



The National Company for Glass Industries "Zoujaj"

Board of Directors' Report for The Year Ended 31st December 2021

CHAIRMAN'S STATEMENT:



Distinguished Shareholders,

Peace, mercy, and blessings of God be upon you.

The board members are pleased to present to you the company's annual report for the financial year ending 31-12-2021, including the company's performance, activity, and financial results.

Zoujaj has maintained a great momentum in the year of 2021 and grown up by double digits over 2020 despite of all the negative trends resulted from Corona Pandemic that has negatively impacted the demand and the purchase power as well. Zoujaj deployed a focus strategy to develop the best mix of products and sales channels to fulfil their commitments toward sustainable business growth. Zoujaj haven't spared an effort to continue their expansion on the export markets which exceeded 35% of total production capacity.

The company has made significant investments in the Riyadh factory, and this state-of-the-art technology, most of which was supplied from Germany and Italy, is also one of the factors that has contributed to the company's strong market position. Every year, we launch several new products reflecting new trends in design and technology. Design is an aspect that is always changing even with our regular customers, and we are well suited to meeting those changing demands with our technology and capabilities

In today's increasingly environmentally-aware world, the benefits of glass packaging are clear: glass is sustainable, fully and infinitely recyclable, reusable and refillable, Recyclability is now a factor that Zoujaj plans to utilise further, In January 2022, the company signed a Memorandum of Understanding with the Saudi Investment Recycling Company (SIRC), with a view to establish



a joint company focusing on processing glass waste to produce a raw material for glass manufacturing as well as conducting research.

In addition to the commitment to the environment Moving forward, the company will also be fully committed to playing an active part in supporting the growth of the country's economy, utilising our raw material, transforming it into greatly demanded products, and thus adding value not just to our shareholders but to society at large."

On this occasion, myself, Board of Directors, management and employees of the company extend their sincere gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, and Crown Prince, His Highness Prince Muhammad bin Salman bin Abdulaziz Al Saud for their continuous support to the economic sectors, especially the industrial sector, to contribute effectively to the Kingdom's 2030 vision and their keenness to transform the Kingdom into a leading industrial powerhouse in the world.

In the end, I extend my thanks to all the shareholders of the company for their confidence in the company and their support to us with comments and feedback. We assure you of our continuing development and modernization, and the search for new opportunities, thereby added value to their shares in the company. I also thank the Board of directors, company management and employees for their best efforts and sincerity towards work. Together, we can and will make a bright future, progress and success in our business and profitability to our company.

We wish you all good health and success.

Chairman of The National Company For Glass Industries (Zoujaj)

Omar Riadh Al Humaidan



Board of Directors' Report for the year ended 31/12/2021.

1) Introduction

The Articles of Association of The National Company For Glass Industries (Zoujaj), a Saudi Joint Stock company was established on 20/03/1409H (corresponding to 30/10/1988G).

Zoujaj was incorporated by Ministerial Resolution No. 529 dated 20.06.1410H (corresponding to 17.01.1990G) issued by His Excellency Minister of Commerce approving the establishment of the company under commercial registration number 1010075300.

The sphere of company's activities are as follows:

- 1) Production of returnable and non-returnable glass bottles.
- 2) Production of all types of flat glass.
- 3) Mining and manufacturing of all materials for the glass industry including raw materials, gases etc. after obtaining the necessary licenses.
- 4) Engaging in the manufacture related to the glass and plastic industry.

Zoujaj started its activities in 17/10/1990 by establishing The National Factory For Glass Bottles, in the second Industrial city of Riyadh, producing returnable and non-returnable flint glass bottles with an annual production capacity of 54,000 MT per annum. The Plant was modernized continuously until it reached the production capacity of 66,000 MT per annum in 2006. In year 2015, a major capacity expansion was carried out by adding one more furnace and two more production line with production capacity of 57,000 MT per annum to reach the total production capacity to 123,000 MT per annum. The factory produces glass containers for the soft drinks and juices in addition to food sector products and jars. The glass containers are marketed inside and outside Saudi Arabia.

On 01/06/1992, and within the framework of its expansion plans, Zoujaj purchased Dammam Factory For Glass Bottles which is the second factory for the manufacture of glass containers. The Plant was modernized to produce returnable and non- returnable green glass containers with a capacity of 18,000 MT per annum.



In December 2019, due to non-economical operations, the Board of Directors decided to permanently close the factory and announced in Saudi Stock exchange "Tadawul" dated 19 December 2019.

In the other glass manufacturing avenues, efforts were made to achieve the goals set forth. In 07/04/1994, a Joint Venture Agreement was signed between Zoujaj and the other two partners viz., Guardian Glass Investments SA, one of the subsidiaries of the Guardian Industries USA, and the Eastern Company For Industrial Investment. The company under the name of The Saudi Guardian International Float Glass Company Limited "Gulf Guard" was established to produce flat glass and patterned glass. Later, mirror and coated glass were added to the range of products. The company is in Jubail Industrial City on an area of 20,000 Square Meters. The Paid-up capital of the company is SAR 122 million and Zoujaj had initially 45% share in the capital. The production of this factory began in 01/01/1997. The current production capacity of the factory is 131,000 MT annually, a real value addition to Saudi industrial sector and economy. This factory is pioneer in the manufacturing of flat glass in the middle east and gulf region. The factory caters to the needs of Saudi construction industry and export market.

In year 2017, Zoujaj increased its stake in Gulf Guard to 55% through acquiring the shares of Eastern Company For Industrial Investment Ltd.

In view of the success from the Joint venture of Gulf Guard, Jubail, Zoujaj Board of Directors decided to enter another Joint venture with the same partners to establish a new flat glass Plant in Ras Al Khaimah in the United Arab Emirates. Guardian Zoujaj International Float Glass Company LLC (Guardian RAK) was formed to meet the increasing demand for Flat glass. Zoujaj initially owned 45% of the Paid-up Capital of AED 220.2 million. The foundation stone for the project was laid down on 12/02/2006 and production started on 25/09/2007 with a production capacity of 190,000 MT per annum.

In 2017, Zoujaj increased its stake in Guardian RAK to 55% through acquiring the shares of Zamil Group Holding company.



Affiliated companies outside the Kingdom of Saudi Arabia

| Company Name | Activity | Head Quarter | Country |
|---|--|----------------|---------|
| Guardian Zoujaj International Float Glass Company LLC | Production of Flat glass, mirror, reflective glass, enamelled and insulant glass | Ras Al-Khaimah | UAE |

Description of types of Business activity and their Impact on the Profits

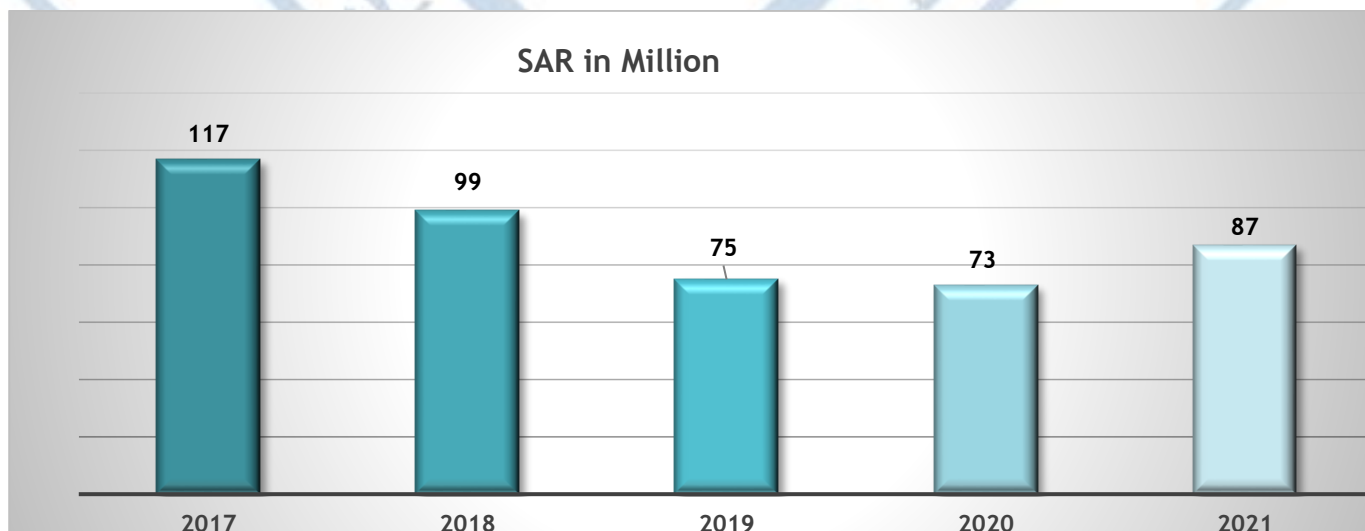
| Type of business activity | Profit (Loss) before Zakat (SAR in Million) |
|--|---|
| Glass container Business | (17.9) |
| Associated companies in Float Glass Business | 73.2 |

2) The results of the company's business from the main business activity are as follows:

1) Sales:

Sales amounted SAR 86.9 million in year 2021 as compared to SAR 73.3 million in year 2020.

The past 5-year sales are as follows:



2) Inventory:

Inventory includes the stock of finished goods intended for sale, raw materials, spare parts, consumables, and work in progress amounted at the end of 2021 to SAR 23.4 million as compared to SAR 17.6 million in year 2020.

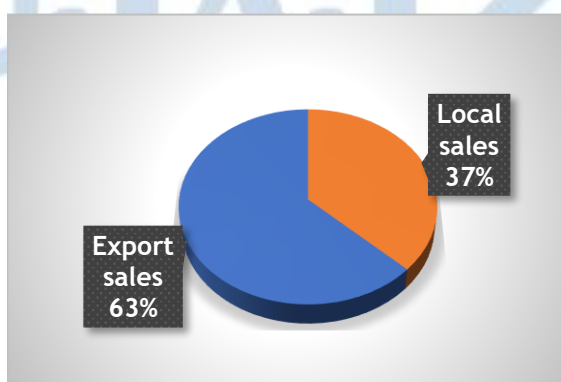
There is a provision available of SAR 4 million towards non-moving and slow-moving spare parts inventory as of year 2021. The company has written off finished goods and raw materials obsolete inventory in year 2021 amounted to SAR 3 million.

3) Geographical distribution of sales for the year 2021

Glass container sales



Sales including Associated Companies

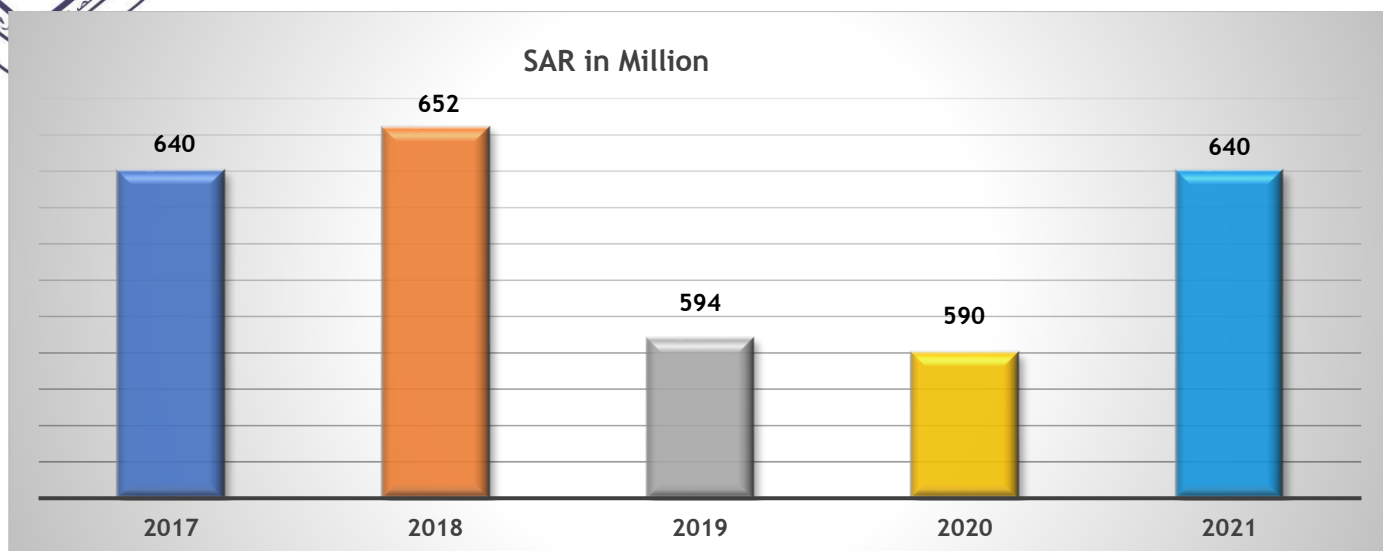


4) Financial results:

The following is a brief review of the Statement of Financial Position for the fiscal year 2021, which have been reviewed by the statutory auditor Baker Tilly MKM & Co. at Riyadh as compared to the last four years.

| SAR in Million | Years | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| <u>Assets</u> | | | | | |
| Current Assets | 92.0 | 105.9 | 88.3 | 79.6 | 88.4 |
| Non-Current Assets | 716.6 | 698.9 | 650.8 | 628.1 | 678.8 |
| <u>Total Assets</u> | 808.6 | 804.8 | 739.1 | 707.7 | 767.2 |
| <u>Liabilities</u> | | | | | |
| Current Liabilities | 64.5 | 78.4 | 93.3 | 103.1 | 90.2 |
| Non-Current Liabilities | 104.0 | 73.9 | 51.9 | 14.3 | 36.8 |
| Shareholders' Equity | 640.1 | 652.5 | 593.9 | 590.3 | 640.2 |
| <u>Total Liabilities & Shareholders' Equity</u> | 808.6 | 804.8 | 739.1 | 707.7 | 767.2 |

The following is a graphic presentation of the change in shareholders' equity during the past five years from 2017-2021:



The following is a summary of the Statement of Comprehensive Income and earnings per share for the past five years from 2017-2021:

| SAR in Million | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------------|-------------|--------------|---------------|---------------|
| Revenue from Sale of goods | 116.9 | 98.7 | 74.9 | 73.3 | 86.9 |
| Cost of sales | (90.6) | (69.0) | (69.6) | (75.5) | (86.5) |
| Gross Profit (loss) | 26.3 | 29.7 | 5.3 | (2.2) | 0.40 |
| General administrative sales and marketing expense | (14.9) | (12.8) | (11.5) | (12.6) | (12.1) |
| Impairment loss on financial assets | | | | (1.0) | (5.1) |
| Other Income (Expenses) | (2.9) | (0.1) | 0.2 | 0.8 | 1.4 |
| Operating Profit (loss) | 8.5 | 16.8 | (6.0) | (15.0) | (15.4) |
| Finance cost | (2.9) | (2.3) | (3.2) | (3.4) | (2.5) |
| Cost of temporary cessation of operation | | (21.0) | (2.6) | | |
| Associated company Profit (loss) share | 42.3 | 51.8 | 14.0 | 10.2 | 73.2 |
| Profits from an additional 10% investment in associated companies | 26.7 | | | | |
| Provision for investment loss in associated companies (SANLEC) | (0.8) | (0.7) | (0.6) | | |
| Provision for Associated company loan receivable (SANLEC) | (5.0) | (10.0) | | | |



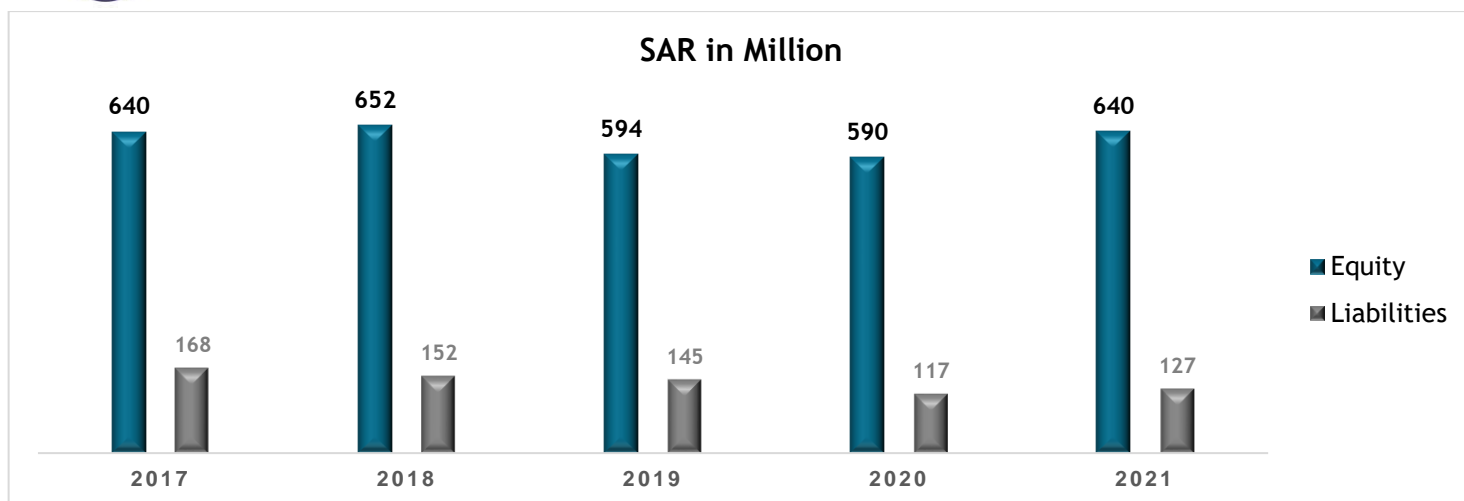
Board of Directors' Report for 2021

| | | | | | |
|--|-------------|-------------|---------------|---------------|-------------|
| Associated company loan receivable write-off (SANLEC) | | | (20.3) | | |
| Zakat | (3.6) | (4.0) | (3.2) | (2.9) | (4.2) |
| Net Profit (loss) after Zakat | 65.2 | 30.6 | 21.9 | (11.1) | 51.1 |
| Profit (loss) from discontinued operation | | | (9.4) | | |
| Net profit (loss) for the period | 65.2 | 30.6 | (31.3) | (11.1) | 51.1 |
| Other comprehensive Income | | | 0.7 | 0.9 | (1.2) |
| Total comprehensive Income (loss) | 65.2 | 30.6 | (30.6) | (10.2) | 49.9 |
| Earnings per share from continuing and discontinued operations | 2.05 | 0.93 | (0.95) | (0.34) | 1.55 |

3) Loan information:

| Lending Institution – SAR in Million | Principal loan | Loan 01 Jan 2021 | Receipt | Paid | Loan 31 Dec 2021 | Period |
|--|----------------|------------------|-------------|-------------|------------------|-----------|
| The Saudi Industrial Development Fund (SIDF) | 108.5 | 31.9 | | 0.6 | 31.3 | 2016-2023 |
| Islamic loans from Banks – Long term | 8.0 | 6.7 | | 0.8 | 5.9 | 2020-2025 |
| Islamic loans from Banks – Short term | 40.0 | 28.9 | 38.0 | 38.9 | 28.0 | 2020-2022 |
| Dividend Loan from Banks – Short term | 16.0 | 8.0 | | | 8.0 | 2019-2022 |
| Total | 172.5 | 75.5 | 38.0 | 40.3 | 73.2 | |

4) Shareholders' Equity to Total Liabilities



5) Investment in Associated Companies



Zoujaj expanded in glass related business by investing in two associated companies manufacturing flat glass, pattern glass, mirror, and coated glass to diversify its sources of income.

The Saudi Guardian International Float Glass Company Limited (Gulf Guard) Jubail recorded a profit of SAR 73.6 million due better financial performance.

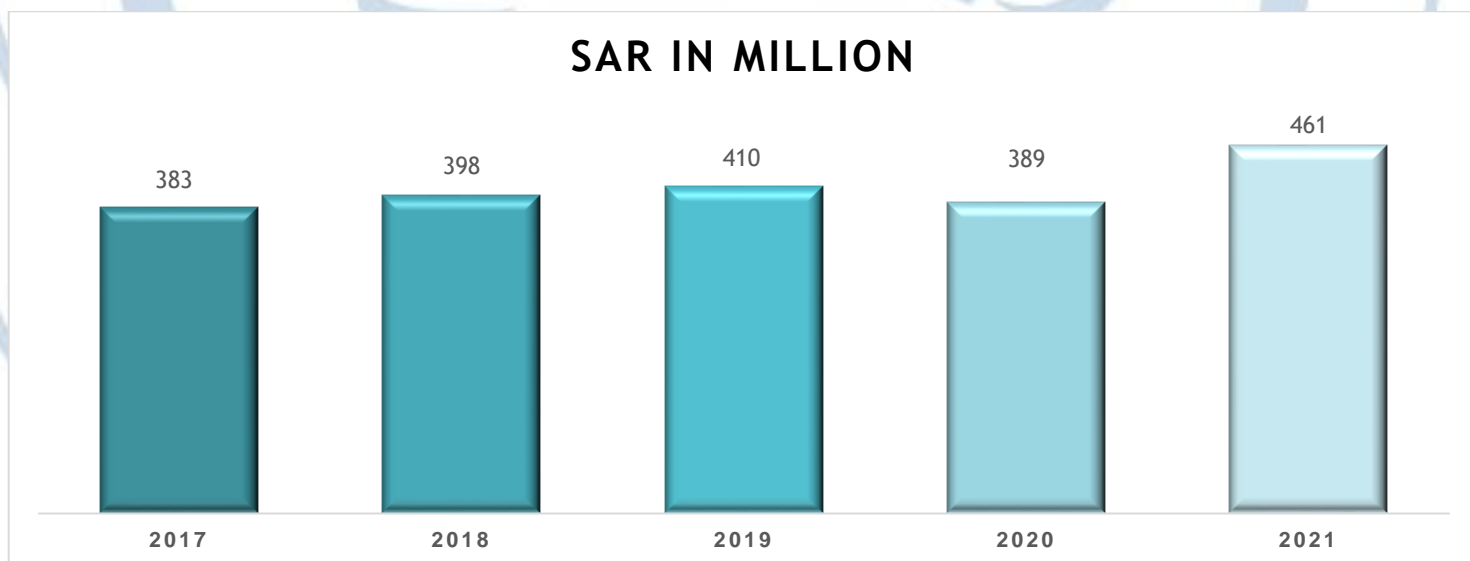
The Zoujaj Guardian International Float Glass Company LLC (Guardian RAK) in Ras Al Khaimah, UAE recorded a net profit of AED 56.4 million due to better financial performance.

Zoujaj discontinued accounting losses in its associated company – The Saudi National Lamps and Electricals Co. Limited (SANLEC), Hofuf as their losses exceeded the company's net investment. SANLEC is under court liquidation process.

Zoujaj Investment in Associated companies:

| | Company Details | Capital Share | Ownership | Place of Incorporation | Legal status |
|--|---|-------------------|-----------|------------------------|-------------------|
|  | The Saudi Guardian International Float Glass Co. Ltd (Gulf Guard) | SAR 122 million | 55% | Saudi Arabia | Limited liability |
|  | Guardian Zoujaj International Float Company LLC (Guardian RAK) | AED 220.2 million | 55% | UAE | Limited liability |
|  | Saudi National Lamps and Electricals Company Limited (SANLEC) | SAR 10 million | 50% | Saudi Arabia | Limited liability |

The following is a graphical presentation of the Zoujaj Investment in associated companies as for the past 5 years.



6) Regular payments to Government Agencies and fines:

| SAR in Million | 2020 | 2021 |
|-------------------------|------|------|
| Customs Duty | 1.3 | 0.7 |
| Zakat | 3.2 | 2.8 |
| GOSI | 1.2 | 1.3 |
| Passports and visas | 0.2 | 0.2 |
| Chamber of Commerce | 0.06 | 0.06 |
| Industrial land – lease | 0.2 | 0.2 |



7) Corporate Governance:

- 1) Zoujaj corporate governance framework is established by the Provisions of the corporate governance regulations issued by the Saudi Capital Market Authority (CMA) including:
 - a) Cumulative voting, where the company amended the Article 8, Paragraph B of its Article of Association to make applicable cumulative voting to nominate members of the board of Directors, as per the Capital Market Authority and the Ministry of commerce.
 - b) The rules for the selection of members of the audit committee, nomination and remuneration committee, the duration of their membership and the working style of the committees as approved by the general assembly.
 - c) Board membership policy, standards and procedures approved.
- 2) The Internal Audit Committee of the company has filed its report on the company's performance.
 - a) It was confirmed that there were no substantial notes affecting the performance of the work or financial reports.
 - b) The company's work has been confirmed according to the rules and regulations of the work.
- 2) Name of Board Members, committee members, Executive Management, and the previous and current Positions:



3.1) Board of Directors

| Name | Current Position | Previous Position | Qualification | Areas of Expertise | Membership of Committees |
|-----------------------------|---|--|---|--|--|
| Omar Riadh Al Humaidan | General Manager of Abraj Al Hayat Trading Est. | Director General of the Trans-Arabian Peninsula Foundation | Bachelor of Sharia and Law | Management and Planning | Chairman & Executive Committee |
| Bandar Abdulrahman Al Zamil | Vice President, Zamil Group Holding | Project Engineer for Zamil Architectural Industries, General Manager, Real Estate Investment and Development, Zamil Holding Group | Bachelor of Industrial Engineering | Vice President , Zamil Group Holding | Deputy Chairman, Nominations and Remuneration Committee, Risk Management Committee and Executive Committee |
| Ahmed Yaqoub Al Furaih | Businessman | Executive Director of Technical Solutions Office | Bachelor's degree in Electrical Engineering | Saline water conversion corporation (SWCC) | Risk management committee |
| Bassam Mohammed Al Bassam | Investments Consultant | Executive Director, Al Ra'idah Investments Company, Vice President, Buildings Development Company, General Manager of Products at the Ministry of Housing, CEO and Managing Director of Al-Rajhi Development, Director of the Saudi Ceramic Company Factory, Director of Production Development at Shell Petroleum | Master of Business Administration and Bachelor of Engineering | The banking sector, Real Estate Investment, Industrial Investment, Industrial, engineering and management consulting | Risk Management Committee, Executive Committee |
| Abdulatif Ali Al Fawzan | Corporate Investment Manager, Al-Fawzan Holding Company | Corporate Banking Manager, Saudi Fransi Bank Mergers and acquisitions consultant, Ernst & Young | Bachelor of Economics | Fransi bank credit analyst, M&A advisor, Ernst Young | Nomination and Remuneration Committee |
| Mohammed Sulaiman Al Harbi | Industrial consultant | CEO - Takween Advanced Company | Bachelor of Industrial Engineering | In the industrial field | Executive Committee and Audit committee |
| Mazin Abdulaziz Al Manie | Businessman | The field of construction and real estate development | Architect | The field of construction and real estate development | Nomination and Remuneration Committee |
| Uthman Riadh Al Humaidan | Investment Manager, Financial Analyst | Al Hayat Contracting Towers, Al Hayat Pharmacies Group, Naeem Investment Company | Bachelor of Finance | Management | Audit Committee |



Previous Chairman :-

| Name | Current Position | Previous Position | Qualification | Areas of Expertise | Membership of Committees |
|----------------------------|--|---|---|--|-------------------------------------|
| Riadh Mohammed Al Humaidan | Businessman - Chairman of The National Company For Glass Industries (Zoujaj) | Chairman of the Board of Directors of Al-Hayat Pharmacies Group | Bachelor's degree in Management and Economics | Chairman of the Board of Directors of Al-Hayat Pharmacies Group & Zoujaj Company | Chairman From 1/1/2021 to 17/3/2021 |

3.2) Committee members from outside the Board of Directors

| Name | Current Position | Previous Position | Qualification | Areas of Expertise | Membership of Committees |
|--------------------------|------------------|---|------------------------|--------------------|--------------------------|
| Mohammed Ahmed Al Sheikh | Businessman | CEO of Qaid Al Obaid Certified Public Accountants | Bachelor of Accounting | Financial affairs | Audit committee |

3.3 Executive Management

| Name | Current Position | Previous Position | Qualification | Areas of Expertise | Membership of committees |
|---------------------------|----------------------------------|--|---|--|--|
| Bassam Mohammed Al Bassam | Board Member & Managing Director | Board Member | Master of Business Administration and Bachelor of Engineering | The banking sector, Real Estate Investment, Industrial Investment, Industrial, engineering and management consulting | Risk Management Committee, Executive Committee |
| Hatim Aiydh Al Fadli | Finance Director | Finance Director of Al Arabiya Company | Bachelor of Accounting | Financial affairs | - |
| Khalid Mohammed Al Qaisi | Sales & Marketing Director | Commercial Director / Takween Advanced Industries | MBA International business and supply chain performance | Sales, marketing, Business development & strategy formulation | - |
| Konstantinos Moustakeas | Plant Director | Plant Manager | Bachelor's in chemical engineering | Manufacture of glass containers | - |
| Anil Kumar | Technical Plant Manager | Maintenance Manager for The National Factory For Glass Bottles | Bachelor's in Mechanical Engineering | Manufacture of glass containers | - |



4) Board Committees:

a) Audit Committee:

The Audit Committee supervises the financial affairs and internal controls, and its responsibilities include reviewing and discussing the quarterly and annual financial statements of the company and submitting the results to the Board of Directors. The Audit committee also recommends to the Board of Directors for appointing statutory Auditor. The Audit committee consist of 3 members including one member from the Board of Directors held meetings during 2021 as follows:

| Member Name | Position | No. of meetings | 25/01/2021 | 09/03/2021 | 22/04/2021 | 01/06/2021 | 05/08/2021 | 18/08/2021 | 27/10/2021 | 13/12/2021 | 14/12/2021 |
|---------------------------|---------------------|-----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Mohammed Suliman Al Harbi | Committee President | 9 | | | | | | | | | |
| Mohammed Ahmed Al Shaikh | Member | 9 | | | | | | | | | |
| Uthman Riadh Al Humaidan | Member | 9 | | | | | | | | | |




b) Nomination and Remuneration Committee:

The Nominations and Remuneration Committee reviews the structure of the Board of Directors and the performance of its members, submits recommendations to the Board, identifies weaknesses and strengths, assures its independence that there is no conflict of interest with company activities and also receives nomination to Board of Directors upon the expiration of the Board membership and examine them. The committee consists of 3 members from the Board of Directors, and during the year it held its meetings according to the following schedule:

| Member Name | Statement | No. of Meetings | 16/12/2021 |
|-----------------------------|---------------------|-----------------|------------|
| Abdulatif Ali Al Fawzan | Committee President | 1 | |
| Bandar Abdulrahman Al Zamil | Member | 1 | - |
| Mazin Abdulaziz Al Manie | Member | 1 | |


























c) Risk Management Committee

The Risk Management Committee is responsible for identifying, measuring, and following up the risks that the company might be exposed to. One of its tasks is to develop a comprehensive strategy and policies for risk management, verify their implementation, review, and update them, verify the viability of the continuation of the company and successfully continue its activity, as well as prepare detailed reports on exposure to risks and the proposed steps to manage these risks and submit them to the Board of Directors. The Committee consists of three members and meetings were held during the year as per the following table:

| Member Name | Position | No. of Meetings | 26/08/2021 |
|-----------------------------|--------------------|-----------------|---|
| Ahmed Yaqoub Al Furaih | Committee Chairman | 1 |  |
| Bandar Abdulrahman Al Zamil | Member | 1 |  |
| Bassam Mohammed Al Bassam | Member | 1 |  |

d) Executive Committee:

The Executive Committee follows up the Board's policies and decisions and follows up on the executive management without prejudice of the general powers of the Board and the executive management. The Executive committee shall report to and manage the communication with the Board of Directors. The Executive Committee consists of 5 members, all of whom are members of the Board of Directors. During the year 2021, the Executive committee held its meetings according to the following schedule:

| Member Name | Position | No. of Meetings | 21/01/2021 | 22/03/2021 | 28/08/2021 | 10/10/2021 | 18/12/2021 |
|-----------------------------|--------------------|-----------------|---|---|---|---|---|
| Ahmed Yacoub Al Furaih | Committee Chairman | 5 |  |  |  |  |  |
| Omar Riadh Al Humidan | Member | 5 |  |  |  |  |  |
| Mohammed Sulaiman Al Harbi | Member | 5 |  |  |  |  |  |
| Bandar Abdulrahman Al Zamil | Member | 5 |  |  |  |  |  |
| Bassam Mohammed Al Bassam | Member | 5 |  |  |  |  |  |

5) Board of Directors:

The Board of Directors consists of eight members. The proposed remuneration for the Board of directors amounted to SAR 1.6 million. The Board of Directors held 4 meetings during the year 2021.

The current session of the Board is for a period of 3 years starting from 09/04/2020 to 08/04/2023. The current Board of Directors are as follows:



Board of Directors' Report for 2021

| Member Name | Membership Status | Membership in other companies | Status |
|-----------------------------|-------------------|---|---------------|
| Omar Riadh Al Humaidan | Chairman | Member of Board of Directors of : (1) Fetaihi Group, a Saudi Joint Stock company (2) Al-Jouf Agricultural, a Saudi Joint Stock company (3) The Saudi Guardian International Float Glass Co. Ltd, Jubail, Saudi Arabia (4) The Zoujaj Guardian International Float Glass Co LLC, Ras Al Khaimah, UAE | Non-Executive |
| Bandar Abdulrahman Al Zamil | Member | Zamil Group Holding Company | Non-executive |
| Ahmed Yaqoub Al Furaih | Member | -- | Non-executive |
| Bassam Mohammed Albassam | Member | Member of Board of Directors of : (1) Water endowment (2) Tuwaiq Reserve | Executive |
| Abdulatif Ali Al Fawzan | Member | -- | Independent |
| Mohammed Sulaiman Al Harbi | Member | Chairman of the Board of Directors of : (1) The Saudi Guardian International Float Glass Co. Ltd, Jubail, Saudi Arabia (2) The Zoujaj Guardian International Float Glass Co LLC, Ras Al Khaimah, UAE | Independent |
| Mazin Abdulaziz Al Manie | Member | -- | Independent |
| Uthman Riyadh Al Humaidan | Member | Fetaihi Group, a Saudi Joint Stock company | Non-executive |



Statement of the attendance of the Board of Directors and their attendance percentage are as follows:

| Member Name | No. of Meetings | 24/03/2021 | 22/06/2021 | 04/11/2021 | 23/12/2021 | Attendance |
|-----------------------------|-----------------|------------|------------|------------|------------|------------|
| Omar Riadh Al Humaidan | 4 | | | | | 100% |
| Bandar Abdulrahman Al Zamil | 4 | | | | | 100% |
| Ahmed Yaqoub Al Furaih | 4 | | | | | 100% |
| Bassam Mohammed Albassam | 4 | | | | | 100% |
| Mohammed Sulaiman Al Harbi | 4 | | | | | 100% |
| Abdulatif Ali Al Fawzan | 4 | | | | | 100% |
| Mazin Abdulaziz Al Manie | 4 | | | | | 100% |
| Uthman Riyadh Al Humaidan | 4 | | | - | | 75% |

6) The shares of the members of the board of directors and their spouses and underage children in the current session are as follows:

| Name | Stocks at the beginning of the year | | Change during the period | | Spouses & underage children | Stocks at the end of the year | |
|----------------------------|-------------------------------------|---------|--------------------------|-------|-----------------------------|-------------------------------|---------|
| | No. of Shares | % | No. of Shares | % | No. of Shares | No. of Shares | % |
| Riadh Mohammed Al Humaidan | 6,591,000 | 20.033% | (1,870,000) | 5.68% | | 4,721,000 | 14.350% |
| Ahmed Yaqoub Al Furaih | 1,000 | 0.003% | | | | 1,000 | 0.003% |
| Omar Riyadh Al Humaidan | 175,818 | 0.534% | (174,818) | 0.53% | | 1,000 | 0.003% |
| Mohammed Sulaiman Al Harbi | 1,000 | 0.003% | | | | 1,000 | 0.003% |
| Mazin Abdulaziz Al Manie | 1,000 | 0.003% | | | | 1,000 | 0.003% |
| Bassam Mohammed Albassam | 1,662 | 0.005% | | | | 1,662 | 0.005% |



7) Major shareholders of the company:

| Name | No. of Shares |
|----------------------------------|---------------|
| Riadh Mohammed A. Al Humaidan | 4,721,000 |
| Human Resources Development Fund | 1,116,000 |
| Social Development Bank | 360,000 |
| Companies and investment funds | 2,008,105 |
| Charities | 150,000 |

Nature of Investors:

| Type | Investor's No. | No. of Shares |
|-----------------------------|----------------|-------------------|
| Major contributors | 1 | 4,721,000 |
| Saudi companies and funds | 17 | 2,008,105 |
| Foreign companies and funds | 21 | 622,913 |
| Charities | 1 | 150,000 |
| Individuals | 11,190 | 25,397,982 |
| Total | 11,230 | 32,900,000 |

Investors by size of ownership:

| Ownership Size/Share | No. of investors | No. of shares | Ownership % |
|---------------------------------|------------------|-------------------|----------------|
| More than 1 million | 3 | 6,898,726 | 20.97% |
| From 500K: Less than 1 million | 0 | 0 | 0 |
| From 100K: Less than 500K | 28 | 6,018,189 | 18.29% |
| From 50K: Less than 100K | 48 | 3,163,763 | 9.62% |
| From 10K: Less than 50K | 365 | 6,924,371 | 21.05% |
| From 5K: Less than 10K | 426 | 2,878,374 | 8.75% |
| From one Thousand: less than 5K | 2,614 | 5,287,364 | 16.07% |
| Less than one Thousand | 7,746 | 1,729,213 | 5.25% |
| Total | 11,230 | 32,900,000 | 100.00% |



8) Remuneration for the Board of Directors and five senior executives and members of the committees:

Members do not receive any allowances or bonuses except as stipulated in Article 22 of the company's bylaw regarding the payment of annual bonus, which amounted to SAR 1.6 million to all members, in addition to the assignments and attendance allowances for all committees. Their breakdown are as follows:

1) Compensation and Remunerations paid to the Board members and committee members during the year 2021:

| Name of Board Members | Fixed Rewards | | | | |
|--|-----------------------|---------------------------|-----------------------|--|------------------|
| | Board Attendance fees | Committee Attendance fees | Ticket and allowances | Remuneration to Chairman of the Board, Managing Director or Secretary, if he is a member | Total (SAR) |
| <u>Independent Directors</u> | | | | | |
| Mazin Abdulaziz Al Manie | 12,000 | 3,000 | | 200,000 | 215,000 |
| Mohammed Sulaiman Al Harbi | 12,000 | 42,000 | 1,650 | 200,000 | 255,650 |
| Abdulatif Ali Al Fawzan | 12,000 | 3,000 | 3,300 | 200,000 | 218,300 |
| <u>Non-Executive Directors</u> | | | | | |
| Omar Riadh Al Humaidan | 12,000 | 15,000 | 4,950 | 200,000 | 231,950 |
| Ahmed Yacoub Al Furaih | 12,000 | 18,000 | 4,950 | 200,000 | 234,950 |
| Bandar Abdulrahman Al Zamil | 12,000 | 18,000 | | 200,000 | 230,000 |
| Uthman Riadh Al Humaidan | 12,000 | 27,000 | 3,300 | | 42,300 |
| <u>Executive Directors</u> | | | | | |
| Bassam Mohammed Albassam | 12,000 | 18,000 | | 200,000 | 230,000 |
| <u>Members of the Board up to 17 Mar 2021</u> | | | | | |
| Riadh Mohammed Al Humaidan | | | | 200,000 | 200,000 |
| <u>Member of the committee out of the board</u> | | | | | |
| Mohammed Ahmad Al Sheikh | | 27,000 | | | 27,000 |
| <u>Grand Total</u> | 96,000 | 171,000 | 18,150 | 1,600,000 | 1,885,150 |



2) Compensation and bonuses disbursed during the year 2021 to five senior executives, including the Managing Director and Finance Director:

The bonus and allowances disbursed during the year 2021 to five senior executives, including the Managing Director and Finance Director are as follows: -

| Senior Executives | Fixed Remuneration | | | |
|--|--------------------|------------|------------------------|-------------|
| | Salaries | Allowances | Bonus and compensation | Total (SAR) |
| Five Senior Executives including Managing Director and Finance Director for 2021 | 1,366,800 | 506,650 | - | 1,873,450 |

- The company is committed to disclosing the compensation for executives in accordance with the statutory requirements contained in Article 93 of the Corporate Governance Regulations.

9) Zakat

The Zakat paid related to year 2020 in year 2021 amounted to SAR 2.8 million, and declarations were submitted accordingly. The company received Zakat certificate up to year 2020. The company finalized zakat returns and received final zakat certificate till year ended 2018.

10) Company Achievements

- Signed an agreement with the Human Resources Fund to support the company with Saudization program, and a group of Saudi engineers have already been appointed
- Obtained food safety FSSC 22000 and ISO 45001 certifications for The National Factory For Glass Bottles, Riyadh.
- Zoujaj Revenue has grown up by 19% over 2021 with a determination to continue growing at the same pace for years to come to hold a recognized position in the industry of glass packaging
- Zoujaj has developed the export market in Iraq with the major key food and beverages players and aiming to continue developing the export outside middle east markets
- Social Responsibility: For the company to fulfill its duty towards social responsibility, the Board of Directors approved an amount of SAR 100,000 which was distributed to the following societies



| Association Name | Amount in SAR |
|---|---------------|
| Prince Mohammed bin Salman Charitable Action Platform | 40,000 |
| Developmental Housing Corporation | 40,000 |
| Ministry of Social Affairs Alkhair Project | 20,000 |

11) General Assemblies of the shareholders and the names of the attendees of the Board of Directors:

The 29th ordinary general assembly, which was held on 22/06/2021, was attended by all members of the Board of Directors.

12) Future Projects:

- 1) Recyclability is now a factor that Zoujaj plans to utilise further, In January 2022, the company signed a Memorandum of Understanding with the Saudi Investment Recycling Company (SIRC), with a view to establish a joint venture company focusing on processing glass waste to produce a raw material for glass manufacturing as well as conducting research.
- 2) Zoujaj commitment toward developing circular economy has evolved and initiated backward integration project to produce silica for their own demand and to supply the external demand as well. This initiative is taking footsteps in 2022 and expect to commercialize in 2023
- 3) Developing a continuous learning program to prepare Saudi calibres to attain key jobs that require specialized training to keep pace with Vision 2030 and to contribute to Saudization by raising the efficiency of the Saudi employee.
- 4) Zoujaj is also committed to upscale the plant infrastructure and manufacturing practices to meet the highest quality standards pertaining glass packaging and facilitating the high accreditations with certified bodies in good manufacturing practices and food & safety measures.
- 5) Developing robust autonomous system to support digitalizing all the workflow processes and improve traceability and efficiency



13) Company Declaration

- 1) Proper books of account have been maintained.
- 2) The internal control system is prepared on a sound basis and has been effectively implemented.
- 3) There are no significant doubts concerning the ability of the company to continue its activity.
- 4) There is no contract in which there is a substantial interest for one of the members of the board of directors, the executive management, or anyone related to them.

14) Auditors:

The ordinary meeting of the shareholders of the company approved in its annual general meeting held on 22/06/2021, the appointment of the Statutory Auditors Baker Tilly MKM & Co. SA, Riyadh as the company's auditor for the financial year ending 31/12/2021. The general assembly will consider in its next meeting, the reappointment of the current auditors or selecting others and determine their fees for the audit of the company's accounts for the year 2022 after reviewing the recommendations of the Audit Committee and the Board of Directors.

15) Expected Risks:

Types of expected risks that the company may face:

- 1) Continued effects of the corona pandemic that changed the market dynamics and consumers behaviours
- 2) Increased raw materials prices especially imported ones which's subject to price fluctuations because of the impact of the global market.
- 3) Increased prices of energy, insurance and transportation.
- 4) Geo-political situations that impacted the export business and international transactions.
- 5) Shortage of natural gas supply in the event of natural disasters.
- 6) lower profit margins from the associates due to decreased prices, competition, and underutilized assets.



16) Profit Distribution Policy:

The extraordinary assembly authorized the Board of Directors to distribute interim dividends on a semi-annual basis for each financial year after deducting all general expenses and other costs as stated in the company's Articles of Association and as follows:

- 1) 10% of the net profits shall be set aside towards statutory reserve, and the ordinary general assembly may stop this retention when the said reserve balance reaches 30% of the share capital.
- 2) From the remainder, the equivalent of 5% of the paid-up capital shall be distributed to the shareholders.
- 3) After allocating the above mentioned, a percentage not exceeding 5% of the remainder as remuneration to the Board of Directors.

The following table illustrates the historical information of the cash dividend paid from year 2017:

| Year | Net Profit (SAR in Million) | Dividend per share in SAR | Dividend Paid (SAR in million) | Dividend % to Net Profit |
|----------------------------|--------------------------------|------------------------------|-----------------------------------|--------------------------|
| 2017 First Half | 65.2 | 0.50 | 16.45 | 25% |
| 2017 Second Half | | 0.50 | 16.45 | 25% |
| 2018 | 30.65 | 0.75 | 24.67 | 80% |
| 2019 | (31.3) | - | - | - |
| 2020 | (11.0) | - | - | - |
| 2021 | 51.1 | 0.50 | 16.45 | 32% |
| Total Distributions | 104.65 | 2.25 | 74.02 | 71% |

- In the end, the Zoujaj Board of Directors extends their gratitude and thanks to the Saudi government for the support and encouragement to the industrial sector. Zoujaj Board also extend thanks to the shareholders of the company for their confidence in the Board, as well as to the Executive Management and all the employees of the company.