



## **The Board of Directors of Saudi Cement Company Invites its Shareholders to Attend the Extraordinary General Assembly (First Meeting) Virtual Meeting**

The Board of Directors of Saudi Cement Company would like to invite its shareholders to attend the Extraordinary General Assembly meeting to participate and vote, which is scheduled to be held at 18:30 PM in the evening on Wednesday 02 / 11 / 1446 AH corresponding to 30 / 04 / 2025 G from the company's headquarter in Dammam, Online via Tadawulaty Platform (<https://login.tadawulaty.com.sa>),

In order to consider the following agenda:

- 1 : View and discuss the Board of directors' report for the year ended 31 December 2024.
- 2 : View and discuss the Consolidated Financial Statements for the fiscal year ended on 31 December 2024.
- 3 : Vote to approve the External Auditors report for the year ended on 31 December 2024 after discussing it.
- 4 : Vote on the discharge of Board of Directors members from liabilities for their management of the company during the financial year ended 31 December 2024.
- 5 : Vote on appointing an external auditor for the company among the nominees based on the recommendation of the Audit committee to review and audit the second and third quarters and yearend of 2025, in addition to first quarter of 2026 financial statements and determine their fees.
- 6 : Vote on the Board of Director's recommendation to distribute cash dividends to the shareholders for second half of 2024, at (1.5) Riyals per share which is equivalent to (15 %) of the company's share capital with a total amount of (229.5) million riyals provided the eligibility for dividend will be to the company's shareholders who own the shares at the end of the day of general assembly and who are registered in the Company's shareholders register at Securities Depository Centre (Edaa) by the end of the second trading day following the entitlement date, and The distribution date will be at 12-05-2024 corresponding to 14-11-1446.
- 7 : Vote on the business and contracts that will be concluded between the company and Cement Industry Products Company Ltd., which is the member of the Board of Directors and CEO , Mr. Mohammad bin Ali Al-Garni, has an indirect interest in (related party), noting that the amount of the transaction for the year 2024 amounted to 31,374,038 Saudi riyals, which is the purchase of empty cement bags, and there are no preferential terms for this type of contract . (attached)
- 8 : Vote on the business and contracts that will be concluded between the company and Wataniya Insurance Company, which is the member of the Board of Directors Mr. Amin bin Musa Al-Afifi has an indirect interest in (related party), noting that the amount of the transaction for the year 2024 amounted to 6,265,478 Saudi riyals, which is an insurance coverage of the company's property except for medical insurance, there are no preferential terms for this type of contract. (attached)
- 9 : Vote on authorizing the Board of Directors to distribute interim cash dividends to the shareholders on biannual or quarterly basis for the financial year 2025.
- 10 : 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 General Assembly 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.





- 11 : Vote on authorizing the Board of Directors with the powers of the Ordinary General Assembly, with the permission mentioned in clause (2) of Article 27 of the Companies Law, for a period of one year from the date of approval by the General Assembly or until the end of the session of the delegated Board of Directors, whichever is earlier, in accordance with the provisions of the Companies Law and its executive regulations for listed joint stock companies, and the competitive business and activities mentioned in the Regulations on Competitive Activity Standards.(Attached)
- 12 : Vote on amending Article (3) of the company's bylaws related to objectives of the company. (attached).

According to the rules and regulations, shareholders registered in the company's shareholders register at Edaa Center at the end of the trading session prior the Meeting are entitled to attend the General Assembly Meeting, Shareholders have the right to inquire and discuss the topics on the agenda of the General Assembly. Note that the eligibility for registering the attendance of the General Assembly's Meeting ends upon the convenience of the General Assembly's Meeting. Eligibility for voting on the items of the meeting agenda for attendees ends upon the counting committee concludes counting the votes. The Extraordinary General Assembly meeting shall be valid if attended by shareholders representing at least half of the Company's capital. In the absence of a quorum required for holding the meeting, a second meeting will be held one hour after the end of the period specified for the first meeting. The second meeting shall be valid if attended by shareholders representing at least one-fourth of the Company's capital.

Shareholders registered in Tadawulaty Platform can vote remotely on the meeting items starting from 01:00 am in the morning on Saturday 28 Shawwal 1446 (April 26, 2025) until the end of convening time of the assembly, noting that registration and voting in Tadawulaty is available free of charge to all shareholders using the following link:  
<https://login.tadawulaty.com.sa>

For Any questions or queries kindly contact the Shareholder Relationships during business hours from 07:00 am to 03:00 pm. During Ramadan working hours starts from 9:00 a.m. to 3:00 p.m. at:

0138358033 or  
0539168715 or  
[IR@saudicement.com.sa](mailto:IR@saudicement.com.sa)



## Audit Committee Report for the year 2024

Number: R11/ -2412

Date: 14 Jumada' II 1446 (15 December 2024)

Excellencies: The Chairman and the members of the Board of Directors

### Subject: The Audit Committee Report for the year 2024

Based on "Article 88" of the Corporate Governance Regulations issued by the Board of the Capital Market Authority and the related articles of the Audit Committee's regulations, responsibilities and tasks, the audit committee report for the year 2024 was prepared as shown below:

The Audit Committee shall be competent in monitoring the company's activities aiming to assist the Board of Directors in fulfilling their responsibilities and ensuring the integrity and accuracy of reports and financial statements, and also, ensure the integrity, effectiveness and adequacy of internal control systems, and to make any recommendations that would develop and improve the systems to achieve the company's objectives and protect the interests of the shareholders, investors and other stakeholders with high efficiency and reasonable cost.

In this regard, during the year, from 1<sup>st</sup> / January/2024 to 31/ December/2024, the Audit Committee held Five (5) meetings, in these meetings the committee discussed many topics that were related to its tasks, responsibilities, and the activities of the Internal Audit Department, and in the presence of the officials from the Internal Audit Department and also, in the presence of the External Auditor's representative when discussing the financial statements , as well as requesting some clarifications from some other related departments in the company.

The Audit Committee thanks the company's management for enabling the Internal Audit department personnel to carry out their tasks & works as per the requirements, which enabled the Audit Committee members to fulfil their tasks and responsibilities in an appropriate manner. The tasks and the works carried out by the Audit Committee during the year 2024, are presented as below:

#### 1. Approving the Internal Audit Department audit plan and following-up its execution:

Based on their experience, The Internal Audit Department has updated the overall strategic audit plan, which is based on the risk assessment to determine the audit assignment that the Internal Audit Department must perform.

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(شركة مساهمة سعودية)

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(A Saudi Joint Stock Company)

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To achieve this, Internal Audit Department studied the operational activities of all departments of the company, and assessed the risks associated with these operations.

Based on the detailed overall strategic audit plan, the Internal Audit Department prepared its annual audit plan for the year 2024 which was approved by the Audit Committee. The Internal Audit personnel executed the annual audit plan by auditing several company's operations, processes, and activities. The Audit Committee follow-up the execution of the internal audit plan on a regular basis.

## **2. Audit Assignments performed during the year 2024.**

Internal Audit Department executed several assignments, as per the Audit Plan approved by the Audit Committee. These assignments involve various departments of the company.

The following are the major activities, processes or departments that have been audited/reviewed and their reports were discussed by the Audit Committee during the year 2024:

- 1- The report of the review of Internal Controls Over Financial Reporting – GL Activities.
- 2- The report of the review of Human Resources – Personnel & Payroll Activities.
- 3- The report of Physical Counts & review of Operation of Cash/Visa Funds activities.
- 4- The report of the Internal Audit Department activities.
- 5- Discussion of the tasks, policies, and procedures of the Internal Audit Department- Internal Audit Charter-.

The committee has taken the necessary measures regarding the observations & recommendations contained in the above Audit Reports and is following-up the implementation of the corrective actions/measures, periodically, through follow-up reports from the Internal Audit Department.

## **3. Follow-up Reporting- the Review of Actions Taken on Audit Observations of previously issued audit reports:**

The audit committee has taken the necessary measures to follow up the corrective actions/measures taken regarding the observations contained in the previously issued audit reports, with the aim of ensuring that these necessary corrective actions/measures have been taken by the concerned management. The committee has put in practice a reasonable mechanism for the follow-up reporting in an appropriate professional manner, through a procedure that the Internal Audit Department submits a periodic report to the committee members in their periodic meetings explaining the corrective measures that have been implemented and those that have not been implemented and the reasons for non-implementation.

The table below summarizes the total number of observations shown in the previously issued Audit Reports for the last previous five (5) years and the status of their agreed corrective measures:





| Year          | Status of the Observations                         |                       |  |                    |
|---------------|--|-----------------------|--|--------------------|
|               | Observation that their corrective measures are due |                       | Observation that their corrective measures are NOT yet due | Total Observations |
|               | Fully Implemented                                  | Partially implemented |  |                    |
| 2020          | 22   | 0                     | 0  | 22                 |
| 2021          | 23   | 0                     | 0  | 23                 |
| 2022          | 6  | 0                     | 0  | 6                  |
| 2023          | 4  | 0                     | 0  | 4                  |
| 2024          | 3  | 2                     | 1  | 6                  |
| <b>Totals</b> | <b>58</b>  | <b>2</b>              | <b>1</b>   | <b>61</b>          |

#### 4. Discussion of the Interim Financial Statements for year 2024, and the annual for year 2023:

The Preparation of the Financial Statements in accordance with generally accepted accounting standards -IFRS- is the responsibility of the company's management, and the external auditor's responsibility is to express an opinion on these Financial Statements. One of the duties of the Audit Committee is to discuss and analyze the annual and interim financial statements before presenting them to the Board of Directors and express opinions and recommendations regarding them to ensure their integrity, fairness, and transparency, in coordination with the company's external auditor and the internal auditor.

In this regard and during the year 2024, the Audit Committee discussed and analyzed the interim financial statements for the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> quarters of the year 2024 and the annual financial statements for the year 2023, before presenting them to the Board of Directors, and in the presence of the company's external auditor and internal auditor. The committee recommended to the Board of Directors to approve these Interims and annual financial statements for the purpose of announcing them, as the Audit Committee, during its discussion, did not become aware of any of the matters that prevent the announcement and that must be reported to the Board of Directors.

#### 5. Recommending to the Board of Directors the nomination of External Auditors:

Annually, the Audit Committee selects- at least – five external auditors, who are authorized to audit the joint stock companies' Financial Statements, for the purpose of inviting them to submit their proposal to audit company's financials. Then, the Internal Audit Department prepares and analyzes the received offers and submits the analysis & comparison to the audit committee.

The audit committee studies the analysis & comparison of the offers and nominates at least (2) auditors to audit the company's Financials. The Committee indicates the basis on which the nomination was made and prepare a report to be presented to the Board of Directors in which it shows a summary of the result of the analysis & comparison of the offers.

In this regard the Committee have done the followings:

- The Committee recommended to the Board of Directors the nomination of the external auditors, Messrs. KPMG for Professional Service Company (KPMG), OR Messrs. PKF Al-Bassam & Co., to audit the company's Financial Statements for the year 2024.



- b) The Committee selected Seven (7) External Auditors companies who are authorized to audit the Financial Statements of the joint-stock companies- as per Capital Market Authority, CMA- and invited them to submit their proposals to audit the company's Financial Statements for the year 2025.
- c) The committee discussed the external auditor's observations as part of the presentation that the external auditor made to the committee during the discussion of the interims and annual financial statements.

## 6. The adequacy of the company's internal and financial control systems:

Based on the approved annual audit plan, the Internal Audit Department of the company conducts a periodic reviews and audits of the various Activities/Departments of the company, including the evaluation of the company's internal control systems. Also, the external auditors of the company perform the statutory audit and review of the Financial Statements and submits a presentation in which they state the improvements- if any- that deem necessary in the internal control systems related to the preparation of the Financial Statements.

During the year 2024, both the Internal Audit Department and the External Auditor properly performed, their audits and reviews in accordance with the plans approved by the audit committee. Based on what was submitted by the Internal Audit Department within their audit plan approved by the committee and based on what was discussed by the audit committee in relation to the Interims and Annual Financial Statements, the Audit Committee was not aware of any material weakness, of a material impact that may be mentioned in this report.

Based on the results of the audits and reviews of the assignments/processes/ activities etc. performed during the year 2024, and based on what was included and discussed in the audit reports submitted to the committee by the Internal Audit Department and External Auditors, the Committee evaluation of the internal and financial control systems of the company did not show any material weakness, and the Committee believes that the management has maintained an effective system of internal control and that the scope and the volume of the audited assignments /processes/ activities etc. and the discussions made by the audit committee during its meetings, all of these, have provided the Committee members with a reasonable basis for their opinion.

The Audit Committee Members:

18/12/2024 8:51 AM

16/12/2024 2:08 PM

17/12/2024 12:28 AM

Mr. Hamad Abdullah Al-Olayan  
Chairman of the Audit Committee

Mr. Mansour Mohammed Balghonaim  
Member of the Audit Committee

Dr. Ahmed A. A. Al-Maghames  
Member of the Audit Committee

Ali A.A.



## KPMG Professional Services Company

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Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

الطابق ١٦، برج البرعش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب ٤٨٠٣  
الخبير ٣٤٤١٢ - ٣١٤٦  
المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Saudi Cement Company (A Saudi Joint Stock Company)

## Opinion

We have audited the consolidated financial statements of **Saudi Cement Company ("the Company")** and its **subsidiary (collectively referred as "the Group")**, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR100,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.  
Commercial Registration of the headquarters in Riyadh is 1010425494.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مسجلة في المملكة العربية السعودية، رأس مالها (١٠٠٠٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية خاصة محدودة بالضمان.  
رقم السجل التجاري للمركز الرئيسي في الرياض هو ١٠١٠٤٢٥٤٩٤.



## Independent Auditor's Report (continued)

To the Shareholders of Saudi Cement Company (A Saudi Joint Stock Company)

### Key audit matter Recognition of revenue

Referring to note 3 for the accounting policy of the revenue and note 21 for the disclosure of revenue.

#### The key audit matter

During the year ended 31 December 2024, the Group has recognized revenue from sales of goods amounting to SR 1.7 billion.

Revenue from sales of goods is recognised at point in time when control over the goods are transferred to the customer on delivery of the goods in accordance with "IFRS 15 -Revenue from contracts with customers".

Revenue is one of the core indicators for measuring performance, and consequently, there are inherent risks through recognizing revenue with more than its actual value or not recognizing in correct accounting period, in order to increase profitability. Therefore, the revenue recognition process has been considered as a key audit matter. In addition, revenue was also considered an area of significant audit risk as part of the audit process due to inherent risk related to fraud.

#### How the matter was addressed in our audit

The auditing procedures we performed in relation to revenue included, among other procedures, are following:

- Evaluated the appropriateness of the Group's accounting policies related to recognition of revenue from sales as well as assessing compliance with the requirements of applicable accounting standards and performed inquiry procedures with respect to risk of fraud;
- Evaluated the design and implementation of the internal control procedures related to revenue recognition, including anti-fraud control procedures;
- Performed testing of revenue transactions on a sample basis with underlying supporting documentation including dispatch documents and sales invoices;
- Tested on a sample basis, revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period; and
- Assessed the adequacy of the disclosures relating to the revenue in the accompanying consolidated financial statements.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.





## Independent Auditor's Report (continued)

To the Shareholders of Saudi Cement Company (A Saudi Joint Stock Company)

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## Independent Auditor's Report (continued)

To the Shareholders of Saudi Cement Company (A Saudi Joint Stock Company)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)


- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Saudi Cement Company and its subsidiary**.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### KPMG Professional Services Company

  
**Nasser Ahmed Al Shutairy**  
License No: 454



Al Khobar, 10 March 2025G  
Corresponding to: 10 Ramadan 1446H



## KPMG Professional Services Company

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## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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ص.ب. ٤٨٠٣  
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المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

# Independent Limited Assurance Report to Saudi Cement Company on the Board of Directors' Declaration on the Requirements of Article 71 of the Companies Law

## To the Shareholders of Saudi Cement Company

We were engaged by the management of Saudi Cement Company (the "Company") to report on the Board of Directors' declaration prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, which comprises the transactions carried out by the Company during the year ended 31 December 2024 in which any of the members of Board of Directors of the Company had direct or indirect personal interest as detailed below ("Subject Matter") and the accompanying management's statement thereon as set out in Appendix 1, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

### Subject Matter

The Subject Matter for our limited assurance engagement is related to the Board of Directors' declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, presented by the Board of Directors of Saudi Cement Company (the "Company"), which comprises the transactions carried out by the Company during the year ended 31 December 2024 in which any of the members of Board of Directors of the Company had direct or indirect personal interest.

### Applicable Criteria

We have used the following as the Applicable Criteria:

Article 71 of the Companies Law issued by Ministry of Commerce ("MOC").

### Saudi Cement Company's Responsibility

The management of the Company is responsible for preparing the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein. The management the Company is also responsible for preparing the Subject Matter information (i.e. Appendix 1).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Company complies with the Companies Law; designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

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شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مغلقة مسجلة في المملكة العربية السعودية، رأس مالها (١٠٠٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية خاصة محدودة بالضمان. رقم السجل التجاري للمركز الرئيسي في الرياض هو ١٠١٠٤٢٥٤٩٤.





# Independent Limited Assurance Report to Saudi Cement Company on the Board of Directors' Declaration on the Requirements of Article 71 of the Companies Law

To the Shareholders of Saudi Cement Company (continued)

## Our Responsibility

Our responsibility is to examine the Subject Matter information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter information is properly prepared, in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Subject Matter and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's process or internal control over the preparation and presentation of the Subject Matter information.

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Company in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.

## Procedures Performed

Our procedures performed are as follows:

- Obtained the declaration that includes the transactions and/or contracts performed in which any of the BoD members of the Company has either direct or indirect interest during the year ended 31 December 2024;
- Reviewed the minutes of meetings of the BoD that indicate notifications to the BoD by certain director(s) of actual or potential conflicts of direct or indirect interest in relation to transactions and/or contracts involving the BoD member;
- Checked that the minutes of meetings of the BoD that the relevant director(s) who notified the BoD of actual or potential conflicts of direct or indirect interest did not vote on the resolution to recommend the related transaction(s) and/or contract(s);
- On a sample basis, obtained the required approvals along with supporting documents in respect of the transactions and/or contracts included in the declaration; and
- Checked the transaction amounts included in the Declaration agree, where applicable, to the transaction amounts disclosed in note 27 to the audited consolidated financial statements of the Company for the year ended 31 December 2024.

# Independent Limited Assurance Report to Saudi Cement Company on the Board of Directors' Declaration on the Requirements of Article 71 of the Companies Law

To the Shareholders of Saudi Cement Company (continued)

## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.

## Restriction of Use of Our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company and MOC for any purpose or in any context. Any party other than the Company and MOC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company and MOC for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Company and MOC on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

## KPMG Professional Services Company



**Nasser Ahmed Al Shutairy**  
License No: 454



Al Khobar, 10 March 2025G  
Corresponding to: 10 Ramadan 1446H



Ref.: 08-2502

Date: 03/09/1446 (03/03/2025)

M/S.: Honorable Shareholders of Saudi Cement Company  
General Assembly of Saudi Cement Company

Greetings,

With reference to clause (1) of Article (27) of the Companies Law which stipulates that "A company's manager or board member may not have any direct or indirect interest in the transactions conducted and contracts concluded for the company's account without the authorization of the partners, general assembly, or shareholders or their designees." and in reference to clause (1) of Article (71) of the Companies Law, which stipulates that "... The board shall notify the general assembly, when it convenes, of the transactions and contracts in which such board member has direct or indirect interest..." and with reference to Clause (15) of Article (19) of the company Governance Regulations, which stipulates the following: "Notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest....". Accordingly, we would like to inform you hereby that there is an indirect interest of the Board Member Mr. Mohammed Ali AlGarni in a contract concluded with the Company in 2024 (Party with indirect interest) as per the table below:

| Member name          | Company-related entity                     | Type of relationship in the entity | Type of relationship between the Company and entity | Contract Term | Transaction value in 2024 | Remarks   |
|----------------------|--|------------------------------------|---|---------------|---------------------------|---|
| Mohammed Ali AlGarni | Cement Product Industry Ltd. Company (CPI) | Board member                       | Purchase of empty cement bags                       | One year      | 31,374,038 SAR            | There are no privileged conditions for this type of contract. |

The Board of Directors decided to present to the General Assembly a request for approval of the contract described above.

Allah is the Arbiter of Success.

Khalid Abdulrahman AlAbdulkarim

Ahmad Abdulrahman AlSaadi

Aref Abdulla AlAshban

Amin Musa AlAfifi

Hamad Abdulla AlOlayan

Abdelrahman Suleiman AlRajhi

Sami Fahd AlSalem

Abdulaziz Hatem AlJuffali

Mohammed Abdulkarim AlKheraji  
Vice Chairman

Khalid Abdulrahman AlRajhi  
Chairman

شركة الإسمنت السعودية

(شركة مساهمة سعودية)

3964 الملك سعود - العمايرة

وحدة رقم 1- الدمام 32415 - 7102

المملكة العربية السعودية

هـ +966 13 835 8000 ف +966 13 834 3091

ب saudicement@saudicement.com.sa

س.ت. 2050000602

الرقم الضريبي 300461088900003 VAT Number

Saudi Cement Company

(A Saudi Joint Stock Company)

3964 King Saud - Al-Amamrah

Unit No. 1-Dammam 32415 - 7102

Kingdom of Saudi Arabia

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E saudicement@saudicement.com.sa

C.R. 2050000602

www.saudicement.com.sa





Ref.: 09-2502

Date: 03/09/1446 (03/03/2025)

M/S.: Honorable Shareholders of Saudi Cement Company  
General Assembly of Saudi Cement Company

Greetings,

With reference to clause (1) of Article (27) of the Companies Law which stipulates that "A company's manager or board member may not have any direct or indirect interest in the transactions conducted and contracts concluded for the company's account without the authorization of the partners, general assembly, or shareholders or their designees." and in reference to clause (1) of Article (71) of the Companies Law, which stipulates that "... The board shall notify the general assembly, when it convenes, of the transactions and contracts in which such board member has direct or indirect interest..." and with reference to Clause (15) of Article (19) of the company Governance Regulations, which stipulates the following: "Notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest...". Accordingly, we would like to inform you hereby that there is an indirect interest of the Board Member Mr. Amin Mousa AlAfifi in a contract concluded with the Company in 2024 (Party with indirect interest) as per the table below:

| Member name        | Company-related entity     | Type of relationship in the entity | Type of relationship between the Company and entity                       | Contract Term | Transaction value in 2024 | Remarks   |
|--------------------|----------------------------|------------------------------------|---|---------------|---------------------------|---|
| Amin Mousa AlAfifi | Wataniya Insurance Company | Board member                       | Insurance coverage for the Company property, except for medical insurance | One year      | 6,265,478 SAR             | There are no privileged conditions for this type of contract. |

The Board of Directors decided to present to the General Assembly a request for approval of the contract described above.

Allah is the Arbiter of Success.

Khalid Abdulrahman AlAbdulkarim

Ahmad Abdulrahman AlSaadi

Aref Abdulla AlAshban

Hamad Abdulla AlOlayan

Abdelrahman Suleiman AlRajhi

Mohammed Ali AlGarni

Sami Fahd AlSalem

Abdulaziz Hatem AlJuffali

Mohammed Abdulkarim AlKhereiji  
Vice Chairman

Khalid Abdulrahman AlRajhi  
Chairman

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الإسمنت السعودية  
**SAUDI CEMENT**



Regulations on Competitive Activity Standards

**Preamble:**

These Regulations have been laid down in application of provisions of Article (27) of the Companies Law and Article (44) of the Corporate Governance Regulations, to define competition standards to the Company's activities and regulating procedures for rules of involvement of Company's board members and Board Committees Members in competitive activity, according to objectives of the Company as mentioned in Article (3) of the Company's Bylaws, and objectives of the Company's affiliates, noting that cases of competitive activity of the Board Members will be dealt with in view of the provisions of these standards.

**First: Definitions:**

The following terms and phrases, wherever mentioned in these Regulations, shall have the meanings assigned to each, unless the context otherwise requires:

**Company (SCC):** Saudi Cement Company.

**Board:** the board of directors of Saudi Cement Company entrusted with management of the Company to achieve interests of shareholders.

**Board Member:** the Board Member appointed under nomination by the General Assembly or appointed by the Board of Directors as a replacement member in the vacant office.

**Entity/ Enterprise:** the establishment or company in whatever legal form, or any other corporate body having financial liability.

**Competitor:** the entity which engages in manufacturing, producing, marketing or distributing all types and derivatives of cement or clinker, blocks, concrete and other industries associated with use of cement and clinker, activities of affiliates or any entity which engages in an activity that is directly or indirectly linked to the activities above mentioned.

**Competitive Activity:** any activity practiced by the competitor.

**Committee Member:** the member of a board committee.

**Committee/ Board Committee:** the committees formed by the Board of Directors, whose membership includes members from the Board or from outside of the Board, except for the Company's employees.

**Second: Scope of Application**

Provisions of these Regulations shall apply to Board Members of the Company and Members of Board Committees.

**Third: Competitive Activity Standards:**

Competitive Activity Standards of the Company and its affiliates that are banned to the Board Members or any of Board Committees Members are as follows:

1. The establishment of a company or sole proprietorship or possession of 5% or more of shares or stocks of a competitor.



2. The acceptance of being a board member of a competitor or holding an executive position of a competitor, with the exception of assuming membership or management roles of affiliates.
3. Having a commercial agency or the like, whether apparent or hidden, of a competitor.
4. The acceptance to be a committee member of a competitor.
5. The delivery of technical, administrative or consulting works to any competitor.
6. The use of his knowledge and information in favor of a competitor.
7. The benefit, whether directly or indirectly, from the investment opportunities presented to him or which he becomes aware of in his capacity as a Board Member or a Committee Member of the Company. This includes investment opportunities which are within the activities of the Company or its affiliates or those not falling within the Activities of the Company or its affiliates and which the Company wishes to make use of. Such ban shall extend to board member or Committee Member who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his knowledge during his membership in the Board or Committee.
8. Geographical boundaries of KSA and boundaries of countries of the Company's affiliates shall be the scope of application of these Regulations regarding the competitive activity practiced by the Board Member or the Committee Member.

**Fourth: Controls for Competing the Company:**

1. The Board Member or the Committee member who competes with or wishes to compete with the Company or its affiliates shall obtain an authorization from the ordinary general assembly.
2. If the Board Member or the Committee member wishes to engage in an activity that is competitive to the Company or its affiliates, the following must be observed:
  - A. The board shall be informed of the competitive activity to be practiced by the Board Member, and this notification shall be evidenced in the board minutes of meeting.
  - B. The board shall vote on the decision of competition by the Board Member or the Committee member of the activity of the Company or its affiliates, provided that the interested board member shall have no vote on the decision to be issued by the board and shareholders assemblies.
  - C. If the board decides that activities to be practiced by the Board Member or the Committee member are competitive to those of the Company or its affiliates, the board shall refer the matter to the ordinary general assembly, and these activities shall be checked on an annual basis.
  - D. The board shall inform the ordinary general assembly, at its first meeting, of the competitive activities practiced by the Board Member or the Committee Member to vote thereon.

**Fifth: Duties of Board Members and Committees Members Competing with Activities of the Company or its Affiliates:**

The Board Member or the Member of any of Board Committees who obtains an authorization from the ordinary general assembly to compete with the activities of the Company or its affiliates shall observe the following:

1. Practicing his duties honestly and fairly, and placing interests of the Company as a priority.
2. Maintaining Company's information and activities in strict confidence, and not to disclose them to any person.

#### **Sixth: Refusal to Grant Authorization**

If the ordinary general assembly refuses to grant the required authorization according to clause (2) of Article (27) of the Companies law and Article (44) of the Corporate Governance Regulations, the Board Member or the Committee Member shall tender his resignation within the period recommended by the board to the ordinary general assembly, or get his position regularized by withdrawal from the competitive activity during the same period, otherwise his membership in the board or the committee shall be deemed as terminated upon expiry of the granted period.

#### **Seventh: Approval and Publication**

1. The provisions of these Regulations shall be adhered to as of the date when they are approved by the ordinary general assembly and they shall be published on the Company's website.
2. The Board of Directors may propose amendment to these Regulations, provided that any such amendment is presented to the ordinary general assembly at its first meeting for approval.



Black: current text

Green: Addition

## Comparison of the amendment of the Bylaws

| Current text of the Article  | Text of the Article after amendment  |
|--|--|
| <p>Article Three: Objectives of the Company:</p> <p>The Company shall exercise and carry out the below objectives:</p> <ol style="list-style-type: none"> <li>1- Manufacturing all types of cement.</li> <li>2- Manufacturing Portland cement in its different types.</li> <li>3- Manufacture of salt-resistant cement.</li> <li>4- Manufacturing pozzolanic cement</li> <li>5- Manufacturing cement mixed with other materials.</li> <li>6- Manufacturing types of asbestos cement or cellulose fiber cement.</li> <li>7- Manufacturing white cement.</li> <li>8- Manufacturing grout cement.</li> <li>9- Manufacturing clinker cement.</li> <li>10-Retail sale of building materials.</li> <li>11-Wholesale of building materials.</li> <li>12-Wholesale of building materials.</li> <li>13-Wholesale of cement, plaster and similar materials.</li> <li>14-Sale and export of raw materials and minerals such as gypsum, pebbles, sand and clay.</li> <li>15-Export of all types of cement and clinker.</li> <li>16-Operation of quarries for all raw materials.</li> <li>17-Operation of sand or gravel mines, including crushers.</li> <li>18-Recycling waste.</li> <li>19-Mining non-ferrous metal ores, including aluminum, copper and lead.</li> <li>20-Mining glass, sand, pebbles and gravel.</li> </ol> | <p>Article Three: Objectives of the Company:</p> <p>The Company shall exercise and carry out the below objectives:</p> <ol style="list-style-type: none"> <li>1- Manufacturing all types of cement.</li> <li>2- Manufacturing Portland cement in its different types.</li> <li>3- Manufacture of salt-resistant cement.</li> <li>4- Manufacturing pozzolanic cement</li> <li>5- Manufacturing cement mixed with other materials.</li> <li>6- Manufacturing types of asbestos cement or cellulose fiber cement.</li> <li>7- Manufacturing white cement.</li> <li>8- Manufacturing grout cement.</li> <li>9- Manufacturing clinker cement.</li> <li>10-Retail sale of building materials.</li> <li>11-Wholesale of building materials.</li> <li>12-Wholesale of building materials.</li> <li>13-Wholesale of cement, plaster and similar materials.</li> <li>14-Sale and export of raw materials and minerals such as gypsum, pebbles, sand and clay.</li> <li>15-Export of all types of cement and clinker.</li> <li>16-Operation of quarries for all raw materials.</li> <li>17-Operation of sand or gravel mines, including crushers.</li> <li>18-Recycling waste.</li> <li>19-Mining non-ferrous metal ores, including aluminum, copper and lead.</li> <li>20-Mining glass, sand, pebbles and gravel.</li> </ol> |





Black: current text

Green: Addition

### Comparison of the amendment of the Bylaws

|  |  |
|--|--|
| <p>21-Mining gypsum and anhydrite.<br/>22-Land freight transport.<br/>23-Freight and equipment transport.<br/>24-Maritime and coastal water transport of various goods.<br/>25-Rail freight transport between cities.<br/>26-Loading and unloading.<br/>27-Loading and unloading.<br/>28-Purchase and sale of electricity grid services.<br/>29-Blasting and demolition.<br/>30-Import of radioactive industrial materials.<br/>31-Import of all requirements for manufacturing cement and materials mixed with cement such as iron slag, pozzolana, fly ash, additives and spare parts.<br/>32-Import clinker.<br/>33-Production and import of building materials of all kinds including glass, plasterboards, fiberglass.<br/>inside and outside the Kingdom of Saudi Arabia.<br/>The Company shall carry out its activities pursuant to the applicable laws and upon obtaining the necessary licenses from competent authorities.</p> | <p>21-Mining gypsum and anhydrite.<br/>22-Land freight transport.<br/>23-Freight and equipment transport.<br/>24-Maritime and coastal water transport of various goods.<br/>25-Rail freight transport between cities.<br/>26-Loading and unloading.<br/>27-Loading and unloading.<br/>28-Purchase and sale of electricity grid services.<br/>29-Blasting and demolition.<br/>30-Import of radioactive industrial materials.<br/>31-Import of all requirements for manufacturing cement and materials mixed with cement such as iron slag, pozzolana, fly ash, additives and spare parts.<br/>32-Import clinker.<br/>33-Production and import of building materials of all kinds including glass, plasterboards, fiberglass.<br/><b>34-Port activities.</b><br/><b>35-Storing in ports and customs or free zones.</b><br/><b>36-Operating trucks parkings.</b><br/>inside and outside the Kingdom of Saudi Arabia.<br/>The Company shall carry out its activities pursuant to the applicable laws and upon obtaining the necessary licenses from competent authorities.</p> |
|--|--|