

التقرير السنوي

ANNUAL REPORT

For Financial Year 2021 للعام المالي

شركة أسمنت المنطقة الجنوبية
SOUTHERN PROVINCE CEMENT COMPANY



رواد صناعة الأسمنت

Pioneers of the cement industry

رؤية
2030
الجمهورية العربية السعودية
KINGDOM OF SAUDI ARABIA



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شركة أسمنت المنطقة الجنوبية
SOUTHERN PROVINCE CEMENT COMPANY

شركة مساهمة سعودية



In the Name of Allah, the Most Gracious, the Most Merciful



My first object is to make our country a successful and pioneering model in the world at all levels, and we will join our efforts to that end

Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud
may God preserve him



The future of the Kingdom is promising, and our beloved country deserves more than what has already been achieved. We will double the role of our talents and increase their contribution to shaping this future

His Royal Highness
Prince Mohammed bin Salman bin Abdul-Aziz Al Saud
The Crown Prince, First Deputy Prime Minister and Minister of Defence of Saudi Arabia
may God preserve him

Board of Directors

Chairman of the Board

Dr. Hamad bin Sulaiman Al-Bazai



Deputy Chairman of the Board

Mr. Mohammed bin Nasser Al-Nabit



Eng. Ahmed Ali Al-Lohaidan
Board Member



Mr. Mansour bin Abdulaziz Al-Saghayer
Board Member



Dr. Abdullah bin Nasser AbuThnain
Board Member



Mr. Jaser bin Abdullah Al-Jaser
Board Member



Mr. Majid bin Khaled Al-Assaf
Board Member



**Eng. Thamer bin Mohammed
Al-muhid**
Board Member



Eng. Abdullah bin Abdulaziz Al-Qaed
Board Member

Honorable stakeholders

Peace, mercy, and blessings of Allah may be upon you

The company's Board of Directors is pleased to welcome you most warmly and to express our sincere thanks for taking up the invitation to attend the forty-ninth meeting of Regular General Assembly and to present to you its annual report on the work and achievements for fiscal year ending on 31/12/2021 with the annual financial statements.



لتنزيل التقرير
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Annual report for fiscal year 2021

First - the company's activity

The main activity of the company is in the manufacture and production of cement and its derivatives and related products, and trading in these products. The company may have an interest or participate with the bodies or companies that carry out similar activities for its business or that may assist it in achieving its objectives, and it may acquire the shares or stakes, or both, in these companies, merge with them, or buy them. It also has the right to acquire a share from other companies, not exceeding twenty percent of its free reserves, and not exceeding ten percent of the capital of the company in which it participates, and the total of these shares does not exceed the value of these reserves, with a notification to the Ordinary General Assembly at its first meeting.

The company carries out its activities through its three factories in: Jizan, Bisha and Tihama

A – production - Production for the three factories



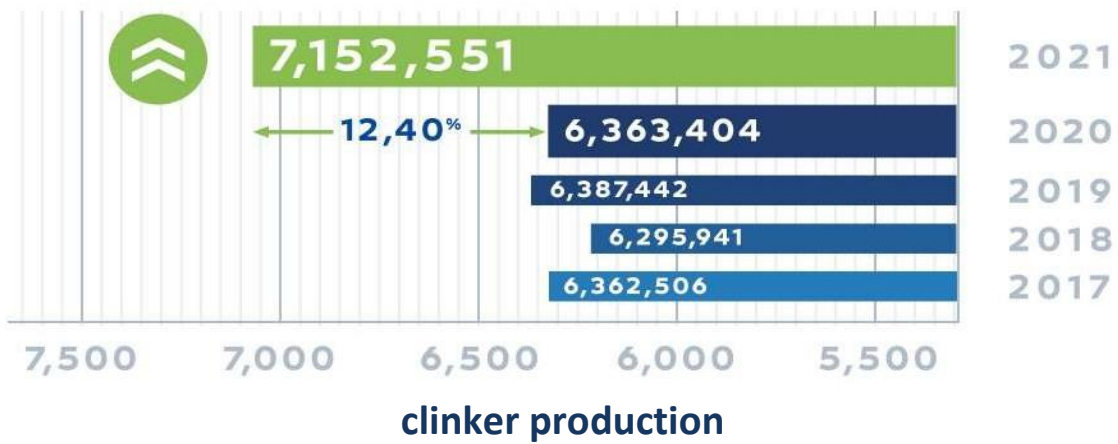
Production per factory

Tihama	Bisha	Jazan	
2,885,467	1,813,747	1,664,190	2020
Tons of Clinker	Tons of Clinker	Tons of Clinker	
3,484,209	2,053,069	1,615,273	2021
Tons of Clinker	Tons of Clinker	Tons of Clinker	
20.75%	13.19%	2.94%	percentage change
The rate of increase in 2021	The rate of increase in 2021	The rate of decline in 2021	

- The actual production capacity of the Jizan factory in 2021 represents 107.18% in relation to its design capacity of (1,000,000) tons of clinker, and production is supported in response to the demand for transportation from the Tihama factory.

- The ratio of the 2021 effective capacity of the Becha plant to its estimated design capacity of 2,700 tons per clinker represents 76.04% to customize production with demand and inventory policy.
- The ratio of the 2021 effective capacity of the Tahama plant in 2021 to its estimated design capacity of 4,500,000,000tn clinker represents 77.43% to match production demand, stock policy and support for the Jazan plant.

Production comparison between 2017 - 2021

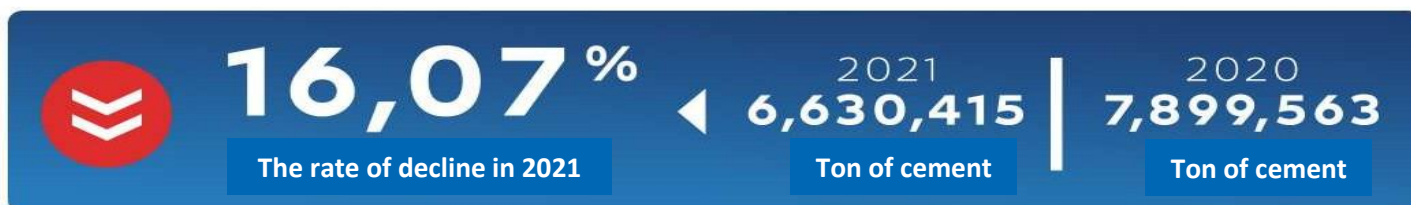


B – inventory

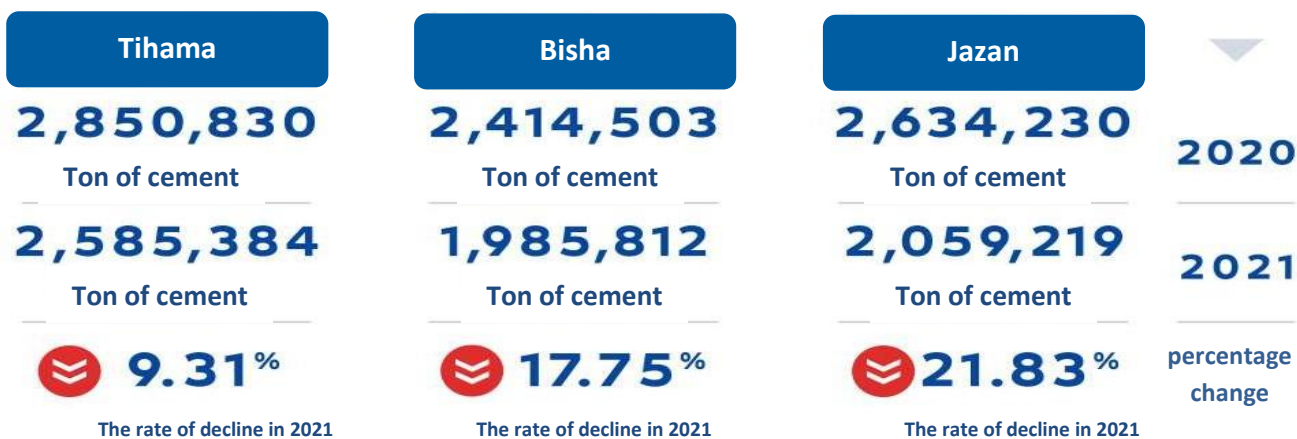


Cement stock	Clinker stock	
109,786 Ton of cement	2,309,164 Ton of clinker	2020
118,929 Ton of cement	2,915,218 Ton of clinker	2021
8.33%	26.25%	percentage change
The rate of increase in 2021	The rate of increase in 2021	

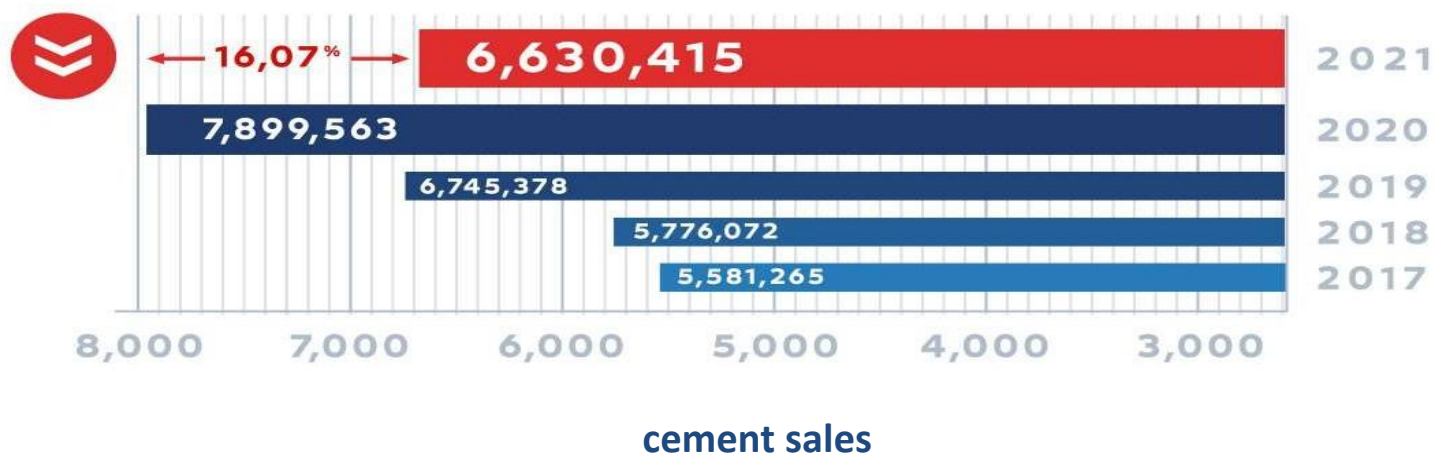
C- Sales



Selling to each factory



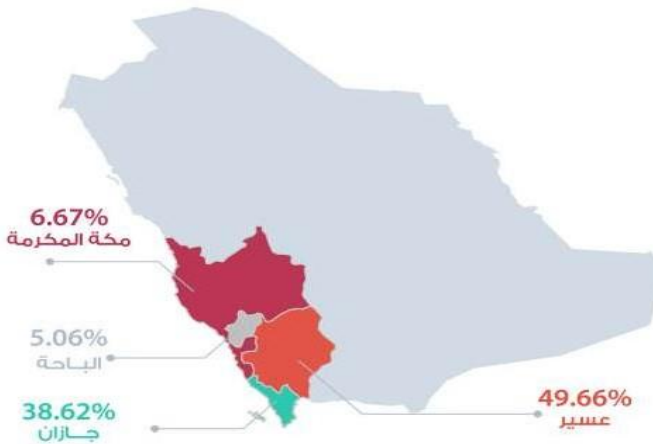
Sales comparison between 2017 - 2021



Outgoing sales in 2021

percentage change	2021	2020	
 15.96% The rate of decline in 2021	11,850 Ton of cement	14,100 Ton of cement	Cement exports
 62.31% The rate of decline in 2021	162,297 Ton of clinker	430,596 Ton of clinker	Clinker exports
 60.84% The rate of decline in 2021	174,147 Ton	444,696 Ton	Total exports

Second - a geographical analysis of the company's total sales

	value	Quantity	Region
	655,566,160 SR	3,292,360 Ton	Asir ●
	509,921,739 SR	2,560,910 Ton	Jizan ●
	88,112,237 SR	442,514 Ton	Mecca ●
	66,630,854 SR	334,631 Ton	Al-Baha ●

6.67% مكة المكرمة
 5.06% الباحة
 38.62% جازان
 49.66% عسير

Total sales and value in 2021



The company's total sales

6,804,562

Ton



Total sales value

1,339,350,164

SR



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Third – Training



Saudization rate in 2021



Training this year was limited to training inside the Kingdom and training through websites



Fourth - The important plans and decisions of the company

The company's plans focus on (production - marketing - sales) in addition to updating existing projects and establishing new projects aimed at preserving and developing the company's assets.

- 1- In the field of production, the company aims to optimize the use of available energy through continuous studies of production lines and to raise operating efficiency.
- 2- In the field of marketing, market characteristics are studied and information analyzed in order to obtain the largest possible share with the best possible profit return.
- 3- In the field of sales, interest in relations with customers and the opening of new local and foreign markets
- 4- The company also continuously develops and updates the company's assets and equipment and raises its efficiency.

Fifth - The risks faced by the company and the policy of managing and controlling these risks

1- Market and Operating Risks:

A- The risks that the company may face are the increase in competition between local cement companies in light of the decrease in demand.

B - Decrease in spending on projects, and thus less demand for cement. The company is working to strengthen its presence in the local and foreign markets by continuing to communicate with current and potential clients.

2- Interest rate risk:

Interest rate risks (albeit of limited impact, given that the company has sufficient liquidity to operate and meet existing obligations) may arise from the impact of higher interest rates on future profitability. Whereas, exposure to interest rate risk is a result of the high costs of facilities and murabaha that are obtained to finance growth and operation requirements, and the management works to reduce interest rate risks by monitoring facilities costs and making adjustments to the financing portfolio and the multiplicity of its sources.

3- Liquidity risk:

Liquidity risk is the inability to meet the liabilities of the financial liabilities, as they fall due. The liquidity needs are monitored on a monthly basis and the management works to ensure that sufficient funds are available to meet any obligations that arise, and to assess the extent of the need to obtain facilities.

The Company's current financial liabilities that mature within a fiscal year consist of short-term Islamic financing, trade payables, dividends pending distribution, accrued expenses and other current liabilities. It is expected that all these financial liabilities will be paid within 12 months from the date of the balance sheet.

4- Credit risk:

It is the inability of one party to fulfill its obligations, which leads to the other party incurring a financial loss. Balances of cash and cash equivalents outstanding with the company on the date of the financial position are distributed with local banks. Trade and other receivables are mainly due from customers and related parties. are concentrated the trade receivables owed to the company by 6 major local customers, The receivables are shown at their estimated value.

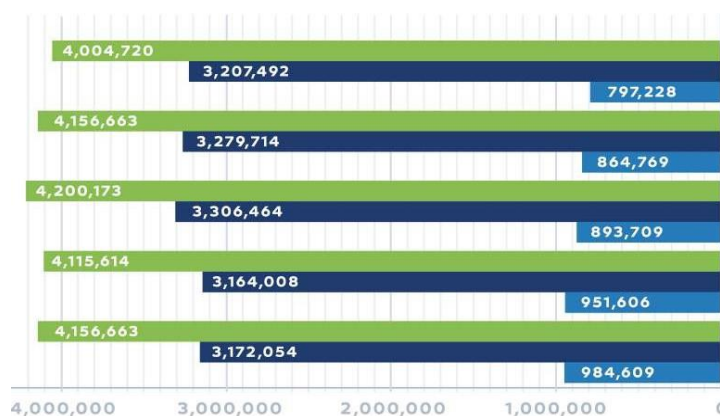
Sixth - The company's assets, liabilities, and business results over the past 5 years

The company's current assets consist of cash and cash equivalents, accounts receivable and other assets. The financial liabilities consist of short-term bank facilities, trade payables, profits under distribution, accrued expenses and other liabilities.

The fair value of financial instruments is not materially different from their carrying value.

Statement	2017	2018	2019	2020	2021
Current assets	807,227	863,449	1,096,819	1,173,636	1,178,407
Non-current assets	3,349,436	3,252,165	3,103,354	2,970,847	2,826,313
Total assets	4,156,663	4,115,614	4,200,173	4,144,483	4,004,720
Current liabilities	530,711	395,963	385,747	419,599	425,967
on-current liabilities	453,898	555,643	507,962	445,170	71,261
Total liabilities	984,609	951,606	893,709	864,769	793,927

Comparison of assets and liabilities (in thousands of Saudi rials)



Comparing the company's business results (in thousands of Saudi rials)

	2017	2018	2019	2020	2021
▶ <u>Revenue</u>	<u>1,063,817</u>	<u>887,724</u>	<u>1,300,286</u>	<u>1,653,108</u>	<u>1,339,350</u>
<u>Revenue costs</u>	<u>(640,113)</u>	<u>(626,032)</u>	<u>(762,748)</u>	<u>(974,256)</u>	<u>(812,921)</u>
<u>Gross profit</u>	<u>423,703</u>	<u>261,692</u>	<u>537,538</u>	<u>678,852</u>	<u>526,429</u>
Comprehensive income	371,610	201,954	457,457	603,248	452,779



Comparing the company's comprehensive income (in thousands of Saudi rials)

Seventh - The fundamental differences in the operating results from the results of the previous year

▶	2020	2021	Changes		Change (%)
<u>Revenue</u>	<u>1,653,107</u>	<u>1,339,350</u>	<u>313,757</u>	⬇️	<u>18.98 %</u>
<u>Revenue cost</u>	<u>974,255</u>	<u>812,921</u>	<u>161,334</u>	⬇️	<u>16.56 %</u>
<u>Gross profit</u>	<u>678,852</u>	<u>526,429</u>	<u>152,42</u>	⬇️	<u>22.45 %</u>
<u>Other operating expenses</u>	<u>50,430</u>	<u>62,186</u>	<u>11,756</u>	⬆️	<u>23.31 %</u>
<u>Operating profit</u>	<u>628,422</u>	<u>464,243</u>	<u>164,179</u>	⬇️	<u>26.13 %</u>

Eighth - Accounting standards adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA)



The financial statements have been prepared in accordance with International Financial Reporting Standards, the interpretations issued by the IFRS Interpretations Committee the interpretative body of the International Accounting Standards Board approved in the Kingdom of Saudi Arabia, and other standards and issuances published by SOCPA. During 2021, the company has started applying international standards of new standards, interpretations and amendments applied by the company.

The accounting policies applied by the company in preparing the financial statements are consistent with those used in preparing the company's annual financial statements for the year ended December 31, 2020. There are no new standards issued, however, there are a number of amendments to the standards effective from 1 January 2021 that did not have a material impact on the financial statements.

Effective from	Amendments to Standards
January 1, 2021	Amendments to IFRS 9, IAS 39, IFRS 16 and IFRS 4 Phase II (Interest Rate Correction)

Standards issued but not applied


The following are the standards and amendments that were issued but not effective until the date of issuance of the company's financial statements. The company does not expect to have a material impact on the financial statements if the standards and amendments below are applied.

Effective for annual periods as of or after the date of	New standards and Amendments
January 1, 2022	Unfeasible Contracts - Cost of Contract Completion (Amendments to IAS 37)
	Annual Improvements to IFRSs 2018-2020 Cycle
	Property, plant and equipment: revenue before its intended use (Amendments to IAS 16)
January 1, 2023	Reference to the Conceptual Framework (Amendments to IFRS 3)
	Amendments to International Accounting Standard No. 1. "Presentation of financial statements" on the classification of liabilities
	IFRS 17 Insurance Contracts and Amendments to IFRS 17 - Insurance Contracts
Available for optional application / Effective date postponed indefinitely	Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

Ninth - Islamic Finance

Statement	Funding source	Current portion of the loan	Non-current portion of the loan	Total
		SAR	SAR	SAR
Opening balance		70,000,000	328,397,000	398,397,000
Paid during the year	Saudi National Bank	(70,000,000)	0	(70,000,000)
		75,000,000	253,397,000	328,397,000

The balance of Islamic financing from Al-Ahly Bank on 31/12/2021 amounted to 328,397,000 riyals represented in non-current bank facilities of 253,397,000 riyals due during the years from 2023 to 2025, and current bank facilities amounting to 75,000,000 riyals due during the year 2022, knowing that the payment started on March 15, 2018 and shall end on December 31, 2025 (quarterly installments).



The company also transfers the part payable during the year from the long-term liabilities account to the short-term liabilities account to show the current portion of the liabilities in an expressive way within the statement of financial position.

Tenth - Details of the company's social contributions

No.	Statement	(SAR)
1	Saudi Data and Artificial Intelligence Authority (Ehsan)	1,000,000
2	Donation to Jazan charity organization	800,000
3	Chamber of Commerce - support winter activities in Jazan	100,000
4	Preservation of Grace Association in Asir Region (Shukr)	36,000
5	Al Bir Society – Abha	30,000
6	The National Commission for the Welfare of Prisoners in Asir region (Trahum)	30,000
7	Al Bir Society – Bisha	25,000
8	Charity Orphans Care Foundation (Ekhaa)	20,000
9	Al Bir Society – Ahad al Masariyah	20,000
10	The company's support for the International Day of Persons with Disabilities	20,000
11	Call, Guidance & Community Awareness Cooperative Office	15,000
12	Al-Janub Women's Organization in Abha	15,000
13	Al Bir Society – Alwayed	15,000
14	Al Bir Society – Southern Alardiyah	15,000
15	Holy Quran Memorization Association in Khamis Mushait	10,000
16	Holy Quran Memorization Association in Asir, Abha	10,000
17	Al Bir Society – Al Qunfudhah	10,000
18	Al Bir Society – Al Majaridah	10,000
19	Committee on Social Development – Alwayed	10,000
20	Human Health Association in Bisha	10,000
21	Society of Tawasul for Domestic Violence in Ahad al Masariyah	10,000
22	Holy Quran Memorization Association in Ahad al Masariyah	10,000
	Total	2,221,000

Eleventh - Names of the members of the Board of Directors, members of the committees and the executive management, their current and previous posts, qualifications and experiences

First: Members of the Board of Directors



Dr. Hamad bin Sulaiman Al-Bazai

Current post: Member of boards and committees

Pervious post: Deputy Minister of Finance

Qualifications

Bachelor's, Master's and PhD in Economics.

Experiences

He has been working for (40) years, gradually, in various positions, starting with a teaching assistant, then an assistant professor, then an associate professor, a vice dean, and an acting dean of the College of Economics and Administration, then the Undersecretary for Economic Affairs at the Ministry of Finance, then the Deputy Minister of Finance and served as a member of the boards of directors of several organizations and companies.



Mr. Mohammed bin Nasser Al-Nabit

Current post: Businessman

Pervious post: N/A

Qualifications

Bachelor of Science in Business Administration

Experiences

He has been working for 23 years in the private sector.

- Member of the Board of Directors of the Saudi Arabian Refineries Company (SARCO) Arab Refineries Company formerly.
- Vice Chairman of the Board of Directors of Nasser Bin M. Al-Nabit & Sons LLC.
- Member of the Board of Directors of the Red Sea Markets Co.
- Member of the Board of Directors of the Arabian Education Group.
- Member of the Board of Directors of the Khamis Mushait Hotel Company.



Dr. Abdullah bin Nasser AbuThnain

Current post Vice Minister of Human Resources and Social Development for Labor - KSA

Pervious post Deputy Minister for Inspection and Development of Work Environment - Ministry of Human Resources and Social Development

Qualifications

Bachelor's, Master's and PhD in Economics.

Experiences

He has been working for 25 years in several government posts.

- A faculty member at the Institute of Public Administration.
- Deputy Minister for Planning, Development and Information - Ministry of Labor and Social Development - Deputy Minister for Inspection and Development of Work Environment - Ministry of Human Resources and Social Development.
- Vice Minister of Labor and Social Development



Mr. Mansour bin Abdulaziz Al-Saghayer

Current post CEO - National Bank of Bahrain

Pervious post Head of Business Development Department - SABB Bank

Qualifications

Bachelor's degree in Accounting - MBA.

Experiences

- Account Administrator for Commercial and Retail Banking Services (Western Region) Saudi Hollandi Bank.
- Customer Relationship Manager for Corporate Banking Services (Western Region) Saudi Hollandi Bank.
- Senior Customer Relations Manager for Corporate Banking Services (Western Region) Saudi Hollandi Bank.
- Senior Customer Relations Manager for Corporate Banking Services (Western Region) The Saudi Investment Bank.
- Assistant General Manager for Corporate Banking Services (Western Region) - Samba.
- Head of Corporate Banking Unit (Western Region) Banque Saudi Fransi.
- Head of Corporate Banking Services (Western Region) - National Commercial Bank.
- Regional Head of Corporate Banking (Central Region) - SABB Bank.
- Head of Business Development Department - SABB Bank.
- Chief Executive Officer - National Bank of Bahrain.

Eleventh - Names of Members of the Board of Directors, members of the committees and the executive management, their current and previous positions, qualifications and experience

First: Members of the board of director



Eng. Ahmed Ali Al-Lohaidan

Current Position CEO of the Arab Pipe Company.

Previous Position Director of Administration Studies and Consultation

Department at the Saudi Industrial Development Fund.

Qualifications

Bachelor of Mechanical Engineering - Higher Diploma in Design, Production and Management.

Experience

Worked for (31) years.

- He was included in several positions in the Saudi Industrial Development Fund until he became the Director of the Projects Studies and Consultations Department.
- Supervising the Department of Studies and Project Consultations at the Saudi Industrial Development Fund.
- CEO of the Arab Pipe Company.



Engr. / Abdullah bin Abdulaziz Al-Qaed

Current Position Senior Vice President of the General Administration of Local Real Estate Investments at the Public Investment Fund

Previous Position Senior Project Manager - Aramco

Qualifications

Bachelor of Naval Engineering and Naval Architecture

Experience

- He was included in several positions in Saudi Aramco for a period of (24) years.
- Senior Vice President of the General Administration of Local Real Estate Investments at the Public Investment Fund.



Engr. / Thamer bin Mohammed Al Muhaid

Current Position CEO - Saudi Chemical Holding Group.

Previous Position Deputy General Manager - Saudi Chemical Company Ltd.

Qualifications

Bachelor of Civil Engineering - Master of Business Administration with a specialization in purchasing and mergers of companies, and Master of Business Administration with a specialization in global management.

Experience

He worked for (27) years in several governmental and commercial agencies in administrative positions and is currently the CEO of the Saudi Chemical Holding Group.



Mr. / Majid bin Khaled Al-Assaf

Current Position Assistant Vice President for the General Administration of Local Investments at the Public Investment Fund

Previous Position Assistant - General Administration for Investments in Local Companies in the Public Investment Fund.

Qualifications

Bachelor of Finance

Experience

- His professional career began in 2011 at Alawwal Bank, he was moved to office 47, where he spent a period of (6) years.
- Assistant to the General Administration for Investments in Local Companies at the Public Investment Fund.
- Assistant Vice President for the General Administration of Investments in Local Companies at the Public Investment Fund



Mr. / Jaser bin Abdullah Al-Jaser

Current Position General Manager for Institutional Excellence.

Previous Position Director of the Planning, Studies and Research Department at the Public Pension Agency.

Qualifications

- Bachelor of Operations Research - Master of Actuarial Science

Experience

- Work as Director of the Planning, Studies and Research Department, and then as Director General of Institutional Excellence at the Public Pension Agency.

Eleventh :Names and functions of members of the Governing Council, committees and executive management

(Current and previous qualifications and experience)

Second: Members of committees from outside the Council



Dr. / Abdul Hamid bin Saleh Al-Khalifa

Member of the Audit Committee from outside the Council

Current post Director-General - OPEC Fund for International Development.

Pervious post Deputy Secretary-General - General Investment Fund.

Qualifications

Bachelor, Master and Doctor of Economics

Experiences

- 19 has worked for a year in both governmental and international positions.
- Alternate Executive Director of the World Bank.
- Economic Adviser - Public Investment Fund.
- Deputy Secretary-General - General Investment Fund.
- Director-General of the OPEC Fund for International Development.
- Deputy Secretary-General - General Investment Fund.
- Director-General of the OPEC Fund for International Development.



Mr./Adeeb bin Mohammed Aba Nami

Member of the Audit Committee of the Council

Current post Director, Audit and Advisory Services, Aba Nmi Office

Pervious post Employee of the Financial Market Authority

Qualifications

Bachelor of Accounting - Master of Professional Accounting

Experiences

- Worked 12 years in the Saudi Development Fund.
- He served 1 year as Vice Dean of Shaqraa College.
- 4 worked years at the FMA.
- Director, Audit and Advisory Services Department - Abba Neme Office

Eleventh :Names and functions of members of the Governing Council, committees and executive management

(Current and previous qualifications and experience)

Third: Executive management



Eng. Aqeel Bin Fotayees Kadasah

Current post Chief Executive Officer.

Pervious post Executive Vice President of Manufacturing.

Qualifications

Bachelor of Applied Chemical Engineering

Experiences

- Worked for 27 years:
- Yolk Cement Company production engineer.
- Chemical Engineer - Electric Company.
- Director, Production Department, Pesha Cement Plant - Southern Region Cement Company.
- Director of the Maintenance Department, Pesha Cement Plant - Southern District Cement Company.
- Director of the Pesha cement Plant at the Southern District Cement Company.
- Executive Vice President of Manufacturing - Southern Region Cement Company.

Eleventh :Names and functions of members of the Governing Council, committees and executive management

(Current and previous qualifications and experience)

Third: Executive management



Eng. Saud bin Safar Al Burqan

Current post Executive Vice President of Manufacturing.

Pervious post Director of Procurement and Contracts Department.

Qualifications

Bachelor of Applied Bachelor of Applied Mechanical Engineering.

Experiences

Worked for 21 years:

- Al-Burgan National Foundation.
- Several positions in the generation projects sector in the Saudi Electricity Company.
- Director of Marketing and Sales Department at Southern Region Cement Company.
- Director of the Planning and Business Development Department at the Southern Region Cement Company.
- Director of Engineering Services Department at Southern Region Cement Company.
- Director of Procurement and Contracts Department, Southern Region Cement Company.
- Secretary of the Board of Directors of the Southern Region Cement Company.



Mr./Mohammed Bin Ali Al Thoie

Current post Financial Manager

Pervious post Chief Accountant.

Qualifications

Bachelor of Accounting - Master of Professional Accounting

Experiences

- He worked for 25 years as an accountant at the Southern Region Cement Company, then as a bookkeeper.
- He has been the company's Finance Manager since 1.10.2005

12 - Names of companies within or outside the Kingdom whose current and previous boards of directors or directors are members of the Board of Directors:

Member Name	Names of companies whose current and previous boards of directors or directors are members of the Board of Directors	Inside or outside	The legal entity of the company
Dr. Hamad bin Sulaiman Al-Bazai Representative of the State Social Insurance Institute	Bank of Development Islamic Development Bank Building Development Corporation	inside the kingdom	Included contribution Development Bank/Government Multilateral Limited contribution
Mr. Mohammed bin Nasser Al-Nabit	Arab Group for Education and Training Holding Company Mercure Khamis Mushait Hotels Company Nasser Bin Mohammed Al Nabit & Sons Co.	inside the kingdom	Non-included contribution Non-included contribution Non-included contribution
Dr. Abdullah bin Nasser AbuThnain Representative of the State Social Insurance Institute	Takamol Business Services Company Future Action Business Services Company	inside the kingdom	Locked Contribution Locked Contribution
Mr. Mansour bin Abdulaziz Al-Saghayer Representative of the Public Investment Fund	Saudi Fish Company United Cooperative Insurance Company	inside the kingdom	Included contribution Included contribution
Eng. Ahmed Ali Al-Lohaidan	Arab Pipe Company	inside the kingdom	Included contribution
Engineer/Abdullah Ben Abdel Azad Al-Qaeda Representative of the Public Investment Fund	-	inside the kingdom	-
Engr. / Thamer bin Mohammed Al Muhaid	Suez International Company Saudi Fish Company	outside the kingdom inside the kingdom	Limited liability Listed Joint Stock Company
Mr. / Majid bin Khaled Al-Assaf Representative of the Public Investment Fund	Water and Electricity Holding Company Shuaiba Water and Electricity Company Shuaiba Holding Co. Ltd.	inside the kingdom	Locked Contribution Locked Contribution Locked Contribution
Mr. / Jaser bin Abdullah Al-Jaser Representative of the State Social Insurance Institute	Tawuniya Insurance	inside the kingdom	Included contribution

13- Composition and classification of members of the Governing Council

Number	Member Name	membership classification
1	Dr. Hamad bin Sulaiman Al-Bazai	non-executive
2	Mr. Mohammed bin Nasser Al-Nabit	non-executive
3	Dr. Abdullah bin Nasser Abu Thanin	non-executive
4	Mr. Mansour bin Abdulaziz Al-Saghayer	non-executive
5	Eng. Ahmed Ali Al-Lohaidan	independent
6	Engineer/Abdullah Ben Abdel Azad Al-Qaeda	non-executive
7	Engr. / Thamer bin Mohammed Al Muhaid	independent
8	Mr. / Majid bin Khaled Al-Assaf	non-executive
9	Mr. / Jaser bin Abdullah Al-Jaser	independent

15-Statement of the dates of the General Shareholders' Associations held during the last fiscal year and the names of the members of the Board of Directors attending these Associations

Number	Name	Attendance sheet		Total of Meetings	
		The date of the assembly	First Meeting		Second Meeting
			11/04/2021		19/12/2021
1	Dr. Hamad bin Sulaiman Al-Bazai Representative of the State Social Insurance Institute	✓	✓	2	
2	Mr. Mohammed bin Nasser Al-Nabit	✓	✓	2	
3	Dr. Abdullah bin Nasser AbuThnain Representative of the State Social Insurance Institute	✓	✓	2	
4	Mr. Mansour bin Abdulaziz Al-Saghayer Representative of the Public Investment Fund	✓	✓	2	
5	Eng. Ahmed Ali Al-Lohaidan	✓	✓	2	
6	Engineer/Abdullah Ben Abdel Azad Al-Qaeda Representative of the Public Investment Fund	✓	✓	2	
7	Engr. / Thamer bin Mohammed Al Muhaid	✓	✓	2	
8	Mr. / Majid bin Khaled Al-Assaf Representative of the Public Investment Fund	✓	✓	2	
9	Mr. / Jaser bin Abdullah Al-Jaser Representative of the State Social Insurance Institute	✓	✓	2	

16-Any penalty, precautionary measure or reserve imposed on the company by the authority or any supervisory, regulatory or judicial authority

There is no penalty, precautionary measure or reserve imposed by the authority or any supervisory, regulatory or judicial authority.

17: Actions taken by the Governing Council to inform its members, in particular non-executives, of shareholders' proposals and observations about the company and its performance:

To brief the members of the Governing Council on the contributors' proposals, the Board:

1. Ensure that members of the Governing Council have timely access to full, clear, correct and non-misleading information.
2. Ensure that the Governing Council discusses all key issues effectively and in a timely manner.
3. Encourage board members to exercise their functions effectively and in the interest of the company.
4. Ensure that there are channels for effective communication with contributors and that their views are communicated to the Governing Council.
5. Promote constructive relations and active participation between the Governing Council and executive management, and create a culture of constructive criticism.
6. Prepare the agenda for the meetings of the Governing Council taking into account any matter raised by a member of the Governing Council or by the Auditor, and consult with the members of the Board and the Executive Chairman when preparing the agenda of the Board.

Disclosure of remuneration of members of the Board of Directors and Executive Directors in accordance with Article 93 of the Corporate Governance Regulations: On the basis of article 23 of the Basic Regulations of the Corporation, the remuneration of the Board of Directors shall be 10% of the net profit after deducting expenses and reserves established by the General Assembly and after the distribution of a profit to the shareholders of at least 5% of the Company's capital and in accordance with the text of the article. The report of the Governing Council to the regular General Assembly must include a comprehensive statement of all remuneration, expense allowance and other benefits received by members of the Governing Council during the financial year, as well as a statement of what has been received by members of the Board as employees or administrators or as received for professional, administrative or consulting work, as well as a statement of what has been received by them.

Board members remuneration:

Statement	A certain amount for the membership of the council and committees	Allowance for attending council sessions	Total allowance for attending council sessions	In-kind benefits	Remunerations of the chairman of the board, the managing director, or the secretary, if applicable	Total	percentage of profits	Regular bonuses	short term incentive plans	long term incentive plans	Granted Shares	Total	End-of-service bonus	total summation	expense allowance
independent members															
Eng. Ahmed Ali Al-Lohaidan	450.000	30.000	20.000	-	-	500.000	-	-	-	-	-	-	-	500.000	-
Engr. / Thamer bin Mohammed Al Muhaid	450.000	30.000	20.000	-	-	500.000	-	-	-	-	-	-	-	500.000	-
Mr. / Jaser bin Abdullah Al-Jaser Representative of the State Social Insurance Institute	450.000	30.000	20.000	-	-	500.000	-	-	-	-	-	-	-	500.000	-
Non-executive members															
Dr. Hamad bin Sulaiman Al-Bazai Representative of the State Social Insurance Institute	450.000	30.000	20.000	-	-	500.000	-	-	-	-	-	-	-	500.000	-
Mr. Mohammed bin Nasser Al-Nabit	450.000	30.000	20.000	-	-	500.000	-	-	-	-	-	-	-	500.000	-
Dr. Abdullah bin Nasser AbuThnain Representative of the State Social Insurance Institute	450.000	30.000	20.000	-	-	500.000	-	-	-	-	-	-	-	500.000	-
Mr. Mansour bin Abdulaziz Al-Saghayer Representative of the Public Investment Fund	450.000	30.000	20.000	-	-	500.000	-	-	-	-	-	-	-	500.000	-
Engineer/Abdullah Ben Abdel Azad Al-Qaeda Representative of the Public Investment Fund	450.000	30.000	20.000	-	-	500.000	-	-	-	-	-	-	-	500.000	-
Mr. / Majid bin Khaled Al-Assaf Representative of the Public Investment Fund	450.000	30.000	20.000	-	-	500.000	-	-	-	-	-	-	-	500.000	-

Six of those who received the highest rewards, including the CEO and the CFO.

Statement	Salaries	Allowances	In-kind benefits	Total	Regular bonuses	Earnings	short term motivational plans	long term motivational plans	Granted shares	Total	End-of-service bonus	production bonus	executive remuneration for the board	Total summation
Six of those who received the highest rewards, including the CEO and the CFO.	4.084.247	1.163.460	-	5.247.707	313.819	-	-	-	-	5.561.526	-	1.350.000	-	6.911.526

Board members remuneration:

Member Name	Fixed Rewards	Allowance for attending sessions	Total
Executive Committee members			
Dr. Hamad bin Sulaiman Al-Bazai Representative of the State Social Insurance Institute	250.000	12.000	262.000
Dr. Abdullah bin Nasser AbuThnain Representative of the State Social Insurance Institute	250.000	12.000	262.000
Mr. Mohammed bin Nasser Al-Nabit Engineer/Abdullah Ben Abdel Azad Al-Qaeda Representative of the Public Investment Fund	250.000	12.000	262.000
Engr. / Thamer bin Mohammed Al Muhaid Investment Committee Members	250.000	12.000	262.000
Mr. Mansour bin Abdulaziz Al-Saghayer Representative of the Public Investment Fund	250.000	15.000	265.000
Eng. Ahmed Ali Al-Lohaidan Engineer/Abdullah Ben Abdel Azad Al-Qaeda Representative of the Public Investment Fund	250.000	15.000	265.000
Mr. / Majid bin Khaled Al-Assaf Representative of the Public Investment Fund	Among the Executive Committee	8.000	8.000
Mr. / Jaser bin Abdullah Al-Jaser Representative of the State Social Insurance Institute	250.000	15.000	265.000
Audit Committee Members			
Eng. Ahmed Ali Al-Lohaidan	Among the investment committee	5.000	5.000
Dr. Abdullah bin Nasser AbuThnain Representative of the State Social Insurance Institute	Among the Executive Committee	8.000	8.000
Mr. Mansour bin Abdulaziz Al-Saghayer Representative of the Public Investment Fund	Among the investment committee	5.000	5.000
Dr. / Abdul Hamid bin Saleh Al-Khalifa Audit Committee Member (External Member)	150.000	12.000	162.000
Mr./Adeeb bin Mohammed Aba Nami Audit Committee Member (External Member)	150.000	12.000	162.000
Members of the Nominations and Remunerations Committee			
Engr. / Thamer bin Mohammed Al Muhaid	Among the Executive Committee	8.000	8.000
Dr. Hamad bin Sulaiman Al-Bazai Representative of the State Social Insurance Institute	Among the Executive Committee	8.000	8.000
Mr. Mohammed bin Nasser Al-Nabit	Among the investment committee	8.000	8.000
Mr. / Majid bin Khaled Al-Assaf Representative of the Public Investment Fund	Among the investment committee	5.000	5.000
Mr. / Jaser bin Abdullah Al-Jaser Representative of the State Social Insurance Institute	Among the Executive Committee	5.000	5.000
Attending committees who are not members of the committees			
Mr. Mohammed bin Nasser Al-Nabit (Audit committee)	Among the Executive Committee	-	-

19 - Shares of the members of the board of directors, senior executives, their wives and their minor children

Name	Shares number in the beginning of the year	Shares number in the Ending of the year	Changes
	Share	Share	Share
Dr. Hamad bin Sulaiman Al-Bazai Representative of the State Social Insurance Institute	5.750	5.750	-
Mr. Mohammed bin Nasser Al-Nabit	452.500	212.500	240.000
Dr. Abdullah bin Nasser AbuThnain Representative of the State Social Insurance Institute	-	-	-
Mr. Mansour bin Abdulaziz Al-Saghayer Representative of the Public Investment Fund	-	-	-
Eng. Ahmed Ali Al-Lohaidan	1.000	1.000	-
Engineer/Abdullah Ben Abdel Azad Al-Qaeda Representative of the Public Investment Fund	-	-	-
Engr. / Thamer bin Mohammed Al Muhaid	10	10	-
Mr. / Majid bin Khaled Al-Assaf Representative of the Public Investment Fund	-	-	-
Mr. / Jaser bin Abdullah Al-Jaser Representative of the State Social Insurance Institute	-	-	-
Gentlemen / general investment fund	52.408.200	52.408.200	-
Gentlemen / General Organization for Social Insurance	15.224.586	19.841.961	4.617.375
Gentlemen / Public Pension Agency	4.617.375	-	(4.617.375)
Eng. Aqeel Bin Fotayees Kadasah	-	-	-
Eng. Saud bin Safar Al Burqan	-	-	-
Mr./Mohammed Bin Ali Al Thoie	-	-	-
Total	72.709.421	72.469.421	240.000

Twenty - a brief description of the functions of the committees

A- Executive Committee

- 1- Holding periodic meetings to study the latest work and obstacles and to suggest appropriate solutions to them. It shall present to the Board of Directors matters that require a decision by the Board.
- 2- Studying the plans and proposals submitted by the CEO to achieve the company's objectives and making recommendations to the Board of Directors.
- 3- Studying the proposals submitted by the CEO related to production goals in factories and taking appropriate decisions and recommendations to improve and develop work.
- 4- Studying the reports received by the committee from the CEO and taking appropriate decisions and recommendations to improve and develop the work.
- 5- Carry out the tasks and functions that the Board of Directors deems to be assigned to it.
- 6- Exercising the powers entrusted to it according to the authority manual approved by the board of directors. The number of the committee's meetings in 2021 amounted to (4) meetings, and its statement is as follows: -

Name	Nature of the membership	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Total meetings
		04/27	07/27	10/26	12/21	
Dr. Hamad bin Sulaiman Al-Bazai Representative of the General Organization for Social Insurance	President	√	√	√	√	4
Dr. Abdullah bin Nasser AbuThnain Representative of the General Organization for Social Insurance	Member	√	√	√	√	4
Mr. Mohammed bin Nasser Al-Nabit Engr. Abdullah bin Abdulaziz Al-Qaed Representative of the Public Investment Fund	Member	√	√	√	√	4
Engr. / Thamer bin Mohammed Al Muhaid	Member	√	√	√	√	4

20 - A brief description of the competence of the committees

B-Investment Committee

The tasks of the committee are limited to:

1. Studying the liquidity available in the company and ways to invest it according to the company's system, in the best way to guarantee the capital
2. Studying the market and available investment opportunities
3. Searching for new investment opportunities
4. Studying the issues referred to it regarding investment
5. Studying the proposals submitted by the CEO regarding future plans for investment
6. Carry out the tasks and functions that the Board of Directors deems to be assigned to it
7. Exercising the powers transferred to it according to the powers manual from the board of directors

Statement of the investment committee meetings

SR	Name	Membership nature	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Total meetings
			18\03	01\04	16\06	08\08	14\10	
1	Mr. Mansour bin Abdulaziz Al-Saghayer representative of the Public Investment Fund	Head	√	√	√	√	√	5
2	Eng. Ahmed Ali Al-Lohaidan	Member	√	√	√	√	√	5
3	Mr. Abdullah Abdulaziz Al-Qaed, representative of the Public Investment Fund	Member	√	√	√	√	√	5
4	Mr. / Majid bin Khaled Al-Assaf representative of the Public Investment Fund	Member	√	√	√	√	√	5
5	Mr. / Jaser bin Abdullah Al-Jaser representative of the General Organization for Social Insurance	Member	√	√	√	√	√	5

C- Audit Committee

The tasks of the committee are to:

- 1- Supervising the internal audit department in the company to achieve the independence of the auditors and the extent of effectiveness in carrying out the work and tasks assigned to it by the board of directors, as well as studying the work plan, reports and notes of the internal audit department and following up on their implementation.
- 2- Studying the company's internal control system, verifying the adequacy, flexibility and effectiveness of the design of the control activities, identifying the strengths and weaknesses in them, and recommending in writing to the naturalized management to take the necessary action.
- 3- Verify that the company has an effective way to identify the important risks that it may be exposed to, including the risks that may arise from any violations of the regulations and instructions taken into account and the preventive steps taken by the company's management.
- 4- Studying the accounting policy adopted by the company or any changes to it before adopting it and expressing an opinion and recommendation to the Board of Directors in this regard.
- 5- Taking appropriate steps to clarify the committee's work program, organize and document its meetings, and report the results of its work to the Board of Directors.
- 6- Recommending the nomination of the appropriate person to fill the position of Director of Internal Audit and achieving his independence.
- 7- Recommending the board of directors to appoint the chartered accountant after ensuring his qualification and independence, determining his fees, renewing him and terminating his contract.
- 8- Follow-up the work of chartered accountants, and approve any work outside the scope of the audit work they are assigned to do while they are performing the audit work.
- 9- Studying the audit plan of the chartered accountant and expressing its comments thereon.
- 10- Studying (management letter) submitted by the chartered accountant and follow up on his observations and recommendations.
- 11- Studying the interim quarterly and annual financial statements for the purpose of informing the Board of Directors of what appears to the Committee that the financial statements do not include any unfair statements or statements of relative importance.
- 12- Studying the reports and observations of the General Auditing Bureau on the company's performance and following up on the implementation of its recommendations.
- 13- Taking what is necessary to ensure that the company does not violate the laws and regulations in force in the Kingdom.
- 14- Submitting a report at the end of the fiscal year or whenever necessary for your permission to the Board of Directors, including the results of its views, observations and recommendations to improve the level of performance.
- 15- Following-up the work of the accountants among legal professionals, and approve any work outside the scope of the audit they are assigned to while they are performing the audit work.

16- Studying the audit plan with the chartered accountant by the committee for approval.

Statement of audit committee meetings

No	Name	Membership Nature	Meeting 1 03/01	Meeting 2 05/02	Meeting 3 08/09	Meeting 4 31/10	Total of meeting
1	Eng. Ahmed Ali Al-Lohaidan	Head	√	√	√	√	4
2	Dr. Abdullah bin Nasser AbuThnain Representative of the General Organization for Social Insurance	Member	√	√	√	√	4
3	Mr. Mansour bin Abdulaziz Al- Saghayer Representative of the Public Investment Fund	Member	√	√	√	√	4
4	Dr. / Abdul Hamid bin Saleh Al- Khalifa Audit Committee Member (External Member)	External Member	√	√	√	√	4
5	Mr./Adeeb bin Mohammed Aba Nami Audit Committee Member (External Member)	External Member	√	√	√	√	4

D - Nominations and Remunerations Committee

The tasks of the committee are to:

- 1- Recommend to the Board of Directors the nomination for membership of the Board in accordance with the approved policies and standards.
- 2- Passive review of the required skills required for the membership of the Board of Directors and preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that the member must allocate for the work of the Board of Directors.
- 3- Reviewing the structure of the Board of Directors and making recommendations regarding changes that can be made.
- 4- Determining the weaknesses and strengths of the Board of Directors and suggesting them to be addressed in the interest of the company.
- 5- Taking into account not to nominate any person previously convicted of a crime against honor and honesty.
- 6- Ensure on an annual basis the independence of the independent members and the absence of any conflict of interest if the member is a member of the board of directors of another company.
- 7- Develop clear policies for compensation and rewards for members of the Board of Directors and senior executives, taking into account when developing these policies the use of standards related to performance.
- 8- Periodic review of the delivery of salaries and other benefits to the company and recommendation to the Board.

- 9- Suggesting the total production remuneration for the company's employees, as well as the annual remuneration proposals for the CEO, and submitting them to the Board.
- 10- Perform any other tasks assigned by the Board of Directors.

Statement of the Nomination and Remuneration Committee Meetings

No	Name	Membership Nature	Meeting 1 03/01	Meeting 2 05/02	Meeting 3 08/09	Total of meeting
1	Engr. / Thamer bin Mohammed Al Muhaid	Member	√	√	√	3
2	Dr. Hamad bin Sulaiman Al-Bazai Representative of the General Organization for Social Insurance	Member	√	√	√	3
3	Mr. Mohammed bin Nasser Al-Nabit	Member	√	√	√	3
4	Mr. / Majid bin Khaled Al-Assaf Representative of the Public Investment Fund	Member	√	√	√	3
5	Mr. / Jaser bin Abdullah Al-Jaser Representative of the General Organization for Social Insurance	Member	√	√	√	3

21- The results of the annual review of the effectiveness of the company's internal control procedures and the audit committee's opinion on the adequacy of the company's internal control system.

The company's audit committee studies and evaluates the internal audit reports, which were carried out by reviewing and evaluating the procedures and internal control systems applied in the company, which aim to protect the company's assets by taking random samples that are subject to examination and evaluation according to an annual plan established by the audit committee in order to obtain reasonable assurances about The effectiveness and efficiency of the applied control procedures, and the company's external auditor evaluates the system of internal procedures and reviews the internal audit reports as well as the audit committee's minutes, and not all audits showed any substantial observations about the internal control procedures.

22- Dividend Distribution

According to Article 50 of the articles of association, the company's annual net profits are distributed as follows:

- 1- (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to discontinue this setting aside when the said reserve reaches (30%) of the paid-up capital.
- 2- The Ordinary General Assembly, based on a vote by the Board of Directors, may set aside a certain percentage of the net profits to form a consensual reserve allocated for a specific purpose or purposes.
- 3- The Ordinary General Assembly may decide to form other reserves, to the extent that it achieves the interest of the company or makes it possible to distribute fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct sums from the net profits for the establishment of social institutions for the company's employees or to assist the existing ones of these institutions.
- 4- After that, a percentage representing (5%) of the company's paid-in capital shall be distributed to the shareholders.
- 5- Subject to the provisions stipulated in Article (Twenty-Three) of this Bylaw and Article Seventy-six of the Companies Law, after the above, (10%) of the remainder shall be allocated to remunerate the Board of Directors, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.
- 6- The rest is then distributed to the shareholders as an additional share of the profits.
- 7- The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis, and the assembly may authorize the Board of Directors to do so by virtue of a resolution to be renewed annually.

According to the international accounting standards that are applied in the company, the remunerations of the members of the board of directors are included in the general and administrative expenses

Description	S.R
net profit after comprehensive income	452,779,203
Deduction: 5% of the first share of the shareholders on the paid-up capital	70,000,000
Add: Profits from the previous year	829,712,771
Deduction: 20% additional share for the shareholders on the paid-in capital	280,000,000
Balance in the next year	932,491,974

Twenty-fifth - Outstanding liabilities due to governmental institutions by the end of 2021G

Statement	2021G		Brief description	Cause
	Paid	Due until the end of the fiscal period and still outstanding		
Zakat, Tax and Customs Authority	17,484,596	17,109,412	Zakat due	Payment due in 2022G
General Organization for Social Insurance	17,620,977	1,548,918	Social Security	Settlement next month
Ministry of Industry and Mineral Resources	49,613,767	43,396,216	Exploitation costs for 2022G	Payment due in 2022G
Total	84,719,340	62,054,546		

Twenty-six - Applicable provisions

Corporate Governance Regulations and the provisions that were not applied and the reasons.

In conformity with article 90 of the Corporate Governance Regulations issued by the Capital Market Authority, which requires that the report of the Board of Directors include a report on the provisions of the regulation that have been applied, and the provisions that were not applied and the reasons.

Accordingly, the company applies all provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority.

Twenty-seventh - Declarations

-The company's management acknowledges that the accounting records have been properly prepared.

- The company's management acknowledges that the internal control system has been prepared on sound basis and has been effectively implemented.

- The company's management acknowledges that there are no doubts about the company's ability to continue to be active .

- The company's management acknowledges that there is no difference from the international accounting standards issued by the Saudi Capital Market Authority.

Twenty-eighth - Disclosure in the Board's Report

The Board of Directors acknowledges that the Company has disclosed in the Board of Directors' report the requirements that apply to it. And that the following items do not apply to the company, and he is obliged to disclose them, if necessary:

- 1- The name of the subsidiaries and their main activity.
- 2- Details of the shares and debt instruments issued for each subsidiary company.
- 3- A description of any interest in the class of voting shares.
- 4- A description of any interest, option rights and subscription rights belonging to the members of the Board of Directors.
- 5- Describe the classes and prepare any instruments convertible into shares.
- 6- A description of any conversion or subscription rights under debt instruments convertible into shares.
- 7- A description of any refund, purchase or cancellation of any redeemable debt instruments.
- 8- A statement of any arrangement or agreement that a member of the Board of Directors or a senior executive has waived any salary or compensation.
- 9- A statement of any arrangements or agreement under which a shareholder has waived any rights to profits.
- 10- Reserves or investments for the benefit of employees.
- 11- There are no reservations from the chartered accountant on the financial statements.
- 12 - Replacing the chartered accountant before the end of three consecutive years.
- 13- No written request was submitted to hold meetings, and the agenda was not objected to.

Twenty-ninth - Board of Directors' proposals

First - To vote on the report of the Board of Directors for the fiscal year ending on December 31, 2021 G.

Second - Voting on the company's financial statements for the fiscal year ending on December 31, 2021 G.

Third - To vote on the company's auditor's report for the fiscal year ending on December 31, 2021 G.

Fourth - Voting on the Board of Directors' decision regarding the distribution of cash dividends to shareholders for the first half of 2021 G, amounting to (1.25) riyals, or (12.5%) of the capital, with a total amount of (175 million) riyals.

Fifth- To vote on the Board of Directors' recommendation to distribute dividends in the amount of (1.25) riyals per share to shareholders for the second half of the fiscal year ending on 31/12/2021, at a rate of (12.5%) of the capital and a total amount of (175 million) riyals, provided that the eligibility is Shareholders who own shares at the end of trading on the day of the general assembly meeting and who are registered in the company's shareholders register with the Securities Depository Center Company at the end of the second trading day following the due date. The distribution of profits will begin on 23.9.1443H, 24.4.2022G.

Sixth -To vote on the appointment of the auditor of the company from among the candidates, on the recommendation of the audit committee, to examine, review and audit the financial statements for the second and third quarter of the financial year 2022G and the first quarter of the financial year 2023G, and to determine his fees.

Seventh - Vote to authorize the Board of Directors to distribute its phased profits on a semi-annual basis for fiscal year 2022G.

Eighth - Voting on the business and contracts that will be carried out between the Southern Province Cement Company and Saudi Chemical Company Ltd., which is owned by the Saudi Chemical Holding Group and in which a member of the Board of Directors, Eng. Thamir bin Muhammad bin Moqhem Al-Muhaid, has an indirect interest in it as CEO of the group, which is the supply of Civilian explosives started on 02/07/2022G until 06/02/2025G. The value of the annual transactions for the year 2022G is estimated at about (15 million) riyals according to the actual quantities transferred and delivered to the buyer without without conditionalities .