



# BOARD REPORT

For the fiscal year 2020



## **Board of Directors' report for the year ending 31/12/2020**

**Honorable shareholders**

**Alsalam Alaykum Wa Rahmat Allah Wa Barakatuh**

The Board of Directors of the company is pleased to welcome you with the most beautiful welcome and thanks you very much for responding to its invitation to attend the forty-seventh Ordinary General Assembly meeting, and it presents to you its annual report on the work and achievements of the financial year ending on 31/12/2020 with the annual financial statements.

## **First – the company's activity**

The main activity of the company is in the manufacture and production of cement and its derivatives and related products, and trading in these products. The company may have an interest or participate with the bodies or companies that carry out similar activities for its business or that may assist it in achieving its objectives, and it may acquire the shares or stakes, or both, in these companies, merge with them, or buy them. It also has the right to acquire a share from other companies, not exceeding twenty percent of its free reserves, and not exceeding ten percent of the capital of the company in which it participates, and the total of these shares does not exceed the value of these reserves, with a notification to the Ordinary General Assembly at its first meeting.

The company carries out its activities through its three factories in: Jizan, Bisha and Tihama.

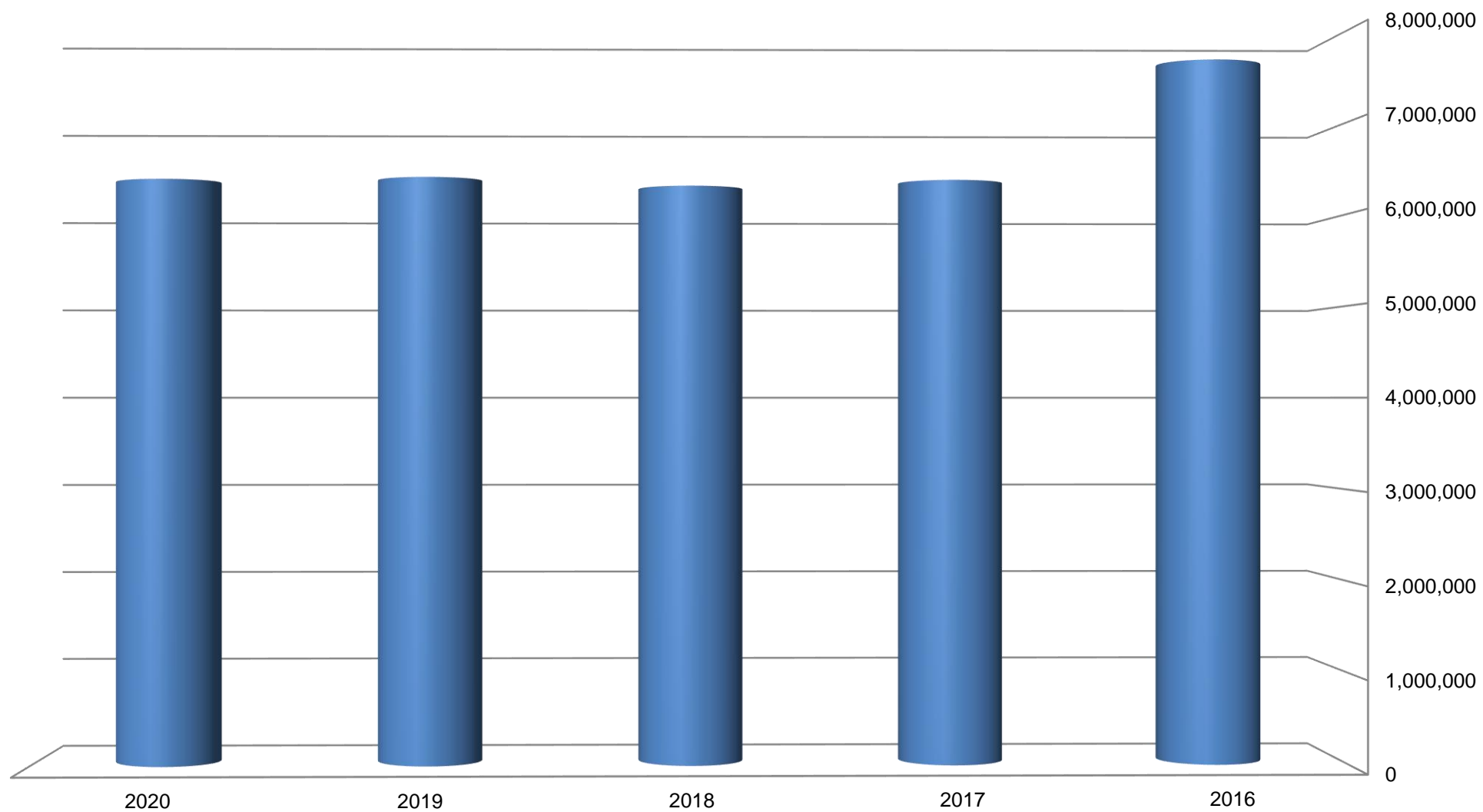
## **A – production**

The production of the company's three factories in 2020 was (6,363,404) tons of clinker, compared to (6,387,442) tons of clinker in 2019, with a decrease of 0.38%, as the estimated production amounted to (6,200,000) tons for the year 2020.

The production of Jazan Cement Factory in 2020 reached (1,664,190) tons of clinker, compared to (1,806,766) tons of clinker produced in 2019, with a decrease of 7.89%, while its actual production capacity in 2020 represented 111%. With regard to its estimated design capacity of (1,500,000) tons of clinker. (1,813,747) tons of clinker were produced from Bisha cement plant in 2020, compared to (1,781,289) tons of clinker in 2019, an increase of 1.82%. While the ratio of its actual production capacity in 2020 to its estimated design capacity of (2,700,000) tons of clinker represent 67,18% to match production with demand. In addition, (2,885,467) tons of clinker were produced from the Tihama cement plant in 2020, compared to (2,799,387) tons of clinker in 2019, an increase of 3.07%, while its actual production capacity in 2020 to its estimated design capacity of (4,500,000) tons of clinker represented 64.12 % Where production is carried out as approved in the estimated budget to cope with low demand, maintain liquidity, and prevent stock accumulation.

The following is a chart of the clinker production at the level of the total of the three factories from 2016 until 2020.

## Clinker production tons



## **B – inventory**

The stock at the end of 2020 was (2,309,164) tons of clinker and (109,786) tons of cement compared to (3,908,497) tons of clinker and (116,088) tons of cement at the end of 2019, indicating the clear increase in the amount of sales for the year 2020.

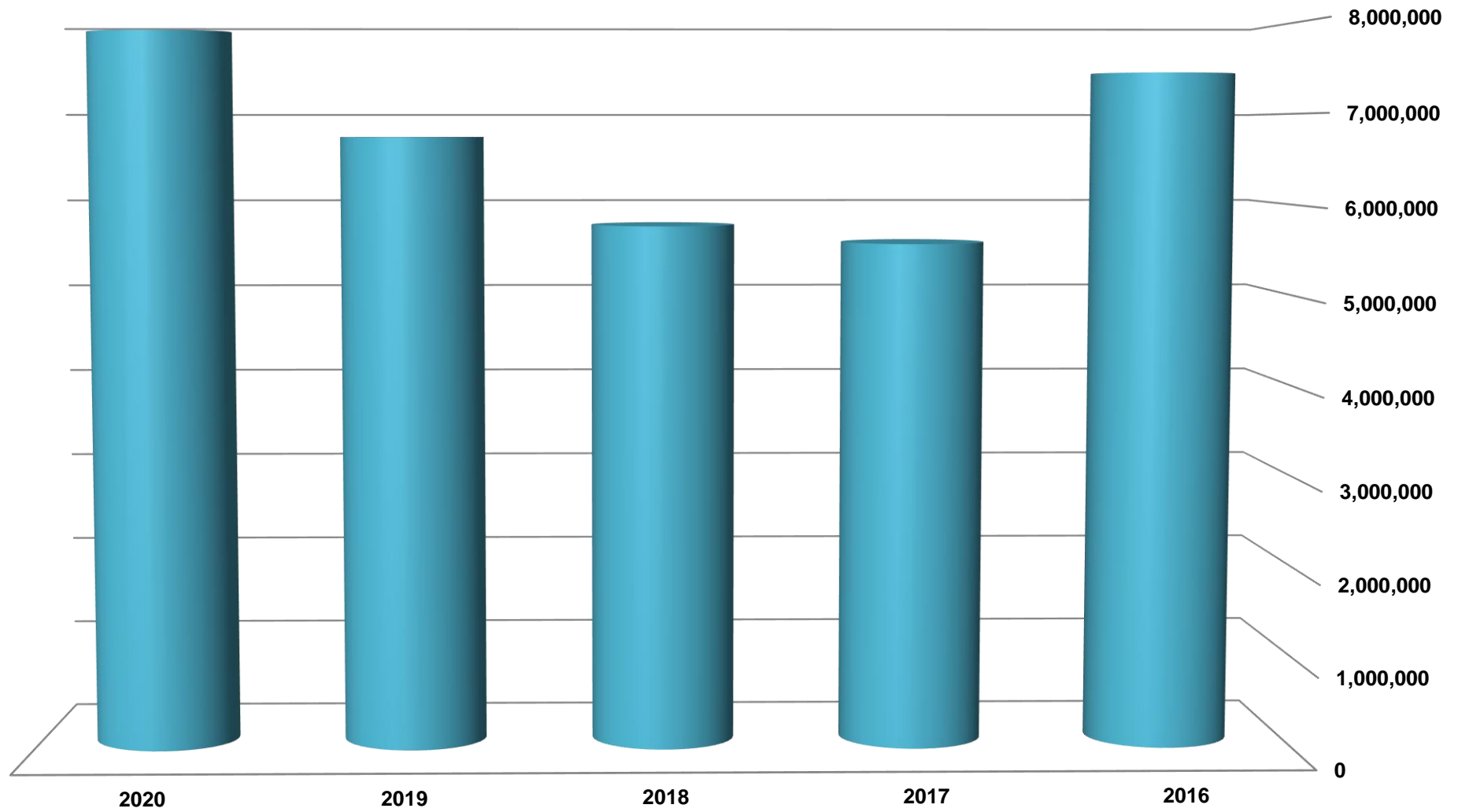
## **C– Sales**

Domestic sales in 2020 were (7,899,563) tons of cement, compared to (6,405,312) tons of cement in 2019, with an increase of 23.33%. Where (2,634,230) tons were sold from the Jazan cement factory, compared to (2,275,580) tons in 2019, and (2,414,503) tons from Bisha cement factory were sold in exchange for (1,730,620) tons in 2019, and a quantity (2,850,830) tons of cement factory was sold. Tihama, compared to (2,399,112) tons in 2019.

A quantity of (14,100) tons of regular bagged cement was exported to the State of Yemen, and a quantity of (430,596) tons of clinker in 2020 compared to (7,000) tons of cement and (333,064) tons of clinker in 2019.

The following is a graph showing the quantity of cement sales at the level of the total of the three factories from 2016 until 2020 .

**Cement sales tons**



## Second – a geographical analysis of the company's total sales

Region	Quantity (Tons)	Value (Riyals)
<b><u>Domestic Sales:</u></b>		
Asir	4,018,634	817,575,427
Jazan	2,881,847	586,300,542
Makkah	598,870	121,837,768
Al-Baha	400,211	81,421,368
Najran	–	–
Riyadh	–	–
<b><u>Export sales:</u></b>		
Yemen (cement / clinker)	444,697	45,972,617
<b>Company's total sales:</b>	<b>8,344,259</b>	<b>1,653,107,722</b>

## Third – Training

The company is keen to support national competencies, nationalize jobs, and raise the Saudization percentage, which reached (53.14%) by the end of 2020, as 444 employees of the company have been trained in all its sites.

In view of the Corona pandemic the world is going through and the precautionary measures that ensued, and the suspension of air traffic between many countries, training this year was limited to training inside the Kingdom and training through websites.

## **Fourth – The important plans and decisions of the company**

The company's plans focus on (production – marketing – sales) in addition to updating existing projects and establishing new projects aimed at preserving and developing the company's assets.

1– In the field of production, the company aims to optimize the use of available energy through continuous studies of production lines and to raise operating efficiency.

2– In the field of marketing, market characteristics are studied and information analyzed in order to obtain the largest possible share.

3– In the field of sales, relationships with customers are strengthened and new local and foreign markets are opened.

4– The company also continuously develops and updates the company's assets and equipment and raises its efficiency.

## **Fifth – The risks faced by the company and the policy of managing and controlling these risks**

### **1– Market and Operating Risks:**

A– The risks that the company may face are the increase in competition between local cement companies in light of the decrease in demand.

B – Decrease in government and private spending on projects, and thus less demand for cement. The company is working to strengthen its presence in the local and foreign markets by continuing to communicate with current and potential clients.

### **2– Interest rate risk:**

Interest rate risks (albeit of limited impact, given that the company has sufficient liquidity to operate and meet existing obligations) may arise from the impact of higher interest rates on future profitability. Whereas, exposure to interest rate risk is a result of the high costs of facilities and murabaha that are obtained to finance growth and operation requirements, and the management works to reduce interest rate risks by monitoring facilities costs and making adjustments to the financing portfolio and the multiplicity of its sources.



### **3– Liquidity risk:**

Liquidity risk is the inability to meet the liabilities of the financial liabilities, as they fall due. The liquidity needs are monitored on a monthly basis and the management works to ensure that sufficient funds are available to meet any obligations that arise, and to assess the extent of the need to obtain facilities.

The Company's current financial liabilities that mature within a fiscal year consist of short-term Islamic financing, trade payables, dividends pending distribution, accrued expenses and other current liabilities. It is expected that all these financial liabilities will be paid within 12 months from the date of the balance sheet.

### **4– Credit risk:**

It is the inability of one party to fulfill its obligations, which leads to the other party incurring a financial loss. Balances of cash and cash equivalents outstanding with the company on the date of the financial position are distributed with local banks. Trade and other receivables are mainly due from customers and related parties. 98% are concentrated in the trade receivables owed to the company by 9 major customers, compared to 99% with 8 local customers for the year 2019). The receivables are shown at their estimated value.

### **5– Currency rate risk:**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is not exposed to fluctuations in foreign exchange rates during its normal business cycle because the company's substantial transactions during the year were conducted in Saudi riyals and US dollars, and since the exchange rate of the US dollar is fixed against the Saudi riyal, which means that there are no significant risks associated with transactions and balances in US dollars.

### **6–Fair value of financial instruments:**

The fair value is the amount by which an asset is exchanged or a liability is paid to the company in a transaction that takes place between two parties with their knowledge and willingness on a commercial basis. The management found that the fair value of bank balances, debtors, trade creditors and other current liabilities closely approximates their book value. It was also found that the book value of the commission-linked loans approximates the fair value and bears the same commission rates prevailing in the financing and loan market.

**Sixth: The names of the members of the board of directors, the members of the committees and the executive management, their current and previous positions, their qualifications and experiences**

L	Name	Current job	previous job	Qualifications	Experience
1	Prince. Abdullah bin Musaed bin Abdul Rahman Al Saud	Chairman of Board of Directors	Chairman of Board of Directors	-	Deputy Chairman of the Board of Directors of the Southern Region Cement Company for a period of 34 years, then Chairman of the Board of Directors for the last and current sessions.
2	Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	Deputy Chairman of the Board	Deputy Chairman of the Board	BA, MA and PhD in Economics	He worked (39) years, gradually in government positions, then assistant professor, then associate professor, college vice president, and acting dean. Then the Undersecretary for Economic Affairs at the Ministry of Finance, then the Deputy Minister of Finance.
3	Dr. Abdul Hamid Bin Saleh Al-Khalifa Representative of the Public Investment Fund	Member of the Board of Directors	Member of the Board of Directors	BA, MA and PhD in Economics	He worked (18) years gradually in governmental and international positions. Adviser to the Executive Director of the World Bank. Alternate Executive Director of the World Bank. Economic Advisor – Public Investment Fund.
4	Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	Member of the Board of Directors	Member of the Board of Directors	Bachelor of Financial Business Administration Master of Information Systems Management Master of Business Administration MBA MA in Economics PhD in Financial Business Administration	He worked for (24) years gradually in several governmental positions. Deputy Minister of Labor and Social Development. Deputy Minister for Inspection and Work Environment Development – Ministry of Labor and Social Development. Deputy Minister for Planning, Development and Information – Ministry of Labor and Social Development. A faculty member at the Institute of Public Administration.

5	Mr. Mansour bin Abdulaziz Al-Soghayer Representative of the Public Investment Fund	Member of the Board of Directors	Member of the Board of Directors	Bachelor of Accounting Master of Business Administration	Head of Business Development Department – SABB Bank. Regional Head of Corporate Banking Services (Central Region) – SABB Bank. Head of Corporate Banking Services (Western Region) – National Commercial Bank. Head of the Corporate Banking Services Unit (Western Region), Banque Saudi Fransi. Assistant General Manager for Corporate Banking Services (Western Region) – Samba. Senior Manager, Customer Relationship, Corporate Banking Services (Western Region), The Saudi Investment Bank. Senior Manager, Customer Relationship, Corporate Banking Services (Western Region), Saudi Hollandi Bank. Customer Relationship Manager for Corporate Banking (Western Region) Saudi Hollandi Bank. Accounts Officer for Commercial and Retail Banking Services (Western Region) Saudi Hollandi Bank.
6	Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	Member of the Board of Directors	Member of the Board of Directors	Bachelor's degree in Electrical Engineering Master of Business Administration	CEO of Swar Company. A consultant at McKinsey Management Consulting. Chairman of the Audit Committee of Al Ra'idah Financial Company.
7	Mr. Mohammed bin Nasser Al-Nabit	Member of the Board of Directors	Member of the Board of Directors	Bachelor of Business Administration	He worked for (22) years in the private sector. Member of the Board of Directors of the Arab Refineries Company. Vice Chairman of the Board of Directors of Nasser Al Nabit and Sons Company. Member of the Board of Directors of the Red Sea Markets Company.

8	Eng. Ahmed Ali Abdul Karim Al-Luhaidan	Member of the Board of Directors	Member of the Board of Directors	Bachelor of Mechanical Engineering Higher diploma in design, production and management	CEO of the Arab Pipes Company. He worked for (29) years in the Saudi Industrial Development Fund as Director of Projects Studies and Consultations Department.
9	Eng. Safer bin Mohammed bin Dhafir	Member of the Board of Directors and CEO	Member of the Board of Directors and CEO	Bachelor's degree in Electrical Engineering Master of Electrical Engineering	He worked for (43) years. Saudi Electricity Company – Director of the Generation Department. Southern Province Cement Company – Deputy General Manager. United Cement Company – CEO (Formerly). Southern Province Cement Company – currently CEO.
10	Mr. Adeeb bin Mohammed Aba Nomi	Member of the Audit Committee	Member of the Audit Committee	Bachelor of Accounting Master of Professional Accounting	Director of Audit and Consulting Services Department – Aba Nomi Office. Worked (4) years in the Financial Market Authority. He worked (1) year as Deputy Dean of Shaqra College. Worked (12) years in the Saudi Fund for Development.
11	Eng. Aqeel bin Fottyes bin Saeed Kadsa	Executive Vice President, Manufacturing. Then as CEO of the company from the date of 11/01/2020.	Director of Bisha Cement Factory	Bachelor of Applied Chemical Engineering	Worked for 26 years: Production Engineer – Yamama Cement Company. Chemical Engineer – Electricity Company. Production Department Manager, Bisha Cement Factory – Southern Province Cement Company. Director of Maintenance Department, Bisha Cement Factory – Southern Province Cement Company. Director of Bisha Cement Factory – Southern Region Cement Company. Executive Vice President, Manufacturing – Southern Province Cement Company. CEO – Southern Province Cement Company, currently.

12	Mr. Mohammed Ali Mohammed Al-Thoie	Finance manager	Finance manager	Bachelor of Accounting Master of Professional Accounting	Worked for 24 years: Accounts Head – Southern Province Cement Company Financial Director – Southern Province Cement Company, currently.
13	Eng. Ali Hassan Hakami	Director of Jazan Cement Factory	Maintenance Manager	Bachelor of Science in Applied Mechanical Engineering	He worked for 18 years He worked at the Ministry of Communications Garage engineer at Jazan Cement Factory – Southern Province Cement Company Head of the power station at the Jazan Cement Factory – Southern Province Cement Company Director of Maintenance Department at Jazan Cement Factory – Southern Province Cement Company
14	Eng. Ali Hamdan Al-Olayani	Director of Bisha Cement Factory	Acting Director of Bisha Cement Factory	Bachelor of Applied Chemical Engineering	Worked 14 years Head of production tasks, Bisha Cement Factory – Southern Province Cement Company Production Manager, Bisha Cement Factory – Southern Province Cement Company
15	Eng. Saeed Obaid Al-Harthy	Director of Tihama Cement Factory	Acting Director of Tihama Cement Factory	Bachelor of Information Systems Engineering	Senior engineer for major projects in SABIC Director of Engineering Services Department – Southern Province Cement Company

## Seventh – Names of companies inside or outside the Kingdom of which a member of the board of directors is a member of their current and previous boards of directors or of their managers

Name Member	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	The legal entity of the company
Prince. Abdullah bin Musa'ed bin Abdul Rahman Al Saud	Al-Tankerij Company – Chairman of the Board of Directors	Within the Kingdom of Saudi Arabia	Limited liability
Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	Alinma Bank Education Development Holding Company Building Development Company	Within the Kingdom of Saudi Arabia	Contribution included Limited contribution Limited contribution
Dr. Abdul Hamid Bin Saleh Al-Khalifa Representative of the Public Investment Fund	Saudi Real Estate Refinance Company (Non-executive) Saudi Energy Efficiency Company (Non-Executive)	Within the Kingdom of Saudi Arabia	Closed contribution Closed contribution
Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	Takamul company specific responsibility Tamkeen Technologies Company Colleges of Excellence Company	Within the Kingdom of Saudi Arabia	Limited liability Limited liability Limited liability
Mr. Mansour bin Abdulaziz Al-Soghayer Representative of the Public Investment Fund	Non-executive member of SABB representative in SABB Takaful Company	Within the Kingdom of Saudi Arabia	Contribution included
Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	Independent member of Al-Ra'idah Finance Company	Within the Kingdom of Saudi Arabia	Closed contribution
Mr. Mohammed bin Nasser Al-Nabit	Arab Group for Education and Training Holding Company Khamis Mushayt Mercure Hotel Company	Within the Kingdom of Saudi Arabia	Contribution not included Contribution not included
Eng. Ahmed Ali Abdul Karim Al-Luhaidan	Arab Pipes Company – Member of the Board of Directors, Chief Executive Officer	Within the Kingdom of Saudi Arabia	Contribution included
Eng. Safer bin Mohammed bin Dhafir	–	–	–

## **Eighth – Composition of the Board of Directors and classification of its members**

<b>L</b>	<b>Name Member</b>	<b>Membership status</b>
<b>1</b>	<b>Prince. Abdullah bin Musaed bin Abdul Rahman Al Saud</b>	<b>Independent</b>
<b>2</b>	<b>Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency</b>	<b>Independent</b>
<b>3</b>	<b>Dr. Abdul Hamid Bin Saleh Al-Khalifa Representative of the Public Investment Fund</b>	<b>Non-executive</b>
<b>4</b>	<b>Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security</b>	<b>Non-executive</b>
<b>5</b>	<b>Mr. Mansour bin Abdulaziz Al-Soghayer Representative of the Public Investment Fund</b>	<b>Non-executive</b>
<b>6</b>	<b>Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund</b>	<b>Non-executive</b>
<b>7</b>	<b>Mr. Mohammed bin Nasser Al-Nabit</b>	<b>Independent</b>
<b>8</b>	<b>Eng. Ahmed Ali Abdul Karim Al-Luhaidan</b>	<b>Independent</b>
<b>9</b>	<b>Eng. Safer bin Mohammed bin Dhafir</b>	<b>Executive</b>

## Ninth – Meetings of the Board of Directors

L	Name	Meeting1	Meeting2	Meeting3	Meeting4	Meeting5	Meeting6	Meeting7	Meeting8	Total
		29/01	05/03	05/03	21/04	23/07	28/10	29/11	29/12	
1	Prince. Abdullah bin Musaед bin Abdul Rahman Al Saud	✓	✓	✓	✓	✓	✓	✓	✓	8
2	Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	✓	✓	✓	✓	✓	✓	✓	✓	8
3	Dr. Abdul Hamid Bin Saleh Al-Khalifa Representative of the Public Investment Fund	✓	✓	✓	✓	✓	✓	✓	✓	8
4	Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	✓	✓	✓	✓	✓	✓	✓	✓	8
5	Mr. Mansour bin Abdulaziz Al-Soghayer Representative of the Public Investment Fund	✓	✓	✓	✓	✓	✓	✓	✓	8
6	Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	✓	✓	✓	✓	✓	✓	✓	✓	8
7	Mr. Mohammed bin Nasser Al-Nabit	✓	✓	✓	✓	✓	✓	✓	✓	8
8	Eng. Ahmed Ali Abdul Karim Al-Luhaidan	✓	✓	✓	✓	✓	✓	✓	✓	8
9	Eng. Safer bin Mohammed bin Dhafir	✓	✓	✓	✓	✓	✓	✓	✓	8



**Tenth – 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 associations**

L	Name	Attendance Record		
		First assembly meeting	Second assembly meeting	Total meetings
	The date of the assembly	05/04/2020	24/12/2020	
1	Prince. Abdullah bin Musa'ed bin Abdul Rahman Al Saud	×	×	0
2	Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	✓	✓	2
3	Dr. Abdul Hamid Bin Saleh Al-Khalifa Representative of the Public Investment Fund	✓	×	1
4	Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	✓	×	1
5	Mr. Mansour bin Abdulaziz Al-Soghayer Representative of the Public Investment Fund	✓	✓	2
6	Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	✓	×	1
7	Mr. Mohammed bin Nasser Al-Nabit	✓	✓	2
8	Eng. Ahmed Ali Abdul Karim Al-Luhaidan	✓	✓	
9	Eng. Safer bin Mohammed bin Dhafir	✓	✓	

## **Eleventh – Actions taken by the Board of Directors to inform its members, especially others executives informed of shareholders' proposals and comments about the company and its performance**

**To inform the members of the Board of Directors of the shareholders 'proposals, the Board has done the following:**

- 1– Ensuring that members of the Board of Directors obtain full, clear, correct and not misleading information in a timely manner.**
- 2– Ensure that the Board of Directors discusses all the basic issues in an efficient and timely manner.**
- 3– Encouraging the members of the Board of Directors to carry out their duties effectively and in the interest of the company.**
- 4– Ensure that there are effective communication channels with shareholders and communicate their opinions to the Board of Directors.**
- 5– Encouraging constructive relationships and effective participation between the board of directors and executive management, and creating a culture that encourages constructive criticism.**
- 6– Preparing the agenda of the Board of Directors meetings, taking into account any issue raised by a member of the Board of Directors or raised by the auditor, and consulting with members of the Board and the CEO when preparing the agenda of the Board.**

## **Twelfth – Disclosure of the remuneration of members of the Board of Directors and the Executive Management in accordance with what was stipulated Article 93 of the Corporate Governance Regulations**

**According to Article (23) of the company's articles of association, the remuneration of the Board of Directors is 10% of the net profits after deducting the expenses and reserves decided by the General Assembly and after distributing a profit percentage to the shareholders of not less than 5% of the company's capital and according to the text of Article (5/50) From the Articles of Association and within the limits of what is stipulated in the Companies Law and its Bylaws, the report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all remuneration, expense allowance and other benefits that Board members obtained during the fiscal year, and it should also include a statement Received by members of the board as workers or administrators, or what they have received in return for technical, administrative or consulting work. It also includes a statement of the number of board sessions and the number of sessions attended by each member from the date of the last meeting of the general assembly and according to the international accounting standards applied in the company, the remuneration of the members of the board of directors It is included in the general and administrative expenses.**

## Remuneration of members of the Board of Directors

Description	A certain amount for board membership and committee membership	Allowance for attending council sessions	Total allowance for attending committee sessions	Benefits in kind	Remuneration of the Chairman of the Board, the Managing Director or the Secretary, if he is a member	Total	percentage of profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	Indemnity	total summation	Expense allowance
<b>Independent Members</b>															
Prince. Abdullah bin Musaed bin Abdul Rahman Al Saud	450,000	24,000	24,000	-	-	498,000	-	-	-	-	-	-	-	498,000	-
Mr. Mohammed bin Nasser Al-Nabit	450,000	24,000	26,000	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Eng. Ahmed Ali Abdul Karim Al-Luhaidan	450,000	24,000	26,000	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	450,000	24,000	26,000	-	-	500,000	-	-	-	-	-	-	-	500,000	-
<b>Non-executive members</b>															
Dr. Abdul Hamid Bin Saleh Al-Khalifa Representative of the Public Investment Fund	450,000	24,000	26,000	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	450,000	24,000	26,000	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Mr. Mansour Abdul Aziz Al-Soghair Representative of the Public Investment Fund	450,000	24,000	18,000			492,000								492,000	
Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	450,000	24,000	24,000			498,000								498,000	
<b>Executive Members</b>															
Eng. Safar bin Mohammed bin Dhafir	450,000	24,000	26,000		-	500,000	-	-	-	-	-	-	-	500,000	-

## Rewards (6) of senior executives, including Chief Executive Officer and Finance Manager.

Description	Salaries	Allowances	Benefits in kind	Total	Periodic bonuses	earnings	Short term incentive plans	Long-term motivational plans	Granted shares	Total	Indemnity	Production bonus	Total remuneration for the board executives	total summation
Rewards for senior executives	2.756.376	832.511.50	-	3.588.887.5	178.02	-	-	-	-	3.766.907.5	-	680,000	500,000	4.946.907.5

## Remuneration of members of the committees

Name	Fixed bonuses	Allowance for attending sessions	Total
<b>Members of the Executive Committee</b>			
Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	250,000	24,000	274,000
Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	250,000	24,000	274,000
Dr. Abdul Hamid Bin Saleh Al-Khalifa Representative of the Public Investment Fund	250,000	24,000	274,000
Eng. Ahmed Ali Abdul Karim Al-Luhaidan	250,000	24,000	274,000
Eng. Safar bin Mohammed bin Dhafir	250,000	24,000	274,000
<b>Members of the Investment Committee</b>			
Prince. Abdullah bin Musaед bin Abdul Rahman Al Saud	250,000	3,000	253,000
Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	250,000	3,000	253,000
Mr. Mansour Abdul Aziz Al-Soghair Representative of the Public Investment Fund	250,000	3,000	253,000
Eng. Ahmed Ali Abdul Karim Al-Luhaidan	within the Executive Committee	2,000	2,000
Eng. Safar bin Mohammed bin Dhafir	within the Executive Committee	2,000	2,000
<b>Members of the Audit Committee</b>			
Mr. Mohammed bin Nasser Al-Nabit	250,000	12,000	262,000
Dr. Abdul Hamid Bin Saleh Al-Khalifa Representative of the Public Investment Fund	within the Executive Committee	2,000	2,000
Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	within the Executive Committee	2,000	2,000
Mr. Mansour Abdul Aziz Al-Soghair Representative of the Public Investment Fund	Within the investment committee	12,000	12,000
Mr. Adeeb Mohamed Aba Nomi Member of the Audit Committee (External Member)	150,000	12,000	162,000
<b>Members of the Nomination and Remuneration Committee</b>			
Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	within the Executive Committee	2,000	2,000
Mr. Mohammed bin Nasser Al-Nabit	within the Audit Committee	14,000	14,000
Prince. Abdullah bin Musaед bin Abdul Rahman Al Saud	Within the investment committee	18,000	18,000
Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	Within the investment committee	18,000	18,000

Attendance of committees other than committee members			
Prince. Abdullah bin Musaed bin Abdul Rahman Al Saud (Executive Committee)	Within the investment committee	3,000	3,000
Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency (audit committee)	within the Executive Committee	-	-
Mr. Mansour Abdul Aziz Al-Soghair Representative of the Public Investment Fund (Executive Committee)	Within the investment committee	3,000	3,000
Mr. Mohammed bin Nasser Al-Nabit (Executive Committee)	within the Audit Committee	-	-
Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund (Executive Committee)	Within the investment committee	3,000	3,000

### Thirteenth – Shares of board members, senior executives, and their minor wives and children

Name	Number of shares at the beginning of the year	Number of shares at the end of the year	The change
	Share	Share	Share
Prince Abdullah bin Musaed bin Abdul Rahman Al Saud	755,000	755,000	–
Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	5,750	5,750	–
Dr. Abdul Hamid bin Saleh Al-Khalifa Representative of the Public Investment Fund	8,000	8,000	–
Mr. Mansour Abdul Aziz Al-Soghair Representative of the Public Investment Fund	–	–	–
Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	–	–	–
Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	–	–	–
Eng. Ahmed Ali Abdul Karim Al-Luhaidan	–	1,000	1,000
Mr. Mohammed bin Nasser Al-Nabit	452,500	452,500	–
Eng. Safer bin Mohammed bin Dhafir	50,895	50,895	–
Public Investment Fund	52,408,200	52,408,200	–
The Public Institution for Social Security	15,224,586	15,224,586	–
Public Pension Agency	6,283,169	4,617,375	(1,665,794)
Eng. Aqeel bin Fottyes bin Saeed Kadsa	–	–	–
Mr. Mohammed Ali Mohammed Al-Thoie	–	–	–
Eng. Ali Hassan Hakami	–	–	–
Eng. Ali Hamdan Al-Olayani	–	–	–
Eng. Saeed Obaid Al-Harthy	–	–	–
<b>The total</b>	<b>75,188,100</b>	<b>73,523,306</b>	<b>(1,664,794)</b>



## Fourteenth – A brief description of the committees' functions

### A– The Executive Committee

The committee's tasks are limited to:

- 1– Holding periodic meetings to study new business and obstacles and suggest appropriate solutions to them. And it shall present to the Board of Directors the matters that require a decision by the Board.
- 2– Study the plans and proposals submitted by the CEO to achieve the goals of the company, and make recommendations to the Board of Directors.
- 3– Study the proposals submitted by the CEO regarding the production objectives in the factories and take appropriate decisions and recommendations for improving and developing the work.
- 4– Study the reports received by the committee from the CEO and take appropriate decisions and recommendations to improve and develop the work.
- 5– Carry out the tasks and functions that the Board of Directors deems to be assigned to them.
- 6– Exercising the powers vested in it according to the authority guide approved by the Board of Directors. The number of committee meetings in 2020 reached (6), and their statements are as follows– :

Name	membership statues	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6	Meeting 7	Meeting 8	Total
		28/01	04/03	20/04	22/07	08/09	07/10	27/10	28/12	
Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	Head	✓	✓	✓	✓	✓	✓	✓	✓	8
Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	member	✓	✓	✓	✓	✓	✓	✓	✓	8
Dr. Abdul Hamid bin Saleh Al-Khalifa Representative of the Public Investment Fund	member	✓	✓	✓	✓	✓	✓	✓	✓	8
Eng. Ahmed Ali Abdul Karim Al-Luhaidan	member	✓	✓	✓	✓	✓	✓	✓	✓	8
Eng. Safer bin Mohammed bin Dhafir	member	✓	✓	✓	✓	✓	✓	✓	✓	8

## B– The Investment Committee

The committee's tasks are limited to:

- 1– Study the liquidity available in the company and the means of investing it according to the company's system, in the best ways that guarantee the capital.
- 2– Study the market and available investment opportunities.
- 3– Looking for new investment opportunities.
- 4– Study the investment matters referred to it by the Board of Directors.
- 5– Study the proposals submitted by the CEO regarding future investment plans.
- 6– Carrying out the tasks and functions that the board of directors deems to be assigned to them.
- 7– Exercising the powers delegated to it according to the authority guide approved by the Board of Directors.

### Statement of investment committee meetings

L	Name	membership statues	1 Meeting 29/01/2020	Total
1	Prince Abdullah bin Musaed bin Abdul Rahman Al Saud	Head	✓	1
2	Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	member	✓	1
3	Mr. Mansour Abdul Aziz Al-Soghair Representative of the Public Investment Fund	member	✓	1
4	Eng. Ahmed Ali Abdul Karim Al-Luhaidan	member	✓	1
5	Eng. Safer bin Mohammed bin Dhafir	member	✓	1

## **C – The Audit Committee**

**The committee's tasks are limited to:**

- 1– Supervising the internal audit department in the company in order to verify the independence of the auditors and the extent of effectiveness in implementing the work and tasks set for it by the Board of Directors, as well as studying the work plan, reports and notes of the internal audit department, and following up on their implementation.**
- 2– Study the internal control system in the company and verify the adequacy of the design, flexibility and effectiveness of the control activities in it, determine the strengths and weaknesses therein, and recommend in writing to the Board of Directors to take the necessary action.**
- 3– Verify that the company has an effective method for identifying the important risks that it may be exposed to, including the risks that may arise from any violations of the regulations and instructions in force and the preventive steps taken by the company's management.**
- 4– Study the accounting policy adopted by the company or any changes to it prior to its approval and express opinion and recommendation to the Board of Directors regarding it.**
- 5– Take appropriate steps to set the committee's work program, organize its meetings, document them, and communicate the results of its work to the Board of Directors.**
- 6– Recommending the nomination of the appropriate person to fill the position of Director of Internal Audit and achieve his independence.**
- 7– Recommending to the Board of Directors to appoint a chartered accountant after ensuring his qualification and independence, determining his fees, renewing him, and terminating his contract.**
- 8– Following up on the work of chartered accountants, and approving any work outside the scope of the auditing work that they are assigned to while performing the audit work.**
- 9– Study the audit plan with the chartered accountant and make her observations on it.**
- 10– Study (management letter) submitted by the chartered accountant, and follow up on his comments and make recommendations regarding them.**
- 11– Study the interim quarterly and annual financial statements with the aim of informing the Board of Directors of what appears to the committee that the financial statements do not include any expressions or statements that are unfair and of relative importance.**
- 12– Study the reports and observations of the General Auditing Bureau on the company's performance and follow up the implementation of its recommendations.**
- 13– Take whatever is necessary to ensure that the company does not violate the regulations and laws in force in the Kingdom.**

14- Submit a report at the end of the financial year or whenever the need arises to the Board of Directors, including the results of its views, observations and recommendations to improve the level of performance.

15- Follow up on the work of chartered accountants, and approve any work outside the scope of the audit they are assigned to while they are performing the audit work.

16- Studying the audit plan with the chartered accountant by the committee for approval.

### Statement of audit committee meetings

L	Name	membership statues	Meeting 61	Meeting 62	Meeting 63	Meeting 64	Total
			03/03	14/05	08/05	02/11	
1	Mr. Mohammed bin Nasser Al-Nabit	Head	✓	✓	✓	✓	4
2	Dr. Abdul Hamid bin Saleh Al-Khalifa Representative of the Public Investment Fund	member	✓	✓	✓	✓	4
3	Dr. Abdullah bin Nasser Abu Thanin Representative of the Public Institution for Social Security	member	✓	✓	✓	✓	4
4	Mr. Mansour Abdul Aziz Al-Soghair Representative of the Public Investment Fund	member	✓	✓	✓	✓	4
5	Mr. Adeeb Mohamed Aba Nomi	External member	✓	✓	✓	✓	4

## **D – The Nominations and Remuneration Committee**

The committee's tasks are limited to:

- 1. Recommending to the Board of Directors the nomination for membership of the Board in accordance with the approved policies and standards.**
- 2. Annual review of the required needs of appropriate skills for membership of the Board of Directors and the preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that the member should dedicate to the work of the Board of Directors.**
- 3. Reviewing the structure of the board of directors and making recommendations regarding the changes that can be made.**
- 4. Determining the strengths and weaknesses of the board of directors and proposing remedies in accordance with the interest of the company.**
- 5. Take into account not to nominate any person previously convicted of a crime involving breach of honor and trust.**
- 6. Ensuring 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.**
- 7. Setting clear compensation and remuneration policies for members of the Board of Directors and senior executives, taking into account when setting these policies, the use of performance-related criteria.**
- 8. Periodic review of the salary scale and other benefits of the company and recommendations to the Board.**
- 9. Proposing the total production bonus for the company's employees, as well as proposing the annual reward for the CEO and submitting it to the Board.**
- 10. Performing any other tasks assigned to it by the Board of Directors.**

## Statement of the Nomination and Remuneration Committee meetings

L	Name	membership statues	Meeting 1 09/01	Meeting 2 20/07	Meeting 3 22/09	Meeting 4 22/10	Meeting 5 10/11	Meeting 6 16/12	Total
1	Dr. Hamad bin Sulaiman Al-Bazai Representative of the Public Pension Agency	Head	✓	✓	✓	✓	✓	✓	6
2	Prince Abdullah bin Musaed bin Abdul Rahman Al Saud	member	✓	✓	✓	✓	✓	✓	6
3	Mr. Mohammed bin Nasser Al-Nabit	member	✓	✓	✓	✓	✓	✓	6
4	Eng. Loai Mohammed Khaled Al-Nahedh Representative of the Public Investment Fund	member	✓	✓	✓	✓	✓	✓	6

**Fifteenth – Any penalty, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory or judicial authority**

**The company does not have any penalty, precautionary measure, or precautionary restriction imposed by the Authority or any supervisory, regulatory or judicial authority.**

**Sixteenth – Results of the annual review of the effectiveness of the company's internal control procedures and the opinion of the committee  
Reviewing the adequacy of the company's internal control system**

**The company's audit committee studies and evaluates the internal audit reports, which are carried out by reviewing and evaluating the internal control procedures and systems applied in the company, which aim to protect the company's assets by taking random samples that are subject to examination and evaluation according to an annual plan established by the audit committee in order to obtain reasonable assurances about the effectiveness and efficiency of the control procedures in place. The company's external auditor evaluates the system of internal procedures and reviews the internal audit reports as well as the minutes of the audit committee. Not all audit operations showed any material observations on the internal control procedures.**

## Seventeenth – Details of the company's social contributions

م	Description	Riyal
1	The Health Endowment Fund is a contribution to the fight against Corona	2,500,000
2	Supporting the tourism activities in the Asir region for the summer of 2020	500,000
3	Patient Friends Committee in Bisha	10,000
4	Al Ber Charity Society in Bisha	25,000
5	Quran Memorization Association in Bisha	10,000
6	Al Ber Charity Society in Majardah	10,000
7	Al Ber Charity Society, Al-Ardiah Al-Janobyah	15,000
8	Holy Quran Memorization Association in Jazan	10,000
9	The charity in Ahad Al-Masariha	20,000
10	Quran memorization association in Ahad Al-Masariha	10,000
11	Quran Memorization Association in Asir	10,000
12	Al Ber Society in Abha	30,000
13	The National Committee for the Care of Prisoners	30,000
14	Quran Memorization Association in Khamis Mushait	10,000
15	Al Ber Charitable Society in Al-Qunfudhah	10,000
Total		3,200,000



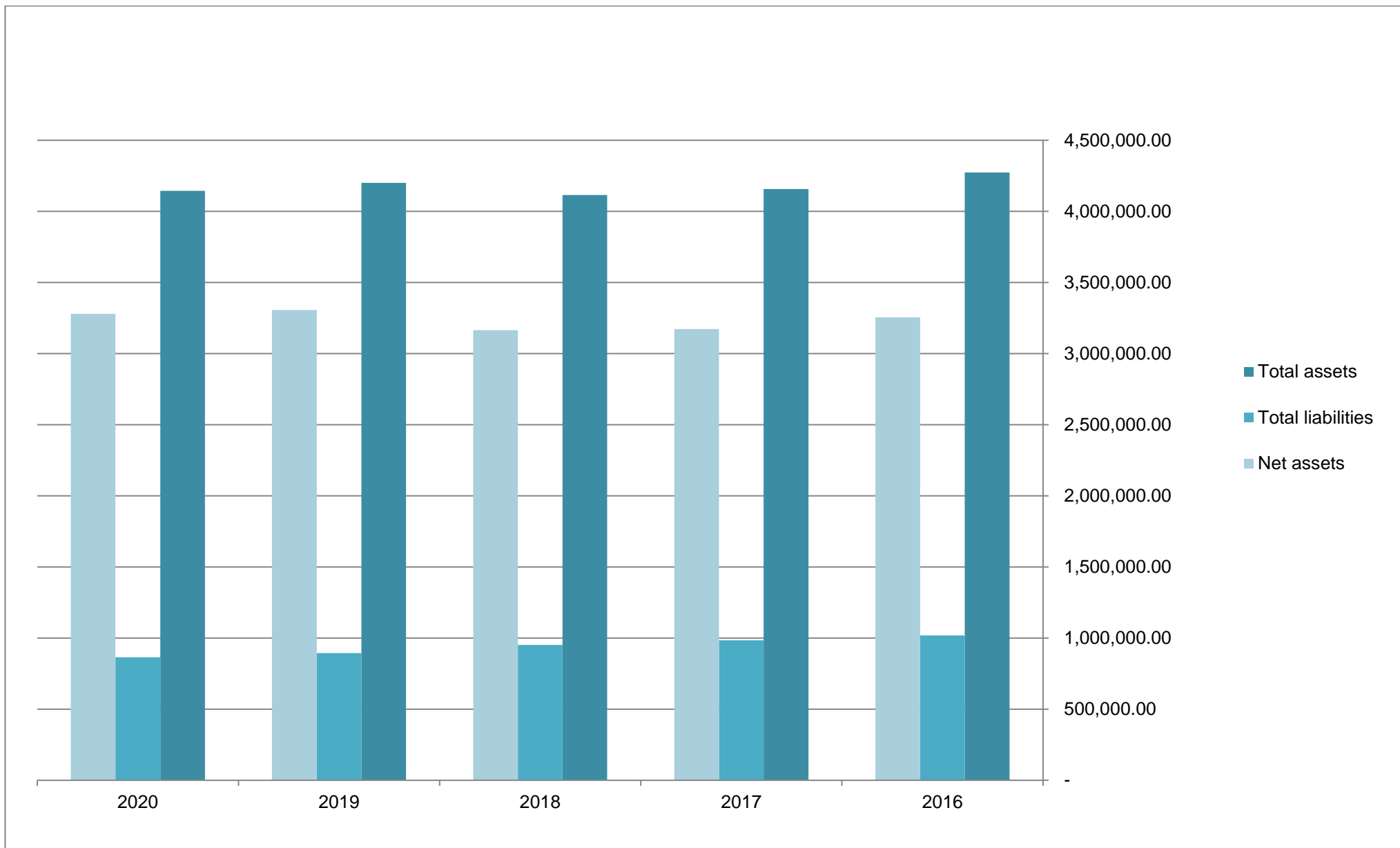
## **Eighteenth – The company's assets, liabilities, and results of its operations in the last five years**

The company's current assets consist of cash, cash equivalents, receivables and other assets, and financial liabilities consist of short-term bank facilities, trade payables, dividends in the process of distribution, accrued expenses and other liabilities. The fair value of financial instruments is not materially different from their carrying value.

### **Comparison of assets and liabilities (in thousand riyals)**

Description	2016	2017	2018	2019	2020
Current assets	846,390	807,227	863,449	1,096,819	1,173,636
Non-current assets	3,427,175	3,349,436	3,252,165	3,103,354	2,970,847
Total assets	4,273,565	4,156,663	4,115,614	4,200,173	4,144,483
Current Liabilities	613,098	530,711	395,963	385,747	419,599
Non-current liabilities	405,025	453,898	555,643	507,962	445,170
Total liabilities	1,018,123	984,610	951,606	893,709	864,769

### **Asset Liability Comparison Diagram page (29)**



### Comparison of company business results (in thousand riyals)

Description	2016	2017	2018	2019	2020
Revenues	1,776,055	1,063,817	887,724	1,300,286	1,653,108
Revenue costs	(845,354)	(640,113)	(626,032)	(762,748)	(974,256)
Gross profit	930,701	423,703	261,692	537,538	678,852
Net profit	875,386	371,610	201,954	457,457	603,248

**Nineteenth – the material differences in the operating results compared to the results of the previous year**

Description	2019	2020	changes (+) (-)	Rate of change%
Revenues	1,300,286	1,653,107	352,821	27,13
Cost of revenue	(762,748)	(974,255)	(211,507)	(27,73)
Gross profit	537,538	678,852	141,314	26,29
Other operating expenses	(54,270)	(50,430)	3,840	7,08
Operating profit	483,268	628,422	145,154	30,04

## **Twentieth – Accounting standards approved by the Saudi Organization for Certified Public Accountants**

The financial statements have been prepared in accordance with international financial reporting standards and the interpretations issued by the International Financial Reporting Standards Interpretation Committee issued by the International Accounting Standards Board and approved in the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Certified Public Accountants. The company has begun to apply international standards from:

### **New standards, interpretations and amendments applied by the company during the year 2020**

The accounting policies applied by the company in preparing the financial statements are consistent with those used in preparing the financial statements

The annual company's annual standards for the year ending on December 31, 2019, and no new standards have been issued. However, there are a number of amendments to the standards in effect as of January 1, 2020. Which did not have a material impact on the financial statements.

Valid from	Amendments to standards
1-Jan-20	Definition of Articles – Amendments to IAS 1 and IAS 8
1-Jan-20	Business Definition – Amendments to IFRS 3
1-Jan-20	Amendments to the conceptual framework references in IFRSs

### **Not applicable issued standards**

The following are the standards and amendments that were issued but did not enter into force until the date of issuance of the company's financial statements. No

The company expects to have a material impact on the financial statements if the below standards and amendments are applied.

Effective for annual periods starting on or after a date	New standards and adjustments
1-Jan-21	Amendments to IFRS 9, IAS 39, IFRS 16 and IFRS 4 Phase Two (Interest Rate Correction)

1-Jan-22	Ineffective contracts – the cost of completing the contract (Amendments to IAS 37)
	Annual amendments to IFRSs (2018–2020 cycle)
	Property, plant and equipment: proceeds before intended use (amendments to IAS 16)
	Back to the conceptual framework (amendments to IFRS 3)
1-Jan-23	Amendments to IAS 1, "Presentation of Financial Statements" on the classification of liabilities
	IFRS 17 – Insurance Contracts and Amendments to IFRS 17 – Insurance Contracts
Available for optional application /Effective date deferred Indefinitely	The sale or contribution of the assets between the investor and his associate or joint venture (Amendments to IFRS 10 and IAS 28)

## Twenty-first – dividend distribution

According to Article 50 of the Articles of Association, the annual net profits of the company shall be distributed as follows:

1. (%10)of the net profits shall be set aside to form the statutory reserve for the company. The Ordinary General Assembly may decide to stop this retainer when the said reserve reaches (30%) of the paid capital.
2. The Ordinary General Assembly, based on the proposal of the Board of Directors, may avoid a certain percentage of the net profits to form an agreement reserve to be allocated for a specific purpose (s).
3. The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders. The aforementioned association may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist those existing from these institutions.
4. From the remainder after that, a percentage representing (5%) of the company's paid-up capital shall be distributed to the shareholders.

5. Subject to the provisions stipulated in Article (twenty-three) of this system, and Article seventy-six of the Companies Law, after the aforementioned, a percentage (10%) of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member.
6. The remainder is then distributed to the shareholders as an additional share of profits.
7. The company may distribute interim profits to its shareholders in a semi-annual or quarterly manner, and the association may authorize the board of directors to do so according to a decision renewed annually.

According to the international accounting standards applied in the company, the remuneration of the members of the board of directors is included in the general and administrative expenses

Description	Riyal
Net profit after comprehensive income	603,248,101
Deducted: 5% initial shareholder share on the paid-up capital	70,000,000
Added: profits carried over from the previous year	891,464,670
Deducts: 42.50% additional shareholder share on the paid-up capital	595,000,000
The carried forward balance for the next year	829,712,771

Description	Profits distributed for the first half of 2020	Proposed dividends to be distributed for the second half of 2020	Total profits for the year 2020
the amount	315,000,000	350,000,000	665,000,000
The ratio	%22,5	%25,0	%47,5

## Twenty-second – Islamic Finance

Description	Funding source	Short-term loan balance	Long-term loan balance	Total
		Riyals	Riyals	Riyals
Balance on 1/1/2020	NCB	60,000,000	398,395,992	458,395,992
Balance on 12/31/2020		70,000,000	328,397,000	398,397,000

The balance of Islamic financing from Al-Ahli Bank on 12/31/2020 amounted to 398,397,000 riyals represented in long-term bank facilities in the amount of 328,397,000 riyals and short-term bank facilities in the amount of 70,000,000 riyals due during the years from 2021 to 2025, noting that the repayment started from March 15, 2018 and ends on December 31, 2025 (quarterly installments). The company also transfers the part due for payment during the year from the long-term loan account to the short-term loan account and appears among the current liabilities in the balance sheet.

## Twenty-third – the number of the company's requests for the shareholders' register, the dates of the requests, and their reasons

Number of requests for the company shareholders' register	The date of the request	Reasons for the request
1	31/03/2020	Profit file
2	31/03/2020	General Assembly
3	26/07/2020	Profit file
4	21/09/2020	Other
5	18/11/2020	Company actions
6	12/16/2020	Other
7	24/12/2020	General Assembly

## Twenty-fourth – Stakeholders' contracts with the company by the end of 2020

The company's management acknowledges that there are no contracts for members of the board of directors, their representatives, senior executives, and those related to any of them with the company during the year 2020.

## Twenty-fifth – Liabilities due to government agencies by the end of 2020

Description	2020		Brief description of it	Reason statement
	Repaid	Due until the end of the financial period and has not yet been paid		
General Authority for Zakat and Income	13,363,028	17,176,731	Zakat due	Payment will be made in 2021
The Public Institution for Social Security	16,641,389	1,344,803	Social Security	The settlement takes place the following month
Ministry of Industry and Mineral Resources	39,318,905	48,050,940	Exploitation fees for the year 2020	Payment will be made in 2021
<b>Total</b>	<b>69,323,322</b>	<b>66,572,474</b>		



## **Twenty-sixth – What has been applied of the provisions of the Corporate Governance Regulations and what has not been implemented, and the reasons for that**

In implementation of Article Ninety of the Corporate Governance Regulations issued by the Capital Market Authority, which requires that the Board of Directors' report include a report on the provisions of the bylaw that have been implemented and what has not been completed and the reasons for that.

Accordingly, the company applies all the provisions mentioned in the Corporate Governance Regulations issued by the Capital Market Authority.

## **Twenty-seventh – Declarations**

- The company's management declares that the accounting records were prepared in the correct manner.
- The company's management acknowledges that the internal control system was prepared on a sound basis and has been effectively implemented.
- The company's management acknowledges that there are no doubts about the company's ability to continue its activity.
- The company's management declares that there is no difference from the international accounting standards issued by the decision of the Saudi Capital Market Authority.

## **Twenty-eighth – Disclosure in the Board's report**

The Board of Directors declares that the company disclosed in the report of the Board of Directors about the requirements that apply to it, and that the following items do not apply to the company and is obligated to disclose them if they occur:

- 1- The name of the subsidiaries and their main activities.
- 2- Details of shares and debt instruments issued for each subsidiary.
- 3- A description of any interest in a class of eligible shares.
- 4- A description of any interest, option rights, and subscription rights pertaining to board members.
- 5- Describe the classes and prepare any instruments that are convertible into shares.

- 6- A description of any transfer or subscription rights under convertible debt instruments into shares.
- 7- A description of any refund, purchase or cancellation of any refundable debt instruments.
- 8- Information related to any contract to which the exporter is a party, and there is or was a substantial interest in it for a member of the board of directors, the CEO or the financial director, and any person related to any of them.
- 9- A statement of any arrangements or agreement that a member of the board of directors or a senior executive has waived any salary or compensation.
- 10- A statement of any arrangements or agreement under which a shareholder has waived any rights to profits.
- 11- Reserves or investments for the benefit of employees.
- 12- There are no reservations from the chartered accountant on the financial statements.
- 13- Replacing the chartered accountant before the expiry of three consecutive years.
- 14- No written request was submitted to hold emergency meetings, nor was there any objection to the agenda.

## **Twenty-ninth – Proposals of the Board of Directors**

**First - To vote on the Board of Directors report for the fiscal year ending on 12/31/2020.**

**Second - Voting on the company's financial statements for the fiscal year ending 12/31/2020.**

**Third - To vote on the company's auditor's report for the fiscal year ending on 12/31/2020.**

**Fourth - Voting on the decision of the Board of Directors regarding the cash dividends distributed to shareholders for the first half of 2020, by (2.25) riyals and (22.5%) of the capital and a total amount of (315 million) riyals.**

**Fifth - Voting on the Board of Directors' recommendation to distribute dividends in the amount of (2.5) riyals per share to the shareholders for the second half of the fiscal year ending on 31/12/2020, with a percentage of (25%) of the capital and a total amount of (350 million) riyals, provided that Eligibility for shareholders who own shares at the end of the trading day of the General Assembly and are registered in the company's shareholders register at the Securities Depository Center Company (Edaa Center) at the end of the second trading day following the maturity date, provided that the distribution of profits begins on Sunday 09/13/1442 AH corresponding to 04/25 / 2021.**

**Sixth - To vote on appointing the company's auditor from among the candidates based on the audit committee's recommendation to examine, review and audit the financial statements for the second and third quarter of the fiscal year 2021 and the first quarter of the fiscal year 2022, and determine their fees.**

**Seventh - To vote to authorize the Board of Directors to distribute interim dividends on a semi-annual basis for the fiscal year 2021.**

**Eighth - Voting on the Board of Directors decision to appoint Eng. Ahmed Ali Abdul Karim Al Luhaidan - Independent Board Member - Chairman of the Audit Committee, starting from 01/01/2021 until the end of the current committee's term of office on 12/31/2021, in place of the former Committee Chairman, Mr. Mohammed bin Nasser Al-Nabit - Non-Executive Board Member - provided that the appointment shall take effect from the date of the decision issued on 12/29/2020, and this appointment shall be in accordance with the regulations of the Audit Committee. (CV attached)**

**Ninth - Voting on the business and contracts that are concluded between the Southern Province Cement Company and the Saudi Chemical Holding Company, in which a member of the board of directors, Eng. Thamer bin Mohammed bin Muqham al-Muhaid, has an indirect interest in it in his capacity as its CEO, and it consists of supplying civilian explosives for a period of (36) months that has begun On 02/07/2019 until 02/06/2022, it is automatically renewed for a similar period and the annual transaction value is estimated at about (10 million) riyals according to the actual quantities transferred and delivered to the buyer according to the prices shown in the table attached to the contract**

**Tenth - voting on the business and contracts that are concluded between the Southern Province Cement Company and the United Cooperative Insurance Company, in which a member of the Board of Directors Mr. Mansour bin Abdulaziz Al-Sagheer has an indirect interest in it represented in being a member of the Board of Directors of the United Cooperative Insurance Company, which are insurance documents with a value exceeding 3.3 million riyals for the year 2021 represented in:**

- 1. Insurance of company property.**
- 2. Securing equipment.**
- 3. Sea freight insurance**