

الخزف السعودي  
Saudi Ceramics



# Annual Report









**Custodian of the Two Holy Mosques**  
**King Salman bin Abdulaziz Al Saud**

“We are confident in the capabilities of the Saudi citizen, and we, after God, place great hopes on him in building his homeland and feeling responsible towards it. Every citizen of our country and every part of our dearest homeland is the subject of attention and care, we look forward to everyone’s contribution to serving our nation.”



**His Royal Highness Prince**  
**Mohammed bin Salman bin Abdulaziz Al Saud**

“Our ambition is for our economy to be greater than what we are in today. How do we create an attractive, good, and wonderful environment in our homeland? How can we be proud of our homeland? How can our homeland be a contributing part to the development and movement of the world, whether at the economic, environmental, cultural or intellectual levels.”





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## Chairman's Message

### Respected Shareholders of Saudi Ceramic Company, ...

The year 2022 witnessed many challenges for the construction sector, which negatively affected the results and performance of the Company compared to 2021. Despite the slowdown in the sector, the Saudi Ceramic Company was able to achieve profits that exceeded 173 million riyals thanks to the diversity of its products and the expansion of some sales channels. Despite the decrease in profits this year, the Company continued to perform well despite the circumstances, especially the slowdown in economic growth and the high costs of production inputs globally after emerging from the COVID-19 pandemic. Despite the slowdown in economic growth and the high costs of production inputs globally as an aftermath of COVID-19, the Company continued to perform well. On this occasion, the Board of Directors is pleased to present its report to the esteemed shareholders of the Company, which presents its performance, the performance of its subsidiaries, the results of its work, its plans, the efforts that were made during the year 2022, and the fundamental events that witnessed growth in some sectors of the Company. The Company has been able to expand in the retail sector with a growth rate of 27% in revenues, as it has opened during the year 2022 approximately 53 showrooms. The Company also expanded in the plastic sector, and the growth rate reached 83%. Tile and heater factories continued to operate at full capacity. The Company also continues to work on completing the construction of the new porcelain factory with an annual production capacity of more than 8 million square meters. The positive results for this year are an extension of the improvements witnessed by the Company since 2019 at the level of performance of sectors as well as sales channels.



**On behalf of my fellow members of the Board of Directors, I express my deep thanks and gratitude to our esteemed shareholders for their continuous support and confidence in the Company, as well as thanks to the executive management team and all employees of the Company for their important role in enhancing performance and achieving goals through the implementation of the Company's strategy.**

**We ask Allah help and guidance.**

**Yusuf bin Saleh Aba Al-Khail  
Chairman of Board of Directors**

## CEO Speech

During this year, the Company was able to achieve a good performance despite the difficulties in the rise in production and logistical inputs, which affected many companies and the business sector in general. The initiatives adopted by the Company and its strategic plan had a primary role in mitigating the impact of these challenges on the Company's performance.

During this year, the Company was able to maintain the level of revenues achieved last year, amounting to approximately 1.5 billion riyals. On the other hand, the net profit declined by 26% due to lower gross profit margins, higher production costs and higher financing costs as a result of increasing interest rates. The Company has continued to grow and expand in several sales channels, specially at the level of retail and export channels, as well as e-commerce. The Company was also keen to develop its products, whether at the level of tiles or sanitary ware, through unique designs that were launched during the year in various shapes and sizes.

In terms of technical performance, the Company has completed a number of projects that it adopted during the last period, specifically the development of cutting projects in tile production lines. In addition to developing production lines in sanitary ware and heaters factories, the Company is also close to completing the digitization project for some factories as one of the important steps in the automation of operational processes. The Company also expanded the production of mixers and increased its share in the Saudi market. The Company has also completed nearly 40% of the porcelain project. The company continued to develop its support departments and joint operations through warehouses - information technology and raise the levels of Saudization and employee satisfaction, out of its keenness to invest in human capital and its belief in the importance of developing national competencies.



**In conclusion, I would like to thank the members of the Board of Directors for their follow-up and support for the Company's goals. I would also like to thank all the Company's employees for their efforts to achieve the shareholders' aspirations and to continue the Company's success in its business.**

**We ask God for success.**

**Chief Executive Officer  
Engineer / Majid bin Abdullah Al-Essa**



## MEMBERS OF THE BOARD OF DIRECTORS



Mr./Yousif Bin Saleh Aba AlKhail  
Chairman



Mr./Abdulaziz Bin Abdulkarim Al Khiraiji  
Vice chairman



Mr./ Majid Bin Abdullah AlEssa  
CEO and Member of the Board  
of Directors



Mr./ Sami Ibrahim AlEssa  
GOSI Representative & Member of the  
Board of Directors



Mr./ Mutaib bin Muhammad Al-Shathri  
Public Investment Fund Representative &  
Member of the Board of Directors



Mr./ Assim bin Saad  
GOSI Representative Member of  
the Board of Directors



Mr./ Majid Bin Mohamed AlDikhail  
Member of the Board of Directors



Mr. Muhammed Abdulmohsin Al-Qurainees  
Member of the Board of Directors

## 2022 PERFORMANCE OVERVIEW

Net Income

173

Million SAR



Revenue

1,485

Million SAR



Asset size

3,061

Million SAR



Total Profits

452

Million SAR



Rate per share

2.18

Million SAR







## ABOUT SAUDI CERAMIC COMPANY

### COMPANY FOUNDATION

The Saudi Ceramic Company was established in 1977, and it is a Saudi joint stock company with a name and experience in the industrial field. It is one of the first Saudi companies listed on the financial market "Tadawul". The Company owns a number of brands, as its production covers tiles, sanitary ware, water heaters, plastic and accessories, and ready-made toilets, red bricks, in addition to mining activity. The Company uses modern and advanced manufacturing technologies which ensures its continued market leadership and high quality products.

The Saudi Ceramic Company also has multiple sales channels on a large scale inside and outside the Kingdom, covering the needs of the wholesale sector and projects, in addition to owning local showrooms throughout the Kingdom and exporting its products to many countries of the world.

Within the framework of the vision of the Kingdom of Saudi Arabia for the year 2030, the Company seeks to contribute to achieving the goals aimed at transforming the Kingdom into a leading industrial power. The Company is also committed to the localization project by providing job opportunities for Saudis at the level of technical and administrative jobs. The Company exports its products in an effort to enhance export activity and contribute to the national economic development.

## STRATEGY OVERVIEW

The Company clearly defined its strategy as one of the most important companies in the building and construction sector in the Kingdom of Saudi Arabia. By continuing to succeed and excel, to enhance its position and ensure its sustainability in growth. Where the strategic plan of the company is prepared through cooperation with subject matter experts and is updated every five years according to developments and rapid growth.



**In general, the company's strategy is focused on:**

**Gain customer satisfaction and expand the customer base**

**Promote research and development and diversify investment**

**Raising operational efficiency and improving the production process**

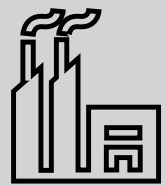


## COMPANY STRATEGY

The Company has developed a clear strategy for growth. It is developed with the aim of achieving the objectives and the ability to measure performance to develop and improve the return on shareholders' equity and to preserve the Company's assets and the value of its investments.

The Company's strategy is based on the following four dimensions,

### The main axes of the ceramics strategy



Development and diversification of products

1



Expansion of customer base locally and abroad

2



Restructuring and management of transformation and change

3



Diversification in investments

4





# 02- OPERATIONAL PERFORMANCE

The most prominent operating numbers  
Stages of Development and Expansion  
Company Activities  
Ceramic and porcelain sector  
Sanitary ware sector  
Electric water heater sector  
Other Sectors  
Quality  
Industrial security and safety



## PROMINENT OPERATIONAL NUMBERS



**15 Factories**

Equipped with the latest technology.



**3.6 Million**

Piece of sanitary ware



**2 Million**

Water heater including central and solar heater



**60 Million**

square meters of ceramic and porcelain production annually



**100 Million**

Plastic Piece

### DEVELOPMENT AND EXPANSION STAGES

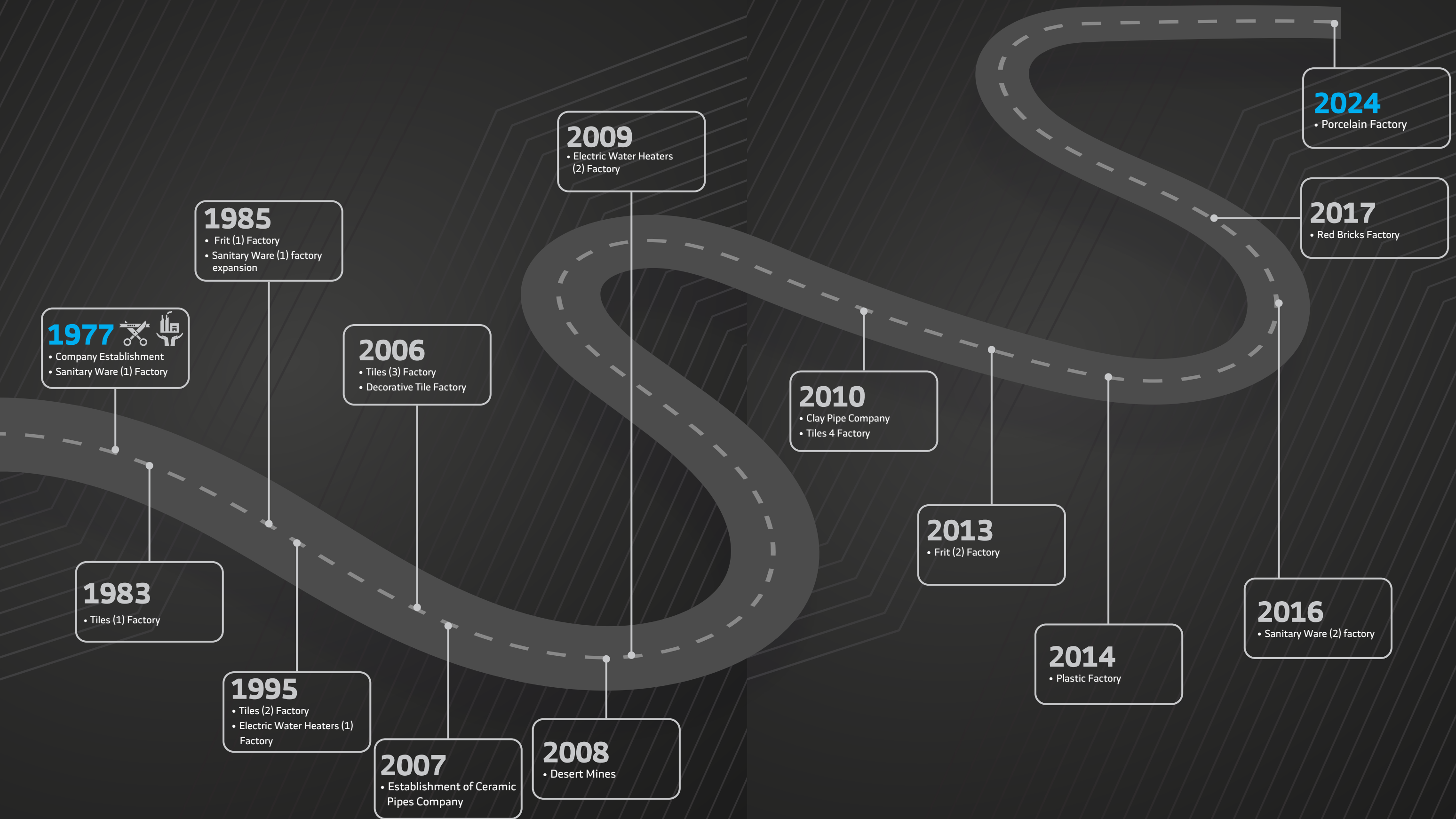
The Saudi Ceramic Company is considered one of the largest industrial companies and one of the main leading companies for world-class building solutions, offering ceramic and porcelain products, sanitary ware, water heaters, red bricks, and mining.

Saudi Ceramics has more than 45 years of experience in the industrial field, which made it gain leadership in the local and regional industry. The company has 15 factories equipped with the latest production technologies through automation and digitization of factories. The company plays a major role in the building and construction sector in the Kingdom of Saudi Arabia, and has obtained many local and international quality certificates.





# Stages of development and expansion





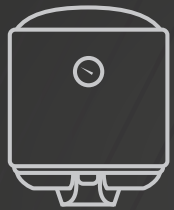
## Company Sections



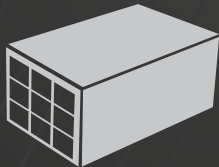
Ceramic and Porcelain



Sanitary Ware



Electric Heaters



Red Brick Mining



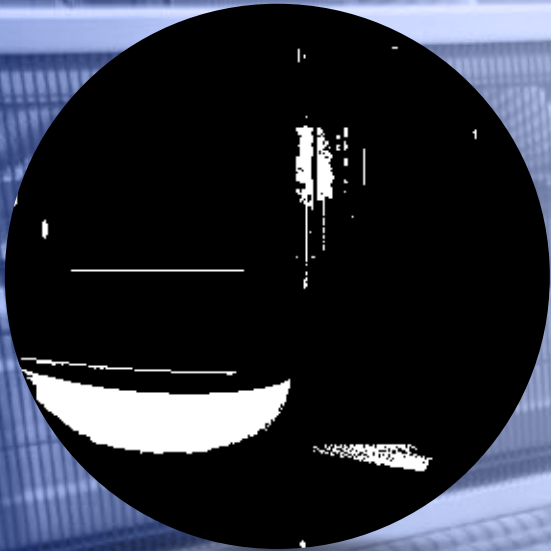
Accessories and Supplements



Porcelain Tubes







## Ceramics Sections

Saudi Ceramic Company offers a wide range of vitrified ceramic tiles, including wall tiles, floor tiles, swimming pool tiles, and decorative tiles in a range of sizes and designs, all manufactured in accordance with SASO (Saudi Standards, Metrology and Quality Organization) and international standards. With a production capacity of 60 million square meters of ceramics annually and more than 5 million pieces of decorative tiles annually.

### First tile factory

- Established in 1983

### Fourth tile factory

- Established in 2010

### Second tile factory

- Established in 1995

### The first ferrite factory

- Prepared on 1985

### Third tile factory

- Established on 2006

### The Second ferrite factory

- Established on 2013





## SANITARY WARE SECTOR

Saudi Ceramic owns the largest sanitary ware factory in the Kingdom to produce a variety of sanitary ware.

A wide range of luxury sanitary ware is produced in a range of colors and modern designs. It has a production capacity of 3.2 million pieces of sanitary ware annually.

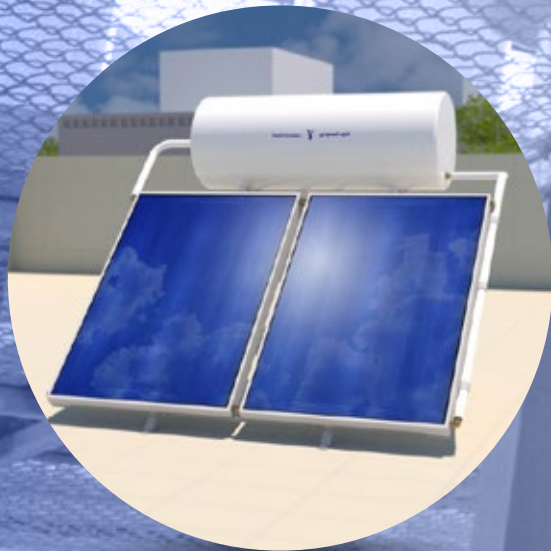
### The first sanitary ware factory

- Established in 1977

### The second sanitary ware factory

- Established in 2016





## HEATERS SECTOR

The Saudi Ceramic Company is the third largest producer in the world in the production of water heaters of all kinds, including solar and central heaters. In addition to the different sizes of vertical and horizontal water heaters with a production capacity of 2 million water heaters annually

### The first water heater factory

- Established in 1995

### The second water heater factory

- Established in 2009



## Other Sectors



### Red brick

Part of the company's manufacturing activity, and it is one of the most modern red brick factories in the region, with a production capacity of 30 million bricks annually.



### Plastics and supplements

It is one of the sectors that complement the company's various industries with the aim of achieving integration in manufacturing. The Company has also added a production line for water mixers to increase diversity in production.



### DESERT MINES

The company has a mining arm that helps it achieve integration of the manufacturing process. In 2008, the Company established that arm under the name of Desert Mines and expanded until it became a supplier to all the Company's factories and factories of other companies by increasing the demand internally and externally for several materials such as feldspar.



### Porcelain Pipes Factory and Company

In 2015, Saudi Ceramic participated in the establishment of the Ceramic Pipes Company, with the aim of manufacturing clay pipes used in the infrastructure of construction and housing projects. The annual production capacity is 40 thousand tons of clay pipes.



## THE QUALITY

**“We are committed to achieve the highest standards of quality in all operational and technical processes and to providing products with a quality that is consistent with the Company’s vision and legacy”.**

Since its inception, the company has paid great attention to matters of product quality to reach operational performance standards that ensure the establishment of the name of Saudi Ceramics as a product compatible with the highest standards with regional and international accreditations and certificates.

All materials used are carefully tested to ensure they are suitable and conform to all specifications.

The Saudi Ceramic Company is adding the latest in terms of factory automation to ensure higher operational efficiency and enhanced product quality. It is also keen to attract professional competencies to increase its quality assurance.

## Significance of our excellence

### Local Credits for Quality

- Winning the King’s Award for the ideal factory twice.
- The Saudi Quality Mark from the Standards, Metrology and Quality n (SASO) for all products
- Energy Efficiency Label (EEL) certificate and label from SASO for electric water heater products
- Water Efficiency Label (WEL) certification and label from SASO for sanitary ware products

### International accreditations for quality

- ISO-9001-2015 certification
- European Mark of Conformity (CE)
- Emirates Quality Mark
- Gulf conformity mark for electric water heater products (G-Mark)





# INDUSTRIAL SECURITY AND SAFETY

The Saudi Ceramic Company gives safety and industrial security a top priority, as the Company’s management believes in the importance of reducing risks by ensuring employee safety and promoting occupational health. As well as taking all appropriate preventive measures to reduce the occurrence of accidents to preserve lives and property

To achieve this, the Company is committed to the following:

1

The essential principles of the application of occupational safety and health, which is based on identifying risks and limiting them or reducing them to the permissible limit.

2

The occupational safety legislation in force in the Kingdom of Saudi Arabia, as well as the Company’s internal regulations.

3

Establishment and appropriate training, awareness-raising, and provision of necessary procedures and tools for employees for the optimal application of the Occupational Health and Safety Management System.

4

Continuous improvement of the development of systems and procedures of occupational health and safety management system.



# 3. BUSINESS SECTION







## Sales

The strategic plan of the Ceramic Company lies in reaching the largest segment of customers effectively by distributing its sales channels through wholesale to major distributors and sales of projects that meet the needs of the public and private sectors and expansion in the retail sector through its showrooms and presence throughout the Kingdom of Saudi Arabia in addition to the export channel outside the Kingdom. Focus has also been placed on activating online sales, and the Company has contracted with several international online stores to make products available to all customers and achieve growth in sales. The existence of these channels contributed to the promotion and presence of the company's products and increased its market share locally and regionally.

## THE COMPANY'S SALES CHANNELS

### Showrooms

Saudi Ceramics has 53 showrooms spread across the Kingdom.

### Wholesale

This channel sells products to major distributors and wholesalers. Which makes this channel a bridge to promote spread.

### E-Commerce

Ceramics gives the option to purchase its products online through the company's website and smart device applications

### Projects

Selling products directly to government and private projects is the primary goal of this channel.

### Export

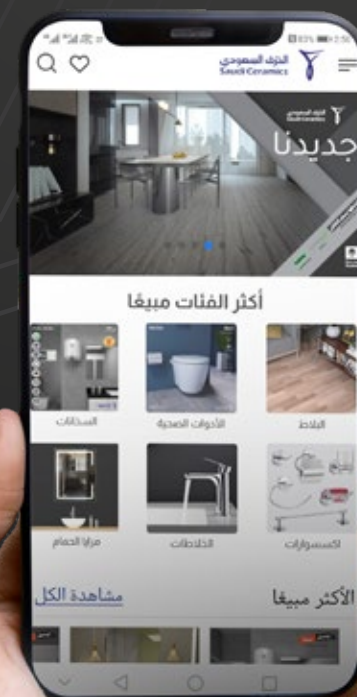
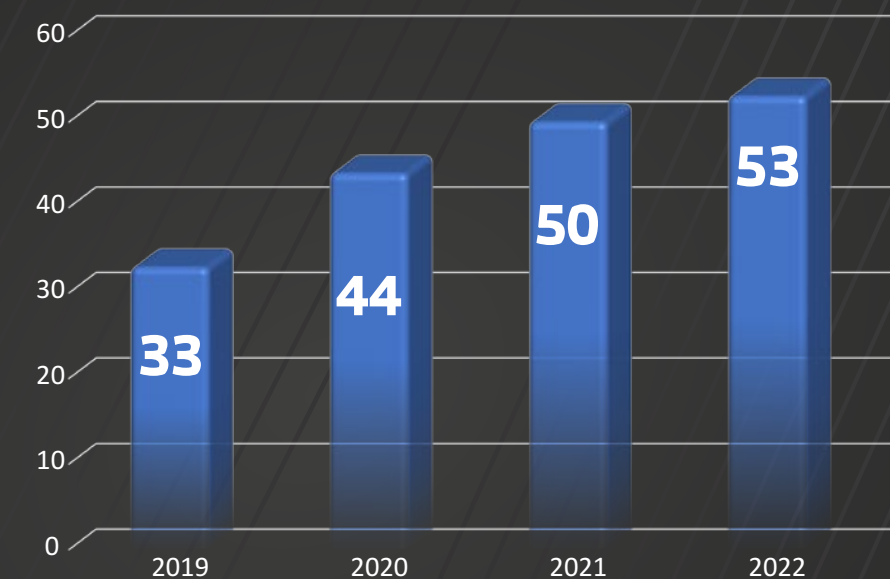
The export channel plays an important role in promoting sales abroad and expanding regionally and globally

## EXPANSION AND PROSPERITY

The Saudi Ceramic Company has increased the number of showrooms by opening showrooms in new locations and cities to increase the spread in the Kingdom of Saudi Arabia market through 53 showrooms by the end of 2022, serving 29 cities within the Kingdom.

The company pays attention to technology and how to present the products through the visual presentation and the use of the simulation method in the showrooms to provide a wonderful experience for the customer by facilitating his journey and meeting all his needs.

### Statement of the increase in showrooms over the years



## E-COMMERCE

E-commerce has enhanced the opportunity to expand the presence through the Saudi Ceramics website and application, which allows access to all customers around the Kingdom, and displays all products on the website and application, which facilitates the shopping and delivery process for the customer. This success has reinforced cooperation with the largest logistics companies to provide the best delivery and freight services.





### THE MOST IMPORTANT PROJECTS THAT CERAMICS HAS CONTRIBUTED TO RECENTLY

The Saudi Ceramic Company, with the quality of its products, was able to be present in the number of government projects and national housing projects, in addition to several projects for companies affiliated to the Public Investment Fund, by participating in the NEOM project and the Roshan National Real Estate Development Company. The company also contracted to supply its products to the government-affiliated Building Development Company (TBC). For the Ministry of Education, the Company also obtained credits for upcoming future projects, most notably the King Salman Garden affiliated to the Royal Commission for the City of Riyadh. This is the belief of those parties in the ability of the Ceramic Company to meet the standards and special requirements of such projects and their importance.

### EXPORT AND FOREIGN SALES

**“The Saudi Ceramic Company exports its products to more than 80 countries around the world.”**

The Saudi Ceramic Company has strengthened its presence regionally and internationally by exporting its products to the countries of the Gulf Cooperation Council, the Middle East, and North Africa, in addition to Europe. Which helped in the growth of its marketing network and our sales on a global scale. It is currently exported to nearly 80 countries around the world.





## Warehouses and deliveries

Due to the variety of ceramic products with its ownership of 15 factories and its presence in more than 29 cities around the Kingdom, this required the Company to develop its warehouses in accordance with the most prominent international standards in the logistics business to enhance and raise the operational efficiency of the Company's warehouses and to enhance control and inventory management in line with the expansion of sales and channels sales. The company currently owns 17 warehouses around the Kingdom with storage spaces exceeding 1.1 million square meters.

## Geographical distribution of branches

Public Administration  
King Fahd Road  
P.O. Box 3893, Riyadh  
11481  
Tel: 0118298888  
Fax: 0114627569

Sales Administration  
Tel: 0118298888  
Fax: 0114652124

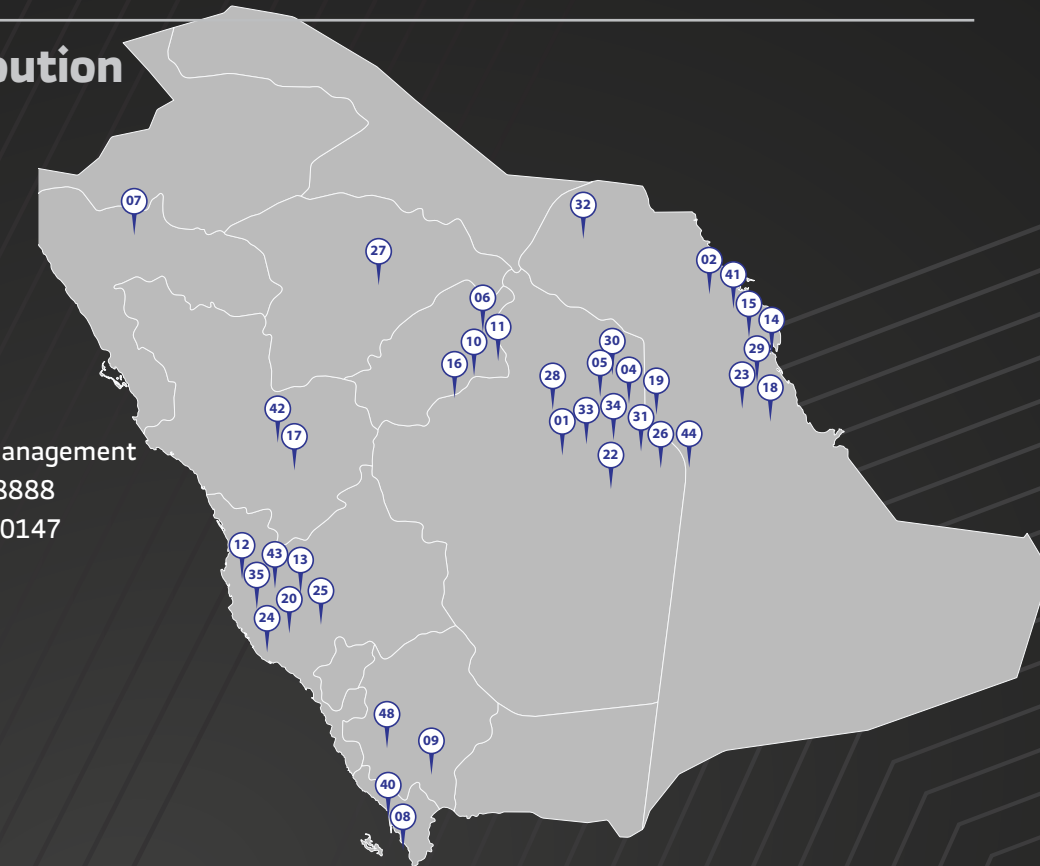
Marketing Management  
Tel: 0118298888  
Fax: 0114610147

### CENTRAL REGION

Regional Sales Department  
Fax: 0114652124  
AlOlaya gallery  
Takhasosi Gallery  
Malaz Gallery  
AlRawdah Gallery  
Al-Kharj Road Gallery  
Narjis Gallery  
Jasmine Gallery  
AlRimal Gallery  
Laban Gallery  
Shaqra Gallery  
Muzahimiyah Gallery  
AlShifa Gallery  
Dawadmi Gallery  
AlMajmmah Gallery  
Al-Kharj City Gallery  
AlMakhfad Center

### Western Region

Regional management and sales:  
Tel: 0127290056  
Fax: 0126299202  
Altahliyah Gallery  
AlHaramain Gallery  
AlTaif Gallery  
AlHawiyah Gallery  
Makka Gallery  
AlMadina Gallery (1)  
AlMadina Gallery (2)  
ALhamdaniyah Gallery  
Abhur Gallery  
AlGonfozah Gallery



### EASTERN PROVINCE

Regional Sales Department  
Tel: 0138340670  
Fax: 0138331764  
Dammam Showroom (1)  
Dammam Showroom (2)  
Dammam Showroom (3)  
Khobar Gallery  
Al-Ahsa Showroom (1)  
Al-Ahsa Showroom (2)  
Jubail Showroom  
Hafar Al-Bati Gallery

### QASSIM REGION AND NORTH

Regional Sales Department  
Tel: 0163816433  
Fax: 0163814872  
Buraydah Gallery  
Unaizah Gallery  
Al Rass Gallery  
Hail Gallery  
Tabuk Gallery

### Southern Area

Regional management and sales:  
Tel: 0172216311  
Fax: 0172216291  
Aseer Gallery  
Jazan Gallery (1)  
Jazan Gallery (2)  
Najran Gallery  
Sabia Gallery  
Bishah Gallery

### Health Pharmaceutical Factory

Tel: 0118298888  
Fax: 0114983971

### Ceramic Factory

Tel : 0118298888 / ext. 2112  
Fax: 0112650265 / ext. 3180

### Geysers Factory

Tel: 0118298888 / ext. 3015  
Fax: 0112650250



## Supply Chains

To achieve integration in the operational process, the Purchasing Department pays attention to improving the effectiveness and efficiency of supply chain operations, achieving the highest levels of operational efficiency in terms of commitment, cost, ensuring supply to manufacturing facilities, and strengthening control over the stages of supply and qualification of suppliers. The company is keen to open broader horizons to support local content by giving an opportunity to the national product in line with the Kingdom's Vision 2030. The Company seeks to automate its business and operating and development systems through the application of the most prominent systems in ERP, specifically SAP Ariba, which helps to enhance the management of sources, contracts and supplier management in all In terms of supply, purchase, billing, full compliance with all regulations and provisions, and transparency at all stages of supply chains.

## Digital Transformation and Automation

The Saudi Ceramic Company adopts several comprehensive development strategies in the technical and technical aspect with the aim of developing and activating the operational and sales processes to achieve leadership in the industrial, administrative, and financial fields. The company has recently sought digital transformation and automation through.

Technical services projects with several entities, such as the banking technology project through the provision of unified banking technology services with several banks, and the technical linkage project with several entities to provide financing services.

The priority of adopting updates in the internal systems and infrastructure of servers, such as working on a project to develop the ERP system in the company to SAP S/4HANA within the framework of striving to develop and manage business to achieve optimal performance, increase the effectiveness and security of information, unify its sources, and improve customer service. making operations more efficient and effective



The continuous development of industrial digitization projects from the smart gates project for the company's factory scales, managing managed services for printing systems (MPS) - at the level of all production lines in factories and planning production processes through the implementation of (SAP IBP) solutions through supply chain analysis, operations planning and sales and inventory.

Activating Fintech systems for the exhibition channel and website and implementing a set of initiatives and procedures that aim to raise the level of service and customer satisfaction. Digital transformation of all human resources and procurement systems in terms of managing procurement operations procedures at all stages and controlling spending operations.

## Marketing

**The Ceramic Company is constantly keen on developing and innovating its products with modern designs that meet the taste of our customers and help grow its business and achieve its goals.**

- The Marketing Department, through its team, is keen to study market trends and measure customer satisfaction
- Permanent improvement in the mechanism of communicating with customers through the website and social media channels and measuring customer satisfaction.
- Launching several marketing and promotional campaigns in all sales channels to introduce the company, its services and products, and the value offered by our brand.
- Ensuring the provision and improvement of after-sales services in line with the company's level of service.
- Continuing to spread the brand to increase reliability in the name of the company and achieve the overall marketing goals through development and improvement in the presentation of designs and products and the way advertisements are displayed.
- Attempting to have a continuous presence on all advertising means and platforms to increase targeted and potential customers
- Active participation in local and international exhibitions to find possible future sales opportunities.
- Renewing the company's identity through developing the designs of its exhibitions and adopting all modern ways to display the company's products.





## BUSINESS DEVELOPMENT

Through the Business Development Department, the company seeks to create a productive work environment that helps the company to develop its products and diversify its designs to ensure its continued leadership in the ceramics, sanitary ware, and heaters sector locally and regionally. One of the most prominent achievements at the level of product development.

01

Increasing sales by introducing new designs for ceramic and porcelain with approximately 62 designs and sizes during the year 2022 to suit the market demand.

02

Introducing 10 modern models of sanitary ware during the year 2022

03

Growth in sales of electric water heaters by adding many new features to the heaters and maintaining appropriate competitive prices.

04

Gradually updating about 200 designs of all sizes and replacing them with modern designs.

## Human Capital

The Ceramic Company believes that success and the underlying strength to achieve its goals begins with attracting and retaining the workforce by providing a lively and supportive environment.



### • EMPLOYEE DEVELOPMENT PROGRAMS

The fact that learning and development is one of the pillars of the company, the human capital and support services sector achieved during the year 2022 AD many achievements in various fields and was able to comply with the strategic plans and objectives set. Despite it being a year full of challenges, work has been done to develop new and flexible work patterns represented in raising the level of employee performance, designing specialized programs to attract, empower and retain talents, and design competitive incentives and privileges in the labor market.

### • LOCALIZATION

The human resources sector was able to achieve all approved Saudization targets announced by the Ministry of Human Resources and Social Development, due to the Company's belief in the importance of empowering Saudis in administrative, and technical positions as well as leadership to support the growth and job stability strategy

### • DIGITIZATION AND DEVELOPMENT OF PROCEDURES AND PROCESSES

The human resources sector implemented many digital transformation programs that raised the level of employee performance effectiveness and enabled the administration to automate human resource operations, attract talent, and support education and career development projects.

### • REGULATORY POLICY FRAMEWORK

The company believes that governance is the basis for the correct implementation of all its operational processes, including the human resources sector. Therefore, the human resources sector has been able to raise the level of governance and compliance by designing and updating many policies and procedures that have positively affected the procedural work patterns.

### • PERFORMANCE APPRAISALS AND INCENTIVES

The company relies on semi-annual and annual evaluation programs to monitor the performance of its employees with the aim of evaluating and developing performance and linking it to the approved incentive system to attract competencies in terms of wages, compensation and incentives related to the performance of sales, production, and support departments, as well as annual bonuses and bonuses related to creativity and innovation programs.





# 4- Financial Performance

An overview of the financial performance  
2022 results summary  
The main financial indicators  
main activities  
Subsidiaries  
investments  
Financial and accounting systems  
loans  
Financial Statements



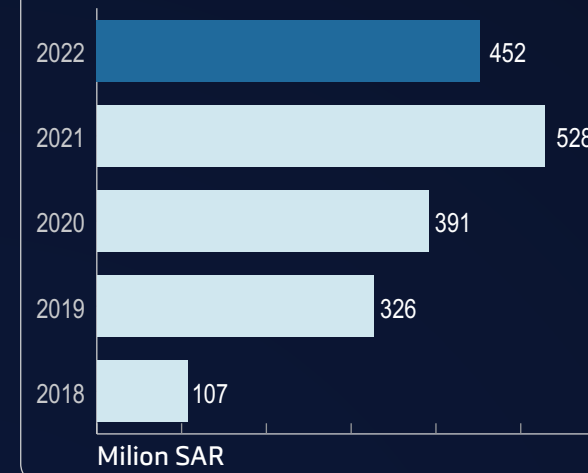
## A snapshot of the financial performance

During the year 2022, the company maintained the level of sales of last year by achieving net sales of 1.5 billion riyals. The company was affected by the increase in production inputs globally, which in turn affected the profit margins of the company's products compared to the previous year. The net profit witnessed a decrease, reaching 170 million riyals, with a decrease of 26% compared to 2021. This is due to the decrease in the gross profit margins of the products due to the increase in production costs and the increase in financing costs.

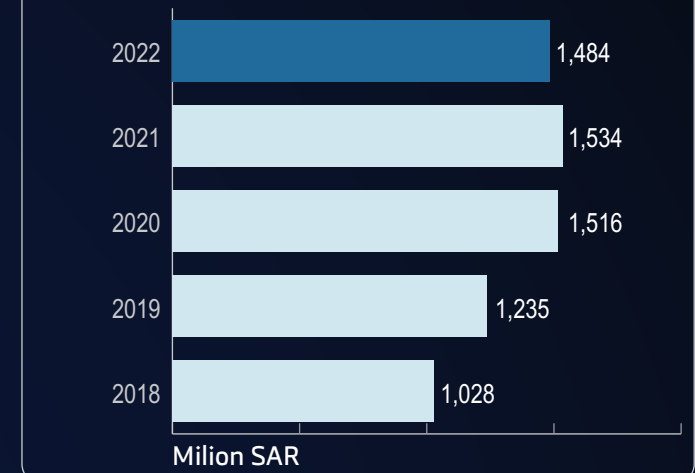
The company also worked to raise operational efficiency by reducing production costs, which had a positive impact on reducing the impact of the high raw materials and production inputs costs on the Company's results.

## Results summary 2022

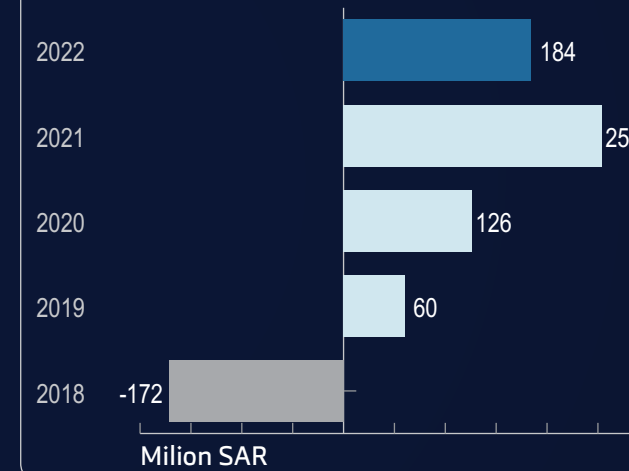
### Total Profit



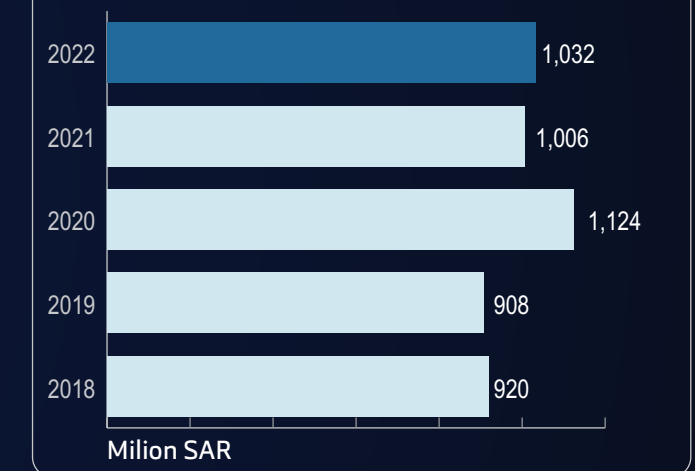
### Incomes



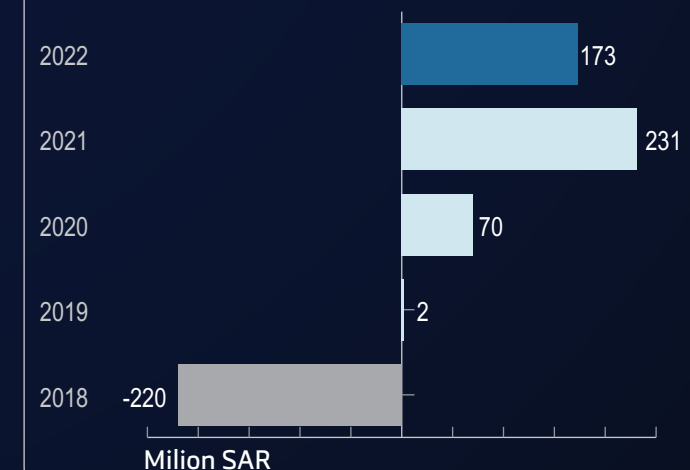
### Operational Profit



### Cost of Incomes



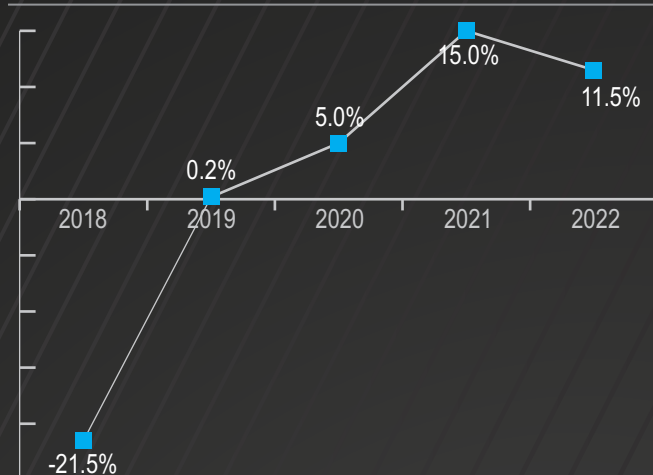
### Net Income



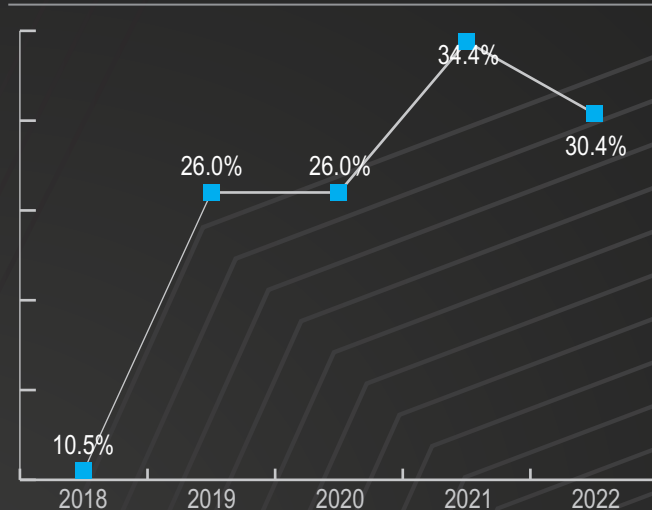


## KEY FINANCIAL INDICATORS

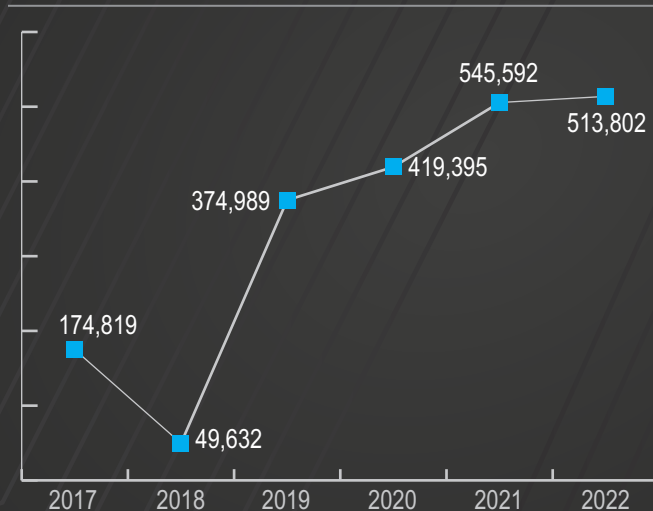
### Net profit



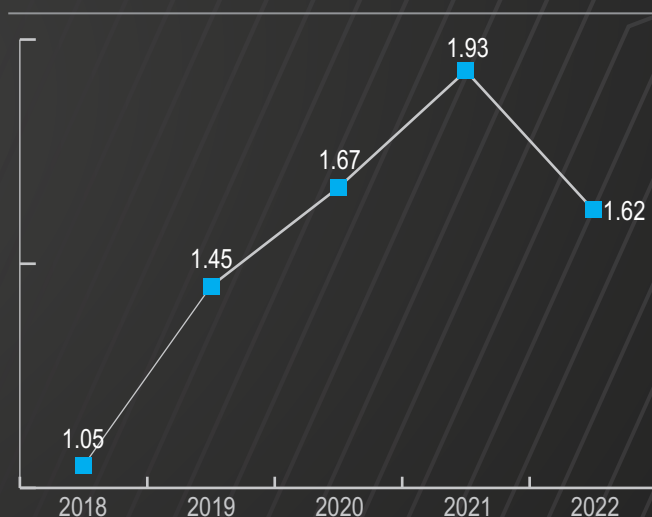
### Total profit



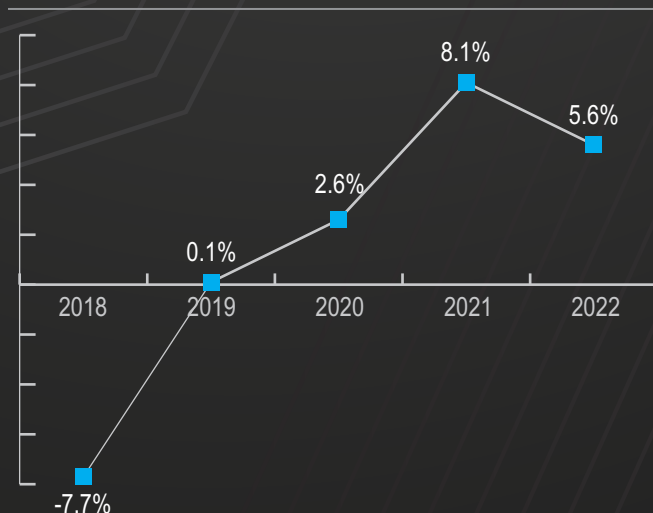
### Working capital



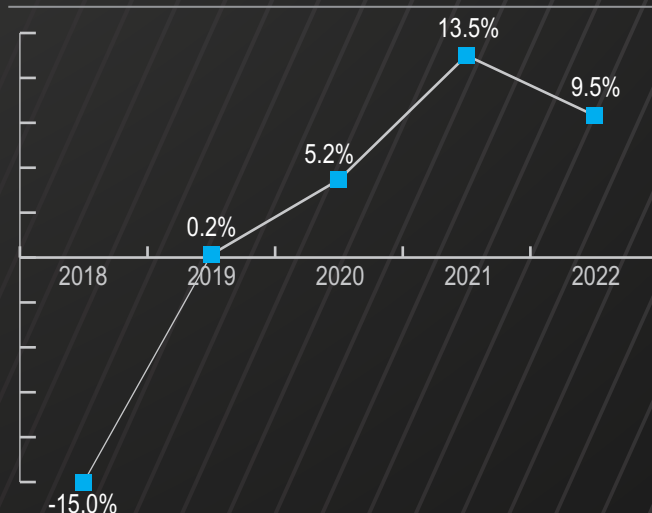
### Liquidity ratio



### Asset return rate



### Equity return rate



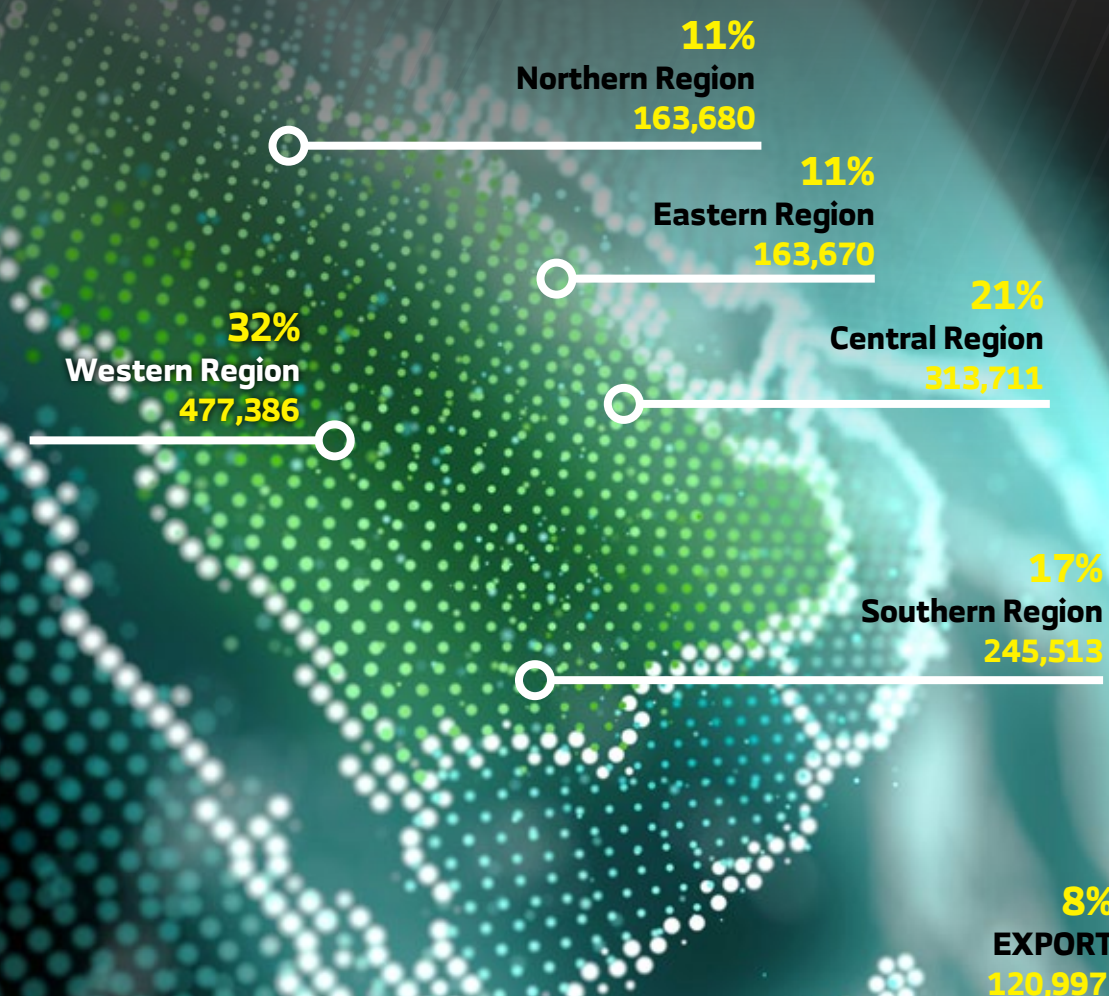
## Main Activities

Main activities in the company business volume and its participation in the results

ACTIVITY	MANUFACTURING AND RETAILS	MINING
Percentage	98.2%	1.8%
Activity Income	1,458 M	27M

## Geographical analysis for the company income and its affiliates

In thousands of Saudi riyals





## Subsidiaries



شركة الخزف للأنابيب  
Ceramic Pipes Company

### Ceramic Pipe Company

The Ceramic Pipes Company was established in 2007 AD as a closed Saudi joint stock company (CPC), in accordance with the decision of the Ministry of Trade and Industry No. 257 / Q dated 30, Commercial Registration No. 1010241426 and an industrial license / 2007/10/23 for the production of pottery pipes, connections and accessories, in order to meet to demand local and international markets for clay pipes, equipment and accessories.



Capital

**149**  
Million SR

Income

**18**  
Million SR

Property  
Percentage

**73.89%**

## 2. Arzan Company for Operation and Maintenance

The company's activities are represented in general contracting for buildings, maintenance, cleaning and operation of residential and commercial buildings, maintenance, and repair services for vehicles, buying and selling lands and real estate, managing, and developing it. The company is currently carrying out its work to serve the purposes of the parent company (Saudi Ceramic Company)



**ARZAN**

Property  
Percentage

**100%**

## 3. Ceramic Investment Company

The company's activities are represented in the wholesale and retail trade of ceramic products, water heaters and their various components, faucets and water mixers, plastic products, siphons, toilet seat covers, clay and plastic pipes of all kinds, shapes, sizes and accessories, elbows, connections, all kinds of terracotta tiles, import, export, wholesale and retail trade of machines, devices, and equipment.

- The company's activity has not started yet.

Property  
Percentage

**95%**





## Investments

### Natural Gas Distribution Company

- The Natural Gas Distribution Company is the leading company in the field of natural gas distribution (dry) and is considered one of the largest local companies, after Saudi Aramco in this field.
- The Natural Gas Distribution Company was established in Riyadh, Saudi Arabia

#### Capital

**50  
Million SR**



#### Property Percentage

**15.8%**

Continued development of the company's financial and accounting work procedures and mechanisms in line with growth and improvement in performance, and in a manner that ensures the strengthening of the internal control system.



The company continues to adhere to fulfilling the requirements of the Capital Market Authority and to comply with all legislations from the legislating authorities to ensure protection for stakeholders and investors.



Enhancing the integration between the financial work and each of the compliance department and the company's internal audit and risk management to strengthen the internal control system.



Continuing to attract national competencies and raising the rates of Saudization in financial and accounting positions, with the financial department developing a system of employee performance indicators (KPIs) to raise the efficiency of employees and achieve the Company's goals and vision.



### Financial and Accountant Systems

**Acknowledgement:  
The company has not announced any financial forecasts  
during the Year 2022**

### Zakat and Tax Status

The Saudi Ceramic Company submitted its zakat returns for the period ending on 12/31/2021 AD, and the company obtained the final zakat certificate, valid until 10/10/1444 AH, corresponding to 04/30/2023 AD. The declarations will be submitted for the year 2022 AD during the regular period.

The subsidiaries, specifically the Ceramic Investment Company, the Ceramic Pipes Company, and the Arzan Operation and Maintenance Company, submitted their zakat declarations for the period ending on 12/31/2021 AD, and the company obtained a valid zakat certificate until the date 10/10/1444 AH corresponding to 04/30/2023 AD, and the declarations will be submitted for the year 2022 AD during the regular period.

Regarding the value-added tax and withholding tax for the Saudi Ceramic Company, its declarations were submitted and paid on time.





## LOANS

### In thousands of Saudi Riyals

The following is a statement of the details of the long- and short-term loans obtained by the Company and its subsidiaries during their normal operations and activities:

#### (A) The Saudi Industrial Development Fund loan

The Company had previously obtained long-term loans from the Saudi Industrial Development Fund to finance expansions in factories for ceramic and porcelain tiles, sanitary ware, electric water heaters, and the red brick factory project, by guaranteeing the mortgage of the fixed assets of these factories.

The name of the donor	Balance on January 1, 2022	Loan term	Net repayment of the loan during the year	The balance is on December 31, 2022
Saudi Industrial Development Fund	104,193	long-term	65,343	38,850

#### (B) Loans from other government agencies:

The Company signed short-term Murabaha financing agreements in the Islamic Murabaha certificates to finance working capital with several government agencies to enhance its operational activities.

The name of the donor	Balance on January 1, 2022,	Loan term	The net proceeds of the loan during the year	The balance on December 31, 2022,
Government agencies	89,820	short term	(36,506)	53,297
Government agencies	74,781	short term	(20,100)	54,681

#### (C) Loans from local banks (long and short term)

The company obtained long- and short-term loan facilities using the Islamic Murabaha certificates from local commercial banks to finance the expansion of factories and with the guarantee of promissory notes in favor of the banks. These loans are repaid in installments during the year of unequal value.

The name of the donor	Balance on January 1, 2022	Loan term	Net repayment of the loan during the year	Net loan receipts during the year	Balance at 31 December, 2022
Local Banks		short term		45,438	45,438
Local Banks		short term		49,786	49,786
Local Banks		short term		65,359	65,359
Local Banks		short term		20,000	20,000
Local Banks	256,280	long term	(76,451)		227,329
Local Banks	62,526	long term	(13,894)		48,631

#### (D) Loan Guarantee (Subsidiary)

The Company guarantees the Saudi Industrial Development Fund loan granted to the Ceramic Pipes Company (a subsidiary) equivalent to its share in the capital as of December 31, 2022. The company also guarantees the Saudi Investment Bank loan granted as of December 31, 2022.

# Financial Statements



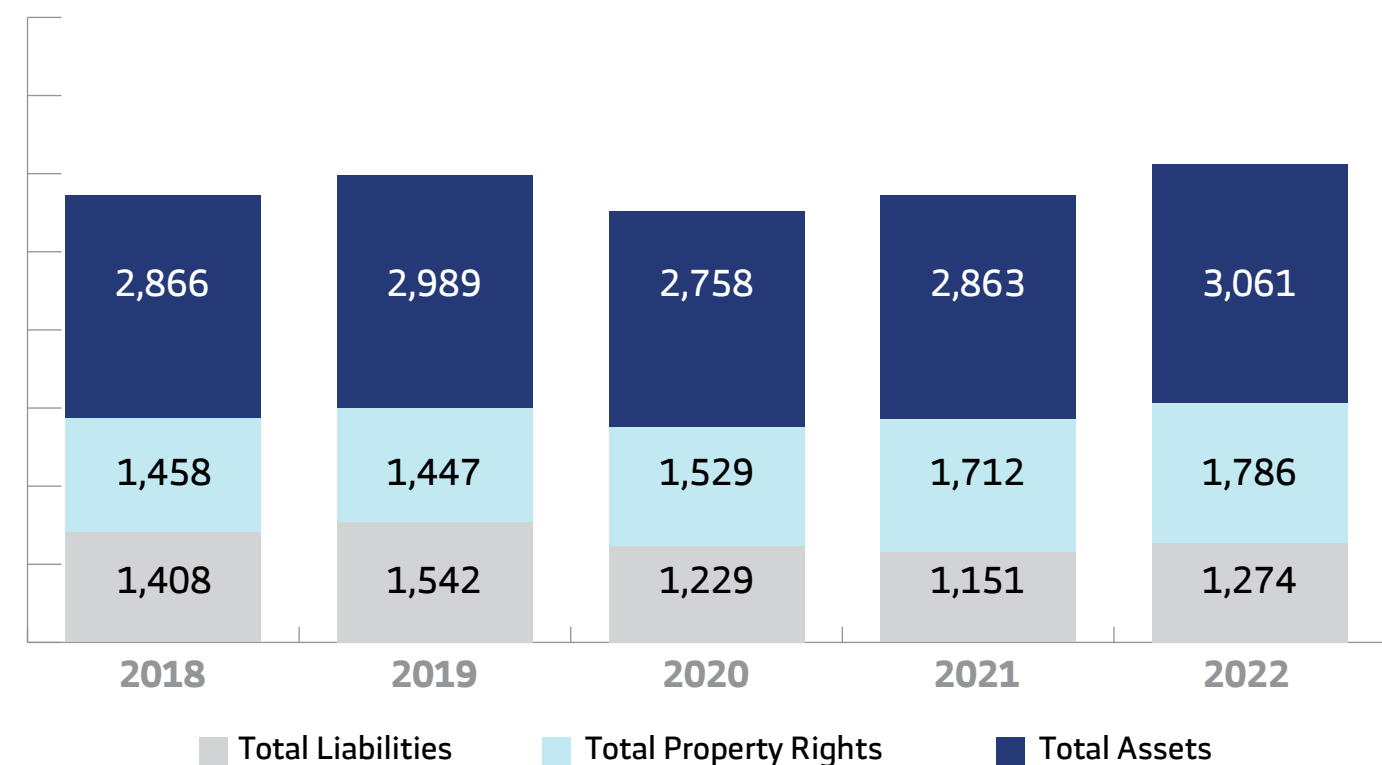
# 1- Statement of Financial Position

Item	2018	2019	2020	2021	2022
<b>Assets</b>					
<b>Current assets</b>					
Bank balances and cash on hand	48,008	100,231	68,689	109,646	70,693
Commercial debtors	279,112	351,160	327,178	293,558	311,183
Inventory	706,211	752,118	646,607	731,481	957,439
Derivative financial instruments	-	-	-	-	6,647
<b>Total current assets</b>	<b>1,033,331</b>	<b>1,203,509</b>	<b>1,042,474</b>	<b>1,134,606</b>	<b>1,345,962</b>
<b>Non-current assets</b>					
Financial assets, not current	11,649	6,952	7,746	7,987	7,422
Property, plant and equipment	1,811,386	1,705,095	1,623,827	1,640,698	1,611,045
Intangible assets excluding goodwill, net	929	510	202	-	-
Investments in associates and joint ventures	8,941	9,001	8,963	9,011	9,054
Other non-current assets		63,994	75,496	71,567	87,532
<b>Total non-current assets</b>	<b>1,832,905</b>	<b>1,785,552</b>	<b>1,716,234</b>	<b>1,729,263</b>	<b>1,715,053</b>
<b>Total assets</b>	<b>2,866,236</b>	<b>2,989,061</b>	<b>2,758,708</b>	<b>2,863,869</b>	<b>3,061,015</b>
<b>liabilities and equity</b>					
<b>liabilities</b>					
<b>Current liabilities</b>					
Current installment of long-term loans	<b>566,470</b>	292,447	201,171	234,841	211,938
Short term borrowings	<b>113,080</b>	221,255	85,045	-	160,551
Trade and other payables	<b>295,452</b>	286,345	297,322	317,675	416,044
Zakat provision	<b>8,697</b>	17,923	28,001	22,596	30,181
Current portion of lease liabilities		10,550	11,540	13,902	13,444
<b>Total current liabilities</b>	<b>983,699</b>	<b>828,520</b>	<b>623,079</b>	<b>589,014</b>	<b>832,158</b>
<b>Non-current liabilities</b>					
Debt securities, term loans, loans and sukuk issued	352,966	588,499	463,789	422,678	282,805
End of service benefits for employees	71,352	78,729	85,370	87,859	90,868
Other non-current liabilities		46,262	57,255	52,216	68,712
<b>Total non-current liabilities</b>	<b>424,318</b>	<b>713,490</b>	<b>606,414</b>	<b>562,753</b>	<b>442,385</b>
<b>Total liabilities</b>	<b>1,408,017</b>	<b>1,542,010</b>	<b>1,229,493</b>	<b>1,151,767</b>	<b>1,274,543</b>

## Property Rights

Item	2018	2019	2020	2021	2022
Partners Rights					
capital	600,000	600,000	600,000	800,000	800,000
treasury shares		(11,008)	(11,008)	(3,870)	(2,663)
statutory reserve	218,336	218,336	218,336	241,715	241,715
Retained earnings (accumulated losses)	590,535	599,022	674,474	630,112	707,454
other reserves					
Reserve available for sale	6,695	2,727	3,521	3,762	3,196
Ownership rights related to the owners of the parent company	1,415,566	1,409,077	1,485,323	1,671,719	1,749,702
Non-controlling interest	42,653	37,974	43,892	40,383	36,770
<b>Total equity</b>	<b>1,458,219</b>	<b>1,447,051</b>	<b>1,529,215</b>	<b>1,712,102</b>	<b>1,786,472</b>
<b>Total liabilities and equity</b>	<b>2,866,236</b>	<b>2,989,061</b>	<b>2,758,708</b>	<b>2,863,869</b>	<b>3,061,015</b>

Assets, liabilities and property rights chart from the fiscal year 2018 to 2022



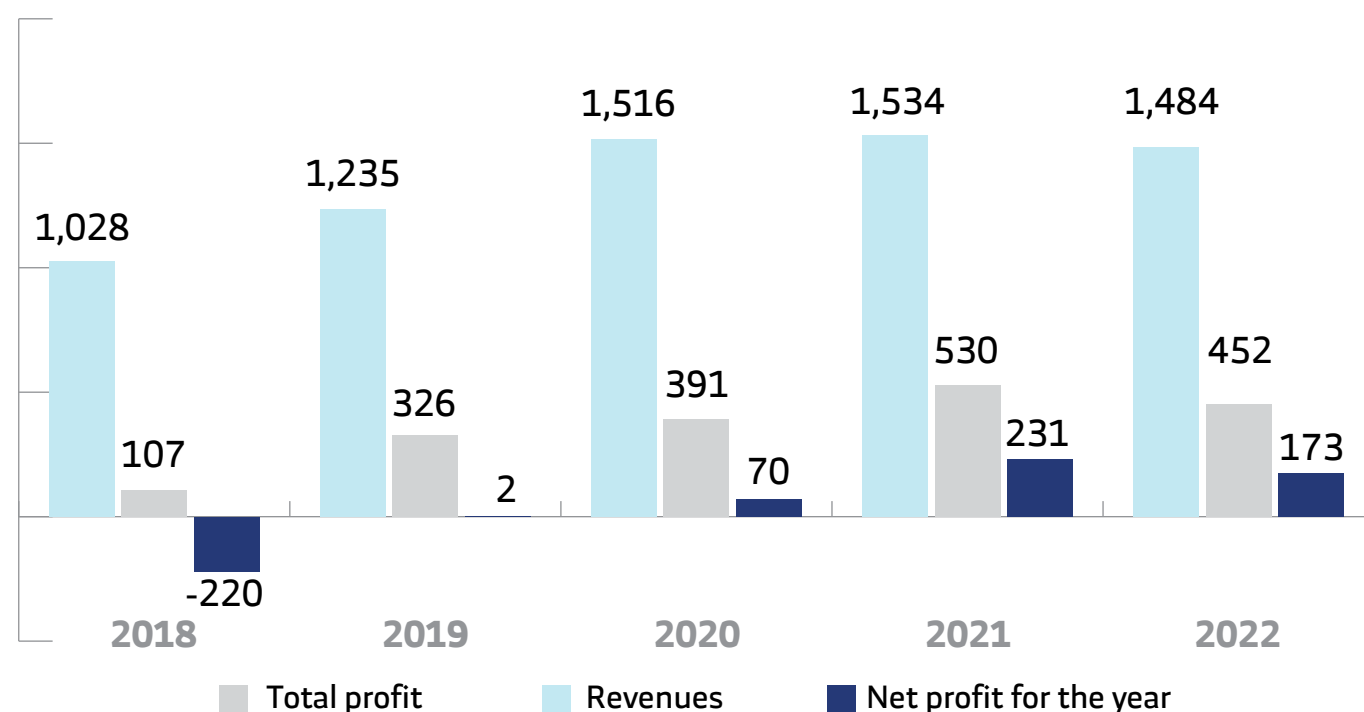


## 2- Statement of Income

In thousands of Saudi riyals

Item	2018	2019	2020	2021	2022
<b>Revenues</b>	<b>1,028,048</b>	1,235,085	1,516,060	1,534,770	1,484,958
Revenues Cost	(920,244)	(908,511)	(1,124,129)	(1,006,509)	(1,032,616)
<b>Total Profits</b>	<b>107,804</b>	<b>326,574</b>	<b>391,931</b>	<b>528,261</b>	<b>452,342</b>
General Administrative, and selling expenses	(280,595)	(266,185)	(265,291)	(276,571)	(267,592)
<b>Operating Profit</b>	<b>(172,791)</b>	<b>60,389</b>	<b>126,640</b>	254,276	<b>184,750</b>
Other Income	<b>12,381</b>	14,526	20,284	31,514	31,514
Financing Costs	(50,536)	(53,875)	(44,713)	(23,818)	(22,334)
Net profit before Legal Zakat	(210,946)	21,040	102,211	258,563	194,370
Legal Zakat	(9,658)	(18,569)	(31,723)	(26,784)	(24,115)
<b>Net Profit for the Year</b>	<b>(220,604)</b>	<b>2,471</b>	<b>70,488</b>	<b>231,779</b>	<b>170,255</b>
<b>Net Profit /Loss for the Year</b>					
Shareholders of the company	(214,577)	7,150	77,700	233,792	173,920
non-controlling interest	(6,027)	(4,679)	(7,212)	(2,013)	(3,665)

The following is a chart of total revenues, gross profit and net profit for the years from 2018 to 2022



## 3-Cash Flow Statement

In thousands of Saudi riyals

Item	2018	2019	2020	2021	2022
Net Operating Cash Flow	151,460	62,101	406,197	362,707	189,522
Net Investment Cash Flow	(129,511)	(8,961)	(34,984)	(135,453)	(87,502)
Net Financing Cash Flow	(53,237)	(917)	(402,755)	(186,291)	(140,971)
Net Cash Flow	(31,288)	52,223	(31,542)	40,957	(38,953)
Cash And Cash Equivalents at The Beginning of The Year	79,296	48,008	100,231	68,689	109,646
Cash And Cash Equivalents at The End of The Year	48,008	100,231	68,689	109,646	70,693





## **05- BUSINESS AND ENVIRONMENTAL AND SOCIAL GOVERNANCE FRAMEWORK**



## Business Governance

The company has been keen to implement the foundations and standards of governance to protect the company, ensure its sustainability and maximize the benefits of stakeholders. The Saudi Ceramic Company has established the principle of treating shareholders equally in appreciation of the importance of protecting their rights and interests in accordance with the corporate governance framework, which confirms the protection of shareholders' rights guaranteed by laws and regulations, and encourages positive cooperation between the company and the shareholders in order to create a successful and viable entity, and to build a relationship of trust between the company and the shareholders on the basis and principles of transparency, credibility, justice and equality, and to confirm the company's commitment to its role in providing all information that enables shareholders to exercise their rights in a transparent manner.

## Shareholders' Equity

### Voting rights:

The Company facilitates the shareholder's exercise of their right to vote and avoids putting in place any procedure that may hinder the use of the voting right. It also verifies that the shareholders' powers of attorney to attend the meeting of the shareholders' assembly are in writing and that they are not members of the board of directors or employees of the company. The company's articles of association stipulate that voting must be used. Cumulative when voting to elect the Board of Directors.

### Shareholders' rights in dividends:

Shareholders shall have rights to the annual net profits in accordance with what is stipulated in the company's dividend distribution policy. Shareholders are informed of this policy at the Company's general assembly meetings.

### Communication with shareholders and investors:

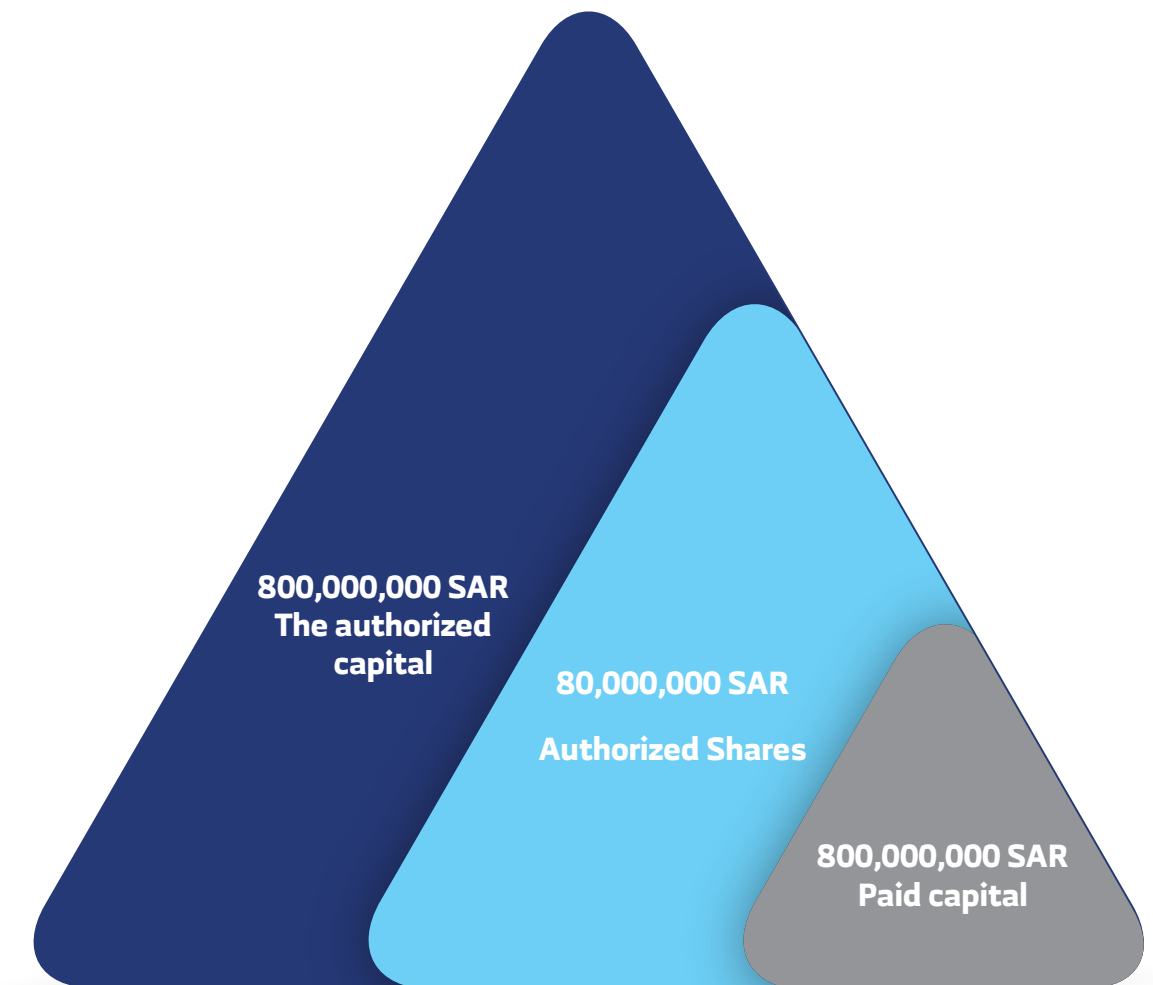
The company is committed to achieving the principle of fairness in providing appropriate information at the right time, for the purpose of assisting investors in making investment decisions based on correct and adequate information, as it informs them of the company's performance and activities through the annual report of its board of directors, as well as informing them continuously of any important development that may occur and be It has an impact on its financial position and business in a way that does not affect its competitiveness. The company is committed to implementing the disclosure policies and procedures in accordance with the relevant rules, regulations, and instructions. The company is working to strengthen communication channels with all local and foreign investors and is keen to participate in conferences and periodic meetings.

### Facilitate shareholders' exercise of their rights and access to information:

The company provides all information in a complete form to the general shareholders in accordance with the standards of disclosure without discrimination between them, and enables them to exercise their rights to the fullest extent, and it is keen that this information is sufficient, accurate and updated in a regular manner and at the specified dates, in a number of publications (the company's website and Tadawul website and local newspapers) in addition to the company's annual reports.

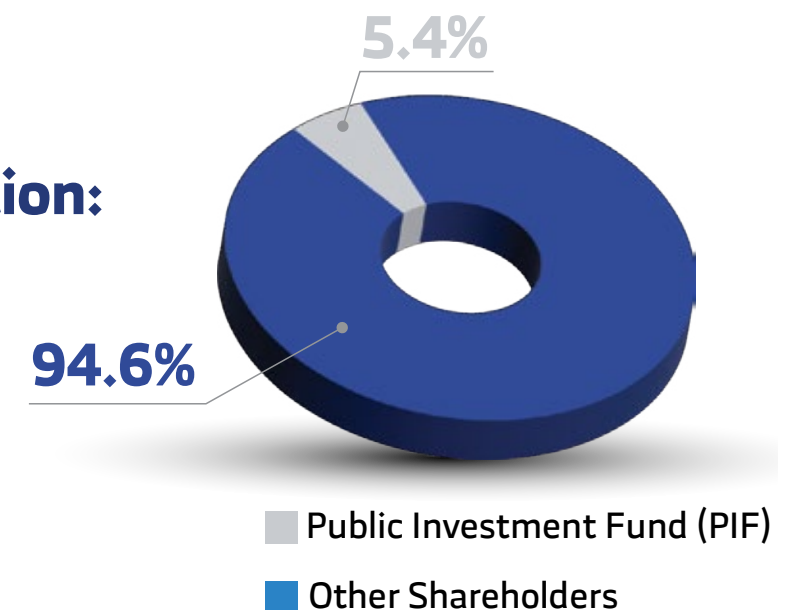
## The company's capital as of December 31, 2022

The company does not have preferred shares or shares that have priority voting rights for shareholders, members of the board of directors, or its employees, and that all the company's shares are ordinary shares of equal nominal value and equal voting rights and other rights according to the articles of association.



## Shareholders Information:

The following is a statement of the major owners who own 5% or more at the end of the year 31/12/2022:





## Treasury Stocks

During the year 2019, the company purchased treasury shares in accordance with the decision of the Extraordinary General Assembly of Shareholders held on 12/02/2019, with the aim of distributing them to senior employees to motivate performance and achieve goals as part of the employee grant program. The program started at the end of 2020 for a period of three years.

The purpose of the company's purchase of its shares	Percentage of total Issued Shares	Number of Shares	Statement
Personnel Shares Programs	0.2%	161 thousand	<b>Treasury Stocks</b>

## Profit Distribution

### Description of the Company's dividend policy:

#### (A) Dividend policy

According to the text of Article (54) of the company's bylaws, the company's net profits are distributed annually as follows:

1. (10%) of the net profits shall be set aside to form the company's statutory reserve, and the Ordinary General Assembly may decide to stop this transfer; When the aforementioned reserve reaches (30%) of the paid-up capital.
2. The Ordinary General Assembly, based on a proposal by the Board of Directors, may allocate a percentage of the net profits to form a general consensual reserve.
3. The General Assembly may decide to form other reserves to the extent that serves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders.
4. The remainder shall be distributed among the shareholders at a rate of not less than five (5) percent of the company's paid-up capital.
5. The General Assembly may approve the distribution of profits on an annual, semi-annual or quarterly basis, and the Board of Directors may be authorized to do so. The profits to be distributed to the shareholders shall be paid at the place and times determined by the Board of Directors in accordance with the controls and instructions issued by the Capital Market Authority.

#### (B) Distribution of cash dividends during 2022

The Board of Directors recommended the distribution of dividends to shareholders for the second half of the year 2021 at the rate of 0.75 riyals for each share, and they were disbursed in the first quarter of the year 2022. Statement of dividend distribution to shareholders for the fiscal year ending on December 31, 2022:

	Announcement Date	Due Date	Distribution Date	Profit Distributed Per Share
<b>1</b>	2022/02/17	2022/02/21	2022/03/03	0.75
<b>2</b>	2022/07/13	2022/08/01	2022/08/14	0.50

## Important Disclosures 2022

Important financial and other events in accordance with the controls and provisions regulating transparency and disclosure and presenting them to shareholders, investors and stakeholders. During the year ending on December 31, 2022, the Saudi Ceramic Company announced many important events addressed to the company's shareholders. Below is a summary of each of them, classified according to the date of the announcement:

No	Advertisement Date	Advertisement Title
<b>1</b>	February 17th	The Saudi Ceramic Company announces the distribution of cash dividends to shareholders for the second half of the year 2021
<b>2</b>	February 17th	Saudi Ceramic Company announces the annual financial results for the period ending on 12-31-2021
<b>3</b>	February 23	Saudi Ceramic Company announces inviting its shareholders to attend the Ordinary General Assembly Meeting
<b>4</b>	March 10th	The Saudi Ceramic Company announces the start date of electronic voting on the items of the Ordinary General Assembly meeting, the first meeting (reminder announcement)
<b>5</b>	March 17th	Saudi Ceramic Company Announcement of the Results of the Ordinary General Assembly Meeting (First Meeting)
<b>6</b>	April 4th	The Saudi Ceramic Company announces the appointment of the Chairman and Vice-Chairman, the formation of the board committees, and the appointment of company representatives to the Capital Market Authority and the Saudi Stock Exchange (Tadawul)
<b>7</b>	April 19th	Saudi Ceramic Company announces its interim financial results for the period ending on 31-03-2022 (Three Months)
<b>8</b>	April 27th	Saudi Ceramic Company announces a temporary suspension of natural gas supplies to some of its factories by the Natural Gas Distribution Company in the Second Industrial Zone in Riyadh
<b>9</b>	May 8th	Saudi Ceramic Company announces the latest developments regarding the temporary suspension of the supply of natural gas to some of its factories
<b>10</b>	July 13th	The Saudi Ceramic Company announces the distribution of cash dividends to shareholders for the first half of the year 2022
<b>11</b>	July 25th	Saudi Ceramic Company announces its interim financial results for the period ending on 2022-06-30 (Six Months)
<b>12</b>	October 17	Saudi Ceramic Company announces its interim financial results for the period ending on 2022-09-30 (Nine Months)



## Shareholders' Associations

### Shareholders' General Assembly's Meetings

During the fiscal year 2022, the Ordinary General Assembly of Shareholders was held on Tuesday 08/13/1443 corresponding to 02/23/2022, based on the Board of Directors' invitation addressed to the company's shareholders to attend the Ordinary General Assembly meeting, which was announced on the Saudi Stock Exchange "Tadawul" website. Accordingly, the meeting was held in the presence of the following members of the Board of Directors:

- Yousif Bin Saleh Aba Khail
- Abdulkarim bin Ibrahim AlNafih
- Abdulaziz Abdulkarim AlKhiraiji
- Sami Ibrahim AlEssa
- Abdullah Bin Turki AlSidairi
- Motib Bin Mohamed AlShathri
- Turki Bin Saud AlDail
- Majid Bin Abdullah AlEssa

The convening of the assembly and the shareholders' statements were announced at the assembly meeting, which were as follows:

Percentage	Number of Shares	Participant Numbers
57.57 %	46,061,520	269

**Thus, the convening of the assembly is valid in accordance with the companies' bylaws and the company's articles of association.**

### Board of Directors Items

- 1** Voting on the Board of Directors report for the fiscal year ending on 12-31-2021
- 2** Voting on the financial statements for the fiscal year ending on 12-31-2021
- 3** Voting on the company's auditor's report for the fiscal year ending on 12-31-2021
- 4** Voting on the election of the Board of Directors candidates' members for the next term, which starts from 08/29/1443 corresponding to 01/04/2022 and lasts for three years, ending on 02/10/1446 corresponding to 03/31/2025
- 5** Voting on the audit committee formation, define its tasks, work controls, and remuneration for its members for the new session, starting from 01-04-2022 until the end of the session on 03-31-2025. Note that the candidates are:  
1/ Majid bin Mohammed Al-Dakhil  
2/ Ahmed bin Suleiman Al-Muzaini  
3/ Abdul Aziz bin Abdul Malik Al Sheikh
- 6** Voting on authorizing the Board of Directors to distribute cash dividends on a quarterly/semi-annual basis for the fiscal year 2022
- 7** Voting on delegating the Board of Directors with the powers of the Ordinary General Assembly with the authorization contained in Paragraph (1) of Article 71 of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of the session of the delegated Board of Directors, whichever is earlier, in accordance with the conditions stated in the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.
- 8** Voting on the business and contracts concluded between the company and the Natural Gas Distribution Company - an associate company in which the CEO, Mr. Majed bin Abdullah Al-Essa, has an indirect interest, which is his representation of the company, whose main activity is in purchasing natural gas and distributing it to factories in the second industrial city in Riyadh. The value of transactions during the year 2021 amounted to (55.2) million Saudi riyals related to purchase orders.
- 9** Voting on the business and contracts concluded between the company and the Natural Gas Distribution Company - an associate company in which the CEO, Mr. Majed bin Abdullah Al-Essa, has an indirect interest, which is his representation of the company, whose main activity is in purchasing natural gas and distributing it to factories in the second industrial city in Riyadh. The value of transactions during the year 2021 amounted to (396) thousand Saudi riyals related to the dividends received.
- 10** Voting on the business and contracts concluded between the company and the Ceramic Pipes Company - a subsidiary company, in which the Vice Chairman of the Board of Directors, Mr. Abdul Karim bin Ibrahim Al-Nafie, has an indirect interest. It represents his representation of the company, and its main activity is in the manufacture and sale of clay pipes. The value of transactions during the year 2021 amounted to (19.7) million Saudi riyals related to loans and repayment of obligations.
- 11** Voting on the business and contracts concluded between the company and the Ceramic Pipes Company - a subsidiary company, in which the Vice Chairman of the Board of Directors, Mr. Abdul Karim bin Ibrahim Al-Nafie, has an indirect interest. It represents his representation of the company and its main activity is in the manufacture and sale of clay pipes. The value of transactions during the year 2021 amounted to (114) thousand Saudi riyals related to product sales.
- 12** Voting on the business and contracts concluded between the company and the Saudi Turken Company - in which a member of the Board of Directors and Chief Executive Officer, Eng. Majid bin Abdullah Al-Essa, has an indirect interest through his membership in the Board of Directors of BATIC Investment and Logistics Company, which owns 11.4% in the Saudi Turken Company, amounting to 11.4%. The value of transactions is (5.4) Million Riyals
- 13** Voting on the business and contracts concluded between the company and AXA Cooperative Insurance Company - in which the Chairman of the Board of Directors, Mr. Youssef bin Saleh Abelkhalil, has an indirect interest through his chairmanship of the Board of Directors of AXA Insurance Company. The value of transactions amounted to (238) thousand Saudi Riyals.
- 14** To vote on the appointment of the auditor of the company from among the candidates based on the recommendation of the Audit Committee; This is to examine, review and audit the financial statements for the (second and third) and annual quarters of the fiscal year 2022, and the first quarter of the fiscal year 2023, and determine his fees.



## Shareholders Register

- The number of the company's requests for the shareholder register, the dates, and reasons for those requests for the year 2022

Number of company application for	Application Date	Causes
<b>4</b>	(23), (24) February (24) April (6) may (3) March	Profit file
<b>1</b>	(16) March	General Assembly
<b>1</b>	(31) December	Company Procedures
<b>Total</b>	7 Records	

- The names of the members of the Board of Directors, members of the committees, and the executive management, their current and previous positions, and their qualifications and experiences.

### Board of Directors

#	Name	Current Job	Previous Job	Qualification	Experiences
<b>1</b>	Yousif Bin Saleh Aba AlKhail	Retired	Retired	Master of science and IT	He worked at the National Information Center/computer analyst and information networks administrator for 15 years. Participation in the presidency and membership of joint stock companies and their committees.
<b>2</b>	Abdulaziz Bin Abdulkarim Alkhraiji	CEO of El Kherei Investment Company Member of the Board of Directors, Managing Director, and Chairman of the Executive Committee Chubb Arabia Co-operative Insurance Company Chairman of the Board of Directors of Knowledge Enrichment Company for Education and Training Member of the Board of Directors and the Remuneration and Nominations Committee of the Saudi Ceramic Company Chairman of the Board of Directors, Echo Sports Society Company	Member of the Board of Directors and Risk Committee of Bedaya Home Finance Company Member of the Board of Directors of the Saudi RFIB Company	Bachelor's degree in management from King Fahd University of Petroleum and Minerals	Participation in the presidency and memberships of several companies

#	Name	Current Job	Previous Job	Qualification	Experiences
<b>3</b>	Sami bin Ibrahim Al-Essa	Director General of Internal Audit - General Organization for Social Insurance	Director General of Financial Control - General Organization for Social Insurance	Executive MBA	- Director General of Internal Audit at the General Organization for Social Insurance, from January 2012 to date. - Director General of Financial Control at the General Organization for Social Insurance, from June 2010 to December 2011. - Director of the Financial Control Department at the General Organization for Social Insurance, from July 2008 to June 2010. - Secretary of the Monitoring Committee, General Organization for Social Insurance, from 2012 to date.
<b>4</b>	Mutaib bin Muhammad Al-Shathri	Director of the Private Equity Funds Department, Public Investment Fund	Saudi Aramco management consulting company	Harvard University MBA	Saudi Aramco Company - management consulting from 2008 AD - 2013 AD. Riyadh International Food Company - Strategic Office from 2015 AD - 2017 AD. Public Investment Fund - Saudi investments from 2018 AD - until now.
<b>5</b>	Asim bin Saad Al-Juraid	Director of Registration and Contribution Solutions Department at the General Organization for Social Insurance	Director of the Digital Quality Department at the General Organization for Social Insurance Director of the Application Development Division at the General Organization for Social Insurance Project manager at the General Organization for Social Insurance	Master of Information Technology Management from St. Ambrose University	He worked in the General Organization for Social Insurance in several technical and administrative fields, starting with the development of financial systems, then supervisory, project management, application development, digital quality, and finally managing a product portfolio of registration and subscription solutions, which includes products for establishments, subscribers, subscriptions, and collection.



#	Name	Current Job	Previous Job	Qualification	Experiences
6	Majid bin Mohammed Al-Dakhil	Executive Vice President - Finance Sector Social Development Bank	Deputy Director General of Financial Control and Planning The Saudi Investment Bank	Bachelor of Science in Accounting King Saud University	More than 21 years in the banking business
7	Muhammad bin Abdul Mohsen Al-Qurainis	Executive Director of Investment in Assila Investment Company	-	Bachelor's degree in Chemical Engineering from Kuwait University	Distinguished practical experience in the field of investment and boards of directors of companies, as he previously worked in the management of investment portfolios and stocks with a number of investment companies, including the leading investment company, Jadwa Investment Company, and HSBC Arabia, and he also held the position of head of the local stocks department at Al-Ahly Capital. . He holds many courses and training in the administrative and financial fields.
8	Majid bin Abdullah Al-Issa	CEO of the Saudi Ceramic Company	CEO of BATIC Investment and Logistics Company CEO of the National Gypsum Company. Director of the Investment and Opportunity Development Fund at the Saudi Basic Industries Corporation (SABIC).	Bachelor's degree in Chemical Engineering from King Saud University in 2000 Master's degree in Industrial Management from the University of Cambridge in the United Kingdom in 2002 Fellowship of the American Institute of Management Accountants in America in 2011 Acquisition and Merger Certificate from Mergers and Acquisitions Experts Organization in America in 2014	CEO, board member and member of the executive committee of the Saudi Ceramic Company since 2020 until now. CEO of BATIC Investment and Logistics Company from 2019 to 2020. CEO, board member and executive committee member of the National Gypsum Company from 2016-2019. Director of the Investment and Opportunity Development Fund at SABIC from 2013-2016. Saudi Industrial Development Fund from 2000-2013.

## External Committee Members

### Abdulaziz bin Abdul Malik AlSheikh Member of Auditing Committee

#### Qualifications:

Master's degree in finance

#### Experience:

-Membership of the audit committee of listed companies

-GM Middle east Consulting: Market research, management consulting

- Samba: GM corporate Finance and Equity Advisory, Corporate banking chief of staff, corporate relationship manager, Derivatives Desk manager, Saudi Riyal dealer

CEO, Inmaia Real Estate Company  
Jarir Group, GM Kids Kingdom

### Ahmed bin Sulaiman Al-Mazini Member of Auditing Committee

#### Qualifications:

Master's degree in Public Administration

#### Experience:

Founder and Consultant President – Quality & Time Consulting

Co-founder – Sanad Business Services

The executive partner in charge of the financial consulting for TeamOne Financial Consulting Company

A Director of Financial Accounting at Al Bilad Bank (Saudi Joint Stock Company)

• Director of Regulatory Development Supreme Commission for Tourism

• Ernst & Young International

• An Executive Vice President of Finance and Support Services for Alargan Projects. • Deputy General Manager of Finance and Support Services for Saudi Automotive Services Co (SASCO)





• Executive Administration

#	Name	Current Jobs	Previous Jobs	Qualification	Experiences
1	Majid bin Abdullah Al-Issa	CEO of the Saudi Ceramic Company	CEO of BATIC Investment and Logistics Company CEO of the National Gypsum Company. Director of the Investment and Opportunity Development Fund at the Saudi Basic Industries Corporation (SABIC).	Bachelor's degree in Chemical Engineering from King Saud University in 2000 Master's degree in Industrial Management from the University of Cambridge in the United Kingdom in 2002 Fellowship of the American Institute of Management Accountants in America in 2011 Acquisition and Merger Certificate from Mergers and Acquisitions Experts Organization in America in 2014	CEO, board member and member of the executive committee of the Saudi Ceramic Company since 2020 until now. CEO of BATIC Investment and Logistics Company from 2019 to 2020. CEO, board member and executive committee member of the National Gypsum Company from 2016-2019. Director of the Investment and Opportunity Development Fund at SABIC from 2013-2016. Saudi Industrial Development Fund from 2000-2013.
	Eid Bin Abdullah AlEnazi	Executive Vice President for Technical Affairs at the Saudi Ceramic Company	Executive Vice President for "Ceramic" Affairs at the Saudi Ceramic Company	Bachelor of Science / Major in Geology	Executive Vice President for Technical Affairs at the Saudi Ceramic Company since 2018. Executive Vice President for "Ceramic" Affairs at the Saudi Ceramic Company (2017-2018). - General Manager of Tile Factories at the Saudi Ceramic Company (2013-2017 AD). - Director of the Tile Factory at the Saudi Ceramic Company (2009-2013 AD). - Production Manager at the Saudi Ceramic Company (2004-2009 AD). - Head of production at the Saudi Ceramic Company (2001-2004). - Production engineer at the Saudi Ceramic Company (2001-2001 AD). - Production officer at the Saudi Ceramic Company (1999 AD-2001 AD). - Trainee geologist at the Saudi Ceramic Company (1998-1999 AD).

#	Name	Current Jobs	Previous Jobs	Qualification	Experiences
3	Waleed Mohammed AlSalim	Chief Financial Officer of the Saudi Ceramic Company	Financial Director of the National Glass Industries Company (Glass)	PhD in Accounting and Governance and Fellow of the Organization of Certified Public Accountants	- Group CFO, Secretary of the Audit Committee, and member of the Governance Committee of the Board of Directors - National Glass Industries Company (Zajaj). Consultant at Circle Consulting Group. - Budget advisor at the Ministry of Municipal and Rural Affairs. - Member and trainer of the committee to enable the transition from the cash basis to the accrual basis (one of the financial balance programs - the Kingdom's Vision 2030). - Part-time consultant - Saudi Organization for Certified Public Accountants. Account Management Auditor - General Organization for Social Insurance. - Accountant - Saudi Pharmaceutical Industries Company. - Dean of the University Center for Community Service and Continuing Education - Imam Muhammad bin Saud Islamic University. - Vice Dean of the College of Economics and Administrative Sciences - Imam Muhammad bin Saud Islamic University.
	Yazeed bin Khalid Al-Marshoud	CIO, Saudi Ceramics Co.	Manager of Communications and Operation Department of the Ministry of Tourism		• CIO at Saudi Ceramics Co. since AD 2017. • CEO Consultant at TAQNIA Company for Defense and Security (2014-2015). • Manager of Communications and Operation Department of the Ministry of Tourism(AD 2009-AD 2017). • Assistant programmer at the General Organization for Social Insurance (GOSI) (AD 2005-AD2007). • Information Systems Analyst at SABB Bank for 2005.



- Names of companies inside or outside the Kingdom for which a board member is a member of its current and previous boards of directors or one of its managers:

Member Name	The names of the companies in which the board member is a member of its current boards of directors or one of its managers	Inside/ Outside the Kingdom of Saudi Arabia	Legal entity (listed joint stock / unlisted joint stock / limited liability / ....)	Names of companies whose board member was a member of their previous boards of directors or one of their managers	Inside/ Outside the Kingdom of Saudi Arabia	Legal entity (listed joint stock / unlisted joint stock / limited liability / ....)
Yusuf bin Saleh Aba Al-Khail	Chairman of the Board of Directors - Arabian Pipes Company Member of the Board of Directors - Arabian Cement Company Member of the Board of Directors - Gulf Insurance Group	Inside the Kingdom	Listed contribution	-	-	-
Abdulaziz bin Abdul Karim Al-Khereiji	Chubb Arabia Cooperative Insurance El Khereiji Investment Company Knowledge enrichment company for education and training Echo Sports Society Company	Inside the kingdom	Listed contribution. Limited liability Unlisted	Bedaya Home Finance Company 1- Saudi RFIB Reinsurance Brokerage Company 2- Comprehensive Real Estate Company 3- Ace Arabia Insurance Company	In the Kingdom    Out Side the kingdom	Unlisted contribution.
Sami Yen Ibrahim Al-Issa	-	-	-	-	-	-
Mutaib bin Muhammad Al-Shathri	Qassim Cement Company The Saudi Egyptian Company for Investments Tourism Development Company The Saudi Bahraini Investment Company The Saudi Jordanian Investment Company Innovative Energy Holding Company Deepa Ltd	In the Kingdom     Outside the Kingdom	Listed contribution  Contribution locked	-	-	-

Member Name	The names of the companies in which the board member is a member of its current boards of directors or one of its managers	Inside/ Outside the Kingdom of Saudi Arabia	Legal entity (listed joint stock / unlisted joint stock / limited liability / ....)	Names of companies whose board member was a member of their previous boards of directors or one of their managers	Inside/ Outside the Kingdom of Saudi Arabia	Legal entity (listed joint stock / unlisted joint stock / limited liability / ....)
Asim Bin Saad Al Jraid	-	-	-	General Joint Stock Co.	Inside the Kingdom	Hospitality Company
Majid bin Mohammed Al-Dakhil	Saudi Steel Pipe Company	Inside the Kingdom	Listed contribution.	Samah Credit Information Company	Inside the Kingdom	Closed Joint Stock
Muhammad bin Abdul Mohsen Al-Qurainis	The Saudi Investment Bank Taiba Investment Company Economic Knowledge City Company Watan Vision Company	Inside the Kingdom	Listed contribution.  With Limited Liability	-	-	-
Majid bin Abdul-lah Al-Issa	Ceramic Pipe Company Natural Gas Distribution Company Meshari Al-Shathri Engineering Consulting Company. Jazan Energy and Development Company	Inside the Kingdom	Closed Joint Stock  Joint Stock Closed Joint Stock Listed Joint Stock	-	-	-



• Board meetings during the fiscal year 2022

Member	Member Job	عدد الاجتماعات (5) اجتماعات				
		فبراير 16 م 2022	أبريل 03 م 2022	يونيو 15 م 2022	سبتمبر 14 م 2022	نوفمبر 23 م 2022
<b>Youssef bin Saleh Aba Al-Khail</b>	Chairman of the Board	✓	✓	✓	✓	✓
<b>Abdul Aziz bin Abdul Karim Al-Khereiji</b>	Vice Chairman of the Council	✓	✓	✓	✓	✓
<b>Sami bin Ibrahim Al-Essa</b>	Member	✓	✓	✓	✓	✓
<b>Mutaib Muhammad Al-Shathri</b>	Member	✓	✓	✓	✓	✓
<b>Asim bin Saad Al-Juraid</b>	Member	✓	✓	✓	✓	✓
<b>Majid bin Mohammed Al-Dakhil</b>	Member	✓	✓	✓	✓	✓
<b>Muhammad bin Abdul Mohsen Al-Qurainis</b>	Member	✓	✓	✓	✓	✓
<b>Majid bin Abdullah Al-Essa</b>	Member	✓	✓	✓	✓	✓

• Composition of the Board of Directors and classification of its members:

Member Name	Membership title
Youssef bin Saleh Aba Al-Khail	INDEPENDENT
Abdul Aziz bin Abdul Karim Al-Khereiji	NON-EXECUTIVE
Sami bin Ibrahim Al-Essa	NON-EXECUTIVE
Mutaib Muhammad Al-Shathri	NON-EXECUTIVE
Asim bin Saad Al-Juraid	NON-EXECUTIVE
Majid bin Mohammed Al-Dakhil	INDEPENDENT
Muhammad bin Abdul Mohsen Al-Qurainis	INDEPENDENT
Majid bin Abdullah Al-Essa	EXECUTIVE

## Procedures taken by the Board to inform its members of the shareholders' proposals and remarks:

The Board of Directors takes several procedures to inform its members, especially non-executives, of the shareholders' proposals and observations regarding the company and its performance through the meetings of the Board of Directors or the General Assembly, including the obligation of a member of the Board of Directors to attend the meetings of the General Assembly. Their suggestions and observations about the company and its performance. In addition, the articles of association of the company guarantee the shareholders in the meetings of the General Assembly to participate in the deliberations and discussions, and to enhance communication from the company's shareholders; The Board approved the disclosure policy and procedures that include procedures that guarantee shareholders the right to inquire, request information and answer their inquiries in a way that does not harm the interests of the company.

## Responsibilities and main functions of the Board of Directors:

The Board of Directors assumes all powers and authorities necessary to manage the company, and the by-laws clearly define its responsibilities and remuneration for members of the Board of Directors, and the Board of Directors has performed the tasks entrusted to it with responsibility, good faith, seriousness, and interest, and its decisions were based on adequate information, and a member of the Board of Directors represents all shareholders and is committed to what he achieves the interest of the company as a whole.

The Board also acquaints its new members with the work of the company, and ensures that the company provides adequate information about its affairs to all members through several mechanisms that include reviewing the minutes of meetings, procedures for following up on decisions and recommendations issued by the Board, the results of the work of committees emanating from the Board, and periodic reports issued by the company's management on its activity in addition to full information of unusual, unusual dealings or exchanged with other parties.

Among the most important basic functions that the Board of Directors undertakes are: adopting strategic directives and main objectives and supervising their implementation, developing a comprehensive strategy, main action plans, and risk management policy, reviewing and directing them, developing systems and controls for internal control and supervising them, preparing clear and specific policies, standards and procedures for membership in the Board Management and putting it into practice, developing a written policy that regulates the relationship with stakeholders in order to protect them and preserve their rights, including mechanisms for compensation for stakeholders, a mechanism for settling complaints or disputes in addition to appropriate mechanisms for establishing good relations with others and maintaining the confidentiality of information related to them, and rules of professional conduct for managers and the employees of the company so that it matches the sound professional and ethical standards and regulates the relationship between them and the stakeholders, and the company's social contribution, setting up a corporate governance system that does not conflict with the provisions of the governance regulations issued by the competent authority, setting performance goals and monitoring implementation and comprehensive performance, and periodic review and approval of the organizational and functional structures .

## Committees emanating from the Board of Directors

### • Executive Committee:

The Board of Directors issued the Executive Committee Regulations pursuant to Resolution No. [215] dated 03/16/1441 H corresponding to 11/13/2019 The committee consists of several members of the Board of Directors, provided that the number of its members is not less than three, and the term of membership of each member is not less than one year and not more than three years, and the term of membership in the Board of Directors does not exceed.

The committee undertakes all tasks and responsibilities that fall within the scope of its objectives and are determined by the Board of Directors, including - for example - reviewing and supervising the company's strategic policies and objectives, studying proposals and recommendations for projects for discussion and expressing views and recommendations on them before presenting them to the Board of Directors. Developing the necessary plans to monitor the financial-productive-practical performance to ensure the best results, and to study the investment opportunities offered to the company.



## • Board of Director

The Board of Directors appointed the following members to the Executive Committee as of 01/04/2022:

<b>Youssef bin Saleh Aba Al-Khail</b>	Chief of the Committee
<b>Sami bin Ibrahim Al-Essa</b>	Member
<b>Mutaib Muhammad Al-Shathri</b>	Member
<b>Majid bin Abdullah Al-Essa</b>	Member

The following is the number of Executive Committee meetings during 2022:

Member	Member Job	Number of Meetings (5)				
		14 Feb 2022	20 Apr 2022	08 June 2022	09 Sep 2022	21 Nov 2022
<b>Youssef bin Saleh Aba Al-Khail</b>	Chairman of the Board	✓	✓	✓	✓	✓
<b>Sami bin Ibrahim Al-Essa</b>	Member	✓	✓	✓	✓	✓
<b>Mutaib Muhammad Al-Shathri</b>	Member	✓	✓	✓	✓	✓
<b>Majid bin Abdullah Al-Essa</b>	Member	✓	✓	✓	✓	✓

## Audit Committee:

In accordance with the rules for selecting the Audit Committee, the term of their membership, and its method of work approved by the Ordinary General Assembly held on 04/17/1994, the Ordinary General Assembly held on 01/04/2007, and the Extraordinary General Assembly held on 04/19/2017, the Audit Committee is formed by a decision of the General Assembly members other than the executive members of the Board of Directors, based on the proposal of the Board of Directors, provided that their number is not less than three and not more than five, for a period of not more than three years and not less than one year, and they may be re-appointed for similar terms. The membership of the Committee ends with the end of the term prescribed for the Board of Directors. Among the members of the committee is a member specialized in financial and accounting affairs.

Among the tasks of the main audit committee is to ensure the adequacy and effectiveness of internal control procedures, verify the integrity and correctness of the financial statements, guide the selection of certified public accountants according to specific controls, review the quarterly and annual financial statements before their publication, and study the reports and observations submitted by both the chartered accountant and the internal audit department. And approving any work outside the scope of the audit work that they are assigned to while they are carrying out the audit work and expressing an opinion and recommendation on the preliminary and annual financial statements before presenting them to the Board of Directors.

The General Assembly, held on 03/16/2022, approved the formation of the current Audit Committee proposed by the Board of Directors, as of 01/04/2022.

The following is the number of meetings of the Audit Committee during the year 2022:

Member	Member Job	Number of Meetings (5)				
		2nd (18 Apr 2022)	3rd (13 June 2022)	4th (24 June 2022)	5th (16 Oct 2022)	6th (06 Dec 2022)
Ahmed AlMozaini	Chairman of the Board	✓	✓	✓	✓	✓
Majid bin Mohammed Al-Dakhil	Member	✓	✓	✓	✓	✓
Abdulaziz Al Alshaikh	Member	✓	✓	✓	✓	✓

## • Remuneration and Nominations Committee:

The Remuneration and Nominations Committee shall be composed by a decision of the Board of Directors of several members of not less than three and not more than five selected by the Board of Directors from among the non-executive members, provided that at least one of them is an independent member. The term of membership of the Committee is three years, ending at the end of the term of the Board of Directors. The term of the member of the Board of Directors elected among the members of the Committee is linked to the term of his membership in the Board. The Committee may be re-appointed after a new Board of Directors is elected at the beginning of each Board session.

Among the tasks of the committee is to propose clear policies and criteria for membership in the Board of Directors and the Executive Management, recommending to the Board of Directors the nomination and re-nomination of its members in accordance with the approved policies and criteria, preparing a clear policy for rewarding members of the Board of Directors and committees emanating from the Board and the Executive Management, and periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the goals and recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees and senior executives of the company in accordance with the approved policy.

## • Reward Policy:

1/ The consistency of rewards with the company's strategy and objectives and with the size, nature, and degree of risks it has, in order to urge the members of the Board of Directors and the executive management to achieve the company's strategy and objectives

2/ Remunerations are determined based on the job level, tasks and responsibilities entrusted to its occupation, academic qualifications, practical experience, skills, and level of performance.

3/ The remuneration of the members of the Board of Directors may vary in amount to reflect the extent of the member's experience, competencies, and tasks entrusted to him, his independence, and other considerations.

4/ The entitlement to the council member's reward must be commensurate with the number of sessions attended by the member, and every estimate that is contrary to That would be invalid.

5/ The member deserves the reward starting from the date of his joining the council or the committee and according to the duration of his membership.

6/ If the remuneration is a specific percentage of the company's profits, then this percentage may not exceed (10) of the net profits, after deducting the precautions decided by the General Assembly in implementation of the provisions of the system and the company's bylaws, and after distributing a profit of not less than (5) to the shareholders. of the company's capital.

7/ The remuneration of the independent members of the Board of Directors should not be a percentage of the company's profits or be based directly or indirectly on the company's profitability.



## Clarifying the relationship between the granted rewards and the applicable rewards policy and indicating any material deviation from this policy.

The Department of Administration - a construction on the recommendation of the reward and nomination committee - is settled by the member of the administration and the member of the committee from the members of the Department of Management and the members of the committee from other than the members of the administration and the largest of the executives, according to the approved organizations and the accredited organizations and the Executives approved by the company's general assembly. Accordingly, the member deserves the rewards granted to him based on that, and accordingly there is no fundamental deviation from the applicable policy.

The Board of Directors appointed the following members to the Remuneration and Nomination Committee as of 01/04/2022:

<b>Muhammad bin Abdul Mohsen Al-Qurainis</b>	Chief of The Board
<b>Abdul Aziz bin Abdul Karim Al-Khereiji</b>	Member
<b>Asim bin Saad Al-Juraid</b>	Member

The following is the number of meetings of the Remuneration and Nomination Committee during the year 2022:

Member	Membership Nature	Number of Meetings (2)	
		03 Nov 2022	28 Dec 2022
Muhammad Abdul Mohsen Al-Qurainis	Chief of the Board	✓	✓
Abdul Aziz bin Abdul Karim Al-Khereiji	Member	✓	✓
Asim bin Saad Al-Juraid	Member	✓	✓

### Means of evaluating the performance of the Council and the performance of its committees and members

On 11/13/2019, the Board of Directors approved the start of evaluating the performance of the Board of Directors and its committees through a survey that is filled out annually, in which it identifies the weaknesses and strengths of the Board of Directors and its committees. As of January 1, 2020, the performance evaluation of the Board and its committees began.

#### External Audit

During its meeting held on 08/14/1443 H corresponding to 03/16/2022, the General Assembly of the company's shareholders approved the selection of AbdelGadir Bannaga and Partners RSM Company, certified public accountants, to carry out auditing of the company's accounts for the year 2022, including the quarterly financial statements (the second and third quarters of the year 2022 and the first quarter of the year 2023)

#### Provisions of corporate governance regulations

The Board of Directors approved the Corporate Governance Regulations (the third issue) on 06/15/2022, which are compatible with the provisions of the relevant regulations and the Governance Regulations issued by the Capital Market Authority and the best practices. 8-16-2017 and dated 05/16/1438, except for the guiding provisions mentioned below, during the fiscal year 2022:

Article / Clause No	Article / Clause Content	Reasons for non-application
(70)	Formation of a risk management committee (indicative)	The Board of Directors does not see the need to form an independent committee for risk management at the present time, as the Board of Directors, in its meeting on November 25, 2020, assigned the Audit Committee to add the tasks of the Risk Committee to its duties.
(71)	Terms of reference of the risk management committee (indicative)	The Audit Committee assumes the functions of the Risk Committee
(72)	Risk Management Committee meetings (indicative)	The Audit Committee assumes the functions of the Risk Committee
(95)	Formation of the Corporate Governance Committee (indicative)	The Board of Directors of the company and its committees monitor and implement the governance regulations and verify their effectiveness.

## Remunerations of the members of the Board of Directors, its committees, and the executive management

The tables below show details of the remunerations paid to each of the members of the Board of Directors, members of the committees, and five senior executives who received the highest remunerations from the company, including the CEO and the Chief Financial Officer. In accordance with the policy approved by the General Assembly that held on 04/26/2018.

### • Remunerations of members of the Board of Directors:

	(المكافآت الثابتة (بالآلاف)						(المكافآت المتغيرة (بالآلاف)				End of services in thousand	Total in thousand	
	Annual Remuneration	Allowance for attending council sessions	Total allowance for attending committee sessions	Kind advantages	Technical, administrative, and advisory work reward	Remuneration of the Chairman, Managing Director, or Secretary, if he is a member	Total	percentage of profits	Periodic bonuses	Short term incentive plans			Long term incentive plans

#### First: Individual Members

1 - Yusuf bin Saleh Aba Al-Khail	300	15	15	-	-	-	330	-	-	-	-	-	-	-	330
2- Majid bin Mohammed Al-Dakhil	300	12	15	-	-	-	327	-	-	-	-	-	-	-	327
3 - Muhammad bin Abdul Mohsen Al-Qurainis	300	12	6	-	-	-	318	-	-	-	-	-	-	-	318
Total	900	39	36	-	-	-	975	-	-	-	-	-	-	-	975

#### Second: Non-executive members

1- Abdul Aziz bin Abdul Karim Al-Khereiji	300	6	6	-	-	-	321	-	-	-	-	-	-	-	321
2- Sami bin Ibrahim Al-Essa (GOSI)	300	12	12	-	-	-	327	-	-	-	-	-	-	-	327
3- Mutaib bin Muhammad Al-Shathri (Public Investment Fund)	300	15	15	-	-	-	330	-	-	-	-	-	-	-	330
4- Asim bin Saad Al-Juraid (GOSI)	300	6	6	-	-	-	318	-	-	-	-	-	-	-	318
Total	1,200	57	39	-	-	-	1,296	-	-	-	-	-	-	-	1,296

#### Third: Executive Members

1- Majid Bin Mohamed Alessa	300	15	15	-	-	-	330	-	-	-	-	-	-	-	330
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**\*Remunerations and attendance allowances for membership of the Board of Directors for representatives of the Public Investment Fund are paid to the legal entity as representatives of this entity.**



• Committee Members' Rewards:

Statement	Fixed remuneration (except for attendance allowance)	Allowance for attending sessions	Total
Audit Committee Members			
Ahmed AlMozaini	100,000	18,000	118,000
Magid AlDakhil	100,000	18,000	118,000
Abdulaziz Al Alshaikh	100,000	18,000	118,000
<b>Total</b>	<b>300,000</b>	<b>54,000</b>	<b>354,000</b>
Members of the Remuneration and Nominations Committee			
Muhammad bin Abdul Mohsen Al-Qurainis	30,000	6,000	36,000
Abdul Aziz bin Abdul Karim Al-Khereiji	30,000	6,000	36,000
Asim bin Saad Al-Juraid	30,000	6,000	36,000
<b>Total</b>	<b>90,000</b>	<b>18,000</b>	<b>108,000</b>
Executive Committee Memebres			
Yusuf bin Saleh Aba Al-Khail	50,000	15,000	65,000
Sami bin Ibrahim Al-Essa	50,000	12,000	65,000
Mutaib bin Muhammad Al-Shathri	50,000	15,000	65,000
Majid bin Abdullah Al-Issa	50,000	15,000	65,000
<b>Total</b>	<b>200,000</b>	<b>57,000</b>	<b>257,000</b>

• Remunerations of senior executives

Senior Executives jobs	Fixed Rewards					Changed Rewards					End of Services Rewards	Total remuneration of executives from the board and committees if any	Grand Total
Statement	Salaries	Allowances	Advantages in kind	Total	Periodical rewards	Profits	Short term incentive plans	Long term incentive plans	Granted shares value to be entered	Total			
CEO of the company*													
Vice President for Technical Affairs													
Chief Financial Officer													
Chief Sales Officer													
Executive Director of Human Resources (In Charge)													
<b>Total</b>	<b>4,240,826</b>	<b>1,814,564</b>	<b>-</b>	<b>6,055,390</b>	<b>3,249,194</b>	<b>-</b>	<b>115,566</b>	<b>-</b>	<b>-</b>	<b>3,364,760</b>	<b>-</b>	<b>-</b>	<b>9,420,150</b>

\* The company has committed to disclose the remuneration of members of the Board of Directors, committees, and senior executives in total, in accordance with the statutory requirements contained in the fourth paragraph of Article (93) of the Corporate Governance Regulations.



#### A description of any interest of the members of the Board of Directors, Senior Executives, and their relatives

• A description of any interest, contractual securities, and subscription rights belonging to members of the Board of Directors and their relatives in shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the fiscal year 2022:

Sr#	The name of the person to whom the interest, contractual papers or subscription rights belong	The beginning of the year		Year End		Net Change	Percentage Change
		No of Shares	Debt Tools	No of Shares	Debt Tools		
First: Members of the Board of Directors							
1	The General Organization for Social Insurance, represented by: Sami bin Ibrahim Al-Essa Asim bin Saad Al-Juraid	11,526,799		3,537,454	-	7,989,345	-69%
2				-	-	-	-
3	The Public Investment Fund is represented by:	4,320,397	-	4,320,397	-	-	-
	Mutaib bin Muhammad Al-Shathri	-	-	-	-	-	-
4	Abdul Aziz bin Abdul Karim Al-Khereiji	16,000	-	16,000	-	-	-
5	Yusuf bin Saleh Aba Al-Khail	432,798		1,347,917		915,119	%211
6	Majid bin Abdullah Al-Issa	-		15,625		15,625	%100
7	Muhammad bin Abdul Mohsen Al-Qurainis	11		2,223		2,212	%99.5
8	Majid bin Mohammed Al-Dakhil	-	-	-	-	-	-
Second: Relatives of the members of the Board of Directors							
	Yusuf bin Saleh Aba Al-Khail - wife and minor children	19,200	-		-		-

• A description of any interest, contractual securities, and subscription rights belonging to senior executives and their relatives in shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the fiscal year 2022:

There are no interest, contractual securities, or subscription rights belonging to senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and there is no change in that interest or those rights during the fiscal year 2022.

#### RELATED PARTIES

The following are the balances and details of transactions with related parties during the year 2022:

Related Party	Relationship type with the company	Transaction Type	Its duration	Its Value
Natural Gas Distribution Company	associate company	Purchase Orders Dividend	Not Specified Not Specified	42.8 Million SAR 396 Thousand SAR
Ceramic Pipe Company	subsidiary	Loans and Repayment of Obligations Product Sales	Not Specified Not Specified	17,8 Million SAR 1,9 Million SAR
Saudi Turken Company	Indirect relationship to the CEO and a member of the Board of Directors	Transport Services	Year	4.6 Million SAR
AXA Cooperative Insurance Company	Indirect relationship to the Chairman of the Board of Directors	Insurance Policy	Year	9,5 Thousand SAR
Saudi Transport and Investment Company (Mubarrad)	Indirect relationship to the CEO and a member of the Board of Directors	transport services	Year	1,4 Million SAR
CHUBB Cooperative Insurance Company	Indirect relationship to Vice Chairman of the Board of Directors	Insurance Policy	Year	447 Thousand SAR

A statement of the business and contracts to which the company is a party and in which there is an interest for a board member or senior executives or for any person related to any of them

None of the members of the Board of Directors, the Chief Executive Officer or the Chief Financial Officer has any material interest (direct or indirect) in business or contracts concluded for the company during the year 2022, except for what is shown below:

Within its normal commercial activities, the company deals with related parties, as it purchases gas from the Natural Gas Distribution Company (an invested associate company) and deals with the Ceramic Pipes Company (an invested subsidiary) in various transactions. Note that the related parties are dealt with on the same terms as commercial dealings with other parties not associated with the company.

Company Name	Work/ contract Nature	Work/ Contract Amount	Work/ Contract Period	Work/ Contract Terms & condition	Name of the member/senior executives or any related person
Natural Gas Distribution Company (associate company)	Purchase Order	42,870,229	Indefinite duration	These are continuous commercial contracts and transactions that take place in the normal course of business and according to the prevailing commercial terms and without any preferential dealings.	An indirect interest through the membership of Eng. Majid bin Abdullah Al-Essa - each of the Board of Directors of the Saudi Ceramic Company and Natural Gas Distribution Company
	Profit Dividends	396,666.50	Indefinite duration		
Ceramic Pipe Company (subsidiary)	Loans and repayment of obligations	17,868,423	Indefinite duration	These are continuous commercial contracts and transactions that take place in the normal course of business and according to the prevailing commercial terms and without any preferential dealings.	An indirect interest through the membership of Eng. Majid bin Abdullah Al-Essa - each of the Board of Directors of the Saudi Ceramic Company and Ceramic Pipe Company .
	Products sales	1,901,141	Indefinite duration		
Saudi Turken Company	Company products Transfer	4,638,576	2022	Member of the Board of Directors and Chief Executive Officer	An indirect interest through the membership of Eng. Majid bin Abdullah Al-Essa - in the BATIC Investment and Logistics Company, which owns 14% in the company
AXA Cooperative Insurance Company	Insurance Policy	9,564	2022	Without preferential advantage.	Indirect interest through the chairmanship of Mr. Youssef bin Saleh Aba Al-Khail each of the Board of Directors of the Saudi Ceramic Company and AXA Cooperative Insurance Company
Saudi Transport and Investment Company (Mubarrad)	Company products Transfer	1,453,649.21	2022	Without preferential advantage.	An indirect interest through the membership of Eng. Majid bin Abdullah Al-Essa - in the BATIC Investment and Logistics Company, which owns 100% in the company
CHUBB Cooperative Insurance Company	Insurance Policy	447,877.15	2022	Without preferential advantage.	Indirect interest through the chairmanship of Mr. Mr./Abdulaziz Bin Abdulkarim Al Khiraiji Vice chairman each of the Board of Directors of the Saudi Ceramic Company and CHUBB Cooperative Insurance Company



- A statement of the value of regular payments made and due to government agencies, zakat, taxes and any other dues

2020				
Description	Paid	Due until the end of the annual financial period and has not been paid	Brief Description	Causes Statement
Zakat	15,219,315	-	Regular payments	Entitlement according to the regulations
Tax	107,875,198	-	Regular payments	Entitlement according to the regulations
GOSI	19,239,293	-	Regular payments	Entitlement according to the regulations
Visa & Passport Expenses	2,864,189	-	Regular payments	Entitlement according to the regulations
Labor Office Cost	275,500	-	Regular payments	Entitlement according to the regulations

#### Penalties and Fines

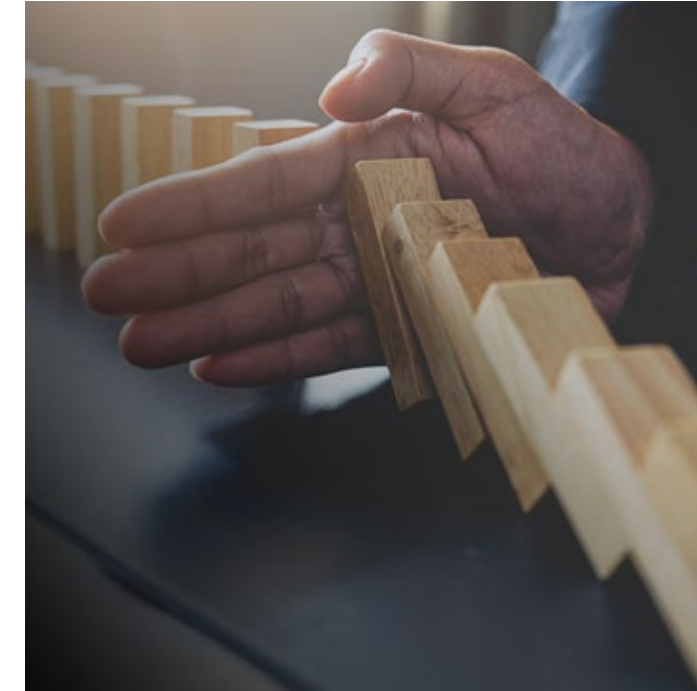
There is no penalty, penalty, precautionary measure, or precautionary restriction imposed on the company by the Authority or by any supervisory, regulatory, or judicial authority, during the year 2022.

#### The results of the annual review of the effectiveness of internal control procedures and the adequacy of the internal control system

The internal control system has been prepared on sound foundations, and its effectiveness is strengthened through the following:

- 1- The presence of a department specialized in audit work called (the Internal Audit Department).
- 2- The existence of an audit committee that reports to the Board.
- 3- The Internal Audit Department submits its periodic reports to the Audit Committee, which in turn submits its reports to the Board of Directors. The adequacy and effectiveness of the internal control system is reviewed and evaluated by the Internal Audit Department, and some aspects of internal control are reviewed periodically by external auditors. The Audit Committee is fully convinced that this session reflects the effectiveness of the company's internal control procedures, and there are no material observations that need to be noted.

## Risk Management



### The Ceramic Company seeks to protect its shareholders and investments through effective risk management and limiting its effects.

The company's risk management conducts a continuous study and review of the risks that affect the business, whether from internal or external risks at the economic, market and environmental levels, to assess the possibility of these risks occurring, and measure their expected effects and reduce them as much as possible. The audit committee assumes the tasks of the risk committee in the company stipulated in Corporate Governance Regulations, to ensure that the Board of Directors is briefed on a regular basis on the results of risk assessment in the company, its implications, proposed recommendations regarding it, and the mechanism for dealing with it.

**Among the most important risks that are constantly monitored and evaluated are the following:**

#### Risks of changes and amendments in legislation, laws, and regulations:

The company seeks to ensure full compliance with all government legislation regulating business and amendments to it, through what the Compliance Department is doing to ensure that the company fully adheres to all regulations, regulations, policies, and instructions from the relevant regulatory authorities.

#### Supply risks and price fluctuations:

The company developed its strategy to face any problems in supply chains and some of them were affected by exchange rates, by diversifying supply sources, creating strategic relationships with the most important suppliers, and strengthening the relationship through contracts that guarantee stability in supply and stability in prices.

#### Risks of local competition:

The company works to reduce competition risks through diversification and expansion of sales channels. Also working on development products while maintaining the highest level of quality and customer service, in addition to opening several new showrooms in new regions in the Kingdom and spreading the brand to ensure an increase in market share and profit margins.

#### Liquidity and Credit Risks:

The company has put in place several plans to manage liquidity and credit risks and the change in exchange rates through hedging products. The treasury department reviews exchange rates periodically to ensure obtaining the best rates. The company seeks to review interest rates on loans with the aim of reducing them and obtaining the best rates from banks.

#### Risks of interruption of main services and business interruption:

The company continuously evaluates plans to ensure business continuity in the event of an interruption of any of the main services, considering the existence of more than one source of these resources and the existence of procedures that ensure the return to normal production in the shortest possible time. In addition, the company insures against cyclic business interruption.

#### Information security risks:

The company has developed a special policy and procedures that ensure information security, and the Information Technology Department has developed protection programs on the company's devices and systems to protect the company's information and data, in addition to taking continuous backup copies of all operations that take place on the company's systems, where it stores them on special servers for that and in more than one place.



## ENVIRONMENTAL AND SOCIAL GOVERNANCE

The company is committed to its national responsibilities and strives to achieve a balance and compatibility between economic growth and work on effective governance practices and environmental and societal contributions and to support efforts aimed at sustainability initiatives and the Kingdom's Vision 2030 programs that target the environmental and societal aspects.

The company's commitment to this aspect has helped to create an attractive and constructive work environment and to enhance our competitive position through these practices and taking them into account within the work environment, employees, stakeholders and the entire community.

### Environmental Responsibility

Based on the company's firm and renewed commitment to keep pace with the Kingdom's vision, towards a more developed and sustainable environment, the Saudi Ceramic Company seeks to reduce the negative environmental impact during its activities and operational processes. The company also adopts a number of projects to improve air quality, reduce carbon emissions, and provide a healthy environment that is not polluted energy.



### Social Responsibility

We believe that it is our duty to work to improve society and contribute to sustainable development by giving, providing support and assistance wherever possible, encouraging work with ethical values, achieving our role in improving the standard of living of community members, creating a positive and sustainable social impact and strengthening its role in serving the local community.



## ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

### Towards a sustainable future

The Ceramic Company is committed to reducing negative environmental impacts and supporting the initiatives and vision of the Kingdom of Saudi Arabia for sustainability. We dedicate efforts to reduce the impacts through the implementation of a number of initiatives on energy efficiency, and the use of technologies to reduce the effects of harmful emissions through the Heat Recovery System. We also seek to further reduce water consumption and waste footprint. The company defines the objectives of sustainable development goals and manages climate-related risks associated with its operations, and is committed to providing all the necessary resources to meet the requirements of environmental management to reduce the negative impacts on the environment as a result of operational activities and improve control standards towards a more sustainable future.

### Among the company's most prominent efforts in this field:

- Monitor the use and application of appropriate control techniques to reduce environmental pollution.
- Comply with applicable environmental legislation and other relevant requirements.
- Reducing wastage of used materials and energy emissions and adopting more effective practices to protect the environment
- Continuing work to achieve and set the highest environmental standards, regular monitoring and review, and taking appropriate measures to reduce or prevent the recurrence of conditions that negatively affect the environment.
- Ensure that the procedures and practices of the environmental management system are followed, and report abnormal conditions and take the necessary corrective action.





شكراً

تعالجت بدعمكم  
وتحقق حلمي



## Social Responsibility

As a responsible national company and our belief in the importance of social responsibility as part of its values and duty towards society and contributing to raising the level of community participation, the company continued to present initiatives during the year 2022. The Saudi Ceramic Company also senses the importance of cooperation with the relevant authorities through a harmonization program with the Ministry of Labor and social development, including, for example, the employment, support and empowerment of people of determination in the private sector, and there were many initiatives during the year 2022 AD, including:

- Employing approximately 70 employees of people of determination in a number of company departments.
- - Initiatives to support charitable and endowment institutions with the company's products
- Organizing blood donation campaigns with hospitals and blood banks
- - Continuous support for the Association of Children with Disabilities

### Declarations in accordance with the Governance Regulations for the year 2022

#### M. Acknowledgment / Confirmation:

1	There are no reservations or attention drawn by the auditor to the annual financial statements of the company according to his report for the year 2022 .
2	During the year 2022, the Board of Directors did not recommend changing the auditor before the end of the period for which he was appointed.
3	There are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors, or which the Board refused to take with regard to appointing and dismissing the company's auditor, determining his fees, evaluating his performance, or appointing the internal auditor.
4	There is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants.
5	During the year 2022 AD, the company's external auditor did not provide any services of an advisory nature to the company, and did not receive any fees in this regard.
6	The company did not receive from the company's external auditor a request to convene the general assembly during the ending fiscal year, and it was not convened.
7	The appropriate place and time has been chosen for the participation of the largest number of shareholders in the General Assembly meeting, and that the topics presented to the Assembly are accompanied by sufficient information that enables shareholders to make their decisions.
8	Shareholders were enabled to discuss the topics included in the agenda of the General Assembly, and to direct and answer questions about them to the members of the Board of Directors and the chartered accountant. Shareholders were also given the opportunity to actively participate and vote in the meetings of the general assembly of shareholders and were informed of the rules governing those meetings and voting procedures by calling for the general assembly in accordance with the statutory requirements.
9	The company is obligated to enable the shareholder to view the minutes of the meetings of the shareholders' assembly at the company's headquarters, and it is also obligated to provide the competent authorities - during the statutory periods - with a copy of the minutes of the shareholders' assembly meetings, and it is also obligated to inform the market of the results of the shareholders' assembly immediately upon its completion.
10	The company did not provide any cash loan of any kind to the members of its board of directors, nor did it guarantee any loan contracted by one of them with others.
11	No penalty, penalty, precautionary measure, or precautionary restriction imposed on the company by the Authority or any other supervisory, regulatory or judicial body other than what is mentioned in this report, has been implemented.
12	The company confirms that it has not put in place any procedure or restriction that would lead to the shareholder impeding his right to vote, and the shareholder enjoys all his rights stipulated in the bylaws and governance regulations, whether general or those related to the meeting of the general assembly and others.
13	The company confirms that it has not received from shareholders who own (5%) of the capital or more a request to convene the General Assembly or to add one or more items to its agenda when preparing it during the year, and that it did not convene.
14	The Chairman of the Board of Directors of the company did not receive any written request to hold emergency meetings from two or more members during the fiscal year ending in 2022 AD.
15	The Board of Directors did not issue any general or unspecified authorization during the year 2022 AD.



16	There are no shares and debt instruments issued to the company's subsidiaries.
17	There is no interest in the category of shares with the right to vote (except for members of the Board of Directors of the company and senior executives and their relatives) who informed the company of those rights under Article (68) of the Rules on the Offer of Securities and Continuing Obligations, and any change in those rights during the last fiscal year.
18	There is no interest, contractual papers and subscription rights belonging to the members of the Board of Directors and their relatives in the shares or debt instruments of the company or any of the subsidiaries except for what is mentioned in this report.
19	There is no interest, contractual papers, or subscription rights belonging to senior executives and their relatives in shares or debt instruments of the company or any of the subsidiaries, except for what is mentioned in this report.
20	There are treasury shares held by the Company for the purpose of distributing them to senior employees to motivate performance and achieve targets as part of the Employee Bonus Program.
21	There are no transfer or subscription rights under transferable debt instruments or contractual securities, subscription right notes, or similar rights issued or granted by the company.
22	There is no redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of the remaining securities, whether they are listed securities purchased by the company or purchased by its subsidiaries.
23	There are no arrangements or agreements under which a member of the company's board of directors or a senior executive waived any remuneration.
24	There is no arrangement or agreement under which a shareholder of the company has waived any rights to profits.
25	There is no deviation between the rewards granted and the reward policy
26	The Board of Directors followed up the work of the committees periodically to verify that they are carrying out the tasks entrusted to them.
27	The company is committed to implementing the conflict of interest regulations previously approved by the Board of Directors.
28	<p>The Board of Directors confirms:</p> <p>1- That the account records have been properly prepared.</p> <p>2- The internal control system was prepared on sound foundations and implemented effectively.</p> <p>3- There is no doubt about the company's ability to continue its activities.</p>



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