



## Board of Directors Report For the fiscal year 2022

AlAbdullatif Industrial Investment Co.

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## Chairman's Statement



### Dear Shareholders,

Statement by the Chairman of the Board

Dear Shareholders:

Greetings:

We present to you our annual report for the past year 2022, where Al-Abdullatif Industrial Investment Company continued its work according to the foundations and international competitive standards, and committed to its mission to the quality that customers aspire to, and the responsibility that society seeks to. Hence, it will suit the requirements of the project and individual sectors. Where this goal must be met despite the repercussions, crises, increased production costs and the inability of markets to accept those increases in a timely manner the company has made some expansions and changes in production lines by

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adding modern machines that keep pace with the remarkable development and strive to satisfy the consumer. Although the carpet and rug sector is still suffering from stagnation, but this did not prevent us from achieving our aspirations and upgrading the carpet and rug industry so that the Kingdom remains in the leadership of developed countries in this industry in the Middle East and Africa, keeping pace with the Kingdom's vision 2030 will have an impact on economic development.

I can only express my sincere thanks and gratitude to our wise leadership, to the Chairman and members of the Board of Directors, and to the employees of the company for their efforts in the service of our country and the citizen.

**Chairman of the Board of Directors**  
**Suleiman Omar Al-Abdullatif**

## Vision

To remain as an advanced company adhering the best systems and practices to achieve continuous growth and efficiency in its work field. Hence, the company's vision is reflecting on enhancing the confidence and interest of the parties concerned.

## Mission

Basic: State of vertical integration in means of production.

Humanity: Creating an attractive and enjoyable work environment that helps individuals unlock their full abilities and develop national competencies in management and operation.

Economic: Ability to produce large quantities at high speed in short time, high quality and new product development constantly.

Finance: improving performance standards and hard work to reduce cost and risk.

## Objectives

Al- Abdullatif Industrial Investment Company aims to achieve a variety of goals at the economic, social, national, and humanitarian levels. These objectives include enhancing the company's contribution to achieving the lofty goals of the Kingdom's Vision 2030, the most important of which is increasing the contribution of the private sector to non-oil GDP. What the company aims to achieve is the optimal use of resources, whether material resources, human resources or capital to achieve survival, viability and growth. The company also aims to grow shareholder returns by increasing sales by earning the trust of new customers, retaining the trust of the existing ones, and expanding sales channels. This is in addition to improving and innovating production technologies that contribute to reducing production costs to reach a competitive production cost that meets the needs of the market and the consumer while maintaining the high level of quality of its products.

## Company overview



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







**1 Suleiman Omar Al-Abdullatif**  
Head of Management Board

**2 Majed Abdulrahman Al-Osailan**  
Vice Chairman

**3 Abdullatif Omar Al-Abdullatif**  
Managing Director

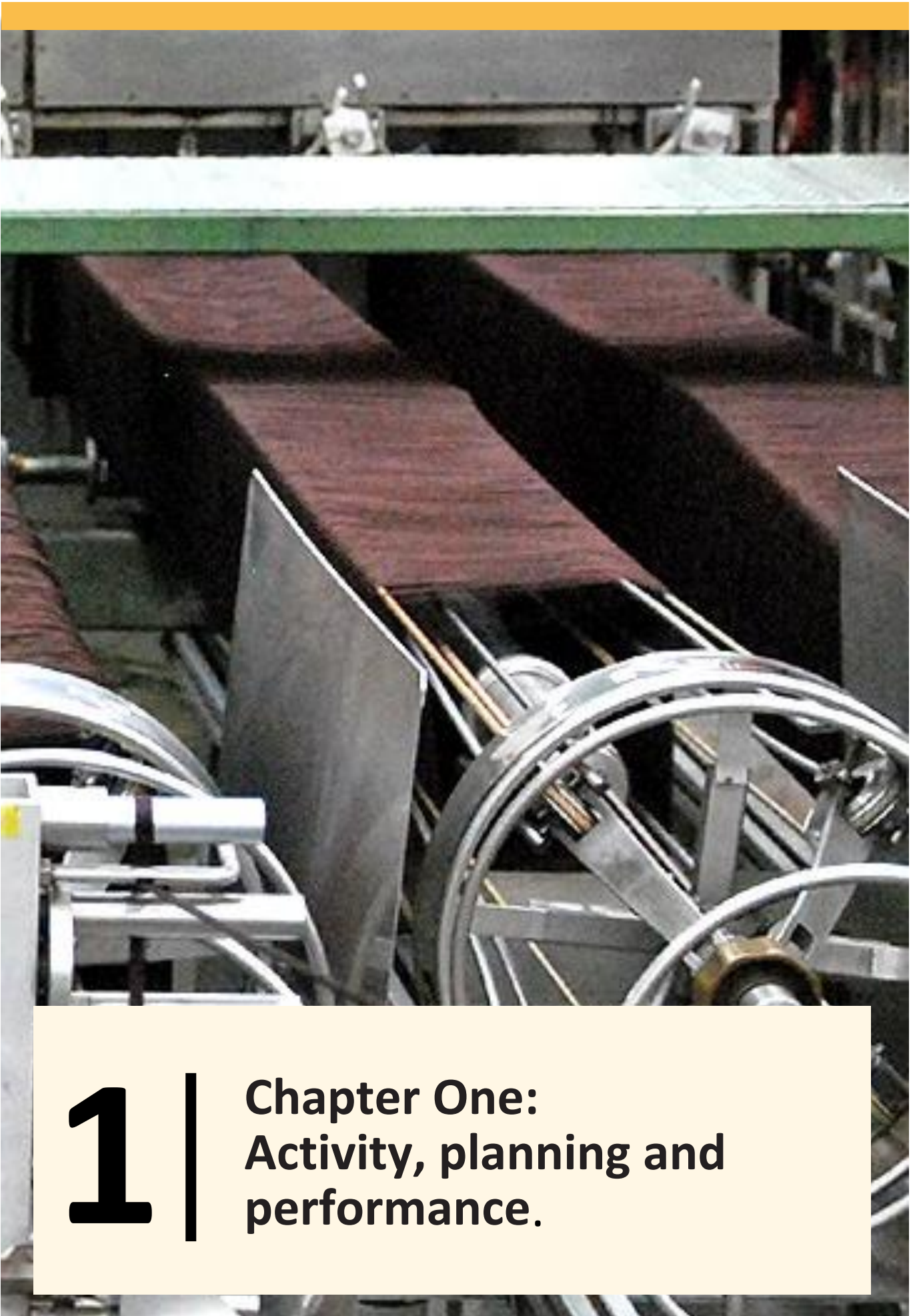
**4 Samir Mahmoud Haddad**  
Member of the Board of Directors

**5 Fahad Omar Al-Abdullatif**  
Member of the Board of Directors

**6 Mohammad Hamdan Alsorayai**  
Member of the Board of Directors

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





# 1

## Chapter One: Activity, planning and performance.

## The company and subsiders companies Activities

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

Company's name	Its main activity	place of the main store	Place of establishing	Percentage of Holding %	Affiliate capital
<b>National Spinning Company</b>	Spinning and preparation of cotton, spinning and preparation of industrial yarns such as nylon and Dillon	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	30.000.000
<b>Eastern Textile Company</b>	Spinning and preparation of industrial yarns such as nylon and Dillon weaving textiles from industrial yarns such as nylon	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	20,000,000
<b>Western Textile Company</b>	Spinning and preparation of industrial yarns, including (nylon and Dillon)	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	16,500,000
<b>Adfa Blanket Company</b>	Cutting of sheets, pillowcases, bedspreads, quilts, pillows, making blankets and travel rugs	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	20,000,000
<b>Nadeen Arabia Colour Company</b>	Manufacture of dyeing materials, colouring, and industrial and natural tanning	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	4.000.000
<b>Shahd Paper Tube Factory</b>	Manufacture of corrugated paper and paperboard (cardboard), manufacture of paper cylinder covers	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	1,300,000
<b>First Carpet Company</b>	Carpet manufacturing, including (prayer and travel rugs), and rug manufacturing	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	20,000,000
<b>Al Abdullatif Training Institute</b>	Training Centres	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	100,000
<b>Retaj Al Waseel Company for Services</b>	General construction of residential buildings	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	100%	2,000,000

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



## The company's overall performance 2022

The responsibility of the company's executive management, board of directors and committees to emphasize the management of activities, operations and performance control in a manner that contributes to ensuring the achievement of objectives and the interests of shareholders. The economic conditions and conflicts in the world have overshadowed the growth rates and consumption pattern in most countries and therefore the production costs and sales growth have been adversely affected.

Al-Abdul Latif Industrial Investment Company, like other industrial companies in the kingdom, is committed to increasing public awareness of the role of non-financial standards in evaluating the performance of companies and improving their reputation and increasing their role in strengthening and diversifying the Kingdom's economic structure as it is generally linked to the application of governance, transparency, the development of human resources and the adoption of social responsibility programmes . Hence, the company is committed to applying governance mechanisms, tariffs for some imported raw materials. Bearing in mind the fact that the Kingdom's Government is putting in consideration the importance of the industrial sector, including manufacturing and industries that give added value to the Saudi-origin product.





## Company's Strategy

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

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

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

We also must ask ourselves do we offer the same products to the same customers, not new products? Is the company satisfied with its current market share? Is the company striving to improve its situation? Does the company provide all the new designs in the market that suit consumers at the local and export markets level? The company adopts the flexibility strategy that is the ability to deal with facts and cope with variables effectively and more creatively. This strategy is centred on speed of implementation and resilience by taking steps towards market change to exploit opportunities. One of Abdul Latif Industrial Investment's success strategies is its belief in the need to develop and continuously improve as a leader in its business. These strategies are highlighted below:

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

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

- Market penetration strategy
- Competitive Products strategy
- Developing the product strategy

### The quality of products:

In fiscal year 2022, the company began updating and replacing machines and developing several of them to keep pace with the requirements of the markets. This strategy is a modest start consistent with the current market situation. However, the company plans to develop the company's machinery and equipment technology in general, which is a strategic goal whereby the management of the company must increase its interest in quality standards in the producing of the product. Thereby, it is contributing to the technical development using the recent technology in carpet industry, rugs, blankets and raw material production in a way that ensures the opportunity to launch in local and export markets.

### Continuous communication with key clients:

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

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### **Continuous presence in exhibitions:**

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

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### **Application of flexible company system**

What we mean by flexibility is the ability to respond to facts and deal with variables effectively and more creatively. The company's flexibility is centered around speed of implementation and adaptability, that is, the company has to be bold to take steps towards change, and to be able to take new steps. The market does not present opportunities all the time, and the opportunities themselves are ephemeral. Hence, AL- Abdul Latif Industrial Investment Company's success strategies are highlighted as never convincing of its success, believing that there is always better, and that there is still something it can offer to customers. These continuous improvements do not depend on a particular matter or area. Although, the improvement procedures are continuous, and many of them can take considerable time and effort, but it always resulted a leading company and sustainable customers.

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### **Strategy of expansion in production lines:**

The company has adopted a cautious and progressive expansion policy consistent with the movement of the market. The Board of Directors has therefore decided to approve the recommendation of the Executive Committee to make expansions in the company and several subsidiaries (First Carpet Company, Western Textile Company, Adfa Blankets Company, Al-Abdul Latif Industrial Investment Company) and commenced its commercial production and production returns.

## Expectations

The global economy experienced different scenarios in 2022 under overlapping effects, notably, the political uncertainty and its implications, besides the recovery movement that slowed down in 2022. Therefore, we can notice the "uncertainty" mode which imposed constantly.

However, many countries are working on fiscal and economic policies to avoid reaching a decline in global economic growth. Yet, in Saudi Arabia the budget deficit is expected to decrease, giving the hope to increase government spending, and with it the economic movement in general recovers. Al Abdul Latif Industrial Investment Company is one of the companies of the industrial investment sector which depends on the domestic market on one hand and the global market on the other due to its high export potential. Which was clearly reflected in the income list of the company's estimated budget for 2023, where the company's revenues are expected to increase during the fiscal year 2023 at an estimated rate of 4%, and hoped that the company will achieve annual profits, God willing. As these expected results do not satisfy the executive management, it is doing its best in adopting policies and mechanisms to make sustainable profits. Hence, the executive management has updated the objectives and strategies and made many decisions. Some of these decisions, to name not a few, are increasing the number of products sold, looking for new markets for products, reducing expenses, developing products to the highest specifications . . . etc. All with the aim of making changes for the better in the future.





## Potential Risks

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

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

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

### Strategic risks:

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

### Risks related to regulations and laws.

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

### Operational activity risks

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

### Financial risks:

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

### Reputation risks:

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

## Economic risks

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

## Risks of staff turnover:

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

## Market risks

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

## Risks related to Raw Materials.

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

## Export market risks

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

## Risks of focusing on certain clients

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

## Geographical location risks

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

## Investment risks

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

## Financial position of clients

A number of clients suffer from a shortage of cash and demand more credit facilities, as a number are linked to insurance companies and banks, which continuously reduce their credit ceiling under current conditions. The company faces some difficulties in collecting debt from some customers as a result of scarce liquidity under current conditions.

## Debt Collection risk:

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

## Social Responsibility

To promote the concept of social responsibility and to establish the principle of community service, the company believes in the importance of participation in social development through projects and programmes to achieve public beneficiaries for the community. It also believes in the importance of participation to attract people with special needs to the job field by providing jobs appropriate suitable to their abilities and qualifications. The company also contributes to the service of society by taking care of train and develop the skills of Saudi Arabian youth, as well as training and employ national workers. **Therefore**, the company recruited (2) Saudi employees on the owners of the facility and loaned them to the Ministry of Human Resources to assist the Ministry in carrying out its work and reduce its financial burden for a renewable year. It also adheres to occupational safety standards. The company also plays its primary role in supporting the productive base of the national economy and adding value to national products. The company's contribution to the Association for Advocacy, Guidance, and Immigrants Awareness at in the New Industrial city in Riyadh, as well as the relative contribution made to the Judicial Enforcement Department of the Ministry of Justice, is noteworthy. The company has plans to present several initiatives under social responsibility under the umbrella of the Ministry of Labour. The company also has clear plans in operational and commercial processes, capital exploitation and development of domestic and global investments over the coming years. The company continues to evaluate real estate investment opportunities and invest in local companies that are not listed for a premium shareholder return. Here, it is worth mentioning the investment in Red Sea Cable Company and Al Rafi Sugar Industry Company as a strategic investment.



## HR and Training

Human resources are the beating heart of any company, and are a key element in the management process, as the effectiveness of the company in achieving its goal depends to a large extent on the performance of its human resources. Human resource management is one of the distinctive sub-fields within the field of general management, which many believe is the key to the success of the company.

At Al-Abdul Latif Industrial Investment Company, human resources management performs in addition to its main tasks of deepening the basic concepts of human resources management. It also covers job design, analysis, classification and evaluation, human resource planning and recruitment, training, and job performance evaluation. Promotion, transfer, secondment, assignment, financial compensation, additional benefits, leave, discipline and termination. As the human element is one of the most important pillars of our company, we have continued to pay attention this year to the measurement of the organizational health index, to develop an applied road map that helps to increase and improve the work environment.

The results of this indicator contributed to the identification of a set of objectives that our company seeks to achieve during the year 2022, such as the development of some of the policies and procedures followed to improve job awareness and increase professionalism at work, to contribute to enhancing communication between different groups and departments and create a sense of intimacy and belonging among employees.

Attention continued to provide job opportunities for national cadres without interruption, in order to complete the implementation and achievement of the annual objectives of Al-Abdul Latif Industrial Investment Company and our belief that all the objectives of the strategic plan will be achieved without impact, which resulted in a high rate of Job localization in the company. The company has hired 2 Saudi employees on the owners of the facility and **seconded them to the Ministry of Human Resources to help the ministry carry out its work and reduce the financial burdens for a renewable year.**



## The Company's Dividend Policy

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

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

## Dividends Distributing

During the fiscal year 2022, the company did not distribute profits to the company's shareholders, due to the lack of profits for this year. As shown in the company's financial statements. Hence, the Board will present this recommendation to the company's next general assembly for approval.

## DIVIDEND DISTRIBUTION DATE

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

## NONE- DIVIDEND DISTRIBUTION

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





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## Chapter two: Disclosure and Governance Requirements.



## Board of Directors Declarations

The Board of Directors declares the following:

- The account records were properly prepared.
- The internal control system was well-founded and effectively implemented.
- There is no doubt about the company's ability to continue its activity.
- There is no penalty, sanction, precautionary measure, or reserve imposed on the company by the competent authority or by any other supervisory, regulatory, or judicial authority.
- The company has an internal audit, and there's no recommendation from the audit committee about him.
- There is no contradiction between the Audit Committee's recommendations and the board of directors' decisions. The Audit Committee's recommendation of appointing the company's auditor and determining its fees for fiscal year 2022 has also been considered.
- The consolidated financial statements of the company were prepared during 2022 in accordance with the terms approved by the Saudi Commission of Chartered Accountants.
- The company did not issue or grant any convertible debt instruments, contractual securities, protective rights, or similar rights during fiscal year 2022.
- The company has not issued or granted any transfer or acquisition rights under any convertible debt instruments, contractual securities, guarantees or similar rights.

## Other Disclosures

- None of the members of the Board of Directors acquire any loans, nor the company guarantees any of them in returning a loan. The company has no commitment of any kind during the fiscal year 2022.
- There are no investments or other reserves created for the benefit of the Company's employees.
- There is no recommendation from the Board of Directors to replace the chartered accountant before the expiry of the period for which he was appointed.
- During the year, the Board of Directors did not sell or mortgage any of the company's real estate.
- The disclosures of contingent liabilities at the date of the consolidated financial statements and the amounts of revenues and expenses declared during the reporting year, are based on the best information available to management about current operations and events.
- There is no subsidiary of Al-Abdul Latif Industrial Investment Company that has issued shares or debt instruments.
- The company has no treasury shares held.
- There are no distributions made by the company during the fiscal year 2022.
- There are no debt instruments that are convertible into shares, rights, records of subscription rights or similar rights. There are no rights of conversion or subscription under debt instruments that are convertible into shares, rights, records of subscription rights or similar rights issued or granted by the company during the fiscal year 2022. And there is no refund, purchase or cancellation by the company or its subsidiaries of any redeemable debt instruments during the year 2022.
- The company has not received any notification or communication from persons who have an interest in the class of shares entitled to vote under Article (45) of the registration and listing rules stating their ownership in the company's shares.
- The Chairman of the Board of Directors (Mr. Suleiman bin Omar Al-Abdul Latif), the Managing Director (CEO) (Mr. Abdullatif bin Omar Al-Abdul Latif) and the Executive Vice President (Mr. Fahd bin Omar Al-Abdul Latif) did not receive any remuneration or allowances for attending meetings nor for their membership in the Board of Directors for its current session. Contrastingly,

three members of the Board of Directors got paid for their membership bonuses for the fiscal year 2021 which been disbursed in the fiscal year 2022. They also paid allowances to attend meetings of the Council and the committees, and they are (Mr./Majid bin Abdul Rahman Al-Osailan and Mr./Abdulaziz bin Abdul Latif Al-Dulaijan and Mr. Hisham bin Abdul Rahman Al-Askar).

- None of the Executive Board Members or Senior Executives has waived any salary. Bearing in mind that there are no arrangements or agreements under which one of the company's shareholders would waive its profits rights.



## Disclosure and Transparency

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

Disclosure policies and procedures

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

### Disclosure of essential information

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

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

### Disclosure of financial information

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

### The Board of Directors' report disclosure

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

- If the provisions of the Financial Market Authority's Corporate Governance Regulation not applied and provide the reasons for not applying.
- Names of participating companies whose boards of directors are member in the company.
- The Board of Directors and the classification of its members shall be as the following: (Executive Board Member, Non-Executive Board Member, Independent Board Member)
- A brief description of the terms of reference of the main board committees and their functions, such as the Audit Committee, the Nominations and Rewards Committee, including the names of these committees, their chairmen, their members, and the number of meetings.
- Details about the rewards and compensation paid to all members of the Board of Directors and five senior executives who received the highest awards and compensations from the company, adding to them the Chief Executive and the Finance Director if they aren't included.
- Any penalty or sanction imposed on the company by the authority or by any other supervisory, regulatory, or judicial authority.
- Results of the annual audit of the effectiveness of the company's internal control procedures.

### Disclosure to Regulatory Authorities

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

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

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

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

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

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

## Confirmation and annual declarations of senior management regarding internal control for the fiscal year ending on 12/31/2022

During 2022, Al Abdel Latif Industrial Investment Company made tremendous efforts to ensure the adequacy and effectiveness of the internal control system, in line with the requirements issued and in conformity with the provisions of the Regulation on Corporate Governance of the Capital Market Authority, and in accordance with the international standards of corporate governance. The activities carried out during 2022, which included an audit of the efficiency of the internal control system, have contributed to providing reasonable assurance of the appropriateness of regulatory controls.

- The integrity and effectiveness of the internal control system applied within the control system.
- Addressing internal and external deficiencies and weaknesses to ensure the integrity of the company's interests.
- Accordingly, based on the results of the evaluation of the internal control system, AL Abdel Latif Industrial Investment Company has an adequate, properly functioning, and continuously strengthened internal control system. Bearing in mind that no of internal control system, no matter how its designed and effective, can provide absolute assurance.

## Governance

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

Article number	Article/paragraph text	Reasons not to apply
<b>Not applicable guidelines</b>		
	Article (39), Article (85), Article (88), Clause (3) of Article (89)	Guidance articles will be applied when they become mandatory.
<b>Recently implemented mandatory articles</b>		
<b>Article: 22</b>	Paragraph E - Periodic review and approval of the company's organizational and functional structures.	The company has organizational and functional structures and is currently being updated in cooperation with an external consultant.
<b>Article: (25)</b>	Paragraph 6 - Setting performance standards for the executive management in line with the company's goals and strategy.	There is a performance standards policy for the executive management in line with the company's goals and strategy.
<b>Article: (25)</b>	Paragraph 7 - Reviewing and evaluating the performance of the executive management.	There is a policy for reviewing and evaluating the performance of the executive management.
<b>Article: (25)</b>	Paragraph 8 - Setting sequencing plans for the company's management.	There is a policy of sequencing plans for the management of the company.
<b>Article: (37)</b>	Paragraph 9 - Organizing a record of disclosures of the members of the Board of Directors and the Executive Management.	There is a record of disclosures for members of the Board of Directors and Executive Management.
<b>Article: (41)</b>	The company evaluates board members through the Remuneration and Nominations Committee under a prepared and approved form.	There is an annual assessment of members through the Remuneration and Nominations Committee
<b>Article: (73)</b>	There is an internal control system approved by the Board of Directors, and there are risk management policies and procedures approved by the Board.	There is an internal control system approved by the Board of Directors, and there are risk management policies and procedures approved by the Board, and they are currently being updated in cooperation with an external consultant.
<b>Article: (87)</b>	Training Saudi employees and qualifying them for the labour market through non-profit institutes and private institutes. Training of school students in the summer period and disburse them rewards for that.	Some social responsibility initiatives include the recruitment of 2 Saudi employees for the Ministry of Human Resources to assist it in its work and reduce its financial burden. The article is still indicative.
<b>Article: (95)</b>	Formation of the corporation governance committee	The Governance Committee has been established and its duties assigned to the Risk Committee to become with the following title (Risk Management, Governance and Compliance Committee).





# 3

## Chapter Three: Reports and financial results.

## Financial results

1. Net loss for the 12-month period was SAR -57.87 million compared to SAR -47.75 million for the same period of the previous year.
2. Loss per share during the 12-month period were SAR -0.71 compared to -0.59 riyals for the same period of the previous year.
3. Total profit during the 12 months was SAR 7.44 million, compared to SAR 18.79 million for the same period of the previous year, a decrease of %-60.404.
4. Operating loss during the 12-month period was SAR -32.72 million, compared to SAR -20.33 million for the same period of the previous year, a decrease of %-60.944.
5. Total overall income during the current period was 186.57million riyals compared to -36.80 million riyals for the same period in 2021.
6. Net sales reached SAR 647.50 million during the current period, compared to SAR 641.52 million for the same period in 2021, in an increase of %-0.932.
7. Total shareholders' equity during the current period was SAR 1281.48 million compared to SAR 1094.90 million for the same period in 2021, an increase of %-17.041.
8. Several numbers of the last year had been reclassified to compare correctly with this year's numbers.

The reasons for the decrease in the gross profit from the business and the increase in operating losses and net loss for the current year compared to the previous year are due to the increase in the cost of materials, the increase in operating expenses and the cost of sales attributed to sales, as well as the increase in financing costs, and the decrease in miscellaneous revenues. Profits in comprehensive income is due to gains on land revaluation.

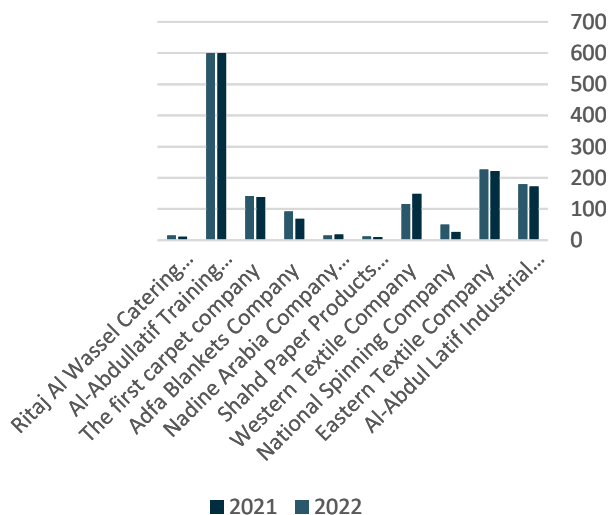
The accumulated losses amounted to 27.28 million SAR 3.36% of the capital as on 31 December 2022.

## Corporate sales and profit results

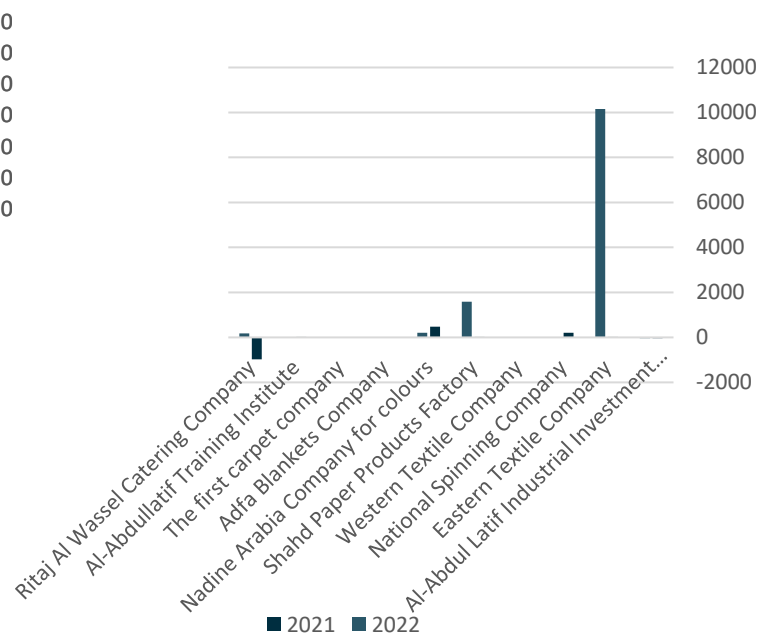
(Thousands of riyals)

Company Name	Sales (including inter-company sales)		Net Profit and loss (After taking out Zakat)		Participation rate of subsidiaries in net profit and loss	Comprehensive income.	Participation rate of subsidiaries in comprehensive income
	2021	2022	2021	2022		2022	
Al-Abdul Latif Industrial Investment Company	172.712	179.394	(30.582)	(40.894)	%71	205.223	% 110
Eastern Textile Company	221.830	226.482	6.053	10.158	%-18	9.786	% 5
National Spinning Company	26.828	50.417	202	(2.850)	% 5	(2.891)	% -2
Western Textile Company	148.798	115.770	(1.405)	(8.907)	% 15	(9.227)	% -5
Shahd Paper Products Factory	10.440	12.219	1.040	1.586	% -3	1.561	% 1
Nadine Arabia Company for colours	18.261	14.708	476	206	% 0	181	% 0
Adfa Blankets Company	68.957	92.351	(1.720)	(4.504)	% 8	(4.921)	% -3
The first carpet company	138.081	141.151	(19.609)	(12.824)	% 22	(13.262)	% -7
Al-Abdullatif Training Institute	600	600	17	(16)	% 0	(19)	% 0
Ritaj Al Wassel Catering Company	11.235	15.282	(977)	180	% 0	142	% 0
Exclusion of profits from subsidiaries	-	-	(1.249)	-	% 0	-	% 0
total	817.742	848.374	(47.754)	(57.866)	%100	186.537	% 100
Inter-company sales are discounted	(176.226)	(200.869)					
net sales to customers	641.516	647.505					

Sales included sales between companies



Net Sales after excluding Zakat





## Corporates Profit Results

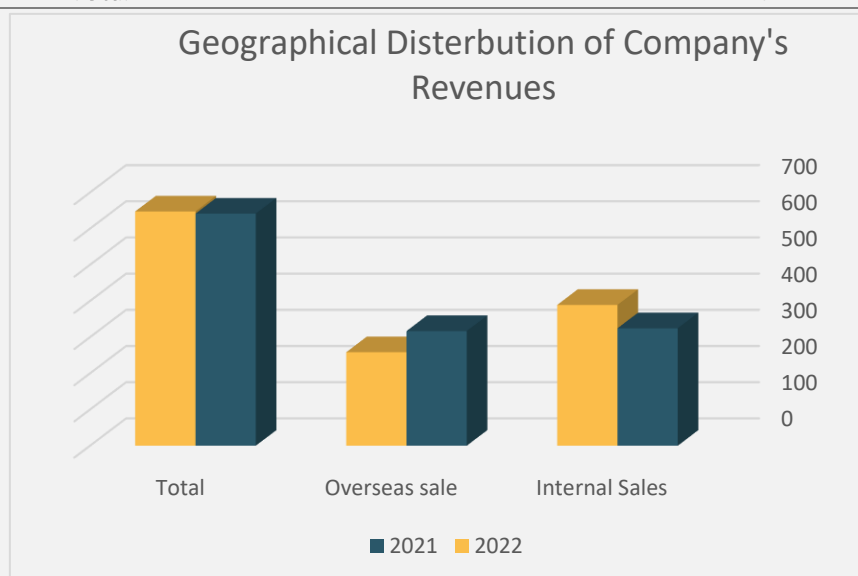
Company Name	Net profit (After taking out the zakat)		Net Profit Participation Ratio of Subsidiaries	DIFF	%	Comprehensive income.		Percentage of participation of subsidiaries in comprehensive income	DIFF	%
	2021	2022				2021	2022			
Al-Abdul Latif Industrial Investment Company	(30.582)	(40.894)	% 71	(10.312)	%34	(19.120)	205.223	110%	224.343	%-1173
Eastern Textile Company	6.053	10.158	% -18	4.105	%68	5.926	9.786	5%	3.860	% 65
National Spinning Company	202	(2.850)	% 5	(3.052)	%-1511	186	(2.891)	-2%	(3.077)	%-1654
Western Textile Company	(1.405)	(8.908)	% 15	(7.503)	%534	(1.495)	(9.227)	-5%	(7.732)	%517
Shahd Paper Products Factory	1.040	1.586	% -3	547	% 53	1.031	1.561	1%	530	%51
Nadine Arabia Company for colors	476	206	% 0	(270)	%-57	467	181	% 0	(286)	%-61
Adfa Blankets Company	(1.720)	(4.504)	% 8	(2.784)	162	(1.858)	(4.921)	-3%	(3.063)	%165
The first carpet company	(19.609)	(12.824)	% 22	6.785	-35%	(19.730)	(13,262)	-7%	6.468	%-33.
Al Abdullatif Training Institute	17	(16)	% 0	(33)	-194%	17	(19)	0%	(36)	-%212
Retaj Al Wassel Catering Company	977	180	% 0	1,157	%-118	(977)	142	0%	1.119	%-115
Exclude profits from subsidiaries	(1.249)	-	% 0	1.249	-	(1.249)	-	0%	1.249	-
<b>Total</b>	<b>(47.754)</b>	<b>(57.866)</b>	<b>% 100</b>	<b>(10, 112)</b>	<b>%21</b>	<b>(36.802)</b>	<b>186.573</b>	<b>100%</b>		

## Corporate sales and profit results

Company Name	Sales (including inter-company sales)		DIFF	%
	2021	2022		
Al-Abdul Latif Industrial Investment Company	172.712	179.394	6.682	% 4
Eastern Textile Company	221.830	226.482	4.652	%2
National Spinning Company	26.828	50.417	23.589	%88
Western Textile Company	148.798	115.770	(33.028)	%-22
Shahd Paper Products Factory	10.440	12.219	1.779	%17
Nadine Arabia Company for colors	18.261	14.708	(3.553)	%-19
Adfa Blankets Company	68.957	92.351	23.394	% 34
The first carpet company	138.081	141.151	3.070	% 2
Al Abdullatif Training Institute	600	600	-	% 0
Retaj Al Wasil Catering Company	11.235	15.282	4.047	% 36
Exclude profits from subsidiaries	-	-	-	-
<b>Total</b>	<b>817.742</b>	<b>848.374</b>	<b>30.632</b>	<b>% 4</b>
Intercompany sales are deducted	(176.226)	(200.869)	(24.643)	% 14
<b>Net sales to customers</b>	<b>641.516</b>	<b>647.505</b>	<b>5.989</b>	<b>% 1</b>

## Geographical distribution of the Company's Revenues

(Thousands of riyals)			
Particulars	2021	2022	Ratio of rise / fall
(Internal Sales)	324.614	386.513	% 19
overseas sales	316.902	260.992	% -18
<b>Total</b>	<b>641.516</b>	<b>647.505</b>	<b>% 1</b>



## Geographical distribution for the company's overseas sales 2022

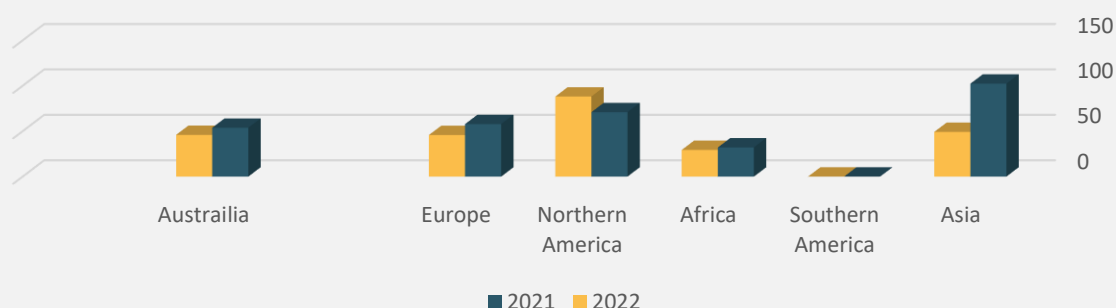
(Thousands of riyals)							
The Factory	Asia	Africa	Europe	North America	South America	Australia	Total
Abdullatif Individual	18.720.927	676.024	-	-	-	-	19.396.951
First Carpet	9.292.087	449.290	76.608	-	-	-	9.817.985
Eastern Textile Company	20.308.589	28.203.228	45.152.534	88.143.957	-	20.705.134	202.513.442
Adfa Blankets Company	1.198.344	-	-	-	-	-	1.198.344
Western Textile Company spinning	1.734.470	-	-	-	-	25.209.293	26.943.763
Shahad	618.661	-	502.958	-	-	-	1.121.618
Nadine	-	-	-	-	-	-	-
<b>Total</b>	<b>51.873.077</b>	<b>29.328.543</b>	<b>45.732.100</b>	<b>88.143.957</b>	<b>-</b>	<b>45.914.427</b>	<b>260.992.103</b>

## Geographical distribution of the company's External revenue

(Thousands of riyals)

S	District Name [Continental]	Net sales	
		2021	2022
1	Asia	102,313	51,873
2	South America	-	-
3	Africa	32,112	29,329
4	North America	70,932	88,144
5	Europe	57,775	45,732
6	Australian	53,770	45,914
	<b>Total</b>	<b>316,902</b>	<b>260,992</b>

Geographical Distrebution For the Company's External Revenues

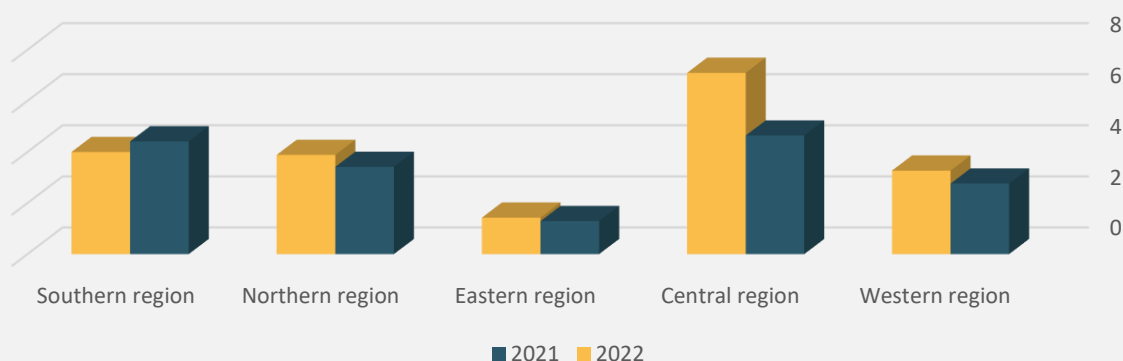


## Geographical distribution of revenues from local distribution centers

(Thousands of riyals)

S	District Name Region	Net sales	
		2021	2022
1	Western Region	2,762	3,269
2	Central Region	4,641	7,095
3	Eastern Region	1,293	1,426
4	Northern Region	3,415	3,883
5	Southern Region	4,412	3,995
	<b>Total</b>	<b>16,523</b>	<b>19,668</b>

Geographical Distrebution Of the Company's Internal Revenues ADFA 3





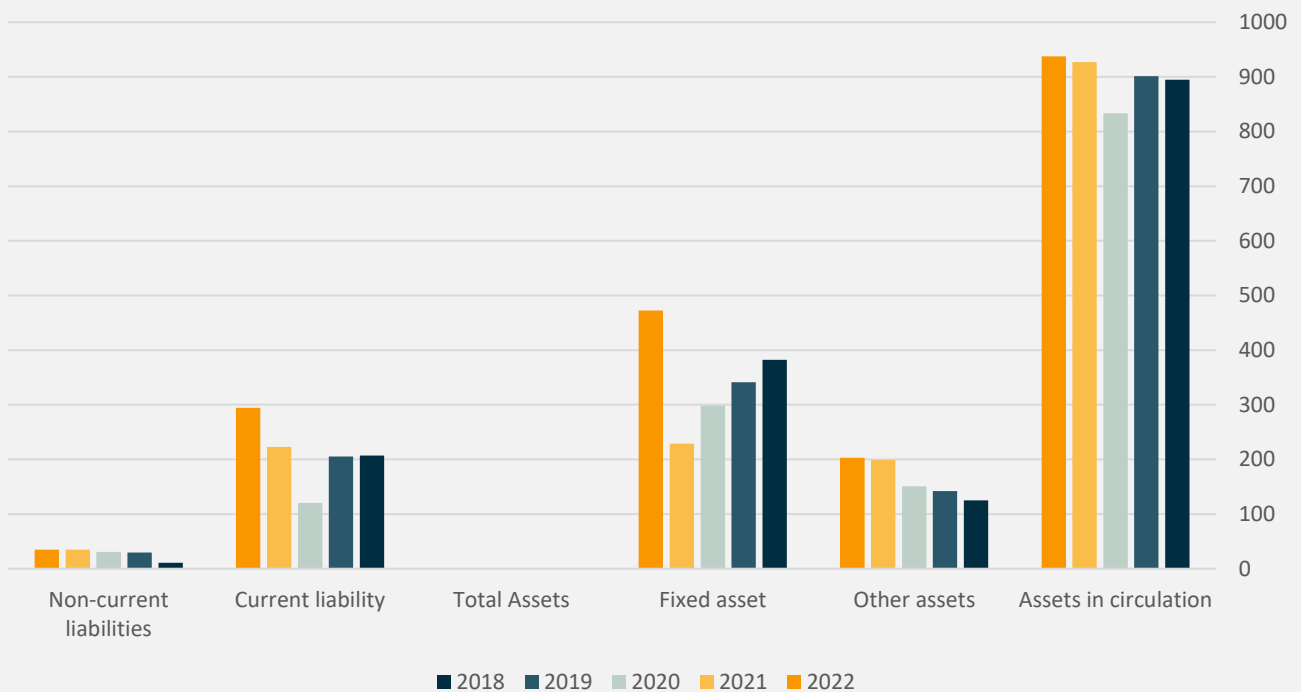
## Financial results

### a) Balance Sheet

	(Millions of riyals)				
statement	2018	2019	2020	2021	2022
Assets in circulation	894.79	901.04	833.57	924.89	931.29
Other assets	125.24	141.77	150.57	198.97	204.69
Fixed asset	382.36	341.30	298.65	228.58	472.62
Total Assets	1,402.39	1,384.11	1,282.79	1,352.44	1,608.60
Current liability	206.96	205.43	120.52	222.75	290.61
Non-current liabilities	10.60	29.85	30.56	34.97	36.52
Total Shareholders' rights	1,184.83	1,148.83	1,131.71	1,094.90	1,281.74
Total liabilities and shareholders' rights	1,402.39	1,384.11	1,282.79	1,352.44	1,608.60

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

### Balance Sheet

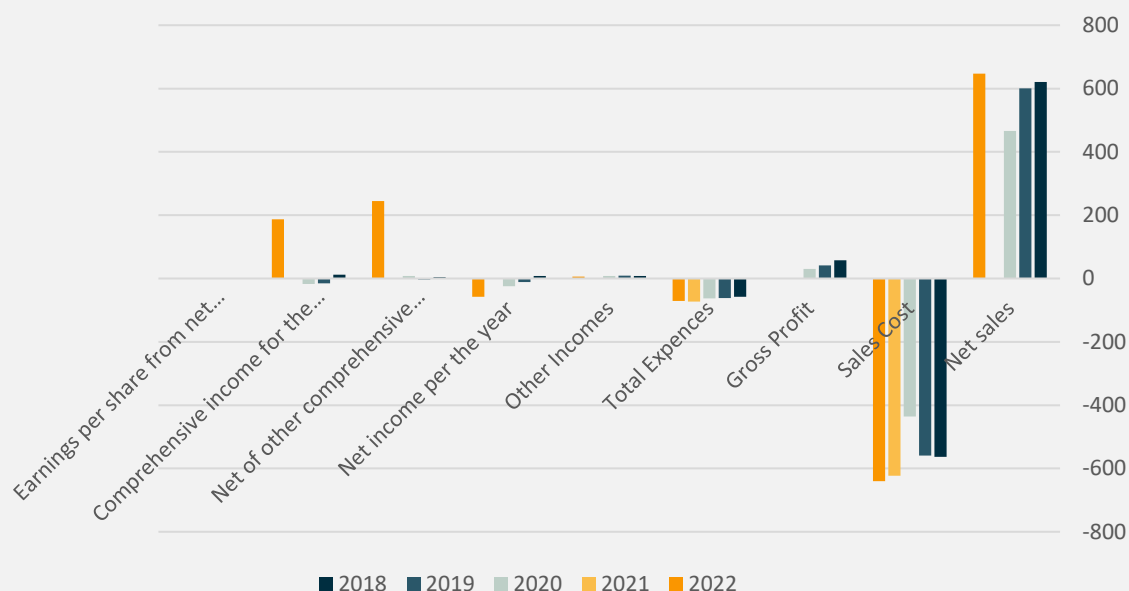


## b) Income statement

(Millions of riyals)

statement	2018	2019	2020	2021	2022
Net sales	621,19	600,51	466,09	641,52	647,51
Sales Cost	(563,22)	(559,47)	(435,79)	(622,73)	(640,07)
Gross profit	57,97	41,04	30,30	18,79	7,44
Total expenses	(57,62)	(61,26)	(63,00)	(72,91)	(71,23)
Other Incomes	7,68	8,55	7,87	6,37	5,92
net income for the year	8,03	(11,67)	(24,83)	(47,75)	(57,87)
net of other comprehensive income	3,82	(3,08)	7,71	10,95	244,44
Comprehensive income for the year	11,85	(14,75)	(17,12)	(36,80)	186,57
Net loss/profit per share from net income for the year	0,10	(0,14)	(0,31)	(0,59)	(0,71)

Income statement

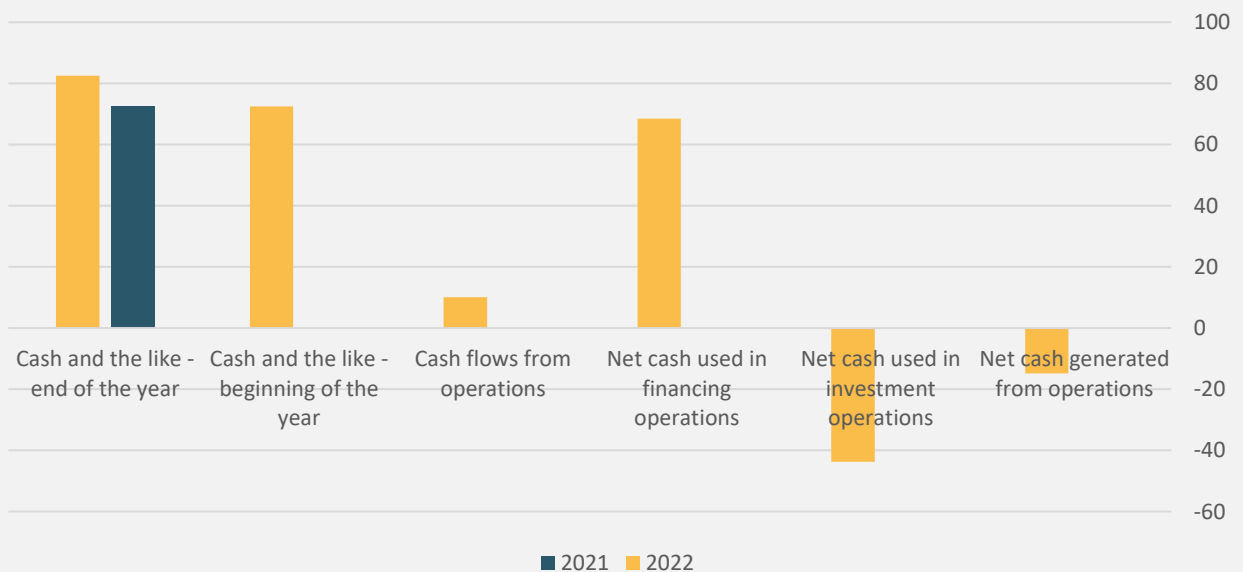


### c) Cash Flow Statement

statement	(Millions of riyals)	
	2021	2022
Net cash generated from operations	(74,78)	(14,79)
Net cash used in investment operations	(15,71)	(44,73)
Net cash used in financing operations	86,27	69,59
Cash flows from operations	(4,22)	10,07
Cash and the like - beginning of the year	76,65	72,43
Cash and the like - end of the year	<b>72,43</b>	82,50

- Some comparative figures in 2021 have been reclassified to conform to the current year's classification.
- Some comparative figures have been modified to comply with the transition requirements of international standards.

#### Cash Flow Statement





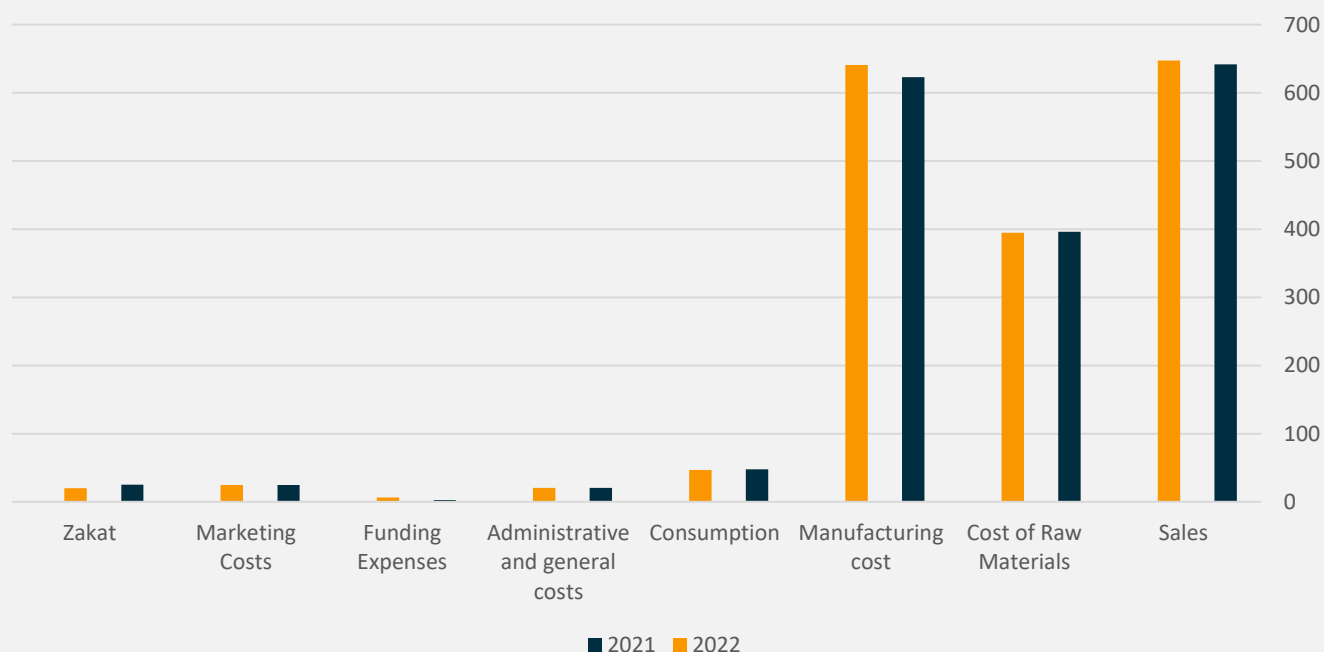
## Cost-to-sales components

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

(Millions of riyals)				
statement	2021	Percentage of Sales	2022	Percentage of Sales
Sales	641,52		647,51	
Cost of Raw Materials	396,28	%61.8	394,67	% 61.0
Manufacturing cost	622,73	%97.1	640,07	% 98.9
Consumption	47,62	%7.4	46,86	% 8.2
Administrative and general costs	20,39	%3.2	20,51	%3.2
Funding Expenses	2,66	%0.4	6,24	% 1.0
Marketing Costs	24,54	%3.8	24,48	% 3.8
Zakat	25,32	%3.9	20,00	% 3.1

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

### Cost-to-Sale Components



## Transactions with related parties

1-During the fiscal year 2022, the company conducted transactions with related parties as follows:

(Thousands of riyals)

Core relations with sister companies (for the fiscal year ending on December 31, 2022)								
The name of the relevant party	1 January 2022	sales to related party [Debtor]	Services and benefits to related party (Debtor)	Services/benefits from related party (Debtor)	Purchases from related party (Creditor)	Payments received from related party (Creditor)	Payments made to related party	31 December 2022
1.AL-Abdullatif Furniture Company	41,353	40,151	3,275	385	478	40,433	271	43,753
2. Natural Gas Distribution Company	(147)				1,715		1,712	(150)
Red Sea Cables Company		3	15		174		149	(7)
Total	41,206	40,154	3,290	385	2,367	40,433	2,131	43,596

2-The nature of the relationship with these parties is as follows:

Name	Relationship
AL Abdul Latif Furniture Company	Facility managed by Mr. Suleiman bin Omar Al-Abdullatif (General Manager company Furniture Abdullatif) He is currently a member of the board of directors of AL Abdullatif Furniture Company (closed contribution), Mr. Abdul Latif bin Omar Al-Abdul-Latif and Mr. Fahd bin Omar Al-Abdul-Latif are also members of the Board of Directors of Al-Abdullatif Furniture Company (closed contribution) (indirect relationship).
Natural Gas Distribution Company	A company in which Mr. Abdul Latif bin Omar Al-Abdul-Latif and Mr. Majid bin Abdul-Rahman Al-Osailan (a board member of the Gas Distribution Company) are employed, and they are both members of the company's board of directors for its current session (indirect relationship).
Red Sea Cable Company	A company works in it Mr. Suleiman bin Omar Al-Abdul Latif a member of the board of directors (indirect relationship)

### 3- conditions to make transaction with the related parties are demonstrated below:

Business transactions with the related parties are conducted in accordance with the normal terms of dealing, which are not different from dealings with debtors and ordinary commercial creditors and there are no other benefits.

### 4-The nature of the dealings with the related party during fiscal year 2022 is as follows:

#### 4/1- Sales to a related party (AL Abdul Latif Furniture Company):

Sales consist mainly of wholesale sale of carpet and moquette materials, knowing that all dealings with the related party are not different from those with ordinary debtors and commercial creditors and have no special advantages. These businesses are one year period and renewed annually by the General Assembly During the fiscal year 2022, sales were 40.151 riyals.

#### 4/2-Services and benefits provided to the relevant Party (AL Abdul Latif Furniture Company):

- A warehouse rental contract the first part of it is AL Abdul Al-Latif Industrial Investment Company (landlord) and the second part is AL Abdul Latif Furniture Company (renter), for one year renewed annually by the General Assembly, amounted to (2.438) riyals by the end of 2022.
- Contract for catering services and housing; the first part of it is Ritaj Al-Waseel Maintenance and Catering Services Company, a subsidiary of AL Abdul Latif Industrial Investment Company, and the second part is Al Abdullatif Furniture Company for one year renewed annually by the General Assembly, amounted to (786) thousand riyals for the fiscal year 2022.
- Logistics Services - Environmental Services – Payments on behalf to AL Abdul Latif Furniture Company, valued (66) thousand riyals in the fiscal year 2022. Hence, the total value of services and benefits provided to a related party as at 31/12/2021 of 3,329 thousand riyals.

#### **4/3- Services and benefits from a related party:**

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

- Housing lease contracts and other contracts, first part AL Abdul Latif Furniture Company (landlord) and second party by AL Abdul Al-Latif Industrial Investment Company (renter), for housing certain employees of AL Abdul Latif Industrial Investment Company for one year renewed annually by the General Assembly, amounted to 75 thousand riyals by the end of 2022.
- Lease contracts for warehouses and sales centres outside Riyadh City, the first part is AL Abdul Latif Furniture Company (landlord) and the second part is Adfa Blanket Company (renter) (one of the subsidiaries of AL Abdul Latif Industrial Investment Company) for one year renewed annually by the General Assembly, amounted to 80 thousand riyals by the end of 2022.
- The lease of a warehouse and a water well from Al-Abdullatif Furniture Company, which has a value of 115 thousand riyals.
- Carpet brushes, wood, glue, and duct tapes for 187,000 rials.

The total services and benefits provided by the related Party till 31/12/2022 amount to 385 thousand rials.

#### **4/4-Purchases from a related party:**

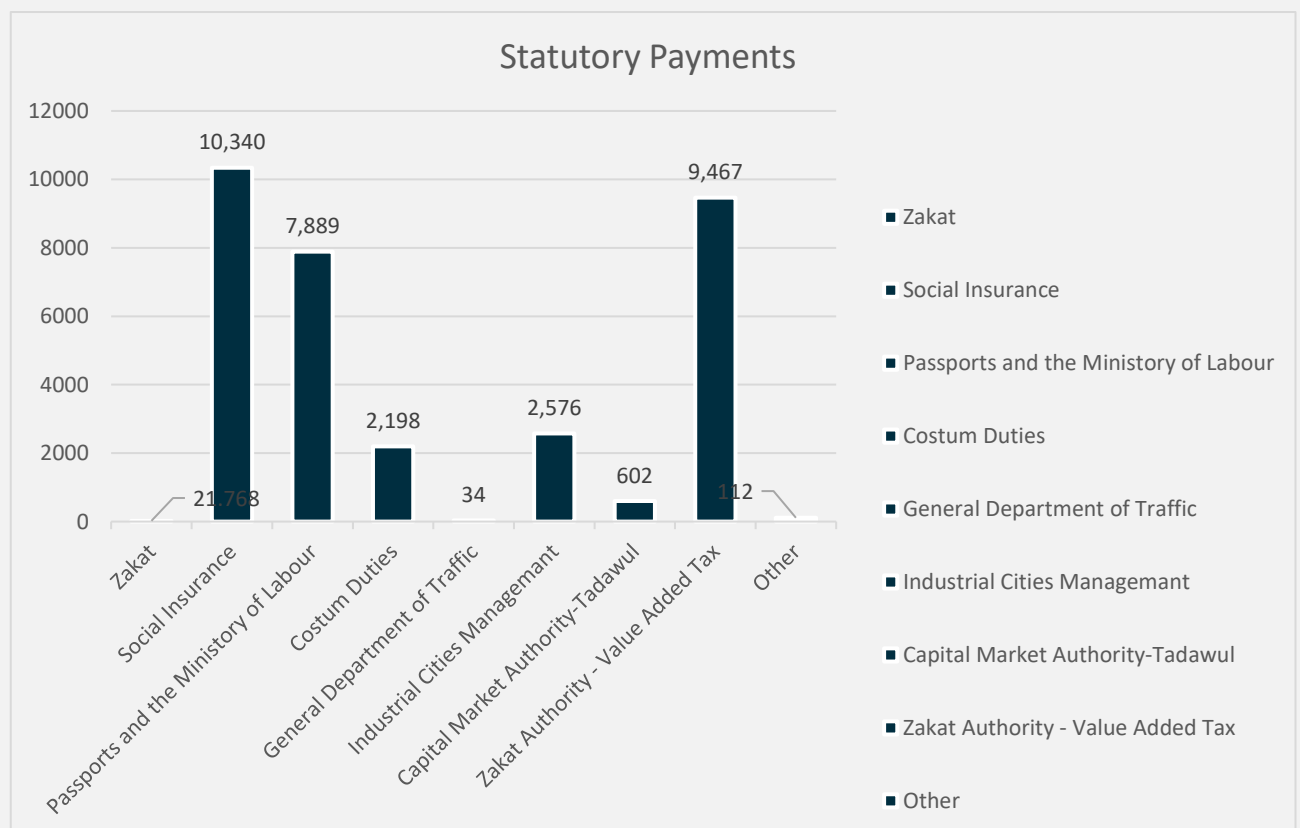
Purchases from a related party (the Natural Gas Distribution Company) are generally made up of natural gas, and the purchase amounted 1722 thousand riyals by the end of the year 2022.

## Statutory payments

(Thousands of riyals)

The statement	2021	2022	Statement
Zakat	25,569	21,768	Paid legal zakat
social insurances	7,414	10,340	Payment of employee contributions, including pensions, occupational hazards, and unemployment insurance
Passports and the Ministry of Labour	7,172	7,889	Renewing residency and work permits for company employees
Custom duties	1,139	2,198	Fees paid to customs
General Department of Traffic	27	34	Renewal of company car and truck forms
Industrial Cities Management	2,812	2,576	Pay the Company's rental locations
Capital Market Authority - Tadawul	540	602	Fees for providing services (Tadawul)
Zakat Authority - Value Added Tax	10,530	9,467	Value Added Tax - VAT
Other	171	112	Certifications from the Chamber of Commerce and the Ministry of Foreign Affairs

- The estimated zakat on the company for the year 2022 amounted to (20.000) thousand riyals, and it will be paid during the year 2023.
- The refunded value added tax amounted to (6.714) riyals.





## Waivers of salaries, compensations, and profits

There are no arrangements or agreement under which the executive directors waived any salary other than the waiver of their attendance allowances and the remuneration of the annual membership of the Board, nor are there any arrangements or agreement under which a senior executive waived any salary or compensation. The Chairman of the Board of Directors (Mr. Suleiman bin Omar Al-Abdul Latif), the Managing Director (CEO) (Mr. Abdul Latif bin Omar Al-Abdul Latif) and the Deputy Executive Chairman (Mr. Fahad bin Omar Al-Abdul Latif) waived the remuneration of membership of the Board of Directors and the allowances to attend the meetings of the Board for the fiscal year 2022 for their membership in the Board of Directors for its current session. Except for four members of the Board of Directors, whose remuneration will be disbursed in the fiscal year 2023 after the approval of the Assembly. They are (Mr. Majid bin Abdul Rahman Al-Osailan, Mr. Samir bin Mahmoud Haddad, Mr. Mohammed bin Hamdan Al-Sorayai, and Mr. Hisham bin Abdul Rahman Al-Askar.

## Clarify the difference from accounting standards.

According to the independent auditor's report on the consolidated financial statements, the consolidated financial statements of Al-Abdullatif Industrial Investment Company (a Saudi listed company) (the Company itself and its subsidiaries), which include the consolidated financial statement of position as on December 31, 2022, the consolidated statement of profit or loss and other comprehensive income and the statement of equity in the consolidated shareholders', the consolidated statement of cash flows for the year ended on that date, and the notes attached to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes, are presented fairly in all material aspects, the consolidated financial position of the group as at December 31, 2022, and the company's consolidated financial performance and its consolidated cash flows and changes in the consolidated shareholders' equity for the year ended on that date in accordance with the international financial reporting standards approved and applied in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants. The approved international standards are the international standards as stated in the International Financial Reporting Standards Approval Document and other standards and publications mean what the Saudi Organization for Certified Public Accountants approves of standards and technical opinions for topics not covered by international standards, such as the issue of zakat.

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

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

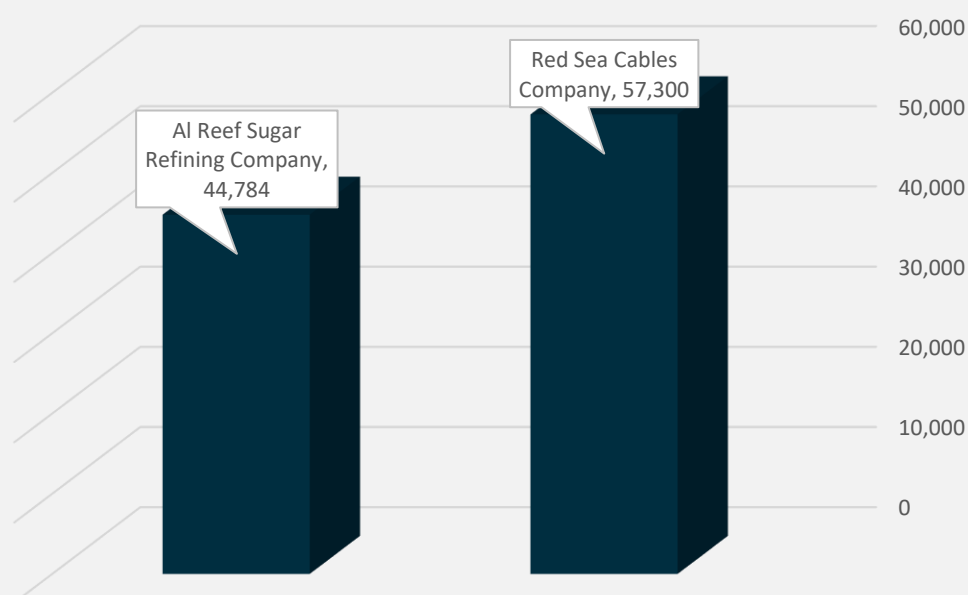
## Investments and financial assets

### a) Investments at fair value through other comprehensive income

(thousands of riyals)					
Statement	Owner of the investment	Capital of the Company	Share %	Cost	Present value as at December 2022
<b>Unlisted investments</b>					
Red Sea Cables Company	Closed shareholding company	185.000.000	27%	50.000.000	57.657.256
Al Reef Sugar Refining Company	Closed shareholding company	300.000.000	15%	45.000.000	40.297.010
<b>Total investments</b>		<b>485.000.000</b>		<b>95.000.000</b>	<b>97.954.266</b>

- The cost of investment in Red Sea Cables Company is 50 million.
- The cost of Al Reef Sugar Refining Company is 45 million.
- The Group does not have any kind of control or significant influence over the companies in which it invests.

#### Investments at fair value



## b) Investment in real estate

					(In Saudi Riyal)
Company Assets Statement – ABC	Landlord	Description	Area	Cost	Current value of real estate as at December 2022
A plot of land in the southern neighbourhood of Al-Rakah in Al-Khobar city	Al-Abdullatif Industrial Investment Company	grounds	27,170	37,37,004,859	42,302,912
Plot of land in Al-Rumana neighbourhood in Madinah	Participation (%14,54)	grounds	816,242	50,000,000	53,553,638
Total current value of land				87,004,859	95,856,550

- Real estate contribution to a plot of land in Medina (for the purpose of obtaining a capital income or profit) This is 14.54% under a land sharing contract between the company and a local real estate investment company in whose name the deed of ownership of the land has been registered. It is also entitled to sell or dispose of the land without reference to the company. In that case, the sale value and profits are distributed according to the revenue immediately after the sale.

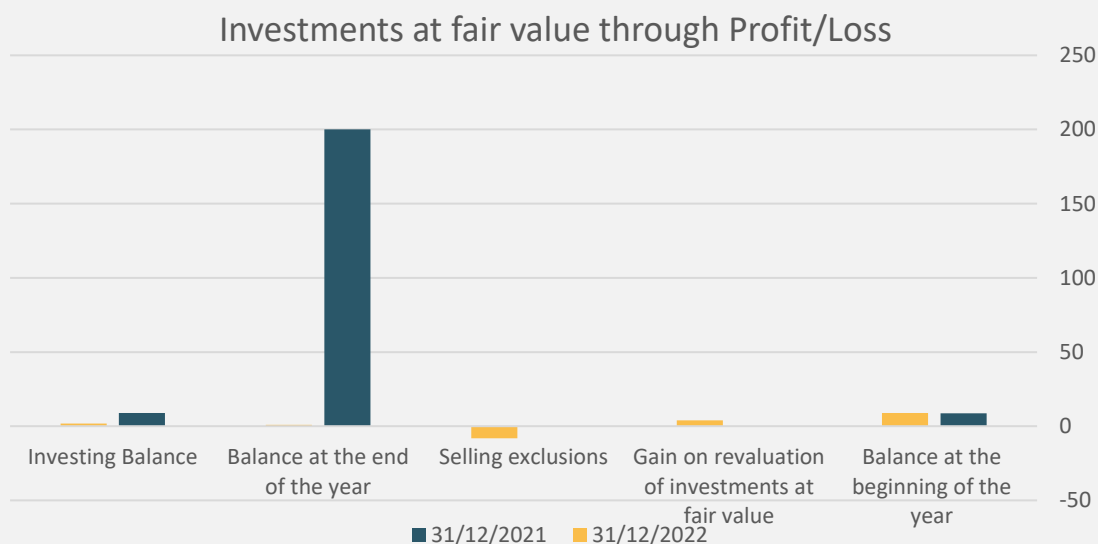
Its fair value was on 31 December 2021 (57,136,940.00 amount) and 2022 (53,553,638) according to the valuation of the company's share of this land by (Alhaliah Value Real Estate Valuation Company License No. 1210000606) as an accredited evaluator.

- A plot of land in Al-Khobar city, purchased from 2015 in purpose to establish a regional sales centre targeting the Eastern Region and the GCC countries and had been included in the previous years in the company's property, machinery, and equipment.

Its fair value according to the most recent land valuation as of December 31, 2022 (sum of SAR 42,302,912 million) was reached by (Alhaliah Value Real Estate Valuation Company License No. 1210000606) as an accredited evaluator.

## c) Investments at fair value through profit and loss

			(thousands of riyals)
Statement	31/12/2021	31/12/2022	
Balance at the beginning of the year	8.750	8.950	
Gain on revaluation of investments at fair value	-	4	
Selling exclusions	-	8.200	
Balance at the end of the year	200	1.012	
	8.950	1.766	



## Information about the Company Loans

### a) Long-term loans

The company acknowledges that there are no long-term loans obtained during the year 2022.

### b) Short Term Borrowings

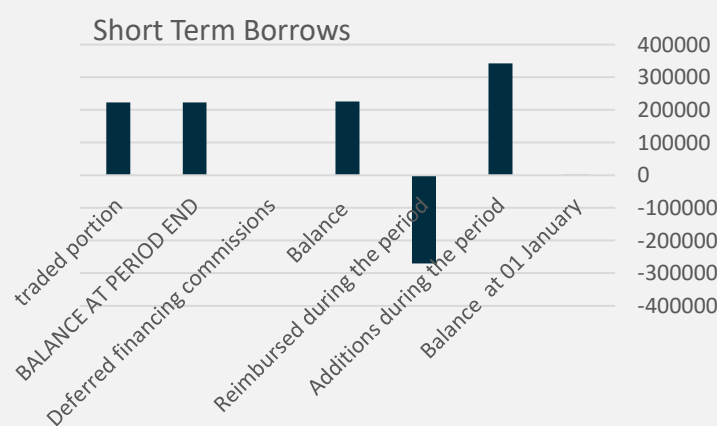
Statement	31/12/2021	31/12/2022
Balance at 01 January	66.653	153.824
Additions during the period	254.657	342,759
Reimbursed during the period	(167.486)	(270,242)
Balance	153.824	226,341
Deferred financing commissions	873	(3.538)
BALANCE AT PERIOD END	152.951	222,803
Traded portion	152.951	222,803
Non-traded portion	-	-

The company has obtained a banking facilities agreement with local banks with a minimum credit of 516.75 million riyals, all of which are short-term, for the following purposes:

- Financing the purchase and import of raw materials for production.
- Financing the operating cycle of the company and working capital.
- Purchase of materials through SABIC's open account.
- Securing documentary credits and guarantees.
- Murabaha Tawarruq.
- Hedge against foreign currency risk.

This Agreement is subject to the following safeguards: -

- Bonds to order the maximum number of facilities.
- Principal Hedging Agreement.
- General Agreement for the Financing of Islamic Trade.

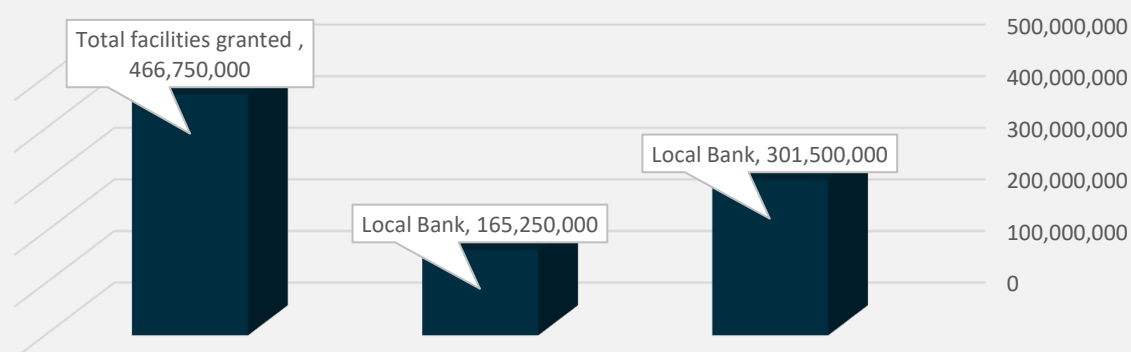




## Credit Facility agreements as in 31-12-2022

Bank Name:	Facilities				Total
	Tawarruq and Murabaha	Direct credit alternatives, documentary credits, bank guarantees and shipping guarantees	Initial and final guarantees	Hedge against foreign exchange volatility	
Local Bank	200.000.000	100.000.000		1.500.000	301.500.000
Local Bank	70.000.000	40.000.000	50.000.000	5.250.000	165.250.000
<b>Total facilities granted</b>	<b>270.000.000</b>	<b>140.000.000</b>	<b>50.000.000</b>	<b>6.750.000</b>	<b>466.750.000</b>

Credit Facility Agreements

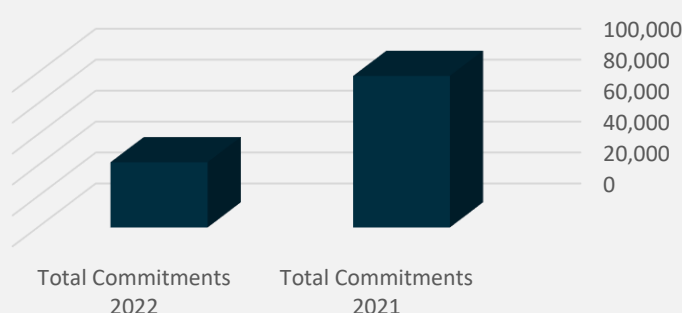


## Potential obligations of the company

The Company's potential financial liability (SAR 97,972) for fiscal year 2021 was SAR 42,150 for fiscal year 2022, against letters of guarantee and documentary credits, in accordance with the bank certificates issued by those banks, according to the following table:

( thousands riyals)			
Company Name	Commitments (2022)	Receivables (2022)	Bank Name
Al-Abdullatif Investment Company industrial	42,150	12	Local Bank
Eastern Textile Company	-	9,200	
National Spinning Company	-	-	
Adfa Blankets Company	-	-	
<b>Total bank obligations and receivables</b>	<b>42,150</b>	<b>9,212</b>	
<b>Total For clarification purposes in the financial statements</b>	<b>42,150</b>	<b>9,212</b>	-
The potential financial obligations of the company amounted to (97.972) thousand riyals for the fiscal year 2021 compared to 42.150 thousand riyals for the fiscal year 2022.			
<b>Total Commitments 2021</b>		<b>97.972</b>	
<b>Total Commitments 2022</b>		<b>42.150</b>	

Potential Commitments



## Auditors' report and financial statements

The auditor, Mr. Al-Ayouti & Partners, has reviewed the financial statements of Al-Abdul-Latif Industrial Investment Company (the parent company) and its subsidiaries, and this included reviewing the consolidated statement of financial position as on December 31, 2022 AD, the consolidated statement of profits and losses and other comprehensive income and the list of changes in shareholder equity And the consolidated statement of cash flows for the fiscal year ending on this date, and he stated in his report the following:

1. The consolidated financial statements present fairly, in all material aspects, the financial position of the companies on December 31, 2022, and their financial performance and cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants and are appropriate to the company's circumstances.
2. The audit evidence obtained by the auditor is sufficient and appropriate to serve as a basis for expressing his opinion.
3. The following main matters have been reviewed:
  - a) Revenue recognition.
  - b) Possibility to recover trade receivables.
  - c) stock valuation.
  - d) Property, plant, and equipment

The auditor also made the following statement:

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

## Company's auditors and financial statements

The Extraordinary General Assembly held on 13/06/2022, approved the appointment of Mr. Al-Ayuti & Partners Company as accountants and auditors as auditors of the company to examine, review and audit the financial statements for the second, third and annual quarters of fiscal year 2022 and the first quarter of fiscal year 2023 and his fees were determined.

## Internal Monitoring and Audit

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

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

## The scope of the internal audit work

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

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



# 4

## Chapter Four: Board of Directors, Committees and Senior Executives.





## Board of Directors

The company's board of directors is held by seven members who were elected by the company's seventeenth extraordinary general assembly by the cumulative voting method on Wednesday 9/06/1443 AH corresponding to 12/1/2022 AD (for a period of three years starting on 23/01/2022 AD) according to the company's articles of association and the method that is compatible with the companies' system. Hence, members whose membership period has expired may be re-elected each time with the approval of the Ordinary General Assembly when the nominations for membership of the Board of Directors are open. The following statement also includes the number of Board meetings and the record of attendance at each meeting (noting that the Chairman of the Board of Directors did not obtain a written request to hold emergency meetings from two or more members during the ended fiscal year) and the names of the joint-stock companies in which the Board member is a member of the Board of Directors manage it.



## Names of The Board of Directors Members

Names of the members of the board of directors	Position	Education Level	Experience	Member Type	Number of times to attend council meetings	Date	Number of Meetings after the assembly	Membership in other committees	Membership in: Council of other joint stock companies
<b>Suleiman Omar Abdullatif</b>	Chairman	Completion of general education stages in the Kingdom	45years	Non-executive	6 out of 6	22/01/2022 31/03/2022 22/05/2022 22/8/2022 9/11/2022 29/12/2022	6	1	1. Al-Abdul Latif Group Holding Company 2. Red Sea Cables 3. Al-Abdullatif Furniture Company 4. Al-Abdullatif Industrial investment Company
<b>Majed Abdul Rahman Al-Osailan</b>	Vice Chairman	Masters in business administration And Bachelor of Accounting	20 years	Non-executive	6 out of 6	22/01/2022 31/03/2022 22/05/2022 22/8/2022 9/11/2022 29/12/2022	6	2	1-Al-Abdul Latif Industrial Investment Company 2-Al Madinah Cement 3-Natural Gas Distribution Company 4-Ajel Company
<b>Abdul Latif Omar Al- Abdul Latif</b>	Managing Director	Completion of general education stages in the Kingdom	33 years	Executive	6 out of 6	22/01/2022 31/03/2022 22/05/2022 22/8/2022 9/11/2022 29/12/2022	6	1	1. Al Abdul Latif Group Holding Company 2. Natural Gas Distribution Company 3. Al Reef Company sugar refining 4. Al-Abdullatif Furniture Company 5-Al-Abdullatif Industrial investment Company
<b>Samir Mahmoud Haddad</b>	Member	Bachelor's in chemical and Materials Engineering	32Years	Independent	6 out of 6	22/01/2022 31/03/2022 22/05/2022 22/8/2022 9/11/2022 29/12/2022	6	2	1.Al-Abdullatif Industrial investment Company 2. Al Reef Company sugar refining 3. Saudi Fisheries Company
<b>Fahad Omar Al- Abdullatif</b>	Member	Bachelor In Media	27 years	Executive	6 out of 6	22/01/2022 31/03/2022 22/05/2022 22/8/2022 9/11/2022 29/12/2022	6	1	1. Al-Abdul Latif Group Holding Company 2-Al-Abdullatif Furniture Company 3- Al-Abdullatif Industrial investment Company
<b>Mohammad Hamdan Al-Sorayai</b>	Member	Master of financial management master's in business administration And Bachelor of Business Administration	7 years	Independent	6 of 6	22/01/2022 31/03/2022 22/05/2022 22/8/2022 9/11/2022 29/12/2022	6	2	1-Al-Abdul Latif Industrial Investment Company 2-Al Madinah Cement
<b>Hisham Abdul Rahman Al-Askar</b>	Member	Bachelor of Systems and Law	13 years.	Independent	6 out of 6	22/01/2022 31/03/2022 22/05/2022 22/8/2022 9/11/2022 29/12/2022	6	2	Al-Abdul Latif Industrial Investment Company

## The Board committees and their functions

S	Committee Name	Functions and tasks of the committee	Chairman and members of the committee	Number of meetings during the year	The date of the committee's meetings during the year 2022
1	Executive Committee	This committee undertakes several tasks among them; assessing the board to carry its responsibilities in front of the shareholders, other parties, and authorities. Along with the supervision of the company's and subsidiary companies management process, and is responsible for setting the company's recommendations to the board when necessary, and make decisions allowed by the company's board of directors.	1- Samir Mahmoud Haddad (Chairman) 2- Abdul Latif bin Omar Al Abdul Latif (Member) 3- Fahd bin Omar Al-Abdullatif (Member)	4 out of 4	23/3/2022 22/5/2022 10/8/2022 28/12/2022
2	Auditing Committee	Ensuring the adequacy of the internal auditing systems, recommending the Board of Directors to employ law accountants, studying the preliminary and annual financial statements, and submitting their reports to the Board of Directors, studying the utilized accounting policies and make recommendations to the Board of Directors in this regard.	1. Majed Abdul Rahman Al-Osailan (Chairman) 2- Saleh Hassan Al-Sheikh (Member) 3- Abdul Aziz Mohammad Al-Suwaidan (member) 4- Mohammad Hamdan Al-Sorayai (member)	6 out of 6	21/2/2022 30/3/2022 22/5/2022 25/7/2022 22/8/2022 8/11/2022
3	Rewards & Nomination Committee	This committee studies various important issues and submits its recommendations to the Board of Directors. It also, sets clear policies for the compensation and rewards of the Board of Directors and senior executives. As well as recommending to the Board the nomination for membership of the Board and ensuring the approved policies and standards and the governance system	1- Hisham bin Abdul Rahman Al-Askar (Chairman) 2- Suleiman bin Omar Al-Abdul Latif (Member) 3- Samir Mahmoud Haddad (member)	2 out of 2	2/11/2022 22/12/2022
4	Risk Management	The Risk Management Committee oversees all risk management activities throughout the Company in order to identify, assess and manage all major business risks. In addition, the committee ensures that systems, policies, and procedures are in place to manage these risks and ensure that major risk issues are referred to the Board of Directors.	1- Hisham bin Abdul Rahman Al-Askar (Chairman) 2- Majed Abdul Rahman Al-Osailan (Member) 3- Mohammad Hamdan Al-Sorayai (member)	3 out of 3	8/3/2022 11/4/2022 28/12/2022

## Names of the Members of the Board of Directors

S	Name	Current Position	Previous job	Qualifications
1	<b>Suleiman Omar Abdul Latif</b>	Chairman of the Board of Directors of Al-Abdullatif Industrial Investment Company- member of Rewards & Nomination Committee- General Manager of Al-Abdullatif Furniture Company- non-executive member in (Red Sea Cables Company, Al-Abdul Latif Group Holding Company)	Chairman of the Board of Directors of Al-Abdullatif Industrial Investment Company- General Manager of Al-Abdullatif Furniture Company	Completion of general education stages in the Kingdom
2	<b>Majed Abdul Rahman Al-Osailan</b>	Chairman (Natural Gas Distribution Company) - Chairman of the Environment and Energy Committee and member of the (International Chamber of Commerce Saudi Arabia) - Vice Chairman of the Board of Directors, Chairman of the Audit Committee and Member of the Risk, Governance Committee (Abdul Latif Industrial Investment Company) - Vice President (National Cement Industry Committee) - Vice-Chairman of the Board of Directors (Green Solutions for Environmental Services) - Board Member (AGL Financial Services Company) - Board Member, Chief Executive Officer and Executive Committee Member (Al-Madinah Cement Company)	Board Member (Saudi Makameen Holding Company) - Member of the Audit Committee (Murabaha Instalments Company) - Head of Finance, Administrative and Information Technology and Head of Finance (Cement Al Madina Company) - Corporate Banking and Credit and Risk Management (Riyad Bank) - Accounting Department (French Bank)	Masters in business administration And Bachelor of Accounting
3	<b>Abdul Latif Omar Al Abdul Latif</b>	Member of the Executive Committee, Managing Director and Chief Executive Officer (Abdul Latif Industrial Investment Company) - Non-Executive Member (Abdul Latif Holding Group and Abdul Latif Furniture) - Independent Member (Natural Gas Distribution Company and Al Rafi Sugar Refining Company)	Managing Director and CEO (Abdul Latif Industrial Investment Company) - Production Director and Deputy Director (Abdul Latif Industrial Investment Company)	Completion of general education stages in the Kingdom
4	<b>Samir Mahmoud Haddad</b>	Chairman of the Executive Committee, Board Member and Member of the Remuneration and Nominations Committee (Abdul Latif Industrial Investment Company) - CEO (Al Rafi Refinery Sugar Refinery Company) - Board Member (Saudi Fisheries Company)	Several management and leadership positions (Savola United Sugar Company) - Chief Industrial Officer (AlSorayai Group, currently Global Textile) - Chairman (Millennium Weaves America/Belgium) - Executive Director of Operations and Investor Relations (Emaar of King Abdullah Economic City) - Operations Engineer (Natural Gas Retail Plant/Aramco) - Research and Development Engineer (SABIC)	Bachelor in chemical and Materials Engineering
5	<b>Fahd Omar Al-Abd Al-Latif</b>	Board Member and Executive Committee Member (Abdul Latif Industrial Investment Company) - Executive Vice President (Abdul Latif Industrial Investment Company) - Non-Executive Member (Abdul Latif Group Holding and Al Abdul Latif Furniture Company)	Board Member and Executive Vice President (Abdul Latif Industrial Investment Company)	Bachelor of Media
6	<b>Mohammad Hamdan Al-Sorayai</b>	Head of Corporate Banking Management Team (Saudi British Bank) - Board Member, Audit Committee Member, Risk, Governance (Abdul Latif Industrial Investment Company) - Member of Al-Madinah Cement Audit Committee - Board Member (Al-Jouf Mineral Water Bottling Company)	Chief, Financial Analysis Section (Western Financial Advisory House)	Master of financial management Bachelor of Business Administration
7	<b>Hisham Abdul Rahman Al-Askari</b>	Member of the Board of Directors and Chairman of the Remuneration and Nominations Committee and Chairman of the Risk, Governance Committee (Al-Abdul Latif Industrial Investment Company) - Chairman (Hisham Al-Askar & Partners Group for Law and Legal Investments)	Member of the Board of Directors of the Export Development Authority, Member of the Board of Directors of Yamama Cement Company, Chairman of the Risk, Governance and Commitment committee Yamama Cement Company, Member of the Board of Directors of Al-Abdul Latif, Member of the Board of Directors of the Export Company, Chairman of the Govern Committee	Bachelor of Law Program
S	Name	Experiences		
1	<b>Suleiman Omar Abdul Latif</b>	45 years of experience in management, industry, and production, in addition to membership in the boards of several companies and committees		
2	<b>Majed Abdul Rahman Al-Osailan</b>	20 years of experience In Management, Credit, Information Systems, Finance and Administration, as well as membership of boards of several companies and committees		
3	<b>Abdul Latif Omar Al Abdul Latif</b>	33 years of experience in the field of management, industry, and production in addition to membership of boards of several companies and committees		
4	<b>Samir Mahmoud Haddad</b>	32 years of experience in research, development, supply chains, operations, and investment as well as membership of boards of a number of companies and committees.		
5	<b>Fahd Omar Al-Abd Al-Latif</b>	27 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees		
6	<b>Mohammad Hamdan Sorayai Al-Sorayai</b>	7 years of experience in the Banking Department of Major and Institutional Companies and Financial Analysis as well as membership of several companies' boards and committees		
7	<b>Hisham Abdul Rahman Al-Askari</b>	14 years of experience in law and legal investments, and researcher in Economic affairs. A specialist in a corporate regulations, securities, and commercial issues. A legal consultant. In addition to a membership in the boards of several companies and committees.		

## The company Committees and their Members

### Auditing Committee

S	Name	Current Position	Previous job	Qualifications	Experiences
1	<b>Majed Abdul Rahman Al-Osailan</b>	Chairman (Natural Gas Distribution Company) - Chairman of the Environment and Energy Committee and member of the (International Chamber of Commerce Saudi Arabia) - Vice Chairman of the Board of Directors, Chairman of the Audit Committee and Member of the Risk, Governance Committee (Abdul Latif Industrial Investment Company) - Vice President (National Cement Industry Committee) - Vice-Chairman of the Board of Directors (Green Solutions for Environmental Services) - Board Member (AGL Financial Services Company) - Board Member, Chief Executive Officer and Executive Committee Member (Al-Madinah Cement Company)	Board Member (Saudi Makameen Holding Company) - Member of the Audit Committee (Murabaha Instalments Company) - Head of Finance, Administrative and Information Technology and Head of Finance (Cement Al Madina Company) - Corporate Banking and Credit and Risk Management (Riyad Bank) - Accounting Department (French Bank)	Masters in business administration And Bachelor of Accounting	20 years of experience In Management, Credit, Information Systems, Finance and Administration, as well as membership of boards of several companies and committees
2	<b>Saleh Hassan Al Sheikh</b>	Member of the Audit Committee of Al-Abdullatif Industrial Investment Company, and Executive Director of Financial and Investment Management to King Salman Park Foundation. Financial controller in military industrial company	Member of Abdullatif Audit Committee (al-Abdul Latif industrial investment company)- Financial Controller of Civil Aviation Holding Company - Financial Controller of Al-Madinah Cement Company - Senior Financial Analyst of SABIC	Master of Business Administration Bachelor of Business of accounting	13 years' experience in financial management, financial control, and financial analysis as well as membership of the boards of a number of companies and committees
3	<b>Abdul Aziz Mohammad Al-Suwaidan</b>	Member of the Audit Committee of Al-Abdullatif Industrial Investment Company, Head of Financial Sector and Information Technology (Al-Madinah Cement Company)	Director of Treasury and Budget Department of Al-Madinah Cement Company	Bachelor of Marketing - Diploma in Networks Technology.	Over 14 years' experience in financial management started from the banking sector of companies to move to the cement sector. in this sector he held several positions such as the financial Controller, Treasury and Budget Manager, Head of the Financial Sector and Information Technology
4	<b>Mohammad Hamdan Sorayai Al-Sorayai</b>	Head of Corporate Banking Management Team (Saudi British Bank) - Board Member, Audit Committee Member, Risk, Governance (Abdul Latif Industrial Investment Company) - Member of Al-Madinah Cement Audit Committee - Board Member (Al-Jouf Mineral Water Bottling Company)	Chief, Financial Analysis Section (Western Financial Advisory House)	Master of financial management Bachelor of Business Administration	7 years of experience in the Banking Department of Major and Institutional Companies and Financial Analysis as well as membership of a number of companies' boards and committees

### The Executive Committee

S	Name	Current Position	Previous job	Qualifications	Experiences
1	<b>Samir Mahmoud Haddad</b>	Chairman of the Executive Committee, Board Member and Member of the Remuneration and Nominations Committee (Abdul Latif Industrial Investment Company) - CEO (Al Rafi Refinery Sugar Refinery Company) - Board Member (Saudi Fisheries Company)	Several management and leadership positions (Savola United Sugar Company) - Chief Industrial Officer (Alsorayai Group, currently Global Textile) - Chairman (Millennium Weaves America/Belgium) - Executive Director of Operations and Investor Relations (Emaar of King Abdullah Economic City) - Operations Engineer (Natural Gas Retail Plant/Aramco) - Research and Development Engineer (SABIC)	Bachelor in chemical and Materials Engineering	32 years of experience in research, development, supply chains, operations, and investment as well as membership of boards of a number of companies and committees.
2	<b>Abdul Latif Omar Al Abdul Latif</b>	Member of the Executive Committee, Managing Director, and Chief Executive Officer (Abdul Latif Industrial Investment Company) - Non-Executive Member (Abdul Latif Holding Group and Abdul Latif Furniture) - Independent Member (Natural Gas Distribution Company and Al Rafi Sugar Refining Company)	Managing Director and CEO (Abdul Latif Industrial Investment Company) - Production Director and Deputy Director (Abdul Latif Industrial Investment Company)	Completion of general education stages in the Kingdom	33 years of experience in the field of management, industry, and production in addition to membership of boards of several companies and committees
3	<b>Fahd Omar Al-Abd Al-Latif</b>	Board Member and Executive Committee Member (Abdul Latif Industrial Investment Company) - Executive Vice President (Abdul Latif Industrial Investment Company) - Non-Executive Member (Abdul Latif Group Holding and Al Abdul Latif Furniture Company)	Board Member and Executive Vice President (Abdul Latif Industrial Investment Company)	Bachelor of Media	27 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees

## Rewards & Nominations Committee

S	Name	Current Position	Previous job	Qualifications	Experiences
1	<b>Hisham Abdul Rahman Al-Askar</b>	Member of the Board of Directors and Chairman of the Remuneration and Nominations Committee and Chairman of the Risk, Governance Committee (Al-Abdul Latif Industrial Investment Company) - Chairman (Hisham Al-Askar & Partners Group for Law and Legal Investments)	Board Member (Al-Abdul Latif Industrial Investment Company) - Chairman (Hisham Al-Askar and Partners Group for law and Legal Investment) - Chairman of the Governance, Risk Committee of (Al-Madinah Cement Company) - Chairman of the Risk Committee of (the Exports Company )	Bachelor of Law Program	14 years of experience in law and legal investments, and researcher in Economic affairs. A specialist in a corporate regulations, securities, and commercial issues. A legal consultant. In addition to a membership in the boards of several companies and committees.
2	<b>Suleiman Omar Abdul Latif</b>	Chairman of the Board of Directors of Al-Abdullatif Industrial Investment Company- member of Rewards & Nomination Committee-General Manager of Al-Abdullatif Furniture Company- non-executive member in (Red Sea Cables Company, Al-Abdul Latif Group Holding Company)	Chairman of the Board of Directors of Al-Abdullatif Industrial Investment Company-General Manager of Al-Abdullatif Furniture Company	Completion of general education stages in the Kingdom	45 years of experience in management, industry, and production, in addition to membership in the boards of several companies and committees
3	<b>Samir Mahmoud Haddad</b>	Chairman of the Executive Committee, Board Member and Member of the Remuneration and Nominations Committee (Abdul Latif Industrial Investment Company) - CEO (Al Rafi Refinery Sugar Refinery Company) - Board Member (Saudi Fisheries Company)	Several management and leadership positions (Savola United Sugar Company) - Chief Industrial Officer (AlSorayai Group, currently Global Textile) - Chairman (Millennium Weaves America/Belgium) - Executive Director of Operations and Investor Relations (Emaar of King Abdullah Economic City) - Operations Engineer (Natural Gas Retail Plant/Aramco) - Research and Development Engineer (SABIC)	Bachelor in chemical and Materials Engineering	32 years of experience in research, development, supply chains, operations, and investment as well as membership of boards of a number of companies and committees.

## Risk Management, Governance and Compliance Committee

S	Name	Current Position	Previous job	Qualifications	Experiences
1	<b>Hisham Abdul Rahman Al-Askar</b>	Member of the Board of Directors and Chairman of the Remuneration and Nominations Committee and Chairman of the Risk, Governance Committee (Al-Abdul Latif Industrial Investment Company) - Chairman (Hisham Al-Askar & Partners Group for Law and Legal Investments)	Board Member (Al-Abdul Latif Industrial Investment Company) - Chairman (Hisham Al-Askar and Partners Group for law and Legal Investment) - Chairman of the Governance, Risk Committee of (Al-Madinah Cement Company) - Chairman of the Risk Committee of (the Exports Company )	Bachelor of Law Program	14 years of experience in law and legal investments, and researcher in Economic affairs. A specialist in a corporate regulations, securities, and commercial issues. A legal consultant. In addition to a membership in the boards of several companies and committees.
2	<b>Majed Abdul Rahman Al-Osailan</b>	Chairman (Natural Gas Distribution Company) - Chairman of the Environment and Energy Committee and member of the (International Chamber of Commerce Saudi Arabia) - Vice Chairman of the Board of Directors, Chairman of the Audit Committee and Member of the Risk, Governance Committee (Abdul Latif Industrial Investment Company) - Vice President (National Cement Industry Committee) - Vice-Chairman of the Board of Directors (Green Solutions for Environmental Services) - Board Member (AGL Financial Services Company) - Board Member, Chief Executive Officer and Executive Committee Member (Al-Madinah Cement Company)	Board Member (Saudi Makameen Holding Company) - Member of the Audit Committee (Murabaha Instalments Company) - Head of Finance, Administrative and Information Technology and Head of Finance (Cement Al Madina Company) - Corporate Banking and Credit and Risk Management (Riyad Bank) - Accounting Department (French Bank)	Masters in business administration And Bachelor of Accounting	20 years of experience In Management, Credit, Information Systems, Finance and Administration, as well as membership of boards of several companies and committees
3	<b>Mohammad Hamdan Sorayai Al-Sorayai</b>	Head of Corporate Banking Management Team (Saudi British Bank) - Board Member, Audit Committee Member, Risk, Governance (Abdul Latif Industrial Investment Company) - Member of Al-Madinah Cement Audit Committee - Board Member (Al-Jouf Mineral Water Bottling Company)	Chief, Financial Analysis Section (Western Financial Advisory House)	Master of financial management Bachelor of Business Administration	7 years of experience in the Banking Department of Major and Institutional Companies and Financial Analysis as well as membership of several companies' boards and committees



## Executive Management

S	Name	Current Position	Previous job	Qualifications	Experiences
1	<b>Abdul Latif Omar Al Abdul Latif</b>	Managing Director and CEO	Managing Director and CEO	Completion of general education stages in the Kingdom	33 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees
2	<b>Fahd Omar Al-Abd Al-Latif</b>	Board Member - Executive Vice President of Al-Abdullatif Industrial Investment Company	Board Member - Executive Vice President of Al-Abdullatif Industrial Investment Company	Bachelor of Media	27 years of experience in management, industry, and production. In addition to membership in the boards of several companies and committees
3	<b>Ahmad Khalaf</b>	Financial director	Financial director	Bachelors in accounting	32 years of experience in the financial field in several industrial companies
4	<b>Saad Al-Qarni</b>	Director of Human Resources - Director of Investor Relations - Secretary of the Board of Directors	Director of Human Resources - Director of Investor Relations - Secretary of the Board of Directors	Bachelors in business administration	27 years of experience in administration and human resources and administrative field
5	<b>Adel Shia'ar</b>	CEO advisor	CEO advisor	Bachelors in architects	34 years of experience in the field of production and administration

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

Member Name	Companies' Names which their manager is a member of its current board of directors or one of its directors	within and Outside Kingdom of Saudi Arabia	Legal Entity (Listed shareholding/Unlisted shareholding) WITH LIMITED LIABILITIES	Companies' Names which their members of the board of directors is a member in its previous boards of directors or its managers	within and Outside the Kingdom of Saudi Arabia	Legal Entity (Listed Contribution/Unlisted Contribution) WITH LIMITED LIABILITIES
Suleiman Omar Al-Abdullatif	- Al-Abdul Latif Group Holding Company - Al-Abdullatif Industrial Investment Company - Red Sea Cables Company - Al-Abdullatif Furniture Company	Into Into Into Into	Closed Shareholding Listed Contribution. Closed Shareholding Closed Shareholding	- Al-Abdul Latif Group Holding Company - AL Madinah Cement Company - Al-Abdullatif Industrial Investment Company	Into Into Into	Closed Shareholding Listed Contribution Listed Contribution.
Majed Abdul Rahman Al-Osailan	- Al-Abdul Latif Industrial Investment Company - Al Madinah Cement Company - Natural Gas Distribution Company[non-executive] - Ajel Company for financial services -Green Solutions Environmental Service Company	Into Into Into Into	Listed Contribution Listed Contribution Listed Contribution Closed Shareholding Limited responsibility	- Al-Abdul Latif Industrial Investment Company -Al Madinah Cement Company - Natural Gas Distribution Company -Makamen Saudi Holding Company	Into Into Into Into	Listed Contribution Listed Contribution Closed Shareholding Closed Shareholding
Abdul Latif Omar Al Abdul Latif	- Al-Abdul Latif Group Holding Company - Natural Gas Distribution Company[non-executive] - Al-Abdullatif Furniture Company - Al-Reef Sugar Refining Company - Al-Abdullatif Industrial Investment Company	Into Into Into Into Into	Closed Shareholding Listed Contribution Closed Shareholding Closed Shareholding Listed Contribution	- Al-Abdul Latif Group Holding Company - Natural Gas Distribution Company - Al Reef Sugar Refining Company - Al-Abdullatif Industrial Investment Company	Into Into Into Into	Closed Shareholding Listed Contribution Closed Shareholding Listed Contribution
Samir Mahmoud Haddad	- Al-Abdullatif Industrial Investment Company(independent) - Saudi Fisheries Company - Al-Reef Sugar Refining Company	Into Into Into	Listed Contribution Listed Contribution Closed Shareholding	- Savola Company-United for Sugar -Al-Sorayai Group (Naseej International Trading Co. - Millennium Wavers Company in Belgium/U.S. A - Emaar of King Abdullah Economic City	Into Into Out Into	Listed Contribution Listed Contribution Limited Liability Listed Contribution
Fahad Omar Al-Abdullatif	- Al-Abdul Latif Group Holding Company - Al-Abdullatif Industrial Investment Company - Al-Abdullatif Furniture Company	Into Into Into	Closed Shareholding Listed Contribution Closed Shareholding	- Al-Abdul Latif Group Holding Company - Al-Abdullatif Industrial Investment Company	Into Into	Closed Shareholding Listed Contribution
Mohammad Hamdan Al-Sorayai	- Al-Abdullatif Industrial Investment Company - Al-Jouf Mineral Water Company	Into Into	Listed Contribution Listed Contribution	-	-	-
Hisham Abdul Rahman Al-Askari	- Al-Abdullatif Industrial Investment Company	Into	Listed Contribution	- Al-Abdul Latif Industrial Investment Company	Into	Listed Contribution

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

S	Name of those who have interests	Beginning of the year 01/01/2022		Until December 31, 2022		Percentage of change
		No. of shares	Debt instruments	No. of shares	Debt instruments	
1	Suleiman Omar Abdul Latif	2,031.250	-	2,031.250	-	0%
2	Majed Abdul Rahman Al-Osailan	100	-	100	-	0%
3	Abdul Latif Omar Al Abdul Latif	100,000	-	-	-	100%
4	Samir Mahmoud Haddad	-	-	-	-	0%
5	Fahd Omar Al-Abd Al-Latif	1000	-	1000	-	0%
6	Mohammad Hamdan Al-Sorayai	-	-	-	-	0%
7	Hisham Abdul Rahman Al-Askar	1200	-	1200	-	0%

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

S	Name of those who have interests	Kinship	Beginning of the year 01/01/2022		Until December 31, 2022		Percentage of change
			No. of shares	Debt instruments	No. of shares	Debt instruments	
1	Suleiman Omar Abdul Latif	-	-	-	-	-	-
2	Majed Abdul Rahman Al-Osailan	-	-	-	-	-	-
3	Abdul Latif Omar Al Abdul Latif	-	-	-	-	-	-
4	Samir Mahmoud Haddad	-	-	-	-	-	-
5	Fahd Omar Al-Abd Al-Latif	-	-	-	-	-	-
6	Mohammad Hamdan Al-Sorayai	-	-	-	-	-	-
7	Hisham Abdul Rahman Al-Askar	-	-	-	-	-	-

## Rewards Table 1

### Board of directors' rewards(5<sup>th</sup> session)

Name	Fixed Rewards							Variable Rewards							End-of-year	Total	Expense
	Specific amount	Instead of attending meetings of the Council	General Assembly Meetings	Total attendance allowance for committee meetings	In-kind benefits	Rewards for technical, administrative, and advisory work	The remuneration of the Chairman of the Board, the Managing Director or the Secretary	Total	A percentage of the profits?	Periodic bonuses	Short - term incentive plans	Long - term incentive plans	Granted Shares (Value is entered)	Total			
First: the independent members																	
Fawzy Sabry Ayoub	0	0	Attend on behalf	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hisham Al-Askar	0	0	absence	0	0	0	0	0	0	100.000	0	0	0	100.000	0	100.000	0
Majed Al-Osailan	0	0	3000	0	0	0	0	3000	0	100.000	0	0	0	100.000	0	103.000	0
Total	0	0	3000	0	0	0	0	3000	0	200.000	0	0	0	200.000	0	103.000	0
Second: Non-executive members																	
Suleiman Omar Al-Abdullatif	0	0	waive	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Abdulaziz Al-Dulaijan	0	0	3000	0	0	0	0	3000	0	100.000	0	0	0	100.000	0	103.000	0
Total	0	0	3000	0	0	0	0	3000	0	100.000	0	0	0	100.000	0		0
Third: the executive members																	
Abdul Latif Al Abdul Latif	0	0	Waive	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fahad Omar Al-Abdullatif	0	0	Waive	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: The board of directors' membership remuneration was awarded to the members above after approval in the extraordinary General Assembly held on 13/6/2022. The members elected to the Regular General Assembly held on 12/1/2022 were Mr. Suleiman Omar Al-Abdullatif, Abdul Latif Al Abdul Latif, Fahad Omar Al-Abdullatif, Majed Al-Osailan, Hisham Alaskar, Mohammad AL-Sorayai, Samir Haddad.

### Rewards Table 2

### Board of directors' rewards (6<sup>th</sup> session)

[illegible]



## Senior Executive Rewards

Name	Senior Executive Jobs	Fixed rewards				Variable Rewards			Total
		Rewards	Allowances (accommodation - transportation)	In-kind benefits (treatment - tickets)	Total	Regular bonuses	Total	End-of-Service Award	
<b>Abdul Latif Al-Latif</b>	CEO	600.000	-	48.349	648.349	-	-	-	648.349
<b>Ahmad Khalaf</b>	Finance Director	92.518	3000	14.995	110.513	31.172	31.172	8.250	149.935
<b>Adel Shia'ar</b>	Planning, strategy, and investment manager	420.000	45.000	76.075	541.075	151.000	151.000	35.000	727.075
<b>Cataria</b>	mechanical production technician	105.026	20.700	8.100	133.826	220.800	220.800	9750	364.376
<b>Justino</b>	mechanical production technician	258.00	90.300	44.745	393.045	38.500	38.500	21.500	453.045
<b>Saad Al-Qarni</b>	Director of Human Resources - Director of Investor Relations - Secretary of the Board of Directors	294.000	73.500	81.083	448.583	63.000	63.000	35.000	546.583
<b>Wang</b>	mechanical production technician	120.000	42.000	34.214	196.214	225.000	225.000	10.000	431.214
<b>Total</b>		1.889.544	274.500	307.561	2.471.605	729.472	729.472	119.500	3.320.577

## Committees Member's Remunerations

Member Name	Fixed Remunerations (except for the allowance for attending sessions)	Allowance for attending sessions	Total
<b>Audit Committee Members</b>			
Majed Abdul Rahman Al-Osailan	15.000	12.000	27.000
Saleh Hassan Al Sheikh	20.000	12.000	32.000
Abdul Aziz Mohammad Al-Suwaidan	20.000	12.000	32.000
Mohammad Hamdan Al-Sorayai	15.000	12.000	27.000
<b>Total:4</b>	<b>70.000</b>	<b>48.000</b>	<b>118.000</b>
<b>Remunerations and Nominations Committee Members</b>			
Suleiman Omar Al-Abdullatif	0	0	0
Samir Mahmoud Haddad	15.000	4.000	19.000
Hisham Abdul Rahman Al-Askari	15.000	4.000	19.000
<b>Total:3</b>	<b>30.000</b>	<b>8.000</b>	<b>38.000</b>
<b>Executive Committee Members</b>			
Abdul Latif Omar Al Abdul Latif	0	0	0
Samir Mahmoud Haddad	15.000	8.000	23.000
Fahad Omar Al-Abdullatif	0	0	0
<b>Total:3</b>	<b>15.000</b>	<b>8.000</b>	<b>23.000</b>
<b>Members of the Risk, Governance and Compliance Committee</b>			
Hisham Abdul Rahman Al-Askari	15.000	6.000	21.000
Majed Abdul Rahman Al-Osailan	15.000	6.000	21.000
Mohammad Hamdan Al-Sorayai	15.000	6.000	21.000
<b>Total:3</b>	<b>45.000</b>	<b>18.000</b>	<b>63.000</b>

## The company applications for the shareholders registry

Company requests to record Shareholders	Application Date	Reasons for request
1	4-1-2022	Company's procedures
2	11-1-2022	General Assembly
3	12-6-2022	General Assembly
4	20-7-2022	Other
5	31-12-2022	Company's procedures

## Sanctions and penalties imposed on the company

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

## CONTRIBUTORS

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

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

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

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

### **Second: General criteria for rewards**

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

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

### **Third: Directors, percentage on profits**

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

### **Fourth: Committee member rewards**

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

### **Fifth: Executive Management Rewards**

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

### **Sixth: General authorizations**

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

### **Seventh: Details of the remuneration of members of the Board of Directors and its committees**

#### **A-Members of the Board of Directors**

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

#### **B-Members of Committee Members**

- Payment of an attendance allowance of 2000 riyals for attending one session.
- 15,000 riyals annually paid to each member from within the council.
- 20,000 riyals annually paid to each member from out of the council.

The provisions of this policy shall be implemented from the date of its approval by the General Assembly of Shareholders and any proposed amendments are presented to the Board of Directors, which in turn reviews those amendments and recommends them to the General Assembly for approval.

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

The members of the Board of Directors have been evaluated through the Committee on Remunerations and Nominations using a template prepared for evaluation, depending on the following items:

Sharing information and ideas, attending meetings regularly and on time, working actively and constructively on the Board of Directors, make constructive and effective participations in meetings, accept feedback and observations that contribute to the discussion of agendas, contributing to addressing differences and finding solutions, share sincere and distinct opinions on the issues raised. They also, must have the ability to prioritize and focus on achieving goals, motivating others to achieve their task perfectly, give advice in debates and deliberations, acquisition of analytical skills to assist decision-making, avoid clashing with others and communicate in a compelling way, contribute new additions to board meetings , initiative in requesting information to gain knowledge, motivating members to participate effectively in the topics raised, focus on achieving the goals, work on linking the goals to the company's strategies, create strategic plans, awareness of each member's mandated tasks.

The members of the Board of Directors were evaluated during the recent meeting of the Remunerations and Nominations Committee in accordance with the criteria of the approved model.

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

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



## The General Assembly Meetings of the Company

A statement of the dates of the general assemblies of shareholders held during the last fiscal year and the names of the present and absent members of the Board of Directors to these assemblies.

Seventeenth Ordinary General Assembly		
S	name	Seventeenth Ordinary General Assembly Meeting (first meeting) 12-01-2022AD
1	Suleiman Omar Al-Abdul Latif	Present
2	Abdulaziz Abdul Latif Al-Dulaijan	Present
3	Abdul Latif Omar Al-Abdul Latif	Present
4	Majed Abdul Rahman Al-Osailan	Present
5	Hisham Abdul Rahman Al-Askar	Absent
6	Fahd Omar Al-Abdul Latif	Present
7	Fawzy Ayoub Mostafa Sabry	Absent

**1- It was approved to elect the following members of the Board of Directors from among the candidates for the next three-year term, which begins on 23 January 2022 and ends on 22 January 2025:**

1. Mr. Suleiman Omar Al-Abdul Latif.
2. Mr. Abdullatif Omar Al-Abdul Latif.
3. Mr. Fahad Omar Al-Abdul Latif.
4. Mr. Mohammed Hamdan Al-Sorayai.
5. Mr. Majid Abdulrahman Al-Osailan.
6. Mr. Hisham Abdulrahman Al-Askar.
7. Mr. Samir Mahmoud Haddad.

**2- It was approved to form the Audit Committee for the next session and its duration is three Gregorian years, which begins on 23 January 2022 and ends on 22 January 2025, and they are:**

1. Mr. Majid Abdulrahman Al-Osailan.
2. Mr. Saleh Hassan Al-Sheikh.
3. Mr. Abdulaziz Mohammed Al-Suwaidan.
4. Mr. Mohammed Hamdan Al-Sorayai.

**3- It was also agreed to define the tasks of the committee, controls its work and remuneration of its members.**

Extraordinary General Assembly		
S	name	Extraordinary General Assembly Meeting (first meeting) 13-06-2022AD
1	Suleiman Omar Al-Abdul Latif	Present
2	Majed Abdul Rahman Al-Osailan	Present
3	Abdul Latif Omar Al Abdul Latif	Present
4	Samir Mahmoud Haddad.	Present
5	Fahd Omar Al-Abd Al-Latif	Present
6	Mohammed Hamdan Al-Sorayai	Present
7	Hisham Abdul Rahman Al-Askar	Present

1. Vote on the report of the Board of Directors for the year ending in 31/12/2021.
2. Vote on the report of the Auditor for the year ended 31 August 2021.
3. To vote on the audited financial statements for the year ended 31 December 2021.
4. To vote on the appointment of the company auditor from the candidates on the recommendation of the Audit Committee; This is to examine, review and audit the financial statements of the second, third and annual quarters of fiscal year 2022, the first quarter of fiscal year 2023, and determine its fees.
5. To vote on the authorization of the Board of Directors to distribute a half- or quarterly dividend for fiscal year 2022, and to determine the maturity and disbursement date in accordance with the regulations and procedures issued pursuant to the Corporate Regulations.
6. Voting on the works and contracts to be concluded between the Company and Al-Abdul-Latif Furniture Company, which are for the Board Member Suliman Omar Al-Abdul-Latif, Mr. Abdul Latif Omar Al-Abdul-Latif and Mr. Fahad Al-Abdullatif. Which are mainly wholesale sales of carpet and moquette products. The nature of the relationship is not different from dealings with ordinary debtors and commercial creditors and has no special advantages or conditions. The value of these transactions during 2021 amounted to SAR 37.007 thousand.
7. Voting on the works and contracts to be carried out between the company and Al-Abdul Latif Furniture Company, in which board members Suliman Omar Al-Abdul Latif, Mr. Abdel Latif Omar Al-Abdul Latif and Mr. Fahd Omar Al-Abdul Latif have an indirect interest, which are services and benefits provided to a related party. (Warehouse lease for Al-Latif Industrial Investment Company (landlord) and Al-Abdul Latif Furniture Company (The renter), noting that the nature of the relationship is no different from the dealings with debtors and ordinary commercial creditors and has no special advantages or conditions, the value of such transactions during 2021 amounted to 2.468 thousand riyals.
8. Voting on the works and contracts to be carried out between the company and Al-Abdul Latif Furniture Company, for Board member Suliman Omar Al-Abdul Latif, Mr. Abdullah Omar Al-Abdul Latif and Mr. Fahd Omar Al-Abdul Latif have indirect interest in it. The nature of the relationship is being the provision of services and benefits to the related party, the contract of accommodating and housing services between Ritaj Waseel (Landlord) one of the company subsidiaries and between Al-Abdul Latif Furniture Company (renter), the value of these transactions during 2021 was 841 thousand riyals.
9. Voting on the works and contracts to be carried out between the company and Al-Abdul Latif Furniture Company, which is for the Board member Suliman Omar Al-Abdul Latif, Mr. Abdel Latif Al- Abdul Latif and Mr. Fahd Omar Al-Abdul Latif, in which the nature of the relationship consists of services and benefits provided to the related party, which are logistical services. The nature of the relationship is no different from the dealings with debtors and ordinary commercial creditors and has no special advantages or conditions. The value of these transactions during the year 2021 (20.000) riyals.
10. Voting on the works and contracts to be carried out between the company and Al-Abdul Latif Furniture Company, in which the Board member Suliman Omar Al-Abdul Latif, Mr. Abdullah Omar Al-Abdul Latif and Mr. Fahd Omar Al-Abdul Latif have an indirect interest, the nature of the relationship consisting of services and benefits from a (Related party) Housing rental and other contracts for Al-Abdul Latif Furniture Company (The landlord) of Al-Abdul Latif Industrial Investment Company (the renter) to house some employees of Al-Abdul Latif Industrial Investment Company. The nature of the relationship is not different from the dealings with debtors and ordinary commercial creditors and have no special advantages or conditions. The value of these transactions during 2021 amounted to 75 thousand riyals.
11. Voting on the works and contracts to be carried out between the company and Al-Abdul Latif Furniture Company, in which the Board member Suliman Omar Al-Abdul Latif, Mr. Abdullah Omar Al-Abdul Latif and Mr. Fahd Omar Al-Abdul Latif have an indirect interest, knowing that the nature of the relationship consists of services and benefits from the (Related party) Rental contracts for warehouses and sales centers outside Riyadh for Al-Abdul Latif Furniture Company (The landlord) and the (renter) is Adfa Blanket Company (a subsidiary of Al-Abdul Latif Industrial Investment Company). The nature of the relationship is not different from the dealings with debtors and ordinary commercial creditors and has no special advantages or conditions. The value of these transactions during 2021 amounted to 80 thousand riyals.
12. The lease of a warehouse and a water well from Al-Abdul Latif Furniture Company, which runs from 1/1/2022 to 31/12/2022 and has a value of 115 thousand riyals.
13. Voting on the works and contracts to be carried out between the company and Al-Abdul Latif Furniture Company, in which the Board member Suliman Omar Al-Abdul Latif, Mr. Abdullah Omar Al-Abdul Latif and Mr. Fahd Omar Al-Abdul Latif have an indirect interest, knowing that the nature of the relationship consists of services and benefits from a (related party) Purchases by related party (Carpet Brush Requirements) It is necessary to implement the projects of Al-Abdul Latif Industrial Investment Company and the executor is Al-Abdul Latif Furniture Company. The nature of the relationship is not different from the dealings with debtors and ordinary commercial creditors and has no special advantages or conditions. The value of such transactions during the year 2022 was amounted 187 thousand riyals.
14. Voting on the works and contracts to be carried out between the company and the Natural Gas Distribution Company, for which members of the Board of Directors Mr. Abdul Latif Omar Al-Abdul Latif and Mr. Majid Abdel Rahman Al Osailan have an indirect interest. The nature of the relationship consists of purchases in general from the natural gas distribution company. The nature of the relationship is not different from the dealings with debtors and ordinary commercial creditors and has no special advantages or conditions. The value of such transactions during the year 2022 was amounted 1,722 thousand riyals.
15. Vote on paying (100,000) to three members of the Board of Directors as a bonus for the fiscal year ending in 31/12/2021. (300,000) riyals in total. These members are (Mr. Hisham Abdulrahman Al-Askar, Mr. Majid Abdel Rahman Al Osailan and Mr. Abdul Aziz Al-Abdul Latif Al-Dilijan). The remaining three members, Mr. Suliman Omar Al-Abdul Latif, Mr. Abdul Latif Omar Al-Abdul Latif and Mr. Fahd Omar Al-Abdul Latif have waived their remuneration for membership in the Board of Directors for the year ending 31/12/2021. As for Mr. Fawzy Ayoub Sabri, he attended the meetings by behalf due to special circumstances, for which no remuneration payment was made.
16. Vote to amend the Rules on Remuneration and Fees for Attendance at the Board and Committees.
17. It was approved that the members of the Board of Directors are free from liability for the fiscal year ending on 31/12/2021
18. Modify article (22.31.36.48) of the Basic Law of the Company System.

A number of shareholders, representing 50% of the capital, are required to attend the Assembly and each shareholder has the right to attend the extraordinary General Assembly meeting. In the absence of a quorum, the second meeting may be held one hour after the expiration of the deadline for the first meeting. Nonetheless the second meeting shall be valid, if 25% of the number of shareholders are present. Shareholders who cannot attend on time and wish to entrust others to attend the meeting (non-board members and company employees) are kindly requested to send the necessary authorizations certified by one of the chambers, a local bank, notarial offices or licensed persons, and to send them to Al- Abdullatif Industrial Investment Company, 2nd Industrial City, R. b. 859 Riyadh 11421 Investor Relations at least two days before the meeting. Shareholders need to bring to the meeting (authenticity or agency of their personal cards), and for inquiries please contact t: 287.290.288.289-0112658888, fax: 0112650285. Shareholders of origin or agency and those wishing to attend this meeting shall take the commercial registry/national identity/residence or passport and attend well in advance of the meeting to complete their registration.



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## Chapter Five: Board of Directors Recommendations.

## Board of Directors' Recommendations

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

1. Vote on the report of the Board of Directors for the year ending on December 31, 2022.
2. Vote on the auditor report for the year ending on December 31, 2022.
3. Vote on the audited financial statements for the year ending on December 31, 2022.
4. Vote for the appointment of the Company auditor from among the candidates on the recommendation of the Audit Committee; This is for examining, reviewing, and auditing the financial statements for the (second, third and annual) quarters of the fiscal year 2023, and the first quarter of the fiscal year 2024, and determining its fees.
5. To vote on authorizing the Board of Directors to distribute interim dividends in a semi- or quarterly manner for the fiscal year 2023, and to determine the due date and disbursement in accordance with the regulatory controls and procedures issued in implementation of the Companies Law.
6. Voting on the business and contracts that will take place between the company and Al-Abdul Latif Furniture Company, in which Board member Suleiman bin Omar Al-Abdul Latif, Mr. Abdul Latif bin Omar Al-Abdul Latif, and Mr. Fahd bin Omar Al-Abdul Latif have an indirect interest, which is mainly wholesale sales of carpet and rug products. The nature of the relationship does not differ from dealings with ordinary commercial debtors and creditors, and it does not have any special advantages or conditions. The value of these transactions during the year 2022 amounted to (40,151) thousand riyals.
7. To vote on the authorization of the Board of Directors to authorize the General Assembly in article 71, paragraph (1), of the Companies' Regulations, for a period of one year from the date of approval by the General Assembly or until the end of the session of the Board of Directors authorized whichever is earlier, in accordance with the conditions of the Companies regulations and regulations issued pursuant to the system of listed shareholders.
8. Modifying Remuneration policy for the Board of Directors, its committees, and the executive management
9. Voting on authorizing the board of directors to disburse the members rewards in the end of the fiscal year.
10. Vote on disbursement of 100,000 SAR to four members of the Board of Directors as a bonus for the fiscal year ended 31/12/2022 (400,000) SAR (Mr./Majid bin Abdulrahman Al-Osailan, Mr./Samir bin Mahmoud Haddad, Mr./Mohammed bin Hamdan Al-Sorayai and Mr./Hisham bin Abdulrahman Al-Askar) The remaining three members, Mr. Suleiman Omar Al-Abdullatif, Professor Abdullatif Omar Al-Abdullatif and Professor Fahad Omar Al-Abdullatif, are waiving their remuneration for their board membership for the year ended 31/12/2022.
11. Vote on discharge of the Board of Directors members for the fiscal year ended in 31-12-2022.

A number of shareholders, representing 25% of the capital, are required to attend the Assembly and each shareholder has the right to attend the General Assembly meeting. In the absence of a quorum, the second meeting may be held one hour after the expiration of the deadline for the first meeting, nonetheless the second meeting shall be valid, regardless of the number of shares represented. Shareholders who cannot attend on time and wish to entrust others to attend the meeting (non-board members and company employees) are kindly requested to send the necessary authorizations certified by one of the chambers , a local bank, notarial offices or licensed persons, and to send them to Al-Abdullatif Industrial Investment Company, 2nd Industrial City, R. b. 859 Riyadh 11421 Investor Relations at least two days before the meeting. Shareholders need to bring to the meeting (authenticity or agency of their personal cards), and for inquiries please contact t: 287.290.288.289-0112658888, fax: 0112650285. Shareholders of origin or agency and those wishing to attend this meeting shall take the commercial registry/national identity/residence or passport and attend well in advance of the meeting to complete their registration.





## Acknowledgments

In conclusion, we express our sincere thanks, appreciation and gratitude to our Government under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and to His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud for their efforts, wise decisions and many achievements on led bu them that deserve pride and reflect their constant desire for the Kingdom's economy and the promotion of its economic and social growth and prosperity.

We would also like to express our deep appreciation and thanks to our valued shareholders for their support and confidence, as well as to our employees for their commitment and dedication over the past year.

Board of Directors of Al-Abdul Latif Industrial Investment