

**Saudi Arabian Amiantit Company**  
The Annual Report of the Board of Directors

**2022**

Date: 06/08/1444 H  
26/02/2023 G

## The annual report of the Board of Directors to the Ordinary General Assembly Meeting on the Fiscal Year of 2022G

*M/s Shareholders of Saudi Arabian Amiantit Company,  
Dear Shareholders,*

### Introduction:

The Board Of Directors of Saudi Arabian Amiantit Company (will be refer to as “The Company” or “The Group” have the pleasure to present “The Company” ’s annual activity report for the year 2022G and the operations progress of “The Company” and its affiliates, including the production, marketing, and administrative performance of “The Group”. The report also covers the consolidated financial statements for the years ending 31<sup>st</sup> December of 2022G & 2021G.

### 1 Company and Group Profile:

“The Company” was established in 1388H (1968) in Dammam, Kingdom of Saudi Arabia. It is a Joint Stock - Listed Company with a paid-up capital of SAR 99 million (2021G: SAR 320 million), listed on the Saudi Stock Exchange (Tadawul). “The Company” is headquartered in Dammam (Saudi Arabia).

“The Company” ’s main activities consist of the establishment and management of industrial projects especially the design, manufacturing, marketing, and sales of pipes and water treatment installations, as well as the management of water projects. “The Group” has several pipe manufacturing technologies that it licenses to third parties.

As of December 31, 2022G, “The Group” operates 23 plants (includes 10 plants in Saudi Arabia, the other premises mostly being located in Western Europe, Turkey, Qatar, North Africa and Kazakhstan) for producing pipes around the world (and the related products, such as tanks, fittings, flanges, rubber, and manholes), either fully owned or through joint ventures with local partners.

“The Company” also offers pipe design and installation services through one of its Saudi subsidiaries, Infra-Structure Engineering and Construction Company (ISECC), and “The Company” ’s research and development activities are carried by its R&D centers in the Dhahran Techno-Valley, Dhahran, Saudi Arabia, and Sandiford, Norway as a part of the joint venture in Europe (Amiblu). It is also involved in Engineering, Procurement, Commissioning (EPC) of water treatment facilities through its fully owned German subsidiary (PWT-Abwassertechnik) and operates water management activities through a 50% joint-venture in Saudi Arabia, the International Water Distribution Company "Tawzea", It is worth to mention that “The Company” owns 13% of East Gas Company which operates in procuring the natural gas from Saudi Aramco, and selling it to more than 50 industrial clients through a special pipe network underground in the 2<sup>nd</sup> industrial area in Dammam City. In addition to implements the engineering, construction, operations, and maintenance for all pipes network lines, stations meters on a safe way and friendly to the environment.

#### 1.1 Manufacturing & Sale of Pipes & Associated Technologies

“The Group” designs and manufactures standard and non-standard pipes, tanks, fittings, and industrial valves, for transmission of water, covering all applications, such as potable water, irrigation, industrial water, sewage, sea water intakes, storm water, drainage, firefighting, among others. It also offers to its customers design and installation advisory and services.

This segment represents the core business of “The Group” and the main source of its sales and profits.

- Technical Support,
- Product Development,
- Raw Material testing and qualification, and
- Optimization of Processing & Manufacturing methods.

“The Group” Technology organization operates two Research and Development centers. One located in Dhahran Techno-Valley Company (DTVC) located in King Fahad University for Petroleum & Minerals, Dhahran, Saudi Arabia while the other is located in Sandiford (Norway) as part of its associate company Amiblu in Europe. Both centers employed 59 researchers and operates sophisticated research and testing equipment with a total value of SAR 62.68 million. The R&D spending of “The Group” reached SAR 49.2 million in 2022G (2021G: SAR 51.7 million). The Technology Centers are primarily focused on the GRP and GRE activities. They perform research activities that aim to improve product design, broaden applications, optimize production processes, among other activities.

<b>Manufacturing &amp; sales of pipes &amp; associated technologies</b>	<b>Net Sales</b>	<b>Total Assets</b>
<b>2022G</b>	468,493	1,299,866
<b>2021G<sup>1</sup></b>	377,905	1,413,379

*Key figures for Manufacturing & Sales of pipes & Associated Technologies Segment (SAR'000).*

## **1.2 Water Management Activities**

### **1.2.1 EPC of Water Treatment Stations**

“The Group” fully owns PWT Wasser-und Abwassertechnik GmbH (PWT), a German Company headquartered near Frankfurt, Germany, and primarily specialized in the engineering, procurement, construction, and operation & maintenance of desalination plants, water treatment plants, wastewater treatment plants for urban areas and industrial clients, as well as, providing water treatment solutions. Furthermore, PWT operates groundwater treatment plants and develops and implements electro-technical and automation systems for the water sector.

This Company is presently working actively in Central and Southeastern Europe, the Caspian Region, Turkey, Albania and the GCC, the company has been developing new markets in the MENA region and in the GCC, focusing on Saudi Arabia.

The company witnessed a significant increase in its business during 2022G compared to the previous year 2021G, by obtaining new sales orders in the wastewater treatment infrastructure project in Albania, in addition to industrial water projects in Germany in line with the company's new strategy, which focuses on developing new projects with municipalities and private sector customers in Germany, despite the continued economic conditions in the regions where large projects are implemented, for example (large water treatment plant) in Iraq and (desalination plant) in Turkmenistan.

Concerning the strategic growth in the water industrial sector, the year 2022G was characterized by a lot of activity in the quotations of new projects, mainly in the local market, and in the development of new profitable businesses, from which feasible contracts are expected to be converted into orders in 2023G.

### **1.2.2 Water Management**

Amiantit through its 100% owned subsidiary (International Infrastructure Development Management & Operation Co. Ltd. (Amiwater)) owns 50% of The International Water Distribution Company Ltd. "Tawzea". "Tawzea" is principally engaged in offering services related to construction, operation, and maintenance of public water & sewage services.

"Tawzea" works in providing potable water and wastewater services to industrial cities under a concession from the Saudi Authority for Industrial Cities and Technology Zones (MODON). It specializes in water management in industrial cities and operation and maintenance of potable water and wastewater facilities in many industrial

<sup>1</sup> Total assets for the comparative year 2021G have been reclassified, due to the application of the fair value model option on land and investment properties as of the second quarter of 2022, for further clarification please refer to clause 3.9.1 of this report.

cities across the Kingdom. "Tawzea" is one of the leading companies that has successfully privatized Saudi Arabia's water sector and public-private partnership projects.

The joint venture between "Tawzea" and the Portuguese water services company "Aquapor" was awarded the water distribution project in the second and third industrial cities in Jeddah, at the end of 2016, which contributed significantly to increasing its revenues for the last six years.

As part of Saudi Arabia's Vision 2030, the consortium of "Tawzea" with the Spanish Cobra company (The developer and operator of the industrial infrastructure), resulted in winning the Taif Independent Sewage Plant project in 2019G, and the consortium succeeded in completing the construction phase and setting the date of commercial operation of the project during September 2022G, and later began the operation and implementation phase.

Furthermore, during the last four years, "Tawzea" has won several projects to operate and manage water contracts as part of its long-term strategic plan to diversify its business.

On August 25, 2021G, the consortium in which "Tawzea" participates with the Spanish company "Acciona" and Tamasuk company won three projects to establish three independent wastewater treatment plants in Tabuk, Buraidah and Medina, with a total treatment capacity of 440,000 cubic meters per day (200,000 cubic meters per day for Medina, 150,000 cubic meters per day for Buraidah, and 90,000 cubic meters per day for Tabuk). The consortium also succeeded in achieving financial closure, and the project is currently in its construction phase, which is planned to be completed during 2024G.

In order to enhance and develop the role of "Tawzea" in implementing the current projects, they have got the approval of the ministry of Trade to convert the company from a limited company into a closed joint stock company. And they will complete the other legal procedures according to the company's bylaw.

During 2022G, "Tawzea" was awarded two contracts from the National Water Company as part of a consortium, the supervision contract is to manage, operate and maintain employees, facilities, and assets in the southern and northern regions of the Kingdom, which will affect the raising of operational efficiency, technical knowledge, quality standards, availability of services and maintenance requirements in the concerned sectors. The Southern Settlement Company started its operations during 2022G, and the North Settlement is expected to start during the first quarter of 2023G.

Year	Net Sales	Total Assets
2022G	40,324	987,954
2021G <sup>2</sup>	61,006	890,321

Key figures for water management (SAR '000).

<sup>2</sup> Total assets for the comparative year 2021G have been reclassified, due to the application of the fair value model option on land and investment properties as of the second quarter of 2022, for further clarification please refer to clause 3.9.1 of this report.

## 2 Amiantit Board of Directors & Committees Members:

### 2.1 Board of Directors

Member Name	Current Job	Previous Job	Qualifications	Experience
<b>HH Prince Ahmad Bin Khalid Bin Abdullah Bin Abdurrahman Al-Saud</b>	Businessman	Businessman	PhD in Law	Expertise in the board of directors and committees of companies and corporate committees for civil, insurance, credit, energy, and mining.
<b>HRH Prince Abdulaziz Bin Mohammad Bin Fahad Bin Abdulaziz Al-Saud</b>	Businessman	Businessman	Master of Laws	Experience in the field of law.
<b>Dr. Solaiman Abdulaziz Al Twajjri</b>	CEO of the National Agricultural Development Company (NADEC)	CEO of "The Company"	PhD in Accounting	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field
<b>Dr. Mohammad Saud Al-Badr</b>	Member of the Board of Directors in companies and member of committees	Managing Director & General Manager	PhD in Computer Education	Extensive experiences in membership of boards of directors and committees of companies, and in the field of management.
<b>Mr. Mohammad Abdurrahman Al-Luhaidan</b>	Businessman	Businessman	Master of Business Administration (MBA)	Extensive experience in management

### 2.2 Audit Committee

Member Name	Current Job	Previous Job	Qualifications	Experience
<b>Dr. Sulaiman Abdullah Al Sakran</b>	Consultant	General Secretary of Higher Education Fund	PhD in Finance	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field
<b>Dr. Mohammad Saud Al-Badr</b>	Board & Committees Member in companies	MD & General Manager	PhD in Computer Education	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field
<b>Mr. Waleed M. Al Othaimen</b>	Board & Committees Member in companies	General Manager	BSc in the Industrial Management (Accounting)	Extensive experience in the chairmanship and membership in audit committees.



### 2.3 Nomination and Compensation Committee

Member Name	Current Job	Previous Job	Qualifications	Experience
<b>HH Prince Ahmad Bin Khalid Bin Abdullah Bin Abdurrahman Al-Saud</b>	Businessman	Businessman	PhD in Law	Expertise in the board of directors and committees of companies and corporate committees for civil, insurance, credit, energy, and mining.
<b>Dr. Mohammad Saud Al-Badr</b>	Board & Committees Member in companies	MD & General Manager	PhD in Computer Education	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field
<b>Mr. Sulaiman Abdullah Al Amro</b>	Adviser and Regional Manager	Adviser and Regional Manager	Master of Business Administration (MBA)	Extensive experience in the membership of boards of directors, committees, and management

### 2.4 Executive Committee

Member Name	Current Job	Previous Job	Qualifications	Experience
<b>HH Prince Ahmad Bin Khalid bin Abdullah Bin Abdurrahman Al-Saud</b>	Businessman	Businessman	PhD in Law	Expertise in the board of directors and committees of companies and corporate committees for civil, insurance, credit, energy, and mining.
<b>HRH Prince Abdulaziz Bin Mohammad bin Fahad Bin Abdulaziz Al-Saud</b>	Businessman	Businessman	Master of Law	Experience in the field of law.
<b>Dr. Khalil Abdulfattah Kordi</b>	Financial Adviser	Financial Adviser & CEO of “The Company”	PhD in Accounting	Extensive experience in board membership, corporate and bank committees, university professor, a member of the Shura Council (formerly) and consultant in several government agencies.
<b>Dr. Solaiman Abdulaziz Al Twajri</b>	CEO of the National Agricultural Development Company (NADEC)	CEO of “The Company”	PhD in Accounting	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field.
<b>Mr. Feras Ghassab AlHarbi</b>	“The Company” ‘s CEO	GCOO & GCFO and Ex-GCFO for Multi listed companies in KSA and outside KSA	Master’s degree in Finance & Accounting	Multi experience in finance, accounting, membership in the board of directors, audit committees and academic field.

## 2.5 Investment Committee

Member Name	Current Job	Previous Job	Qualifications	Experience
<b>HRH Prince Abdulaziz Bin Mohammad bin Fahad Bin Abdulaziz Al-Saud</b>	Businessman	Businessman	Master of Law	Experience in the field of law.
<b>Mr. Sulaiman Abdullah Al Amro</b>	Adviser and Regional Manager	Adviser and Regional Manager	Master of Business Administration (MBA)	Extensive experience in the membership of boards of directors, committees, and management
<b>Mr. Mohammad Abdurrahman Al-Luhaidan</b>	Businessman	Businessman	Master of Business Administration (MBA)	Extensive experience in management
<b>Mr. Feras Ghassab AlHarbi</b>	“The Company” ‘s CEO	GCOO & GCFO and Ex-GCFO for Multi listed companies in KSA and outside KSA	Master’s degree in Finance & Accounting	Multi experience in finance, accounting, membership in the board of directors, audit committees and academic field.

## 2.6 Senior Executive

Member Name	Current Job	Previous Job	Qualifications	Experience
<b>Mr. Feras Ghassab AlHarbi</b> <sup>3</sup>	CEO of “The Company”	GCOO & GCFO and Ex-GCFO for Multi listed companies in KSA and outside KSA	Master’s degree in Finance & Accounting	Multi experience in finance, accounting, membership in the board of directors, audit committees and academic field.
<b>Mr. Waleed Mohammad Abu Kishk</b>	Legal & Compliance Director of “The Company”	Legal Counsel of the "company"	Master’s degree in law	Experiences in law and legal consulting and governance.
<b>Mr. Asgar Yosuf Sarguroh</b>	Finance Director of “The Company”	Several positions in the financial management of the "company"	Bachelor's degree in financial accounting and business economics	Multi experience in finance, accounting.
<b>Eng. Mohammad Saleh Al-Shamrani</b> <sup>4</sup>	Sales & Marketing Director of “The Company”	The Operations Director of “The Company”	Bachelor’s degree in chemical engineering	Experiences in procurement management, raw materials management, and operations
<b>Mr. Watheq Ali Al-Hawawreh</b>	“The Company” ‘s Internal Audit Manager	Internal audit manager in different companies	Bachelor's degree Finance and Banking Sciences	Multiple experience in the field of internal audit
<b>Mr. Sohaib Zahid Warsi</b> <sup>5</sup>	Supply Chain Director	Multiple positions in Operations Department and Re-export Supervisor at Jeddah Islamic Port	Master's degree in industrial engineering	Multiple experiences in operations management, and supply chains

<sup>3</sup> “The Company” announced the approval of its board of directors on 26/27/1443H corresponding to 27/02/2022G to appoint Mr. Feras Ghassab AlHarbi as Chief Executive Officer starting from 28/07/1443H corresponding to 01/03/2022G.

<sup>4</sup> Eng. Mohammad Saleh Al-Shamrani has been appointed to the position of “The Company” ‘s Sales & marketing Director starting from 01/02/2022G.

<sup>5</sup> Mr. Sohaib Zahid Warsi has been appointed to the position of “The company” supply chain director starting from 28/11/2022G.

### 3 Significant Decisions & Plans

#### 3.1 Increase of the Demand in Arabian Peninsula & International Areas

The company recorded an increase in revenues during the current year 2022G by 16% compared to the revenues of the previous year 2021G, due to an increase in the volume of new orders, negotiation with major suppliers and obtaining competitive prices and appropriate payment terms.



Gulf & International Net Sales (SAR'000).

#### 3.2 Manpower Reduction Program

- Recruited low-cost temporary workers directly to the "company" to replace some high-cost indirect labor.

#### 3.3 Government Fees Saving Program

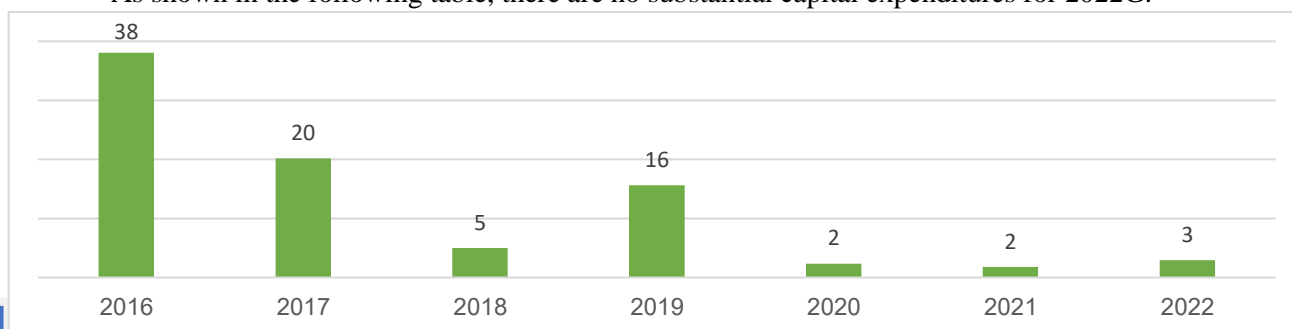
- "The Company" worked to benefit from government support in the field of industry by save the cost of the financial subsidy for work licenses with a value of approximately 5.6 million Saudi riyals, as industrial records were used in an optimal way to reduce the cost of the product.

#### 3.4 "Nitaqat Al Motawar" Program Implementation

- A number of 200 Saudi employees were employed during 2022G, in implementation of the "Nitaqat Al Motawar" program.

#### 3.5 Capital Expenditure for the year

- As shown in the following table, there are no substantial capital expenditures for 2022G.



Capital Expenditure 7 years. ('000 SAR)



### 3.6 Significant Expansion Plans & Capital Expenditure

#### 3.6.1 *Enhancing of Efficiency & Resourcing*

- The cost of purchasing some of the necessary tools used in the installation of Epoxy pipes and fittings have been reduced by contracting with new suppliers with the same efficiency and competitive prices compared to previous suppliers.
- Initiating efficiency tests through the Amiantit Research and Development Center to improve the performance of the methods of connecting epoxy pipes to each other by adding new materials in the working method, which led to reducing the quantities of materials used while raising the efficiency and performance of the product and reflecting this on the final price positively.
- Amiantit Research and Development Center was able to develop the epoxy pipe to be in line with some of Aramco specifications, which is still with international laboratories for conformity certificates.
- Amiantit Fiberglass Manufacturing Co. Ltd. "AFIL" has automated some processes in the production line, which has reduced working hours in getting the job done, which will help reduce the cost of the final product.
- Enhancing the efficiency of "The Company" 's existing facilities for the production of tanks, as well as developing and adopting new tank designs, which will reduce their cost significantly, and thus enhance the company's competitive ability.
- Refurbishment and increase the capacity of "Bondstrand" factory hydrostatic pressing machine, by fully supporting the structure and adding the pumps required for this upgrade to be able to inspect large high-pressure pipes.
- As part of "The Company" vision of products diversity, it focuses to the new high-return products such as manufacturing valves. And in this regard, it seeks accreditation from the Ministry of Environment, Water and Agriculture.

#### 3.6.2 *Significant Pipe Expansion Plans*

- Amiantit R&D Center has developed a pressure testing machine for reinforced fiberglass pipes to reach a length of 18 meters instead of 12 meters.
- Amicon Saudi Arabia Co. Ltd. was able to expand its production capacity based on the factory's internal capabilities in designing and producing a full range of general-use valves and several types of valves (butterfly valve, gate valve, pneumatic valves), where the company was able to expand its product range for diameters 1200 to 2000. It will continue to expand within the next two years, as a result of the high demand for the company's products (valves).
- Amicon Saudi Arabia Ltd. was able to design and manufacture the rubber injection machine and delivery machine in-house to enhance the production of the rubber component, which is cheaper than the case of purchasing the machines.
- Amicon Saudi Arabia Ltd. has been able to design and manufacture the in-house bronze centrifugal casting machine to enhance the internal manufacturing capabilities of valve parts.
- The success of the factory of Amiantit Rubber Industry Co. Ltd. (ARII) in developing new parts for the fillings of tank belts for the Ministry of Defense through the Saudi Mechanical Industries Company, and it was approved by the Ministry of Defense.
- In furtherance of "The Company" 's subsidiary, Amicon Saudi Arabia Limited, has obtained the approval to supply valve projects to Saudi Aramco, it has received also approvals from the Electricity and Water Authority (Bahrain) and the National Water Company, which enhancing the company's market share.
- Design and construction of the pipe inner lining application station at GRE product, as this feature is desirable to companies operating in the oil and gas sector and qualifies the plant for future projects.
- Amiantit Fiberglass Manufacturing Co., Ltd. "AFIL" has been able to produce Jacking Pipes with a diameter of 2990 mm and a wall thickness of up to 75 mm, which gives the company the ability to enter the market of tunnel pipes using fiberglass pipes.

- Modernization of the 40-foot main production line of the "Bondstrand" factory, by changing all control devices and electric motors to match the progress made in this field and increase the performance of the production line.
- Upgrading the water pressure testing machine in Amiantit Fiberglass Manufacturing Company Ltd. "AFIL" to 18 meters using the company's internal capabilities, which enhances its competitiveness over future customer demands for this length.

### 3.6.3 *Cost Reduction Control Program*

- Strengthening and developing the regulatory bases on overtime, and intensively monitoring the performance and efficiency of the workforce in the factories.
- The usage and sale of the old and accumulated stock of finished goods with coordinated efforts between the departments of sales, production, planning, quality, and warehouses.

### 3.6.4 *Receivable & Ongoing Collection Efforts*

- A department called "Credit Department" was established in "The Company" in the middle of 2019G and this department reports to the Chief Financial Officer of "The Group" and contains all the information for all its debtors such as clients' GPS locations, contact information, copies of commercial registers and VAT certificates, credit applications, balance confirmations and payment schedules.
- Conducting negotiations with all defaulting clients and discussing new payment plans to reschedule the outstanding balance, restore cash flow and increase accounts receivable turnover.
- "The Company" has become a member of the Saudi Credit Bureau (SIMAH). It is an important step in accessing customers' credit behaviors, obtaining accurate and up-to-date information, and accessing executive court decisions, thus enhancing creditworthiness assessment, and increasing risk mitigation.
- The management conducts collection field visits on a continuous basis according to a clear and predefined schedule approved by the Finance Department, with mentioning the results of the visits and submitting them to the Chief Financial Officer through the Collection Department. All collection staff are requested to follow up on a daily basis to speed up the collection process and obtain recent reconciliations of receivable balances.
- Unifying the main and subsidiary accounts of customers in one consortium account to measure the creditworthiness of the customer uniformly, given that we have more than one account for the same customer in different projects, regions, or commercial registers with the same owner.
- "The Company" 's credit department established the Credit Management module (SAP) system, and made great effort to coordinate debtors, sales, customer relations and freight to control all products delivered based on pre-agreed credit limits.
- "The Company" has established a clear credit management policy and procedure.
- "The Company" collected SAR 577 million in 2022G, representing 113% of the total sales for the same year, which amounted to SAR 509 million.

## 3.7 **Industrial Lands**

"The Group" owns two industrial plots of land in Dammam since 1971G recorded in "the Group" 's books with a book value of SAR 1.4 million. On June 30, 2022G, "the Company" changed its accounting policy to the fair value model for measuring investment properties and the revaluation model for lands measurement, while continuing to apply the cost model to measure other assets of property, plant, equipment, and intangible assets. The management appointed two independent valuers licensed by the Saudi Authority for Accredited Valuers ("Taqeem") to evaluate both lands and investment properties when preparing the interim condensed consolidated financial statements for the second quarter of 2022G, provided that the revaluation will be subsequently re-evaluated on an annual basis, in line with the requirements of the Capital Market Authority ("CMA"), and selected the lowest of the two valuations, and therefore "the company" recorded these two plots with a fair value of SAR 371.9 million in fixed assets with their own valuation reserve of SAR 370.5 million. Within shareholders' equity, a decrease in equity and fixed assets of SAR 2.2 million was recorded at the revaluation of these two plots on 31 December 2022G.

Further, “The Group” owns a plot of industrial land in Jeddah from 2009 onwards. This land is recorded at book value of SAR 150 million recorded in the books of the subsidiary and the consolidated statement of financial position of "the Group" and as of 31 December 2022G, “The Group” has property, plant, and equipment with a carrying amount worth SAR 24.5 million (SAR 27.8 million for the year 2021G). A dispute has arisen over this land and in light of this, "the company" has booked an impairment for the full value of the land of 150 million Saudi riyals, while the same dispute has already been decided and a royal order has been issued to prove the land to its current owners. Currently, in furtherance of the previous royal order, another royal order has been issued, a copy of which we have not received, but the Jeddah Municipality has begun to take the necessary measures to stabilize the land for its current owners, and work is underway to develop a divisional scheme for the entire Al-Melissa general plan in preparation for the issuance of electronic deeds.

### 3.8 Zakat, VAT, and Transfer Pricing

As of 2014G, the Company has established a 100% unified Zakat account for all subsidiaries of the Company, whereby the Company pays Zakat at the consolidated level and submits a declaration of information to each subsidiary of "the Group".

#### 3.8.1 Zakat Assessments

##### ❖ **Saudi Arabian Amiantit Company (2014G to 2020G)**

- "The company" received zakat assessments during 2020G for the years 2014G with an amount of SAR 16.4 million, and from 2015G to 2018G with a total amount of SAR 231.9 million.
  - Within 60 days of the same year 2020G, the "Company" objected to the Zakat assessment for the year 2014G, and in 2021G, the objection was escalated to the General Secretariat of Tax Committees "The Secretariat", then later in 2022G, "The Company" obtained the resolution of "The Secretariat" for the said year and decided to appeal this resolution, pending the final judgment.
  - Within 60 days of the same year 2020G, the company objected to the zakat assessments for the years from 2015G to 2018G, and later in 2021G, the objection was escalated to the General Secretariat of Tax Committees "The Secretariat", then later in 2022G "The Company" obtained the resolution of "The Secretariat" for the mentioned years and decided to appeal these resolutions, pending the final judgment.
- "The company" received zakat assessments during 2021G for the years 2019G and 2020G for a total amount of SAR 23.8 million.
  - Within 60 days of the same year 2021G, the company objected to the zakat assessments for the years 2019G and 2020G, in addition to escalating the objection to the General Secretariat of Tax Committees "The Secretariat", then later in 2022G "The company" obtained the resolution of "The Secretariat" for the said year and decided to appeal this resolution, pending the final judgment.
- "The Company" did not receive the Zakat assessment for the year 2021G by the Zakat, Tax and Customs Authority ("ZATCA").

##### ❖ **Factory of Bondstrand Company Ltd. (2018)**

- "The company" received zakat assessments for the year 2018G during the year 2020G in the amount of 800 thousand Saudi riyals, and within 60 days of the same year 2020G, the company objected, and later in 2021G it escalated the objection to the General Secretariat of Tax Committees "The Secretariat", and then later in 2022G "The company" obtained the resolution of "The Secretariat" for the said year and decided to appeal this resolution, pending the final judgment.
- "The Company" did not receive the Zakat assessments for the years from 2019G to 2021G by the Zakat, Tax and Customs Authority ("ZATCA").

#### 3.8.2 Exposure for (Long term receivable):

- Some customers are late in paying some of their outstanding bills and transferring them to long-term receivables, which leads to taking provisions that may reach the full value of the debt in some cases, which affects the zakat base as an addition to the zakat due amount according to Article 4, paragraph 6 of the executive regulations for levying zakat No. 2216 on 7/7/1440 H.

#### 3.8.3 Zakat provisions for previous Years.

- We have maintained our Zakat provisions without considering the deduction of long-term receivables as part of our Zakat calculation.

#### 3.8.4 VAT Payments:

- During 2022G, "The Company" paid SAR 8.71 million for VAT in favor of Zakat, Tax, and Customs Authority ("ZATCA").

### 3.8.5 **Withholding Tax:**

- During 2022G, "The Company" paid SAR 538 thousand in withholding tax.

### 3.8.6 **Transfer Pricing:**

- This is to assure that all transactions between "The company" and its subsidiaries treated in terms of the value of materials at the same price as transactions with third parties, and therefore there is no difference in the transfer price between transactions with subsidiaries and transactions with third parties.
- Any transfer rates' adjustments will be added to ZAKAT base.

## 3.9 **Restatement of Equity on Prior Years**

### 3.9.1 **Change in accounting policy from cost model to fair value/revaluation model**

On 30 June 2022G, "the Group" changed its accounting policy to the fair value model for measuring investment properties and the revaluation model for land measurement while continuing to apply the cost model to measure other items of property, machinery, equipment, and intangible assets. A change from a cost-to-fair value model or revaluation model in the registration of property and investment properties is considered a change in accounting policy. Consequently, the adjustments for the previous period were made on January 1, 2021G and the revaluation reserve was recorded in the amount of SAR 375.8 million and accumulated losses of SAR 960 thousand in equity as at that date.

### 3.9.2 **Restatements reported share on other comprehensive income from equity accounted investments**

During 2021G, one of the Group's associates, "Tawzea", recorded the movement on other comprehensive income in respect of actuarial measurement on the defined benefits obligations to employees and hedging reserve. The Group erroneously recorded both share in the other comprehensive income as an actuarial measurement on the defined benefits obligations to employees, hence prior period adjustments were made and a hedging reserve of SAR 2.4 million was recorded and reclassified from accumulated losses as at that date.

## 3.10 **Share Capital Reduction and Rights Issue**

On 27 February 2022G, the Group obtained the approval of the Extraordinary General Assembly to reduce the capital by SAR 221 million to become SAR 99 million in order to amortize accumulated losses.

The Board of Directors of the Company has recommended an increase in the Company's capital by way of a rights issue of SAR 346.5 million, which will increase the number of shares from 9.9 million shares to 44.55 million shares, thus increasing the Company's capital from SAR 99 million to SAR 445.5 million. Following the issuance of Rights Issue Shares, on 01 December 2022, the Group obtained the approval of the Capital Market Authority to increase the capital, and the Extraordinary General Assembly will be held to vote on Increase the capital and then complete the legal procedures.



## 4 Risk Management:

### 4.1 Macroeconomic Risk:

Sales of “The Group” products are prone to be affected by the macroeconomic factors and those consequences affect the ultimate results of “The Group”, and “The Group” starts to expand their market share through enhancing the relationships with customers and all concerned government institutions, and improving the pricing policies, and create alternatives in credit collateral that suits a bigger segment.

### 4.2 Financial Risk:

The financial crisis and global economic downturn have caused a sharp deterioration in public finances across advanced economies. Financial risk tends to induce tunnel vision, especially in the wake of a market downturn or when you fear market uncertainty. However, risk, danger, and opportunity are closely aligned aspects of uncertainty, and you need to consider each aspect as you make investment decisions.

In recent years, the overall increase in banks' credit rating risk for companies operating in the contract and capital goods industries has led banks to increase corporate lending rates because they are directly subject to the macroeconomic risks to which the industry is exposed.

“The Group” has followed, and it is maintaining a very healthy relationship with all its lending financial institutions and has been able to reschedule all its loans with all major banks.

“The Group’s management believes that the exposure to currency risk associated with USD is limited as “The Group’s currency is pegged to USD. The fluctuation in exchange rates against Euro is monitored on a continuous basis.

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on “The Group” ’s financial position and cash flows.

Variable-rate financial liabilities as of 31/12/2022G amounted to SR 1.141 million (31 December 2021G: SR 1.126 million).

Management monitors the changes in interest rates and utilizes interest rate swaps to manage interest rate risk exceeding certain parameters.

An Increase in days of payable invoices in favor of a timely supply of RM and provide free cash flow for the bank’s borrowings.

### 4.3 Credit Risk:

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation and cause the other party to incur a financial loss.

“The Group” manages credit risk in respect of customer debtors by monitoring it in accordance with established policies and procedures. The Group seeks to reduce credit risk in relation to customers by setting credit limits for individual customers and continuously monitoring existing receivables, with the top five customers representing 12% compared to total receivables as of 31 December 2022 (31 December 2021: 23%).

### 4.4 Liquidity Risk:

Liquidity risk is the risk that “The Group” may encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. and it worth noting that despite all Macroeconomic factors mentioned above, the contractual maturities of financial liabilities regarding the trade payable, and borrowings in 2022G is lesser than 2021G by 46 million Riyal.

### 4.5 Reputation Risk:

Reputational risk can occur in the following ways: Directly, as the result of the actions of “The Company” itself. Indirectly, due to the actions of an employee or employees.

## 5 Summary of Financial Data:

### 5.1 Financial data:

The consolidated figures and statements for the year 2022G cover the following business segments of "The Group":

- Manufacturing and sales of pipes and associated technology.
- Water management.

Year	2022G	2021G	2020G	2019G	2018G
Net Sales	508,817	438,911	441,023	780,409	947,594
Gross Profit (Loss) Margin Ratio	11.73	(17.44)	(14.77)	(18.77)	(10.14)
General, Administrative and Selling expenses	82,894	90,270	88,263	96,868	118,127
(Reversal) Impairment loss on financial assets	(12,990)	20,756	105,598	4,133	19,101
Net (loss)	(5,063)	(172,421)	(393,867)	(344,817)	(231,226)
Cash Flow from Operations	(41,768)	21,499	(82,163)	216,191	298,178
Capital Expenditure	2,913	1,780	2,554	8,948	5,008
Total Assets	2,287,820	2,303,700	2,252,908	2,418,817	2,869,754
Total Liabilities	1,927,277	1,958,982	2,084,150	2,056,610	2,155,504
Total Equity	360,543	344,718	168,758	362,207	714,250
Paid Dividends	-	-	-	-	-

Key Financial Highlights for Last Five Years 2018G-2022G (SAR '000)

### 5.2 Geographical Analysis of the Total Revenue

The company's total revenue is distributed geographically as follows (in thousand Saudi riyals):

Net Sales	2022G		2021G	
	Amount	Percentage%	Amount	Percentage%
<b>Saudi Arabia</b>				
Central	77,319	15.2	48,346	11.0
West	15,301	3.0	22,841	5.2
East	269,723	53.0	244,742	55.8
Exports from KSA	84,126	16.5	50,796	11.6
<b>Total Saudi Arabia</b>	446,469	87.7	366,725	83.6
<b>Europe</b>	40,377	7.9	61,065	13.9
<b>Other countries</b>	21,971	4.4	11,121	2.5
<b>Total</b>	508,817	100	438,911	100

Distribution of Gross Sales by Geographic Region (SAR '000)

"The company" 's share of domestic sales during 2022G amounted to 87.7% of total sales compared to 83.6% during 2021G, while sales in the pipe sector during 2022G amounted to SAR 430.3 million, or 84.6% of total sales, compared to SAR 320.5 million, or 73% during 2021G. As for the water management sector, its sales during 2022G amounted to SAR 40.4 million, or 7.9%, compared to SAR 61.1 million, or 13.9%, during 2021G. Services sales reached SAR 38.1 million, or 7.5%, during 2022G, compared to SAR 57.4 million, or 13.1%, during 2021.

The company's subsidiaries total revenue is distributed geographically as follows (in thousand Saudi riyals):

Subsidiary Name	Country	% Owned	2022G		2021G	
			Amount	Percentage	Amount	Percentage
Amiantit Fiberglass Industry Co. Ltd. ("AFIL")	KSA	100	188,780	37.10	115,223	26.25
Poly Pipe Manufacturing Company	KSA	100	766	0.15	31	0.01
Factory of Bondstrand Ltd. ("Bondstrand")	KSA	60	50,231	9.87	47,793	10.89
AMIPOX Co.	KSA	100	14,441	2.84	19,189	4.37
Saudi Arabian Ductile Pipe Manufacturing Co. Ltd	KSA	100	145,207	28.54	121,969	27.79
Amicon Saudi Arabia Limited (AMICON)	KSA	99.93	442	0.09	824	0.19
Ameron Saudi Arabian Co. Ltd. (ASAL)	KSA	100	9	0.00	2,032	0.46
Amiantit Rubber Industry Co. Ltd. (ARII)	KSA	100	7,315	1.44	8,690	1.98
Amiantit Plastic Manufacturing Company (AMPLAS)	KSA	100	1,213	0.24	1,769	0.40
Infrastructure Engineering General Contracting Co. Ltd. (ISECC)	KSA	100	38,167	7.50	48,276	11.00
Infrastructure Engineering General Contracting Co. Ltd. (ISECC)	Kuwait	100	0	0.00	134	0.03
Infrastructure Engineering General Contracting Co. Ltd. (ISECC)	UAE	100	0	0.00	2,567	0.58
Amitech Astana Pipes Co.	Kazakhstan	51	21,870	4.30	9,408	2.14
Aquamundo Co.	Germany	100	319	0.06	892	0.20
PWT Co.	Germany	100	39,901	7.84	60,085	13.69
PWT SUW OO Co.	Turkmenistan	100	156	0.03	29	0.01
<b>Total</b>			<b>508,817</b>	<b>100</b>	<b>438,911</b>	<b>100</b>

### 5.3 Explanation of Material Changes in the Operating Results Compared to Prior Year (in thousand Saudi riyals):

#### 5.3.1 Summary results

	2022G	2021G	Difference	Percentage %
Sales	508,817	438,911	69,906	16
Cost of sales	(449,138)	(515,452)	66,314	(13)
<b>Gross profit (Loss)</b>	<b>59,679</b>	<b>(76,541)</b>	<b>136,220</b>	<b>(178)</b>
General, Administrative and Selling expenses	(82,894)	(90,270)	7,376	(8)
(Reversal) Impairment loss on financial assets	12,990	(20,756)	33,746	(163)
<b>Operating Loss</b>	<b>(10,225)</b>	<b>(187,567)</b>	<b>177,342</b>	<b>(95)</b>
Other income, net	34,518	40,236	(5,718)	(14)
Share of net income in associates	31,135	8,050	23,085	287
Financial charges, net	(41,091)	(8,797)	(32,294)	367
<b>Profit (Loss) before zakat and foreign income tax</b>	<b>14,337</b>	<b>(148,078)</b>	<b>162,415</b>	<b>(110)</b>
Foreign income tax and Zakat	(19,396)	(23,705)	4,309	(18)
(Loss) after tax from discontinued operations	(4)	(638)	634	(99)
<b>(Loss) for the year</b>	<b>(5,063)</b>	<b>(172,421)</b>	<b>167,358</b>	<b>(97)</b>

### 5.3.2 Explanation of Changes

#### ❖ *Net Sales*

- During 2022G, net sales increased by SAR 69.9 million, or 16%, compared to the previous year, mostly due to an increase in the volume of new orders related to the pipe industry, negotiating with major suppliers and obtaining competitive prices and appropriate payment terms for raw materials, which enhanced the company's opportunities of competing in the market, and despite the decline in sales of services and water management projects, the company has obtained new orders that are expected to start in 2023G. The below table shows the sales of own manufactured pipe along with services and water management sales for 2022G and 2021G:

Desc.	Sales 2022G	Sales 2021G	Increase (Decrease)	Percent %
Pipe sales – GCC	408,356	310,034	98,322	32
Pipe sales – Other regions	21,971	10,458	11,513	110
<b>Total Pipe Sales</b>	<b>430,327</b>	<b>320,492</b>	<b>109,835</b>	<b>34</b>
Services	38,113	57,354	(19,241)	(34)
Water management	40,377	61,065	(20,688)	(34)
<b>TOTAL</b>	<b>508,817</b>	<b>438,911</b>	<b>69,906</b>	<b>16</b>

Segments Net Sales (SAR'000)

- Pipe sales in the GCC increased significantly in 2022G, recording an increase of SAR 98.3 million, or 32%, compared to the previous year 2021G. Especially in reinforced fiberglass pipes, where an increase of 65.2 million Saudi riyals, or 53%, was recorded over the previous year 2021G, and these results are analyzed according to the following (one thousand Saudi riyals):

Desc.	Sales 2021	Sales 2020	Increase (Decrease)	Percent%
Ductile Iron Pipes	145,264	136,183	9,081	7
Glass Reinforced polyester Pipes	188,596	123,364	65,232	53
Glass Reinforced Epoxy Pipes	64,760	40,154	24,606	61
Other Pipes	9,736	10,333	(597)	(6)
<b>TOTAL</b>	<b>408,356</b>	<b>310,034</b>	<b>98,322</b>	<b>32</b>

GCC Pipe Sales (SAR'000)

#### ❖ *Cost of Sales*

- "The company" witnessed a decrease in the cost of sales in 2022G by SAR 66.3 million, or by 13% compared to the previous year 2021G, mostly due to "the company" 's efforts in negotiating with major suppliers and obtaining competitive prices and appropriate payment terms for raw materials, in addition to recording a net reversal of a provision for a decrease in the value of fixed assets for one of the cash-generating units by SAR 37 million after conducting a detailed study from a third party based on new sales orders during 2022G. and quotations, which are expected to turn into orders in 2023G.

#### ❖ *General, Administrative and Selling expenses*

- General, Administrative and Selling expenses decreased by SAR 7.4 million, or 8% compared to the previous year 2021G.

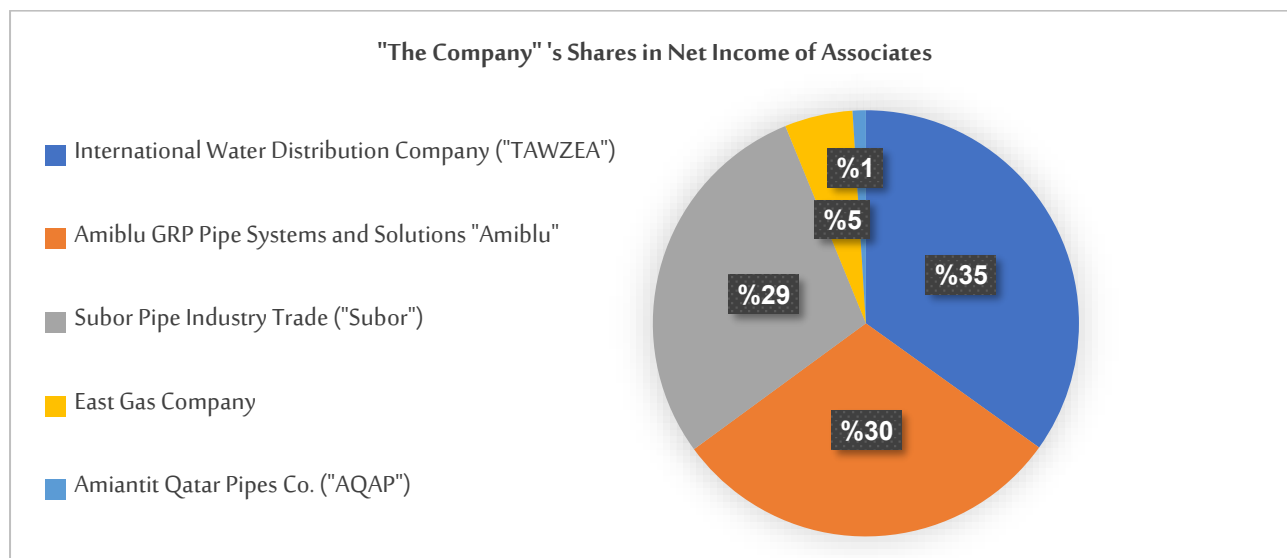
#### ❖ *Financial Charges*

- The financial charges increased by SAR 32.3 million compared to the previous year 2021G, as during the previous year 2021G, "the company", in light of the loan restructuring agreements signed with commercial banks, canceled some of the accumulated facility fees for the previous conditions of the loans, and the management believes that these facility fees are no longer necessary, and therefore it reversed the provisions for banking facilities and additional provisions on interest expenses by SAR 26.99 million.

#### ❖ *"The Company" Shares in Net Income of Associates*

- During the year 2022G, "the company" recorded investment profits in associates of SAR 31.1 million, an increase of SAR 23.1 million over the previous year 2021G, due to the fact that the companies "Tawzea", Subor Pipe Industry Trade ("Subor"), "Amiblu" and "East Gas" achieved positive results for the year 2022G, as "the company" 's share of Amiblu profits for the year 2022G was SAR 9.4 million compared to "the company" 's share in its losses for the year 2021G of SAR (8.8) million.

- In addition, "the Company" recorded its share in the profits of ("Subor") in the amount of SAR 9 million for the year 2022G after adjusting for all unrecognized share of losses up to December 31, 2022G, after it stopped recording any investment results in ("Subor") since mid-2018, as it turned into a negative investment due to losses that exceeded the book value of the investment, in accordance with International Accounting Standard No. 28 "Investments in Associates and Joint Ventures", paragraphs 38 and 39.



#### ❖ **Impairment on Assets**

- The total reversal (losses) of the impairment in the value and provisions of current and non-current assets amounted to SAR 49.59 million in 2022G, compared to losses of SAR (65.4) million in the previous year 2021G, and the following table shows the details (in SAR million):

Item	2022G	2021G
Net reversal (losses) of the impairment in the value of financial assets (doubtful receivables)	12.99	(20.8)
(Losses) of Adjustment on WIP contract projection of existing projects	-	(44.6)
Net Impairment reversal in the value of fixed assets of Cash Generating Units (CGUs)	36.6	-
<b>Total</b>	<b>49.59</b>	<b>(65.4)</b>

- "The Company" has reversed certain provisions for impairment of doubtful receivables in 2022G by SAR 13 million, containing a reversal of an Expected credit loss provision in the value of short-term receivables of SAR 1.4 million, a reversal of an expected credit loss provision in the value of contractual assets of SAR 6 million, a reversal of a discount on long-term retained amounts of SAR 7 million, in addition to recording an additional provision for doubtful debts in collection (Under legal procedures) in the amount of (1.4) million Saudi riyals in net.
- As at 31 December 2022G, the management has appointed an independent consultant to review the impairment model of cash-generating units for Amiantit Fiberglass Industry Limited ("AFIL"). Accordingly, the refundable amount was determined based on the calculation of the value in use. The discount rate after tax applied to cash flow forecasts is 12.7%, using post-2022G cash flow forecasts based on management's estimate of growth rate. Management also estimated that as at December 31, 2022G, there were no additional indicators of depreciation and no indications of a reversal of the previously recorded impairment.
- As at 31 December 2022G, management has appointed an independent consultant to review the impairment model of cash-generating units for Saudi Arabian Ductile Steel Pipe Manufacturing Co. Ltd. ("SADIP"). The recoverable amount of SAR 295.6 million as at 31 December 2022G was determined on the basis of calculating the recoverable amount using cash flow forecasts from the financial statements approved by the Board of Directors covering 2023G. The refundable amount



exceeds the book value of SAR 245.2 million as at 31 December 2022G. As a result of this analysis, management recovered part of the impairment in previous years of net value of SAR 36.6 million after retrospectively accounting for its depreciation. It is recognized in the cost of sales in the consolidated profit or loss statement. The after-tax discount rate applicable to cash flow projections is 12.5%, and cash flows are forecasted after 2022G using management's estimate of the growth rate.

- As at 31 December 2022G, management conducted an annual impairment test for Amiblu, the recoverable amount of Amiblu was determined based on the calculation of the value in use. The main assumptions used in this analysis include the after-tax deduction rate calculated using a weighted average cost of capital of 8.45% and a growth rate of 1% per business unit, and as a result, the difference between the recoverable amount of the investment and the book value as at December 31 was none (2021: none).

## 6 Accounting Standards

### 6.1 Compliance with international standards approved by the Saudi Organization for Auditors and Accountants

- ❖ The Group has not departed from International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and other issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA).

### 6.2 Implementation of international standards approved by the Saudi Organization for Auditors and Accountants - Changes in accounting policies and procedures

#### 6.2.1 New IFRS standards, amendments to standards and interpretations not yet adopted.

- ❖ Some new accounting standards, amendments to standards and interpretations have been published by the IASB which are not mandatory for the 31 December 2022 reporting periods and were not applied early by the Group and are not expected to have a material impact on the Group in current or future reporting periods and on anticipated future transactions.

#### 6.2.2 New and amended IFRS & IAS standards adopted by "The Group".

- ❖ The revised International Financial Reporting Standards (IFRS) and the following revised International Accounting Standards (IAS) have been adopted, and the application of these revised Standards has had no material impact on the amounts listed for current and prior periods.
  - Amendments to IFRS 16 (Leases) for lease concessions related to the Corona pandemic beyond 30 June 2021, effective 1 April 2021.
  - Amendments to IAS 16 (Property, Plant and Equipment) regarding the treatment of proceeds from the sale of products during the period of beta testing of the asset as of January 1, 2022.
  - Amendments to IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) regarding the cost of completing a contract for useless contracts as of January 1, 2022.
  - Amendments to IFRS 3 (Business Combinations) to update references in IFRS to the new version of the updated Concept Framework (2018) to ensure that the definition of assets and liabilities is consistent with the definitions in the updated Concept Framework effective 1 January 2022.
  - Annual periodic improvements made by the International Accounting Standards Board for the session from 2018 to 2020, where the International Accounting Standards Board periodically makes limited improvements to the requirements of the standards that facilitate implementation.

#### 6.2.3 Applying the fair value accounting policy

- ❖ On December 28, 2021G, it was announced that "the Company" intends to apply the fair value policy on lands and investment properties, based on what was announced by the Capital Market Authority on 31/12/2019 that allow listed companies to use the fair value model or revaluation to measure real estate and investment properties for the financial periods of the fiscal year commencing during or after the year 2022G. Continuing to oblige listed companies to use the cost model option to measure machinery, equipment and intangible assets for a period of five years ending at the end of 2024G, and to oblige listed companies that wish to apply the accounting policy to announce it on Tadawul platform 90 days before the date of the first accounting period in 2022G, and as at 30 June 2022, the company changed its policy In addition to the fair value model for measuring investment properties and the revaluation model for land measurement, the management appointed two independent valuers licensed by the Saudi Authority for Accredited Valuers ("TAQEEM") to evaluate both land and investment property when preparing the interim condensed consolidated financial statements for the second quarter of 2022, provided that the revaluation is subsequently re-evaluated on an annual basis, in line with the requirements of the Capital Market Authority, and selected the lower valuation among the two valuers.

#### 6.2.4 Other modifications to the standards

- ❖ Some other amendments to the Standards became applicable in the reporting period, and "the Group" did not have to change its accounting policies or make retroactive adjustments as a result of the application of these amendments to the Standards.

## 7 Corporate Structure:

### 7.1 Branches:

Branches of the mother Company (by industrial license or branch commercial registration certificate or both of them) are 100 % owned. The branches do not represent separate legal entities, and do not have capital or debt instruments issued.

#	Company	Activity	Country	Establishment Place	Amiantit Share %
1	Branch of Saudi Arabian Amiantit Company	Marketing of "The Company" products	KSA - Dammam	KSA - Riyadh	100
2	Branch of Saudi Arabian Amiantit Company	Marketing of "The Company" products	KSA - Dammam	KSA - Jeddah	100
3	Amiantit Plastic Products Manufacturing Co. (Amiplas)	For the manufacture of plastic products	KSA - Dammam	KSA - Dammam	100
4	Amiantit Epoxy Pipe Manufacturing Co. (Amipox)	Epoxy pipes	KSA - Dammam	KSA - Dammam	100
5	Amiantit Research & Development Center	Technical Research and Studies	KSA - Dhahran	KSA - Dhahran	100
6	Saudi Arabian Amiantit Construction, Maintenance, and operation Co.	General Contracting & Industrial Maintenance	KSA - Dammam	KSA - Dammam	100
7	Poly Pipe Manufacturing Company <sup>6</sup>	Production of polyethylene pipes	KSA - Jeddah	KSA - Jeddah	100
8	Factory of Amiantit Fiberglass Industries Co. Ltd (AFIL)	Pipes Production	KSA - Dammam	KSA - Jeddah	100
9	Factory of Amiantit Fiberglass Industries Co. Ltd (AFIL)	Pipes Production	KSA - Dammam	KSA - Dammam	100
10	Branch of Amiantit Fiberglass Industries Co. Ltd. (AFIL)	Contracting	KSA - Dammam	KSA - Dammam	100
11	Factory of Saudi Arabian Ductile Iron Pipes Co. Ltd	Pipes Production	KSA - Dammam	KSA - Dammam	100
12	Branch of Saudi Arabian Ductile Iron Pipes Co. Ltd	Contracting	KSA - Dammam	KSA - Dammam	100
13	Branch Infrastructure Engineering Contracting Co. Ltd.	Construction and machines sales	KSA - Dammam	KSA - Dammam	100
14	Infrastructure Engineering Contracting Co. Ltd. (ISECC Kuwait)	Design and Installation services	Kuwait	Kuwait	100
15	Infrastructure Engineering Contracting Co. Ltd. (ISEEC Dubai)	Design and Installation services	Dubai	UAE	100
16	Infrastructure Engineering Contracting Co. Ltd. (ISECC Qatar)	Design and Installation services	Doha	Qatar	100
17	Infrastructure Engineering Contracting Co. Ltd. (ISECC Abu Dhabi)	Design and Installation services	Abu Dhabi	UAE	100
18	Infrastructure Engineering Contracting Co. Ltd. (ISECC Oman)	Design and Installation services	Muscat	Oman	100

*Note: Branches do not have capital, and they do not issue financial statements.*

## 7.2 Fully or Partially owned Subsidiaries

#	Company	Activity	Domicile of formation	Capital	Currency	Amiantit Share %
1	Amiantit Fiberglass Industries Co. Ltd "AFIL"	Pipes Production	Dammam, KSA	86,999,000 <sup>7</sup>	SAR	100
2	Amiantit Rubber Industries Ltd. Co.	Rubber gaskets & pipe fittings	Dammam, KSA	8,750,000	SAR	100
3	Saudi Arabian Ductile Iron Pipes Co. Ltd	Pipes Production	Dammam, KSA	86,915,000	SAR	100
4	Ameron Saudi Arabia Ltd. Co. (Under Liquidation)	Pipes Production	Dammam, KSA	76,500,000	SAR	100
5	Factory of Bondstrand Co. Ltd	Pipes Production	Dammam, KSA	20,000,000	SAR	60
6	Saudi Arabia Concrete Products Co. (SACOP) Under Liquidation	Pipes Production	Jeddah, KSA	12,250,000	SAR	100
7	Saudi Amicon Co. Ltd.	Pipes and Valves production	Dammam, KSA	15,000,000	SAR	99.93
8	International Infrastructure Development Management and Operation Co. Ltd. (Amiwater)	Management of water projects and plants and sub-Holding of companies operating in the same field	Dammam, KSA	100,000,000	SAR	100
9	Al Arabia for Trade Co.	Industrial Machines Trade	Dammam, KSA	2,000,000	SAR	100
10	Infra-Structure Engineering and Construction Company (ISECC)	Design & Installation Services	Dammam, KSA	500,000	SAR	100
11	Saudi Arabian Amiantit for Management Company Ltd. (SAAM)	Management	Dammam, KSA	10,000	SAR	100
12	Saudi PWT Ltd.	Water Management	Dammam, KSA	500,000	SAR	100
13	Amiantit International Holding Company	Holding Company	Manama, Bahrain	32,000,000	USD	100
14	Ductile Technology Co. W.L.L.	Selling, buying, and rental of Real Estate	Manama, Bahrain	20,000	BD	100
15	Aquamundo GmbH	Water Management	Germany	3,000,000	EUR	100
16	P.W.T Wasser und- Abwassertechnik GmbH	EPC of Water Treatment Plants	Germany	3,000,000	EUR	100
17	Amiantit Malta Holding Ltd.	Holding	Malta	49,025,000	EUR	100
18	LLP Amitech Astana	Production of pipes	Kazakhstan	403,000,000	KZT	51
19	Amitech Switzerland AG	Holding	Switzerland	10,500,000	CHF	100
20	Flowtite Engineering GmbH (under liquidation)	Consulting / technology	Germany	30,000	EUR	100
21	PWT SUW OOO Turkmenistan	Water Management	Turkmenistan	250,000	USD	100

<sup>7</sup> The capital has been decreased from 180,000,000 Riyal to 86,999,000 Riyal in 03/09/1443H corresponded on 04/04/2022G.  
2022 Amiantit Annual Report of the Board of Directors

### 7.3 Affiliated Companies:

Companies in which the Company owns non-controlling and unconsolidated shares in the financial statements, whether directly or indirectly

#	Company	Activity	Domicile of formation	Capital	Currency	Amiantit Share%
1	SPA Amitech Algeria	Pipes Production	Algeria	262,769,000	DZD	50
2	Amiantit Qatar Pipes Co. W.L.L.	Pipes Production	Qatar	37,200,000	QAR	40
3	Eastern Gas	Gas distribution	Dammam, KSA	80,000,000	SAR	13
4	Sarplast S.A. (under liquidation)	Pipes Production	Switzerland	1,600,000	EUR	23.7
5	Sarplast Qatar W.L. L <sup>8</sup>	Pipes Production	Qatar	200,000	QAR	20.4
6	Subor Boru Sanayi Ve Ticaret AS	Pipes Production	Turkey	48,306,000	TRY	50
7	Subor Gap Sanayi Ve Ticaret AS	Pipes Production	Turkey	21,700,000	TRY	40
8	Amitech Pipe Systems SRL	Trading of Pipes	Romania	327,620	RON	50
9	Amiblu Holding GmbH	Pipes Production	Austria	5,950,000	EUR	50
10	International Water Distribution Company Ltd (Tawzea).	Water Distribution	Jeddah, KSA	146,000,000	SAR	50
11	Initiative Industrial Spa	Pipe Production	Italy	3,700,000	EUR	4.48
12	Tawzea Aqua power	Water Distribution	Jeddah, KSA	500,000	SAR	35

In addition to the above, “The Company” has several commercial representation offices inside Saudi Arabia and abroad.

### 8 Details of Issued Shares & Debt Instruments of Subsidiaries

The issued shares of the subsidiaries are as follows:

Subsidiary	Issued shares	Shareholders
Amiantit Fiberglass Industries Ltd.	86,999 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Saudi Arabian Ductile Iron Pipe Co. Ltd.	86,915 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Bondstrand Ltd.	20,000 ordinary shares of each SAR 1,000 per share	1. Amiantit 60% 2. Ameron BV. Holland 40%
Ameron Saudi Arabia Ltd. (under liquidation)	76,500 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Amiantit Rubber Industries Ltd.	8,750 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Saudi Arabia Concrete Products Ltd. (Under liquidation)	24,500 ordinary shares of each SAR 500 per share	1. Amiantit 100%
Saudi Amicon Co. Ltd.	15,000 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
LLP Amitech Astana	Charter Capital of KZT 403 million- Limited Liability Partnership	1. Amiantit International Holding Co. 51% 2. Abykayev M 34% 3. Gavrilov V 10% 4. Listopadney G 5%
Amiantit International Holding Co. WLL	32,000 ordinary shares of each USD 1,000 per share	1. Amiantit 99.94% 2. Amiantit Fiberglass Ind. Ltd .06%

<sup>8</sup> The name of the company was changed in 2023 to Fiber Tie Pipes and Accessories W.L.L  
2022 Amiantit Annual Report of the Board of Directors



Subsidiary	Issued shares	Shareholders
Amitech Switzerland AG	112 ordinary shares of each CHF 1,000 per share	1. Amiantit international Holding 10.71% 2. Amiantit Malta Holding Ltd. 89.29%
Ductile Technology Co. W.L.L.	200 ordinary shares of each BHD 100 per share	1. Amiantit 75% 2. Amiantit International Holding 25%
Flowtite Engineering GmbH (under liquidation)	1 ordinary share of EUR 30,000	1. Amitech Switzerland A. G. 100%
Arabian PWT	500 ordinary shares of each SAR 1,000 per share	1. P.W.T Wasser Co. 100%
Aquamundo GmbH	10 ordinary shares of each EUR 300,000 per share	1. P.W.T Wasser Co. 100%
P.W.T Wasser und- Abwassertechnik GmbH	10 ordinary shares of each EUR 300,000 per share	1. AIH 100%
PWT Saudi Arabia Co.	500 ordinary shares of each SAR 1,000 per share	1. Amiwater 51% 2. P.W.T Wasser Co. 49%
PWT SUW OOO Turkmenistan	1 ordinary shares of each USD 250,000 per share	1. P.W.T Wasser Co. 99% 2. Aquamundo Co. Ltd. 1%
International Infrastructure Management and Operation Co. Ltd.	100,000 ordinary shares of each SAR 1,000 per share	1. Amiantit 80 % 2. Amiantit Fiberglass Industries Ltd. 20%
Infrastructure Engineering Contracting Co. Ltd.	500 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Saudi Arabian Amiantit Management Co. Ltd.	10 ordinary shares of each SAR 1,000	1. Amiantit 90% 2. Amiwater 10%
Al Arabia for Trade Co.	2000 ordinary shares of each SAR 1,000	1. Amiantit 100%

**Notes:**

- The Subsidiaries have not issued marketable debt instruments. The only external financial debts of the subsidiaries are represented by bank loans, which are covered under section (13) of this report.
- The entities under liquidation are mostly dormant entities, and the liquidation process will not have any material impact on the financial statements of “The Group”.

## 9 Dividends Policy<sup>9</sup>

“The Company” distributes the profits according to the following policy:

- ❖ **“The Company” ’s net profits after deduction of general expenses and other costs shall be distributed as follows:**
  - A ten percent (10%) of net profits shall be allocated aside as a statutory reserve. However, the general assembly may stop this allocation if the statutory reserve reached 30% of the capital.
  - The general assembly could resolve to allocate additional reserves to the extent of achieving “The Company” ’s interest or securing a distribution of fixed dividends as much as possible to the shareholders. The assembly as well could allocate from the net profit lump sum to form social institutions for the workers or to assess such current institutions.
  - Following the above, an amount representing 5% of paid-up capital shall be distributed to the shareholders of “The Company”.
  - The balance shall be distributed as additional dividends to the shareholders.
- ❖ **The dividends to be distributed to the shareholders shall be paid at the place and dates specified by the Board of Directors. “The Company” shall distribute the profits according to the following policy, consistent with the articles of association:**
  - The net profits, after calculating the statutory provisions, and amortizing any carry-over losses, must be positive and sufficient to ensure their ability to be distributed.
  - Availability of the necessary liquidity for “The Company” or being able to obtain or borrow to obtain the necessary liquidity.
  - The profit distribution does not conflict with any bank agreements or financial pledges.
  - The profit dividends process does not limit “The Company” ’s ability to continue its growth and seize available opportunities.
  - Profits are distributed to shareholders through direct deposit in their portfolios automatically and in coordination with Tadawul.

### 9.1 Distribution of Intern Dividends:

According to the rules and regulations of the Saudi Capital Market Authority, “The Company” may distribute phases dividends to its shareholders on biannual or quarterly basis after satisfaction of the following requirements:

1. The ordinary General Assembly authorizes the board of director to distribute intern dividends by a decision issued annually.
2. “The Company” shall have regular good profits.
3. “The Company” shall have reasonable liquidity according to which “The Company” may expect the level of its profits.
4. “The Company” shall have distributable dividends according to the last audited financial statements sufficient to cover the proposed dividends after deduction, capitalization, and distributed profits after the date of the financial statements.

The shareholder deserves a share of profits according to the decision of the General Assembly issued in this regard. The decision shall determine the accrual and distribution dates. The entitlement of profits shall be for the shareholders recorded in the Shareholders' Register at the end day of the date of profit entitlement.

### 9.2 Distribution of Preferred Shares' Dividends:

If no profits were distributed in any fiscal year, it is not allowed to distribute profits during the following years unless after payment of the certain percentage determined in Article (114) of the Companies' Laws for the preferred shareholders for that year. If “The Company” failed to pay the percentage determined in Article (114) of the Companies' Law, for three consecutive years, the General Assembly of the preferred shareholders concluded in terms of Article (89) of the Companies' Law, shall decide either their attendance of the General Assembly meeting and participate in voting, or appointment of their representatives in the board of directors according to their proportion of ownership in “The Company” ’s capital, until “The Company” is able to pay all priority profits allocated for the holders of these shares for the previous years.

<sup>9</sup> Please note that in the new Companies Law, which has been applied since January 19, 2023, the dividend policy has been completely modified, Therefore, "The Company" will amend the articles of association in line with the new companies' law and will be mentioned in the Board of Directors' report for 2023G.

## 10 Requests of Shareholders Book Application:

The shareholder registry was requested during 2022G as follows:

#	Number of "The Company's" Requests for the shareholders' register	Request Date	Reasons	#	Number of "The Company's" Requests for the shareholders' register	Request Date	Reasons
1	1	25/01/2022	Corporate Procedures	2	1	20/02/2022	Corporate Procedures
3	1	27/02/2022	General Assembly	4	1	02/03/2022	Corporate Procedures
5	1	09/03/2022	Corporate Procedures	6	1	21/04/2022	Corporate Procedures
7	1	25/04/2022	Corporate Procedures	8	1	28/04/2022	Corporate Procedures
9	1	24/05/2022	Corporate Procedures	10	1	31/05/2022	General Assembly
11	1	04/08/2022	Corporate Procedures	12	1	11/08/2022	Corporate Procedures
13	1	18/08/2022	Corporate Procedures	14	1	25/08/2022	Corporate Procedures
15	1	01/09/2022	Corporate Procedures	16	1	06/09/2022	General Assembly
17	1	15/09/2022	Corporate Actions	18	1	22/09/2022	Corporate Procedures
19	1	29/09/2022	Corporate Procedures	20	1	06/10/2022	Corporate Procedures
21	1	13/10/2022	Corporate Procedures	22	1	23/10/2022	Corporate Procedures
23	1	02/11/2022	Corporate Procedures	24	1	08/11/2022	Corporate Actions
25	1	10/11/2022	Corporate Procedures	26	1	13/11/2022	Corporate Procedures
27	1	14/11/2022	Corporate Actions	28	1	15/11/2022	Corporate Procedures
29	1	16/11/2022	Corporate Procedures	30	1	17/11/2022	Corporate Procedures
31	1	21/11/2022	Corporate Procedures	32	1	24/11/2022	Corporate Procedures
33	1	01/12/2022	Corporate Procedures	34	1	07/12/2022	Corporate Actions
35	1	21/12/2022	Corporate Procedures			-	

## 11 Major External Shareholders

As per Tadawul records, as on 31-12-2022G, the major owners who own 5% and more of the capital are:

Shareholder	Percentage of ownership in the capital %
HRH Prince Mohammad Bin Fahad Bin Abdulaziz Al-Saud	6.28

## 12 Board members' and senior executives' Ownerships

### 12.1 Ownership by Board of Directors members, wives, and minor children in the shares of Saudi Arabian Amiantit Company:

No	Member Name	Number of Shares of Board member at Year-Start	%	Number of Shares of Board Member at Year- End	% Of Change	% At Year-End	Number of Shares of wife & Minor Children at Beginning of the year	%	Number of Shares of wife & Minor Children at End of the year	Change of Shares of Wife & Minor Children
1	HH Prince Ahmad bin Khalid bin Abdullah bin Abdurrahman Al-Saud	216,310	0,67596	198,725	196.958	2.00732	NA	NA	NA	NA
2	HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	22,939	0.07168	7,096	0	0.07167	NA	NA	NA	NA
3	Dr. Solaiman Abdulaziz Al Twaijri	0	0.00	0	0	0.00	NA	NA	NA	NA
4	Dr. Mohammad Saud Al-Bader	0	0.00	0	0	0.00	NA	NA	NA	NA
5	Mr. Mohammad Abdurrahman Al-Luhaidan	16	0.00005	4	0	0.00004	NA	NA	NA	NA

**12.2 Ownership of Senior Executives of “The Company” and wives and minor children in the shares of Saudi Arabian Amiantit Company:**

No	Executive Name	Number of Shares of Senior Executive at Year Beginning	%	Number of Shares of Senior Executive at Year End	Change %	No of Shares of Wife & Minor Children at Year Beginning	%	No of Shares of Wife & Minor Children at Year End	Change of Shares of Wife & Minor Children
1	Mr. Feras Ghassab AlHarbi	NA	0	NA	0	NA	0	NA	0
2	Mr. Waleed Mohammad Abu Kishk	NA	0	NA	0	NA	0	NA	0
3	Mr. Asgar Yosuf Sarguroh	NA	0	NA	0	NA	0	NA	0
4	Eng. Mohammad Saleh Al-Shamrani	NA	0	NA	0	NA	0	NA	0
5	Mr. Watheq Ali Al-Hawawreh	NA	0	NA	0	NA	0	NA	0
6	Mr. Sohaib Zahid Warsi	NA	0	NA	0	NA	0	NA	0

**12.3** Except what mentioned in clauses (12.1) and (27) of this report, "the Company" declares that there is no interest in the voting class of shares belonging to persons (other than directors, senior executives and their spouses, and their minor children), whether in the shares of "the Company" or its subsidiaries, and there has been no change during 2022G.

**12.4** Except what mentioned in clauses (12.1) and (27) of this report, "the Company" declares that there is no interest, contractual securities and subscription rights belonging to the members of the Board of Directors, senior executives and their relatives in the shares or debt instruments of the Company or any of its subsidiaries and there was no change during 2022G.

### 13 Borrowings

The Borrowings of “The Company” were as such as of December 31, 2022G:

#### 13.1 Current Portion of Long-Term Loans (SAR ‘000).

Borrower	Bank	Nature of Loan	Repayment Date	Amount Due as of December 31, 2021	New Borrowings	Repayments	CTA	Amount due as of December 31, 2022
Saudi Arabian Amiantit	Al-Inma Bank	Loan	2023	286,479	-	-	-	286,479
Amitech Astana	Mr. Abykayev	Partners Loan	-	9,427	560	-	(530)	9,457
<b>Total</b>				<b>295,906</b>	<b>560</b>	<b>-</b>	<b>(530)</b>	<b>295,936</b>

#### 13.2 Short Term Loans (SAR ‘000)

Borrower	Bank Name	Nature of loans	Balance as at 31 December 2021	New Borrowing	Repayments	Currency Conversion Adjustments	Balance at 31 December 2022G
Saudi Arabian Amiantit	Saudi National Bank	Short-term	316,664	16,147	(19,811)	-	313,000
Saudi Arabian Amiantit	Bank Albilad	Short-term	268,000	-	-	-	268,000
Saudi Arabian Amiantit	Alinma Bank	Short-term	237,485	1,299	-	-	238,784
Saudi Arabian Amiantit	Bank of Bahrain	Short-term	4,540	-	(4,540)	-	-
Saudi Arabian Amiantit	The Saudi Investment Bank	Short-term	2,327	37,075	(16,183)	-	23,219
Amiantit Fiberglass Industries Ltd.	The Saudi Investment Bank	Short-term	-	1,915	(462)	-	1,453
Amitech Astana	SB Sberbank JSC	Short-term	1,035	-	(977)	(58)	-
PWT Germany	Ulke Enterprise & Sowatly Doganlar Economic Society	Short-term	281	-	(48)	(16)	217
<b>Total</b>			<b>830,332</b>	<b>56,436</b>	<b>(42,020)</b>	<b>(74)</b>	<b>844,674</b>

Most of the short-term loans are used to finance receivables and stock of raw materials, since these receivables amount to SAR 0.6 billion at the end of the year of 2022G (SAR 0.6 billion in 2021G) while the total inventory value reached SAR 0.3 billion at the end of the year of 2022G compared with SAR 0.2 billion in 2021G, and for the purpose of the disclosure the term of loan contemplated with clause 87 of the corporate governance regulations, the term of short term loans mentioned above is one year or less.



### 13.3 Long-term Loans: Maturity Profile & Creditors of “The Group” (SAR ‘000)

Borrower	Bank Name	2023	2024	2025	2026	2027 and beyond	Total
Amitec Astana	Minority Partners Loan	9,457	-	-	-	-	9,457
Saudi Arabian Amiantit	Alinma Bank	286,479	-	-	-	-	286,479
<b>Total</b>		<b>295,936</b>	-	-	-	-	<b>295,936</b>

Completion of the rescheduling of all banking facilities provided by Major Lenders- the restructuring of all bank obligations on the company has been completed, including the total repayment of some banks and the rescheduling of the remaining bank loans, amounting to approximately 1.1 billion Saudi riyals, over a period of 10 years, including a grace period of two years. These agreements will contribute to improving the company's cash flows, enhancing its working capital and reducing the expenses of the bank interests that it was previously paying.

#### 14 Transfer rights or subscription rights under convertible debt instruments, contractual securities, right of issue memoranda or similar rights

"The Company" acknowledges that there are no transfer rights or subscription rights under convertible debt instruments, contractual securities, right of issue memoranda or similar rights issued or granted by the Company during 2022G.

#### 15 Redeem, purchase, or cancel debt instruments

The Company acknowledges that there is no redemption, purchase, or cancellation by "the Company" of any redeemable debt instruments during 2022G.

#### 16 Convertible debt instruments, contractual securities, right of issue memoranda or similar rights

"The Company" acknowledges that there are no denominations and numbers of any convertible debt instruments, contractual securities, right of issue memoranda or similar rights issued or granted by the Company during 2022G.

## 17 Board of Directors Composition & Committees

### 17.1 The Board of Directors is Composed of (5) Members:

Name	Title	Status
HH Prince Ahmad bin Khalid bin Abdullah bin Abdurrahman Al-Saud	<b>Chairman</b>	<b>Non-Executive</b>
HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	<b>Vice Chairman</b>	<b>Non-Executive</b>
Dr. Solaiman Al-Twajiri	<b>Member</b>	<b>Non-Executive</b>
Dr. Mohammad S. AlBadr	<b>Member</b>	<b>Independent</b>
Mr. Mohammad Abdurrahman Al-Luhaidan	<b>Member</b>	<b>Independent</b>

### 17.2 Board of Directors Meetings During 2022G:

The Board of Directors met during the year 2022 according to the following attendance schedule:

The attendance record of Board of Directors meetings for the fiscal year 2022 And the total is <b>Seven</b>						
#	Meeting date	Board Member Name				
		HH Prince Ahmad bin Khalid bin Abdullah bin Abdurrahman Al-Saud	HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Dr. Solaiman Abdulaziz Al Twajiri	Dr. Mohammad S. AlBadr	Mr. Mohammad Abdurrahman Al-Luhaidan
		Membership				
		Chairman	vice-chairman	Member	Member	Member
1	15/03/2022	Attended	Attended	Attended	Attended	Attended
2	31/03/2022	Attended	Attended	Attended	Attended	Attended
3	19/05/2022	Attended	Attended	Attended	Attended	Attended
4	20/08/2022	Attended	Attended	Attended	Attended	Attended
5	20/09/2022	Attended	Attended	Attended	Attended	Attended
6	03/11/2022	Attended	Attended	Attended	Attended	Attended
7	27/12/2022	Attended	Attended	Attended	Attended	Attended
Total		7	7	7	7	7

The Board of Directors confirmed that “The Company” maintained proper accounting records and the internal control system was sound and is effectively executed. There are no remarks on “The Company” going concern position.

## 18 Board of Directors and Nomination and Compensation Committee

This Nomination and Compensation Committee covers salaries, wages, and annual bonus related to performance and incentive plans (schemes) or any other benefits in kind. The policies and mechanisms for determining the remuneration of the Board Members are the following:

### 18.1 Board of Directors fees

In accordance with the By-Laws of “The Company” & governance policy, the board of directors’ fees are according to the guidelines issued in these regards.

The Board of Directors report to the General Assembly shall include a complete statement of all remunerations given to the Board of Directors during the fiscal year detailing all awards, expense allowances and other benefits. The said report shall also contain the payments received by the board of directors in their capacities as employees, administrators or whatever they have received in consideration for any technical, management or consulting works. The report shall also include the number of the Board’s sessions and the number of the meetings attended by each member as of the last meeting of the general assembly.

	Fixed Compensation							Variable Compensation						End of Service (Indemnity)	Gross Total SAR	Expenses Reimbursements
	Fixed Amount	Board Attendance Fees	Committees Attendance Fees	In-kind privileges	Compensation for consultation, administration, & technical works	Compensation for the chairman, MD, board secretary (In case that he is not a board member)	Total	Profit Share	Periodic Board Fees	Short Term Incentive Programs	Long Term Incentive Programs	Bonus Shares (Nominal Value)	Total			
<b>First: Independent Members</b>																
1. Dr. Mohammad S. AlBadr	-	21,000	21,000	-	-	-	42,000	-	200,000	-	-	-	-	-	42,0002	-
2. Mr. Mohammad Abdurrahman Al-Luhaidan	-	21,000	3,000	-	-	-	24,000	-	200,000	-	-	-	-	-	224,000	-
<b>Total</b>	-	<b>42,000</b>	<b>24,000</b>	-	-	-	<b>66,000</b>	-	<b>400,000</b>	-	-	-	-	-	<b>466,000</b>	-
<b>Second: Non-Executive Members</b>																
1. HH Prince Ahmad bin Khalid bin Abdullah bin Abdurrahman Al-Saud	-	21,000	9,000	-	-	-	30,000	-	200,000	-	-	-	-	-	30,0002	-
2. HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	-	21,000	6,000	-	-	-	27,000	-	200,000	-	-	-	-	-	227,000	-
3. Dr. Solaiman Al-Twajjri	-	21,000	3,000	-	-	-	24,000	-	150,000	-	-	-	-	-	24,0002	-
<b>Total</b>	-	<b>63,000</b>	<b>18,000</b>	-	-	-	<b>81,000</b>	-	<b>600,000</b>	-	-	-	-	-	<b>681,000</b>	-

It is worth noting that the report of the Board of Directors for the year 2021G did not include the payment of the remuneration of the members of the Board of Directors, as the report was submitted on 31/03/2022, and on 31/05/2022, the General Assembly approved the payment of remuneration to the members of the Board of Directors with a total value of one million riyals distributed as follows:

Member	Board Of Directors Remuneration / Fees 2021G
<b>First: Independent Members</b>	
Dr. Mohammad S. AlBadr	200,000
Mr. Mohammad Abdurrahman Al-Luhaidan	200,000
<b>Total</b>	<b>400,000</b>
<b>Second: Non-Executive Members</b>	
HH Prince Ahmad bin Khalid bin Abdullah bin Abdurrahman Al-Saud	200,000
HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	200,000
Dr. Solaiman Al-Twajiri	150,000
<b>Total</b>	<b>550,000</b>
Dr. Khalil Abdulfatah Kordi *	50,000
<b>Total</b>	<b>1,000,000</b>

\* To clarify the reason for disbursing 50 thousand Saudi riyals to Dr. Khalil Abdulfatah Kordi, and 150 thousand Saudi riyals to Dr. Solaiman Al-Twajiri, Dr. Khalil Abdulfatah Kordi was a member of the Board of Directors until 31/10/2021G, and Dr. Solaiman Al-Twajiri was appointed as of 01/11/2021G, and based on paragraph (H) of Article 7 of the "Remuneration Policy for Members of the Board of Directors and its Committees" approved by the Ordinary General Assembly on 26/04/2021G, which stipulates that the distribution of the remuneration on the percentage of Attendance, and since Dr. Solaiman attended (6) sessions out of (8) sessions, and Dr. Khalil attended (2) sessions out of (8) sessions, we divided the amount of 200 thousand riyals by (8) sessions, so each session is a reward of 25 thousand Saudi riyals, and thus we multiplied the number of sessions attending Dr. Solaiman, which amounted to (6) sessions multiplied by 25 thousand Saudi riyals, and the result is 150 thousand Saudi riyals, while the number of Dr. Khalil's sessions, which amounted to (2) sessions, multiplied by 25 thousand Saudi riyals, and The outcome is 50 thousand Saudi riyals.

As for the remuneration of the members of the Board of Directors for the year 2022G, the Nomination and Remuneration Committee submitted a recommendation to the Board of Directors to pay the Board of Directors a remuneration for the year 2022G of one million Saudi Riyals, and the Board of Directors approved this recommendation and will submit a recommendation thereon to the General Assembly to vote on this recommendation, and if the General Assembly approves, the report of the Board of Directors for the year 2023G will include the disbursement of this remuneration.

## 18.2 Committee fees

In accordance with "the Company" 's governance law, the members of the committees emanating from the Board of Directors receive fees approved by the Board of Directors based on a proposal from the Nomination and Remuneration Committee. The value of these fees is 100,000 Saudi riyals (per member annually). While the member receives 3,000 Saudi riyals as an attendance allowance for each meeting. Whereas members who have membership in more than one committee shall receive a one-time fee. If several meetings are held on the same day, they shall receive attendance fees for one meeting only. The following table shows the details of the bonuses for the sub-committees for the year 2022G (Saudi riyals):

Members	Fixed Fees (Except Attendance Fees) (SAR)	Attendance Fees (SAR)	Total (SAR)
<b>Executive Committee</b>			
1. HH Prince Ahmad bin Khalid bin Abdullah bin Abdulrahman Al-Saud	100,000	3,000	103,000
2. HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	100,000	3,000	103,000
3. Dr. Khalil Abdulfattah Kordi	100,000	6,000	106,000
4. Dr. Solaiman Abdulaziz Al Twaijri	100,000	3,000	103,000
5. Mr. Feras Ghassab AlHarbi <sup>10</sup>	100,000	6,000	106,000
<b>Total</b>	<b>500,000</b>	<b>21,000</b>	<b>521,000</b>
<b>Audit Committee</b>			
1. Dr. Sulaiman Abdullah Al Sakran	100,000	15,000	115,000
2. Dr. Mohammad Saud Al-Badr	100,000	15,000	115,000
3. Mr. Waleed M. AlOthaimen	100,000	15,000	115,000
<b>Total</b>	<b>300,000</b>	<b>45,000</b>	<b>345,000</b>
<b>Nomination &amp; Compensation Committee</b>			
1. HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	*-	6,000	6,000
2. Dr. Mohammad Saud Al-Badr	*-	6,000	6,000
3. Mr. Sulaiman Abdullah Al Amro	100,000	6,000	106,000
<b>Total</b>	<b>100,000</b>	<b>18,000</b>	<b>118,000</b>
<b>Investment Committee</b>			
1. HRH Prince Abdulaziz Bin Mohammad bin Fahad Bin Abdulaziz Al-Saud	*-	3,000	3,000
2. Mr. Sulaiman Abdullah Al Amro	*-	3,000	3,000
3. Mr. Mohammad Abdulrahman Al-Luhaidan	100,000	3,000	103,000
4. Mr. Feras Ghassab AlHarbi	*-	3,000	3,000
<b>Total</b>	<b>100,000</b>	<b>12,000</b>	<b>112,000</b>
<b>Grand Total</b>	<b>1,000,000</b>	<b>96,000</b>	<b>1,096,000</b>

Note: \*- According to "The Company" 's policy, the member receives a one-time fixed fee if he is a member of more than one committee, the member shall also be entitled to a one-time annual fee if more than one meeting is held on the same day and at the headquarters, in addition, the member will not be compensated for attending meetings if he is present via phone.

## 19 Compensation and Remuneration of Senior Executives <sup>11</sup>

The following table shows the bonuses and compensations received by senior executives for the year 2022G (in thousands of Saudi riyals):

Saudi Riyals	Fixed Compensation				Variable Compensation						End of Service (Indemnity)	Gross Total
	Salaries	Allowances	In-kind Privileges	Total	Periodic Bonus	Profits	Short-term incentive plans	Long-term incentive plans	Bonus Shares (Value)	Total		
<b>Total</b>	3,737	1,634	402	<b>5,773</b>	50	-	-	-	-	<b>50</b>	370	<b>6,193</b>

## 20 Actions Taken by the Board to Brief its Members About the Shareholder Suggestions

“The Company” has adopted the following procedures to keep the board of directors informed about the observation of shareholders on “The Company”’s performance:

1. Present the shareholders’ suggestions and comments (If any) to the board of directors in the nearest meeting or through communication means continuously.
2. “The Company” has investors’ relations Dept. which received the comments and enquiries of shareholders and keep the board of directors informed by the latest updates.
3. The board of directors attended the meeting of general assembly whereby the shareholders presenting their proposals and opinions during the general assembly meetings and the boards replies to them.

<sup>11</sup> Senior executives mean (CEO, CFO, Director of Legal and Compliance, Director of Sales and Marketing, and Director of Shared Services)  
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## 21 Directors Mandates of Members of the Board of Directors:

Member Name	Names of companies in which the board member is a member of its current board of directors or its directors	Inside/ Outside KSA	Legal Entity	Names of the companies in which the member of the board of directors is a member of its previous board of directors or its directors.	Inside/ Outside KSA	Legal Entity
H.H. Prince Ahmad Bin Khalid Bin Abdullah Bin AbdulRahman Al-Saud	Chairman, Saudi Arabian Cooperative Insurance Co. (SAICO)	Inside KSA	Listed	Chairman of Saudi Chemical Co.	Inside KSA	Listed
	American Express Saudi Arabia.	Inside KSA	Not Listed	Arab Business Enterprises Co. Ltd.	Inside KSA	Limited liability
	American Express Middle Est. Ltd.	Outside KSA	Limited liability	Al Mward Ltd. Co. for Energy & Mining	Inside KSA	Limited liability
	AlKhaldiya Law Firm	Inside KSA	Limited liability	-	-	-
H.R.H. Prince AbdulAziz Bin Mohammad Bin Fahad Bin Abdulaziz Al-Saud	-	-	-	-	-	-
Dr. Solaiman Abdulaziz Al Twaijri	NADEC	Inside KSA	Listed	Saudi Electricity Company	Inside KSA	Listed
	Wala Cooperative Insurance Company	Inside KSA	Listed	Chemical Co. for Development	Inside KSA	Not Listed
	-	-	-	Mulkia Investment Company	Inside KSA	Authorized person
	-	-	-	Takween Advanced Indus	Inside KSA	Listed
Dr. Mohammad Saud Al-Badr	Saudi Chemical Holding Co.	Inside KSA	Listed	Saudi Paper Manufacturing	Inside KSA	Listed
Mr. Mohammad Al-Luhaidan	Emaar Al-Watan Real Estate Investments Company	Inside KSA	Not Listed	-	-	-

## 22 Transactions with Related Parties

The table below shows the Group's transactions with its non-consolidated associates in terms of sales and purchases (one thousand Saudi Riyals):

Borrower	Nature of Transaction	Balance as of December 31, 2021	Repayments	CTA	Balance as of December 31, 2022
Amiantit Qatar	Know-how Fee & Dividends	497	(437)	-	60
Subor & Subor Gap	Trade Receivable	128	-	-	128
Amiblu Germany	Other Receivable	185	(155)	-	30
Amiblu Holding	Sale of Investment	11,114	(9,974)	(1,057)	83
Tawzea	Other Receivable	62	(62)	-	-
<b>TOTAL</b>		<b>11,986</b>	<b>(10,628)</b>	<b>(1,057)</b>	<b>301</b>

The issuer and "the Group" do not have any specific related party transaction to report which could cause a conflict of interest between the issuer or any of its subsidiaries and affiliates, on the one hand, and board members or members of the Management on the other hand.

## 23 Amounts due & paid by "The Group" to Zakat, Tax Authorities, & other Legal Fees

The following is a list of payments paid and due to Zakat, taxes, fees or any dues from the "Company" and its local subsidiaries according to the consolidated financial statements during the year 2022G (in thousands of Saudi Riyals).

Description	Total payments made in 2022	Total payments made in 2021	Total amounts due as at 31 December 2022	Total amounts due as at 31 December 2021	Reason
Zakat	13,048	16,840	198,288	192,863	According to the General Authority of Zakat, tax & Customs (ZATCA)
Income taxes imposed by the Saudi authorities	83	62	654	737	According to the Income Tax System on Foreigners
Income Taxes due to Foreign Authorities	999	742	1,957	1,787	Imposed under foreign laws in the countries where the consolidated subsidiaries are located
<b>Total due balance for Zakat and income tax</b>	<b>14,131</b>	<b>17,644</b>	<b>200,899</b>	<b>195,387</b>	
Social Insurance Subscription Fees	7,582	7,122	695	641	According to the Social Insurance System
Value Added Tax (VAT)	8,961	18,399	34,581	17,616	According to the General Authority of Zakat, tax & Customs (ZATCA)
With Holding Tax (WHT)	715	431	337	207	According to the General Authority of Zakat, tax & Customs (ZATCA)
<b>Total</b>	<b>31,389</b>	<b>43,596</b>	<b>236,512</b>	<b>213,851</b>	

## 24 Businesses or Contracts with Chief Executive Officer, Chief Finance Officer, or Related Individuals:

The Board of Directors assures that there is no business or contracts between "The Company" or "The Group" and the CEO or CFO or any related individuals during 2022G.

## 25 Waiver of Salary or Compensation by Directors or Senior Executives:

“The Company” declares that there were no waivers, arrangements, assignment or other modifications by any Board Member or Senior Executives of any salary or compensation rights or any profit rights in 2022G.

## 26 Waiver by any Shareholder of Rights to Dividends:

No shareholders of the issuer have waived any right to dividend.

## 27 Employee Share-Option Funds

In order to maintain outstanding employees, enhance their affiliation with the Company, and give them the opportunity to benefit from the Company's performance, the Company has a dedicated employee portfolio under the name of the Saudi Arabian Amiantit Employee share ownership plan, and the Company has obtained all regulatory approvals. As in 31 December 2022 The balance of shares reached 48,353 shares.

## 28 Declarations

### 28.1 Books of Accounts

The Directors declare that proper books of account have been maintained.

### 28.2 System of Internal Control

The Directors declare that the system of internal control is sound in design and has been effectively implemented.

### 28.3 Going-Concern

The Directors declare that there are no significant doubts concerning “The Company” ’s ability to continue as a going concern.

## 29 Corporate Governance

During the year 2009, the General Assembly of “The Company” has approved the Governance Regulations of the Saudi Arabian Amiantit Company “Internal Governance Regulations”. The Remuneration and Compensation committee has studied such policies and raised recommendation to Board of Directors to update it in order to reflect the latest developments and changes to adopt the new changes issued by CMA. The Board of Directors as well has approved such changes and decided to submit to the General Assembly for ratification, and on 26 April 2021G, the general assembly has approved them. Accordingly, “The Company” laid down the following rules and mechanism for establishing the main Committees of the Board of Directors and their duties as follows:

### 29.1 Committees

#### 29.1.1 Executive Committee

##### 29.1.1.1 Authorities:

- The Executive Committee shall exercise all authorities and play the role of the Board of Directors during the intervals between two Board of Directors meetings.
- The Committee shall discuss and adopt the decisions in relation to subjects requiring top urgent decisions on emergency matters.
- The responsibilities of the Committee include adopting the routine decisions relating to regular Company work.

#### **Regarding “The Company” strategy and targets, the Executive Committee shall do the following:**

- Check the strategic plans of “The Company” in cooperation with the Managing Director or the Chief Executive Officer.
- Confirm that the strategic plans are actually put to execution and actual work to achieve “The Company”’s objectives.
- Check the recommendations of the Managing Director and Chief Executive Officer regarding the allocation of “The Company” resources aimed at harmoniously balancing the strategic plans with the long terms’ operational goals.
- Periodical check the strategic plans and the operational goals of “The Company” and its affiliates to ensure their concurrence with the goals and mission of “The Company”.

**Regarding the operational priorities of “The Company”, the Executive Committee shall check and prepare the required recommendations for the Board of Directors regarding the strategic plan and Company’s operational priorities including the expansion in or retrenchment from into or new markets or new countries.**

#### **Regarding the financial planning of “The Company” and profit distribution policy the Executive Committee shall:**

- Prepare and check the recommendations to the Board of Directors regarding the long term annual financial strategies and related performance indicators.
- Check the important financial matters of “The Company” and its affiliates such as the matters related to the capital, credit classification, cash flow, borrowings, investment deposits, in coordination with “The Company” management and the audit Committee.
- Check and prepare the recommendations to be submitted to the Board of Directors on distribution of profits polices and how to implement them.
- Periodical and regular verification of the actual capital expenditure and their pre-approved budgets.

**Regarding the productivity of “The Company” in the long term and the effectiveness of its operational process, the Committee shall check and prepare the required recommendation to the Board of Directors regarding the strategic decisions on the possibilities for “The Company” to improve the quality of its products and services.**

### 29.1.1.2 Duties:

- Requests the documents, reports, clarifications and other information from Company officials and executives.
- Invites “The Company” officials, executives and employees to attend its meetings for questioning them or hear to their clarifications.
- Takes help of outside experts and consultants.
- Presents any other services required by the Board of Directors within the jurisdiction of the Executive Committee.
- The Committee will annually check and evaluate its operating regulations to ensure smooth functioning in its work and completion of duties and raise any necessary revisions for the consideration of the Board of Directors.
- The Committee shall present a periodical report to the Board of Directors at least once every six months.
- In addition, the Executive Committee members shall do the following:
  - 1- Participate in the activities of the Committee and attend its meetings.
  - 2- Keep full awareness of all developments of the operating environment of “The Company”
  - 3- Keep all information obtained by the members as a result of being Committee member as confidential.
  - 4- Inform the Board of Directors of any conflict of interest that may arise as a result of any decision adopted by “The Company”.
  - 5- Perform annual preparation, checking and evaluation of the Committee activities and their members including the checking of “The Company” ’s compliance to the above implementation Rules.

### 29.1.1.3 *Committee Members & Meetings*

The attendance record of the members of the Executive Committee for the committee meetings for the fiscal year 2022 And the total is <b>Two</b>						
#	Meeting date	Member Name				
		HH Prince Ahmad bin Khalid bin Abdullah bin Abdulrahman Al-Saud	HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Dr. Khalil Abdulfattah Kurdi	Dr. Solaiman Abdulaziz Al Twajri	Mr. Feras Ghassab AlHarbi*
		Membership				
		Chairman	vice-chairman	Member	Member	Member
1	18/09/2022	Attended	Attended	Attended	Attended	Attended
2	27/12/2022	Attended	Attended	Attended	Attended	Attended
Total		2	2	2	2	2

**\* Mr. Feras Ghassab AlHarbi was appointed as a member of the committee as of 15/03/2022, according to the Board of Directors’ decision on 15/03/2022.**

**Term:** Three years starting 1<sup>st</sup> January 2021 ended 31<sup>st</sup> December 2023.

**The Secretary of the committee is Mr. Waleed Mohammad Abu Kishk.**

## 29.1.2 *Audit Committee:*

### 29.1.2.1 *Duties & Responsibilities:*

The Audit Committee shall be responsible for supervising “The Company” 's activities and verifying the effectiveness and adequacy of the internal control systems in “The Company” as well and making an opinion and providing the necessary relevant recommendations. However, particularly the committee’s responsibilities include the following:

#### 1) **Financial Reporting:**

- The audit committee shall review the interim and annual financial statements before being submitted to the board of director and provide the board with its judgment on these statements to ensure their accuracy and integrity.
- Provides the board, upon its request, the required technical opinion on the board of directors’ reports and the financial statements, on whether, taken as a whole, fair, balanced and understandable and provides the information necessary for the shareholders & investors (stakeholders) to assess “The Company” ’s performance, business model and strategy.
- Looking into any significant or unusual transactions contained in the financial statements.
- Looking significantly for any important issues raised by the financial manager of “The Company” or his authorized representative, the commitment officer or the auditor of “The Company”.
- The committee shall check the accounting estimates on material issues in the financial reporting.
- Studying the accounting policies adopted by “The Company” and advise the board of directors thereon.
- Ensure the correctness of preparing the accounts and financial reports in accordance with the accepted accounting standards and the accounting policies followed by "the company" in order to achieve transparency in the financial information that the “company” discloses.
- Preparing recommendations to the Board of Directors regarding "the company" 's annual report, prior to its approval by the Board.

#### 2) **Internal Control System & Risk Management:**

- The committee ensures the efficiency of the work of the internal audit department in "the company", and it also submits a report that includes the committee’s recommendations and opinion on the adequacy of the internal control systems and the committee’s work within the scope of its work. The Board of Directors shall deposit a copy of that report at the company’s head office within a period not exceeding 10 days prior to the holding of the company’s general assembly meeting so that it is available to those who wish to view it from attending the assembly meeting.
- Studying the draft regulations and instructions and expressing its opinion about them through its supervisory work before being approved by the Board of Directors.
- Reviewing the rules and regulations of the Board of Directors and its committees and providing advice to the Board of Directors on matters related to the regulations before they are approved by the Board.
- Reviewing the executive systems of the Board of Directors and the internal audit systems and their various components and providing advice to the Board in this regard.
- Studying any other matters referred to the Committee by the Board of Directors for the purpose of expressing their views within their supervisory responsibilities in "the Company".
- Studying the basic risks faced by the Company, which include financial, operational, and legal risks, and reviewing the policies applied by the management related to the processes of identifying, evaluating and addressing those risks.
- Studying the reports of the internal control systems and following up the implementation of corrective plans and procedures according to the notes contained therein.



- Overseeing and reviewing the performance and activities of the internal auditor and the company's internal audit department, if any, in order to ensure the availability of sufficient cadres and their efficiency in performing the tasks and responsibilities assigned to them. In the event that the Company does not have an internal audit manager, the committee submits its recommendations to the Board of Directors regarding the need to appoint an internal auditor and propose his fees.
- Make recommendations to the Board of Directors regarding the appointment/composition of an internal audit department and the appointment of an audit manager.
- Prepare recommendations related to the establishment, improvement, and dissemination of the control environment within the Company.

### **3) Associates and Subsidiaries:**

- Ensuring the effectiveness of procedures for forming the performance of audit committees in subsidiaries in accordance with “The Company” 's agreements.
- Ensuring the efficiency of the internal audit department in the investee companies by reviewing the annual evaluation of the quality of the internal audit of companies wholly owned or controlled by or as permitted by the partner agreements and to submit to the Board of Directors what it deems appropriate in this regard.
- Ensuring that the nomination mechanism and the appointment of the external auditor of companies wholly owned or controlled by them or as permitted by the partners' agreements are referred to the Board of Directors as they see fit.
- Obtaining the necessary and appropriate assurance from the audit committees of the subsidiaries regarding the effectiveness and integrity of the internal control system in accordance with the applicable regulations and partner agreements.
- Approving the general framework and the audit protocol between “The Company” 's internal audit department, the audit committee and the internal audit department of the companies that are fully invested or controlled by parent company or as permitted by the partners' agreement.
- Examining the proposed audit proposals of the internal audit department of “The Company” to be applied to the subsidiaries and coordinating with the audit committees of the investee companies wholly owned or controlled by them or as permitted by the partners' agreements.

### **4) Independent External Audit:**

- Recommending to the Board of Directors as to nomination or dismissal of “The Company” auditors and suggesting their fees and evaluation of their performance after ensuring of their independence and reviewing the scope of their work and the terms of their contract.
- Checking the independence, objectivity, fairness, and effectiveness of “The Company” 's accounts auditor, taking into account all relevant rules and standards.
- Work with the chartered accountant in order to coordinate the preparation of the audit plan and procedures for the fiscal year, and to ensure that he does not perform any technical or administrative work outside the scope of the audit work assigned to him, and the committee issues its recommendations in this regard.
- Discussing the important findings and recommendations reached by the chartered accountant and the degree of management response to them, as well as the corrective actions taken by the management based on those recommendations.
- Studying the legal accountant's opinion and his comments on the financial statements and following up on what has been done about them.
- Work to solve the problems that the chartered accountant may face while performing the audit process, which includes any difficulties he may face with regard to the objectives of the audit process or his difficulty in accessing information.
- Holding private meetings with the chartered accountant to discuss important issues that may be raised by the committee or the chartered accountant, and to ensure that the chartered accountant has the possibility to contact the head of the audit committee at any time.

- Preparing recommendations for the company's policy with regard to determining the period needed to change the chartered accountant.

**For internal audit:**

- Preparing the recommendations for the establishment of the internal audit department in "the company" and its budget, and the selection of the head of the department, as well as the degree of independence of the internal auditors.
- Preparing an evaluation of the performance of the internal audit department and its auditors, so that the evaluation includes the objectives and powers of the department, the reports it prepares, its audit plan for the coming year, the results it has reached during the current year, and the preparation of the necessary recommendations to improve its effectiveness.
- Discussing deviations and errors contained in the monthly reports prepared by the Internal Audit Department and ensuring that the administration takes appropriate corrective measures.

**5) Ensuring Compliance:**

- Reviewing the results of the reports issued by the regulatory authorities and ensuring that "the Company" took the necessary measures to comply with them.
- Ensuring the company's compliance with the rules, regulations, and instructions applicable to it.
- Ensure the existence of procedures for reviewing complaints related to internal control procedures and preparing financial reports.
- Ensuring the existence of procedures that enable employees to submit complaints so as to ensure complete confidentiality and review the process of disclosing any deviations or violations related to the administration or one of the employees of "the company".

**6) Powers of the Committee:**

**The Audit Committee, in order to discharge its functions and responsibilities, shall have the following authorities:**

- The right to access any record in "The Company".
- Request any clarification or statement from the members of the Board of Directors or the executive management of "The Company".
- Requesting the board of directors to invite the general assembly to convene if the board obstructs its work or if "The Company" is exposed to damage or serious financial losses.
- Approves the guidelines of nomination of "The Company" 's accounts auditor.
- Approves the internal auditing regulations.
- Approves the annual auditing plan and budget of the internal audit department.
- Approves the organization structure of the internal audit department in "The Company".
- Recommends the board of directors to appoint the internal auditor of "The Company" whether in case of resignation of internal auditor or, disability or dismissal and approves his monthly salary, allowances, and other benefits.
- Approves the annual evaluation of performance of the of internal auditing manager, remunerations, and increments.
- The Audit Committee shall have the right to seek, contract or direct awarding of consultants or consulting firms from inside or outside "The Company" to carry out its duties assigned to the committee provided that "The Company" shall undertake such studies or consultations and shall include in its report the names of consultants / consulting firms and its relationship with "The Company" or the executive management.

**7) Obligations of Audit Committee Members:**

- Attending in the meetings of the committee regularly and actively participate in its work. In case of absence of any committee meeting, the committee member shall inform the chairman of the committee or the reasons of absence.

- The committee chairman or his authorized representative of the members of the committee shall attend the general assembly meeting to answer the shareholders' questions.
- The committee members shall maintain the secrets of “The Company”, so he shall never disclose to the shareholders other than in the general assembly meeting, or any other third party any of “The Company” 's secrets which he became aware of as a result of performance of his work otherwise he will be relieved as well as will be liable for any resulting consequences.
- The committee member shall not practice any executive work for “The Company”.
- The committee member shall give due diligence to his work professionally and keep abreast of the recent developments related to “The Company” 's business.
- The committee member shall be fair, equitable, honest, objective and impartial, and shall be free from personal interests so that the judgment shall not be under influence of any other person.
- A member of the Committee shall not engage directly or indirectly in any activity that harms honor or honesty.
- The member of the committee shall not accept anything of significant value from any employee, client or supplier or who has a business relationship with “The Company”, which may lead to the weakening of his independence in form and object or affects or is supposed to affect the decisions reached.
- The member of the committee shall disclose to the board of directors the operations carried out between him and “The Company” and the nature of that relationship, as well as the relationship between him and the board of directors and executive management of “The Company”, as required by “The Company” 's code of conduct.

#### **29.1.2.2 Committee Members & Meetings:**

The attendance record of the members of the Audit Committee for the committee meetings for the fiscal year 2022 And the total is <b>Five</b>				
#	Meeting date	Member Name		
		Dr. Sulaiman Abdullah Al Sakran (Outside the board)	Dr. Mohammad S. AlBadr	Mr. Waleed M. Al Othaimen (Outside the board)
Membership				
		Chairman	Member	Member
1	30/03/2022	Attended	Attended	Attended
2	15/05/2022	Attended	Attended	Attended
3	17/08/2022	Attended	Attended	Attended
4	02/11/2022	Attended	Attended	Attended
5	28/12/2022	Attended	Attended	Attended
Total		5	5	5

**Term:** Three years starting 1<sup>st</sup> January 2021 ended 31<sup>st</sup> December 2023.  
**The secretary of the committee is Mr. Watheq Ali Al-Hawawreh.**

During 2022G the Audit Committee has studied the interim & annual financial statements and has raised them to the Board of Directors for ratification.

### **The Audit Committee Report for the Year 2022**

The Audit Committee held five meetings during 2022G, all through visual communication, and through the Committee's direct supervision of the work of the Internal Audit Department in the company and the review of governance systems, risks, reports, financial statements and disclosures, the Committee carried out the following basic work:

- Review and approve the company's annual and quarterly financial reports.
- Study the main risks faced by the company, which include financial, operational, and legal risks, and review the policies applied by the management related to the identification, evaluation and treatment of those risks.
- Review the independence of the internal audit department and whether it has been subjected to any deviation from objectivity and independence, which are two of the basic principles of internal audit.
- Evaluate the performance of the audit department through access to the reports and results recorded by the internal audit department and the extent of the impact achieved by the committee through the implementation of the audit department of follow-up procedures and closing important observations.
- Reviewing the extent to which the company applies the observations that were recorded in previous years, as the committee stressed the need not to be complacent in following up and ending the observations that have a high-risk nature.
- Making recommendations to the Board of Directors and the General Assembly of Shareholders related to the selection of the chartered accountant, which is based on the Committee's study of his professional competence, independence, expected risks of conflict of interest, as well as the fees he will receive.

### **Conclusion**

Based on this, the Committee examined all the essential aspects of the internal control systems through its direct supervision of the Internal Audit Department during its successive meetings during 2022G, and the Committee also reviewed the reports related to the effectiveness of the examination of the various operational activities and to ensure the safety of the Operational and financial procedures and their adequacy in the internal control system in order to ensure the effectiveness and adequacy of internal control systems and to raise the reliability and confidence of the degree of compliance with the relevant laws and regulations. On the basis of the work of the said Committee, it has reached reasonable assurances that there are no material observations or reservations or Weakness in internal control systems and company documents and records.

### 29.1.3 *Nomination and Compensation Committee*

#### 29.1.3.1 Authorities:

- 1- Regarding the nomination of Board of Directors members, executive managers, the Committee shall be responsible with the following:
  - Annual review of the competency requirements for Board of Directors membership and description of abilities and qualifications needed for the board membership including the time to be allocated by each member for the board work.
  - Check the composition of Board of Directors and submit the necessary recommendations on the required amendments.
  - Assess weaknesses and strengths of the Board of Directors and suggest solutions in the interest of “The Company”.
  - Define the necessary criteria determining the independence of the board members, confirm of independence of the board members on annual basis and lay down the necessary mechanism to inform the shareholders of any circumstance likely to impair the independency of any member, and ensure that no conflict of interest would arise if a member occupied a seat in any other Company.
  - Prepare the necessary directives and instruction programs for any new independent non-executive board members about the nature of work of “The Company” and provide a detailed description of their duties as board members.
  - Prepare recommendations to the Board of Directors on defining certain criteria to select the person who will assume the position of Managing Director, Chief Executive Officer or head a major department in “The Company”.
  - Prepare initial evaluation of persons nominated for Managing Director, Chief Executive Officer or heads of department and section in “The Company”.
  - Prepare a job description of positions, contractual terms for each of the Chief Executive Officer and the department managers in “The Company”.
  - Lay down of suitable standards and procedures to evaluate the performance of the Chief Executive Officer and the department managers in “The Company”.
  - Prepare regular evaluation of the performance of the Chief Executive Officer and department managers in “The Company”.
  - Conduct training programs for the Executive Directors on governance of “The Company”, ethical behavior, and draft polices on continuous improvement of performance of the employees at the top management level.
- 2- Regarding the compensation of Board of Directors and Executive Directors, the Committee shall:
  - Lay down the reward and bonuses policy for board members and executive directors in “The Company” aiming at increasing “The Company” value and optimize the personal efforts for each Board Member and Executive Director in executing the strategic goals of “The Company”. The Committee shall evaluate the personal performance against the goals set by the Board of Directors.
  - Regarding the compensation of the Board’s Members, the Committee shall draft the required criteria for compensation, and check them regularly, enabling “The Company” to achieve excellent performance without affecting the member’s independence.
  - Regarding the compensation of the Managing Director, Executive Directors or Department Managers in “The Company”, the Committee shall draft the required criteria for compensation to

be checked regularly and applied on the annual fixed salaries, as increments, based on evaluation of the financial and non-financial performance, and draft special criteria for the long-term incentives and bonuses aimed at aligning the directors' and managers' interests with the interest of the shareholders.

- Continuously ensure the adequacy of the incentive criteria considering the performance of “The Company”, its financial position, and the main trends on the employment market.
- Follow up on the decisions adopted by the General Assembly of “The Company” on the compensation of the Board of Directors' members and the disclosure of these remunerations in the annual report.

#### 29.1.3.2 Duties:

- Request the documents, reports, clarifications and other information from Company officials and executives.
- Invite “The Company” officials, executives and employees to attend its meeting for questioning them or hear to their clarifications.
- Take help of outside experts and consultants.
- Perform the duties assigned to the Committee by the Board of Directors within the jurisdiction of the Committee.
- The Committee shall make an annual revision and evaluate its regulations to ensure smooth functioning of its work and adequacy of its duties and raise any necessary amendments to the Board of Directors for approval.

#### 29.1.3.3 Committee Members & Meetings:

The attendance record of the members of the Nomination and Compensation Committee for the committee meetings for the fiscal year 2022 And the total is <b>Two</b>				
#	Meeting date	Member Name		
		H.H. Prince Ahmad bin Khalid bin Abdullah bin Abdulrahman Al-Saud	Dr. Mohammad S. AlBadr	Mr. Sulaiman Abdullah Al Amro
Membership				
		Member	Chairman	Member
1	26/06/2022	Attended	Attended	Attended
2	26/12/2022	Attended	Attended	Attended
Total		2	2	2

**Term of Committee:** Three Years starting January 1<sup>st</sup>, 2021, ended 31<sup>st</sup> December 2023.

**The secretary of the committee is Mr. Waleed Mohammad Abu Kishk.**



#### 29.1.4 *Investment Committee*

##### 29.1.4.1 Authorities:

**The following topics are considered within the powers of the Investment Committee:**

- The committee meets at least once a year or as needed based on an invitation from the committee chairman.
- Meetings may be held in person or by means of modern technology, and the member's participation in this case is considered an authentic participation in his presence.
- The legal quorum for the committee meeting is the majority of its members.
- It is permissible to delegate to attend the meetings of the committee, but it is not permissible for a member of the committee to represent more than one member. In the event that the committee chairman is not present, he may delegate one of the members, and if he fails to do so, the members may delegate one of them to preside over the session.
- The decisions of the committee are issued by the majority of votes of the attendees or representatives in the meeting.
- The meeting agenda, which is included in the invitation, is prepared in coordination with the Chairman of the Committee before the meeting.
- The invitation to attend the meeting shall be sent and signed by the committee chairperson or the committee secretary if he is authorized to do so by the chairperson, and sent sufficiently before the date of the meeting. Presentations and necessary documents shall be sent well in advance of the meeting to enable them to peruse them.
- The Secretary of the Committee shall prepare a draft of the minutes of the Committee's meeting (includes a statement of the names of the present and absent members in addition to a summary of the discussions, deliberations, and decisions) and sends it to the Chairman and members of the Committee within ten days from the date of the meeting to be reviewed and any observations made on them (if any). Within seven days from the date of sending it via e-mail, and in the event that no notes are received, this is considered an acknowledgment of their approval, and then the minutes are signed by the chairman and secretary of the committee and all the members present.

##### 29.1.4.2 Duties:

- Develop an investment strategy in proportion to the company's main activities, complementary activities, or any investment activities that the committee considers their feasibility and suitability for the company, and the risks to which the company's investments are exposed, and submit a recommendation in this regard to the Board of Directors, and review this policy from time to time in a manner Periodically to ensure their suitability to the changes that occur in the company's business and to submit a recommendation in this regard to the Board of Directors.
- Supervising investment activities and setting appropriate procedures for measuring and evaluating investment performance.
- Studying and evaluating the company's investment opportunities.
- The committee may perform any other tasks compatible with its purposes or carry out any work requested by the board of directors.
- The committee submits its recommendations to the board of directors for approval.

### 29.1.4.3 Committee Members & Meetings:

The attendance record of the members of the Investment Committee for the committee meetings for the fiscal year 2022 And the total is <b>one</b>					
#	Meeting date	Member Name			
		HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Mr. Mohammad Abdurrahman Al-Luhaidan	Mr. Sulaiman Abdullah Al Amro	Mr. Feras Ghassab AlHarbi
Membership					
		Chairman	Member	Member	Member
1	01/12/2022	Attended	Attended	Attended	Attended
Total		1	1	1	1

**Term of Committee:** Three Years starting January 1<sup>st</sup>, 2021, ended 31<sup>st</sup> December 2023.

**Mr. Asgar Yosuf Sarguroh was appointed as the Secretary of the Committee on 12/01/2022.**

### 30 **Compliance to Governance Regulations:**

**The Following rules of Governance Policy have been Implemented:**

The following table shows the items which adopted the Governance Policy & the items which did not adopt the Governance Policy:

#	Item	Adopted	Not Adopted	Reason in Case of Non-adoption
1	General rights of shareholders	Yes		
2	Right of shareholders to inquire & obtain information not effecting company interests.	Yes		
3	Shareholders' pertaining to the General Assembly	Yes		
4	Voting Rights	Yes		
5	Shareholders' rights in dividends	Yes		
6	Policies & procedures related to disclosures	Yes		
7	Disclosures in the Board of Directors' Report	Yes		
8	The main roles of Board Members	Yes		
9	The responsibilities of the Board of Directors	Yes		
10	The composition of the Board of Directors	Yes		
11	The committees of the board and their independence	Yes		
12	The Audit Committee	Yes		
13	The Nominations & Remuneration Committee	Yes		
14	Board of Directors meetings and their agenda	Yes		
15	Board of Directors' fees & remuneration	Yes		
16	Conflict of interest for the Board of Directors	Yes		
17	Cumulative Voting	No	No (Not Applicable)	There are no board elections
18	The means by which the Board of Directors relied in evaluating its performance, the performance of its committees and members, and the external party that carried out the evaluation	No	No (Not Applicable)	There are no events that require this assessment during the year.

### 31 Dates of the General Assemblies of Shareholders held during the last financial year and the names of the members of the Board of Directors present in the meeting:

An Extra Ordinary General Assembly was held once on February 27, 2022, and the meeting was attended by:

Member Name	First GA Meeting 27/02/2022
HH Prince Ahmad bin Khalid bin Abdullah bin Abdulrahman Al-Saud	Attended
HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Apologized
Dr. Solaiman Abdulaziz Al Twajri	Attended
Dr. Mohammad S. AlBadr	Attended
Mr. Mohammad Abdulrahman Al-Luhaidan	Attended

An Ordinary General Assembly was held once on May 31, 2022, and the meeting was attended by:

Member Name	Second GA Meeting 31/05/2022
HH Prince Ahmad bin Khalid bin Abdullah bin Abdulrahman Al-Saud	Attended
HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Apologized
Dr. Solaiman Abdulaziz Al Twajri	Attended
Dr. Mohammad S. AlBadr	Attended
Mr. Mohammad Abdulrahman Al-Luhaidan	Attended

### 32 Policies Related to the Disclosure

The General assembly has adopted policies and procedures related to the disclosure which are still in practice.

### 33 Results of Annual Auditing for Effective Internal Control:

The Board of Directors has been assigned the responsibility to ensure that management maintains an effective system of internal controls, which provides reasonable assurance in all material respects of efficient and effective operation of controls.

### 34 Independence & Authority

The overall objective of the Internal Audit department is to provide at all levels of Management and the Board of Directors with an independent assessment of the quality of “The Company” ’s internal controls and administrative procedures and make recommendations for continuous improvement. The Internal Audit department is not subject to any influence from the executive management and has the required unrestricted access to all records (manual or electronic), Company assets and employees, required for performing its duties.

#### ❖ Internal Audit Responsibility

The responsibilities of the Internal Audit department encompass the following:

- 1- Preparing the annual risk-based audit plan
- 2- Executing the audit work according to the annual plan
- 3- Presenting its reports on the result of audit work performed
- 4- Assessing the financial and operational risks and coordinating with management to provide the necessary means at suitable cost to mitigate the identified risks.
- 5- Coordinating with different departments of “The Company” and external parties such as external auditors.
- 6- Developing the policies and procedures for executing the audit work in accordance with the best practices
- 7- Using the available resources according to the approved internal audit budget

#### ❖ Scope of Work

The Internal Audit department has adopted a well-organized approach to evaluate and recommend improvements for the efficiency of the internal controls in a manner that will enable “The Company” to achieve its objectives and protect its assets.

The scope of internal auditing covers examining the sufficiency and efficiency of internal control system in “The Company” and quality of management in order to verify whether the internal policies & procedures provide a reasonable confirmation to achieve “The Company” objectives.

#### ❖ Annual Results of Internal Audits

- The internal Audit department in Saudi Amiantit carries out its activities according to an agreed work plan, which is designed in a way that covers all the main activities of the company over a period of (3) years (a risk-based Audit), taking into account the focus and giving priority to high-risk activities. . Several substantial recommendations were made as a result of Audit visits to several departments in the company, during which these departments were comprehensively examined. Thus, it led to more valuable additions and improvement to the existing internal control system.

- The Audit Department conducted inspection visits to the Plants located in the eastern region in the First and Second Industrial cities to follow up on the implementation of public safety measures and assess the extent of compliance of the factories’ directors with the instructions and circulars issued by the Executive Management as part of the Audit department’s tasks to contribute to strengthening the control system and ensuring the factories’ ability to reduce the occurrence of potential accidents. Like fires or any kind of Incidents in General.

- The Internal Audit Department would like to confirm that the internal control system is (reasonable and sufficient) and that there are no significant differences during the year 2022. The Department continued to submit quarterly reports to the Audit Committee on the work that was carried out and the follow-up procedures with the visited departments.

Observations	Results of the Recommendations
There are no standards to distinguish between the types of payments executed by the treasury department	The treasury department set some standards that contribute to differentiating between the types of payments that are made through it in terms of whether they are payments to suppliers or government payments etc. The reason is to increase disclosure and accuracy when following up and tracking these amounts.
Setting more controls not to (double payments)	The finance department started adding the coding feature to invoices received from customers or related to purchase orders, so that the accounting system puts a code after adding the invoice and uploading the attachments to the system in a way that makes it difficult to enter these invoices again through omission or error.
Improve the method of calculating overtime	The HR department rectified the reference from the Saudi Labor Law in how to calculate the overtime wages and consulting the compliance department and the legal department in the company on how to apply the legal text and the importance of not deviating from governmental legislation in a way that may endanger the company's reputation God forbid.
Lack of archiving attendance and absence papers	Whereas, the Human Resources Department began reviewing the volume of documents that were not uploaded to the system as an archive for employees to ensure their rights in terms of attendance, absence, overtime hours, and others
Not updating some supplier documents	The Purchasing Department updated suppliers' papers related to their approval, even if some suppliers have been dealing with the company for a long time, as a continuation of the principle of raising the quality of work and stopping dealing with any party that does not have updated papers and documents.
Some errors in the records of job applications.	The Recruitment section started reviewing the accuracy and comprehensiveness of information be investigated regarding the employment applications that creates at the request and desire of department managers.
There is no matching cars' listings.	Whereas the Audit Department emphasized on the Support Services Department that the car records registered in the company’s assets must be in conformity with the official government records that shows the company's ownership of cars and their detailed information.

Weak settlements between the reservations department and the financial department	The Reservation Section started to make the adjustments for the amounts and the number of tickets paid by the company to the employees, regardless of their type and purpose, before sending them to the financial department to be reviewed again before being recorded on the system.
Reviewing some of the permissions available to employees in the (SAP) system related to human resources screens	This is what the Audit Department is doing on an ongoing basis, as the Audit Department recommended the necessity of reviewing the access rights to employee files, salaries, letters of introduction, and others.

The Audit Department would also like to confirm that with regard to this risk profile, the management has accomplished many important things in the company as follows:

- Conducting a number of meetings and documenting them regarding the risks that departments and activities in the company may be exposed to, in a participatory manner with department heads and department managers, in order to help improve these activities if the need arises.
- Preparing a draft for presentation to senior management to determine the company's risk appetite level as a start to prepare the ground for determining appropriate measures to avoid or reduce , risks, according to priority.
- On a related level, the Audit Department communicated and coordinated with the external Auditor and provided all the samples he needed from the Audit Department.

### 35 Changes in External Auditors:

“The Company” did not change the external auditor during their term in which “The Company” has appointed them.

### 36 Any irregularity, penalty, precautionary measure, or precautionary restriction

During the year 2022, no penalty, precautionary measure or precautionary restriction was imposed on the Company by the Capital Market Authority or any supervisory, regulatory, or judicial authority.

### 37 Employees

#### 37.1.1 Management & Training:

- The total number of employees in the company reached 1,705 employees in 2022G compared to 1,392 employees in 2021G, distributed as follows:

Particulars	2022	2021	Increases/ (decrease)	Percentage increase (leakage)
Local Sector	1,417	1,085	332	30.1
International Sector	288	307	(19)	(6.2)
<b>Total</b>	<b>1,705</b>	<b>1,392</b>	<b>313</b>	<b>22.5</b>
Number of Saudi Employees	426	326	100	<b>30.7</b>
Percentage of Saudis in the local sector	30%	30%		

- The following training courses were provided in 2022G:

Training Courses	Number of participants
Beginner English Course	93
English Language Course Initial Level	58
<b>Total</b>	<b>151</b>

### 38 Safety & Security:

“The Company” factories continued their high level of safety and security thanks to the regular training and qualification programs and training courses in all factories for all employees. “The Company” continued to approve new standards to maintain the safety and linked the incentive given to employees by achieving high safety level in their place of work. The safety efforts made by “The Company” have reflected in the drop of work incidents remarkably over the years. “The Company” invests heavily to comply with local environmental standard & obtained the presidency of metrology and environment (PME) permits for all plants.

*Best Regards,  
Board of Directors*