أسمنت القصيم
Qassim Cement

ANNUAL REPORT
2023
1444H - 1445H

qcc.com.sa

بسم الله
الرحمن
الرحيم

"My First Goal Is For Our Country To Be A Successful And Pioneering Model In The World At All Levels, And I Will Work With You To Achieve That"

Custodian of the Two Holy Mosques

الملك سلمان بن عبدالعزيز آل سعود

King of the Kingdom of Saudi Arabia

"We Are Not Worried About The Future Of The Kingdom, But Rather We Look Forward To A Brighter Future, And We Are Able To Achieve This - God Willing - With Its Human, Natural And Acquired Wealth That God Has Bestowed Upon It"

His Royal Highness Prince

محمد بن سلمان بن عبدالعزيز آل سعود

The Crown Prince, Prime Minister

Content

THE
CHAIRMAN'S MESSAGE

Muhammad Nasser Al Dawood

In the name of Allah, Most Gracious, Most Merciful, and peace and prayers be upon our Prophet, Muhammad, his family and all of his companions.

Ladies and Gentlemen, the shareholders of QCC,

As we approach the end of another fiscal year, I am pleased to present the annual report for the period ending December 31, 2023. The year gone by has been a testament to Qassim Cement Company's resilience and strategic adaptability in the face of numerous challenges. Let me begin by providing insights into our performance, the outlook for the coming years, and our ongoing commitment to the Saudi Vision 2030 goals.

A Year of Triumphs amid Global Challenges

In reflecting on the past year, 2023 was undoubtedly a year of trials and triumphs for the global business community. The effects of Geo-political tensions in Eastern Europe and Middle East created ripples across industries, while the US Federal Reserve's efforts to manage interest rates amidst high inflation presented unforeseen challenges and disruptions. In the face of these global uncertainties, both the Saudi Arabian economy and your company stood resilient, navigating the complexities with strategic foresight and unwavering commitment.

Market Dynamics: Overcoming Price Pressures and Input Costs

The year 2023 witnessed intensified competition, leading to increased price pressures and soaring input costs, exacerbated by global supply chain challenges. However, the robust response from our management team has been pivotal in mitigating these challenges, allowing QCC to not only withstand the storm but also fortify our market position. As part of our strategic initiatives, we commissioned a new cement mill, augmenting our cement production capacity by a significant thirty percent to 7 MT per annum. This initiative positions us strategically to meet the heightened demand generated during the high demand seasons of the year. Additionally, it gives the company flexibility to introduce new and sophisticated products which will cater to the construction requirements of Saudi Vision 2030.

As we reflect on our achievements, it is crucial to acknowledge the commitment of our employees, who played a pivotal role in ensuring the seamless operation of our business despite the adversities faced by our sector.

Outlook for 2024 & Beyond: Navigating the Future Landscape

The real estate sector witnessed a slowdown, primarily attributed to rising interest rates and escalating construction material costs. These factors resulted in setbacks for both residential and commercial developments, affecting the timelines of some large projects. However, the government's proactive measures, including the Regional Head Quarter (RHQ) program, the recently awarded Riyadh Expo 2030, and the hosting of international sporting events, are expected to revitalize the overall infrastructure and construction sector. These initiatives are positioned as transformative forces, creating favourable conditions across various strategic sectors such as Finance, Construction, Tourism, and Transportation. This, in turn, is expected to foster economic diversification and establish the Kingdom as a central hub for trade, travel, and commerce in the GCC. With an anticipated upswing in infrastructure spending, the future outlook for our sector appears highly promising and will generate significant demand for cement in the coming decade.

Efforts aligned with Saudi Vision 2030 are already underway, with various Mega and Giga projects shaping Saudi Arabia's economic growth trajectory. The overlap between the timelines of Vision 2030, Expo 2030, Asian Winter Games 2029 and other such events is expected to accelerate project completions, further intensifying competition in the cement sector and potentially leading to consolidation in the pursuit of leadership.

The Journey Towards Vision 2030: Sustaining Growth and Transformation

At the core of QCC's strategy lies an unwavering dedication to the goals of Saudi Vision 2030. To ensure our preparedness, we have embarked on a strategic transformation program designed to enhance our current offerings, broaden our portfolio, and position ourselves at the forefront of the growth frontier. This objective will be realized through a combination of organic and inorganic initiatives.

As an initial step towards our transformation, we have reached a significant milestone in the early phase of digitization through the organization-wide implementation of SAP on Cloud. The implementation is anticipated to yield operational efficiencies starting 2024.

We continue to enhance our capabilities to better serve the broader construction ecosystem by leveraging potential synergies with our partners in the Ready-mix and Distribution segment. As we expand our capabilities, we remain acutely aware of our environmental responsibility and are committed to adopting advanced practices to reduce emissions, moving towards more eco-friendly and sustainable products. Moreover, while we prioritize environmental sustainability, we will ensure that our actions are aligned with the best interests of our shareholders.

Human Capital: The Cornerstone of Our Success

A crucial aspect of our growth strategy is the investment in human capital. We remain committed to attracting and retaining the best talents from within the Kingdom and beyond. Our Human Resources initiatives, including robust rewards and recognition programs, are designed to ensure a motivated and engaged workforce, aligned with our vision of industry leadership. Your company is "Best Place to Work" certified and we will continue to enhance our faculties in this area.

The expansion and transformation initiatives entail a comprehensive approach to talent development, fostering a culture of continuous learning and skill enhancement. We are clear that our people are our most valuable asset, and their dedication is instrumental in propelling QCC to new heights.

Gratitude and Appreciation

As I conclude, I extend my heartfelt thanks and appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and the Crown Prince, His Royal Highness Prince Mohammed Bin Salman Bin Abdulaziz. Their steadfast Vision and direction is instrumental in the successful journey of Qassim Cement Company. I would also like to express my gratitude to the Prince of Qassim region, His Highness Prince Faisal Bin Mishaal Bin Saud Bin Abdulaziz and the deputy Prince of Qassim region, His Highness Prince Fahad Bin Turki Bin Faisal Bin Turki Bin Abdulaziz for their valuable contributions and unwavering support.

My sincere appreciation goes out to my fellow Board Members, whose strategic insights have played a pivotal role in steering Qassim Cement Company through a volatile and uncertain global environment. To our shareholders, employees, stakeholders, and customers—your continued support is the driving force behind our success. Together, we will continue to deliver on our ambitious strategy, and I look forward to your ongoing partnership.

A Future of Promise

In closing, I reaffirm our commitment to navigating the exciting opportunities that lie ahead with optimism and determination. QCC is well-positioned to embark on the next chapter of growth and success, and your trust and patronage are invaluable as we move forward.

Thank you for your unwavering support and may the coming years be filled with prosperity, growth, and shared success.

The Chairman of the Board,

Dr. Muhammad bin Nasser Al Dawood

Introduction

Founded on the 15th of Shaaban in 1396, 11 August 1976, Qassim Cement Company (QCC) is headquartered in Buraida, the capital of Al-Qassim region and the administrative center of the province. QCC has for decades ranked among the top 100 Saudi companies and as one of the national outstanding joint stock companies in the Kingdom. The company has made remarkable achievements over the past four decades and has contributed as part of the national industry to the construction and development of the economy.

The company's vision, mission and values focuses on building local and regional partnerships to create long-term relationships with customers, investors, suppliers and employees and to take care of the environment in accordance with established foundations and standards through fair competition to be the best choice in the construction sector and the industrial sector in general. Further, QCC contributes to the building of the future of the cement industry as a model by keeping pace with the development agenda so that it maintains its leadership in the region and contributes to building a promising, more diversified and developed infrastructure economy while safeguarding and sustaining the environment.

The company's activity is focused on the manufacture and production of cement of different types, derivatives, components, accessories and trade in accordance with the highest Saudi and international standards and work to provide the needs of the markets, namely: (Ordinary Portland Cement, Sulphur Resistant Portland Cement, Finishing Portland Cement) which relies mainly on locally available natural resources and mineral resources as well as the company's direct and indirect activities such as marketing, sales, investment and other business activities that support the company's activity in the domestic market and contributing to development projects.

Our Vision

To be the distinguished industry champion enabling the economic growth of Saudi Arabia.

Our Mission

Support the infrastructure ambition and de-carbonization effort of Saudi Arabia by providing advanced cement products and sophisticated building material solutions through sustainable growth and value for all stakeholders while ensuring a safe and engaging work environment.

Our Core Values

Committed to a sustainable world

as buildings represents 40% of global CO_2 emissions, sustainable growth will require lower carbon cement and greener operations. We are committed to pioneer and drive the path to Net Zero Buildings in KSA.

Client first

we are deeply committed to bring the best services and products to the ecosystem of clients we serve architects, contractors, developers, individual builders and communities and supporting them in overcoming future construction challenges in a trusted partner relationship.

Excellence in operations

operations excellence drives the success of QCC and we are committed to maintain best in class standards across our operations: quality, safety, CO_2, cost and environment.

Zero tolerance in safety

health and Safety of our employees and stakeholders is a core element of QCC's mission, critical to our success, and we will enforce best in class safety standards.

Employer of choice and Meritocracy

we strongly believe that our growth ambition will be enabled by our ability to attract the best talents and develop them so that they unlock their full potential.

Our Activity

The manufacture and production of cement, its derivatives and components along with the marketing and sale of different types and specifications, to meet the needs of the market and to carry out all related works directly or indirectly to achieve this purpose. All products of the Company are certified as quality mark from the Saudi Standards, Metrology and Quality Organization. The products of QCC include the following:

Ordinary Portland Cemen

this product complies with Saudi Standard SASO-GSO 1914/2009 Type I, where it is characterized by quality that meets the different applications of concrete according to the needs and aspirations of our customers.

Portland Cement Resistant

this product is produced in accordance with Saudi Standard SASO-GSO 1914/2009 Type V, where this product is distinguished from other types of cement by its resistance to sulfate and salts.

Finishing Cement

it is one of QCC's most innovative product, which was produced after several studies and experiments that have proven to be the most suitable cement for finishing work (construction - liasa - tiles - floor casting). This product complies with Saudi Standard SASO-ASTM C91/2018.

Pozzolana Portland Cement

it is one of the innovative products of QCC, which was designed to reduces the permeability of concrete making it denser, and it increases the resistance of salts, this product is produced in accordance with Saudi Standard SASO-ASTM-C595M. It can be used as an alternative to cement resistant to sulfate salts in underground concrete castings, salt water and marine installations.

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CHAPTER 1:

Board of Directors and Committees

First: Board of Directors

1.The Composition and Classification of the Board of Directors:

The company›s elected Board of Directors consists of nine (9) members. The following table shows the classification of board members:

	Member's name	Membership Classification		
		Executive	Non-Executive	Independent
1	Dr .Muhammad bin Nasser Al-Dawood(Chairman)		✓	
2	Eng .Muteb Bin Mohammed Al-Shathri(Vice Chairman)		✓	
3	Mr .Tariq Bin Khaled Al-Marshoud		✓	
4	Mr .Osama Bin Nasser Al-Saif		✓	
5	Mr .Abdulrahman bin Mohamed Al-Rawwaf			✓
6	Mr .Saad Bin Ibrahim Al-Moshawah			✓
7	Eng .Ahmed Bin Saleh Al-Sultan			✓
8	Dr .Ghazi bin Abdulrahim Al-Rawi			✓
9	Eng .Omar Bin Abdullah Al-Omar(CEO)	✓		

2. Current and Past Board Members' Jobs, Qualifications and Experience:

Member's name

Dr. Muhammad bin Nasser Al-Dawood

(Chairman)

Current Job

MENA Investments Division

Public Investment Fund

Past Job

Consultant - Boston Consulting Group

Qualifications & Experiences

PhD in Administrative Sciences and Engineering - Stanford University - 2013

Master of Administrative Sciences and Engineering - Stanford University - 2008

Bachelor's degree in Electrical Engineering - King Saud University – 2005

2007: 2013 Lecturer of Financial Analysis and Statistics - Stanford University

2008: 2012 Research Fellow - Stanford University

2009: Consultant - Monitor Group

2013: 2014 Business Development Consultant – Karim

2014: 2015 Analyst - Passport Capital

2015: 2017 Consultant - Boston Consulting Group (BCG)

2017: Until now Investment Management in the Middle East and North Africa Region - Public Investment Fund

Member’s name

Eng. Muteb Bin Mohammed Al-Shathri

(Vice Chairman)

Current Job

Senior Manager - Public Investment Fund

Past Job

Director - Riyadh International Catering Company

Qualifications & Experiences

MBA- Harvard Business School - 2015.

Bachelor’s degree in Industrial Engineering and Management Sciences, Northwestern University, 2008.

2009: 2013 Strategic Transformation Office - Aramco

2015: 2018 Director of Riyadh International Catering Company

2018: Until now Senior Manager - Public Investment Fund

Member’s name

Mr. Tariq Bin Khaled Al-Marshoud

(Board Member)

Current Job

Director of the Office of Project Management – General Organization for Social Insurance

Past Job

Project Manager - General Organization for Social Insurance

Qualifications & Experiences

Master of Project Management 2010 from De Montfort University, UK.

B.A. Accounting 2008 from King Saud University.

His practical experiences are as follows:

2011: 2012 Project Manager at GBT National Guard Communications.

2012: 2015 Project Manager at the General Organization for Social Insurance.

2015 – Present: Director of the Office of Project Management at the General Organization for Social Insurance.

Member's name

Mr. Osama Bin Nasser Al-Saif
(Board Member)

Current Job

Director of Consultancy and Contracts - General Organization for Social Insurance

Past Job

Legal Counsel - General Organization for Social Insurance

Qualifications & Experiences

Bachelor's degree in Law 2004 King Saud University

Master of Commercial Law 2011 Latrobe University, Australia

2005: 2007 Legal Researcher - Human Resources Fund

2007: 2013 Legal Researcher - Public Pension Agency

2013: 2019 Legal Advisor - Public Pension Agency

2019: Until now Director of The Department of Consultancy and Contracts at the General Organization for Social Insurance.

Member's name

Mr. Abdulrahman bin Mohamed Al-Rawwaf
(Board Member)

Current Job

Retired

Past Job

Head of Local Money Markets & Fixed Income, Hassana Investment Company

Qualifications & Experiences

Master of Public Administration - University of Southern California – 1995

Bachelor of Business Administration - Arkansas State University – 1993

1996: 2003 Financial Analyst in the General Administration for Investment - General Organization for Social Security

2003: 2014 Director of Investment Portfolios Department - General Organization for Social Security

2014: 2016 General Manager of International Markets - Hassana Investment Company

2016: 2021 General Manager of Deposits and Bonds Department - Hassana Investment Company

Member's name

Mr. Saad Bin Ibrahim Al-Moshawah

(Board Member)

Current Job

Retired

Past Job

Chief Executive Officer - Gulf Food Union Co.

Qualifications & Experiences

B.A. Industrial Management 1985 from King Fahd University of Petroleum and Minerals. He holds several specialized financial courses, including a course from Chase Manhattan Bank in Financial Management and Investment in 1987 and from Harvard University in 1993.

Financial Analyst and Head of Lending Team for 18 years at the Saudi Industrial Development Fund.

CEO of Gulf Food Union and Glory Rivers/ Jordan and Qafco /Dubai for 17 years.

Membership of committees and boards of directors of several closed joint stock companies.

Member's name

Eng. Ahmed Bin Saleh Al-Sultan

(Board Member)

Current Job

General Manager of Ahmed Al Sultan's Office of Engineering Consultancy

Past Job

Qassim Region Mayor

Qualifications & Experiences

Master of Engineering and Construction Management 1998 from King Fahd University of Petroleum and Minerals.

B.A. Civil Engineering 1982 King Fahd University of Petroleum and Minerals. His practical experiences are as follows:

1990: 1995 Project Manager at the Water Department.

1995: 2005 Mayor of Buraida.

2002: 2005 Director General of Municipal and Rural Affairs of Qassim Region.

2005: 2013 Mayor of Qassim Region.

2013: Until now General Manager of Ahmed Al-Sultan's Office of Engineering Consultancy.

Member's name

Dr. Ghazi bin Abdulrahim Al-Rawi

(Board Member)

Current Job

Founder and President - Valuegate Investments Company for Investment and Real Estate Development

Past Job

Founder and Executive Partner of EastGate Capital Group 2006-2015

Qualifications & Experiences

PhD in Electrical Engineering - Communications - Stanford University – 2002

Master of Management Science and Engineering - Finance and Investment - Stanford University – 2001

Master of Electrical Engineering - Telecommunications - Stanford University – 1998

Bachelor of Electrical Engineering - Telecommunications - King Abdulaziz University – 1994

Founder and Executive Partner of EastGate Capital Group 2006-2015

Consultant - National Commercial Bank 2005-2006

Assistant Professor - College of Engineering, King Abdulaziz University 2004-2006

Consultant - Capital Market Authority 2004

Consultant - McKinsey & Company 2003-2004

Member's name

Eng. Omar Bin Abdullah Al-Omar

(CEO & Board Member)

Current Job

CEO - Qassim Cement

Past Job

Assistant General Manager of Pepsi Factories and Chief Financial Officer at Al-Jomaih Group

Qualifications & Experiences

Master of Industrial Engineering 1988, B.A. Civil Engineering 1985. He holds a specialized course in financial management & investment in 1990 from Chase Manhattan Bank USA & from Harvard University 1994, and held several positions as follows:

1988: 2001 Head of Lending Team - Saudi Industrial Development Fund.

2001: 2006 Assistant General Manager of Pepsi Cola Factories in the Kingdom.

Chief Financial Officer of Al-Jomaih Group for the Packaging and Manufacture of Metal Cans.

2006: Until now CEO of Qassim Cement.

In addition to membership of boards of directors and committees of listed and closed joint stock companies.

3. The Jobs, Qualifications and Experience of Current and Former Committees' Members (From outside the Board of Directors):

Member's Name	Current Job	Past Job	Qualifications & Experience
Mr .Fawzi Bin Ibrahim Al-Habib (Member of the Audit Committee - Outside the Board)	Retired	Head of Internal Audit at the Capital Market Authority	Holds a bachelor's degree in accounting - King Abdulaziz University. Passed the American Association of Chartered Accountants (CPA) Fellowship He has worked at the accounting firm Ernst & Young for more than three years. Chief Internal Auditor at Arab Bank for 9 years. Worked at the Capital Market Authority as the Head of Enforcement Department for 9 years, then Chief Internal Auditor for 3 years.
Dr .Abdullah Bin Abdulrahman Al-Buraidi (Member of the Audit Committee - Outside the Board)	University Visiting Professor	Professor of Management and Organizational Behavior / Section of Business Administration /Faculty of Economics and Management/ Qassim University	He holds a PhD in Business Administration 2003 (University of Manchester, UK) University teaching for 30 years, in addition to academic and research work for more than 20 years Management and organizational consultancy for 20 years. SOCPA Professional Accounting Certificate.
Dr .Fahad Bin Musa Al-Zahrani (Member of the Nomination and Remuneration Committee)	Retired	Senior Vice President of Human Resources at Etihad Etisalat (Mobily)	He holds a Ph.D. in Electrical Engineering and Computers in1996 (University of Colorado, USA) An academic and research work for more than seven years, after which he moved to the private sector as a Nationalization Consultant for Ericsson Global Communications Group for four years, and then moved to work at Mobily to be included in several positions to reach the position of Senior Vice President of Human Resources for five years, and then moved to work as a Consultant for CEO at Al-Baled Bank, before retiring in 2017 Currently serves as a member of a number of nomination and remuneration Committees in several companies.

4. Current and Past Executive Management Jobs, Qualifications and Experience.

Member's Name	Current Job	Past Job	Qualifications & Experience
Mr .Ghassan Abdulhalim Nofale	Chief Support Officer	Organizational Capability Advisor	He holds a Bachelor degree in Business Administration, an advisor and lecturer accredited by several international organizations, and worked as senior executive of the Middle East and North Africa Region of Towers Watson Consulting. Incorporated into a number of leading international consulting houses around the world, with more than 25 years of experience.
Eng .Chandrasekar Jayaraman	Chief Technical Officer	Global Head of Operational Support ,Holcim	He holds a Chemical Engineering degree and a MBA from Duke University. He has worked in leading multinational cement companies like, Lafarge, Heidelberg Cement and Holcim around the globe at Senior Management Levels. His 33 years of rich experience in the cement industry includes plant operations, Project management, regional and global leadership roles.
Eng .Saad bin Abdulrahman Albalhi	Technical Advisor	General Manager of the Agricultural Sector / Awqaf Al-Rajhi	He holds a Master degree in Business Administration from Al-Rajhi University, and a Bachelor degree in Chemical Engineering from King Saud University, and multible professional administrative and technical courses. He is one of the first to enroll in the graduate development programs and then joined the leadership preparation program. He worked in the operations sector until he promoted to the position of factory manager, then worked for Al-Rajhi Endowments for three years, then rejoined Qassim Cement Company with a total practical experience more than twenty-five years.

Mr .Ibrahim bin Saeed Al Qahtani	HR Manager	HR Services Chief	Holds a Bachelor of Science in Geology, worked for Saudi Oger Company, then moved to QCC in 2006 as a supervisor for the Human Resources Services Section, then joined the Leadership Development Program, and in 2016 he was promoted to the position of Human Resources Manager, with more than twenty years of practical experience.
Mr .Masood Hamid Amin Ahmed	Finance Director (Acting)	Head of shareholder and cash management department	Holds a bachelor's degree in accounting from Helwan University - Egypt, and holds a high diploma in costing from Assiut University - Egypt. He worked for the Assiut Cement Company (CEMEX Egypt) for eight years, before joining Qassim Cement company in 1992, with accumulated experience of more than thirty-eight years in accounting and finance in the cement sector.

5. The Names of Companies Inside or Outside the Kingdom where the Member of the Company's Board of Directors is a member of its current or Previous Board of Directors or Manager:

Member's name	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity	Companies in which a Board member is a member of their previous Board or manager	Inside/Outside KSA	Legal Entity
Dr. Muhammad bin Nasser Al-Dawood (Chairman)	ArcelorMittal Tubular Products Company, Jubail	Within KSA	Closed Joint Stock	Arab Industrial Fibers Company (Bin Rushd)	Within KSA	Limited liability
	Saudi International Ports Company	Within KSA	Limited liability			
	Manarat Al Maaden Investment Company	Within KSA	Limited liability			
	Al Bawani Holding Company	Within KSA	Limited liability			

Member's name	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity	Companies in which a Board member is a member of their previous Board or manager	Inside/Outside KSA	Legal Entity
Eng. Muteb Bin Mohammed Al-Shathri (Vice Chairman)	Addis Holding Company	Within KSA	Public Listed	Innovative Energy Holding Company	Within KSA	Closed Stock
	Saudi Ceramic Company	Within KSA	Public listed	Tourism Development Company	Outside the kingdom	
	Saudi Jordanian Investment Company	Outside KSA	Closed Stock			
	Saudi Bahraini Investment Company	Outside KSA	Closed Stock			
	Saudi Sudanese Investment Company	Outside KSA	Closed Stock			
	Saudi Iraqi Investment Company	Outside KSA	Closed Stock	-	-	
	Depa Company plc	Outside KSA	Public Listed			
	Capital Bank	Outside KSA	Public Listed			
	Saudi Egyptian Investments Company	Outside KSA	Closed Stock			
Mr. Tariq Bin Khaled Al-Marshoud (Board Member)	-	-	-	-	-	-
Mr. Osama Bin Nasser Al-Saif (Board Member)	-	-	-	Resan Real Estate	Within KSA	Closed Joint Stock
Mr. Abdulrahman bin Mohamed Al-Rawwaf (Board Member)	The Saudi Investment Bank	Within KSA	Public Listed	-	-	-
	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	Within KSA	Public Listed			

Member's name	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity	Companies in which a Board member is a member of their previous Board or manager	Inside/Outside KSA	Legal Entity
Mr. Saad Bin Ibrahim Al-Moshawah (Board Member)	Innovative Cabinets Company	Within KSA	Limited liability	Al Jazeera Takaful Company	Within KSA	Public Listed
	Abdullah Al Othaim Markets Company	Within KSA	Public Listed			
	Al Jazeera Bank	Within KSA	Public Listed			
	Thobe Al-Aseel Company	Within KSA	Public Listed			
	Methanol Chemicals Company	Within KSA	Public Listed			
	Al-Durra Sugar Company	Within KSA	Closed Stock			
	National Agricultural Company (One of Al Rajhi's endowment companies)	Within KSA	Limited liability			
	Seed Press and Derivatives Company	Within KSA	Limited liability			
Eng. Ahmed Bin Saleh Al-Sultan (Board Member)	Association for the Care of Road Mosques	Within KSA	Charity Org	-	-	-
Dr. Ghazi bin Abdulrahim Al-Rawi (Board Member)	Banque Saudi Fransi	Within KSA	Public Listed	-	-	-
	Airports Holding Company	Within KSA	Closed Stock			
	Riyadh Airports Company	Within KSA	Limited liability			
	Mabar Al-Qimah Company for Investment and Real Estate Development	Within KSA	Limited liability			
	Ithmaar Taiba Dates Company	Within KSA	Limited liability			
	Green Oasis Hotel Company	Within KSA	One person company			
	ValueJet International Compa	Outside KSA	Limited Liability Company (Cayman Islands)			
	ValueJet Astro SPV1	Outside KSA	Limited Liability Company (Cayman Islands)			

Member's name	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity	Companies in which a Board member is a member of their previous Board or manager	Inside/Outside KSA	Legal Entity
Eng. Omar Bin Abdullah Al-Omar (CEO & Board Member)	National Poultry Company	Within KSA	Closed Stock	Pharmaceutical Industries and Supplies Company Medical (SPOMACO)	Within KSA	Public Listed
	Charitable Foundation for Orphan Care (Ikhaa)	Within KSA	Charity Org	Hail Agricultural Company (HADCO)	Within KSA	Public Listed
	Soybean Seed Press and Derivatives Company Limited	Within KSA	Limited liability	-	-	-

6. The Actions Taken by the Board of Directors to inform its Members, particularly non-executives, of the Shareholders' Suggestions and Observations about the Company and its Performance.

At the first meeting of the Board of Directors, the Chairman informs the members of the Board of Directors, especially the non-executive members, of the shareholders' suggestions and observations about the company and its performance.

Statement of Board of Directors Meetings for 2023

	Member's name	225-01-2023 February 19 Buraydah	226-02-2023 May 24 Online	227-03-2023 August 22 Online	228-04-2023 December 21 Online	229-05-2023 December 26 Online
1	Dr. Muhammad bin Nasser Al-Dawood **(Chairman)**	✓	✓	✓	✓	✓
2	Eng. Muteb Bin Mohammed Al-Shathri **(Vice Chairman)**	✓	✓	✓	✓	✓
3	Mr. Tariq Bin Khaled Al-Marshoud **(Board Member)**	✓	✓	✓	✓	✓
4	Mr. Osama Bin Nasser Al-Saif **(Board Member)**	✓	✓	✓	✓	✓
5	Mr. Abdulrahman bin Mohamed Al-Rawwaf **(Board Member)**	✓	✓	✓	✓	✓
6	Mr. Saad Bin Ibrahim Al-Moshawah **(Board Member)**	✓	✓	✓	✓	✓
7	Eng. Ahmed Bin Saleh Al-Sultan **(Board Member)**	✓	✓	✓	✓	✓
8	Dr. Ghazi bin Abdulrahim Al-Rawi **(Board Member)**	✓	✓	✓	✓	✓
9	Eng. Omar Bin Abdullah Al-Omar **(CEO & Board Member)**	✓	✓	✓	✓	✓

Attended ✓ Absent X

7. The Means by Which the Board of Directors Has Relied to Evaluate its Performance and that of its Committees and Members, and the External Body that has Assessed and its Relationship with the Company, if any.

The performance of the Board of Directors is assessed in accordance with the Corporate Governance Code. The Nominations and Remuneration Committee determines and evaluates the weaknesses and strengths of the Board of Directors, and proposes to address them in accordance with the company's interest.

8. Disclosure of the Remuneration of Board Members and Executive Management as stipulated in Article 93 of the Corporate Governance Code.

The following is the text of the Remuneration Policy for the members of the board, the members of its committees and executive management:

Policy objectives:

This policy aims to:

1. Establish the criteria related to the performance of board members, board committees and executive management.
2. Disclosure of the policy, and the actual payments.
3. Establish a mechanism to verify the implementation of the policy to ensure the principle of transparency in dealing.
4. Identify the methodology for setting goals and expectations for the results of the Board's work and the roles assigned to the members, and then identify the criteria used to evaluate performance.
5. Review the corrective procedures applied by the Board of Directors, to review the effectiveness of the performance of executive management and how to address any failures or weaknesses that are detected.

Scope of policy implementation:

The policy applies to:

a. Board of Directors Members.
b. Board committees Members.
c. Senior Executives, five of the highest-paid executives in the company, including the CEO and CFO.

Board of Directors, Board Committees, and Senior Executives Remuneration Policy:

Members of the Board of Directors, committees of the Board and executive management are entitled to awards on the basis of this policy and in accordance with the standards and controls of remuneration of the board, its committees and executive management, and the related contracts and obligations. The Nominations and Remuneration Committee reviews the relationship between the awards granted and the applicable remuneration policy. The Committee shall indicate any fundamental deviation in actual practices from this policy and related contracts.

The Board of Directors rewards its board members, its committees and senior executives in accordance with the policy adopted. Such remuneration may be a certain amount of money or attendance allowance for meetings or in-kind benefits, and two or more of these benefits may be combined.

The reward is paid based on the percentage of the board member or committee attendance of the meetings scheduled during the fiscal year, accepting the absence of one meeting per year for the members of the Board meetings as well as one meeting of the committees per year.

Remuneration criteria for board members, its committees and executive management:

The following criteria are taken into account when approving the remuneration of board members, board committees and executive management:

1. The rewards should be fair and proportionate to the members' competences, executive management actions and responsibilities, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
2. The rewards should be based on the recommendation of the Nominations and Remuneration Committee.
3. The Nomination and Remuneration Committee may find a mechanism to link part of the variable remunerations to the company's overall and partial performance in the medium and long term, and to use this as a tool to attract, maintain and motivate professional competencies.
4. The remunerations should be determined based on the level of the job, the tasks and responsibilities of the incumbent, the scientific qualifications, the practical experience, and the skills needed to perform the tasks.
5. The rewards should be consistent with the size, nature and degree of risk of the company.
6. Taking into account the practices of other companies in determining remuneration, while avoiding the resulting unjustified increase in rewards and compensation.
7. The Board of Directors may stop the disbursement or recovery of the bonus, if it is found to have been decided on the basis of inaccurate information provided by a member of the Board of Directors or executive management, in order to ensure that the employment status is not exploited to obtain undue rewards.

Members of The Board of directors and its Committees are entitled to the following Remunerations:

1. The board member is entitled to an annual remuneration of 300,000 SAR in accordance with the company's procedures for distributing the Remunerations.
2. The Chairman of the Board of Directors is entitled to a special reward for his duties as the Chairman of the Board of Directors amounted 200,000 SAR per year.

3. The member of any board committee (Executive Committee, Nominations and Remuneration Committee or any other committee formed by the Board other than the Audit Committee) is entitled to an annual remuneration of 100,000 SAR for his membership in each individual committee.
4. The Member of the Audit committee is entitled to an annual remuneration of 120,000 SAR for his membership in the committee.
5. The member of the Board of Directors or any of the board committees (Executive Committee, Nominations and Remuneration Committee, Audit Committee or any other committee formed by the Board) is entitled to a meeting attendance allowance of 4,000 SAR for each session of the Board or any of the committees individually.

Executive Management Bonus:

For executive management, the Nomination and Remuneration Committee reviews the salary scale of all employees and senior executives, and the incentive programs and plans are continuously approved, on the recommendation of the Executive Management, in addition to any contractual obligations, and the executive management rewards include:

- Base salary (paid at the end of each calendar month on a monthly basis).
- Allowances that include, but are not limited to, housing allowance, transportation allowance, telephone allowance or any other allowances that are contractually approved or approved by the Committee.
- Medical insurance benefits for executives and their families.
- An annual reward linked to performance indicators, in accordance with the annual assessment and the approval of the holder of the authority.
- Short-term incentive plans associated with exceptional performance, and long-term incentive plans such as equity options programs (where any).
- Other benefits include, but are not limited to, annual leave, annual travel tickets, end-of-service benefits according to the Labor Law and human resources policy approved by the company, and any other benefits adopted by the holder of the authority.
- General plans, programs and guidelines for senior executive awards are approved by the Nomination and Remuneration Committee.
- The CEO implements the remuneration policy for employees and senior executives in the light of the general plans, programs and guidelines approved by the Nomination and Remuneration Committee.

Stop or recover the reward:

This is done according to the following situations:

1. The company will recover the reward, if it is found that the award was determined on the basis of inaccurate information provided by a member of the Board of Directors or executive management.
2. The company ceases the payment of the remuneration, if there is a doubt before the remuneration is paid, that the reward was determined on the basis of inaccurate information provided by a member of the Board of Directors, Board Committee Members and/or Executive Management.

I. The Relationship between the Remuneration Granted and the Applicable Remuneration policy, and the Statement of any Fundamental Deviation from the Policy:

The Nomination and Remuneration Committee examines the relationship between the remunerations awarded and the applicable remuneration policy, and also examines deviations from this policy. The Committee did not find any deviation from the policy.

Second: Board Committees and Audit Committee:

1. Executive Committee:

It is a subsidiary committee of the Board of Directors, acting in accordance with its authorities included in the committee's regulation and the directory of the company's approved authority matrix. The Executive Committee currently consists of The Committee is currently composed of (5) five members appointed by the Board of Directors, and the term of their membership is determined so that this period does not exceed the term of membership in the Board of Directors.

1	Dr .Muhammad bin Nasser Al-Dawood	Chairman	Non-Executive
2	Eng .Muteb Bin Mohammed Al-Shathri	Member	Non-Executive
3	Mr .Saad Bin Ibrahim Al-Moshaweh	Member	Independent
4	Dr .Ghazi bin Abdulrahim Al-Rawi	Member	Independent
5	Eng .Omar Bin Abdullah Al-Omar	Member	Executive

Scope of the Committee's work

- The Committee exercises its powers contained in the company's approved authority matrix.
- Hold periodic meetings to study the new work and constraints, and propose appropriate solutions to them. The Committee shall raise to the Board of Directors issues that require a decision by the Board of Directors.
- Field visits to the factory whenever required.
- Review the studies, reports and presentations submitted to the Committee, and make recommendations to the management of the company and the Board of Directors to improve and develop the business.
- Guide the commercial sector, identify sales incentive frameworks and follow up sales activity.
- Directing the company's cash investment strategy and defining the business model.
- Supervising the selection of investment managers and monitoring the performance of the investment portfolio.
- Supervising the risk management for the investments related issues.
- Carry out the tasks and competences that the Board considers to be mandated by the Committee.

Statement of Executive Committee meetings for 2023

	Member's name	316-01-2023 February 07 Online	317-02-2023 May 16 Online	318-03-2023 August 08 Online	319-04-2023 November 23 Online	320-05-2023 December 19 Online
1	**Dr.** Muhammad **bin Nasser Al-Dawood**	✓	✓	✓	✓	✓
2	**Eng. Muteb Bin Mohammed Al-Shathri**	✓	✓	✓	✓	✓
3	**Mr. Saad Bin Ibrahim Al-Moshaweh**	✓	✓	✓	✓	✓
4	**Dr. Ghazi bin Abdulrahim Al-Rawi**	✓	✓	✓	✓	✓
5	**Eng. Omar Bin Abdullah Al-Omar**	✓	✓	✓	✓	✓

Attended ✓ Absent X

2. Nomination and Remuneration Committee:

It is a subsidiary committee of the Board of Directors, acting in accordance with its authorities included in the committee's regulation and the company's approved authority matrix, with no less than three members and no more than five members. The Committee currently consists of (3) three members appointed by the Board of Directors who determine the duration of their membership so that this period does not exceed the term of the Board of Directors.

Members of the Committee:

1	Mr .Abdulrahman Bin Mohamed Al-Rawwaf	Chairman	Independent
2	Mr .Tariq Bin Khaled Al-Marshoud	Member	Non-Executive
3	Dr .Fahad Bin Mousa Al-Zahrani	Member	From outside the Board

Scope of the Committee's work:

The Committee exercises its authorities in accordance with the requirements of the Corporate Governance Code and the company's approved Authority Matrix.

Tasks and responsibilities of the Committee:

The competences of the Nomination and Remuneration are:

- Propose clear policies and criteria for membership in the Board of Directors and executive management.
- Recommend to the Board of Directors to nominate and re-nominate its members in accordance with the policies and standards adopted, taking into account that no one who has been convicted of a crime against the secretariat has been nominated.
- Prepare a description of the capabilities and qualifications required for board membership and executive management positions.
- Determine the time a member must allocate to the work of the Board of Directors.
- Annual review of the needs for appropriate skills or expertise for board membership and executive management functions.
- Review the board structure and executive management and make recommendations on changes that can be made.
- Annual verification of the independence of independent members, and no conflict of interest if the member is a member of the Board of Directors of another company.
- Develop a job description of executive board members, non-executives, independents and executive management.
- Develop special procedures in the event that the position of a board member or senior executive is vacant.
- Identify weaknesses and strengths in the board of directors or senior executives.
- Propose performance evaluation standards and mechanism for the board, its members, company committees and executive management.
- Review and evaluate the performance of its functions and responsibilities at least once a year, with the results of the evaluation being sent with suggestions to improve its effectiveness to the Board.
- Prepare a clear policy for the remuneration of board members, its committees and executive management, and submit them to the Board for consideration for adoption by the General Assembly, with performance-related standards, disclosure and verification of performance.
- Clarify the relationship between the bonuses awarded and the applicable remuneration policy, and indicate any fundamental deviation from this policy.
- Periodic review of the remuneration policy and assess its effectiveness in achieving its objectives.
- Recommend to the Board of Directors the rewards of board members, committees and senior executives of the company in accordance with the policy adopted.
- Supervising the management succession plans of the executive management at the company level.
- Other additional tasks assigned by the Board.

Statement of Nomination & Remuneration Committee meetings for 2023

	Member's name	46-01-2023 February 01 Riyadh	47-02-2023 June 21 Online	48-03-2023 August 01 Online	49-04-2023 October 11 Online	50-05-2023 October 18 Riyadh
1	Mr. Abdulrahman Bin Mohamed Al-Rawwaf	✓	✓	✓	✓	✓
2	Mr. Tariq Bin Khaled Al-Marshoud	✓	✓	✓	✓	✓
3	Dr. Fahad Bin Mousa Al-Zahrani	✓	✓	✓	✓	✓

Attended ✓ Absent X

3. Audit Committee:

It is a committee formed by a resolution of the General Assembly of shareholders of the Company, which operates in accordance with its authorities included in the Committee's regulation and the approved authority matrix, with a minimum number of members of the three and not more than five.

The Audit Committee consists of (4) four members, (2) two of them are members of the Board of Directors, and the other two members are from outside the Board.

1	Mr .Saad Bin Ibrahim Al-Moshaweh	Chairman	Independent
2	Mr .Tariq Bin Khaled Al-Marshoud	Member	Non-Executive
3	Dr .Abdullah Bin Abdulrahman Al-Buraidi	Member	From outside the Board
4	Mr .Fawzi Bin Ibrahim Al-Habib.	Member	From outside the Board

Scope of the Committee's work:

Without any restrictions, the audit committee may:

01 Review the Company's records and documents.

02 Request any clarification or statement from the Board members or the Executive Management.

03 Request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.

Tasks and Responsibilities of the Committee:

The audit committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following:

1) Financial Reports:

Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;

- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- Analyzing any important or non-familiar issues contained in the financial reports;
- Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

2) Internal Audit:

- Examining and reviewing the Company's internal and financial control systems and risk management system;
- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.
- Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.

3) External Auditor:

- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
- Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
- Responding to queries of the Company's external auditor;
- Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

4) Ensuring Compliance:

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

Statement of Audit Committee meetings for 2023

	Member's name	98-01-2023 February 05 Riyadh	99-02-2023 May 01 Riyadh	100-03-2023 August 10 Online	101-04-2023 November 07 Online
1	Mr .Saad Bin Ibrahim Al-Moshaweh	✓	✓	✓	✓
2	Mr .Tariq Bin Khaled Al-Marshoud	✓	✓	✓	✓
3	Dr .Abdullah Bin Abdulrahman Al-Buraidi	✓	✓	✓	✓
4	Mr .Fawzi Bin Ibrahim Al-Habib	✓	✓	✓	✓

Attended ✓ Absent X

Third: Ownership of the Board of Directors and Senior Executives of the company's shares

Qassim Cement Board of Directors consists of natural members representing themselves, and legal members. The total shares of the Chairman, natural members and senior executives are as following:

Member's Ownership:

Member Name	Title	Remarks	Number of Shares: Beginning of the year	Number of Shares: End of the year	Change	Change as %
Dr .Muhammad bin Nasser Al-Dawood	Chairman	PIF	21,019,080	21,019,080	-	0%
Eng .Muteb Bin Mohammed Al-Shathri	Vice Chairman					
Mr .Tariq Bin Khaled Al-Marshoud	Member	GOSI	4,455,000	4,455,000	-	0%
Mr .Osama Bin Nasser Al-Saif	Member					
Mr .Abdulrahman bin Mohamed Al-Rawwaf	Member	Personal	100	100	-	0%
Mr .Saad Bin Ibrahim Al-Moshaweh	Member	-	-	-	-	0%
Eng .Ahmed Bin Saleh Al-Sultan	Member	-	-	-	-	0%
Dr .Ghazi bin Abdulrahim Al-Rawi	Member	Personal	10	10	-	0%
Eng .Omar Bin Abdullah Al-Omar	CEO& member	Personal	1,000	1,000	-	0%

Important: The Company has no debt instruments.

Ownership of relatives of board members:

There is no ownership of relatives of board members, except for what is mentioned above.

Ownership of senior executives, their wives and their children:

Member Name	Title	Remarks	Number of Shares: Beginning of the year	Number of Shares: End of the year	Change	Change as %
Mr .Ghassan Abdulhalim Nofale	CSO	Personal	2,000	2,000	0	0%

Remuneration of the Board of Directors members and Senior Executives:

The company pays to members of the Board of Directors expenses for attending meetings and annual remuneration in compliance with the bylaw and remuneration policy, the company paid during the year 2023 (for the fiscal year 2022 dues) an amount of 3,651,000 SAR, represents the following:

- SAR 2,900,000 as annual remuneration for BOD membership in the Board and the board committees;
- SAR 200,000 as audit committee members from outside the board;
- SAR 100,000 as nominations and remuneration committee member from outside the board; and
- SAR 451,000 as allowances for attending the board and committees' meetings during the year 2022.

The following is the total dues of the Board of Directors members for the year 2023 and the actual payments made during the year 2023 for five of the senior executives (including the CEO and CFO).

Due remuneration for the board of director members

Description	Fixed Remuneration						
	Annual remuneration	Allowance for attending Board Meetings	Allowances for attending Board Committees Meetings	In-kind Benefits	Rewards against technical, administrative and advisory work	Special Remuneration for the Chairman, or Managing Director or the Secretary, if he is a board member	Total
(A) Independent board of directors members:							
Mr .Saad Bin Ibrahim Al-Moshaweh	300,000	20,000	36,000	-	-	-	356,000
ng .Ahmed Bin Saleh Al-Sultan	300,000	20,000	-	-	-	-	320,000
Mr .Abdulrahman bin Mohamed Al-Rawwaf	300,000	20,000	20,000	-	-	-	340,000
Dr .Ghazi bin Abdulrahim Al-Rawi	300,000	20,000	20,000	-	-	-	340,000
Sub Total (A)	1,200,000	80,000	76,000	-	-	-	1,356,000
(B) Non-executive board of directors members:							
Dr .Muhammad bin Nasser Al-Dawood	300,000	20,000	20,000	-	-	200,000	540,000
Eng. Muteb Bin Mohammed Al-Shathri	300,000	20,000	20,000	-	-	-	340,000
Mr. Tariq Bin Khaled Al-Marshoud	300,000	20,000	36,000	-	-	-	356,000
Mr .Osama Bin Nasser Al-Saif	300,000	20,000	-	-	-	-	320,000
Sub Total (B)	1,200,000	80,000	76,000	-	-	200,000	1,556,000
(C)Executive board of directors members:							
Eng. Omar Bin Abdullah Al-Omar	300,000	20,000	20,000	-	-	-	340,000
Sub Total (C)	300,000	20,000	20,000	-	-	-	340,000

Statement of remuneration for members of the board committees

Description	Fixed bonuses (Except the allowance for attending the meetings)	allowance for attending the meetings	Total
Audit Committee Members:			
Mr. Saad Bin Ibrahim Al-Moshaweh	120,000	16,000	136,000
Mr .Tariq Bin Khaled Al-Marshoud	120,000	16,000	136,000
Dr .Abdullah Bin Abdul Rahman Al-Buraidi (from outside the board)	120,000	16,000	136,000
Mr .Fawzy Bin Ibrahim Al-Habib(from outside the board)	120,000	16,000	136,000
Total	480,000	64,000	544,000
Members of the Nomination and Remuneration Committee:			
Mr .Abdulrahman bin Mohamed Al-Rawwaf	100,000	20,000	120,000
Mr .Tariq Bin Khaled Al-Marshoud	100,000	20,000	120,000
Dr .Fahad Bin Mosa Al-Zahrani	100,000	20,000	120,000
Total	300,000	60,000	360,000

Description	Fixed bonuses (Except the allowance for attending the meetings)	allowance for attending the meetings	Total
Executive Committee Members:			
Dr .Muhammad bin Nasser Al-Dawood	100,000	20,000	120,000
Eng .Muteb Bin Mohammed Al-Shathri	100,000	20,000	120,000
Eng .Omar Bin Abdullah Al-Omar	100,000	20,000	120,000
Mr .Saad Bin Ibrahim Al-Moshaweh	100,000	20,000	120,000
Dr .Ghazi bin Abdulrahim Al-Rawi	100,000	20,000	120,000
Total	500,000	100,000	600,000

Payments to five senior executives including the CEO and Finance Director

Description	The rewards of the five top executives who received the highest remuneration and compensation
Salaries and compensation	7,139,672
Allowances	2,168,261
Periodic and annual bonuses and incentive plans	5,172,918
Total	14.480.851

Fourth: A statement of the dates of the shareholders' general assembly's held during the last fiscal year, and the names of the board of director members attending those general assemblies:

Serial	Name	The Forty-Nine Ordinary General Assembly on 27 March 2023 (Online)
1	Dr. Muhammad bin Nasser Al-Dawood(Chairman, PIF)	✓
2	Eng. Muteb Bin Mohammed Al-Shathri(Vice Chairman,PIF)	✓
3	Mr. Tariq Bin Khaled Al-Marshoud (GOSI)	✓
4	Mr. Osama Bin Nasser Al-Saif (GOSI)	✓
5	Mr. Abdulrahman bin Mohamed Al-Rawwaf	✓
6	Mr. Saad Bin Ibrahim Al-Moshaweh	✓
7	Eng. Ahmed Bin Saleh Al-Sultan	✓
8	Dr. Ghazi bin Abdulrahim Al-Rawi	✓
9	Eng. Omar Bin Abdullah Al-Omar (CEO)	✓

Attended ✓ Absent X

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

The number of company requests for shareholder register	Date	Reason of request
1	March 20, 2023	General Assembly
2	March 20, 2023	Dividends file
3	March 26, 2023	Dividends file
4	April 16, 2023	Other
5	May 31, 2023	Dividends file
6	August 20, 2023	Dividends file
7	December 4, 2023	Dividends file

Sixth: Acknowledgement of the Board of Directors:

The Board of Directors of Qassim Cement, in accordance with the information available to it and based on the company's auditor's report and current market data, as well as future indicators, recognizes the following:

01

The account records are properly prepared.

02

The internal control system was well-founded and effectively implemented.

03

There is little doubt about the company's ability to continue its activity.

04

In compliance with the law and Rules on the Offers of Securities and Continuing Obligations, there are no sanctions, precautionary measures or reserve restrictions, imposed on the company by the CMA or any other supervisory, regulatory or judicial body.

05

The company›s financial statements were prepared in accordance with the accounting standards approved by the Saudi Authority of Chartered Accountants.

06

There is no interest in the category of shares with the right to vote belonging to persons (except for the disclosure of board members, senior executives and their relatives) who have informed the company of these rights during the year 2023.

07

There is no interest, contractual securities and underwriting rights belonging to members of the Board of Directors, senior executives and their relatives, in the shares or instruments of the company's debt, except as stated in the third paragraph above.

08

There are no categories and numbers of any convertible debt instruments and any contractual securities, right-to-subscription notes or similar rights issued or granted by the Company during fiscal year 2023.

09

There is no transaction between the company and a relationship party.

10

There are no businesses or contracts to which the Company is a party, or in which it is in the interest of a member of the Board of Directors, the CEO, the CFO or any person associated with any of them, except as stated in paragraph (6) above.

11

There are no transfer rights or underwriting under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the Company.

12

There is no refund, purchase or cancellation by the Company, for any refundable debt instruments.

13

There are no arrangements or agreements, under which a board member or a senior company executive waives any salary or compensation.

14

There are no arrangements or agreements, under which a shareholder waives any rights to profits.

15

There are no other investments or reserves created for the benefit of the company's employees.

16

There are no shares or debt instruments issued to a subsidiary, as the company does not own a subsidiary.

17

The company has no loans.

18

The company does not have retained treasury shares.

Seventh: Conflict between the Audit Committee and the Board, or Rejected Recommendations Related to Appointment or Dismissal of the Company's Auditor, Determination of its fees, Evaluation of its Performance or Appointment of the Internal Auditor, and Justifications for Such Conflicts If Any.

There are no recommendations from the Audit Committee that conflict with board decisions, or which the Board has rejected to consider in relation to the appointment or dismissal of the company›s auditor, determination of its fees, and evaluation of its performance or the appointment of the internal auditor.

02

CHAPTER 2:

Planning and Performance

First: Strategy and Action Plan

Growth and Sustainability are key underlying themes of QCC's Strategy for 2030. The company has embarked on a strategic transformation program which includes sustainability and revenue growth at its foundation. The strategy aims to build new capabilities and ensure sustainable growth amidst a volatile operating environment, while committing to the Saudi Vision 2030 objectives of a competitive and thriving industrial sector.

In response to the volatile environment and the challenges of the next decade, QCC's strategy has a relentless focus on market share growth through the organic as well as inorganic route, investing in energy and operational efficiency through technological enhancements, and focus on the sustainability of our operations and the environment. With the focus on Green Cement and de-carbonization, QCC is well prepared to meet the requirements of the Governments ambitious Giga Projects and social development goals of Vision 2030. QCC is also investing in its organizational pillars of people and process to help navigate the new developments and ensure we are steadfast in the implementation of our strategy through a culture of accountability and high institutional performance.

QCC will continue efforts next year to be accelerate the implementation of our strategy which will result in long term superior returns for shareholders, enhanced customer experience and employee engagement. We are committed to be an industry champion and an employer of choice in KSA.

Second: Production:

Clinker production:

All kilns continued to operate during 2023, noting that the clinker stock increased to approximately 2.13 million tons.

Cement production:

Cement production continued during the year 2023 with a decrease of 10% compared to the year 2022, due to the decrease in demand for cement and a decrease in selling prices.

Third: Financial performance:

By reviewing the company's financial statements for the year ending 31/12/2023, which were reviewed and audited by KPMG Professional Services, its represent the following:

Assets and liabilities during the last five years (in thousand SAR)

Serial	Description	2023	2022	2021	2020	2019
1	Current Assets	954,558	1,133,528	1,207,529	1,261,397	1,145,735
2	Current Liabilities	166,835	204,972	228,862	252,107	225,961
3	Working Capital	787,723	928,556	978,667	1,009,290	919,774
4	Other Long Term Assets	344,465	245,058	206,532	185,803	183,730
5	Fixed Assets	505,783	547,842	605,902	668,069	727,206
6	Total Assets	1,804,806	1,926,428	2,019,963	2,115,268	2,056,671
7	Other Liabilities	58,670	56,679	55,528	54,073	46,562
8	Total Liabilities	225,505	261,651	284,391	306,180	272,523
9	Paid-Up Capital	900,000	900,000	900,000	900,000	900,000
10	Reserves and Retained Earnings	679,301	764,777	835,573	909,088	884,148
11	Shareholders' Equity (No Minority Interests)	1,579,301	1,664,777	1,735,573	1,809,088	1,784,148
12	Total Liabilities and Shareholders' Equity	1,804,806	1,926,428	2,019,963	2,115,268	2,056,671

Business results for the last five years (in thousand SAR)

Serial	Description	2023	2022	2021	2020	2019
1	Revenue	583,560	678,456	722,798	898,422	791,793
2	Cost of Goods Sold	432,459	489,971	433,457	425,191	365,350
3	Gross Profits	151,101	188,486	289,341	473,231	426,443
4	G&A and S&D Total Expenses	39,137	46,592	29,546	50,953	46,454
5	Other income and expenses (net)	46,612	13,161	65,583	27,248	5,346
6	Zakat	16,605	24,541	30,112	29,691	24,600
7	Net Income (No Minority Interests)	141,971	130,513	295,266	419,835	360,735

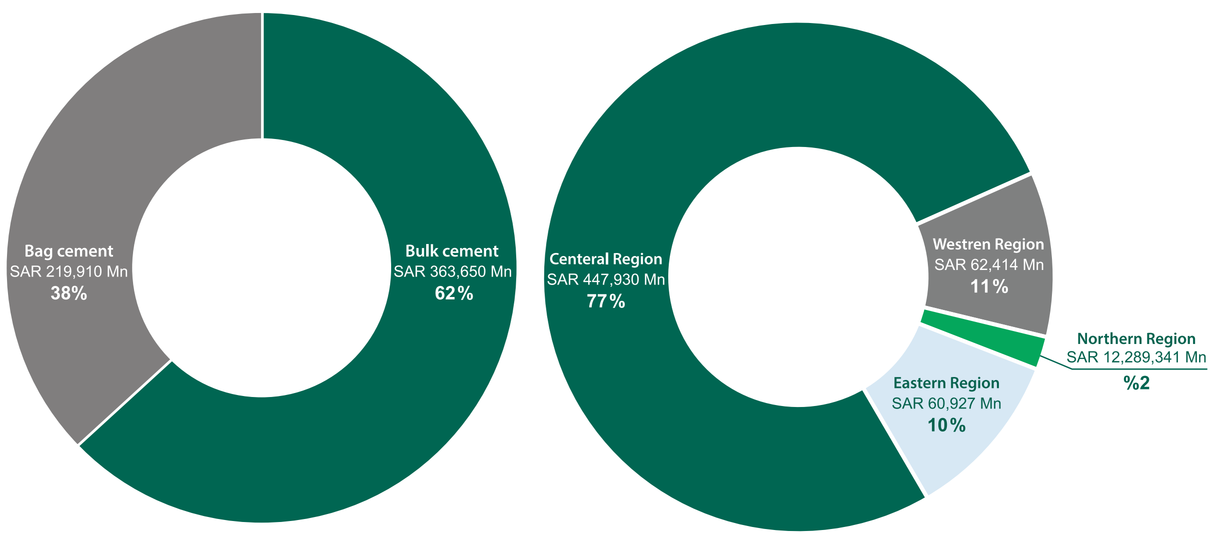
Operational results for year 2023 compared with year 2022 (in thousand SAR)

Serial	Description	2023	2022	Change	%
1	Revenue	583,560	678,456	-94,896	(14%)
2	Cost of Goods Sold	432,459	489,971	-57,512	(12%)
3	Gross Profits	151,101	188,486	-37,385	(20%)
4	G&A and S&D Total Expenses	39,137	46,593	-7,456	(16%)
5	Operational Income	111,964	141,893	-29,929	(21%)
6	Other income and expenses (net)	46,612	13,161	33,451	254%
7	Zakat	16,605	24,541	-7,936	(32%)
8	Net Income (No Minority Interests)	141,971	130,513	11,458	9%

By reviewing the differences in the operational results compared with the previous year results, the following is evident:

Qassim Cement Company achieved revenues amounted of 584 million SAR in the fiscal year 2023 compared to 678 million SAR for the fiscal year 2022, with a decrease percentage of (14%), also the company closed the fiscal year 2023 with a decrease in the cost of goods sold with percentage of 12% compared with the year 2022. The net income after Zakat for the year 2023 increased to 142 million SAR, compared with 131 million SAR for the year 2022, with an increase percentage of 9% due to the increase in investment returns, the decrease in general and administrative expenses, the decrease in selling and distribution expenses and the decrease in Zakat expense. Despite of the decrease in sales value and volume and the increase in other income. The profits from operations for the year 2023 amounted of 151 million SAR compared with amount of 188 million SAR for the year 2022, with a decrease percentage of (20%). Thus, earnings per share for the year 2023 amounted of 1,58 SAR compared to 1,45 SAR for the year 2022, with an increase percentage of 9%.

Commercial sector and sales data



Due regular payments:

Quarries fees:

The company is subject to the mining investment law issued by Royal Decree No. M/47 dated 20/08/1425H, whereby an annual accrual is recorded to be paid to the Ministry of Industry and Mineral Resources in the following year.

Zakat:

The company is subject to the regulations of Zakat, Tax and Customs Authority (ZATCA) in the KSA, whereby the amount of Zakat is recorded on accrual basis. The company has paid the due zakat for year 2022, and has obtained a certificate from (ZATCA) valid until 30-04-2024.

Value-Added Tax:

The company is subject to the value-added tax (VAT) law issued by council of ministers' resolution no. 654 dated 01/11/1438H, the company filling its monthly VAT returns since the beginning of year 2018, and pays it on a monthly basis during the statutory period.

GOSI Subscriptions:

The company is subject to the social insurance system, the contributions of the General Organization for Social Insurance (GOSI) are recorded on accrual basis and pays it as per GOSI rules during the statutory period.

The following table shows the amounts of the regular payments paid during the year 2023 and the due amounts;

Description	2023 Year	
	Paid During the Year	Due by end of the year
Quarries fees	41,986,231	7,810,642
Zakat	23,050,908	20,441,682
Value Added Tax	36,859,162	3,165,186
GOSI Subscriptions	7,115,782	596,187

Fourth: Environment Sustainability, Occupational Health and Safety :

QCC is committed to the concept of sustainability towards its incubating environment, all its employees, customers, suppliers, the local community, shareholders and all those directly and indirectly related to its business; as the company places health, occupational safety, environment and sustainability axes at the top of its priorities to ensure continuity of development and growth in a manner that respects and cares for the environment for future generations. Main axes of environmental sustainability are as follows:

- Making the concept of environmental sustainability a major requirement when selecting raw materials and its processing.
- Preventing the use of any materials harmful to the environment in production processes and providing a more sustainable product.
- Preserving the biological diversity of natural resources.
- Launching the initiative of rationalizing energy consumption to the optimum level, whereby all the traditional lighting system has been replaced with modern energy-saving types in all the company's facilities.
- Preserving non-renewable resources such as water and working on reuse and recycling, as QCC treats sewage using the latest global technologies, and this water is used to irrigate trees and landscape.

- Contracting with companies licensed by the National Center for Monitoring Environmental Compliance to dispose of waste resulting from industrial processes by reusing or recycling waste through these companies.
- Reducing the use of dangerous chemicals and limiting their negative effects.
- Using the latest environmental technologies to reduce emissions of sulfur, nitrogen and carbon oxides.
- QCC invested, in the previous years, tens of millions in order to provide the latest environmental systems and equipment. For example: the system of monitoring and control of emissions from production processes was developed.
- QCC obtained the certificate of the new version of ISO 14001-2015 (Environmental Management System), which is an important achievement in enhancing the importance and prestige of environmental sustainability.
- The operational environmental license for Qassim Cement has been renewed by the National Center for Meteorology and Environmental Protection, in view of its full commitment to environmental protection and all the terms and conditions of the environmental license from the National Center.
- QCC has been keen on periodic review of the used methods and continuous improvement of environmental performance on a regular basis in cooperation with the best advisory bodies and environmental laboratories.
- QCC is keen on advanced procedures in accordance with the highest international standards with regard to occupational safety and health to protect its employees and visitors from any harm.
- QCC has paid great attention to spreading awareness of occupational safety and health among its employees and all those involved in the company. It is also keen to develop and qualify its cadres to ensure the optimal application of safety procedures.

Fifth: Social Responsibility:

Qassim Cement pays great attention to its social responsibilities and places them at the heart of its priorities. This is evident through the company's fulfillment of its duty through various programs that benefit the service of the local community, and sponsorship of cultural, scientific and charitable events in the region, in an effort to build sustainable relationships with the societal fabric and charitable work.

Perhaps it goes without saying, in this regard, to point out the most prominent activities during the year 2023, including:

- Qassim Cement sponsored the fourth international conference of the Saudi Patient Safety Center, which was organized by the General Directorate of Health Affairs in the Qassim region under the title "From Awareness to Implementation."
- Qassim Cement concluded a memorandum of understanding with the National Center for Vegetation Development and Combating Desertification, to contribute to achieving the "Green Saudi Arabia" initiative.
- Through this memorandum, the company seeks to enhance integrated work to preserve the ecosystem and support afforestation efforts, which contributes to achieving sustainable development and maintaining environmental balance.
- The company provided support to civil defense initiatives in the region, with the aim of enhancing safety awareness and developing community skills in dealing with emergency incidents and disasters.

Sixth: Human Resources:

Qassim Cement is aware of the importance of its human capital, which constitutes the driving force for the company's growth and prosperity, and is the real wealth and most prominent factor in its success. Therefore, the company works continuously and with great care to develop and train its human capital, and this is represented in raising the skills of the work team and developing it by pumping new blood into the highest level of competence and qualification using the latest education and training methods followed in accordance with best practices.

Within the framework of the company's keenness to develop the skills of its employees, it has consistently implemented vocational qualification programs, Enrolling employees in professional certification programs built in accordance with the best international standards from competent institutions, in an effort to develop skills and increase efficiency for employees in general, with a focus on Saudi staff by providing them with the necessary tools to advance and improve their scientific, practical and technical capabilities and enrich their knowledge.

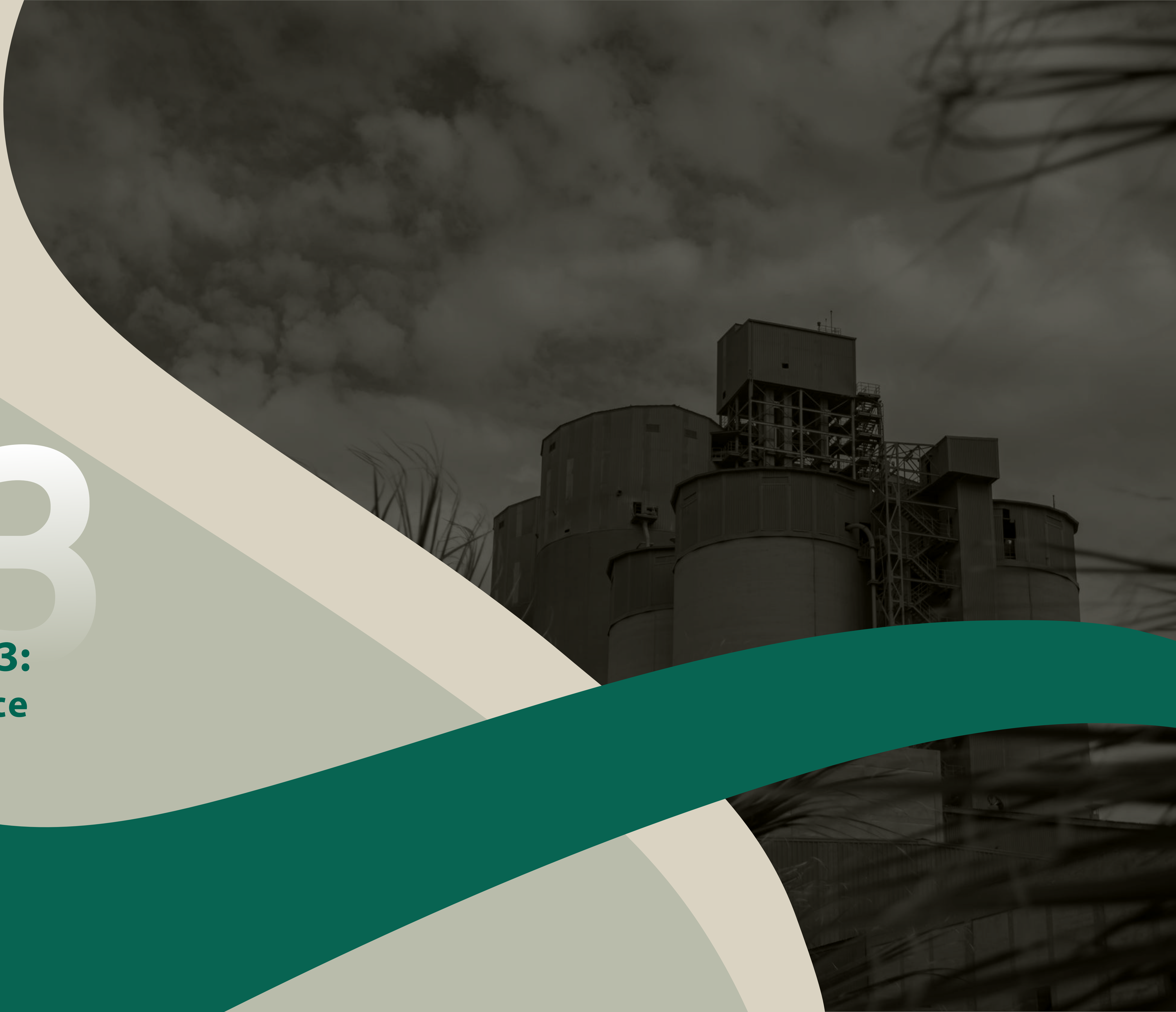
Qassim Cement also works to enhance the innovative and creative culture and encourage employees to present new and innovative ideas. The company provides support and resources to implement these ideas and turn them into successful projects, out of its belief in enhancing the loyalty and engagement of employees and building strong and sustainable relationships with them. The company also provides opportunities for continuous communication and interaction with employees through regular meetings, recreational activities and social events.

In addition to the great importance that Qassim Cement attaches to promoting diversity and equal opportunities in the formation of its human capital, the company works to provide a comprehensive and fair environment, in which employees are respected and appreciated regardless of their cultural and religious backgrounds, etc. It also places a job localization program as a cornerstone of its success. Which is reflected in its fulfillment and even exceeding the requirements of the programs required of the private sector - from the moment of launching those programs - and its continued success in achieving the goal of maintaining the highest position within the platinum range according to the "Nitaqat Program" classification.

At Qassim Cement, we seek to continue developing human capital, to strengthen the company's position with its leadership of the cement industry in the Kingdom of Saudi Arabia.

03

CHAPTER 3:
Governance



First: Governance Code

Qassim Cement Company (QCC) adheres to the Corporate Governance Regulations issued by Capital Market Authority (CMA) in order to implement best governance practices that ensure the protection of rights for shareholders and stakeholders. QCC has adopted a corporate governance framework based on the CMA's Corporate Governance code. As an extension, the Board of Directors adopted all policies arising from the Corporate Governance code. The following is a table explaining the company's position on the application of the corporate governance code issued by the Capital Market Authority.

The Company applies all the provisions in the CMA's Corporate Governance Code, except for the guidelines provisions below:

Article number /Paragraph	Provision	Reason
37/2	Training and preparation of the Board members and committee members	A Guiding Article
39/ (A,E,F)	Assess the performance of the Board, its members and committees	A Guiding Article
67	Composition of the Risk Management Committee	A Guiding Article
69	Meetings of the Risk Management Committee	A Guiding Article
82	Employee Incentives	A Guiding Article
84	Social Responsibility	A Guiding Article
85/(1-4)	Social Initiatives	A Guiding Article
92	Formation of a Corporate Governance Committee	A Guiding Article

Second: Risk Management

The risk management process is considered one of the most important lines of Defense and an integral part of the internal control system and the company's strategy to achieve long-and short-term goals while ensuring the company's ability to implement its strategies and achieve its goals effectively. Therefore, QCC is committed to the systematic and organized process of assessing the risks of operations and activities in a transparent manner. The risk is hedged through close cooperation between the company's departments, assessing the likelihood of its occurrence and assessing the implications of it, classifying risks that affect the company's objectives, and identifying necessary measures to manage those risks. This may involve the use of insurance, implementing safety and protection measures, diversifying supply sources, improving resource utilization efficiency, enhancing cost management, implementing customer evaluation mechanisms, establishing appropriate credit limits, expanding the customer base to mitigate the impact of price competition, and implementing an effective internal control system to mitigate the risks much as possible to avoid any damage that may occur. The company monitors risks and updates its register annually based on the prevailing risks. Some of the key risks that the company faces and may have a negative impact on achieving its future plans include:

- Change or uncertainty in Geo-political circumstances, Trade Policies impacting the supply chain of regionally /globally procured material. This may potentially lead to disruption in supply chain, availability of material.
- Increase in the royalty for extraction of limestone and clay due to change in KSA regulations. This may potentially lead to reduced profit margin of QCC due to high raw material cost.
- Reduction of government subsidy in the fuel price and power tariff due to change in government policies. This may potentially lead to reduced profit margin of QCC due to high operational costs.
- Heavy dependence on single source procurement rather than identifying alternative vendors. This may potentially lead to irrational purchases and disruption in supply chain due to failure of a single vendor.
- Risk of emergence of new market players / competitors due to industry attractiveness and growth opportunity. This may potentially lead to: 1.) QCC unable to sustain its position of market leader in the central region; and 2.) Contraction of QCC market share.
- Risk of price war among existing players in industry. This may potentially lead to erosion of market share or profit margin of QCC.
- Risk of absence of documented strategy to optimize the outbound logistics cost (i.e. from dispatch area to customer/ distributor's location). This may potentially result in decline in profits to the company because of un-optimized logistics cost.
- Risk of absence of entity level credit risk appetite that cascades into customer/ distributor level credit limits. This may potentially lead to bad debts significant at company level.
- Third-party risks arising from the organization's reliance on outsourcing and strategic sourcing arrangements, IT vendor contracts, and other partnerships/Joint Ventures. This may potentially lead to operational disruptions.

The risks that are mentioned in the external auditors disclosures, they are only to clarify the company's position on those risks, and they are as follows: -

Financial Risk Management:

The Company has exposure to the following risks from its use of financial instruments:

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and arises principally from the Company's trade receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity Risk

Liquidity risk refers to the difficulties that an entity may encounter in providing funds to meet obligations arising from financial instruments. Liquidity risk can arise from the inability to sell a financial asset quickly and at an amount close to its fair value. Liquidity risk is managed through continuous monitoring of liquidity and ensuring the availability of adequate financial resources. Concentration of liquidity risk may arise from terms of settlement of financial liabilities, sources of financing or reliance on a specific market for obtaining liquid assets.

Market Risk

Market risk is the risk of possible impact of changes in market prices, such as foreign exchange rates and commission rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Third: The Results of the Annual Review of the Effectiveness of the Internal Control Procedures, in addition to the Opinion of the Audit Committee on the Adequacy of the Internal Control system:

The Audit Committee is continuously develops and supports internal control and monitoring systems, where the internal audit section conducts tasks based on annual risk-based audit plan , which is approved and monitored by the Audit Committee. The audit processes aim to evaluate the internal control systems. The audit processes carried out by our internal audit section did not present any fundamental weakness in the company's internal control system.

Accordingly, the Audit Committee has a reasonable basis to report that the Company's internal control system is effective and adequate.

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CHAPTER 4:

Dividend and Board Recommendations

First: Dividend Policy:

1. The company distributes profits to the shareholders who are registered in the shareholders' register maintained by Securities Depository Center Co., (Edaa) at the end of second business day following the eligibility date, which is determined and announced in compliance with the settlement mechanism (T+2).
2. The distribution of profits depends on several factors, including the company's profits, its financial position, the market situation, the general economic climate, and other factors, including an analysis of investment opportunities, the company's needs for reinvestment, monetary and capital requirements, in addition to other legal and regulatory considerations, including any restrictions on distribution according to any financing loans the company intends to enter into or it has entered, the company may also take into consideration the rules for dividends that are generally applied in the Saudi companies, companies operating in the Gulf countries, and international companies operating in the cement field.
3. Based on the Board of Directors recommendation, the shareholders' general assembly decides to distribute profits to the shareholders and it is announced in Tadawul and the local newspapers.
4. The company's management execute the dividends approved by the general assembly to the shareholders according to the appropriate method, within a maximum of 15 business days from the eligibility date.

Second: Dividend procedures:

1. The company carries out certain procedures to ensure the Dividend paid to those who deserve it in a smooth and easy way, the most important procedures are as following:

- Announcing to shareholders in Tadawul the amount of dividend that will be distributed, the name of the bank that will distribute the profits, the eligibility date and the date of distribution.
- Inviting shareholders to update their information by filling out the shareholder data form.
- Motivating shareholders periodically to receive their un-paid dividends, by publishing in Tadawul website, in addition to publishing the names on the company's website.

2. Dividend to shareholders are paid through banks, by depositing in their investment portfolios on the dates determined by the Board of Directors.
3. The company's net profits after deducting Zakat are distributed, according to the following procedures:

- 10% of the net profits are set aside annually, to form the statutory reserve for the company. The Ordinary General Assembly may decide to stop this deduction when the mentioned reserve has reached (30%) of the paid-up capital and the reserve has reached this percentage, and a certain percentage of the net profits may be set aside to form a consensual reserve to be allocated for specific purposes, as determined by the Ordinary General Assembly of shareholders.
- The Ordinary General Assembly, when determining the dividend per shares from the net profits, may decide to create other reserves, to the extent that it serves the interest of the company or ensures the distribution of fixed profits as possible to the shareholders. The aforementioned General Assembly may also deduct amounts from the net profits to establish a social institution for the company's employees or to support what may exist from these institutions.
- The statutory reserve is used to cover the company's losses or increase the capital. If this reserve exceeds (30%) of the paid-up capital, the Ordinary General Assembly may decide to distribute the excess to shareholders in the years in which the company does not achieve sufficient net profits to cover the dividend per share determined in the company's by-law.
- The agreement reserve cannot be used except by a decision by the extraordinary general assembly. If this reserve was not determined for a specific purpose, the Ordinary General Assembly may (upon a recommendation from the Board of Directors) decide to disburse it for the benefit of the company or the shareholders.
- The Ordinary General Assembly may use the retained earnings and distributable agreement reserves to pay the full or partial remaining amount of the share value, without prejudice the equality between the shareholders.

4. The company's annual net profits are distributed to the shareholders after setting aside the statutory reserve and other reserves as follows: -

- From the remaining, a first payment equal to five percent (5%) of the paid-up capital shall be distributed to the shareholders. If the remaining profit amount is less than the mentioned percentage, it may not be claimed from the profits of the following years.
- From the remaining, ten percent (10%) shall be allocated to the remuneration of the Board of Directors as mentioned in the first paragraph of Article (76) of the Companies Law. Then the remaining is distributed to the shareholders as a dividend.

Third: Interim dividends distributed during the year 2023

The company distributed 2.20 SAR per share for the year 2022, with a total amount of 198 million SAR, which represents 22% of the paid-up capital. The company also distributed 1.95 SAR per share for the first, second and third quarters of 2023, with a total amount of 175.5 million SAR, and which represents 19.5% of the paid-up capital.

Fourth: Proposed dividends for the year 2023

In accordance with Articles (47) and (48) of the Company's bylaw, and based on the delegation from the Ordinary General Assembly of the Board of directors, the Board of Directors approved the distribution of profits as follows:

Description	Amount in SAR
Net income after zakat	141,970,722
Less: Quarterly dividends to shareholders at 19.5% of the share capital (For first, second and third quarters of 2023)	(175,500,000)
Balance	(33,529,278)
Plus: Carried forward balance of the retained Earnings	444,554,857
Balance Carried forward to next year	411,025,579
Deduct quarterly dividends to shareholders at 6.5% of the paid-up capital (For fourth quarter of 2023, as approved by the Board of Directors dated 21/02/2024)	(58,500,000)
Balance	352,525,579

Fifth: Recommendations from the Board of Directors to the Fifty Extra Ordinary General Assembly:

In accordance with Articles (46) and (47) of the Company's bylaw, and after reviewing the Company's achievements during the year ending 31/12/2023, as well as the financial statements, the Board of Directors recommended the following:

- Voting on the auditor›s report for the fiscal year ending on 31-12-2023.
- Voting on updating the Remuneration Policy for the members of the board, the members of its committees and executive management.
- Voting on disbursing an amount of (3,840,000 SAR), as remuneration to the members of the Board of Directors for the year ended on 31-12-2023.
- Voting on appointing the company's auditor from among the candidates based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the second & third quarters, annual of the year 2024 and the first quarter of the year 2025, and determining their fees.
- Viewing and discussing the financial statements for the fiscal year ending on 31-12-2023.
- Voting on updating the Board of Directors Membership Standards and Procedures Policy.
- Voting on absolving the members of the Board of Directors from liability for the year ending 31-12-2023.
- Viewing and discussing the Board of Directors' report for the fiscal year ending on 31-12-2023.
- Voting on delegating the Board of Directors to declare interim dividends on a quarterly basis for the year 2024.
- Voting on the amendment of the company's articles of association.
- Voting on updating the Audit Committee's regulation.
- Voting on updating the Nominations & Remunerations Committee's regulation.

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CHAPTER 5:

Auditor's Report and Financial Statements for 2023 and Clarifications

KPMG Professional Services
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Qassim Cement Company (A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of **Qassim Cement Company ("the Company")**, a Saudi Joint Stock Company, which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, comprising Material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

To the Shareholders of Qassim Cement Company (A Saudi Joint Stock Company)

Revenue recognition

With reference to Note (6) of the accounting policy related to revenue from contracts with customers, as well as Note (24) related to disclosure of revenue.

Key audit matter	How the matter was addressed in our audit
The Company applies the IFRS 15 "Revenue from Contracts with Customers". As at 31 December 2023, the Company's revenue amounted to SR 583 million. Revenue is recognized when the customer obtains control of the goods and this is done when the goods are accepted and delivered to the customer and the sales invoice is issued. Revenue is a key indicator for measuring performance, and this implies the presence of inherent risks by overstatement of revenue recognition to increase profitability. Therefore, revenue recognition was considered a key audit matter.	Our audit procedures included, among others, based on our judgment, the following: - Assessing the appropriateness of the Company's accounting policies relating to revenue recognition, as well as the extent of compliance with the related accounting standards. - Testing the design and implementation of internal control procedures related to revenue recognition and their operational effectiveness, including anti-fraud control procedures. - Conducting analytical audit procedures for revenues, by comparing sales quantities and prices for the current year with the previous year, and determining whether there are any significant trends or fluctuations that need additional examination in light of our understanding of the current market conditions. - Performing cut-off procedures on the timing of revenue recognition from sales after the products were delivered to the customers and recorded during their correct periods. - Conducting a sample-based examination of the revenue transactions with the supporting documents, to verify that the revenue is recorded in its correct periods. - Assessing the completeness and adequacy of the disclosures related to revenue for the year ended 31 December 2023.

Independent Auditor's Report (continued)

To the Shareholders of Qassim Cement Company (A Saudi Joint Stock Company)

Existence and evaluation of inventory	
With reference to Note (6) of the accounting policy related to recognition of inventories, as well as Note (13) related to disclosure of inventory.	
Key audit matter	**How the matter was addressed in our audit**
The Company applies IFRS 2. The raw materials inventory amounted to SR 92 million, and the in-progress products inventory balance amounted to SR 172 million (mainly consisting of clinkers stored in the form of piles in yards built for this purpose) for the year ended 31 December 2023. Determining the weight of this inventory is not practically possible, therefore, the management estimates the quantities available at the end of the year by measuring the inventory piles and converting the measurements into unit volumes using the angle of repose and quantitative density. To do this, the management appoints an independent inspection expert to estimate the quantities using some practical methodological measurement calculations and apply density conversion methods applied to similar types of inventory that are used in the cement industry. Given the importance of the inventory balances and related estimates used in determining the quantities, the existence and valuation of inventory was considered as a key audit matter.	Our audit procedures included, among others, based on our judgment, the following: - Attending the physical inventory count conducted by the Company and an independent inspection expert. - Evaluating the efficiency, qualifications, and objectivity of the independent inspection expert in this field. - Obtaining the inventory count report submitted by the independent inspection expert regarding the main inventory items and checking them on the sample basis. - Involving our specialist to assess the reasonableness of inventory piles measurements carried out by management during the physical count and recalculate the conversion of volumes into quantities. - On a sample basis, testing the inventory valuation at the end of the year, and assessing judgments and estimates used in estimating the damages and the net realizable value of impairment by management. - Assessing the completeness and adequacy of the disclosures related to inventory for the year ended 31 December 2023.

Independent Auditor's Report (continued)

To the Shareholders of Qassim Cement Company (A Saudi Joint Stock Company)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) as endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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Independent Auditor's Report (continued)

To the Shareholders of Qassim Cement Company (A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Qassim Cement Company ("the Company").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, procedures taken to eliminate threats and actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Fahad Mubark Al Dossari
License No. 469

Riyadh, 19 Sha'ban 1445H
Corresponding to: 29 February 2024

Qassim Cement Company
(A Saudi Joint Stock Company)
Statement of financial position
As at 31 December 2023
(Saudi Riyal)

	Note	**31 December 2023**	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	7	**695,116,855**	641,727,206
Intangible assets	8	**3,276,491**	347,369
Investment properties	9	**9,516,450**	9,516,450
Financial investments at FVTPL	10-1	**41,665,642**	51,085,943
Financial investments at amortized cost - non-current portion	11	**100,000,000**	100,000,000
Right-of-use assets	12.a	**673,110**	1,346,221
Total non-current assets		**850,248,548**	804,023,189
Current assets			
Inventory	13	**379,246,290**	345,766,076
Financial investments at amortized cost - current portion	11	**160,830,667**	224,000,000
Financial investments at FVTPL	10-2	**292,408,904**	426,039,836
Trade receivables	14	**67,863,577**	51,599,897
Prepaid expenses and other receivables	15	**14,219,116**	23,115,134
Cash and cash equivalents	16	**39,989,094**	51,883,753
Total current assets		**954,557,648**	1,122,404,696
Total assets		**1,804,806,196**	1,926,427,885
Equity and liabilities			
Equity			
Share capital	17	**900,000,000**	900,000,000
Statutory reserve	18	**270,000,000**	270,000,000
Cumulative changes in the items of other comprehensive income		**(1,724,396)**	(3,778,033)
Retained earnings		**411,025,579**	498,554,857
Total equity		**1,579,301,183**	1,664,776,824
Liabilities			
Non-current liabilities			
Provision for rehabilitation of areas subject to franchise license	19	**14,799,151**	13,900,094
Employees' benefits obligations	20	**43,871,182**	42,172,381
Long-term lease liabilities	12.b	**-**	606,653
Total non-current liabilities		**58,670,333**	56,679,128
Current liabilities			
Trade and other payables	21	**89,117,897**	118,769,814
Dividends payable	25	**56,497,883**	57,510,427
Zakat provision	22	**20,441,682**	26,887,677
Other provisions	23	**110,691**	983,755
Short-term lease liabilities	12.b	**666,527**	820,260
Total current liabilities		**166,834,680**	204,971,933
Total liabilities		**225,505,013**	261,651,061
Total equity and liabilities		**1,804,806,196**	1,926,427,885

The accompanying notes (1) through (38) form an integral part of these financial statements.
The financial statements have been approved for issuance by the Board of Directors on 21 February 2024 and signed by:

Mr. Masoud Hamid Amin	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Head of Finance (Acting)	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023
(Saudi Riyal)

	Note	31 December 2023	31 December 2022
Revenue	24	**583,559,913**	678,456,217
Cost of sales	24	**(432,459,192)**	(489,970,597)
Gross profit		**151,100,721**	188,485,620
Selling and marketing expenses	26	**(10,763,450)**	(11,752,169)
General and administrative expenses	27	**(28,378,832)**	(34,840,994)
Reversal of provision for expected credit losses of trade receivables	14.b	**5,164**	1,659,404
Other income	28	**8,203,090**	17,605,684
Operating profit		**120,166,693**	161,157,545
Unrealized gains\(losses) on investments at FVTPL, net	10	**14,944,274**	(19,149,182)
Realized gains\(losses) on investments at FVTPL, net		**3,371,750**	(1,764,531)
Dividends from investments at fair value through profit or loss		**2,442,053**	5,571,574
Income from financial investments at amortized cost	11	**18,609,795**	10,267,938
Finance costs	29	**(958,931)**	(1,029,818)
Profit before zakat		**158,575,634**	155,053,526
Zakat	22	**(16,604,912)**	(24,540,969)
Profit for the year		**141,970,722**	130,512,557
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains on re-measurement of employees' end-of-service benefits	20	**2,053,637**	85,350
Total other comprehensive income		**2,053,637**	85,350
Total comprehensive income		**144,024,359**	130,597,907
Earning per share to net income for the year			
Basic	32	**1,58**	1.45
Diluted	32	**1,58**	1.45

(The accompanying notes form (1) to (38) form an integral part of these financial statements)
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Head of Finance (Acting)	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Statement of changes in equity
For the year ended 31 December 2023
(Saudi Riyal)

	Share capital	**Statutory reserve**	**Cumulative changes in the items of other comprehensive income**	**Retained earnings**	**Total equity**
Balance as at 1 January 2022	900,000,000	270,000,000	(3,863,383)	566,042,300	1,732,178,917
Profit for the year	-	-	-	130,512,557	130,512,557
Other comprehensive income	-	-	85,350	-	85,350
Total comprehensive income	-	-	85,350	130,512,557	130,597,907
Dividends (note 25)	-	-	-	(198,000,000)	(198,000,000)
Balance at 31 December 2022	900,000,000	270,000,000	(3,778,033)	498,554,857	1,664,776,824
Balance as at 1 January 2023	900,000,000	270,000,000	(3,778,033)	498,554,857	1,664,776,824
Profit for the year	-	-	-	**141,970,722**	**141,970,722**
Other comprehensive income	-	-	**2,053,637**	-	**2,053,637**
Total comprehensive income	-	-	**2,053,637**	**141,970,722**	**144,024,359**
Dividends (note 25)	-	-	-	**(229,500,000)**	**(229,500,000)**
Balance as at 31 December 2023	**900,000,000**	**270,000,000**	**(1,724,396)**	**411,025,579**	**1,579,301,183**

(The accompanying notes form (1) to (38) form an integral part of these financial statements)
The financial statements have been approved for issuance by the Board of Directors on 21 February 2024 and signed by:

Mr. Masoud Hamid Amin	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Head of Finance (Acting)	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Statement of cash flows
For the year ended 31 December 2023
(Saudi Riyal)

	Note	**31 December 2023**	31 December 2022
Profit for the year		**141,970,722**	130,512,557
Adjustments:			
Zakat expense	22	**16,604,912**	24,540,969
Depreciation of property, plant and equipment	7	**59,143,183**	71,303,823
Amortization of intangible assets	8	**289,880**	331,579
Depreciation of right-of-use assets	12.a	**673,111**	734,302
Reversal of impairment in provision for expected credit losses for trade receivables	14.b	**(5,164)**	(1,659,404)
(Reversal)/ provision for impairment of other receivables	15	**(1,018,842)**	743,473
Provision for obsolete and slow-moving inventory	13	**2,268,418**	1,684,890
Reversal of other provisions	23	**(840,000)**	(8,000,000)
Settlement of accrued expenses	35	**(1,193,311)**	(513,286)
Unrealized (gains)/losses from investments at FVTPL	10	**(14,944,274)**	19,149,182
Realized (gains)/losses from investments at FVTPL		**(3,371,750)**	1,764,531
Income from financial investments at amortized cost	11	**(18,609,795)**	(10,267,938)
Employees' benefits obligations	20	**5,820,089**	4,819,160
Closing of projects in progress under expenses		**-**	208,280
Finance costs for rehabilitation of areas subject to franchise license	29	**899,057**	929,097
Finance costs from leases	29	**59,874**	100,721
Losses on disposal of property, plant and equipment		**4,243**	832
		187,750,353	236,382,768
Changes in working capital:			
Inventory	13	**(35,748,632)**	(80,253,432)
Trade receivables	14	**(16,258,516)**	(15,200,741)
Prepaid expenses and other receivables		**10,708,097**	(8,034,824)
Used from other provisions	23	**(33,064)**	(10,000,000)
Trade and other payables		**(28,458,607)**	284,825
End-of-service benefits paid	20	**(2,067,651)**	(3,792,745)
Zakat paid	22	**(23,050,907)**	(26,797,889)
Net cash generated from operating activities		**92,841,074**	92,587,962
Investing activities			
Payment to purchase property, plant and equipment	7	**(112,537,075)**	(82,113,478)
Paid to purchase intangible assets	8	**(3,219,002)**	-
Payment for purchase of investments at FVTPL	10-2	**(15,028,567)**	(74,913,186)
Proceeds from sale of investments at FVTPL		**176,395,824**	242,318,162
Payment to purchase financial investments at amortized cost	11	**(442,188,167)**	(290,382,875)
Proceeds from financial investments at amortized cost	11	**505,357,500**	252,682,875
Proceeds from investments income at amortized cost		**17,816,558**	9,920,351
Net cash generated from financing activities		**126,597,071**	57,511,849
Financing activities			
Lease payments		**(820,260)**	(820,260)
Paid dividends	25	**(230,512,544)**	(204,798,263)
Net cash used in financing activities		**(231,332,804)**	(205,618,523)
Change in cash and cash equivalents during the year		**(11,894,659)**	(55,518,712)
Cash and cash equivalents as at the beginning of the year	16	**51,883,753**	107,402,465
Cash and cash equivalents as at the end of the year	16	**39,989,094**	51,883,753

Non-cash transactions are disclosed in Note (35).

(The accompanying notes form (1) to (38) form an integral part of these financial statements)

The financial statements have been approved for issuance by the Board of Directors on 21 February 2024 and signed by:

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Head of Finance (Acting)	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Notes to the financial statements
As at 31 December 2023
(Saudi Riyal)

1- COMPANY INFORMATION

Qassim Cement Company (the "Company") is a Saudi Joint Stock Company that is listed in Saudi Stock Exchange under the commercial registration number (1131001224) issued in the city of Buraydah dated 28 Sha'aban 1398H (corresponding to 02 August 1978). The Company was established as per the Regulations for Companies under the Royal Decree no. M/62 dated 15 Sha'aban 1396H corresponding to 11 August 1976.

The Company is engaged in manufacturing and producing cement, its derivatives and supplements, the trade of these products, and carrying out all works directly and indirectly related to this purpose. The Company carries out its activities through its factory located in Buraydah - Qassim, address (4266, unit 1, Buraydah, 52271 - 6735).

The Company's financial year begins on 1st January and ends on the 31 December of each Gregorian year.

2- BASIS OF FINANCIAL STATEMENTS PREPARATION

2-1 Statement of compliance

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (hereinafter referred to as "IFRS as endorsed in KSA").

2-2 Basis of measurement

The financial statements are prepared under the historical cost convention except for the following significant items mentioned in the statement of financial position:

- Financial investments at FVTPL are measured at fair value.
- Defined benefit financial obligation receivables for future liabilities are recognized based on the projected unit credit method.

Certain comparative figures have been amended to conform to the current year's presentation.

3- FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are prepared in Saudi Riyals (SR) which is the Company's functional and presentation currency.

4- USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. These changes are reflected in the assumptions when they occur.

(Saudi Riyal)

4- USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

In particular, information about significant areas of estimated uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Measurement of employees' benefits obligations

The Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by an independent actuary using the projected unit credit method. Judgments have been used in the estimation of actuarial assumptions. Key assumptions are disclosed in Note (20).

Impairment of inventories
The management estimates the impairment in the inventory to reach the net realizable value if its cost is not recoverable or it becomes damaged as a whole or a part of it, or if its selling price is less than its cost or if there are any other factors that may lead to a decrease in its realizable value for less than its cost. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of prices or costs directly related to events occurring subsequent to the financial statements date to the extent that such events confirm conditions existing as at the end of reporting period.

Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. When such indicator exists, the recoverable amount of the asset is estimated.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are cash flows resulting from continuous use that are largely independent from other assets and cash-generating units.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value or value in use less costs to sell. Value of use is based on future cash flows deducted from its current value using a discount rate reflects the current market assessments of current value of money and risks related to an asset or cash-generating unit.

Impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The Impairment losses are recognized in the statement of profit or loss, and the impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed its carrying amount, net of depreciation or amortization, which would have been determined if the impairment losses have not been recognized.

Useful lives of property, plant and equipment
The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges (if any) are adjusted in current and future periods.

Impairment of accounts receivables
These are disclosed in Note (6) - Financial Instruments.

4- USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

Fair value of assets and liabilities
Fair value is the selling price received to sell an asset or paid to transfer a liability within an orderly transaction between market participants on the measurement date or in the absence of that market, the best market available at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The fair values are categorized into hierarchical levels based on the data used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that may be obtained on the measurement date.

- Level 2: Inputs other than quoted prices that are not included in the first level and that can be observed for assets and liabilities directly (such as prices) or indirectly (that are derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy. then the measurement is categorized in its entirety as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. As at 31 December 2023 and 31 December 2022, there are no transfers between levels.

The carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy have been disclosed. It doesn't include information about fair value of financial assets and financial liabilities not measured at fair value if the carrying amount reasonably equals fair value in note (34).

Going concern
The management of the Company has assessed the Company's ability to continue as a going concern, and concluded that the Company has sufficient resources to continue its business in the foreseeable future. In addition, the management does not have any material doubts about the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

5- NEW STANDARDS AND INTERPRETATIONS ISSUED

5-1 New standards, interpretations and amendments adopted by the Company
The accounting policies applied by the Company in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Company for the year ended 31 December 2022, except for the adoption of the new standards that are effective on 1 January 2023 and have no material effect on these financial statements.

Effective from	New Standards and Amendments
1 January 2023	Definition of accounting estimates (amendments to IAS 8)
1 January 2023	Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2)

5- NEW STANDARDS ISSUED (CONTINUED)

5.2 Standards issued but not yet effective

Following are the standards and amendments that were issued but not yet effective. The Company does not expect to have a material impact on the financial statements if the below standards and amendments are adopted.

Effective for annual periods beginning on or after	**New Standards and Amendments**
1 January 2024	IFRS (S1) "General Requirements for Disclosure of Sustainability-related Financial Information"
1 January 2024	IFRS (S2) "Climate-related Disclosures"

6- MATERIAL ACCOUNTING POLICES

The following accounting policies have been consistently applied the following accounting policies to all periods presented in these financial statements, except for what is indicated in Note (5). Further, the Company adopted the Disclosure of Accounting Policies (amendments to IFRS 1 and Practice Statement 2) from 1 January 2023. Amendments require disclosure of "Material" rather than "Significant" accounting policies. Although the amendments did not result in any changes in the accounting policy itself, they did affect the accounting policy information that was disclosed in certain cases.

Revenue from contracts with customers

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 'Revenue from Contracts with Customers'.

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 - Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognize revenue when the entity satisfies a performance obligation.

If the amount that should be paid in the contract includes a variable amount, the Company estimates the amount to which the Company is entitled in exchange for transferring the goods or services promised to provide to the customer.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The amount of the promised consideration may also vary if the Company's entitlement to the consideration is conditional on the occurrence or non-occurrence of a future event.

The Company sells clinker and bulk and packaged cement, where the sale is made according to sales invoices and / or independent specific contracts concluded with the clients.

Sale of goods

For contracts with customers in which the sale of cement is generally expected to be the only performance obligation, revenue from the sale is recognized at the time that control of the asset is transferred to the customer at a point in time, which is usually upon delivery.

The Company recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations. The Company takes into account the below-mentioned indicators in assessing the transfer of control over the promised asset:

- The Company has a present right to payment for the asset
- The customer has legal title to the asset
- The Company has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

Employees' Benefits:

Defined employees' benefits plans

According to the Saudi Labor Law in the Kingdom of Saudi Arabia, the Company is required to pay end-of-service benefits (a defined benefit plan), which are calculated based on the half of the last month's salary of each year of the first five years of service, including the fractions of the year plus the full last month's salary for each year of the next or remaining service includes fractions of the year. End-of-service benefit plan is unfunded.

Valuation technique and key assumptions for the actuarial study

Under requirements of IAS 19 "Employees' benefits", end-of-service benefits obligations are calculated using the actuarial valuation and using the projected unit credit method at the end of each fiscal year. Gains or losses arising from the actuarial revaluation are recorded in the statement of comprehensive income for the period in which the revaluation occurred. The recognized remeasurement in OCI is immediately included under the retained earnings and is not included under profit or loss. Past service cost is calculated in profit or loss during the plan amendment period. The interest is calculated using the discount rate at the beginning of the period, on the employees' defined benefits obligations.

The current service cost of the defined benefit plan is recognized in the statement of profit or loss under employee's benefits expense, to reflect the increase in the liability resulting from employee services for the current year and cases of change, curtail or settlement of benefits. The cost of services for previous years is included immediately in the statement of profit or loss.

Actuarial gains and losses resulting from adjustments and changes in actuarial assumptions are charged and included in the equity in the statement of other comprehensive income in the period in which they arise.

6- MATERIAL ACCOUNTING POLICES (CONTINUED)

Employees' Benefits (continued)

Defined benefit costs are classified as follows:
- Service cost (including current service costs and past service costs, in addition to gains and losses resulting from employees' promotions and reimbursements);
- Interest cost, and
- Re-measurement.

Short-term employees' benefits
The liability is recognized and measured for benefits related to wages, salaries, annual leave and sick-leave in the period in which the service is provided on the undiscounted amounts of the benefits expected to be paid in exchange for those services.

Investment income
Investment income consists of Islamic Murabaha income on the funds invested, which are recognized in profit or loss. Islamic Murabaha income are recognized as they become due in profit or loss, using the effective interest method.

Zakat
Zakat provision is calculated in accordance with the Zakat, Tax and Customs Authority ("ZATCA") provisions and rules in the Kingdom of Saudi Arabia. Zakat is calculated for the period in an estimate, and the provision for Zakat is charged in a separate item in the statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized.

Inventory
Inventory is measured at the lower of cost or net realizable value. Inventories cost is calculated using the weighted average method, which includes expenditure incurred in bringing inventories to their existing location and condition and in case of manufactured inventories and work in progress, inventories are charges with an appropriate share of production overheads based on normal operation capacity of the company. Net realizable value is the estimated selling price in the Company's ordinary course of business, net of estimated costs to complete and sell.

Foreign currencies

Foreign currency transactions
Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rates ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date. For non-financial assets and liabilities that are measured at fair value in a foreign currency, they are retranslated into the functional currency according to the exchange rates prevailing on the date of determining the fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling on the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

6- MATERIAL ACCOUNTING POLICES (CONTINUED)

Provision for rehabilitation of areas subject to franchise license
The provision for the rehabilitation of areas subject to a franchise license is measured at the present value of the expected cost of re-settlement of the Company's franchise site, using the discount rate as at the start date of the franchise license contract.

Property, plant and equipment

Recognition and measurement
Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenses that are directly related to the acquisition of the asset. For internally constructed assets, the cost of the asset includes the cost of materials, direct labor and other direct costs that are required to prepare them to the condition in which they are operated at their location and for the purpose for which they were acquired.

Major or essential components of an item of property, plant and equipment that have different useful lives are accounted for as separate items (major components) within property, plant and equipment.

Gains or losses arising from the disposal of an item of property, plant and equipment are determined on the basis of the difference between the net proceeds of sale and the book value of the disposed items of property, plant and equipment, and are included in the statement of profit or loss in the period in which the disposal is made.

Subsequent costs
The costs of replacing a part of an item of property, plant and equipment are recognized in the carrying cost of this item if it is probable that the future economic benefits inherent in that part will flow to the Company, in addition to the possibility of measuring this cost reliably. The carrying value of the replaced part is eliminated. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit as loss as incurred.

Major inspections and maintenance are accounted for as a separate component if they are used in more than one financial period. The carrying amount of these components is determined by reference to the current market price of these repairs.

Depreciation
Depreciation is the systematic allocation of the depreciable value of items of property, plant and equipment (the cost of the asset less the residual value of the asset) over its useful life.

Depreciation charge is recognized in the statement of profit or loss on the straight-line method over the estimated useful life of each item of property, plant and equipment. Leased assets are depreciated over the lower of lease term or the useful lives of the assets. Unless there is reasonable assurance that the Company will acquire ownership of these assets at the end of the lease term. Freehold land of the Company is not depreciated.

When the useful life of an item of property, plant and equipment differs it is accounted for as separate items.

6- MATERIAL ACCOUNTING POLICES (CONTINUED)

Property, plant and equipment (continued)

The estimated useful lives of main items of property, plant and equipment for current and comparative years are as follows:

Asset class	Useful lives for the current year (Years)	Useful lives for the comparative years (Years)
Buildings	**20-41**	20-33
Plant and equipment	**20-36**	20-30
Tools and instruments	**5-20**	5-20
Furniture and fixtures	**5-10**	5-10
Motor vehicles	**5**	5

Depreciation methods, useful lives and residual values of property, plant and equipment are reviewed by the Company at each financial year-end. During 2023, that Company reviewed the useful lives and residual value of the main items of property, plant, and equipment using an independent expert. Based on the results of the review, the maximum estimated useful life of the buildings category was adjusted to 41 years instead of 33 years, and the maximum estimated useful life of the plant and equipment category was adjusted to 36 years instead of 30 years.

Difference in estimates was treated as changes in accounting estimates as at the beginning of the year and the subsequent years.

’000 SAR	2023	2024	2025	2026	2027
(Decrease)/increase in depreciation expense	(11,798)	(11,798)	(11,798)	(11,798)	(11,798)

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. For intangible assets developed internally (except for capitalized development costs), they are not capitalized and the expenses are recognized in the statement of profit or loss at the time in which these expenses are accrued.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The estimated useful lives of intangible assets are as follows:

Asset	Useful lives (Years)
Computer software and intangible assets	3-5

Qassim Cement Company
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6- MATERIAL ACCOUNTING POLICES (CONTINUED)

Financial Instruments
The Company has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments

The financial asset and liability are recognized when the Company becomes a party to the contractual obligations of the instrument, and this generally occurs on the trade date. The Company derecognizes the financial assets when the contractual cash flows of those assets expire or when the Company transfers the right to obtain contractual cash flows from the financial asset in a transaction in which all the risks and rewards of ownership of the financial assets are substantially transferred. Any interest arising from the transferred financial assets that the Company creates or retains is recognized as a separate asset or liability.

Derecognition

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the statement of profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in the statement of other comprehensive income is not recognized in the profit or loss on de-recognition.

The financial liability is derecognized from the statement of financial position when the Company pays the obligation arising, the contract is canceled or expired.

Classification of financial instruments

The Company classifies its financial assets in the following measurement categories:
1) Assets to be measured at amortized cost; or
2) Fair value through profit or loss (FVTPL).
3) Fair value through other comprehensive income (FVOCI).

The classification depends on the Company’s business model for managing financial assets and the contractual terms of the financial assets' cash flows.

Financial assets are not reclassified subsequently to initial recognition unless the Company changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:
- is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial measurement of investments in financial instruments that the Company does not hold for

6- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Classification of financial instruments (continued)

Any other financial assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.
Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividends, are recognized in statement of profit or loss.

Accounts Receivable
Account receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market, and arise primarily by providing goods and services to customers (such as trade receivables). It also includes other types of contractual financial assets that are initially recognized at fair value plus direct costs associated with obtaining it, and they are subsequently recognized at amortized cost using the effective interest method less provision for impairment.

The trade receivables, recorded in a separate account after deducting the provision, are recognized in the statement of profit or loss and when their collectability is confirmed, their gross carrying amount is written off against their associated provision.

Reclassification

When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

Offsetting of financial instruments
Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

Financial liabilities
Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Trade payables and accruals

Trade payables and other payables are initially recognized at fair value and subsequently carried at

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6- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share capital
Instruments issued by the Company are classified as equity (shareholders' equity) only to the extent that they do not meet the definition of an asset or liability. The Company's ordinary shares are classified as equity instruments (shareholders' equity).

Impairment

Impairment of financial assets
IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

ECLs shall be measured for financial assets measured at amortized cost or FVOCI.

Under IFRS 9, loss allowances will be measured on either of the following bases:
- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date.
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Company may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Company may choose to apply this policy also for trade receivables and contract assets with no significant financing component. The Company has elected to measure loss allowances for trade receivables at an amount equal to 12-month ECLs.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is reversed at a later time, it is recorded in profit or loss in the period in which it is recovered.

Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment exists when the carrying value of the asset or cash-generating unit exceeds the recoverable value, which is the higher of the fair value of the asset less costs to sell or the value in use. The recoverable amount of an asset is determined unless the asset is generating cash flows that are largely independent of the cash flows from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered to be impaired and reduced to the recoverable amount. In determining fair value less costs to sell, the most recent market transactions are taken into consideration. If no such transactions can be identified, an appropriate valuation model is used. Value in use is based on a discounted cash flow model, whereby the expected future cash flows are discounted using a discount rate that reflects current

6- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets(continued)
Impairment loss are recognized in the statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets. in the unit (group of units) on a pro-rata basis.

At each reporting date, an assessment is made to determine whether there is evidence that previously recognized impairment losses have no or decreased. If such evidence exists, the Company estimates the recoverable amount of the asset or cash-generating unit. An impairment loss recognized previously is reversed only if there has been a change in the assumptions used to determine the recoverable amount since the date of recognition of last impairment loss. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Any impaired non-financial assets - other than goodwill, if any - are examined for possible reversal of this impairment at the end of each financial reporting period.

Provisions
Provisions are recognized when the Company has an obligation (legal or constructive) at the statement of financial position date arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to that liability.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value is the pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability.

The increase in the provision due to the passage of time is recognized as interest expense.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, demand deposits with banks, and other short-term, highly liquid investments whose maturity dates are within three months or less of the original investment date and available to the company without restrictions, and the cash flows statement is prepared according to the indirect method.

Expenses
Selling and marketing expenses are those arising from the Company's efforts underlying the marketing and selling functions. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocations of common expenses between cost of sales and selling, marketing and administrative expenses, when required, are made reasonably based on the nature and function of expenses.

6- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Current/non-current classification

The Company classifies assets and liabilities in the statement of financial position as current/non-current. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Segment information
An operating segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments which are measured in accordance with the reports used by the executive management.

The Company conducts most of its activities inside the Kingdom of Saudi Arabia, and therefore the financial information is not separated into geographical sectors.

Dividends
Dividends are approved by the Shareholders' General Assembly and interim dividends are distributed in accordance with the authorization from the Shareholders' General Assembly to the Board of Directors under the Companies Law.

Statutory reserve
The Company's Bylaws require that 10% of the net annual income be transferred to the statutory reserve. Such transfer may be discontinued by the Ordinary General Assembly when the reserve reaches (30%) of the paid up share capital. Assessing the impact of the new Regulations for companies is in progress.

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7- PROPERTY, PLANT AND EQUIPMENT

7-1 The movement in property, plant, and equipment during the year ended 31 December 2023 is as follows:

	Land	Buildings	Plant and equipment	Motor vehicles	Computers	Furniture and fixtures	Tools and instruments	Projects in Progress*	Total
Cost:									
Balance at the beginning of the year	10,507,750	717,594,518	1,625,955,569	1,123,765	7,542,794	12,159,231	12,529,062	94,232,742	2,481,645,431
Additions	-	70,300	14,368,684	139,352	219,205	247,249	302,148	97,190,137	112,537,075
Transferred from projects in progress	-	168,325	1,602,000	-	319,018	-	-	(2,089,343)	-
Disposals during the year	-	-	(7,419,425)	(5,913)	-	(79,399)	-	-	(7,504,737)
Adjustments	-	19,641	(19,641)	-	-	-	-	-	-
Balance at 31 December 2023	**10,507,750**	**717,852,784**	**1,634,487,187**	**1,257,204**	**8,081,017**	**12,327,081**	**12,831,210**	**189,333,536**	**2,586,677,769**
Accumulated depreciation:									
Balance at the beginning of the year	-	(493,605,356)	(1,318,865,714)	(497,101)	(6,273,873)	(11,171,284)	(9,504,897)	-	(1,839,918,225)
Depreciation charged for the year**	-	(11,020,314)	(46,464,427)	(200,159)	(729,133)	(237,671)	(491,479)	-	(59,143,183)
Disposals during the year	-	-	7,419,421	1,675	-	79,398	-	-	7,500,494
Adjustments	-	(17,922)	17,922	-	-	-	-	-	-
Balance at 31 December 2023	**-**	**(504,643,592)**	**(1,357,892,798)**	**(695,585)**	**(7,003,006)**	**(11,329,557)**	**(9,996,376)**	**-**	**(1,891,560,914)**
Net book value:									
At 31 December 2023	**10,507,750**	**213,209,192**	**276,594,389**	**561,619**	**1,078,011**	**997,524**	**2,834,834**	**189,333,536**	**695,116,855**

*Projects in progress mainly include a cement mill construction project, improvement projects, raising the efficiency of production lines projects, and civil works.
** During the year ended 31 December 2023 the management has performed reassment of useful lifes of certain items of PPE. For future effect of this change on financial statements please refer to note 6 – Material accounting policies (property, pant and equipment).

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7- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

7-2 Movement in property, plant, and equipment during the year ended 31 December 2022 is as follows:

	Land	Buildings	Plant and equipment	Motor vehicles	Computers	Furniture and fixtures	Tools and instruments	Projects Under construction	Total
Cost:									
Balance at the beginning of the year	10,507,750	716,010,862	1,617,614,562	629,178	6,886,268	11,871,231	12,426,053	25,903,515	2,401,849,419
Additions	-	354,174	9,212,172	494,587	914,773	456,294	248,654	70,432,824	82,113,478
Transferred from projects in progress	-	1,229,482	665,835	-		-	-	(1,895,317)	-
Disposals during the year	-	-	(1,537,000)	-	(258,247)	(168,294)	(145,645)	(208,280)	(2,317,466)
Balance at 31 December 2022	10,507,750	717,594,518	1,625,955,569	1,123,765	7,542,794	12,159,231	12,529,062	94,232,742	2,481,645,431
Accumulated depreciation:									
Balance at the beginning of the year	-	(480,780,894)	(1,263,317,826)	(363,728)	(6,004,110)	(11,117,213)	(9,138,986)	-	(1,770,722,757)
Depreciation charged for the year	-	(12,824,462)	(57,084,887)	(133,373)	(527,975)	(222,136)	(510,990)	-	(71,303,823)
Disposals during the year	-	-	1,536,999	-	258,212	168,065	145,079	-	2,108,355
Balance at 31 December 2022	-	(493,605,356)	(1,318,865,714)	(497,101)	(6,273,873)	(11,171,284)	(9,504,897)	-	(1,839,918,225)
Net book value:									
At 31 December 2022	10,507,750	223,989,162	307,089,855	626,664	1,268,921	987,947	3,024,165	94,232,742	641,727,206

7- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

7-3 The Company obtained a mining concession in the Jabal Al-Quwaiter area, north of Buraidah, under the Royal Decree no. M/9 dated 4 Rabi' I 1398H for a period of (30) Hijri years, renewable if the Company so desired in return for an annual fees, and on which the Company's buildings, machines and facilities were built. The license to exploit the limestone was renewed by the Ministerial Resolution No. 93/Q dated 17 Shawwal 1428H, valid for a period of 30 years, effective from the 3 Rabi' I 1428H.

7-4 Depreciation for the year was allocated as follows:

	Note	31 December 2023	31 December 2022
Cost of sales		**58,663,707**	70,833,303
Selling and marketing expenses	26	**179,292**	179,103
General and administrative expenses	27	**300,184**	291,417
		59,143,183	71,303,823

7-5 There are no mortgages on the property, plant, and equipment owned by the Company as at 31 December 2023 (2022: nil).

8- INTANGIBLE ASSETS

8-1 Movement in intangible assets is as follows:

	Intangible assets	Projects in progress	Total
Cost:			
Balance at 1 January 2022	5,894,946	-	5,894,946
Additions during the year	-	-	
Transferred from projects in progress	-	-	
Balance at 31 December 2022 and January 2023	5,894,946	-	5,894,946
Additions during the year	-	3,219,002	3,219,002
Transferred from projects in progress	-	-	-
Balance at 31 December 2023	5,894,946	3,219,002	9,113,948
Accumulated depreciation:			
Balance at 1 January 2022	(5,215,998)	-	(5,215,998)
Depreciation charged for the year	(331,579)	-	(331,579)
Balance at 31 December 2022 and January 2023	(5,547,577)		(5,547,577)
Depreciation charged for the year	(289,880)	-	(289,880)
Total as at 31 December 2023	(5,837,457)		(5,837,457)
Carrying Amount			
As at 31 December 2022	**347,369**	**-**	**347,369**
As at 31 December 2023	**57,489**	**3,219,002**	**3,276,491**

8.2 Amortization for intangible assets was distributed as follows:

	Note	31 December 2023	31 December 2022
Cost of sales		**266,523**	308,222
General and administrative expenses	27	**23,357**	23,357
		289,880	331,579

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9- INVESTMENT PROPERTIES (LANDS)

Investment properties represent plots of land owned by the Company for the purpose of leasing, capital appreciation, or both. As at 31 December 2023, the fair value of these lands amounted to SR 20,141,212 according to an approved valuer (Qeima Aqaria), who is an independent expert certified and licensed by the Saudi Authority for Accredited Valuers (Taqeem) (License number 1210000338). The valuation techniques used were in the second level of fair value based on the prevailing market prices of similar investments.

	31 December 2023	31 December 2022
Carrying amount	**9,516,450**	9,516,450
Fair value	**20,141,212**	20,140,912

10- FINANCIAL INVESTMENTS AT FVTPL

	31 December 2023	31 December 2022
Investments at FVTPL - non-current (10-1)	**41,665,642**	51,085,943
Financial investments at FVTPL - current (10-2)	**292,408,904**	426,039,836

10-1 **Financial investments at FVTPL - non-current**

	31 December 2023	31 December 2022
Balance at the beginning of the year	**51,085,943**	82,781,013
Disposals during the year	**(2,360,396)**	(38,883,130)
Unrealized (losses) / gains	**(7,059,905)**	7,188,060
	41,665,642	51,085,943

The above investments are represented in shares of real estate funds, and these investments are valued by funds managers at their fair value.

10-2 **Financial investments at FVTPL - current**

	31 December 2023	31 December 2022
Balance at the beginning of the year	**426,039,836**	582,663,455
Additions during the year	**15,028,567**	74,913,186
Disposals during the year	**(170,663,678)**	(205,199,563)
Unrealized gains/ (losses)	**22,004,179**	(26,337,242)
	292,408,904	426,039,836

The above investments represent shares of commodity trading funds, trading finance funds, and discretionary portfolio with financial companies, which are valued at fair value.

11- FINANCIAL INVESTMENTS AT AMORTIZED COST

	31 December 2023	31 December 2022
Balance at the beginning of the year	**324,000,000**	286,300,000
Additions during the year	**442,188,167**	290,382,875
Disposals during the year	**(505,357,500)**	(252,682,875)
	260,830,667	324,000,000

Financial investments were classified at amortized cost as at the end of the year as follows:

Non-current portion of financial investments at amortized cost (*)	**100,000,000**	100,000,000
Current portion of financial investments at amortized cost	**160,830,667**	224,000,000

The above investments are represented in Murabaha and Sukuk, and a return is due.

The average commission is 5,61% (2022: 5,38%). During the year ended 31 December 2023, total Murabaha and Sukuk income of SR 18,609,795 has been charged to the statement of profit or loss (31 December 2022: SR 10,267,938).

(*) Non-current portion of financial investments at amortized cost is represented in Sukuk that will mature in June 2026.

12- LEASES

a) Right-of-use assets:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**1,346,221**	2,080,523
Depreciation during the year	**(673,111)**	(734,302)
	673,110	1,346,221

Right-of-use assets represent the present value of the discounted payments of a long-term car rental contract signed with Al-Jomaih Company on 07 September 2020, for a period of four years, with a total value of SR 3,281,040. The discount rate used is 5.5%.

b) Lease liabilities

Lease liabilities have been presented in statement of financial position as follows:

	31 December 2023	31 December 2022
Long-term lease liabilities	**-**	606,653
Short-term lease liabilities	**666,527**	820,260
	666,527	1,426,913

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13- INVENTORY

Inventories as at 31 December comprise the following:

	31 December 2023	31 December 2022
Spare parts	**113,849,661**	115,026,192
Raw materials	**92,926,515**	96,550,088
Production in progress	**172,731,351**	146,914,938
Finished goods	**9,569,180**	4,916,866
Packing materials	**5,087,217**	3,159,189
Consumables and supplies	**8,620,019**	3,457,736
Goods in transit	**4,947,504**	1,957,806
	407,731,447	371,982,815
Less: write down	**(28,485,157)**	(26,216,739)
	379,246,290	345,766,076

<u>Movement write down of the inventory during the year is as follows:</u>

	31 December 2023	31 December 2022
Balance at the beginning of the year	**26,216,739**	26,983,814
Provided during the year (*)	**2,268,418**	1,684,890
Utilized during the year	**-**	(2,451,965)
	28,485,157	26,216,739

(*) During the year ended 31 December 2023, the Company reduced the inventory of dormant and slow- moving spare parts and raw materials by SR 2,27 million (31 December 2022: SR 1,68 million).

14- TRADE RECEIVABLES

a) Trade receivables comprise the following:

	31 December 2023	31 December 2022
Trade receivables	**69,147,558**	52,889,042
Provision for expected credit losses	**(1,283,981)**	(1,289,145)
	67,863,577	51,599,897

b) Movement in expected credit losses on trade receivables is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**1,289,145**	2,948,549
Reversal of impairment in provision for expected credit losses for trade receivables	**(5,164)**	(1,659,404)
	1,283,981	1,289,145

Additional information related to credit and market risk exposures is disclosed in Note (34.b).

15- PREPAID EXPENSES AND OTHER RECEIVABLES

Prepaid expenses and other receivables comprise the following:

	31 December 2023	31 December 2022
Advances to suppliers	**2,422,965**	11,209,676
Prepaid expense	**3,689,406**	4,248,788
Accrued income	**2,338,762**	2,327,660
Employees' receivables	**1,864,877**	1,180,141
Refundable customs deposits	**-**	1,430,800
Other receivables	**3,903,106**	3,736,911
	14,219,116	24,133,976
Less: Impairment of prepaid expenses and other receivables	**-**	(1,018,842)
	14,219,116	23,115,134

Movement in expected credit losses was as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**1,018,842**	370,386
Provided during the year	**-**	743,473
Utilized during the year	**(1,018,842)**	(95,017)
	-	1,018,842

16- CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash in hand	**532,658**	600,893
Cash at banks in local currency	**31,464,715**	46,984,693
Cash at banks in foreign currencies	**7,991,721**	4,298,167
	39,989,094	51,883,753

17- SHARE CAPITAL

The authorized and paid up share capital of the Company is SR 900 million divided into 90 million shares of SR 10 each.

18- STATUTORY RESERVE

The Fortieth Extraordinary General Assembly, on 30 Rabi al-awwal 1438H, corresponding to 29 December 2016, approved the discontinuation of setting aside a percentage of net profits to the statutory reserve. Thus, the balance of the statutory reserve as at 31 December 2023 represents (30%) of the paid-up capital. This balance is not available for distribution as dividends.

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19- PROVISION FOR REHABILITATION OF AREAS SUBJECT TO FRANCHISE LICENSE

The provision for the rehabilitation of areas subject to a franchise license represents the present value of the expected cost of re-settlement of the Company's franchise site.

Movement in the provision for rehabilitation of areas subject to franchise license is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**13,900,094**	12,970,997
Interest costs of rehabilitation of areas subject to franchise license	**899,057**	929,097
	14,799,151	13,900,094

20- EMPLOYEES' BENEFITS OBLIGATIONS

a) Movement in the employees' benefits obligation is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**42,172,381**	41,231,316
Additions during the year (Note 20-b)	**5,820,089**	4,819,160
Payments made during the year	**(2,067,651)**	(3,792,745)
Actuarial (gain) from re-measurement of employees' benefits obligations	**(2,053,637)**	(85,350)
	43,871,182	42,172,381

b) Employee benefit expenses

	31 December 2023	31 December 2022
Wages and salaries	**85,902,160**	89,859,403
Employee's Related Costs	**5,942,049**	6,134,226
Expenses related to defined benefit plans(Note 20-a)	**5,820,089**	4,819,160
	97,664,298	100,812,789

c) The significant actuarial assumptions used by an independent external actuary are as follows:

	31 December 2023	31 December 2022
Discount rate	**4,88%**	4,35%
Salary increase rate	**4,88%**	4,35%
Employees' turnover rate	**Moderate**	Moderate

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20- EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

d) Sensitivity in defined benefit obligation

		31 December 2023	31 December 2022
	Base		
Change in salary rate	1% increase	**46,593,179**	44,961,438
	1% decrease	**41,329,207**	39,646,015
	Base		
Discount rate	1% increase	**41,497,427**	39,793,646
	1% decrease	**46,452,277**	44,845,471
Assumption of a statistical study of employees			
Membership data			
Employees average entry age (years)		**39**	39
Average years of experience		**7,6**	7,8

21- TRADE AND OTHER PAYABLES

Accrued expenses and other accounts payables comprise of the following:

	31 December 2023	31 December 2022
Trade payables	**31,253,626**	29,129,692
Accrued expenses	**32,542,670**	43,296,651
Accrued quarry fees	**7,810,642**	21,725,816
Advances from costumers	**3,011,321**	5,408,691
Retention of performance bond	**10,491,306**	14,926,622
VAT payable	**3,165,186**	3,333,494
Accrued withholding tax	**147,296**	153,258
Other payables	**695,850**	795,590
	89,117,897	118,769,814

22- ZAKAT PROVISION

a) Zakat base of the Company comprises the following:

	31 December 2023	31 December 2022
Equity at beginning of the year	**1,664,776,824**	1,736,042,300
Additions	**168,262,978**	173,219,409
Deductions	**(1,202,272,884)**	(1,115,517,466)
Basis for calculation of Zakat	**630,766,918**	793,744,243
Adjusted net income for the year subject to Zakat	**168,543,197**	163,230,148
	799,310,115	956,974,391
Zakat base (equity method) (a)	**799,310,115**	956,974,391
Zakat base (adjusted net income) (b)	**168,543,197**	163,230,148
Zakat payable, higher of (a) or (b)	**20,441,682**	24,540,969
Less: carried forward balance from previous periods	**(3,836,770)**	-
Zakat charge made during the year	**16,604,912**	24,540,969

22- ZAKAT PROVISION (CONTINUED)

b) Movement in Zakat Provision during the year is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**26,887,677**	29,144,597
Provided during the year	**16,604,912**	24,540,969
Paid during the year	**(23,050,907)**	(26,797,889)
	20,441,682	26,887,677

c) Zakat status:
The Company submitted all Zakat returns due up to the year ended 31 December 2022. On 21 Ramadan 1444H (corresponding to 12 April 2023), the Company obtained a certificate from ZATCA for the year ended 31 December 2022 to enable it to complete all its transactions, including the payment of its final accruals for contracts.

On 29 Dhu Al-Qa'dah 1444H (corresponding to 18 June 2023), the Company received a notice from ZATCA containing a request for additional information to review the zakat returns for the years 2021 and 2022. Until the date of issuing the financial statements, the Company did not receive any notification indicating that there were material adjustments to its returns submitted to ZATCA.

23- OTHER PROVISIONS

	31 December 2023	31 December 2022
Provision for legal claims and objections	**110,691**	983,755
	110,691	983,755

Movement in other provisions during the year is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**983,755**	18,983,755
Utilized during the year	**(33,064)**	(10,000,000)
Reversal during the year	**(840,000)**	(8,000,000)
	110,691	983,755

24- REVENUE AND COST OF SALES

No other revenue classifications have been disclosed as the entire amount of revenue is a result of bulk and packed cement sales within the Kingdom of Saudi Arabia and there are no other products for the Company, and there is no key difference between the selling prices or the production cost of the two types of bulk or packed cement. The Company also sells its entire products through distributors. The sale takes place at a point in time and not over time.

The cost of sales represent mainly the cost of raw materials, direct wages, fuel, power, spare parts and consumables.

25- DIVIDENDS

<u>During the year ended 31 December 2023</u>

- On 19 February 2023, based on the prior authorization of the General Assembly to shareholders, the Board of Directors decided to distribute dividends of SR 54 million at SR 0.60 per share for the fourth quarter dividends of 2022.
- On 24 May 2023, based on the prior authorization of the General Assembly of shareholders, the Board of Directors decided to distribute dividends of SR 58.5 million at SR 0.65 per share for the first quarter dividends of 2023.
- On 22 August 2023, based on the prior authorization of the General Assembly of shareholders, the Board of Directors decided to distribute dividends of SR 58.5 million at SR 0.65 per share for the second quarter dividends of 2023.
- On 26 November 2023, based on the prior authorization of the General Assembly of shareholders, the Board of Directors decided (by passing) to distribute dividends of SR 58.5 million at SR 0.65 per share for the third quarter dividends of the year 2023.

<u>During the year ended 31 December 2022</u>

- On 8 February 2022, based on the authorization of the General Assembly of the shareholders, the Board of Directors decided to distribute dividends of SR 54 million at SR 0.60 per share for the fourth quarter dividends of the year 2021.
- On 23 March 2022, the Company's Ordinary General Assembly convened and approved the Board of Directors' distribution of dividends to the shareholders in the amount of SR 315 million at (SR 3.5) per share for the first, second, third and fourth quarters of year 2021.
- On 17 May 2022, based on the authorization of the General Assembly of shareholders, the Board of Directors decided to distribute dividends of SR 45 million at SR 0,50 per share for the first quarter dividends of the year 2022.
- On 13 September 2022, based on the authorization of the General Assembly of shareholders, the Board of Directors decided (by passing) to distribute dividends of SR 45 million at SR 0,50 per shar for the second quarter dividends of the year 2022.
- On 21 November 2022, based on the authorization of the Shareholders' General Assembly, the Board of Directors decided to distribute dividends of SR 54 million at SR 0,60 per share for the third quarter dividends of the year 2022.

Movement in dividends payable during the year is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**57,510,427**	64,308,690
Announced during the year	**229,500,000**	198,000,000
Paid made during the year	**(230,512,544)**	(204,798,263)
	56,497,883	57,510,427

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26- SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the year ended 31 December comprise the following:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Salaries, wages and equivalents	**5,931,516**	6,968,930
Other employees' benefits and medical insurance	**449,336**	485,031
Assignments and business trips costs	**226,587**	151,309
Maintenance and fuel	**287,267**	161,908
Depreciations (Note 7.4)	**179,292**	179,103
Stationery and publications	**161,231**	161,157
Other expenses	**169,187**	63,103
Bank charges and commissions	**101,494**	35,223
Communications	**1,241**	6,561
Expenses charged from cost of common service centers	**3,256,299**	3,539,844
	10,763,450	11,752,169

27- GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December comprise the following:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Salaries, wages and equivalents	**14,798,310**	15,619,708
Other employees' benefits and medical insurance	**505,361**	403,651
Training, assignments and business trips costs	**110,283**	191,462
Directors' remuneration	**3,840,000**	2,900,000
Remuneration of committee members from outside the board of directors	**340,000**	300,000
Allowance to attend meeting of the Board of Directors and Committees	**451,500**	451,000
Maintenance, fuel and electricity	**203,210**	154,904
Listing and deposit center fees	**810,089**	854,022
Depreciations (Note 7.4)	**300,184**	291,416
Amortization for intangible assets	**23,357**	23,357
Legal and financial consultancy	**3,123,917**	8,717,843
Donations and social responsibility	**105,604**	121,697
Telecommunication and postage	**31,220**	34,406
Bank commissions	**271,806**	336,574
Stationery and publications	**99,976**	103,689
Insurance expense	**29,525**	25,445
Out-of-Pocket Expenses	**399,416**	305,790
Expenses charged from cost of common service centers	**2,935,074**	3,262,556
Impairment of other accounts receivables	**-**	743,474
	28,378,833	34,840,994

28- OTHER INCOME

Other income for the year ended 31 December comprises the following:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Other miscellaneous income	**2,364,848**	1,544,234
Reversal of provisions and expenses reimbursements	**2,314,579**	12,622,586
Revenue from sale of industrial waste and scrap	**1,033,739**	890,700
Deposits received from Human Resource Development Fund	**920,151**	1,237,177
Rental income	**884,420**	1,185,544
Contractors compensations	**413,820**	
Revenue from sale of cement dust	**271,533**	125,443
	8,203,090	17,605,684

29- FINANCE COSTS

Financial costs for the year ended 31 December comprise the following:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Finance costs for rehabilitation of areas subject to franchise license	**899,057**	929,097
Finance costs from leases	**59,874**	100,721
	958,931	1,029,818

30- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2023, the Company has bank facilities in the form of letters of guarantee and letters of credit from commercial banks of SR 39.1 million (31 December 2022: SR 91.8 million).

As at 31 December 2023, the capital commitments on the Company are SR 39,06 million (31 December 2022: SR 121,8 million). The total value of ongoing projects' contracts amounted to SR 226,5 million as at 31 December 2023 (31 December 2022: SR 201,8 million).

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31- SEGMENT INFORMATION

The Company's activities are mainly represented in an operating sector, which is the manufacturing and selling of cement that is mainly sold to local customers. Segment information of the Company is divided as follows:

A) Financial information for revenue and profits related to sector for the year ended 31 December 2023 and 2022 is as follows:

	Operating Segment	
	31 December 2023	31 December 2022
Revenue from contracts with customers	**583,559,913**	**678,456,217**
Profit before zakat	**119,207,762**	**160,127,727**

B) Financial information for the sector's assets and liabilities for the year ended 31 December 2023 and 2022 is as follows:

	Operating Segment	
	31 December 2023	31 December 2022
Total assets	**1,209,900,983**	1,125,302,106
Total liabilities	**225,505,013**	261,651,061

32- EARNINGS PER SHARE – BASIC AND DILUTED

Basic earnings per share was calculated by dividing the distributable income for the year among the shareholders who own the ordinary shares of the Company by the weighted average number of sordinary shares outstanding during the year.

The diluted earnings per share are the same as the basic earnings per share as the company has no diluted instruments.

	For the year ended 31 December 2023	For the year ended 31 December 2022
Net income for the year	**141,970,722**	130,512,557
Weighted average number of shares	**90,000,000**	90,000,000
Basic and diluted earnings per share	**1,58**	1,45

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33- DISCLOSURES OF RELATED PARTY PARTIES

Related parties represent major shareholders, members of the Board of Directors of the Company, key management personnel of the Company, and entities managed or a significant influence is exercised over them by these parties. There are no transactions with related parties other than the following:

Key management personnel remuneration
The remuneration of the board of directors and other key management personnel charged during the year are as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Salaries and short-term benefits - key management personnel	**14,480,851**	12,691,071
Post-employment benefits - key management personnel	**1,330,316**	800,800
Board of Directors and committees' remuneration and allowances	**4,631,500**	3,651,000
	20,442,667	17,142,871

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34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

a) Fair value measurement of financial instruments
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	31 December 2023							
	Carrying amount				Fair value			
	Fair value	Amortized cost	Other financial liabilities	Total	Level 1	Level 2*	Level 3	Total
Financial assets at fair value:								
Investments at fair value through profit or loss	**334,074,546**	-	-	**334,074,546**	85,165,110	248,909,436	-	**334,074,546**
	334,074,546	-	-	**334,074,546**	85,165,110	248,909,436	-	**334,074,546**
Financial assets at amortized cost:								
Financial investments at amortized cost	-	**260,830,667**	-	**260,830,667**	-	-	-	-
Trade receivables	-	**67,863,577**	-	**67,863,577**	-	-	-	-
Cash and cash equivalents	-	**39,989,094**	-	**39,989,094**	-	-	-	-
	-	**368,683,338**	-	**368,683,338**	-	-	-	-
Financial liabilities not measured at fair value:								
Trade payables	-	-	**31,253,626**	**31,253,626**	-	-	-	-
Accrued expenses and other payables	-	-	**57,864,271**	**57,864,271**	-	-	-	-
	-	-	**89,117,897**	**89,117,897**	-	-	-	-

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34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a) Fair value measurement of financial instruments (continued)

	31 December 2022							
	Carrying amount				Fair value			
	Fair value	Amortized cost	Other financial liabilities	Total	Level 1	Level 2*	Level 3	Total
Financial assets at fair value:								
Investments at fair value through profit or loss	477,125,779	-	-	477,125,779	71,049,404	406,076,375	-	477,125,779
	477,125,779	-	-	477,125,779	71,049,404	406,076,375	-	477,125,779
Financial assets at amortized cost:								
Financial investments at amortized cost	-	324,000,000	-	324,000,000	-	-	-	-
Trade receivables	-	51,599,897	-	51,599,897	-	-	-	-
Cash and cash equivalents	-	51,883,753	-	51,883,753	-	-	-	-
	-	427,483,650	-	427,483,650	-	-	-	-
Financial liabilities not measured at fair value:								
Trade payables	-	-	29,129,692	29,129,692	-	-	-	-
Accrued expenses and other payables	-	-	89,640,122	89,640,122	-	-	-	-
	-	-	118,769,814	118,769,814	-	-	-	-

***The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected EBITDA of the investee. The estimate is adjusted for the effect of the non-marketability of the equity securities.**

34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a) Fair value measurement of financial instruments (continued)

There were no transfers between the levels of fair value hierarchies during the year.

Level 1 consists of investments in local portfolios, as they are traded in a recognized financial market at their most recent quoted prices.

Level 2 consists of investments in both local and international portfolios. Investments in unlisted mutual funds are valued using unadjusted net asset value or when units in the fund are redeemable on the basis of net asset value, at the measurement date, as appropriate.

Level 3 consists of investments in both local and international funds. Investments in local and international mutual funds and real estate funds, managed by the Company, are valued at fair value based on the latest net asset values reported by the fund managers.

b) Risk Management

The Company's overall risk management program focuses on the unpredictable fluctuations in financial markets and aims to minimize potential negative impacts on the Company's financial performance.

Financial risk management framework

Risk management policy is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The teamwork conducts meetings on a regular basis, and any changes or matters related to compliance with policies are reported to the Board of Directors through the Audit Committee.

The risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. Through training, management standards and procedures, the Company aims to develop a responsible and constructive control environment so that all employees are aware of their roles and responsibilities.

The Risk Committee oversees the management's compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments included in the statement of financial position include cash and cash equivalents, trade and other receivables, financial assets, trade and other payables. The recognition methods used are disclosed in the individual policy statement for each item.

The Company is exposed to the following risks as a result of its use of financial instruments:
a) Credit risks
b) Liquidity risk

34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and arises principally from the Company's trade receivables and cash and cash equivalents. The carrying amount of financial asset represents the maximum credit exposure. The following table presents an analysis of the credit quality of debt securities at amortised cost, FVOCI and FVTPL. It indicates whether assets measured at amortised cost or FVOCI were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

Credit rating	**31 December 2023**			
	FVTPL	**At amortised cost**		
SAR		**12-month ECL**	**Lifetime ECL – not credit-impaired**	**Lifetime ECL – credit-impaired**
BBB- to AAA	334,074,546	-	260,830,667	-
Carrying amount	**334,074,546**		**260,830,667**	**-**

Credit rating	31 December 2022			
	FVTPL	At amortised cost		
SAR		12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired
BBB- to AAA	477,125,779	-	324,000,000	-
Carrying amount	**477,125,779**	**-**	**324,000,000**	**-**

Bank balances and trade receivables

The cash and cash equivalents of the Company are deposited in public accounts with local banks with good credit ratings ranging from BBB- and above.

The Company's exposure to credit risk is mainly affected by the individual characteristics of each customer, however; management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which the costumer operates.

Management also continues to monitor the credit risk of its customers and creates a provision for doubtful balances. The existing customer balances are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are basically due from customers in local markets and most balances are pledged against effective bank guarantees from local banks with sound credit ratings. Trade and other receivables have been shown at their estimated recoverable value.

100% of trade receivables is in the Kingdom of Saudi Arabia (2022: 100%). The three largest customers constitute approximately 75% of trade receivables as at 31 December 2023 (2022: 59%).

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34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a) Credit risk(continued)

Management takes into account available and supportive forward-looking information such as:

a) Significant actual or anticipated changes in the business.
b) Actual or expected significant changes in the operating results of the counterparty,
c) Financial or economic conditions that are expected to cause a significant change in the counterparty's ability to fulfill its obligations.
d) Significant increase in credit risk on other financial instruments of the same counterparty,
e) Significant changes in the value of the collateral in support of the obligation or in the quality of counterparty guarantees or credit improvements.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	31 December 2023				31 December 2022			
Period	**Balance**	**Impairment**	**Weighted-average credit losses rate**	**Credit impaired**	Balance	Impairment	Weighted-average credit losses rate	Credit Impaired
Not past due and not impaired	47,658,579	-	0%	No	41,479,357	-	0%	No
0 - 90 days	15,621,484	115,241	1%	No	9,219,640	151,669	2%	No
90 - 180 days	2,797,534	31,056	1%	No	1,061,606	12,314	1%	No
180 - 360 days	874,637	44,793	5%	No	3,036	133	4%	No
360 - 720 days	1,532,920	430,487	28%	No	622	248	40%	No
More than 720 days	662,404	662,404	100%	Yes	1,124,781	1,124,781	100%	Yes
	69,147,558	1,283,981			52,889,042	1,289,145		

Management believes that the amounts that have been impaired and that are past due for more than 90 days are still fully collectible based on the previous payment behavior and comprehensive analysis of the customer's credit risk, including the customer's underlying credit ratings, if available. The Company establishes a provision for all balances past due for more than 720 days (2022: 720 days). As at 31 December 2023, the balance of the provision for expected credit losses amounted to SR 1,283,981 (2022: SR 1,289,145). Credit risk grade are segmented by bucket classification and an ECL rate is calculated for each bucket based on delinquency status and actual credit loss experience over the past years.

b) Liquidity risks

Liquidity risk is the difficulties that an entity will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring liquidity on an ongoing basis and ensuring that sufficient financial resources are in place. Concentration in liquidity risk may arise from terms of repayment of financial obligations, sources of financing, or reliance on a specific market to obtain liquid assets. The following are the contractual maturities of the financial liabilities at the end of the year that were presented in gross and undiscounted amounts.

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34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

b) *Liquidity risks* (continued)

2023	Total carrying amount	Less than 3 months	3-12 months	1 to 5 years	Total contractual maturity
Payables	**31,253,626**	31,253,626	-	-	**31,253,626**
Accrued expenses and other payables	**51,540,468**	18,706,337	32,834,131	-	**51,540,468**
Dividends payable	**56,497,883**	-	56,497,883	-	**56,497,883**
Lease labilities	**666,527**	194,245	488,846	-	**683,091**
Other provisions	**110,691**	-	110,691	-	**110,691**
	140,069,195	**50,154,208**	**89,931,551**	**-**	**140,085,759**

2022	Total carrying amount	Less than 3 months	3-12 months	1 to 5 years	Total contractual maturity
Payables	29,129,692	29,129,692	-	-	29,129,692
Accrued expenses and other payables	80,744,679	-	80,744,679	-	80,744,679
Dividends payable	57,510,427	-	57,510,427	-	57,510,427
Lease labilities	1,426,913	186,178	574,207	666,527	1,426,912
Other provisions	5,983,755	-	5,983,755	-	5,983,755
	174,795,466	**29,315,870**	**144,813,068**	**666,527**	**174,795,465**

As at 31 December 2023, the Company holds cash and cash equivalents of SR 40 million (31 December 2022: SR 51,9 million). Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring losses or risking damage to the Company's reputation.

Capital management
The Company’s objectives when managing capital is to safeguard the Company’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. And to maintain a strong capital base to support the sustained development of its businesses.
The Company’s adjusted net liabilities to equity ratio is as follows:

	31 December 2023	31 December 2022
Total liabilities	**225,505,013**	261,651,061
Less: cash and cash equivalents	**(39,989,094)**	(51,883,753)
Adjusted net debt	**185,515,919**	209,767,308
Total equity	**1,579,301,183**	1,664,776,824
Adjusted equity and net debt	**1,764,817,102**	1,874,544,132
Adjusted debt ratio to adjusted equity ratio	**10.51%**	11.19%

34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

c) Market risk

Market risk is the risk of possible impact of changes in market prices, such as foreign exchange rates and commission rate. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in currency foreign exchange rates. Since the Saudi Riyal is pegged against the US Dollar, there are no significant currency risks. The Company’s management monitors the changes in foreign currency exchange rates and believes that foreign currency risks are insignificant.

Commission rate risk
Commission rate risk arises from the possibility that changes in market commission rates will affect future profitability or the fair value of the financial instruments. The Company monitors the fluctuations in commission rates and believes that the effect of the commission rate risk is not material.

35- NON-CASH TRANSACTIONS

The most important non-cash transactions for the purposes of preparing the statement of cash flows are as follows:

Significant non-cash transactions	31 December 2023	31 December 2022
Transferred from projects in progress to property, plant and equipment	**2,089,342**	1,895,317
Due from sale of investments at FVTPL	**100,740**	-
Settlement of accrued expenses	**1,193,311**	513,286
Actuarial gains on employees’ benefits	**2,053,637**	85,350

36- MATERIAL EVENTS

<u>Acquisition of Hail Cement Company</u>

- On 24 December 2023, the Company announced the conclusion of a binding implementation agreement with Hail Cement Company on 08 Jumadah II 1445H (corresponding to 21 December 2023) (hereinafter referred to as the "Implementation Agreement"), according to which it was agreed that Qassim Cement Company would submit an offer to the shareholders of Hail Cement Company to acquire all of Hail Cement Company‘s shares against issuance of new shares in Qassim Cement Company in accordance with the provisions of Article (26) of the Mergers and Acquisitions Regulations and as per the Rules on the Offer o Securities and Constituting Obligations issued by the Board of the Capital Market Authority (hereinafter referred to as the “Authority”). As well as in accordance with the terms and conditions stipulated in the implementation agreement (hereinafter referred to as the “deal”), based on the swap factor and closing price of Qassim Cement Company’s shares amounting to SR 63.20 as at the date of signing the implementation agreement (which is the last trading day preceding the date of announcement publication), the valuation of Hail Cement Company’s share for the purposes of the deal amounts to SR 13.27. The valuation of the total value of Hail Cement Company’s shares for the purpose of the deal is one billion two hundred and ninety-nine million three hundred and twenty-eight thousand and eight hundred Saudi Riyals (SR 1,299,328,800), while the market value of Qassim Cement Company on the same date

36- MATERIAL EVENTS(CONTINED)

Acquisition of Hail Cement Company (contined)

The implementation agreement stipulates a share swap equation (ratio) of (0.21) for any new share in Qassim Cement Company against each share in Hail Cement Company. Accordingly, if the deal is completed, Qassim Cement Company's share capital will increase by twenty million five hundred and fifty-nine thousand (20,559,000) shares, with a total nominal value of two hundred and five million five hundred and ninety thousand Saudi Riyals (SR 205,590,000). As a result of capital increase resulting from the deal, current shareholders of Qassim Cement Company will own (81.4%) of Qassim Cement Company share capital, while the shareholders of Hail Cement Company will own (18.6%) of Qassim Cement Company share capital. After obtaining the necessary regulatory approvals, Qassim Cement Company will publish a circular to its shareholders that includes all the details related to the share capital increase and risks related to it. The approvals have not been obtained until the reporting date.

The new Regulations for companies

- The new Regulations for companies issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "The Law") entered into force on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected no later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the new Regulations for companies and will amend its Company's by-laws for any changes to align the by-laws with the provisions of Law (if any). Consequently, the Company shall present the amended By-laws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

37- SUBSEQUENT EVENTS

- On 04 January 2024, the Company announced that it had received a notice from the Arabian Oil Company (Aramco) on 03 January 2024 (corresponding to 21 Jumadah II 1445H), that the price of fuel used in the Company's activities would be adjusted as at 01 January 2024.

  Such adjustment will have financial impact on the production cost starting from the results of the first quarter of the year 2024. The Company is currently working on calculating the expected financial impact and it will be announced when the calculation is completed.

  Other than the above, management believes that there have been no significant subsequent events for the year ended 31 December 2023 that would have material impact on the Company's financial position and its performance as reflected in these financial statements and the accompanying notes.

- On 21 February 2024, based on the prior authorization of the General Assembly of shareholders, the Board of Directors decided to distribute dividends of SR 58.5 million at SR 0.65 per share for the fourth quarter dividends of 2023.

38- APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 11 Sha'aban 1445H (corresponding to 21 February 2024).

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