



# Annual Report

# 2023

[www.citycement.sa](http://www.citycement.sa)



To lead the change towards differentiated and sustainable green cementitious products for our society



## Report of the Board of Directors

To lead the change towards differentiated and sustainable  
green cementitious products for our society

to the Shareholders of City Cement Company  
For the Fiscal Year Ended 31/12/2023  
Presented to the Ordinary General Assembly of the Company



MY PRIMARY GOAL IS TO BE AN EXEMPLARY AND LEADING NATION IN ALL ASPECTS, AND I WILL WORK WITH YOU IN ACHIEVING THIS ENDEAVOUR.

The Custodian of the Two Holy Mosques

## King Salman bin Abdullaziz Al Saud

May God protect him



IT IS MY PLEASURE TO PRESENT SAUDI ARABIA'S VISION FOR THE FUTURE. IT IS AN AMBITIOUS YET ACHIEVABLE BLUEPRINT, WHICH EXPRESSES OUR LONG-TERM GOALS AND EXPECTATIONS AND REFLECTS OUR COUNTRY'S STRENGTHS AND CAPABILITIES. ALL SUCCESS STORIES START WITH A VISION, AND SUCCESSFUL VISIONS ARE BASED ON STRONG PILLARS.

His Royal Highness Prince

## Mohammad bin Salman Al Saud

The Crown Prince and Prime Minister

May God protect him



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# Board of Directors



HRH Prince

Abdulaziz bin Mishaal bin Abdulaziz Al Saud

Board Chairman



Badr bin Omar Alabdullatif

Vice Chairman &  
Managing Director



Majid bin Abdurrahman Al-Osailan

Board Member & CEO



Saleh bin Sulaiman Al-Rajhi

Board Member



Mohammed bin Hikmat Al-Zaiem

Board Member



Saleh bin Ibrahim Al-Shabnan

Board Member



Mohammed bin Saad Al-Moajil

Board Member



# Board's Statement



Dear shareholders of City Cement Company,

As members of the Board of Directors of your company, we are pleased to present the annual report for the fiscal year 2023, including the financial results achieved thanks first to the help of God Almighty and second to the efforts of the company's employees. By so doing, we are going to shed light on the company's performance and financial statements, as well as the various initiatives and project programs of the company in different activities, as required by the governance regulations.

Thankfully, we are satisfied with the company's performance amid the fierce competition that the industry is witnessing in a context of consistent domestic demand over the past three years and a 7% decrease in the industry's total demand compared to last year. However, we have a very optimistic outlook for the future due to the attention paid by our wise government to continued enhancement of growth opportunities through quality projects that have been launched in various areas and fields to advance economic development, serve as a key engine for the construction sector and contribute to the realization of the Kingdom's Vision 2030. We proceed from our belief in and awareness of our effective role as a leading national company that bears a responsibility for harnessing its energies and resources to contribute to enabling these blessed goals in a way that will benefit and achieve added value for all value chain stakeholders in alignment with the Vision's output of environmental preservation, underscoring the company's strategy of keeping pace with these opportunities to maximize your company's revenues by striving to create innovative competitive advantages that contribute to continued growth in line with the company's strategic plans and vertical and horizontal integration opportunities, and continue to supply the market with a range of environmentally friendly quality products.

We have developed a clear roadmap to keep up with our wise government's commitment to carbon neutrality, as well as standards for HSE sustainability that the company will be adhering to. We are still progressing at a rapid pace in making the necessary improvements to achieve our goal of finding innovative solutions that help our industry to shift from a linear to a circular economy. The company has a number of initiatives and projects intended for the reduction of greenhouse gas emissions to encourage sustainable development and innovation-centric cooperation with relevant parties, including policy makers and regulators. We are pleased to inform you that the company is about to release a sustainability report to review the company's initiatives and achievements with regard to the environment, community participation and governance according to internationally approved standards and the rules and regulations of relevant government authorities. We are also proud of the programs launched by the company in its pursuit of continuing to achieve higher profit margins to ensure continued delivery of superior results by accurately understanding the requirements of the market and customers, continuing to sell our range of products at the best competitive rates and based on the top value that we are able to offer to the market, increasing efficiency for cost optimization, continuing to develop and strengthen human resources and employ technology through a complete transformation journey that helps us face challenges, creating an operating model that keeps pace with the best international standards to continue providing shareholder value and employee welfare, and maintaining best ESG practices and digital transformation.



Board Chairman

HRH Prince

**Abdulaziz bin Mishaal bin Abdulaziz Al Saud**

# Our values

The company's values serve as the moral compass for the company's directions. City Cement is poised to lead sustainable development by making an active contribution while considering all stakeholders through a strategy to meet the objective and synchronize the actions aligned with the Kingdom's 2030 Vision.

## Environmental & social responsibility

Building a sustainable today and tomorrow, City Cement responsibly serves the community in every way possible.

## Innovation & growth

Staying committed to timely innovations that produce greater results for sustainable economic growth today and tomorrow.



## Customer centricity

Fostering a positive customer experience and creating a lifetime value to nurture customer relationships and strengthen their trust.

## Employee first

Creating a culture that develops a more significant impact and provides maximum opportunities to all our members.





## Firstly: **Company's Business Activity**

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





## Secondly: Company's Business Results

### 1 Sales & Profits:

The volume of cement sold during 2023 amounted to 2.16 MT, compared to 2.66 MT in 2022, a decrease of 18.79%.

**CCC was able to make good profits despite competition.**

2023's gross profits amounted to SR (110.43) million, compared to SR (145.44) million in 2022, a decrease of 24%.

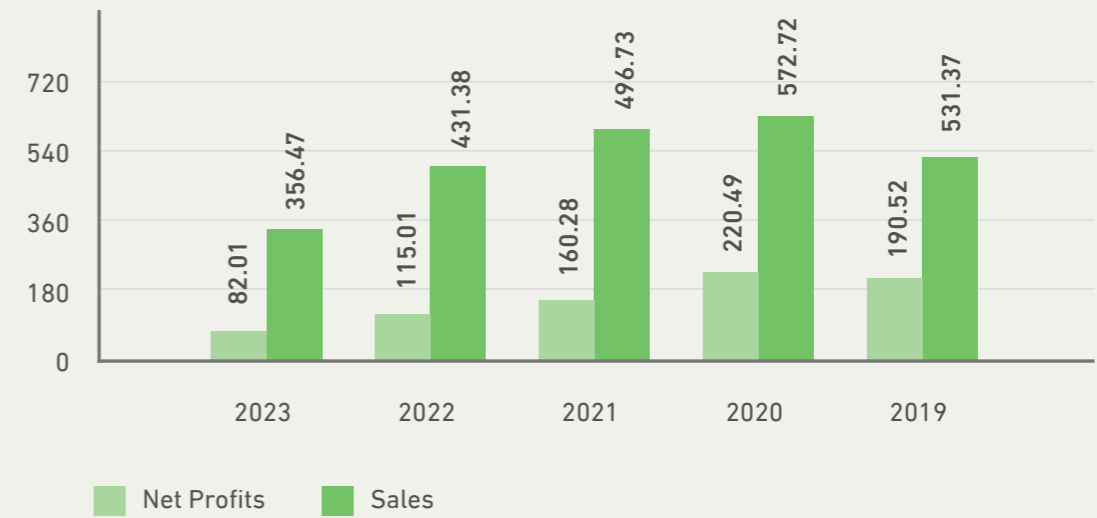
**82.01** SR million

2023's net profits totaled

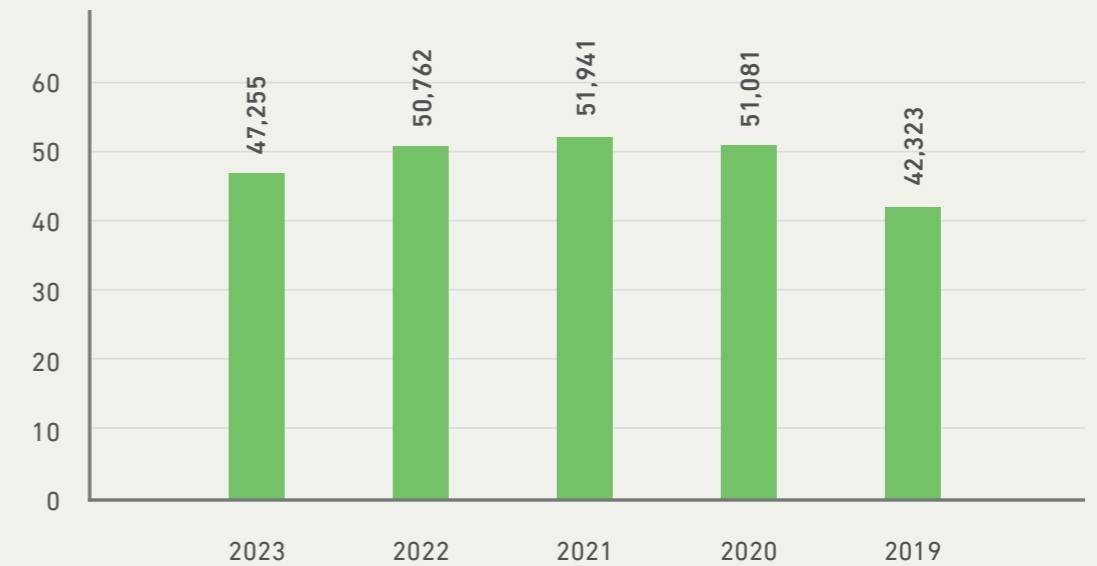
2023's net profits totaled SR (82.01) million, compared to SR (115.01) million in 2022, a decrease of 28.7% attributable to the decrease in the sales volume.

The chart below shows the development of net sales and net profits during the five years from 2019 to 2023:

2019-2023 Net Sales & Net Profits (SR million)

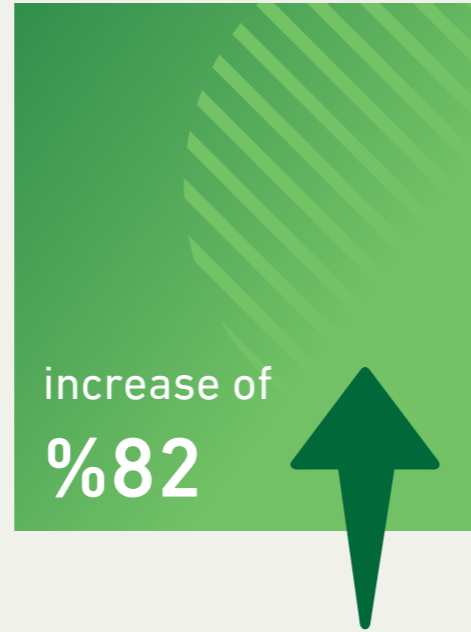


Total local sales of the cement sector (SR million)



## 2 Production:

The plant's production of clinker in 2023 amounted to 2.205 KT (i.e. 60.5% of the production capacity), compared to 2.013 KT in 2022, an increase of 9.5%. Total inventory at the end of the year equaled 702 KT, compared to 385 KT, an increase of 82%.

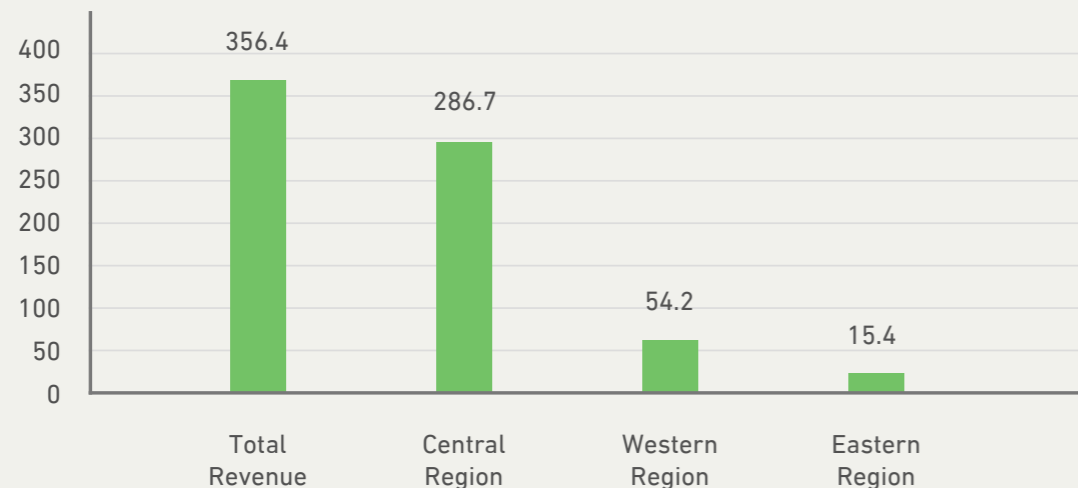


## 3 Future Outlook:

In 2023, the total demand for cement sales in the Kingdom decreased, reaching 47.255 KT compared to 50.762 KT in 2022, with a reduction rate of 7%. The Company expects that demand growth will, God willing, recover in the coming year.

## 4 Company's Revenues Geographically Distributed:

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



## Third: Future Projects & Plans

The company has a clear roadmap to achieve HSE sustainability and find innovative solutions through several initiatives and projects concerned with reducing greenhouse gas emissions to promote sustainable development and innovation-centric cooperation with relevant parties, including policy makers and regulators, with regard to the environment, community participation and governance, according to internationally approved standards and the rules and regulations of relevant government authorities. In all this, we are driven by our pursuit of continuing to achieve higher profit margins to ensure continued delivery of superior results by understanding the requirements of the market and customers, continuing to sell our range of products at the best competitive rates and based on the top value we are able to offer, increasing efficiency for cost optimization, continuing to develop and strengthen human resources and employ technology through a complete transformation journey that helps us face challenges, creating an operating model that keeps pace with the best international standards to continue providing shareholder value and employee welfare, and maintaining best ESG practices and digital transformation.



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

## Fourthly Loans



The Company declares that as at 31/12/2023 the Company had no outstanding loans payable to banks or any other institutions. However, the Company has in place credit facility agreements governed by the terms and conditions of Islamic finance, totaling SR 90,625,000 against a promissory note.

**the Company has in place credit facility agreements governed by the terms and conditions of Islamic finance, totaling**

**90,625,000** SR

against a promissory note



## Fifth: Subsidiaries

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



## Sixthly: Statutory Payments to Government Agencies

Item	2023		Brief Description
	Paid during the year	Outstanding payables till the end of the annual financial period	
Zakat	12,068,897	12,067,741	The Company is subject to the zakat and tax regulations in force in Saudi Arabia. A provision for zakat is made on an accrual basis. The Company obtained the final assessment certificates for the years 2006-2022.
VAT	39,071,158	2,308,243	The Company is subject to the zakat and tax regulations in force in Saudi Arabia. These are paid on a monthly basis within the statutory time limit based on previous month's payables.
Withholding Tax	84,188	1,955	
GOSI Contributions	3,115,767	255,306	The Company is subject to the Social Insurance Law. GOSI contributions are recognized on an accrual basis.
Quarrying Fees	18,527,460	5,043,066	Fees for the exploitation of raw materials are paid in respect of licenses for raw material quarries.

\*(Saudi Riyals)



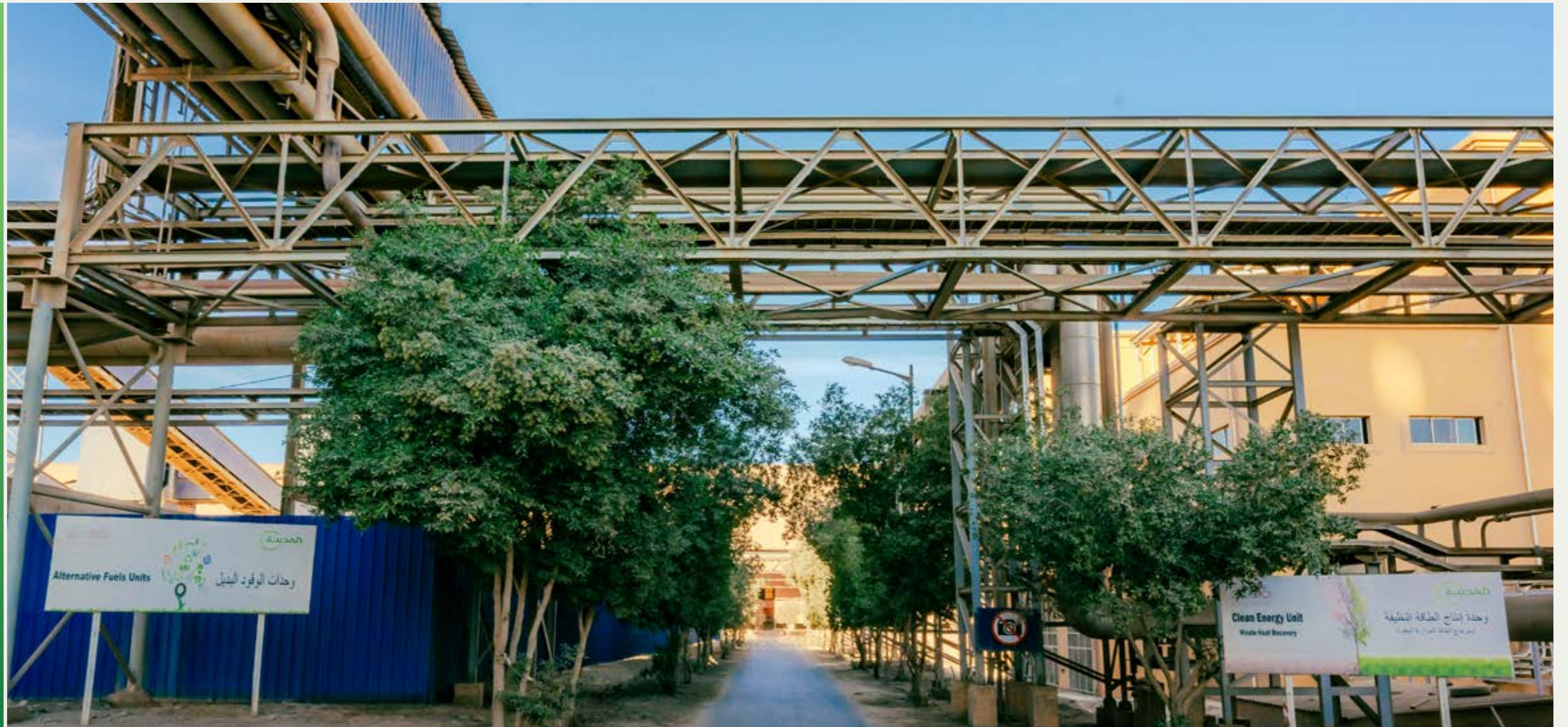
## Seventh: Social Responsibility & Community Service

Social responsibility and community service are among the priorities of the Company. CCC has done, and is still doing, a great deal to support all the requirements of the neighboring areas, including sponsorships and development and awareness-raising contributions covering different walks of life. CCC is keen to contribute to everything that benefits and has added value to society and its various segments, building on strategic plans consistent with the Company's activities and the Kingdom's Vision 2030 in terms of environmental and knowledge initiatives, thus contributing to a thriving social fabric.

### Donations and Social Contributions:

- 1 Supported World Civil Defense Day.
- 2 Supported 2023 Eid Al-Fitr celebrations.
- 3 Treated Rheumatoid patients.
- 4 Restored Marat's Anas Ibn Malik Mosque.
- 5 Continued to support Marat Health Club.
- 6 Supported the 94<sup>th</sup> National Day celebration.
- 7 Supported Marat cycling race, 4<sup>th</sup> year.
- 8 Supported Marat Date Festival, 4<sup>th</sup> year.

## Eighth: Management Systems and Certifications



CCC has dedicated itself to complying with the highest Saudi and international management system standards by obtaining ISO certifications for quality, environment, health and safety, and energy management systems.

In 2023, the company obtained the Smart Industry Readiness Index (SIRI) certification, which highlighted its efforts and advancements in digital transformation, and the Environmental Product Declaration Certificates for its products to showcase its environmental sustainability commitments.

These certifications demonstrate our commitment to providing products and services that meet stringent quality standards, reducing our impact on the environment, and ensuring the health and safety of our employees and stakeholders.

By obtaining these certifications, we have established a systematic approach to continuous improvement in these key areas, which not only benefits our

organization but also our customers, suppliers, and the community at large.

Our dedication to maintaining and improving these management systems is a testament to our company's strong values of sustainability, responsibility, and excellence in all aspects of our operations.

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



## Quality certificates and international award



Smart industry readiness index



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



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



Latest version of the ISO 14001:2018 Environmental Management System Certification



Latest version of the ISO 45001:2018 Occupational Health and Safety Management System Certification



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



QC 100 GOLDEN

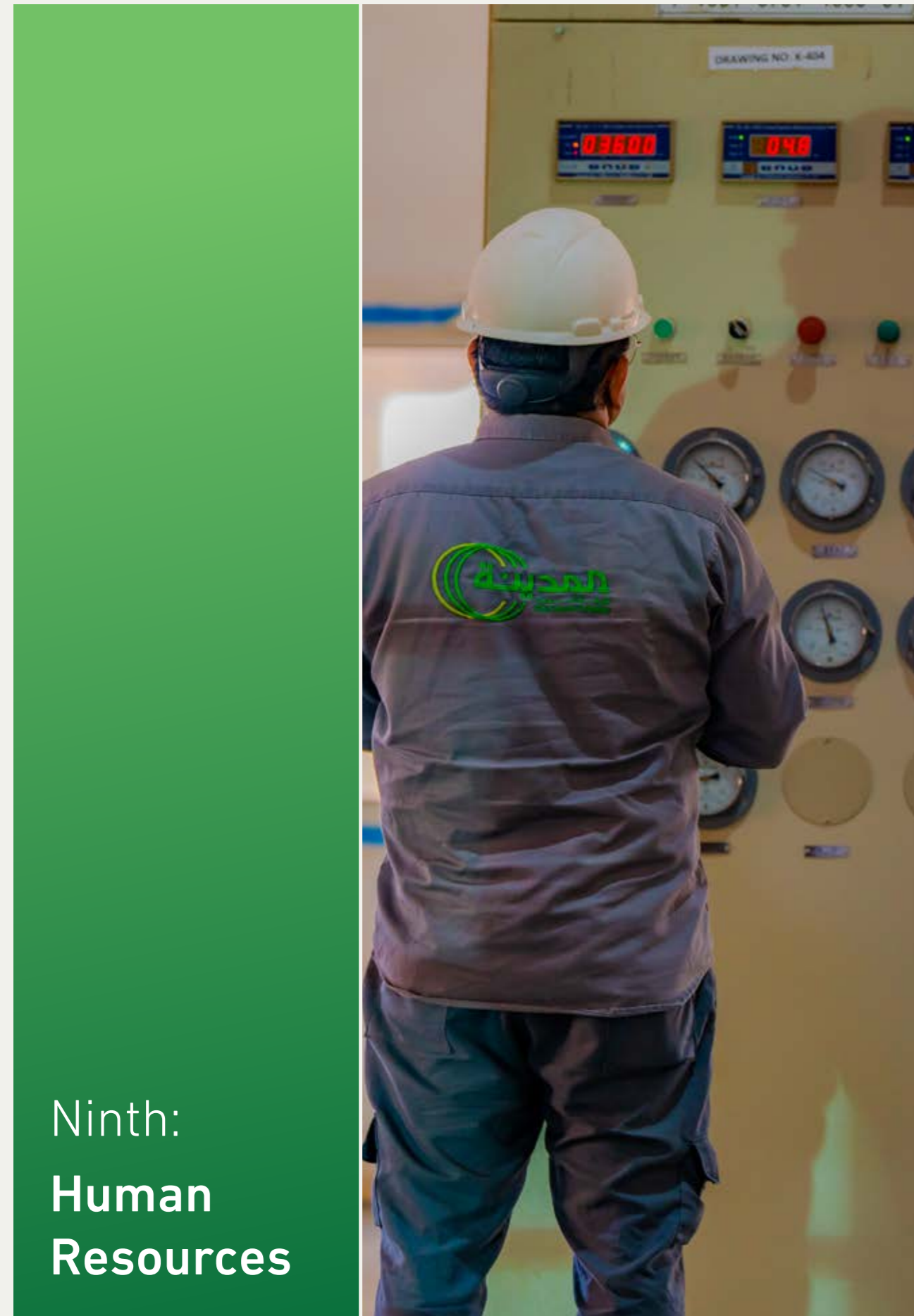


QC 100 PLATINUM



The Green Era Award for Sustainability





## Ninth: Human Resources



## The programs to develop resources and work systems are:



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

With the aim of achieving its goals in terms of developing and training its human resources, CCC has adopted specialized programs for personnel selection, development and career planning to ensure that positions are filled by qualified and distinguished national competencies. CCC also encourages staff to participate positively in the development of the Company and creates a suitable working environment that promotes teamwork, while continuing to strengthen their skills and qualifications to boost their level of performance.

The Company has nationalized many leadership positions and employed national personnel in several departments.

Furthermore, the Company continues to cooperate with local and global entities specialized in providing technical, managerial and marketing training services, in addition to holding in-house workshops and considering the possibility of sending national personnel on scholarships in the cement industry domain within the Kingdom and/or abroad. This is done within a complete journey of transformation helping us to confront challenges and creating an operating model up to the best international standards to continue providing the value for the shareholders and employees welfare and maintain the best environmental, social and governance practices and digital transformation.



## Tenth: Risks

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



### Operational and marketing risks

The Company pays attention to the potential risks resulting from the competition anticipated at the local level owing to domestic cement companies' high inventories. The Company monitors and regularly reviews these and operational risks and establish appropriate measures to address and contain them.



### Economic risk

The domestic and global economic situation may have a direct impact on the future business of the Company, including changes in sales performance, the level of market liquidity and financing costs, industrial recession, competition from foreign countries and manufacturers, technical development, prices of fuel, inputs and the Company's end products, inflation, political events that could impact on corporate markets, exchange rate volatility, and product alternatives that could have an impact on the Company's business and revenue.



### Risks related to laws and regulations

The running of the Company's business is governed by multiple laws and regulations. Any changes to or replacements of these laws and regulations by any government entity, regulatory body or judicial authority, or the issuance of an order ceasing the Company's business, or all or some of the Company's products, could impact on the Company's business and revenue.



### Risk from focusing on certain customers

Thankfully, the Company's products cover a wide range of customers. The Company depends on distributors for the distribution of its products. If any customer or a group of customers or distributors incurred losses, stopped dealing with the Company

or otherwise failed to abide by the established criteria for selling the Company's products, this would impact on the Company's business and revenue.



### Risk from the Company's geographical location and natural disasters

All the Company's business is concentrated in one location. Any directive suspending the Company's business in this location or any natural disasters such as floods or earthquakes occurring therein would have an impact on the Company's business and revenue.



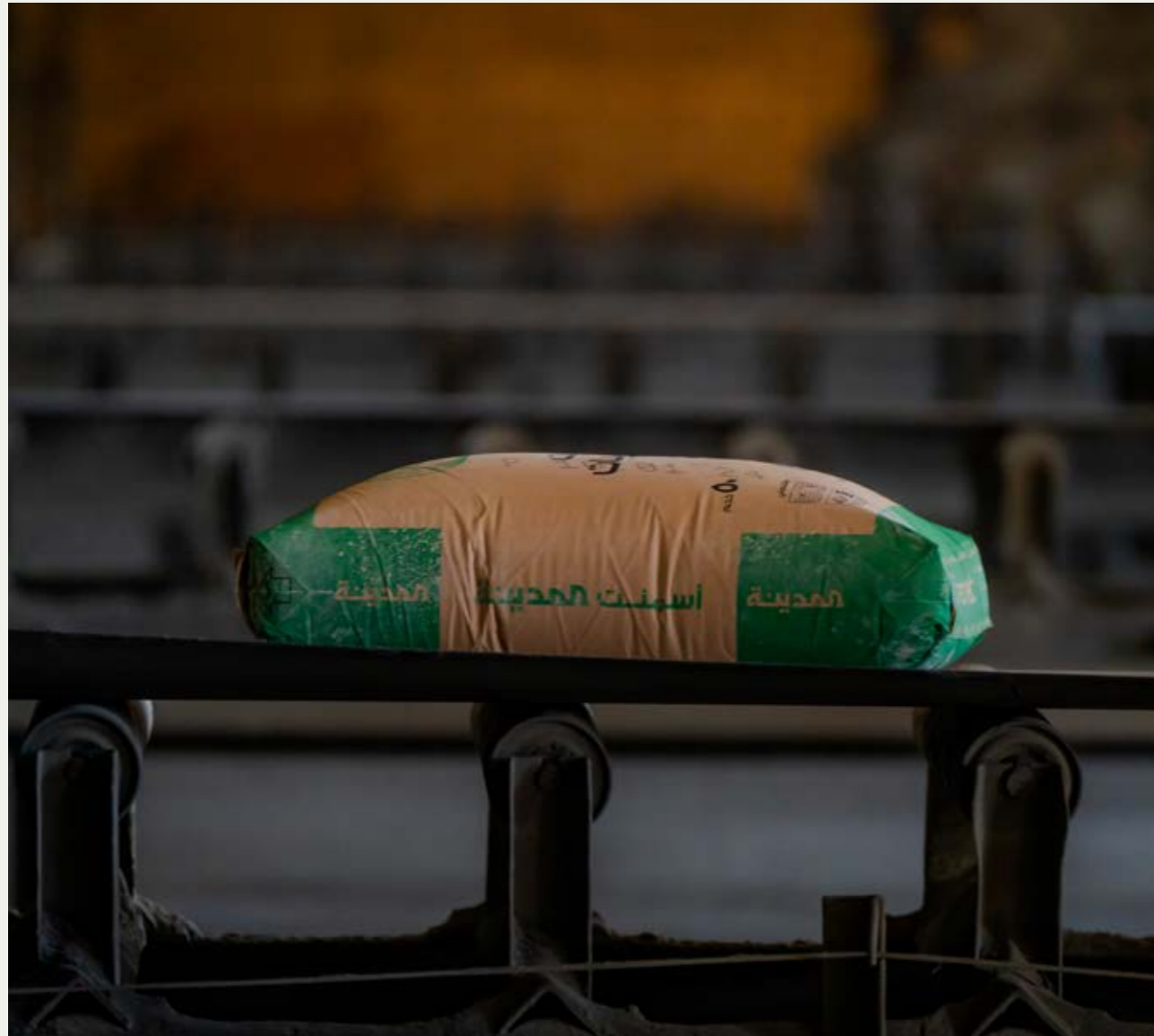
### Risk related to mining rights

Mining is an essential part of the Company's activity and mining rights are granted to the Company by the Saudi government's relevant authorities. If those mining rights are canceled or any restrictions imposed thereon, the Company's ability to operate the plant may be affected and as a consequence there would be serious adverse repercussions for the Company's financial position and results of operations.



### Risk related to energy supplies

Cement production consumes large quantities of energy, which account for a large portion of production costs. Therefore, any rise in fuel prices will have a negative impact on the Company's business, financial position and results of operations. Also, failure to secure the required amount of fuel for the second line would have an ongoing negative and substantial effect on the Company.



## Eleventh: Corporate Governance

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

Article	Text of the Article/Paragraph	Partially applied	Not applied	Reason for non-application
Unapplied indicative articles				
	Articles 37, 39, 67, 68, 69, 73, 74, 75, 82, 84, 85 & 92		✓	Indicative articles which will be applied when they become mandatory.



## Twelveth: Description of Any Deviations

from the Accounting Standards Adopted by the Saudi Organization for Certified Public Accountants (SOCPA)

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



# Thirteenth: Names of the Members of the Current Board of Directors

in its Sixth Session, Committee Members, their Current and Former Positions, Qualifications, Experience, and Board Memberships in Other Joint Stock Companies (JSCs)



**HRH Princ/  
Abdulaziz bin Mishaal bin Abdulaziz  
Al Saud**

**Board Chairman**

### Qualifications, Current & Former Positions, and Experience

- Bachelor's degree in Business Administration
- Chairman of the Board of Directors of the City Cement Company
- General Supervisor of the Works of HRH Prince Mishaal bin Abdulaziz Al Saud May God have mercy on him and the supervisor of the liquidation of the estate
- General President of the AlShuaa Group
- Chairman of the Board of Directors of Al-Jouf Agricultural Company (formerly)
- Chairman of the Board of Directors of Yanbu Cement Company (formerly)
- CEO of Dhahran Gas and Oil Company (formerly)
- General President of the AlShuaa Group
- General President of the Technology Services Company
- General President of Advanced Business Information Technology Company
- General Manager of First Building Construction - Private Institution
- Chairman of the Board of Directors of Jawraa Company - Lebara
- Member of the Board of Directors of Hitachi International
- Chairman of the Board of Directors of Modon Arabia Company

### JSC Memberships

- City Cement (Public JSC)

**Badr bin Omar Alabdullatif**

**Vice Chairman, Managing Director & Chairman of the Executive Committee**

### Qualifications, Current & Former Positions, and Experience

- High School Diploma.
- Vice Chairman of the Board of Directors, Managing Director & Chairman of the Executive Committee, City Cement Co.
- Board Member and Member of the Audit Committee, Alabdullatif Holding Group.
- Board Member, Alabdullatif Furniture Co.
- Board Member and Member of the Executive Committee, Future Ceramics.
- Chairman of the Nomination and Remuneration Committee, City Cement (formerly).
- Board Member, Alabdullatif Industrial Investment (formerly).
- Chairman of the Nomination and Remuneration Committee, Alabdullatif Industrial Investment (formerly).
- Chairman of the Audit Committee, Alabdullatif Industrial Investment (formerly).
- Assistant GM, Alabdullatif Furniture (formerly).
- Director of Administration & in charge of all branches countrywide (formerly).
- Director, Government Relations, Alabdullatif Furniture (formerly).

**Badr bin Omar Alabdullatif****Vice Chairman, Managing Director & Chairman of the Executive Committee****JSC Memberships**

- City Cement (Public JSC)
- Alabdullatif Holding Group (Closed JSC)
- Future Ceramics (Closed JSC)
- Alabdullatif Furniture (Closed JSC)
- Green Solutions Environmental Services Co. (a One Person Limited Liability Company)

**Majid bin Abdurrahman Al-Osailan****Board Member & CEO****Qualifications, Current & Former Positions, and Experience**

- An INSEAD-accredited global GM certification.
- Master of Administrative Sciences from the American International University (certified by the Ministry of Higher Education and SACM).
- Future Managers Program, equivalent to a master's degree in banking, from Riyad Bank, in collaboration with Al Taweel Training Institute.
- Various conferences, workshops and training courses within and outside the Kingdom in specialized administrative, financial and technical industrial disciplines / 3000+ hours (INSEAD School of Business, University of San Diego School of Business, Euromoney Institute, Oxford Business Institute, London Institute of Business, Saudi Banking Institute, Leoron International Training Center).
- Bachelor of Accounting, King Saud University.
- Board Chairman, Natural Gas Distribution Co.
- Chairman of the Environment and Energy Committee, the Saudi International Chamber of Commerce.
- Chairman of the Audit Committee, Alabdullatif Industrial Investment.
- Board Deputy Chairman, Alabdullatif Industrial Investment Co.
- Deputy Chairman of the National Committee for Cement Industry.
- Board Deputy Chairman, Green Solutions Environmental Services Co.
- Board Member, Ajil Financial Services.
- Board Member and CEO, City Cement.
- Member of the Executive Committee, City Cement.
- Member of the Saudi International Chamber of Commerce.
- Member of the Risk Management Committee, Alabdullatif Industrial Investment Co.
- Board Member, Saudi Makamin Holding Co. (formerly).
- Member of the Audit Committee, Murabaha Installment Co. (formerly).
- Head of Finance, Administration & IT, City Cement (formerly).
- Head of Finance, City Cement (formerly).
- Corporate Banking Department, Riyad Bank (formerly).
- Credit & Risk Department, Riyad Bank (formerly).
- Accounting Dept., Fransi Banque (formerly).

**Majid bin Abdurrahman Al-Osailan****Board Member & CEO****JSC Memberships**

- Ajil Financial Services (Closed JSC)
- City Cement (Public JSC)
- Alabdullatif Industrial Investment (Public JSC)
- Natural Gas Distribution Co. (Closed JSC)
- Green Solutions Environmental Services Co.

**Mohammed bin Saad Al-Moajil****Board Member****Qualifications, Current & Former Positions, and Experience**

- Bachelor of Business Administration & Marketing (Honors), American University in Dubai, UAE.
- Master of Business Administration, Stanford University, USA.
- Financial Advisor, Atlantic Pacific Capital, UK (formerly).
- Founder and Managing Partner, Averroes Capital – London.
- Founder, TLC – London (www.tomouch.com).
- Financial Advisor, Atlantic Pacific.
- Advisor and President, Al Yamamah Steel Industries Co.
- Founder, Tomouh Co.

**JSC Memberships**

- Board Member, City Cement
- Board Member, Dhahran Expo
- Board Member, Dhahran Chemical Industries and Marketing Company
- Board Member, Packaging Products Company
- Board Member, AlMoajil Trading & Contracting
- Board Member, Telal Foods
- Board Member, Arabian Precision Industries

**Saleh bin Ibrahim Al-Shabnan****Board Member****Qualifications, Current & Former Positions, and Experience**

- Bachelor of Industrial Management, King Fahd University of Petroleum and Minerals.
- Deputy President for Supplies, Saudi Basic Industries Corporation (SABIC) – formerly
- CEO, National Agricultural Services Company (a state-owned company) – formerly
- CEO, Saudi Mining Services Company (a state-owned company) – formerly
- CEO, Food Caravan industrial Company (a private company) – currently
- Board Chairman, Supply Chain & Procurement Society - currently
- Deputy Board Chairman, Industrial Exporters Association- currently

**JSC Memberships**

- City Cement (Public JSC)
- Green Solutions Environmental Services Co. (a One Person Limited Liability Company)
- Supply Chain & Procurement Society (a Professional Non-Profitable Society)
- Industrial Exporters Association (a Professional Non-Profitable Association)

**Saleh bin Sulaiman Al-Rajhi****Board Member****Qualifications, Current & Former Positions, and Experience**

- Bachelor of Business Administration.
- Board Member City Cement
- Experience in banking and the management of commercial & investment companies.

**JSC Memberships**

- City Cement (Public JSC)

**Mohammed bin Hikmat Al-Zaiem****Board Member****Qualifications, Current & Former Positions, and Experience**

- Bachelor's degree in electrical engineering.
- Holder of several management program certificates.
- Board Member & Member of the Executive Committee and the Nomination and Remuneration Committee, City Cement.
- Vice Chairman of the Board of Directors and Member of the Executive Committee & the Nomination and Remuneration Committee, Riyadh Cables Group Company.
- Board Member & CEO, International Trading and Contracting Co. Ltd (ITCC).
- Board Chairman, Saudi Modern Company for Specialized Electrical Cables & Wires Industry.
- Board Chairman, Riyadh Cables Company.
- Vice Chairman of the Board of Directors, Saudi Modern Company for Metals, Cables and Plastic Industry.
- Vice Chairman of the Board of Directors, Saudi Modern Company for Telephone Cables Industry.
- Vice Chairman of the Board of Directors and Member of the Executive Committee, Future Ceramics.
- Board Member, Green Solutions Company
- Board Member, Afaq Al Hikma.
- Board Member, Al Afaq Development.
- Board Member, Ajyal Al Hikma.
- Board Member, Deira Akel Real Estate.
- Director, Jasmine Agricultural Meadows Company
- Executive Director, Riyadh Cables Group Company (formerly).
- Chairman of the Audit Committee, City Cement Company (formerly).

**JSC Memberships**

- City Cement (Public JSC)
- Riyadh Cables Group (Public JSC)
- Future Ceramics (Closed JSC)
- Saudi Modern Company for Specialized Electrical Cables & Wires Industry (Closed JSC)
- Riyadh Cables Company (Closed JSC)
- Saudi Modern Company for Metals, Cables and Plastic Industry (Closed JSC)
- Saudi Modern Company for Telephone Cables Industry (Closed JSC)
- Future Ceramics Company (Closed JSC)
- Green Solutions Environmental Services Co. (a One Person Limited Liability Company)
- Afaq Al Hikma Development (Closed JSC)
- Al Afaq Development Company (LLC)
- Ajyal Al Hekma Investment Company (LLC)
- Dar Akal Real Estate Development Company (LLC)
- Jasmine Agricultural Meadows Company (LLC)
- International Trading and Contracting Company (LLC)



Thirteenth:  
**Names of the Members of the Executive Management Team,**  
 their Current and Former Positions, Qualifications and Experience

**Turki bin Abdulaziz Alabdullatif**

**Deputy CEO – Strategic Business Development Council (SBDC)**

**Qualifications, Current & Former Positions, and Experience**

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

**Abdulrahman Muhammed Ahmed**

**Deputy CEO – Strategic Business Development Council (SBDC)**

**Qualifications, Current & Former Positions, and Experience**

- MBA, University of Manchester, UK.
- Certificate of Specialization in Business Strategy, Harvard University.
- Bachelor's degree in Mechanical Power Engineering.
- Board Member. Innovative Solutions for Environmental Service.
- Board Member. Evolve Performance Management Solution Pty Ltd, Australia
- Several specialized technical courses and conferences in the cement industry, supply chain management and HR.
- Former Head of Strategic Planning.
- Former Technical and Excellence Director, InterCement.
- Former Head of Performance, Process Optimisation and Quality, InterCement.
- Former Head of Production, Italcementi.
- Previously held various key positions in Italcementi.

**Abdulaziz bin Mohammed Al-Suwaidan**

**Head, Finance & IT**

**Qualifications, Current & Former Positions, and Experience**

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



**Sulaiman bin Abdulaziz Al-Hadithi**

**Head, Commercial**

**Qualifications, Current & Former Positions, and Experience**

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

**Abdul Wahid bin Awn Al-Qarni**

**Head, Administration**

**Qualifications, Current & Former Positions, and Experience**

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



**Board Committees**

## 1

## The Audit Committee

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

Members of the Audit Committee in the Sixth Session of the Board:

	Name	Designation	1	2	3	4	5
			14/3/2023	15/5/2023	8/8/2023	5/9/2023	1/11/2023
1	Saleh bin Sulaiman Al-Rajhi	Committee Chairman	✓	✓	✓	✓	✓
2	Mr. Abdulaziz bin Abdullatif Al-Doligan	Committee Member (Non-Board Member)	✓	✓	✓	✓	✓
3	Mr. Mohammed bin Hamdan Al-Sorayai	Committee Member (Non-Board Member)	✓	✓	✓	✓	✓
4	Mr. Saleh bin Hassan Al Alshaikh	Committee Member (Non-Board Member)	✓	✓	✓	✓	✓

In its sixth session, the Committee held five meetings in 2023.

## 2

## The Nomination and Remuneration Committee

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

Members of the Nomination and Remuneration Committee in the Sixth Session of the Board:

	Name	Designation	1	2	3	4
			20/2/2023	26/2/2023	7/8/2023	24/12/2023
1	Mr. Mohammed bin Saad Al-Moajil	Committee Chairman	✓	✓	✓	✓
2	Mohammed bin Hikmat Al-Zaiem	Committee Member	✓	✓	✓	✓
3	Mr. Saleh bin Ibrahim Al-Shabnan	Committee Member	✓	✓	✓	✓

In its sixth session, the Committee held four meetings in 2023.

## 3

## The Executive Committee

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

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

	Name	Designation	1	2	3
			15/3/2023	16/10/2023	19/12/2023
1	Mr. Badr bin Omar Alabdullatif	Committee Chairman	✓	✓	✓
2	Mr. Majid bin Abdurrahman Al-Osailan	Committee Member	✓	✓	✓
3	Mr. Saleh bin Ibrahim Al-Shabnan	Committee Member	✓	✓	✓
4	Mr. Mohammed bin Hikmat Al-Zaiem	Committee Member	✓	✓	✓

In its sixth session, the Committee held three meetings in 2023.

### Committee Members' Remuneration in the Sixth Session of the Board:

	Name	Fixed Remuneration	Attendance Fee	Reimbursements and Travel & Accommodation Costs	Total
<b>Executive Committee Members</b>					
1	Mr. Badr bin Omar Alabdullatif	---	9,000	0	0
2	Mr. Majid bin Abdurrahman Al-Osailan	---	9,000	0	0
3	Mr. Mohammed bin Hikmat Al-Zaiem	---	9,000	0	0
4	Mr. Saleh ibn Ibrahim Al-Shabnan	---	9,000	0	0
<b>Audit Committee Members</b>					
1	Mr. Saleh bin Sulaiman Al-Rajhi	---	15,000	0	0
2	Mr. Abdulaziz bin Abdullatif Al-Doligan	---	15,000	0	0
3	Mr. Mohammed bin Hamdan Al-Sorayai	---	15,000	0	0
4	Mr. Saleh bin Hassan Al Alshaikh	---	15,000	0	0
<b>Nomination &amp; Remuneration Committee Members</b>					
1	Mr. Mohammed bin Saad Al-Moajil	---	12,000	0	0
2	Mr. Mohammed bin Hikmat Al-Zaiem	---	12,000	0	0
3	Mr. Saleh ibn Ibrahim Al-Shabnan	---	12,000	0	0

## The Board of Directors



1

## Board Members

Members of the Board of Directors and their Remuneration during 2023 in the Board's Sixth Session (Value in Riyal)

	Name	Title	Category	Annual Remuneration	Meeting Attendance Fee	Salary, Compensation & Allowances
1	HRH Prince Abdulaziz bin Mishaal Al Saud	Board Chairman	Independent	200,000	12,000	0
2	Mr. Badr bin Omar Alabdullatif	Vice Chairman & MD	Executive	200,000	12,000	0
3	Mr. Majid bin Abdurrahman Al-Osailan	Board Member	Executive	200,000	12,000	0
4	Mr. Saleh bin Sulaiman Al-Rajhi	Board Member	Independent	200,000	12,000	0
5	Mr. Mohammed bin Saad Al-Moajil	Board Member	Independent	200,000	12,000	0
6	Mr. Saleh ibn Ibrahim Al-Shabnan	Board Member	Non-Executive	200,000	12,000	0
7	Mr. Mohammed bin Hikmat Al-Zaiem	Board Member	Non-Executive	200,000	12,000	0

Acting on the recommendation of the Nomination and Remuneration Committee, the Board recommended that a recommendation be made to the next General Assembly to approve annual remuneration payments to the Board members totaling SR 1,400,000 on a distribution basis of SR 200,000 for each member.

The above remuneration was determined in accordance with the Remuneration Policy approved by the General Assembly on 3/5/2018 so as to avoid any material deviations.

## 2

## Board Members' Attendance of Board Meetings in 2023

The table below shows the meetings of the members of the Board of Directors during 2023 in the Board's sixth session:

	Name	1	2	3	4
		1/1/2023	16/3/2023	19/10/2023	27/12/2023
1	HRH Prince Abdulaziz bin Mishaal Al Saud	✓	✓	✓	✓
2	Mr. Badr bin Omar Alabdullatif	✓	✓	✓	✓
3	Mr. Majid bin Abdurrahman Al-Osailan	✓	✓	✓	✓
4	Mr. Saleh bin Sulaiman Al-Rajhi	✓	✓	✓	✓
5	Mr. Mohammed bin Saad Al-Moajil	✓	✓	✓	✓
6	Mr. Saleh ibn Ibrahim Al-Shabnan	✓	✓	✓	✓
7	Mr. Mohammed bin Hikmat Al-Zaiem	✓	✓	✓	✓

## 3

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

	Name	Ordinary General Assembly
		20/6/2023
1	HRH Prince Abdulaziz bin Mishaal Al Saud	Apologized
2	Mr. Badr bin Omar Alabdullatif	✓
3	Mr. Majid bin Abdurrahman Al-Osailan	✓
4	Mr. Mohammed bin Saad Al-Moajil	Apologized
5	Mr. Saleh bin Sulaiman Al-Rajhi	✓
6	Mr. Saleh ibn Ibrahim Al-Shabnan	✓
7	Mr. Mohammed bin Hikmat Al-Zaiem	✓

## 4

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



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

## 5

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

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

### Introduction

This Remuneration Policy for Board Members, Board Committees and the Executive Management has been prepared with the aim of complying with the Corporate Governance Regulations issued by the Capital Market Authority (CMA) Board pursuant to Resolution (8-16-2017) dated 16/5/1438H, corresponding to 13/2/2017, which stipulate that the Nomination and Remuneration Committee (NRC) shall "prepare a clear policy for the remuneration of the Board members, Board committees and Executive Management, and present such policy to the Board for consideration, in preparation for approval by the General Assembly."

### Purpose

The purpose of this policy is to define clear criteria for the remuneration of Board members, Board Committees and senior executives in light of the Companies Law requirements and CMA regulations. In addition, this policy aims to attract professionals with adequate competence, capabilities and talent to serve on the Company's Board, committees and Executive Management by adopting incentive remuneration schemes and programs linked to performance, thus contributing to the improvement of the Company's performance and achievement of the best interests of its shareholders.

## General Criteria for Remuneration

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

- The remuneration shall be commensurate with the Company’s activities, strategy, objectives and the skills needed to manage it, and consistent with the magnitude, nature and degree of risks faced by the Company.
- The Company shall take into consideration the practices of other companies and those prevailing in the labor market in respect of the determination of remuneration, avoiding unjustifiable increases in remuneration and compensation.
- The remuneration shall be determined based on job level, duties and responsibilities, educational qualifications, work experience, skills and performance level.
- The remuneration shall be reasonably sufficient to attract, motivate and retain adequately competent and experienced professionals.
- The remuneration of a Board member shall be determined such that it reflects the member’s experience, responsibilities, duties, the number of Board meetings attended by the member, etc.
- The remuneration shall be suspended and taken back where it turns out that it was given based on inaccurate information provided by the member of the Board or Executive Management, in order to prevent abuse of office to obtain undue remuneration.

## Remuneration of the Board Members

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

<b>Transportation and travel allowance</b> for members residing outside the city of venue (Riyadh)	<b>Equal to actual expenses</b>  <span style="font-size: 2em;">3,000</span> SR
<b>Attendance fee per meeting</b>	

- **Annual lump sum per member:**  
Determined annually without exceeding SR 200,000 as stipulated in the Company’s Articles of Association.
- **Adjustment & Payment:**  
The annual lump-sum remuneration of a Board member indicated above may be subject to review from time to time on the NRC’s recommendation in light of the Company’s performance, in which case the approval of the shareholders’ General Assembly (GA) shall be obtained.

**2** The amount of such remuneration may vary in light of a policy issued by the NRC and approved by the Company’s GA.

**3** The annual Board report shall include a comprehensive statement of all the amounts received by the Board members during the fiscal year including remuneration, reimbursement allowances and other benefits, as well as all the amounts received by the Board members in their capacities as employees or managers, or in consideration of any technical, administrative or advisory work performed. The report shall also include a statement of the number of Board meetings and the number of meetings attended by each member from the date of the last meeting of the GA.

**4** The Board may set special remuneration payments for the Board Chairman, Vice Chairman and Managing Director in accordance with Article 21(2) of the Company’s Articles of Association.

## Remuneration of the Committee Members

**1** The Board shall determine and approve the remuneration, attendance fees and other benefits of the members of its committees, with the exception of the Audit Committee, upon the recommendation of the NRC.

**2** The meeting attendance fee and other benefits shall be paid as described herein in accordance with the table below:

<b>Transportation and travel allowance</b> for members residing outside the city of venue (Riyadh)	<b>Equal to actual expenses</b> (to be paid following each meeting)
<b>Attendance fee per meeting</b>	3,000 SR

- **Remuneration of a committee member who is a non-Board member (as approved by the NRC based on the functions assigned thereto)**

Determined annually without exceeding SR 200,000 as stipulated in the Company's Articles of Association.

- **Adjustment & Payment:**

The annual lump-sum remuneration of a committee member (who is a non-Board member) indicated above may be subject to review from time to time based on a recommendation by the NRC to the Board (which, in turn, shall make a recommendation in case of approval) in light of the Company's performance, in which case the GA's approval shall be obtained.

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

## Remuneration of the Executive Management:

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

## Further Guidelines on Remuneration & Payment Mechanism

1. Board members shall not vote on the agenda item relating to the remuneration of the Board members at a meeting of the shareholders' GA.
2. The Company shall disclose the remuneration of the Board members, committee members and senior executives in the annual Board report as prescribed by the directives and guidelines issued under the Companies Law and CMA laws and their implementing regulations.
3. A member shall be entitled to remuneration starting from the date of joining the Board or committee pro rata to the duration of serving thereon.
4. The remuneration payments of the members of the Board and committees shall be processed by the Board Secretary or committee secretary, as applicable, and approved by the CFO.
5. The attendance fee for a Board meeting or a committee meeting shall be paid within one week after the meeting.
6. With the start date of serving on the Board during the expired fiscal year being taken into consideration, the annual remuneration of the Board shall be paid on an annual basis after being approved by the GA. The annual remuneration of a committee member (who is a non-Board member) shall be paid annually within 30 days following the end of the fiscal year, with the start date of serving on the committee during the expired fiscal year being taken into consideration.



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

Board Secretary's attendance fee	SR 2,000
A committee secretary's attendance fee	SR 1,000
Board Secretary's annual remuneration	SR 20,000
A committee secretary's annual remuneration	SR 20,000

### • Adjustment & Payment:

The annual lump-sum remuneration of the Board Secretary and committee secretaries indicated above may be subject to review from time to time based on a recommendation by the NRC to the Board (which, in turn, shall make a recommendation in case of approval) in light of the Company's performance, in which case the GA's approval shall be obtained.

### • Final Provisions (Review, Amendment & Publication):

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

6

A

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

Name	Remarks	Shares at the end of 2022		Shares at the end of 2023		Change during the year	
		No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
HRH Prince Abdulaziz bin Mishaal Al Saud Board Chairman	-	529,159	0.377%	529,159	0.377%	-	-
Mr. Badr bin Omar Alabdullatif Vice Chairman	-	1,479	0.001%	1,479	0.001%	-	-
Mr. Majid bin Abdurrahman Al-Osailan Board Member & CEO	-	10,000	0.007%	10,000	0.007%	-	-
Mr. Mohammed bin Hikmat Al-Zaiem Board Member	-	207,188	0.147%	207,188	0.147%	-	-
Mr. Saleh bin Ibrahim Al-Shabnan Board Member	-	127,272	0.091%	127,272	0.091%	-	-
Mr. Mohammed bin Saad Al-Moajil Board Member	-	-	-	-	-	-	-
Mr. Saleh bin Sulaiman Al-Rajhi Board Member	-	86	0.0001	86	0.0001	-	-

6

B

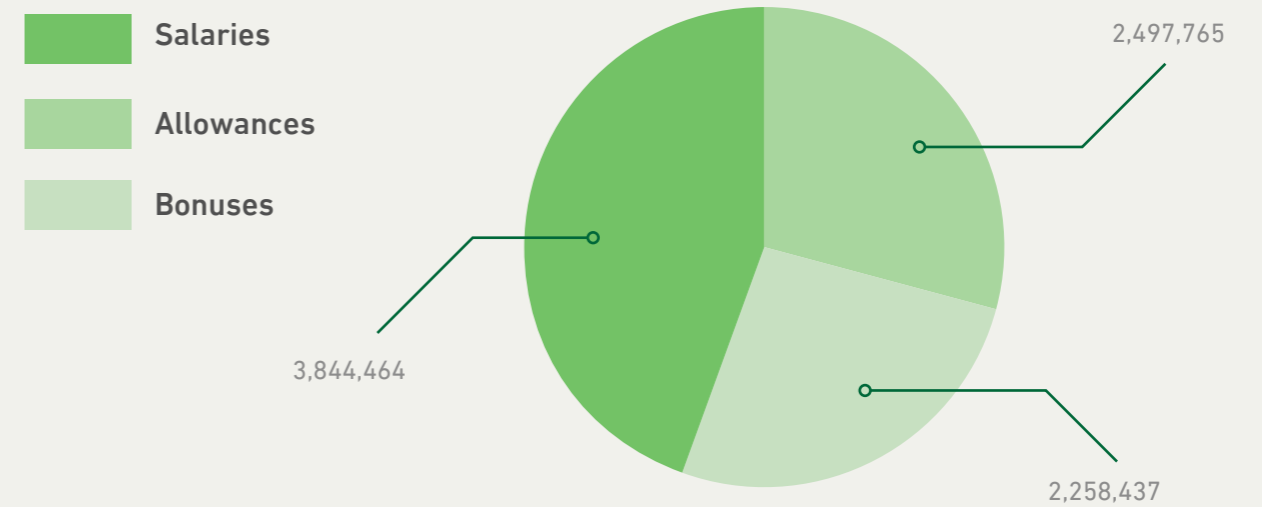
### Senior Executives' Interests and Rights in the Shares or Debt Instruments of the Company or Any of its Subsidiaries, as well as Those of Their Spouses and Minor Children

Name	Position	Remarks	Shares at the end of 2022	Shares at the end of 2023	Change during the year	
					No. of Shares	Percentage
Mr. Turki bin Abdulaziz Alabdullatif	Deputy CEO – SBDC	-	10	10	-	-
Eng. Abdulrahman Mohammed Ahmed	Deputy CEO – SBDC	-	450	450	-	-
Mr. Abdulaziz Mohammed Al-Suwaidan	CFO	-	-	-	-	-

7

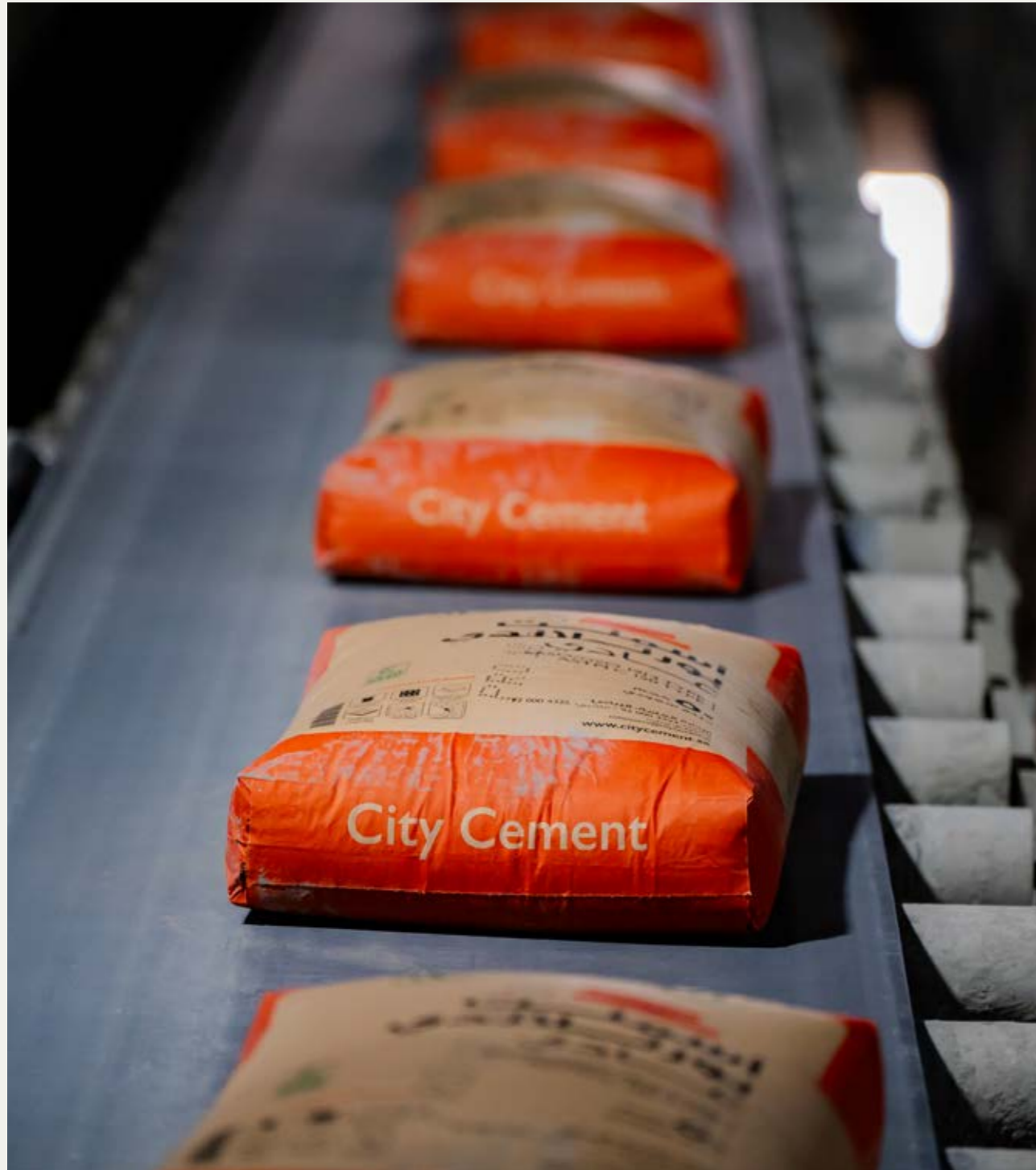
### Senior Executives' Remuneration & Compensation:

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



**Any punishment, penalty, precautionary measure or precautionary attachment imposed on the Company from the Authority or any other supervisory, organizational or judicial body**

There is no punishment, penalty, precautionary measure or precautionary attachment imposed on the Company.



## Fourteenth: Company's Declarations

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

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

S. No.	Request Date of File	Purpose of Request
1	06/03/2023	Company procedures.
2	23/03/2023	Distributing the profits.
3	02/04/2023	Distributing the profits.
4	19/06/2023	Holding the General Assembly.
5	21/08/2023	Distributing the profits.



## Fifteenth: Audit Committee's Recommendations

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

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



## Sixteen: Annual Audit of the Company's Effective Internal Control Procedures

The conclusions of the annual review of the effective internal control procedures of 2023 showed that there are no substantial remarks affecting the Company's activity and evaluation of the Audit Committee which in turn reviews and audits these reports and directs accordingly. It did not turn out to the Audit Committee that there was substantial weakness in internal control procedures set by the Company. The Executive Committee of City Cement Company recommends to continue improving the efficiency and effectiveness of the applicable control policies and procedures and updating them in conformity with the Company's volume of activity and nature of businesses.



## Seventeenth: Financial Results

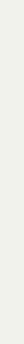
Below is a summary of financial results of the period from 2019 to 2023:

## 1 Statement of Financial Position

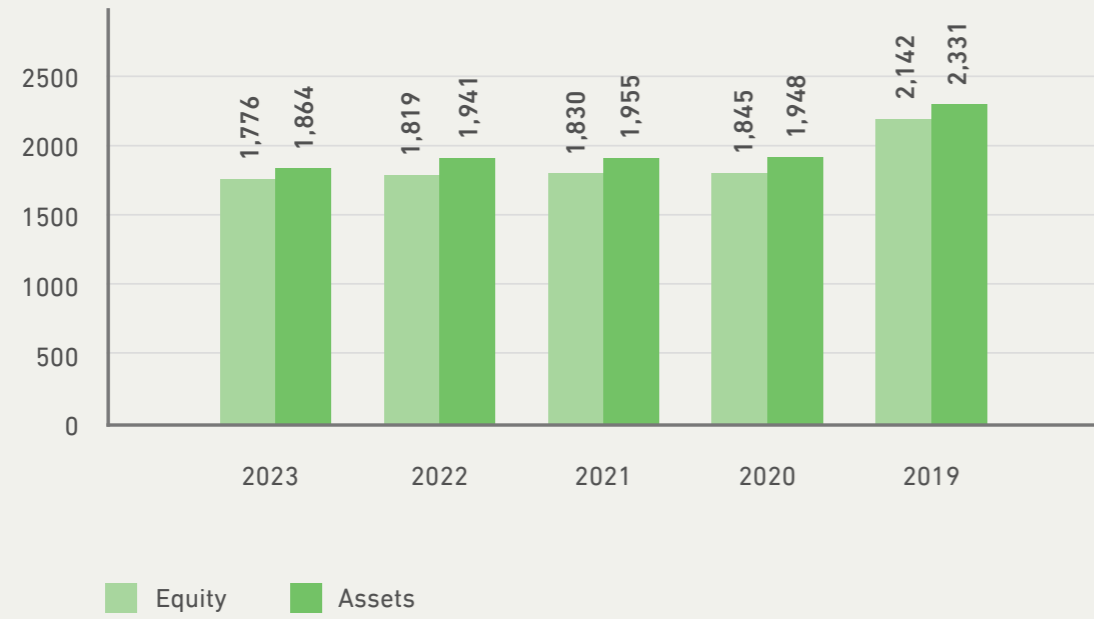
(in Thousands of Riyals)

Particulars	2023	2022	2021	2020	2019
<b>Assets</b>					
Current Assets	607,281	614,236	562,542	488,678	821,508
Non-current Assets	1,256,938	1,326,999	1,393,451	1,459,780	1,526,824
<b>Total Assets</b>	<b>1,864,219</b>	<b>1,941,236</b>	<b>1,955,993</b>	<b>1,948,459</b>	<b>2,348,333</b>
<b>Liabilities and Equity</b>					
Current Liabilities	60,140	93,676	96,343	79,620	67,932
Non-current Liabilities	27,895	28,473	29,527	23,797	23,153
<b>Total Liabilities</b>	<b>88,035</b>	<b>122,149</b>	<b>125,870</b>	<b>103,418</b>	<b>91,086</b>
<b>Equity</b>					
Capital	1,400,000	1,400,000	1,400,000	1,400,000	1,892,000
Statutory Reserve	211,199	202,999	191,498	175,470	153,421
Other Reserves	(1,265)	(2,359)	(2,314)	(2,115)	(1,417)
Retained Profits	166,249	218,447	240,938	271,685	213,242
<b>Total Equity</b>	<b>1,776,184</b>	<b>1,819,087</b>	<b>1,830,122</b>	<b>1,845,041</b>	<b>2,257,246</b>
<b>Equity and Liabilities</b>	<b>1,864,219</b>	<b>1,941,236</b>	<b>1,955,993</b>	<b>1,948,459</b>	<b>2,348,333</b>

The chart below shows the development of assets and equity during the five years from 2019 to 2023:



2019-2023 Assets & Equity (SR million)

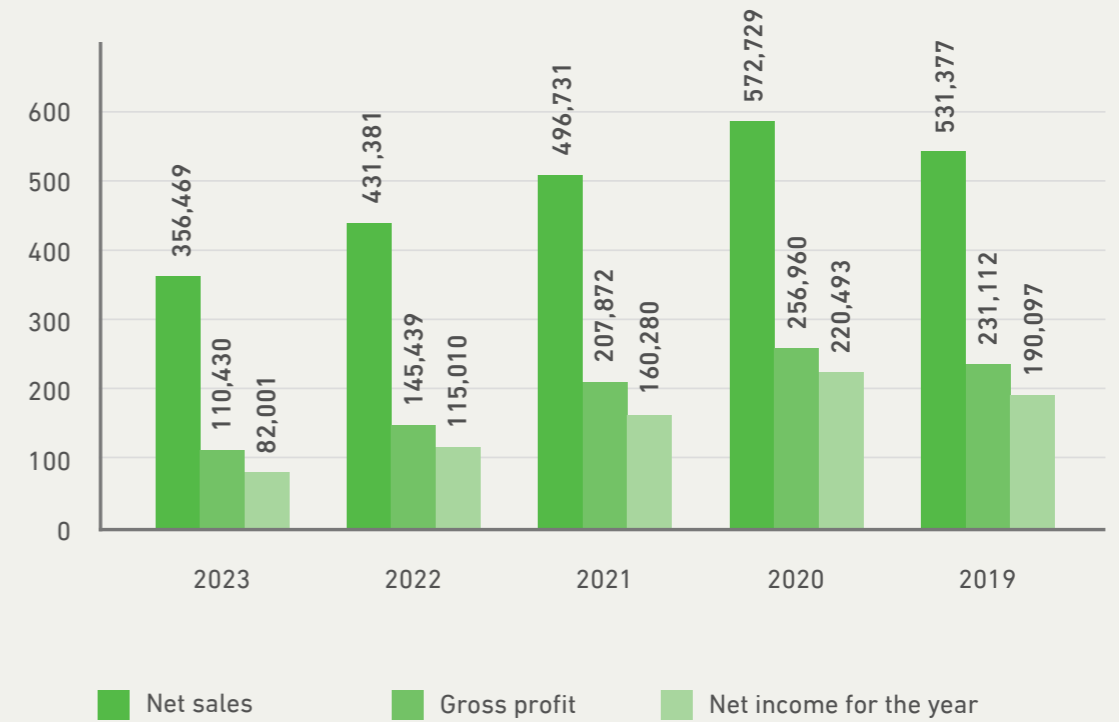


## 2 Statement of Income

(in Thousands of Riyals)

Particulars	2023	2022	2021	2020	2019
Net Sales	356,469	431,381	496,731	572,729	531,377
Cost of Sales	(246,039)	(285,942)	(288,859)	(315,769)	(300,264)
Gross Profit	110,430	145,439	207,872	256,960	231,112
Total General, Administrative, Sale and Marketing Expenses	(37,566)	(34,630)	(33,510)	(36,913)	(36,080)
Other Revenues/ Expenses	21,437	13,967	(1,860)	6,143	7,980
Zakat	(12,300)	(9,766)	(12,222)	(9,711)	(15,402)
Net Income of the Year	82,001	115,010	160,280	220,493	190,097
Dividend	0.59	0.82	1.14	1.22	1.00

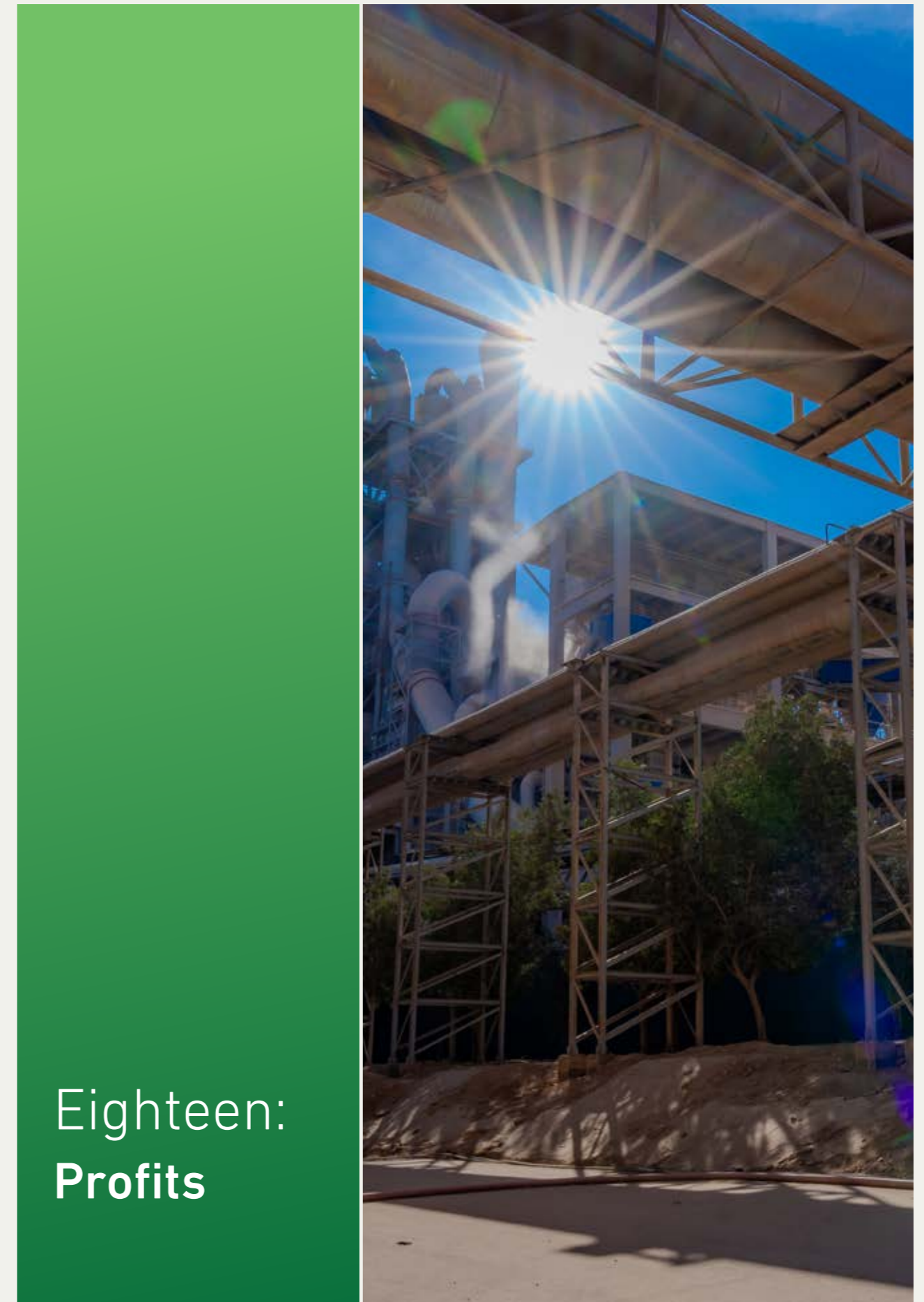
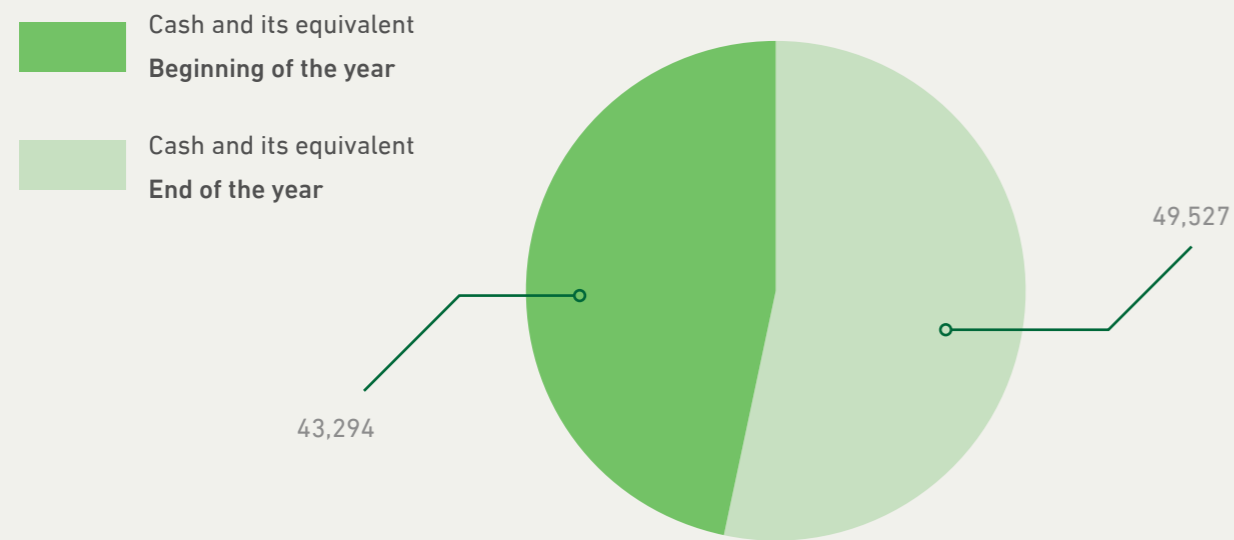
Net sales, gross profit, and annual net income from 2019 to 2023 (Value in Thousands of Riyals)



### 3 Summary of Statement of Cash Flow

Particulars	2023 (SR thousand)	2022 (SR thousand)
Net Cash Generated from Operating Activities	104,724	163,918
Net Cash Generated from Investing Activities	16,585	(42,596)
Net Cash Generated from Financing Activities	(127,542)	(127,532)
Net Change in Cash and Cash Equivalents	(6,233)	(6,210)
Cash and Cash Equivalents – Start of the Year	49,527	55,737
Cash and Cash Equivalents – End of the Year	43,294	49,527

The Company’s financial statements of the fiscal year ended 31/12/2023 form an integral part of this report.



Eighteen:  
Profits

# 1 Company's Profit Distribution Policy

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



The Company shall set aside 10% of its net profits to create a statutory reserve. The Ordinary General Assembly may decide to discontinue setting aside such percentage when said reserve reaches half of the Company's capital.

The Ordinary General Assembly may, based on the Board's suggestion, set aside a certain percentage of the net profits to create a consensual reserve and designate it for a specific purpose or specific purposes.



Of the balance of profits, a first payment will be distributed to the shareholders in at least (1%) one percent of the paid-up capital.

A percentage of no more than 10% ten percent, after the foregoing, will be designated as Board's remuneration in compliance with the regulations and instructions issued by the Ministry of Commerce and Investment in this respect. Then, the balance will be distributed to the shareholders as additional share of profits.



# 2 Distribution of Profits during 2023



**The Board of Directors decided**



**0.50**

(SR 0.50) per share.

The Board of Directors in its meeting held on 24/08/1444H, corresponding to 16/03/2023.

Decided to distribute cash profits of the second half of 2023 totaling (SR 70,000,000) in (SR 0.50) per share.



**The Board of Directors decided**



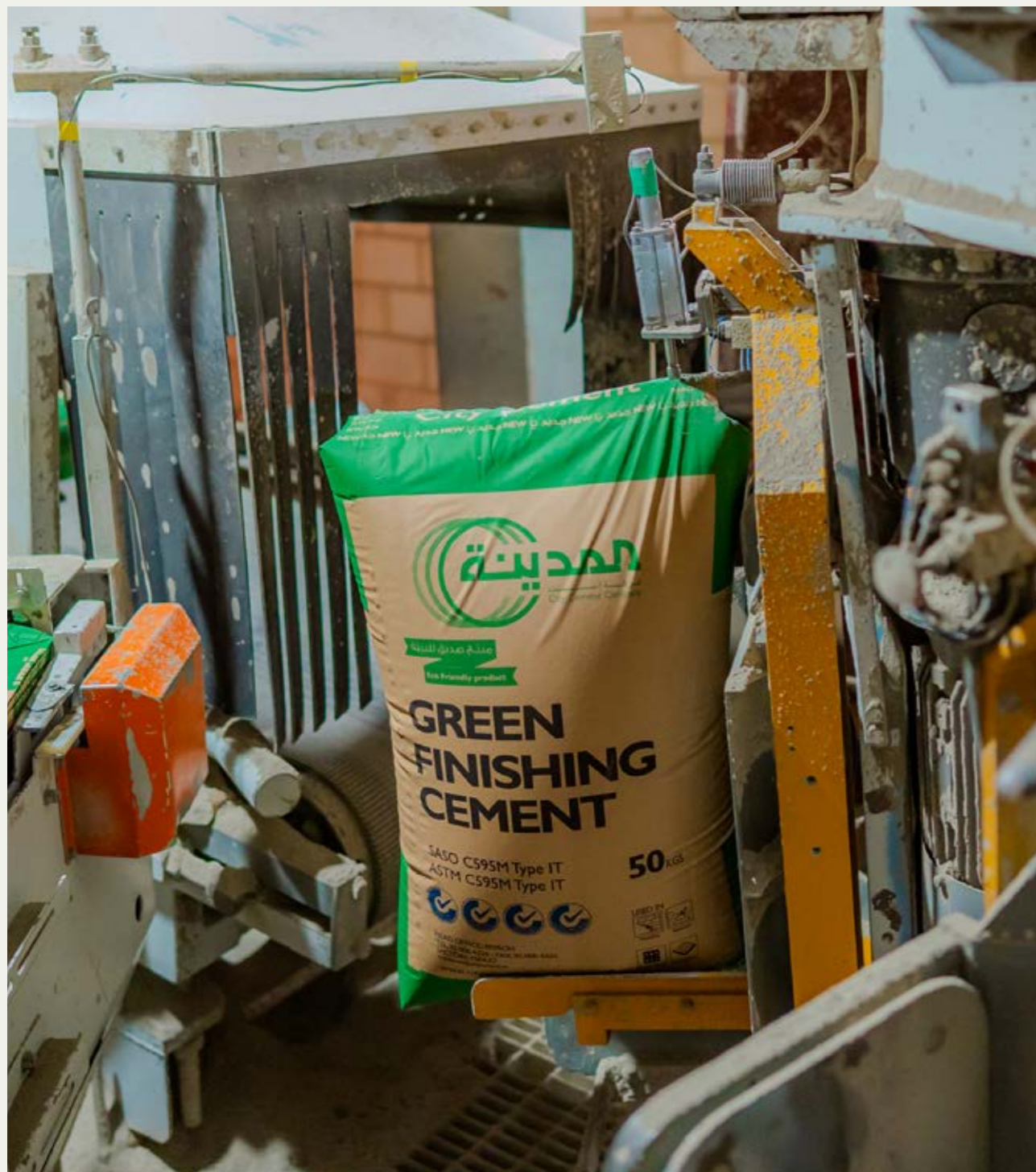
**0.40**

(SR 0.40) per share.

The Board of Directors in its meeting held on 27/01/1445H, corresponding to 14/08/2023.

Decided to distribute cash profits of the first half of 2023 totaling (SR 56,000,000) in (SR 0.40) per share.





## Nineteenth: Audit of 2023

# 1

## Appointment of the Company's Auditor for 2023 and Q1 of 2024

The Company's Ordinary General Assembly agreed in its meeting held on Monday 01/12/1444H, corresponding to 19/06/2023 to appoint Dr. Mohamed Al-Amri and Co. to audit, examine and review the financial reports for the Q2, Q3 and Q4 of the fiscal year 2023 and Q1 of 2024 and determine its fees.

# 2

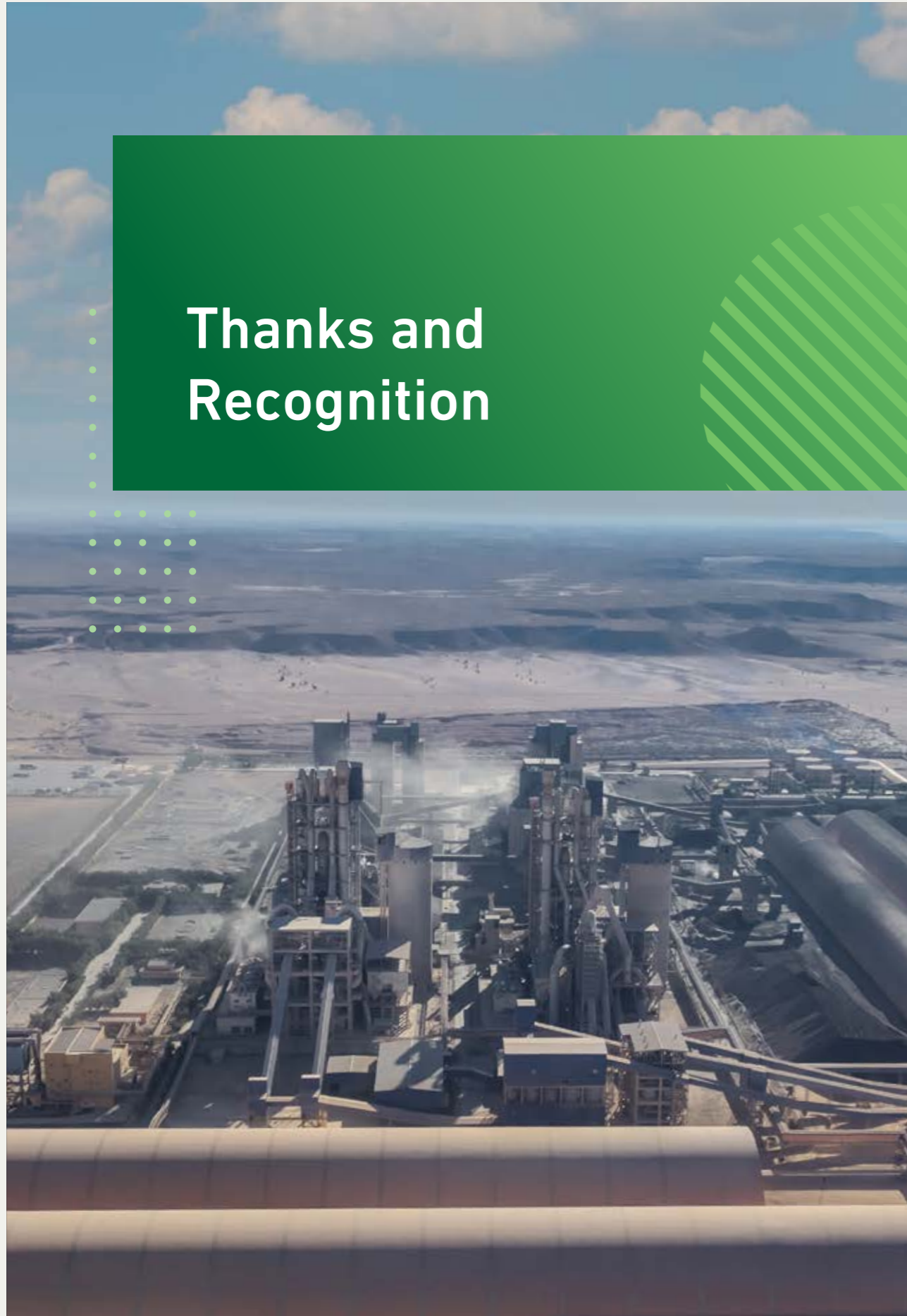
## Appointment of the Company's Account Controller for 2023

The Auditor's report shows that the Company's financial statements for year ended 31/12/2023 is free from material misstatement, and there are no reservations on them.

# 3

## Accounting Standards

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



## Thanks and Recognition

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

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

And Allah is the Grantor of success.

*Board of Directors*



[www.citycement.sa](http://www.citycement.sa)

City cement company is a public Saudi joint stock company whose shares are traded in the Saudi market (Tadawul) under the code 3003