

دويتشه الخليج للتمويل
Deutsche Gulf Finance

رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

الشركة السعودية للصناعات المتطورة
SAUDI ADVANCED INDUSTRIES COMPANY

المتطورة
saic

Annual Report 2021



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



His Royal Highness
Prince Mohammed bin Salman bin
Abdulaziz Al Saud, Crown Prince
and Deputy Prime Minister
defense minister

Members of the board of director



Mr. Yazeed bin Khaled AL-Shathry
Chairman of board of directors



Saad bin Ammash Al-Shammary
member of the board of directors



Mohsen bin Hassan Al-Fahadi
Vice Chairman of the Board of Directors



Turki bin Mohammed Al-Baiz
member of the board of directors



Khaled bin Mohammed Al-Muammar
member of the board of directors



Badr bin Khaled Al-Shathry
member of the board of directors

The Report of the Board of Directors

On the Financial year 2021 AD

The company's capital and issued shares:

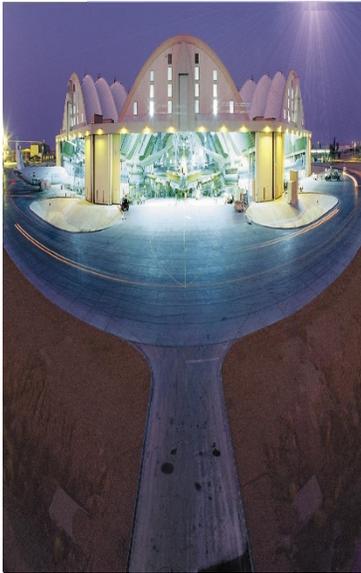
The company's capital is 500 million riyals divided into 50 million nominal shares of equal value, each of which is worth ten (10) ten riyals, all of which are ordinary shares.

First: The activities:

The company invests in a number of different sectors The Company's activity is summarized as follows:

- 1) Petrochemical Industries Sector: The Company participated in establishing a number of companies in the petrochemical industries sector. The company owns a share of 0.62% in the Arabian Industrial Fibers Company (Ibn Rushd) and a share of 0.581% in the Yanbu National Petrochemical Company (Yansab).
- 2) The glass industries sector: The Company contributed to the establishment of the Obeikan Glass Company. It owns a share of 40% in the Obeikan Glass Company, which is a closed joint stock Saudi company that produces flat glass, protective glass, and mirrors. Another product has been added through a subsidiary company, Obeikan AGC Glass Company which produces insulated glass used in buildings and towers.
- 3) Industrial services sector: The Company owns a share of 3.38% in the Industrialization and Energy Services Company (TAQA) which is a closed joint stock Saudi company. The company also contributed to the establishment of Al Salam Aerospace Industries Company. It owns a share of 10% in Al Salam Aerospace Industries Company.
- 4) Financial services and investments sector: The Company owns 31.62% of the capital of Deutsche Gulf Finance, a closed joint stock company in addition to other various financial investments.

Investments:



Al Salam Aerospace Industries Company:

A Saudi limited liability company established in 1988 under the Economic Balance Program. The company is located in the Technical Industries Zone at King Khalid International Airport in Riyadh. This developing company participated in the establishment of the Al Salam Aerospace Industries Company. The share of the advanced company in Al Salam Company is 10% of the capital



Yanbu National Petrochemical Company (Yansab).

A Saudi joint stock company, established in 2006. It is one of the subsidiaries of the Saudi Basic Industries Company (SABIC). The company is located in Yanbu Industrial City. The share of the developing company is 0.581% of the capital, which is 5,625 million riyals. Yansab achieved net profits for the financial year 2021, amounting to 1,531 million riyals compared to net profits of 677.6 million riyals for the year 2020, with an increase of 125,9%. The profits were distributed by 27,5% of the capital (2,75 riyals per share) during 2021 (For the second half of 2020 AD and the first half of 2021 AD). And the share of advanced company was 8,99 million riyals. In addition, it was recommended that, at the end of 2021 AD, Cash dividends for the second half of 2021 AD at a rate of 15% of the capital (1.50 riyals per share) are distributed provided that they are submitted to the nearest general assembly for approval.

The Arabian Industrial Fibers Company "Ibn Rushd":

A subsidiary of the Saudi Basic Industries Company (SABIC). It was established in 1993 as a limited liability company. Then, it was transferred to a closed joint stock company. The company lies in Yanbu Industrial City. The share of the developing company is 0.62% of the capital, which is 2 billion riyals.



Manufacturing and Energy Services Company:

A Saudi joint stock company established in 2003. The company and its subsidiary companies manufactures and provides services related to the petroleum, mineral, petrochemical, electrical and water desalination industries. The company is located in Dhahran, in the Eastern Province. The developing company's share is 3.38% of the manufacturing and Energy Services Company's capital, which is equivalent to 16.87 million shares.

Second: The financial Results:

1) The operating revenues:

The total operating income reached 101,48 million riyals for the year 2021 compared to total operating income of 36,78 million riyals in 2020, with increase of 175,9%.

2) General and administrative expenses:

The general and administrative expenses of the company amounted to 8,89 million riyals in 2021 AD, compared to expenses amounting to 7,71 million riyals in 2020.

3) Profits and losses:

The net profit for 2021 is 91,13 million riyals, compared to a net profit of 26,07 million riyals in 2020, with increase of 249,6%. The company's revenues are also distributed geographically as follows:

Description	Inside the Kingdom of Saudi Arabia	Outside the Kingdom of Saudi Arabia	Total
	Saudi riyal	Saudi riyal	Saudi riyal
December 31, 2021 Total accrued revenues	101,322,950	152,145	101,475,095
December 31, 2020 Total accrued revenues	36,777,041	-	36,777,041

The main activities of the company:

	Activity revenues	Percentage
Petrochemical industries sector	8,991,051	%8.86
Glass industries sector	69,472,632	%68.46
Industrial services sector	0	%0.00
Finance and financial investments sector	23,011,412	%22.68
Total	101,475,095	%100

The main activities of the associates:

	Activity revenues	Percentage
Glass industries activity	69,472,632	%76.44
Real estate financing activity	21,410,618	%23.56
Total	90,883,250	%100

Associate companies:

Name of the subsidiary company	The capital	The percentage of the company's ownership	The main activity	Country of the main operations	Country of Incorporation
Obeikan Glass Company	240,000,000	40%	Flat glass industry	Saudi Arabia	Saudi Arabia
Deutsche Gulf Finance	575,000,000	31.62%	Real Estate Financing	Saudi Arabia	Saudi Arabia

4) Shareholders' rights:

The shareholders' rights for the financial year 2021 increased by an amount of 98.18 million riyals, as it amounted to 937.94 million riyals compared to 839.75 million riyals in 2020, i.e. by 11.69%, due to the increase in retained earnings and the fair value reserve.

5) Accounts payable and accruals:

The movement of the Zakat provision during the financial year 2021 AD:

	Saudi riyal
Balance at the beginning of the year	2,618,970
Paid amounts during the year	1,507,114
Component during the year	(3,976,083)
Balance at the end of the year	150,000

A Description of the value of the regular payments paid and due for the payment of any zakat, taxes, fees or any other dues that were not paid until the end of the annual financial period, with a brief description of them and a Description of reasons:

Description	2021 AD		Brief description	Description of reasons
	Repaid	Due until the end of the annual financial period and has not been paid		
Zakat	3,976,083	150,000	zakat paid for the year 2020	To abide by the requirements and rules of the Zakat obligation in the Kingdom.
The General Organization of Social Insurances	293,036	26,947	.	Payment is made in the month following maturity
Costs of visas and passports	400	-	.	Visas and recruitment fees
Labor office fees	44,021	-	.	Residency cards renewal fees and labour fees for employees

6) Loan costs:

- According to what was announced on the Tadawul website on 30/06/2021 AD, the company signed a credit facility agreement compatible with Islamic Sharia with the Saudi Investment Bank at an amount of 50 million riyals for a period of 3 years starting from 01/07/2021. The company aims from financing to cover the growth in the company's current and future investments. The company did not use the facilities during the financial year of 2021.

Serial no.	Name of the grantor of the loan	The original amount of the loan	The term of the loan	The amounts paid to repay the loan during the year	The remaining amount of the loan	Total indebtedness of the company
(1)

Third: The approval of the board of directors:

- The financial statements have been prepared in accordance with accounting standards which suit the company's circumstances.
- We acknowledge that there are no contracts within the company that include the interest for a member of the board of directors, the CEO, the chief financial officer, or any person related to any of them.
- The company did not obtain any loan during the year 2021 AD.
- According to our information and according to the auditor's report, current market results and data, and future indicators, we acknowledge that:
 - The account records were prepared correctly.
 - The internal control system was prepared on a sound basis and was effectively implemented.
 - There is no doubt about the ability of the company to go on its activity.

Fourth: Profits Distribution Policy:

The decision to distribute profits is within the authority of the general assembly according to the recommendation of the company's board of directors. It depends mainly on the amount of net profits achieved each year, the size of expected spending on future investment projects and the expected cash flows.

According to Article (48) of the main system, the company distributes the annual net profits as follows:

- 1) (10%) of the net profits must be retained to form the statutory reserve of the company. The ordinary general assembly may decide to stop this retention when the mentioned reserve reaches 30% of the paid capital.
- 2) The ordinary general assembly can, according to the proposal of the board of directors, retain (10%) of the net profits to form an agreement reserve to be allocated for the benefit of the company.
- 3) The ordinary general assembly may decide to create other reserves to the extent that serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders. The aforementioned assembly may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist the existing ones.
- 4) Subject to the provisions stipulated in article (twenty-second) of this law and article seventy-six of the Companies Law, if the remuneration of the members of the board of directors is a certain percentage of the company's profits, this percentage must not exceed (10%) of the net profits after deducting the reserves determined by the general assembly of the company after distributing a profit to the shareholders of not less than (5%) of the company's paid-up capital, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member and that it does not exceed the amount of 500 thousand riyals for the financial year.

The company may also distribute interim dividends to its shareholders semi-annually or quarterly, after fulfilling the controls and requirements issued by the Capital Market Authority.

	Percentage of profits distributed during the year		Proposed dividend percentages to be distributed at the end of the year	Total dividends distributed and proposed to be distributed
	For the first half of 2020 AD	Due and distribution date		
Percentage	2,5%	Date of maturity 23/06/2021	.	2,5%
Total	12,500,000	Distribution date: 05/07/2021	.	12,500,000

* The board of directors approved, in its meeting held on 23/06/2021 AD the distribution of dividends for the first half of 2020, by 25 halalas per share, with a total value of 12.5 million riyals.

Fifth: Risks:

The company may face a number of risks, especially through its multiple investments which include:

- The change in the global economy in terms of stagnation which leads to a decrease in the demand for the products of these investments and a decrease in the profit margins of the petrochemical sector (Ibn Rushd Company and Yansab Company) and the glass sector (Obeikan Glass Company) due to the correlation of the prices of its products to the global market and their impact by fluctuations in oil prices and other economic factors.
- Changes in the prices of raw materials and energy inputs of some invested industrial companies and subsidiaries.
- Fluctuations in the financial market that affect the evaluation of the company's investment in Saudi joint stock companies and financial funds.
- Fluctuation in interest rates which may increase the financial burden of loans for the company and its subsidiaries.
- Recession in the real estate finance sector which may affect Deutsche Gulf Finance's revenues.
- Change in operating contracts for service companies (Al Salam Aerospace Industries Company, Manufacturing and Energy Services Company).

The company manages its investment risks in associate companies by participating in the management of these companies by supervising and controlling performance and developing its operational processes which is reflected in the investments and returns of the advanced companies and the reduction of any investment risks.

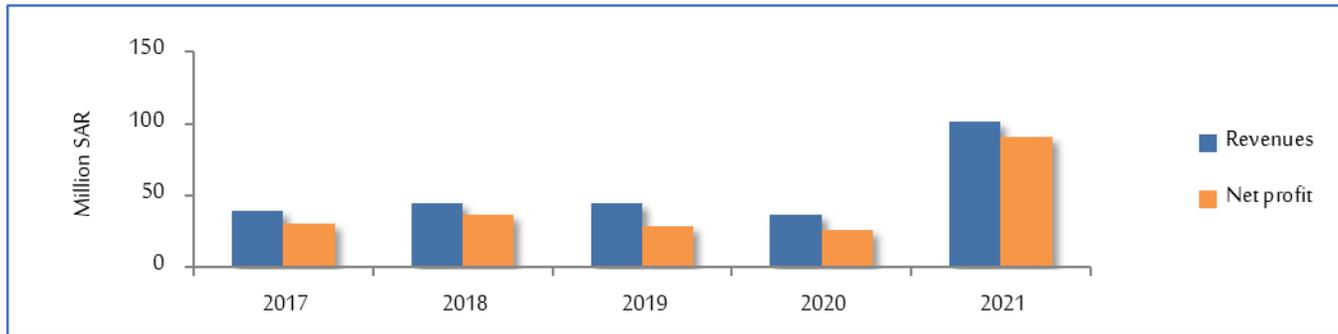
- Precautionary measures and preventive measures to confront epidemics which may be imposed by the competent authorities for public safety purposes which may affect directly or indirectly the business of the company and its subsidiaries.

Sixth: Future Expectations and Plans:

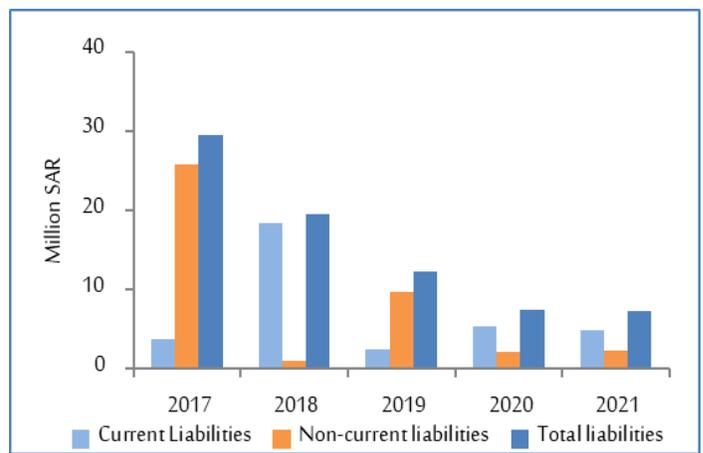
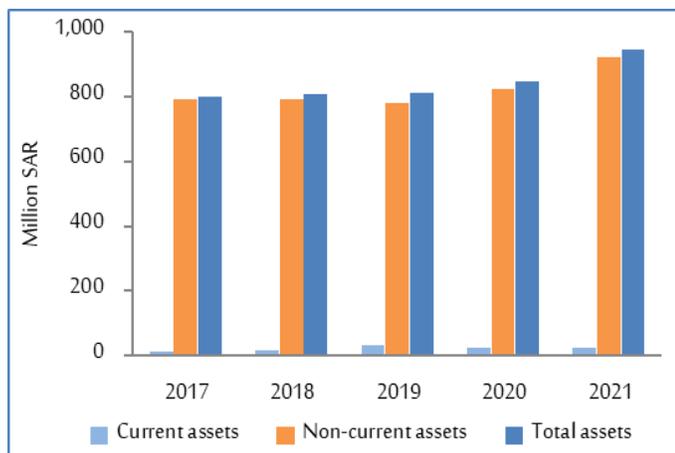
Due to the company's activity as it is in the investment and financing sector, the company is studying several investment opportunities in different sectors through the investment management and business development in the company which result in new investments for the company which also enhance its investment portfolio and accordingly increasing the assets diversification, decreasing the risks and enhancing the investment returns along with focusing on increasing cash flows whether from the company's current investments or the future investments. It also aims to develop the company's assets, achieve strong financial performance, build integrated capabilities, establish diversified financing methods, and distribute sustainable cash dividends. The company also seeks to push and urge associate companies to list their shares in the financial market whenever possible due to its positive impact on shareholders' rights and the company's financial position. Thanks to Allah as we are finalizing the procedures to enlist the Obikan Glass Company in the Saudi Capital Market (Parallel Market).

Seventh: Business results for the last five years:

(Thousands of riyals)	2021	2020	2019	2018	2017
Revenues	101,536	36,851	44,456	44,567	39,470
Revenue costs	10,403	10,780	15,911	7,641	8,887
Net profit	91,133	26,071	28,545	36,926	30,583



(Thousands of riyals)	2021	2020	2019	2018	2017
Current assets	24,043	25,096	32,876	14,559	11,547
Non-current assets	921,150	822,161	778,151	791,770	789,995
Total assets	945,192	847,257	811,027	806,329	801,542
Current Liabilities	4,880	5,301	2,441	18,382	3,676
Non-current liabilities	2,376	2,201	9,759	1,045	25,786
Total liabilities	7,256	7,502	12,200	19,427	29,462



A clarification of the fundamental differences in the operating results compared to the results of the previous year (in thousands of riyals):

Description	2021	2020	Changes (+) or (-)	Change %
Operating revenue	101,475	36,777	64,698	%175.92
Major business expenses	8,896	7,709	1,187	%15.40
Total profit from operating	92,579	29,068	63,511	%218.49
Deducted: Zakat	1,507	3,037	1,530-	%50.37-
Net profit	91,133	26,071	65,062	%249.56

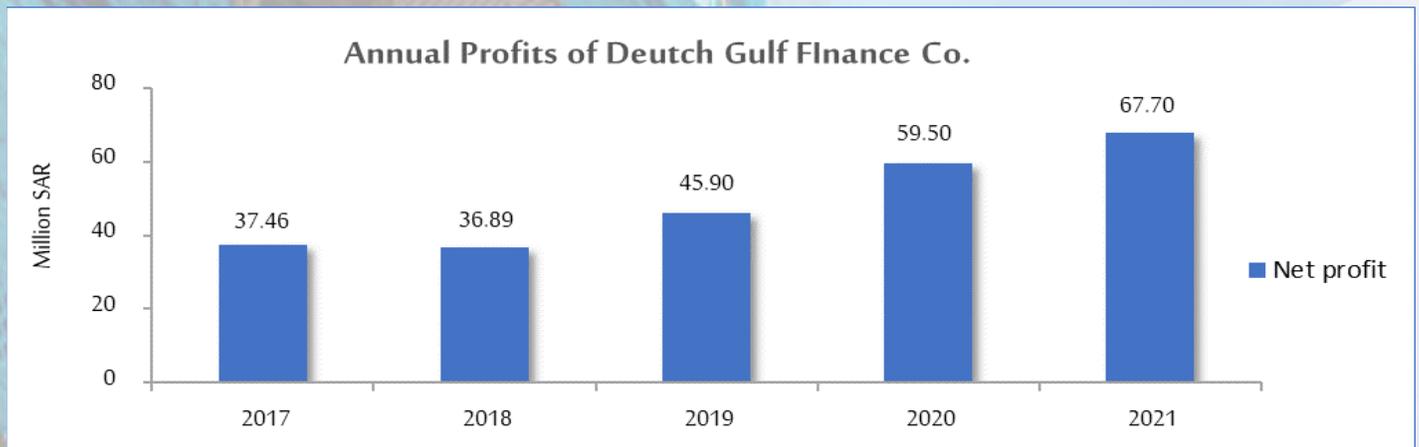
Among the most important reasons for the significant and fundamental deviations and changes in the results mentioned in the above table:

- The increase in dividends accrued for the year 2021 AD, the decrease in revenues from associates for the fiscal year 2021 AD, and the increase in other revenues.
- The decrease in the estimated Zakat on the company's accounts for the year 2021 AD compared to 2020 AD.
- The increase in general and administrative expenses due to increase employee expenses, consulting fees and other expenses.
- The decrease in the financing costs for the year 2021 compared to 2020.

Names of associate companies:

Deutsche Gulf Finance:

Deutsche Gulf Finance Company (a closed joint stock company) operates in the field of real estate finance with its headquarters in Riyadh. Its capital is 575 million riyals and the number of shares is 57,500,000 shares. The share of the developing company is 31.62% of the company's capital with 18,181,818 shares. The cost of the developing share amounted to 200 million riyals, as the share was valued at 11 riyals (10 riyals nominal value and one riyal as an issuance allowance) provided that ; it is pumped into the company's activities. It should be noted that Deutsche Gulf Finance started its activities in 2010 and aims to provide mortgage services to individuals and reselling some derivatives to banks. Its main branch lies in Riyadh and two subsidiary branches in the eastern and western regions. The company obtained the final license from the Saudi Arabian Monetary Agency in the first half of 2014 AD. It achieved net profits for the year 2021 AD at an amount of 67.7 million riyals and the share of the developing company reached an amount of 21.41 million riyals, It should be noted that dividends were distributed by Deutsche Gulf Finance for the fiscal year 2020, equivalent to 5% of the capital, and the company's share amounted to 9.09 million riyals.



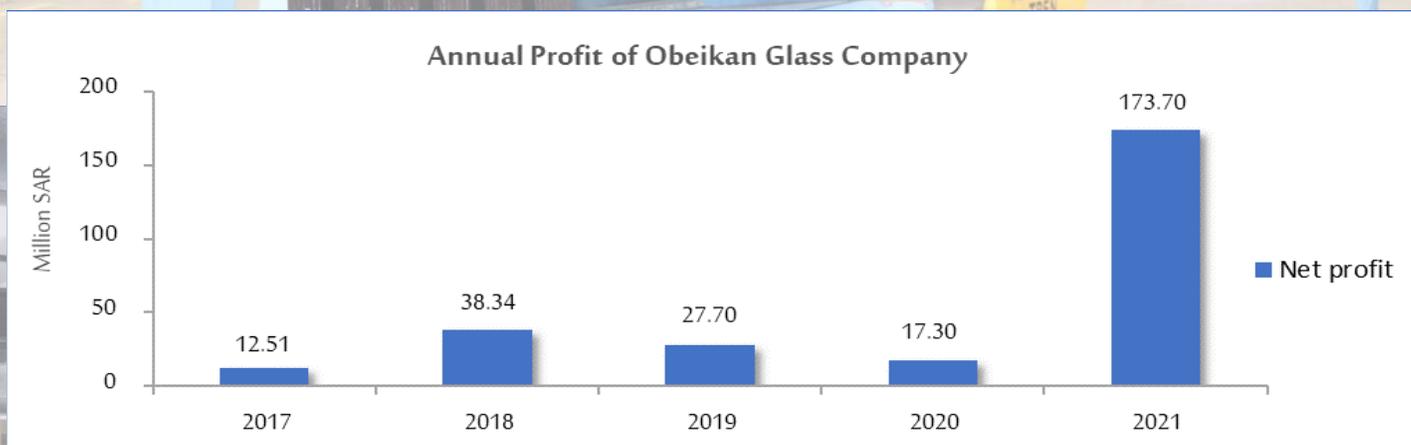
Information related to loans to the company:

Sequence	Name of the granter of the loan	Original amount of the loan	Term of the loan	Amounts paid in repayment of the loan during the year	Remaining amount of the loan	Total indebtedness of the company and its subsidiaries
(1)	Saudi banks	1,085,148,972	Up to 3 years	(802,779,935)	283,369,037	1,739,478,886

Obeikan Glass Company (a closed joint stock company):

The Obeikan Glass Factory (a closed joint stock company) is located in Yanbu Industrial City. Its main activity is represented in producing flat glass with a production capacity of 800 tons per day and is considered one of the largest flat glass factories in the Middle East. The company has other products such as protection glass and mirrors. This company has a capital of 240 million SAR. The number of its shares is 24 million shares. The share of the developing company is 40%. The company has a subsidiary company that produces insulated glass to add new products. These projects are considered one of the efforts of the partners in Obeikan Glass Company to transform the company's headquarters in Yanbu into a complex for glass industries with added value to be complementary to the flat glass factory, thus achieving diversification of products and raising profit margins. The company has achieved net profits for the year 2021 AD amounting to 173,76 million riyals. The share of the developing company is SR 69,47 million. It should be noted that profits were distributed by Obeikan Glass Company for the fiscal year 2021 AD, equivalent to 10% of the capital, and the company's share amounted to 9,6 million riyals.

Obeikan Glass Company appointed Falcom for Financial Services during the year 2021 AD as a financial advisor for the offering process in the parallel market (Nomu) in accordance with the applicable registration and listing rules. In the financial market whenever possible, as this has a positive impact on the shareholders' equity and the company's financial position.



Information related to loans of the company:

sequence	Name of the grantor of the loan	original amount of the loan	term of the loan	amounts paid in repayment of the loan during the year	The remaining amount of the loan	Total indebtedness of the company and its subsidiaries
(1)	Industrial Development Fund	309,500,000	11 years	52,505,000	178,500,000	178,500,000

Eighth: The companies' governance regulations:

The developing company, represented by its board of directors and executive management, is keen to develop and follow up plans and controls that enhance the transparency and disclosure to comply with the laws and regulations of the Capital Market Authority and the Ministry of Commerce and Investment and other standards, as the company evaluated its compliance with the provisions of the Companies' Governance Regulations. It is to be noted that the company's governance regulations approved by the general assembly of the company on 14/5/2018 comply with all the requirements of the Corporate Governance Regulations issued by the Capital Market Authority. This bylaw granted the company's board of directors the power to enforce the mandatory application of the guidance materials whenever the relevant authorities abide by them.

The following is a comparison of the requirements of the regulation with what has not been implemented so far, and the reasons for not applying it:

Article No.	Paragraph / Paragraph Text	Not applied	Reasons and details
Article 70: Formation of the Risk Management Committee	Formation of a risk management committee (guided)	√	The article is still indicative and it will be adhered to once approved
Article 71: The specifications of the Risk Committee	The specifications of the Risk Committee (indicative)	√	The article is still indicative and will be adhered to once approved
Article 72: The Risk Management Committee Meetings	Risk Committee meetings (indicative)	√	The article is still indicative and will be adhered to once approved
Article 85: Motivating employees	2- Programs granting employees shares in the company or a share of the profits it achieves, and retirement programs, the establishment of an independent fund to spend on these programs	√	The article is still indicative and will be adhered to once approved
	3- Establishing social institutions for the company's workers		The article is still indicative and will be adhered to once approved
Article 87: The Social Responsibility	The General Assembly – according to a proposal from the board of directors - sets a policy that ensures a balance between its goals and the goals that society aspires to achieve: with the aim of developing the socio-economic conditions of the society.	√	The article is still indicative and will be adhered to once approved
Article 88: Social Work Initiatives	1- Establishing measurement indicators linking the company's performance with the initiatives it offers in social work, and comparing that with other companies of similar activity.	√	The article is still indicative and will be adhered to once approved
	2- Disclosure of the goals of social responsibility that the company adopts for its employees along with the methods of awareness and understanding of them.	√	The article is still indicative and will be adhered to once approved
	3- Disclosure of plans of achieving social responsibility in the periodic reports related to the company's activities.	√	The article is still indicative and will be adhered to once approved
	4- Establishing community awareness programs to introduce the company's social responsibility.	√	The article is still indicative and will be adhered to once approved
Article 95: Formation of the Company's Governance Committee	In the event that the board of directors establishes a committee specialized in company's governance, then it must delegate to it the competencies established in accordance with article 94 of these regulations. This committee must follow up any issues related to governance applications and provide the board of directors, at least once annually, with the reports and recommendations it has made.	√	The company does not have a corporate governance committee, the article is still guiding, and it will be adhered to if approved

Ninth: The board of directors:

1) Composition and classification of the board of directors:

The board of directors of the Saudi Company for Advanced Industries consists of six (6) members. The following table points out the classification of the basic board members:

SN	Member name	Membership rating		
		executive	Non-executive	independent
1	Yazeed Khaled AL-Shathry		√	
2	Mohsen Hassan Al-Fahadi			√
3	Saad Ammash Al-Shammary			√
4	Turki Mohammed Al-Baiz		√	
5	Khaled Mohammed Al Muammar			√
6	Badr Khaled AL-Shathry		√	

2) Current and previous positions, qualifications and experiences of the members of the board of directors:

SN	Name	Current job	previous job	Qualifications	Of experience
1	Yazeed Khaled Al-Shathry Chairman of the board of directors	businessman	businessman	Bachelor of Financial Management	Experience in various fields of investment, industrial, real estate and petrochemical fields
2	Mohsen Hassan Al-Fahadi Vice Chairman of the Board of Directors	Director general of Human resources, National Transformation Program Center	Director General of Human Resources, National Center for Measuring the Performance of Public Agencies (Aada)	Master in Management	General Manager of Human Resources at Eli Lilly Company and Al Jazeera Medical Hospital. Head of Recruitment Department at Al Faisaliah Holding Group.
3	Saad Ammash Al-Shammary A member of the board of directors	businessman	Managing Director of Ayan Investment Company	Master in advanced process control methods	Developing techniques and project management, evaluating opportunities and managing investment portfolios, diversifying activities, assets and acquisitions
4	Turki Mohammed Al-Baiz, member of the board of directors	Chief Executive Officer, Ijarah Finance	Vice President - Sales Department Manager, Riyadh Bank	Bachelor in Computer and Information Systems	Experience in the field of management and information technology
5	Khaled Mohammed Al-Muammar Member of the board of directors	CEO, Energy Solutions Systems Co.	Vice President of Al Sheraa Energy Company	Bachelor in Finance	Founder and CEO of Energy Solutions Systems, Al Sheraa Energy Company and Samba Financial Group
6	Badr Khaled Al-Shathry Member of the Board of Directors	businessman	businessman	Bachelor of Business Administration	Experience in multiple investment, financial and administrative fields

3) The jobs, qualifications and experiences of the members of the current and previous committees (a member from outside the board of directors):

SN	Name	Current job	previous job	Qualifications	Of experience
1	Mohamed Farhan Al Nader is a member of the Auditing Committee	Allied Accountants Managing partner	Suleiman Al-Rajhi Holding Endowment Chief Financial Officer	Master of Business Administration - Finance	He worked for Deloitte Corporation and United Accountants Corporation as an Executive Partner

4) The Executive Management:

SN	Name	Current job	previous job	Qualifications	Of experience
1	Saeed Abdullah Al-Moeather	Chief Executive Officer	Chief Executive Officer	Master of Engineering	He holds a master's degree in engineering from Delhousie University, Canada, and a bachelor's degree from King Saud University, worked in multiple companies such as ARASCO, BAE Systems, and SABIC. In addition to his current work at the Saudi Company for Advanced Industries
2	Muhannad Mustafa Al-Ashqar	Chief Financial Officer	Chief Financial Officer	Bachelor of Financial and Banking Sciences	He holds a bachelor's degree in financial and banking sciences from Yarmouk University, worked in several companies in various industrial and investment fields. In addition to his current work at the Saudi Company for Advanced Industries
3	Mohammed Faisal Aldawsari	Acting Manager of Governance & Compliance	Manager of Human Resources	Bachelor of Business Administration	He holds bachelor degree in business management from King Abdulaziz University, In addition to his current work in the Saudi Advanced Industries Company.
4	Faisal Fahad Al Assaf	Acting Manager of Investment Department	Senior Investment Analyst	Bachelor of Finance	He holds bachelor degree in finance from Saint Thomas University, USA and worked with Medinah Cement CO.as financial officer and worked with Tawniah Insurance Co. as senior analyst.

5) Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors:

Member name	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability /)	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability /)
Saad Ammash Al-Shammary	Middle East Specialized Cables Company-MISK	inside the kingdom	Joint Stock Listed Company	Al Salam Aerospace Industries Company	inside the kingdom	Limited Liability Co.
	Ayan Investment Company	inside the kingdom	Joint Stock Listed Company	Deutch Gulf Finance	inside the kingdom	Joint Stock Unlisted Company
	Al-Jouf Cement Company	inside the kingdom	Joint Stock Closed Company	Obeikan Glass Co.	inside the kingdom	Joint Stock Unlisted Company
	Rawasi Al Banaa Investment Company	inside the kingdom	Joint Stock Unlisted Company	Saudi Paper Manufacturing Co.	inside the kingdom	Joint Stock Listed Company
	Kasb Finance	inside the kingdom	Joint Stock Unlisted Company	Al Sammani Co.	inside the kingdom	Joint Stock Listed Company
	Horizons Computer Co.	inside the kingdom	Limited Liability Co.	Manufacturing and Development Polyball Co.	inside the kingdom	Joint Stock Listed Company
	Atalah Holding Investment Co.	inside the kingdom	Limited Liability Co.	Gulf Salt Co.	inside the kingdom	Joint Stock Unlisted Company
	Capital Brokering Fund	inside the kingdom	Joint Stock Unlisted Company	Wasatah Capital IPO Fund	inside the kingdom	Joint Stock Unlisted Company
Turki Mohammed Al-Baiz	Ejarah Financing Co.	inside the kingdom	Joint Stock Closed Company	Aykal Human Resources	inside the kingdom	Joint Stock Closed Company
	Saudi Company for	inside the	Joint Stock Closed	inside the kingdom	Joint Stock	Joint Stock Closed Company

	Registration of Financial Lease Contracts - Register	kingdom	Company		Closed Company	
	Adeem Financial	inside the kingdom	Joint Stock Closed Company			
	Arab Food and Dairy Factories Company (FADICO)	inside the kingdom	Joint Stock Closed Company			
Kahlid Mohammed Al Mouammar	Nibras Information Technology	inside the kingdom	Limited Liability Co.			
	Energy Solutions Systems	inside the kingdom	One Person Co.			

6) The participation of board members and Senior executives in boards of directors and committees of invested companies:

SN	Name	Company name	Description
1	Yazeed Khaled AL-Shathry	Deutsche Gulf Finance (closed)	Member of the board of directors
2	Mohsen Hassan Al-Fahadi	Obeikan Glass Company	Member of the board of directors
3	Turki Mohammed Al-Baiz	Al Salam Aerospace Industries Company	Member of the board of directors
4	Badr Khaled AL-Shathry	Obeikan Glass Company Al Salam Aerospace Industries Company	Member of the board of directors
5	Saeed Abdullah Al-Moeather	Obeikan IGS Co. Obeikan Glass Company	Member of the audit committee
6	Faisal Fahadh Al Assaf	Deutsche Gulf Finance (closed)	Member of the board of directors

7) The board meetings during 2021 AD are as follows:

SN	Name	The date of the board of directors' meetings							Total
		04/01/2021	11/3/2021	22/03/2021	31/05/2021	07/06/2021	21/09/2021	28/12/2021	
1	Yazeed Khaled AL-Shathry	√	√	x	√	√	√	√	6
2	Mohsen Hassan Al Fahadi	√	√	√	√	√	√	√	7
3	Saad Amash Al Shammry	√	√	√	√	√	√	-	6
4	Salman Nasser Al-Hawawi*	√							1
5	Turki Mohammed Al Baiz	√	x	x	√	√	√	√	5
6	Khalid Mohammed Al-muammer	√	√	√	√	√	√	√	7
7	Badr Khaled AL-Shathry	√	x	√	√	√	√	√	6
8	Suha Souaid Al Jahdali**			√	√	√			3

√ Attendance is in person - Attendance is by proxy x No attendance

* The member has been resigned on 14/01/2021.

**The Board of Directors recommended to appoint her in The Board of Directors on 11.03.2021 provided that the appointment will be proposed to the soonest upcoming assembly for approval as the extraordinary general assembly convened on 23.06.2021 has not approve this appointment.

The Nominations and Remuneration Committee annually identifies weaknesses and strengths aspects in the board of directors, and suggests ways to address this in accordance with the interest of the company. The board also evaluates and follows up the works of the emerging committees through the periodic follow-up reports. To implement the requirements of article (41) of the company's governance regulations, the

board of directors approved, during this year, the policies and procedures for evaluating the performance of the board of directors, its members, its committees, and the executive management.

8) The remuneration of the board members and executive management:

The remuneration and nominations committee is concerned with recommending to the board the remuneration of the board members and the fees of the members of the committees emanating from the board of directors and senior executives of the company, in accordance with the approved policy, clarifying the relationship between the remuneration granted and the remuneration policy in force, and stating any fundamental deviation from this policy as follows:

- Its consistency with the company's strategy and goals.
- The remuneration and fees must be based on the recommendation of the nomination and remuneration committee.
- The remuneration or fees are granted for their efforts in the tasks of the assigned committees, as well as to urge and motivate the members of the board of directors and the executive management to make the company succeed and achieve its goals in the medium and long term.
- The remuneration must be determined according to the level of the position, the duties and responsibilities assigned to the occupant, the academic qualifications, work experience, skills, and level of performance.
- Its consistency with the size, nature and degree of risks in the company
- To aim to attract, maintain and motivate professional competencies.

9) The board committees:

A. The investment committee:

The investment committee of the Saudi Company for Advanced Industries consists of the following:

Mr. / Yazid Khalid Al Shathry	Chairman of the investment committee
Mr. / Khaled bin Mohammed Al-Muammar	Member of the investment committee
Mr. / Mohsen Hassan Al Fahadi	Member of the investment committee

The powers and tasks of the Investment Committee are as follows:

- The board of directors authorized the investment committee to implement the specific tasks delegated to it and to take any action or assume any powers and responsibilities that may be assigned to it from time to time since it is the technical investment arm of the board of directors. It also submits its recommendation to the Board regarding:
 - 1) Formulating the general investment strategy of the company, supervising its implementation, and amending it when necessary.
 - 2) Amending the company's main system to keep with the company's investment strategy when necessary.
 - 3) The sources of investment financing of the company.
 - 4) The new investment opportunities, whether they are existing facilities or establishing new ones.
 - 5) Increasing or decreasing the shares and ownership Percentage s in the existing investments.
 - 6) The feasibility of externalization or retention in the existing investments.
 - 7) Writing off or creating investment allocations.
 - 8) Investing in initial public offerings and securities.
 - 9) What is referred to it by the board of directors for the purpose of study, evaluation and analysis.
 - 10) Supervising the advisory works related to the committee's works and tasks.

The schedule of the investment committee meetings for the year 2021 AD:

SN	Name	The nature of the membership	The number of meetings (5) meetings				
			The first meeting 08/03/2021 AD	The second meeting 18/05/2021 AD	The third meeting 21/09/2021 AD	The fourth meeting 20/10/2021 AD	The fifth meeting 21/12/2021 AD
1	Yazeed Khaled Al-Shathry	Chairman of committee	√	√	√	√	x
2	Khaled Mohammed Al Muammar	Member	√	√	√	√	√
3	Mohsen Hassan Al Fahadi*	Member		√	√	√	√

* He has been appointed as a member of investment committee on 11/03/2021

B. The auditing committee:

The auditing committee of the Saudi Company for Advanced Industries consists of the following:

Mr. / Khalid bin Mohammed Al-Muammar	Chairman of the investment committee
Mr. / Turki bin Mohammed Al-Baiz	Member of the investment committee
Mr. / Mohammed bin Farhan Al Nader	Member of the investment committee

The results of the annual auditing of the effectiveness of the company's internal control procedures in addition to the auditing committee's opinion on the adequacy of the company's internal control system:

According to the report of the internal auditor, the internal audit processes did not point out a fundamental weakness in the internal control system in addition to the absence of any deficiencies in the internal control system. It also demonstrated that the company's policies and procedures are adequate.

It is to be noted that the company depends on the implementation of the internal auditing by an internal auditing office from outside the company which is nominated and appointed by the auditing committee.

Among the tasks of the audit committee are:

Verifying the adequacy of the internal control system and its effective implementation and submitting the recommendations to the Board of Directors that would activate and develop the system in a manner that achieves the objectives of the company and protects the interests of the shareholders.

The committee has the right, without any restrictions, to review all information, data, reports, records, correspondence, or other matters that the committee deems important to review. The board of directors must take all measures that ensure that the committee performs its tasks. The committee has the right to evaluate the effectiveness of the company's assessment of the important risks that it may be exposed to and the steps taken by the company's management to monitor and confront these risks in addition to submitting the suggestions to the board of directors.

The schedule for attending the auditing committee meetings for the year 2021AD:

SN	Name	The nature of the membership	The number of meetings (4) meetings			
			The first meeting 16/03/2021 AD	The second meeting 26/04/2021 AD	The third meeting 11/08/2021 AD	The fourth meeting 27/10/2021 AD
1	Khaled Mohammed Al-Muammar	Chairman of Committee president	√	√	√	√
2	Turki Mohammed Al-Baiz	member	x	x	√	√
3	Mohammed Farhan Al Nader	member	√	√	√	√

C. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee for the Saudi Company for Advanced Industries consists of the following :

Mr. / Mohsen bin Hassan Al-Fahadi	Chairman of the Nomination and Remuneration Committee
Eng / Saad bin Ammash Al-Shammary	Member of the Nomination and Remuneration Committee
Mr. / Badr bin Khalid AL-Shathry	Member of the Nomination and Remuneration Committee

Among the tasks of the Nomination and Remuneration Committee are:

- The annual review of the required needs of appropriate skills for membership of the board of directors and the preparation of a description of the capabilities and qualifications required for the membership of the board of directors including determining the time that the member must devote to the work of the board.
- Reviewing the structure of the board of directors and making recommendations regarding the changes that can be made.
- Determining the strengths and weaknesses of the board of directors and proposing its remedies in accordance with the company's interest.
- Ensuring, on an annual basis, the independence of the independent members and the absence of a conflict of interest if the member is a member of the board of directors of another company.
- Recommending to the board of directors the nomination for membership of the board in accordance with the approved policies and standards, bearing in mind that no person who has been previously convicted of a crime involving dishonesty or breach of trust will be nominated.
- Establishing clear compensation and remuneration policies for members of the board of directors and senior executives, including the standards related to the performance.

The schedule of attending the nomination and remuneration committee meetings for the year 2021 AD:

SN	Name	The nature of the membership	The number of meetings (3) meetings		
			The first meeting 04/01/2021 AD	The second meeting 07/03/2021 AD*	The Third meeting 07/03/2021 AD*
1	Mohsen bin Hassan Al-Fahadi	Chairman of Committee	√	√	√
2	Saad bin Ammash Al-Shammary	member	√	√	√
3	Badr bin Khalid AL-Shathry	member	√	√	√

10) The ownership of board members and senior executives:

1- Shares owned by members of the board of directors and senior executives and their spouses and minor children:

SN	Name	Description	Shares at the beginning of the year	Shares at the end of the year	Net change	Percentage of change
1	Mr. / Yazed Khaled AL-Shathry	Chairman of board of directors	2,000	2,000	-	-
2	Mr. /Mohsen Hassan Al-Fahadi	Deputy chairman of the board	1,049	1,049	-	-
3	Engineer /Saad Ammash Al-Shammary	member	-	-	-	-
4	Mr. / Turki Mohammed Al-Baiz	member	1,000	1,000	-	-
5	Mr. / Khaled Mohammed Al-Muammar	member	5,000	5,000	-	-
6	Mr. / Badr Khaled AL-Shathry	member	2,000	2,000	-	-
7	Engineer / Saeed Abdullah Al-Moeather	Chief executive officer	-	-	-	-
8	Mr. / Mohanned Mustafa Al-Ashqar	Chief Financial Officer	-	-	-	-
9	Mr./ Fhahad Mohammed Aldawsari	Acting Manager of Governance & Compliance	-	-	-	-
10	Mr. Faisal Fahad Al Assaf	Acting Manager of Investment	-	-	-	-

2- The ownership of the relatives of the board members:

SN	Name	Description	Shares at the beginning of the year	Shares at the end of the year	Net change	Percentage of change
1	Mr. / Khaled Saleh AL-Shathry	Father of two board members	11.307.000	3,266,857	(8,040,143)	%71,11

3) A Description of the payments of the members of the board of directors and senior executives

The remuneration of the board of directors

Member name	Fixed remuneration						Changed remunerations						End of service benefits	Grand total	Expense allowance
	Certain amount	Allowance for attending council sessions	Total allowance for attending committee sessions	Corporeal benefits	A Description of what the members of the council have received as workers or administrators, or what they have received in return for technical or administrative works or consultations.	The remuneration of the Chairman of the Board, the Managing Director or the Secretary if being a member	Total	Percentage of profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Shares awarded (value is included)			
First :The independent members															
Mohsen Hassan Al Fahadi		21,000	14,000				35,000								35,000
Khaled Mohammed Al Muammar		21,000	18,000				39,000								39,000
Salman Nasser Al Hawawi		3,000					3,000								3,000
Total		45,000	32,000				77,000								77,000
Second: The non-executive members															
Yazeed Khaled AL-Shathry		18,000	8,000				26,000								26,000
Badr Khaled AL-Shathry		18,000	6,000				24,000								24,000
Turki Mohammed Al Baiz		15,000	4,000				19,000								19,000
Saad Ammash Al Shammary		18,000	6,000				24,000								24,000
Total		69,000	24,000				93,000								93,000

Rewards of 4 senior executives	Fixed remunerations				Changed remunerations						End of service reward	Total executive remuneration for the board, if any	Grand total
	salaries	Allowances	Corporeal benefits	Total	Periodic bonuses	Profits	Short-term incentive plans	Long-term incentive plans	Awarded Shares (value is included)	Total			
Senior executives	1,502,207	529,278		2,031,485	911,980	-	-	-	-	2,943,465			2,943,465

Committees members fees	The fixed fees (exclusive of sessions attendance allowance	Sessions attendance allowance	Total
Auditing committee members			
Khaled Mohammed Al Muammar	75,000	8,000	83,000
Turki Mohammed ALBaiz	150,000	4,000	154,000
Mohammed Farhan Al Nader	150,000	8,000	158,000
Total	375,000	20,000	395,000
The members of the committee of rewards and nominations			
Mohsen Hassan Al Fahadi	150,000	6,000	156,000
Badr Khaled AL-Shathry	150,000	6,000	156,000
Saad Ammash Al Shammary	150,000	6,000	156,000
Total	450,000	18,000	468,000
The members of the investment committee			
Khaled Mohammed Al Muammar	150,000	10,000	160,000
Yazeed Khaled AL-Shathry	150,000	8,000	158,000
Mohsen Hassan Al Fahadi	60,417	8,000	68,417
Total	360,417	26,000	386,417

11) The General Assemblies:

- 1- A Description of the dates of the general assemblies of the shareholders held in the last financial year. The names of the members of the board of directors who are attending this assemblies:

SN	Name	Number of meetings (1)	
		The assembly meeting on 23/06/2021	
1	Yazeed Khaled AL-Shathry	√	
2	Khalid Mohammed Al Muammar	√	
3	Badr Khaled AL-Shathry	√	
4	Suha Souaid Al Gahadali	√	

- 2- A Description of the number of the board meetings attended by each member from the date of the last meeting of the general assembly:

S. No.	Name	The date of the last meeting of the assembly is 23/06/2021	
		21/09/2021	28/12/2021
1.	Yazeed Khaled AL-Shathry	√	√
2.	Mohsen Hassan Al Fahadi	√	√
3.	Saad Ammash Al Shammary	√	x
4.	Turki Mohammed Al Baiz	√	√
5.	Khalid Mohammed Al Muammar	√	√
6.	Badr Khaled AL-Shathry	√	√

- 3- The number of the company's orders of the shareholders records and the dates of these orders and their reasons:

The number of the company's orders of the shareholders	Order date	Order reasons
1.	05/01/2021 AD	The company's procedures
2.	05/4/2021 AD	The company's procedures
3.	31/05/2021 AD	The general assembly
4.	31/05/2021 AD	The general assembly
5.	07/06/2021 AD	The company's procedures
6.	23/06/2021 AD	The general assembly
7.	05/07/2021 AD	The company's procedures
8.	27/07/2021 AD	The company's procedures
9.	13/09/2021 AD	The company's procedures
10.	07/11/2021 AD	The company's procedures

Tenth: The social liability programs:

Due to the Saudi Company for Advanced Industries keenness to play an active role in society, the company sought to study the programs that it can contribute through, the most prominent of which was the preparation of the cooperative training program which aims to raise the efficiency of national cadres in the business sector in both public and financial departments and business development and investment. Due to the Corona pandemic (COVID-19) and the company's commitment to preventive measures and precautions to maintain the safety of all, the company has not been able to implement any training programs of the national competencies, with the company's keenness to implement the program if the appropriate conditions are available.

Eleventh: The transition to the international accounting standards:

The international standards have been applied since the beginning of 2017. There is no difference from the accounting standards approved by the Saudi Organization of the Certified Chartered Accountants.

Twelfth: Fines of the Capital Market Authority:

No fines were imposed on the company during the financial year 2021 AD.

Thirteenth: The company's commitment to what was mentioned in the guiding form in preparing the Board of Directors' report issued by the Capital Market Authority:

A. Any penalty, sanction, precautionary measure or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory or judicial authority: There is no penalty or sanction imposed on the company.

B. The recommendations of the auditing committee which there is a conflict between it and the decisions of the board of directors or which the board refused to consider concerning the appointment and dismissal of the company's auditor, determining his fees and the evaluation of his performance or the appointment of the internal auditor and the reasons for those recommendations and the reasons for not taking them into account:

There is no conflict between the recommendations of the auditing committee and the decisions of the board of directors, and no recommendation has been rejected by the board.

C. A clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Chartered Accountants: There is no difference.

D. A description of any interest in the category of the shares eligible to vote to persons (other than the members of the company's board of directors, senior executives and their relatives) who informed the company of those rights under article 45 of the Registration and Listing Rules and any change in these rights during the last financial year:

There is no interest

E. A description of any interest, contractual securities and subscription rights (belonging to the members of the company's board of directors, senior executives and their relatives) in the shares or debt instruments of the company or any of its subsidiaries and any change in these rights during the last financial year.

There is no interest.

F. A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right notes,



or similar rights issued or granted by the company during the financial year.

None

G A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company:

None

H A description of any redemption, purchase or cancellation by the company of any recoverable debt instruments, and the value of the remaining securities in addition to the distinction between the listed securities purchased by the company and those purchased by the subsidiary:

None

I The information related to any business or contracts in which the company is a party, and in it or in which there was an interest for a member of the company's board of directors, its senior executives in it, or any person related to any of them, including the names of those involved in business or contracts, the nature of these business or contracts, their terms, duPercentage n and amount:

None

J A Description of any arrangements or agreement under which a member of the company's board of directors or a senior executive waived any remuneration n:

None

K A Description of any arrangements or agreement under which a shareholder of the company waived any rights in dividends:

None

L A Description of the value of any investments or reserves established for the benefit of the company's employees:

None

M If the auditor's report includes reservations about the annual financial statement s, the board of directors' report must point out these reservations, their reasons, and any information related to them:

There are no reservations about the annual financial statement s.

N In the event that the Board of Directors recommends changing the auditor before the end of the period for which he is appointed, the report must contain that in addition to stating the reasons for recommending the change:

There is no recommendation regarding this.

O The disclosure of the details of safeguard shares held by the company and the details of the uses of these shares:

None

P Demonstrating the relationship between the granted bonuses and the applicable remuneration policy, and on any material deviation from this policy:

There is no material deviation in the remuneration policy that is granted and applicable.

Q The details of the policy related to remuneration and the mechanisms for their determination and the financial and specific amounts and benefits paid to each member of the board of directors in exchange for any executive, technical, administrative or advisory works or positions:

There are no executive, technical, administrative or advisory works or positions for the members of the board of directors. Besides, there are no policies related to this.

R The actions taken by the board of directors to inform its members - especially non-executives - of shareholders 'proposals and comments about the company and its performance:

No proposals or notes were received from the shareholders during 2021 AD. With regard to any comments or proposals received during the general assembly of the company, they are written down in the minutes of the assembly and are reviewed by the concerned parties. In

the event that there are observations outside the general assembly, the board of directors must be notified of them during its meeting and this must be documented in the minutes of the meeting.

Fourteenth: The proposed Agenda o:

The board of directors proposes to the honorable shareholders to approve the annual report of the board of directors for the year 2021 AD and the audited financial statements and the auditor's report for the same year in addition to some other items that will be mentioned later in the announcement of the invitation to the General Assembly, by the will of Allah.

Finally, the board of directors thanks the company's shareholders for their continuous support and confidence that they have granted the board of directors.

Peace, mercy and blessings of Allah be upon you

**The board of directors
March 2022 AD**