

- 1 View and discuss the Board of directors report for the year ended 31-12-2022
- 2 View and discuss the External Auditors report for the year ended on 31-12-2022
- 3 View and discuss the Financial Statements for the year ended on 31-12-2022
- 4 Vote on the discharge of Board of Directors members from liabilities for their management of the company during the year ended 31-12-2022
- 5 Vote on authorizing the Board of Directors to distribute interim cash dividends to the shareholders on biannual or quarterly basis for the financial year 2023
- 6 Vote on appointing the auditor for the Company from among the candidates based on the Audit Committee's recommendation. The appointed auditor shall examine review and audit the second third and annual financial statements of the fiscal year 2023 and the first quarter of the fiscal year 2024 and the determination of the auditor's remuneration.
- 7 Vote on authorizing the Board of Directors with the powers of the Ordinary General Assembly with the permission mentioned in clause (1) of Article 27 of the Companies law for a period of one year from the date of approval by the GA or until the end of the session of the delegated Board of Directors whichever is earlier in accordance with the conditions stipulated in the executive regulations of the companies law for listed joint stock companies.
- 8 Vote on the transactions and contracts that will be concluded between the company and the Arabian Yemen Cement Co. (associate company) in which the members of the Board of Directors and CEO as well listed below have an indirect interest without any preferential conditions where the Eastern Province Cement Company is represented in the Board of Directors of the Arabian Yemen Cement Co. by two members of its Board of Directors and CEO and they are: (1) Mr. Mohammad AlFarraj (Non-Executive). (2) Mr. Ibrahim AlRuwais (Non-executive). (3) Eng. Fahad AlOtaibi (CEO). The nature of these transactions and contracts is represented in cash sums that the Eastern Province Cement Co. will receive from the associate co. in order to transfer them to some of the associates suppliers noting that the balance of these transactions and contracts has reached SAR (3346396) as on 31-12-2022 (compared with SAR 545108 as on 31-12-2021) Such transactions and contracts will continue until the difficulties facing the associate are over (Attached).
- 9 Vote on the transactions and contracts concluded between the company and AIDawaa Medical Services Co. where the Chairman of the Board of Directors of the Eastern Province Cement Co. Mr. Mohammad AlFaraj (Non-Executive) is the Board of Directors and CEO of AIDawaa Medical Services Co. and vice chairman of Eastern Province Cement Co. Mr. Ibrahim Al-Rwais (Non-Executive) is a vice chairman of AIDawaa Medical Services Co. and the member of the Board of Directors of the Eastern Province Cement Co. Mr. Waleed AlJaafari (Independent) is a Board of Directors of Al-Dawaa Medical Services Co. and the nature of these transactions and contracts is to rent administrative offices to AIDawaa Medical Services Co in the Eastern Province Cement Co. tower for a period of about three Hijri years at an amount of (SAR 514500) per annum as part of the ordinary businesses that have offered no preferential conditions (Attached).
- 10 Vote on amending the company's bylaws according to the new companies' bylaws (Attached).
- 11 Voting on amending the Policy of Remuneration of board of directors board of committees and executive management (Attached).

**Detailed Audit Committee Report  
For the year ended 31/12/2022**

#### To the Shareholders of Eastern Province Cement Company

Peace, mercy, and blessings of God,

The Audit Committee is pleased to present to the shareholders of Eastern Province Cement Company its annual report on the details of its performance of its competence, tasks, opinion on the adequacy of the internal and financial control systems and risk management in the company and the Committee's observations for the financial year ended 31/12/2022 and the details of the report are as follows:

#### Objectives and Competence of the Audit Committee:

The Audit Committee aims to verify the adequacy of the internal control system and its effective implementation and to make any recommendations to the Board of Directors that would activate and develop the system in order to achieve the company's purposes and protect the interests of shareholders and investors with high efficiency and reasonable cost, to assist the Board of Directors in carrying out its responsibilities related to internal control, accounting policies and financial reports and to support the independence and objectivity of internal and external auditing.

#### Composition and number of meetings of the Audit Committee:

The Ordinary General Assembly was formed upon the proposal of the Board of Directors of the Company a review committee consisting of five members, a non-executive board member, three independent members of the Board of Directors and a fifth independent member from outside the Board of Directors, namely:

1	Mr. Ibrahim Salem Al-Ruwais	Board Member - Non-Executive	Committee Chairman
2	Mr. Waleed Mohammed Al-Jafari	Board Member - Independent	Committee Member
3	Mr. Abdulaziz Abdulrahman Al-Khanin	Board Member - Independent	Committee Member
4	Mr. Majid Saleh Al-Rajhi	Board Member - Independent	Committee Member
5	Dr. Jassim Shaheen Al-Rumaihi	Independent Member from outside the Board of Directors	Committee Member

During 2022, the Committee held five meetings in accordance with the Committee's approved plan and in accordance with the Corporate Governance Regulations.

#### Tasks and Responsibilities of the Audit Committee:

The Audit Committee shall perform its duties in accordance with the scope of work set forth in the Corporate Governance Regulations prepared in accordance with the Corporate Governance Regulations issued by the Board of the Capital Market Authority. In general, the Audit Committee is responsible for monitoring the Company's business and verifying the integrity and integrity of its reports, financial statements, and internal control systems.

In particular, the Committee's functions include:

#### First: Regarding financial reports:

- 1) Studying the interim and annual financial statements, as well as the company's financial statements and announcements related to its financial performance and expressing its opinion before presenting it to the Board of Directors, to ensure its integrity, fairness, and transparency, and that it includes information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy. To this end, it studied the interim and annual financial statements, financial statements and announcements related to the company's financial performance for the year 2022 and expressed its opinion and recommendation thereon to the Board of Directors.
- 2) Study any important or unusual issues contained in the financial reports and accounts, and carefully examine any issues raised by the Company's Finance Manager, his duties, or the auditor. To this end, the Committee studied and reviewed the memorandum submitted by the Executive

Management related to the exclusion of all assets that have exhausted the estimated life, and the Committee submitted its recommendation to the Board of Directors in this regard.

- 3) Verification of accounting estimates in material matters contained in financial reports. To this end, the Committee studied and reviewed the memorandum of the executive management regarding the request to increase the allocation of obsolete and slow-moving spare parts and submitted its recommendation to the Board of Directors in this regard.
- 4) Study the accounting policies followed in the company and express an opinion and recommendation to the Board of Directors thereon. In this regard, the Committee studied and reviewed the company's management memorandum on the method of treating investment in DPM portfolios, as this type of investment is new to the company and there is no text in the applied accounting policy explaining the method of treating this investment among the methods available in IFRS (9) "Financial Instruments" and the Committee submitted its recommendation to the Board of Directors in this regard.

**Second: Regarding the internal control system:**

The Audit Committee verifies the efficiency and effectiveness of the company's internal control system by controlling and supervising the performance and activities of the Internal Audit Department and verifying its independence from the executive management. For this purpose, the Audit Committee held (5) meetings during 2022, during which it discussed the effectiveness of internal control procedures in protecting the company's property, assessing work risks and measuring performance adequacy through the approved annual work plan of the Internal Audit Department, where the Internal Audit Department submitted its reports until the end of 2022 and the Audit Committee studied and discussed them and directed the Internal Audit Department, in coordination with the Executive Management, to follow up the implementation of corrective actions for the observations and improvements contained in the Internal Audit Department Reports, In addition, the Committee discussed the observations submitted by the Company's external auditor related to evaluating the effectiveness and efficiency of the internal control system through his review of the Company's accounts, and the Committee recommended the Company's management to examine and analyze the observations and suggestions received from the Company's auditor and activate the recommendations that help improve the Company's internal control system.

**Third: Regarding internal audit:**

- 1) The Committee shall control and supervise the performance of the activities and management of internal audit, to verify the availability of the necessary resources, its effectiveness in performing the work and tasks entrusted to it, and its independence from the executive management.
- 2) Study the internal audit reports and follow up the implementation of corrective actions to the observations contained therein.
- 3) Studying and approving the annual work plan of the Internal Audit Department.

**Fourth: Regarding the auditor:**

- 1) The Committee approved the names of the appropriate offices to submit their proposals for the company's audit, after reviewing a list of the names of the nominated audit offices for the year 2022 and the first quarter of 2023, and studied and analyzed the proposals submitted by the audit offices that were invited to audit the company's accounts and submitted its recommendation to the Board of Directors to nominate two appropriate chartered accountants in accordance with specific work controls.
- 2) Among the tasks of the committee is to meet with the company's auditor without the presence of the executive management to ensure their independence from the executive management and the extent of cooperation of the company's departments in providing data, information and observations that the committee deems informed, and it met during 2022 with the auditor, and the auditor stressed their independence from the executive management and praised the cooperation of the executive management in providing the required data and information with quality and time.
- 3) The Committee studied the Company's auditor's plan and business and expressed its views thereon.
- 4) Answering the inquiries of the company's auditor addressed to the Committee.

**Fifth: Regarding ensuring compliance:**

- 1) The Committee shall study the results of the reports of the supervisory and supervisory authorities and verify that the company has taken the necessary measures in this regard. In order to do so, I reviewed the management letter submitted by the company's auditors, which included some observations, recommendations and directives, and the committee discussed the observations contained in the management letter and expressed its opinion and recommended the executive management to work to complete the observations that require fulfillment, and directed

the Internal Audit Department to follow up on what has been done regarding its recommendations on the observations of the external auditor and inform it of what is being done in this regard, and also reviewed the report of the General Court of Audit (General court audit). ) and the company's management responded to it and the opinion of the Internal Audit Department in the management's response and made its recommendations in this regard, and directed the Internal Audit Department to follow up on the completion of the observations contained in the report.

- 2) Verifying the company's compliance with the relevant laws, regulations, policies, and instructions. To this end, the Committee worked on studying and reviewing the contracts and transactions proposed to be conducted by the company with the relevant parties and submitted its views and recommendations in this regard to the Board of Directors.
- 3) Submit to the Board of Directors any issues it deems necessary to take appropriate action thereon and make recommendations thereon.

**The opinion of the Audit Committee on the adequacy of the internal and financial control systems and risk assessment in the company.**

The Audit Committee discussed the reports submitted by the Internal Audit Department related to the examination of the internal control system for the year 2022, and the Committee submitted its recommendations to the company's management in order to meet some requirements and address the observations it found, and the results of the audit did not show a material weakness in the internal control system and procedures. In addition, the Committee did not receive any comments or observations, whether from employees or stakeholders of the company regarding any violation in financial reports or others through the whistleblowing system approved and applied in the company.

Based on the data received by the Audit Committee from the Financial Department, the Internal Audit Department, and the External Auditor, this supported the Audit Committee's conviction of the adequacy and effectiveness of the Company's internal and financial control systems and procedures. An internal control system, no matter how sound its design and effective application, cannot provide absolute assurance.

In conclusion, the Audit Committee extends its sincere thanks and appreciation to the Board of Directors of the company, represented by His Excellency the Chairman of the Board, Mr. Mohammed Saad Al-Farraj Al-Subaie, and the members of the Board and the CEO of the company for their support and support to the committee to accomplish its tasks and follow-up to achieve the goals and aspirations of the company's shareholders, and we also thank the company's employees for their good performance during the year 2022

**God bless,**

**Chairman of the Audit Committee**

**Ibrahim Salem Al-Ruwais**

A statement of cash dividends distribution recommended by the Board of Directors of the Eastern Province Cement Company for the year 2022

بيان بما أوصى مجلس إدارة شركة أسمنت المنطقة الشرقية بتوزيعه من أرباح نقدية على مساهمي الشركة عن عام 2022م

المجموع Total	أرباح النصف الثاني 2022 Second Half of 2022	أرباح النصف الأول 2022 First Half of 2022	البيان Description
172,000,000	86,000,000	86,000,000	إجمالي المبلغ الموزع (ريال سعودي) Total distributed amount (SAR)
	86,000,000	86,000,000	عدد الأسهم المستحقة (سهم) Count of Eligible Shares (Share)
2.00	1.00	1.00	حصة السهم الواحد (ريال سعودي) Dividend Per Share (SAR)
%20	%10	%10	نسبة التوزيع من القيمة الإسمية Percentage of Dividend to the Share Par Value
	27-08-1444 19-03-2023	05-01-1444 03-08-2022	تاريخ قرار مجلس الإدارة Board Decision Date
	04-09-1444 26-03-2023	16-01-1444 14-08-2022	أحقية الأرباح الموزعة <sup>1</sup> Eligibility Date
	22-09-1444 13-04-2023	03-02-1444 30-08-2022	تاريخ التوزيع Distribution Date

<sup>1</sup> الأحقية لمساهمي الشركة المالكين للأسهم في يوم الاستحقاق المقيد في سجل مساهمي الشركة لدى شركة مركز إيداع الأوراق المالية (إيداع) في نهاية ثاني يوم تداول يلي تاريخ الاستحقاق.

The eligibility is for company's shareholders who own the shares on the date of eligibility, and who are registered in the company's shareholders' register at Securities Depository Centre Company (Edaa) by the end of second trading day following the eligibility date.