

Annual Board of Directors' Report
Jouf Cement Company
(A Listed Saudi Joint Stock Company)
For the Fiscal Year Ended December 31, 2025G
In the Name of Allah, the Most Gracious, the Most Merciful

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Chairman's Message

In the name of God, the Most Gracious, the Most Merciful.

Dear Shareholders, May God protect you.

Peace, mercy, and blessings of God be upon you.

On my own behalf and on behalf of my colleagues on the Board of Directors of Al-Jouf Cement Company, I am pleased to present to you the Board's annual report for the fiscal year ending December 31, 2025. This report reviews the company's financial and operational performance during the year, as well as the developmental steps the company is undertaking for the next phase.

Believing in the importance of transparency and strengthening trust with our valued shareholders, we affirm that the Board of Directors and the Executive Management are currently conducting a comprehensive evaluation of the company's operations from various operational, financial, and administrative perspectives. This evaluation aims to develop an integrated transformation strategy that keeps pace with current changes and lays the foundation for a more efficient, sustainable, and growing phase, God willing.

The company has already begun implementing a number of developmental steps and reassessing certain operational and organizational aspects, based on the firm conviction that building a strong and sustainable future requires working according to a clear vision and well-considered plans that focus on raising operational efficiency, improving financial performance, and enhancing the company's competitiveness. In light of the Kingdom of Saudi Arabia's major developmental renaissance under Vision 2030, we see promising opportunities for the cement sector, both through major projects and the anticipated growth in demand for building materials. This underscores the importance of the company's preparedness and its ability to optimally capitalize on these future opportunities.

We also reaffirm our ongoing commitment to implementing best practices in governance and transparency, and to working in a way that serves the interests of our shareholders, maintains the company's sustainability, and maximizes its long-term value.

We look forward to the next phase with confidence and optimism, relying, after God's grace, on the support of our valued shareholders and the expertise of our company's teams. We hope that this phase will mark the beginning of a developmental path that will positively impact the company's performance and future. May God grant us success.

Peace, mercy, and blessings of God be upon you.

Dr. Issa bin Yeslam Ba'eesa
Chairman of the Board

1. Company Establishment

Al-Jouf Cement Company was established as a Saudi joint-stock company under Commercial Registration No. (1010225259) issued in Riyadh on 01/11/1427 AH, corresponding to 22/11/2006 AD. The company's shares were listed on the Saudi Stock Exchange (Tadawul) on 11/08/2010 AD, thus becoming one of the companies listed in the basic materials sector.

Statement	Details
Company Name	Al-Jouf Cement Company
Legal Structure	A Saudi Joint Stock Company
Commercial Registration Number	1010225259
Date of Incorporation	05/08/2006
Company Headquarters	Riyadh
Factory Location	Northern Borders Region – Tarif City
Capital	1,087,000,000
Number of Shares	108,700,000
Parallel Value per Share	10 Saudi Riyals

2. Company Business and Activities

Al-Jouf Cement Company's primary activity is the production and sale of cement and its derivatives. The company's plants are strategically located in the Northern Borders region, near the Saudi-Jordanian and Saudi-Iraqi borders, giving it a unique competitive advantage in serving the Kingdom's markets and neighboring markets. The plant has a production capacity of 10,000 tons of clinker per day, and the company's diverse product range includes several types of cement that meet various construction and industrial needs.

Product	Description
Ordinary Portland Cement	Used in general construction and reinforced concrete
Sulfate-Resistant Cement	Designed to resist soils and water with high sulfate content
Pozzolanic Portland Cement	Features superior durability and longevity properties
Well Cement (API)	Specifically designed for oil and gas well drilling and stabilization operations

3. Vision, Mission, and Values

Al-Jouf Cement Company's vision is to be the leading cement company in the Kingdom of Saudi Arabia, known for its high quality and commitment to environmental sustainability and social responsibility. This vision is realized through the company's mission to meet its customers' needs by providing high-quality cement products that meet the latest international standards, while achieving sustainable growth and creating added value for all stakeholders. All of the company's operations are based on a set of deeply rooted core values, including quality and excellence in everything it offers, continuous innovation in processes and products, integrity and transparency in all dealings, and responsibility towards society and the environment.

4. Competitive Advantages

Al-Jouf Cement Company possesses a range of competitive advantages that enhance its market position and distinguish it from its competitors. Foremost among these advantages is the unique strategic location of its plant in the Northern Borders region, enabling the company to serve vast areas in northern Saudi Arabia and export to neighboring markets. The company also boasts high production capacity supported by state-of-the-art technologies and industrial equipment, as well as a diverse product portfolio that caters to the various needs of the construction and oil and gas sectors. Furthermore, the company maintains international quality certifications, including ISO 9001, ISO 14001, ISO 50001, and API Q1, reflecting its unwavering commitment to the highest standards of quality and sustainability in all its operations.

5. General Achievements

First: Plant Achievements and Mechanical Maintenance

- **Major Maintenance Performed In-House:** The team successfully completed a comprehensive overhaul of production lines (Lines 1 and 2) without relying entirely on external contractors, resulting in significant cost savings.
- **Filter System Upgrades:** The main filter bags and structures for Line 2 (14 chambers) were completely replaced, contributing to improved environmental and operational efficiency.
- **Heavy Equipment Repair and Refurbishment:** A comprehensive overhaul of material conveyors was performed, including chain and gear replacement.
 - Repair and refurbishment of production line overhead cranes.
 - Maintenance of raw material mills (RM 1 & 2) and replacement of worn-out bearings.
- **Local Spare Parts Manufacturing:** The mechanical workshop successfully manufactured and modified vital spare parts such as shafts and gears, saving hundreds of thousands of riyals compared to purchasing them from abroad.
- **Alternative Fuel (TDF) Utilization:** Implementing a system for burning used tires as an alternative fuel, contributing to reduced heavy fuel oil (HFO) consumption and lower operating costs.

Second: Quality Control (QC) Department Achievements

- **Product Development and Cost Reduction:**
 - Increasing the additive content in Ordinary Portland Cement (OPC) and Sulfate-Resistant Cement (SRC) to 5% without compromising quality.
 - Increasing the additive content in other cement types to 30% while maintaining the required compressive strength.
- **Laboratory Upgrades with Advanced Equipment:** Installing new equipment (Fusion Machine & Cl Potentiometric Titration) to improve the accuracy of elemental analysis and, for the first time in the company, measure the chlorine content in cement.
- **Raw Material Blending Improvements:** Successfully conducting trials to replace bauxite and iron ore with an alternative material (laterite), enhancing production efficiency and reducing raw material costs.

Compliance and Standards: Achieving 100% conformity to Saudi Standards, Metrology and Quality Organization (SASO) and international standards, while maintaining a zero-complaint record from local and international clients.

6. Future Plans and Outlook

Al-Jouf Cement Company looks to the future with optimism and confidence, based on the promising opportunities offered by the Saudi market, particularly in light of the mega-projects being implemented by the Kingdom as part of Vision 2030. The company's strategic plans include enhancing operational efficiency and reducing production costs by adopting the latest technologies and industrial practices. The company also aims to expand its market share in targeted regions and invest in sustainability and renewable energy initiatives, aligning with the national drive towards a green economy. The company places great importance on developing new and innovative products that meet its customers' expectations and keep pace with the latest developments in the global cement industry.

7. Key Risks

Al-Jouf Cement Company recognizes that its path to sustainable growth is not without challenges and risks. Management is proactively and systematically identifying and assessing these risks and developing effective strategies to mitigate their impact. The following are the main risks facing the company:

7.1 Operational Risks

7.1.1 Production and Operational Risks

The company's production processes rely on heavy and complex industrial equipment and machinery. This equipment may experience unexpected technical malfunctions that could lead to temporary production stoppages. The company mitigates these risks through the implementation of regular preventative maintenance programs, the availability of essential spare parts, and continuous training for technical personnel.

7.1.2 Raw Material Risks

The cement industry depends on the availability of essential raw materials such as limestone, clay, gypsum, and others. Any shortage or fluctuation in the availability of these materials, or an increase in their prices, may affect production costs and the company's operational capacity. The company works to secure multiple sources of raw materials and enters into long-term contracts with major suppliers.

7.1.3 Energy Risks

Energy costs are among the most significant components of cement production costs, and any change in fuel or electricity prices may directly impact the company's profit margins. The company strives to improve energy efficiency and invest in alternative and renewable energy sources.

7.1.4 Supply Chain Disruptions

- In light of current economic changes and in response to regulatory decisions regarding fuel price adjustments, Al-Jouf Cement Company continues its flexible strategy to address the challenges of local and international supply chains. This strategy aims to maintain operational stability and the required quality to preserve customer confidence, while simultaneously enhancing the company's competitiveness in both the local and international markets. This has resulted in a significant reduction in operational risks.
- The company proactively mitigates these impacts by conducting comprehensive periodic inventory assessments and intensifying oversight of shared services. This is achieved by strengthening relationships with existing and potential suppliers, while simultaneously exploring strategic alternatives to key suppliers. This approach reinforces the company's forward-looking policy, which guides its development plans to adapt to economic changes. This is accomplished through the adoption of innovative solutions supported by precise key performance indicators (KPIs). These KPIs enable the measurement of operational efficiency and improved responsiveness to any sudden changes, ensuring the sustainability of operations and the efficiency of supply chains.

7.1.5 Information Security and Cyber Risks

In light of the escalating information security and cyber risks globally, Al Jouf Cement Company is undertaking various activities to mitigate these risks through ongoing internal and external assessments, ensuring adherence to best practices and regulatory frameworks. The company also invests in numerous cybersecurity initiatives to combat emerging attack vectors and associated threats.

7.2 Strategic Risks

7.2.1 Competition

Al-Jouf Cement Company faces competition from other cement companies operating in the Kingdom, particularly in the northern and central regions. This competition may affect the company's market share and pricing structures, as well as increasing competition for skilled labor in the region in general and the Kingdom in particular. This may make it difficult for the company to attract suitable human resources or may force it to pay higher salaries than expected, which would result in increased operating expenses.

⚡,🌿,🌳 Regulatory and Environmental Changes

The cement industry is subject to numerous environmental and industrial regulations, and any changes to these regulations may impose additional requirements on the company or increase compliance costs. The company is committed to continuously monitoring regulatory developments and adapting to them to ensure full compliance.

7.3 Financial Risks

7.3.1 Currency Exchange Rates

Although most of the company's assets, investments, revenues, and liabilities are denominated in the local currency (Saudi Riyal), the company may enter into agreements with international companies that stipulate payment in foreign currencies. In this case, significant fluctuations in the exchange rate can impact financial performance.

7.3.2 Liquidity

The company continuously monitors liquidity risks, particularly in light of available financing and its current and future obligations, as well as tracking cash flows and financial liabilities.

7.3.3 Credit

The company may be exposed to debt risks from customer accounts or the risk of non-performing loans due to several factors, including, but not limited to, a general economic downturn or the inability to assess the creditworthiness of new customers. The company manages these risks through the implementation of sound credit policies and regular monitoring of receivables.

7.3.4 Insurance Coverage

The company maintains insurance policies that include property and equipment insurance, business interruption insurance, general liability insurance, and employee health insurance. These documents include a number of key exclusions and environmental risks. Any losses or liabilities arising from uninsured risks could significantly reduce revenues or increase costs and could have a negative impact on operations or financial position.

8. Overview of Operational Efficiency and Financial Savings for 2025

Building upon the company's technical achievements, management successfully translated operational efficiency into tangible financial gains during the 2025 fiscal year. These gains directly contributed to strengthening the company's financial position through the following areas:

-Cash and Liquidity Management: A new supplier relationship management strategy was implemented, resulting in the conversion of all supply contracts to a deferred payment system with terms of up to 90 days. This improved working capital and maintained safe cash flow levels.

-Operational Expenditure Efficiency: The company initiated projects to rationalize consumption, most notably replacing 935 lighting units in the factory with LED technology. This contributed to reducing electricity consumption costs while simultaneously ensuring stable prices for mining contracts and the supply of paper packaging bags at competitive rates, despite global fluctuations.

-Maximizing Returns from Underutilized Assets: A specialized central warehouse was established for collecting and processing industrial and recyclable waste (scrap), transforming it into an additional revenue stream through organized sales initiatives. – Spare Parts Inventory Control and Management: The company achieved a significant improvement in the accuracy of spare parts inventory control, with annual inventory discrepancies reaching nearly 0%. This reflects the efficiency of internal control systems and the protection of company assets from waste.

-Supply Chain Sustainability: The company successfully adapted to global logistical challenges, ensuring the continued availability of required services on time without an increase in supply chain operating costs.

9. Summary of Financial Results

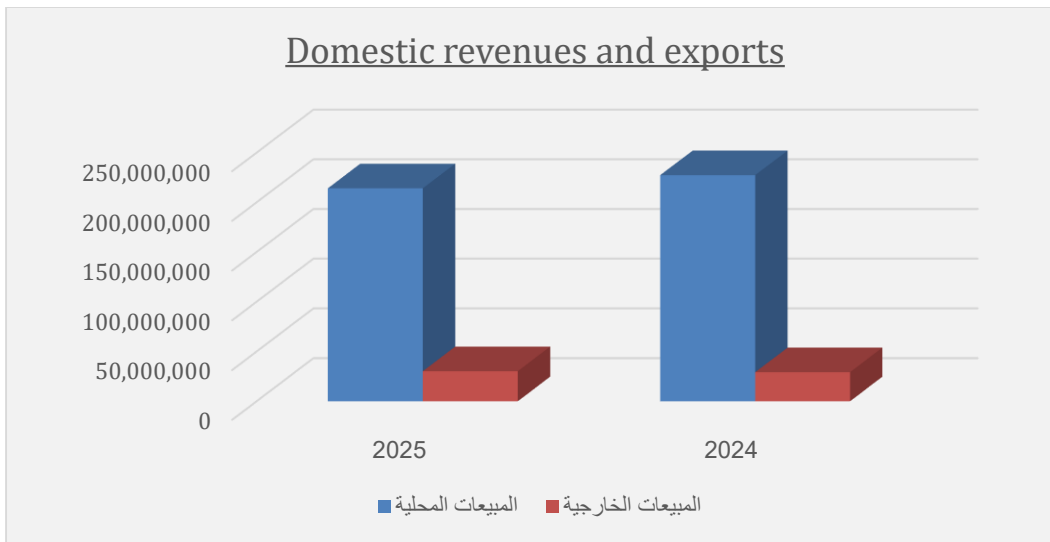
Statement	٢٠٢٥	٢٠٢٤	٢٠٢٣	٢٠٢٢	٢٠٢١
	SAR Thousand	SAR Thousand	SAR Thousand	SAR Thousand	SAR Thousand
Activity Revenue	244,311	256,504	269,284	251,862	226,516
Activity Costs	(338,706)	(221,666)	(199,484)	(178,429)	(205,530)
Gross Activity Profit	(94,395)	34,838	69,800	73,433	20,986
Administrative, General, and Marketing Expenses	(47,235)	(50,034)	(23,681)	(14,985)	(22,981)
Financing Expenses and Provisions	(61,021)	(58,674)	(40,829)	(27,502)	(86,839)
Other Income - Net	2,329	51,439	22,188	5,345	(849)
Zakat	(6,243)	(5,300)	10,201	(5,397)	(2,957)
Net Profit (Loss)	(206,565)	(27,731)	37,678	30,894	(92,640)

Material differences in operating results:

Statement	٢٠٢٥	٢٠٢٤	Change	Rate of change	Reasons
Sales/Revenue	٢٤٤,٣١١,٣٤١	٢٥٦,٥٠٤,٠٤٧	(١٢,١٩٢,٧٠٦)	%٤,٧٥-	The increase in operating loss for the current year compared to the previous year is due to a decrease in revenue and an increase in the cost of sales, in addition to the company's accounting for the impact of significant inventory discrepancies in clinker stock within the financial results for the year ending December 31, 2025.
Cost of Sales/Revenue	(٣٣٨,٧٠٦,٢٩٥)	(٢٢١,٦٦٦,٢٢١)	(١١٧,٠٤٠,٠٧٤)	%٥٢,٨٠	
Gross Profit	(٩٤,٣٩٤,٩٥٤)	٣٤,٨٣٧,٨٢٦	(١٢٩,٢٣٢,٧٨٠)	%٣٧٠,٩٦-	
General, Administrative, and Marketing Expenses	(٤٧,٢٣٤,٩١٠)	(٥٠,٠٣٣,٩٩٦)	٢,٧٩٩,٠٨٦	%٥,٥٩-	<p>During the annual inventory count, the company identified significant inventory discrepancies in clinker stock amounting to SAR 97.8 million. The executive management then initiated a detailed review and analysis of inventory movements and related data for the period from 2022 to 2025. Preliminary findings indicate the possibility of cumulative discrepancies from previous periods, as well as variations in some measurement and recording methods that affected the accuracy of inventory balances.</p> <p>The company also engaged a specialized technical firm to conduct a review and examination of this matter to support the audit and analysis process and enhance the reliability of the data and procedures related to inventory.</p> <p>Based on the best available estimates at the time of preparing the financial statements, the company has accounted for the financial impact of these discrepancies within the current financial results in accordance with applicable accounting standards.</p> <p>The results of ongoing audit and analysis work – if any – may entail any necessary accounting adjustments or modifications in the future in accordance with the approved accounting standards and relevant disclosure requirements.</p>
Other Operating Income	.	.	.	%٠,٠٠	
Other Operating Expenses	.	.	.	%٠,٠٠	
Operating Profit	(١٤١,٦٢٩,٨٦٤)	(١٥,١٩٦,١٧٠)	(١٢٦,٤٣٣,٦٩٤)	%٨٣٢,٠١	

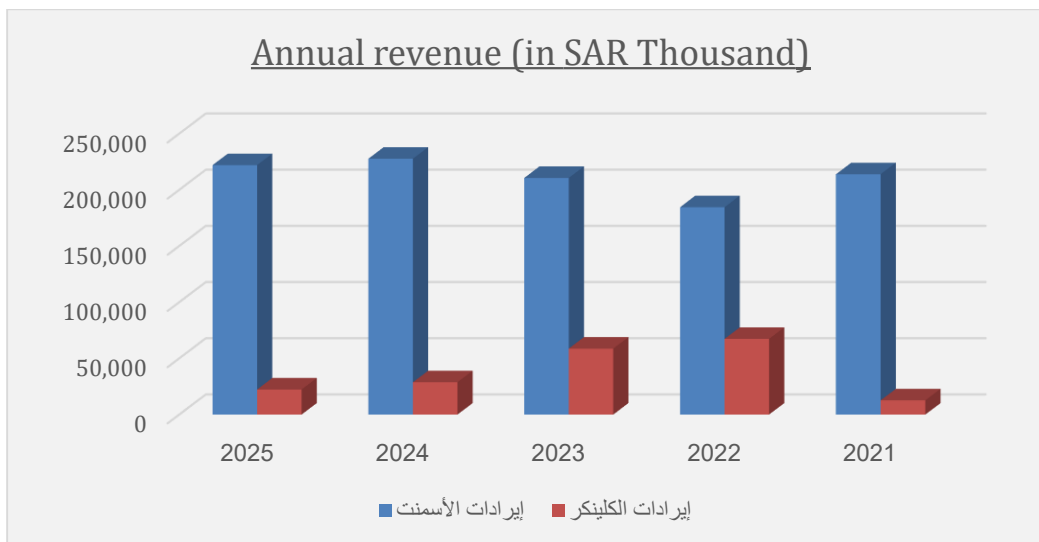
Sales performance indicators: Domestic sales vs. International sales

Rate of change	Change	٢٠٢٤	٢٠٢٥	Statement
%٥,٨-	(١٣,٢٢٥,٧٨٤)	٢٢٧,٣٢٩,٢٠٨	٢١٤,١٠٣,٤٢٤	Domestic Sales
%٣,٥	١,٠٣٣,٠٧٨	٢٩,١٧٤,٨٣٩	٣٠,٢٠٧,٩١٧	Foreign Sales
%٤,٧٥-	(١٢,١٩٢,٧٠٦)	٢٥٦,٥٠٤,٠٤٧	٢٤٤,٣١١,٣٤١	Total



10. Revenue

Statement	٢٠٢٥	٢٠٢٤	٢٠٢٣	٢٠٢٢	٢٠٢١
	SAR Thousand	SAR Thousand	SAR Thousand	SAR Thousand	SAR Thousand
Clinker Revenue	٢٢١,٩٨١	٢٢٧,٧٢٤	٢١٠,٦٠١	٢٠٠,٨٩٠	٢١٣,٨٦٨
Total	٢٢,٣٣٠	٢٨,٧٨٠	٥٨,٦٨٣	٥٠,٩٧٢	١٢,٦٤٨
Statement	٢٤٤,٣١١	٢٥٦,٥٠٤	٢٦٩,٢٨٤	٢٥١,٨٦٢	٢٢٦,٥١٦



11. Assets, Liabilities, and Equity

Statement	٢٠٢٥	٢٠٢٤	٢٠٢٣	٢٠٢٢	٢٠٢١
	SAR	SAR	SAR	SAR	SAR
Current Assets	143,616	394,965	348,065	246,673	198,901
Other Assets	3,367	4,251	3,154	1,506	2,443
Fixed Assets	1,669,204	1,695,155	1,704,526	1,712,263	1,737,168
Total Assets	1,816,187	2,094,371	2,055,745	1,960,442	1,938,512
Current Liabilities	752,342	536,819	450,242	331,622	330,942
Non-Current Liabilities	27,489	37,236	45,068	8,386	11,118
Long-Term Loans	126,264	403,832	415,960	484,160	494,103
Total Liabilities	906,096	977,887	911,270	824,168	836,163
Pay-In Capital	1,087,000	1,087,000	1,087,000	1,087,000	1,430,000
Reserves and Retained Earnings	(176,908)	29,484	57,475	49,274	(327,651)
Shareholders' Equity	910,092	1,116,484	1,144,475	1,136,274	1,102,349
Total Liabilities and Shareholders' Equity	1,816,187	2,094,371	2,055,745	1,960,442	1,938,512

Note:

The capital reduction was approved at the Extraordinary General Meeting held on August 30, 2022, where the capital was reduced by 23.9860%.

12. Loans and Liabilities

(SAR Thousand)

No	Name of the entity granting the facilities	Principal amount of the facility	Facility term (years)	Additions during the year	Amounts paid towards the facility during the year	Remaining balance of the facility	Total debt of the company and its subsidiaries
1	Saudi Industrial Development Fund	483,500	7	0	16,850	17,850	17,850
2	SABB Bank	365,000	7	0	0	154,460	154,460
3	Alinma Bank	374,000	7	12,750	11,983	377,444	377,444
4	Al Rajhi Bank	150,000	8	0	0	149,929	149,929
6	Sukuk Financial Company	10,000	2	0	6,000	0	0
7	Manafea Finance Company	7,500	0.5	0	0	6,900	6,900
8	Lindo Finance Company	7,500	0.5	0	6,107	338	338
Total		1,397,500		12,750	40,940	706,921	706,921

Note:

No shares or debt instruments have been issued for any of the subsidiaries.

The facilities are shown in the table above at the actual value of each financing, excluding the effect of book profit resulting from the restructuring process.

13. Zakat and Income Tax

Zakat and taxes are calculated according to the financial regulations in force in the Kingdom of Saudi Arabia and are an obligation on the shareholders. The provision for zakat and income tax is determined on the statement of changes in shareholders' equity at the end of the year.

Statement	SAR Thousand		Description/Reason
	Paid	Amount Due	
Islamic Zakat (alms)	525	34,375	The company is subject to the regulations of the Zakat, Tax and Customs Authority. Zakat is recorded on an accrual basis and paid according to the zakat base.
Value Added Tax (VAT)	500	12,237	The company is subject to the regulations of the Zakat, Tax and Customs Authority.
General Organization for Social Insurance (GOSI)	1,974	2,137	The company is subject to the regulations of the Ministry of Human Resources and Social Development (Social Insurance System).
Quarry Exploitation Fees	4,800	69,950	The company is subject to the Mining Investment System, which involves fees paid to the Ministry of Industry and Mineral Resources (the amounts due for the years 2017 to 2022 have been scheduled).
Total	7,799	118,699	

14. Dividend Distribution Policy

Pursuant to Articles 48 and 49 of the Articles of Association, Al-Jouf Cement Company adopts a clear dividend distribution policy aimed at balancing shareholder interests with the company's operational and investment needs. This policy adheres to the provisions of the Companies Law, the company's Articles of Association, and the regulations of the Capital Market Authority. The dividend distribution ratio is determined based on the company's financial performance and future capital requirements, taking into account regulatory requirements related to legal reserves.

Dividend Distribution during 2025

The Company did not distribute any dividends during the fiscal year 2025.

15. Investments and Subsidiaries

The company owns the following companies:

Company Name	Capital (SAR)	Ownership Percentage	Legal Entity	Country of Establishment	Main Activities
Al-Jouf Cement Company Jordan	528,910	%\ . .	Limited liability company	The Hashemite Kingdom of Jordan	Import, Export, Wholesale, and Retail Trade of Al-Jouf Cement Company Products
Al-Jouf Investments Company	1,000,000	%\ . .	Limited liability company	The Kingdom of Saudi Arabia	Wholesale and Retail Trade of Cement and its Derivatives, Commercial Contracting, Export

					Services, and Marketing for Others
Al-Jouf Ready-Made Company	500,000	%\ . .	Limited liability company	The Kingdom of Saudi Arabia	Wholesale of Cement and Similar Products, and Land Transport of Goods

Section Four: Governance

16. Corporate Governance:

Strategic Leadership in Enhancing Transparency and Value Sustainability

Al-Jouf Cement Company continues to solidify corporate governance as a core pillar of its long-term strategy. The company adopts a progressive approach aimed at achieving corporate excellence and building strong, trust-based relationships with shareholders and all stakeholders. Based on a deep belief in the role of governance as an effective tool for enhancing administrative and oversight practices, the company is committed to the rigorous application of international standards in accordance with the regulatory framework of the Saudi Capital Market Authority.

Reinforcing this leadership, the company continues to build on its achievements, having been ranked among the top companies in the Saudi market for implementing sound governance standards. This approach is spearheaded by the Governance Department, under the supervision of the Department Director, to ensure the implementation of a strategic methodology that prioritizes the values of transparency, accountability, fairness, and independence at all levels of operation.

Integrity and Strict Oversight in Transactions

The company places the principles of transparency and integrity at the forefront of its corporate conduct, working diligently to enhance trust with shareholders, suppliers, and customers through rigorous oversight procedures. The company continues to develop its internal controls to ensure the efficiency of its operations and minimize risks, thus reinforcing its reputation as a responsible institution that aligns with the expectations of regulatory bodies and international financial markets.

Contract Management, Legal Follow-up, and Regulatory Compliance

In line with the Board of Directors' directives to ensure the integrity of contractual practices, the department continues to conduct comprehensive reviews of all stakeholder contracts, including those with suppliers, clients, and government entities. These reviews aim to verify compliance with regulations, ensure contractual fairness, and protect the company from any potential legal or financial risks.

The Board also regularly monitors all legal matters, updating the legal position in coordination with relevant advisors to safeguard the company's rights. Furthermore, the Governance Department is committed to fulfilling all external auditor requirements (quarterly and annually) and securing all data related to the Board of Directors and its committees, thereby enhancing the reliability of financial disclosures and the integrity of accounting information.

Effective Oversight and Coordination with Auditors

As part of its core oversight responsibilities, the Governance Department is responsible for direct coordination with the auditor to review documents and files to ensure they are free of any irregularities. The department is committed to promptly responding to the audit findings and submitting the necessary reports to the relevant committees and the Board of Directors to take appropriate regulatory actions, ensuring compliance with audit requirements in accordance with best professional practices.

Digital Governance and Policy Development

In keeping with the latest regulations issued by the Capital Market Authority, the company is committed to a periodic review of its financial and operational policies and procedures. This includes updating risk management and compliance frameworks to ensure the integrity of operations.

To further activate the concept of digital governance, the company will launch its modern electronic application in 2025, enabling shareholders to directly access financial reports, performance results, and Board of Directors decisions. Direct communication channels will also remain open to receive their inquiries, thus reinforcing transparency as a practical and ongoing practice.

Governance as a Strategic Choice for Success

Al-Jouf Cement Company's commitment to governance transcends mere regulatory obligation, becoming a strategic choice that reflects its vision for sustainable success. The company affirms its determination to continue developing these practices as an integral part of its corporate identity, ensuring continued leadership and enhancing investor confidence both locally and internationally.

In order to protect the rights of its shareholders and stakeholders, the Board of Directors has prioritized the implementation of the Corporate Governance Regulations. The company applies all mandatory provisions of the aforementioned Corporate Governance Regulations, with the exception of the following:

Article/Paragraph	Article/Paragraph Text	Reason
Article (37) Training	2) Establishing the necessary mechanisms to ensure that all members of the Board of Directors and the Executive Management receive ongoing training and development programs to enhance their skills and knowledge in areas related to the company's activities.	This material is for guidance only and will be applied when complied with.
Article (39) Evaluation	a) Based on the Nominations Committee's proposal, the Board of Directors shall establish the necessary mechanisms to evaluate the performance of the Board, its members, its committees, and the Executive Management annually. This evaluation shall be conducted using appropriate performance indicators related to achieving the company's strategic objectives, the quality of risk management performance, the adequacy of internal control systems, and other relevant factors. The Board shall identify strengths and weaknesses and propose solutions that align with the company's best interests. b) The Board of Directors shall arrange for an external evaluation of its performance every three years.	This document is for guidance only and will be implemented upon adherence. Currently, evaluation is being conducted without performance indicators. This document is for guidance only and will be implemented upon adherence.
Article (82) Employee Motivation	1) Forming committees or holding specialized workshops to gather employee feedback and discuss important decision-making matters. 2) Establishing employee stock options or profit-sharing programs, retirement programs, and a separate fund to finance these programs. 3) Establishing social institutions for company employees.	The guidelines will be implemented upon compliance. The guidelines will be implemented upon compliance. The guidelines will be implemented upon compliance.
Article (84) Social Responsibility	The Ordinary General Assembly, upon the recommendation of the Board of Directors, shall establish policies that ensure a balance between its objectives and the goals that society aspires to achieve, with the aim of developing the social and economic conditions of the community.	Work is underway on it and the guidelines will be implemented when they are adhered to.
Article (85) Social Action Initiatives	1) Establish performance indicators that link the company's performance to its social initiatives and compare it with other companies with similar activities. 2) Develop public awareness programs to promote the company's social responsibility.	The guidelines will be implemented upon compliance. The guidelines will be implemented upon compliance.
Article (92) Formation of a Corporate Governance Committee	If the Board of Directors forms a Corporate Governance Committee, it shall delegate to it the responsibilities stipulated in Article 94 of these Regulations. This committee shall monitor any matters related to governance applications and provide the Board of Directors, at least annually, with its reports and recommendations.	The guidelines will be implemented upon compliance.

17. Board members and their classifications

The board of directors of Al-Jouf Cement Company consists of seven members elected by the general assembly of shareholders for a four-year term. The board comprises a balanced mix of executive, non-

executive, and independent members, in accordance with the corporate governance regulations issued by the Capital Market Authority.

No	Member Name	Position			Classification
١	Eng. Abdullah bin Oudah Al-Ghabin	Chairman of the Board			Non-Executive
		Until 01/07/2025 G			
٢	Eng. Ahmed bin Mohammed Al-Faleh	Vice Chairman	Chairman of the Board	Member	Independent
		Until 01/07/2025	Until 30/11/2025	Until ٢٠٢٥/١٢/١٦	
٣	Mr. Saud bin Abdullah Al-Bawardy	Member until ٢٠٢٥/٠٦/٢٦			Independent
٤	Mr. Abdulaziz bin Abdulilah Kaaki	Member until ٢٠٢٥/٠٦/٢٦			Non-Executive
٥	Eng. Abdullah bin Abdulaziz Al-Zunaidi	Member until ٢٠٢٥/٠٦/٢٦			Independent
٦	Mr. Abdulkarim bin Mohammed Al-Nuhair	Member until ٢٠٢٥/٠٦/٢٦			Executive
٧	Mr. Abdulrahman bin Suleiman Al-Oudan	Member			Independent
٨	Mr. Hani bin Suleiman Al-Saleh	Member	Vice Chairman		Non-Executive
		As of ٢٠٢٥/٠٦/٢٦	As of 02/07/2025		
٩	Mr. Saleh bin Mohammed Al-Rasheed	Member as of ٢٠٢٥/٠٧/٠١			Independent
١٠	Mr. Qais Hussein Balas	Member from 07/07/2025 until 09/11/2025			Independent
١١	Dr. Essa bin Yaslam Baessa	Member	Chairman of the Board		Non-Executive
		As of 25/11/2025 G	As of 30/11/2025 G		
١٢	Mr. Ayman bin Hilal Al-Jaber	Member as of 30/11/2025 G			Independent
١٣	Eng. Baker bin Atef Sindi	Member as of 31/12/2025			Independent

18. Board of Directors Meetings

No	Member name	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6	Meeting 7	Meeting 8	Meeting 9	Meeting 10	Meeting 11	Meeting 12	Meeting 13	Meeting 14	Total
		Jan-29	Apr-19	May-18	Jun-15	Jun-25	Jun-30	Jul-02	Jul-07	Jul-23	Aug-26	Sep-14	Oct-14	Nov-25	Nov-30	
١	Eng. Abdullah bin Oudah Al-Ghabin	✓	✓	✓	✓	✓	✓									٦
٥	Eng. Ahmed bin Mohammed Al-Faleh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	١٤
٣	Mr. Saud bin Abdullah Al-Bawardy	✓	✓	✓	✓											٤
٤	Mr. Abdulaziz bin Abdulilah Kaaki	✓	✓	✓	✓	✓	✓									٦
٥	Eng. Abdullah bin Abdulaziz Al-Zunaidi	✓	✓	✓	✓	✓										٥
٦	Mr. Abdulkarim bin Mohammed Al-Nuhair	✓	✓	✓	✓	✓	✓									٦
٧	Mr. Abdulrahman bin Suleiman Al-Oudan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	١٤
٨	Mr. Hani bin Suleiman Al-Saleh						✓	✓	✓	✓	✓	✓	✓	✓	✓	٩
٩	Mr. Saleh bin Mohammed Al-Rasheed							✓	✓	✓	✓	✓	✓	✓	✓	٨
١٠	Mr. Qais Hussein Balas								✓	✓	✓	✓	✓			٥
١١	Dr. Essa bin Yaslam Baessa														✓	١
١٢	Mr. Ayman bin Hilal Al-Jaber															
١٣	Eng. Baker bin Atef Sindi															

The mechanisms used by the Board of Directors to ensure that its members – especially non-executive members – are informed of shareholders' proposals and views regarding the company and its performance level.

The Board is committed to regularly informing members of shareholders' views and suggestions regarding the company and its performance, with particular attention to ensuring that non-executive members are also informed. These suggestions are discussed within a regulatory framework that guarantees their processing and the necessary decisions are made in accordance with established policies.

A statement of the dates of the general meetings of shareholders held during the last year and the names of the board members present at these meetings:

Name	Attendance record for the 2025 General Assembly meeting	
	6 March	29 June
Eng. Abdullah bin Oudah Al-Ghabin	✓	✓
Eng. Ahmed bin Mohammed Al-Faleh	✓	✓
Mr. Hani bin Suleiman Al-Saleh	-	✓
Mr. Abdulaziz bin Abdulilah Kaaki	✓	✓
Eng. Abdullah bin Abdulaziz Al-Zunaidi	✓	✓
Mr. Abdulkarim bin Mohammed Al-Nuhair	✓	✓
Mr. Abdulrahman bin Suleiman Al-Oudan	✓	✓

Mr. Saud bin Abdullah Al-Bawardy	✓	-
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19. Board Committees

19.1 Audit Committee

The Audit Committee oversees the company's internal control functions, reviews preliminary and final financial statements, coordinates with relevant parties, and supervises the work of the external auditors. The committee consists of at least three non-executive members, including at least one independent member specializing in financial and accounting matters..

No	Member name	Classification	Position on the committee	
١	Mr. Abdulaziz Al-Babtain	Independent from outside the board	Member From 04/07/2025	Chairman of the Committee From 7/7/2025
٢	Mr. Abdulrahman Al-Oudan	Independent	Member	
٣	Mr. Hani bin Sulaiman Al-Saleh	Non-executive	Member from 19/05/2025	
٤	Eng. Abdullah bin Abdulaziz Al-Zunaidi	Independent	Member until 02/07/2025	
٥	Mr. Aziz bin Mohammed Al-Qahtani	Independent from outside the board	Committee Chair until 30/06/2025	
٦	Mr. Ayman bin Hilal Al-Jaber	Independent from outside the board	Member from 16/12/2025	

Clarification: The Chairman of the Review Committee has been changed, with the departure of Mr. Aziz bin Mohammed Al-Qahtani and the joining of Mr. Abdulaziz Al-Babtain in his place.

Audit Committee meetings:

Name	Classification	Audit Committee Meetings for 2025							
		١	٢	٣	٤	٥	٦	٧	٨
		Date: January 26	Date: February 24	Date: April 17	Date: April 19	Date: May 14	Date: May 28	Date: August 3	Date: November 5
A. Abdulaziz Al-Babtain	The committee chair is an independent member from outside the council.							✓	✓
Mr. Abdulrahman Al-Oudan	An independent, non-executive member.	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Hani bin Sulaiman Al-Saleh	The committee chair is an independent member from outside the council.							✓	✓
Eng. Abdullah bin Abdulaziz Al-Zunaidi	The committee chair is an independent member from outside the council.	✓	✓	✓	✓	✓	✓		

Mr. Aziz bin Mohammed Al-Qahtani	An independent, non-executive member.	✓	✓	✓	✓	✓	✓		
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Key Activities of the Committee During 2025:

The Committee held several meetings during 2025 to carry out tasks within its purview, most notably:

- Reviewing the quarterly and annual financial statements and submitting the necessary recommendations to the Board of Directors.
- Recommending to the Board of Directors the appointment of the external auditor for the fiscal year ending 2025 and the first quarter of 2026.
- Recommending the appointment of the internal auditor for 2025.
- Overseeing the work of the external auditor and the external audit plan, verifying their independence, ensuring their empowerment, and meeting with them regularly.
- Overseeing the work of the internal auditor, approving the internal audit plan, reviewing reports, discussing them with executive management, and following up on corrective action plans.
- Maintaining continuous communication with the Board of Directors to keep them informed of the Audit Committee's updates and recommendations, as well as matters related to the company's control policies and procedures.

19.2 Remuneration and Nominations Committee

The Remuneration and Nominations Committee is responsible for recommending board members to the Board in accordance with approved policies and standards, periodically reviewing the Board's needs for skills and experience, as well as reviewing the structure of remuneration and compensation for board members, committees and senior executives.

No	Member name	Position on the committee	
١	Eng Ahmed bin Mohammed Al-Faleh	Chairman of the Committee	Member
		Until 01/07/2025	Until 16/12/2025
٢	Eng Abdullah bin Awda Al-Ghabin	Member until 01/07/2025	
٣	Mr. Abdulaziz bin Abdul-Ilah Kaaki	Member until 26/06/2025	
٤	Mr. Adel bin Saleh Al-Ghasab	Committee Chairman from	
٥	Mr. Saleh bin Mohammed Al-Rashid	Member	Chairman of the Committee
		٢٠٢٥/٠٧/٠٧	٢٠٢٥/١١/٢٠
٦	Mr. Abdulrahman bin Sulaiman Al-Oudan	Member as of 16/12/2025	

Clarification: The Chairman of the Remuneration and Nominations Committee has changed. Engineer Ahmed bin Mohammed Al-Faleh has left, and Mr. Adel bin Saleh Al-Ghasab has joined in his place.

Remuneration and Nominations Committee Meetings:

Name	Classification	إجتماعات لجنة الترشيحات والمكافآت لعام ٢٠٢٥											
		١	٢	٣	٤	٥	٦	٧	٨	٩	١٠	١١	١٢
		٢٣ Jan	٢٨ Apr	١٢ May	٢١ May	١١ Jul	١٢ Jul	١٣ Jul	١٥ Jul	١٦ Jul	٣١ Jul	١٢ Oct	١٣ Nov
Eng/ Ahmed bin Mohammed Al-Faleh	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Eng/ Abdullah bin Awda Al-Ghabin	Non-executive	✓	✓	✓	✓								
Mr/ Abdulaziz bin Abdul-Ilah Kaaki	Non-executive	✓	✓	✓	✓								
Mr/ Adel bin Saleh Al-Ghasab	Independent					✓	✓	✓	✓	✓	✓	✓	✓
Mr/ Saleh bin Mohammed Al-Rashid	Independent					✓	✓	✓	✓	✓	✓	✓	✓

19.3 Executive Committee

The Executive Committee assumes the tasks of assisting the Board of Directors in supervising the implementation of the company's strategic and operational plans, reviewing and evaluating proposals for capital and investment projects before presenting them to the Board, as well as monitoring financial and operational performance and ensuring that substantive decisions within its powers are made in a way that enhances the efficiency and flexibility of operational processes.

No	Member name	Classification	Position on the committee	
١	Eng Abdullah bin Awda Al-Ghabin	Non-executive	Chairman of the Committee to 01/07/2025	
٢	Eng Ahmed bin Mohammed Al-Falih	Independent	Member until 16/12/2025	
٣	Eng Abdullah bin Abdulaziz Al-Zunaidi	Independent	Member until 26/06/2025	
٤	Mr Abdulkarim bin Mohammed Al-Nuhair	executive	Member until 26/06/2025	
٥	Dr. Issa bin Yeslam Ba'eisa	Non-executive	Member	Chairman of the Committee
			From ٢٠٢٥/١١/٣٠	From ٢٠٢٥/١٢/١٦
6	Mr Hani bin Sulaiman Al-Saleh	Non-executive	From ٢٠٢٥/١١/٣٠	
7	Mr Saleh bin Mohammed Al-Rashid	Independent	From ٢٠٢٥/١١/٣٠	

Clarification: The Chairman of the Executive Committee has changed. Engineer Abdullah bin Awda Al-Ghabin has left, and Dr. Issa bin Yislam Ba'eesa has joined in his place.

Executive Committee Meetings:

Name	Classification	Executive Committee meetings for 2025		
		١	٢	٣
		١٩ Jun	٢٠ Apr	٢٢ Dec
Eng Abdullah bin Awda Al-Ghabin	Non-executive	✓	✓	
Eng Ahmed bin Mohammed Al-Faleh	Independent	✓	✓	
Eng Abdullah bin Abdulaziz Al-Zunaidi	Independent	✓	✓	
Mr Abdulkarim bin Mohammed Al-Nuhair	Executive	✓	✓	
Dr. Issa bin Yeslam Ba'eisa	Non-executive			✓
Mr Hani bin Sulaiman Al-Saleh	Non-executive			✓
Mr Saleh bin Mohammed Al-Rashid	Independent			✓

20. Executive Management

The company is managed by an experienced executive team with extensive expertise in the cement and manufacturing industries.

No	Name	position
١	Engineer/ Samir Mohammed Al-Rahili	chief executive officer
٢	Mr Mansour Al-Habdan	Chief Financial Officer
		Until 12/25/2025 AD
٣	Mr Hamed Saeed Al-Ghamdi	Starting from 12/28/2025 AD

Clarification: The executive management structure underwent changes during the fiscal year, as follows:

-Mr. Abdulkarim Al-Nuhaier, Managing Director and CEO, resigned on August 21, 2025, and Eng. Samir Mohammed Al-Rahili was appointed as his successor, effective September 7, 2025.

-Mr. Mansour Al-Habdan assumed the position of Chief Financial Officer, succeeding Mr. Al-Abbas bin Ali Al-Musaed, effective May 25, 2025.

21. Names of companies where the Board Member is a member of the Board of Directors or a Director

1- Dr. Issa bin Yeslam Ba'eesa (Chairman of the Board – Non-Executive)

Current Memberships:

- Chairman of the Board – Al-Jouf Cement Company
- Chairman of the Executive Committee – Al-Jouf Cement Company
- Member of the Nominations and Remuneration Committee – Al-Jouf Cement Company
- Chairman of the Board – GO Telecom
- Member of the Nominations and Remuneration Committee – GO Telecom
- Chairman of the Executive Committee – GO Telecom

Previous Memberships and Positions:

- Held several leadership positions in a number of companies.
- Serves as a Board Member in a number of companies.

Qualifications:

- Bachelor of Science in Mining Engineering – King Abdulaziz University – 1997
- Master of Business Administration – King Abdulaziz University – 2008
- Doctor of Philosophy in Business Administration – Atlanta University, Georgia, USA – 2013

Experience:

- Leading the comprehensive transformation at Etihad Atheeb Telecommunication Company since 2021.
- Former CEO of several companies in the cement and energy sectors.

Member of the National Cement Committee:

- Member of the Arab Union for Cement and Building Materials
- Chairman and member of several executive, financial, and governance committees in publicly traded companies
- Participated in advanced management, executive, and financial programs, and is known for his approach to restructuring and building results-based corporate strategies.
- Held several leadership positions in a number of companies.
- Served on the board of directors of several companies.

2–Hani bin Sulaiman Al Saleh (Vice Chairman of the Board – Non-Executive)

Current Memberships:

- Vice Chairman of the Board – Al Jouf Cement Company
- Member of the Audit Committee – Al Jouf Cement Company
- Member of the Executive Committee – Al Jouf Cement Company
- Serves on the Board of Directors of several companies

Previous Memberships:

- Member of the Board of Directors of Methanol Chemicals Company (Chemanol)

Qualifications:

- Bachelor of Science in Financial Management – King Saud University – 1994
- Master of Business Administration – Babson College – USA – 2001

Experience:

- Held several leadership positions in a number of companies.
- Serves on the Board of Directors of several companies.
- Founder, partner, and investor in several companies, including Naqel Company

3– Saleh bin Mohammed Al-Rasheed (Board Member – Independent)

Current Memberships:

- Board Member – Al-Jouf Cement Company
- Chairman of the Nominations and Remuneration Committee – Al-Jouf Cement Company
- Executive Committee Member – Al-Jouf Cement Company
- CEO and Managing Director – Petroleum Platforms Company

Previous Positions:

- Held several leadership positions in a number of companies.
- Serves on the Board of Directors of several companies.

Qualifications: Bachelor's degree in Marketing – King Faisal University – 2005

Experience:

- Founder, CEO, and Managing Director – Petroleum Platforms Company for Energy
- Held several leadership positions in a number of companies

4– Ayman Bin Hilal Al-Jaber (Board Member – Independent)

Current Memberships:

- Board Member – Al-Jouf Cement Company
- Audit Committee Member – Al-Jouf Cement Company
- Board Member – GO Telecom
- Chairman of the Audit Committee – GO Telecom
- Risk Committee Member – GO Telecom

Previous Positions:

- Held several leadership positions in a number of companies.
- Serves as a board member in a number of companies.

Qualifications:

- Bachelor's degree in Accounting – King Fahd University of Petroleum and Minerals – 2010
- Several professional certifications in governance, risk, and internal auditing.

5–Abdulrahman bin Sulaiman Al-Oudan (Board Member – Independent)

Current Memberships:

- Board Member – Al-Jouf Cement Company
- Member of the Nominations and Remuneration Committee – Al-Jouf Cement Company
- Member of the Audit Committee – Al-Jouf Cement Company

Previous Positions

- Held several leadership positions in a number of companies.
- Serves as a board member in several companies.

Qualifications

- Bachelor of Science in Financial Management from Prince Sultan University, 2014.
- Chartered Financial Analyst (CFA).
- Several executive courses in investment from London Business School, 2016.
- Certificate in Corporate Finance and Strategy from the London School of Economics, 2021.

Experience

- Assistant Vice President of Domestic Investment at SALIC.
- Working at the Saudi Electricity Company as an Investment Expert since 2023.
- Assistant Director of Private Equity Funds from 2022 to 2023.
- Worked in Information Security as an Assistant Consultant from 2019 to 2022.
- Investment Analyst at the Saudi Agricultural and Livestock Investment Company from 2015 to 2019.

6–Bakr Bin Atef Sindi (Board Member – Executive)

Current Positions:

- Board Member – Al-Jouf Cement Company
- Board Member of several companies
- Consultant to several companies

Previous Positions:

- Held several leadership and executive positions in several companies.
- Served on the Board of Directors of several companies.

Qualifications:

- Bachelor of Science in Mining Engineering – King Abdulaziz University

Experience:

- Held several leadership positions in several companies.
- Served on the Board of Directors of several companies.

22. Ownership by board members, senior executives, and their relatives

No	Name	Number of shares at the beginning of the year	Number of shares at year-end	Percentage change (%)
١	Mr. Saud bin Abdullah Al-Buradi	١٠,٧٨٩	Nil	%١,٠٠-
٢	Eng. Abdullah bin Abdulaziz Al-Zunaidi	٢٠	٢٠	0%
٣	Mr. Abdulkarim bin Mohammed Al-Nuhair	١٩٢,٧٠٩ by%٠,١٧٧	Nil	%١,٠٠-
٤	Mr. Abdulrahman bin Sulaiman Al-Oudan	١,٠٠٠ by%٠,٠٠٠٩٢	١,٠٠٠	0%
٥	Mr. Abdulaziz bin Abdul-Ilah Kaaki	٤٦٥,٧٦٠ by%٠,٤٢٨	٤٦٥,٧٦٠	0%
٦	Dr. Issa bin Yeslam Ba'isa Chairman of the Board	Nil	٢٠	%٠,٠٠٠١٨٤
٧	Eng. Bakr bin Atif Sindi	Nil	٢٥٠	%٠,٠٠٠٢٣
٨	Mr. Hani bin Sulaiman Al-Saleh Vice Chairman of the Board	Nil	٣,٨٥٥,٧٢٨	%٣,٥٤٧
٩	Mr. Saleh bin Mohammed Al-Rashid	٤٠٠,٠٠٠ by 0.367%	٥٠٠,٠٠٠ by%٠,٤٥٩	%٢٥+
١٠	Mr. Ayman bin Hilal Al-Jaber	Nil	٤	%٠,٠٠٠٠٣٧
١١	Mr. Hamed Saeed Al-Ghamdi (Financial Manager)	Nil	٤٠	%٠,٠٠٠٠٣٦٨
١٢	Mr. Al-Abbas Ali Qaed Al-Musaed	١٠,٠٠٠	Nil	%١,٠٠-

23. Transactions with related parties

	Ownership percentage	
	٢٠٢٥	٢٠٢٤
Sulaiman Bin Saleh Al-Muhaileb & Sons Company (Closed Joint Stock Company)	5.19%	5.09%

The party	Nature of the relationship	Statement	Value
Sulaiman Bin Saleh Al-Muhaileb & Sons Company (Closed Joint Stock Company)	5% of major shareholders	Cement Truck Operating Costs 2025 (Payments Account)	13,752,371
Sulaiman Bin Saleh Al-Muhaileb & Sons Company (Closed Joint Stock Company)	5% of major shareholders	Cement Purchases and Withdrawals 2025 (Accounts Receivable Account)	93,005,153

- The company acknowledges that during 2025, there are no business dealings or contracts in which any member of the Board of Directors, senior executives, or any person related to them has a direct or indirect interest.

- The company also acknowledges that during 2025, there are no competing businesses, or businesses that any member of the Board of Directors, senior executives, or any person related to them has had or been involved in, that compete with the company or any of its branches.

24. Human Resources and Localization

Al-Jouf Cement Company places great importance on developing its human resources, considering them the cornerstone of achieving its strategic objectives. The company is committed to implementing localization programs in accordance with the requirements of the Ministry of Human Resources and Social Development, and continuously strives to increase the percentage of Saudi nationals employed and to qualify national talent for leadership and specialized positions.

Statement	٢٠٢٥	٢٠٢٤
Total number of employees	381	401
Number of Saudi employees	191	189
Saudization rate (%)	50.2%	49%

25. Social Responsibility and Sustainability

Al-Jouf Cement Company believes in the importance of social responsibility as an integral part of its corporate strategy. The company strives to balance its business objectives with its responsibilities towards society and the environment by implementing diverse programs and initiatives. These include environmental conservation and pollution reduction,

energy efficiency projects, renewable energy efforts, and contributing to local development and supporting surrounding communities.

First, Social Responsibility:

1-The company has prioritized supporting charitable organizations due to their vital role in local community development. It has supported the following organizations:

- Tarif Charity Association with SAR 25,000.
- Quran Memorization Association with SAR 25,000.

2-The company signed a sponsorship agreement with the board of directors of Al-Orouba Club to support the Roshan League competitions in 2024, becoming the jersey sponsor for the first team until the end of the season. A second contribution of SAR 134,167 was made in 2025.

Second, Sustainability:

1-Vegetation Development Initiative:

This initiative is an extension of the agreement signed with the National Center for Vegetation Development and Combating Desertification, which aims to enhance joint cooperation in the field of environmental protection, development, conservation, and sustainability. The agreement also aims to cooperate in planting and increasing the percentage of vegetation cover within the company's premises, where 30,000 seedlings have already been planted inside the factory. The agreement aims to reach 100,000 seedlings.

2-Environmental Conservation and Pollution Reduction Initiative:

The company, in cooperation with the King Salman bin Abdulaziz Royal Reserve Development Authority, is making significant efforts in environmental conservation and pollution reduction, where 100,000 trees have been planted within the reserve.

26 Remuneration Policy

26.1 Criteria and Mechanism for Disbursing Remuneration to Board Members and Members of Board Committees

The remuneration of board members and members of board-appointed committees consists of an attendance allowance for meetings, a fixed sum, in-kind benefits, or a percentage of the company's net profits. A combination of these may be used, provided it does not conflict with the company's articles of association.

Board members' remuneration may be a percentage of the company's profits or directly or indirectly based on the company's profitability. If the remuneration is a percentage of the company's profits, this percentage may not exceed 10% of net profits, after deducting the reserves approved by the general assembly in accordance with the provisions of the Companies Law and the company's articles of association, and after distributing a dividend to shareholders of no less than 5% of the company's paid-up capital. The entitlement to these remunerations shall be proportional to the number of meetings attended by each member.

The remuneration allocated to members may vary in amount and differ from one member to another according to the number of meetings attended, on a pro-rata basis. The value of the remuneration for each member is determined upon the recommendation of the Remuneration and Nominations Committee and approval by the board of directors. If the company wishes to adopt a share allocation program for board members and executive management, whether through a new share issuance or shares purchased by the company, this must be done under the supervision of the Remuneration and Nominations Committee, in accordance with the company's Articles of Association, the Companies Law, and the Capital Market Authority's regulations and implementing rules.

Meeting attendance allowances, other entitlements, and expenses related to board meetings, committee meetings, general assemblies, and other official meetings shall be disbursed immediately after each meeting upon signing the attendance register. All disbursements to board members and committees must be disclosed in the board's annual report, as per the Capital Market Authority's instructions.

In all cases, the total amount of remuneration and financial or in-kind benefits received by a board member shall not exceed the maximum limit stipulated in the Companies Law and the Corporate Governance Regulations.

26.2 Executive Management Remuneration

Remuneration aims to provide the necessary competitive environment to attract and retain qualified and competent employees and maintain the high level of skills required by the company. The Board of Directors determines the types of bonuses awarded to senior executives based on the recommendation of the Remuneration and Nominations Committee. These include fixed bonuses, performance-based bonuses, and incentive bonuses, provided they do not conflict with the regulations and procedures governing such matters in publicly traded companies.

The following considerations are taken into account when disbursing bonuses to the executive management team: The Remuneration and Nominations Committee periodically reviews the approved salary scale for all employees, including senior executives, and recommends employee incentive plans and programs as needed. The appointment of the CEO is recommended by the Remuneration and Nominations Committee, which also proposes the duration of the employment contract and compensation. Final approval and ratification are granted by the Board of Directors.

26.3 Suspension of Bonuses and Claim for Compensation and Recovery

Taking into account the company's financial situation and work requirements, the Remuneration and Nominations Committee may recommend to the Board of Directors the suspension of bonuses for all beneficiaries and the demand for their recovery in certain cases, including but not limited to, if the employee or member commits an act that violates honor, integrity, or forgery, or fails to perform his responsibilities or duties in a manner that harms the company's interests, or if his membership is terminated by a decision of the General Assembly if he is absent from three consecutive meetings without a legitimate excuse accepted by the Board.

27. Board Member Remuneration

	Fixed rewards					Variable rewards					End-of-service bonus	Total
	a certain amount	Attendance at council sessions indicates	In-kind advantages	Statement of amounts received by members of the council in their capacity as employees or administrators, or amounts received in return for technical, administrative, or consulting work.	total	A percentage of profits	Periodic rewards	Short-term incentive plans	Long-term incentive plans	Granted shares (are entered)		
Board of Directors												
Independent members												
Eng. Abdullah Al-Ghabin	200,000	18,000		2,187,778	2,405,778						0	2,405,778
Eng. Ahmed Al-Falih	150,833	42,000		824,722	1,017,556						0	1,017,556
Dr. Issa Ba'eesa	4,167	3,000		141,667	148,833						0	148,833
MrSaud bin Abdullah Al-Bawardi	146,667	12,000			158,667						0	158,667
Eng. Abdullah Abdulaziz Al-Zunaidi	146,667	15,000			161,667						0	161,667
Mr Abdulrahman bin Sulaiman Al-Oudan	300,000	42,000			342,000						0	342,000
Mr Ayman bin Hilal Jaber	25,833				25,833						0	25,833
Mr Qais Hussein Balas	105,000	15,000			120,000						0	120,000
Mr Saleh bin Mohammed Al-Rashid	150,000	24,000			174,000						0	174,000
Total	1,383,333	198,000		3,154,167	4,735,500						0	4,554,333
Non-executive members												
Mr Hani bin Sulaiman Al-Saleh	154,167	27,000			181,167						0	181,167
Mr Abdul Aziz Abdul-Ilah Kaaki	146,667	18,000			164,667						0	164,667
Total	146,667	18,000			164,667						0	345,834
Executive members												
Mr Abdul Karim bin Mohammed Al-Nuhair	146,667	18,000			164,667						0	164,667
Eng Bakr Atif Sindi	833	0			833						0	833
Total	147,500	18,000			165,500						0	165,500
Total Council	1,667,500	234,000		3,154,167	5,065,667						0	5,065,667

28. Committee Members' Remuneration

28.1 Audit Committee Members' Remuneration

Review Committee												
	Fixed rewards				Variable rewards					End-of-service	Total	
	a certain amount	Instead of attending council sessions	In-kind advantages	Statement of amounts received by members of the council in their capacity as employees or administrators, or amounts received in return for technical, administrative, or consulting work	Total	percentage of profits	Periodic rewards	Short-term incentive plans	Long-term incentive plans			Granted shares (are entered)
Mr Abdulaziz bin Mohammed Al-Babtain	147,500	6,000			153,500						0	153,500
Mr Aziz Mohammed Al-Qahtani	150,000	18,000			168,000						0	168,000
Eng Abdullah Abdulaziz Al-Zunaidi	100,556	18,000			118,556						0	118,556
Mr Abdulrahman bin Sulaiman Al-Oudan	200,000	24,000			224,000						0	224,000
Mr Hani bin Sulaiman Al-Saleh	122,778	12,000			134,778						0	134,778
Mr Ayman bin Hilal Jaber	17,222	0			17,222						0	17,222
Total	738,056	78,000			816,056						0	816,056

28.2 Remuneration of Nominations and Remuneration Committee Members

Nominations and Remuneration Committee											
	Fixed rewards				Variable rewards					End-of-service Total	
	a certain amount	Instead of attending council sessions	In-kind advantages	Statement of amounts received by members of the council in their capacity as employees or administrators, or amounts received in return for technical, administrative, or consulting work.	Total	percentage of profits	Periodic rewards	Short-term incentive plans	Long-term incentive plans		Granted shares (are entered)
Mr Adel bin Saleh Al-Ghasab	77,778	24,000			101,778					0	101,778
Eng Ahmed Al-Faleh	169,306	36,000			205,306					0	205,306
Mr Saleh bin Mohammed Al-Rashid	76,667	24,000			100,667					0	100,667
Mr Abdul Rahman bin Sulaiman Al-Oudan	6,250				6,250					0	6,250
Mr Abdul Aziz bin Abdul Ilah Kaaki	73,333	12,000			85,333						85,333
Dr. Issa Ba'eesa	13,043				13,043						13,043
En Abdullah Al-Ghabin	75,000	12,000			87,000					0	87,000
Total	491,377	108,000			599,377					0	599,377

28.3 Executive Committee Rewards

Executive Committee											
	Fixed rewards				Variable rewards					End-of-service Total	
	a certain amount	Instead of attending council sessions	In-kind advantages	Statement of amounts received by members of the council in their capacity as employees or administrators, or amounts received in return for technical, administrative, or consulting work.	Total	percentage of profits	Periodic rewards	Short-term incentive plans	Long-term incentive plans		Granted shares (are entered)
Eng. Abdullah Al-Ghabin	100,000	6,000			106,000					0	106,000
Eng. Ahmed Al-Falih	75,000	6,000			81,000					0	81,000
Professor Abdulkarim bin Mohammed Al-Nuhair	73,333	6,000			79,333					0	79,333
Professor Hani bin Sulaiman Al-Saleh	12,917	3,000			15,917					0	15,917
Professor Saleh bin Mohammed Al-Rashid	12,917	3,000			15,917					0	15,917
Eng. Abdullah Abdul Aziz Al-Zunaidi	73,333	6,000			79,333					0	79,333
Dr. Issa Ba'eesa	15,556	3,000			18,556					0	18,556
Total	363,055	33,000			396,055					0	396,055

29. Executive Rewards

Total	Total compensation for executives on the board	End-of-service bonus	Variable rewards						Fixed rewards				
			Total	Granted shares	Long-term incentive plans	Short-term incentive plans	earnings	Periodic rewards	Total	In-kind	Allowances		salaries
6,145,134	0	439,605	0	0	0	0	0	0	5,699,553	0	1,791,957	3,907,596	Senior Executives

29.1 Employee End-of-Service Benefits

The total outstanding end-of-service benefits balance for company employees amounted to SAR 10,949,247 as of December 31, 2025.

29.2 Waivers of Compensation and Bonuses

No waivers, whether contractual or voluntary, were recorded by members of the Board of Directors or senior management regarding their compensation entitlements during the fiscal year.

30. Internal Control and the Audit Committee

30.1 Internal Control

Internal control is a cornerstone of the governance system at Al-Jouf Cement Company, ensuring the achievement of the company's strategic objectives through effective risk management and control systems. The Board of Directors, through its Audit Committee, oversees the integrity of financial reporting, operational controls, and regulatory compliance, in accordance with the Capital Market Authority's regulations and best practices in the Saudi market.

30.2 The Audit Committee

The Audit Committee is pleased to present its annual report for the year 2025, which reviews the most prominent activities of the Committee and the Committee's opinion on the efficiency of the internal control system.

Most Prominent Activities of the Committee During 2025G:

The Committee held several meetings during 2025G in order to carry out matters falling within its scope of competence, the most prominent of which were:

- Studying the quarterly and annual financial statements and submitting the necessary recommendations thereon to the Board of Directors.
- Recommending to the Board of Directors the appointment of the external auditor for the financial year ended 2025G and the first quarter of 2026G.
- Supervising the work of the external auditor and the external audit plan, verifying his independence, ensuring that he is enabled to perform his work, and meeting with him periodically.
- Discussing the management letter concerning the control system issued by the external auditor for the financial year 2024G, during which a full review was conducted of the contents of the letter with **the Executive Management**, and its responses and remediation plans for each observation were reviewed.
- Recommending the appointment of the internal audit services for 2025G, supervising the work of the internal auditor, approving his plan, reviewing the reports and discussing them with the Executive Management, and following up on the remediation plans.
- Maintaining continuous communication with the Board of Directors to keep it informed of the latest developments and recommendations of the Audit Committee, as well as matters relating to the Company's control system policies.
- The Committee followed up on compliance with the requirements of the Capital Market Authority and the **Corporate Governance Regulations**, reviewed its work charter to align it with regulatory updates, and supported the Company's efforts to enhance internal policies and procedures and comply with disclosure and transparency requirements.

Results of the Annual Review of the Effectiveness of the Company's Control System:

The internal control system aims to ensure the achievement of the Company's objectives effectively and efficiently, compliance with laws, regulations and policies, as well as verification of potential risks. The Company's Management is responsible for establishing a comprehensive and effective control system commensurate with the level of risks to which the Company may be exposed. The Audit Committee continuously reviews the periodic reports prepared by the internal and external auditors and the Company's various departments relating to internal control, and provides the necessary guidance regarding such reports.

It is worth noting that the year 2025G witnessed significant institutional changes, including changes in a number of leaders of the Board of Directors and its committees, the appointment of a new Chief Executive Officer and Chief Financial Officer, in addition to the renewal of the chairmen of each of the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee. The Committee believes that these transformations represent a real opportunity to rebuild the governance system and internal control controls on sustainable foundations. Since assuming its responsibilities, the new Executive Management has committed to full cooperation with the Audit Committee in diagnosing and addressing deficiencies.

In forming its opinion on the control system, the Committee relied on forming a general constructive opinion based on the internal and external audit reports, the corrective action plans follow-up report, and the reports of the executive departments reviewed by the Committee during 2025G. The Committee indicates that the control system remains weak and requires substantial improvements.

The weaknesses include several aspects of the internal control system, most notably those related to controls for measuring, managing and evaluating inventory — clinker and raw materials — and what has become evident regarding the need for comprehensive enhancement of the policies and procedures system, compliance with the authority matrix, information technology infrastructure, compliance and governance mechanisms, and the absence of risk management. The impact of some of these weaknesses was reflected in the qualified opinion included in the external auditor's report for the financial year 2025G relating to differences in work-in-progress inventory.

The Committee confirms that this balanced disclosure comes in fulfilment of its commitment to the principle of transparency with shareholders and regulatory authorities, and does not reduce its confidence in the Company's ability to respond effectively to these observations within the framework of a clearly defined action plan.

The Committee further confirms its continued communication with the Executive Management regarding the follow-up of the evaluation of the control system and raising its level of effectiveness in a manner commensurate with the Company's risk appetite, resources and capabilities. The Committee will also continue to submit its recommendations regarding the control system to raise the level of maturity as part of the Company's efforts in the continuous development of the control system.

The Committee reviewed, through the financial statements reports issued during the financial year 2025G, as well as the report prepared at its request by the Governance Department regarding the summary and details of transactions with

related parties for 2025G. It became clear to the Committee that there were transactions that had arisen during previous periods and continued during the current period within an existing framework agreement with one of the major shareholders. The Committee would like to indicate that there was no approval or recommendation by the Audit Committee regarding that agreement or the subsequent transactions. Also, no new contracts or transactions were submitted to the Committee during the year for its review.

The Audit Committee renews its full commitment to performing its supervisory and advisory role in serving the interests of the Company and its shareholders. It confirms that balanced disclosure of the identified deficiencies is the basis for the sustainable correction process, and that the year 2026G will be a year of implementation and follow-up in partnership with the Board of Directors and the new Executive Management to restore the efficiency of the internal control system to the level deserved by the Company's shareholders.

The Committee extends its sincere thanks to the esteemed Board of Directors for its continuous support, to the Executive Management for its cooperation, and to the internal and external auditors for their professional efforts and constructive observations.

30.1 External Auditor (Certified Public Accountant)

Statement	Details
Auditor's Name	RSM audit firm
Date of Appointment	Second quarter of 2025
Fee Amount (SAR)	SAR 315,000 excluding VAT. The Audit Committee also recommended on May 28, 2026, an increase in the auditor's fees by SAR 80,000, based on the auditor's request and the justifications provided by the executive management. This brings the total auditor's fees to SAR 395,000 excluding VAT.
Recommendation for Change	

32. Register of shareholders

The company receives a periodic shareholder register report from the Saudi Stock Exchange Company (Tadawul).

No	Order date	Reasons for the request
١	٢٠٢٥/٠٣/٠٣	Corporate procedures
٢	٢٠٢٥/٠٣/٠٦	General Assembly
٣	٢٠٢٥/٠٤/١٤	Corporate procedures
٤	٢٠٢٥/٠٥/١٤	Corporate procedures
٥	٢٠٢٥/٠٦/٢٨	General Assembly

٦	٢٠٢٥/٠٦/٢٩	General Assembly
٧	٢٠٢٥/٠٧/١٧	Corporate procedures
٨	٢٠٢٥/٠٧/١٧	Corporate procedures
٩	٢٠٢٥/٠٧/١٧	General Assembly
١٠	٢٠٢٥/٠٩/١٧	General Assembly

Section Seven: Declarations and Confirmations

33. Board of Directors' Declarations

The Board of Directors certifies the following:

That the accounting records have been properly prepared.

That the internal control system is soundly designed and effectively implemented, except as indicated in the external auditor's report and the audit committee's report.

That there is no reasonable doubt about the company's ability to continue as a going concern.

34. Board of Directors' Confirmations

1. There are no investments or reserves established for the benefit of the Company's employees, except for the end-of-service benefits provision.
2. The auditors did not submit any request to the Board to convene the company's General Assembly during the fiscal year ending 2025.
3. The Company has not engaged in any transactions involving its shares with any Board member or their immediate relatives.
4. The Chairman of the Board did not receive any written request from any of its members to hold a meeting during the fiscal year ending 2025.
5. There has been no recommendation to change the external auditor prior to the end of their appointed term.
6. The company did not receive any request from shareholders holding at least 10% of the company's shares with voting rights to convene the General Assembly during the fiscal year ending 2025.
7. The Board of Directors did not release any of the company's debtors from their obligations to the company during the fiscal year ending 2025.
8. No penalties, fines, or precautionary restrictions have been imposed on the Company by the Authority or any other regulatory body.
9. The auditor did not provide any consulting services to the company and did not receive any fees in this regard during the fiscal year ending 2025.
10. The company does not hold preferred shares or shares with special voting rights – whether for shareholders, board members, or employees – and all of the company's shares are ordinary shares with equal nominal value and equal voting and other rights as stipulated by the regulations.
11. The company did not extend any cash loans of any kind to its board members, nor did it guarantee any loans contracted by any of them with third parties.
12. **There are no arrangements or agreements between the Company and any shareholder to waive their share of the dividends.**
13. There are no convertible debt instruments or redeemable debt instruments.

14. There are no purchases or contracts in which any Board member or executive has an interest.
15. There are no arrangements or agreements whereby any Board member or senior executive has waived any salary or compensation for the financial year 2025.
16. There are no material impediments that could affect the company's ability to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS).
17. There is a reservation in the external auditor's report, which is explained in item 37 of the report.

35. Details of the treasury shares held by the company and details of the uses of these shares:

The company does not hold any treasury shares.

36. Penalties and Sanctions:

None.

37. Reserved Opinion

During the year ended December 31, 2025, management recognized an inventory loss of SAR 97.8 million related to work-in-process inventory. This loss resulted from discrepancies between management's inventory records and the report of the management-appointed expert regarding the physical inventory count at year-end. Consequently, management appointed an external consultant to investigate the matter. The investigation is ongoing as of the date of this report. Therefore, we have not been able to determine whether this loss pertains to the current year or prior years.

Other matter: The Group's consolidated financial statements for the year ended December 31, 2024, were audited by another auditor, who issued an unmodified opinion on those consolidated financial statements on Shawwal 30, 1446 AH, corresponding to April 28, 2025.

38. Conclusion

In conclusion, the Board of Directors of Al-Jouf Cement Company is pleased to express its sincere appreciation to all shareholders and partners for their continued trust, and to our valued customers for their loyalty, which we deeply value. 2025 was a significant year in our journey, as we successfully enhanced our operational efficiency and solidified our market position despite global economic challenges.

We reaffirm our unwavering commitment to operating according to the highest standards of governance and transparency, guided by the Kingdom's Vision 2030, and continuing to invest in innovation and sustainable development to ensure sustainable added value for our shareholders. We also extend our sincere thanks to all company employees for their dedicated efforts and commitment, and we pray to God Almighty for continued success and prosperity for us all in the coming year.

May God grant us success.

Board of Directors of Al-Jouf Cement Company

For the fiscal year ending December 31, 2025.