



Annual
Report
2022





His Royal Highness Prince
**Mohammed bin Salman bin
Abdulaziz Al Saud**
Crown Prince and Prime Minister



Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud

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Board of Directors



HRH Prince Abdulaziz bin Mishaal bin Abdulaziz Al Saud
Board Chairman



Saleh bin Sulaiman Al-Rajhi
Board Member



Majid bin Abdurrahman Al-Osailan
Board Member & CEO



Badr bin Omar Alabdullatif
Vice Chairman & Managing Director



Mohammed bin Saad Al-Moajil
Board Member



Saleh bin Ibrahim Al-Shabnan
Board Member



Mohammed bin Hikmat Al-Zaiem
Board Member

In the Name of Allah, the Most Beneficent, the Most Merciful

Report of the Board of Directors to the
Shareholders of City Cement Company
For the Fiscal Year Ended 31/12/2022
Presented to the Ordinary General Assembly of the Company

Board's Statement

Dear shareholders of City Cement Company,

As members of the Board of Directors of your company, we are pleased to present the annual report for the fiscal year 2022, including the financial results achieved thanks first to the help of God Almighty and second to the efforts of the company's employees. By so doing, we are going to shed light on the company's performance and financial statements, as well as the various initiatives and project programs of the company in different activities, as required by the governance regulations.

Thankfully, we are satisfied with the company's performance amid the fierce competition that the industry is witnessing in a context of consistent domestic demand over the past three years and a 2.2% decrease in the industry's total demand compared to last year. However, we have a very optimistic outlook

for the future due to the attention paid by our wise government to continued enhancement of growth opportunities through quality projects that have been launched in various areas and fields to advance economic development, serve as a key engine for the construction sector and contribute to the realization of the Kingdom's Vision 2030. We proceed from our belief in and awareness of our effective role as a leading national company that bears a responsibility for harnessing its energies and resources to contribute to enabling these blessed goals in a way that will benefit and achieve added value for all value chain stakeholders in alignment with the Vision's output of environmental preservation, underscoring the company's strategy of keeping pace with these opportunities to maximize your company's revenues by striving to create innovative competitive advantages that contribute to continued growth in line with the company's strategic plans and vertical and horizontal in-

tegration opportunities, and continue to supply the market with a range of environmentally friendly quality products.

We have developed a clear roadmap to keep up with our wise government's commitment to carbon neutrality, as well as standards for HSE sustainability that the company will be adhering to. We are still progressing at a rapid pace in making the necessary improvements to achieve our goal of finding innovative solutions that help our industry to shift from a linear to a circular economy. The company has a number of initiatives and projects intended for the reduction of greenhouse gas emissions to encourage sustainable development and innovation-centric cooperation with relevant parties, including policy makers and regulators. We are pleased to inform you that the company is about to release a sustainability report to review the company's initiatives and achievements with regard to

the environment, community participation and governance according to internationally approved standards and the rules and regulations of relevant government authorities. We are also proud of the programs launched by the company in its pursuit of continuing to achieve higher profit margins to ensure continued delivery of superior results by accurately understanding the requirements of the market and customers, continuing to sell our range of products at the best competitive rates and based on the top value that we are able to offer to the market, increasing efficiency for cost optimization, continuing to develop and strengthen human resources and employ technology through a complete transformation journey that helps us face challenges, creating an operating model that keeps pace with the best international standards to continue providing shareholder value and employee welfare, and maintaining best ESG practices and digital transformation.

Board Report

1. Company's Business Activity

City Cement Company (CCC) produces cement of various types in its Marat plant with an annual production capacity of More than 4 MT.

2. Company's Business Results

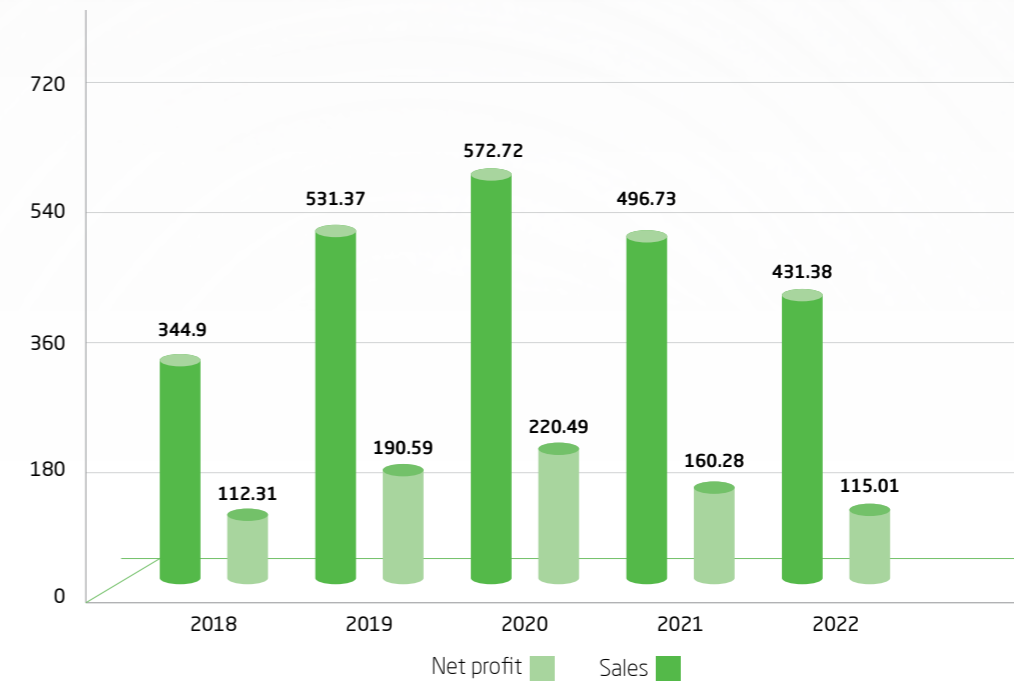
1. Sales & Profits:

The volume of cement sold during 2022 amounted to 2.66 MT, compared to 2.96 MT in 2021, a little decrease of 1%.

CCC was able to make good profits despite competition. 2022's gross profits amounted to SR (145.43) million, compared to SR (207.87) million in 2021, a decrease of 30%. 2022's net profits totaled SR (115.01) million, compared to SR (160.28) million in 2021, a decrease of 28.24% attributable to the decrease in the sales volume and the average sale price.

- The chart below shows the development of net sales and net profits during the five years from 2018 to 2022:

2018-2022 net sales and net profits (SR million)



2. Production:

The plant's production of clinker in 2022 amounted to 2,013 KT (i.e. 55.2% of the production capacity), compared to 2,499 KT in 2021, a decrease of 19.44%. Total inventory at the end of the year equaled 385 KT, compared to 324 KT, an increase of 18.82%.

3. Future Outlook:

In 2022, the total demand for cement sales in the Kingdom decreased a little bit, reaching 50,762 KT compared to 51,941 KT in 2021, with a reduction rate of 2.2%. The Company expects that demand growth will, God willing, recover in the coming year.

4. Company's Revenues Geographically Distributed:

All sales of the Company were within the Kingdom of Saudi Arabia, as shown in the geographical breakdown below:

Year	Geographical Breakdown of CCC Revenue			
	Total Revenue	Central Region	Western Region	Eastern Region
٢٠٢٢	431,381,721	357,040,365	10,587,640	63,753,716

3. Future Projects & Plans

The company has a clear roadmap to achieve HSE sustainability and find innovative solutions through several initiatives and projects concerned with reducing greenhouse gas emissions to promote sustainable development and innovation-centric cooperation with relevant parties, including policy makers and regulators, with regard to the environment, community participation and governance, according to internationally approved standards and the rules and regulations of relevant government authorities. In all this, we are driven by our pursuit of continuing to achieve higher profit margins to ensure continued delivery of superior results by understanding the requirements of the market and customers, continuing to sell our range of products at the best competitive rates and based on the

top value we are able to offer, increasing efficiency for cost optimization, continuing to develop and strengthen human resources and employ technology through a complete transformation journey that helps us face challenges, creating an operating model that keeps pace with the best international standards to continue providing shareholder value and employee welfare, and maintaining best ESG practices and digital transformation.

As attested by a certificate from the Saudi Energy Efficiency Center (SEEC), the company has already achieved the energy efficiency targets in accordance with the Energy Savings Trading Mechanism for the Industrial Sector approved by a decision of the Board of Directors of SEEC.

4. Loans

The Company declares that as at 31/12/2022 the Company had no outstanding loans payable to banks or any other institutions. However, the Company has in place credit

facility agreements governed by the terms and conditions of Islamic finance, totaling SR 90,625,000 against a promissory note..

5. Subsidiaries

Name	Main Activity	Share Capital	Country of HO & Establishment	Shareholding Percentage
Green Solutions Environmental Services Co.	Provision of environmental solutions for waste treatment	SR 500,000	KSA	100%
CCC Contracting Branch	Specialized subcontracting	Branch	KSA	-

6. Statutory Payments to Government Agencies

Item	٢٠٢٢		Brief Description
	Paid during the year	Outstanding payables till the end of the annual financial period	
Zakat	10,854,747	11,070,849	The Company is subject to the zakat and tax regulations in force in Saudi Arabia. A provision for zakat is made on an accrual basis. The Company obtained the final assessment certificates for the years 2006-2018.
VAT	38,491,750	3,307,464	The Company is subject to the zakat and tax regulations in force in Saudi Arabia. These are paid on a monthly basis within the statutory time limit based on previous month's payables.
Withholding Tax	300,364	-	
GOSI Contributions	2,706,607	294,649	The Company is subject to the Social Insurance Law. GOSI contributions are recognized on an accrual basis.
Quarrying Fees	23,235,377	18,568,313	Fees for the exploitation of raw materials are paid in respect of licenses for raw material quarries.

7. Social Responsibility & Community Service

Social responsibility and community service are among the priorities of the Company. CCC has done, and is still doing, a great deal to support all the requirements of the neighboring areas, including sponsorships and development and awareness-raising contributions covering different activities CCC is keen to

contribute to everything that benefits and has added value to society and its various segments, building on strategic plans consistent with the Company's activities and the Kingdom's Vision 2030 in terms of environmental and knowledge initiatives, thus contributing to a thriving social fabric.



a. Donations and Social Contributions:



Supported Marat Health Club.



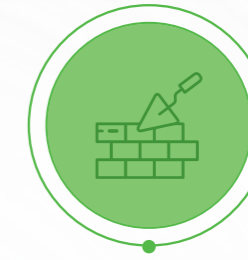
Supported Holy Quran Memorization Society.



Supported Marat cycling race, 4th year.



Supported Marat Date Festival.



Supported the construction of an integrated sports and social walkway and facility bearing the name of the Company in Marat for Marat's people and visitors.

b. QSHE::

CCC affirms its commitment to the implementation of all requirements as per Saudi and international standards to maintain environmental integrity under the supervision and monitoring of the Directorate of Civil Defense in Marat. They hold periodical meetings with the personnel of the Directorate of Civil Defense to ensure maintaining the compliance with security and safety standards through joint training courses to quality the national cadres and raise the level of awareness of all personnel as well as Saudi Arabia's General Authority of Meteorology and Environmental Protection, while giving full consideration to maintaining the quality of its products. CCC has received many quality certificates and international awards, including:



SASO Quality Mark (SQM) for adherence to the highest standards of quality



Latest version of the ISO 9001:2015 Quality Management System Certification



Latest version of the ISO 14001:2015 Environmental Management System Certification



Latest version of the BS OHSAS 18001:2007 Occupational Health and Safety Management System Certification



Latest version of the EN ISO 50001:2018 Energy Management System Certification



QC 100 GOLDEN



QC 100 PLATINUM



The Green Era Award for Sustainability

c. Environmental Governance:

Environmental governance is defined as the environmental policy that calls for sustainable development and the management of all human, political, social and economic activities. Out of departure of this principle, we are committed to minimize the environmental impact of our operations and work to develop environment-friendly economy to reduce the consumption of energy, diversify its sources through utilizing wasted thermal energy and transform the wastes of all types into an environment-friendly alternative fuel in an attempt from the Company to rationalize the consumption of fossil fuel which is considered a pillar of the Kingdom's Vision 2030.

In response to the international tendencies calling for taking serious steps with regards to sustainability, City Cement Co. plays an

important role in understating the risks and opportunities related to the ESG responsibilities on the level of its operations. We are also keen on accelerating the strategic steps of transformation regarding the field of energy and responding effectively to our resources. As a leading company in the field of utilizing the alternative fuel and clean energy on the level of the region, we realize our responsibility towards environment and work together with several government authorities and private domestic and international companies to protect and preserve the ecology.

We are also proud of the achievements which we managed to make, and we will continue to make new initiatives for our environment to achieve our common goals in service of the society.

8. Human Resources

The Company launched a number of programs to develop its resources and work systems:

1. "Holoul (Solutions)" Program which aims to preserve the natural resources.
2. "Tamkeen (Empowerment)" Program which aims to develop the human resources through designing specialized training programs to motivate and qualify the human cadres and create an attractive work environment.
3. "Barq (Lighting)" Program which aims to develop work systems to keep pace with fast variants in the world of technology.

With the aim of achieving its goals in terms of developing and training its human resources, CCC has adopted specialized programs for personnel selection, development and career planning to ensure that positions are filled by qualified and distinguished national competencies. CCC also encourages staff to

participate positively in the development of the Company and creates a suitable working environment that promotes teamwork, while continuing to strengthen their skills and qualifications to boost their level of performance. The Company has nationalized many leadership positions and employed national personnel in several departments. Furthermore, the Company continues to cooperate with local and global entities specialized in providing technical, administrative and marketing training services, in addition to holding in-house workshops and considering the possibility of sending national personnel on scholarships in the cement industry domain within the Kingdom and/or abroad in the future. This is done within a complete journey of transformation helping us to confront challenges and creating an operating model up to the best international standards to continue providing the value for the shareholders and employees welfare and maintain the best environmental, social and governance practices and digital transformation.

9. Risks

As CCC pays high attention to potential risks, it regularly reviews these risks and establish appropriate measures to address them. It should be noted that the risks described below do not include all the risks that the Company could face, for it is possible that there are other risks that are not known to the Company at the present time or which the Company deems to be either rare risks or risks with little impact:

- Operational and marketing risks: The Company pays attention to the potential risks resulting from the competition anticipated at the local level owing to domestic cement companies' high inventories. The Company monitors and regularly reviews these and operational risks and establish appropriate measures to address and contain them.
- Economic risk: The domestic and global economic situation may have a direct impact on the future business of the Company, including changes in sales performance, the level of market liquidity and financing costs, industrial recession, competition from foreign countries and manufacturers, technical development, prices of fuel, inputs and the Company's end products, inflation, political events that could impact on corporate markets, exchange rate volatility, and product alternatives that could have an impact on the Company's business and revenue.
- Risks related to laws and regulations: The running of the Company's business is governed by multiple laws and regulations. Any changes to or replacements of these laws and regulations by any government entity, regulatory body or judicial authority, or the issuance of an order ceasing the Company's business, or all or some of the Company's products, could impact on the Company's business and revenue.
- Risk from focusing on certain customers: Thankfully, the Company's products cover a wide range of customers. The Company depends on distributors for the distribution of its products. If any customer or a group of customers or distributors incurred losses, stopped dealing with the Company or otherwise failed to abide by the established criteria for selling the Company's products, this would impact on the Company's business and revenue.
- Risk from the Company's geographical location and natural disasters: All the Company's business is concentrated in one location. Any directive suspending the Company's business in this location or any natural disasters such as floods or earthquakes occurring therein would have an impact on the Company's business and revenue.
- Risk related to mining rights: Mining is an essential part of the Company's activity and mining rights are granted to the Company by the Saudi government's relevant authorities. If those mining rights are canceled or any restrictions imposed thereon, the Company's ability to operate the plant may be affected and as a consequence there would be serious adverse repercussions for the Company's financial position and results of operations.
- Risk related to energy supplies: Cement production consumes large quantities of energy, which account for a large portion of production costs. Therefore, any rise in fuel prices will have a negative impact on the Company's business, financial position and results of operations. Also, failure to secure the required amount of fuel for the second line would have an ongoing negative and substantial effect on the Company.

10. Corporate Governance

The Company applies all the provisions set out in CMA's Governance Regulations, except for those listed below:

Article	Text of the Article/Paragraph	Partially applied	Not applied	Reason for non-application
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Unapplied indicative articles

	Articles 38, 39, 41, 54(B), 70, 71, 72, 76, 77, 78, 83, 85, 88, 89(3) & 95		√	Indicative articles which will be applied when they become mandatory.
87	The Ordinary General Assembly shall, upon a proposal by the Board of Directors, establish a policy that ensures a balance between its objectives and those of the community with the aim to develop the socio-economic conditions of the community.	√		The article is indicative. Nevertheless, the Company's social contributions are approved by the Board of Directors, and work is underway to formulate the required policy.

11 .Description of Any Deviations from the Accounting Standards Adopted by the Saudi Organization for Certified Public Accountants (SOCPA)

There are no deviations from the accounting standards issued by SOCPA.



12. (a): Names of the Members of the Current Board of Directors in its Fifth and Sixth Session, Committee Members, their Current and Former Positions, Qualifications, Experience, and Board Memberships in Other Joint Stock Companies (JSCs).

	Name	Title
1	HRH Prince Abdulaziz bin Mishaal bin Abdulaziz Al Saud	Board Chairman
2	Badr bin Omar Alabdullatif	Vice Chairman, Managing Director & Chairman of the Executive Committee

Qualifications, Current & Former Positions, and Experience	JSC Memberships
<ul style="list-style-type: none"> B. Sc in Business Administration Chairman of the Board of Directors, Medina Cement Co. Director-General, Technology Services Co. Director-General, Advanced Information Technology Co. Director-General, First Construction for Buildings - Private Venture. General supervision over various establishments of his won at different commercial, services and contracting domains. Commercial dealer for various USA, European and Asian Companies. 	<ul style="list-style-type: none"> City Cement Co. (Public JSC)
<ul style="list-style-type: none"> High School Diploma. Vice Chairman of the Board of Directors, Managing Director & Chairman of the Executive Committee, City Cement Co. Board Member and Member of the Audit Committee, Alabdullatif Holding Group. GM, Alabdullatif Furniture. Board Member and Member of the Executive Committee, Future Ceramics. Chairman of the Nomination and Remuneration Committee, City Cement (formerly). Board Member, Alabdullatif Industrial Investment (formerly). Chairman of the Nomination and Remuneration Committee, Alabdullatif Industrial Investment (formerly). Chairman of the Audit Committee, Alabdullatif Industrial Investment (formerly). Assistant GM, Alabdullatif Furniture (formerly). Director of Administration & in charge of all branches countrywide (formerly). Director, Government Relations, Alabdullatif Furniture (formerly). 	<ul style="list-style-type: none"> City Cement (Public JSC) Alabdullatif Holding Group (Closed JSC) Future Ceramics (Closed JSC) Alabdullatif Furniture (Closed JSC) Green Solutions Environmental Services Co.

	Name	Title	Qualifications, Current & Former Positions, and Experience	JSC Memberships
3	Majed bin Abdurrahman Al-Osailan	Board Member & CE	<ul style="list-style-type: none"> • Master of Administrative Sciences from the American International University (certified by the Ministry of Higher Education and Saudi Consulate). • Future Managers Program By Riyad Bank, equivalent to a master's degree in banking, in cooperation with Al-Taweel training center . • Various conferences, workshops and training courses within and outside the Kingdom in specialized administrative, financial and technical industrial disciplines / 3000+ hours (INSEAD School of Business, University of San Diego School of Business, Euromoney Institute, Oxford Business Institute, London Institute of Business, Saudi Banking Institute, Leoron International Training Center). • Bachelor of Accounting, King Saud University. • Board Chairman, Natural Gas Distribution Co. • Chairman of the Environment and Energy Committee, the Saudi International Chamber of Commerce. • Chairman of the Audit Committee, Alabdullatif Industrial Investment. • Board Deputy Chairman, Alabdullatif Industrial Investment Co. • Deputy Chairman of the National Committee for Cement Industry. • Board Deputy Chairman, Green Solutions Environmental Services Co. • Board Member, Ajil Financial Services. • Board Member and CEO, City Cement. • Member of the Executive Committee, City Cement. • Member of the Saudi International Chamber of Commerce. • Member of the Risk Management Committee, Alabdullatif Industrial Investment Co. • Board Member, Saudi Makamin Holding Co. (formerly). • Member of the Audit Committee, Murabaha Installment Co. (formerly). • Head of Finance, Administration & IT, City Cement (formerly). • Head of Finance, City Cement (formerly). • Corporate Banking Department, Riyad Bank (formerly). • Credit & Risk Department, Riyad Bank (formerly). • Accounting Dept, Fransi Banque (formerly). 	<ul style="list-style-type: none"> • Ajil Company Financial Services (closed joint stock) • Al Medina Cement Co. (public venture) • Al Abdulateef Industrial investment Co. (public venture) • Natural Gas Distribution Co. (public venture). • Green Solutions Co. for environment services (single person, limited liability)

	Name	Title
4	Mohammed bin Saad Al-Moajil	Board Member
5	Saleh bin Ibrahim Al-Shabnan	Board Member
6	Saleh bin Sulaiman Al-Rajhi	Board Member

Qualifications, Current & Former Positions, and Experience	JSC Memberships
<ul style="list-style-type: none"> • B. Sc, Business Administration and Marketing (Hons.), American University, Dubai-UAE. • MSc. in Business Admins., Stanford University, USA. • Chairman of the Board of Directors, Tilal Al Khair Catering Co. • Member of the Board of Directors, Al Madina Cement Co. • Member of the Board of Directors, Technology Investment Co. and Chairman of the Investment Committee. • Member of the Board of Directors, and Chairman of the Executive Committee and Investment Committee, Dharan Exhibition International. • Member, Saudi-British Business Council. • Member, Saudi-Irish Business Council. • Member of the Board of Directors, Chairman of Investments, Al-Mujal Trade and Contracting Co. • Financial Advisor, Atlantic Pacific Capital - UK (former). 	<ul style="list-style-type: none"> • Al Madina Cement Co. (public venture) • Al Mujal Trade and Contracting Co (closed venture) • Telal Al Khair Catering (closed venture) • Dharan Exhibitions International (closed venture) • Technology Investment Co. (closed venture) • Dharan Co. for Chemical Materials and Marketing (closed venture)
<ul style="list-style-type: none"> • B. Sc. Industrial Management, King Fahad University for Petrol and Minerals. • Chemicals and Petrochemical, Chemical Insecticides and Steel. • Medina Cement Co. • Agricultural Services and Mining. 	<ul style="list-style-type: none"> • City Cement (Public JSC) • Green Solutions Environmental Services Co. (a One Person Limited Liability Company)
<ul style="list-style-type: none"> • Bachelor of Business Administration. • Experience in banking and the management of commercial & investment companies. 	<ul style="list-style-type: none"> • City Cement (Public JSC)

	Name	Title	Qualifications, Current & Former Positions, and Experience	JSC Memberships
7	Mohammed bin Hikmat Al-Zaiem	Chairman of Audit	<ul style="list-style-type: none"> • Bachelor's degree in electrical engineering. • Holder of several management program certificates. • Chairman of the Audit Committee, City Cement Company • CEO & Board Member, International Trading and Contracting Co. Ltd (ITCC). • Vice Chairman of the Board of Directors and Member of the Executive Committee & the Nomination and Remuneration Committee, Riyadh Cables Group Company. • Board Chairman, Saudi Modern Company for Specialized Electrical Cables & Wires Industry. • Board Chairman, Riyadh Cables Company. • Board Member, Saudi Modern Company for Metals, Cables and Plastic Industry. • Board Member, Saudi Modern Company for Telephone Cables Industry. • Vice Chairman of the Board of Directors and Member of the Executive Committee, Future Ceramics. • Board Member, Afaq Al Hikma. • Board Member, Al Afaq Development. • Board Member, Ajyal Al Hikma. • Board Member, Deira Akel Real Estate. • Executive Director, Riyadh Cables Group Company (formerly). 	<ol style="list-style-type: none"> 1. City Cement (Public JSC) 2. Future Ceramics (Closed JSC) 3. Saudi Modern Company for Specialized Electrical Cables & Wires Industry (ClosedJSC) 4. Saudi Modern Company for Metals, Cablesand Plastic Industry (Closed JSC) 5. Saudi Modern Company for Telephone Cables Industry (Closed JSC) 6. Afaq Al Hikma Development (Closed JSC) 7. Riyadh Cables Company (Closed JSC) 8. Green Solutions Environmental ServicesCo. (a One Person Limited Liability Company)



12.(b): Names of the Members of the Executive Management Team, their Current and Former Positions, Qualifications and Experience

	Name	Title
1	Turki bin Abdulaziz Alabdullatif	Deputy CEO – Strategic Business Development Council (SBDC)
2	Abdurrahman Mohammed Ahmed	Deputy CEO – Strategic Business Development Council (SBDC)
3	Abdulaziz bin Mohammed Al-Suwaidan	Finance & IT Director
4	Sulaiman bin Abdulaziz Al-Hadithi	Commercial Director
5	Abdul Wahid bin Awn Al-Qarni	Administration and HR Director

Qualifications, Current & Former Positions, and Experience

- Bachelor of Public Administration, King Saud University.
- Started his career in the sales services sector then moved to the banking sector as a sales and marketing services representative and then to the cement industry where he served in various leadership positions including Head of HR, Head of Administration and Chairman of the Development and Organizational Projects Committee, with more than fifteen years of work experience.
- Received a number of training courses in administrative areas.

- MBA, University of Manchester, UK.
- Bachelor's degree in Mechanical Power Engineering.
- Certificate of Specialization in Business Strategy, Harvard University USA.
- Several specialized technical courses and conferences in the cement industry, supply chain management and HR.
- Former Head of Strategic Planning.
- Former Director, Technical & Development, InterCement.
- Former Director, Performance Development & Quality, InterCement.
- Former head, Production Management, Italcementi.
- Previously held various key positions in Italcementi.

- Bachelor's degree in Marketing, College of Business, King Abdulaziz University.
- Diploma in Computer Networking Technology, Alkhaleej Institute for Applied Science.
- More than 14 years of experience in financial management which started in the banking industry in corporate banking, and then in the cement industry where he held several positions, including Financial Controller, Treasury & Budget Manager and Head of Finance & IT.
- Member of Alabdullatif Industrial Investment's Audit Committee.

- BBA, Imam University.
- Diploma in Marketing, TVTC.
- Started his career in the agricultural sales services and then moved to the cement industry where he progressed in several leadership positions, including Assistant Sales Manager, Marketing & Sales Manager and Head of Commercial, with a work experience of more than 15 years.

- Bachelor's degree in Human Resources Management, King Abdulaziz University.
- Diploma in Computer Programming, Institute of Public Administration.
- Started his career in the banking sector as a Customer & Sales Service Representative, and then moved to the cement industry where he progressed in several administrative positions, including Personnel Manager, Director of HR and Head of HR & Administration.
- Holds a CIPD HR qualification from the Chartered Institute of Personnel and Development, UK.
- Attended various training courses in several administrative areas.

Board Committees:

1. The Audit Committee:

The Audit Committee oversees risk management and internal controls in the various aspects of the Company's business. Its responsibilities include reviewing and discussing the Company's quarterly and annual financial statements. The Committee also makes recommendations to the Board of Directors and the General Assembly on the appointment of the Company's CPA.

- Members of the Audit Committee in the Fifth Session of the Board which started on 19/6/2019 to 18/6/2022:

Name	Designation	1	2	3
		2/3/2022	20/3/2022	16/5/2022
1. Mr. Mohammed bin Hikmat Al-Zaiem	Committee Chairman	√	√	√
2. Mr. Omar bin Hamad Al-Mishaal	Committee Member	√	√	√
3. Mr. Mohammed bin Hamdan Al-Sorayai	Committee Member (Non-Board Member)	√	√	√

In its fifth session, the Committee held three meetings in 2022.

- Members of the Audit Committee in the Sixth Session of the Board which started on 19/6/2022:

Name	Designation	1	2
		8/8/2022	2/11/2022
1. Saleh bin Sulaiman Al-Rajhi	Committee Chairman	√	√
2. Mr. Abdulaziz bin Abdullatif Al-Doligan	Committee Member (Non-Board Member)	√	√
3. Mr. Mohammed bin Hamdan Al-Sorayai	Committee Member (Non-Board Member)	√	√
4. Mr. Saleh bin Hassan Al Alshaikh	Committee Member (Non-Board Member)	√	√

In its sixth session, the Committee held two meetings in 2022.

2. The Nomination and Remuneration Committee:

The Nomination and Remuneration Committee reviews the structure of the Board of Directors and how effectively its members are performing, makes recommendations on changes that could be made, identifies weaknesses and strengths, ascertains the independence and absence of conflicts of interest on the part of the members, recommends member nominations as needed, and reviews the remuneration and compensation of the Board committees, Executive Management team's salaries and Saudization percentages.

- Members of the Nomination and Remuneration Committee in the Fifth Session of the Board which started on 19/6/2019 to 18/6/2022:

Name	Designation	1	2
		3/2/2022	10/5/2022
Mr. Saleh bin Sulaiman Al-Rajhi	Committee Chairman	√	√
Mr. Mohammed bin Saad Al-Moajil	Committee Member	√	√
Mr. Abdurrahman bin Saad Al-Qarni	(Non-board member)	√	√

In its fifth session, the Committee held two meetings in 2022.

3. The Executive Committee:

The Executive Committee develops studies and strategic plans, finds appropriate solutions and alternatives, and makes recommendations to the Board.

- Members of the Executive Committee in the Fifth Session of the Board which started on 19/6/2019 to 18/6/2022:

Name	Designation	1
		13/1/2022
Mr. Badr bin Omar Alabdullatif	Committee Chairman	√
Mr. Majid bin Abdurrahman Al-Osailan	Committee Member	√
Mr. Mohammed bin Hikmat Al-Zaiem	Committee Member	√

In its fifth session, the Committee held one meeting in 2022.

- Members of the Executive Committee in the Sixth Session of the Board:

Name	Designation	1	2
		31/8/2022	21/12/2022
Mr. Badr bin Omar Alabdullatif	Committee Chairman	√	√
Mr. Majid bin Abdurrahman Al-Osailan	Committee Member	√	√
Mr. Mohammed bin Hikmat Al-Zaiem	Committee Member	√	√
Mr. Saleh bin Ibrahim Al-Shabnan	Committee Member	√	√

In its sixth session, the Committee held two meetings in 2022.

- Committee Members' Remuneration in the Fifth Session of the Board which started on 19/6/2019 to 18/6/2022:

No	Name	Fixed Remuneration	Attendance Fee	Reimbursements and Travel & Accommodation Costs	Total
Executive Committee Members					
1	Mr. Badr bin Omar Alabdullatif	-	3,000	0	0
2	Mr. Majid bin Abdurrahman Al-Osailan	-	3,000	0	0
3	Mr. Mohammed bin Hikmat Al-Zaiem	-	3,000	0	0
Audit Committee Members					
1	Mr. Mohammed bin Hikmat Al-Zaiem	-	9,000	0	0
2	Mr. Omar bin Hamad Al-Mishaal	-	9,000	0	0
3	Mr. Mohammed bin Hamdan Al-Sorayai	-	9,000	0	0
Nomination & Remuneration Committee Members					
1	Mr. Saleh bin Sulaiman Al-Rajhi	-	6,000	0	0
2	Mr. Mohammed bin Saad Al-Moajil	-	6,000	0	0
3	Mr. Abdurrahman bin Saad Al-Qarni	-	6,000	0	0

- Committee Members' Remuneration in the Sixth Session of the Board which started on 18/6/2022:W

No	Name	Fixed Remuneration	Attendance Fee	Reimbursements and Travel & Accommodation Costs	Total
Executive Committee Members					
1	Mr. Badr bin Omar Alabdullatif	-	6,000	0	0
2	Mr. Majid bin Abdurrahman Al-Osailan	-	6,000	0	0
3	Mr. Mohammed bin Hikmat Al-Zaiem	-	6,000	0	0
4	Mr. Saleh bin Ibrahim Al-Shabnan	-	6,000	0	0
Audit Committee Members					
1	Mr. Saleh bin Sulaiman Al-Rajhi	-	6,000	0	0
2	Mr. Abdulaziz bin Abdullatif Al-Doligan	-	6,000	0	0
3	Mr. Mohammed bin Hamdan Al-Sorayai	-	6,000	0	0
4	Mr. Saleh bin Hassan Al Alshaikh	-	6,000	0	0



The Board of Directors:

1. Board Members:

- Members of the Board of Directors and their Remuneration during 2022 in the Board's Fifth Session which started on 19/6/2019 to 18/6/2022:

(Value in Riyal)

No	Name	Title	Category	Annual Remuneration	Meeting Attendance Fee	Salary, Compensation & Allowances
1	HRH Prince Abdulaziz bin Mishaal Al Saud	Board Chairman	Independent	100,000	9,000	0
2	Mr. Badr bin Omar Alabdullatif	Vice Chairman & MD	Executive	100,000	9,000	0
3	Mr. Majid bin Abdurrahman Al-Osailan	Board Member	Executive	100,000	9,000	0
4	Mr. Saleh bin Sulaiman Al-Rajhi	Board Member	Independent	100,000	9,000	0
5	Mr. Mohammed bin Saad Al-Moajil	Board Member	Independent	100,000	9,000	0
6	Mr. Omar bin Hamad Al-Mishaal	Board Member	Independent	100,000	9,000	0
7	Mr. Mohammed bin Hikmat Al-Zaiem	Board Member	Non executive	100,000	9,000	0



- Members of the Board of Directors and their Remuneration during 2022 in the Board's Sixth Session:

(Value in Riyal)

No	Name	Title	Category	Annual Remuneration	Meeting Attendance Fee	Salary, Compensation & Allowances
1	HRH Prince Abdulaziz bin Mishaal Al Saud	Board Chairman	Independent	100,000	6,000	0
2	Mr. Badr bin Omar Alabdullatif	Vice Chairman & MD	Executive	100,000	6,000	0
3	Mr. Majid bin Abdurrahman Al-Osailan	Board Member	Executive	100,000	6,000	0
4	Mr. Saleh bin Sulaiman Al-Rajhi	Board Member	Independent	100,000	6,000	0
5	Mr. Mohammed bin Saad Al-Moajil	Board Member	Independent	100,000	6,000	0
6	Mr. Saleh bin Ibrahim Al-Shabnan	Board Member	Non-Executive	100,000	6,000	0
7	Mr. Mohammed bin Hikmat Al-Zaiem	Board Member	Non-Executive	100,000	6,000	0

- Acting on the recommendation of the Nomination and Remuneration Committee, the Board recommended that a recommendation be made to the next General Assembly to approve annual remuneration payments to the Board members totaling SR 1,400,000 on a distribution basis of SR 100,000 for each member for the fifth and sixth session. The above remuneration was determined in accordance with the Remuneration Policy approved by the General Assembly on 3/5/2018 so as to avoid any material deviations.

2. Board Members' Attendance of Board Meetings in 2022:

The table below shows the meetings of the members of the Board of Directors during 2022 in the Board's fifth session which started on 19/6/2019 to 18/6/2022:

No	Name	Number of Meetings		
		1	2	3
		24/1/2022	4/4/2022	15/5/2022
1	HRH Prince Abdulaziz bin Mishaal Al Saud	√	√	√
2	Mr. Badr bin Omar Alabdullatif	√	√	√
3	Mr. Majid bin Abdurrahman Al-Osailan	√	√	√
4	Mr. Saleh bin Sulaiman Al-Rajhi	√	√	√
5	Mr. Mohammed bin Saad Al-Moajil	√	√	√
6	Mr. Omar bin Hamad Al-Mishaal	√	√	√
7	Mr. Mohammed bin Hikmat Al-Zaiem	√	√	√

In its sixth session, the Board of Directors held the following meetings in 2022:

No	Name	Number of Meetings	
		1	2
		20/6/2022	8/9/2022
1	HRH Prince Abdulaziz bin Mishaal Al Saud	√	√
2	Mr. Badr bin Omar Alabdullatif	√	√
3	Mr. Majid bin Abdurrahman Al-Osailan	√	√
4	Mr. Saleh bin Sulaiman Al-Rajhi	√	√
5	Mr. Mohammed bin Saad Al-Moajil	√	√
6	Mr. Saleh bin Ibrahim Al-Shabnan	√	√
7	Mr. Mohammed bin Hikmat Al-Zaiem	√	√

3. Dates of the Shareholders' General Assemblies Held during the Past Financial Year and Board Members who Attended the Same:

No	Name	Ordinary General Assembly 15/6/2022
1	HRH Prince Abdulaziz bin Mishaal Al Saud	X
2	Mr. Badr bin Omar Alabdullatif	√
3	Mr. Majid bin Abdurrahman Al-Osailan	√
4	Mr. Mohammed bin Saad Al-Moajil	√
5	Mr. Saleh bin Sulaiman Al-Rajhi	√
6	Mr. Omar bin Hamad Al-Mishaal	X
7	Mr. Mohammed bin Hikmat Al-Zaiem	√

4. Steps Taken by the Board to Inform its Members, and in Particular Non-Executives, of Shareholders' Proposals and Comments about the Company and its Performance:

The Chairman or Vice Chairman of the Board informs the Board members, and in particular non-executives, of shareholders' proposals and comments about the Company and its performance.

5. Disclosure of the Remuneration of the Board Members and Executive Management as Provided for in Article 93 of the Corporate Governance Regulations:

The following is the text of the Remuneration Policy for Board Members, Board Committees and the Executive Management which was approved by the General Assembly on 3/5/2018:

Introduction:

This Remuneration Policy for Board Members, Board Committees and the Executive Management has been prepared with the aim of complying with the Corporate Governance Regulations issued by the Capital Market Authority (CMA) Board pursuant to Resolution 8-16-2017 dated 16/5/1438H, corresponding to 13/2/2017, which stipulate that the

Purpose:

The purpose of this policy is to define clear criteria for the remuneration of Board members, Board Committees and senior executives in light of the Companies Law requirements and CMA regulations. In addition, this policy aims to attract professionals with adequate competence, capabilities and talent to

Nomination and Remuneration Committee (NRC) shall "prepare a clear policy for the remuneration of the Board members, Board committees and Executive Management, and present such policy to the Board for consideration, in preparation for approval by the General Assembly."

serve on the Company's Board, committees and Executive Management by adopting incentive remuneration schemes and programs linked to performance, thus contributing to the improvement of the Company's performance and achievement of the best interests of its shareholders.

General Criteria for Remuneration:

It is the responsibility of the NRC to make recommendations to the Board of Directors on the remuneration of the Board members, committee members and senior executives of the Company in accordance with the approved criteria, as outlined in the following:

The remuneration shall be commensurate with the Company's activities, strategy, objectives and the skills needed to manage it, and consistent with the magnitude, nature and degree of risks faced by the Company.

The Company shall take into consideration the practices of other companies and those prevailing in the labor market in respect of the determination of remuneration, avoiding unjustifiable increases in remuneration and compensation that may result from such benchmark comparisons.

The remuneration shall be determined based on job level, duties and responsibilities, edu-

cational qualifications, work experience, skills and performance level.

The remuneration shall be reasonably sufficient to attract, motivate and retain adequately competent and experienced professionals.

The remuneration of a Board member shall be determined such that it reflects the member's experience, responsibilities, duties, the number of Board meetings attended by the member, etc.

The remuneration shall be suspended and taken back where it turns out that it was given based on inaccurate information provided by the member of the Board or Executive Management, in order to prevent abuse of office to obtain undue remuneration..

Remuneration of the Board Members:

- The remuneration of City Cement Company (CCC) Board members shall consist of an annual lump sum, meeting attendance fee, reimbursement allowance, in-kind benefits, or a combination of two or more of these benefits, provided that the ceiling prescribed by the Companies Law and its implementing regulations shall not be exceeded, as shown in the table below:

Attendance fee per meeting	SR 3,000
Transportation and travel allowance for members residing outside the city of venue (Riyadh)	Equal to actual expenses
Annual lump sum per member	Determined annually without exceeding SR 200,000 as stipulated in the Company's Articles of Association
Adjustment & Payment:	
<ul style="list-style-type: none"> The annual lump-sum remuneration of a Board member indicated above may be subject to review from time to time on the NRC's recommendation in light of the Company's performance, in which case the approval of the shareholders' General Assembly (GA) shall be obtained. 	

- The amount of such remuneration may vary in light of a policy issued by the NRC and approved by the Company's GA.
- The annual Board report shall include a comprehensive statement of all the amounts received by the Board members during the fiscal year including remuneration, reimbursement allowances and other benefits, as well as all the amounts received by the Board members in their capacities as employees or managers, or in consideration of any technical, administrative or advisory work performed. The report shall also include a statement of the number of Board meetings and the number of meetings attended by each member from the date of the last meeting of the GA.
- The Board may set special remuneration payments for the Board Chairman, Vice Chairman and Managing Director in accordance with Article 21(2) of the Company's Articles of Association.

Remuneration of the Committee Members:

- The Board shall determine and approve the remuneration, attendance fees and other benefits of the members of its committees, with the exception of the Audit Committee, upon the recommendation of the NRC.
- The meeting attendance fee and other benefits shall be paid as described herein in accordance with the table below:

Attendance fee per meeting (to be paid following each meeting)	SR 3,000
Transportation and travel allowance for members residing outside the city of venue (Riyadh)	Equal to actual expenses
Remuneration of a committee member who is a non-Board member (as approved by the NRC based on the functions assigned thereto)	Up to and not exceeding SR 50,000 per annum
Adjustment & Payment:	
<p>The annual lump-sum remuneration of a committee member (who is a non-Board member) indicated above may be subject to review from time to time based on a recommendation by the NRC to the Board (which, in turn, shall make a recommendation in case of approval) in light of the Company's performance, in which case the GA's approval shall be obtained.</p>	

- The remuneration and meeting attendance fee of the members of the Audit Committee shall be approved by the shareholders' GA upon the Board's recommendation as per the regulations.

Remuneration of the Executive Management:

- The NRC shall review and approve the salary scale and incentive schemes for all employees and senior executives on a regular basis upon the recommendation of the Executive Management. The remuneration of the Executive Management team shall include:
 - A base salary (to be paid on a monthly basis at the end of each Gregorian month), plus allowances including but not limited to: a housing allowance, a transportation allowance, a telephone allowance, a children tuition fee allowance, medical insurance benefits for the team member and his/her family, annual leave, annual air tickets and end-of-service benefits in accordance with the Labor Law and the Company's HR Policy.
 - A KPI-linked annual bonus based on the relevant annual appraisal.
- The annual bonus of all employees and senior executives shall be approved by a resolution of the Board on the recommendation of the NRC.

Further Guidelines on Remuneration & Payment Mechanism:

- Board members shall not vote on the agenda item relating to the remuneration of the Board members at a meeting of the shareholders' GA.
 - committee members and senior executives in the annual Board report as prescribed by the directives and guidelines issued under the Companies Law and CMA laws and their implementing regulations.
- The Company shall disclose the remuneration of the Board members,

3. A member shall be entitled to remuneration starting from the date of joining the Board or committee pro rata to the duration of serving thereon.
4. The remuneration payments of the members of the Board and committees shall be processed by the Board Secretary or committee secretary, as applicable, and approved by the CFO.
5. The attendance fee for a Board meeting or a committee meeting shall be paid within one week after the meeting.
6. With the start date of serving on the Board during the expired fiscal year being taken into consideration, the annual remuneration of the Board shall be paid on an annual basis after being approved by the GA. The annual remuneration of a committee member (who is a non-Board member) shall be paid annually within 30 days following the end of the fiscal year, with the start date of serving on the committee during the expired fiscal year being taken into consideration.

Board Secretary's & Committee Secretaries' Remuneration and Attendance Fees:

Board Secretary's attendance fee	SR 2,000
A committee secretary's attendance fee	SR 1,000
Board Secretary's annual remuneration	SR 20,000
A committee secretary's annual remuneration	SR 20,000
Adjustment & Payment:	
The annual lump-sum remuneration of the Board Secretary and committee secretaries indicated above may be subject to review from time to time based on a recommendation by the NRC to the Board (which, in turn, shall make a recommendation in case of approval) in light of the Company's performance, in which case the GA's approval shall be obtained.	

Final Provisions (Review, Amendment & Publication):

This Policy shall enter into force and be complied with by the Company as of 1/1/2017. It shall be reviewed on a regular basis (as needed) by the NRC. Any amendments proposed by the NRC shall be submitted to the Board which, in turn, shall examine and review the proposed amendments and present them to the shareholders' GA for approval.



6. (a) The Interests and Rights of the Members of the Current Board of Directors in its Fifth Session in the Shares or Debt Instruments of the Company or Any of its Subsidiaries, as well as Those of Their Spouses and Minor Children:

Name	Remarks
HRH Prince Abdulaziz bin Mishaal Al Saud Board Chairman	-
Mr. Badr bin Omar Alabdullatif Vice Chairman	-
Mr. Majid bin Abdurrahman Al-Osailan Board Member & CEO	-
Mr. Mohammed bin Hikmat Al-Zaiem Board Member	-
Mr. Saleh bin Ibrahim Al-Shabnan Board Member	-
Mr. Mohammed bin Saad Al-Moajil Board Member	-
Mr. Saleh bin Sulaiman Al-Rajhi Board Member	-

Shares at the end of 2021		Shares at the end of 2022		Change during the year	
No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
708,677	0,506%	529,159	0,377%	179,518	-25,33%
1,479	0,001%	1,479	0,001%	-	-
10,000	0,007%	10,000	0,007%	-	-
207,188	0,147%	207,188	0,147%	-	-
127,272	0,091%	127,272	0,091%	-	-
-	-	-	-	-	-
86	0,0001%	86	0,0001%	-	-

6(b) Senior Executives' Interests and Rights in the Shares or Debt Instruments of the Company or Any of its Subsidiaries, as well as Those of Their Spouses and Minor Children:

Name	Position	Remarks	Shares at the end of 2019	Shares at the end of 2020	Change during the year	
					No. of Shares	Percentage
Mr. Turki bin Abdulaziz Alabdullatif	Deputy CEO – SBDC	His shares	10	10	-	-
Eng. Abdulrahman Mohammed Ahmed	Deputy CEO – SBDC	His shares	-	450	450	100%
Mr. Abdulaziz Mohammed Al-Suwaidan	Finance & IT Director	His shares	-	-	-	-

7. Senior Executives' Remuneration & Compensation:

The remuneration and compensation of the Company's senior executives (namely: the Managing Director, CEO, Deputy CEO – SBDC, Deputy CEO – SBDC, and CFO) were as follows:

	Salaries	Allowances	Bonuses
Total	3,488,871	2,352,513	2,087,761

8. Any punishment, penalty, precautionary measure or restriction imposed on the company by the Authority or any other supervisory, regulatory or judicial authority:

The Court of Appeal rendered a judgment upholding the decision of the Committee for Tender Law Violation Settlement against the company by the General Tender Authority in the amount of 10 million Saudi Riyals. The punishment was published at the company's account after the decision had acquired the final capacity. The company requested cassation of the judgment before the Supreme Administrative Court. There was no violation from the company requiring the amendment of any of its procedures.

13. Company's Declarations

Out of departure of its role and responsibilities in protecting the Company's assets, the Board of Directors, based on the information available to it, the auditor's report, the current market requirement outcomes and the future indicators confirms the following:

- The account books have been prepared properly.
- The internal control system has been prepared on proper bases and implemented effectively.
- There is no doubt at all about the Company's ability to continue the activity.
- There are no investments or reserves created for the benefit of employees (for example, provident, loans, employees' shares...etc.).
- There is no contract with substantial interest for a member of the founding Board of Directors or the Executive Management Team.
- There is no arrangement or agreement under which a member of the founding Board of Directors or the Executive Management Team assigns any salary or remuneration.
- There is no arrangement or agreement under which a founding shareholder assigns any rights to profits.
- Shareholders' register has been requested four times for the following reasons:

S. No.	Request Date of File	Purpose of Request
1	ρ2022/02/11	Company procedures.
2	ρ2022/03/10	Distributing the profits.
3	ρ2022/04/20	Holding the General Assembly.
4	ρ2022/08/19	Distributing the profits.

14. Audit Committee's Recommendations in Conflict with the Board's Resolutions or the Board Refused to Adopt as to the Appointment, Dismissal, Determination of Fees and Performance Evaluation of the Company's Auditor or the Appointment of an Internal Auditor, and Grounds of these Recommendations and Reasons for not Adopting them.

There are no recommendations from Audit Committee that are in conflict with the Board's resolutions or that the Board refused to adopt with regard to the appointment, dismissal, determination of remuneration and performance evaluation of the Company's Auditor or the appointment of Internal Auditor.

15. Annual Audit of the Company's Effective Internal Control Procedures:

The conclusions of the annual review of the effective internal control procedures of 2022 showed that there are no substantial remarks affecting the Company's activity and evaluation of Audit Committee which in turn reviews and audits these reports and directs accordingly. It did not turn out to the Audit Committee that there is substantial weakness in internal control procedures set by the Company. The Executive Committee of City Cement Company recommends to continue improving the efficiency and effectiveness of the applicable control policies and procedures and updating them in conformity with the Company's volume of activity and nature of businesses.

16. Financial Results

Below is a summary of financial results of the period from 2018 to 2022:

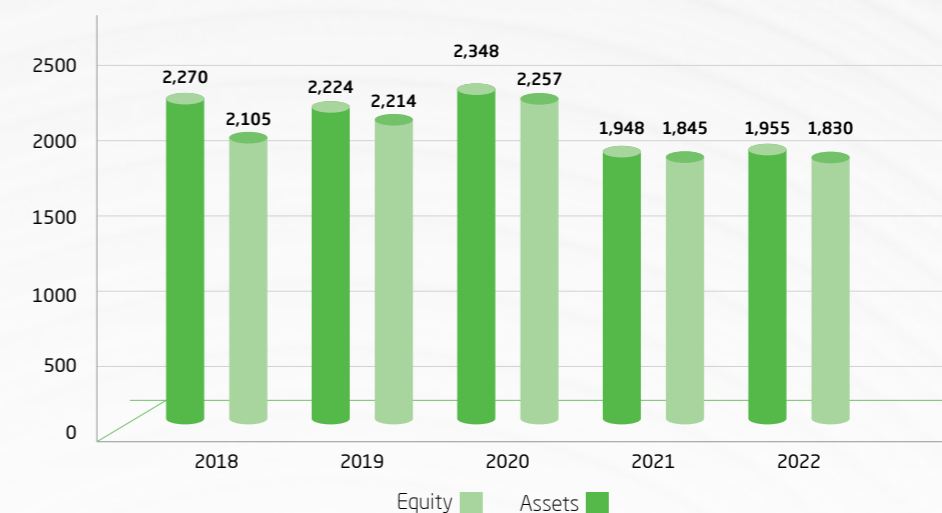
1. Statement of Financial Position:

(Value in Thousands of Riyals)

Particulars	2022	2021	2020	2019	2018
Assets					
Current Assets	614,236	562,542	488,678	821,508	577,317
Non-current Assets	1,326,999	1,393,451	1,459,780	1,526,824	1,647,331
Total Assets	1,941,236	1,955,993	1,948,459	2,348,333	2,224,648
Liabilities and Equity					
Current Liabilities	93,676	96,343	79,620	67,932	71,197
Non-current Liabilities	28,473	29,527	23,797	23,153	11,542
Total Liabilities	122,149	125,870	103,418	91,086	82,738
Equity					
Capital	1,400,000	1,400,000	1,400,000	1,892,000	1,892,000
Statutory Reserve	202,999	191,498	175,470	153,421	134,411
Other Reserves	(2,359)	(2,314)	(2,115)	(1,417)	-
Retained Profits	218,447	240,938	271,685	213,242	115,498
Total Equity	1,819,087	1,830,122	1,845,041	2,257,246	2,141,909
Equity and Liabilities	1,941,236	1,955,993	1,948,459	2,348,333	2,224,648

The chart below shows the development of assets and equity during the five years from 2018 to 2022:

2018-2022 Assets & Equity (SR million)



2. Statement of Income:

(Value in Thousands of Riyals)

	2022	2021	2020	2019	2018
Net Sales	431,381	496,731	572,729	531,377	344,896
Cost of Sales	(285,942)	(288,859)	(315,769)	(300,264)	(244,183)
Gross Profit	145,439	207,872	256,960	231,112	100,713
Total General, Administrative, Sale and Marketing Expenses	(34,630)	(33,510)	(36,913)	(36,080)	(31,115)
Other Revenues/ Expenses	13,967	(1,860)	6,143	7,980	52,188
Zakat	(9,766)	(12,222)	(9,711)	(15,402)	(13,000)
Net Income of the Year	115,010	160,280	220,493	190,097	112,312
Earning per share	0.82	1.14	1.22	1.00	0.59

Summary of Statement of Cash Flow:

Particulars	2022 (SR thousand)	2021 (SR thousand)
Net Cash Generated from Operating Activities	163,918	267,514
Net Cash used in Investing Activities	(42,596)	(83,649)
Net Cash used in Financing Activities	(127,532)	(178,188)
Net Change in Cash and Cash Equivalents	(6,210)	5,676
Cash and Cash Equivalents – Start of the Year	55,737	50,061
Cash and Cash Equivalents – End of the Year	49,527	55,737

- The Company's financial statements of the fiscal year ended 31/12/2022 form an integral part of this report.

17. Profits

1. Company's Profit Distribution Policy

The Company's policy in distributing its net annual profits relies on what is indicated in the Company's Articles of Association and the availability of the liquidity required to fulfill the payment of the strategic investments and projects of the Company. Profits are distributed as follows:

1. The Company shall set aside a minimum of 10% of its net profits to create a statutory reserve. The Ordinary General Assembly may decide to discontinue setting aside such percentage when said reserve reaches half of the Company's capital.
2. The Ordinary General Assembly may, based on the Board's suggestion, set aside a certain percentage of the net profits to create a consensual reserve and designate it for a specific purpose or specific purposes.
3. Of the balance of profits, a first payment will be distributed to the shareholders in at least (1%) five percent of the paid-up capital.
4. A percentage of no more than 10% ten present, after the foregoing, will be designated as Board's remuneration in compliance with the regulations and instructions issued by the Ministry of Commerce and Investment in this respect. Then, the balance will be distributed to the shareholders as additional share of profits.

5. Distribution of Profits during 2022

- The Board of Directors in its meeting held on 07/08/1443H, corresponding to 10/03/2022 decided to distribute cash profits of the second half of 2021 totaling (SR 70,000,000) in (SR 0.50) per share.
- The Board of Directors in its meeting held on 12/02/1444H, corresponding to 08/09/2022 decided to distribute cash profits of the first half of 2022 totaling (SR 56,000,000) in (SR 0.40) per share.

18. Audit of 2022

1. Appointment of the Company's Auditor for 2022 and Q1 of 2023

The Company's Ordinary General Assembly agreed in its meeting held on Wednesday 16/11/1443H, corresponding to 15/06/2022 to appoint Dr. Mohamed Al-Amri and Co. to audit, examine and review the financial reports for the Q2, Q3 and Q4 of the fiscal year 2022 and Q1 of 2023 and determine its fees.

2. Appointment of the Company's Account Controller for 2022

The Auditor's report shows that the Company's financial statements for year ended 31/12/2022 is free from material misstatement, and there are no reservations on them.

3. Accounting Standards

The financial statements have been prepared according to the international accounting standards that have been adopted and approved by the Saudi Organization for Certified Public Accountants (SOCPA). There are no differences from these accounting standards on the auditing of the Company's financial statements.

Thanks and Recognition

In conclusion, the Board of Directors in this occasion is pleased to extend its great thanks and gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, may Allah preserve him, to his Crown Prince and Prime Minister HRH Prince Mohamed bin Salman bin Abdulaziz Al Saud, and to our wise government. The Board of Directors beseeches God Almighty to protect the leaders of this country, grant success to our wise government for the good of this homeland and citizens, protect this country from every evil and maintain the blessing of security, safety and peace.

Besides, the Board of Directors also extends thanks and recognition to all relevant government authorities for their continuous collaboration and support as well as the shareholders and clients for their precious support and confidence and the Company's personnel for their fruitful efforts.

And Allah is the Grantor of success.

Board of Directors

