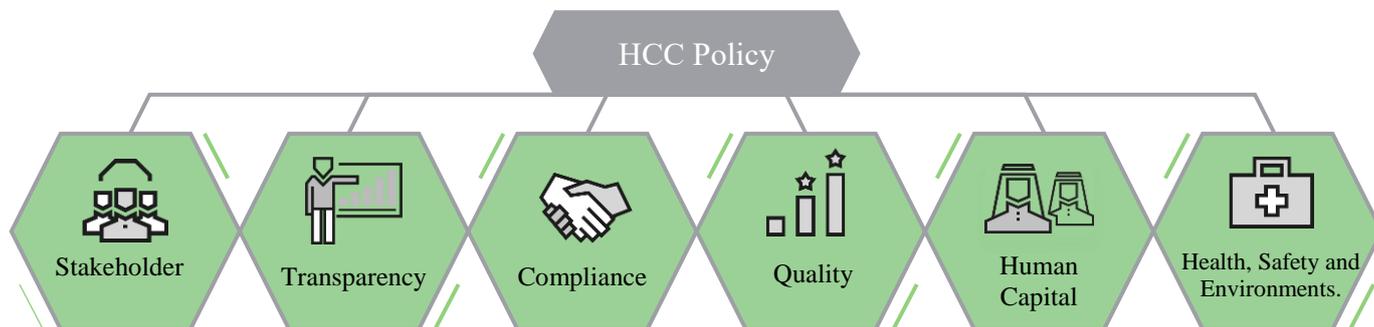


- The establishment of Hail Cement Company was a pioneering step, targeting an investment in the cement industry of all kinds and its derivatives, in accordance with the highest Saudi and international standards and working to provide the market needs. Since its inception in 2010, it has intensified its efforts to keep pace with customers' needs and meet their requirements and has made creativity and innovation its way of working and its relentless pursuit of sustainable growth. Today, Hail Cement is undergoing a transformation process to take advantage of the latest waves of change.
- There are no affiliated companies.

## 1.2 Policy Company

Hail Cement believes in basic principles that cannot be overthrown by major industrial businesses or achieve goals, growth, and development without adhering to them.

These principles include:



Maintaining a balanced relationship with customers, suppliers and stakeholders, preserving everyone's rights and improving work methods.

Adherence to the principle of transparency and building bridges of communication with investors and success partners in a way that preserves their rights to participate in supporting the company's march towards better horizons.

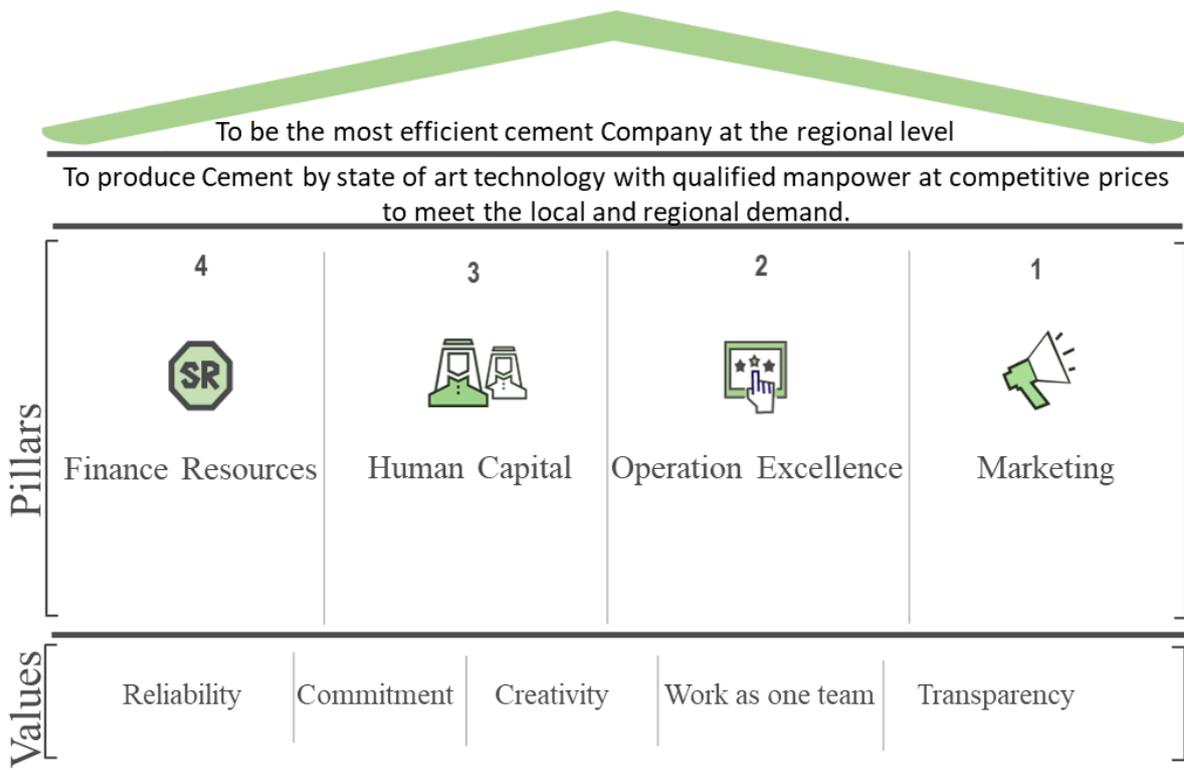
Adherence to the legal framework and all governance controls, references and legal documents, and works on all recommended means to maintain the quality of statutory performance.

Commitment to the highest standards of product quality and quality of technical and management practices of the company's operations and activities.

Applying a high level of investment in human resources, attracting qualified cadres, and working on sustainable development, training, motivation policy, and spreading teamwork culture.

Adhere to standard practices in health, safety and environment systems and standards, keep abreast of any developments and updates at the local and global levels, and carry out continuous improvement and development.

### 1.3 Strategy Company



### 1.4 Expectations Future

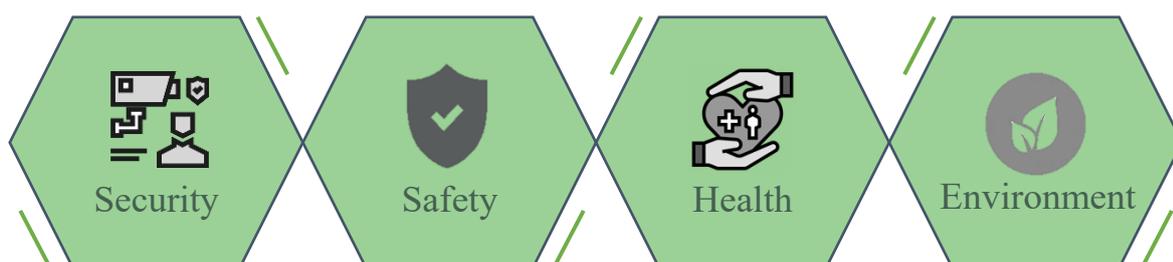
At a time when the world lives in various economic challenges and circumstances, it has caused shrinkage of local products in many countries, and a decline in economic growth in others, the Kingdom seeks to achieve its targets in the Kingdom's 2030 vision, and proceed to support the economy with various non -oil resources, and the exploitation of all opportunities Available.

To achieve the major Saudi projects that were presented within the vision program and the progress they are witnessing during the past years, as the features of many of them began to emerge. The major projects also highlight the Kingdom's efforts towards economic, social and cultural diversification, and each of these projects will open new areas of economic activity, create job opportunities, and push economic development in line with the vision, whether

these projects are in the stage of awarding, design or starting implementation, they are It will provide many opportunities through the entire supply chains, and on these data, Hail Cement expects that the demand for cement will be in the coming years at an escalating pace by leading these projects and that the local demand for cement will grow during 2023 by 3% for what was achieved during 2022.

## 1.5 Environment, Health, Safety, Security, and Quality

Hail Cement seeks to apply the best standards in conducting all operations, motivating this trend among all who work for it or with it. In line with this ambition, it believes that business is responsible for achieving good practices for the environment, health, safety, security and quality, and carrying out all its business in a sustainable manner.



- |  |   |  |   |
|--|---|--|---|
| <ul style="list-style-type: none"> <li>• Fire combat training programs.</li> <li>• Training on emergency response plans.</li> <li>• Daily monitoring of the sites through security cameras</li> <li>• 3 minutes to extinguish the fire.</li> </ul> | <ul style="list-style-type: none"> <li>• 875 audits were carried out.</li> <li>• 5,500 Safety Report Program.</li> <li>• Implementation of the 1,000 STOP program.</li> <li>• Implementing more than 6 safety workshops.</li> </ul> | <ul style="list-style-type: none"> <li>• Annual medical examination for employees.</li> <li>• Influenza vaccination program.</li> <li>• Make more than 4 hypotheses to ensure the ambulance arrival at the site on time.</li> <li>• Resurrective examination programs.</li> <li>• First aid training.</li> </ul> | <ul style="list-style-type: none"> <li>• Emissions management with better rates than regular standards.</li> <li>• Enhancing vegetation and green areas.</li> <li>• Renewal of the environmental permit.</li> <li>• Implementing 13 cleaning initiatives for different sites inside and outside the area.</li> <li>• Implementing best practices to preserve the surrounding environment</li> </ul> |
|--|---|--|---|



## 1.6 Responsibility Social Corporate

Hail Cement has adopted social responsibility for specific principles that ensure the sustainable impact of serving the local community in line with its policy and strategy by applying the best standards and practices in conducting all operations, and supported by several basic principles that include: -

To be compatible with the company's strategy.

Not to be inconsistent with the values and characteristics of society.

To be a methodology that enhances sustainability.

The initiatives should have a direct societal impact.

Hail cement works to develop the support of the local community, through innovative and sustainable initiatives and projects that reach the beneficiaries and touch their needs, through four main tracks:

- Environmental protection: maintaining the safety and environment level in the company, reducing pollution and supporting environmental initiatives.
- Commanding the community: Through partnership with various parties in purposeful awareness programs.
- Health and quality of life: providing support for health and recreational care programs that contribute to improving the quality of life.
  - Creativity and innovation: developing the spirit of scientific research and supporting unique and distinguished initiatives.

## Social Responsibility Initiatives for 2022

partnership	initiative
Ministry of Human Resources and Social Development in Hail	Volunteer Forum4
Safaneh Health charity	Al Khair Medical Clinic
Aja charity	Hail Cement Training Program for Cement Crafts
Baqa'a governorate	Darb Zubaydah Camp
Civil Defense in Hail	International Civil Defense Day in the region of Hail
Deaf hail	Sponsor Deaf hail
Hail Region Development	National day 92



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## 2. performance operating of Summary

### 2.1 Products Cement Hail

#### Ordinary Cement OPC:

It is considered the most widespread type of cement around the world due to its toughness and durability as it is compatible with all uses that do not require specific specifications, and ordinary Portland cement is produced in compliance with the Gulf specifications and standards and Saudi Arabia No. SASO.GSO 1914 (type-I) / 2009

#### The uses

Construction works such as foundations, columns and concrete bridges.

Casting for tiles, floors, concrete slabs and rails.

All applications that do not require a special type of cement.

#### Features

Resistance to compressive power and cracks.

Rapidly gaining strength

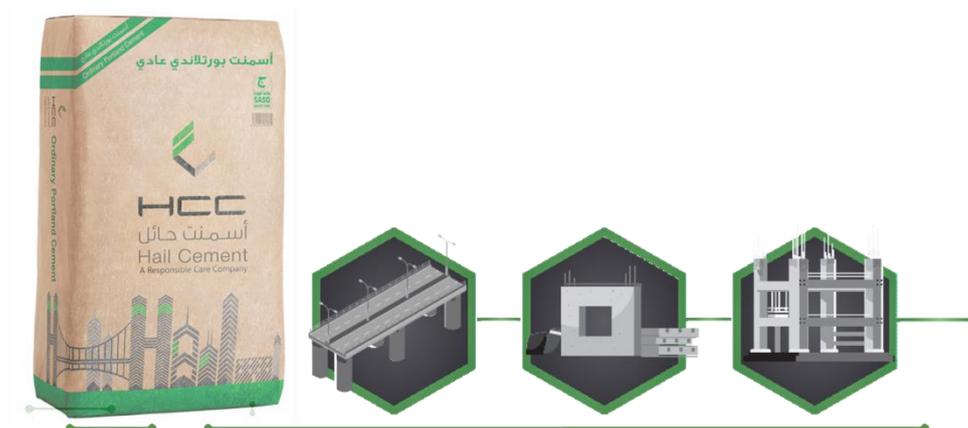
#### Properties

Primary doubt time	130 minimum limit	Minutes
Final doubt time	300 maximum limit	
Pressure power after 7 days	30 Minimum limit	MPa
Pressure power after 28 days	41 minimum limit	

#### Use prohibitions

It is not used in concrete works exposed to sea water or the environment that contain sulfate salts.

Hail Cement is not responsible for misuse.



### SRC Resistant Cement:

This type of cement is produced according to the Gulf and Saudi Arabian standards and specifications No. SASO.GSO 1914 (type-V) / 2009  
Where this product is distinguished from other types of cement by its resistance to sulfate salts.

### Uses

Sewage treatment plants and sewage canals.  
Sites where soil contains high amounts of sulfate.  
Underground structures such as underground water tanks and foundations.

### Features

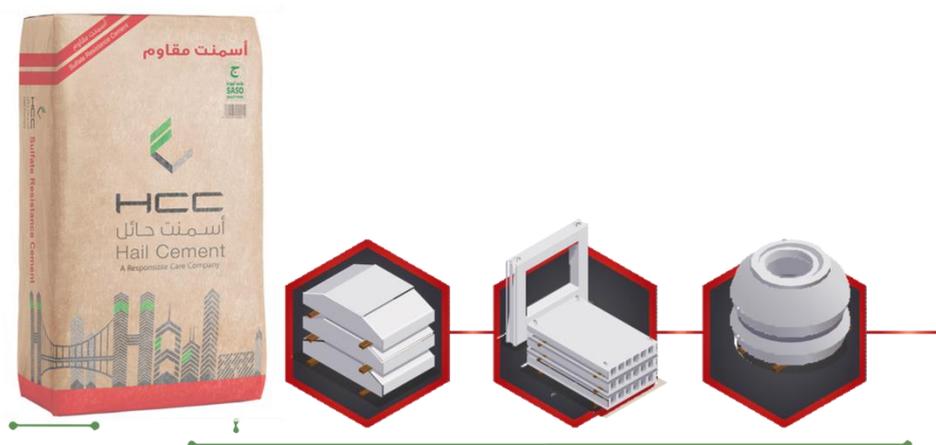
High resistance to sulfate reaction, which leads to durability of structures made of it, even in difficult environments.  
It increases the corrosion resistance of rebar.  
Less soluble.

### Properties

Primary doubt time	140 minimum limit	Minutes
Final doubt time	300 maximum limit	
Pressure power after 7 days	26 Minimum limit	MPa
Pressure power after 28 days	38 minimum limit	

### Use prohibitions

Hail Cement is not responsible for misuse.



### Finishing Cement:

Finishing cement is produced according to the Gulf and Saudi specifications and standards No. 2018 SASO-ASTM-C91M /

#### Uses

Plaster works  
Finishing  
Liner for floors before tiling  
Block installation during construction

#### Features

Less rupture and cracking due to the flexibility and regularity of time between moisturizing and drying  
It gives a larger amount per square meter than other cement products  
Ease of work with paints and pastes.

#### Properties

Primary doubt time	130 minimum limit	Minutes
Final doubt time	300 maximum limit	
Pressure power after 7 days	11 Minimum limit	MPa
Pressure power after 28 days	18 minimum limit	

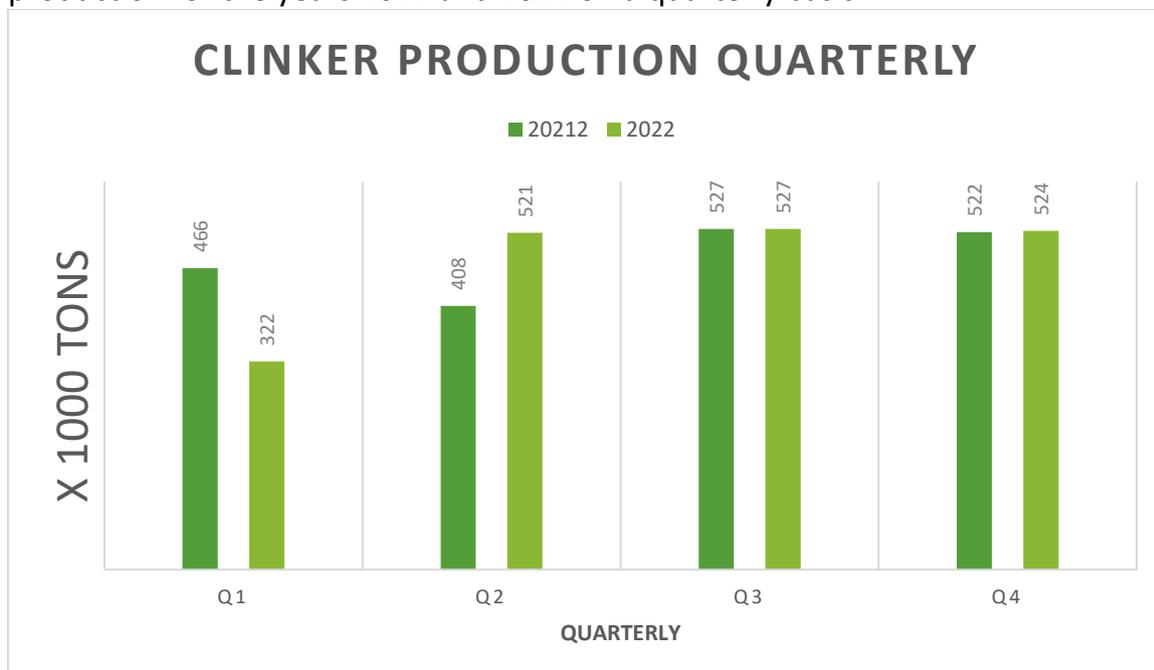
#### Use prohibitions

This product is prohibited for use in concrete structures  
Hail Cement is not responsible for misuse

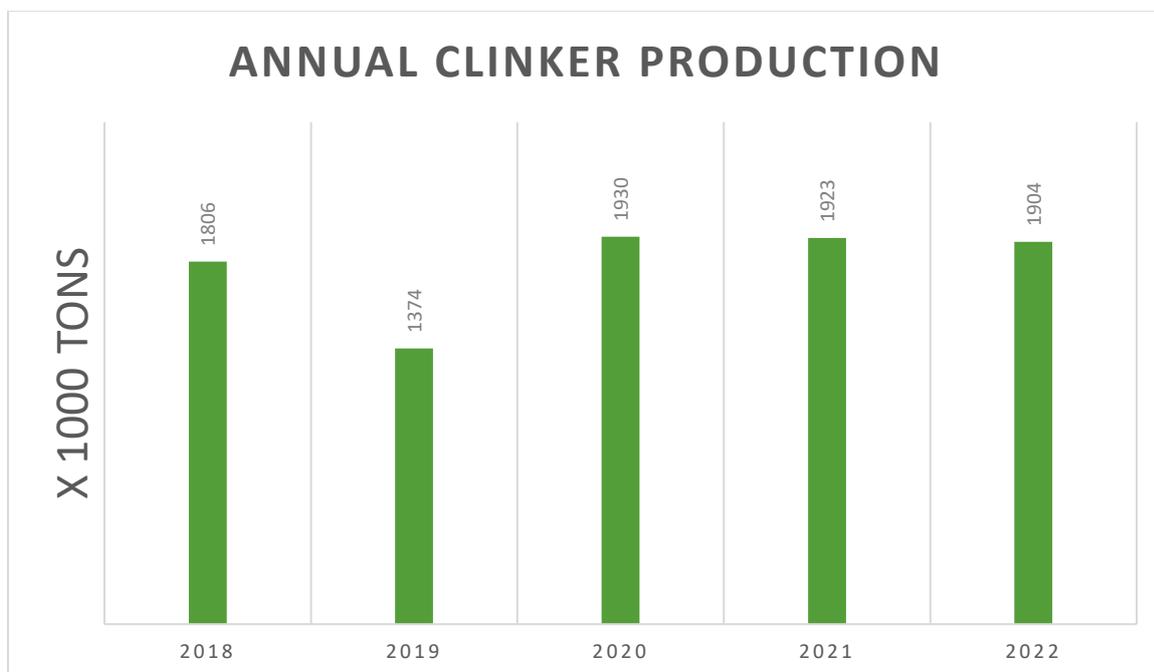


### 2.3 2.2Clinker production

Hail cement production of clinker for the year 2022 1,903,709 tons, compared to the year 2021 1,922,794 tons, and the following chart shows a comparison of clinker production for the years 2022 and 2021 on a quarterly basis

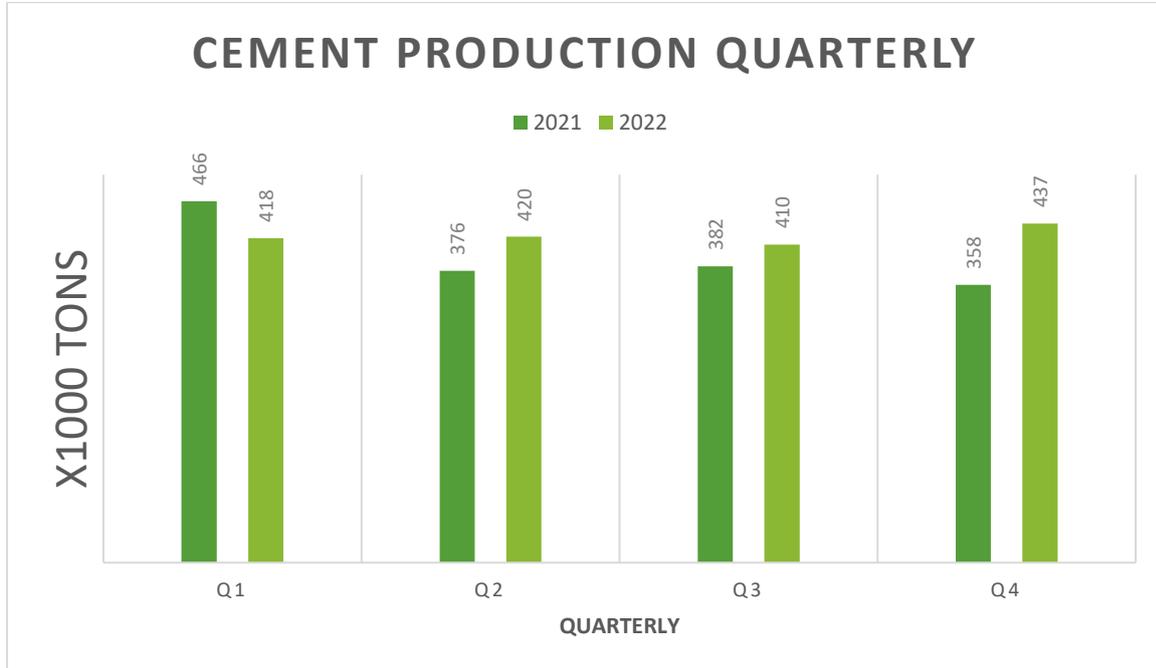


The following chart shows the volume of clinker production (on an annual basis) during the last five years

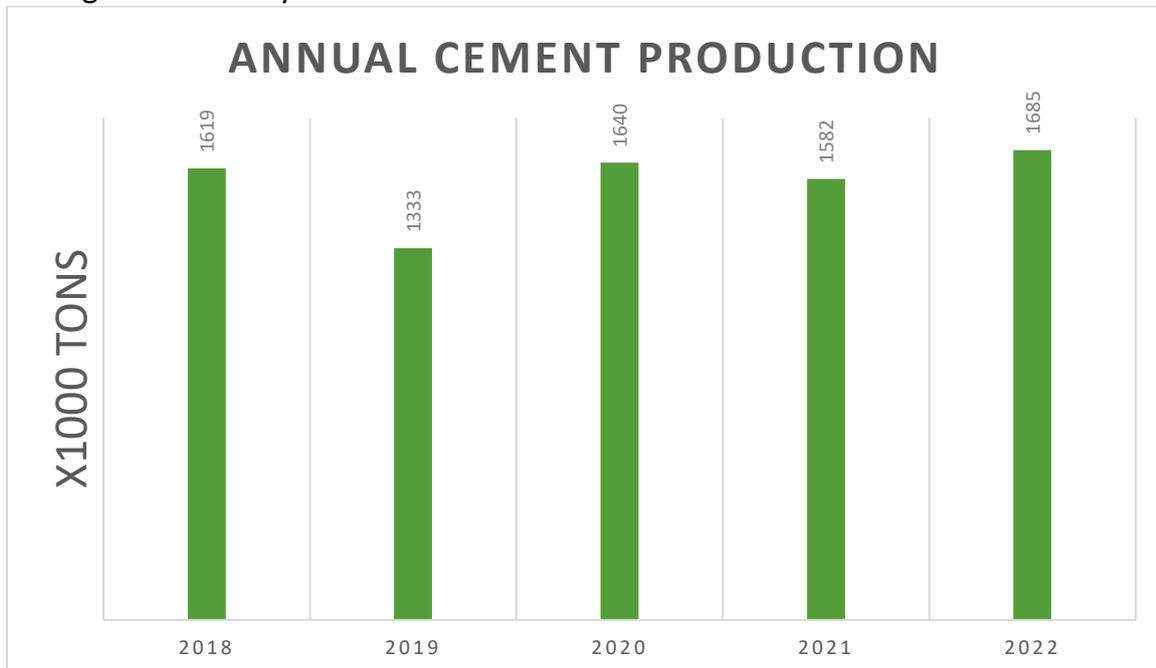


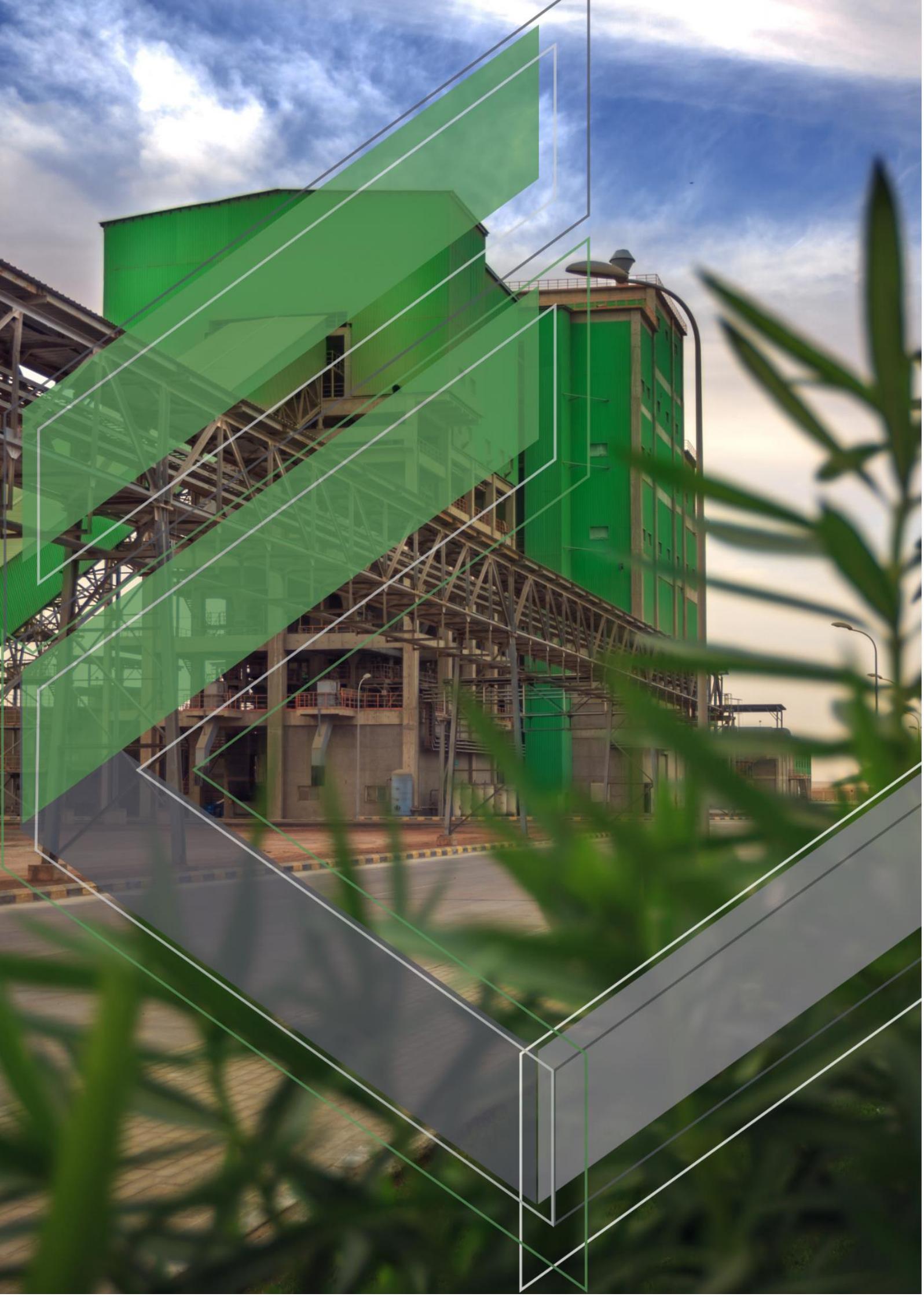
## 2.4 production Cement

Cement production in Hail Cement Company for the year 2022 to 1,690,306 tons, compared to the year 2021 1,582,396 tons, and the following chart shows a comparison of cement production for the years 2022 and 2021 on a quarterly basis



The following chart shows the volume of cement production (on an annual basis) during the last five years



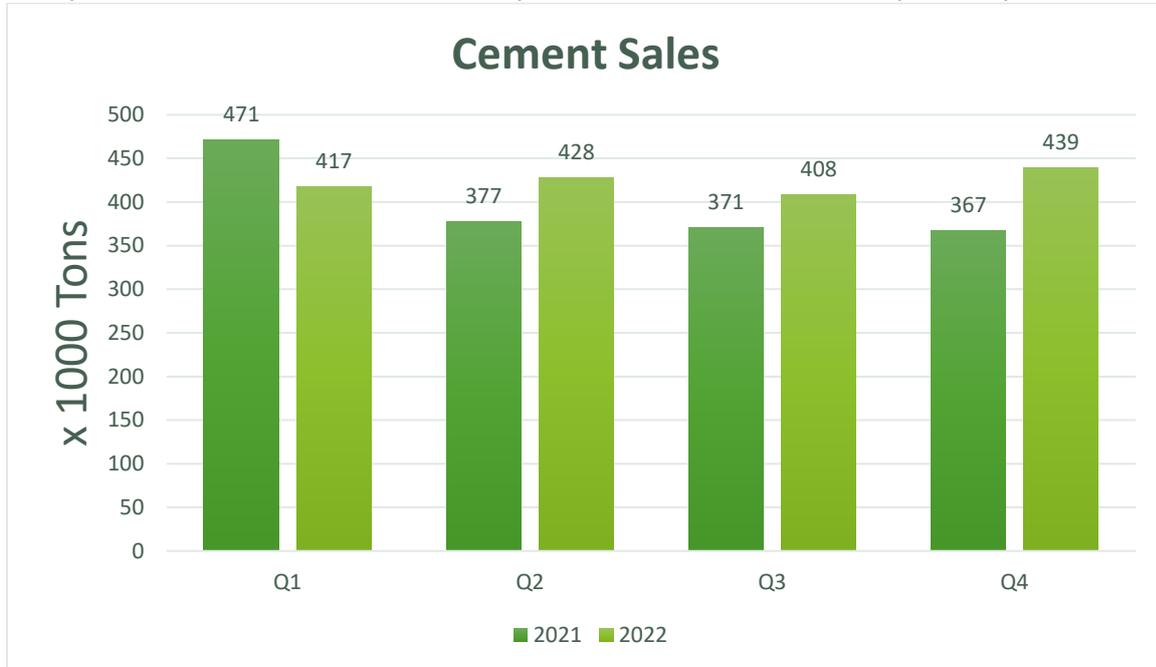


### 3 performance financial of Summary

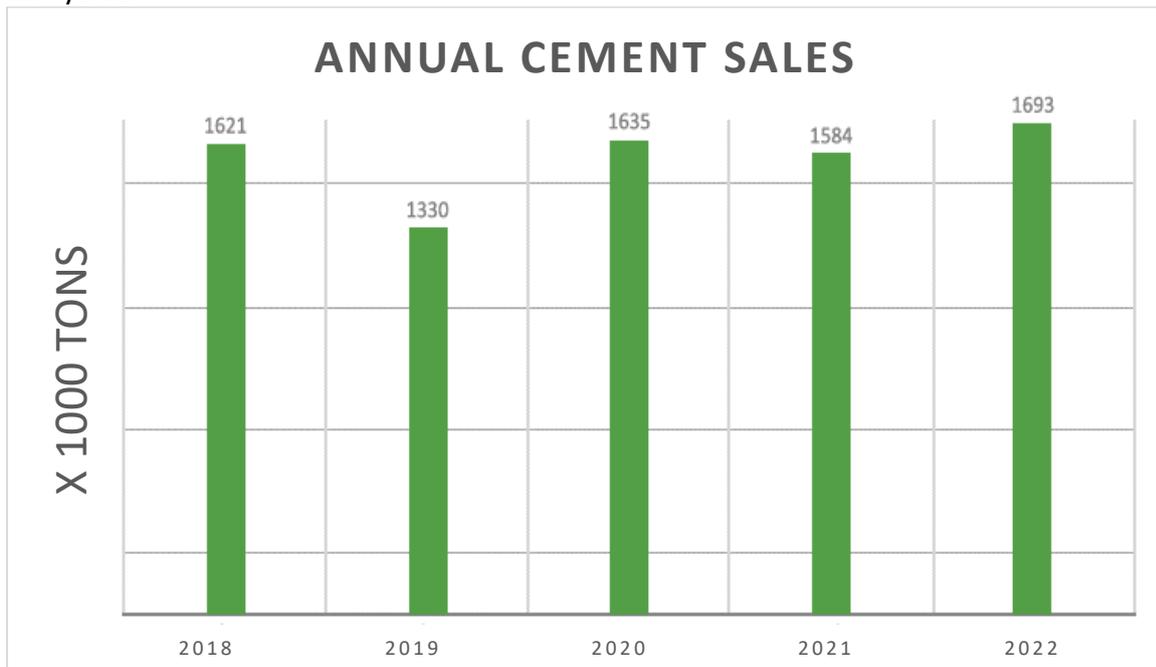
#### 3.1 Sales

##### Cement sales

Hail cement sales of cement for the year 2022 recorded a value of 1,692,910 tons, compared to the year 2021 1,584,212 tons, and the following chart shows a comparison of cement sales for the years 2022 and 2021 on a quarterly basis



The following graph shows the volume of cement sales (on an annual basis) during the last five years



### Clinker sales

The company's sales of clinker registered a rise for the year 2022 AD and shows the following graph comparing the clinker sales for the year 2022 AD and 2021 AD.



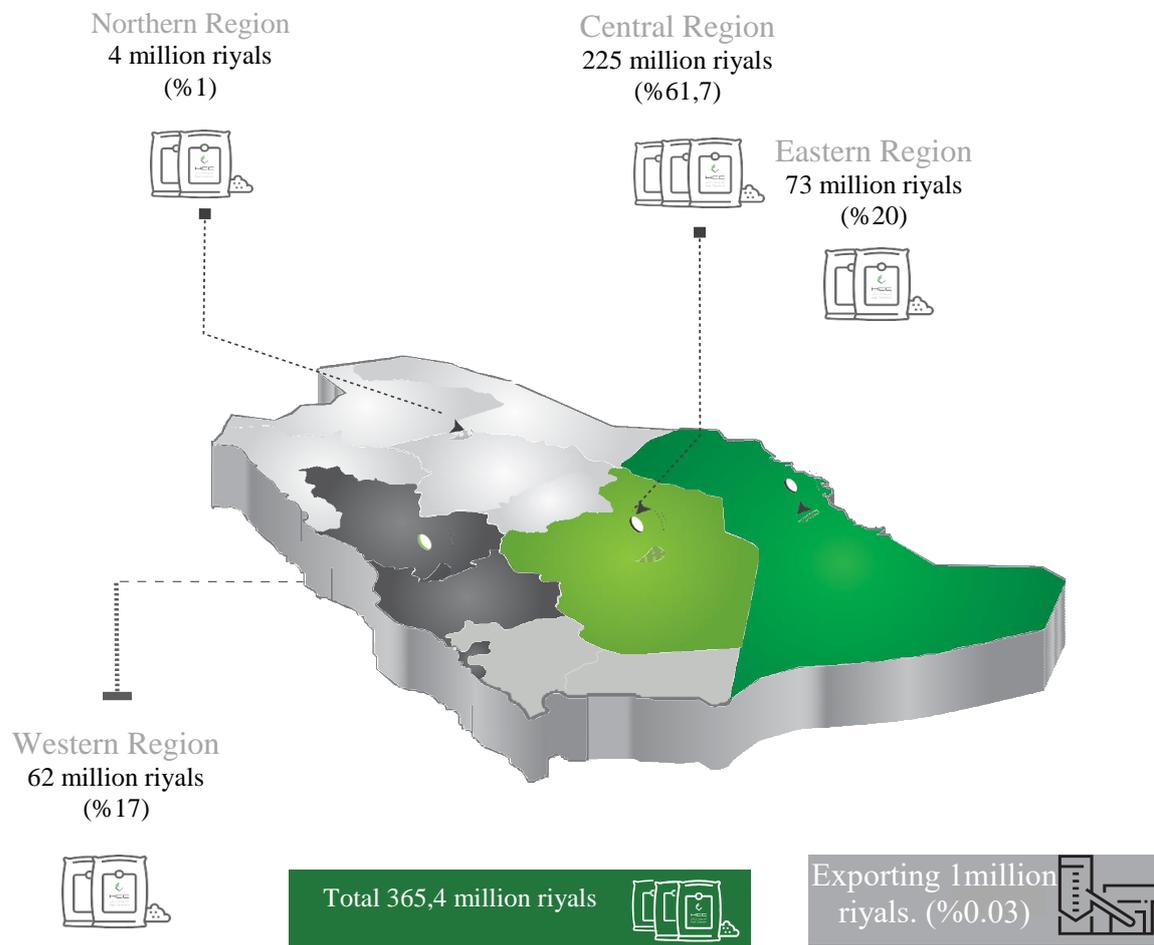
### Clinker stock

The following chart shows the size of the clinker stock at the end of each quarter of the years 2022 and 2021.



### 3.2 Geographical Analysis

Hail cement revenues are mainly focused on the central region. The following is a breakdown of Hail cement revenues for the year 2022:



### 3.3 Net Profits and earnings per share

Statement	2021	2022
Net Profit (SAR)	42,407,468	16,414,481
Total comprehensive income for the year	40,938,804	24,241,938
Shares Count	97,900,000	97,386,024
Share profit	0.43	0.17

The reason for the decrease in net profits for the current fiscal year compared to the previous fiscal year is due to lower revenues.

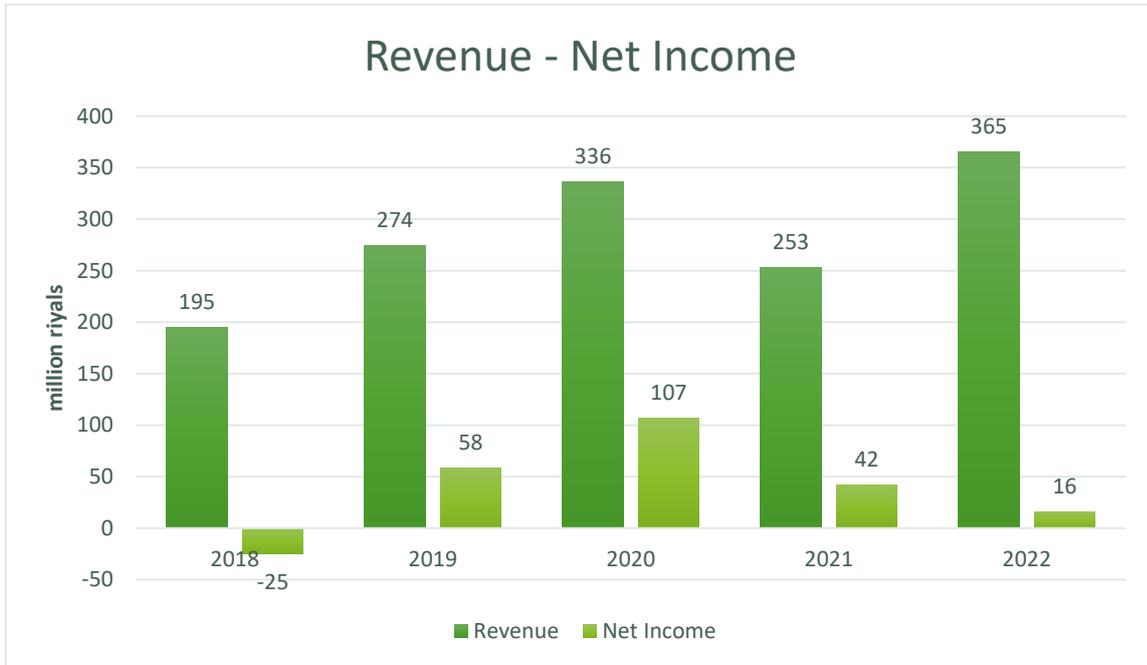
### 3.4 Five-year financial position list

	2022	2021	2020	2019	2017
<b>Million Riyal</b>					
<b>Total current assets</b>	492.2	486.9	484.7	484.3	410.0
<b>Total non-current assets</b>	651.8	711.0	770.3	830.4	875.5
<b>total assets</b>	1,144	1,197.9	1,255.1	1,314.7	1,285.5
<b>Total current liabilities</b>	55.3	59.0	62.9	88.0	98.5
<b>Total non-current liabilities</b>	27.7	34.3	30.6	172.0	186.2
<b>total liabilities</b>	83.0	93.3	93.6	260.1	284.8
<b>capital</b>	979	979	979	979	979
<b>statutory reserve</b>	58.3	56.7	52.5	41.7	35.8
<b>Retained earnings (accumulated losses)</b>	36.1	69.8	129.6	33.2	(15.6)
<b>treasury shares</b>	(19.2)	0	0	0	0
<b>Actuarial gains (losses) from other comprehensive income</b>	6.8	(1.0)	0.42	0.63	1.5
<b>Total shareholder equity</b>	1,061	1,104.5	1,161.5	1,054.6	1,000.7
<b>Total liabilities and shareholders' equity</b>	1,144	1,197.9	1,255.1	1,314.7	1,285.5



### 3.5 Five-year income statement

	2022	2021	2020	2019	2018
<b>Million Riyal</b>					
<b>Revenues</b>	365.4	253.3	336.3	274.4	195.9
<b>revenue cost</b>	(301.9)	(190.0)	(188.6)	(182.3)	(184.8)
<b>Gross income</b>	63.5	63.3	7.614	92.0	11.1
<b>Sale and distribution</b>	(4.0)	(3.1)	(2.8)	(2.3)	(3.3)
<b>Administrative expenses</b>	(27.5)	(19.3)	(17.4)	)18.8(	(23.0)
<b>allowances</b>	0.39	0.32	(1.4)	)2.8(	(2.6)
<b>Operations income</b>	32.3	41.2	126.0	68.0	(17.9)
<b>financing expenses</b>	(1.5)	(1.1)	(14.9)	(5.1)	(4.2)
<b>Term deposit income</b>	0,896	1.8	2.9	2.5	1.5
<b>Other income</b>	0,342	2.8	0.63	0.28	0.17
<b>Gains from changes in the fair value of investments at fair value through profit or loss</b>	(3.7)	8.6	3.04	4.02	3.4
<b>Zakat and taxes</b>	(11.9)	(10.9)	(10.6)	(10.05)	(8)
<b>net income</b>	16.4	42.4	7.010	59.6	(25.0)
<b>Gain (loss) on remeasurement of employee benefit obligations</b>	7.8	(1.5)	(0.20)	(0.83)	1.4
<b>total comprehensive income</b>	24.2	40.9	106.8	58.8	(23.5)
<b>Weighted average number of shares (million)</b>	97.3	97.9	97.9	97.9	97.9
<b>Earnings per share</b>	0.17	0.43	1.09	0.60	(0.24)





### 3.6 Explaining the differences in operating results

The reason for the decrease in operating profit during the year 2021 compared to the year 2022 is due to the decrease in revenues.

Operating results 2021	Operating results 2022
------------------------	------------------------

SAR	SAR
41,203,870	32,274,950

The reason for the decrease in operating profit during the current year compared to the previous year is due to the decrease in the average selling price in addition to other exceptional factors during the year such as

The increase in general and administrative expenses due to a fine of 10 million riyals to a government agency, despite the increase in the quantity and value of sales during the current year compared to the previous year.

### 3.7 Clarify the difference from the accounting standards.

The financial statements of Hail Cement have been prepared for the fiscal year ending on December 31, 2022, accordance with the international accounting standards approved in the Kingdom of Saudi Arabia

And the accounting standards issued by the Saudi Organization for Certified Public Accountants, and there is no deviation in the application of these standards, and there are no substantial observations or reservations by auditors on the quarterly and annual financial statements of Hail Cement during the fiscal year 2022.

### 3.8 Long-term loans

There are no long-term loans on Hail Cement Company.

### 3.9 Statutory Payments

The entity	Paid during the year (SAR)	Due at the end of the year (SAR)	Its causes statement
<b>Zakat</b>	<b>9,342,461</b>	<b>11,848,173</b>	Hail Cement is subject to zakat and income regulations in the Kingdom of Saudi Arabia, and zakat provision is calculated based on the Zakat base or the adjusted net profit, whichever is greater.
<b>customs fees</b>	<b>223,753</b>		Hail Cement is subject to customs regulations and the due customs value shall be paid in advance upon entry of any equipment or materials imported by Hail Cement.
<b>Visa fees</b>	<b>32,000</b>		A regulatory requirement for obtaining entry or exit for Hail Cement employees.
<b>Quarrying fees</b>	<b>22,225,109</b>	<b>13,201,214</b>	The fees for the rent of the land and the exploitation of the quarries of raw materials are paid after the end of each calendar year, according to the mining investment system in the Kingdom.
<b>Social insurance contributions</b>	<b>5,126,884</b>		Hail Cement employees are subject to the social insurance system and contributions are paid on an accrual basis.
<b>Fees for renewal of residence permits and work licenses</b>	<b>271,996</b>		Non-Saudi employees of Hail Cement are subject to the Kingdom's residency regulations, and issuance and renewal fees are paid.

### 3.10 VAT

Hail Cement has paid the amounts due on it according to the tax returns, at only 39,294,356 Saudi riyals.

### 3.11 Sanctions and penalties imposed on Hail Cement

On 12/15/2021, a government agency issued a decision to pay a fine of ten million riyals; Accordingly, Hail Cement filed a grievance case, and a judgment was issued to cancel the decision in favor of the company. After that, the Authority filed an appeal to cancel the decision issued in favor of the company, and it was accepted and the fine was fixed. The company paid the fine in full and submitted a request to appeal the issued decision.



## 4 Risk management

### 4.1 The concept of risk management

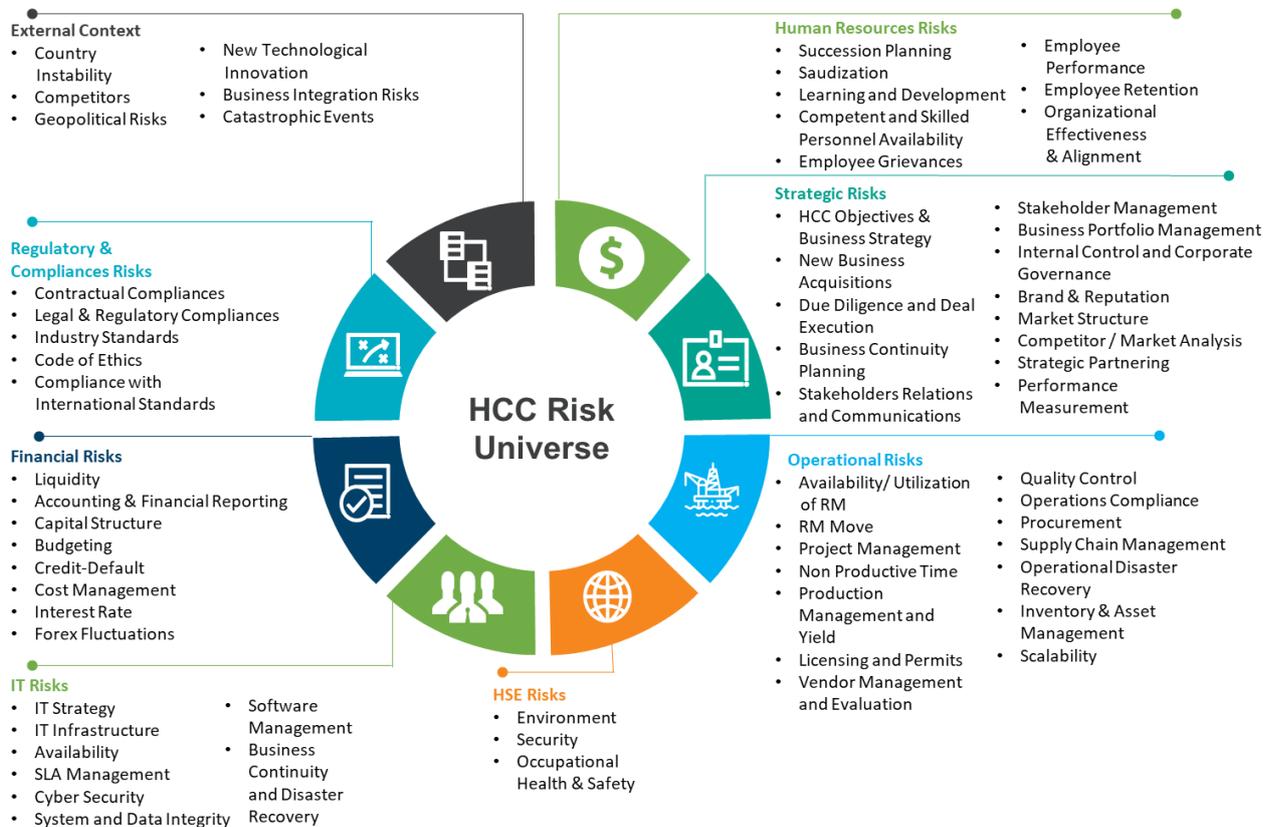
Hail Cement is the concept of institutional risk management as a cooperative process to identify, manage and monitor the risks and organizational, internal and external opportunities, to ensure the achievement of strategic goals, the continued financial stability and the ability to grow.

### 4.2 Why is Hail Cement interested in the risk management process?

Hail Cement is interested in managing institutional risks for several major considerations, including:

- Institutional risk management provides a comprehensive vision of organizational risks, and a working framework to consider how risks are interconnected, which leads to the promotion of decision -making.
- Institutional risk management contributes to building a culture of risk management in the organization and the philosophy of dealing with it.
- Institutional risk management works to determine and deal with the emerging risks effectively, and thus reduce possible surprises and losses.
- Institutional risk management enhances the efficiency of the effective exploitation of resources through risk analysis / opportunities.

### 4.3 Nature of Risks



### HCC policy for dealing with Risks

- Risk monitoring and reporting in Hail Cement Company is divided into two main activities as follows:
  - o Preparing periodic reports to monitor current and emerging risks, along with risk response plans.
  - o Generate customized reports based on occurrence of events and escalation actions.
- Hail Cement adopts the principle of Key Risk Indicators (KRIs) which are measures used to provide early indications of risks in various critical areas of the company's operations.
  - The Enterprise Risk Management Department at Hail Cement Company periodically determines whether the performance of Enterprise Risk Management is still effective.

## 5 notofications ownership and Capital

### 5.1 Capital

The following table shows Hail Cement's capital information and the number of its shares as of December 31, 2022.

Capital	
Statement	Value
Authorized Capital (SAR)	979,000,000
Paid Capital (SAR)	979,000,000
Number of issued shares *	97,900,000
Par value per share (SAR)	10
Value paid per share (SAR)	10
The financial market in which the stock trades	The Saudi Stock Exchange (Tadawul)
Share symbol	3001
International symbol	SA12S051ESH9

\* All issued Hail Cement shares are ordinary shares, and do not have any preference shares

### 5.2 Investment Restrictions

There are no restrictions on Hail Cement shares according to what is stated in each of the rules governing the investment of qualified foreign financial institutions in listed securities and the instructions regulating the foreign strategic investors owning strategic stakes in the listed companies according to Hail Cement Articles of Association and the instructions issued by the supervisory and monitoring authorities which Hail Cement is subject to.

### 5.3. Disclosure of details of treasury shares held by Hail Cement

The number of treasury shares	Explanations
1,493,478	Where the Board of Directors believes that the share price in the market is less than its fair value, and the company will keep the purchased shares for a period of (10) years as a maximum from the date of approval of the Extraordinary General Assembly, and after the expiration of this period, the company will follow the procedures and controls stipulated in the relevant laws and regulations.

### 5.3 An analysis chart comparing the performance of the stock with the performance of the sector with the performance of the market index

Share price 2022/12/29	Share price before one year	Share price before three years	The highest price in 52 weeks	The lowest price in 52 weeks	The percentage change between the years 2021 and 2022
10.98	13.28	16.72	14.80	10.96	20.94%-



Hail Cement Index

Sector Index

Market Index

## 5.4 The shares of the members of the Board of Directors and their families

### Member shares

Name	Authority he represents	Shares at the beginning of the year		Shares at the end of the year		Change within the year		Notes
		Shares	Percentage	Shares	Percentage	Shares	percentage	
Mr. Abdulmalek Khalid Sulaiman Alrajhi	Al-Rajhi Holding Group Company	1,500,000	1.5%	1,500,000	1.5%	0	0	
	Directly	0	0	0	0	0	0	
Abdulaziz Majid Alkassabi	Saudi Mushira Company	1,288,041	%1.31	2,280,000	%2.3289	991,959	%77	
	Directly	657,488	%0.67	657,488	%0.67	0	0	
Abdulaziz Tariq Albassam	Directly	220,000	0.2247%	295,000	%0.3013	75,000	%34	
Fahad Abdul Kareem Al Faraj	Fahad Al Mojil & Brothers Company	613,637	%0.6268	613,637	%0.6268	0	0	
	Directly	0	0	0	0	0	0	
Ahmed Selim Aly	Directly	1000	0.0010%	1000	%0.0010	0	0	
Abdullah Abdul Majeed Al Jeraiwi	Directly	0	0	0	0	0	0	
Khalid Abdulazaiz Alahmad	Directly	100	%0.0001	100	%0.0001	0	0	

### Shares of the members of the audit committee

Name	Shares at the beginning of the year		Shares at the end of the year		Change within the year		Notes
	Shares	Percentage	Shares	Percentage	Shares	Percentage	
Abdulaziz Tariq Albassam	220,000	0.2247%	295,000	%0.3013	75,000	%34	
Eng. Mansour Saleh Alkharboush	300,000	%0.306	300,000	0.306%	0	0	
Eng. Othman Mohammad Bafaqeeh	0	0	0	0	0	0	

## Shares of executives

Name	Shares at the beginning of the year		Shares at the end of the year		Change within the year	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
<b>Eng. Khalid Abdulazaiz Alahmad</b>	100	%0.0001	100	%0.0001	0	0
<b>Eng. Fahad Musaed Alrashedi</b>	7000	%0.0072	20,000	%0.020	13,000	%186
<b>Mr. Atef Elgohari</b>	0	0	0	0	0	0
<b>Mr. Amer Abdulrahman Alamer</b>	0	0	250	%0.00026	250	%100
<b>Eng. Abdulrahman Fahad Alhazmi</b>	0	0	0	0	0	0

## 6 policy bounces and Dividend

### 6.1 Appropriation of profits Policy:

According to the Articles of Association of Hail Cement, the annual net profits shall be distributed as follows:

- (10%) of the net profits shall be set aside to form a statutory reserve. The ordinary General Assembly may cease this deduction whenever the mentioned reserve reaches 30% of the capital.
- Based on the proposal of the Board of Directors, the Ordinary General Assembly may set aside a percentage of the annual net profits to form a mutual reserve allocated for a specific purpose (s) decided by the General Assembly.
- The Ordinary General Assembly may decide to form other reserves to the extent of Hail Cement's interest or guarantees the distribution of fixed profits as possible to the shareholders.
- Therefore, a percentage of the remainder not less than (5%) of Hail Cement paid-up capital shall be distributed to the shareholders.
- Subject to the provisions stipulated in Article No. (21) of the Articles of Association and Article No. (76) of the Companies Law; therefore, a percentage not exceeding (10%) of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration shall be proportional to the number of the attended sessions.
- The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis, in accordance with the regulations issued by the Capital Market Authority.

### 6.2 Dividend

Statements	Total Distributions	Earing per share	Announcement date	Maturity Date	Distribution Date
Distribution of cash dividends to shareholders for the fiscal the Financial period ended 30 June 2022.	24,426,551	0.25	2022/8/25	2022/8/31	2022/9/14
Distribution of cash dividends to the company's shareholders for the financial period ending the second half of the year 2022	24,101,630.5	0.25	2022/12/14	2022/12/15	2022/12/26

### 6.3 The policy of the Board of Director's remuneration, its subsidiary committees and the executive management

- The Board of directors' remuneration and its subsidiary committees aim to organize remuneration to attract members of the Board or committees with scientific, technical and administrative competence and appropriate experience to motivate them to perform their tasks and duties professionally and with high efficiency.
- The annual remuneration of the Board of directors and its subsidiary committees shall be determined based on the Board's policy and, under the Hail Cement Articles of Association, the General Assembly of shareholders' decisions and the relevant regulations.
- The remuneration organization shall be compatible with the strategic objectives of Hail Cement, as a factor that motivates the members of the Board of Directors and its subsidiary committees to achieve the objectives, enhance the capabilities of Hail Cement and develop its business and sustainability.
- A factor is attracting the members with the required experience and qualifications to the Board of Directors to enhance Hail Cement's ability to achieve its objectives.
- The remuneration shall be fair and proportional to the competencies, duties and responsibilities of the members of the Board of Directors, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- The annual remuneration aims to motivate the Board of directors to make Hail Cement succeed, develop Hail Cement over the long term, and achieve strategic objectives by following up the executive management's implementation mechanism of business plans.
- The annual bonus shall be related to the annual performance evaluation results of the Board of directors' members.
- The holder of leadership positions in Hail Cement shall be provided with promotive and incentive bonus consistent with their work, Hail Cement's performance, and its annual results.

**Hail Cement believes that the bonuses were distributed during the fiscal year 2022 following the approved policy. There are no fundamental deviations.**

## 6.4 Rights and compensation of members of the Board of Directors and senior executives

Names	Fixed remuneration						Variable remuneration					E c t o t a l E		
	Specific amount	Allowance for attending Board sessions	Total allowance for attending committee sessions	Benefits in kind	Remuneration for technical and administrative	Remuneration of the Chairman of the Board. the	Total	Profits percentage	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	Total
<b>Independence</b>														
Mr. Abdul-Malik Khalid Al-Rajhi		24,000				24,000		250,000				250,000	274,000	
Abdulaziz Majid Alkassabi *		24,000	15,000			39,000							39,000	
Fahad Abdul Kareem Al Faraj *		24,000	21,000			45,000							45,000	
Abdulaziz Tariq Albassam *		24,000	15,000			39,000							39,000	
Ahmed Selim Aly *		24,000	15,000			39,000							39,000	
Abdullah Abdul Majeed Al Jerawi *		21,000				21,000							21,000	
Eng. Ali Othman Al-Zaid **								250,000				250,000	250,000	
Eng. Qasim Saleh Al-Sheikh **								250,000				250,000	250,000	
Eng. Othman Mohammed Bafqih **			21,000			21,000		250,000				250,000	271,000	

Mr. Khaled Ali Al-Saif **						250,000				250,000		250,000	
Mr. Abdel-Wahab Al-Mutawa **						250,000						283,000	
<b>Non-Executive</b>													
Mr. Jihad Abdul Aziz Al-Rasheed **						250,000				250,000		265,000	
<b>Executive</b>													
Khalid Abdulazaiz Alahmad *		24,000				24,000						24,000	
<b>Total</b>		<b>165,000</b>	87,000			252,000				1,750,000		2,002,000	

\* He was appointed to the membership of the Board of Directors for the fourth cycle, which begins on November 30, 2021.

\*\* The end of their membership in the Board of Directors for the third cycle, which ended on November 29, 2021.

## 6.5 Rewards for senior executives

The following schedule indicates the total earned amounts for the four top executives who received the highest remuneration and compensation, including the CEO and CFO.

Executive management	Fixed remuneration	Variable remuneration	End of Service Gratuity
<b>Total</b>	5,164,630	356,720	1,064,826

## 6.7 Remuneration of committee members

Members of the Audit Committee				
Name	Fixed remuneration	Allowance of attending sessions	Total	Notes
Mr.Abdulaziz Tariq Albassam	100,000	21,000	121,000	
Eng. Othman Mohammed Bafqih	100,000	21,000	121,000	
Eng. Mansour Saleh Al-Kharboush	100,000	21,000	121,000	
<b>Total</b>	300,000	63,000	363,000	
Members of the Nomination and Remuneration Committee				
Mr. Abdulaziz Majid Alkassabi	100,000	15,000	115,000	
Mr.Ahmed Selim Aly	100,000	15,000	115,000	
Mr.Abdullah Abdul Majeed Al Jeraiwi	100,000	15,000	115,000	
<b>Total</b>	300,000	45,000	345,000	

## 6.7 Incentive programs for Hail Cement employees

Hail Cement acknowledges no investments or reserves allocated to employee bonus or entitlements excluding the end of service gratuity. Hail Cement executes some programs to encourage employees, as follows:

- Remuneration for employees who have suggestions to improve Hail cement's productivity or save the waste of products or fuel used for the operation.

- Appropriate residence for employees at the factory site provided all appropriate amenities for the employee and his family and available medical care on a 24-hour-a-day basis in the residential area.
- According to Hail Cement profits, the annual incentive bonus approved by the Board of Directors is calculated following the employee's annual evaluation.
- Remuneration for all employees if Hail Cement completes million work hours without any disabling injury.
- Remuneration for employees whose period of work with Hail Cement reaches 3,5,8,10 and 15 years of service.
- Career development programs to improve the work environment.

## 7 Governance cement Hail

### 7.1 Introduction to Governance:

Hail Cement complies with effective governance systems and is committed to management efficiency standards and financial and non-financial reporting and considers it as the necessary firewall with a clear mechanism for separating duties between the Board of Directors and the executive management in order to facilitate the company's affairs and speed up the decision-making process. Hail Cement is also committed to applying high standards of governance Companies and considers sound corporate governance an essential tool in business sustainability and maximizing shareholder value in the long term, which is consistent with its commitment to quality in all its operations and products.

### 7.2 Commitment to Corporate Governance Regulations:

Hail Cement adheres to a governance policy guide that includes regulations and systems related to shareholders' rights, the board of directors and its committees, a system of disclosure, transparency, conflict of interests, internal regulations and regulations in line with the regulations of the Capital Market Authority, the companies' system and the articles of association.

### 7.3 Related party transactions:

Hail Cement confirms that during the year 2022 AD, no contracts, deals or dealings were concluded in which Hail Cement was a party, and in which there was an interest for any of the members of the Board of Directors, the CEO, the financial manager, or any of the senior executives of Hail Cement or from any person He is related to any of them.

### 7.4 important events

On September 25, 2022, a non-binding memorandum of understanding was signed with Qassim Cement Company, according to which the two companies agreed to start discussions regarding a securities swap deal under which Qassim Cement would acquire all issued shares in Hail Cement. Accordingly, Hail Cement and Qassim Cement will begin the relevant due diligence studies related to the potential deal.

### 7.5 General Assemblies of shareholders:

The General Assembly of shareholders shall be considered the supreme authority in Hail Cement. It shall have exclusive authorities including appointing and dismissing members of the Board of Directors, approving the consolidated financial statements, appointing the audit committee and the external auditor, determining its salary, approving the regulations related to the Audit, Nomination and Remuneration Committee, including its procedures, duties and rules of the selection of its members, the method of their nomination, the term of their membership, their remuneration, approving the distribution of profits under the recommendation of the Board of Directors, increasing or decreasing the capital of Hail Cement and amending the articles of association.

Hail Cement is keen to choose the appropriate time and place to hold the assembly, allowing the largest shareholders to attend. Hail Cement also adopted a remote electronic voting system to facilitate shareholders' exercise of their right to vote if they cannot attend in person. The Articles of Association and the Hail Cement Governance regulations also

stipulate the General Assembly of Shareholders' provisions, including the necessary procedures and precautions to ensure that all shareholders exercise their statutory rights.

The following schedule indicates the general assembly of shareholders meetings and the members' attendance at the assembly meetings:

Name	The assembly meetings	
	First	Second
	2022/04/18	2022/06/28
Mr. Abdul-Malik Khalid Al-Rajhi	√	√
Mr. Abdulaziz Majid Alkassabi	√	√
Mr. Fahad Abdulaziz Tariq Albassam	√	√
Eng. Fahad Abdul Kareem Al Faraj	√	√
Mr. Ahmed Selim Aly	√	√
Mr. Abdullah Abdul Majeed Al Jeraiwi	√	√
Eng. Khalid Abdulazaiz Alahmad	√	√

## 7.6 Board of Directors:

The following schedule indicates the Board of directors' members' classification, the number of attendees at board meetings, and their membership in the Board of directors of other listed companies.

Name	Classification	Board of Directors meetings								Notes
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
		2022/01/17	2022/02/28	2022/05/16	2022/06/23	2022/08/03	2022/09/24	2022/10/04	2022/12/13	
Mr. Abdul-Malik Khalid Al-Rajhi	Independent	√	√	√	√	√	√	√	√	
Mr. Abdulaziz Majid Alkassabi	Independent	√	√	√	√	√	√	√	√	
Mr. Fahad Abdulaziz Tariq Albassam	Independent	√	√	√	√	√	√	√	√	
Eng. Fahad Abdul Kareem Al Faraj	Independent	√	√	√	√	-	√	√	√	
Mr. Ahmed Selim Aly	Independent	√	√	√	√	√	√	√	√	
Mr. Abdullah Abdul Majeed Al Jeraiwi	Independent	√	√	√	√	√	√	√	√	
Eng. Khalid Abdulazaiz Alahmad	executive	√	√	√	√	√	√	√	√	

## The current and previous positions, qualifications, and experiences of the members of the Board of Directors:

Member Name	Current position	Previous position	Qualifications	Experience
<b>Mr. Abdul-Malik Khalid Sulaiman Al-Rajhi</b>	<ul style="list-style-type: none"> <li>- Chairman of the Board of Directors of Hail Cement</li> <li>- Chief Executive Officer of Al-Arrab Contracting Company Ltd</li> <li>- Chief Executive Officer of the General Projects and Trade Company Limited (JETCO)</li> <li>- Member of the Executive Committee of Abdulaziz Al-Rajhi Family Council</li> <li>- Member of the Commercial Committee at the Riyadh Chamber.</li> <li>- Member of the Board of Directors of Vidavit</li> <li>- Member of the Board of Directors of Marami Company</li> <li>- Member of the Board of Directors of Brand Ship Company.</li> </ul>	Vice President of Budget and Cost Control at Al Arrab Contracting Company.	Bachelor of Financial Management – Insurance	Senior executive positions and membership of boards of directors and committees in: <ul style="list-style-type: none"> <li>- Al Rajhi Holding Group - Financial Analyst and Consultant</li> <li>- Al-Bilad Financial Company. Corporate finance officer</li> <li>- Bluerimy Capital (UK) - Financial Analyst</li> <li>- Member of the Board of Directors of Youth Experts</li> </ul>
<b>Mr. Abdulaziz Majid Alkassabi</b>	<ul style="list-style-type: none"> <li>- Vice Chairman of the Board of Directors of Hail Cement</li> <li>- Chairman of the Nominations Committee at Hail Cement</li> <li>- Owner and CEO of Musheera Saudi Arabia</li> </ul>		Bachelor of Engineering Management Master of Business Administration	<ul style="list-style-type: none"> <li>- Develop strategies, executive management, and analyze financial statements.</li> <li>- Vice President and Member of the Audit Committee of Petromin Company, Chairman of the Board of Directors of the Saudi Limestone Industries Company, Member of the Board of Directors of the Treatment Group Company.</li> </ul>
<b>Mr. Abdulaziz Tariq Albassam</b>	<ul style="list-style-type: none"> <li>- Member of the Board of Directors and Chairman of the Audit Committee in Hail Cement</li> <li>- Vice Chairman and CEO of the General Equipment Company</li> <li>- Member of the Board of Directors, Chairman of the Nominations and Remuneration Committee, and member of the Audit Committee of the Saudi Company for Lime Industries</li> <li>- Member of the Board of Directors of the Saudi Industrial Gases Company</li> </ul>	<ul style="list-style-type: none"> <li>- General Manager of Nesta'a Development Co. Ltd.</li> <li>- Deputy General Manager of Al-Bassam International Company</li> </ul>	<ul style="list-style-type: none"> <li>- Master of Business Administration.</li> <li>- Bachelor of Economics.</li> <li>- Diploma in Project Management</li> </ul>	<ul style="list-style-type: none"> <li>- Member of the Audit Committee of the Saudi Company for Lime Industries.</li> </ul>
<b>Eng. Fahad Abdul Kareem Al Faraj</b>	<ul style="list-style-type: none"> <li>- Chairman of the Board of Directors of Fahd Al-Mojil</li> <li>- Member of the Board of Directors of Tayi Trading and Services Co</li> </ul>	<ul style="list-style-type: none"> <li>- Engineer at Hail Electricity Company.</li> <li>- Executive Director of Al-Kifah Building Materials Company</li> </ul>	Bachelor of Mechanical Engineering	<ul style="list-style-type: none"> <li>- He held several senior executive positions, presidency and membership of boards of directors and committees in each of: <ul style="list-style-type: none"> <li>- Hail Cement Company.</li> <li>- Fahad Al Mojil &amp; Brothers Joint Venture Company.</li> <li>- Tayi Trading and Services Co.</li> </ul> </li> </ul>
<b>Mr. Ahmed Selim Aly</b>	<ul style="list-style-type: none"> <li>- Chief Executive Officer of the Saudi Lime Industries Company.</li> <li>- Chairman of the Audit Committee of the Energy and Enthusiasm Company Limited.</li> </ul>	<ul style="list-style-type: none"> <li>- Head of the Jeddah Company for the aircraft refueling station.</li> <li>- Principal Manager, Ernst and Young E&amp;Y.</li> </ul>	<ul style="list-style-type: none"> <li>- Accounting and Auditing Fellowship.</li> <li>- Diploma in Accounting and Auditing.</li> <li>- Bachelor's degree in Accounting and Business Administration</li> </ul>	<ul style="list-style-type: none"> <li>- More than 20 years of experience in financial advisory and auditing, as well as executive management, and held senior executive positions in major mining companies in the Republic of Egypt and the Kingdom of Saudi Arabia.</li> </ul>
<b>Mr. Abdullah Abdul Majeed Al Jerawi</b>	<ul style="list-style-type: none"> <li>- Member of the Board of Directors and a member of the Nominations Committee in Hail Cement</li> <li>- Chief Executive Officer of Abyan Financial Company</li> </ul>	Asset Manager Manafea Financial Corporation	Bachelor of Financial Management	<ul style="list-style-type: none"> <li>- Senior executive positions and membership of boards of directors and committees in: <ul style="list-style-type: none"> <li>- Brand company</li> </ul> </li> <li>- Financial Technology Committee of the Capital Market Authority <ul style="list-style-type: none"> <li>- Manafa Financial Company</li> <li>- Digital Research Company</li> <li>- Ann Advertising Company</li> </ul> </li> </ul>
<b>Eng. Khalid Abdulaziz Alahmad</b>	<ul style="list-style-type: none"> <li>- Member of the Board of Directors and CEO of Hail Cement</li> <li>- Member of the Hail Chamber Council</li> <li>- Member of the Board of Trustees of His Highness Prince Abdulaziz bin Saad Al Saud Program</li> <li>- Member of the National Committee for Cement Companies</li> </ul>	Sales Executive at Hail Cement Company	Bachelor of Mechanical Engineering	<ul style="list-style-type: none"> <li>- Executive Director of Marketing and Sales, Hail Cement Company.</li> <li>- Director of Marketing and Sales in SABIC China</li> <li>- Regional Marketing Manager, SABIC Company</li> <li>- SABIC Product Manager</li> <li>- Sales official for the local market and the Middle East market, SABIC Company.</li> </ul>

## Committee Members (out of the Board of Directors)

Member Name	Current position	Previous position	Qualifications	Experience
<b>Eng. Mansour Saleh Al-Hamad Al-Kharboush</b>	- consultant	- Advisor to the Chief Executive Officer - National Water Company.	Bachelor of Science in Electrical Engineering - Master of Electrical Engineering	- Many managerial and leadership positions in Al-Jubail Petrochemical Company (Kemya) from 1993 to 1998. - Many managerial and leadership positions in SABIC from 1998 to 2010.
<b>Eng. Othman Muhammad Bafqih</b>	- consultant	Executive Director of Al-Murjan Company for Maintenance and Operation Owner's advisor at Al-Murjan Investments	Bachelor of Mechanical Engineering	- Several positions in the National Commercial Bank and the Saudi American Bank - Senior executive positions in the Abdul Rahman bin Mahfouz Foundation. - Senior executive positions in Al-Murjan Company for Maintenance and Operation.  Membership of review boards and committees in several companies.

### Current and previous executive management positions, qualifications and experiences:

Member Name	Current position	Previous position	Qualifications	Experience
<b>Eng. Khalid Abdulazaiz Alahmad</b>	- Member of the Board of Directors and CEO of Hail Cement - Member of the Hail Chamber Council - Member of the Board of Trustees of His Highness Prince Abdulaziz bin Saad Al Saud Program - Member of the National Committee for Cement Companies	Sales Executive at Hail Cement Company	Bachelor of Mechanical Engineering	- Executive Director of Marketing and Sales, Hail Cement Company. - Director of Marketing and Sales in SABIC China - Regional Marketing Manager, SABIC Company SABIC Product Manager - Sales official for the local market and the Middle East market, SABIC Company.
<b>Eng. Fahad MUSAED Al-Rashidi</b>	COO Secretary of the Board of Directors Vice-Chairman of the Industrial Committee in the Hail Chamber	Plant manager	Executive Master of Business Administration	General Manager at Semantex Company Factory manager at Qassim Cement Company Deputy General Manager for Technical Affairs and Projects at Qassim Cement Company
<b>Mr. Atef Elgohari</b>	CFO	CFO of Umm Al-Qura Cement Company	- Bachelor's degree in accounting from Helwan University, Egypt - CFM certification from GAQM - Certification in international standards from ACCA	- Financial Director of Isis Company, one of the SEKEM Holding companies in Egypt - Financial Director of Royal Minya Cement Company in Egypt - Account Manager at SEKEM Holding Company in Egypt
<b>Mr. Amer Abdulrahman Alamer</b>	Human Resources and Administrative Manager	Head of Human Resources	Master of Project Management	Head of Human Resources of Hail Cement. Human Resources Supervisor of Hail Cement. Trainer of ANGUS Chemical Company.  Deloitte Recruitment Advisor. Investment Officer of Rakeeza Company.
<b>Eng. Abdulrahman Fahad Alhazmi</b>	- Marketing and Sales Manager	Head of Marketing and Sales	Bachelor of Industrial Engineering	Safety engineer and production engineer in several companies.  Supervisor and planning engineer in Hail Cement. Marketing and Sales Manager at Hail Cement

## 7.7 The Board of Directors Committees:

### Audit Committee:

The audit committee consists of at least three members and not more than five members. The audit committee shall be responsible for monitoring Hail Cement business and verifying reports, financial statements and internal control regulations. The scope of the committee shall include the following:

- Examining the initial and annual financial statements of Hail Cement before submitting to the Board of Directors and expressing its opinion and recommendation to ensure its integrity, fairness and transparency.
- Examining any significant or unusual issues included in the financial reports.
- Examining and reviewing the internal, financial and risk management regulations of Hail Cement.
- Examining the internal audit reports and following up on implementing corrective actions for the provided notes therein.
- Providing the Board of Directors with the recommendation to nominate and dismiss auditors, determine their salaries and evaluate their performance after verifying their independence and reviewing the scope of their work and the terms of contracting.
- Reviewing the Hail Cement's auditor plan and its activities, verifying that the auditor has not submitted any technical or administrative activities outside the scope of the audit work, and expressing its views.
- Examining the auditor report and its notes on the financial statements and following up on the taken measures in this regard.
- Reviewing the reports of the regulatory authorities and verifying that Hail Cement has taken the necessary measures in this regard.
- Verifying the company's compliance with the relevant laws, regulations, policies and instructions.
- Reviewing the contracts and transactions proposed to be conducted by Hail Cement with related parties and submit their opinions to the Board of Directors.
- Submitting the issues, it deems necessary to take action regarding the Board of Directors and provide recommendations on the taken measures.

During the period from 01 January 2022 to 31 December 2022, the Audit Committee meetings. The following are the names of the members and their attendance:

No.	Name	Capacity	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Note
			2022/02/15	2022/02/24	2022/04/26	2022/06/07	2022/07/31	2022/10/31	2022/12/22	
1	Mr.Abdulaziz Tariq Albassam	Committee Chairman	√	√	√	√	√	√	√	
2	Eng. Othman Mohammed Bafqih	Committee Member	√	√	√	√	√	√	√	
3	Eng. Mansour Saleh Al-Kharboush	Committee Member	√	√	√	√	√	√	√	

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of at least three members. The committee carries out the assigned tasks following the approved authority list. The scope of the committee shall include the following:

- Supervising the remuneration and bonus plan for Hail Cement employees and following up on its implementation.
- Supervise the nomination process for membership of the Board of Directors and its subsidiary committees and ensure its performance.
- Supervising the administrative succession planning for senior leaders at the level of Hail Cement.
- Managing the process of evaluating the performance of the Board of directors' performance and its subsidiary committees.
- Supervising and ensuring applying the employee grievance policy.
- Establishing fair and effective policies for the remuneration of the Board of Directors and the executive management to attract effective members of the Board of Directors in addition to high-performance executive management.

From 01 January 2022 to 31 December 2022, the Nominations and Remuneration Committee held four meetings. The following are the names of the committee members and their attendance:

No.	Name	Capacity	(1)	(2)	(3)	(4)	(5)
			2022/01/03	2022/02/09	2022/04/20	2022/06/22	2022/12/08
1	Mr. Abdulaziz Majid Alkassabi	Committee Chairman	√	√	√	√	√
2	Mr. Ahmed Selim Aly	Committee Member	√	√	√	√	√
3	Mr. Abdullah Abdul Majeed Al Jeraiwi	Committee Member	√	√	√	√	√

## 7.8 Audit, internal control and audit committee results

The Internal Audit Department is committed to the international professional framework for the practice of internal audit work issued by the International Institute of Internal Auditors (IIA), which includes international professional standards for the practice of the profession of internal audit, in addition to the basic principles of internal auditing, the definition of internal audit, practical and supplementary guidelines and other elements. The Internal Audit Department at Hail Cement Company adopts a risk-based review method, which aims to focus on areas and activities that may pose a greater risk to the company's performance, if any.

Accordingly, the Internal Audit Department reviewed the adequacy and effectiveness of the internal control system in accordance with an annual plan approved by the Audit Committee aimed at evaluating the internal control system. It also raised the results of the operational, administrative and financial audits in order to verify to a reasonable degree the efficiency and effectiveness of the internal control system procedures. In protecting the company's assets and the accuracy of the accounting records and adherence to the regulations and policies adopted by the management to achieve the company's objectives. Based on what was included in the reports of the external auditor of Hail Cement and the internal auditor, and where these reports did not show any fundamental weakness in the company's internal control systems, the Audit Committee believes that the executive management The company has maintained an effective system of internal control, and that the scope and scale of the audits, and the discussions of the Audit Committee during its periodic meetings provided the Committee with a reasonable basis for this opinion, bearing in mind that any system of internal control, regardless of the soundness of its design and the effectiveness of its application, cannot provide absolute assurance On the effectiveness of the applicable internal control systems.

### 7.9 Hail Cement Auditor report

The office of Mr. Al-Ayouti Partners, the external auditor of Hail Cement accounts, submitted his report for the year ending on December 31, 2022, and the report of the chartered accountant of Hail Cement did not include any reservations about the annual financial statements for the fiscal year 2022 .

### 7.10 Declarations of the Board of Directors

- Lists of accounts on Hail Cement System and the accounts report The Board of Directors acknowledges the following:
- Accounts records prepared properly.
- An internal system prepared on sound foundations and implemented effectively.
- There is no significant doubt about Cement's ability to continue its activities.
- That there is no business competing with the company practiced by any member of the Board.the ability of Hail Cement to continue its activity.

### 7.11 Confirmations of the Board of Directors

In line with the governance regulations issued by the Capital Market Authority and the governance regulations of Hail Cement, the Board of Directors confirms the following:

- Hail Cement is committed to working to protect the rights of shareholders and not to discriminate between shareholders who own the same class of shares and not to withhold any right from them in the form of fair treatment for all shareholders.
- Hail Cement did not receive from shareholders who own 5% or more a request to convene the General Assembly during the year ended, and it was not convened.
- Hail Cement did not receive from shareholders who own 5% or more a request to add one or more topics to the agenda of the General Assembly meeting when it was prepared.
- Hail Cement did not take any measure that might impede the shareholder's use of his right to vote.
- Hail Cement did not provide any cash loan of any kind to any member of its board of directors, nor did it guarantee any loan contracted by a member of its board of directors with others.
- Loans whose terms exceeded 3 years were not contracted, and no properties owned by Hail Cement were sold or mortgaged, and none of Hail Cement's debtors were discharged from any obligations towards them during the year 2022 AD, except for what was disclosed in this report.
- During the fiscal year 2022 AD, the external auditor of Hail Cement did not provide any advisory services to Hail Cement and did not receive any fees in this regard.
- The auditor's report on the annual financial statements of Hail Cement for the fiscal year 2022 AD did not include any substantial reservations or observations.
- Hail Cement did not receive from the auditor a request to convene the General Assembly during the fiscal year ending on 12/31/2022 AD, and it was not convened.

### 7.12 The Board of Directors takes actions to inform its members - especially non-executives - of shareholders proposals and comments on Hail Cement and its performance

The Articles of Association and the Hail Cement Governance Regulations guarantee to the shareholders all the rights related to the share. Accordingly, the Board of Directors has taken a number of measures to inform its members, especially non-executives, of the shareholders' proposals regarding Hail Cement and its performance as follows:

- 1 .Receiving shareholders' inquiries, observations or complaints through the available communication channels via telephone, fax or e-mail.
- 2 .Examining and classifying these inquiries and submitting them to the Board of Directors during its periodic meetings.
- 3 .Work to urge all members of the Board of Directors to attend the general assemblies in order to answer shareholders' questions and view their views and observations. The work regulations of the Board committees also oblige the chairpersons of the committees affiliated to the Board of Directors or their representatives from among their members to attend the general assemblies to answer the shareholders' inquiries.
4. Recording shareholders' questions and inquiries in the minutes of the general assemblies' meetings, which are kept at the headquarters of Hail Cement, and any shareholder can view them upon request.

### 7.13 The adopted methods by the Board in evaluating its performance, the performance of its committees and members and the external body that carried out the evaluation

In its continuous endeavor to develop its performance in line with the development of regulations and controls regulating the work of companies, Hail Cement was keen to

adhere to everything that improves the level of governance in the company, including taking appropriate means to evaluate the performance of the Board of Directors, its committees and the executive management within the tasks of the Nominations and Remunerations Committee, where a specialized consulting company was contracted to carry out the work Evaluation using modern technical means according to generally accepted standards in this regard.

#### 7.14 Shareholders relationship

Based on Hail Cement keenness and concern for the rights of its shareholders, and awareness of the Board of Directors in knowing its responsibilities towards the shareholders of Hail Cement to achieve communication based on a common understanding of the strategic objectives and interests of Hail Cement, all shareholders rights have been included in the Hail Cement Articles of Association, the Governance Regulations and the derived related Internal regulations.

Therefore, Hail Cement is always keen to provide all shareholders with all information with full transparency and neutrality to fully exercise their rights through general assemblies and keep them constantly informed of developments in Hail Cement business through its website and the Saudi Stock Exchange website (Tadawul).

#### 7.15 Hail Cement applications for the shareholders' registry during 2022:

The following schedule indicates the dates of Hail Cement applications for the shareholders' registry and their reasons.

No.	Application date	Application reason
1	2022/1/2	Company actions
2	2022/3/5	Company actions
3	2022/3/5	Company actions
4	2022/4/12	Assemblies
5	2022/6/14	Assemblies

#### 7.16 Disclosed announcements of Hail Cement during the fiscal year 2022

No.	Disclosure date	Disclosure nature
1	2022/03/01	Hail Cement Co. announces its Annual Financial Results for the Period Ending on 31-12-2021 (Twelve Months)

<b>2</b>	2022/03/01	Correction announcement from Hail Cement Co. in regards to the announcement of the annual results of the fiscal year ending 31 Dec 2021.
<b>3</b>	2022/03/24	Hail Cement Co. announces to Invites its Shareholders to Attend the ( First Meeting ) Ordinary General Assembly Meeting
<b>4</b>	2022/04/13	Hail Cement Co. Announces the start of E-voting on the Agenda of the Ordinary General Assembly Meeting (First Meeting)
<b>5</b>	2022/04/19	Hail Cement Co. Announces the Results of the Ordinary General Assembly Meeting, ( First Meeting )
<b>6</b>	2022/05/17	Hail Cement Co. announces its Interim Financial Results for the Period Ending on 2022-03-31 ( Three Months )
<b>7</b>	2022/06/02	Hail Cement Co. Announces Its Intention to Purchase its Shares
<b>8</b>	2022/06/06	Addendum Announcement from Hail Cement Co. in regards to its announcement its intention to purchase its shares.
<b>9</b>	2022/06/06	Hail Cement Co. announces to Invites its Shareholders to Attend the ( First Meeting ) Extraordinary General Assembly Meeting
<b>10</b>	2022/06/29	Hail Cement Co. Announces the Results of the Extraordinary General Assembly Meeting, (second Meeting )
<b>11</b>	2022/08/23	Hail Cement Co. announces its Interim Financial Results for the Period Ending on 2022-06-30 ( Six Months )
<b>12</b>	2022/08/25	Hail Cement Co. announces the distribution of cash dividend for The Financial period ended 30 June 2022.
<b>13</b>	2022/09/25	Hail Cement Co. Announces the Execution of Memorandum of Understanding with Qassim Cement Company Acquiring Acquiring all issued shares in Hail Cement Company

<b>14</b>	2022/10/13	Hail Cement Co. Announces the Result of Purchase for it's Shares ( phase one )
<b>15</b>	2022/10/13	Correction announcement from Hail Cement Co. in regards to its announcement the completion of phase one of purchasing its shares.
<b>16</b>	2022/10/31	Hail Cement Co. announces its Interim Financial Results for the Period Ending on 2022-09-30 ( Nine Months )
<b>17</b>	2022/12/14	Hail Cement Co. announces the distribution of cash dividends for The second half of the year 2022

### 7.17 Shareholder Relations Officer

**The Board of Directors receives, in all meetings, a detail of all shareholder questions and inquiries from the Shareholder Relations Officer and reviews responses thereto.**

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