

REASONABLE ASSURANCE REPORT

To the Shareholders

Al Jouf Cement Company

(A Saudi Joint Stock Company)

Jeddah, Kingdom Saudi Arabia

We have performed a reasonable assurance engagement to determine whether what has been reported in the Subject Matter paragraph below (the “Subject Matter”) is reported and presented, in all material respects, in accordance with the Applicable Criteria (the “Applicable Criteria”) referred to below.

Subject Matter:

The subject of the reasonable assurance engagement relates to the approval of the general assembly of Al Jouf Cement Company (the “Company”) dated 2 Safar 1444 (corresponding to 29 August 2022) to decrease its capital from SR 1,430,000,000 to SR 1,087,000,000 by reducing the balance of accumulated losses as at 31 August 2022 amounting SR 343,000,000 in the Company’s capital and record the relevant entries, as disclosed in appendix 1 which was prepared by management.

Applicable Criteria:

1. Article (144) of the Companies’ Regulation issued by the Ministry of Commerce.
2. Article five of the Capital Market Authority regulations related to procedures and instructions related to listed companies with accumulated losses reaching 20% or more of their share capital.
3. Board of Directors resolution dated 2 Ramadan 1443H corresponding to 3 April 2022 to decrease the Company’s capital.

Management responsibility:

The Management of the Company is responsible for the preparation and fair presentation of the information mentioned in the above Subject Matter paragraph in accordance with the Applicable Criteria. In addition, the Management is responsible for such internal control as management determines is necessary to enable the preparation and presentation of the information contained in the above Subject Matter paragraph that are free from material misstatement, whether due to fraud or error, and to apply appropriate controls, maintain adequate records, and make reasonable estimates according to the relevant circumstances and events.

Our Responsibility:

Our objectives are to obtain reasonable assurance about whether the subject matter of the engagement is free from material misstatement, whether due to fraud or error, and to issue a certified public accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that the procedures performed in accordance with the International Standard on Assurance Engagements (3000) ‘Assurance Engagements Other than Audit or Reviews of Historical Financial Information’ as endorsed in the Kingdom of Saudi Arabia, and the terms and conditions relating to this engagement that has been agreed upon with the Company's management, will always reveal a material misstatement when it exists.

Our procedures have been designed to obtain a reasonable level of assurance that is sufficient to provide a basis for expressing our opinion. The implemented procedures depend on our professional judgment, including the risk of material misstatements in the Subject Matter, whether resulting due to fraud or error. We also took into consideration the effectiveness of internal control systems when determining the nature and extent of our procedures, and our engagement was not designed to provide assurance about the effectiveness of those systems.

REASONABLE ASSURANCE REPORT (CONTINUED)

Independence and Quality Control:

We have complied with independence and other ethical requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants and endorsed in the Kingdom of Saudi Arabia.

In addition, we comply with the International Standard on Quality Control (1) as endorsed in the Kingdom of Saudi Arabia, in order to maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable regulatory requirements.

Summary of the Performed Procedures:

The procedures we performed included, but were not limited to, the following:

- Obtaining a copy of the Extraordinary General Assembly of shareholders dated 29 August 2022 to reduce the balance of accumulated losses as at 31 August 2022 amounting SR 343,000,000 by closing into the capital account.
- Obtaining the appendix prepared by the management as at 31 August 2022 and making inquiries for the reasons of the Company's decision to reduce the capital, which is due to the fact that accumulated losses exceeded 20% of the Company's capital.
- Obtaining the proposed accounting entries to record the decrease in capital and ensure its correctness.

Reasonable Assurance Result:

Based on the procedures implemented and the evidence obtained, what was reported in the above Subject Matter paragraph and reported in appendix 1, complies, in all material respects, with the Applicable Criteria.

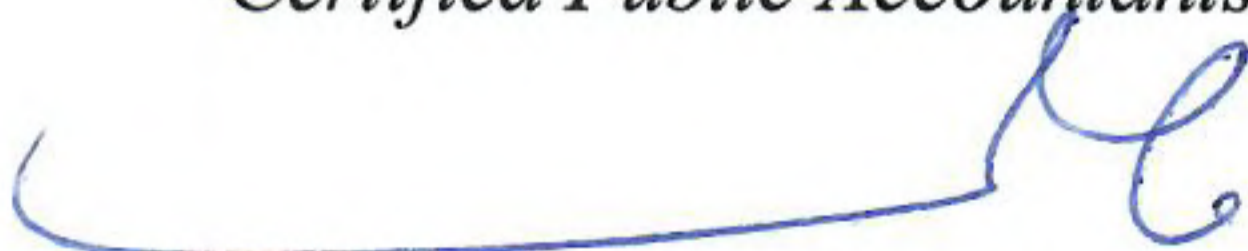
Other matters:

- The capital decrease will be reflected in the Company's accounting records after completing all the regulatory procedures.

Restriction of Use:

This report has been solely prepared, on the request of the Company's management to assist the Company in completing the decrease in capital procedures. The report may not be used for any other purpose. In addition, no quote or reference can be made to this report without our prior consent.

BAKER TILLY MKM & CO.
Certified Public Accountants



Majid Muneer Alnemer

License No. 381

Riyadh on 19 Safar 1444H

Corresponding to 15 September 2022



Appendix A

AL JOUF CEMENT COMPANY
(A Saudi Joint Stock Company)
Appendix 1 capital decrease report
AS AT 31 August 2022

<u>Account</u>	<u>Before capital decrease</u>	<u>Impact</u>	<u>After capital decrease</u>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Capital	1,430,000,000	(343,000,000)	1,087,000,000
Accumulated Profits/(losses)	(341,295,376)	343,000,000	1,704,624

There will be no effect on cash and cash equivalents due to the capital decrease.

