

Sustainable Growth

Board of Directors Report 2023





Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al Saud
May Allah Protect him



His Royal Highness
Prince Mohammed Bin Salman Bin Abdulaziz Al Saud
The Crown Prince, Prime Minister
May Allah Protect him

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Overview

This report serves as a comprehensive guide, incorporating all pertinent details of interest to shareholders, investors, analysts, and other stakeholders. It spans the twelve-month period from January 1, 2023, to December 31, 2023. Focused on the Power and Water Utility Company for Jubail and Yanbu (Marafiq), it highlights key financial and operational facets, alongside significant developments and achievements realized throughout 2023. The compilation of this report aligns with the mandates of the Corporate Governance Regulations, enriched with additional relevant data to offer insightful knowledge about the company. All information in this report is for public disclosure and should not be used to make an investment or similar decision.

Management Report

Chairman Message

President and CEO Message

Company overview

The most prominent events and
achievements for the year 2023

Chairman Message



**His Excellency Engineer
Khalid bin Mohammed Al Salem**

Shareholders of Power and Water Utility Company for Jubail and Yanbu (Marafiq)

Greetings,

In my name and on behalf of the Board of Directors, I am delighted to present to you the annual report of our company. This report showcases the company's performance and accomplishments, achieved with the grace of Allah and through dedicated efforts to bolster its growth, financial standing, and market competitiveness, all in alignment with the expectations and aspirations of our shareholders. This report comes just four months after the company marked its first year as an entity listed on the Saudi financial market. This milestone, although brief in the context of our over twenty-year journey, highlights Marafiq's enduring and pioneering contribution to the power, water, and gas sectors.

Our expansion within the Kingdom, and our expansion in the field of services and operational processes, was accompanied by technical, technological and information expansion based on solid foundations and fixed rules in conformity with the Kingdom of Saudi Arabia's Vision 2030. This expansion, both horizontally across operational processes and vertically through the integration of functional teams and cutting-edge technologies, was no small feat. Achieving our goals over the past year marks a significant milestone, and we are committed to continuing this upward trajectory in the coming years of our company's journey. Our resolve remains unshaken, regardless of any challenges or obstacles that may arise. This steadfast determination is underpinned by an ambitious strategy and a consistent approach from our Board of Directors, who possess a clear vision and uphold their responsibilities with integrity.

We take pride in our contribution to fulfilling the essential needs for power, water, and gas across expansive industrial sectors and premier residential cities throughout the Kingdom. The company, supported by a distinguished Board of Directors and a specialized executive management with highly qualified expertise, seeks to remain supportive and helpful in every way for the Kingdom, and we contribute with all our energies and efforts in consolidating and achieving the Kingdom's Vision 2030. Over the past year, the company has realized numerous milestones aligned with its strategic roadmap.

Recognizing the critical role of environmental, social, and governance (ESG) practices within our business landscape, we have sustained exemplary performance in safety management. By embracing leading international practices and standards, we've ensured operational safety, employee well-being, and community protection, all while adhering to comprehensive health and safety protocols. As a result, we've proudly maintained a record free of injuries, for which we are profoundly grateful (Alhamdulillah). Achieving over 12 million safe working hours without a disabling injury across all company sectors stands as a testament to our commitment to safety. We are actively enhancing operational excellence, optimizing asset utilization, and developing initiatives aimed at boosting service reliability for both our industrial and individual clients. Furthermore, the company is dedicated to improving energy efficiency through better operational procedures, mitigating climate impact, lowering carbon emissions, minimizing waste, and promoting water reuse. These efforts are crucial in realizing our ambitious objectives. The company is proud of its compliance with the good governance rules due to its commitment to all rules, regulations and policies that were recently approved by the General Assembly and the Board of Directors in order to reach the best international practices that are in the interest of the company and its shareholders. In 2023, our company marked numerous accomplishments that fill us with pride. Notably, we made an early repayment of SAR 500 million on our outstanding loans, a move that has significantly reduced our financing costs and is expected to positively impact our profitability in the coming years. On the operational front, we successfully completed the project of connecting a two-way pumpable water transmission line with the Saline Water Conversion Corporation,

The company is proud of its compliance with the good governance rules due to its commitment to all rules, regulations and policies that were recently approved by the General Assembly and the Board of Directors in order to reach the best international practices that are in the interest of the company and its shareholders.

bolstering the reliability of desalinated water supply to stakeholders in Yanbu Industrial City. Additionally, Water and Power Utility commenced operations in Ras Al-Khair Industrial City and Jazan City for Primary and Downstream Industries, extending our services to a broader customer base.

We are grateful to Allah for the achievements realized, with His help and the dedicated efforts and exceptional performance of our employees. Moving forward, we aim to build upon these accomplishments by continuing to leverage the latest technical and informational technologies and investing in our national workforce. Our goal is to provide our employees with every opportunity for development, enhancing their scientific and practical skills.

In closing, I express my deepest appreciation and profound gratitude to our esteemed leaders, the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and his esteemed Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, may Allah safeguard them, for their unwavering support. Their guidance has been instrumental in navigating the company through challenges and contributing to its achievements and growth. With Allah's help, we continue to forge ahead on our path of success, aligning with the Vision of the Kingdom of Saudi Arabia. My gratitude also extends to the Royal Family in Jubail, the Ministry of Energy, the Ministry of Environment, Water and Agriculture, the Ministry of Industry and Mineral Resources, the Water and Electricity Regulatory Authority, and the Capital Market Authority for their constant support of Marafiq. Additionally, I thank our Board of Directors, the CEO, the executive management team, and all our employees for their dedication and contributions to another successful year.

President and CEO Message



**Engineer
Mohammed Berki Al-Zuabi**

The Power and Water Utility Company for Jubail and Yanbu (Marafiq) remains steadfast in its quest for excellence and leadership in the energy and water sector, diligently working towards its vision and strategic goals. In 2023, we focused on providing superior services and meeting the vital needs of our customers in major industrial cities, thereby supporting business continuity and contributing significantly to the Kingdom's economic development.

Throughout the year 2023, Marafiq maintained exceptional performance in occupational health and safety, thanks to the dedication and adherence to approved standards by all employees. Our commitment to sustainability was evident as we optimized operational policies to safeguard the environment and public health, and supported sustainable development. Notably, we achieved a reduction in greenhouse gas emissions and fuel consumption, further mitigating the environmental impacts of our operations.

The company pays great attention to human capital, and therefore the company has been keen to diversify training programs that target all of employees and focus on their development and acquisition of the technical and administrative skills necessary to perform work safely and with high efficiency.

A key highlight of our year was maintaining an injury-free record, achieving more than 12 million working hours without a disabling injury, a testament to our commitment to a safe and healthy work environment. Our efforts in cybersecurity also paid off, with significant compliance rates against the National Cybersecurity Authority's controls, thanks to the collective effort of our employee

With the continuation of our approach to localizing jobs within the company, the Saudization rate has reached 85%, compared to 83.5% at the end of 2022, in addition to empowering Saudi women and increasing their participation in the labor market, as their percentage has been increased. The number of female employees in the company increased by 52% compared to the year 2022.

Operationally, has maintained distinguished operational rates in all its main sectors and continuously meets all the needs of its customers by adopting all periodic maintenance procedures for factories and equipment through specialized and qualified teams to ensure the sustainability and reliability of the company's business, and as a result of these efforts and successes. The company won the Gold Award for Best Operational Performance at the Saudi Aramco Excellence Awards.

In confirmation of our firm commitment to providing exceptional services and solutions to all our customers, the company received the Water Company Excellence Award and the Best Project to Improve Water Quality Award at the Asian Water Awards 2023 in the Kingdom of Saudi Arabia.

The company also succeeded in operating a wastewater treatment plant in Jubail Industrial City (Phase Six) with a capacity of 120,000 cubic meters per day, in addition to the company's laboratories achieving success in obtaining IEC/ISO 17025:2017 accreditation, which confirms our commitment to maintaining high levels of quality, efficiency and excellence. In laboratory operations and procedures, in accordance with international standards.

In response to the expansion and development of infrastructure and to increase in the number of customers benefiting from the company's services, which numbered 73,260, an increase of 1.6% compared to the year 2022, the company was able in 2023 completing the connection project for a two-way pumpable water transmission line with Saline Water Conversion Corporation for Consumers in Yanbu Industrial City to enhance the reliability of providing desalinated water to consumers in Yanbu Industrial City.

In addition, the company has provided all water services in Ras Al-Khair City, in addition to many efforts being undertaken that contribute to improving The production efficiency in all sectors of the company.

The company was also keen to keep pace with developments in modern technologies used in its main activities, as the digital transformation project for the plant in Yanbu City was completed, in addition to the completion of the second phase of installing smart electricity meters in Yanbu Industrial City. In return for these efforts, Marafiq was classified among the best group in its class in the Smart Industry Readiness Index "SIRI" evaluation program launched by the Ministry of Industry and Mineral Resources, in addition to Marafiq being classified among the best 100 companies listed in The Middle East for the year 2023.

Regarding financial performance, this year we achieved a net income of 525.80 million Saudi riyals, which is 37.82% less than in 2022, and our revenues of 6,389.33 million Saudi riyals decreased by 1.78%, mainly due to a temporary decrease in demand on power as a result of some companies carrying out maintenance work on some of their plants in Yanbu Industrial City. During the year 2023, the company proactively paid part of the basic loans worth 500 million riyals, which contributed to reducing the cost of interest and financial burdens on the company.

In closing, we reaffirm our dedication to delivering high-quality services swiftly and efficiently, aligned with our core objectives. I extend my heartfelt gratitude to the Board of Directors for their unwavering support, the executive management for their commitment, and all Marafiq colleagues for their hard work and dedication. Together, we continue to strive for growth, shareholder value, and a brighter future for Marafiq and the communities we serve.

An overview of the company

Power and Water Utility Company for Jubail and Yanbu (Marafiq) was established by Royal Decree No. (29/M) and on July 21, 1421 AH as a closed joint stock company with a capital of two billion five hundred million 2,500,000,000 Saudi riyals, and its main headquarters is located in Jubail Industrial City. The equivalent of 29.24% of the company's shares were offered for public subscription, and it was listed on the Saudi Stock Market (Tadawul) as a public joint-stock company on November 23, 2022.

The company works as an integrated center to provide utility services reliably and sustainably in the main industrial cities that enjoy strategic importance in the Kingdom, as it provides water service

facilities in Jubail Industrial City and Ras Al-Khair City, in addition to providing water and power supplies in Yanbu Industrial City and Jazan City for basic and transformational industries.

The company's main activities are water supply, sanitation, waste management and treatment, power, gas, steam and refrigeration supplies, manufacturing, and construction. The company may carry out any necessary work or complementary to those purposes, including importing materials and others, and the company may provide those services in all regions of the Kingdom, with its commitment to providing those services to all beneficiaries in the main industrial cities.



Vision

Our vision is to be the preferred supplier of utility services in major Industrial Cities in the Kingdom of Saudi Arabia.



Mission

Our message is to meet customers' needs by providing reliable and sustainable utility services which comply with environmental regulations and maximize shareholders' value.



Values








People Oriented

Accountability

Teamwork

Transparency

Social Responsibility

Customer Focus

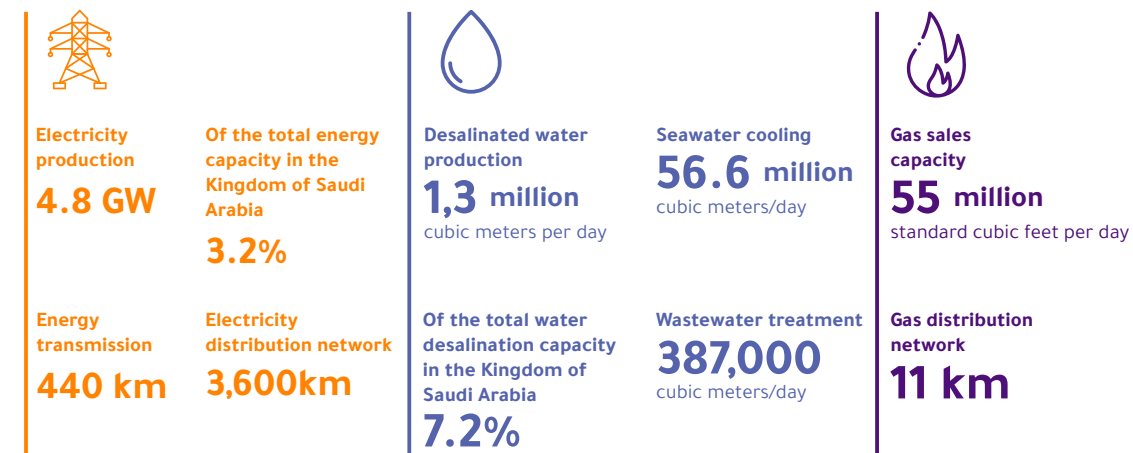
Our strategy

The company employs leading practices in formulating its long-term strategy, which undergoes an annual review. This process includes monitoring implementation and reassessing the strategic direction to align with evolving trends in the targeted sectors. Our strategy is in harmony with the government's initiatives to advance the water and power sector within the Kingdom. Management is confident that the following key strategic goals will bolster the company's revenue, elevate profitability, and augment future cash flows.

The company's main strategic objectives four categories



Marafiq in numbers



Our operational sites across the Kingdom



Company's competitive benefits



Milestones of the company's journey

Royal Commission for Jubail and Yanbu developed and constructed the power and water infrastructure in Jubail Industrial City and Yanbu Industrial City. At that time, the infrastructure consisted of a power station in Yanbu and Seawater cooling facilities, water desalination and wastewater treatment plants in Jubail and Yanbu. In light of the continued growth of industrial cities, the government issued a resolution in 1999 to privatize these projects, and Cabinet Resolution No. 57 dated 28/3/1420 AH specified the establishment of a Saudi joint stock company

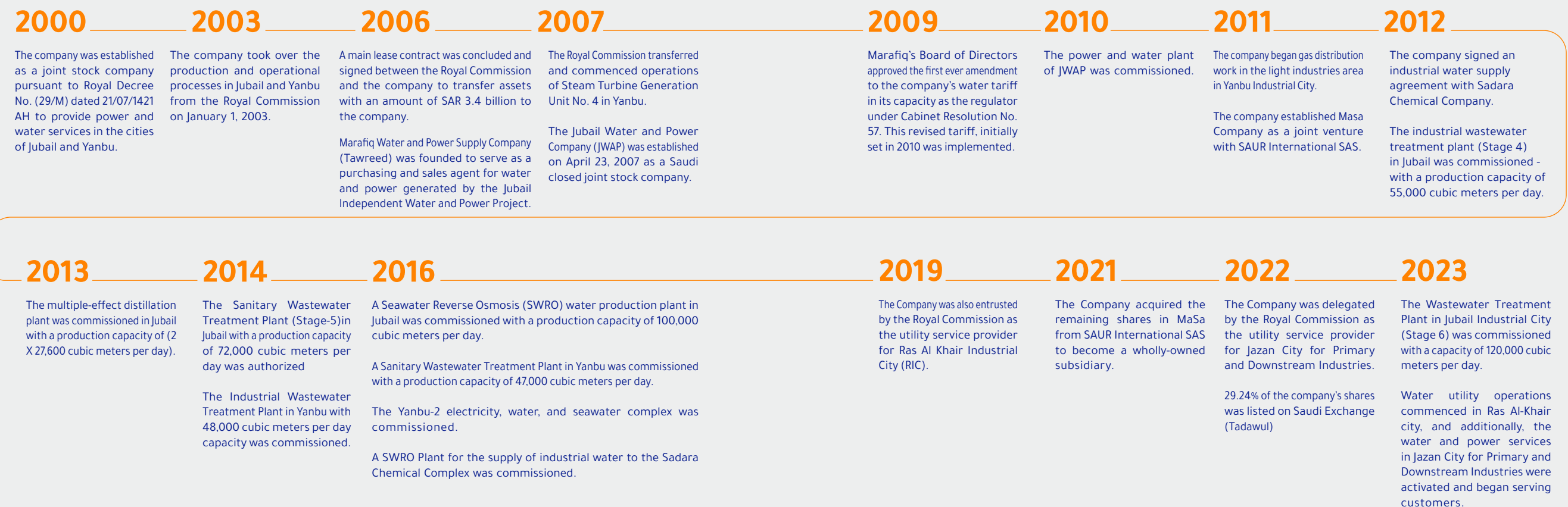
for services in Jubail city and Yanbu city, which led to the establishment of Marafiq in accordance with Royal Decree No. (29/M) on 21/07/1421 AH. This was followed by the company's mandate to provide efficient and reliable services to all current and future users in Jubail Industrial City and Yanbu Industrial City, as these services include operating seawater cooling systems, water desalination and treatment systems, industrial and wastewater treatment systems, and electricity systems, and maintaining, managing, constructing and owning those systems.



With more than two decades of experience in providing utility services to main industrial cities, Marafiq is uniquely positioned to benefit from the Kingdom of Saudi Arabia Vision 2030 for privatization and continued industrial growth in Kingdom of Saudi Arabia.



The most important achievements that the company made since its establishment:



Investments in other companies

Marafiq owns seven companies and joint ventures in its group portfolio. Three companies are 100% owned: MaSa Services Company for Operation and Maintenance, Marafiq Water and Electricity Supply Company (Tawreed), Marafiq Insurance Limited Company (MIL).



1. MaSa Services Company for Operation and Maintenance (MaSa)

MaSa was established on December 26, 2011 as a limited liability company, and was previously a joint venture with SAUR International SAS, a French water infrastructure company. as Marafiq company acquired the entire share of SAUR International SAS in 2021, It is now a wholly owned subsidiary of Marafiq, and its activities include collecting, desalinating, transporting and distributing water, reducing its salinity, and disposing of wastewater. The company is also responsible for operating

and maintaining the seawater cooling plant (Jubail), the reverse osmosis production plant in (Jubail and Jazan City for Primary and Downstream Industries), the treated water network (Yanbu), the drinking water network (Jubail, Yanbu, Jazan City for Primary and Downstream Industries, and Ras Al-Khair Industrial City), as well as wastewater and industrial water collection and treatment systems (Jubail, Yanbu, Jazan City for Primary and Downstream Industries, and Ras Al-Khair).

Ownership	Capital	Country of establishment and operations
100% owned by Marafiq	35 million Saudi riyals	Kingdom of Saudi Arabia



2. Marafiq Water and Electricity Supply Company (Tawreed)

Tawreed was established on December 16, 2006 as a limited liability company. It is a company wholly owned by Marafiq. The company's activities include generation, distribution and wholesale of electrical power,

water desalination, water transportation and distribution, wholesale sale of desalinated water, transportation of water through pipelines, transportation of natural gas through pipelines, and operation and maintenance of pumping plants and related pipelines.

Ownership	Capital	Country of establishment and operations
100% owned by Marafiq	1 million Saudi riyals	Kingdom of Saudi Arabia

3. Marafiq Insurance Limited Company (MIL).

Marafiq Insurance Limited Company was established on December 23, 2005 as a limited liability company. It is a company

wholly owned by Marafiq. Its activities cover insurance for risks related to property and machinery owned by the company.

Ownership	Capital	Country of establishment and operations
100% owned by Marafiq	6 million Saudi riyals	UK, Guernsey

4) Jeddah Althaniya Operations and Maintenance Company (Jeddah 2 O&M)

Jeddah 2 O&M was established on May 16, 2019 as a limited liability company. Marafiq owns 49% of its shares, while Veolia Middle East Company owns the remaining 51%.

The activities of Jeddah 2 O&M include establishing and operating networks, facilities, water treatment plants and sewage pumps.

Ownership	capital	Country of establishment and operations
49% owned by Marafiq	300,000 Saudi riyals	Kingdom of Saudi Arabia

5) Jeddah Althaniya Water Company (Jeddah Water Company)

Jeddah Althaniya Water Company was established on September 12, 2019 as a closed joint stock company. Marafiq owns 45% of the shares, while Veolia Middle East owns

20% and Amwal Al Khaleej 2 Co. LTD owns 35%. The activities of the Jeddah Althaniya Water Company include operating wastewater treatment networks and facilities.

Ownership	capital	Country of establishment and operations
45 % owned by Marafiq	500,000 Saudi riyals	Kingdom of Saudi Arabia

6) Jubail Water and Electricity Company (JWAP)

JWAP was established on April 23, 2007 as a closed Saudi joint stock company, and Marafiq owns 30% of the company's capital. JWAP is one of the most notable integrated power and water facilities in the world. The company sells all of its energy and water production to Tawreed (pursuant to an

agreement between the two companies JWAP and Tawreed) for a period of twenty years. Tawreed, in turn, sells it to the main buyer of electricity, the Saline Water Conversion Corporation, as well as to a utility company.

Ownership	capital	Country of establishment and operations
30% owned by Marafiq	882.5 million Saudi Riyals	Kingdom of Saudi Arabia

7) Jubail and Yanbu District Cooling Company (Marafiq Cool)

Marafiq Cool is a limited liability company, and Marafiq owns 20% of its capital. The main purpose of this company is to provide cooling services to the industrial cities of Jubail and Yanbu.

Ownership	capital	Country of establishment and operations
20% owned by Marafiq	2.6 million Saudi Riyals	Kingdom of Saudi Arabia



Licenses granted by regulatory authorities

Marafiq obtained licenses and approvals from the regulatory authorities in order to carry out its business and main activities, and these authorities include the Water and Electricity Regulatory Authority, the Ministry of Environment, Water

and Agriculture (Water Regulator) and the Ministry of Energy. The following is an overview of the regulatory licenses necessary for the company to carry out its business:



License to establish, own and operate a local dry gas distribution network (Yanbu)



Double Production License (Yanbu)	Electricity Transmission License (Yanbu)	Electricity Distribution and Retail License (Yanbu and Jazan)
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License to practice the activity of collecting and transporting wastewater (Jubail and Yanbu)	License to practice the activity of distributing and retailing desalinated and selected water (Jubail and Yanbu)
License to practice the activity of transporting, distributing and retailing treated water (Jubail and Yanbu)	License to practice strategic water storage activity (Jubail and Yanbu)
License to practice wastewater treatment activity (Jubail and Yanbu)	License to practice desalinated water production activity (Jubail, Yanbu and Jazan)

Digital Transformation

The company has adopted an approach that develops several programs that enable it to accelerate its digital operations to improve its efficiency and effectiveness in most of the areas in which it operates. Among the efforts that were completed during the year 2023 AD is the implementation of the

smart operations platform for the digital transformation of operations at the reverse osmosis plant in Yanbu 1, as this platform aims to raise the level of services provided to our customers, and this led to achieving many benefits, including:



Decisions driven by real-time data analysis

Enabling the company to make more informed decisions about plant operations, resulting in improved efficiency and reduced risk of outages.



Improving operational efficiency

Streamlining company operations and identifying areas where efficiency savings can be achieved.



Reduce the risk of outages

Through a real-time view of plant operations, it can quickly identify and address potential issues before they cause service outages.



Improve customer service

It helped provide its customers with a more reliable and consistent water supply.

In continuation of the efforts made, the planning phase for the second phase of the digital transformation project has also been completed, which includes developing the smart operations platform for other plants in the company. In addition, the company developed new modules for the platform, such as the total delivery cost module, which helped the company manage operational costs better.

As part of its plan for digital transformation, the company has completed its project to install smart electrical meters in the city of Yanbu. These meters allow for reading and even billing without any human intervention. They also allow for the monitoring of consumption in a comprehensive manner. Real time through smart device applications and obtaining detailed information about electricity consumption, which contributes by raising the quality of services to customers.

The company also recently succeeded in completing the HANA 4/S SAP project, which contributed positively to enabling the company to access and analyze information with high accuracy, in addition to the ability to provide many reports that support management decision-making.

Among the company's digital transformation objectives is adopting advanced manufacturing technologies and raising levels of automation and digitization of operational processes. The company has completed an assessment of measuring the maturity of Fourth Industrial Revolution technologies according to the international SIRI methodology, which was conducted by a certified evaluator and under the supervision of the Ministry of Industry and Mineral Resources. The results of the evaluation indicated the company's distinction in achieving an advanced level in terms of operational systems and high technology.

The company's most prominent events and achievements for the year 2023



Achieving more than 12 million safe man-hours with zero incident rate in all sectors of the company.

Achieving 98.2% compliance with the regulations of the National Cybersecurity Authority.



Early repayment of part of existing loans worth 500 million Saudi riyals, which contributed to reducing financing costs.

Marafiq received the Gold Award for Best Operational Performance at the Saudi Aramco Excellence Awards.



Marafiq Laboratories have succeeded in obtaining IEC/ISO 17025 accreditation, which confirms our commitment to maintaining high levels of quality, efficiency and excellence in laboratory processes and procedures, in accordance with international standards.

Forbes Middle East ranks Marafiq among the top 100 listed companies in the Middle East for the year 2023



Completion of the connection project for a two-way pumpable water transmission line with the Saline Water Conversion Corporation in Yanbu Industrial City.



Completion of the expansion project of the new Wastewater Treatment Plant in Jubail, with a capacity of 120,000 cubic meters per day.



Completion of the digital transformation project for the Yanbu Reverse Osmosis Plant as part of the company's digital transformation journey.



Completion of the second phase of installing smart electricity meters in Yanbu Industrial City.



Marafiq ranked among the best in their category in the Smart Industry Readiness Index "SIRI" evaluation program launched by the Ministry of Industry and Mineral Resources.



Marafiq received the Best Water Quality Improvement Project Award at the Asian Water Awards 2023 in the Kingdom of Saudi Arabia.



Marafiq received the Gold Award for Best Operational Performance at the Saudi Aramco Excellence Awards.



Marafiq Laboratories have succeeded in obtaining IEC/ISO 17025 accreditation, which confirms our commitment to maintaining high levels of quality, efficiency and excellence in laboratory processes and procedures, in accordance with international standards.



Completion of the digital transformation project for the Yanbu Reverse Osmosis Plant as part of the company's digital transformation journey.



Marafiq ranked among the best in their category in the Smart Industry Readiness Index "SIRI" evaluation program launched by the Ministry of Industry and Mineral Resources.



Marafiq received the Excellence Award and the Best Water Quality Improvement Project Award at the Asian Water Awards 2023 in the Kingdom of Saudi Arabia.



At **Marafiq**, we operate as a comprehensive hub, delivering services with reliability and sustainability in industrially strategic cities within the Kingdom of Saudi Arabia.



Financial Performance of the company

Vice President of finance Message

Financial indicators for the year 2023

Consolidated financial performance of Marafiq and its subsidiaries



Vice President of finance Message



Mr. Muhammad bin Abdul Hamid Al-Mulhim

The company's operational efforts related to the main and supporting sectors during the year 2023 resulted in a constant revenue rate. These efforts contributed to reducing the percentage of decline in revenues, which amounted to 6,389.33 million Saudi riyals, or a rate of 1.78% compared to the year 2022. This result is mainly due to the decrease in power sector revenues by 5% compared to the year 2022, linked to a temporary decrease in demand for power from some of the main customers in Yanbu Industrial City. The continued improvement of the operational efficiency in the company's sectors has contributed positively to reducing costs of revenues by 1.73%, which amounted to 5,264.45 million Saudi riyals.

We also succeeded during the year 2023, with the support of the Board of Directors, of early repayment of part of the existing loans in the amount of SR 500 million, this will contribute to reducing the burden of the loan costs as a result of the high interest rates, which rose by 74%, which contributed to an increase in costs by an amount of SR 220.88 million, compared to in 2022, also we will continue to exploit the opportunities we have and work to reduce these costs further.

In light of the financial statements issued by the company for the year 2023, the company recorded net profits amounting to SR 525.80 million, a decrease of 37.82% from last year, this is due to an increase in financing costs by 74% and a decrease in the company's revenues by 1.78%.

In line with the company's policy that aims to achieve continuous and rewarding returns for shareholders, the Board of Directors decided to distribute semi-annual dividends during the year 2023 with a total value of SR 550 million, distributed to shareholders at 2.2 riyals per share, which represents 22% of the nominal value of the share.

Based on Cabinet Resolution No. 111 approving the tariff for heavy electricity consumption that was applied to establishments operating in eligible activities or sectors belonging to industrial, commercial and agricultural consumers starting from January 1, 2023, and due to the non-clarity of the compensation mechanism, the company decided to postpone the start of implementing the tariff for heavy electricity consumption. We are continuing working with regulatory authorities is still ongoing to develop a mechanism for implementing the electricity tariff for the unqualified sectors of industrial, commercial, and agricultural consumers, and any developments will be announced on the Saudi Stock Exchange (Tadawul) website.

The company continues to make all efforts during the coming period to exploit all assets and capabilities in all sectors to create sustainable value for its shareholders, considering various business challenges and working with all regulatory authorities to reach all of our goals and future plans.

Financial performance of the company

Financial indicators for the year 2023



Revenues

6,389.33
Million Saudi Riyals



Operating profit

1,006.09
Million Saudi Riyals



Net profit

525.80
Million Saudi Riyals



EPS

2.10
Saudi Riyals



Total profits paid

550
Million Saudi Riyals



Profit paid per share

2.2
Saudi Riyals



Equity

8,202.87
Million Saudi Riyals



Free cash flows

1,224.75
Million Saudi Riyals

The consolidated financial performance of Marafiq and its investee companies

During the year 2023, Marafiq maintained its position and strong financial and operational performance, which enhanced its flexibility in facing and reducing the challenges associated with the high cost of interest on loans.

Consolidated income statement (million Saudi riyals)

Statement	2023	2022	Percentage Change	2021	2020	2019
Revenues	6,389	6,505	(1.78%)	6,192	6,091	6,108
Cost of revenue	(5,264)	(5,357)	1.73%	(5,187)	(5,463)	(5,588)
Gross profit	1,125	1,148	(2.07%)	1,005	628	520
Operating profits	1,006	1,094	(8.05%)	997,716	664,071	715,838
Net profit	525	846	(37.82%)	665	290	213

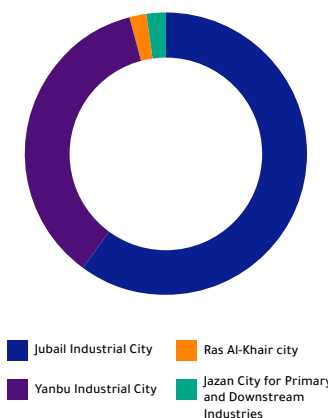
The Revenues for the year 2023 amounted to 6,389 million Saudi riyals, compared to 6,505 million Saudi riyals for the year 2022, a decrease of 116 million Saudi riyals, or 1.78%. This is due to the decrease in demand for power from some major customers in Yanbu Industrial City, despite the increase in revenues from water sector and gas sales sector.

The cost of revenues for the year 2023 amounted to 5,264 million Saudi riyals, compared to 5,357 million Saudi riyals for the year 2022, a decrease of 93 million Saudi riyals, or 1.73%, mainly due to a decrease in sales.

Net profit for the year 2023 was 525 million Saudi riyals, compared to 846 million Saudi riyals for the year 2022, a decrease of 321 million Saudi riyals, or 37.82%. This is mainly due to an increase in financing costs by 74% and a decrease in the company's revenues by 1.78%.

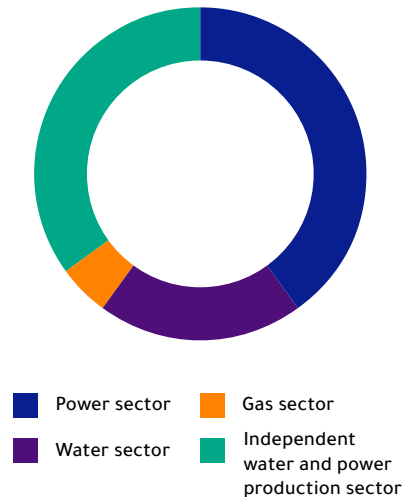
The following table shows the total value of revenues by geographic regions:

Geographic region	Percentage of revenue	Revenues (million Saudi riyals)
Jubail Industrial City	63.71%	4,070.74
Yanbu Industrial City	33.55%	2,143.37
Ras Al-Khair city	1.42%	90.57
Jazan City for Primary and Downstream Industries	1.32%	84.65
Total	100%	6,389.33



Distribution of contributions from the main sectors and activities of the company to the consolidated revenues for the year 2023

Sector	Percentage of revenue	Revenues (million Saudi riyals)
Power sector	25.62%	1,636.97
Water sector	38.37%	2,451.45
Gas sector	1.62%	103.87
Independent water and energy production sector	34.39%	2,197.04
Total	100%	6,389.33



Statement of Financial Position (million Saudi riyals)

Statement	2023	2022	change percentage	2021	2020	2019
Current Asset	3,125	3,872	(19.32%)	3,397	3,523	2,804
Non-current assets	19,927	20,354	(2.10%)	20,713	20,589	20,706
Total assets	23,052	24,226	(4.85%)	24,110	24,112	23,510
Current liabilities	2,327	2,413	(3.56%)	2,197	2,620	2,192
Non-current liabilities	12,522	13,568	(7.71%)	14,362	14,504	14,440
Total liabilities	14,849	15,981	(7.08%)	16,559	17,124	16,632
Equity	8,203	8,245	(0.52%)	7,551	6,988	6,878

The total assets for the year 2023 amounted to 23,052 million Saudi riyals, compared to 24,226 million Saudi riyals for the year 2022, a decrease of 1,174 million Saudi riyals, or 4.85%, mainly due to a decrease in short-term deposits and a decrease in cash as a result of the early repayment of part of the company's loans in the amount of 500 million Saudi riyals. Total liabilities for the year 2023 amounted to 14,849 million Saudi riyals, compared to 15,981 million Saudi riyals for the year 2022, a decrease of 1,132 million Saudi riyals, or 7.08%,

mainly due to a decrease in loan balances, which included the repayment of the Saudi Industrial Development Fund loan to Marafiq Company, amounting to 233 million riyals. Saudi Arabia, as well as early repayment of part of the company's loans in the amount of 500 million Saudi riyals.

The equity for the year 2023 amounted to 8,203 million Saudi riyals, compared to 8,245 million Saudi riyals for the year 2022, a decrease of 42 million Saudi riyals, or 0.51%, mainly due to a decrease in net profits.

Statement of Cash Flows

(million Saudi riyals)

Statement	2023	2022	change percentage	2021	2020	2019
Net cash from operating activities	1,402	2,145	(34.6%)	2,230	1,570	2,342
Net cash from investing activities	873	(874)	(199.8%)	(972)	(1,761)	(592)
Net cash from financing activities	(1,773)	(1,068)	66%	(1,370)	(299)	(2,030)

The net cash from operating activities for the year 2023 amounted to 1,402 million Saudi riyals, compared to 2,145 million Saudi riyals for the year 2022, a decrease of 743 million Saudi riyals, or 34.6%. This is mainly due to the decrease in the amounts collected from customers and the increase in financing costs paid in addition to the increase in the amount of zakat.

Net cash from investment activities for the year 2023 amounted to 873 million Saudi riyals, compared to (874) million Saudi riyals

for the year 2022, an increase of 1,747 million Saudi riyals, or 199.8%, mainly due to the increase in the net movement of short-term deposits.

Net cash from financing activities for the year 2023 amounted to (1,773) million Saudi riyals compared to (1,068) million Saudi riyals for the year 2022, a decrease of 705 million Saudi riyals, or 66%, mainly due to the early repayment of part of the loans in the amount of 500 million Saudi riyals.

Free cash flows

(million Saudi riyals)

Statement	2023	2022
Net Cash Generated from Operating Activities	1,401.53	2,144.70
Finance cost Paid	490.14	279.44
Additions to property, plant and equipment	(666.92)	(753.11)
Total	1,224.75	1,671.03

Marafiq uses free cash flow to evaluate its cash available for financing activities, including dividend payments. Marafiq defines free cash flow as net cash provided by operating activities excluding finance cost less capital expenditures.

Free cash flows for the year 2023 amounted to 1,244.75 million Saudi riyals, compared to 1,671.03 million Saudi riyals, a decrease of 446.28 million Saudi riyals, or 26.71%, this is mainly due to the decrease in revenues and changes in working capital.

Information related to the company's loans and investee companies

Marafiq Company

The total loans owed by the company at the end of the year 2023 amounted to 6,454 million Saudi riyals, compared to the amount of 7,187 million Saudi riyals at the end of 2022, a decrease of 733 million Saudi riyals, or 10.19%. These loans were provided in accordance with Islamic Sharia law from three Saudi banks, in addition to loans obtained from the

Saudi Industrial Development Fund. The company also began, from January 2, 2018, to pay off the loans it owed from the Saudi Industrial Development Fund. Regarding the loans due from banks, they were paid. An amount of 500 million riyals in advance to the French Bank, while the rest of the banks will begin paying it starting in the year 2025.

The following table shows the loans owed by the company at the end of the year 2023 (Thousands of riyals)

The lender	Borrowed Amount	Loan term	Balance at the beginning of the year 2023	Paid amount	Balance at the end of the year 2023
Banque Saudi Fransi	3,400,000	15 years	3,400,000	500,000	2,900,000
Saudi Awwal Bank	1,500,000	15 years	1,500,000	-	1,500,000
Saudi National Bank	1,500,000	15 years	1,500,000	-	1,500,000
Saudi Industrial Development Fund	900,000	9 years	472,000	138,000	334,000
Saudi Industrial Development Fund	660,000	9 years	315,000	95,000	220,000
Total Loans	7,960,000	-	7,187,000	733,000	6,454,000

Jubail Water & Electricity Company (JWAP)

The company's outstanding loans at the end of 2023 amounted to 4,365 million Saudi riyals, compared to 5,010 million Saudi riyals at the end of 2022, a decrease of 645 million Saudi riyals, or 12.87%.

The following table shows the loans owed by the company at the end of the year 2023

The lender	Borrowed Amount	Loan term	Balance at the beginning of the year 2023	Paid amount	Balance at the end of the year 2023	Marafiq's share of total loans (30%)
BNP Bank	5,722,500	22 years	3,410,495	338,783	3,071,712	921,514
BNP Bank	2,418,750	17 years	259,169	172,266	86,403	25,921
Riyad Bank	2,250,000	20 years	1,340,948	133,204	1,207,744	362,323
Total Loans	10,391,250	-	5,010,613	644,753	4,365,859	1,309,758

*Not compatible with Islamic Sharia

Statutory Payments

The following is a statement of the value of the statutory payments that have been paid or are due regarding any Zakat, taxes, or any other dues that have not been paid until the end of the annual financial period.

(Thousand Saudi Riyals)

Clause	Paid amount	2023 Due until the end of the year and not paid	Brief description	Reasons
Zakat and income tax payments	123,582	39,780	Which is paid or charged over the year in accordance with the provisions and rules of Zakat and tax in the Kingdom of Saudi Arabia.	Government requirement
General Organization for Social Insurance	60,254	5,623	Which is paid or charged over the year in accordance with the provisions of the Labor Law as a social insurance expense.	Government requirement
Total	183,836	45,403		

Business Results

Services provided by the company

Power sector

Water sector

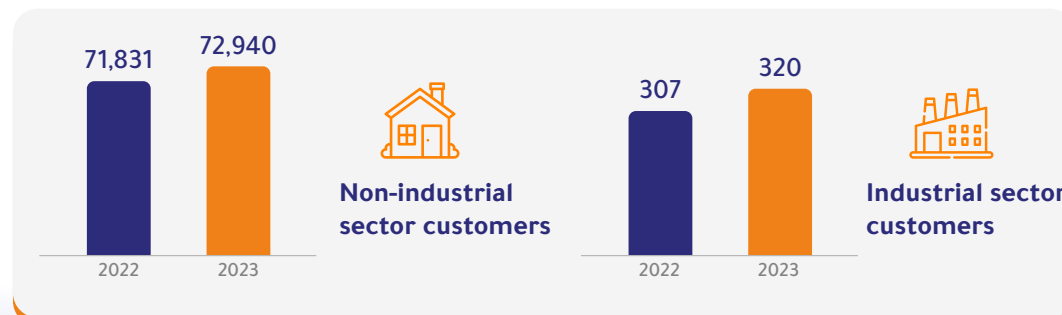
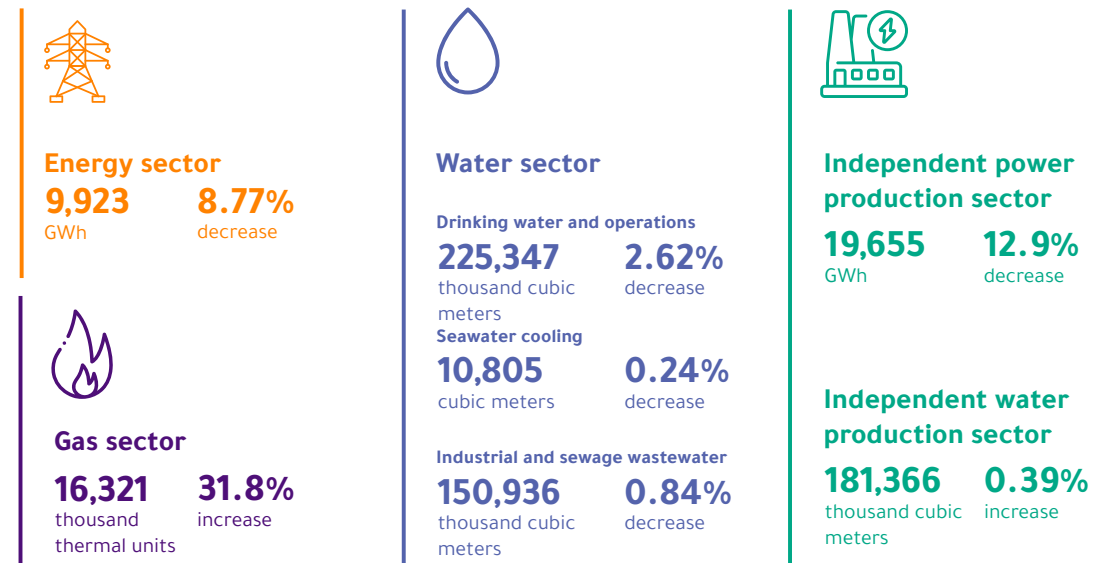
Gas sector

Independent water and power production sector

مرافق
MARAFIQ

Business Results

Quantities produced by the company's main sectors



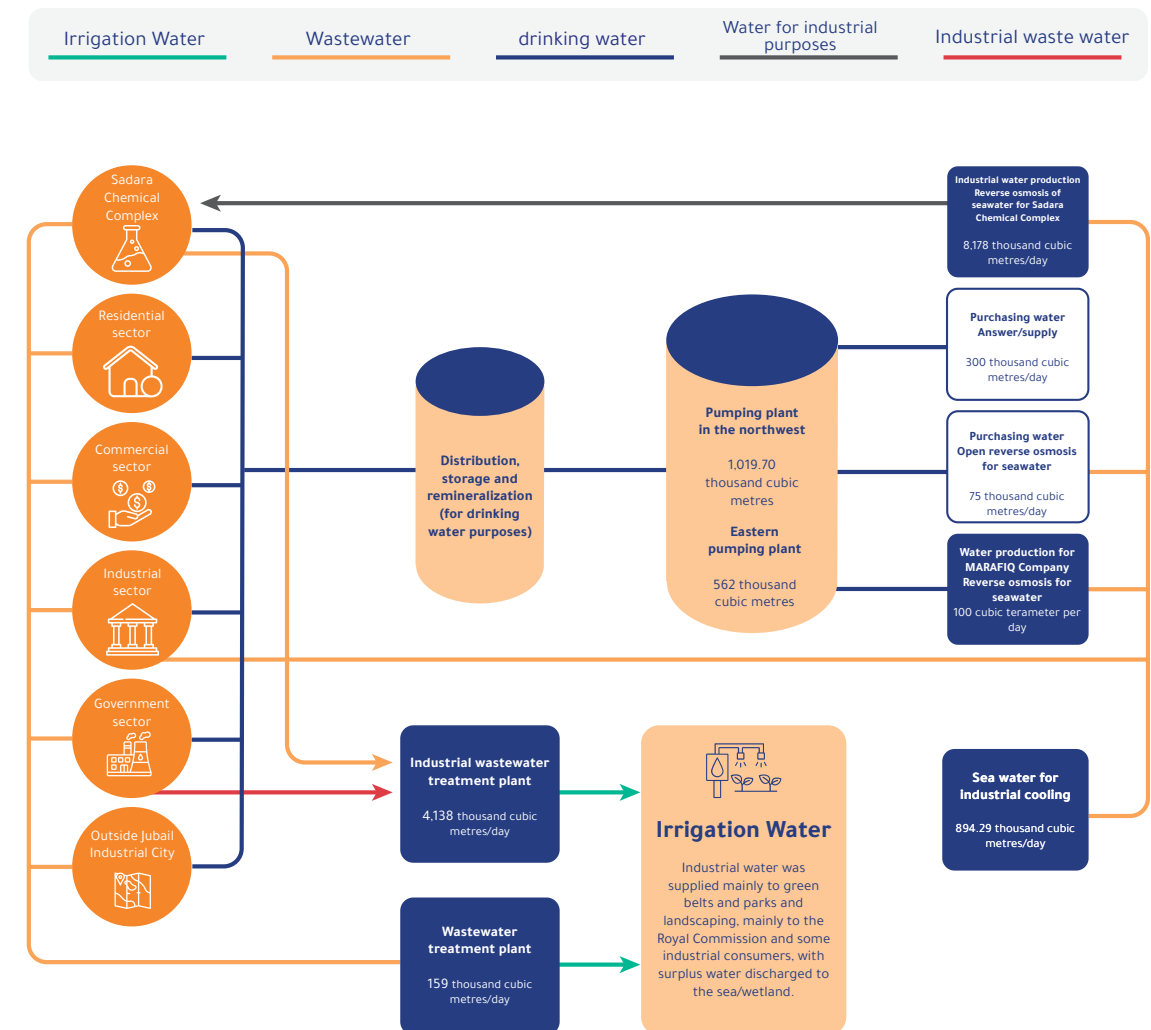
Services provided by the company

Marafiq specializes in generating and distributing electricity via its transmission and distribution networks to clients in the industrial cities of Yanbu and Jazan. It also offers services in producing and distributing desalinated and treated water, potable water, and water for industrial use, alongside providing seawater cooling systems for heavy industries and facilities. Additionally, it manages wastewater collection and treatment across all four industrial cities it operates in. Boasting considerable expertise in project management engineering, Marafiq continuously invests in its operations and assets. This commitment has built a robust and dependable asset foundation, positioning Marafiq for exceptional growth in its future endeavors.

First: Services provided in Jubail Industrial City

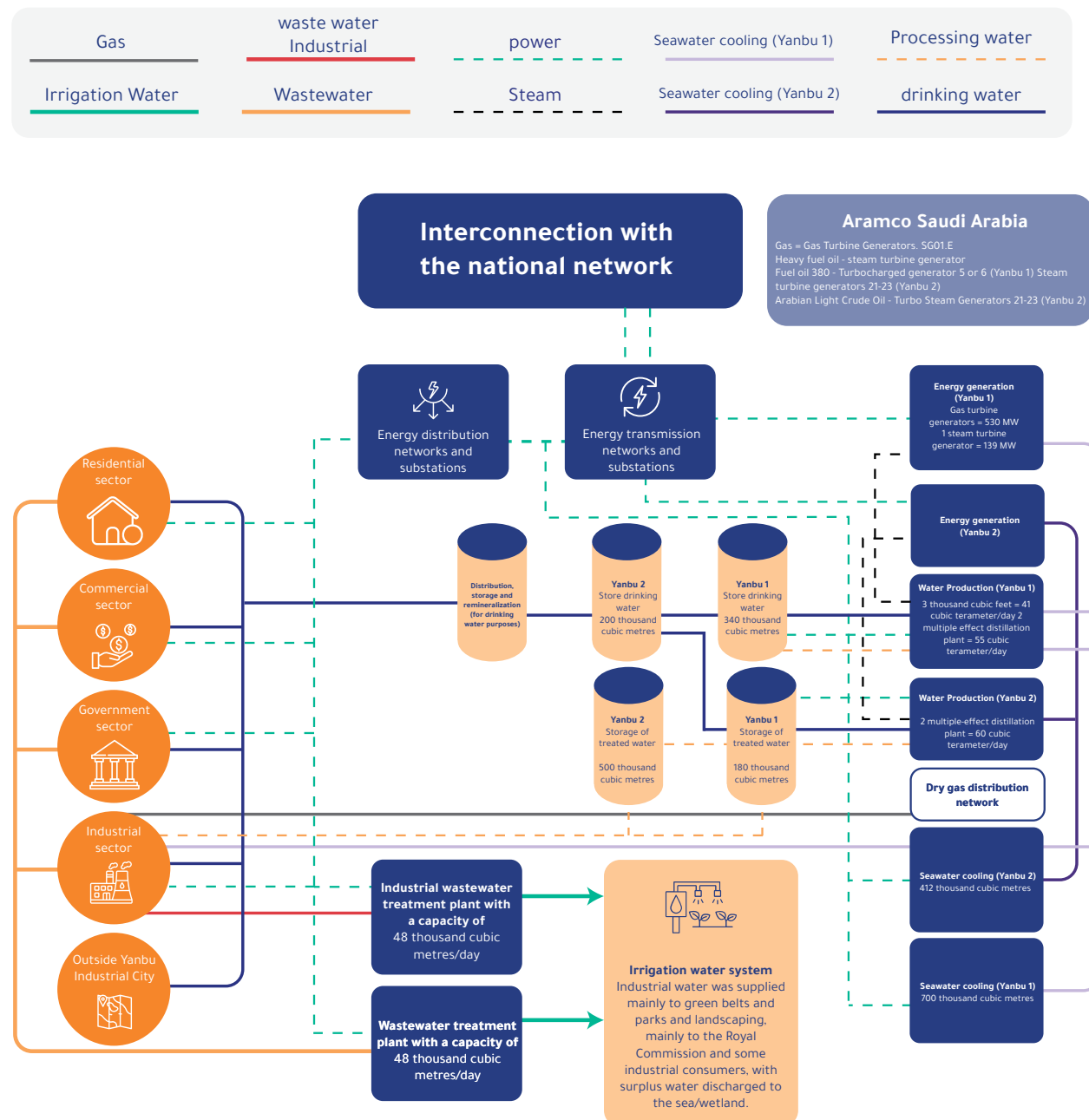
In Jubail Industrial City, the group's offerings include:

- Seawater cooling,
- Seawater reverse osmosis processing, and the storage and distribution of drinking water
- Collection and treatment of industrial wastewater
- Wastewater collection and treatment.



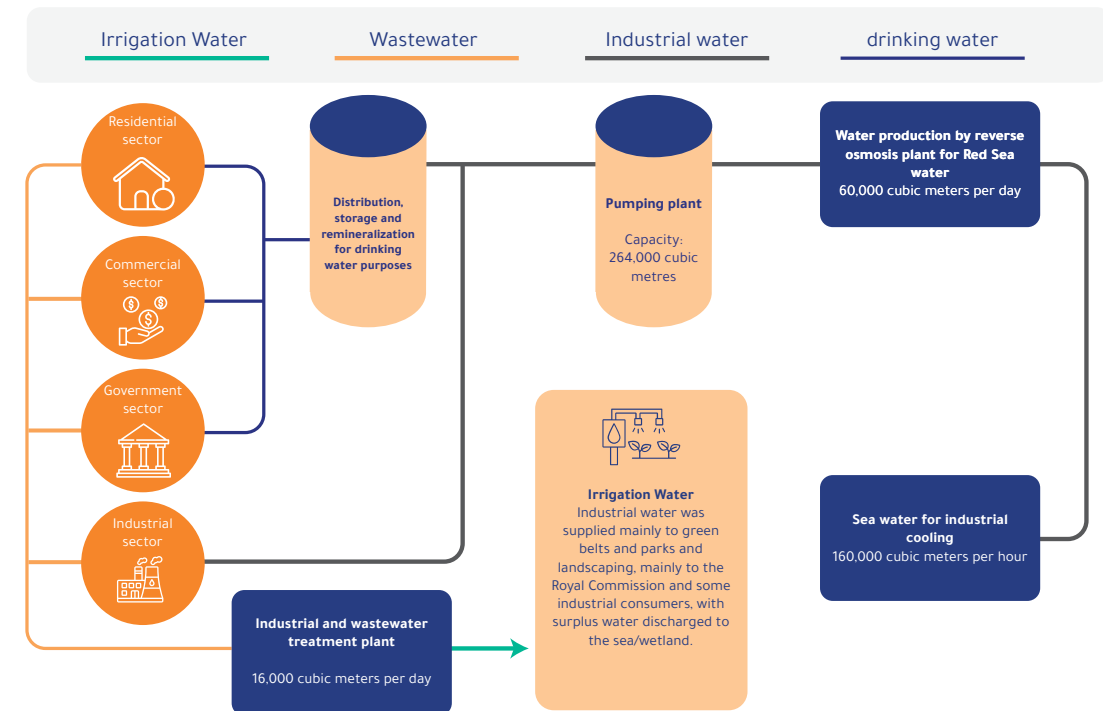
Second: Services provided in Yanbu City

In the city of Yanbu, the group offers a comprehensive suite of services that include: energy production, along with its transmission and distribution; seawater cooling; seawater reverse osmosis processing; the storage and distribution of potable and treated water; collection and treatment of wastewater; management of industrial wastewater and its treatment; and distribution of dry gas.



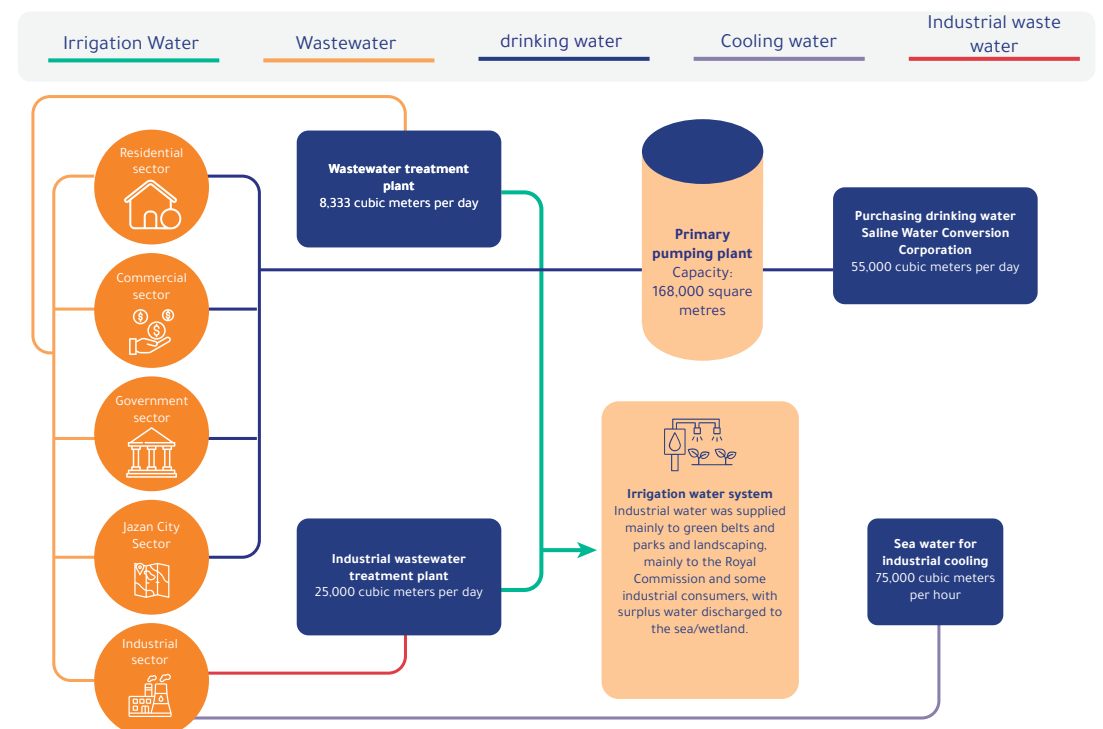
Third: Services provided in Ras Al Khair city

In Ras Al-Khair city, the group delivers a range of services, including seawater cooling, storage and distribution of drinking water, collection and treatment of industrial wastewater, and general wastewater collection and treatment.



Fourth: Services provided in Jazan City for Primary and Downstream Industries

In Jazan City for Primary and Downstream Industries, the group offers various services such as seawater cooling, seawater reverse osmosis processing, storage and distribution of drinking water, along with the collection and treatment of sewage and industrial wastewater.



Power sector

Marafiq delivers services in the generation, transmission, distribution, and supply of electrical power in Yanbu and Jazan Cities for Basic Industries. The power generation facilities in Yanbu, including the power and water production plants at Yanbu 1 and Yanbu 2, are designed to fulfill the energy requirements of both factories and the local community. In Yanbu, the company boasts a total installed capacity for power generation of 2.32 MW.

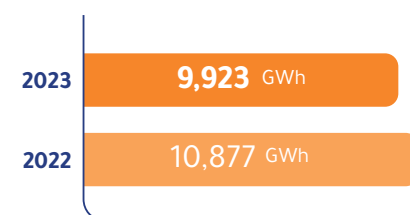
The current power generation station in Yanbu 1 consists of nine gas turbine generators, including eight units with a capacity of 56.17 MW each, while the capacity of the ninth unit is 68.7 MW, bringing the total capacity of the units to 518 MW. It also contains three steam generators. Other turbines, including a steam turbine unit with a capacity of 138.8 MW and two steam turbine units with a capacity of 275 MW each. Yanbu 2 contains a power generation station consisting of three steam turbine generators with a capacity of 275 MW per unit.

Key Operational and Financial Highlights

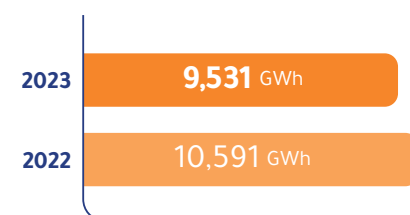
The quantities produced by the power sector in 2023 reached 9,923 GWh, compared to the quantities produced during the year 2022, which reached to 10,877 GWh, with decrease of 954 GWh, a percentage 8.77%. The quantities sold to the power sector in the year 2023 reached 9,531 GWh, compared to the quantities sold during the year 2022, which reached to 10,591 GWh, a decrease of 1,059 GWh, or a percentage of 10%.

Sales revenues for the year 2023 reached 1,850.71 million Saudi riyals compared to revenues for the year 2022 reached 1,948.65 million Saudi riyals, with a decrease of 97.94 million Saudi riyals, a percentage of 5%. This is due to a decrease in demand from some major customers in the city Yanbu Industrial City.

The chart shows the quantities produced for the power sector



The chart shows the quantities sold for the power sector



Water sector

Marafiq offers a comprehensive range of services in the water sector, including the production and distribution of desalinated and treated water, provision of drinking and industrial water, seawater cooling systems for heavy industries and industrial facilities, and wastewater collection and treatment across all four industrial cities where it operates. The water sector encompasses various products, detailed as follows:

Drinking water and process water

Marafiq is committed to supplying top-quality drinking water to residential areas in the industrial cities of Jubail and Yanbu, while also treating water to the highest standards for use in the industrial sector. In 2021 AD, the Ministry of Environment, Water and Agriculture and the Water and Electricity Regulatory Authority assigned Marafiq to supply high-quality potable water to the residential and industrial sectors in Jazan City for Primary and Transformative Industries. In Jubail Industrial City, the company supplies and distributes drinking water by providing drinking water through internal water desalination plants and importing drinking water from Jawab Company and Al-Fath Company stations. The company purchases 300,000 cubic meters per day from Tawreed and purchases an additional quantity of 750,000 cubic meters per day from Al-Fath Company's Seawater Reverse Osmosis Plant. Marafiq owns one Seawater Reverse Osmosis Plant in Jubail

with a production capacity of 100,000 cubic meters per day. Drinking water is directed through a pipeline network extending 1,724 km. The company uses 32 stations to pump drinking water through the pipeline network to maintain constant flows of drinking water.

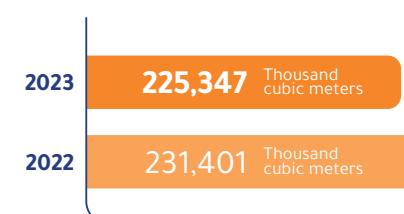
In Yanbu City, it produces up to 208,240 cubic meters per day of standard quality drinking water for residential customers and high-quality treated water for factories in Yanbu Industrial City. The water facility at Yanbu 1 station consists of three water desalination units using multi-stage flash distillation technology, a reverse osmosis water desalination unit, and two multiple-effect distillation units, while the water facility at Yanbu 2 station consists of two additional multi-effect distillation units with a total capacity of 60,000 cubic meters per day. Fully capable of meeting the demand for drinking water and treated water in Yanbu Industrial City.

Key Operational Highlights

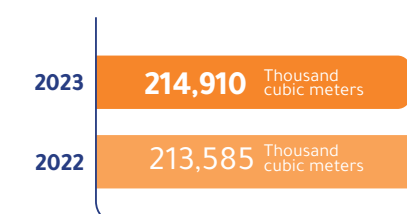
The quantities produced for drinking and process water in the year 2023 reached to 225,347 thousand cubic meters, compared to the quantities produced during the year 2022, which reached to 231,401 thousand cubic meters, a decrease of 6,054 thousand cubic meters, or 2.62%.

The quantities sold for drinking water and operations in the year 2023 reached 214,910 thousand cubic meters, compared to the quantities sold during the year 2022, which reached 213,585 thousand cubic meters, with an increase of 1,324 thousand cubic meters, or percentage 0.6%.

The chart shows the production volumes of drinking water and the associated processes



The chart displays the volumes of drinking water sold and operational activities



Seawater cooling

Providing seawater cooling is a vital service that is used for process cooling for basic industries in Jubail, Yanbu and Ras Al Khair. The seawater cooling facility consists of two adjacent pumping stations near the coast and a distribution channel connected to customers through underground pipes. Seawater pumped into the distribution channel flows to customers, while returned water flows by gravity to the sea. Seawater drawn from the Arabian Gulf passes through intake channels subject to refining operations,

through coarse and fine waste networks at pumping stations, and is then treated with chlorine before being pumped into the distribution channel.

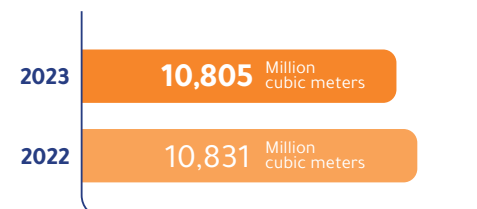
The production capacity in Yanbu Industrial City is about 1.11 million cubic meters per hour, while the production capacity in the city of Jubail is 1,245,600 million cubic meters per hour, and 200 thousand cubic meters per hour for the enhanced pumping station in Jubail 2.

Key Operational Highlights

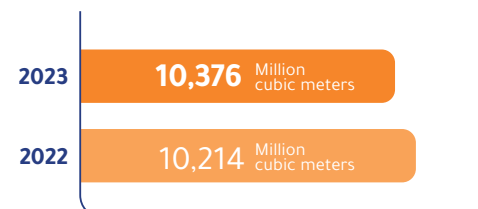
The quantities produced from seawater cooling in the year 2023 reached to 10,805 million cubic meters, compared to the quantities produced during the year 2022, which reached 10,831 million cubic meters, a decrease of 26 million cubic meters, a percentage of 0.24%.The quantities sold

amounted in the year 2023 reached to 10,376 million cubic meters, compared to the quantities sold during the year 2022, which reached to 10,214 million cubic meters, an increase of 161 million cubic meters, a percentage of 1.6%.

The graph shows the quantities of water produced for cooling with seawater



The graph shows the quantities sold for sea water cooling



Treated industrial and sewage wastewater

Marafiq collects industrial wastewater and sewage from both industrial customers and the local community area with the help of separate networks for collecting industrial waste and sanitary waste in both the industrial cities of Jubail and Yanbu. Wastewater is treated in separate stations through a biological process, and an industrial and sanitary wastewater treatment plant is designed to treat water coming from factories in industrial cities. The flow from factories is managed based on the characteristics of these liquid wastes and is treated in accordance with the environmental guidelines of the Royal Commission for Jubail and Yanbu for the disposal of industrial and sanitary wastewater.

The total capacity for treating industrial wastewater and sewage in Jubail and Yanbu is 412,000 cubic meters per day and 950,000 cubic meters per day, respectively. The additional capacity currently being constructed for a new plant in Jubail reached 125,000 cubic meters per day of industrial wastewater. Irrigation water and recycled water are produced from drinking water, sewage and water treatment and are mainly used for irrigation purposes. The irrigation water provided by the company plays a major role in the green revolution in the industrial cities of Jubail and continues. Which helps protect the environment and ensure optimal use of the precious natural resources in Jubail. Any surplus irrigation water is stored in a large artificial lake, while in Yanbu, any surplus irrigation water is drained into the sea.

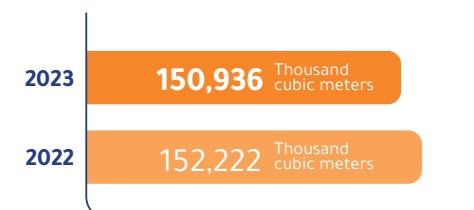
Key Operational Highlights

The produced quantities of treated industrial and sewage wastewater for Marafiq in the year 2023 reached 150,936 thousand cubic meters, compared to the quantities treated during the year 2022, which reached to 152,222 thousand cubic meters, a decrease of 1,285 thousand cubic meters, a percentage of 0.84%.The quantities sold of treated industrial and sewage wastewater

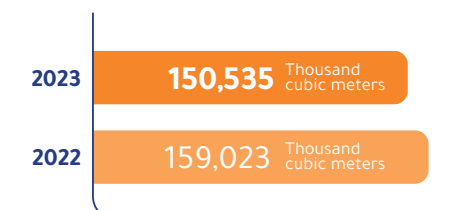
in the year 2023 reached 150,535 thousand cubic meters, compared to the quantities sold during the year 2022, which reached to 159,023 thousand cubic meters, a decrease of 8,488 thousand cubic meters, a percentage of 5.3%

- Irrigation water is included in the total quantities Sold from industrial and sewage wastewater Treatment.

The chart shows the quantities of treated industrial and wastewater produced



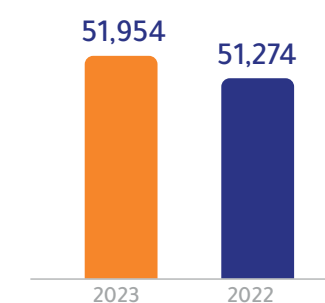
The chart shows the decrease in the quantities sold of treated industrial and sewage water



Key Financial Highlights for water sector

Water sector revenues for the year 2023 amounted to 2,998.97 million Saudi riyals, compared to sales revenues for 2022, which amounted to 3,048.23 million Saudi riyals, a decrease of 49.26 million Saudi riyals, a percentage of 1.62%, this is a result of the decrease in the quantities consumed internally among the company's sectors, despite the increase in the quantities sold to external customers.

Number of clients for the water sector



Gas sector

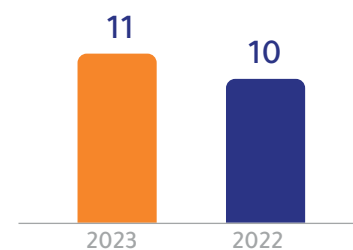
Marafiq is responsible for gas distribution operations in the city of Yanbu, where sales gas distribution work began in 2009 AD, while commercial operation began in September 2011 AD. The sales gas distribution system focuses on supplying sales gas directly from large capacity pipelines to small beneficiaries in the light industrial area to ensure safe and reliable operations of the sales gas distribution network. The sales gas network consists of a set of pipelines, valve stations, valve boxes, filter sets, pressure regulators, and measuring platforms.

Key Operational and Financial Highlights

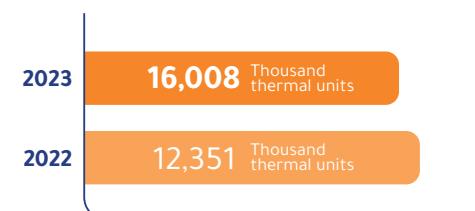
The quantities of gas sold in the year 2023 reached 16,008 thousand British thermal units, compared to the quantities sold during the year 2022, which reached 12,351 thousand British thermal units compared to the quantities sold during the year 2022, which reached 12,387 thousand British thermal units, an increase of 3,942 thousand British thermal units, a percentage 29.61%.

Sales revenues for the year 2023 reached 103.82 million Saudi riyals, compared to sales revenues for the year 2022, which reached 79.11 million Saudi riyals, with an increase amounting to 24.71 million Saudi riyals, a percentage of 31.23%. This is due to the increase in quantities sold as a result of increased demand from customers.

Number of customers for the gas sector.



The chart shows the quantities of gas sold



Independent water and power production sector

This sector shows the business performance of contractual transactions between Marafiq Electricity and Water Supply Company (Tawreed) and Jubail Water and Electricity Company (JWAP), whereby Tawreed purchases the entire water and electricity production from JWAP and sells these benefits to the main buyer and the Saline Water Conversion Corporation and Marafiq.

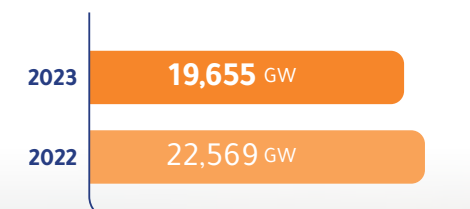
Key Operational and Financial Highlights

The quantities of power sold in 2023 reached to 19,655 GWh, compared to the quantities sold during the year 2022, which reached to 22,569 GWh, a decrease of 2,913 GWh, a percentage %12.9.

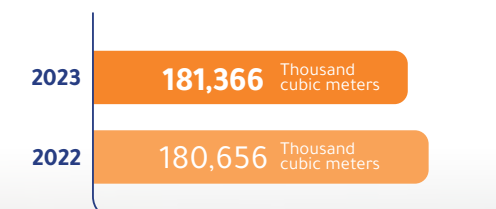
Regarding the quantities of water sold in 2023, they reached to 181,366 thousand cubic meters, compared to the quantities sold in 2022, which reached to 180,656 thousand cubic meters, an increase of more than 710 thousand cubic meters, or 0.39%.

Sales revenues from the independent water and power production sector for the year 2023 amounted to SR 2,866.85 million, compared to sales revenues for the year 2022, which amounted to SR 2,985.45 million, with a decrease of SR 118.6 million, or 3.97%. This is due to the decrease in power production in the Jwap company.

The chart shows the quantities sold by the independent power sector



The chart shows the quantities sold by the independent water production sector





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Marafiq boasts significant engineering expertise in project management and continuously invests in its operations and assets, establishing a robust and dependable asset foundation to effectively serve its customers.

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Future plans and risks

Future plans

Risks



Future plans

Marafiq is committed to establishing clear guidelines for its future plans and ambitions, grounded in its vision, mission, and strategic goals. Recognized as a comprehensive hub, Marafiq delivers reliable and sustainable services in industrially strategic cities within the Kingdom. The company offers a tailored suite of services, including water provision in Jubail Industrial City and electricity, water, and gas distribution in Yanbu Industrial City. Moreover, Marafiq stands as the sole provider of energy and water services to Jazan City for Primary and Downstream Industries and supplies water services to Ras Al-Khair City, positioning itself uniquely without competition in these industrial areas. The four cities where the group operates hold significant economic value for Saudi Arabia, housing numerous petrochemical plants, refineries, and other supporting industrial units, including large-scale joint ventures. This industrial concentration drives a growing demand for the utility services Marafiq provides, underscoring the strategic importance of its operations to the Saudi economy. Efforts are currently being made to explore new avenues for growth in Jubail and Ras Al-Khair cities, focusing on the development, operation, and maintenance of the gas network to further Marafiq's expansion.

Additionally, the company is tapping into thousands of investment opportunities within the Royal Commission's cities, particularly in the modern industrial cities that are key to energizing the Saudi economy. Ras Al-Khair city is poised for significant and varied investments, with the conversion of crude oil to petrochemicals standing out as a notable project. Moreover, the management and maintenance of the distribution network and provision of electricity services to customers in the Jazan city's private industrial port—a hub for economic and investment activities on the global stage and a catalyst for the city's development—are underway. Given the continuous growth of the national economy and the broadening scope of development across all sectors in the Kingdom, Marafiq is presented with numerous expansion opportunities within the Royal Commission's service domains. Moreover, the company aspires to be a leading developer of dual and independent energy generation projects, as well as water production and wastewater treatment projects throughout the Kingdom, by participating in competitive tenders against other contractors.

In accordance with its strategic plan, Marafiq is also expanding the provision of its services in industrial areas in light of the increasing request for water and electricity services in the Kingdom.

As a result, the company aims to invest and establish new projects in the company's business. For example, but not limited to, the establishment of two treatment plants for sewage and industrial waste in the Jubail City with a total capacity of up to 245,000 cubic meters per day. New capital projects were also planned to support reliability, improve efficiency and productivity, and digital transformation in the water and electricity sector, in an effort to provide distinguished services to its customers. The utility sector is often perceived as less volatile and more predictable due to its customer base primarily comprising industrial entities and companies. These customers typically maintain fixed consumption levels, high employment rates, and are known for their prompt and regular payment practices.

Marafiq is prioritizing the continuity of its services to enhance productivity and bolster reliability. This involves conducting an annual assessment of its facilities' requirements for meticulously planned periodic and preventive maintenance programs. Consequently, the company has undertaken several maintenance operations on water and electricity station equipment this year, aiming to enhance their efficiency in fulfilling their essential functions. These efforts are anticipated to have no significant impact on the company's ability to provide services to all industrial and individual clients.



Aligned with its ambitious strategy, Marafiq has outlined critical priorities and strategic initiatives intended for realization in the upcoming years. These plans encompass a variety of programs, including:



Adhering to the utmost standards of occupational safety and health is a foundational aspect of our operational activities, asset management, and process enhancement. This commitment is pivotal in safeguarding asset value and capacity, ensuring their comprehensive and effective performance.



Minimizing carbon emissions and maximizing the efficient utilization of treated wastewater for industrial purposes, as part of the company's contribution towards fulfilling the national energy and water strategy goals.



Digital transformation program and adoption of modern technologies with the objective of increasing efficiency and achieving operational cost savings.



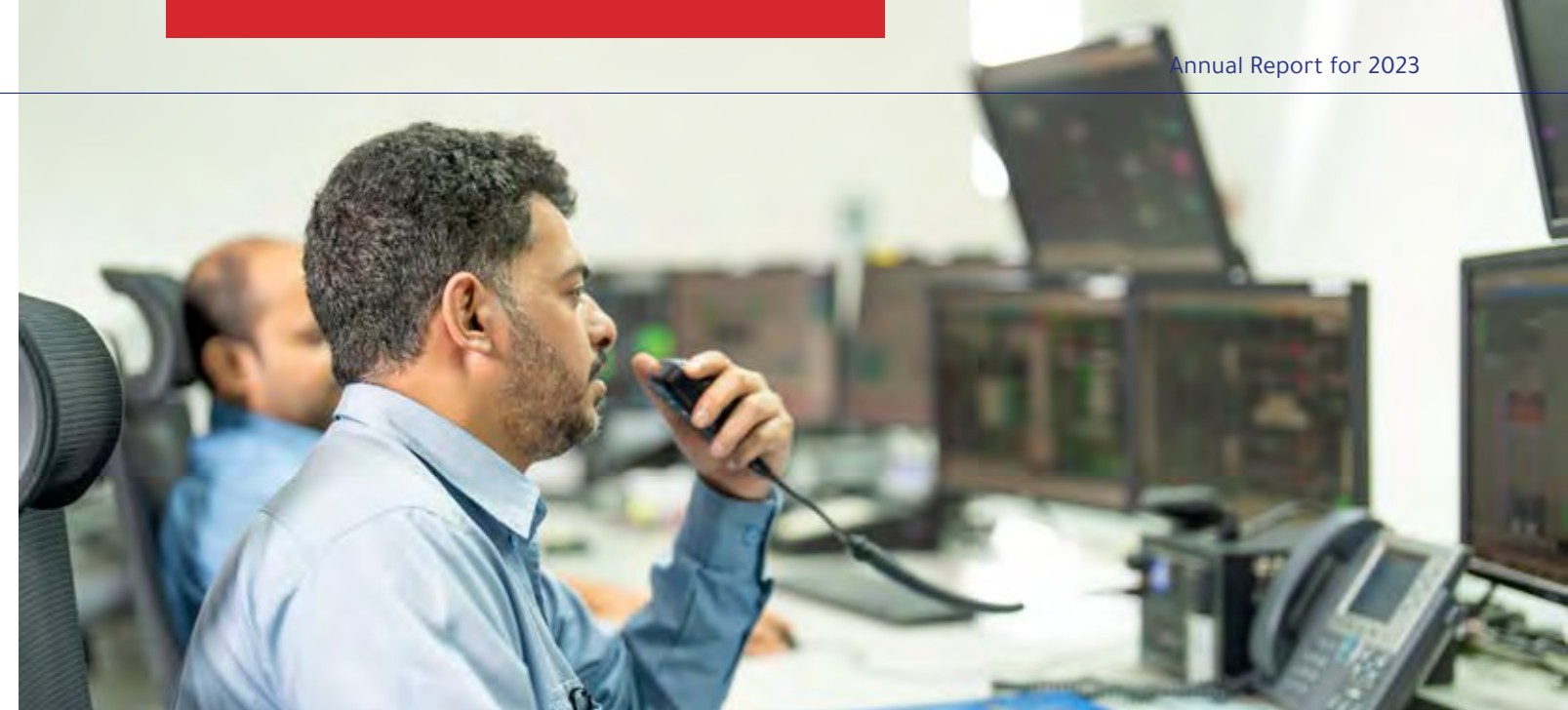
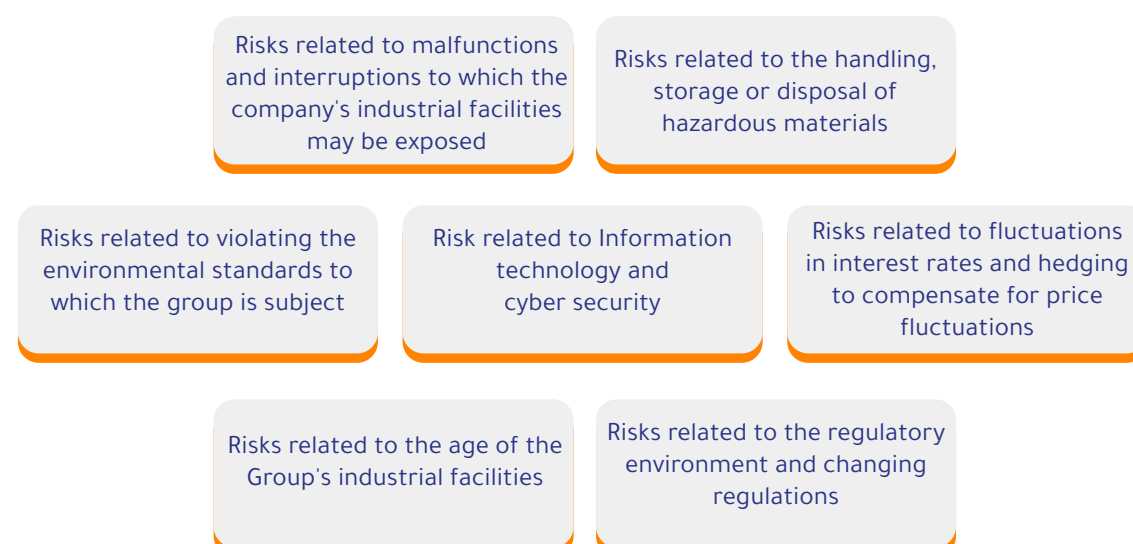
Increasing future business growth opportunities to ensure the continued strength of our financial position.

Risks

The integrated risk management system at Marafiq allows the business to use a consistent and highly comprehensive methodology to ensure risk management and the continuity of the company's business in a way that achieves its goals and aspirations, while adhering to all requirements and regulations, and to ensure the application of the latest systems and methods in all fields. The company's management diligently prepares comprehensive reports outlining the risks confronting the organization. These reports are regularly presented to the Executive

and Risks Committee. Subsequently, the committee forwards its recommendations to the Board of Directors regarding the effectiveness of measures implemented to mitigate these risks. Furthermore, it advises on whether to maintain existing measures or implement additional ones to minimize the impact of these risks.

Risks related to the group's activity and operations



Below is a detailed description of the most important main risks associated with the company's business areas. It's important to note that the risks listed below are presented in no particular order, neither reflecting their significance nor their anticipated impact on the company.

Risks related to malfunctions and interruptions to which the company's industrial facilities may be exposed

Given the operational nature of the company, which revolves around managing industrial facilities specialized in delivering water, energy, and gas services, there exists a potential for technical malfunctions, accidents, and various risks. These risks, including but not limited to, instances where certain facilities cease operations unexpectedly and beyond the company's control, pose a significant concern. The company may face challenges in operating its industrial facilities at the anticipated level to meet beneficiary needs, whether in terms of production, efficiency, or effectiveness. Additionally, there is a risk of operating these facilities below their capacity, which could adversely affect revenues and profitability. Unforeseen maintenance and operating costs may arise, further impacting the company's financial health. Moreover, failure to fulfill obligations to stakeholders is also a potential consequence. Water distribution systems may be susceptible to leaks during delivery, potentially leading to work stoppages until the issue is rectified.

Risks related to the handling, storage or disposal of hazardous materials

The Group's business activities, including wastewater treatment operations, involve the use, treatment, storage, transport and/or disposal of hazardous materials, chemicals and waste. These activities create risks related to environmental liabilities and potential damage to the company's reputation if they occur. Environmental damage risks, such as pollution, causation and emissions of hazardous materials, are common risks in the energy and water sectors. The company is subject to a number of environmental and safety standards that are applied by the Royal Commission and government legislators in the industrial cities and projects in which the company operates, in order to reduce pollution rates in the industrial cities and environmental risks in general. These laws, regulations, requirements and others, govern the production, processing, storage, handling, use, disposal, transportation, and emission of hazardous materials underground, into the air, or water. In the event of any of these risks, the company may be subject to fines or penalties from the competent authorities, and this may have a negative impact on the company's business, financial position, results of its operations, and future expectations.

Risks related to violating the environmental standards to which the group is subject

It is expected that these environmental regulations will become more stringent in the future. If the legal protection from changes in regulations is not provided for in the agreements concluded by the company, which may grant it the entitlement to receive compensation for the resulting costs of compliance with these requirements, any changes in the environmental regime may lead to increased responsibilities, commitment costs, capital expenditures or difficulty in the company's ability to comply with current requirements or obtain financing for its projects. Regarding to these environmental regulations and requirements, the company may need to obtain new or amended permits, purchase alternatives or allocations, or install expensive technological means to control emissions. These changes could have a material negative impact on the company's business, the results of its operations, its financial condition or its future expectations, and consequently on the price of the company's shares.

Risks related to interest rate fluctuations and hedging to compensate for price fluctuations

Marafiq pays interest based on the approved rates between banks, such as SIBOR (the interest rate between Saudi banks), in addition to a profit margin. According to most of the company's financing arrangements, the company or its subsidiaries shall protect their exposure to interest rate fluctuations during the operating period in completely or in part. The company and its subsidiaries may be exposed to fluctuations in interest rates in relation to their financing arrangements when their safeguard arrangements expire or if the company and its project companies are not protected from such fluctuations, or if the company and its subsidiaries fail to successfully implement their strategies to reduce interest rate risks. If the company decides in the future to obtain protection or hedging arrangements, hedging may become costlier to the company.

Risks related to information technology and cybersecurity

Marafiq relies on the continuous operation without any interruptions of its Information and Technology (IT) technical infrastructure. It includes a complex and sophisticated set of computers, communication systems, control and supervisory control systems, data processing systems and data acquisition and control systems. If there is a malfunction in the company's IT infrastructure, this malfunction, stoppage or interruption may lead to a significant increase in costs (such as repair costs) with a significant decrease in the available production capacity, actual production and important data in the company or its subsidiaries. This, in turn, may lead to losses for the group and its subsidiaries.

Systems and information stored electronically can be vulnerable to viruses, hacking, internet crimes and other similar causes of disruption. The company may not have sufficient resources to make investments in the field of technology to enable it to compete with its competitors and protect information systems and operating systems efficiently, which may have a material negative impact on the company's business, results of operations, financial situation or its future expectations. The company adheres to all the requirements of the National Cyber Security Committee, has achieved, and maintains exceptional levels of compliance with standards and requirements.

Risks related to the regulatory Environment and systems change

Marafiq's activities and business are subject to a number of laws and regulations in the Kingdom, which are applied by a number of government agencies in accordance with government policies and directives. Including the corporate system and the foreign investment system (to which JWAP, Jeddah Operation and Maintenance Company, and the Jeddah Water Company are subject, given the presence of foreign investments in them). The company is also subject to the labor system, regulations, systems and regulatory standards related to electricity and water services, which the company shall adhere to. Whereas the regulations applied in the Kingdom may change or be modified. Compliance with these laws and regulations may result in the company incurring additional costs in this regard or being exposed to fines or penalties (which in some cases may lead to the withdrawal of the license granted to it by the competent authority) If no change is made in its business or services to comply with the requirements of these regulations. It will lead to incurring unexpected additional financial expenses, which may have a material negative impact on the company's business, the results of its operations, its financial condition, or its future expectations.

Risks related to the age of the Group's industrial facilities

The life span of the group's industrial facilities and assets is negatively affected over time. There is nothing to guarantee the continued efficiency of the industrial facilities and the company's assets in the manner required by the operational work of the group. In addition, the life of the group's industrial facilities and assets may be shorter than previously expected, which may lead to a reassessment of the span life and, consequently, a higher depreciation rate or a higher depreciation rate and it will end of its life span more quickly.



Environmental, social and governance practices

Preserving and sustaining the environment

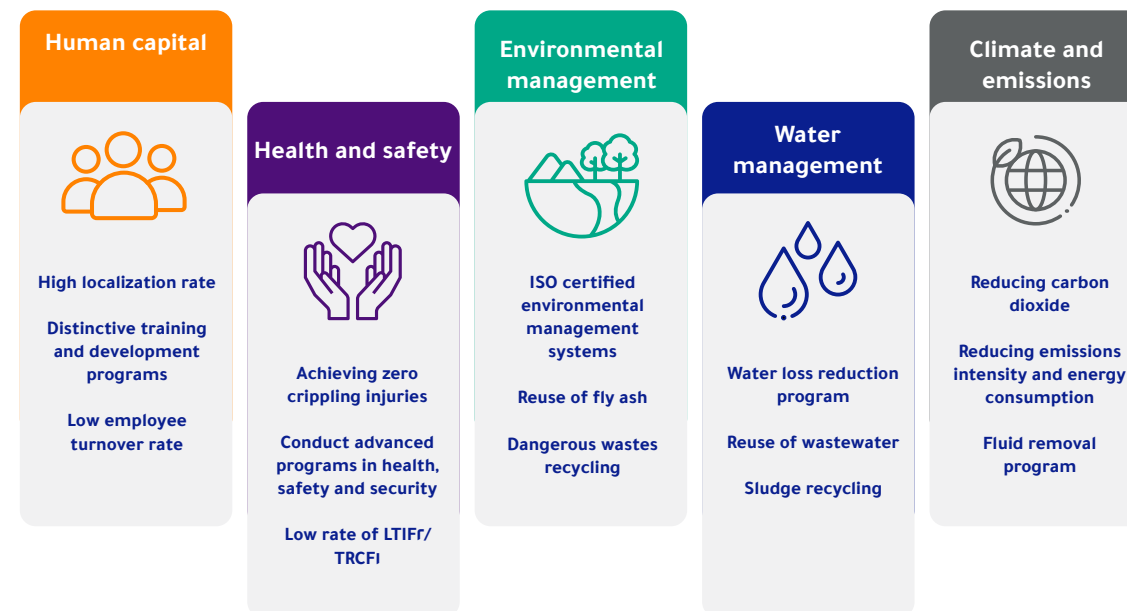
Occupational Health and Safety

Investing in human resources

Social Responsibility



Key scopes in monitoring environmental, social and business governance practices



Preserving and Sustaining the Environment

Marafiq is dedicated to advancing the principles of environmental governance to foster a positive impact on our environment and communities, thereby enhancing opportunities for economic growth. We aim to strengthen governance by promoting a culture of sustainability, transparency, and disclosure. Recognizing the increasing importance of environmental and social practices, we integrate these considerations into our strategies to ensure effective and sustainable financial growth, aligning with the goals outlined in the Kingdom of Saudi Arabia Vision.

Acknowledging the potential impacts of our operations on the environment and local communities, we are committed to minimizing these effects while delivering exceptional customer service. We affirm our adherence to the highest environmental standards throughout our operations, including reducing energy and water consumption, mitigating greenhouse gas emissions, and prioritizing the health and safety of our employees. Our goal is to strike a balance between profitability, environmental protection, and fostering growth and prosperity

in the communities where we operate. Marafiq is dedicated to fostering transparency across all aspects of our operations to promote a sustainable environment for the betterment of society. Moreover, we are steadfast in integrating the highest standards of operational excellence, particularly in health, safety, and environmental practices, into our daily activities. This commitment is aimed at achieving exceptional performance in terms of reliability, safety, and profitability. Marafiq have identified several risks associated with environmental protection and sustainability. These include challenges in meeting the growing demand for electricity and water, promoting resource optimization, encouraging material reuse and recycling, and minimizing waste generation. To address these challenges, we strive to comply with all environmental laws and regulations while actively contributing to the reduction of greenhouse gas emissions to prevent pollution and safeguard the environment and public health. This approach aligns with sustainable development goals without compromising our commitment to meeting the diverse energy and water needs of our customers.

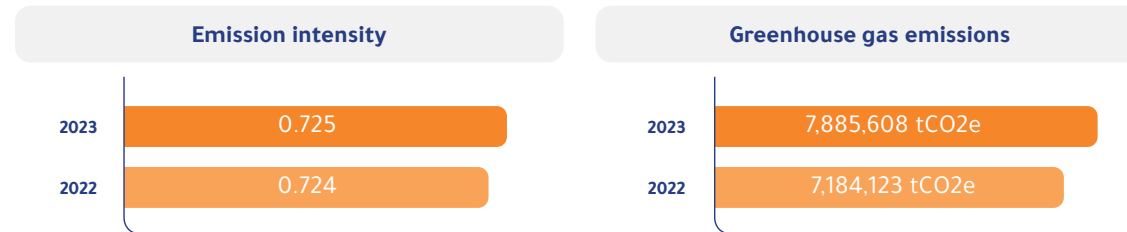


These risks include changes in legislation and regulations. To reduce these risks, all operational processes involve a monitoring system through full compliance with environmental standards, maintaining records of compliance and avoiding any potential risks that may result from non-compliance. Marafiq is committed to regularly assessing our compliance with both internal and external regulations and legislation through rigorous internal and external auditing processes. This proactive approach ensures full compliance and mitigates any risks that may impact the services we provide. Our internal audits, focused on environmental excellence, are integral to this process. We strive to embed environmental considerations into all aspects of our operations. The Internal Audit Department conducts audits to verify compliance with environmental regulations, with a focus on waste management and identifying opportunities for recycling. These efforts contribute to effective resource management, pollution control, and minimizing our environmental footprint. To maintain transparency and accountability, internal waste audits are conducted biannually, with all findings shared with relevant regulatory authorities. This collaborative approach underscores

our commitment to environmental stewardship and regulatory compliance. Marafiq's policy is to manage materials efficiently in terms of reuse or recycling in full compliance with relevant laws and regulations in order to minimize the undesirable environmental impact through proactive management and environmental impact monitoring. Marafiq manages the operational processes in accordance with environmental regulations without prejudice to its responsibilities in meeting the needs of its partners from energy and water with high reliability. In the field of accreditations that confirm our commitment to maintaining high levels of quality, efficiency, and excellence in laboratory operations and procedures, in accordance with international standards, the laboratories of Marafiq have recently obtained a certificate of ISO/IEC 17025:2017.

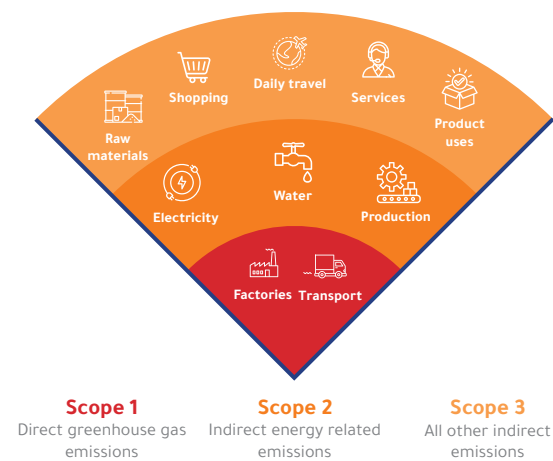
Climate change

Marafiq confronts the dual challenge of meeting rising energy demands while simultaneously managing and reducing emissions. The crux of this challenge lies in generating more energy with lower emission intensity. In line with this, we achieved a notable milestone in 2023 by maintaining gas emissions quantities at less than 8% compared to 2022 levels.



To bolster the economy through carbon recycling and diminish emission intensity, Marafiq collaborates with the Ministry of Energy on a program aimed at displacing liquid fuels with natural gas. This initiative is anticipated to yield a reduction in greenhouse gas emissions of over 29%. If implemented across all power generation units, emissions could decrease by more than 13%, with a focus on applying this program to the operational units in Yanbu2.

Furthermore, in a bid to mitigate the climate impact of certain fuel combustion byproducts like carbon ash, Marafiq explores innovative solutions. One such solution involves utilizing carbon ash as a secondary fuel in a cement factory, aligning with Marafiq's goal to indirectly reduce emissions volume. This approach not only curtails the fuel requirement for cement plant operations but also contributes to emissions reduction at the national level.



Air quality

We are committed to maintaining the air quality in the areas where we operate, so we have adopted the latest environmental technologies and methods, including low-emission dry combustion systems of nitrogen oxides, emission reduction systems using selective stimulation. We have also adopted systems for the removal of sulfur from flue gas using seawater, and the replacement of chemicals harmful to the environment and the health of workers. We will continue our commitment to using the latest and most successful environmental technologies to promote cleaner air and a better environment for all.

Regarding Nitrogen Oxide gases, we were able to reduce concentrations by more than 17% in steam power generation units compared to the year 2022, which confirms our commitment to reducing these toxic gases.

Environmental impact in water management

We work to reduce the environmental impact in all of the company's activities through our commitment to all environmental legislation at all stages of operational operations by making the most of natural resources. The company treats large quantities of wastewater, which is completely reused in irrigation in Yanbu Industrial City at a rate of 100%. We were also able to benefit from treated industrial water and use it in irrigation at a rate of up to 25%.



Environmental commitment

Marafiq places paramount importance on adherence to environmental regulations and closely monitors operational processes to ensure compliance with all relevant standards. Operating strategies are anchored on this commitment. Continuous monitoring of operational units is conducted to guarantee adherence to necessary standards. Additionally, special agreements have been established to facilitate the disposal of recyclable waste, such as used oils, for a nominal fee, thereby alleviating any financial burdens associated with waste disposal.

The company has endorsed numerous initiatives aimed at bolstering environmental awareness and fostering a sense of individual and collective responsibility towards resource conservation. Key initiatives include:

- **Recycling:** Waste management remains a top priority for Marafiq, representing an ongoing challenge. The company remains steadfast in its commitment to enhancing waste management practices by setting ambitious targets, implementing innovative solutions, and ensuring compliance with regulations to foster a more sustainable future.

- **Emissions Monitoring:** Marafiq has installed and commissioned ambient air quality monitoring units to monitor specific elements mandated by regulators, ensuring air quality compliance with legislative requirements. These monitoring units cover all operational areas in Yanbu Industrial City, providing comprehensive oversight.
- **Reuse:** Marafiq actively repurposes some operational process byproducts into raw materials for select partners, including carbon ash and used oils. Significant increases in reuse rates have been achieved,

with approximately 12,687 metric tons collected from various operational areas in Yanbu Industrial City and repurposed by program partners. This initiative has resulted in substantial cost reductions associated with waste disposal.

In the case of carbon ash, reuse rates have increased by 17% annually compared to 2022, highlighting Marafiq's commitment to sustainable waste management practices.

Occupational health and safety

Occupational health and safety represent a paramount concern for Marafiq, given its pivotal role in safeguarding all employees from occupational hazards and ensuring the safe execution of work activities. In 2023, Marafiq achieved a remarkable milestone of over 12 million working hours without any disabling injuries, a testament to the company's unwavering commitment to workplace safety. This achievement underscores the effectiveness of the comprehensive procedures and programs implemented by Marafiq in the realm of occupational safety, reflecting the company's dedication to prioritizing the well-being of its workforce.

Marafiq applies a set of procedures and standards related to occupational health and safety, through the following:

- Ensuring a safe and healthy work environment for employees entails the provision of suitable equipment and tools, regular maintenance of machinery and equipment, and the implementation of necessary safety and preventive measures.
- Implementing safety and prevention procedures by training workers on safety rules, providing guidance and information signs, and implementing awareness and education programs in the field of occupational safety.
- Conducting periodic medical examinations for workers to ensure their safety and freedom from occupational diseases.



Marafiq's policy is to continue developing and improving the measures taken to protect occupational health and safety, by providing all safety requirements during work, and continuous guidance to all employees to preserve and protect the environment by the best possible means, with the commitment compliance with international laws and standards. The company has also developed a program (SALEM), which deals with occupational safety inside and outside the company's factories, which aims to:

- Providing a safe and healthy work environment for workers and raising their awareness to deal with dangerous situations.
- Preserving the company's property and assets.
- Raising employees' awareness of modern safety programs and laws.
- Improving the general culture of managers and employees by holding several training programs for them.

Marafiq has implemented crucial measures to strengthen its crisis and disaster management capabilities, including conducting internal mock drills and participating in external exercises like the "Tactical Exercise 12 Response" at the regional level. These exercises aim to assess the company's preparedness to handle crises and disasters, as well as to evaluate the effectiveness of established procedures and plans. They involve a series of scenarios designed to test and enhance employees' ability to respond to various crises and disasters, including natural disasters, industrial accidents, and terrorist attacks. The Tactical Exercise "Response 12" at the regional level is a significant component of these efforts.

It is an annual exercise organized by the National Center for Environmental Compliance, in which a number of governmental and private agencies in the Kingdom of Saudi Arabia participate. This exercise aims to test the ability of the participating parties to deal with various crises. This is done through coordination of efforts and cooperation between various relevant parties.

Investing in Human Resources

At Marafiq, we recognize that our employees are the cornerstone of our future, and their dedication and contributions are crucial for sustaining our successes and fostering growth. That's why we are committed to implementing the best international practices in employee development and motivation. We prioritize the recruitment and development of qualified national talent, which enhances efficiency and quality, ultimately benefiting the company and its outcomes.

Training and Development

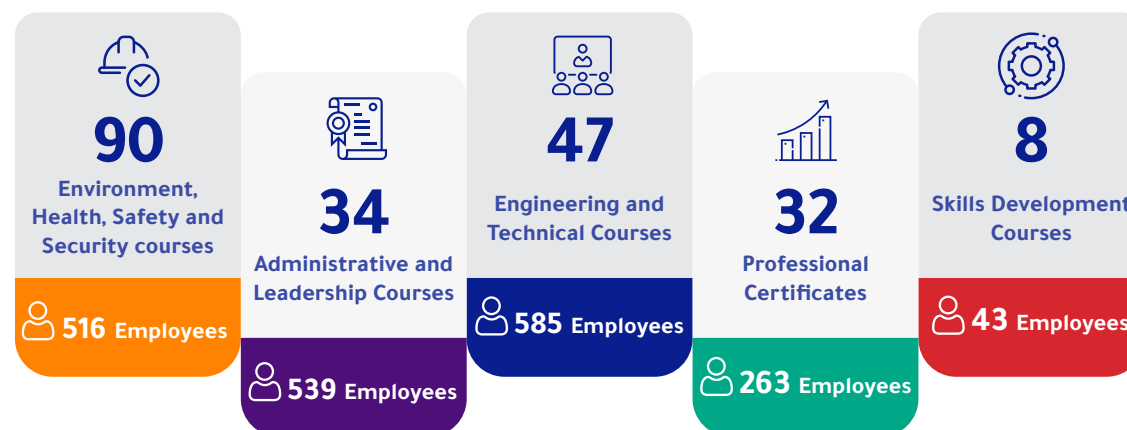
Training and development stand as integral pillars within our company. Led by the Human Capital Development Department, we prioritize offering a diverse array of training programs across various fields. These initiatives cater to engineers, technicians, managers, and leaders alike, fostering collaboration with both domestic and international institutions within and

At Marafiq, we take pride in our commitment to employing and promoting nationals in various specialized, administrative, and leadership roles. Our Saudization rate has reached 85%, and we've seen a 52% increase in the number of female employees compared to last year. Looking ahead, we aim to further increase these percentages, aligning with the goals of Vision 2030 to boost women's participation in the labor market, develop the local workforce, and elevate the quality of national talent.

beyond the kingdom.

In 2023, our focus on accredited international specialized certificates led to the training of 93% of our direct employees and contractors. Additionally, we achieved approximately 14,000 training hours through our electronic training platform, which includes distance training programs and e-learning, ensuring alignment with diverse training methodologies.

In general, the training courses provided during the year 2023 to all levels of the company, whether remotely or through traditional methods, amounted to 53,563 thousand training hours, an increase of 4% over the previous year, as shown below:



In addition, the company had a great interest and role in the importance of exchanging knowledge and experiences in the field of power and water by attending relevant internal and external conferences, numbering (34) conferences and with the participation of (69) employees.

New Graduate Development Program

Through Marafiq's Professional Development Program for university graduates and training programs tailored for new graduates, we aim to provide young Saudis with entry opportunities into the job market. This initiative empowers them to leverage their talents, acquired knowledge, and skills to improve their performance, as well as the productivity of the company. In 2023, the program enrolled 16 male and female employees.

Promising Path Program

The company signed an agreement for the Promising Path program, affiliated with the Custodian of the Two Holy Mosques Scholarship Program, which was conducted in partnership with the Ministry of Education and the Ministry of Industry and Mineral Resources. The program targets scholarships starting out in employment in partnership with the private sector. 47 students have been identified for Marafiq, who will be recruited, employed, and then sent on scholarship according to the procedures followed in the program.

The Promising Path program is one of the strategic paths of the custodian of the Two Holy Mosques scholarship program, which is dedicated to supporting promising sectors in the development of human capabilities to meet the needs of private sector enterprises through scholarship programs and on-the-job training in international institutions.

Cooperative Training

Marafiq has welcomed numerous students from colleges, institutes, and universities, offering programs tailored to their specializations and qualifications. These programs ensure the enhancement of their scientific skills and the practical application of their academic knowledge. In 2023, approximately 43 male and female trainees benefited from the program.

Leadership Development

A program has been devised to align with the company's mission and vision for the future. It equips leaders to tackle both present and future challenges related to business needs, contributing to the sustained growth and long-term success of the company. This program optimally prepares leaders and enhances their readiness by furnishing them with the necessary tools for effective leadership and imparting practical team management skills.

In addition to developing senior leaders, collaboration has been established with international institutes to conduct specialized leadership courses, aimed at enhancing and motivating their leadership and managerial abilities to maximize their leadership potential and support them in fulfilling their roles. Throughout 2023, the program delivered approximately 14 training programs and 81 specialized coaching sessions through various training modalities, including leadership conferences, workshops, intensive internal and external training courses, as well as guidance and mentoring sessions.

As a testament to Marafiq's commitment to its employees, the company has prioritized ensuring the future and job security of its Saudi workforce by implementing various incentive programs, including:



A) Savings Program

Since its inception, the company has implemented a savings program designed to incentivize employees to save in a manner that enhances their income and secures their future. Under this program, a portion of the employee's salary is deducted and invested according to their preferences, in compliance with Islamic investment principles.

B) House Ownership Program

Marafiq endeavors to offer Saudi employees who meet the criteria the chance to own House for accommodation. Over the past years, the company has provided a selection of residential units to its employees and is actively seeking to acquire additional land for the construction of more House.

Clause	2022	2023
End of service benefits	690,844	757,292
Savings program	56,877	69,073
Total	747,721	826,365



No. of Marafiq Employees:

Total No. of employees

1421

For the year 2023

No. of Saudi employees

1208

Saudization rate (%)

85%

1424

For the year 2022

1189

83.5%

Social Responsibility

Marafiq is dedicated to upholding its core values by fostering a sustainable relationship between the company and the surrounding community. Since its inception, Marafiq has remained steadfast in its commitment to providing aid and initiatives that promote community development and elevate knowledge across all sectors. The company consistently supports numerous community and humanitarian programs.

Marafiq accomplishes these objectives by actively participating in community service endeavors, endorsing social activities, and sponsoring philanthropic endeavors at the grassroots level through a variety of initiatives, including but not limited to:



Charitable Initiatives

Marafiq is dedicated to developing fundamental mechanisms to ensure its contributions, primarily aimed at assisting various categories of economically disadvantaged individuals in the community. This is achieved through collaboration with numerous specialized and accredited associations recognized by the authorities in the Kingdom of Saudi Arabia. Among the associations supported by the company is the Jubail Orphan Foundation. Marafiq has made significant contributions to the Jubail Orphan Foundation by sponsoring 500 orphans and 200 widows. This sponsorship entails providing tailored programs to enhance their social and economic well-being, thereby fostering financial efficiency and social stability. Additionally, Marafiq supports the Al-Bir Charity Association in the Eastern Region, which assists impoverished families, divorcees, and widows. Furthermore, the company extends its support to the "You Are Not Alone" program initiated by the Eradah Charity Association. This program focuses on individuals with special needs in Jubail Industrial City, particularly children with Down syndrome from birth to 12 years old.

The objective is to ensure the security, care, and rehabilitation of these children from economically disadvantaged backgrounds. The company also cooperated with Prince Mohammed bin Nasser Development Housing Association in Jizan in order to provide support for the charitable housing project in the Al-Mawaddah neighborhood, which serves 112 families (70% of the project was completed). The project contributes to providing housing for the neediest families in the city of Jazan and developing them socially. Marafiq has also attached great importance to the Holy Quran of Allah by supporting the various programs of charitable associations to memorize the Holy Quran for both sexes and all ages through memorization sessions supervised by an elite group of male and female teachers. In addition to supporting the graduation ceremony of the memorizers the Holy Quran of Allah, in the presence and honor of His Royal Highness Prince, Saud bin Nayef bin Abdul Aziz, Governor of the Eastern Province. Regarding the alleviating the suffering of prisoners and their families, the company cooperated with the Tarahum Charitable and Humanitarian Association in the Eastern Province by contributing to the payment of housing rents for the families sponsored by them.



Marafiq is deeply committed to supporting the educational process in the Kingdom. The company has forged partnerships with numerous schools affiliated with the Royal Commission in Jubail and Yanbu. Through its sponsorship of various school events, Marafiq has positively impacted the educational outcomes of students in these areas.

Health Initiatives

Throughout 2023, Marafiq implemented various health initiatives aimed at safeguarding the well-being of our employees in Jubail and Yanbu Industrial cities. These initiatives included blood pressure screenings to raise awareness of associated health risks. We also educated employees about the impacts of high or low blood sugar levels and encouraged participation in sports activities to help regulate blood sugar levels effectively. Furthermore, Marafiq promoted dental health awareness and provided guidance on proper dental care practices. Additionally, we organized a blood donation campaign in collaboration with medical authorities and hospitals in both Jubail and Yanbu Industrial Cities. Moreover, seasonal flu vaccinations were administered to employees as a preventive measure.

National Events

Marafiq organized various celebrations for national events such as Foundation Day and National Day, with the participation of all its employees. Symbolic gifts were presented during these events to enhance the company's national role and commemorate cherished memories.

Marafiq's Volunteer Club

Aligned with the objectives of Saudi Arabia's Vision 2030, Marafiq's Volunteer Club conducted numerous events in Jubail and Yanbu. These activities included tree planting initiatives to commemorate Environment Day and organizing an awareness campaign in collaboration with the General Directorate of Narcotics Control in Yanbu to educate about the hazards of drug abuse.

Participation in International Conferences

Marafiq facilitated its employees' participation in conferences to share their expertise in the electricity and water sector. For instance, the President and CEO attended the World Utilities Congress in the United Arab Emirates, while other staff members participated in EVOLVE for Enabling The Development of Desalination, held in Riyadh.



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“Marafiq strives to implement the finest international practices in development and motivation by consistently seeking to recruit skilled national personnel. This effort aims to elevate the efficiency and quality of the company and its outcomes.”

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Corporate Governance

Governance structure

Investor Relations

Board of Directors

Board Committees

Executive Management

Rewards

Declarations under the Corporate Governance Regulations



Introduction

A key component of Marafiq's values and practices is governance. The company is committed to following the governance systems and rules issued by the regulatory authorities.

Marafiq's Board of Directors has established the general framework for its governance, which includes a set of regulations and policies through which it defines roles and responsibilities, how to make and implement decisions, and monitors their implementation, referring to the relevant laws and regulations.

The Board of Directors is responsible for monitoring the implementation of governance systems and ensuring that the best systems of control and compliance are adopted and implemented, which guarantee the rights of employees, shareholders, investors and stakeholders alike.

During the year 2023, Marafiq conducted a comprehensive audit of all previously approved regulations and policies, and all of these policies and regulations were updated in accordance with best practices followed.

All revised policies and regulations underwent review by the Board of Directors for approval. Upon their recommendation, the General Assembly of Shareholders was advised to approve the finalized amendments falling under their purview.

2023 marked a milestone in the establishment of governance rules at the utmost levels of organization and professionalism. The company's fundamental policies and regulations were meticulously crafted in adherence to the highest technical, legal, organizational, and linguistic standards.

The company takes pride in this significant stride, which involves revising the remaining policies and regulations across the group to form a comprehensive and cohesive system that aligns with the aspirations of all stakeholders, including clients, individuals, shareholders, observers, and regulatory bodies.

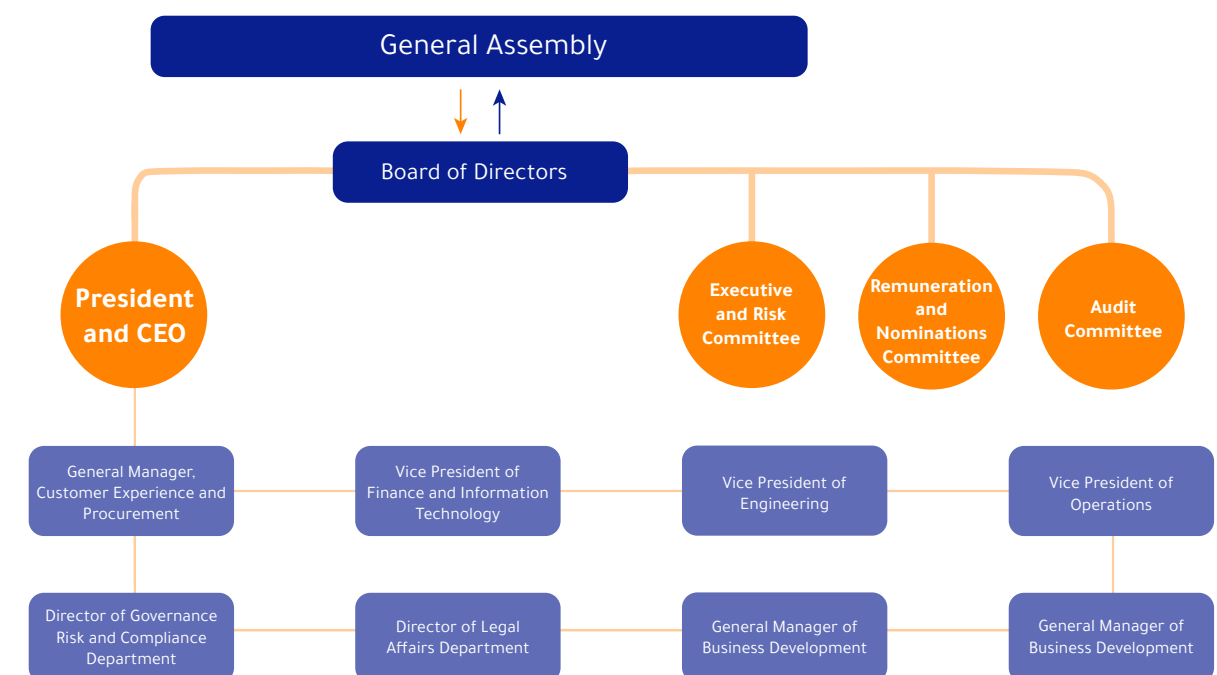
Marafiq's governance framework encompasses several key policies and regulations, including:

1. Policy for reporting violations and illegal violations
2. Policy, standards and procedures for membership in the Board of Directors
3. Policy of rules and procedures for the work of the Board of Directors of Marafiq
4. Policy for combating conflicts of interest and dealing with relevant parties
5. Dividend distribution policy
6. Disclosure, advertising and transparency policy
7. Remuneration policy for Board of Directors, board committees and executive management
8. Professional Conduct Policy
9. Regulations for the work of the audit committee
10. Regulations for the work of the Nominations and Remuneration Committee
11. Marafiq Company Governance Regulations
12. Regulations for the work of Executive and Risk Committee

Governance Structure

The administrative structure of Marafiq consists of the company's Board of Directors, three committees emanating from the Board of Directors, and a team of executive officials.

The Board of Directors has the overall responsibility for establishing, supervising and auditing its governance principles and policies to ensure the company's compliance with relevant regulations, while at the same time promoting the company's growth and sustainability



Investor Relations

One year following Marafiq's listing as a utility company on the Saudi Stock Exchange (Tadawul) marked a significant milestone in its growth journey as a leading provider of utility services to both industrial sectors and individuals. Throughout 2023, the company engaged in numerous meetings with prospective and existing investors, participating in various conferences and promotional tours locally and internationally. This outreach aimed to broaden the company's investor base and furnish them with pertinent data regarding its performance and future prospects.

Ownership structuring

Marafiq was established as a Saudi closed joint stock company with a capital of two billion five hundred million Saudi riyals and is owned by the Public Investment Fund, the Saudi Basic Industries Corporation (SABIC), the Royal Commission for Jubail and Yanbu, and Saudi Aramco Power Company, with each of them owning 24.81% of the company's shares.

In addition to a group of other investors from the private sector, with a total ownership percentage of 0.76% of the company's shares. In 2022 AD,

the company's shares were listed on the Saudi Stock Exchange (Tadawul), where the main owners each sold 7.31% of their shares in the company's shares. After the offering on the Saudi Financial Market (Tadawul), the shares of the main owners became 17.5% each.

The number of shareholders of the company reached 246,066 shareholders on December 31, 2023 AD.

Below we will give you a general overview of Marafiq's investors:

First: Marafiq investors according to investor's nature



Marafiq investors according to investor's nature	Ownership's percentage	No. of Shareholders	No. of Shares
Companies	41.62%	11	104,054,352
Governments	36.94%	174	92,345,865
Individuals	14.96%	245,582	37,395,346
Institutions, investment funds and others	6.48%	299	16,204,437
Total	100%	246,066	250,000,000

Second: Marafiq investors according to nationality

Second: Marafiq investors according to nationality	Ownership's percentage	shareholders' Number	Shares' Number
Saudi investors	94.35%	237,895	325,862,878
others nationalities	5.65%	8,171	14,137,122
Total	100%	246,066	250,000,000

Third: Major shareholders

The names, numbers, and ownership percentages of the Major shareholders who possess 5% or more, together with their changes during the year 2023 AD, are listed as follows:

Ownership of 5% or more of the issued shares	beginning of year 2023		Ending of year 2023	
	Shares' Number	Ownership's percentage	Shares' Number	Ownership's percentage
Major shareholders				
Royal Commission for Jubail and Yanbu	43,750,000	17.5%	43,750,000	17.5%
Public Investment Fund	43,750,000	17.5%	43,750,000	17.5%
Saudi Aramco Power Company	43,750,000	17.5%	43,750,000	17.5%
Saudi Basic Industries Corporation	43,750,000	17.5%	43,750,000	17.5%
Total	175,000,000	70%	175,000,000	70%

Share performance



Shareholder records

The company requested shareholder records 15 times during the fiscal year ending on December 31, 2023. The following table shows the dates of shareholder records request and the reasons for requesting them:

shareholder records request' No	Request's dates	Request's reasons
1	February 6, 2023	Preparing the company's internal reports
2	March 6, 2023	Preparing the company's internal reports
3	March 12, 2023	Dividend distribution
4	May 1, 2023	Preparing the company's internal reports
5	May 11, 2023	Ordinary General Assembly meeting
6	July 1, 2023	Preparing the company's internal reports
7	July 25, 2023	Preparing the company's internal reports
8	June 31, 2023	Preparing the company's internal reports
9	August 12, 2023	Dividend distribution
10	August 31, 2023	Preparing the company's internal reports
11	October 1, 2023	Preparing the company's internal reports
12	October 14, 2023	Extraordinary General Assembly meeting
13	October 31, 2023	Preparing the company's internal reports
14	December 3, 2023	Preparing the company's internal reports
15	December 31, 2023	Preparing the company's internal reports

Communicating with shareholders and investors

Marafiq relies on the principle of fairness in providing appropriate information at the appropriate time to all shareholders and investors. It informs them of its performance and activities during the year by publishing all relevant reports within the statutory periods to enable shareholders and investors to view them.

The company is also committed to continuously disclosing any important developments that may occur and have an impact on its financial position and business. Through the Tadawul website, Its website on the Internet and other

means of communication, for the purpose of helping investors make investment decisions based on correct and sufficient information, Ensuring that information is not leaked to some investors and not others, and that all beneficiary parties have equal opportunities to obtain the information.

The company is committed to carefully and diligently implementing policies and procedures for disclosing important developments, financial statements and performance reports, in accordance with the legal requirements, applicable regulations, and instructions received from the relevant authorities.

During the fiscal year ending on December 31, 2023, the company issued 16 announcements directed to the company's shareholders, and the following table shows these announcements:

Sr.	Announcement's date	Announcement's topic
1	January 23, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the conclusion of a settlement related to zakat differences with the Zakat, Tax and Customs Authority
2	March 02, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces its annual financial results ending on 12/31/2022
3	March 02, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the distribution of cash dividends to shareholders for the second half of 2022.
4	April 11, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces its invitation to its esteemed shareholders to attend the Ordinary General Assembly Meeting (first meeting) via modern technological means.
5	May 03, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the signing of the asset lease agreement with the Royal Commission for Jubail and Yanbu
6	May 04, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the preliminary financial results for the period ending on 03-31-2023 (three months)
7	May 07, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the signing of the asset lease agreement with the Royal Commission for Jubail and Yanbu
8	May 18, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the results of the Ordinary General Assembly Meeting (first meeting)
9	June 01, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the completion of the water connection project with the Saline Water Conversion Corporation.
10	July 02, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces its early repayment of part of the outstanding loans amounting to 500 million Saudi riyals.
11	August 03, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the preliminary financial results for the period ending on June 30, 2023 AD (six months)
12	August 03, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the distribution of cash dividends to shareholders for the first half of 2023 AD.
13	September 26, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces its invitation to its esteemed shareholders to attend the Extraordinary General Assembly meeting (first meeting) via modern technological means.
14	September 24, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the results of the extraordinary general assembly meeting (first meeting)
15	November 01, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces the preliminary financial results for the period ending on September 30, 2023 AD (nine months)
16	November 01, 2023	Power and Water Utility Company for Jubail and Yanbu (Marafiq) announces appointment of an Audit Committee member

Dividend distribution policy

Marafiq ensures the distribution of profits to its shareholders following authorization from the General Assembly and requisite approvals from the Board of Directors. Shareholders are also reminded to update their data and link it to their investment portfolios to facilitate timely communication and avoid delays in reaching them.* The distribution of profits is subject to the net profit achieved after deducting all general expenses and other costs, in accordance with the provisions of Article (44) of the company's bylaws, which are stated as follows:-

- Four percent (4%) of net profits are allocated to form a statutory reserve.
- The General Assembly shall, based on the proposal of the Board of Directors, retain a percentage of net profits to form an additional reserve to be allocated for a specific purpose.
- Unless the Ordinary General Assembly decides otherwise, dividends shall be distributed at a rate of no less than five percent (5%) of the company's paid-up capital from the remaining amount to shareholders.
- The General Assembly shall also, based on the recommendation of the Board and as it deems appropriate, distribute more profits.
- The company shall distribute quarterly and semi-annual profits in accordance with the applicable regulations.

The following table shows the percentages of profits distributed to shareholders for the fiscal year ending on December 31, 2023:

	Profits distributed during the year 2023		
	Dividends distributed for the first half of the year 2023	Dividends distributed for the first half of the year 2023	Total
Distribution date	March 23, 2023 AD	August 30, 2023 AD	
Percentage	11%	11%	22%
Earnings per share (SAR)	1.1	1.1	2.2
Total (SAR)	275,000	275,000	550,000

General Assemblies

During the year 2023 AD, the company held two general assembly meetings for shareholders. The following table shows the date of the general assemblies that the company held for shareholders during the fiscal year ending on December 31, 2021 AD, and names of the members of the Board of Directors attending this assembly are as follows:

Member's name	Ordinary General Assembly meeting	Extraordinary General Assembly meeting
	May 17, 2023	October 23, 2023
His Excellency Eng. Khalid bin Mohammed Al Salem	●	●
Mr. Ahmed bin Mohammed Al Jabr	●	●
Mr. Musaad bin Ahmed Al-Sayouhi	●	●
Mr. Badr bin Abdullah Al-Ghariry	●	—
Mr. Soliman bin Abdul Aziz Al-Hosain	●	●
Mr. Amr bin Abdul Aziz Al-Jallal	●	●
Mr. Suliman bin Khalid Al-Mazroua	●	●

● Attended — Absent



Marafiq adheres to the principle of fairness by providing timely and relevant information to all shareholders and investors.



Board of Directors



His Excellency Eng. Khalid bin Mohammed Al Salem
Chairman of Board of Directors
Member of the Nominations and Remuneration Committee



Mr. Badr bin Abdullah Al-Ghariry
Member of the Board of Directors
Member of the Executive and Risk Committee
Member of the audit committee



Mr. Soliman bin Abdul Aziz Al-Hosain
Board Member (Independent)
Chairman of the Nominations and Remuneration Committee
Member of the audit committee



Mr. Ahmed bin Mohammed Al Jabr
Vice Chairman of the Board
Chairman of the Executive and Risk Committee



Mr. Musaad bin Ahmed Al-Sayouhi
Member of the Board of Directors
Chairman of the Audit Committee



Mr. Amr bin Abdulaziz Al-Jallal
Board Member (Independent)
Member of the audit committee
Member of the Executive and Risk Committee



Mr. Suliman bin Khalid Al-Mazroua
Board Member (Independent)
Member of the Nominations and Remuneration Committee
Member of the Executive and Risk Committee

Summary of the role, tasks and responsibilities of the Board of Directors:

Marafiq's Board of Directors is the highest administrative body responsible before the General Assembly of Shareholders for the management of the company in accordance with the company's bylaws and related regulations.

Among the most prominent tasks and main functions of the Council are drawing and approving the strategic directions and main objectives of the company and establishing and following up on internal control procedures. Governance and risk management and ensuring their efficiency and effectiveness, approving the main budgets and financial policies, and following up and monitoring the company's performance and the work

of its executive management. In addition to developing policies that regulate the relationship with stakeholders and protect their rights.

Including developing and adopting policies that ensure and ensure the application and supervision of the implementation of laws and regulations, commitment to disclose essential information related to the company and its performance, which would help shareholders and the investing public in evaluating the company's assets and liabilities.

Formation of the Board of Directors:

Article of association of Marafiq specify the number of members of the Board of Directors at (7) members elected by the General Assembly.

The Extraordinary General Assembly, in its meeting held on April 21, 2022, elected the members of the current Board of Directors for a period of three (3) Gregorian years starting from the date of the Assembly and ending on April 20, 2025.

Member name	Membership classification	Position
His Excellency Eng. Khalid bin Mohammed Al Salem	Non-Executive	Chairman of Board of Directors
Mr. Ahmed bin Mohammed Al Jabr	Non-Executive	Vice Chairman of the Board
Mr. Musaad bin Ahmed Al-Sayouhi	Non-Executive	Member of the Board of Directors
Mr. Badr bin Abdullah Al-Ghariry	Non-Executive	Member of the Board of Directors
Mr. Soliman bin Abdul Aziz Al-Hosain	Independent	Member of the Board of Directors
Mr. Amr bin Abdul Aziz Al-Jallal	Independent	Member of the Board of Directors
Mr. Suliman bin Khalid Al-Mazroua	Independent	Member of the Board of Directors

Board of Directors' Summary of CVs



**His Excellency
Eng. Khalid bin Mohammed Al Salem**
Chairman of Board of Directors
Member of the Nominations and Remuneration Committee

Current Position:

Chairman of the Royal Commission for Jubail and Yanbu

Previous jobs and experiences:

- Chairman of the Saudi Authority for Industrial Cities and Technology Zones - MODON
- Undersecretary of the Ministry of Energy, Industry and Mineral Resources
- CEO of the National Program for Industrial Clusters

Qualification

Bachelor's degree in Chemical Engineering, King Saud University.

Master's degree in Business Administration, Thunderbird University, USA

Current board memberships of companies or their directors:

- Inside the Kingdom
General Corporation for Technical and Vocational Training
- Outside the kingdom:
N/A

Memberships of previous boards of directors or their directors:

- Inside the Kingdom:
Higher Institute of Rubber Industries
- Outside the kingdom:
N/A



Mr. Ahmed bin Mohammed Al Jabr
Vice Chairman of the Board
Chairman of the Executive and Risk Committee

Current Position:

Vice Executive President of Manufacturing - SABIC.

Previous jobs and experiences:

- CEO - SABIC Agricultural Nutrients Company
- CEO - Eastern Petrochemical Company (Sharq)

Qualification:

Bachelor's degree in Chemical Engineering, King Fahd University of Petroleum and Minerals

Current board memberships of companies or their directors:

- Inside the Kingdom
National Industrial Gases Company (GAS) N/A
- Outside the kingdom:
N/A

Memberships of previous boards of directors or their directors:

- Inside the Kingdom:
N/A
- Outside the kingdom:
N/A



Mr. Musaad bin Ahmed Al-Sayouhi
Board Member
Chairman of the Audit Committee

Current Position:

Vice President and Assistant Financial Controller
- Saudi Aramco.

Previous jobs and experiences:

- Director General of the Planning, Budgeting and Performance Management Center - Saudi Aramco
- Acting Assistant Auditor - Saudi Aramco
- Director of Financial Accounting Department - Saudi Aramco
- Director of Financial Readiness and Compliance Department - Saudi Aramco

Qualification

Bachelor's degree in Business Administration, University of Colorado, USA.
Master's degree in Business Administration, Bentley University, USA.

Certified Management Accountant Certificate, Institute of Management Accounting, USA.
Certified Public Accountant, Board of Accountants, USA

Current board memberships of companies or their directors:

- Inside the Kingdom
Saudi Aramco Jubail Refinery Company (SASREF)
Saudi Aramco Mobil Refinery Company Limited (SAMRF)

-Outside the kingdom:
Stellar Insurance

Memberships of previous boards of directors or their directors:

- Inside the Kingdom:
N/A
- Outside the kingdom:
N/A



Mr. Soliman bin Abdul Aziz Al-Hosain
Board Member (Independent)
Chairman of the Nominations and Remuneration Committee
Member of the audit committee

Current Position:

N/A

Previous jobs and experiences:

- Chairman of Yanbu Saudi Petrochemical Company (Yanpet)
- General Manager of Finance and Materials - Yanbu Saudi Petrochemical Company (Yanpet)
- Financial Controller - Yanbu Saudi Petrochemical Company (Yanpet)
- Director of Materials Management - Yanbu Saudi Petrochemical Company (Yanpet)

Qualification:

Bachelor's degree in Business Administration and Marketing, Houston Tilltson University, USA

Current board memberships of companies or their directors:

- Inside the Kingdom
SABIC Agricultural Nutrients Company.
- Outside the kingdom:
N/A

Memberships of previous boards of directors or their directors:

- Inside the Kingdom:
Plastic Composites Technologies Co. Ltd.
Arab Company for Synthetic Fibers (Ibn Rushd)
Eastern Petrochemical Company (Sharq)
Rabigh Refining and Petrochemical Company (Petro Rabigh)
- Outside the kingdom:
N/A



Mr. Badr bin Abdullah Al-Ghariry
Board Member
Member of the Executive and Risk Committee
Member of the audit committee

Current Position:

Vice President of Energy and Public Utilities Sector - Public Investment Fund

Previous jobs and experiences:

- Assistant Vice President - Energy and Public Utilities Sector - Public Investment Fund
- Senior Assistant - Energy and Public Utilities Sector -Public Investment Fund
- Assistant - General Administration of Investments in the Middle East and North Africa - Public Investment Fund
- Senior Analyst - General Administration of Investments in the Middle East and North Africa - Public Investment Fund
- Assistant Advisor - Public Investment Fund
- Assistant Portfolio Manager - HSBC Saudi Arabia

Qualification:

Bachelor's degree in Financial Management, Arizona State University, USA

Current board memberships of companies or their directors:

- Inside the Kingdom
Global environmental services management co., Ltd

-Outside the kingdom:
N/A

Memberships of previous boards of directors or their directors:

- Inside the Kingdom:
N/A
- Outside the kingdom:
N/A



Mr. Amr bin Abdul Aziz Al-Jallal
Board Member (Independent)
Member of the audit committee
Member of the Executive and Risk Committee

Current Position:

Managing Director and CEO of Namara Investment Company - Dr. Sulaiman Al Habib Investment Company.

Previous jobs and experiences:

- Head of Private Equity and Investment Banking - Jadwa Investment.
- Senior Vice President - Investment Banking Department - Saudi Fransi Capital.
- Director of the Registration and Listing Unit - Industry and Services Sector - Capital Market Authority.
- Registration and Listing Officer - Corporate Finance Department - Capital Market Authority.
- Banking Credit Officer - Commercial Banking Department - Samba Financial Group.

Qualification:

Bachelor's degree in Information Management System, King Fahd University of Petroleum and Minerals.
Master's degree in Business Administration, Rice University, USA.

Current board memberships of companies or their directors:

- Inside the Kingdom
National Agricultural Development Company (NADEC) Abdul Mohsen Al Hokair Group for Tourism and Development (Al Hokair Group)
Hamat Holding Company
Venture Capital and Private Equity Association
Mirak Financial Company

- Outside the kingdom:
October Pharma Company
Saudi Egyptian Industrial Investment Company

Memberships of previous boards of directors or their directors:

- Inside the Kingdom:
Fund of Funds Company
- Outside the kingdom:
N/A



Mr. Suliman bin Khalid Al-Mazroua
Board Member (Independent)
Member of the Nominations and Remuneration Committee
Member of the Executive and Risk Committee

Current Position:

CEO of the National Industrial Development and Logistics Program

Previous jobs and experiences:

- Operations Manager - National Industrial Development and Logistics Program
- Director General - Achievement and Rapid Intervention Center
- Director of Demand Planning, IT Strategy Management and Technology Planning Department - Saudi Aramco

Qualification:

- Bachelor's degree in Systems Engineering, King Fahd University of Petroleum and Minerals.
- Master's degree in Business Administration, University of Hull, United Kingdom.

Current board memberships of companies or their directors:

- Inside the Kingdom
Wadi Taiba Company
- Outside the kingdom:
N/A

Memberships of previous boards of directors or their directors:

- Inside the Kingdom:
N/A
- Outside the kingdom:
N/A

Board meetings

In order to enhance its role and responsibilities, the Board of Directors held six (6) meetings during the fiscal year ending on December 31, 2023 AD.

The following table shows each member's attendance record for Board of Directors meetings and the dates they were held.

Member name	1 1 March	2 9 April	3 3 May	4 2 August	5 1 November	6 26 December
His Excellency Eng. Khalid bin Mohammed Al Salem	●	●	●	●	●	●
Mr. Ahmed bin Mohammed Al Jabr	●	●	●	●	●	●
Mr. Badr bin Abdullah Al-Ghariry	●	●	●	●	●	●
Mr. Musaad bin Ahmed Al-Sayouhi	●	*	●	●	●	●
Mr. Soliman bin Abdul Aziz Al-Hosain	●	●	●	●	●	●
Mr. Amr bin Abdul Aziz Al-Jallal	●	●	●	●	●	●
Mr. Suliman bin Khalid Al-Mazroua	●	●	●	●	●	●

● Attended — Absent

*He abstained from attending the meeting to avoid a conflict of interest in the topics raised at the meeting

Ownership of board members

Member name	Ownership type	Ownership percentage	Shares' Number	Change's Percentage
His Excellency Eng. Khalid bin Mohammed Al Salem	Direct ownership	0	0	0
Mr. Ahmed bin Mohammed Al Jabr	Direct ownership	0	0	0
Mr. Musaad bin Ahmed Al-Sayouhi	Direct ownership	0	0	0
Mr. Badr bin Abdullah Al-Ghariry	Direct ownership	0	0	0
Mr. Soliman bin Abdul Aziz Al-Hosain	Direct ownership	0	0	0
Mr. Amr bin Abdul Aziz Al-Jallal	Direct ownership	0	0	0
Mr. Suliman bin Khalid Al-Mazroua	Direct ownership	0	0	0

Measures taken by the Board of Directors to inform its members of shareholders' proposals and observations regarding the company and its performance

Marafiq's governance regulations stipulate that the Chairman of the Board of Directors and the President and CEO of the company shall work to inform the rest of the members of the Board of Directors of the opinions of shareholders and discuss them with them.

On the other hand, the company's bylaws guarantee that shareholders participate in deliberations and discussions at general assembly meetings, enhancing communication with the company's shareholders and answering their inquiries in a way that does not harm the company's interests.

Evaluating the performance of the Board of Directors and its committees

The Nominations and Remuneration Committee, based on its work regulations, assists the Board of Directors in evaluating the performance of the Board and its committees.

Transactions with related parties

The company has concluded a number of contracts and transactions with some legal entities and companies that have ownership on Marafiq.

These transactions and contracts fall within the scope of normal business according to Item 30 contained in the audited financial statements for the year ending December 31, 2023 AD.

Board of Directors Committees

Marafiq has three main committees: the Audit Committee, the Rewards and Nominations Committee, and the Executive and Risk Management Committee.

A special work list has been approved for each committee, which specifies the tasks, powers, responsibilities and powers of its members and committee meetings, to enable each committee to perform its tasks and duties fully.

1. Audit Committee

According to the Audit Committee Regulations, the committee is formed of non-executive members of the Board of Directors, whether shareholders or others.

The number of members of the Committee shall not be less than three and not more than five, provided that among them is an independent Board of Directors member.

These members are nominated by the Board of Directors and appointed by a decision of the company's General Assembly. The Chairman of the Board of Directors shall not be a member of the Audit Committee, nor shall anyone who works or has worked during the past two years in the executive or financial management of the company.

In light of the policy developed by the company in accordance with the rules regulating the audit committee in the corporate governance regulations issued by the Financial Market Authority, the tasks and responsibilities of the committee include the following:

Financial Reports

- Studying and approving the company's initial and annual financial statements before presenting them to the Board of Directors and expressing an opinion and recommendation regarding them.
- Expressing its technical opinion - at the request of the Board of Directors - as to whether the Board of Directors' report and the company's financial statements are fair, balanced and understandable. It includes information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.
- Carefully researching any issues raised by the company's chief financial officer, the person assuming his duties, the company's compliance officer, or the external auditor.
- Studying the accounting policies followed in the company and express an opinion and recommendation to the Board of Directors regarding them.

Internal Audit

- Studying and Auditing internal and financial control systems;
- Studying internal audit reports and follow up on the implementation of corrective measures for the observations contained therein;
- Monitoring and supervising the performance of the company's internal audit department;
- Ensuring the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to them;
- *Auditing and approving the internal audit report.

External Auditor

- *Recommending to the Board of Directors to nominate and dismiss external auditors, determine their rewards, and evaluate their performance.
- *Verifying the independence of the external auditor, his objectivity and fairness, and the effectiveness of the audit work.
- * Auditing the company's external auditor's plan and work, and verifying that he does not submit any technical or administrative work outside the scope of his work.
- *Studying the external auditor's reports and comments on the financial statements and following up on what has been taken in their regard.

Compliance Assurance

- Auditing the results of the regulatory authorities' reports and ensuring that the company takes the necessary measures regarding them.
- Ensuring the company's compliance with relevant laws, regulations, policies and instructions.
- Reviewing the contracts and transactions proposed to be conducted by the company with related parties, and submitting its recommendations in this regard to the Board of Directors.
- Informing the Board of Directors of any issues related to what it deems necessary to act on and to provide recommendations on the steps that shall be taken.

Values and Ethics

- Auditing and evaluate policies and procedures, including codes of conduct.
- Auditing reports of compliance with systems, regulations, policies, unethical behavior, etc.

The Audit Committee is composed of three members. The following table shows the names and dates of each member's attendance at the meetings of the Committee.

Member name		1 28February	2 2May	3 18 May	4 1 August	5 29October
Mr. Musaad bin Ahmed Al-Sayouhi	Committee Chairman	●	●	●	●	●
Mr. Amr bin Abdul Aziz Al-Jallal	Member	●	●	●	●	●
Mr. Soliman bin Abdul Aziz Al-Hosain	Member	●	●	●	●	●
Mr. Badr bin Abdullah Al-Ghariry*	Member					
		● Attended – Absent				

* Mr. Badr bin Abdullah Al-Ghariry was appointed as a member of the Audit Committee by a decision of the Board of Directors on 11/01/2023 AD.

The opinion of the Audit Committee regarding the results of the annual review of the effectiveness and procedures of the company's internal control

The Audit Committee performs its powers and tasks in accordance with the committee's regulations approved by the company's general assembly and in accordance with regulatory requirements. Which includes supervising the performance of the Internal Audit Department, studying its reports, approving its work plan, and ensuring the soundness and effectiveness of the application of internal control controls, procedures, and systems.

The committee also studies the quarterly and annual data and financial statements to ensure their validity, accuracy, and compatibility with the approved accounting standards, procedures for preparing financial reports, and applicable systems and regulations.

The Audit Committee, in turn, within the responsibilities entrusted to it, submits its recommendations to the Board of Directors on matters that it deems necessary to recommend. It receives continuous support from the Board of Directors to enable it and improve the performance of its work and tasks.

During the year 2023 AD, the committee held five meetings in which members of management, the internal auditor, and the company's external auditor participated, with the aim of assisting the committee in carrying out its tasks and achieving its goals.

During those meetings, they presented their views to the Audit Committee on several matters, including the accuracy of the company's financial reports and statements and the effectiveness and soundness of the company's internal control and financial risk management systems.

Second: Nomination and Remuneration Committee

It is formed of Non-Executive Directors, whether shareholders or others, its Directors shall not be less than three and shall not be exceeded five Directors, including an Independent Director, and the Board of Directors shall appoint the Committee Directors.

According to the policy established by the Corporate in accordance with the rules governing the Remuneration and Nominations Committee in the Corporate Governance Regulations issued by the Capital Market Authority, the Committee missions and responsibilities shall include the following:

- It is formed of Non-Executive Directors, whether shareholders or others, its Directors shall not be less than three and shall not be exceeded five Directors, including an Independent Director, and the Board of Directors shall appoint the Committee Directors.
- According to the policy established by the Corporate in accordance with the rules governing the Remuneration and Nominations Committee in the Corporate Governance Regulations issued by the Capital Market Authority, the Committee missions and responsibilities shall include the following:
- Preparing a remuneration policy for Directors, the committees emerging from the Board of Directors, and Senior Executives, submitting it to the Board of Directors for consideration and approval by the General Assembly, provided that these regulations shall consider following the standards based on performance.
- Clarifying the relationship between the remuneration paid and the approved remuneration regulation and indicating any physical deviation from this regulation.
- Periodically reviewing the remuneration regulation and evaluating its effectiveness in achieving its objectives.
- Recommending the Board to pay remuneration for its Directors, Committee Directors, and Corporate Senior Executives in accordance with the approved regulations.
- Proposing clear policies and standards for board membership and Executive Management

- Recommending the Board to nominate Directors, and re-nominate them in accordance with the approved policies and standards, considering not to nominate any person convicted of honor smearing crimes. Determining the time that the Director shall allocate to carry out the Board of Directors works.
- Reviewing the structure of Board of Directors and Executive Management and recommending in respect of changes that shall be carried out of it.
- Establishing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- Establishing the procedures that shall be followed in the event that the position of a Director or Senior Executive becomes vacant.
- Identifying the strengths and weaknesses of the Board and proposing solutions to address them in a way that is consistent with the Corporate interests
- Annual reviewing of the skills, knowledge and experience required from the Directors. Preparing a description of the missions and capabilities required when appointing any Director and submitting recommendations to the General Assembly
- Recommending the Board of performance standards to assess the Board works, the committees emerging from the Board of Directors, and the Executive Management annually.
- Reviewing the leadership needs of the Corporate and its managing to ensure that the Corporate shall continue achieving accomplishments effectively in the market and fully keep pace with strategic issues and business changes that affect the corporate and the market in which it operates.
- Establishing the disclosure regulation of the Board of Directors and the Corporate management staff remuneration.
- Recommending the Board in respect of the criteria for selecting candidates for Board of Directors membership.

The Committee consists of three Directors, and the following table indicates the names of the Directors, each Director's attendance book at Committee meetings, and the Committee meetings dates:

Director's Name		1 1 February	2 4 April	3 16 July	4 9 October
Mr. Mr. Soliman bin Abdul Aziz Al-Hosain	Committee Chairman	●	●	●	●
His Excellency Eng. Khalid bin Mohammed Al Salem	Member	●	●	●	●
Mr. Suliman bin Khalid Al-Mazroua	Member	●	●	●	●

● Attended – Absent

Third: Executive and Risk Committee

The Board of Directors shall appoint Directors, provided that the Committee Directors shall not be less than three and shall not be exceeded five Directors, including at least two Non-Executive Directors. According to the policy established by the Corporate in accordance with the rules governing the governing the Executive Committee and risks in its work regulations, the Committee missions and responsibilities shall include the following:

- Issuing licenses to provide drinking water, water for industrial purposes, waste water, seawater cooling, and electricity services in the areas where the company carries out its activities, monitoring and ensuring compliance with them in accordance with the Corporate Articles of Association

- Establishing, maintaining, reviewing, and amending technical standards and performance standards when required for the water, sanitation, seawater cooling and electricity sectors. Monitoring its compliance with these technical standards and enforcement.
- Establishing, maintaining reviewing, monitoring and amending customer service standards, when required.
- Regulating the prices imposed on consumers of potable water, industrial purposes water, wastewater, seawater cooling, and electricity services, and the methods of collecting them.
- Approving, amending, monitoring and applying the terms and conditions for supplying potable water, industrial waste water, waste water, sea water cooling and electricity to customers.
- Approving and proposing amendments to the technical systems.
- Issuing regulations and decisions as stipulated in the Corporate Articles of Association.

The Committee consists of three Directors, and the following table indicates the names of the Directors, each Director's attendance book at Committee meetings, and the Committee meetings dates:

Director's Name		1 5 February	2 8 February	3 9 April	4 13 April	5 1 June	6 5 July	7 21 July	8 13 September	9 18 October	10 23 October	11 14 November
Mr. Ahmed bin Mohammed Al Jabr	Committee Chairman	●	●	●	●	●	●	●	●	●	●	—
Mr. Badr bin Abdullah Al-Ghariry	Member	●	●	●	●	●	●	●	●	●	●	●
Mr. Suliman bin Khalid Al-Mazroua	Member	●	●	●	●	●	●	●	●	●	●	●
Mr. Amr bin Abdul Aziz Al-Jallal*	Member								●	●	●	●

● Attended – Absent

* Mr. Amr bin Abdul Aziz Al-Jallal was appointed as a Director of the Executive and Risk Committee under decision of the Board of Directors dated 02/07/2023 AD.

Executive management

Current and previous jobs, academic qualifications, and experiences of the company's senior executives:



Eng. Mohammed Berki Al Zuabi
President and Chief Executive Officer

Current Position:

- Chairman of the Board of Directors, MaSa Operations and Maintenance Services Company
- Chairman of the Board of Directors of Jubail Water and Electricity Company
- Chairman of the Board of Directors of the Second Jeddah Water Company

Previous jobs and experiences:

- Member of the Board of Directors of the Electricity and Water Utilities Company in Jubail and Yanbu (Marafiq)

- Director of Energy Operations Department for the Northern Region - Saudi Aramco.

Qualification:
Bachelor's degree in Systems Engineering, King Fahd University of Petroleum and Minerals.
Master's Degree in Sustainable Electrical Energy, Georgia Institute of Technology, USA
Master's degree in Construction Engineering and Management, King Fahd University of Petroleum and Minerals.



Eng. Jamal bin Abdulrahman Muhammad Omar
Vice President of Operations

Current Position:

- Non-Executive Board Member, MaSa Operations and Maintenance Services Company
- Non-executive member of the Board of Directors, Jeddah Second Operation and Maintenance Company
- Non-executive member of the Board of Directors, Jubail and Yanbu District Cooling Company

Previous jobs and experiences:

- General Manager of the Yanbu 2 Operation and Maintenance Complex Project, Jubail and Yanbu Electricity and Water Utility Company (Marafiq)
- General Manager of Strategic Planning, Jubail and Yanbu Electricity and Water Utilities Company (Marafiq)
- Business Development Manager, Jubail and Yanbu Electricity and Water Utilities Company (Marafiq)

- Facilities Planning Manager, Jubail and Yanbu Electricity and Water Utilities Company (Marafiq)
- Senior Electrical and Instrumentation Engineer, Royal Commission for Jubail and Yanbu (Marafiq)

Qualification:
Bachelor's degree in Electrical Engineering, King Fahd University of Petroleum and Minerals. Master's degree in Electrical and Control Engineering, Union University, USA
Strategic Negotiation Executive Program Certificate in Negotiation and Influence, Stanford University, USA. Certificate in Public Administration Program in Executive Management, Harvard University, USA. Program Certificate for Electrical and Energy Systems (PSEC), General Electric Company, USA.



Eng. Sultan Turki Al-Ruhaili
Vice President of Engineering

Current Position:

- Vice President and Board Member, Jeddah Second Water Company
- Member of the Board of Directors, MaSa Operations and Maintenance Services Company

Previous jobs and experiences:

- Member of the Board of Directors, Marafiq Water and Electricity Supply Company (Supply)
- General Manager of Yanbu 2 Project, Jubail and Yanbu Electricity and Water Utilities Company (Marafiq)

- General Manager of Technical Affairs, Jubail and Yanbu Electricity and Water Utilities Company (Marafiq)
- Project Manager, Electricity and Water Utilities Company in Jubail and Yanbu (Marafiq)
- Engineering Director, Power and Water Station, Royal Commission for Jubail and Yanbu

Qualification
Bachelor's degree in Mechanical Engineering, King Fahd University of Petroleum and Minerals.



Mr. Mohammed bin Abdulhamid AlMulhim
Vice President of Finance and Information Technology

Current Position:

- Non-Executive Board Member, Marafiq Water and Electricity Supply Company (Tawreed)
- Non-Executive Board Member, MaSa Operations and Maintenance Services Company.
- Non-Executive Board Member, Jid Al Thani Water Company.
- Non-executive Board Member, Marafiq Insurance Company.

Previous jobs and experiences:

- Member of the Board of Directors, Saudi Clariant Company

- Executive Member of the Board of Directors, National Inspection and Technical Testing Company (Fahs).
- Member of the Board of Directors, National Battery Company (Batteries)
- General Manager of Finance, National Industrialization Company (Tasnee)
- Performance and Reporting Manager, Saudi Basic Industries Corporation (SABIC)
- Budget and Reports Manager, Eastern Petrochemical Company (Sharq)

Qualification
Bachelor's degree in Finance, King Fahd University of Petroleum and Minerals.

Executive Management's Ownership

Member name	Percentage of Ownership	No. of Shares	Percentage Change
Eng. Mohammed Berki Al Zuabi	0	0	0
Eng. Jamal bin Abdulrahman Muhammad Omar	0	0	0
Eng. Sultan Turki Al-Ruhaili	0	0	0
Mr. Mohammed bin Abdulhamid AlMulhim	0	0	0

Remunerations

In light of the provisions regulating the remuneration of members of the Board of Directors, its emerging committees, and senior executives stipulated in the companies' system, the corporate governance regulations, the executive regulations of the companies' system for listed joint-stock companies, and the company's article of association.

The company has developed a policy related to the members of the Board of Directors, its committees, and the executive management, which aims to organize remunerations and benefits to attract the best talents who have the required qualifications, experiences, and expertise that serve the company's business, growth, and operations.

First: Members of the Board of Directors and its committees

Each member of the Board and members of the permanent committees emanating from the Board are entitled to the following Remunerations and allowances:

- An attendance allowance of three thousand Saudi riyals for each meeting attended.
- Providing housing, transportation, and subsistence, or disbursing an assignment allowance (according to the desire of the Board member/Committee member) of one thousand Saudi riyals (SAR 1,000) for each day in the event that the meeting is held inside the Kingdom and outside the city in which the member resides. In addition, an assignment allowance of two thousand riyals (SAR 2,000) for each day in the event that the meeting is held outside the Kingdom, including travel days, according to the company's approved policy for senior executives.
- The value of a first-class, round-trip air ticket from the city in which the member resides to the city in which the meeting shall be held in accordance with the policy approved by the company in this regard.
- The annual remunerations for members of the Board of Directors shall be two hundred and fifty thousand riyals (SAR 250,000) for each member of the Board of Directors and financial remunerations of one hundred and fifty thousand riyals (SAR 150,000) for each member of the permanent committees for the membership of each committee. The remunerations shall be calculated according to the period of time he spent as a member of the Board or Committee during the year. If the total amount a member receives for his membership in the Board and affiliated committees during the year does not exceed a maximum of five hundred thousand riyals (SAR 500,000). This limit does not include attendance, assignment, or travel expenses (if the company provides this).
- The remuneration of the Secretary of the Board and the secretaries of the annual committees shall be determined in accordance with what the Board decides in this regard.
- The remuneration is paid annually or according to what the Board decides in this regard.

The benefits and remunerations of committee members who are not members of the Board of Directors are determined as follows:

- A non-Board member of the committee is entitled to a financial remuneration of one hundred and fifty thousand riyals (SAR 150,000), if the remuneration is calculated according to the period of time he spent as a member of the committee during the year.
- Each member of the Board committees who is not a member of the Board shall receive an amount of three thousand Saudi riyals (SAR 3,000) for his attendance at each committee meeting.
- A non-Board member of the committee is entitled to their travel expenses and expenses in accordance with the rules applicable to Board members.

Second: Executive Management

- The Nominations and Remuneration Committee audit the salary scale specified for all employees and the executive management and the incentive program, plans on an ongoing basis, and approves them based on the recommendation of the executive management.
- The Board of Directors, based on the recommendation of the Nominations and Remuneration Committee, determines the executive management remuneration, if it is consistent with the strategic principles and objectives of the company. It shall serve as a factor to motivate the executive management to achieve those goals, and enhance the company's ability to develop and continue its business.
- The maximum limit for executive management remuneration shall be audit annually, with any amendments being based on a recommendation from the Nominations and Remuneration Committee.
- The company shall work to attract executive managers who have the capabilities, skills and qualifications necessary to enable the company to achieve its aims.



Marafiq aims to organize remunerations and benefits to attract the best talents who have the required qualifications, experiences, and expertise that serve the company's business, growth, and operations.



Third: Clarifying the relationship between the Remunerations granted and the applicable Remunerations policy, and indicating any material deviation from this policy.

- The Board of Directors - based on the recommendation of the Remuneration and Nominations Committee - determines the remuneration of each of the members of the Board of Directors, committee members and senior executives.
- In accordance with the regulatory controls approved by the Board of Directors and the remuneration policy for members of the Board of Directors, its sub-committees and senior executives approved by the company's General Assembly.
- Accordingly, the member is entitled to the Remunerations granted to him accordingly, and there is no fundamental deviation from the applicable policy.

The following tables show the remuneration and compensation for members of the Board of Directors, committee members and senior executives, including the CEO and CFO, which were paid during the financial year ending on 12-31-2023:

A. Board Members' Remuneration

Board members' remuneration	Fixed Remunerations						variable Remunerations									
	* Fixed Remunerations	Attending council meetings' allowance	Total attending committee sessions' allowance	In kind Allowance	Administrative technical work 's remuneration	Chairman of the Council or the Secretary's remuneration, if he is a member	Total	profits' percentage	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	End of service remuneration	Total	Expense allowance
First: Independent Members																
Mr. Soliman bin Abdul Aziz Al-Hosain	113,350	18,000	27,000				158,350								158,350	16,525
Mr. Amr bin Abdul Aziz Al-Jallal	154,800	18,000	27,000				199,800								199,800	10,789
Mr. Suliman bin Khalid Al-Mazroua	113,800	18,000	45,000				176,800								176,800	10,003
Total	381,950	54,000	99,000				534,950								534,950	37,317
Second: Non-executive members																
His Excellency Eng. Khalid bin Mohammed Al Salem	131,067	18,000	12,000				161,067								161,067	14,768
Mr. Ahmed bin Mohammed Al Jabr	150,333	18,000	30,000				198,333								198,333	16,350
Mr. Musaad bin Ahmed Al-Sayouhi	123,000	15,000	15,000				153,000								153,000	1,000
Mr. Badr bin Abdullah Al-Ghariry	104,733	18,000	33,000				155,733								155,733	9,530
Eng. Ahmed Bin Taris Al-Sheikh ⁽¹⁾	27,333						27,333								27,333	
Mr. Mohammed bin Abdulrahman Al-Blehed ⁽¹⁾	27,333						27,333								27,333	
Mr. Ahmed bin Mohammed Hassan ⁽¹⁾	27,333						27,333								27,333	
Mr. Abdullah Ibrahim Al-Saadon ⁽¹⁾	22,733						22,733								22,733	
Eng. Mohammed bin Abdullah AlHatlan ⁽¹⁾	27,333						27,333								27,333	
Mr. Emad bin Khalifa Al-Hajji ⁽¹⁾	27,333						27,333								27,333	
Total	668,531	69,000	90,000				827,531								827,531	41,648

*The designated amount represents the annual remuneration for the membership of the Board of Directors for the year 2022, which was disbursed after the approval of the General Assembly on May 17, 2023.

(1) Their membership expired on April 20, 2022



B. Committee members' remuneration for their membership in Board of Directors committees

Member	* Fixed Remunerations	Attending sessions allowance	Expense allowance	Total
Audit committee's Members				
Mr. Musaad bin Ahmed Al-Sayouhi	204,000	15,000	-	219,000
Mr. Soliman bin Abdul Aziz Al-Hosain	-	15,000	2,000	17,000
Mr. Amr bin Abdul Aziz Al-Jallal	198,000	15,000	-	213,000
Mr. Badr bin Abdullah Al-Ghariry ⁽¹⁾	-	-	-	-
Mr. Ahmed bin Mohammed Hassan ⁽³⁾	69,000	-	-	69,000
Mr. Emad bin Khalifa Al-Hajji ⁽³⁾	72,000	-	-	72,000
Remuneration and Nominations Committee 's Members				
Mr. Soliman bin Abdul Aziz Al-Hosain	192,850	12,000	16,653	221,503
His Excellency Eng. Khalid bin Mohammed Al Salem	211,400	12,000	-	223,400
Mr. Suliman bin Khalid Al-Mazroua	-	12,000	-	12,000
Mr. Abdullah Ibrahim Al-Saadan ⁽³⁾	67,400	-	-	67,400
Mr. Mohammed bin Abdulrahman Al-Blehed ⁽³⁾	63,000	-	-	63,000
Eng. Mohammed bin Abdullah AlHatlan ⁽³⁾	69,000	-	-	69,000
Executive and Risk Committee's Members				
Mr. Ahmed bin Mohammed Al Jabr	225,000	30,000	-	255,000
Mr. Badr bin Abdullah Al-Ghariry	223,400	33,000	-	256,400
Mr. Suliman bin Khalid Al-Mazroua	219,000	33,000	-	252,000
Mr. Amr bin Abdul Aziz Al-Jallal ⁽²⁾	-	12,000	-	12,000
Eng. Ahmed Bin Taris Al-Sheikh ⁽³⁾	57,000	-	-	57,000

^(*) The fixed remuneration represents the annual remuneration for membership of Board members in Board committees for the year 2022 AD, which was disbursed during the year 2023 AD.

⁽¹⁾ Mr. Badr bin Abdullah Al-Ghariry was appointed as a member of the Audit Committee by a decision of the Board of Directors on 01-11-2023 AD.

⁽²⁾ Mr. Amr bin Abdul Aziz Al-Jallal was appointed as a member of the Executive and Risk Committee by a decision of the Board of Directors on 02-08-2023 AD.

⁽³⁾ Their membership in the committee expired on 20-04-2022.

C. Remuneration paid to the top five senior executives, including the CEO and CFO, for the fiscal year 2023 (Saudi riyals)

Fixed Remunerations	Salaries	5,856,405
	Allowance	2,176,389
	In kind Allowance	-
	Total	8,032,794
Variable Remunerations	Periodic remuneration	-
	Earnings	-
	Short-term incentive plans	1,661,787
	Long-term incentive plans	1,116,720
	Awarded Shares	-
	Total	2,778,507
End of service remuneration		-
Total executive remuneration for the Board, if any		-
Total		10,811,301



Declarations under the Corporate Governance Regulations

1- Marafiq has adopted rational practices in corporate governance in accordance with governance regulations and rules issued by regulatory authorities, and in accordance with international principles of governance and its best practices. The company has established a general framework for its governance that includes a set of regulations and policies through which roles and responsibilities are defined.

How to make and implement decisions, and monitor their implementation, in light of the rules of transparency that achieve accountability and enhance performance efficiency, based on the relevant rules and regulations.

The Board of Directors is responsible for monitoring the implementation of governance systems to verify the integrity and accuracy of the application to ensure adherence to best governance practices.

Ensuring the adoption and implementation of the best international systems for compliance and commitment, which guarantee the rights of workers, shareholders, investors and stakeholders alike.

2. Marafiq also applies all the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the provisions stated below:

Article/paragraph number	Text of article/paragraph	Reasons for non-application
Article (39): Evaluation (e)	The Board of Directors arranges to obtain a competent third-party evaluation of its performance every three years.	Guiding paragraph
Article No. (39): Evaluation (f)	The non-executive members of the Board of Directors conduct a periodic evaluation of the performance of the Chairman of the Board after taking the views of the executive members (without the Chairman of the Board attending the discussion designated for this purpose) provided that the strengths and weaknesses are identified and a proposal to address them is consistent with the interest of the company.	Guiding paragraph
Article No. (51): Formation of the Audit Committee, Paragraph (C)	The Chairman of the Audit Committee shall be an independent member	Guiding paragraph
Article No. (84): Social Responsibility	The Ordinary General Assembly - based on a proposal from the Board of Directors - shall establish a policy that ensures the establishment of a balance between its objectives and the objectives that society aspires to achieve.	Guiding paragraph
Article Ninety-Two: Formation of a Corporate Governance Committee	For developing the social and economic conditions of society. If the Board of Directors forms a committee specialized in corporate governance, it shall delegate to it the powers stipulated in Article No. 91 of these regulations. This committee shall follow up on any issues related to governance applications, and provide the Board of Directors, at least annually, with the reports and recommendations it reaches.	Guiding paragraph

3. That the account records were prepared correctly, that the internal control system was prepared on sound foundations and implemented effectively, that there is no significant doubt about the company's ability to continue its activity.

4. There is no punishment, penalty, precautionary measure, or precautionary restriction imposed on the company by the competent authority or by any other supervisory, regulatory, or judicial authority.

5. The company has an internal audit department.

6. There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, and the recommendation of the Audit Committee was taken into consideration, which included appointing the company's auditor and determining his fees for the fiscal year 2023.

7. No competitive business or contracts shall be concluded with any member of its Board of Directors or one of its senior executives, and there is no personal interest for any of them or any person related to them.

8. The company's consolidated financial statements were prepared during the fiscal year 2023 in accordance with the standards approved by the Saudi Organization for Certified Public Accountants.

9- The company did not issue or grant any transferable debt instruments, contractual securities, preemptive rights, or any similar rights during the fiscal year 2023.

10- The company shall not issue or grant any transfer or subscription rights under any transferable debt instruments, contractual securities, guarantees or similar rights.

11. There are no recoveries, purchases or cancellations by the company of any recoverable debt instruments.

12. No contracts or agreements exist that permit a senior executive or member of the board of directors to forego pay or remuneration.

13. No shareholder of the corporation has given up their entitlement to earnings through any arrangements or agreements.

14. The auditor's report shows that the consolidated financial statements are free of any fundamental errors, and there are no reservations regarding them.

15. The Board of Directors shall not issue a recommendation to change the auditor before the end of his appointed term. It should be noted that the external auditor's fees in 2023, it amounted to 2.35 million Saudi riyals.

Conclude

The Board of Directors extends its sincere thanks and gratitude to the executive management and all the company's employees for their efforts, valuing and appreciating the interaction of the company's shareholders and all relevant governmental and private sectors. The Council looks forward to more achievements in the coming years, God willing

