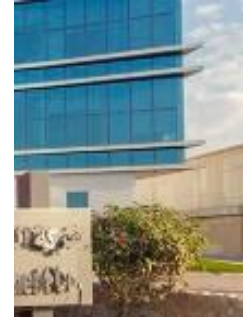
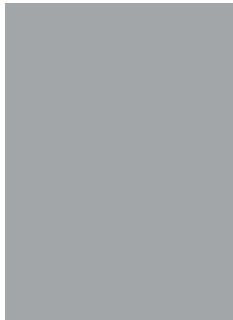
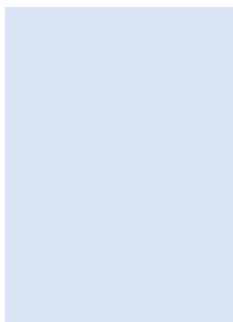




Board of Directors Report For the fiscal year 2021



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CHAIRMAN'S STATEMENT

Dear Shareholders,

Peace be with you.

I am pleased to present the annual report of Al-Abdul Latif Industrial Investment Company for the fiscal year 2021. This year has witnessed challenges represented in a low aggregate demand in carpets and rugs sector consequently to the continuation of Corona virus and its variants crisis. As a part of the unrecovered global economy, the carpets and rugs sector are affected due to the beforementioned reasons, accompanied with the repercussions of the increase in production costs occurred and the inability of the markets to accept these increases in a timely manner. Which led to a decrease in demand and therefore a decrease in the operational capacity of factories and this was offset by the inability to raise prices in accordance with high costs.

Thank God and to the support of our sound government, and to the efforts of the employees the company succeeded in increasing its market share as one of the largest carpets and rugs producers in the Middle East and Africa compared to the fiscal year 2020. Although this does not achieve our ambitions because in addition to our interest in the local market, we are targeting our business on exporting as one of the objectives of the company and its subsidiaries. This target however, slowed down according to the reasons mentioned above. Hence, the sector still struggling with recession and downturns relatively. We hope that in 2022 there will be new projects to introduce. We also wish to protect the national product further. Especially in the field of carpets and rugs production and avoid any possibility of market dumping. God willing, the company will continue to work to achieve its goals and raise production efficiency and develop human capabilities to meet the challenges of the current phase by strengthening its current position in the market and developing its products to maximize returns for its shareholders.

In conclusion, we sincerely thank you and appreciate your trust, and extend our sincere thanks to the colleagues in the executive management and all the employees of the company for their sincere efforts in developing the company and raising performance and achieving returns for the benefit of the company and its valued shareholders.

Head of Management Board
Suleiman Omar Al-Abdullatif

Vision

Al-Abdullatif Industrial Investment Company should be the largest industrial grouping at the local and Gulf level, with advanced high technology, comprehensive quality, highly skilled technical expertise, and its products are characterized by diversity and multiple alternatives at competitive prices.

Mission

Abdul Latif Industrial Investment Company should be a distinguished role model in the quality and diversity of its products such as carpets, rugs, blankets, and raw materials linked both on local, regional, and international scale. It should also maintain leadership and originality and precede the aspirations of its customers in the services level, shareholders satisfaction, promote and develop its community.

The Company's Objectives

Basic objectives:

- ▶ Survival and viability.
- ▶ Growth.
- ▶ Good reputation.

Economic objectives:

- ▶ Profit and return on investment
- ▶ Add new customers and keep the old ones.
- ▶ Innovation and product improvement.
- ▶ Optimal use of resources (capital, financial resources, human resources)

Human objectives:

- ▶ Human resources development.
- ▶ Motivate and create a sense of satisfaction among staff.

Social objectives:

Staff: taking care of staff.

Consumers: Provide high quality products at a competitive price.

Shareholders: Capital protection.

Creditors: Maintain good relations with suppliers.

Government: Abide by government rules and regulations and pay government obligations.

Environment: Maintaining a pollution-free environment.

National objectives:

- ▶ Creating direct and indirect employment opportunities.
- ▶ Contribute to the development of the neediest areas.
- ▶ Raise the standard of living by providing carpets, rugs, and blankets at an excellent level and at a reasonable price will contribute to enhance people's standard of living.
- ▶ Export and bring in foreign clients and that contributes to development



Head of Management Board
Suleiman Omar Al-Abdullatif

Members of the Board of Directors



Member of the Board of Directors
Fahad Omar Al-Abdullatif



Vice Chairman
Abdulaziz Abdullatif Al-Dulaijan



Managing Director
Abdullatif Omar Al-Abdullatif



Member of the Board of Directors
Majed Abdul Rahman Al-Osailan



Member of the Board of Directors
Hisham Abdul Rahman Al-Askari



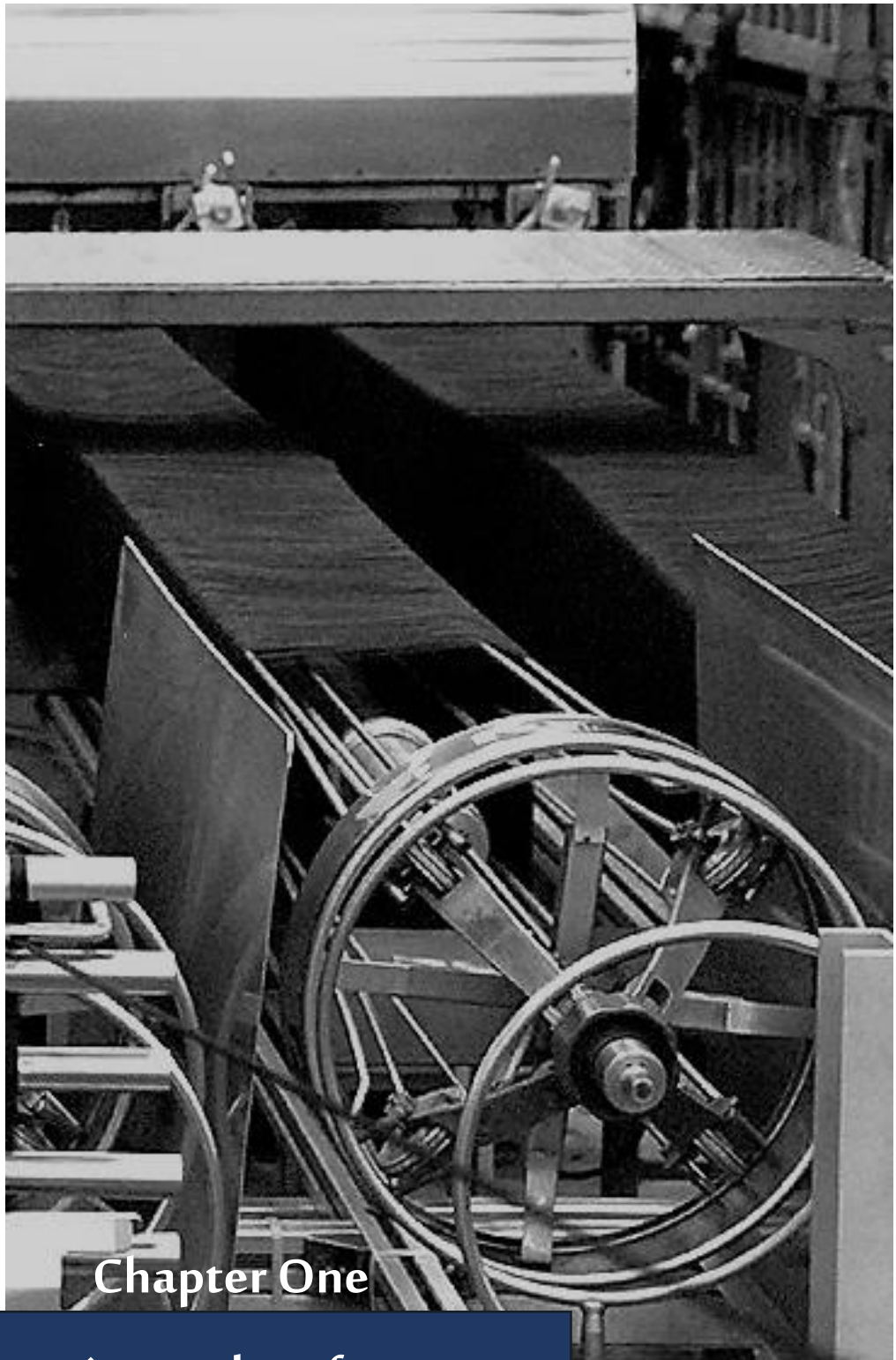
Member of the Board of Directors
Fawzi Ayoub Sabri



Company overview

Al Abdul Latif Industrial Investment Company is a Saudi corporation company listed in the Saudi Capital Market Stock Exchange. The company is managed in a professional manner. It is specialized in manufacturing carpets, rugs, and medium products such as yarns (polyester yarns, acrylic yarns, polypropylene yarns, nylon yarns). It also produces and sales these products along with producing coloured dyes, paper tubes, and blankets. The company owns modern and integrated production lines and has highly skilled employees and extensive experience in this field. AL-Abdul Latif Industrial Investment Company is a limited liability company under the name "Saudi Carpet Factory", and it was transformed in 2007 into a Listed Corporation company.





Chapter One

Activity, planning and performance

The company and subsidiaries' Activities

The main activities of the company are focused on carpet production, pieces of carpet, prayer carpets, production of carpet-making yarns, importing and operating radiated equipment related to the company's factories as per the license issued by the Research Institute of Atomic Energy and General Construction for Housing Buildings. The subsidiary companies' activities are focused on the production of circle spinning yarns, production of polypropylene yarns, basic and secondary carpet lining from polypropylene, manufacturing blankets and acrylic yarns, production of plastic colourings and colour-stabilizers, manufacturing of papers and cardboard (carton), manufacturing of paper core covers in different sizes, manufacturing of carpet in wholesale and fragmentation. As well as training within Al Abdullatif Training Co.

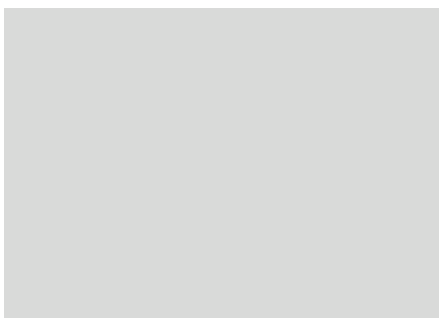
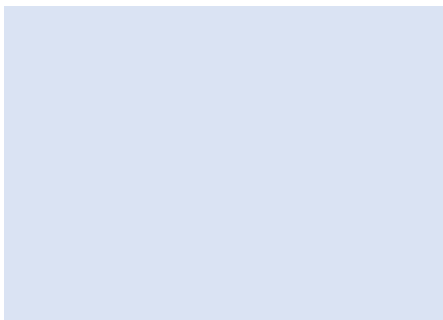
Company's name	Its main activity	place of the main store	Place of establishing	Percentage of Holding %	Affiliate capital
National Spinning Company	Spinning and preparation of cotton, spinning and preparation of industrial yarns such as nylon and Dillan	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	30,000,000
Eastern Textile Company	Spinning and preparation of industrial yarns such as nylon and Dillan weaving textiles from industrial yarns such as nylon	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	20,000,000
Western Textile Company	Industrial yarns industry, including (nylon and polyester)	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	16,500,000
Adfa Blanket Company	Cutting of sheets, pillowcases, bedspreads, quilts, pillows, making blankets and travel rugs	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	20,000,000
Nadeen Arabia Colour Company	Manufacture of dyeing materials, colouring, and industrial and natural tanning	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	4,000,000
Shahd Paper Tube Factory	Manufacture of corrugated paper and paperboard (cardboard), manufacture of paper cylinder covers	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	1,300,000
First Carpet Company	Carpet manufacturing, including (prayer and travel rugs), and rug manufacturing	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	20,000,000
Al Abdullatif Training Institute	Training Centres	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	100,000
Retaj Al Waseel Company for Services	General construction of residential buildings	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	2,000,000

The company carries out these activities through its factories and subsidiaries which it owns 100%, and the company has not established any commercial entity outside the Kingdom of Saudi Arabia. These are limited liability companies, and these subsidiaries did not issue any shares, debt documents during the year.

The company's overall performance 2021

Industrial companies face many pressures and challenges due to rapid changes in the contemporary work environment as well as a slowdown in recovery in 2021 along with the "uncertainty" mode that caused by the developments of the pandemic and its attendant repercussions. And the emergence of new revolutions which requires them to take a more comprehensive view of their performance instead of limiting the performance calendar to the financial perspective despite its importance. This prompted many companies to reconsider their competitive reality by adopting new methodologies and philosophy for competitive management, including comprehensive quality management, reengineering production processes and knowledge management... etc

Al-Abdul Latif Industrial Investment Company considering the available options and alternatives has decided to see the results of the evaluation of the company's performance to develop strategic alternatives and options considering the rapid changes taking place in the environment of the local and international economy. And that to improve its competitive level to keep pace with technological and industrial developments. This is in preparation for exploiting the production capacity of the company as required, and improving its products of carpets, rugs and blankets to meet the intensity of competition for imported industrial products to create a value added at the required level and to avoid the reasons that led to the decrease in the volume of profits in the company as a whole and has already begun to reduce its losses during fiscal year 2021 compared to fiscal year 2020. Speaking about Al-Abdul Latif Industrial Investment Company's performance in terms of revenue growth, profit growth or profit margins, we confirm that we are dissatisfied with the results despite the company's success during fiscal year 2021 in cash flow and timely delivery of customer orders to maintain customer satisfaction and confidence as well as the relative improvement in sales compared to fiscal year 2020. As well as developing the company strategies and renewing the mechanisms used to achieve the company's overall objectives in order to achieve a positive revenue and this is clearly demonstrated when presenting the estimated budget for fiscal year 2022.



Company's Strategy

Al-Abdul Latif industrial investment company's strategy can be described as a management plan prepared by the highest level of the company to operate the entire business system. Before we start listing the company's overall strategy, we must realize:

Item 1: Where are we? This means the current position of the company in the market and the current state of it.

Item 2: Where will we be in the future? Or what do we want to do in the future?

We also must ask ourselves: do we offer the same products to the same customers, or new products? Is the company satisfied with its current market share? Is the company striving to improve its situation? Does the company provide all the new designs in the market that suit consumers at the local and export markets level? The company adopts the flexibility strategy that is the ability to deal with facts and cope with variables effectively and more creatively. This strategy is centred on speed of implementation and resilience by taking steps towards market change to exploit opportunities. One of Abdul Latif Industrial Investment's success strategies is its belief in the need to develop and continuously improve as a leader in its business.

These strategies are highlighted below:

Establishing a Study Center (in near future):

The company's strategic plan includes the establishment of a study center to prepare studies about the designs and the qualities that meet the requirements of the local market and export markets. The center should hire competencies and designers from outside the company, whether inside or outside the Kingdom. These collaborators will develop to the company's products. Since industrial investment is one of the main axes in the economy, modern technologies are constantly being sought to meet the challenges and adapted positively to the rapid market changes, and this is an important element as a competitive value factor in this era. In addition to studying and analysing current economic data, innovation and updating the growth towards the future and preparing production and marketing plans and disseminating them to all strategic aspects, along with a strong belief in the continuity of support and development of investment.

Expansion in international markets (exist in an acceptable level for raw material products):

Based on the information mentioned in the item above, the company plans to expand the international markets regarding the final products. Therefore, the sales branch (human element) should be developed and supported by adding fresh members to the marketing and sales arteries and allowing this branch to start outside the Kingdom by applying:

- Market penetration strategy
- Competitive Products development strategy

The quality of products:

At the end of the fiscal year 2021, the company began to upgrade and replace machineries and develop a number of them to keep up with market requirements. Which is a strategic goal under which the executive management of the company as it increases its interest in quality standards in providing the product, which contributes to the technical development to the latest technology in the field of carpets, rugs, blankets and raw material production to launch larger opportunities for the company in local and export markets.

Continuous communication with key clients:

The company realized since the beginning of its founding that one of the keys to success lies in creating effective channels for continuous communication with the company's customers or potential customers, which resulted an interactive database that enables the company to follow up on all sale processes, and to respond to the customers' requirements immediately. Which reflected in the development of the product and support services. The company's management realize that its local sales are conducted through a limited number of top customers (the major distributors) without having to rely on local sales through exhibitions. A policy that has proved successful over the years and has been a tool for marketing the products without entering the circle of direct supply to customers. However, the company is planning to attract clients opening of Gulf, Arab and international markets has become an urgent necessity in the next phase.

Continuous presence in exhibitions:

The company's strategy in the up coming years includes presence and participation in local, Arab, and international exhibitions with the aim of sharing experience and developing productive capabilities that will develop the company productions. And that will be side to side with maintaining international quality using the contemporary technical methods.

Strategy for continuous development and expansion of production lines:

The Board of Directors has adopted the recommendations of the Executive Directorate to develop some of its plant machines and to expand some of its subsidiary companies by expanding the company and a number of subsidiary companies, as follows:

In the near term, the company's strategy has adopted cautious and gradual expansion in line with market movement, so the Board of Directors decided to adopt the Executive Committee recommendation to make expansions in the company and several subsidiaries as follows:

The First Carpet Company:

One machine has been arrived and it is the first of four machines. It is expected to be completed and installed on 20/04/2022. The second one is expected to be deliver on the 10th of April,2022. The installation and is expected to finish by the end of May 2022. The other two machines are expected to arrive on the 20th of April 2022.

Western Textile Company:

One thermal machine is expected to arrive during the first week of April 2022. The second one is expected to arrive during the first week of May 2022. The machines are expected to start operating in June,20200. Regarding the twisting machines, and they are (2), they are expected to arrive, God welling, to be ready to operate after one month of their arrival.

Adfa Blankets:

All the expansion machines had arrived thankfully, and they It is expected to start operating by the end of April,2022.

Al Abdullatif Industrial Investment Company:

The spear parts of 3 machines out of 4 have been shipped, and they are expected to arrive in April 2022. Finishing of instalment will be, God welling, after one month of their arrival.



Expectations

The global economy accepts different scenarios in 2022 under overlapping effects, notably, the Corona pandemic and its implications besides the recovery movement that slowed down in 2021. Therefore, we can notice the "uncertainty" mode which imposed by the pandemic new developments and the emergence of new variants. However, many countries are working on fiscal and economic policies to avoid reaching a decline in global economic growth. Yet, in Saudi Arabia the budget deficit is expected to decrease, giving the hope to increase government spending and with it the economic movement in general recovers. Al Abdul Latif Industrial Investment Company is one of the companies of the industrial investment sector and depends on the domestic market on one hand and the global market on the other due to its high export potential. Which was clearly reflected in the income list of the company's estimated budget for 2022, where the company's revenues are expected to increase during the fiscal year 2022 at an estimated rate of 10%, and hoped that the company will achieve annual profits, God willing. As these expected results do not satisfy the executive management, it is doing its best in adopting policies and mechanisms to make sustainable profits. Hence, the executive management has updated the objectives and strategies and made many decisions. Some of these decisions, to name not a few, are increasing the number of products sold, looking for new markets for products, reducing expenses, developing products to the highest specifications . . . etc. All with the aim of making changes for the better in the future.

Potential Risks

Certainly, the cost of addressing problems and losses is usually greater than the cost of establishing a risk management department for the company. Risk management and acceleration of its work is an essential element of risk management, and the company risk management unit therefore examines and observes risks of all kinds (high-medium-low) with the guidance of the Risk Management, Governance and Commitment Committee. The statistics indicate that companies that have established risk management units have protected themselves by 86% compared with other companies that have neglected their importance. The risk management unit of the company is therefore responsible for identifying, measuring, and assessing risks and thus determining how to deal with them, and there are several methodologies for dealing with risks, including but not limited to:

1. Risk avoidance: an unparalleled wisdom, for example: if we know that entering a particular market will have very complex systems and regulations, it would be wise to avoid such a market and seek a better alternative market.
2. Risk mitigation: If there is an unravished risk, it makes sense to mitigate it, for example: cyberattacks on data are a constant threat, but through cybersecurity preventions, data can be secured as far as possible as well as preparing backup security copies of that data.
- 3- Risk referral: For example, referral a fire hazard risk by making a fire insurance policy or can be referred to the insurance company by establishing an insurance policy.

The risks below represent those that the company faces or may face in the future. The risks described below do not include all the risks that the company may face, but rather it is possible that there are additional risks that are not currently known to the company, or that the company may prepare them as non-substantial:

▪ Economic risks,

The global economic situation will have a direct impact on the future business of the company, including changes in market performance, particularly with declining domestic and global demand, deflated market liquidity and high financing costs, increased industrial stagnation, competition from the State and offshore industrial companies, technical development, prices of the company's final inputs and products, inflation, political and diplomatic events that will have an impact on corporate markets, volatility of exchange rates and alternatives to products that will have an impact on the company's markets.

▪ Risks related to regulations and laws,

The management of a company's business is governed by various regulations and laws and any change in it or replacement by new, firm, and strict regulations from any Government, supervisory authority or judicial authority or orders to suspend the company's business or to suspend the company's products or some of them may affect the company's business and revenue.

▪ Risks related to raw materials,

In the absence of an abundance of raw materials, a halt to their supply for any economic reasons or government orders, or a lack of availability due to cosmic disasters or any force majeure, they will have an impact on the company's business and revenues.

▪ Export market risks,

The company's earnings from the export market are subject to the abundance of external markets that absorb the company's products, and any changes in policy positions between Governments, export bans or exchange rate fluctuations can affect the company's business and earnings in this market.

▪ Risks of focusing on certain clients,

The company's products cover a wide cross-section of customers. Thankfully, of this large segment, 10 are led by customers whose purchase value accounts for about 62% to the company's sales.

▪ Geographical location risks

The risks related to the company's geographical location and cosmic disasters. All the company's business is concentrated in the second industrial city of Riyadh. Any directives to suspend the company's business on the site or any global disaster on the site, such as floods or earthquakes, would have an impact on the company's business and revenue.

- **Investment risks:**

These are the risks that arise because of upward and downward trends in the capital market because of many of the causes affecting expected cash flows and the required rate of return on investment, bearing in mind that each investment opportunity carries some risk, and that these risks exist to varying degrees depending on the type of investment.

- **Market risks:**

The overall position of the market is unstable, since all actions and orders are carried out on a daily basis and there is no guarantee of continuity in obtaining further demands, as the market is affected by economic crises and political turmoil.

- **Financial position of clients:**

- A number of clients suffer from a shortage of cash and demand more credit facilities, as a number are linked to insurance companies and banks, which continuously reduce their credit ceiling under current conditions.

The company faces some difficulties in collecting debt from some customers as a result of scarce liquidity under current conditions.

- **Operational activity risks:**

Operational risks mean the possibility of unexpected disruption in a company's day-to-day operations, which may be a technical failure, such as a failure of an equipment, and an operational risk generally caused by technical persons or operations, sometimes an out-of-control operational risk, such as an overall power outage or any other power source.

- **Financial risks:**

Financial risk refers to money flowing in and out of a company's business, the potential for sudden financial loss, and the presence of many debts also increases financial risk.

- **Reputation risks:**

The reputation of a business is its capital, the reputation of a company may be damaged, and the confidence of customers and employees in the company, or even suppliers and investors, is affected, leading to lower sales.

- **Health and safety risks:**

For example, the risks of the widespread spread of the Corona virus from the world will have a significant impact on the slowdown in the economies of States and the movement of travel and cargo (shipping).

- **Risks of staff turnover:**

The increase of staff turnovers creates big loss to the companies as it affects the production and leads to increase the payments regard hiring and training. When the qualified well-trained employees leave, the risk of exposing the company's critical information is immune and this risk is higher when competitive companies take advantage.

- **Strategic risks:**

It is the sum of changes that occur suddenly in the market and affect the functioning of the company, such as the emergence of a new competitor in the market, a change in customer demand ratios, successive technological changes, higher raw material costs, or other significant changes.

- **Debt Collection risk:**

The company faces some difficulties in collecting debt from some customers because of scarce liquidity, with several clients demanding increased credit facilities under current conditions.

Social Responsibility



To promote the concept of social responsibility and to establish the principle of community service, the company believes in the importance of participation in social development through projects and programmes to achieve public beneficials for the community. It also believes in the importance of participation to attract people with special needs to the job field by providing jobs appropriate suitable to their abilities and qualifications.

The company also contributes to the service of society by taking care of train and develop the skills of Saudi Arabian youth, as well as training and employ national workers. It also adheres to occupational safety standards. The company also plays its primary role in supporting the productive base of the national economy and adding value to national products.

The company's contribution to the Association for Advocacy, Guidance, and Immigrants Awareness at in the New Industrial city in Riyadh, as well as the relative contribution made to the Judicial Enforcement Department of the Ministry of Justice, is noteworthy.

The company has clear plans in operational and commercial operations, capital exploitation and the development of domestic and global investments over the coming years. The company continues to assess real estate investment and investment opportunities in local companies that are non-listed to achieve a distinct revenue for the shareholders.

HR and Training



Human resources are the heart of any company and are key elements of the management process. The effectiveness of the company in achieving its objective depends to a large extent on the performance of its human resources. Human resource management is one of the distinct sub-fields of public administration, which many believe to be the key to a company's success. In the Al-Abdullatif Industrial Investment Company, human resources management main function is deepening the basic concepts of human resources management, which is performed in job design, analysis, classification, evaluation, human resources planning and recruitment, training and job evaluation, promotion, transfer, secondment, assignment, financial compensation, additional benefits, leave and discipline, and termination. As the human component is one of the main pillars of our company, this year we have continued to pay attention to measuring the organizational health index, to develop an operational road map that will help to increase and improve the working environment. The results of this indicator have contributed to determine a set of objectives that our company seeks to achieve during 2022. Such as developing some policies and procedures used to improve career awareness and increase professionalism. Hence, enhancing communication between different groups and departments, create a sense of familiarity and belonging among employees. The interest in providing employment opportunities to national personnel continued without interruption to complete the implementation and achievement of the annual objectives of the Al-Abdel Latif Annual Industrial Investment Company. We believe that all the objectives of the Strategic Plan will be achieved without impact.

DIVIDENDS DISTRIBUTION

During the fiscal year 2020, the company did not distribute profits to the company's shareholders, due to the lack of profits for this year. As shown in the company's financial statements, the Corona virus pandemic is reason behind this. Hence, the Board will present this recommendation to the company's next general assembly for approval.

THE COMPANY'S DIVIDEND POLICY

The annual net profits of the company are distributed after deducting the general expenses and other costs, as the following below:

- 1- Reserving (10%) of net profits as regulative reserve. the ordinary assembly general has the right to stop this reservation when this reserve reaches (30%) of the paid capital.
- 2- As per a proposal from the board of directors, the ordinary assembly general has the right to reserve a percentage not more than (20%) of net profits as agreeable reserve for certain purposes.
- 3- After that, the rest should be distributed to shareholders with a percentage not less than (1%) of the paid capital.
- 4- Taking into consideration article (76) of the companies' regulations, after the above mentioned, a percentage not more than (5%) should be assigned as reward for members of board of directors with a maximum rate of one hundred thousand Saudi riyal for each member against his membership in the board of directors, due to reward should be consistent with number of meetings attended by the member.
- 5- The shareholder earns his portion of profits according to the general assembly decision issued in this matter in which due date and date of distribution are explained. Profits eligibility for share owners registered in the company's registers will be at the end of due date.
- 6- The company has the right to distribute interim profits to the shareholder on half yearly or quarterly basis, after authorizing the general assembly to the board of directors to distribute interim profits as per an annually renewed decision.
- 7- The remain of profits should be distributed to the shareholder as an additional portion of profits or to be transferred to the account of remained profits.

NONE- DIVIDEND DISTRIBUTING

In case of no dividends are distributed for any financial year, then no dividends will take place for the following years except after paying the percentage referred to in this system to the holders of preferred shares for that year. If the company fails to pay this percentage of the profits for three consecutive years, the special assembly of owners these shares held in accordance with the provisions of Article (86) of the Companies Law may decide either that they attend the meetings of the company's general assembly and participate in voting, or that they appoint representatives to the board of directors in proportion to the value of their shares in the capital, until the company is able to pay the full priority dividends assigned to the owners These stocks are in previous years.

DIVIDEND DISTRIBUTION DATE

The Board of Directors must implement the decision of the General Assembly regarding the distribution of profits to registered shareholders within (15) days from the due date of these profits specified in the decision of the General Assembly, or in the decision of the Board of Directors to distribute interim dividends.



Chapter Two

Disclosure and Governance Requirements

Board of Directors Declarations

The Board of Directors declares the following:

- The account records were properly prepared.
- The internal control system was well-founded and effectively implemented.
- There is no doubt about the company's ability to continue its activity.
- There is no penalty, sanction, precautionary measure, or reserve imposed on the company by the competent authority or by any other supervisory, regulatory, or judicial authority.
- The company has an internal audit, and there's no recommendation from the audit committee about him.
- There is no contradiction between the Audit Committee's recommendations and the board of directors' decisions. The Audit Committee's recommendation of appointing the company's auditor and determining its fees for fiscal year 2021 has also been considered.
- The consolidated financial statements of the company were prepared during 2021 in accordance with the terms approved by the Saudi Commission of Chartered Accountants.
- The company did not issue or grant any convertible debt instruments, contractual securities, protective rights, or similar rights during fiscal year 2021.
- The company has not issued or granted any transfer or acquisition rights under any convertible debt instruments, contractual securities, guarantees or similar rights.

Other Disclosures

- None of the members of the Board of Directors acquire any loans, nor the company guarantees any of them in returning a loan. The company has no commitment of any kind during the fiscal year 2021.
- There are no investments or other reserves created for the benefit of the Company's employees.
- There is no recommendation from the Board of Directors to replace the chartered accountant before the expiry of the period for which he was appointed.
- During the year, the Board of Directors did not sell or mortgage any of the company's real estate.
- The disclosures of contingent liabilities at the date of the consolidated financial statements and the amounts of revenues and expenses declared during the reporting year, are based on the best information available to management about current operations and events.
- There is no subsidiary of Al-Abdul Latif Industrial Investment Company that has issued shares or debt instruments.
- The company has no treasury shares held.
- There are no distributions made by the company during the fiscal year 2021.
- There are no debt instruments that are convertible into shares, rights, records of subscription rights or similar rights. There are no rights of conversion or subscription under debt instruments that are convertible into shares, rights, records of subscription rights or similar rights issued or granted by the company during the fiscal year 2021. And there is no refund, purchase or cancellation by the company or its subsidiaries of any redeemable debt instruments during the year 2021.
- The company has not received any notification or communication from persons who have an interest in the class of shares entitled to vote under Article (45) of the registration and listing rules stating their ownership in the company's shares.
- The Chairman of the Board of Directors (Mr. Suleiman bin Omar Al-Abdullatif), the Managing Director (CEO) (Mr. Abdullatif bin Omar Al-Abdullatif) and the Executive Vice President (Mr. Fahd bin Omar Al-Abdullatif) did not receive any remuneration or allowances for attending meetings nor for their membership in the Board of Directors for its current session. Contrastingly, four members of the Board of Directors got paid for their membership bonuses for the fiscal year 2020 which been disbursed in the fiscal year 2021. They also paid allowances to attend meetings of the Council and the committees, and they are (Mr. Fawzi bin Ayub Sabri, Mr./Majid bin Abdul Rahman Al-Osailan and Professor/Abdulaziz bin Abdul Latif Al-Dulaijan and Mr. Hisham bin Abdul Rahman Al-Askar).
- None of the Executive Board Members or Senior Executives has waived any salary. Bearing in mind that there are no arrangements or agreements under which one of the company's shareholders would waive its profits rights.

Disclosure and Transparency

Transparency, accuracy, and timeliness of disclosure of information are the foundations of corporate governance, and Al-Abd Al-Latif Industrial Investment Company has developed a policy of transparency and disclosure in accordance with the requirements of the Financial Market Authority and the Corporate System.

Disclosure policies and procedures

- The Company shall inform the Financial Market Authority and the public without delay of any significant developments within the framework of its activity and its knowledge. And it is not available without the terms of the registration and listing rules.
- The Company shall prepare and disclose the full financial statements and the related explanations, in accordance with the Kingdom's accounting standards, in accordance with the rules of registration and listing, so that the shareholders can assess the company's performance as the following:
 1. The company shall provide the Financial Market Authority with the initial financial statements immediately after they are approved and announced to shareholders during the prescribed regular period.
 2. The Company shall provide the Financial Market Authority with the annual financial statements and the Board of Directors' report upon their adoption and shall make them public to shareholders during the prescribed regular period.
 3. The Company shall publish through its website the initial and annual financial statements and the report of the Board of Directors after it has been disclosed to the Financial Market Authority and the shareholders.

Disclosure of essential information

The Company has developed a set of procedures for the disclosure of essential information, namely:

- Regulatory declarations draft is prepared and drafted in accordance with the requirements of the Financial Market Authority.
- Announcements and news draft is presented to the CEO and other senior executives and authorized staff and may also be circulated to the board members for their views on occasion if the CEO deems it necessary.
- These advertisements are posted on the Financial Market (Tadawul) website, and then on the daily newspapers (as the case may be) to ensure their wide dissemination.

Disclosure of financial information

The Board of Directors shall approve the initial and annual financial statements of the Company and shall be signed by an authorized member of the Board of Directors, the Chief Executive and the Director of Finance and accounting and distribute them to shareholders and others. All mandatory advertisements are in accordance with the requirements of the Financial Market Authority's advertising regulations before they are published.

The Board of Directors' report disclosure

The Company shall disclose all important information and publish the full annual report containing the requirements of the Financial Market Authority, which shall include the following:

If the provisions of the Financial Market Authority's Corporate Governance Regulation not applied and provide the reasons for not applying.

Names of participating companies whose boards of directors are member in the company.

The Board of Directors and the classification of its members shall be as the following:

- (Executive Board Member, Non-Executive Board Member, Independent Board Member)
- A brief description of the terms of reference of the main board committees and their functions, such as the Audit Committee, the Nominations and Rewards Committee, including the names of these committees, their chairmen, their members, and the number of meetings.
- Details about the rewards and compensation paid to all members of the Board of Directors and five senior executives who received the highest awards and compensations from the company, adding to them the Chief Executive and the Finance Director if they aren't included.
- Any penalty or sanction imposed on the company by the authority or by any other supervisory, regulatory, or judicial authority.
- Results of the annual audit of the effectiveness of the company's internal control procedures.

Disclosure to Regulating Authorities

The company shall immediately inform the authority and announce on the Tadawul website (and as the case requirements may require) all the legal specified in the laws and regulations such as:

- Any changes in the structure of the Board of Directors (resignation, appointment, or classification).
- Any changes in the structure of the company's committees.
- Any changes in the executive management including the CEO and CFO.
- Any significant developments listed under the company's framework and are not available as been mentioned in registration and listing roles.



Results of the annual review of the effectiveness of the company's internal control procedures

The Executive Department of AL Abdel Latif Industrial Investment Company is responsible for designing and maintaining an appropriate internal control system through the supervision of the company's board of directors. The system is designed to deal adequately with risks that may lead to a failure in achieving the strategic and operational objectives of the company. The Executive Department of the company has adopted an integrated and appropriate internal control system that is consistent with the provision regulations of Corporate Governance issued by the Board of the Capital Market Authority and in accordance with the established global standards of corporate governance.

The following are the main components of the company's internal control system:

- ☑ The company completes, approves, and continues developing the overall governance framework through developed and updated appropriate oversight tools, including the Board of Directors, its committees and other management committees,
- ☑ Monitoring the company's business in general and make important decisions through committees set up to ensure the proper functioning of the company in order to protect and maintain the quality of the company's assets.
- ☑ Internal audit controls the adequacy of and compliance with company controls and prepares a presentation illustrating focus and development.
- ☑ The company has a set of policies and procedures governing the operation of the company's various activities. These policies and procedures are periodically reviewed to verify their adequacy, efficiency, and relevance to the company's activities.
- ☑ Most of the company's operations are automated through many automated systems, which help reduce errors and opportunities for fraud.
- ☑ The existence of an audit committee to oversee the work of internal and external auditors, thereby enhancing their independence. This action is periodically and regularly reported the departmental audit outputs and activities.
- ☑ The adequacy the internal control system is reviewed on an ongoing basis by the internal audit in accordance with an annual plan approved by the audit committee and certain aspects of internal control are periodically reviewed through the external auditors of the company.

Annual declarations of senior management regarding internal control for the fiscal year ending on 12/31/2021



During 2021, AL Abdel Latif Industrial Investment Company made tremendous efforts to ensure the adequacy and effectiveness of the internal control system, in line with the requirements issued and in conformity with the provisions of the Regulation on Corporate Governance of the Capital Market Authority, and in accordance with the international standards of corporate governance. The activities carried out during 2021, which included an audit of the efficiency of the internal control system, have contributed to providing reasonable assurance of the appropriateness of regulatory controls.

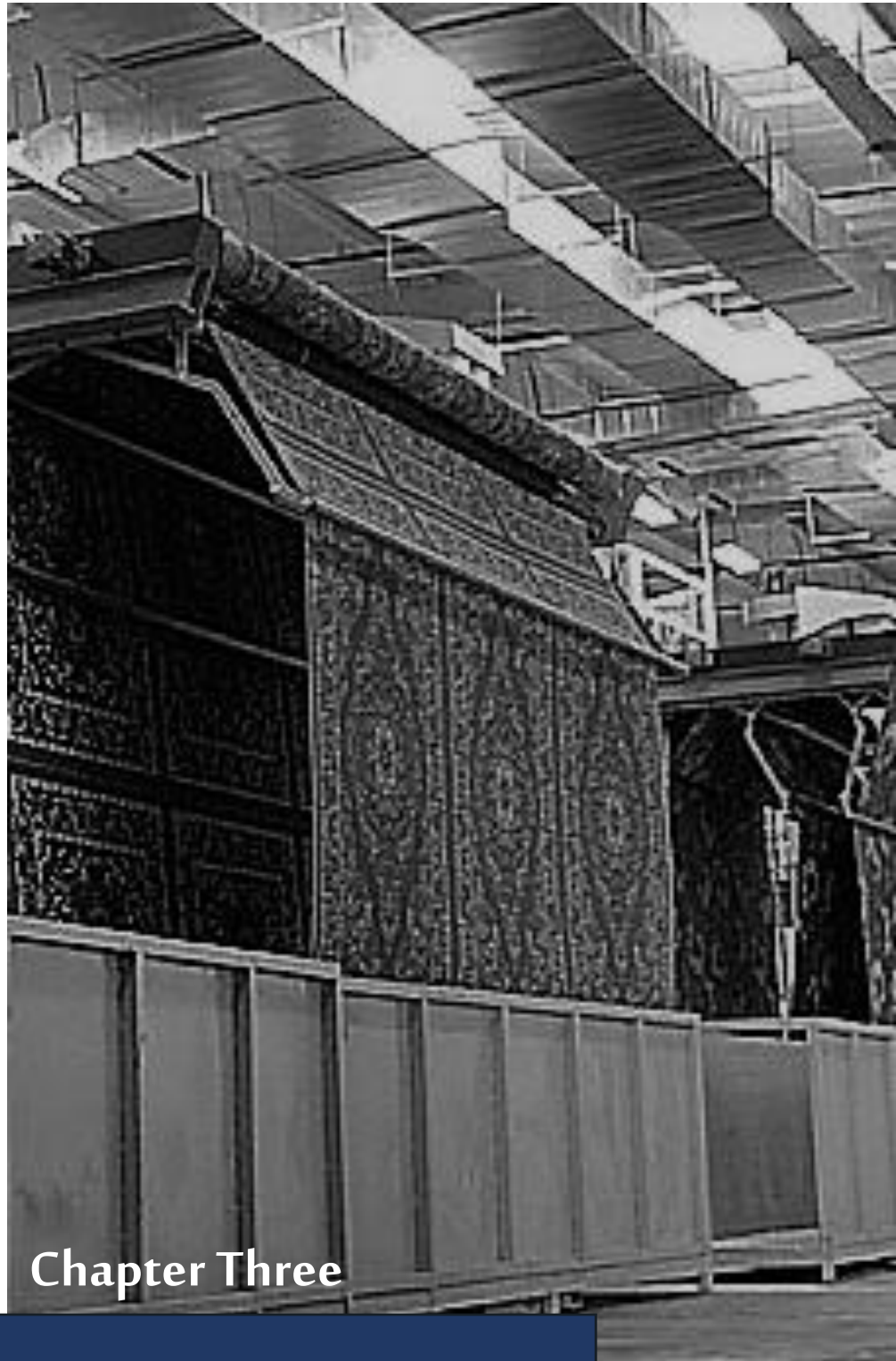
- The integrity and effectiveness of the internal control system applied within the control system.
- Addressing internal and external deficiencies and weaknesses to ensure the integrity of the company's interests.

Accordingly, based on the results of the evaluation of the internal control system, AL Abdel Latif Industrial Investment Company has an adequate, properly functioning, and continuously strengthened internal control system. Bearing in mind that no of internal control system, no matter how its designed and effective, can provide absolute assurance.

Governance

What have been applied of the provisions of the Regulation on Corporate Governance, and the reasons behind what have not been applied. The company has already prepared its own Regulation on Corporate Governance, which was approved by the board of directors at its meeting held on 18/09/1434 AH, 27/07/2013. The company is applying all the regulations issued by Capital Market Authority except the elements listed below:

Article number	Article/paragraph text	Reasons not to apply
Not applicable guidelines		
	Article (39), Article (41), Article (85), Article (87), Article (88), Clause (3) of Article (89)	Guidance articles will be applied when they become mandatory.
Recently implemented mandatory articles		
Article: 22	Paragraph E - Periodic review and approval of the company's organizational and functional structures.	The company has organizational and functional structures and is currently being updated in cooperation with an external consultant.
Article: (25)	Paragraph 6 - Setting performance standards for the executive management in line with the company's goals and strategy.	There is a performance standards policy for the executive management in line with the company's goals and strategy.
Article: (25)	Paragraph 7 - Reviewing and evaluating the performance of the executive management.	There is a policy for reviewing and evaluating the performance of the executive management.
Article: (25)	Paragraph 8 - Setting sequencing plans for the company's management.	There is a policy of sequencing plans for the management of the company.
Article: (37)	Paragraph 9 - Organizing a record of disclosures of the members of the Board of Directors and the Executive Management.	There is a record of disclosures for members of the Board of Directors and Executive Management.
Article: (73)	There is an internal control system approved by the Board of Directors, and there are risk management policies and procedures approved by the Board.	There is an internal control system approved by the Board of Directors, and there are risk management policies and procedures approved by the Board, and they are currently being updated in cooperation with an external consultant.
Article 95	Formation of the corporation governance committee	The Governance Committee has been established and its duties assigned to the Risk Committee to become with the following title (Risk Management, Governance and Compliance Committee).



Chapter Three

Reports and financial results

Financial results

1. Net loss for the 12-month period was SAR -47.75 million compared to SAR 24.83 million for the same period of the previous year. With a raise of loss 92.31%.
2. Loss per share during the 12-month period were SAR- 0.59, compared to -0.31 riyals for the same period of the previous year.
3. Total profit during the 12 months was SAR 18.79 million, compared to SAR 30.30 million for the same period of the previous year, a decrease of 37.99%.
4. Operating loss during the 12-month period was SAR -20.33 million, compared to SAR 0.50 million for the same period of the previous year.
5. Total overall income during the current period was -36.80 million riyals compared to -17.12 million riyals for the same period in 2020 with a raise of 114.59%.
6. Net sales reached SAR 641.52 million during the current period, compared to SAR 466.09 million for the same period in 2020, in a raising match 37.64%.
7. Total shareholders' equity during the current period was SAR 1,094.90 million compared to SAR 1,131.71 million for the same period in 2020, a decrease of -3.25%.

The reasons for the decline in gross business profit, the loss of net operating profit, the increase in net loss, and the increase in the overall income for the current year compared to the previous year are:

- 1-The cost of materials increased compared to sales. And in general, the higher cost of sales is attributable to sales.
- 2-Increase in marketing and sales expenses.
- 3-Reduce in miscellaneous income.
- 4-Increase in legalisation [Zakat].
- 5-The high cost of raw materials and shipping fees resulting from inflation and the failure to raise product prices (due to market conditions and intense competition in the domestic market) in proportion to the higher costs. As well as the reduction of consumer spending because of uncertainty mode because of the pandemic crisis that resulted a loss in overall business output.
- 6-Some comparison figures have been reclassified to match those for the current year.

Additional Notes

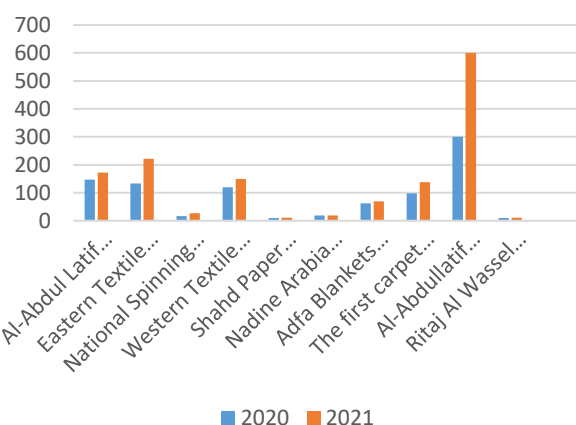
- There are no minority rights on the financial statements.

Corporate sales and profit results

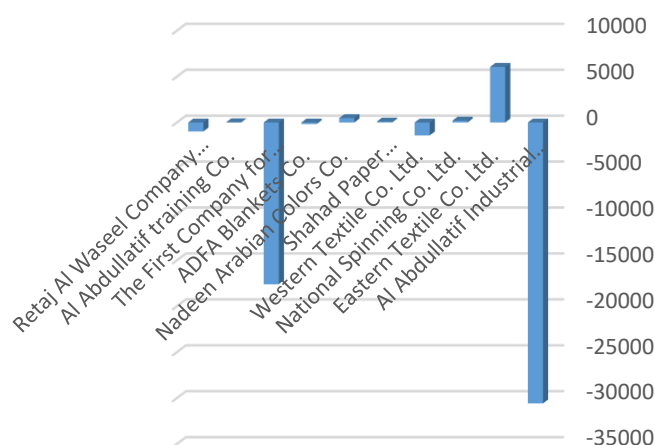
(Thousands of riyals)

Company Name	Sales (including inter-company sales)		Net Profit (After taking out Zakat)		Participation rate of subsidiaries in net profit	Comprehensive income.	Participation rate of subsidiaries in comprehensive income
	2020	2021	2020	2021		2021	
Al-Abdul Latif Industrial Investment Company	146.882	172.712	(22.593)	(30.582)	64%	(19.120)	52%
Eastern Textile Company	133.547	221.830	1.959	6.053	%13-	5.926	-16%
National Spinning Company	16.616	26.828	(6,367)	202	%0	186	%1-
Western Textile Company	119.484	148.798	2,189	(1.405)	%3	(1.495)	%4
Shahd Paper Products Factory	9.051	10.440	728	1.040	%2-	1.031	%3-
Nadine Arabia Company for colours	19.145	18.261	509	476	%1-	467	%1-
Adfa Blankets Company	62.669	68.957	(1,760)	(1.720)	%4	(1.858)	%5
The first carpet company	97.500	138.081	188	(19.609)	41%	(19.730)	54%
Al-Abdullatif Training Institute	300	600	4	17	%0	17	%0
Ritaj Al Wassel Catering Company	9.944	11.235	313	(977)	%2	(977)	%3
Exclusion of profits from subsidiaries	-	-	-	(1.249)	%3	(1.249)	3%
total	615.138	817.742	(24,830)	(47.754)	%100	(36.802)	%100
Inter-company sales are discounted	(149.044)	(176.226)					
net sales to customers	466.094	641.516					

Sales including inter Compansalesy



Net profits (after Zakat payment)



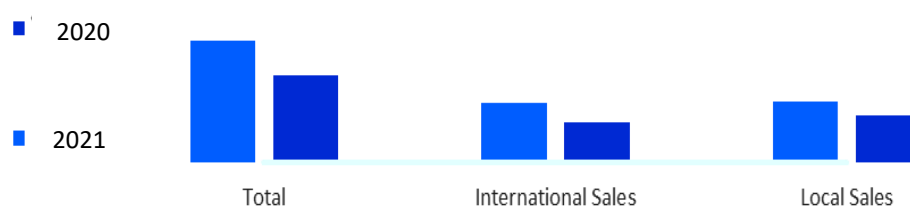
Geographical distribution of the company's revenues

(Thousands of riyals)

Particulars	2020	2021	Ratio of rise / fall
(Internal Sales)	248.529	324.614	%31
overseas sales	217.565	316.902	%46
Total	466.094	641.516	%38

domestic and export sales

1,000,000



Geographical distribution of revenues from local distribution centers

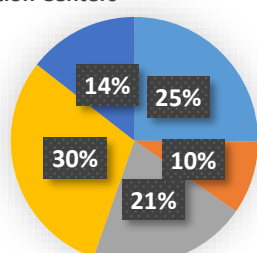
All the company's business is concentrated in Riyadh, Saudi Arabia. However, the company owns some showrooms and warehouses for the Adfa Blankets Company (a subsidiary company). Revenues have been obtained from those exhibitions and warehouses as follows:

(Thousands of riyals)

S	District Name Region	Net sales	
		2020	2021
1	Central	4.203	4.641
2	Eastern	1.598	1.293
3	Northern	3.466	3.415
4	Southern	5.048	4.412
5	Western	2.419	2.762
Total		16,734	16.523

Geographical Distribution for Revenue of Local Distribution Centers

- Central Region
- Eastern Region
- Northern Region
- Southern Region
- Western Region

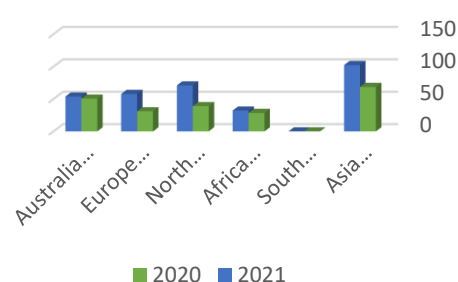


Geographical distribution of the company's External revenue

(Thousands of riyals)

S	District Name [Continental]	Net sales	
		2020	2021
1	Asia	68.592	102.313
2	South America	-	-
3	Africa	28,452	32.112
4	North America	39,020	70.932
5	Europe	30.962	57.775
6	Australian	50,539	53.770
Total		217.565	316.902

Geographical Distribution of the Company External Revenue



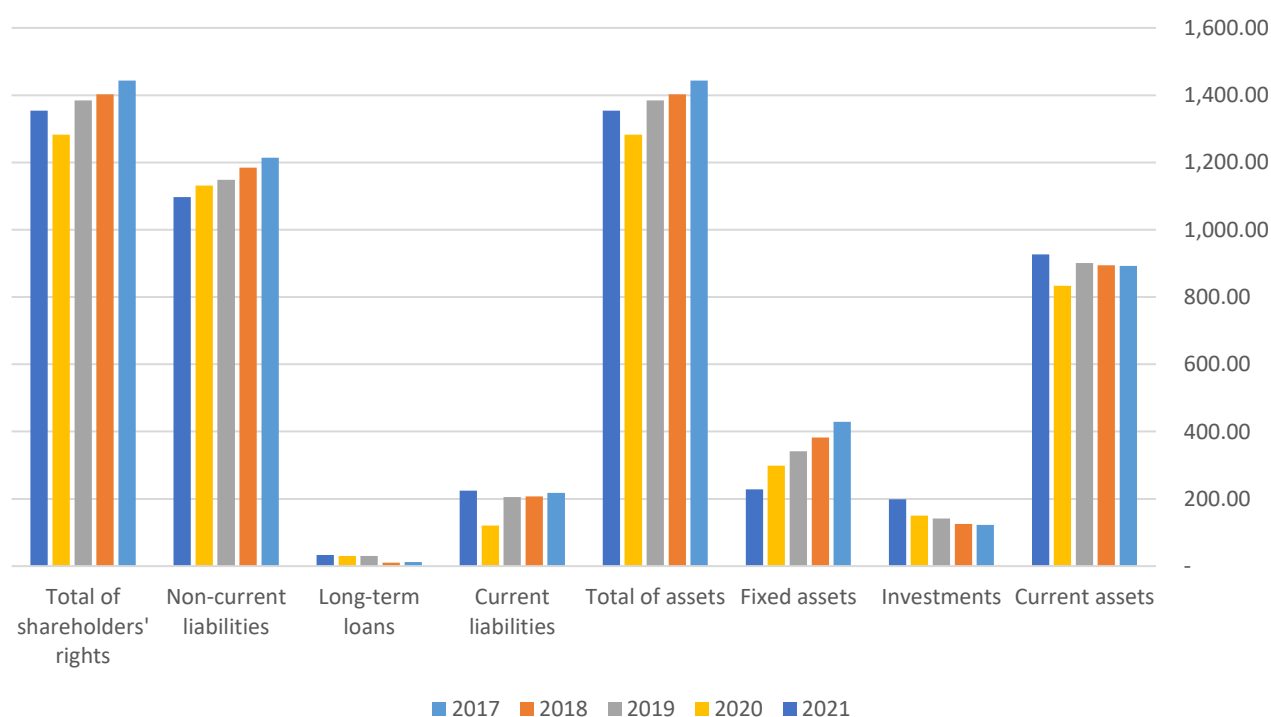
Financial results

a) Balance Sheet

(Millions of riyals)

statement	2017	2018	2019	2020	2021
Assets in circulation	892.42	894.79	901.04	833.57	924.89
Other assets	122.61	125.24	141.77	150.57	198.97
Fixed asset	428.75	382.36	341.30	298.65	228.58
Total Assets	1,443.78	1,402.39	1,384.11	1,282.79	1,354.44
Current liability	218.18	206.96	205.43	120.52	224.06
Non-current liabilities	11.99	10.60	29.85	30.56	33.48
Total Shareholders' rights	1,213.61	1,184.83	1,148.83	1,131.71	1,094.90
Total liabilities and shareholders' rights	1,443.78	1,402.39	1,384.11	1,282.79	1,352.44

Note: In 2008 the company's capital was increased from 650,000,000 riyals to 812,500,000 riyals by granting shares at a rate of 25% of the capital.

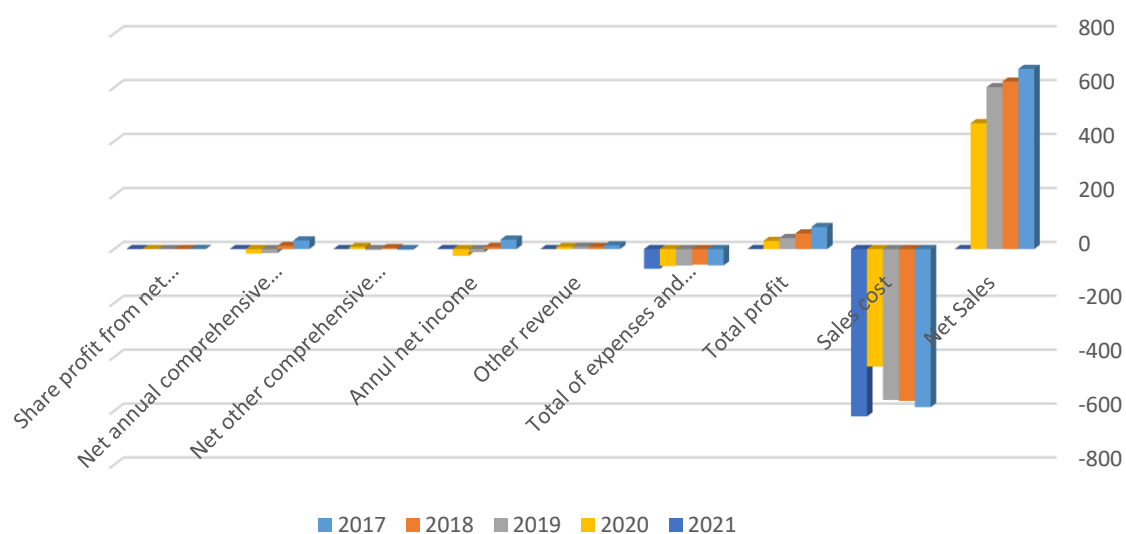


b) Income statement

(Millions of riyals)

statement	2017	2018	2019	2020	2021
Net sales	668.41	621.19	600.51	466.9	641,52
Sales Cost	(586.57)	(563.22)	(559.47)	435.79	(622.73)
Gross profit	81.84	57.97	41.04	30.30	18.79
Total expenses	(60.78)	(57.62)	(61.21)	63.00	(72.91)
Other Incomes	14.15	7.68%	8.55.	7.87	6,37
net income for the year	35.21	8.03	11.67	24.83	(47.75)
net of other comprehensive income	2.96	3.82	3.08	7.71	10,95
Comprehensive income for the year	32.25	11.85	14.75	17.12	(36.80)
Earnings per share from net income for the year	0.43	0.10	0.14	0.31	(0.59)

List of Income



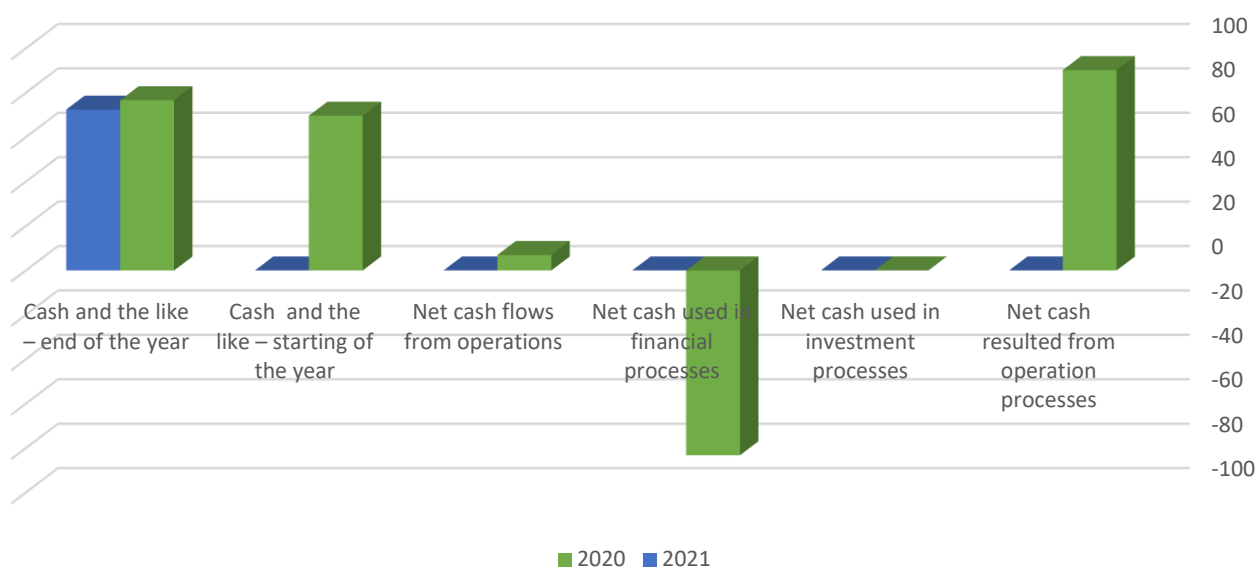
c) cash flow statement

(Millions of riyals)

statement	2020	2021
Net cash generated from operations	90.25	(73,96)
Net cash used in investment operations	(0,07)	(12,96)
Net cash used in financing operations	(83.21)	82,70
Cash flows from operations	6.97	(4,22)
Cash and the like - beginning of the year	69.68	76,65
Cash and the like - end of the year	76.65	72.43

- Some comparative figures in 2020 have been reclassified to conform to the current year's classification.
- Some comparative figures have been modified to comply with the transition requirements of international standards.

Summary of Cash Flow List



Cost-to-sales components

During the fiscal year 2021, the company conducted transactions with related parties as follows:

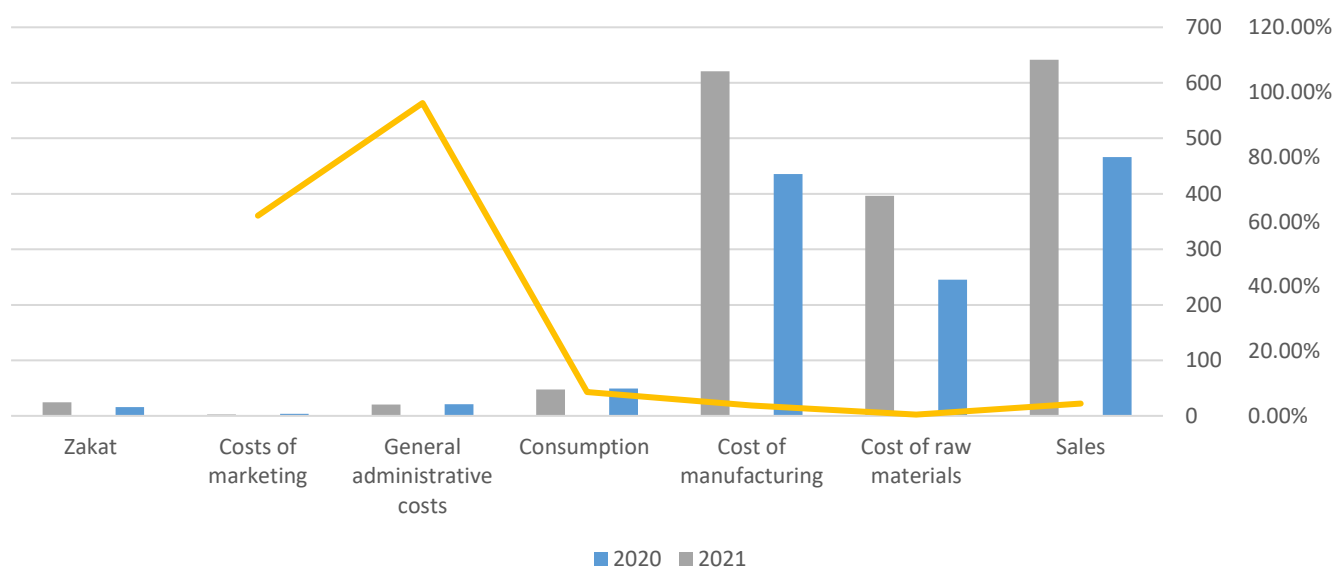
The table below shows the analyses of the cost-to-sales components:

(Millions of riyals)

statement	2020	Percentage of Sales	2021	Percentage of Sales
Sales	466.09		641.52	
Cost of Raw Materials	245.28	%52.6	396.28	%61.8
Manufacturing cost	435.79	%93.5	62.73	97.1%
Consumption	49.56	%10.6	47.62	%7.4
Administrative and general costs	21.30	%4.6	20.39	%3.2
Funding Expenses	3.63	%0.8	2.66	%0.4
Marketing Costs	15.61	%3.3	24.54	%3.8
Zakat	22.46	%4.8	25.32	%3.9

- The company's financial statements for the year 2021 are an integral part of this report.
- Some comparative figures have been modified to comply with the transition requirements of international standards.

Elements of Costs in Relation to the Sales



Transactions with related parties

(Thousands of riyals)

Core relations with sister companies (for the fiscal year ending on December 31, 2021)								
The name of the relevant party	First Debtor Balance 1-1-2021	Sales to related party [Debtor]	Services and benefits to related party (Debtor)	Services/benefits from related party (Creditor)	Purchases from related party (Creditor)	Payments received from related party (Creditor)	Payments made to related party (debit)	Balance at the end of the period 12/31-2021
1. Al-Abdullatif Furniture Company	38,798	37,007	3,329	457	-	37,595	271	41,353
2. Natural Gas Distribution Company	(185)	-	-	-	1,722	-	1,760	(147)
Total	38,613	37,007	3,329	457	1,722	37,595	2,031	41,206

During the year 2020, the company conducted some transactions with related parties as shown in the above table, their details, and justifications for the relationship as follows:

AL Abdul Latif Furniture Company	AL Abdullatif Furniture Company (closed contribution), a company that is managed by Mr. Sulaiman Omar Al-Abdul Latif and he is the chairman of AL Abdullatif industrial investment company for current session along with Mr. Abdul Latif bin Omar Al-Abdul-Latif and Mr. Fahd bin Omar Al-Abdul-Latif and they are also members of the Board of Directors of Al-Abdullatif Furniture Company (closed contribution) (indirect relationship).
Natural Gas Distribution Company	A company in which Mr. Abdul Latif bin Omar Al-Abdul-Latif and Mr. Majid bin Abdul-Rahman Al-Osailan (a board member of the Gas Distribution Company) are employed, and they are both members of the company's board of directors for its current session (indirect relationship).

The nature of the dealings with the related party during fiscal year 2021 is as follows:

1- Sales to a related party (AL Abdul Latif Furniture Company):

Sales consist mainly of wholesale sale of carpet and moquette materials, knowing that all dealings with the related party are not different from those with ordinary debtors and commercial creditors and have no special advantages. These businesses are one year period and renewed annually by the General Assembly. During the fiscal year 2021, sales were 37,007 thousand riyals.

2- Services and benefits provided to the relevant Party:

- A warehouse rental contract the first part of it is AL Abdul Al-Latif Industrial Investment Company (landlord) and the second part is AL Abdul Latif Furniture Company (renter), for one year renewed annually by the General Assembly, amounted to 2,468 thousand riyals by the end of 2021.
- Contract for the provision of subsistence services and housing; the first part of it is Ritag Al-Waseel Maintenance and Subsistence Services Company, a subsidiary of AL Abdul Latif Industrial Investment Company, and the second part is Al Abdullatif Furniture Company for one year renewed annually by the General Assembly, amounted to 841 thousand riyals by the end of 2021.
- Logistics Services - Environmental Services - Acting Payments to AL Abdul Latif Furniture Company, valued as at 31/12/2021 at 20 000 riyals, and the total value of services and benefits provided to a related party as at 31/12/2021 of 3,329 thousand riyals.

3- Services and benefits from a related party:

The services and benefits provided to the company by the related party are:

- Housing lease contracts and other contracts, first part AL Abdul Latif Furniture Company (landlord) and second party by AL Abdul Al-Latif Industrial Investment Company (renter), for housing certain employees of AL Abdul Latif Industrial Investment Company for one year renewed annually by the General Assembly, amounted to 75 thousand riyals by the end of 2021.
- Lease contracts for warehouses and sales centres outside Riyadh City, the first part is AL Abdul Latif Furniture Company (landlord), and the second part is Adfa Blanket Company (renter) (one of the subsidiaries of AL Abdul Latif Industrial Investment Company) for one year renewed annually by the General Assembly, amounted to 80 thousand riyals by the end of 2021.
- The lease of a warehouse and a water well from Al-Abdullatif Furniture Company, which has a value of 115 thousand riyals.
- Carpet and glue brushes, wood and duct tapes for 187,000 rials.

The total services and benefits provided by the related Party till 31/12/2021 amount to 457 thousand rials.

4-Purchases from a related party:

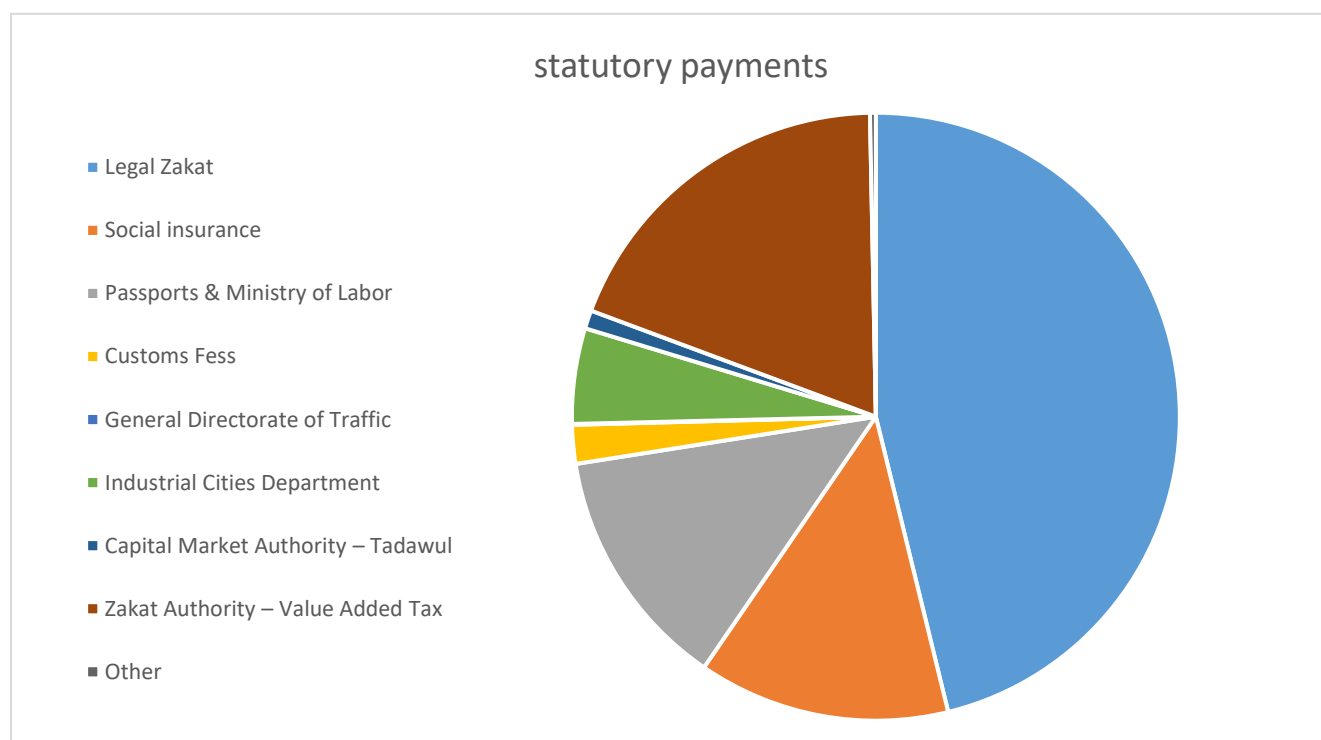
Purchases from a related party (the Natural Gas Distribution Company) are generally made up of natural gas, and the purchase amounted 1722 thousand riyals by the end of the year 2021.

Statutory payments

(Thousands of riyals)

The statement	2020	2021	Statement
Zakat	18,826	25,569	Paid legal zakat
social insurances	4.965	7,414	Payment of employee contributions, including pensions, occupational hazards, and unemployment insurance
Passports and the Ministry of Labour	7.116	7,172	Renewing residency and work permits for company employees
Custom duties	1.421	1,139	Fees paid to customs
General Department of Traffic	32	27	Renewal of company car and truck forms
Industrial Cities Management	2.030	2,812	Pay N Company website rentals
Capital Market Authority - Tadawul	559	540	Fees for providing services (Tadawul)
Zakat Authority - Value Added Tax	5.238	10,530	Value Added Tax - VAT
Other	101	171	Certifications from the Chamber of Commerce and the Ministry of Foreign Affairs

- The estimated zakat on the company for the year 2021 AD amounted to (21,770) thousand riyals, and it will be paid during the year 2022 AD.
- The refunded value added tax amounted to (3,624) thousand riyals.





Waivers of salaries, compensations, and profits

There are no arrangements or agreements under which members of the Board of Directors waive any salary other than their waiver of meeting allowances and annual membership remuneration, nor are there any arrangements or agreements whereby a senior executive would waive any salary or compensation. The President of the Board of Directors (Mr. Suleiman Omar Al-Abdul Latif), the (CEO) (Mr. Abdul Latif Omar Al-Abdul Latif) and Executive Vice-President (Mr. Fahad Omar Al-Abdul Latif) have not received rewards or allowances to attend meetings for fiscal year 2021, for membership in the Board of Directors for its current session. Nonetheless, four members of the Board of Directors have received Board members' bonuses for fiscal year 2020 and spent in fiscal year 2021 and they are (Mr. Fawzi Ayoub Sabri, Mr. Majid Abdul Rahman Al-Osailan, Mr. Abdulaziz Abdul Latif Al-Dilijan and Mr. Hesham Abdul Rahman Al-Askar).

Clarify the difference from accounting standards



According to the independent auditor's report on the consolidated financial statements, the consolidated financial statements of Al-Abdullatif Industrial Investment Company (a Saudi listed company) (the Company itself and its subsidiaries), which include the consolidated financial statement of position as on December 31, 2021, the consolidated statement of profit or loss and other comprehensive income and the statement of equity in the consolidated shareholders', the consolidated statement of cash flows for the year ended on that date, and the notes attached to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes, are presented fairly in all material aspects, the consolidated financial position of the group as at December 31, 2020, and the company's consolidated financial performance and its consolidated cash flows and changes in the consolidated shareholders' equity for the year ended on that date in accordance With the international financial reporting standards approved and applied in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants. The approved international standards are the international standards as stated in the International Financial Reporting Standards Approval Document. And other standards and publications mean what the Saudi Organization for Certified Public Accountants approves of standards and technical opinions for topics not covered by international standards, such as the issue of zakat.

The consolidated financial statements have been prepared on an accrual basis, except for the consolidated statement of cash flows that have been prepared based on historical cost, except for some financial instruments and assets available for sale and classified investments at fair value that are measured at fair value. The fair value, otherwise carried at amortized cost, is offset to record the hedged fair value changes.

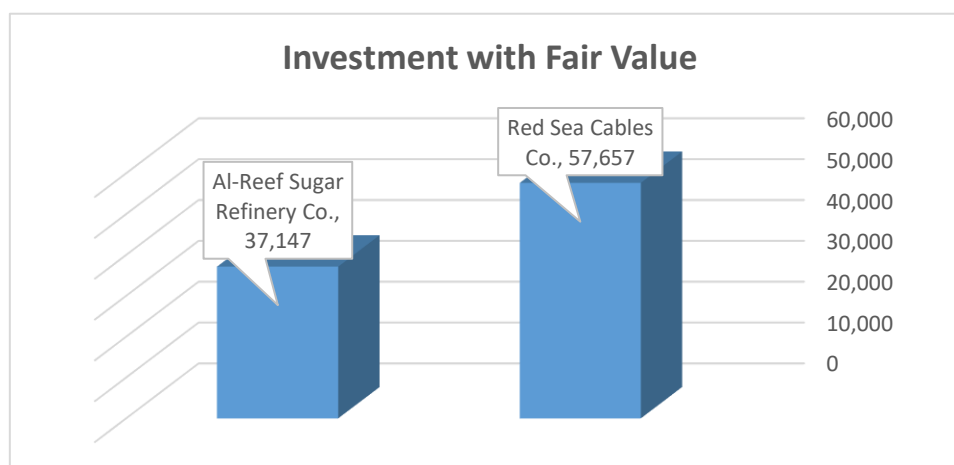
The cost model has also been applied for measuring property, plant, machinery, equipment, and real estate investments when applying international standards. This is the date of application in accordance with the issuance of the Capital Market Authority issued on October 16, 2016, with full compliance with the requirements of international standards approved by the Saudi Organization for Certified Public Accountants.

Investments and financial assets

a) Investments at fair value through other comprehensive income

(Thousands of riyals)

Statement	regular shape	based	Ownership percentage	12/31/2020 AD	12/31/2021 AD
Unlisted investments					
Red Sea Cables Company	Saudi closed joint stock company	Al Riyadh	27%	45,650	57.657
Al Reef Sugar Refining Company	Saudi closed joint stock company	Jeddah	15%	37.125	37.147
				82,775	94.804



Movement of changes in fair value:

(Thousands of riyals)

Statement	December 31, 2020	December 31, 2021
Balance at the beginning of the year	72,377	82,775
Additions during the year	1,575	-
Gain on revaluation of investments at fair value	8,823	12,029
Fair value at the end of the year	82,775	94,804

- During the year, the company injected 1,575 riyals, representing a payment of 50% of the group's share.
- The capital of the planned Al-Reef Sugar Refining Company was increased by 7% of the value of the company's capital in accordance with the decision of the Board of Directors of Al-Reef Sugar Refining Company of 28/02/1442 AH (14/10/2020 AH).
- The group has no significant control or influence over participation in the financial and operational decisions of the companies invested in it.
- The above-mentioned fair value is evaluated on 31 December 2021 by an accredited evaluator (Ahmed Mohamed Abdullah Al-Faraj Economic Enterprises Assessment Office - License No. 4112000053), and on 31 December 2020 by an accredited evaluator (Kabeer Altaqeem Economic Enterprises Assessment Office - License No. 3912000003).

b) Investment in real estate

(Thousands of riyals)

Statement	31/12/2020	31/12/2021
Al-Madinah Land	50,000	50,000
Al-Khobar Land	-	37,005
Balance in the end of the year	50000	87,005
Net fair value	50000	87,005

- The investment real estate represents a real estate contribution to a plot of land in Madinah (for the purpose of obtaining income or capital profit) at a rate of 14.58% under a land sharing contract between the company and a local real estate investment company in which the land title deed was registered in its name, and it has the right to sell the land or its disposal without referring to the company. In this case, the sale value and profits shall be distributed according to the percentage of participation immediately after the sale. The fair value of it is [58.030 million] in December,2021. And in [2020] it was 57.140 million according to the company's share evaluation.
- A plot of land in Al Khobar city, purchased from 2015 with the aim of establishing a regional sales centre targeting the Eastern Region and GCC countries and included in the previous years in property, machinery, and equipment, during the current period and due to economic conditions. The impact of the coronavirus pandemic has stopped studying the establishment of the centre and has seen the land classified as an investment property and rented to the company for additional income.
- Its fair value according to the latest land valuation as of December 31, 2021 (sum of SAR 42.249 million) by (Arabian Lights License No. 1210000846) as an accredited evaluator

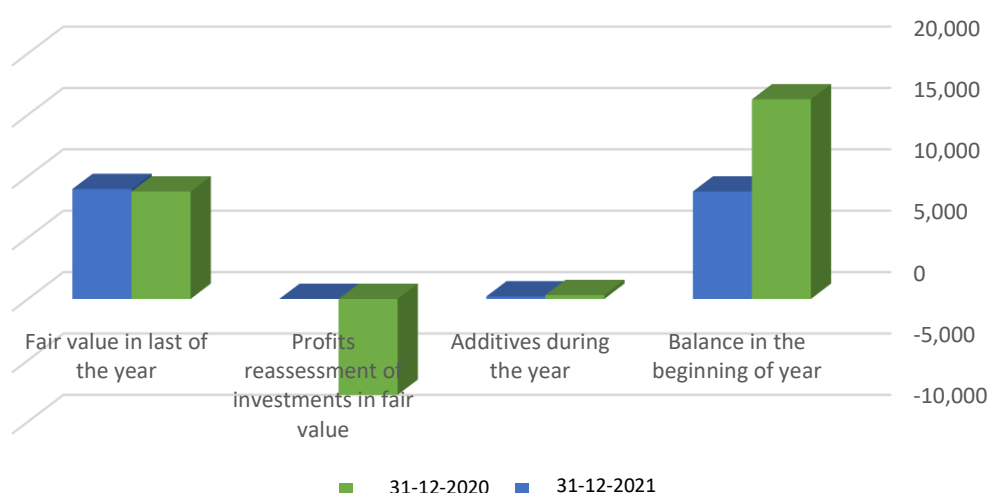
c) Investments at fair value through profit and loss

(Thousands of riyals)

Statement	12/31/2020 AD	2021/12/31
Balance at the beginning of the year	16,258	8,750
Gain on revaluation of investments at fair value	309	200
Selling exclusions	(7,817)	-
Balance at the end of the year	8,750	8,950

- The investments are represented in the shares of a listed company (Saudi Arabian Oil Company - Aramco).

Investment with Fair Value Throughout Profits and Loss



Information about the Company Loans

a) Long-term loans

The company acknowledges that there are no long-term loans obtained during the year 2020.

b) Short Term

Statement	31/12/2020	31/12/2021
Balance in the beginning of the period	145,861	66,653
Received Islamic Loans	158,609	254,657
Paid Loans	(237,817)	(167,486)
The cost of the loan	66,653	153,824
The cost of the loan (delayed cost)	(349)	(873)
	66.304	152.951

Under the facility agreements conducted with local banks, the company obtained facilities with a credit limit of 516,75 million riyals They are all short term for the following purposes:

- Financing the purchase and import of raw materials needed for production.
- Financing the company's operating cycle and working capital.
- Purchasing materials through the open account of SABIC.
- Documentary approval and guarantees.
- Murabaha and Tawarruq.
- Hedging foreign currency risk.

This is under the following guarantees:

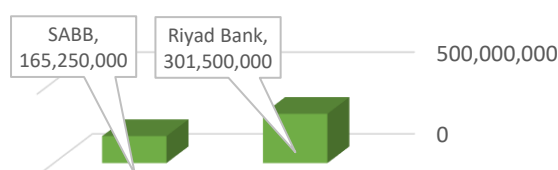
- Bonds to order the maximum amount of the facility.
- General Agreement for Islamic Trade Finance.
- Master hedging agreement.



Existing Credit Facility Agreements

Bank Name:	Facilities				Total
	Tawarruq and Murabaha	Direct credit alternatives, documentary credits, bank guarantees and shipping guarantees	Initial and final guarantees	Hedge against foreign exchange volatility	
RIYAD BANK	200,000,000	100,000,000		1,500,000	301,500,000
Saudi British Bank	70,000,000	40,000,000	50,000,000	5,250,000	165,250,000
	50,000,000	-	-		50,000,000
Total facilities granted	320,000,000	140,000,000	50,000,000	6,750,000	516,750,000

Existed Credit Facilities Agreement



Potential obligations of the company

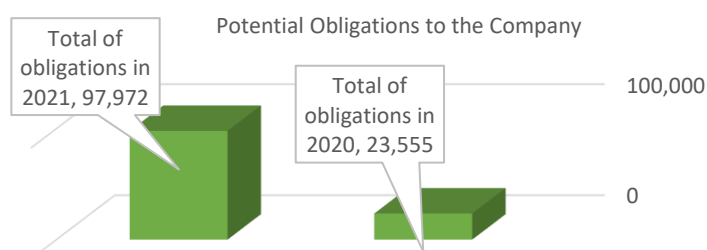
The company's potential liabilities amounted to SAR 23,555,000 for fiscal year 2020 compared to SR 97,972 for fiscal year 2021, in exchange for letters of guarantee and documentary credits, according to bank certificates issued by these banks, according to the following table:

(Thousand's riyals)

Company Name	Commitments (2021)	Receivables (2021)	Bank Name:
Al-Abdullatif Investment Company industrial	44.019	293	sab bank
Eastern Textile Company	-	15.445	
National Spinning Company	-	-	
Adfa Blankets Company	-	-	
Total SAB's obligations and receivables	44.019	15.738	
Bank credits and guarantees	53.953	-	Al Riyadh
Total For clarification purposes in the financial statements	97.972	15.738	-

The potential financial obligations of the company amounted to (23.555) thousand riyals for the fiscal year 2020 compared to 97.972 thousand riyals for the fiscal year 2021AD.

Total Commitments 2020	23,555
Total Commitments 2021	97.972





Auditors' report and financial statements

The auditor, Mr. Al-Ayouti & Partners, has reviewed the financial statements of Al-Abdul-Latif Industrial Investment Company (the parent company) and its subsidiaries, and this included reviewing the consolidated statement of financial position as on December 31, 2020 AD, the consolidated statement of profits and losses and other comprehensive income and the list of changes in shareholders' equity And the consolidated statement of cash flows for the fiscal year ending on this date, and he stated in his report the following:

1. The consolidated financial statements present fairly, in all material aspects, the financial position of the companies on December 31, 2020, and their financial performance and cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants and are appropriate to the company's circumstances.
2. The audit evidence obtained by the auditor is sufficient and appropriate to serve as a basis for expressing his opinion.
3. The following main matters have been reviewed:
 - (a) Revenue recognition.
 - b - Possibility to recover trade receivables.
 - C - stock valuation.
 - Property, plant and equipment

The auditor also made the following statement:

- The management is responsible for preparing the consolidated financial statements and presenting them fairly in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, the standards and other issuances approved by the Saudi Organization for Certified Public Accountants, the provisions of the Companies Law and the company's articles of association, and for the internal control systems that management deems necessary to enable it to prepare financial statements financial statements that are free from material misstatement, whether due to fraud or error.
- As part of the audit in accordance with the international standards of auditing approved in the Kingdom of Saudi Arabia, it exercises professional judgment and maintains professional scepticism during the audit. It identifies and assesses the risks of material misstatements in the consolidated financial statements, whether resulting from fraud or error, and designs and implements audit procedures in response to those risks. and obtain sufficient and appropriate audit evidence to provide a basis for expressing its opinion.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management.
- Conclusion of the appropriateness of management's application of the going concern basis of accounting, based on audit evidence.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and determine whether the manner of consolidated financial statements representing the related transactions and events in a that achieves fair presentation.

The Company's auditors and financial statements



The sixteenth Ordinary General Assembly, held on 06/15/2021, approved the appointment of Mr. Al-Ayouti & Co. Accountants and Certified Auditors to audit as the company's auditor for a year starting from 01/04/2020 AD to examine, review and audit the financial statements for the first, second and third quarter of the financial year 2021 and the first quarter of the financial year 2022.



Internal Monitoring and Audit

Under the guidance of the Audit Committee and with the approval of the Board of Directors, the Internal Control Department and those in charge of the internal audit process, who were contracted to provide internal audit services based on a plan approved by the Audit Committee and approved by the Board of Directors continued to achieve the following objectives:

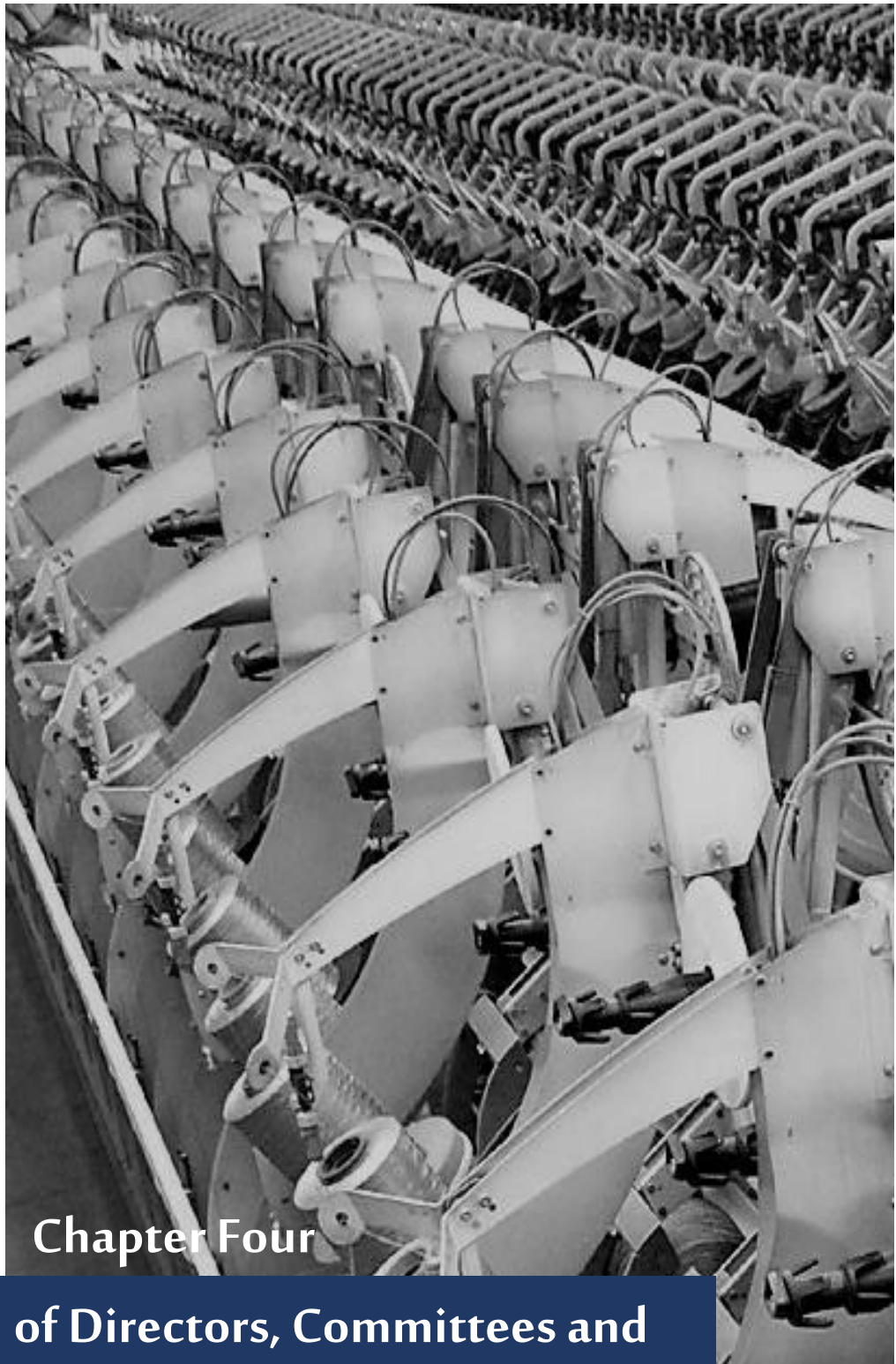
- Participate in the task of providing the Audit Committee with objective and credible reports, in a timely manner, on the performance of each department.
- Assisting the administration in developing its administrative, financial, and technical systems to keep pace with development requirements and achieve operational and financial discipline.
- Reviewing and evaluating the adequacy and effectiveness of the internal control system in a way that ensures reducing risks.
- Determining the extent of employees' commitment to the company's policies and procedures.
- Review the means to ensure the integrity of the company's assets and verify the actual existence.
- Determining the extent of reliance on the financial system and financial statements.
- Carrying out regular and periodic reviews of the various activities and reporting the results and recommendations.
- Attempt to prevent intentional and unintended errors and take measures.

The scope of the internal audit work



Periodic examination of the departments, including the company's control and risk management systems, during appropriate periods to determine whether the administrative tasks, functions, accounting, and oversighting are effectively accomplished, in accordance with the approved policies, procedures, and instructions in the company and in line with the company's objectives. And that will include the following:

1. The means and methods used to preserve and protect the company's assets, including information assets, from the risk of theft, damage, destruction, misuse, negligence, inefficiency, improper business practices, inappropriate disclosure, or corruption.
2. The extent of reliability of the security and integrity of the financial and operational information prepared within the company, and the means used to identify, measure, classify and report on such information.
3. The systems in place to ensure compliance with the policies, plans and procedures that have an impact on the company.
4. The extent of effectiveness and efficiency in the recruitment of resources and at a reasonable cost.
5. Inform the responsible employees in the department that has been examined of the results of the examination carried out by the internal audit and the opinions and recommendations reached to verify that the necessary measures are taken to address the weaknesses found.
6. Evaluate the plans and procedures taken by the relevant departments to address the observations and recommendations contained in the audit report. In case of the measures taken are insufficient, this matter is discussed with the responsible employees to ensure the adequacy of the measures taken.
7. Assist in planning, designing, and developing the information systems in order to ensure that there is adequate control over the systems, and that all systems examination procedures are carried out in a timely manner.



Chapter Four

Board of Directors, Committees and Senior Executives

Board of Directors

The company's board of directors is held by seven members who were elected by the company's sixth extraordinary general assembly by the cumulative voting method on Wednesday 10/05/1440 AH corresponding to 01/16/2019 AD (for a period of three years starting on 01/23/2019 AD) according to the company's articles of association and the method that is compatible with the companies' system. Hence, members whose membership period has expired may be re-elected each time with the approval of the Ordinary General Assembly when the nominations for membership of the Board of Directors are open. The following statement also includes the number of Board meetings and the record of attendance at each meeting (noting that the Chairman of the Board of Directors did not obtain a written request to hold emergency meetings from two or more members during the ended fiscal year) and the names of the joint-stock companies in which the Board member is a member of the Board of Directors manage it.



Names of The Board of Directors Members

Names of the members of the board of directors	Position	Education Level	Experience	Member Type	Number of times to attend council meetings	Date	Number of Meetings after the assembly	Membership in other committees	Membership in: Council of other joint stock companies
Suleiman Omar Abdullatif	Chairman	Completion of general education stages in the Kingdom	44years	Non-executive	6 out of 6	2021/03/24 2021/03/29 2021/07/14 2021/10/18 2021/11/24 2021/12/29	4	1	1. Al-Abdul Latif Group Holding Company 2. Red Sea Cables 3. Al-Abdullatif Industrial investment Company
Abdul-Aziz Abdul Latif Al-Dulaijan	Vice Chairman	Bachelors of Statistics	42 years	Non-executive	6 out of 6	24/03/2021 29/03/2021 14/07/2021 18/10/2021 24/11/2021 29/12/2021	4	3	Al-Abdullatif Industrial investment Company
Abdul Latif Omar Al- Abdul Latif	Managing Director	Completion of general education stages in the Kingdom	32 years	Executive	6 out of 6	24/03/2021 29/03/2021 14/07/2021 18/10/2021 24/11/2021 29/12/2021	4	1	1. Al Abdul Latif Group Holding Company 2. Natural Gas Distribution Company 3. Al Reef Company sugar refining 4. Al-Abdullatif Furniture Company 5-Al-Abdullatif Industrial investment Company
Fahad Omar Al-Abdullatif	Member	Bachelor of Public Relations	26Years	Executive	6 out of 6	24/03/2021 29/03/2021 14/07/2021 18/10/2021 24/11/2021 29/12/2021	4	1	1. Al-Abdul Latif Group Holding Company 2-Al-Abdullatif Furniture Company 3- Al-Abdullatif Industrial investment Company
Fawzi Ayoub Mostafa Sabry	Member	Bachelor of Architecture	42 years	Independent	4 out of 6	24/03/2021 29/03/2021 absent 14/07/2021 18/10/2021 24/11/2021 29/12/2021 By behalf	4	1	1. Okaz Company for press and publishing 2- Al-Abdul Latif Industrial Investment Company
Majed Abdul Rahman Al-Osailan	Member	Master of Administrative Sciences And Bachelor of Accounting	16 years	Independent	6 of 6	24/03/2021 29/03/2021 14/07/2021 18/10/2021 24/11/2021 29/12/2021	4	2	1-Al-Abdul Latif Industrial Investment Company 2-Al Madinah Cement 3-Natural Gas Distribution Company 4-Ajel Company
Hisham Abdul Rahman Al-Askar	Member	Bachelor of Systems and Law	12 years.	Independent	6 out of 6	24/03/2021 29/03/2021 14/07/2021 18/10/2021 24/11/2021 29/12/2021	4	2	Al-Abdul Latif Industrial Investment Company

The Board committees and their functions

S	Committee Name	Functions and tasks of the committee	Chairman and members of the committee	Number of meetings during the year	The date of the committee's meetings during the year 2021
1	Executive Committee	This committee undertakes the supervision of the company's risk management process, and is responsible for setting the company's long-term goals, and to monitor and measure to what extent these goals are achieved.	1- Abdulaziz bin Abdul Latif Al-Dulaijan (Chairman) 2- Abdul Latif bin Omar Al Abdul Latif (Member) 3- Fahd bin Omar Al-Abdullatif (Member)	4 out of 4	2021/07/07 2021/03/07 2021/11/17 2021/12/28
2	Auditing Committee	Ensuring the adequacy of the internal auditing systems, recommending the Board of Directors to employ law accountants, studying the preliminary and annual financial statements, and submitting their reports to the Board of Directors, studying the utilized accounting policies and make recommendations to the Board of Directors in this regard.	1. Majed Abdul Rahman Al-Osailan (Chairman) 2. Abdulaziz bin Abdul Latif Al-Dulaijan (Member) 3- Saleh Hassan Al-Sheikh (Member)	6 out of 6	2021/03/24 2021/04/11 2021/05/18 2021/08/12 2021/11/08 2021/12/28
3	Rewards & Nomination Committee	This committee studies various important issues and submits its recommendations to the Board of Directors. It also, sets clear policies for the compensation and rewards of the Board of Directors and senior executives. As well as recommending to the Board the nomination for membership of the Board and ensuring the approved policies and standards and the governance system	1- Hisham bin Abdul Rahman Al-Askar (Chairman) 2- Fawzi bin Ayoub Sabri (Member) 3- Suleiman bin Omar Al-Abdullatif (Member)	3 out of 3	2021/11/02 2021/11/22 2021/12/27
4	Risk Management	The Risk Management Committee oversees all risk management activities throughout the Company in order to identify, assess and manage all major business risks. In addition, the committee ensures that systems, policies, and procedures are in place to manage these risks and ensure that major risk issues are referred to the Board of Directors.	1- Hisham bin Abdul Rahman Al-Askar (Chairman) 2. Abdulaziz bin Abdul Latif Al-Dulaijan (Member) 3- Majed Abdul Rahman Al-Osailan (Member)	1 out of 1	26/05/2021

Names of the Members of the Board of Directors

S	Name	Current Position	Previous job	Qualifications
1	Suleiman Omar Abdul Latif	Chairman of the Board of Directors of Al-Abdullatif Industrial Investment Company-General Manager of Al-Abdullatif Furniture Company	Chairman of the Board of Directors of Al-Abdullatif Industrial Investment Company-General Manager of Al-Abdullatif Furniture Company	Completion of general education stages in the Kingdom
2	Abdul Latif Omar Al Abdul Latif	Board Member - Managing Director & CEO	Managing Director and CEO	Completion of general education stages in the Kingdom
3	Fahd Omar Al-Abd Al-Latif	Board Member - Executive Vice President of Al-Abdullatif Industrial Investment Company	Board Member - Executive Vice President of Al-Abdullatif Industrial Investment Company	Bachelor of Media
4	Abdulaziz Abdul Latif Al-Dulaijan	Retired, Vice Chairman of the Board of Directors of Al-Abdullatif Company, Chairman of the Executive Committee and Member of the Audit Committee	Retired, Vice Chairman of the Board of Directors of Al-Abdullatif Company, Chairman of the Executive Committee and Member of the Audit Committee	Bachelors of Statistics
5	Fawzy Ayoub Mostafa Sabry	Member of the Board of Directors of Al-Abdullatif Industrial Investment Company - Chairman of the Board of Directors of Saden Al-Arabiya	Member of the Board of Directors of Al-Abdullatif Industrial Investment Company - Chairman of the Board of Directors of Saden Al-Arabiya	Bachelor of Architecture
6	Majed Abdul Rahman Al-Osailan	Member of the Board of Directors of Al-Abdullatif Industrial Investment Company - Assistant CEO of Al-Madinah Cement Company	Member of the Board of Directors of Al-Abdullatif Industrial Investment Company - Assistant CEO of Al-Madinah Cement Company	Master of Business Administration And bachelor's degree in accounting
7	Hisham Abdul Rahman Al-Askari	Member of the Board of Directors of Al-Abdullatif Company - President of Hisham Al-Askar & Partners Group for Law Firm and Legal Investments	Member of the Board of Directors of Al-Abdullatif Company - President of Hisham Al-Askar & Partners Group for Law Firm and Legal Investments	Bachelor of Law Program

S	Name	Experiences
1	Suleiman Omar Abdul Latif	44 years of experience in management, industry, and production, in addition to membership in the boards of several companies and committees
2	Abdul Latif Omar Al Abdul Latif	32 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees
3	Fahd Omar Al-Abd Al-Latif	32 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees
4	Abdulaziz Abdul Latif Al-Dulaijan	42 years of experience in the field of contracting and management consulting, in addition to membership in the boards of several companies and committees.
5	Fawzy Ayoub Mostafa Sabry	42 years of experience in the field of contracting, trade, cars manufacturing, services and security equipment, and management of an international manufacturing and support company holding Management of Al-Tadrea Company for Industry, in addition to membership in the boards of several companies and committees.
6	Majed Abdul Rahman Al-Osailan	17 years of experience in management and credit At Riyadh Bank, information systems, financial and administrative affairs. In addition to a membership in the boards of several companies and committees
7	Hisham Abdul Rahman Al-Askari	13 years of experience in law and legal investments, and researcher in Economic affairs. A specialist in a corporate regulations, securities, and commercial issues. A legal consultant. In addition to a membership in the boards of several companies and committees.

The company Committees and their Members

Auditing Committee

S	Name	Current Position	Previous job	Qualifications	Experiences
1	Abdulaziz Abdul Latif Al-Dulaijan	Retired, Vice Chairman of the Board of Directors of Al-Abdullatif Company, Chairman of the Executive Committee and Member of the Audit Committee	Retired, Vice Chairman of the Board of Directors of Al-Abdullatif Company, Chairman of the Executive Committee and Member of the Audit Committee	Bachelors of Statistics	41 years of experience in the field of contracting and management consulting, in addition to membership in the boards of several companies and committees.
2	Majed Abdul Rahman Al-Osailan	Member of the Board of Directors of Al-Abdullatif Industrial Investment Company - Assistant CEO of City Cement Company	Member of the Board of Directors of Al-Abdullatif Industrial Investment Company - Assistant CEO of City Cement Company	Master of Business Administration And bachelor's in accounting	16 years of experience in management and credit At Riyadh Bank, information systems, financial and administrative affairs, in addition to membership in the boards of several companies and committees
3	Saleh Hassan Al Sheikh	Member of the Audit Committee of Al-Abdullatif Company - Financial auditor of the Civil Aviation Holding Company	Financial Controller at Al-Madinah Cement Company, member of the Audit Committee at Al-Abdullatif Company	Bachelor of Business Administration Master of Business Administration	Member of the Audit Committee at Al-Abdullatif Company - Member of the Audit Committee at Al-Reef Sugar Refining Company, Financial Controller at City Cement Company, Financial Analyst at SABIC

The Executive Committee

S	Name	Current Position	Previous job	Qualifications	Experiences
1	Abdul Latif Omar Al Abdul Latif	Managing Director and CEO	Managing Director and CEO	Completion of general education stages in the Kingdom	32 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees
2	Fahd Omar Al-Abd Al-Latif	Board Member - Executive Vice President of Al-Abdullatif Industrial Investment Company	Board Member - Executive Vice President of Al-Abdullatif Industrial Investment Company	Bachelor of Media	26 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees
3	Abdulaziz Abdul Latif Al-Dulaijan	Retired, Vice Chairman of the Board of Directors of Al-Abdullatif Company, Chairman of the Executive Committee and Member of the Audit Committee	Retired, Vice Chairman of the Board of Directors of Al-Abdullatif Company, Chairman of the Executive Committee and Member of the Audit Committee	Bachelors of Statistics	42 years of experience in the field of contracting and management consulting, in addition to membership in the boards of several companies and committees.

Rewards & Nominations Committee

S	Name	Current Position	Previous job	Qualifications	Experiences
1	Hisham Abdul Rahman Al-Askari	Member of the Board of Directors of Al-Abdullatif Company - President of Hisham Al-Askar & Partners Group for Law Firm and Legal Investments	Member of the Board of Directors of Al-Abdullatif Company - President of Hisham Al-Askar & Partners Group for Law Firm and Legal Investments	Bachelor of Systems	13 years of experience in law and legal investments, and researcher in Economic affairs. A specialist in a corporate regulations, securities, and commercial issues. A legal consultant. In addition to a membership in the boards of several companies and committees.
2	Suleiman Omar Abdul Latif	Chairman of the Board of Directors of Al-Abdullatif Industrial Investment Company-General Manager of Al-Abdullatif Furniture Company	Chairman of the Board of Directors of Al-Abdullatif Industrial Investment Company-General Manager of Al-Abdullatif Furniture Company	Completion of general education stages in the Kingdom	43 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees
3	Fawzy Ayoub Mostafa Sabry	Chairman of the Board of Directors of the Saden	CEO of Saden	Bachelor's in electrical engineering	- 5 years (Ministry of Media) - 12 years (Zagzoog and Matbouli Company) - 17 years (United Matbouli Group) 6 years of business management

Risk Management, Governance and Compliance

S	Name	Current Position	Previous job	Qualifications	Experiences
1	Hisham Abdul Rahman Al-Askari	Member of the Board of Directors of Al-Abdullatif Company - President of Hisham Al-Askar & Partners Group for Law Firm and Legal Investments	Member of the Board of Directors of Al-Abdullatif Company - President of Hisham Al-Askar & Partners Group for Law Firm and Legal Investments	Bachelor of Law Program	13 years of experience in law and legal investments, and researcher in Economic affairs. A specialist in a corporate regulations, securities, and commercial issues. A legal consultant. In addition to a membership in the boards of several companies and committees.
2	Majed Abdul Rahman Al-Osailan	Member of the Board of Directors of Al-Abdullatif Industrial Investment Company - Assistant CEO of City Cement Company	Member of the Board of Directors of Al-Abdullatif Industrial Investment Company - Assistant CEO of City Cement Company	Master of Business Administration And a bachelor's degree in accounting	17 years of experience in management and credit At Riyadh Bank, information systems, financial and administrative affairs, in addition to membership in the boards of several companies and committees
3	Abdulaziz Abdul Latif Al-Dulaijan	Retired, Vice Chairman of the Board of Directors of Al-Abdullatif Company, Chairman of the Executive Committee and Member of the Audit Committee	Retired, Vice Chairman of the Board of Directors of Al-Abdullatif Company, Chairman of the Executive Committee and Member of the Audit Committee	Bachelors of Statistics	42 years of experience in the field of contracting and management consulting, in addition to membership in the boards of several companies and committees.

Executive Management

S	Name	Current Position	Previous job	Qualifications	Experiences
1	Abdul Latif Omar Al Abdul Latif	Managing Director and CEO	Managing Director and CEO	Completion of general education stages in the Kingdom	32 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees
2	Fahd Omar Al-Abd Al-Latif	Board Member - Executive Vice President of Al-Abdullatif Industrial Investment Company	Board Member - Executive Vice President of Al-Abdullatif Industrial Investment Company	Bachelor of Media	26 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees
3	Ahmad Khalaf	Financial director	Financial Manager	Bachelor's in accounting	31 years of experience in the financial field in several industrial companies
4	Saad Al-Qarni	Director of Human Resources - Director of Investor Relations - Secretary of the Board of Directors	Director of Human Resources - Director of Investor Relations - Secretary of the Board of Directors	Bachelors in business administration	26 years of experience in administration and human resources and administrative field
5	Adel Shia'ar	CEO advisor	CEO advisor	Bachelors in architects	33 years of experience in the field of production and administration

Companies inside or outside the Kingdom of which they are members of the company's board of directors is a member of its current and previous boards of directors or one of its managers

Member Name	Companies' Names which their manager is a member of its current board of directors or one of its directors	within and Outside Kingdom of Saudi Arabia	Legal Entity (Listed shareholding/Unlisted shareholding) WITH LIMITED LIABILITIES	Companies' Names which their members of the board of directors are a member in its previous boards of directors or its managers	within and Outside the Kingdom of Saudi Arabia	Legal Entity (Listed Contribution/Unlisted Contribution) WITH LIMITED LIABILITIES
Suleiman Omar Al-Abdullatif	Al-Abdul Latif Group Holding Company Al-Abdullatif Industrial Investment Company Red Sea Cables Company Al-Abdullatif Furniture Company	into into into into	(Closed shareholding) Listed contribution (Closed shareholding) (Closed shareholding)	Al-Abdul Latif Group Holding Company AL Madinah Cement Company Al-Abdullatif Industrial Investment Company	into into into	(Closed shareholding) Listed contribution Listed contribution
Abdulaziz Abdul Latif Al-Dulaijan	Al-Abdullatif Industrial Investment Company	into	Listed contribution	Al-Abdullatif Industrial Investment Company	into	Listed contribution
Abdul Latif Omar Al Abdul Latif	Al-Abdul Latif Group Holding Company Natural Gas Distribution Company Al-Abdullatif Furniture Company Al-Reef Sugar Refining Company Al-Abdullatif Industrial Investment Company	into into into into into into	(Closed shareholding) Listed contribution (Closed shareholding) (Closed shareholding) Listed contribution	Al-Abdul Latif Group Holding Company Natural Gas Distribution Company Al Reef Sugar Refining Company Al-Abdullatif Industrial Investment Company	into into into into	(Closed shareholding) (Closed shareholding) (Closed shareholding) Listed contribution
Fahad Omar Al-Abdullatif	Al-Abdul Latif Group Holding Company Al-Abdullatif Industrial Investment Company Al-Abdullatif Furniture Company	into into into	(Closed shareholding) Listed contribution (Closed shareholding)	Al-Abdul Latif Group Holding Company Al-Abdullatif Industrial Investment Company	into into	(Closed shareholding) Listed contribution
Fawzy Ayoub Mostafa Sabry	Al-Abdul Latif Industrial Investment Company Okaz Press and Publishing Company	into into	Listed contribution WITH LIMITED LIABILITIES	Al-Abdul Latif Industrial Investment Company Okaz Press and Publishing Company	into into	Listed contribution WITH LIMITED LIABILITIES
Majed Abdul Rahman Al-Osailan	Al-Abdul Latif Industrial Investment Company Al Madinah Cement Company Natural Gas Distribution Company[non-executive] Ajel Company for financial services	into into into into	Listed contribution Listed contribution (Closed shareholding)	Al-Abdul Latif Industrial Investment Company Al Madinah Cement Company Natural Gas Distribution Company	into into into	Listed contribution Listed contribution (Closed shareholding)
Hisham Abdul Rahman Al-Askari	Al-Abdullatif Industrial Investment Company	into	Listed contribution	Al-Abdul Latif Industrial Investment Company	into	Listed contribution

A description of any interest and subscription rights of board members or senior executives

S	Name of those who have interests	Beginning of the year 01/01/2021		Until December 31, 2021		Percentage of change
		No. of shares	Debt instruments	No. of shares	Debt instruments	
1	Suleiman Omar Abdul Latif	2,031.250	-	2,031.250	-	0%
2	Abdul Latif Omar Al Abdul Latif	2,031.250	-	100.000	-	-95%
3	Fahd Omar Al-Abd Al-Latif	1000	-	1000	-	0%
4	Abdulaziz Abdul Latif Al-Dulaijan	1250	-	1250	-	0%
5	Fawzy Ayoub Mostafa Sabry	1000	-	1000	-	0%
6	Majed Abdul Rahman Al-Osailan	1111	-	100	-	-91%
7	Hisham Abdul Rahman Al-Askari	1200	-	1200	-	0%

A description of any interest and subscription rights of members' wives, senior executives, and their minor children

S	The name of those who have interests	Kinship	Beginning of the year 01/01/2021		Until December 31, 2021,		Percentage change
			No. of shares	Debt instruments	No. of shares	Debt instruments	
1	Suleiman Omar Abdul Latif	-	-	-	-	-	-
2	Abdul Latif Omar Al Abdul Latif	-	-	-	-	-	-
3	Fahd Omar Al-Abd Al-Latif	-	-	-	-	-	-
4	Abdulaziz Abdul Latif Al-Dulaijan	-	-	-	-	-	-
5	Fawzy Ayoub Mostafa Sabry	-	-	-	-	-	-
6	Majed Abdul Rahman Al-Osailan	-	-	-	-	-	-
7	Hisham Abdul Rahman Al-Askari	-	-	-	-	-	-

Rewards Table

Board of directors' rewards

Name	Fixed Rewards								Variable Rewards						End-of-Service Award	Total	Expenses
	Specific amount	Instead of attending meetings of the Council	General Assembly Meetings	Total attendance allowance for committee meetings	In-kind benefits	Rewards for technical, administrative, and	The remuneration of the Chairman of the Board, the Managing Director or the	Total	A percentage of the profits?	Periodic bonuses	Short - term incentive plans	Long - term incentive plans	Granted Shares (Value is entered)	Total			
First: the independent members																	
Fawzy Sabry Ayoub	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hisham Al-Askar	100,000	18,000	3,000	12,000	0	0	0	133,000	0	0	0	0	0	133,000	0	133,000	0
Majed Al-Osailan	100,000	18,000	3,000	21,000	0	0	0	142,000	0	0	0	0	0	142,000	0	142,000	0
Total	300,000	36,000	6,000	33,000	0	0	0	375,000	0	0	0	0	0	375,000	0	375,000	0
Second: Non-executive members																	
Suleiman Omar Al-Abdullatif	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Abdulaziz Al-Dulaijan	100,000	18,000	3,000	30,000	0	0	0	151.000	0	0	0	0	0	151.000	0	151.000	0
Total	100,000	18,000	3,000	30,000	0	0	0	151.000	0	0	0	0	0	151.000	0	151.000	0
Third: the executive members																	
Abdul Latif Al Abdul Latif	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fahad Omar Al-Abdullatif	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Senior Executive Rewards

Name	Senior Executive Jobs	Fixed rewards				Variable Rewards			Total
		Salary	Allowances (accommodatio	In-kind benefits (treatment -	Total	Regular bonuses	Total	End-of-Service Award	
Abdul Latif Al-Latif	CEO	600.000	-	38.684	638.684	-	-	-	638.684
Ahmad Khalaf	Finance Director	99.000	30.900	6.996	136.896	33.000	33.000	8.250	178.146
Adel Shia'ar	Planning, strategy, and investment manager	420.000	87.000	39.900	546.900	151.000	151.000	35.000	732.900
Cataria	mechanical production technician	117.00	40.950	7.785	165.735	246.000	246.000	9.750	421.485
Justino	mechanical production technician	258.000	90.300	51.786	400.086	38.500	38.500	21.500	460.086
Saad Al-Qarni	Director of Human Resources - Director of Investor Relations - Secretary of the Board of Directors	228.000	79.800	64.874	372.674	63.000	63.000	23.750	459.424
Wang	mechanical production technician	120.000	42.000	22.266	184.266	225.000	225.000	10.000	419.266
Total		1.842.000	370.950	232.291	2.445.241	756.500	756.500	108.250	3.309.991

Committee and Member's rewards

Member Name	Fixed Rewards (except for the allowance for attending sessions)	Allowance for attending sessions	Total
Audit Committee Members			
Abdulaziz Abdul Latif Al-Dulaijan	0	18.000	18.000
Majed Abdul Rahman Al-Osailan	0	18.000	18.000
Saleh Hassan Al Sheikh	0	18.000	18.000
Total:3	0	54.000	54.000
Rewards and Nominations Committee Members			
Suleiman Omar Al-Abdullatif	0	0	0
Fawzy Ayoub Sabri	0	0	0
Hisham Abdul Rahman Al-Askari	0	9,000	9,000
Total:3	0	9.000	9.000
Executive Committee Members			
Abdulaziz Abdul Latif Al-Dulaijan	0	12,000	12,000
Abdul Latif Omar Al Abdul Latif	0	0	0
Fahad Omar Al-Abdullatif	0	0	0
Total:3	0	12,000	12,000
Members of the Risk, Governance and Compliance Committee			
Hisham Abdul Rahman Al-Askari	0	3,000.0	3,000.0
Majed Abdul Rahman Al-Osailan	0	3,000.0	3,000.0
Abdulaziz Abdul Latif Al-Dulaijan	0	3,000.0	3,000.0
Total:3	0	9,000.0	9,000.0

The company applications for the shareholders registry

Company requests to record Shareholders	Application Date	Reasons for request
1	2021\2\23	Company's procedures
2	2021\5\19	General Assembly (quantities)
3	2021\5\19	Other (detailed)
4	2021\5\26	Other
5	2021\6\8	Company's procedures
6	2021\6\15	General Assembly
7	2021\8\5	Other
8	2021\11\23	Other

Sanctions and penalties imposed on the company

The company acknowledges that no penalties or precautionary restrictions have been imposed on it by the Capital Market Authority, or any other government agency.

CONTRIBUTORS

The shareholders are the real owners of the company and, as a whole, have the sole right to run the company and to set its policies. Therefore, all of them enjoy certain rights to preserve their minority rights. However, in most cases they are responsible only for the loss of their shares, and they aren't obliged by the management of the company and its business. It is recognized that one of the most important rights and advantages of shareholders is the right to attend public associations. They also have the right to discuss the performance of the executive management during the relevant period and the right to vote on all important issues listed in the schedule of the meeting. For instance, approving the increase or reduction of the company's capital through the extraordinary General Assembly, the right to vote in the selection of the board members of the company, the right to vote on the distribution of the company's profits and its amount, and finally the right to receive the rest from the company upon liquidation after paying to the creditors to ensure compliance with best governance practices that protect the rights of shareholders and stakeholders. It is recognized in capital market fundamentals that there is a range of rights and benefits for publicly listed shareholders of joint stock companies that must be maintained by the boards of directors of joint stock companies, who are supposed to be true representatives for the benefit of all owners and not for some owners.

Al-Abd Al-Latif adopts a system that ensures shareholders' right to a share of the redistributable profits, shareholders' right to dispose of shares (in accordance with applicable regulations and regulations), shareholders' right to nominate or dismiss board members and review committee members, and the right to appoint the company's auditors. The company is also committed to providing shareholders with updated and adequate information regarding the date, location, and agenda of the General Assembly meetings, as well as full and updated information regarding the judiciary to be decided upon at the meeting. This will be done in case of any queries on the items raised and listed on the agenda, which include several rights listed in the Regulations, to the board of directors during the General Assembly meetings. These include the right to obtain periodic financial and non-financial information with transparency and clarity that the company must provide to shareholders, and this aspect is supervised by two executives. The first one is The Capital Market Authority, which strictly follows up the necessary announcements and disclosures and impose penalties on the companies delay advertising in time. The second authority is the Ministry of Commerce, which also supervises the annual deposit of financial centers and the follow-up of the requirements of regulations there. Shareholders have the right to attend and vote on items presented at the general assembly of shareholders, the board is responsible to shareholders for the strategic direction of the company and the effective control over management.

Remuneration policy for the Board of Directors, its committees, and the executive management

The remuneration policy for the Board of Directors, its committees, and the executive management has been prepared in accordance with the Companies Law issued by the Capital Market Authority.

First

This policy aims to define clear criteria for the remuneration of members of the Board of Directors and its committees and senior executives considering the Companies Law, the regulatory controls and procedures, the Company's Articles of Association, and the Corporate Governance Regulations.

second

General criteria for rewards

The Remuneration and Nomination Committee is responsible for recommending to the Board of Directors the remuneration of the members of the Board, committees, and senior executives of the company in accordance with the following criteria:

- That the rewards be consistent with the company's strategy and objectives.
- The remunerations are for the purpose of urging the members of the Board and the executive management to make the company a long-term success.
- To determine the rewards based on educational qualifications, practical experience, and the level of performance (considering the practices of other companies in determining the rewards, while avoiding the unjustified rise in rewards and compensation that may arise).
- Considering the sector in which the company operates, its size and the experience of the board members.
- To aim at attracting, maintaining, and motivating professional competencies, without exaggerating them.
- Board members' remunerations may be of varying amounts to reflect the member's experience, competencies and tasks entrusted to him.

Third

Directors, percentage on profits

- The remuneration of the members of the Board consists of a certain amount, or an allowance for attending sessions, or an allowance for expenses or benefits in kind, and two or more of these benefits may be combined, provided they do not exceed what is stipulated in the Companies Law.
- The annual report of the board of directors to the general assembly of shareholders must include a comprehensive statement of all that the board members received during the fiscal year in terms of remuneration, expense allowances and other benefits, as well as a statement of what the board members received in their capacity as workers, administrators or in return for technical work. Or administrative or consulting, if any.
- In all cases, the sum of the remunerations and financial and in-kind benefits that a member of the Board of Directors received annually should not exceed what is stated in the Companies Law, considering the number of sessions attended.

Forth

Committee member rewards

- The Board of Directors approves an attendance allowance for members of the committees emanating from it, based on the recommendation of the Remuneration and Nominations Committee.
- Bonuses may be paid to members of the committees emanating from the Board of Directors at the end of the year with the approval of the General Assembly.

Fifth

Executive Management Rewards

- The Remuneration and Nomination Committee reviews the annual remuneration for senior executives according to the performance measurement indicators approved by the Board of Directors. The remuneration and compensation for the executive management includes the following:
- Basic salary to be paid at the end of each calendar month.
- Allowances include housing allowance and transportation allowance.
- Medical insurance for him and his family according to the human resources policy.
- Insurance for work injuries, total or partial disability, and death at work.
- An annual bonus linked to performance indicators according to the annual evaluation.
- Other benefits include annual leave, annual travel tickets, and end-of-service benefits according to the work system and human resources policy approved by the company.
- The CEO implements the remuneration policy for the executive management according to the recommendations of the Remuneration and Nominations Committee and the approval of the Board.

Sixth

General authorizations

- Board members may not vote on the board remuneration clause at the shareholders general assembly meeting.
- The company discloses the remuneration of board members, committees, and senior executives in the annual report of the board of directors in accordance with the controls issued under the Companies Law and the Capital Market Authority Regulations.
- The procedures for disbursing the annual bonuses for members of the Board and committees are prepared in coordination with the Secretary of the Board with the Financial Department, provided that their disbursement is approved by the CEO.
- The allowance for attending the meetings of the council and committees may be disbursed after the end of the sessions. As for the annual remuneration for the council or committees, it is paid after it is approved in the annual general assembly meeting.

seventh

Details of the remuneration of members of the Council and its committees

Members of the Board of Directors

- Payment of an attendance allowance of 3000 riyals for attending one session.
- Securing hotel reservations for members coming from outside the city of Riyadh to attend the meeting.
- Securing business class tickets for members coming from outside the city of Riyadh to attend the meeting.
- Granting an annual bonus to each member of the Board of 100,000 riyals after the approval of the General Assembly.

Number of Committee Members

- Payment of an attendance allowance of 3000 riyals for attending one session.
- The provisions of this policy shall be implemented from the date of its approval by the General Assembly of Shareholder and any proposed amendments are presented to the Board of Directors, which in turn reviews those amendments and recommends them to the General Assembly for approval.



The means adopted by the Board of Directors in evaluating the performance of its committees and members

The members of the Board of Directors are evaluated through the Committee of Rewards and Nominations, using models prepared for this purpose, which have been reviewed by the Committee on Rewards and Nominations and approved by the Board of Directors. The model contains the following criteria:

- Assessment of active participation with information and ideas for members
- Assessment of the obligation to attend meetings on a regular basis
- Assessment of the presentation of sincere and distinct views on the issues at hand
- Assess the effectiveness of constructive attitudes and debate by persuading and accepting observations and reactions.
- Assessment of analytical and necessary skills.
- Assess the ability of the member to achieve the objectives associated with the company's strategies.
- Assess the use of human and financial resources in an exemplary manner to design the company's strategic plans.

The members of the Board of Directors were assessed at the recent meeting of the Committee of Rewards and Nominations in accordance with the criteria of the approved model.

Actions taken by The Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and observations regarding the company and its performance.



The Board of Directors reviews and records the shareholders' suggestions and observations about the company and its performance through the meetings of the shareholders' general assembly. The Board of Directors and Investor Relations inform the Board of Directors of important proposals and observations on a regular basis. As well as receiving the proposals of shareholders through e-mail, interacting with them and informing the members of the Board Directors with them. The Chairman of the Board of Directors shall also be informed at the first meeting of the members of the Board of Directors, especially non-executives, of the shareholders proposals, if any.

The sixteenth general assembly meetings of the company

A statement of the dates of the general assembly of shareholders held during the last fiscal year and the names of the members of the board of directors' present

S	name	Sixteenth Ordinary General Assembly Meeting (first meeting) 15-06-2021AD
1	Suleiman Omar Abdul Latif	Present
2	Abdul Latif Omar Al Abdul Latif	Present
3	Fahd Omar Al-Abd Al-Latif	Present
4	Abdulaziz Abdul Latif Al-Dulaijan	Present
5	Fawzy Ayoub Mostafa Sabry	Absent
6	Majed Abdul Rahman Al-Osailan	Present
7	Hisham Abdul Rahman Al-Askari	Present

1. The Board of Directors report for the year ending on December 31, 2020, was approved.
2. The company auditor report for the year ending on December 31, 2020, was approved.
3. The financial statements for the fiscal year ending on December 31, 2020, have been approved.
4. The appointment of Mr. Al-Ayouti & Partners Company as an auditor for the company has been approved to examine, review, and audit the financial statements for the (first, second and third) and annual quarters of the fiscal year 2021 AD, and the first quarter of the fiscal year 2022 AD, and his fees have been determined.
5. It was approved to authorize the Board of Directors to distribute interim dividends on a semi- or quarterly basis for the fiscal year 2021.
6. The works and contracts that will take place during the year 2021 between the company and Al-Abdul Latif Furniture Company, in which Board member Suleiman bin Omar Al Abdul Latif and Mr. Abdul Latif bin Omar Al Abdul Latif and Mr. Fahd bin Omar Al Abdul Latif have an indirect interest in it, which is mainly sales, have been approved. Wholesale of carpet and rug products, and they do not have any preferential conditions, and the value of these transactions during the year 2020 amounted to (29,945) thousand riyals.
7. The works and contracts that will take place during the year 2021 AD between the company and Al-Abdullatif Furniture Company, in which Board member Suleiman bin Omar Al-Abdullatif and Mr. Abdullatif bin Omar Al-Abdullatif and Mr. Fahd bin Omar Al-Abdullatif have an indirect interest in them, which are services and benefits provided to, have been approved. The related party (a rental contract for warehouses in favor of the Abdul Latif Industrial Investment Company (landlord) and Al Abdul Latif Furniture (renter), and there are no preferential terms, and the value of these transactions during the year 2020 amounted to (2,948) thousand riyals.
8. The works and contracts that will take place during the year 2021 AD between the company and the Abdul Latif Furniture Company, in which Board member Suleiman bin Omar Al Abdullatif, Mr. Abdul Latif bin Omar Al Abdullatif and Mr. Fahd bin Omar Al Abdullatif have an indirect interest in them, bearing in mind that the nature of the relationship consists of services and benefits provided. To a related party, which is a contract to provide catering and housing services between Ritaj Al Waseel Services, Maintenance and Catering Company (landlord), one of the company's subsidiaries, and Al-Abdullatif Furniture Company (renter), and the value of these transactions during the year 2020 amounted to (920) thousand riyals.
9. The works and contracts that will take place during the year 2021 AD between the company and the Abdul Latif Furniture Company, in which Board member Suleiman bin Omar Al Abdul Latif, Mr. Abdul Latif bin Omar Al Abdul Latif and Mr. Fahd bin Omar Al Abdul Latif have an indirect interest in them, bearing in mind that the nature of the relationship consists of services and benefits Provided to the related party, which are logistic services (work in the workshop / electronics maintenance / maintenance and computer programming), and there are no preferential conditions, and the value of these transactions during the year 2020 AD amounted to (100) thousand riyals.
10. The works and contracts that will be completed during the year 2021 AD between the company and the Abdul Latif Furniture Company, in which Board member Suleiman bin Omar Al Abdul Latif, Mr. Abdul Latif bin Omar Al Abdul Latif and Mr. Fahd bin Omar Al Abdul Latif have an indirect interest in them, bearing in mind that the nature of the relationship consists of services and benefits from (Related party) These are housing leases, etc., in favor of Al-Abdul Latif Furniture Company (landlord) on the Al-Abdul Latif Industrial Investment Company (renter) in order to accommodate some of the employees of the Al-Abdul Latif Industrial Investment Company, and it has no preferential displacement. The value of these transactions during the year 2020 amounted to (150,000) riyals.
11. The works and contracts that will be concluded during the year 2021 AD between the company and the Abdul Latif Furniture Company, in which Board member Suleiman bin Omar Al Abdul Latif, Mr. Abdul Latif bin Omar Al Abdul Latif and Mr. Fahd bin Omar Al Abdul Latif have an indirect interest in them, bearing in mind that the nature of the relationship consists of: Services and benefits from (a related party)), which are warehouse leases and sales centers outside the city of Riyadh for the benefit of Al-Abdullatif Furniture Company (the lessor) and the lessee is Adfa Blankets Company (a subsidiary of Al-Abdul Latif Industrial Investment Company). It does not have any preferential conditions, and the value of these transactions during the year 2020 AD amounted to (189) thousand riyals.
12. The works and contracts that will be concluded during the year 2021 AD between the company and the Abdul Latif Furniture Company, in which Board member Suleiman bin Omar Al Abdullatif, Mr. Abdullatif bin Omar Al Abdullatif and Mr. Fahd bin Omar Al Abdullatif have an indirect interest in them, bearing in mind that the nature of the relationship consists of services and benefits From a (related party), which is purchases from a related party (carpet upholstery supplies) for the implementation of the projects of the Abdul Latif Industrial Investment Company, and the executing agency is the Al Abdul Latif Furniture Company. It does not have any preferential conditions, and the value of these transactions during the year 2020 amounted to (26) thousand riyals.
13. The works and contracts that will take place during the year 2021 AD between the company and the Natural Gas Distribution Company, in which the members of the Board of Directors Mr. Abdullatif bin Omar Al-Abdullatif and Mr. Majid bin Abdulrahman Al-Osailan have an indirect interest, have been approved, knowing that the nature of the relationship consists of procurement in general from a distribution company Natural gas (natural gas material). It does not have any preferential conditions, and the value of these transactions during the year 2020 amounted to (1,740) thousand riyals.
14. It was approved to disburse an amount of (100,000) riyals to four members of the board of directors as a reward for the fiscal year ending on 31/12/2020 AD, with a total of (400,000) riyals, they are (Mr. Hisham bin Abdul Rahman Al-Askar, Mr. Majid bin Abdul Rahman Al-Osailan and Mr. Abdulaziz bin Abdullatif Al-Dulaijan and Mr. Fawzi bin Ayoub Sabri), noting that the rest of the three members, Mr. Suleiman Omar Al-Abdullatif, Mr. Abdullatif Omar Al-Abdullatif, and Mr. Fahad Omar Al-Abdullatif, waive their rewards for their membership in the Board of Directors for the year ending on 12/31/2020 AD.
15. It was approved that the members of the Board of Directors are free from liability for the fiscal year ending on 31/12/2020 AD.



Chapter Five

Board of Directors' Recommendations

Board of Directors' Recommendations

The Board of Directors recommends the shareholders and those present at the company next general assembly to vote on the following:

1. Vote on the report of the Board of Directors for the year ending on December 31, 2021.
2. Vote on the auditor report for the year ending on December 31, 2021.
3. Vote on the audited financial statements for the year ending on December 31, 2021.
4. Vote for the appointment of the Company auditor from among the candidates on the recommendation of the Audit Committee; This is for examining, reviewing, and auditing the financial statements for the (second, third and annual) quarters of the fiscal year 2022, and the first quarter of the fiscal year 2023, and determining its fees.
5. To vote on authorizing the Board of Directors to distribute interim dividends in a semi- or quarterly manner for the fiscal year 2022, and to determine the due date and disbursement in accordance with the regulatory controls and procedures issued in implementation of the Companies Law.
6. Voting on the business and contracts that will take place between the company and Al-Abdullatif Furniture Company, in which Board member Suleiman bin Omar Al-Abdullatif, Mr. Abdullatif bin Omar Al-Abdullatif, and Mr. Fahd bin Omar Al-Abdullatif have an indirect interest, which is mainly wholesale sales of carpet and rug products. The nature of the relationship does not differ from dealings with ordinary commercial debtors and creditors, and it does not have any special advantages or conditions. The value of these transactions during the year 2021 amounted to (37,007) thousand riyals.
7. Voting on the business and contracts that will take place between the company and Al-Abdullatif Furniture Company, in which Board member Suleiman bin Omar Al-Abdullatif, Mr. Abdullatif bin Omar Al-Abdullatif, and Mr. Fahd bin Omar Al-Abdullatif have an indirect interest in them, which are services and benefits provided to the related party (lease contract Warehouses in of Al-Abdullatif Industrial Investment Company (the lessor) and Al-Abdullatif Furniture (the lessee), bearing in mind that the nature of the relationship does not differ from dealings with ordinary commercial debtors and creditors, and it does not have any special advantages or conditions. The value of these transactions during the year 2021 amounted to (2,468) thousand riyals.
8. Vote on the business and contracts that will take place between the company and Al-Abdul Latif Furniture Company, in which Board member Suleiman bin Omar Al-Abdullatif, Mr. Abdullatif bin Omar Al-Abdullatif, and Mr. Fahd bin Omar Al-Abdullatif have an indirect interest, bearing in mind that the nature of the relationship consists of services and benefits provided to the related party, which is a contract providing catering and housing services between Ritaj Al-Waseel Services, Maintenance and Catering Company (the lessor), one of the company's subsidiaries, and Al-Abdullatif Furniture Company (the lessee), and the value of these transactions during the year 2021 amounted to (841) thousand riyals.
9. Vote on the business and contracts that will take place between the company and the Al-Abdullatif Furniture Company, in which Board member Suleiman bin Omar Al-Abdullatif, Mr. Abdullatif bin Omar Al-Abdullatif, and Mr. Fahd bin Omar Al-Abdullatif have an indirect interest in them, knowing that the nature of the relationship consists of services and provided benefits to the related party, which are Logistic services (workshop work/electronics maintenance/computer maintenance and programming), bearing in mind that the nature of the relationship does not differ from dealings with ordinary commercial debtors and creditors and does not have any special advantages or conditions. The value of these transactions during the year 2021 amounted to (20) thousand riyals.
10. Vote on the business and contracts that will take place between the company and the Al-Abdullatif Furniture Company, in which Board member Suleiman bin Omar Al-Abdullatif, Mr. Abdullatif bin Omar Al-Abdullatif, and Mr. Fahd bin Omar Al-Abdullatif have an indirect interest in them, knowing that the nature of the relationship consists of services and benefits from (a related party), which is rental contracts of housing, etc., in favor of Al-Abdul Latif Furniture Company (the lessor) on the Al-Abdul Latif Industrial Investment Company (the lessee) in order to accommodate some employees of the Al-Abdul Latif Industrial Investment Company, bearing in mind that the nature of the relationship does not differ from dealings with ordinary commercial debtors and creditors and does not have any advantages or special conditions. The value of these transactions during the year 2021 amounted to (75) thousand riyals.
11. Vote on the business and contracts that will take place between the company and the Al-Abdullatif Furniture Company, in which Board member Mr. Suliman bin Omar Al-Abdullatif, Mr. Abdullatif bin Omar Al-Abdullatif, and Mr. Fahd bin Omar Al-Abdullatif have an indirect interest in them, knowing that the nature of the relationship consists of services and benefits from (a related party), which is rental contracts of warehouses and sales centres outside Riyadh for Al-Abdul Latif Furniture Company (the lessor) on Adfa Blanket Company (one of the subsidiaries of the Al-Latif Industrial Investment Company)(the lessee). The nature of the relationship is no different from the dealings with debtors and ordinary commercial creditors and has no special advantages or conditions. The value of these transactions during 2021 amounted to 80 thousand riyals.
12. The lease of a warehouse and a water well from Al-Abdullatif Furniture Company, which runs from 1/1/2022 to 31/12/2022 and has a value of 115 thousand rials
13. Vote on the business and contracts that will take place between the company and the Al-Abdullatif Furniture Company, in which Board member Suleiman bin Omar Al-Abdullatif, Mr. Abdullatif bin Omar Al-Abdullatif, and Mr. Fahd bin Omar Al-Abdullatif have an indirect interest in them, knowing that the nature of the relationship consists of services and benefits from (a related party), which are purchases by related party (carpet brush requirements) It is necessary to implement the projects of Al Abdul Latif industrial investment company and the executor is Al-Abdullatif Furniture Company. The nature of the relationship is no different from the dealings with debtors and ordinary commercial creditors and has no special advantages or conditions. The value of these transactions during 2021 amounted to (187) thousand riyals.
14. Voting on the works and contracts to be carried out between the company and the natural gas distribution company, for which members of the Board of Directors Mr. Abdullatif Ben Omar Abdel Latif and Mr. Majid bin Abdel Rahman Al-Osailan have an indirect interest, The nature of the relationship is no different from the dealings with debtors and ordinary commercial creditors and has no special advantages or conditions. The value of these transactions during 2021 amounted to (1722) thousand riyals.
15. Vote on disbursement of SAR 100,000 to three members of the Board of Directors as a bonus for the fiscal year ended 31/12/2021 (300,000) SAR (Mr. Hisham bin Abdulrahman Al-Askar, Mr. Majid bin Abdulrahman Al-Osailan and Mr. Abdulaziz bin Abdullatif Al-Diljan) The remaining three members, Mr. Suleiman Omar Al-Abdullatif, Mr. Abdullatif Omar Al-Abdullatif and Mr. Fahad Omar Al-Abdullatif, waive their remuneration for membership of the Board of Directors for the year ending 31/12/2021. As for Mr. Fawzi Ayoub Sabri, no rewards paid for him since another board member attended the meetings on his behalf due to his special circumstances.
16. Vote on the discharge of members of the board of directors for the fiscal year ended 31/12/2021.

A number of shareholders, representing 50% of the capital, are required to attend the Assembly and each shareholder has the right to attend the sixteenth ordinary General Assembly meeting. In the absence of a quorum, the second meeting may be held one hour after the expiration of the deadline for the first meeting, nonetheless the second meeting shall be valid, regardless of the number of shares represented. Shareholders who cannot attend on time and wish to entrust others to attend the meeting (non-board members and company employees) are kindly requested to send the necessary authorizations certified by one of the chambers, a local bank, notarial offices or licensed persons, and to send them to Al-Abdullatif Industrial Investment Company, 2nd Industrial City, R. b. 859 Riyadh 11421 Investor Relations at least two days before the meeting. Shareholders need to bring to the meeting (authenticity or agency of their personal cards), and for inquiries please contact t: 287.290.288.289-0112658888, fax: 0112650285. Shareholders of origin or agency and those wishing to attend this meeting shall take the commercial registry/national identity/residence or passport and attend well in advance of the meeting to complete their registration.



Acknowledgments

In conclusion, the Board of Directors would like to extend its gratitude and thanks to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, may God protect him, and to his trusted Crown Prince, His Royal Highness Prince Muhammad bin Salman bin Abdulaziz Al Saud, First Deputy Prime Minister, and Minister defence, and to our rational government. The board of Directors also extends its sincere prayers to God Almighty to preserve this country's leaders and guide our rational government to what is good for this country and its citizens and spare it all harm and to perpetuate the blessing of security, and peace.

The Board also extends its thanks and gratitude to the Ministry of Commerce and Investment and the Capital Market Authority for their cooperation, support, and continuous support, to the honourable shareholders for their support and precious trust, and to the company's employees for their fruitful efforts.

Board of Directors of Al Abdul Latif Industrial Investment Company.



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