



دار المعدات الطبية والعلمية
Scientific & Medical Equipment House

Annual Report 2022

smeh.com.sa

Table of Contents

1 INTRODUCTION AND OVERVIEW OF THE COMPANY AND ITS SUBSIDIARIES

1-1 Chairman's Statement.	8
1-2 At a glance on the company, incorporation and capital development	11
1-3 Board of Directors	12
1-4 Company's Main Activities and Sectors	20
1-5 Subsidiaries and/or Owned Companies	24
1-6 Overview of the Company Departments	27
1-7 Vision	31
1-8 Mission	31
1-9 Company's Values	31
1-10 Company's Strategy	32
1-11 Challenges, risks and the company's policy in managing and monitoring them	34

2 BUSINESS RESULTS

2-1 Annual financial results for the fiscal year ending on December 31, 2021G	40
2-2 Geographical Analysis of Revenue	42
2-3 Segment Report for the last (5) years	44
2-4 Business results analysis for the last (5) years	46
2-5 Assets, liabilities and shareholders' equity for the last (5) years	48
2-6 Information related to the company's loans	50

3 DIVIDEND DISTRIBUTION

3-1 Overview of the Company's Dividends Policy	54
3-2 Dividend analysis (declared/distributed) for the last (5) years	55

4 BOARD OF DIRECTORS, GENERAL ASSEMBLY AND CORPORATE GOVERNANCE

4-1 Record of board meetings and resolutions for the year 2022G:	58
4-2 Record of meetings and resolutions of the General Assembly during the year 2022	64
4-3 Board Committees	69
4-4 Actions taken by the board to inform the members with shareholders' proposals and comments	80
4-5 Evaluating the performance of BOD's members and the executive management	80
4-6 The audit committee's opinion on the company's internal control system	81
4-7 Remunerations of members of the board of directors, affiliated committees, and executive management (CEO - CFO)	82

5 Regulatory DISCLOSURES

5-1 Agreements, businesses and contracts concluded between the company and related parties	88
5-2 Regulatory payments paid and due during the year 2021G	92
5-3 Investments and reserves for the benefit of the company's employees	93
5-4 Fines and penalties	93
5-5 Social contributions of the company	94
5-6 Application of International Financial Reporting Standards (IFRS) applicable to the company	95
5-7 Deviation from the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants - SOCPA (formerly Certified Public Accountants)	95
5-8 Declarations by company's External Auditor	96
5-9 Board of directors' recommendations regarding the company's auditor	96
5-10 Compliance with the Clauses of Corporate Governance Regulations issued by the Capital Market Authority	97

6 DECLARATIONS

Scientific & Medical
Equipment House

Providing the latest health care services, operating and managing hospitals and health facilities, medical and non-medical maintenance, maintenance and operation of medical devices and equipment, subsistence services, food catering, commercial agencies, sales of medical devices, contracting and construction.

01

INTRODUCTION AND OVERVIEW OF THE COMPANY AND ITS SUBSIDIARIES

Chairman's Statement



Basil Al-Arifi

Chairman

Year of Listing

Dear valued/ Shareholders of Scientific & Medical Equipment House,
Peace, mercy, and blessings of Allah be upon you,

On behalf of myself and on behalf of the members of the Board of Directors and the executive management of the Scientific & Medical Equipment House, I extend my sincere thanks and appreciation to all the shareholders of the company for their continued confidence in the company's management. I also thank the employees of the company for their dedication and efforts, which enabled the company to achieve its goals for the year 2022G.

In these lines, I present to you the report of the Board of Directors for the year ending on December 31, 2022G, which reviews the company's activities, highlights, and financial results.

2022 Year of Listing

The past year 2021G was a distinguished year at various levels for the company, and this year was also characterized by continued excellence for the company's activities and fields, as the shares of Scientific & Medical Equipment House' were listed and traded on the main market as of Monday, February 28, 2022G, with the trading code (4014) and the international code (SA15GGQ1UN19), and the Scientific & Medical Equipment House' Company offered 6 million shares representing 30% of the capital, of which 90% were allocated to participating institutions and 10% to individuals.

The subscription period for retail investors started on Monday, January 31, 2022G and ended on Thursday, February 3, 2022G, with their subscription to the entire shares allocated to them, amounting to 600 thousand shares, at a rate of 10% of the total offered shares at a price of SAR 52 per share, and a minimum of one share was allocated to each individual with the remaining shares allocated on a proportional basis of 0.6896%.

During the coming period, the company looks forward to maximizing the use of its operational and administrative capabilities in all areas of its multiple business in parallel with maximizing the return on investment for shareholders as well as active participation in advancing economic development in line with the goals and vision of the Kingdom 2030.

We ask God Almighty to perpetuate this country's security and safety under its wise leadership, and we look forward to the next year 2023G, God willing.

Since 1979

At a glance on the company, incorporation and capital development



Board of Directors

The company's management is characterized by professionalism and experience, as well as stability and keeping pace with developments since its establishment along with its ability to expand by adding new activities and businesses in all operating sectors in the company. The company's board of directors consists of (6) members:



Basil Saud Mohammad Al-Arifi

Chairman of the Board of Directors Saudi Nonexecutive

Mr. Basil Al-Arifi is the Chairman of the Board of Directors of the company since 2015G for the second term, in addition to being a member of the company's risk committee. He currently holds the following positions:

- Director of German Metal Surface Treatment Chemicals Co. (closed joint stock), chemical sector, from 2017G to date.
- Director, Saud Al-Arifi Endowment Company (limited liability company), real estate sector, from 2017G to date.
- Managing Director, the National Company for Sulphur Products (NCSP) (closed joint stock), chemical sector, from 2016G to date.
- Managing Director, Deerah Al Ammar Real Estate Company (closed joint stock), real estate sector, from 2016G to date.
- Director, Roaa Al Hymaya (Protecta Vision) (limited liability company), specialized medical devices maintenance sector, from 2016G to date.
- Board Chairman, Girgas Pharmaceutical Warehouse Co. (limited liability company), pharmaceutical, medical supplies, pharmacies, and cosmetics sector, from 2015G to date.
- Director, Rawabi Marketing International (RMI) (closed joint stock), chemical sector, from 2015G to date.



Bandar Saud Mohammad Al Arifi

Deputy Chairman Saudi Nonexecutive

Mr. Bandar Al-Arifi is the Deputy Chairman of the Board of Directors since 2015G for the second term, in addition to being a member of the Company's Nominations and Remunerations Committee. He currently holds the following positions:

- Board Chairman, NABD Medical Industries, (a limited liability company), operating in the medical manufacturing, from 2019G to date.
- Director, German Metal Surface Treatment Chemicals Co., a closed joint stock company, operating in the chemical sector, from 2017G to date.
- Director, Saud Al-Arifi Endowment Company, a limited liability company, operating in the real estate sector, from 2017G to date.
- Board Chairman, National Company for Sulphur Products (NCSP), a closed joint stock company, operating in the chemical sector, from 2016G to date.
- Director, Deerah Al Ammar Real Estate Company, a closed joint stock company, operating in the real estate sector, from 2016G to date.
- Director, Roaa Al Hymaya (Protecta Vision), a limited liability company, operating in the specialized medical devices maintenance sector, from 2016G to date.
- Deputy Chairman, Rawabi Marketing International (RMI), a closed joint stock company, operating in the chemical sector, from 2015G to date.
- Director, Girgas Pharmaceutical Warehouse Co., a limited liability company, operating in the pharmaceutical, medical supplies, pharmacies, and cosmetics sector, from 2015G to date.
- Director and Founder, Uni Land Trading Co. (Sole Proprietorship), wholesale of medical devices and equipment and electronic appliances, from 2003G to date.



Barakat Saud Mohammad Al-Arifi

Managing director and Chief executive officer Saudi Executive

Mr. Barakat Al-Arifi is the Managing Director of the Company since 2015G for the second term, in addition to being the CEO of the company. He currently holds the following positions:

- Board Chairman, German Metal Surface Treatment Chemicals Co. (closed joint stock), chemical sector, from 2017G to date.
- Director, Saud Al-Arifi Endowment Company (limited liability company), real estate sector, from 2017G to date.
- Deputy Chairman, Roaa Al Hymaya (Protecta Vision) (limited liability company), specialized medical devices maintenance sector, from 2016G to date.
- Director, the National Company for Sulphur Products (NCSP) (closed joint stock), real estate sector, from 2016G to date.
- Director, Deerah Al Ammar Real Estate Company (closed joint stock), real estate sector, from 2016G to date.
- Deputy Chairman, Girgas Pharmaceutical Warehouse Co. (limited liability company), pharmaceutical, medical supplies, pharmacies, and cosmetics sector, from 2015G to date.
- Director, Rawabi Marketing International (RMI) (closed joint stock), chemical sector, from 2015G to date.
- Director and Founder, Barakat Al Khair Trading Co. (Sole Proprietorship), wholesale of medical devices and equipment and electronic appliances, from 2003G to date.



Bashir Saud Mohammed Al-Arifi

Board Member and Board Secretary Saudi Nonexecutive

Mr. Bashir Al-Arifi is a member of the company's board of directors since 2015G for the second term, in addition to being a member of the company's nominations and remuneration committee. He holds a bachelor's degree in Commerce specializing in quantitative methods and statistics from King Saud University, Saudi Arabia in 2009. He currently holds the following positions:

- Managing Director, German Metal Surface Treatment Chemicals Co. (closed joint stock), chemical sector, from 2017G to date.
- Director, Saud Al-Arifi Endowment Company (limited liability company), real estate sector, from 2017G to date.
- Chairman, Deerah Al Ammar Real Estate Company (closed joint stock), real estate sector, from 2016G to date.
- Deputy Chairman, the National Company for Sulphur Products (NCSP) (closed joint stock), real estate sector, from 2016G to date.
- Director, Roaa Al Hymaya (Protecta Vision) (limited liability company), specialized medical devices maintenance sector, from 2016G to date.
- Managing Director, Rawabi Marketing International (RMI) (closed joint stock), chemical sector, from 2015G to date.
- Director, Girgas Pharmaceutical Warehouse Co. (limited liability company), pharmaceutical, medical supplies, pharmacies, and cosmetics sector, from 2015G to date.



Mohammed Ibrahim Abdul Mohsen Al-Hokail

Board Member Saudi Nonexecutive

Mr. Mohammad Al-Hugail is a member of the company's board of directors since October 2019 for the second term, in addition to being the Chairman of the Nominations and Remunerations Committee and a member of the company's risk committee. He holds a bachelor's degree in Sharia from Imam Mohammed bin Saud Islamic University, Kingdom of Saudi Arabia, 200G. He currently holds the following positions:

- A notary certified by the Ministry of Justice - Saudi Arabia, from 2016G to date.
- Partner and Founder, Mohammed bin Ibrahim Al-Hugail and Co. Law Firm (professional company), operating in the consultations sector, from 2008G to date.



Hassan bin Ali Al-Jishi

Board Member Saudi Independent

Mr. Hassan Al-Jishi has been a member of the company's Board of Directors since August 24, 2022G, holds a bachelor's degree in financial management from King Fahd University of Petroleum and Minerals in 2005G, and a master's degree in financial management from George Washington University, USA in 2013G. He currently holds the following positions:

- Chief Executive Officer - Malaz Capital Company (Closed Joint Stock) - Dealing in Securities, Investment Management and Operation of Investment Funds (July 2022G - Present)
- Member of the Arrangement and Advice Committee - Capital Market Institutions Committee (Type of Legal Entity of the Corporation) - Specialization of the Corporation - (November 2021G - Present)



Mohammed Ibrahim Abdul Mohsen Al-Hokail

Board Member Jordanian Independent

Mr. Bayan Khalil Suleiman has been a member of the company's board of directors since (October 2019) and for the second term in addition to being the chairman of the company's risk committee. He holds a Bachelor's degree in accounting from the University of Jordan in 2003, and he currently occupies the following positions:

- Deputy Managing Director of the Board of Directors Rawabi International Marketing Company (closed joint stock) - chemicals sector (2015 - present).

The membership of Mr. Bayan Khalil Suleiman expired on 08/24/2022G

The board of directors has the widest powers in managing the company and its affairs inside and outside the Kingdom without prejudice to the competencies of the General Assembly of Shareholders, as stipulated in the Company's By-Laws.



The responsibilities of the board of directors include the following:

- 1 The board of directors represents all shareholders and must exercise the duties of care and loyalty in managing the company and everything that would safeguard its interests, develop and maximize its value.
- 2 The company's board of directors holds the responsibility on its actions, even if it delegates authority to committees, agencies, or individuals to exercise some of its powers. In all cases, the board of directors may not issue a general or indefinite power of attorney.

- 3** lay out plans, policies, strategies, and the main objectives of the company, supervise their implementation, review them periodically, and ensure the availability of the necessary human and financial resources to achieve them, including
- Develop, review and direct the company's overall strategy, main business plans, and risk management policies and procedures.
 - Determine the optimal capital structure for the company, its strategies and financial objectives, and approve all kinds of projected budgets.
 - Oversee the company's major capital expenditures and acquire and dispose of assets.
 - Setting performance objectives and monitoring implementation and overall performance in the company.
 - Periodic review and approval of organizational and functional structures in the company.
 - Verify the availability of human and financial resources necessary to achieve the company's objectives and main plans.
- 4** Establish systems and controls for internal control and provide general supervision over them, including
- Develop a written policy to address actual and potential conflict of interest cases for board members, executive management, and shareholders, including misuse of the company's assets and facilities and misconduct resulting from transactions with related parties.
 - Ensure the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
 - Ensure the application of appropriate control systems for measurement by developing a general perception of the risks that the company may face, create an environment that is familiar with the culture of risk management at the company level, and share it transparently with the company's stakeholders and related parties.
 - Annual review of the effectiveness of the company's internal control procedures.
- 5** Prepare clear and specific policies, standards and procedures for membership of the board of directors in a manner that does not conflict with the mandatory provisions and put them into practice after approval by the General Assembly.
- 6** Develop a written policy regulating the relationship with stakeholders in accordance with the provisions of the regulation.
- 7** Develop policies and procedures that ensure the company's compliance with laws and regulations as well as commitment to disclose material information to shareholders and stakeholders and verify compliance with them by the executive management.
- 8** Supervise the company's financial management, cash flows, and financial and credit relations with others.

- 9** Propose to the extraordinary general assembly what it deems appropriate regarding the following:
- Increasing or decreasing the company's capital.
 - Dissolving the company before the deadline specified in the company's articles of association or deciding its continuation..
- 10** Propose to the Ordinary General Assembly what it deems appropriate regarding the following:
- Use of the company's consensual reserve in case it was formed by the extraordinary general assembly and not allocated for a specific purpose.
 - Create additional reserves or financial allocations for the company.
 - Method of distributing net profits of the company..
- 11** Prepare and approve the company's interim and annual financial statements before publishing them.
- 12** Prepare and approve the board of directors' report before its publication.
- 13** Ensure the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable disclosure and transparency policies and Laws.
- 14** Establish effective communication channels that allow shareholders to review on a continuous and periodic basis the various aspects of the company's activities and any material developments.
- 15** Forming specialized committees emanating from it by decisions specifying the duration of the committee, its powers and responsibilities and how the board will monitor its, provided that the formation decision includes naming the members and defining their tasks, duties, and rights, along with evaluating the performance of such committees and their members.
- 16** Determine the types of remunerations granted to company employees, such as fixed remunerations, performance-related bonuses, and bonuses in the form of shares, in a manner that does not conflict with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.
- 17** Setting the values and standards that govern work in the company.



Company's Main Activities and Sectors



Medical operation and Hospital management

Medical operation activities include providing specialized human resources in the medical sector such as doctors, nurses, specialists and consultants. The company is currently operating and managing a number of medical facilities for a number of government agencies (such as university medical centers affiliated with the Ministry of Education and public hospitals). The company's name has been associated with a number of public hospitals and other medical facilities in the Kingdom.

Non-medical operation and maintenance

It is related to maintenance services, cleaning and non-medical operation of health facilities and others, by providing adequate support to the infrastructure in those facilities to ensure the provision of the most appropriate environment for work. Medical and maintenance. In this regard, the company relies on its more than four decades of experience in carrying out its tasks, mainly related to non-medical services in medical facilities and maintenance. For example, providing human resources, including engineers, technicians, labor and security guards, cleaning services, supplying hygiene materials and water, in addition to maintaining non-medical devices, systems, equipment, consumables and spare parts.

Maintenance and operation of medical devices and equipment

It is related to the provision of medical maintenance services necessary for medical devices and equipment, as the company is one of the most important service providers in the field of maintenance and repair of medical devices and equipment, and it is one of the leading companies in its field of work. Medical maintenance services have received concurrence and approval from all customers, whether in the public or private sectors. The company conducts currently, medical equipment maintenance works for many health facilities in most regions of the Kingdom.

Catering & Food supply

It is related to the provision of catering services, cooked and uncooked food catering to hospitals in the Kingdom, supply of foodstuffs, meat, poultry products, vegetables and fresh and frozen fruits to hospitals and all sectors in the Kingdom. The company provides its services through a work system based on the latest international and health-related standards to ensure the best results for its customers. The catering activity is also characterized by the ability to supply all types of foods for special medical cases such as children, infants, childbirth and other cases that depend on providing special nutrition and according to doctors' directions of the treating doctors.



Commercial sector

(sales of medical devices and supplies and after-sales maintenance services)

The company owns (22) commercial agencies (exclusive - distribution) for leading international companies in the field of medical devices and equipment. The company is considered an official commercial agent for these international companies in the Kingdom of Saudi Arabia, which contributes to providing integrated medical services to its clients in the public and private sectors, including selling and supplying medical equipment and devices, in addition to their maintenance and operation.

Contracting and Construction Sector

It is related to general contracting and construction of buildings, roads, bridges, electrical, electronic, and mechanical works, in the governmental and private sectors. The company is classified in the first grade by Contractors Classification Agency of the Ministry of Municipal and Rural Affairs, including electrical and mechanical works. The company enjoys the confidence of its customers, as reflected in the size of the projects implemented by it to date, which include building hospitals, medical facilities, military facilities, educational facilities, and provision of necessary infrastructure services such as fire extinguishing systems, security system, etc.

The company endeavors to develop its products and services to meet the evolving needs of markets and take advantage of its competitive strength that stems from the diversity of its activities and sectors, which is reflected on the development of the financial and competitive performance of the company, and hence prompts it to develop carefully drawn plans to expand in all sectors to acquire the largest percentage of the total The competitive market, which will have a significant impact on consistently meeting the needs of customers and providing its various activities.

The company pays great attention to achieving international quality standards, which is clearly reflected on the efficiency of its business as well as its ability to organize administrative processes in an institutional and methodological manner. The company has started to implement the international quality system and obtained the following certificates, all of which are valid until 2023:



International Quality Certificate

for the quality of the company's management system
(ISO 9001:2015)
from INTERCERT



International Quality Certificate

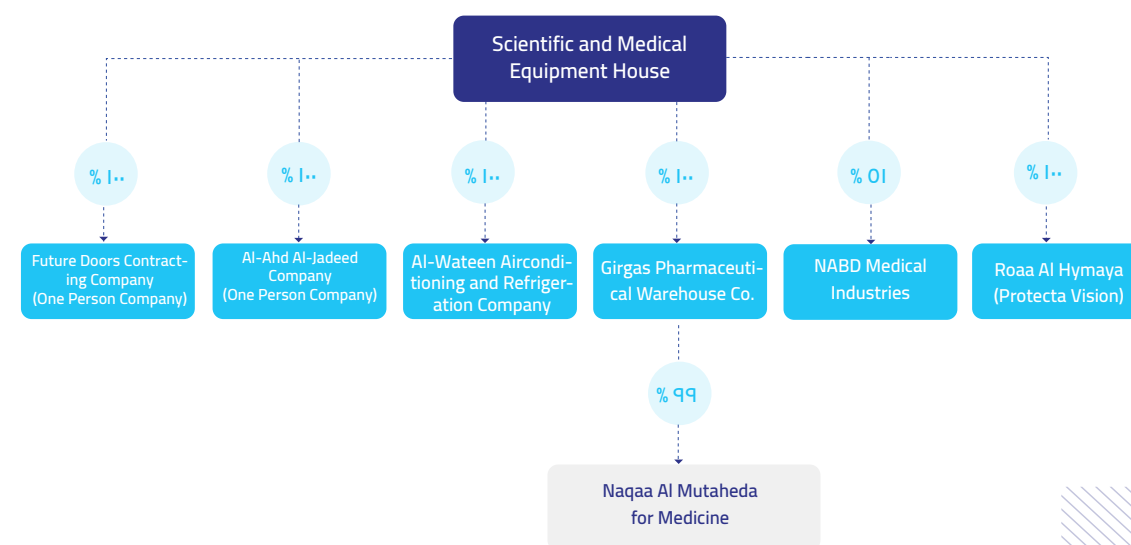
for the Company's Occupational Health and Safety Management System
(ISO 45001:2018)
from INTERCERT

The criteria for obtaining a comprehensive quality certificate include the satisfaction extent of the beneficiaries from the company's customers, quality of the self-evaluation procedures to improve performance, comprehensive review of all organizational forms and procedures for improvement, documentation of results and processes, statistical data collection and employment on an ongoing basis, internal and external audits and other criteria



Subsidiaries and/or Owned Companies

The company owns stakes in four limited liability companies, which are Roaa Al Hymaya (Protecta Vision), Girgas Pharmaceutical Warehouse Co, Al-Wateen Air Conditioning and Refrigeration Company, and NABD Medical Industries Company. The following figure shows the ownership structure of the company and its subsidiaries:



Roaa Al Hymaya (Protecta Vision)

It is a limited liability company with a capital of (2,000,000) Saudi riyals, 100% owned by Scientific & Medical Equipment House. The Roaa Al Hymaya Company conducts several activities, including import, export, wholesale and retail trade in electronic, electrical and mechanical equipment and devices, laundries, incinerator equipment, pumps, generators and their spare parts and maintenance as well as maintenance of specialized medical devices.

Girgas Pharmaceutical Warehouse Co.

It is a limited liability company with a capital of (500,000) Saudi riyals, 100% owned by Scientific & Medical Equipment House. Girgas Pharmaceutical Warehouse Co. carries out the activity of drug warehouses and retail sale of medical devices, equipment and supplies. Girgas Pharmaceutical Warehouse Co. owns a 99% stake in Naqaa Al Mutaheda for Medicine Company, the main activity of which is in pharmacies, drug warehouses, and wholesale and retail sale of devices, equipment and medical supplies.

Naqaa Al Mutaheda for Medicine

It is a limited liability company with a capital of (50,000) Saudi riyals, (99%) owned by of Girgas Pharmaceutical Warehouse Co. in partnership with Mr. Imad Hamza Abdullah Al-Sobky who owns (1%) stake. Naqaa Al Mutaheda for Medicine conducts business in retail sale and wholesale trade of devices, equipment, medical supplies, scientific devices, pharmacies and drug stores, and selling medicines.

Wateen Airconditioning and Refrigeration Company

It is a limited liability company with a capital of (500,000) Saudi riyals, 100% owned by Scientific & Medical Equipment House. Wateen Air Conditioning and Refrigeration Company is engaged in the installation, maintenance and repair of refrigeration and air conditioning systems.



NABD Medical Industries

It is a limited liability company with a capital of (4,000,000) Saudi riyals, (51%) owned by Scientific & Medical Equipment House, jointly with the Multi-Zone Medical Company, a limited liability company with commercial registration No. 1010497509, dated 04/27/1438H (49%). NABD Medical Industries operates in the manufacture of pace-makers, electrocardiograph devices, catheter, feeding and suction tubes, and so on.

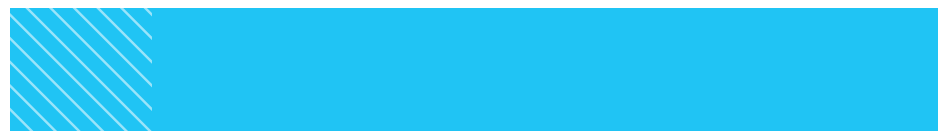
NABD Medical Industries has obtained a license to start its factory production of "arterial catheter balloons" from the Food and Drug Authority, as the first Saudi product in the Gulf, Middle East and North Africa region of this type, to complement the company's strategic plan and keep pace with its goals and objectives of the Kingdom's Vision 2030 by promoting development in all aspects of the medical manufacturing sector in the Kingdom.

Al-Ahd Al-Jadeed Company

It is a limited liability company (one person) with a capital of (100,000) Saudi riyals, (100%) owned by Scientific & Medical Equipment House, and the Al-Ahd Al-Jadeed Company practices the installation, extension and maintenance of electrical wires, communications, networks, lighting systems, fire alarms and security devices.

Future Doors Contracting Company

It is a limited liability company (one person) with a capital of (100,000) Saudi riyals, (100%) owned by Scientific & Medical Equipment House, and Future Doors Contracting Company practices the installation, maintenance and repair of heating, gas, gas pipes, steam, fire, irrigation and air conditioning systems.



Overview of the Company Departments

The company comprises several departments concerned with services, public policies and strategic plans. Several sub-sections fall under the main department that support its various business and activities. Each department includes a full functional cadre of competent administrators and professionals in various disciplines.

Following is a brief description of the main Managerial support departments in the company:



Financial Department

The company's financial department is responsible for managing and processing all activities related to cash operations, financing, investment and settling the company's obligations. In addition to those, it is responsible for good cash management (inbound and outbound cash flows), planning and investment to generate funds and optimum use of them in order to achieve the company's objectives, maximize market value of its shares, implement project programs as planned with the highest level of efficiency, quality and profitability at the lowest possible cost.



Human Resources and Administrative Affairs Department

Human Resources Department is responsible for developing and implementing human resources strategies, developing policies and procedures related to the effective management of human resources and the company's administrative affairs, developing, and using them effectively, as well as attracting, appointing, developing and retaining employees, evaluating the company's organizational structure and job tasks as well as laying out job descriptions for jobs. The Human Resources Department also supervises the preparation and review of the general framework for job grades, structure of salaries, wages, allowances, and all other administrative activities in the company.



Studies Department

Planning and Studies Department is responsible for securing and studying all tenders for all sectors of the company, in accordance with the regulations and work procedures that govern such activity. The department uses all available technology means to facilitate its work procedures through the use of the Ministry of Finance's accreditation platform, which is dedicated to presenting all government tenders, which include all sectors in which the company operates. The department operates in cooperation with the company's support departments (Human Resources – Finance – Procurement and Contracts) for the purposes of achieving its objectives, which are to award the largest number of tenders in favor of the company at competitive prices.



Projects Department

The Projects Department is responsible for operating and managing all projects in all sectors in which the company operates (health care, medical operation of hospitals, medical and non-medical operation and maintenance, catering and food supply, contracting and construction) in accordance with the regulations and work procedures that govern such activities. The Projects Department uses the best methods and resources in implementation of the pre-established plans and in accordance with the approved study of the projects. The department strives to reconcile the requirements of contractual obligations, satisfy customer needs and attend to the company's interest in all transactions related to project contracts in order to tighten control over the items of expenses and constantly strive to reduce costs within the permissible limits.



Supply Chain Department (Procurement and Contracts - Warehouses)

Procurement and Contracts Department is the only unit responsible for implementing the procurement and contract management operations in the company. It is also responsible for following up the implementation until the required items reach the stores or the contracted works are completed in accordance with the agreed terms.

The warehouse management is concerned with all activities related to estimating the company's needs of different materials and items, receiving those incoming items, examining and arranging them inside the stores and maintaining them in accordance with the appropriate methods for the nature of each item, applying security and safety means in the stores, and disbursing various materials and supplies, and spare parts to the users and/or clients in accordance with the applicable procedures and approved regulations and in a manner that ensures the achievement and implementation of project programs within their plans with the highest level of efficiency, quality and profitability and the lowest possible cost and without extravagance, loss or damage that exceeds the inevitable acceptable limits within the scope of the company's field of operation.



Sales of Medical Devices and Equipment and After-Sales Maintenance Department

Sales Department is responsible for implementing all sales activities of the company through the approved sales plan. It seeks to focus on all sales and distribution techniques, increase the efficiency and train sales representatives, in order to achieve and increase sales as much as possible, which may contribute to boosting company's profits.



Information Technology Department

Information Technology Department is responsible for providing technical support to all company departments with regard to information technology services. It aims to achieve excellence in the field of innovative information technology infrastructure. The department endeavors to attract and benefit from the latest information technologies and to be a pioneer in this field with its qualified human resources and advanced services.



Internal Audit Department

Internal Audit Department is responsible for promoting and protecting the value and assets of the company by providing objective and independent advisory services to the owners and shareholders of the company based on all risk factors and future outlook. Internal Audit Department aims to help improve the company's business by ensuring that the internal control and governance procedures are in place, efficient and effective. It also assists the board of directors, audit committee and executive management to carry out their activities with high efficiency, by following a systematic method in implementing their works.

As part of the company's management concern and care to protect shareholders interests, it constantly seeks to adhere to the highest standards of governance, based on disclosure, transparency and participation in decision-making in order to achieve the company's objectives. The company's commitment to follow and apply the highest standards of governance comes to ensure that the board of directors acts in a manner that achieves the interests of shareholders to the fullest, and to provide a true, clear and fair picture of the company's financial conditions and results of its operations.



Vision

To be a Saudi leading player in every market and industry we operate in (including operation and maintenance, contracting and construction, catering, medical devices, equipment and supplies, and security and safety), dedicated to growth with quality performance and committed to maximum success, while maintaining our core values in line with the community convenience and security, and rendering all our services professionally to all our clients.

Mission

To provide our clients with unique medical and non-medical solutions, committed to quality performance and maximum success while always maintaining our core values

Company's Values



Company Strategy

1

Diversification of related activities – entry into new areas (markets)

The company intends to take advantage of a wide range of manufacturing investment opportunities, particularly in healthcare and medical products, since these opportunities will help improve and increase the company's sales, diversify its income, and meet client needs. All these efforts would have a significant impact on diversification of the services that lead to improving long-term growth rates. Moreover, the Company will continue to improve the quality of services provided, boost operational efficiency, diversify activities and add new products and medical equipment agencies, thereby enhancing and increasing the Company's profitability.

2

Financial planning and strategic studies

The Company attaches great importance to financial planning and feasibility studies. These include studies of all estimated costs of its projects, in addition to projected revenue studies and financial flows schemes, ensuring a clear perception, which leads to the realization of the objectives of those studies that may contribute to higher profitability of the Company.

3

Strengthening relationships with the strategic clients

The Company's long-term relationship with public and private clients is key to its excellent reputation and high quality of services provided. The Company enjoys the highest classification as a contractor for Government contracts, enabling it to bid for all tenders related to medical and non-medical operation and maintenance, catering, food supply and contracting. Moreover, the Company further reviews its market coverage plans to ensure optimal coverage, maintain and enhance relationships with clients, and expand its services, which may directly help scale up its business and boost its profitability.

4

Bolstering the Company's capabilities and improving governance procedures

The Company seeks to attract talent, appoint, train, develop and qualify employees and new graduates in all sectors in which it operates, whether in healthcare, operation, maintenance, catering or contracting, by fully operationalizing the role of human resources department to support staff development and nationalization. In addition, the Company is strengthening its governance and compliance system through policies, regulations, and procedures that govern the work and compliance with the relevant laws, which will contribute to accurate and speedy delivery of business, maintenance of the Company's assets and mitigating risks.



Challenges, risks and the company's policy in managing and monitoring them

The Board of Directors continuously reviews and evaluates the Company's risk management policies annually with the Risk Committee to ensure the implementation of approved policies and programs and to reduce the risks that the Company may face, and the Company's Risk Committee ensures that the risk management system is efficiently and effectively implemented at all levels at Equipment House and its subsidiaries, and the Risk Committee effectively requires regular risk assessment, mitigation, monitoring and reporting at the company level.

The most important risks that affected Equipment House during the fiscal year 2022 are the following:

- Equipment House was affected by an increase in the prices of raw materials and medical supplies imported from abroad, and the increase in international transport and shipping prices, which negatively affected the increase in the cost of production.
- Equipment House has been affected by the entry of a number of competitors in the field of services, maintenance and medical and non-medical operation at competitive prices without providing quality at the same level provided by Equipment House.
- The volume of contracting and construction business was affected by Deira Al Amar Properties, a subsidiary, due to competitors' entry into the contracting and architectural construction market.

The following are the most important challenges and risks that Equipment House may face and its management and control strategy during 2023.

1. Strategic Risks

These are risks that negatively affect the company's ability to achieve its long-term strategic objectives, as they relate to market variables, general economic decisions, industrial and economic changes, and it is expected that Equipment House will be affected by global and local economic conditions and this is likely to lead to a decrease in demand for sales and contracts of the company and subsidiaries, which will affect revenues and target results.

Equipment House deals with and manages these risks in a manner commensurate with its capabilities, periodically reviews these risks, determines their impact, and develops appropriate measures to overcome them.

2. Competitive Risk

Equipment House sells its products and provides its services in competitive markets subject to the forces of supply and demand, increased competition in the markets and the presence of similar companies in the same field, which exposes the company to competitive risks that affect the volume of business of the company, its branch and subsidiaries.

Equipment House periodically monitors and reviews these risks, determines their impact, and develops appropriate measures to overcome them, such as developing marketing methods, providing the best integrated quality of services, providing all government and private tender requirements, and setting pricing policies that are compatible with current market changes in order to maintain market shares and maintain distinguished relationships with major customers.

3. Operational Risk

It is represented in deficiencies in the company's operational processes and systems or others that affect sales, marketing or production and the ability to meet customer requests and Equipment House may be exposed to such risks as the lack of appropriate labor in services, maintenance, cleaning and agriculture to meet customer demands, the rise in the prices of raw materials and medical supplies imported from abroad, the cessation of supply or delays in receipt for economic reasons, and the high cost of global transportation and shipping, which affects the company's business.

Equipment House takes the necessary measures to deal with and reduce these risks, as it works to follow up on procedures related to production and manufacturing processes on an ongoing basis, which will increase the efficiency of labor and performance in providing the best distinguished services.

4. HR Risks

It is the inability to attract and maintain qualified human resources to work in the company, and the company may be exposed to such risks due to the high cost of employees and competition between companies.

Equipment House attaches special importance to its human resources and the localization of jobs, as it works continuously to recruit and develop national cadres, as the Equipment House works to replace jobs and gradually increase the percentage of Emiratization of its jobs, and work to attract distinguished skills and competencies to work in accordance with the company's strategy and benefit from the initiatives of the Ministry of Human Resources (Tamheer, Hadaf, ... etc).

5. IT Risk

It is represented in internal and external risks and threats despite the availability of an advanced information security system, which leads to a negative impact on the company's business and results in a set of damages such as service interruption, loss or change of data, access to systems and data for unauthorized persons and disclosure of information.

Equipment House manages technology risks through a set of procedures and steps that include preparing a policy and procedures for dealing with information technology systems, developing controls related to cybersecurity, providing the necessary skills and competencies, and providing technology and software for cybersecurity such as advanced firewalls, and antivirus programs in order to reduce the risk of business continuity interruption in the event of a cyber attack or sudden database failure.

6. Financial Risk

Represented by risks that have a financial impact on the company's operations, as Equipment House may be exposed to a variety of financial risks, including the risk of changes in the interest of financing, loans, bank facility agreements, credit risk and liquidity shortages, and Equipment House seeks to minimize the potential negative effects on the company's financial performance, and the risks that threaten the company and the way the company deals with them include:

A- Liquidity Risk

Liquidity risk may result from the inability to sell a financial asset quickly and at a value close to its fair value, and Equipment House may be exposed to liquidity risks and cash availability due to COVID-19 precautionary and preventive measures and reduced sales and customer collection rate.

Equipment House manages liquidity through regular monitoring to ensure that sufficient liquidity is available to meet any future obligations as far as possible, and prepares flexible discretionary cash balances to address liquidity shortfalls to balance cash inflows to maintain the level of liquidity required for short-term operational needs, obtain credit facilities from suppliers and creditors for long-term periods, and rationalize expenses.

B- Loan and Credit Facility Risks

Loan and credit risk arising from the Company's inability to meet its financial obligations to banks and cause financial losses and the risk of loans and credit facilities to which Equipment House is likely to be exposed consist mainly through its operational activity, in particular from the operating contracts of facilities with government and private entities in the Company's defaulting sectors, or dealing with customers of subsidiaries who may lack sufficient financial solvency.

Equipment House manages credit, financing and loan risks with banks, signing agreements and using project guarantees and contracts with government agencies, by implementing some procedures and controls, where the use of credit facilities is applied in proportion to the financial solvency of the project, and the concerned department also monitors exposure to credit risk periodically, and Equipment House also prepares the necessary periodic studies to ascertain the financial status of Equipment House's investments, measure their impact on financial results and develop procedures. Suitable for these risks.

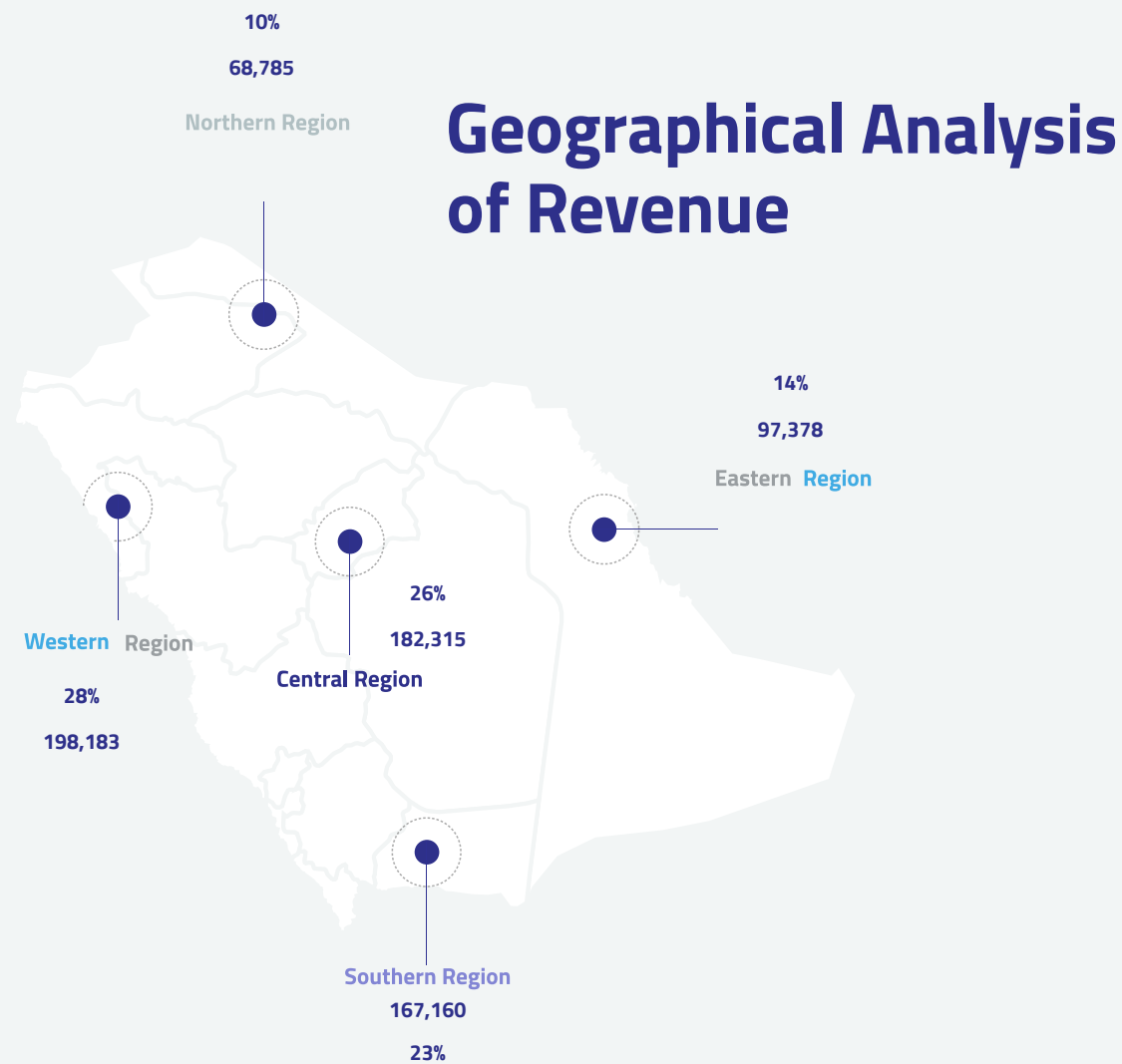
02

Analysis of Activity Results

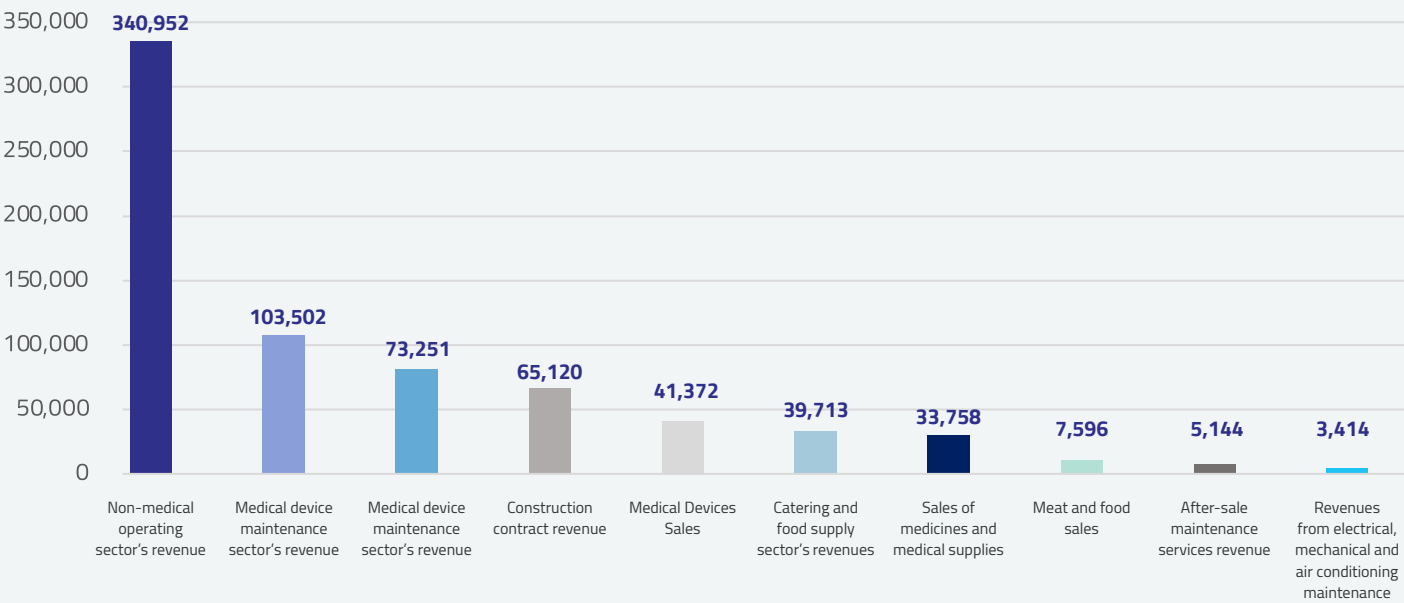
Annual financial results for the fiscal year ending on December 31, 2022G

Income statement – (SAR'000)	Clarifications	2022G	2021G
Revenues	22	713,821	699,453
Cost of revenue cost	24	(558,974)	(546,470)
Gross profit		154,845	152,983
Selling and marketing expenses	25	(10,264)	(10,459)
General and administrative expenses	26	(67,643)	(54,634)
Provision for expected credit losses	9	(39,429)	(4,429)
Operating profit		37,509	83,433
Financing costs	27	(20,987)	(13,980)
Other income, net	28	15,391	27,739
Profit before zakat		27,739	84,834
Zakat		(12,123)	8,085
Profit for the year	22	76,749	15,615
Other Comprehensive Income			
Other comprehensive income items that will not be later reclassified to profit or loss:			
Changes in the fair value of equity investment at equivalent value through other comprehensive income		-	744,694
Actuarial losses on specific benefit obligations to employees	17	(663,264)	(2,069)
Other Comprehensive Loss			
Total comprehensive income for the year		14,952	74,679

Income statement – (SAR'000)	Clarifications	2022G	2021G
Profit for the year Related to:			
Company shareholders		17,566	77,524
Non-controlling equity shareholders		(1,950)	(775)
Net profit for the year/period		15,616	76,749
Total comprehensive for the year Related to:			
Company shareholders		75,455	16,915
Non-controlling equity shareholders		(776,163)	(1,962)
		76,749	15,615



Revenue analysis by operating segment (Million SR)



(SAR'000)

Revenues	Fiscal year 2022G	Central Region	Eastern Region	Western Region	Southern Region	Northern Region	Total	(%) from total revenue
Non-medical operating sector's revenue	340,952	13,145	53,474	164,756	61,573	48,004	340,952	48%
Medical device maintenance sector's revenue	103,502	6,213	1,728	14,514	64,568	16,479	103,502	14%
Medical operating sector's revenue	73,251	30,157		4,244	34,982	3,868	73,251	10%
Catering and food supply sector's revenues	39,713	0	29,252	8,343	2,118		39,713	6%
Revenues from electrical, mechanical and air conditioning maintenance	3,414	3,414					3,414	0%
Total	560,831	52,929	84,454	191,857	163,241	68,351	560,831	79%
Construction contract revenue	65,120	55,612	9,508				65,120	9%
Medical Devices Sales	41,372	27,276	3,416	6,326	3,919	434	41,372	6%
Meat and food sales	7,596	7,596					7,596	1%
After-sale maintenance services revenue	5,144	5,144					5,144	1%
Sales of medicines and medical supplies	33,758	33,758					33,758	5%
Total	713,821	182,315	97,378	198,183	167,160	68,785	713,821	100%
(%) from total revenue	531,506	26%	14%	28%	23%	10%	100%	

Segment Report for the last (5) years

(SAR'000)

	Operation and maintenance and commercial division 2022G	Contracting 2022G	Catering House of Food supply 2022G	Subsidiaries 2022G	eliminations and adjustments 2022G	Total
Revenues	595,539	65,120	7,596	51,943	(6,377)	713,821
Cost of revenues	(469,634)	(49,731)	(8,300)	(37,685)	6,377	(588,974)
Gross profit	125,905	15,389	(705)	14,258	-	154,847
Profit/loss for the year	9,924	7,910	(4,412)	(27,568)	29,761	15,616

(SAR'000)

	Operation and maintenance and commercial division 2021G	Contracting 2021G	Catering House of Food supply 2021G	Subsidiaries 2021G	eliminations and adjustments 2021G	Total
Revenues	611,308	50,083	10,512	39,254	(11,704)	699,453
Cost of revenues	(487,324)	(34,512)	(11,540)	(24,798)	11,704	(546,470)
Gross profit	116,591	15,571	(1,028)	14,457	-	152,984
Profit/loss for the year	68,263	8,376	(3,353)	(13,497)	16,959	76,749

(SAR'000)

	Operation and maintenance and commercial division 2020G	Contracting 2020G	Catering House of Food supply 2020G	Subsidiaries 2020G	eliminations and adjustments 2020G	Total
Revenues	498,982	76,160	5,711	41,788	(5,166)	617,475
Cost of revenues	(386,215)	(49,575)	(4,515)	(31,487)	5,166	(466,627)
Gross profit	112,767	26,584	1,196	10,300	0	150,848
Profit/loss for the year	56,197	18,386	178	(7,653)	7,052	74,161

(SAR'000)

	Operation and maintenance and commercial division 2019G	Contracting 2019G	Catering House of Food supply 2019G	Subsidiaries 2019G	eliminations and adjustments 2019G	Total
Revenues	459,792	128,197	0	13,018	(3,990)	597,017
Cost of revenues	(363,602)	(93,171)	0	(10,420)	3,990	(463,203)
Gross profit	96,190	35,026	0	2,598	0	133,814
Profit/loss for the year	45,858	24,811	0	(409)	147	70,407

(SAR'000)

	Operation and maintenance and commercial division 2018G	Contracting 2018G	Catering House of Food supply 2018G	Subsidiaries 2018G	eliminations and adjustments 2018G	Total
Revenues	454,099	121,329	0	14,117	(5,635)	583,911
Cost of revenues	(360,445)	(87,019)	0	(11,065)	5,635	(452,894)
Gross profit	93,654	34,311	0	3,052	0	131,017
Profit/loss for the year	45,066	23,009	0	1,603	(1,362)	68,316

Business results analysis for the last (5) years

Income statement – (SAR'000)	Fiscal Year 2018G	Fiscal Year 2019G	Fiscal Year 2020G	Fiscal Year 2021G	Fiscal Year 2022G
Revenues	583,911	597,017	617,475	699,453	713,821
Cost of revenue cost	(452,894)	(463,203)	(466,627)	(546,470)	(558,974)
Gross profit	131,017	133,814	150,848	152,983	154,847
Selling and marketing expenses	(9,745)	(9,989)	(13,557)	(10,459)	(10,265)
General and administrative expenses	(40,950)	(55,736)	(49,234)	(59,101)	(67,644)
Provision for expected credit losses	0	0	0	0	(39,429)
Operating profit	80,322	68,089	88,057	83,423	37,509
Financing costs	(16,959)	(21,178)	(13,782)	(13,980)	(20,987)
Financing Income	-	357	0	0	0
Other income, net	15,663	23,466	7,279	15,391	11,217
Profit before zakat	79,026	70,734	81,554	84,834	27,739
Zakat	(10,711)	(327)	(7,393)	(8,085)	(12,123)
Profit for the year	68,315	70,407	74,161	76,749	15,616
Related to:					
Company shareholders	68,076	70,669	74,761	77,524	17,567
Non-controlling equity shareholders	240	(262)	(600)	(775)	(1,951)
Net profit for the year/period	68,316	70,407	74,161	76,749	15,616
Other comprehensive income items that will not be reclassified to profit or loss in subsequent years:					
Changes in fair value of equity investments at fair value through other comprehensive income	-	1,015	(78)	745	
Actuarial gains (losses) on employee benefit obligations	(1,472)	3,504	(2,625)	(2,814)	(663)
Share of non-controlling shareholders' equity from actuarial losses	-	-	-		
Total Other Comprehensive Income/(Loss)	(1,472)	4,519	(2,703)	(2,069)	(663)
Comprehensive income	66,844	74,926	71,458	74,680	14,953

Clarifications

Revenues increased by 2.1% to reach SAR 713.82 million in FY2022, mainly due to (1) an increase in contracting revenues by SAR 15 million due to the implementation of 6 new projects during 2022. (2) Increasing the value of subsidiaries' revenues by SAR 18 million, as 2 new companies were acquired during 2022 and increasing sales to companies in general, which includes increasing sales from pharmacies activity that were expanded in 2022

The cost of revenue increased by 2.3% to reach SAR 558.9 million in the fiscal year 2022, due to the increase in the costs of salaries, wages and benefits in line with the increase in the number of employees (new projects) during the same period, in addition to the increase in recruitment costs and recruitment of labor for new projects.

The gross profit percentage did not change substantially in 2022 and showed stability at 21.7%

It showed stability between 2021 and 2022

Administrative and general expenses increased by SAR 8.5 million as a result of the increase in salaries, wages and the like due to the introduction of new departments, the appointment of new employees in the head office and the increase in the salaries of some employees.

Due to the commitment to apply International Financial Reporting Standard No. (9) to measure the expected credit losses of commercial receivables and contract assets, and according to the evaluation of the external auditor using the method of the provision matrix model within the expected credit loss assessment model, which resulted in an increase in the provision for expected credit losses.

Financing costs increase by SAR 7 million due to higher interest rate costs on short-term loans

A decrease in other income of SAR 4.2 mln is mainly due to a provision reversal in 2021 of SAR 3.7.

The costs of Zakat increased by 4 million riyals during 2022, according to the calculation of Zakat according to the system of the Department of Zakat and Income.

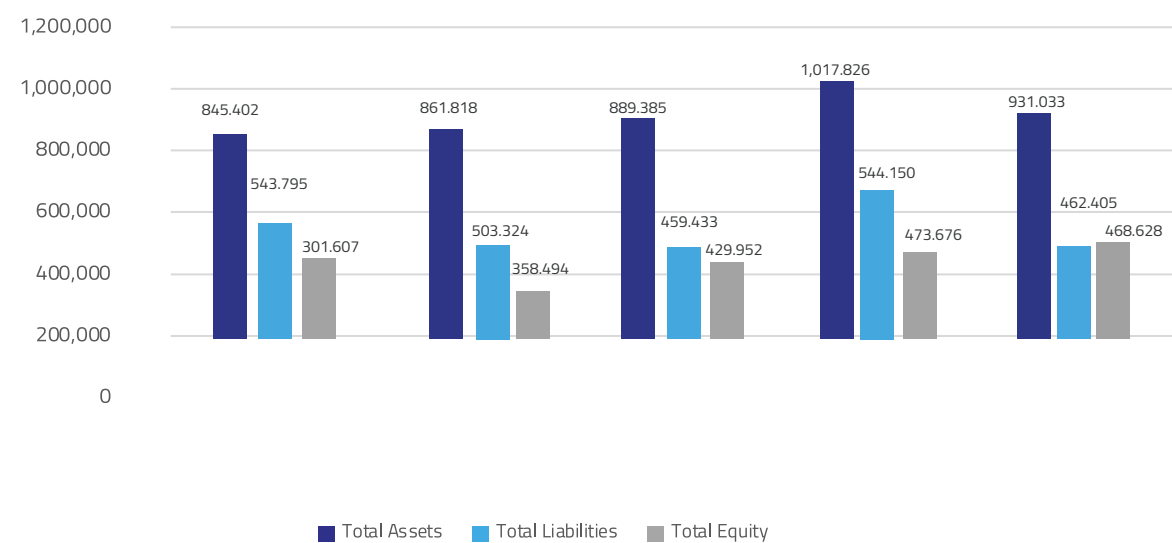
The reason for the apparent decrease in net profit in 2022 compared to the previous year 2021 by SAR 61.1 million is mainly due to the following: 1- Compliance with the application of International Financial Reporting Standard No. (9) to measure the expected credit losses of commercial receivables and contract assets and according to the evaluation of the external auditor using the provision matrix model method within the expected credit loss assessment model, which resulted in an increase in the provision for expected credit losses, and management expects that this value of the provision will be reflected positively with stability Government collections and assessments of expected credit losses during the coming periods, 2. It was previously referred to in administrative and general expenses, zakat expenses, financing interest and revenue costs.

Assets, liabilities and shareholders' equity for the last (5) years.

(SAR'000)

Description	Fiscal Year 2018G	Fiscal Year 2019G	Fiscal Year 2020G	Fiscal Year 2021G	Fiscal Year 2022G
Total Assets	845.402	861.818	889.385	1,017.826	931.033
Total Liabilities	543.795	503.324	459.433	544.150	462.405
Total Equity	301.607	358.494	429.952	473.676	468.628

Total assets, liabilities and equity



Information related to the company's loans

(SAR'000)

Short term loans	Balance at 1/1/2022	New loans	Settled loans	Balance at 31/12/2022
Arab National Bank	2,475	15,342	17,817	-
Banque Saudi Fransi	110,396	538,754	590,623	58,527
Riyad Bank	33,448	167,303	122,451	78,300
SABB	5,080	12,849	10,134	7,795
Saudi Investment Bank	71,720	252,114	302,202	21,632
Saudi National Bank	9,765	20,086	26,067	3,784
Total short-term loans	232,884	1,006,448	1,069,294	170,038

(SAR'000)

Long term loans	Balance at 1/1/2022	New loans	Settled loans	Balance at 31/12/2022
Industrial Development Fund	6,200	-	-	6,200
Waed-Entrepreneurship	1,638	2,000	-	3,638
Total long-term loans	7,838	2,000	-	9,838

(SAR'000)

Payment Notes	Balance at 1/1/2022	Addition	Exclusions	Balance at 31/12/2022
	7,202	31,697	31,058	7,841
Total payment notes	7,202	31,697	31,058	7,841

(SAR'000)

Due to banks	Balance at 1/1/2022	Addition	Exclusions	Balance at 31/12/2022
Riyad Bank	3,344	2,644	5,987	-
SABB	424	4,938	9,514	-
Total bank payables	7,920	7,582	15,502	-
Total bank obligations as at 31/12/2022				187,717



03

Dividends Distribution

Overview of the company's dividend policy:

With reference to the Extraordinary General Assembly Meeting, which was held on Wednesday 29/06/2022G, the shareholders approved the item amending Article (47) of the Company's Articles of Association related to 'Dividend Distribution', in accordance with the requirements of the Public Shareholding Companies Law listed on the Saudi Stock Exchange "Tadawul", and the original of the company's approved dividend distribution policy was amended. The Chairman and members of the Board of Directors were briefed in the Board meeting on 06/11/2022G on the amendments made to the policy, according to the amendments which occurred to the Company's Articles of Association and approved by the Extraordinary General Assembly in its meeting with the shareholders on 29/06/2022G. The Board approved the amendments in accordance with the Company's Articles of Association regarding the distribution of dividends. The final version of the Company's Dividend Distribution Policy was issued on 06/11/2022G and came into effect.

The process of distributing profits is subject to certain restrictions according to the statute of the company, as Article (49) of the company's articles of association stipulates the distribution of the company's annual net profits after deducting all public expenses and other costs as follows:

- 1) (10%) avoids net profits to form the company's regular reserves, and the ordinary general assembly may decide to stop that spoil when the aforementioned reserve (30%) of the paid capital.
- 2) The regular general assembly, based on the council's proposal, may avoid (10%) of the net profit to form an agreement reserves allocated for a specific purpose or purposes.
- 3) The ordinary general assembly may decide to form other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to shareholders and the aforementioned association also deducts the net profits to establish social institutions for the company's workers or to help what is existing from these institutions.

- 4) The Ordinary General Assembly may, based on a proposal from the Board of Directors, distribute the remainder of the profits thereafter to the shareholders in the form of cash amounts or bonus shares in the company's capital, which are non-refundable from the shareholders in the ratio proposed by the Board of Directors and approved by the General Assembly, or the rest is carried forward To the next fiscal year after the approval of the Ordinary General Assembly of Shareholders.
- 5) The Ordinary General Assembly may authorize the Board of Directors for a period of one year to distribute interim profits on a quarterly or semi-annual basis, and the authorization to the Board of Directors is renewed annually.
- 6) Owners of preferred shares of any category or A group receiving their share of the profits in accordance with the percentages, conditions, and times stipulated in the company's articles of association or in the decisions of the extraordinary general assembly issued in this regard. of the remainder thereafter to the common stockholders.

Dividend analysis (declared/distributed) for the last (5) years.

All numbers are in (thousand) Saudi riyals

Clarification	2018G	2019G	2020G	2021G	2022G
Net profits	68,316	70,407	74,161	76,749	
Dividends	20,000	20,000	30,000	20,000	
Dividend to net profit ratio	29.3%	28.4%	70.9%	26%	
Number of shares	20,000	20,000	20,000	20,000	
Distributed Profit	1	1	1.5	1	
Distribution ratio	10%	10%	1.5%	10%	
Distribution Date	-	-	30/06/2021G	25/07/2022G	-

04

Board of Directors, General Assembly and Corporate Governance

Record of board meetings and resolutions for the year 2022G

1  Date  Attendance Record
15/02/2022G **All board members (100%)**

Meeting Summary / Resolutions

1. Approval of the matrix of bank signature powers on the company's accounts and its branches with all local banks and for all accounts and on all bank transactions.
2. Cancellation of the authorization of Messrs. (Bandar Al-Arifi - Bashir Al-Arifi - Basil Al-Arifi - Bader Al-Arifi - Matar Al-Arifi).

2  Date  Attendance Record
01/03/2022G **All board members (100%)**


Meeting Summary / Resolutions

1. Approval of continuing to deduct the allowance for bonuses for employees on the job, whether in projects / or general administration, in order to disburse from it bonuses for employees in light of the achievement of approved plans or any outstanding work during the year, and that these allowances are not linked on an annual basis but rather cumulative and that the disbursement or Reinforcing the provision takes place according to a decision of the Board of Directors.
2. Approval of subsidizing the provision for project notes with an amount of (4.5) million riyals, bringing the total to (17.5) million riyals. This provision can be used for any requirements related to zakat differences.
3. Continue By deducting (2%) from the total revenues of the contracting sector, in order to face the observations that may arise from the implemented projects, especially since the guarantee period for civil works extends up to (10) years, and the same policy will continue, in light of the volume and types of works.

3  Date  Attendance Record
13/03/2022G **All board members (100%)**

Meeting Summary / Resolutions

1. Amending the organizational structure of the company by adding a new position, which is (Deputy Managing Director for Planning and Development) and selecting Dr. Mowaf-faq Al-Bayouk to fill this position.

4  Date  Attendance Record
14/03/2022G **All board members (100%)**

Meeting Summary / Resolutions

1. Approval of the appointment of Mr. Faisal Al-Attawi as Deputy Managing Director for Operation and Maintenance, as of 20/03/2022G.

5  Date  Attendance Record
27/03/2022G **All board members (100%)**

Meeting Summary / Resolutions


1. Discussing the Company's obligations, the Board decided to withdraw SAR (7.5) million from previously linked bank deposits to pay some of the Company's financial obligations.

6  Date  Attendance Record
30/03/2022G **All board members (100%)**

Meeting Summary / Resolutions

1. Approved the issuance of the Company's financial statements for the year ending on 31/12/2021G.

7

 Date
03/04/2022G

 Attendance Record
All board members (100%)

Meeting Summary / Resolutions

1. Approving the amendment of the organizational structure of the company by adding a new position, namely (Director of the Office of the Managing Director of the Board of Directors) at the job level (4A) and selecting Mr. Mohammed Tayseer to fill this position.

8


 Date
23/05/2022G

 Attendance Record
All board members (100%)

Meeting Summary / Resolutions

1. Approval of the interim consolidated financial statements for the period ending on 31/03/2022 (three months).

9

 Date
24/05/2022G


 Attendance Record
All board members (100%)

Meeting Summary / Resolutions

1. Approved the distribution of cash dividends of SAR (20) million, one share (1) Saudi Riyal and the distribution percentage amounting to (10%) of the nominal share value, on the total number of outstanding shares of (20) million shares, provided that the eligibility of dividends is for the shareholders of the company registered in the shareholders' register at the Securities Depository Center Company (Edaa) at the end of the trading session preceding the General Assembly meeting
2. Inviting shareholders to hold an extraordinary general assembly meeting to discuss voting on some resolutions and in accordance with the agenda.

10

 Date
24/08/2022G

 Attendance Record
(83%) of the board members
(17%) Member Bayan Khalil Suleiman

Meeting Summary / Resolutions

1. Approval of the interim consolidated financial statements for the period ended 30/06/2022G (six months).
2. Approving the regulations and procedures of the subsistence and catering sector and approving their application starting from the date of their adoption
3. Approval of accepting the resignation of Mr. Bayan Khalil Suleiman, a member of the Board of Directors (Independent).
4. Approval of the appointment of Mr. Hassan bin Ali bin Abdulmohsen Al-Jishi (Independent) as a temporary member of the Board of Directors and the issuance of Resolution No. (004/BCC/2022) dated 24/08/2022G, and informing those who are required to complete the necessary legal procedures in this regard.
5. Approval of accepting the resignation of the Secretary and Secretary of the Board of Directors, Mr. Bashir bin Saud Al-Arifi.
6. Approval of the appointment of Mr. Ali Mohamed Ali Saghir (Secretary and Secretary of the Board of Directors) and the issuance of Resolution No. (005/BCG/2022) dated 24/08/2022G and informing those who are required to complete the necessary legal procedures in this regard.
7. Directing the Audit Committee to amend the Audit Committee's work regulations by adding the "vacant seat" item within the items and articles of the regulations, and presenting it at the next Board meeting in preparation for submitting a recommendation from the Board to adopt the amendment and presenting it to the General Assembly at its first meeting.
8. Directing the Remuneration and Nomination Committee to amend the Regulations of the Remuneration and Nomination Committee by adding the "vacant seat" item within the terms and articles of the Regulations, and presenting it at the next Board meeting in preparation for submitting a recommendation from the Board to adopt the amendment, and presenting it to the General Assembly at its first meeting.
9. Directing the Risk Committee to amend the Risk Committee's bylaws by adding the "vacant seat" clause within the terms and articles of the regulations, and presenting them at the next board meeting for accreditation and approval.
10. Amending the dividend distribution policy according to the recent amendments made to the Company's Articles of Association regarding (Dividend Distribution) at the Extraordinary General Assembly Meeting on 29/06/2022G, and presenting it at the next Board meeting for accreditation and approval.
11. Prepare the policies and procedures mentioned below by the Remuneration and Nomination Committee, and present them at the next Board meeting in preparation for submitting a recommendation from the Board for approval by the General Assembly at its first meeting, as follows:
 - 1- Board Membership Policy, Criteria and Procedures.
 - 2- Remuneration policy for members of the Board of Directors, Committees and executive management.
 - 3- The mechanism of evaluation of the Board of Directors, its members, committees and executive management (approved by the Board of Directors).

11

Date

06/11/2022G



Attendance Record

All board members (100%)

Meeting Summary / Resolutions

1. Approval of the interim consolidated financial statements for the period ended 30/09/2022 (nine months).
2. Approval of stopping the deduction of the management allocation of 2% for the contracting sector and sufficiency with the existing allocation to face the observations that may arise from the implemented projects
3. Approval of financing the pharmaceutical warehouse company Qurqas Company (a subsidiary) with an amount of (3) three million riyals to cover its needs and increase sales and profit margin.
4. Approving the proposed amendments in the Audit Committee's bylaws, submitting a recommendation from the Board of Directors for the amendments to the General Assembly of Shareholders, requesting a vote to approve them at its first meeting, and issuing Resolution No. (007/QC/2022) dated 06/11/2022.
5. Approving the proposed amendments to the Risk Committee's bylaws and approving their entry into force from its date.
6. Approving the proposed amendments to the work regulations of the Remuneration and Nomination Committee, submitting a recommendation from the Board of Directors for the amendments to the General Assembly of Shareholders and requesting a vote to approve them at its first meeting, and issuing Resolution No. (007/QC/2022) dated 06/11/2022.
7. Approving the proposed policy, criteria and procedures for membership in the Board of Directors, submitting a recommendation from the Board of Directors on the policy proposal to the General Assembly of Shareholders and requesting a vote of approval at its first meeting, and issuing Resolution No. (007/QC/2022) dated 06/11/2022.
8. Approving the proposed remuneration policy for the members of the Board of Directors, the sub-committees and the executive management, submitting a recommendation from the Board of Directors to the policy proposal to the General Assembly of Shareholders and requesting a vote to approve it at its first meeting, and issuing Resolution No. (007/QC/2022) dated 06/11/2022.
9. Approving the amendments to the Company's dividend policy, and approving the commencement of its entry into force from its date.
10. Approval of the official adoption of the use of digital (electronic) signatures for the members of the Board of Directors through digital signature programs, subscribing to the Docusign application annually, and documenting the identification numbers of each member of the Board of Directors, and Resolution No. (008/BCG/2022) dated 06/11/2022G was issued in this regard.

12

Date

24/05/2022G



Attendance Record

All board members (100%)

Meeting Summary / Resolutions

1. Approving the matrix of powers of bank signatures on the company's accounts and branches with all local banks, for all accounts and on all banking transactions.
2. Authorizing the Managing Director (Chief Executive Officer) to open and manage bank accounts by withdrawing, depositing, transferring, cashing checks, signing and renewing banking facilities contracts, and creating commercial papers individually.
3. Cancellation of the authorization of Messrs. (Bandar Al-Arifi - Bashir Al-Arifi - Basil Al-Arifi - Bader Al-Arifi - Matar Al-Arifi).

The following table shows the board members' attendance record for these meetings:

N	Member Names	Position	Capacity	Meeting 15/02/2022	Meeting 01/03/2022	Meeting 13/03/2022	Meeting 14/03/2022	Meeting 27/03/2022	Meeting 30/03/2022	Meeting 03/04/2022	Meeting 23/05/2022	Meeting 24/05/2022	Meeting 24/08/2022	Meeting 06/11/2022	Meeting 30/11/2022	Attendance (%)
1	Basil Bin Saud Bin Muhammad Alarifi	Chairman	Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
2	Bandar Bin Saud Bin Muhammad Alarifi	Vice Chairman	Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
3	Barakat Bin Saud Bin Muhammad Alarifi	Managing director	Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
4	Bashir Bin Saud Bin Muhammad Alarifi	Board Member	Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
5	Muhammad Bin Ibrahim Bin Abdul mohsen Alhogail	Board Member	independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
6	Statement by Khalil Suleiman*	Board Member	independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	-	-	90%
7	Hassan bin Ali bin Abdulmohsen Al-Jishi**	Board Member	independent	-	-	-	-	-	-	-	-	-	-	✓	✓	17%

* The resignation of the independent board member, Mr. Bayan Khalil Suleiman, was accepted at the board meeting on 24/08/2022G.

** The decision to appoint the independent member of the Council, Mr. Hassan bin Ali Al-Jishi, was issued in the meeting of the Council on 24/08/2022G as a replacement for the resigned member, Mr. Bayan Khalil Suleiman, and he attended the first meeting on 06/11/2022G.

Record of meetings and resolutions of the General Assembly during the year 2022

1

Date 

Assembly Type

Quorum

29/06/2022G Extraordinary General Assembly (72.42%) Complete

Summary of items/resolutions of the company's ordinary general assembly dated 27/05/2021G

#	Item
1	Approved the Board of Directors' report for the financial year ending on 31/12/2021G.
2	Approval of the auditor's report for the fiscal year ending on 31/12/2021G.
3	Approval of the financial statements for the year ending on 31/12/2021G.
4	Approval of the Audit Committee's report for the year 2021G.
5	Approved the disbursement of (694,000) riyals as remuneration to the members of the Board of Directors for the fiscal year ending on 31/12/2021G.
6	Approved the discharge of the members of the Board of Directors for the year 2021G.
7	<p>Approval of the formation of the Audit Committee, determining its tasks, work controls, and remuneration of its members for the new session starting from 14/10/2022G for a period of (3) years until the end of the session on 13/10/2025G, noting that the candidates (their CVs are attached) are:</p> <ul style="list-style-type: none"> 1- Luay Ali Sartawi (Independent) 2- Ahmed Nihad Alzaeem (Independent) 3- Mohamed Abdel Fattah Mohamed (Independent)
8	Approval of authorizing the Board of Directors with the authority of the General Assembly to authorize the license mentioned in paragraph (1) of Article Seventy-One of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of the session of the authorized Board of Directors, whichever is earlier, in accordance with the conditions contained in the regulatory rules and procedures issued in implementation of the Companies Law for listed joint stock companies.

#	Item
9	Approval of the works and contracts concluded between the company and Rawabi International Marketing Company, in which the members of the Board of Directors / Basil Saud Al-Arifi, Bandar Saud Al-Arifi, Barakat Saud Al-Arifi and Bashir Saud Al-Arifi have a direct interest, which is a lease contract for the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah, and the contract includes maintenance and operation work for the building, as well as a labor lease contract and purchase orders to supply cleaning materials for projects for a period of one Gregorian year, automatically renewed without preferential conditions, with an annual amount of (18,055,602) riyals.
10	Approval of the works and contracts concluded between the company and Rawabi Company for Smart Services and Devices, in which the members of the Board of Directors / Basil Saud Al-Arifi, Bandar Saud Al-Arifi, Barakat Saud Al-Arifi and Bashir Saud Al-Arifi have a direct interest in it, which is a contract to provide technical and technical support to the Medical Equipment House Company, and the contract includes maintenance and operation work for the company's networks, computers and servers and follow-up work in the SAP computerized system with the executing company, for a period of five Gregorian years without preferential conditions, with an annual amount of (3,798,817) riyals.
11	Approval of the works and contracts concluded between the company and the National Company for Sulfur Products, in which the members of the Board of Directors / Basil Saud Al-Arifi, Bandar Saud Al-Arifi, Barakat Saud Al-Arifi and Bashir Saud Al-Arifi have a direct interest, which is a lease contract for the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah, and the contract includes labor leasing and purchase orders for the rehabilitation works of the building for a period of one Gregorian year, which is automatically renewed without preferential conditions, for an annual amount of (7,856,379) riyals.
12	Approval of the works and contracts concluded between the company and the German Company for Metal Surface Treatment Chemicals, in which the members of the Board of Directors / Basil Saud Al-Arifi, Bandar Saud Al-Arifi, Barakat Saud Al-Arifi and Bashir Saud Al-Arifi have a direct interest, which is a lease contract for the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah, and the contract includes maintenance and operation works for the building, a labor lease contract, and purchase orders for the supply of cleaning materials for projects and construction works for the building for a period of one Gregorian year, automatically renewed without preferential conditions, with an annual amount of (3,400,883) riyals.
13	Approval of the works and contracts concluded between the company and Deira Al-Ammar Real Estate Company, in which the members of the Board of Directors / Basil Saud Al-Arifi, Bandar Saud Al-Arifi, Barakat Saud Al-Arifi and Bashir Saud Al-Arifi have a direct interest in it, which is a contracting contract and the establishment of a commercial complex in Al-Takhassusi Street - Riyadh, and the contract includes the supply and implementation of all civil, construction, architectural, mechanical and electrical works for a period of two Gregorian years and ten months without preferential conditions, with an annual amount of (20,194,158) riyals.

#	Item
14	Approval of the works and contracts concluded between the company and Union Land Trading Establishment, in which the member of the Board of Directors / Bandar Saud Al-Arifi has a direct interest, which is a contract for the supply of consumables (mechanical - air conditioning), through the issuance of purchase orders according to the value of the consumables agreed upon for a period of two Gregorian years, automatically renewed without preferential conditions, for an annual amount of (6,955,513) riyals.
15	Approval of the works and contracts concluded between the company and Barakat Al-Khair Trading Establishment, in which the member of the Board of Directors / Barakat Saud Al-Arifi has a direct interest, which is a contract for the supply of consumables (electrical - subsistence), by issuing purchase orders according to the value of the consumables agreed upon for a period of two Gregorian years, automatically renewed without preferential conditions, for an annual amount of (4,591,887) riyals.
16	Approval of the Board of Directors' recommendation to distribute cash dividends of SAR (20) million to shareholders for the financial period 31/12/2021G, the share per share is (1) Saudi Riyal and the distribution percentage amounted to (10%) of the nominal share value, on the total number of outstanding shares amounting to (20) million shares, provided that the eligibility is for the shareholders who own the shares at the end of trading on the day of the General Assembly and who are registered in the company's shareholders register at the Securities Depository Center Company (Edaa) at the end of the second trading day following the maturity date, The dividend distribution will start on Monday 25/07/2022G.
17	Approval of the amendment of Article (2) of the Company's Articles of Association related to the "Company Name".
18	Approval of the amendment of Article (7) of the Company's Articles of Association related to "Capital".
19	Approval of the amendment of Article (8) of the Company's Articles of Association related to «Subscription in Shares».
20	Approved the amendment of Article (10) of the Company's Articles of Association related to «Issuance of Shares».
21	Approved the amendment of Article (11) of the Company's Articles of Association related to «Trading Shares».
22	Approval of the amendment of Article (12) of the Company's Articles of Association related to the «Shareholders' Register».
23	Approval of the amendment of Article (15) of the Company's Articles of Association related to «Company Management».
24	Approval of the amendment of Article (17) of the Company's Articles of Association related to the «Vacant position in the Board».

#	Item
25	Approved the amendment of Article (18) of the Company's Articles of Association related to the "Powers of the Board".
26	Approval of the amendment of Article (20) of the Company's Articles of Association related to "the powers of the Chairman, Deputy, Managing Director and Secretary".
27	Approved the amendment of Article (21) of the Company's Articles of Association related to "Board Meetings".
28	Approval of the amendment of Article (31) of the Company's Articles of Association related to "Convocation of Assemblies".
29	Approval of the amendment of Article (32) of the Company's Articles of Association related to the "Attendance Register of Assemblies".
30	Approval of the amendment of Article (34) of the Company's Articles of Association related to the "Quorum of the Extraordinary General Assembly Meeting".
31	Approval of the amendment of Article (35) of the Company's Articles of Association related to "Voting in Assemblies".
32	Approval of the amendment of Article (39) of the Company's Articles of Association related to the "Formation of the Committee".
33	Approved the amendment of Article (46) of the Company's Articles of Association related to "Financial Documents".
34	Approval of the amendment of Article (47) of the Company's Articles of Association related to "Dividend Distribution".
35	Approval of the amendment of Article (49) of the Company's Articles of Association related to "Corporate Losses".
36	Approval of the amendment of Article (52) of the Company's Articles of Association relating to "Final Provisions".
37	Approval of adding Article No. (11) to the Company's Articles of Association related to (Issuance of Debt Instruments and Sukuk).
38	Approval of adding an article to the Company's Articles of Association No. (13) related to (selling, buying and pledging the Company's shares).
39	Approved authorizing the Board of Directors to distribute interim dividends on a quarterly and/or semi-annual basis, specifically for the fiscal year 2022G.

2

Date 

Assembly Type

Quorum

15/11/2022G

Ordinary General Assembly

(60.99%) Complete Quorum

Summary of Items/Resolutions Ordinary General Assembly Meeting (First Meeting)

#	Item
1	Approval of the Board of Directors' resolution to appoint Mr. Hassan bin Ali Al-Jishi (Independent Member) to the Board of Directors starting from the date of his appointment on 24/08/2022G until the end of the current Board session on 25/07/2023G, succeeding the resigned member Mr. Bayan Khalil Suleiman (Independent Member).
2	Approval of increasing the number of seats of the members of the Audit Committee from (3) to (4) seats to become the number of members of the Audit Committee (4) members, by appointing Mr. Mohammed bin Ibrahim Al-Hogail (independent member) in the Audit Committee starting from the date of approval of the General Assembly until the end of the current Committee's term on 13/10/2025G.

Shareholder records

The company has applied for (8) records of shareholders during the year 2022, as follows:

record type	Date	The reason for the log request
Detailed portfolio level (B)	20/03/2022	Others
Detailed portfolio level (B)	28/04/2022	Others
Detailed portfolio level (B)	28/06/2022	Earnings File
Detailed portfolio level (B)	3/07/2022	Earnings File
Detailed portfolio level (B)	11/08/2022	Others
Detailed portfolio level (B)	12/09/2022	Corporate Procedures
Detailed portfolio level (B)	15/11/2022	Corporate Procedures
Detailed portfolio level (B)	26/12/2022	Corporate Procedures

Board Committees

The company's board of directors formed a number of committees to improve the company's management, meet the statutory requirements, and ensure optimal performance of the company, in addition to assisting the board in carrying out its duties more effectively. Following is an explanation of competencies of each committee and its current members: -

1 Audit Committee:

It is a committee formed by a decision of the general assembly of the company for a period of (3) years from shareholders or others, provided that the chairman of the committee is an independent member (indicative paragraph), and does not include any of the executive members of the board of directors and that among the members of the committee is specialized in financial and accounting affairs, and the committee was formed according to the decision of the general assembly of shareholders held on Monday 14/10/2019G until 13/10/2022G, then the committee was formed for its second session by a decision of the extraordinary general assembly held on Wednesday On 29/06/2022G, it was also approved to increase the number of seats of the Committee from (3) to (4) seats to become (4) members by a decision of the Ordinary General Assembly held on Tuesday 15/11/2022G, and the members of the Committee are characterized by experience and good knowledge of the financial, operational, administrative and legal aspects.

The primary role of the Audit Committee is to assist the members of the Board of Directors in discharging their supervisory responsibilities related to the audits, the Company's internal control systems, the Company's financial statements and other financial information, and the Company's compliance with legal and regulatory requirements.

The Committee's terms of reference include, but are not limited to:

- Study the policies and work procedures governing the company's business as a whole and express an opinion thereon.
- Study the accounting policies of the company and express an opinion on them to the Board of Directors, taking into account their suitability to the nature of the company's work.

- Recommending to the Board of Directors the appointment of the external auditor, terminating their contract, determining professional fees, while ensuring their independence.
- Study the interim (preliminary) and annual financial statements, before presenting them to the Board of Directors, and express opinion and recommendations thereon.
- Studying the governance and risk systems in the company in general, stating its opinion and recommendations and submitting what it deems appropriate to the Board of Directors.
- Review the reports of the Internal Audit Department, verify the extent of implementation of recommendations related to governance, risk and control systems, and submit them to the Board of Directors whenever the Committee finds that the recommendations have not been taken into account.

The following members of the Committee were appointed as approved in the general assembly meeting held on 14/10/2019G:

Committee Members:

Mr. Loay Ali Al-Sartawi	Chairman of the Committee	from outside the Council
Mr. Ahmed Nihad Al-Zaeem	member of the Committee	from outside the Council
Mr. Mr. Mohamed Abdel Fattah Mohamed	member of the Committee	from outside the Council

It was also approved by the Ordinary General Assembly to increase the number of committee seats from (3) to (4) seats and to appoint an independent member in the committee according to a decision of the Ordinary General Assembly held on 11/15/2022 AD, which is

Mr. Mohammed Ibrahim Al-Hogail	Committee Member	Independent
--------------------------------	------------------	-------------



Summary of Audit Committee meetings, 2022

#	Date	Attendees	Agenda items	Attendance status	Committee quorum
1	25/03/2022G Beginning: 15:00 p.m End: 18:20 p.m	Mr. Loay Ali Al-Sartawi	Chairman of the audit committee	Attended in person	Chairman + members of the committee *The member, Bader Al-Arifi apologizes from attendance
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee		
		Mr. / Mohamed Abdel Fattah	New member of the Audit committee		
		Mr. Ahmed al-Najjar	Internal Audit Manager		
		Mr. Mamdouh Mursi	Senior financial and operational auditor		
		Mr. Nasser Hassan	Operations Auditor		
2	25/03/2022 Beginning: 18:30 p.m End: 22:10 p.m	Mr. Loay Ali Al-Sartawi	Chairman of the audit committee	Attended in person	Chairman + members of the committee *The member, Bader Al-Arifi apologizes from attendance
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee		
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee		
		Mr. Ahmed al-Najjar	Internal Audit Manager		
3	26/03/2022 Start: 09:30 am End: 12:30 p.m.	Mr. Loay Al-Sartawi	Chairman of the audit committee	Attended in person	Chairman + members of the committee *The member, Bader Al-Arifi apologizes from attendance
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee		
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee		
		Mr. Ahmed al-Najjar	Internal Audit Manager		
		Mr. Mamdouh Morsi	Senior financial and operational auditor		
		Mr. Nasser Hassan	Operations Auditor		

#	Date	Attendees	Agenda items	Attendance status	Committee quorum
4	2022/03/26 Beginning: 12:45 p.m End: 16:20 p.m.	Mr. Loay Al-Sartawi	Committee Chairman	Electonically (Zoom)	Chairman + members of the committee *The member, Bader Al-Arifi apologizes from attendance
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee		
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee		
		Mr. Ahmed Al-Najjar	Internal Audit Manager		
		Mr. Mamdouh Morsi	Senior financial and operational auditor		
5	29/3/200 Beginning: 18:30 p.m End: 19:50 pm 30/3/2022 Beginning: 13:00 p.m End: 13:35 p.m.	Mr. Loay Al-Sartawi	Committee Chairman	Electonically (Zoom)	Chairman + members of the committee *The member, Bader Al-Arifi apologizes from attendance
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee		
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee		
		Mr. Yasser Al-Safadi	Chief Financial Officer		
		Mr. Alaa Abdel Qader	Accounts manager		
		Mr. Wassim Alaya	Auditor (Baker Tilly Mkm)		
		Mr. Mohamed Mansour	Auditor (Baker Tilly Mkm)		
		Mr. Ahmed Al-Najjar	Internal Audit Manager		
6	23/5/2022 Beginning: 18:30 p.m End: 19:50 p.m	Mr. Loay Al-Sartawi	Committee Chairman	Electonically (Zoom)	Chairman + member. Mohammad Abdulfattah *The member Ahmed Al-Zaeem apologized and deputized on his behalf (the member Mohammad Abdulfattah *The member, Bader Al-Arifi apologizes from attendance
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee		
		Mr. Yasser Al-Safadi	Chief Financial Officer		
		Mr. Wassim Alaya	Auditor (Baker Tilly Mkm)		
		Mr. Mohamed Mansour	Auditor (Baker Tilly Mkm)		
		Mr. Ahmed Al-Najjar	Internal Audit Manager		

#	Date	Attendees		Agenda utems	Attendance status	Committee quorum
7	23/8/2022 Beginning: 18:30 p.m End: 19:40 pm	Mr. Loay Al-Sartawi	Chairman of the audit committee	Discuss and approve: * Internal audit department report on the work of the medical operation (Projects Department) * Quotations for the provision of "external audit and financial statements'" services for the years 2021G – 2022G.	Electonically (Zoom)	Chairman + members of the committee *The member, Bader Al-Arifi apologizes from attendance
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee			
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee			
		Mr. Yasser Al-Safadi	Chief Financial Officer			
		Mr. Wassim Alaya	Auditor (Baker Tilly Mkm)			
		Mr. Ahmed Al-Najjar	Internal Audit Manager			
8	09/09/2022 Beginning: 15:00 P.m End: 21:08 p.m	Mr. Loay Al-Sartawi	Chairman of the audit committee	Discuss and approve: * Internal audit department report on the on non-medical operation and maintenance work (Projects Department)	Attended in person	Chairman + All committee members
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee			
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee			
		Mr. Ahmed Al-Najjar	Internal Audit Manager			
		Mr. Mamdouh Mursi	Senior financial and operational auditor			
9	10/09/2022 Beginning: 09:00 a.m End: 15:10 p.m	Mr. Loay Al-Sartawi	Chairman of the audit committee	Discuss and approve: * Report of the Internal Audit Department on the activities of the food and catering sector (management - projects). * Follow-up cards for the previously issued recommendations of the Audit Committee related to the Human Resources Department and Administrative Affairs, including the management's comments and measuring the rate of progress by completing those recommendations and any obstacles to the implementation of these recommendations.	Attended in person	Chairman + All committee members
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee			
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee			
		Mr. Ahmed Al-Najjar	Internal Audit Manager			
		Mr. Mamdouh Mursi	Senior financial and operational auditor			
		Mr. Nasser Hassan	Operational references			

#	Date	Attendees		Agenda utems	Attendance status	Committee quorum
10	03/11/2022 Beginning: 18:30 p.m End: 19:56 p.m	Mr. Louay Al-Sartawy	Chairman of the audit committee	Discuss and approve: * The final draft of the company's interim consolidated financial statements issued by the auditor (Baker Tilly MKM) for the (third quarter) period ending on September 30, 2022.	Electonically (Zoom)	Chairman + All committee members
		Mr. Ahmed Al-Zaeem	Internal Audit Manager			
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee			
		Mr. Yasser Al-Safadi	Chief Financial Officer			
		Mr. Wassim Alaya	Auditor (Baker Tilly Mkm)			
		Mr. Hassan Abu Awad	Auditor (Baker Tilly Mkm)			
11	12/16/2022 Beginning: 15:00 p.m End: 22:10 p.m	Mr. Louay Al-Sartawy	Chairman of the audit committee	Discuss and approve: * Report of the internal audit department on the work of the financial department.	Attended in person	Chairman + All committee mem-bers
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee			
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee			
		Mr. Mohammed Al-Hogail	New member of the review committee			
		Mr. Ahmed Al-Najjar	Internal Audit Manager			
		Mr. Mamdouh Morsi	Senior financial and operational auditor			
12	17/12/2022 Beginning: 09:00 a.m End: 15:15 p.m	Mr. Louay Al-Sartawy	Chairman of the audit committee	Discuss and approve: * Report of the Internal Audit Department on the work of the medical maintenance sector (management - projects). * Report of the Internal Audit Department on the work of the Purchasing Department (operation and maintenance). * Report of the Internal Audit Department on the work of the medical operation sector (management - projects).	Attended in person	Chairman + All committee mem-bers
		Mr. Ahmed Al-Zaeem	Member of the Audit Committee			
		Mr. / Mohamed Abdel Fattah	Member of the Audit Committee			
		Mr. Mohammed Al-Hogail	Member of the Audit Committee			
		Mr. Ahmed Al-Najjar	Internal Audit Manager			
		Mr. Mamdouh Morsi	Senior financial and operational auditor			
		Mr. Nasser Hassan	Operations Auditor			

2 Risk Committee

The committee formed by a decision of the board of directors for a period of (3) three years from non-executive board members provided that its members shall have an appropriate level of knowledge of risk and financial management. The risk committee meets whenever the need arises.

The main role of the Risk Committee is to assist the directors in assisting the members of the board of directors in determining the level of risks related to the company's operations and verifying the feasibility of the company's continuation and the successful continuation of its activity.

Appointment risk committee members from among the candidates was approved by the company's general assembly meeting held on 07/26/2020G.

Competences of the audit committee shall include (but not limited to) the following:

- Developing a comprehensive strategy and policies for risk management in line with the nature and size of the company's activities and verify their implementation, review and update based on the company's internal and external variables.
- Verifying the feasibility of the company's continuation and the successful continuation of its activity, while identifying the risks that may threaten its continuity during the next twelve months.
- Preparing detailed reports risk exposures and the proposed steps for managing these risks and submitting them to the Board of Directors.

Risk committee members:

Mr. Bayan Khalil Suleiman	Committee Chairman	Independent
Mr. Basil Saud Al-Arifi	Committee member	Nonexecutive
Mr. Mohammed Ibrahim Al-Hokail	Committee member	Independent

3 Nominations and Remunerations Committee

The committee is formed by a decision of the board of directors for a period of (3) three years, from non-executive members of the board of directors, provided that at least one of them is an independent member. The committee shall meet at least once during the company's financial year.

The objectives of the nomination and remuneration committee are to enhance effectiveness and performance through recommending nominations for board members and senior executives who are qualified to achieve the company's vision.

Appointment of the members of the nomination and remuneration committee was approved from among the candidates during the company's general assembly meeting held on 26/07/2020G. The committee's competences include (but not limited to) the following: -

- **Competencies relating to nominations:**
 1. Propose clear policies and criteria for membership in the board of directors and the executive management.
 2. Recommend to the board of directors to nominate and re-nominate its members in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
- **Competences relating to remuneration:**
 1. Preparing a clear policy for the remuneration of the members of the board of directors, the board committees and the executive management and submitting it to the board for consideration in preparation for approval by the general assembly, provided that such policy shall consider the adoption of performance-related criteria, disclosure and verification of their implementation.
 2. Clarifying the relationship between the remuneration granted and the applicable remuneration policy and indicate any material deviation from this policy.
- **Competencies relating to governance:**
 1. Verifying the company's compliance with the special rules set by the board of directors in relation to the company's corporate governance, in a manner that does not conflict with the mandatory provisions and related regulations, and act to monitor their application and verify their effectiveness.
 2. Reviewing, updating, and amending the rules when needed in accordance with the regulatory requirements and best practices.

Committee Members...

Mr. Mohammed Ibrahim Al-Hokail	Committee Chairman	Independent
Mr. Bandar Saud Al Arifi	Committee member	Nonexecutive
Mr. Bashir Saud Al-Arifi	Committee member	Nonexecutive



Summary of the meetings of the Remuneration and Nomination Committee during the year 2022G

N	Date	Attendance	Position	Discussion items	Presence Status in Person/ Zoom	Quorum of (%)Attendance
1	22/08/2022G	Mohamed Ibrahim Al-Hokail	Chairman of the Committee	Appointment of Mr. Ali Mohamed Sagheer as Secretary of the Committee from 22/08/2022G until the end of the Committee's session on 26/07/2023G	Zoom	100%
		Bandar Saud Al-Arifi	Committee Member	Reviewing the annual needs of the Board membership and executive management and submitting a recommendation to the Board to approve the appointment of Mr. Hassan bin Ali Al-Jishi (independent) as a temporary member of the Board of Directors to complete the term of his predecessor, the resigned member, Mr. Bayan Khalil Suleiman (Independent) until the end of the current Board session on 26/07/2022G.		
		Bashir Saud Al-Arifi	Committee Member	Verifying the independence of independent members and comparing evaluation models that achieve the independence of the member, the Committee considered that all independent members enjoy complete independence and that there are no relationships or circumstances affecting them.		
2	22/08/2022G	Mohamed Ibrahim Al-Hokail	Chairman of the Committee	Amending the Regulations of the Remuneration and Nomination Committee.	Zoom	100%
		Bandar Saud Al-Arifi	Committee Member	Preparing the policy, standards and procedures for membership of the Board of Directors and the remuneration policy of the members of the Board of Directors, the sub-committees and the executive management.		
		Bashir Saud Al-Arifi	Committee Member	Preparing the report of the Remuneration and Nomination Committee for the year 2022.		

Actions taken by the board to inform its members of the shareholders' proposals and comments

The company shareholders have the right to direct their inquiries and request information in a manner that does not conflict with the interests of the company and in accordance with the disclosure policies and procedures approved by the laws and regulations of listed joint stock companies. In the event of any suggestions or observations towards the company, the chairman of the board of directors shall inform the members thereof at the first meeting of the board.

The internal regulations of the board of directors also stipulate that the member must attend the company's general assembly meeting in order to receive inquiries and suggestions from shareholders, who are given by the regulations the right to participate in the deliberations and discussions of the shareholders' assembly

Evaluating the performance of the directors and members of the executive management

Based on charter approved by the board of directors, the nominations and remuneration committee, has set all the means and criteria related to evaluating the performance of the board and the executive management, without the assistance and/or appointment of any external consulting firm to evaluate the performance of the members, since the evaluation process is indicative, in accordance with Article (41) of the Corporate Governance Regulations issued by the board of the Capital Market Authority under its resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H, as amended by the decision of the board of the capital market authority No. 1-7-2021 and dated 6/1/1442H (corresponding to 14/01/2021G).

The audit committee's opinion on the company's internal control system

Based on the implementation of the audit work during 2022G and the observations recorded by the Internal Audit Department, which were discussed and confirmed by both the Audit Committee and the Company's executive management, the Audit Committee confirms the following:

1. We have seen an evolution in the company's internal control system to give reasonable assurances to avoid material errors and prevent embezzlement, forgery and related losses.
2. The need to continue taking the necessary measures to improve internal control systems in accordance with business needs and best practices and to achieve the objectives of the company.
3. The need for continued cooperation and support of the executive management regarding the follow-up of the implementation of the recommendations of the Committee issued and the speed of taking corrective measures to implement them.



Remunerations of members of the board of directors, affiliated committees, and executive management (CEO - CFO)

The table below shows the remuneration of the members of the board of directors (SAR'000)

	Attending meetings				Variable Remuneration				End of service indemnity	Grand total	Expenses allowance
	Certain amount	Allowance for attending board sessions	Total allowance for attending committee sessions	In-kind Benefits	Remuneration for technical, administrative and advisory work	Remunerations of the chairman, the managing director, or the secretary, if he is a member	Total	A percentage of profits	Periodic remuneration	short term motivational plans	long term motivational plans
First, the independent members											
1. Mohammed Ibrahim Abdul Mohsen Al-Hokail	80	24	6				110				
2. Bayan Khalil Suleiman	66.4	19.9	0				86.3				
3. Hassan Ali Abdul Mohsen Al-Jishi	13.6	4.1	0				17.7				
Total	160	48	6	0	0	0	214				
Second: Non-executive members											
1. Basil Saud Mohammad Al-Arifi	80	24	0				104				
2. Bandar Saud Mohammad Al Arifi	80	24	0				104				
3. Bashir Saud Mohammad Al-Arifi	80	24	0				104				
Total	240	72					312				
Third: the executive members											
1. Barakat Saud Mohammad Al-Arifi	80	27	0				107			70	
Total	80	27					107			70	
Grand total	480	147					633			70	

The table below shows the remuneration of members of the committees emanating from the Board of Directors

	Fixed Remuneration (except for attendance allowance)	Allowance for attending sessions	Total
(SAR'000)			
Audit committee members			
1. Louay Ali Al-Sartawi	80	18	98
2. Ahmed Nihad Al-Zaim	60	16.9	76.9
3. Mr. Mohamed Abdel Fattah Mohamed	60	18	78
4. Mohammed Ibrahim Al-Hokail		6	6
Total	200	58.9	258.9
Risk committee members			
1. Bayan Khalil Suleiman.			-
2. Basil Saud Al-Arifi			-
3. Mohammed Ibrahim Al-Hokail			-
Total			-
Members of the Nomination and Remuneration Committee			
1. Mohammed Ibrahim Al-Hokail			-
2. Bandar Saud Al Arifi			-
3. Bashir Saud Al-Arifi			-
Total			-

The table below shows the remuneration of the executive management

(SAR'000)

Senior Executive positions	Fixed Remuneration			Variable Remuneration					End of service indemnity	Total remuneration of board executive members, if any	Grand total	
	Salaries	Allowances	in-kind benefits	Total	Periodic remunerations	Profits	short term motivational plans	long term motivational plans				Granted Shares (Value to be entered)
1- Chief Executive Officer	840		28	868						70		938
2- Chief Financial Officer	540		23	263						22		585
Total	1,380		51	1,431						92		1,523

Disclosure of the remuneration policy and how to determine the remuneration of the members of the Board, committees and executive management in the company

The Board issued its recommendation to the General Assembly of Shareholders in its meeting on 11/06/2022 AD to approve the remuneration policy for the members of the Board of Directors, the committees and the executive management of the company, which aims to organize rewards to attract members The board of directors or committees with commensurate competence and experience, enabling them to perform their tasks and duties with professionalism and high efficiency, and to create an attractive environment in which to work in which they can attract and retain human resources with the required skills and experience, which contributes to raising the level of the company's performance and achieving its goals. **The remunerations of the members of the Board of Directors, the sub-committees and the executive management are as follows:**

- 1- The Board determines and approves - based on the recommendation of the Remuneration and Nominations Committee, the nature and amount of rewards that each member of the Board and committees receives in return for the work of the Board and committees and/or the technical, administrative or advisory work that may be assigned to him.
- 2- The Board determines and approves – Based on the recommendation of the Remuneration and Nominations Committee, the nature and amount of bonuses received by the CEO of the company and the executives who are directly related to him in the organizational structure of the company. Procedures for disbursing bonuses for members of the Board and members of committees by the secretary (secretary) of the Board, provided that their disbursement is approved by the Chief Executive Officer. Dividends are paid after being approved by the General Assembly.
- 6- The bonuses of the executive management are disbursed according to the disbursement mechanism used in the company.

05

Regulatory Disclosures

Agreements, businesses and contracts concluded between the company and related parties

The company and its subsidiaries deal in the normal course of business, such as company contracts with suppliers and contractors, and lease contracts with some related parties and their relatives, including companies owned wholly or partially by members of the board of directors. It is worth noting that all transactions with related parties do are conducted on the equal terms with the transactions with other commercial dealers. In addition, all such transactions are subject to the approval of the board of directors and obtaining a license from the company's ordinary general assembly.

These transactions have amounted to:

Balances of accounts receivable from related parties **18,76** million Saudi riyals as on December 31, 2022



Summary of the Major Contracts and Transactions with Related Parties

Contract for supply of electrical and mechanical consumables and catering with Union Land Trading Company

On 13/06/1438H (corresponding to 01/03/2018G), the company entered into a contract for supply of consumables with Union Land Trading Company, including medical and laboratory equipment, devices, supplies, and their spare parts, along with maintenance thereof; electrical and electronic tools; mechanical and electrical equipment and supplies; air conditioning, computers and their spare parts; and catering services. The amounts are based on purchase orders for the value of the agreed consumables. The term of the contract is two (2) years as of signing the contract, automatically renewed for a similar period.

Contract for Supply of Electrical and Mechanical Consumables and Catering with Union Land Trading Company

On 13/06/1438H (corresponding to 01/03/2018G), the company entered into a contract for supply of consumables with Union Land Trading Company, including medical and laboratory equipment, devices, supplies, and their spare parts, along with maintenance thereof; electrical and electronic tools; mechanical and electrical equipment and supplies; air conditioning, computers and their spare parts; and catering services. The amounts are based on purchase orders for the value of the agreed consumables. The term of the contract is two (2) years as of signing the contract, automatically renewed for a similar period.

Consulting Services Contract with Union Land Trading Company

On 03/04/1438H (corresponding to 01/01/2017G), the company entered into consulting services contract with Union Land Trading Company to provide administrative and technical studies, give technical assistance, and review the studies prepared by the company in all the activities carried out by the Company. The contract amount is SAR 2,568,000 per annum, with SAR 214,000 to be paid monthly. The term of the contract is three (3) Gregorian years, renewable for a similar period.

Contract for construction of a commercial complex with Deerah Al-Ammar Real Estate Company

On 06/21/1441 AH (corresponding to 02/16/2020G), the company entered into a contracting contract with Deerah Al Ammar Real Estate Company for supply and construction of a Specialized Commercial Mall project. The contract includes supply and implementation of all civil, construction, architectural, mechanical and electrical works. The total value of the contract is (45,170,678) Saudi riyals, and the term of the contract is twenty-four (24) months from the date of signing the contract. It has been extended for an additional (10) months ending on 12/16/2022G.

Lease contracts (residential - commercial) for the company's head office, staff housing, and warehouses with Deerah Al Ammar Real Estate Company

The company has entered into (20) lease contracts (head office - staff housing - warehouses), with a total annual rental value of (2,586,516) Saudi riyals. All contracts are for a period of one calendar year, subject to renewal.

A contract for providing information technology services with Rawabi Smart Services and Devices Company

On 09/11/1441H (corresponding to 30/06/2020G), the company entered into a contract to provide information technology services with Rawabi Smart Services and Devices Company. The total contract amount is (16,690,084) Saudi riyals, and the contract term is 5.5 years, subject to automatic renewal, with the same conditions ending on 31/12/2025G, provided that the values are reviewed annually, whether to fix the current values or to change them according to the status of the project and the additions made to it, as well as market variables.

An office lease contract with Rawabi International Marketing Company

The company entered into a lease contract for the company's building located on Prince Abdul Aziz bin Jalawi Street in Sulaymaniyah with Rawabi International Marketing Company. The contract amount is (864,000) Saudi riyals. The duration of the contract is one calendar year, starting from 01/01/2018G, and it is automatically renewed.

An office lease contract with the National Company for Sulfur Products

The company entered into a lease contract for the company's building located on Prince Abdul Aziz bin Jalawi Street in Sulaymaniyah with the National Company for Sulfur Products. The contract value is (384,000) Saudi riyals. The duration of the contract is one calendar year, starting from 01/01/2018G, and it is automatically renewed.

An office lease contract with the German Metal Surface Treatment Chemicals Co.

The company entered into a lease contract for the company's building located on Prince Abdul Aziz bin Jalawi Street in Sulaymaniyah with the German Metal Surface Treatment Chemicals Co. The contract amount is (264,000) Saudi riyals. The duration of the contract is one calendar year, starting from 01/01/2018G, and it is automatically renewed.

A Contract for implementing of the rehabilitation works for the buildings of the National Company for Sulfur Products Factory in Riyadh

On 19/06/1442H (corresponding to 01/02/2021G), the company entered into a contract with the National Company for Sulfur Products with a total value of (13,389,172) Saudi riyals to implement the rehabilitation works of the company's factory buildings in Riyadh and according to the proposals contained in the Geotechnical and Environment Company Ltd. (GECO). The term of the contract is (6) months from the date of site handover.



Regulatory payments paid and due during the year 2022G

These are the payments made and/or payable to the Zakat, Tax and Customs Authority (VAT, Zakat, customs payables), the General Organization for Social Insurance, government fees (residency fees, visas – financial fees for companions) and their statement as follows:

Actual paid during the year 2022G

N	Paid Regulatory payments	Amount in (SAR'000)
1	Zakat, Tax and Customs Authority (Value Added Tax)	13,446
2	Zakat, Tax and Customs Authority (Zakat)	11,076
3	Zakat, Tax and Customs Authority (Customs)	1,350
4	General Organization for Social Insurance	20,971
5	Government fees (residencies – visas – companion fees)	57,711
	Total value of paid regulatory payments	122,554

Payable (Due) for the year 2022G

N	Payable (Due) Regulatory payments	Amount in (SAR'000)
1	Zakat, Tax and Customs Authority (Value Added Tax)	3,695
2	Zakat, Tax and Customs Authority (Zakat)	6,508
3	General Organization for Social Insurance	1,801
	Total due amount of regulatory payments	12,004

Investments and reserves for the benefit of the company's employees

No investments and/or saving programs have been created for the company's employees. Their rights with the company are limited to the approved statutory provisions (end of service – travel tickets – vacations).

Fines and penalties

Following are the amounts incurred by the company as a result of its violation of applicable governmental laws and regulations during the year 2022G:

N	Issuing agency of the penalty	Penalty in (SAR'000)	Reasons of violation
1	Ministry of Interior – Traffic Department	19.5	Traffic fines for cars
2	Ministry of Human Resources and Social Development – Labour Office	132	Violation of precautionary measures + enforcement of judicial rulings
3	Ministry of Public Transport	22.6	Big car driving offense
4	Ministry of Municipal and Rural Affairs	1	Delay in renewing municipal licenses

The company has been keen to take all corrective measures and develop the necessary methods and ways to avoid the recurrence of such violations in the future.

Social contributions of the company

The company senses its responsibility towards the society in which it operates for the interest of the community in whole. Therefore, the company has had and still has initiatives towards employing people with disabilities from different members of society in cooperation with several licensed and specialized bodies in attracting them and providing training that enables them to perform their duties and provide them with appropriate work environment, to enable them to obtain suitable job opportunities commensurate with their skills, capabilities, and energies. In activation of the harmonization program launched by the Ministry of Human Resources and Social Development, the company obtained a harmonization certificate for the third year in a row from the ministry. This certificate comes as part of the company's efforts to develop its work environment and make it more inclusive and supportive of persons with disabilities by providing the best supportive methods and practices for them after fulfilling the conditions and standards required to obtain the necessary license to employ them.



Application of International Financial Reporting Standards (IFRS) applicable to the company

The transition from accounting standards issued by the Saudi Organization for Auditors and Accountants to international standards was completed upon preparing the financial statements for the fiscal year ending on December 31, 2018. The application of these revised International Financial Reporting Standards did not have any material impact on the amounts listed for the current and previous years, but they may affect accounting for future transactions or arrangements amendments to the references to the conceptual framework in IFRS.

The company has also applied the amendments to International Financial Reporting Standard No. (9), International Accounting Standard No. (39), International Financial Reporting Standard No. (7), International Financial Reporting Standard No. (4), and International Financial Reporting Standard No. (15) - revenues from customer contracts, and IFRS 16, the second stage of interest rate measurement correction.

In addition, the application of the amendment of IFRS 16 lease concessions and the extension of the exemption granted from applying some requirements of the standard until June 30, 2022.

Deviation from the accounting standards approved by the Saudi Organization for Auditors and Accountants (formerly Certified Public Accountants)

There is no difference between the accounting standards approved and applied by the company and those standards approved by the Saudi Organization for Auditors and Accountants (formerly the Saudi Organization for Certified Public Accountants).

Declarations by company's External Auditor

The company's auditor's report did not include any reservations about the company's annual financial statements, as of December 31, 2021.

Board of directors' recommendations regarding the company's auditor

There was no recommendation from the board of directors to replace the company's auditor before the expiry of its current appointment period, according to the engagement agreement signed in this regard.



Compliance with the Clauses of Corporate Governance Regulations issued by the Capital Market Authority

N	Article No.	Paragraph No.	Article/Paragraph Text	Reasons of Non-Compliance
1	36	1-2	Terms of the secretary: The board of directors must determine the conditions that must be met in the secretary of the board of directors.	The article is guiding however, the secretary of the board of directors is appointed in accordance with the text of Article (22) of the company's articles of association, and the biography of the secretary of the board can be viewed Administration.
2	37	1-2	Training: The company should pay sufficient attention to training and qualifying the members of the Board of Directors, members of the committees and the executive management	The article is guiding and the company is managed by a management distinguished by its professionalism, experience and keeping abreast of developments since the establishment of the company with its ability to expand by adding new activities and areas of work in all sectors operating the company.
3	39	a-y	Evaluation: Evaluation of the members of the Board of Directors and the Executive Management	A guiding article according to the regulations and work procedures of the Remuneration and Nomination Committee. The Committee is responsible for setting policies and standards for evaluating the performance of the members of the Board of Directors and the Executive Management.

N	Article No.	Paragraph No.	Article/Paragraph Text	Reasons of Non-Compliance
4	63	b	Nomination procedures: The number of candidates for the Board of Directors whose names are presented to the General Assembly must exceed the number of available seats	The paragraph is indicative and the Remuneration and Nominations Committee has prepared criteria and procedures for membership in the Board of Directors, and they will be presented to the General Assembly for approval, and in the event of a vacancy in one of the positions Members of the Board of Directors The vacancies are covered according to the provisions of Article (19) of the Company's Articles of Association.
	67	-	Formation of the Risk Committee	Articles related to the Risk Committee are all guiding however, the company formed the Risk Committee and defined its terms of reference and work and based on the company's risk strategy as well as the strategic plan for the company's risk management. Continuing to review the company's policies related to risk management to ensure the implementation of approved policies and programs to avoid business risks that the company may face.
	68		Terms of reference of the Risk Management Committee	
	69		Meetings of the Risk Management Committee	
8	80	-	Organizing the Relationship with Stakeholders	A guiding article the company's Articles of Association, policies and regulations approved by the General Assembly of Shareholders and the Board of Directors ensure the protection and preservation of the rights of stakeholders.
9	82	-	Motivating employees	The article is a guideline however, the company has within its internal policy and procedures programs for training, developing and motivating employees.
10	84	-	Social Responsibility	Guidance article

N	Article No.	Paragraph No.	Article/Paragraph Text	Reasons of Non-Compliance
11	85		Teamwork Initiatives	Guidance article
12	92	-	Formation of a Corporate Governance Committee	A guiding article The work of the Board of Directors and its sub-committees is considered one of the main components of governance, and each of them contributes to achieving its objectives. Therefore, a committee specialized in corporate governance is then formed.



06

Declaration

- The directors declare that:
- The account records have been prepared correctly.
- The internal control system has been prepared on sound and effective bases.
- There is no or doubt about the company's ability to conduct business on going concern basis.
- All members of the Board of Directors confirm that they are not related to or have an interest in any other business or contracts that took place during the year 2021G that are not disclosed in this report.
- There are no investments or reserves created for the benefit of employees, including but not limited to (savings, shares, etc.).
- There is no penalty, fine, precautionary measure or precautionary restriction imposed on the company by any supervisory, regulatory or judicial authority during the year 2021G.

Finally, the Board of Directors thanks you for your generous trust and promises you to exert more effort and continuously strive to achieve the company's goals, vision, strategy, prospects, and aspirations.

May the Almighty bless you all.



2021 Annual Report

www.smeh.com.sa

smeh@smeh.com.sa

+966 11 4646699