



اسمنت أم القرى  
Umm Al Qura Cement

# Annual Report

## Fiscal Year 2023

**In the Name of Allah, the  
Compassionate, the Merciful**



Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud



His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz Al Saud

The Crown Prince and Prime Minister



## Board of Directors Members



Chairman of Board of Directors  
Mr. Abdullah Abdulaziz Al Abdullatif



Member of the Board of Directors  
Mr. Ahmed Abdulaziz Alhagbani



Deputy Chairman of the Board  
Mr. Saud Mohammed Alsabhan



Member of the Board of Directors  
Mr. Salih Ibrahim Alkholaifi



Member of the Board of Directors  
Mr. Abdullah Hamdan Alsourayia



Member of the Board of Directors  
Eng. Abdulrahman Sulaiman Alsayyari



## Chairman's Speech

### Messrs. / Shareholders:

On behalf of my fellow members of the Board of Directors of Umm Al-Qura Cement Company, I am pleased to present to you the annual report on the company's business results for the financial year ending on December 31, 2023 AD. On this occasion, I extend my thanks and gratitude to our wise government and the trust of our honorable shareholders during the year 2023, during which the company succeeded in navigating the changing market conditions. These results have been achieved thanks to Allah Almighty and then to the great efforts made by the company's management and its work team in the face of the exceptional circumstances that the company faced during the year.

As Umm Al-Qura Cement Company welcomes the new year 2024, we renew the company's commitment to maintaining the vision, values, and goals for which it was established. We are also confident in our ability to achieve the greatest possible benefit for all shareholders during the coming year.

We ask Allah for help and guidance,

### Introduction

The report has been prepared in accordance with the requirements of the Companies Law, the Corporate Governance Regulations, and the instructions issued by the Board of Directors of the Saudi Capital Market Authority. To ensure full disclosure of these requirements, the report fulfilled the regulatory requirements for disclosure. The Board of Directors of Umm Al-Qura Cement Company recommended to the General Assembly to approve this report.

Umm Al-Qura Cement Company publishes detailed information on the activities and business related to the performance of the fiscal year 2023, to strengthen the bonds of Umm Al-Qura Cement Company with its shareholders, stakeholders, and concerned authorities.





## 1- Formation and Activity

Umm Al-Qura Cement Company (The Company) is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Register No. 1010382514 dated Shaban 28, 1434 AH corresponding to July 7, 2013, AD.

And in accordance with the sub-commercial register "Umm Al-Qura Cement Company Factory" issued under No. 4032044432 dated Rajab 2, 1435 AH corresponding to May 2, 2014, AD.

And the sub-commercial register "Umm Al-Qura Cement Company - Sales Office" issued under No. 4032254452 dated Rabi' Al-Thani 11, 1443 AH corresponding to November 16, 2021, AD.

The company is engaged in the manufacture of ordinary cement (Portland), sulfate-resistant cement, clinker, and white cement.

The activity of the sales office is: wholesale of cement, pozzolana and the like, retail of building materials, including cement, blocks, gypsum, cement tiles, etc.

The authorized and issued capital of the company is 550,000,000 SAR, divided into 55 million shares, with a par value of SAR 10 per share.

During 2014, 50% of the shares were introduced for public offering, and the company's shares were traded on the Saudi stock market on June 12, 2014.

The company's fiscal year begins on the first of January and ends at the end of December of each Gregorian year.

### Company Objectives:

The following are the objectives of the company:

- 1) Production of all kinds of gray cement.
- 2) Production of all kinds of white cement.
- 3) Managing and operating all kinds of Portland cement and white cement factories.
- 4) Wholesale and retail trade in the company's products, building materials, pozzolanic materials, and building chemicals, including their import and export abroad.
- 5) Management, operation, and maintenance of industrial facilities complementary to the purpose of the company.
- 6) Prefabricated concrete and prefabricated buildings.
- 7) Management and rental of owned or leased (residential) real estate
- 8) Management and leasing of owned or leased (non-residential) real estate
- 9) Commercial agencies.
- 10) Importing and operating radioactive devices for the company's factories
- 11) General contracting for buildings (construction, repair, demolition, and restoration) and roads.
- 12) Specialized sub-contracting.
- 13) Installation contracting.
- 14) Contracting and other construction works.
- 15) Maintenance and operation of residential and commercial buildings and industrial facilities.
- 16) Mechanical and electrical works.
- 17) Transportation and storage of goods inside and outside the Kingdom.
- 18) The company carries out its activities after obtaining the necessary regulatory licenses



Among the above-mentioned objectives, the company started the production of Portland cement, the management and operation of Portland cement plants and the wholesale and retail trade of the company's products.

**Future Plans:**

- Expand the company's customer base by providing the best services and developing the quality of the final product.
- Production of a subtype of Portland cement (FC finishing cement).
- Securing the sources of raw materials.
- Paying attention to human resources and social responsibility.
- Developing the company's internal regulations and policies.
- Improving and standardizing the mixture of raw materials to reduce production costs while maintaining the highest quality standards.

**2- Umm Al-Qura Cement Company's Strategy**

**Our Vision:**

To be the preferred choice for customers, investors, and employees.

**Our Mission:**

Create sustainable value and maintain its continuous growth for customers, shareholders, and employees.

**Our Values:**

- Safeguard the interests of the company
- Commitment
- Integrity
- Transparency

**Company's Strategic Goals:**

The strategic goals of Umm Al-Qura Cement Company are based on its distinctive characteristics by creating a competitive advantage in all the main sectors of the company in order to create sustainable value by adopting the following goals:

**1- Governance, Safety, Environment, Human Resources and Information Technology:**

- Commitment to governance policies and regulations and implementing the best practices.
- Commitment to the highest standards of safety and environmental protection.
- Developing human resources by training and advancing national competencies
- Continuous development of information technology, equipment and systems
- Creating a practical environment with an industrial culture of professionalism and high productivity

**2- Operation**

- A high-level monitoring and control system to maintain the quality of work and product continuously and steadily.
- High productivity of production lines.
- High readiness of production lines with advanced maintenance systems.



### 3- Customers

- Continuous and stable satisfaction of customers' needs.
- High and stable product quality.
- Quick service delivery.
- Competitive prices.

### 4- Financial Return

- Maximize return on sales.
- Reduce production costs.
- Maximize the utilization of assets.

### 5- The adoption of these strategies creates added values represented as

- A sustainable system with a bright image.
- A high profitability production system.
- A well-established system with the ability to grow and advance rapidly.

#### **Company's Strategic Initiatives:**

The company's initiatives and its medium and long-term goals are based on the principle of sustainability and maximizing the added value for the company's shareholders and related parties through the following initiatives:

#### 1- Secure the necessary resources for continuous production and sales

The company works to secure sources of raw materials by obtaining the necessary mining concessions and securing energy sources.

#### 2- Cost Management

The company works to manage and control costs to maintain a highly competitive product cost.

#### 3- Maintaining a competitive advantage in the market

The company is working on its presence in multiple markets within the surroundings of its factory location by maintaining a competitive advantage of its high-quality products and through relationships with customers and distributors.





### 3- Company Business Results

#### 1- Production

Umm Al-Qura Cement Company produces several types of cement, namely:

- Ordinary Portland Cement: It is a final product of cement and is a type commonly used in general construction purposes such as bases, roofs and walls.
- Portland Pozzolana Cement: It is a final product of cement, where the pozzolanic material is added to the clinker in addition to gypsum.
- Sulphate-Resistant Cement, a type suitable for use in concrete bases.

The company's production schedule of cement and clinker during 2023

Product Type	Production Volume (Thousand Tons) 2023	Production Volume (Thousand Tons) 2022
Clinker	1,280	1,767
Cement	1,089	1,337

#### 2- Inventory

The company's inventory schedule of cement and clinker on December 31, 2023

Product Type	Inventory (Thousand Tons) 2023	Inventory (Thousand Tons) 2022
Clinker	3,346	3,041
Cement	48	54

#### 3- Quality

Umm Al-Qura Cement Company attaches great importance to the issue of quality in its general concept, specifically the quality of its products. The company has obtained the certificate of the Saudi Standards, Metrology and Quality Organization for the following products:

- Ordinary Portland Cement (TYPE 1)
- Portland Pozzolana Cement
- Sulphate-Resistant Portland Cement (TYPE V)





#### 4- Sales

##### 1- Company's Cement Sales in Recent Years:

Year	Sales Quantity (Thousand Tons)				
	2023	2022	2021	2020	2019
<b>Total</b>	<b>1,094</b>	<b>1,337</b>	<b>1,529</b>	<b>1,693</b>	<b>1,383</b>

##### 2- Segment Information:

##### Geographical analysis

The company exercises its commercial and operations sales within the Kingdom in the following geographical areas during the year 2023.

Region	Quantity (Thousand Tons)
Western Region	666
Southern Region	334
Central Region	94
<b>Total</b>	<b>1,094</b>

#### 5- Business results

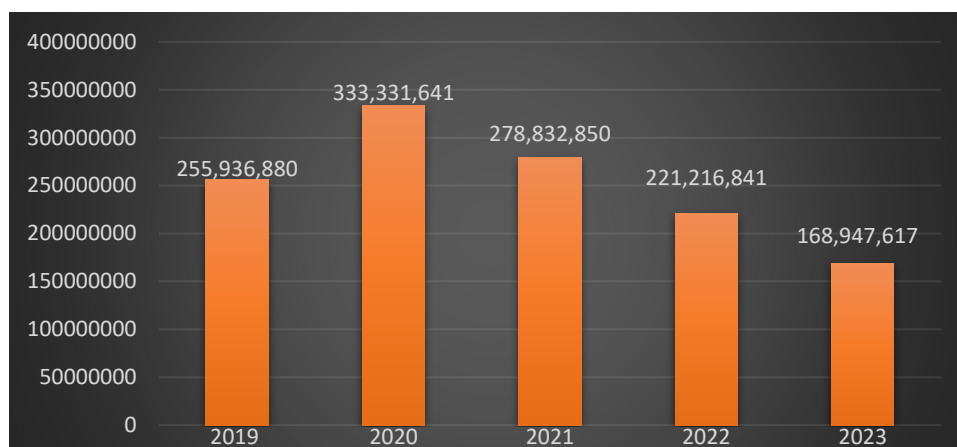
The following schedule shows the company's business results over five years

Period	Jan. 1, 2023 Dec. 31, 2023	Jan. 1, 2022 Dec. 31, 2022	Jan. 1, 2021 Dec. 31, 2021	Jan. 1, 2020 Dec. 31, 2020	Jan. 1, 2019 Dec. 31, 2019
Net profit (loss)	3,951,063	22,986,944	81,436,401	117,672,926	79,823,172
Shares No.	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000
<b>Profit (loss) /share</b>	<b>0.07</b>	<b>0.42</b>	<b>1.48</b>	<b>2.14</b>	<b>1.45</b>



## Sales revenue (from 2019 to 2023)

Year	Revenue (SAR)				
	2023	2022	2021	2020	2019
Total	168,947,617	221,216,841	278,832,850	333,331,641	255,936,880



## 6- Risks

### – Liquidity risk

Liquidity risk is the inability of the Company to meet its obligations related to financial liabilities when it's due. Liquidity needs are observed on a monthly basis. The management ensures that sufficient funds are available to meet any obligations as they fall due. The company's current financial liabilities consist of cost-plus financing (Murabaha financing), accounts payable and other liabilities. The company works to reduce liquidity risk by managing the periods for collecting customer balances and the periods for repaying the balances of suppliers and other credit balances.

### – Credit risk

Credit risk is the inability of one party to meet its obligations, which leads to the other party incurring financial losses. The company works to reduce credit risk with respect to customers by setting credit limits for each individual customer, monitoring the outstanding receivables, and obtaining guarantees against the credit limit of customers.

### – Foreign exchange risk

Foreign exchange risk arises from changes and fluctuations in the value of financial instruments due to changes in foreign exchange rates. The company did not carry out any transactions of materiality relevance in currencies other than the Saudi riyal, US dollar and Euro. Since the exchange rate of the Saudi riyal is fixed against US dollar. As for euro currency, changes in exchange rate do not affect the company significantly, as the transactions do not have materiality relevance. These balances do not represent a significant currency risk. The Company's management monitors currency fluctuations and believes that the currency risk is not substantial.



– **Commission rate risk**

Commission risk arises from changes and potential fluctuations in interest rates that affect future profit or the fair values of financial instruments. The company is subject to commission risk on its liabilities on which the company pays commission, which are represented in bank facilities balances and amounts due under Islamic financing. The Company seeks to reduce interest rate risk by monitoring potential fluctuations in interest rates and hedging these risks when needed. The Company's management believes that the interest rate risk is currently immaterial.

– **Operational risks related to power supply.**

The company relies on all kinds of fuels, such as diesel and heavy fuel, as the rest of the companies in the sector. The production activity of cement consumes large amounts of energy, which represents a large part of the production costs. The risks are high energy prices and their impact on the cost of production as Saudi Arabian Oil Company "Saudi Aramco" was and remains the only fuel supplier for all cement plants in the Kingdom "Therefore, if for any reason the company cannot obtain adequate supplies of fuel or electric power in a timely manner or on commercially acceptable terms, or in case of interruptions or delays in the supply of such items or if there are significant increases in the cost of such supplies, suppliers contracted by the company are exposed to material shortages or operational problems s operations ", there is no assurance that the company will be able to find suitable alternative suppliers capable of supplying fuel in the quantities required or at prices acceptable to the company, which has a significant negative impact on its activities and the results of its operations.

– **Risks related to product prices.**

The future performance of the Company relies on its ability to gain market share, maintain market share and increase by expanding the distribution of its products. Reduced demand for the company's products for any reason would negatively affect the results of the company's operations.

This performance also depends on the company's ability to sustain its profitability by maintaining appropriate prices for its products and the ability to transfer any increase in production costs to its customers by raising product prices. The final price for its products depends on supply and demand in the domestic market which is beyond the company's control.

– **Competition risk**

The company operates in a highly competitive sector among cement companies, which requires the company to monitor market conditions intensively and to work diligently to create a close and distinctive relationship with its customers. However, intense competition may lead to highly competitive prices so that greater market share can be acquired, which may affect the company's financial performance. A surplus in the cement market results in more competitive pressures than are currently on the market. These competitive pressures, either together or separately, may fundamentally adversely affect the company's activities, future prospects, financial conditions, results of operations and share prices.

## – Raw material risks

The production of cement depends on the concentration of calcium carbonate in limestone that is extracted from the company's quarry, and since the concentration of calcium carbonate in limestone fluctuates with the nature of the geological composition of the quarry, the risks of its reduced concentration may affect the production of cement material and the cost of its production. Similarly, Umm al-Qura Cement Company does not have the quarries for the corrective and additive materials required for the production of cement material and relies on its purchase from other sources and the fluctuating prices of these materials may affect the cost of production of cement material.

## 7- Potential obligations

The company has capital commitments represented in the purchase of one of the components of the cement mill, for an amount of 7.0 million Saudi riyals. An amount of 1.7 million Saudi riyals was paid, the equivalent of 25% of its cost, so the remaining sum amounted to 5.3 million Saudi riyals.

## 8- Financing

### 1- Industrial Development Fund Loan

On May 21, 2014, the company signed a long-term loan agreement with the Saudi Industrial Development Fund in the amount of 678,000,000 SAR for financing the project to establish a cement production plant. The loan is secured by the mortgage on the company's factory buildings, machinery and equipment in favor of the Fund. The loan agreement included conditions regarding the company's commitment to certain ratios and financial terms. The loan is repaid in sixteen installments. The first installment is due on 15<sup>th</sup> Safar 1439 H corresponding to November 4, 2017, AD, and the last installment is due on 15<sup>th</sup> Shaaban 1446 H corresponding to February 14, 2025. On 23 Thu Al-Qe'eda 1438 H corresponding to August 15, 2017, AD, a side letter was signed to amend some of the terms contained in the original loan agreement. Which included reducing the value of the loan to 656,876,000 Saudi riyals, amending the number of payment installments to become fifteen unequal semi-annual installments, and amending the first installment payment date to become 15<sup>th</sup> Shaaban 1439 H corresponding to May 1, 2018 AD without amending the date of payment of the last installment.

During the third quarter of 2023, a rescheduling agreement was concluded between the company and the Saudi Industrial Development Fund to extend the loan repayment period where the remaining will be repaid on (8) semi-annual installments, with the first installment to be paid in 15<sup>th</sup> of Safar 1446 H corresponding to 19<sup>th</sup> August 2024, the last loan installment will be in 15<sup>th</sup> of Sha 'ban 1449 H corresponding to 12<sup>th</sup> January 2028).

The following is a statement of the installments paid and the installments owed to the Saudi Industrial Development Fund:

#### Installments paid for the Saudi Industrial Development Fund loan

Year	Paid Installments Value (SAR)
2018	33,876,000
2019	55,000,000
2020	100,000,000
2021	90,000,000
2022	55,000,000
2023	-
<b>Total</b>	<b>333,876,000</b>



#### Installments due from the Saudi Industrial Development Fund Loan

Year	Installments Due Value (SAR)
2024	40,000,000
2025	80,000,000
2026	80,000,000
2027	80,000,000
2028	43,000,000
<b>Total</b>	<b>323,000,000</b>

#### 2- Bank credit facilities

A credit facility agreement compatible with the provisions of Islamic Sharia was signed with Riyadh Bank on April 23, 2019, and renewed on November 28, 2023, with a value of 50 million Saudi riyals. The facility period ends on November 28, 2026, guaranteed by a promissory note submitted by the company in the amount of 54 million riyals in favor of the bank (Facility grantor). The purpose of the facility is to finance the company's working capital, capital purchases, and open letters of credit. The company did not use any of these bank facilities during the years 2022 and 2023. This agreement is not binding on the company for any compensation if they are not used.

## Chapter One: The Board of Directors and its Committees

### First: The Board of Directors

- A. On April 28, 2021, the Ordinary General Assembly approved the election of members of the Board of Directors from among the candidates for the term starting from July 4, 2021, for a period of three years. The company's board of directors consists of six (6 members), and the following table shows the information of the board members:

No.	Member Name	Membership Classification		
		Executive	Non- Executive	Independent
1	Abdullah Abdul Aziz Al Abdul Latif (Chairman of the Board of Directors)		√	
2	Saud Mohammad Alsabhan (Vice Chairman of the Board of Directors)		√	
3	Salih Ibrahim Alkholaifi (Member of the Board of Directors)		√	
4	Ahmed Abdulaziz Saleh Alhagbani (Member of the Board of Directors)			√
5	Abdulrahman Sulaiman Ibrahim Alsayyari (Member of the Board of Directors)			√
6	Abdullah Hamdan bin Sourayia Al Sourayia (Member of the Board of Directors)			√



B. Names of companies inside or outside the Kingdom for which a member of the company's board of directors is a member of its current and previous boards of directors or one of its directors

Name	Companies name in which a company's board member is a member of its current board or one of its directors	Inside the Kingdom / Outside the Kingdom	Legal Form	Companies name in which a company's board member is a member of its previous board or one of its directors	Inside the Kingdom / Outside the Kingdom	Legal Form
Abdullah Abdul Aziz Al Abdul Latif (Chairman of Board of Directors)				Kayan Petrochemical Company (Board Member)	Inside the Kingdom	Closed joint stock
Saud Mohammad Alsabhan (Vice Chairman of the Board)	Founding Council of the Northern Health Sector	Inside the Kingdom	-	Al-Rajhi Steel Company (Member of the Board of Directors)	Inside the Kingdom	Closed joint stock
	Bohoor International Investment Company (Managing Director)	Inside the Kingdom	Limited liability	Future Ceramics Company	Inside the Kingdom	Closed joint stock
				Falcon Plastic Products Company	Inside the Kingdom	Closed joint stock
				Tunisian Saudi Bank (Chairman of the Risk Committee)	outside the Kingdom	Closed joint stock
				Asma Capital (Member of the Investment Committee - Member of the Audit Committee)	outside the Kingdom	Closed joint stock
				Najm Insurance Services Company	Inside the Kingdom	Closed joint stock
				Anfal Capital (Chairman of the Board)	Inside the Kingdom	Closed joint stock
Salih Ibrahim Alkholaifi (Member of the Board of Directors)	Bathel Al Khair Foundation for Business and Real Estate (Member of the Board of Directors)	Inside the Kingdom	Establishment	Saudi Land Transport Company (Board Member)	Inside the Kingdom	Public joint stock
	Sabaa Real Estate Company (Member of the Board of Directors)	Inside the Kingdom	Limited liability	Saudi Company for Hotels and Touristic Areas (Operating Director)	Inside the Kingdom	Public joint stock
				Hail Cement Company Member of the Audit committee	Inside the Kingdom	Public joint stock
				Investment Bank (Member of the audit committee)	Inside the Kingdom	Public joint stock



Name	Companies name in which a company's board member is a member of its current board or one of its directors	Inside the Kingdom / Outside the Kingdom	Legal Form	Companies name in which a company's board member is a member of its previous board or one of its directors	Inside the Kingdom / Outside the Kingdom	Legal Form
Ahmed Abdulziz Saleh Alhagbani ( Member of the Board of Directors)	CEO of Alhagbani Trading Group	Inside the Kingdom	Limited liability	Al-Aziza Real Estate Development and Investment Co.	Inside the Kingdom	Closed joint stock
				Mezat Real Estate Development Company	Inside the Kingdom	Closed joint stock
	FAD Company for Mechanical & Electrical Equipment Ltd.	Inside the Kingdom	Limited liability	-	-	-
	CEO of Arabian Company for Fans Manufacturing Ltd.	Inside the Kingdom	Limited liability	-	-	-
	Chairman of the Board of Directors of Cracker Contracting Company	Inside the Kingdom	Limited liability	-	-	-
	Chairman of the Board of Directors of Sanad Holding Co.	Inside the Kingdom	Closed joint stock	-	-	-
Abdulrahman Sulaiman Ibrahim Alsayyari (Member of the Board of Directors)	National Industrialization Co. (Tasnee)	Inside the Kingdom	Listed joint stock	MARAFIQ Company	Inside the Kingdom	Closed joint stock
Abdullah Hamdan bin Sourayia Al Sourayia (Member of the Board of Directors)	Al Sourayia Trading for Flooring & Furniture Co.	Inside the Kingdom	Closed joint stock	Director of the Eastern Region at Al Sourayia Trading for Flooring & Furniture Co.	Inside the Kingdom	Closed joint stock
	Member of the Board of Directors of Saudi Villa Contracting Company	Inside the Kingdom	Closed joint stock	Purchasing Director at Al Sourayia Trading for Flooring & Furniture Co.	Inside the Kingdom	Closed joint stock
	Member of the Board of Directors of United Insulation Company	Inside the Kingdom	Closed joint stock	-	-	-



### C. Current and previous positions, qualifications and experience of board members

Name	Current positions	Previous positions	Qualifications	Experience
Abdullah Abdul Aziz Al Abdul Latif (Chairman of Board of Directors)	<ul style="list-style-type: none"> <li>- Holds an administrative and technical position in one of the specialized agencies in the field of technology</li> <li>- Information systems consultant at Al Abdul Latif Holding Group</li> </ul>	Member of the Board of Directors of Kayan Petrochemical Company	Bachelor's degree in Information Systems from King Saud University	Has administrative, technical and consulting experience in many agencies
Saud Mohammed Alsabhan (Vice Chairman of the Board)	Managing Director of Bohoor International Investment Company	<ul style="list-style-type: none"> <li>- Credit Insurance Officer at the Saudi Fund for Development</li> <li>- An employee in the credit department at the Saudi Industrial Development Fund</li> </ul>	<ul style="list-style-type: none"> <li>- MA degree in Business Administration, majoring in International Finance and Entrepreneurship, from the American University in Washington</li> <li>- Bachelor's degree in Finance from King Fahd University of Petroleum</li> </ul>	<ul style="list-style-type: none"> <li>- Credit Insurance Officer at the Saudi Fund for Development</li> <li>- An employee in the credit department at the Saudi Industrial Development Fund</li> <li>- Member of the Board of Directors of companies in various fields, as well as a member of several committees</li> </ul>
Salih Ibrahim Alkholaifi (Member of the Board of Directors)	<ul style="list-style-type: none"> <li>- Member of the Board of Directors at Bathel Al Khair Foundation for Business and Real Estate</li> <li>-- Member of the Board of Directors of Spa'a Real Estate</li> <li>- General Manager , Sultan bin Abdulaziz Al Saud Charitable</li> </ul>	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Al Dar Al Arabiya Company</li> <li>- Member of the Board of Directors of the Saudi Land Transport Company</li> <li>- Member of the Board of Directors of the National Agricultural Development Company (NADEC)</li> <li>- Operations Director at the Saudi Company for Hotels and Tourist Areas</li> <li>- Internal Controller at the Arab Investment Company</li> </ul>	<ul style="list-style-type: none"> <li>- MA degree in Accounting from Oklahoma City University, USA</li> <li>- Bachelor's degree in Administrative Sciences, majoring in Accounting, from King Saud University</li> </ul>	<ul style="list-style-type: none"> <li>- Member of the Board of Directors of the Saudi Land Transport Company</li> <li>- Member of the Board of Directors of the National Agricultural Development Company (NADEC)</li> <li>- Director of Financial Affairs, then Director of Operations at the Saudi Company for Hotels and Tourist Areas</li> <li>- Internal Controller at the Arab Investment Company</li> </ul>
Ahmed Abdulaziz Saleh Alhagbani (Member of the Board of Directors)	<ul style="list-style-type: none"> <li>- CEO of Alhagbani Trading Group Co</li> <li>- CEO of FAD Company for Mechanical &amp; Electrical Equipment Ltd.</li> <li>- CEO of Arabian Company for Fans Manufacturing Ltd.</li> <li>- Chairman of the Board of Directors of Cracker Contracting Company</li> <li>- Chairman of the Board of Directors of Sanad Holding Company</li> </ul>	<ul style="list-style-type: none"> <li>- Member of the Board of Directors of Al-Aziza Company for Investment and Real Estate Development</li> <li>- Member of the Board of Directors of Mezat Real Estate Development Company</li> </ul>	Bachelor's degree in Industrial Engineering from King Saud University	<ul style="list-style-type: none"> <li>- CEO of Alhagbani Trading Group Co</li> <li>- CEO of FAD Company For Mechanical &amp; Electrical Equipment Ltd</li> <li>- CEO of the Arabian Company for Fans Manufacturing Ltd.</li> <li>- Chairman of the Board of Directors of Sanad Holding Company</li> </ul>



Name	Current positions	Previous positions	Qualifications	Experience
Abdulrahman Sulaiman Ibrahim Alsayyari (Member of the Board of Directors)	Member of Al Shura Council	<p>Worked for thirty-three years at the Saudi Industrial Development Fund and as Vice Director of the Credit Department in the Fund Assistant General Director of Finance for four years</p> <p>Consultant at the Ministry of Industry and Mineral Resources</p>	<p>- Bachelor's degree in Electrical Engineering from King Saud University</p> <p>- Course in Credit and Financial Management from Chase Manhattan Bank</p>	<p>Worked for thirty-three years at the Saudi Industrial Development Fund, leading to the position of vice director of the credit department in the fund</p> <p>Participation in many committees responsible for the cement sector and the evaluation of many companies in the cement and petrochemical industries</p> <p>- Assistant General Director of Finance</p> <p>- Former Board Member of MARAFIQ Company</p> <p>- Member of the current board of directors in the National Industrialization Company (Tasnee)</p> <p>- Founder of companies working in the oil, gas and renewable energy sectors</p>
Abdullah Hamdan bin sourayia Al Sourayia (Member of the Board of Directors)	<p>-General Director of Procurement with membership of the Board of Directors and membership of the Audit Committee and the Nomination and Remuneration Committee of Al Sourayia Trading Company for Flooring and Furniture</p> <p>-Member of the Board of Directors and member of the Audit Committee of the Saudi Villa Contracting Company</p> <p>-Member of the Board of Directors and member of the Audit Committee of the United Insulation Company</p>	- Director of the Eastern Region, then Purchasing Director, Flooring Department of Al Sourayia Trading Company for Flooring & Furniture	<p>Bachelor's degree in Marketing from King Abdulaziz University</p> <p>Multiple courses in (advanced trends of purchases and tender systems, contract management, warehouse management, electronic inventory control, local and external purchasing management systems and methods, and human resource management)</p>	<p>Director of the Eastern Region, then Purchasing Director - Flooring Department, then General Director of Purchasing with membership of the Board of Directors and membership of the Audit Committee and the Nominations and Remunerations Committee of Al Sourayia Trading Company for Flooring and Furniture</p> <p>Member of the Board of Directors and member of the Audit Committee of the Saudi Villa Contracting Company</p> <p>Member of the Board of Directors and member of the Audit Committee of the United Insulation Company</p>



#### D. Board of Directors attendance schedule for 2023

Meeting No. & date Member Name	Membership	Meeting No. 58 Riyadh 20/03/2023	Meeting No. 59 Riyadh 21/03/2023	Meeting No. 60 Riyadh 18/05/2023	Meeting No. 61 Riyadh 09/08/2023	Meeting No. 62 Riyadh 16/08/2023	Meeting No. 63 Riyadh 31/10/2023	Meeting No. 64 Riyadh 26/12/2023	Attendance times
Abdullah Abdul Aziz Al Abdul Latif	Chairman	√	√	√	√	√	√	√	7
Saud Mohammad Alsabhan	Vice Chairman	√	√	√	√	√	√	√	7
Salih Ibrahim Alkholaifi	Independent	√	-	√	√	√	√	√	6
Ahmed Abdulaziz Saleh Alhagbani	Independent	√	√	√	√	√	√	√	7
Abdulrahman Sulaiman Ibrahim Alsayyari	Independent	√	√	√	√	√	√	√	7
Abdullah Hamdan Sourayia Al Sourayia	Independent	√	√	√	√	√	√	√	7

Present (√) Absent (-)

#### Second: Board Committees

The company's board of directors has two sub-committees:

##### 1- Audit Committee

On 28/04/2021 AD, the Ordinary General Assembly agreed to update the Audit Committee's bylaw, define its tasks, work controls, and remuneration for its members, for the new term starting from 04/07/2021 AD and for a period of three years. The Audit Committee consists of three (3) members:

##### ▪ Committee members from 01/01/2023 to 29/03/2023

1. Mr. Yousef Mohammad Alsohibani (Chairman of the Committee – Not a board member)
2. Mr. Saud Mohammad Alsabhan (A member of the board of directors)
3. Mr. Fawaz Hamad Fawaz (Not a board member)

##### ▪ Members of the Committee from 30/03/2023 to 31/12/2023

- 1- Mr. Saud Mohammed Ali Al-Sabhan (Chairman - non-executive member)
- 2- Abdullah Hamdan Sourayia Al Sourayia (Board Member - Independent)
- 3- Mr. Fawaz Hamad Alfawaz (Not a Board Member)



- **Positions, qualifications and experience of current and previous committee members (from outside the board)**

Name	Current positions	Previous positions	Qualifications	Experience
Fawaz Hamad Alfawaz (Member of the Audit Committee from outside the Board of Directors)	<p>Member of the Board of Directors of the Saudi Financial Association (non-profit)</p> <p>Member of the Board of Directors of Saudi Energy Economies (non-profit)</p> <p>Member of the Board of the Saudi Finance Company</p>	<p>- Director of Risk Management at Al-Khabeer Company</p> <p>- Head of the Public Sector Finance Department at Banque Saudi Fransi</p> <p>- Head of investment and private banking at Banque Saudi Fransi</p> <p>- An official in investment and private banking at the Saudi American Bank</p> <p>- An employee in the International Investments Department at the Saudi Arabian Monetary Agency</p>	<p>- MA degree in Economics from California State University of Technology, USA</p> <p>- Bachelor's degree in Economics, California State University of Technology</p>	<p>- Director of Risk Management at Al-Khabeer Company</p> <p>- Head of the Public Sector Finance Department at Banque Saudi Fransi</p> <p>- Head of investment and private banking at Banque Saudi Fransi</p> <p>- An official in investment and private banking at the Saudi American Bank</p> <p>- An employee in the International Investments Department at the Saudi Arabian Monetary Agency</p>

#### **Committee duties and responsibilities:**

The Committee's terms of reference, Authorities and responsibilities:

The Audit Committee is responsible for monitoring the company's business and verifying the integrity and impartiality of its reports, financial statements and internal control systems. The committee's tasks include in particular:

#### **Financial reports:**

- 1- Examine the company's initial and annual financial statements before presenting them to the Board of Directors and expressing its opinion and recommendation thereon, to ensure their integrity, fairness and transparency.
- 2- To express a technical opinion, at the request of the Board of Directors, as to whether the report of the Board of Directors and the financial statements of the Company are fair, balanced and understandable and include information that allows shareholders and investors to assess the Company's financial position, performance, business model and strategy.
- 3- Examine any important or unfamiliar issues contained in financial reports.
- 4- Thoroughly examine any matters raised by the company's chief financial officer, his or her duty holder, the company's liability officer or the auditor.
- 5- Verification of accounting estimates in material matters contained in the financial reports.



- 6- Examine the company's accounting policies and express an opinion and recommendation to the Board of Directors.
- 7- Study and review the company's internal and financial control and risk management systems.
- 8- Examine internal audit reports and follow up on the implementation of corrective procedures for the observations contained therein.
- 9- Oversight of the performance and activities of the internal auditor and the internal audit department of the company to verify its effectiveness in the performance of its business and functions.
- 10- Recommendation to the Board of Directors to nominate and isolate auditors, determine their fees and evaluate their performance after verification of their independence
- 11- Verify the auditor's independence, objectivity and fairness, and the effectiveness of audit work, considering relevant rules and standards.
- 12- Answer the company's auditor inquiries.
- 13- Examine the auditor's report and observations on the financial statements and follow up on what has been taken.
- 14- Verify the company's compliance with the relevant regulations, policies and instructions.
- 15- Review the company's proposed contracts and transactions with relevant parties and submit its views thereon to the Board of Directors.

The audit committee must establish a mechanism that allows the company's employees to submit their observations regarding an overrun in financial reports or any other issue in confidence, and the committee must verify the application of this mechanism by conducting an independent investigation commensurate with the size of the error or abuse and adopting appropriate follow-up procedures

#### Attendance schedule for the audit committee meetings for the year 2023

Meeting number and date Member name	Membership	(43) 19/03/2023	(44) 17/05/2023	(45) 07/08/2023	(46) 29/10/2023	Attendance times
Mr. Yousef Mohammad Alsohibani	Former Chairman of the Committee – Not a Board Member	√	**	**	**	1
Mr. Fawaz Hamad Fawaz Alfawaz	Chairman of the Committee – independent member	√	√	√	√	4
Mr. Saud Mohammad Ali Alsabhan	Not a Board Member	√	√	√	√	4
Abdullah Hamdan bin Sourayia Al Sourayia	Independent Member	X	√	√	√	3

present (√)      absent ( )      was not a member ( X )      resigned (\*\*)



## 2. Nomination and Remuneration Committee

The Committee consists of three members appointed by the Board of Directors:

▪ **Committee members for the period from 01/01/2023 until 31/12/2023:**

- 1- Mr. Abdullah Hamdan Sourayia Al Sourayia (Independent member and Chairman of the Committee)
- 2- Mr. Saud Mohammed Ali Al-Sabhan (non-executive member)
- 3- Eng. Ahmed Abdelaziz Saleh al-Haqqabani (independent member)

### Committee duties and responsibilities

The duties and responsibilities of the Nomination and Remuneration Committee include the following:

- 1- Recommend to the Board of Directors that it nominate for membership of the Board in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a crime against honor and honesty.
- 2- Annual review of the required needs of appropriate skills for membership of the Board of Directors and preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that the member must allocate for the work of the Board of Directors.
- 3- Reviewing the structure of the Board of Directors and making recommendations regarding changes that can be made.
- 4- Identifying weaknesses and strengths in the Board of Directors and proposing to address them in accordance with the Company's interest.
- 5- Ensure on an annual basis the independence of the independent members, and the absence of any conflict of interest if the member is a member of the board of directors of another company.
- 6- Develop clear policies for the compensation and remuneration of members of the Board of Directors and senior executives, and when setting these policies, consideration should be given to the use of performance-related criteria.

### Attendance schedule for the Nominations and Remunerations Committee meetings for the year 2023 AD

Member name	Membership	Meeting No. (24) 18/05/2023	Meeting No. (25) 11/06/2023	Meeting No. (26) 15/08/2023	Meeting No. (27) 26/12/2023	Attendance times
Mr. Abdullah Hamdan bin Sourayia Al Sourayia.	Chairman of the Committee Independent	√	√	√	√	4
Mr. Saud Alsabhan	non-executive member & Vice Chairman of the Board	√	√	√	√	4
Mr. Ahmed Abdulaziz Saleh Alhagbani.	Independent	√	√	√	√	4



### Third: Executive Management

Current and previous executive management positions, qualifications and experience

Name	Current positions	Previous positions	Qualifications	Experience
Majid Tarik Gharbawi	CEO ( previously) of Umm Al-Qura Cement Company	<ul style="list-style-type: none"> <li>- Regional Manager institutional Banking-Central region, Corporate Banking division at Riyadh Bank</li> <li>- Head of the Public Corporate Banking Section in the Corporate Banking division at Riyadh Bank</li> <li>Senior Relationship Manager in Corporate Banking Division at Riyadh Bank</li> <li>- Senior Relationship Manager Corporate Banking at Al-Rajhi Bank</li> <li>- Manager of Business Development at Nesma Holding</li> <li>- Relationship Manager in Corporate Banking Group at Samba Bank</li> </ul>	Bachelor's degree in Business Administration from University of Southern California (USC), May 2003, in the areas of Finance, Consulting, Management and Entrepreneurship	<p>More than 17 years of experience in the financial and banking sector and business development, and included in his professional biography many administrative and leadership positions for a number of banks and the private sector,</p> <p>Has an experience in the field of leadership and business development, corporate finance in various industrial, real estate and commercial sectors, risk management of financing portfolios, co-financing of companies and government initiatives.</p>
Mohammad Fadl Kamel Alhawi	CEO ( Acting) Plant and project Director Umm Al Qura Cement Company	<ul style="list-style-type: none"> <li>- Project Director at Umm Al-Qura Cement Company</li> <li>- Director of the Obeikan Paper Industries Factory</li> <li>-Project Director at Gulf Cement Company</li> <li>-Maintenance Director at Riyadh Cement Company</li> <li>-Project Director at Gulf Cement Company</li> <li>-Maintenance Director at Southern Providence Cement Company</li> </ul>	Bachelor's degree in Mechanical Engineering from King Fahd University of Petroleum and Minerals in 1989	<p>More than 30 years of experience in the industrial cement sector</p> <ul style="list-style-type: none"> <li>- Director of the Obeikan Paper Industry Factory</li> <li>-Project Director at Gulf Cement Company</li> <li>-Maintenance Director at Riyadh Cement Company</li> <li>-Project Director at Gulf Cement Company</li> <li>-Maintenance Director at Southern Province Cement Company</li> </ul>
Mohannad Mohammad Mahmoud Belbeisi	Finance Manager Umm Al Qura Cement Company	<ul style="list-style-type: none"> <li>-Finance Director at Madar Group, Alexandria - Egypt</li> <li>-Finance Manager at Delmonte Food Company, Amman - Jordan</li> <li>-Finance Manager at Al-Sourayia Company, Jeddah - Saudi Arabia</li> <li>-Finance Controller at TAB Energy Limited Company, Tripoli - Libya</li> <li>-Finance Manager at KCA Deutag Drilling GmbH, Tripoli - Libya</li> <li>-Chief Accountant at the Weatherford Oil Tools, Tripoli – Libya</li> <li>-Deputy Branch Manager of the JIF Bank Amman - Jordan</li> </ul>	<ul style="list-style-type: none"> <li>-Bachelor of Accounting, Philadelphia University, graduation year 2000</li> <li>-Diploma in Business Administration, Arab Community University College, graduation year 1991</li> <li>-MBA, University of East London (expected graduation year 2023)</li> </ul>	<p>More than 30 years of experience in financial management for oil exploration companies, international oil services, manufacturing sector, retail and wholesale FP&amp;A, food industries, petrochemical industries, and investment banking.</p> <p>Other experiences in developing, automating processes, managing contracts, designing procedures and policies, financial control and budgeting.</p>



- The resignation of Mr. Majid Tariq Gharbawi from his position as CEO of the Company, submitted on 9th of August, 2023, was accepted with an effective date 19th of October, 2023.
- Eng. Mohammad Fadl Kamel Alhawi was assigned to perform the functions of CEO of the company from 17 Rabi Thani 1445 AH corresponding to 1st of November 2023 temporarily until the appointment of CEO of the company.

#### Fourth: The ownership of the company's shares by the members of the Board of Directors and senior executives

The Board of Directors of Umm AlQura Cement consists of six members, and the following is a statement of the total shares owned by the chairman and members of the company

##### 1- Ownership of Board Members

Member Name	Position	Notes	start of fiscal year	end of fiscal year	Net change	percentage change
			Number of Shares	Number of Shares		
Mr. Abdullah Abdul Aziz Al Abdul Latif	Chairman of the Board	His shares	308,000	308,000	0	0%
Mr. Saud Mohammed Alsabhan	Vice Chairman of the Board	His shares	1,000	1,000	0	0%
Mr. Salih Ibrahim Alkholaifi	Member	His shares	1,000	1,000	0	0%
Mr. Ahmed Abdulaziz Saleh Alhagbani	Member	His shares	277,822	314,785	36,963	13%
Eng. Abdulrahman Sulaiman Ibrahim Alsayyari	Member	His shares	217,000	358,000	141,000	65%
Mr. Abdullah Hamdan bin Sourayia Al Sourayia	Member	His shares	N/A	N/A	-	-

Important: There are no debt instruments for members of the Board of Directors.

##### 2- Ownership of the members' spouses and their minor children

There is no property for the members' spouses and minor children.

##### 3- Ownership of senior executives, their spouses and minor children

There is no property for senior executives, their spouses and minor children.



## Fifth: Payments to Board Members and Senior Executives

On June 25, 2018, the Ordinary General Assembly approved the remuneration policy for the members of the Board of Directors, the committees emanating from the Board and the executive management, the Ordinary General Assembly agreed to update the policy at its meeting of 10-5-2022, the company paid the members of the Board of Directors remunerations and allowances for attending sessions within the framework of the provisions of the approved system and policy.

### A- Standards for the remuneration of members of the Board of Directors and committees emanating from the Board and the Executive Management

The following criteria are taken into consideration when approving the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management:

- 1- The remuneration shall be fair and commensurate with the member's competencies, business and responsibilities undertaken and borne by 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.
- 2- The remuneration shall be based on the recommendation of the Remuneration Committee.
- 3- The remuneration should be commensurate with the company's activity and the skill needed to manage it.
- 4- Taking into consideration the sector in which the company operates, its size and the experience of the members of the board of directors.
- 5- The remuneration should be reasonably sufficient to attract, motivate and retain members of the Board of appropriate competence and experience.
- 6- Its consistency with the company's strategy and objectives.
- 7- The remuneration are offered for the purpose of urging the members of the board of directors and the executive management to make the company a success and its long-term development, such as linking the variable part of the remuneration to long-term performance.
- 8- That the rewards be determined based on the job level, the tasks and responsibilities assigned to the incumbent, educational qualifications, practical experience, skills, and the level of performance.
- 9- Its consistency with the size, nature and degree of risks with the company.
- 10- Taking into consideration the practices of other companies in determining remuneration, while avoiding the unjustified rise in remuneration and compensation that might result from that.
- 11- It should aim to attract, maintain and motivate professional competencies, without exaggerating them.
- 12- To prepare in coordination with the Nominations Committee when new appointments are made.
- 13- Organizing the granting of shares in the company to members of the Board of Directors and the executive management, whether it is a new issue or shares purchased by the company.



## B- Controls for the remuneration of members of the board of directors and committees emanating from the board and the executive management

The following controls shall be applied to the remuneration of members of the Board of Directors, committees emanating from the Board and the Executive Management:

- 1 .In all cases; the sum of what a member of the Board of Directors receives in terms of financial or in-kind rewards and benefits does not exceed five hundred thousand riyals annually, according to the controls set by the related function.
- 2 .Rewards are calculated based on the member's actual attendance.
3. The members of the Board of Directors may not vote on the Board's remuneration item at the General Assembly meeting, and it is prohibited from doing so whether they vote on their own behalf or by proxy on behalf of others.
- 4 .If the remuneration of a member of the Board of Directors is a specific percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in application of the provisions of the policy and the company's bylaws, and after distributing profits to the shareholders. Less than (5%) of the company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and any estimate contrary to that is null.
5. The remuneration of the independent members of the Board of Directors may not be a percentage of the company's profits, or be based directly or indirectly on the company's profitability.
- 6 .Remunerations are paid at the end of the term, and the company may stop the disbursement if the membership of a board member ends due to his absence or negligence in his work, or if the audit committee or the board of directors finds out that the remunerations decided for any of the members of the board of directors were based on inaccurate or misleading information after it was presented to General Assembly or to include it in the annual report of the Board of Directors.
7. The Board of Directors may recommend to the General Assembly later to change some of the rules of this policy.

## C- The members of the Board of Directors and the committees emanating from the Board and the Executive Management are entitled to the following remunerations:

### Firstly: Board of Directors members:

Remuneration	Amount
A certain amount annually for each member of the Board of Directors	200,000 riyals (two hundred thousand Saudi riyals)
Annual remuneration for the Chairman of the Board of Directors	200,000 riyals (two hundred thousand Saudi riyals)
Remuneration for the Vice Chairman of the Board of Directors	10,000 riyals (ten thousand Saudi riyals) quarterly, with no more than 40,000 riyals annually
Allowance for attending a session for each member of the Board of Directors	4,000 riyals (four thousand Saudi riyals) for each session



**Secondly: Members of the committees emanating from the Board of Directors (audit committee, nomination and remuneration committee, etc.)**

Remuneration	Amount
Annual remuneration for each member	50,000 Riyals (fifty thousand Saudi riyals)
Meeting attendance allowance for each member	2,000 Riyals (Two thousand Saudi riyals) attendance allowance for each meeting

**Thirdly: Executive Management Remuneration**

The remuneration of the company's executive management (if any) is determined by the Board of Directors based on the recommendation of the Nominations and Remuneration Committee.

D- The relationship between the remunerations granted and the applicable rewards policy, and an indication of any material deviation from the policy:

The Nominations and Remunerations Committee studies the relationship between the granted remunerations and the applicable remuneration policy. It also studies deviations from the policy, and no deviation from the policy has been found.

E- The following is a statement of the company's total remuneration granted to members of the Board of Directors and five senior executives (including the CEO and the Chief Financial Officer) during the period from January 1, 2023 to December 31, 2023:

Board member remuneration (Thousand riyals )																
Name	Fixed Rewards							Variable Rewards						Indemnity	Total summation	Expense allowance
	A certain amount	Allowance for attending council	Total allowance for attending committee sessions	In-kind benefits	A statement of what the board members received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy	Remuneration of the Chairman, Managing Director, or Secretary, if he is a	Total	percentage of profits	Periodic Bonuses	Short term stimulus plans	Long term stimulus plans	Granted Shares (Value is entered)	Total			
First: Non-executive Members																
Abdullah Abdul Aziz Al Abd Al Latif	-	36	-	-	-	-	36	-	400	-	-	-	400	-	436	-
Saud Mohammed Alsabhan	50	36	18	-	-	-	104	-	280	-	-	-	280	-	384	-
Salih Ibrahim Alkholaifi	-	32	-	-	-	-	32	-	200	-	-	-	200	-	232	-
Total	50	104	18	-	-	-	172	-	880	-	-	-	880	-	1,052	-
Second: Independent Members																
Ahmed Abdulaziz Saleh Alhagbani	-	36	8	-	-	-	44	-	230	-	-	-	230	-	274	-
Abdulrahman Alsayyari	-	36	-	-	-	-	36	-	200	-	-	-	200	-	236	-
Abdullah Al Sourayia	-	36	14	-	-	-	50	-	268	-	-	-	268	-	318	-
Total	-	108	22	-	-	-	130	-	698	-	-	-	698	-	828	-



Board member remuneration (Thousand riyals )														
Expense allowance	Total summation	Indemnity	Variable Rewards					Fixed Rewards					Name	
			Total	Granted Shares (Value is entered)	Long term stimulus plans	Short term stimulus plans	Periodic Bonuses	percentage of profits	Total	Remuneration of the Chairman, Managing Director, or Secretary, if he is a	A statement of what the board members received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy	In-kind benefits		Total allowance for attending committee sessions
First: Non-executive Members														

Senior executives remuneration (Thousand riyaIs )													
Position	Fixed Rewards				Variable Rewards						End of service pay	Total executive remuneration for the board, if any	Grand Total
	Salaries	allowances	In-kind benefits	Total	Regular rewards	profits	short term stimulus	long term stimulus	Granted Shares (Value is entered)	Total			
Total	2,560	1,047	-	3,607	363	-	-	-	-	363	115	-	4,084

Including: CEO, finance manager, plant manager, sales manager and human resources manager remuneration

Committee member rewards (Thousand riyals )			
First: Members of the Audit Committee (Thousand riyals )			
Name	Fixed remuneration (except for the allowance for attending sessions)	Allowance for attending sessions	grand total
Yousef Mohammad Alsohibani	12	4	16
Fawaz Alfawaz	50	10	60
Saud Alsabhan	50	10	60
Abdullah Al Sourayia	38	6	44
Total	150	30	180
Second: Members of the Nominations and Remunerations Committee (Thousand riyals )			
Name	Fixed remuneration (except for the allowance for attending sessions)	Allowance for attending sessions	grand total
Saud Mohammed Alsabhan	30	8	38
Ahmed Abdulaziz Saleh Alhagbani	30	8	38
Abdullah Al Sourayia	30	8	38
Total	120	24	114

Members of the Nominations and Remuneration Committee waived 40% of the value of the Annual remuneration for the second year of the current session.

Sixth: A statement of the dates of the general assemblies of shareholders held during the last fiscal year and the names of the members of the board of directors attending these assemblies.

Name	Ordinary General Assembly held on 04/05/2023
Abdullah Abdul Aziz Al Abdul latif (Chairman of the Board of Directors)	√
Saud Alsabhan (Vice Board of Directors)	√
Salih Alkholaifi (Member of the Board of Directors)	√
Ahmed Abdulaziz Alhagbani (Member of the Board of Directors)	√
Abdulrahman Alsayyari (Member of the Board of Directors)	√
Abdullah Al Sourayia (Member of the Board of Directors)	√



Seventh: The number of the company's requests to the shareholders' register, and the dates and reasons for those requests

The number of the company's requests to the shareholders register	The date of request	Reasons for request
1	13/01/2023	Company procedures
2	17/04/2023	General Assembly

Eight: The measures taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and their observations about the company and its performance

The Chairman of the Board of Directors informs the members of the Board of Directors - especially the non-executives - at the first meeting of the shareholders' proposals and comments regarding the company and its performance.

#### Ninth: Board approval

The Board of Directors of Umm Al-Qura Cement, according to the information available to it and based on the company's auditor's report and current market data as well as future indicators, acknowledges the following:

1. The accounts records were prepared correctly.
2. The internal control system was prepared on sound foundations and implemented effectively.
3. That there is no significant doubt impeding the company's ability to continue its activity.
4. There are no Punishments, penalties or precautionary restrictions imposed on the company by any other supervisory, regulatory or judicial authority.
5. The company's financial statements have been prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, and other standards and publications issued by the Saudi Organization for Certified Public Accountants (SOCPA).
6. There is no interest in voting shares (other than members of the Board of Directors and senior executives) belonging to persons who have informed the company of these rights and any change in those rights during the year 2023 AD.
7. There is no interest, option rights or subscription rights belonging to the members of the Board of Directors, senior executives, their spouses, and minor children in the company's shares or debt instruments of the company or its subsidiary.



8. There are no debt instruments convertible into shares or any contractual securities or memoranda of subscription rights or similar rights issued or granted by the company during the year ending on 31/12/2023 AD.
9. There are no conversion or subscription rights under debt instruments convertible into shares or any contractual securities or subscription right memoranda or similar rights issued or granted by the company.
10. There are no contracts with the company that include an interest for a member of the board of directors, the CEO or the financial manager.
11. There is no refund, purchase or cancellation by the company of any redeemable debt instruments.
12. There are no arrangements or agreements whereby a shareholder has waived any rights to profits.
13. There are no investments or other reserves created for the benefit of the company's employees.
14. There are no shares or debt instruments issued to a subsidiary company, as the company does not have a subsidiary company
15. The company does not have treasury shares held.
16. No business of any competitive nature is carried out by any member of the board of directors.

Tenth: Any punishment, penalty, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory or judicial authority, with a statement of the reasons for the violation, the signatory to it, and ways to remedy and avoid it in the future.

There are no Punishments, penalties or precautionary restrictions imposed on the company by any other supervisory, regulatory or judicial authority during 2023 Ad.

## Chapter Two:

### A- Major contracts:

#### 1- Power plant operation agreement with Wartsila Power Contracting Co. ltd

Umm AlQura Cement Company entered into an agreement to operate the electric power plant with Wartsila Power Contracting Co. ltd (not a related party) on 3/11/1436 AH corresponding to 18/08/2015 AD, to operate the electric power plant of Umm AlQura Cement Factory, and the contract was renewed. For an additional two years after its expiry on November 14, 2018, the contract was renewed for an additional five years after its expiration on November 14, 2020.



## 2- Portland cement production line operation agreement with CNBM

There is an operating agreement for the Portland cement production line with CNBM International Engineering Co. Ltd (CNBM Smart Industry Technology Co., Ltd) after changing the operator's name (not a related party). The agreement was entered into on August 27, 2015 and ended on December 31, 2017. The contract was renewed on 1/1/2018 for two years with the consent of both parties, then the contract was renewed for a period of three years ending on 31/12/2022 AD. Once again, the contract was renewed for a period of one year ending on 31/12/2023 AD, then the contract was renewed for a period of three years ending on 31/12/2026 AD With the same operator after changing the name to (Smart Industry International Co. Ltd).

## 3- The agreement to operate the limestone quarry with the branch of Al Haytham General Contracting

Existing agreement to operate the limestone quarry with the branch of Al Haytham General Contracting (not a related party). The agreement was concluded on 14/07/1436 AH corresponding to 21/04/2016 AD, and the term of the contract is seven years, It ends on 17/09/2023 AD, Then a new agreement was concluded for an additional five years ending on 31/05/2028 AD

### **B- Results of the annual review of the effectiveness of internal control procedures:**

The company's internal audit department performs all audits, whether financial or administrative, to verify the effectiveness of the internal control system and procedures in protecting the company's assets, evaluating work risks, measuring performance efficiency, and submitting its reports to the audit committee. The audit committee believes that the company's internal control system and risk management system are available. It is efficient and effective in several aspects, and it needs development and improvement in other aspects to keep pace with the size and nature of the company's business.

## Chapter Three: Environment, Health and Safety

The environment:

Umm AlQura Cement Company pays great attention to everything related to the environment issue and always places it in its list of priorities. Umm Al-Qura Cement considers its environmental efforts as a long-term strategic objective, and in order to achieve the best results for the environmental impact, the company has assigned the task of studying the environmental impact assessment to one of the offices approved by the General Presidency. Meteorology and Environmental Protection, as well as the formation of a committee of relevant departments to enhance practical efforts, including the following:

- Covering the earthen floors with basalt gravel in all areas of the factory to reduce dust emissions raised with the wind instead of planting trees in order to conserve water in the area.
- Treat and recycle wastewater and reuse it again in industry.
- Minimize the use of dangerous chemicals and reduce their negative effects.
- Banning the use of any environmentally harmful substances in production processes and adopting more sustainable products.
- Production of environmentally friendly pozzolanic cement.



- Contracting with companies licensed by the National Center for Environmental Compliance to dispose of industrial waste, which in turn recycles it.
- Using the latest environmental technologies to reduce dust emissions resulting from the manufacturing process and maintain them periodically
- The use of modern equipment to reduce the noise generated by the operation of industrial equipment.
- Conducting radiation surveys in a number of factory sites and periodically unpacking and analyzing radiation measurement cards data.

#### Occupational Health and Safety:

Umm Al-Qura Cement Company is committed to applying occupational health and safety policies and procedures and constantly working to develop them to preserve the safety of employees, visitors and property and to achieve a safe work environment, and considers it a preventive approach that promotes the application of the following axes:

- Health: making periodic checks for the company's work teams and preventive precautions.
- Systems: Modernization and enhancement of automatic fire extinguishing systems and early fire warning systems.
- Training: periodic training, spreading awareness, qualifying cadres and assumptions for all company employees and stakeholders.
- Equipment: Availability of modern and advanced firefighting teams, equipment and mechanisms.





## Chapter Four: Human Resources

Umm Al-Qura Cement Company pays attention and care to its human resources, and is very concerned with localization as one of the most important missions and messages that the company carries towards the homeland and society.

The company was able to achieve a localization rate of 62.75%, and it is working on building training and development plans for its employees, as the company targeted the recruitment of fresh graduates in several fields to employ them and train them on the job to be effective in the work teams.

The company also targeted Saudi talents and worked on developing and qualifying them for leadership positions, as the percentage of localization in the company's directors is 70%.

On the other hand, the company is working on developing human resources procedures and systems to raise efficiency and improve the work environment.

## Chapter Five: Information Technology

Given the importance of information technology in improving work efficiency and developing its outputs, production lines have been designed to contain an automatic system that is operated through advanced central control rooms, a quality control system and automatic sampling control on a 24-hour basis. Umm Al-Qura Cement Company has worked to implement the latest and most efficient information technology systems in terms of continuity and cost, and the company has also succeeded in implementing an ERP system that is considered the most efficient globally, by fully implementing the financial, sales, procurement, human resources, production and maintenance systems.

## Chapter Six: Governance

Umm Al-Qura Cement abides by the Corporate Governance Regulations to protect the rights of shareholders and stakeholders. At its twenty-fifth meeting, the Board of Directors approved the Umm Al-Qura Cement Corporate Governance Regulations based on the Corporate Governance Regulations. The company applies and adheres to all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the provisions listed below:

Article number / paragraph	Article text / paragraph	Reason for exception
(37)	Training	Indicative Articles
(39)	Evaluation	
(67)	Formation of Risk Management Committee	
(68)	Terms of reference of risk management committee	
(69)	Meetings of risk management committee	
(82)	Employees' motivation	
(84)	Social responsibility	
(85) - Paragraph (3)	Social work initiatives	
(92)	Formation of the Corporate Governance Committee	



## Chapter Seven: Financial Performance

### **1- Appointing an auditor year 2023 AD**

The General Assembly of the company, in its meeting held on Tuesday 14/08/1444 H corresponding to 04/05/2023 AD, approved the appointment of Dr. Mohammed Al-Amari & Partners Company - Chartered Accountants to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the fiscal year 2023 AD, And the first quarter of 2024 AD, and its fees have been agreed upon.

### **2- The chartered accountant's report and financial statements for the year 2023 and its clarifications**

The company's financial statements as on December 31, 2023 and the related clarifications have been reviewed by Dr. Mohammed Al-Amari & Partners Company - Chartered Accountants, and the financial statements have been prepared in accordance with international accounting standards approved in the Kingdom of Saudi Arabia, and the company issues its financial statements in Saudi riyals.

### **3- The auditor's report does not include any reservations on the annual financial statements for the period ending on 31/12/2023 AD**

### **4- There is no recommendation from the Board of Directors to change the auditor before the end of the period for which he was appointed**

### **5- Clarification about the company's application of international accounting standards**

The financial statements have been prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants (SOCPA).



## 6- Financial Statements

By reviewing the company's financial statements for the year ending on 31/12/2023, which were reviewed and audited by Dr. Mohammed Al-Amari & Partners Company - Chartered Accountants, it became clear that:

### A- The statement of financial position during five years (Thousand riyals)

Statement	2023	2022	2021	2020	2019
<b>Assets</b>					
Non-current Assets	739,936	777,301	824,618	878,302	932,033
Current assets	444,531	402,924	370,361	389,935	334,588
<b>Total Assets</b>	<b>1,184,467</b>	<b>1,180,225</b>	<b>1,194,979</b>	<b>1,268,237</b>	<b>1,266,621</b>
<b>Shareholders' equity</b>					
Capital	550,000	550,000	550,000	550,000	550,000
Regular reserve	32,070	31,675	29,376	21,575	9,808
Retained Earnings (Accumulated losses)	183,863	180,418	173,110	148,814	73,720
Reserve for investment revaluation at fair value through other comprehensive income	102	49	14	-	-
<b>Total Shareholders' Equity</b>	<b>766,035</b>	<b>762,142</b>	<b>752,500</b>	<b>720,389</b>	<b>633,528</b>
<b>Liabilities</b>					
Non-current liabilities	296,939	224,590	331,435	426,273	498,430
Current liabilities	121,493	193,493	111,044	121,574	134,663
<b>Total Liabilities</b>	<b>418,432</b>	<b>418,084</b>	<b>442,479</b>	<b>547,847</b>	<b>633,093</b>
<b>Total Liabilities and Equity</b>	<b>1,184,467</b>	<b>1,180,225</b>	<b>1,194,979</b>	<b>1,268,237</b>	<b>1,266,621</b>



B- Statement of profit /loss and other comprehensive income during five years (Thousand riyals)

Statement	2023	2022	2021	2020	2019
Net sales	168,948	221,217	278,833	333,332	255,937
Cost of Sales	(136,057)	(150,390)	(159,689)	(175,297)	(136,836)
Gross profit	<b>32,890</b>	<b>70,827</b>	<b>119,144</b>	<b>158,035</b>	<b>119,101</b>
Selling and Marketing Expenses	(3,419)	(4,233)	(3,415)	(2,932)	(2,806)
Administrative and general expenses	(14,343)	(10,838)	(10,112)	(10,647)	(9,739)
Operating profit (loss)	<b>15,128</b>	<b>55,756</b>	<b>105,616</b>	<b>144,456</b>	<b>106,557</b>
Finance costs	(12,647)	(14,841)	(17,602)	(20,582)	(21,133)
Losses (Currency exchange Gains)	(90)	145	(180)	(160)	(36)
Other revenues and expenses	10,924	(10,023)	1,225	1,750	1,016
Net profit (loss) for the year before zakat and tax	<b>13,316</b>	<b>31,036</b>	<b>89,059</b>	<b>125,464</b>	<b>86,403</b>
Zakat expenses	9,365	(8,049)	(7,623)	(7,791)	(6,580)
Net Profit (Loss) for the Year	3,951	22,987	81,436	117,673	79,823
Other comprehensive income items: Items that will not subsequently be reclassified to profit or loss:					
Unrealized gains on revaluation of financial investments at fair value through other comprehensive income	53	34	14	-	-
Actuarial (losses) from re-measurement of employees' end-of-service benefits obligation	(111)	370	160	(561)	(532)
Total comprehensive income for the year	<b>3,893</b>	<b>23,391</b>	<b>81,611</b>	<b>117,112</b>	<b>79,291</b>
profit (loss) per share	<b>0.07</b>	<b>0.42</b>	<b>1.48</b>	<b>2.14</b>	<b>1.45</b>



### C- Operating results for the year 2023 AD compared to the year 2022 AD

Statements	2023	2022	variation
Sales/Revenue	168,947,617	221,216,841	-24%
Total profit (loss)	32,890,216	70,827,155	-54%
Operating Profit (Loss)	15,128,184	55,755,852	-73%
Net profit (loss) after zakat and tax	3,951,063	22,986,944	-83%
Total Comprehensive Income	3,893,450	23,391,222	-83%
<b>Total shareholders' equity (excluding minority interest)</b>	<b>766,035,084</b>	<b>762,141,634</b>	1%
<b>Earnings (losses) per share</b>	<b>0.07</b>	<b>0.42</b>	<b>-83%</b>

#### Notes:

The reason of the decrease in the net profit during this year compared to the previous year is due to the decrease of the value and volume of sales, increase of cost of sales per ton, increase in general and administrative expense and Zakat , Despite the decrease in selling and marketing expenses and decrease in financing cost and increase in the other revenues, In addition to another exceptional factor of a major technical failure occurred to a primary component of cement mill No. (1),

The Audit Committee has studied the annual financial statements of the company for the year 2023 AD, and the Board of Directors has also approved the annual financial statements for the year 2023 AD.

#### D- Regular payments due:

##### - Quarry fees:

The company is subject to the mining investment system issued by Royal Decree No. M/140 dated 19/10/1441 h

##### - Zakat and tax:

The company is subject to zakat and tax regulations in the Kingdom of Saudi Arabia, where the amount of zakat and tax is recorded according to the accrual basis.

##### - GOSI:

The company is subject to the social insurance system and social insurance contributions are recorded according to the accrual basis, where they are paid monthly on the basis of the due from the previous month.

The following table shows the amounts of regular payments paid during the year 2023 AD and due as at the end of the year 2023 AD (Saudi riyals)

Statement	Paid during 2023	Due at the end of 2023
Mining fees and quarries rent	8,549,937	33,089,879
Zakat and tax	16,576,320	9,461,906
General Organization for Social Insurance	1,525,889	117,515
<b>Total Regular payments paid and due</b>	<b>26,652,146</b>	<b>42,669,301</b>



## Chapter Eight: Profit Distribution

### A. Profit distribution.

In its meeting held on Tuesday, Shawwal 14, 1444 AH, corresponding to 04/05/2023 AD, the Company's Ordinary General Assembly approved the Board of Directors' recommendation not to distribute cash dividends to shareholders for the financial year ending on 31/12/2022 AD, to support and strengthen the company's financial position.

On 19 Shaban 1445 AH, corresponding to 29/02/2024 AD, the Board of Directors recommended, at its meeting held on that date, to the General Assembly, the date of which will be held later, not to distribute cash dividends to shareholders for the financial year ending on 31/12/2023 AD, to support and strengthen the company's financial position.

### B. Profit Distribution Policy

1- The company's annual net profits are distributed as follows:

- A. (10%) of the net profit is saved to form the company's statutory reserve, and the general assembly has the right to decide to stop this reservation when the statutory reserve reaches 30% of the paid-up capital.
  - B. The general assembly has the right, based on the proposal of the board of directors, to reserve a percentage of the net profits to form a consensual reserve to be allocated for specific purposes.
  - C. The general assembly has the right to decide to create 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 also has the right to 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.
  - D. The remainder is then distributed to the shareholders at a rate representing (5%) of the company's paid-up capital.
  - E. Taking into account the provisions mentioned in Article (20) of the Company's Articles of Association, and Article 76 of the Companies Law, after the foregoing, (10%) of the remainder is allocated to the Board of Directors' remuneration, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.
- The rest is then distributed to the shareholders as an additional share in the profits.
  - The company, after fulfilling the regulations issued by the competent authorities, has the right to distribute semi-annual and quarterly profits.

2- The shareholder shall be entitled to his share in the profits based on the decision of the General Assembly issued in this regard; the decision shall indicate the maturity date and the distribution date. The eligibility for profits shall be for the shareholders who own shares at the end of the circulation of the due day and who are registered in the company's shareholders register with the Securities Depository Center Company (EDAA) at the end of the second trading day following due date.



3- If no dividends are distributed for any financial year, then no dividends may be distributed for the following years until after paying the specified percentage in accordance with the provisions of Article (114) of the Companies Law for Preferred Shareholders for that year.

4- If the company fails to pay the specified and mentioned percentage in accordance with the provisions of Article (114 of the Companies Law) for a period of 3 consecutive years, the Special Assembly of the owners of these shares, convened in accordance with the provisions of Article (89) of the Companies Law, may decide either Attending the company's general assembly meetings and participating in voting, or appointing their representatives to the board of directors in proportion to the value of their shares in the capital, until the company is able to pay all the priority dividends allocated to the owners of these shares for the previous years.

5- If the company's losses amount to half of the paid-up capital, at any time during the fiscal year, any official in the company or the auditor must immediately inform the Chairman of the Board of Directors, and the Chairman of the Board of Directors must inform the members of the Board immediately, and the Board of Directors must within 15 days Whoever becomes aware of this shall call the extraordinary general assembly to meet within forty-five days from the date of his becoming aware of the losses; To decide either to increase or reduce the company's capital in accordance with the provisions of the Companies Law, to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the company before the term specified in this Companies Law.

6- The company is considered dissolved by force of law if the general assembly did not meet within the period specified in paragraph (1) of this article, or if it met and was unable to issue a decision on the matter, or if it decided to increase the capital in accordance with the conditions established in this article and not every increase was subscribed to.

The capital within ninety days from the issuance of the Assembly's decision to increase it

#### 7- Dividend payment timing

The Board of Directors must implement the decision of the General Assembly regarding the distribution of profits to registered shareholders within 15 days from the due date of these profits specified in the decision of the General Assembly, or in the decision of the Board of Directors to distribute interim dividends.

#### 8- Interim dividends Distribution

The company has the right to distribute interim dividends to its shareholders on a semi-annual or quarterly basis, according to the text of the articles of association, after ensuring that the following requirements are met:

- A. That the General Assembly authorizes the Board to distribute interim dividends based on a resolution that is renewed annually
- B. The company should have good and regular profitability.
- C. That the company has reasonable liquidity and can reasonably expect the level of its profits



- D. That the company has distributable profits based on the latest audited financial statements, sufficient to cover the proposed profits, after deducting what has been distributed and capitalized from those profits after the date of these financial statements.
- E. The board of directors shall include in its annual report submitted to the company's general assembly the percentage of profits distributed to shareholders during the different periods of the financial year, in addition to the percentage of profits proposed to be distributed at the end of the financial year and the total of these profits.
- F. The distribution of profits is recorded on the account of the accumulated retained earnings from previous years or the agreed reserves or both, and the company must take into account the sequence and regularity in the manner and proportions of the distribution of profits according to the capabilities and liquidity available with the company, and the board of directors must disclose and announce the regular periodic profits ratios that are decided to be distributed to the shareholders on time.
- G. When deciding to distribute interim dividends, the company is obligated to disclose and announce that immediately and to provide the Authority with a copy of it as soon as it is issued.

## Chapter Nine: Community Initiatives

Umm Al-Qura Cement Company seeks to contribute to society and enhance its role in making a positive social impact with its potential capabilities. It also seeks to establish a strong relationship with local communities in the company's areas of activity by implementing social programs, including:

- 1- The company built a 4-km road linking the villages surrounding the Plant, because the location of the limestone quarry obstructed the movement of the people of the surrounding villages.
- 2- The company conducted cooperative training for several university graduates in various specializations in the head office of the company and in the company's Plant to acquire knowledge and experience that will help them understand the labor market.

Completed by praise of Allah.