



The agenda of the sixth extraordinary general assembly meeting (first meeting) scheduled to be held, God willing, on Wednesday, 5/22/2024 AD, at 6:30 pm.

- 1- Reviewing the company's Board of Directors' report for the financial year ending on 12-31-2023 AD, and discussing it.
- 2- Review the company's financial statements for the fiscal year ending on 12-31-2023 AD, and discuss them.
- 3- Vote on the company's auditor's report for the fiscal year ending on 12-31-2023 AD, after discussing it.
- 4- Vote on discharging the members of the Board of Directors from their liabilities for the fiscal year ending on 12-31-2023 AD
- 5- Vote on appointing the company's auditor from among the candidates based on the recommendation of the Audit Committee, in order to examine, review and audit the financial statements for the second, third and annual quarters of the fiscal year 2024, the first, second, third and annual quarters of the fiscal year 2025 and the first, second, third and annual quarters of the fiscal year 2026 and the first quarter. From the fiscal year 2027 AD, and determining his fees.
- 6- Vote on the Board of Directors' recommendation to distribute cash dividends in the amount of (22,500,000) riyals to shareholders for the financial year ending on December 31, 2023, at (0.25) riyals per share, which represents 2.5% of the nominal value of the share, provided that the shareholders who own the shares are eligible at the end of trading. The day of the General Assembly and those registered in the company's shareholder register with the Securities Depository Center Company (Depository Center) at the end of the second trading day following the due date, and the date of dividend distribution will be announced later.
- 7- Vote on authorizing the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2024, after approving the amendment of Article Forty-Seven of the company's bylaws related to (distribution of dividends).
- 8- Vote on amending the company's bylaws in accordance with the new companies' by laws, and rearranging the articles of the company's bylaws and numbering them to be consistent with the proposed amendments. (attached)
- 9- Voting on amending Article Three of the company's bylaws related to (the company's purposes) (attached)
- 10- Voting on amending Article Twenty of the company's bylaws related to (the powers of the Board of Directors) (attached)
- 11- Voting on amending Article Twenty-One of the company's bylaws related to (board members' remuneration) (attached)
- 12- Voting on amending Article Twenty-Two of the company's bylaws related to (the powers of the president, deputy, managing director, and secretary) (attached)
- 13- Voting on amending Article Forty-seven of the company's bylaws related to (dividend distribution) (attached)
- 14- Voting on amending the Audit Committee's bylaws (attached)
- 15- Voting on amending the regulations of the Nominations and Remuneration Committee (attached)
- 16- Voting on amending the remuneration policy for members of the Board of Directors, members of its committees, and the executive management (attached)
- 17- Voting on amending the policy of nomination criteria for membership in the Board of Directors (attached)
- 18- Voting on the social responsibility policy (attached)
- 19- Voting on the list of competitive business standards (attached)

**TABUK CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**

Financial Statements  
For The Year Ended December 31, 2023  
Together with Independent Auditor's Report

**TABUK CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**

**FINANCIAL STATEMENTS**  
**For The Year Ended December 31, 2023**  
**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

**TO: THE SHAREHOLDERS OF  
TABUK CEMENT COMPANY  
(A Saudi Joint Stock Company)**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of **Tabuk Cement Company (the "Company")**, which comprise the statement of financial position as at December 31, 2023, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

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

#### **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 the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. 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)**  
**TABUK CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**

**Key Audit Matters**

<b>Revenue Recognition</b>	
<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>During the year ended 31 December 2023, revenue from sales amounting to SR 265 million was recognized.</p> <p>Revenue from sales is recognized when a customer obtains controls of the goods and this is done upon acceptance and delivery of the goods to the customer and issuance of a sales invoice in accordance with the requirements of IFRS 15, Revenue from contracts from clients.</p> <p>Revenue is one of the core indicators for measuring performance, and consequently, there are inherent risks through recognizing revenue with more than its actual value in order to increase profitability. Therefore, the revenue recognition process has been considered as a key audit matter.</p>	<p>The auditing procedures we performed in relation to recognition of revenues from sales included, among other procedures, the following:</p> <ul style="list-style-type: none"> <li>- Assessed the appropriateness of the Company's accounting policies related to recognition of income from sales, including those related to discounts and incentives, as well as assessing compliance with the requirements of applicable accounting standards.</li> <li>- Evaluated the design and implementation of the internal control procedures related to revenue recognition.</li> <li>- Performed analytical review on revenue by comparing the revenue amounts, quantities sold, and prices per month during the current year with the previous year and determine whether there are any significant trends or fluctuations that need to be further examined in the light of our understanding of current market conditions.</li> <li>- Conducted a sample-based examination of the revenue transactions with supporting documents, to verify that revenues exist, are documented, and have been recorded in the correct periods.</li> </ul>
<p>Refer to note (4.10) for the accounting policy and note (20) regarding disclosure of revenue.</p>	

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TABUK CEMENT COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**Key Audit Matters (Continued)**

<b>Impairment of Spare parts inventory</b>	
<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>As at 31 December 2023, the book value of spare parts inventory amounted to SR 92,19 million, which is kept for periods that may exceed one financial year and this may impact the evaluation of the spare parts stock, which includes the use of judgments in estimating provisions for spare parts inventory.</p> <p>The use of judgments is required to assess the appropriate level of provisions for the spare parts inventory items that may be damaged or sold for less than their cost if the damaged and slow-moving quantity is determined. These judgments include the management's expectations regarding the future use of these spare parts or plans to exclude or sell them.</p> <p>Due to the significance of the spare parts provision and related estimates, this was considered a key audit matter.</p>	<p>Our audit procedures, which are related to the verification the appropriateness of the recorded provision against the inventory of spare parts, included, among other procedures, the following:</p> <ul style="list-style-type: none"> <li>- Assessed the appropriateness of the Company's accounting policies related to allowance for slow-moving inventories recognition, as well as assessing compliance with the requirements of applicable accounting standards.</li> <li>- Evaluated the design and implementation of the internal control procedures related to inventory evaluation.</li> <li>- Obtained an authorized report from the financial management and technical management of the Company that includes the statement of stagnant inventory and the extent of spare parts' validity for use and the adequacy of the provision made for the stagnant inventory in the Company's books.</li> <li>- Discuss with the management the key assumptions it used in estimating the provision.</li> <li>- Verify the reasonableness of the assumptions used by management in calculating the provision on sample basis.</li> <li>- Oversee the physical inventory counting at the end of the year to monitor and understand the Company's procedures in determining the inventory of damaged spare parts and monitor the physical spare parts inventory counting.</li> </ul>
<p>With reference to Note (3) regarding the use of judgments and estimates in respect of the impairment of inventories, as well as Note (10) regarding disclosure of inventories.</p>	

**Other Matter**

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed unmodified opinion on those financial statements on Ramadan 5, 1444 H (corresponding to March 27, 2023).





**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TABUK CEMENT COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**Other Information**

Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's 2023 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 Company's 2023 annual report, 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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulation for Companies, 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 separate 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 auditors' 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, that are 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 judgment 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TABUK CEMENT COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

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

- 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.
- 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, 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 auditor's 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 Tabuk Cement 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 we reasonably believe affect our independence and, where possible, actions taken to eliminate threats or on applicable safeguards.

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 year and are therefore the key audit matters. We describe these matters in our auditors' 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.



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**Abdullah M. Al Azem**  
**License No. 335**

18 Ramadan 1445H (Corresponding to March 28, 2024)  
Riyadh, Kingdom of Saudi Arabia





# Annual Internal Audit Report

For the Year Ended 31<sup>st</sup> Decemebr 2023

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# Executive Summary

## The results of the annual review of the effectiveness of the company's internal control procedures

The company's internal audit department carries out continuous audits to verify the effectiveness of the internal control system and procedures in protecting the company's assets, evaluating business risks and measuring the extent of performance efficiency. The aforementioned audits did not show a fundamental weakness in the company's internal control system. On the other hand, the external auditor in the process of evaluating this system within the task of reviewing the final financial statements of the company, the company enables him to review all the minutes of the audit committee meetings, the reports of the internal audit department for the period/fiscal year and all the required documents.

## The Audit Committee's opinion on the adequacy of the internal control system

The audit committee's assessment of the company's internal and financial control systems and controls did not show any significant weakness, and believes that the company's currently implemented internal and financial controls and risk management system is effectively working in a reasonable and acceptable manner, with the exception of some insignificant observations that were reported in the various audit reports, and the internal audit department agreed with the concerned departments to implement their corrective measures.

On the other hand, the external auditor usually performs a process of evaluating this system within the task of reviewing the annual financial statements of the company, as the company enables him to view all systems, policies, procedures, minutes of the audit committee meetings, and the reports of the internal audit department for the period / fiscal year under examination.



# Introduction

In order to comply with the requirements of corporate governance in terms of its composition and its direct association with the Board of Directors of Tabuk Cement Company, the Audit Committee has undertaken to review financial reports, statements, accounting policies, supervise internal auditing activity and external auditors. The Audit Committee held eight meetings during the year 2023 AD.

## The most prominent work of the committee during the year 2023 AD

The Audit Committee carried out its tasks and work during the year 2023 AD, the most prominent of which were:

1. Supervising the internal audit department and following up its implementation of the work entrusted to it, in addition to following up the implementation of the recommendations submitted to it to verify the provision of the necessary resources to ensure its continued effectiveness.
2. Discussing the important notes and the planned time for completing them.
3. Supervising the work of the external auditors and meeting with them to discuss points related to the financial statements, reports and clarifications that appear within the quarterly or final reports.
4. Reviewing the annual financial statements as of December 31, 2023 AD and the quarterly statements, and submitting its recommendations to the Board of Directors in this regard.
5. Reviewing the management letter issued by the external auditors.
6. Evaluating the offers of external auditors and recommending the appointment of an external auditor for the fiscal year ending on December 31, 2024 AD, and the first quarter of 2025 AD.
7. Reviewing the reports received from the company's management on the legal and regulatory requirements and following up on the implementation of the recommendations included in the reports.
8. Overseeing initiatives that aim to establish a comprehensive internal control framework to enhance the reliability of financial reports. It also aims to employ a continuous internal review mechanism that works automatically to identify and correct the extent of non-compliance with the control system of the company in various aspects of its work.
9. Informing the Board of Directors immediately about the committee's activities by submitting the minutes of its meetings to the Board.

## A – Composition of the Audit Committee

As of 31 December 2023, the Committee at Tabuk Cement Company consists of three members where the Chairman of the Committee is an independent Board member, and the three members are independent from outside the Board, the four members have been appointed for a term of three consecutive financial years expiring on January 2026.

As required by the Saudi Institute of Internal Auditors (IIA) standards and Capital Market Authority (CMA) guidelines for Committee members, the members should collectively possess sufficient knowledge of audit, finance, governance, risk management, internal control, and industry specific knowledge. The Committee operates under rules and procedures defined in the Audit Committee charter approved by the Board.

Below are the names of Audit Committee Members as of 31 December 2023:

<b>Name</b>	<b>Designation</b>
Mr. Tariq bin Khaled Al-Anqari	Chairman of the Committee - Independent Board Member
Mr. Turk bin Abdul Mohsen Al-Luhaid	Member of the committee - an independent member from outside the council
Mr. Ali bin Suleiman Al-Ayed	Member of the committee - an independent member from outside the council
Mr. Ahmed bin Ibrahim Hejan	Member of the committee – an independent member from outside the council

## **B – Audit Committee Roles and Responsibilities**

### **A - External auditors and financial reports:**

- 1. Review and evaluate the qualifications, performance and independence of the external auditors, including the main partner and other senior members of the independent auditor team, on an annual basis, and obtain an annual acknowledgment of that independence.**
- 2. Reviewing the external auditor's plan, scope and approach.**
- 3. Supervising the activities of the external auditors and approving any activity outside the scope of the audit work entrusted to them while performing their duties.**
- 4. Review the comments or qualifications of the external auditor on the financial statements and follow up the actions taken in this regard.**
- 5. Reviewing the external auditor's report on the financial statements and management letter.**
- 6. Reviewing the interim and annual financial statements before presenting them to the Board of Directors and expressing opinions and recommendations regarding their integrity and transparency.**
- 7. At the request of the Board of Directors, the Committee shall present its technical opinion on whether the annual report of the Board of Directors and financial statements are represented in a fair, consistent and understandable manner and contain an appropriate amount of information to enable shareholders and investors to evaluate the financial position of Tabuk Cement Company, results of its operations, business models and strategies.**
- 8. Reviewing with external auditors the extent to which changes or improvements in financial or accounting practices have been implemented.**
- 9. Regular review with the external auditor of any audit problems or difficulties they encounter during the audit work, including any restrictions on the scope of the external auditors' activities or on obtaining the required information and management's response thereto.**
- 10. Review and discuss the quarterly and annual press releases.**
- 11. The initial financial statements are approved after being approved by the Board of Directors, and they are signed by a member and authorized by the Board of Directors, the Chief Executive Officer and the Chief Financial Officer, and they are disclosed to the shareholders within a period not exceeding (30) days from the end of the financial period covered by those lists.**



## **B) Internal Audit:**

- 1. Studying and reviewing the company's internal and financial control systems and the risk management system.**
- 2. Review the internal audit reports and follow up on the implementation of corrective measures with regard to the audit notes contained therein.**
- 3. Monitoring and supervising activities if the company's internal audit department ensures their effectiveness in carrying out the activities and duties determined by the Board of Directors, and if the company does not have an internal auditor, the committee shall submit its recommendation to the Board of Directors regarding the need to appoint him.**

## **C) The Auditor:**

- 1. Recommending to the Board of Directors the nomination and dismissal of auditors, determining their fees and evaluating their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.**
- 2. Verify the auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking into consideration the relevant rules and standards.**
- 3. Reviewing the company's auditor's plan and his work, and verifying that he has not submitted technical and administrative works that are outside the scope of the audit work, and expressing its opinions in this regard.**
- 4. Answering the inquiries of the company's auditor.**
- 5. Studying the auditor's report and his observations on the financial statements and following up on what has been taken in their regard.**

#### **D) Compliance:**

- 1. Review the results of any examinations by the regulatory bodies and ensure that the company has taken the necessary measures in this regard.**
- 2. Ensure that the company has taken appropriate measures to comply with relevant laws, regulations, policies and procedures**
- 3. Review the proposed contractual arrangements and transactions with related parties and submit its opinion to the Board of Directors regarding these arrangements and transactions.**

#### **E) Ethics and fraud:**

- 1. The Committee shall make arrangements for the employee of the company to submit anonymous reports on concerns and comments regarding financial reports and other matters. The Committee must also ensure that procedures are applied effectively by conducting appropriate independent investigations into the extent of reported irregularities, errors, inaccuracies or irregularities, and take appropriate follow-up action.**
- 2. Ensure that appropriate measures are taken to respond to any reported allegations or concerns, including obtaining external legal or technical advice when necessary.**
- 3. Review and evaluate Tabuk Cement Company's operations to manage the code of ethical conduct.**

## Attending the Audit Committee

Audit committee held 8 meetings during the year-ended 31 December 2023. Attendance of members according to attendance record is as follows:

Name	Meeting #106 13/03/2023	Meeting #107 20/03/2023	Meeting #108 11/05/2023	Meeting #109 16/07/2023	Meeting #110 08/08/2023	Meeting #111 12/09/2023	Meeting #112 08/11/2023	Meeting #113 18/12/2023
Mr. Tariq bin Khaled Al-Anqari	√	√	√	√	√	√	√	√
Mr. / Turk bin Abdul Mohsen Al-Luhaid	√	√	√	√	√	√	√	√
Mr. / A L bin Suleiman Al-Ayed	√	√	√	√	√	√	√	√
Mr. Ahmed bin Ibrahim Hejan	√	√	√	√	√	√	√	√

Quorum was complied with all audit committee meetings as required by the corporate governance regulations and companies' law of the Kingdom. Decisions of the Committee were also recommended and approved with consensus of all the committee members and there was no dissenting vote in all the decisions.



## Internal Control System

The internal control system aims to ensure that the company's objectives are achieved effectively and efficiently, including issuance of reliable financial reports, compliance with applicable rules, regulations and policies, as well as managing potential risks to mitigate the impact on achieving the company's objectives. The control system also plays an important role in detecting and preventing fraud, in addition to safeguarding the company's resources. The company's management is responsible for managing a comprehensive and effective control system proportional to the level of risks that the company may be exposed to, with a reasonable costs. It gives reasonable assurances to avoid significant misstatement and related losses (if any) .

The Audit Committee continuously reviews internal and external auditors periodic reports, in addition to other internal control subject matters. Accordingly, the company's internal control system achieved various improvement opportunities with relevance to internal control activities during the year. The Audit committee will continue monitor, oversight and evaluate the internal control system to ensure achieving internal control objectives through improving the efficiency and effectiveness of operations, with adherence to applicable laws and regulations.

**Chairman of the audit committee**



**Tariq bin Khaled Al-Anqari**