

الخزف السعودي
Saudi Ceramics



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Annual Report



Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud

"We are confident in the capabilities of Saudi citizens, and we have high hopes for them, after Allah, in building their country and a sense of responsibility towards it. Every citizen of our country and every part of our precious country is the primary concern to me. We look forward to everyone's contribution to the service of the nation."



H.H Prince

Mohammed bin Salman bin Abdulaziz Al Saud

"Our ambition is to have a larger economy than we have today, how to create an attractive, good, and wonderful environment in our homeland, how to be proud in our country, how our country can be a contributing part of the development and movement of the world, whether economically, environmentally, culturally or intellectually."



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Our Locations

Public Administration
King Fahd Rd.

P.O 3893 Riyadh 11481
Phone: 0118298888
Fax: 0114627569

Sales Department

Phone: 0118298888
Fax: 0114652124

Central Region Regional Sales Department

Fax: 0114652124
Al Olaya Store
Al Takhassousi Store
Al Malaz Store
Ar Rawdah Store
Al Kharj Rd Store
An Narjis Store
Alyasmin Store
Ar Rimal Store
Laban Store
Shaqra Store
Al-Muzahmiya Store
Ash Shifa Store
Al Duwadimi Sore
Al Majma'ah Store
Al-Kharj City Store
Al Makhfad Store

Western Region Regional Administration and Sales

Phone: 0127290056
Fax: 0126299202
Al Tahlia Store
ALHARAMAIN Store
Taif Store
Al Haweya Store
Mekka Store
Madina (1) Store
Madina (2) Store
Al Hamadaniyah Store
Abher Store
Al Qunfuthah Store

Marketing Department

Phone: 0118298888
Fax: 0114610147

Eastern Region Regional Sales Department

Phone: 0138340670
Fax: 0138331764
Dammam (1) Store
Dammam(2) Store
Dammam (3) Store
Al Khobar Store
Al Ihsaa (1) Store
Al Ihsaa (2) Store
Al Joubeil Store
Hafar Al Batin Store

Al-Qassim and Northern Region Regional Sales Department

Phone: 0163816433
Fax: 0163814872
Barida Store
Unaizah Store
Ar Rass Store
Hail Store
Tabuk Store
Al Mahfad Center (Buraydah)

Export Sales

Phone: 0118298888 / ext. 8700
Fax: 0112177672

Factory for Sanitary Ware

Phone: 0118298888
Fax: 0114983970

Ceramic factory

Phone: 0118298888 / Ext.2112
Fax: 0112650265/ Ext.3180

Heaters Factory

Phone: 0118298888/ Ext.3015
Fax: 0112650250

Southern Region Regional Administration and Sales

Phone: 0172216311
Fax: 0172216291
Asir Store
Jazan (1) Store
Jazan (2) Store
Najran Store
Sabia Store
Bisha Store

Chairman's Speech

Dear Respectful M/s. Shareholders of Saudi Ceramics Company...

God's Peace, mercy, and blessings be upon you, The year 2021 was a year of challenges as a result of the continuing repercussions and effects of the Corona pandemic (COVID-19) on the economy of the region and the global economy, which affected supply chains, rising production costs, and slowing global trade. The construction sector has faced many challenges, just like the rest of the sectors affected by these conditions.

During 2021 the company continued its path towards achieving better results. It was, thanks to Allah, able to double the net profits. The company was also able to achieve positive results in the performance of all its sectors and the most prominent of them is the improvement in the performance of the sanitary ware sector, as well as the tiles and heaters factories were also able to operate at their full production capacity. On behalf of the Board of Directors, I am pleased to present to our valued shareholders the annual report of the company, which presents its and its affiliates' performance, business results, plans, and efforts made during 2021 and the major events. I express my deepest thanks and great gratitude to our distinguished shareholders for their continued support and trust in Saudi Ceramics Company as one of the first national joint stock companies. I also congratulate them on the results of the year's performance, which witnessed a great improvement, praise be to God, after the company adopted a number of initiatives with the aim of raising production efficiency and enhancing its presence in the internal and external markets. As a result of this improvement, the company's board of directors decided to distribute 15% cash dividends from the company's capital for the 2021. The board of directors also approved during this year to build a porcelain factory at a cost of more than 240 million riyals and a production capacity of more than 8 mil-



lion square meters to meet the growing demand for the product.

On this occasion, on my behalf and on behalf of all my fellow members of the Board of Directors and the Executive Management, I extend to the Custodian of the Two Holy Mosques and His Highness the Crown Prince my sincere thanks for what the industry sector in the Kingdom of Saudi Arabia finds in stimulating and encouraging the achievement of the goals of the Kingdom's Vision 2030. Thanks are also extended to the Ministry of Industry and Mineral Resources for their efforts in adopting Initiatives that will contribute to the development of the national industry as a strategic requirement to diversify the national economy and enhance local content. In conclusion, I would like to thank the executive management team and all the Saudi Ceramics employees for their active role in implementing the company's strategy and working to achieving the company's objectives.

Allah is the grantor of success

Yousef bin Saleh Abalkhail
Chairman

CEO's Speech

2021 was a year of challenges, where the company, thanks to Allah first, and its competencies and strategic plans, was able to meet and overcome them with the great support of its promising youth and their commitment to continuous development and growth. Despite these challenges and with the recovery of the market and the demand for construction supplies, we were able to cover the requirements and needs of our customers, as well as achieve record numbers this year in the production and export sectors.

During 2021, Saudi Ceramics Company maintained a revenue level of SAR 1.5 billion. Net profit also has improved significantly, with a net profit of SAR 233.7 million, in 2021 compared to SAR million in 2020 as a result of increasing total profit margins for products and decreasing financing costs.

In response to the high demand for products, the company has established a new porcelain production factory with an annual production capacity of 8.25 million square meters. This ensures continuity of production and meets growing demand. The company has also inaugurated many stores across the Kingdom to provide the best products and services to its customers. Globally, demand for the company's products, particularly heaters, also increased, as the company exports products to nearly 80 countries around the world, which is proof of our success in reaching global markets. At the technical level, the company developed its



systems through the automation of factory systems and invoices, and the digital transformation of human resources services (supportive).

In line with the kingdom's vision objectives, the nationalization percentage reached about 45%, including many competencies of people with disabilities, as support to Mowaamah Initiative. The company also pays close attention to its employees professionally and personally. To this end, the company has conducted several partnerships to provide the best health and social services (Walaah program).

In conclusion, I thank the Directors very much for their continued support. Thanks to all Saudi Ceramics employees for their continued dedication to achieving the company's objectives.

Seeking success from Allah

Eng. Majed bin Abdullah Al-Eissa
CEO

Board of Directors



Yousef bin Saleh Aba Alkhail
Chairman



Abdul Karim bin Ibrahim Al-Nafie
Vice-Chairman



Abdullah bin Turki Al-Sudairy
Board member



Sami bin Ibrahim Al-Eissa
(General Organization for Social Insurance)
Board member



Majed bin Abdullah Al-Eissa
(CEO) Board member



Turki bin Saud Al-Dayel
Board member



Muteb bin Muhammad Al-Shathri
(Public Investment Fund (PIF))
Board member



Abdul Aziz bin Abdul Karim Al-Khuraiji
Board member

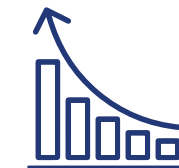


Overview on 2021

Major Findings and Financial Indicators



1.5 Billion riyals
Company's Sales



15%
Net income rate



33.3%
Capital Raise Ratio



60 million riyals
Paid Dividends



29%
Rate of return in shares



2.86 Billion riyals
Assets size

Board report of AD 2021

The Board of Directors is pleased to present to you the annual report backed by financial statements of AD 2021 findings, which include the list of the Company's financial position on 31/12/2021, in addition to income statements, cash flows, changes to shareholders' rights, and necessary clarifications for the year ending that date. As well as, it includes the most prominent goals that were achieved during the year. The report also reviews the company's commitment to the requirements of the Capital Markets Authority.



Company's Main Activities:



Manufacturing:

The company manufactures, stores, transports, and markets ceramics and porcelain of all kinds. Sanitary ware of ceramics and its supplements, toilet fittings, central and solar electric water heaters, special paintings (Ferrite), red pottery bricks and related derivatives, pottery pipes for various purposes, various plastic products, bathtubs of porcelain, acrylic and plastic, in addition to the mixers and health supplements as well as ceramic and plastic traffic signs.



Mining:

It includes: Extracting, processing, forming, and marketing raw materials, including but not limited to: Silica sand powder, dolomite, feldspar metal, red clay, kaolin, limestone, gypsum powder, flint stone, and sandstone. Transport, storage, and marketing of raw materials, managing quarries and mining sites, in addition to the construction and management of crushers and mills in raw material sites.



Commercial:

Trading in all the Company's purposes, including wholesale and retail trade, and e-commerce to market building materials products manufactured by the Company or purchased from others for resale, and supplying company's products and other products to government and private projects, import, export, and international sales, commercial services, undertakings, commercial agencies, marketing, and opening offices and stores in other countries for the purpose of selling the Company's products that it manufactures or buys from others.

Vision

To be the leading partner for every home and every construction project around the world. Through our proven standards dedicated to manufacturing products with unparalleled quality and value, and long-term products.

Values

To become a leading company in providing construction solutions and striving to achieve the aspirations of investors and improve the customer experience



1

Mission:

Maintaining the company's brand by focusing on sustainable growth and increasing investor returns by providing high quality and innovative valued products and actively contributing to economic development.



2

Unity:

The Saudi Ceramics team is the reason behind the company's success. The company believes in a collaborative, growth-centered, and equitable work culture.



3

Responsibility:

As leaders within the Kingdom and members of the global community, Saudi Ceramics believes it is its duty to include social and environmental issues in the company's strategic thinking, from working with local charities to innovating more environmentally-friendly solutions.



4

Agility:

After four decades in the industry, Saudi Ceramics is confident in its knowledge of innovation, adaptation, and long-term partnerships. The company continuously strives to maintain an agile and creative strategic framework for sustainable growth and return for its shareholders.



Company's Incorporation

Saudi Ceramics company is a leading national provider of world-class manufacturing solutions, which provides a number of construction solutions, including tiles, sanitary ware, water heaters, red bricks, and desert mines.

Since 1977, Saudi Ceramics has been at the forefront of the manufacturing sector, driven by its vision of delivering first-class and world-class construction solutions. After 42 years in the sector, it has become the Kingdom's largest manufacturer and one of the most prominent inter-continental companies – for more than 80 countries, it is proud to be the excellence ambassador for Saudi product.

Financial Performance

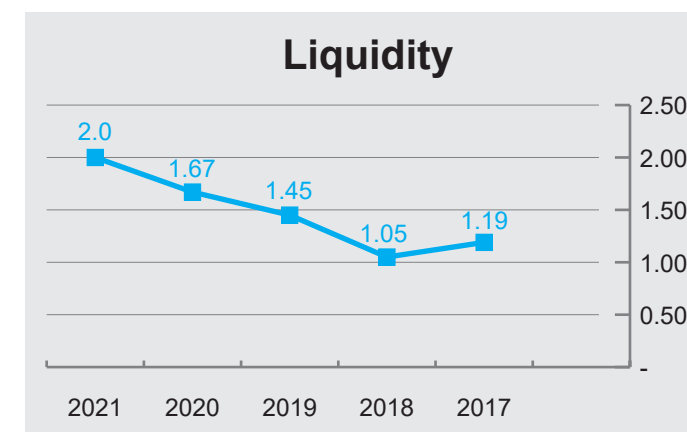
Financial Performance

The company maintained its sales level last year by achieving net sales of SAR 1.5 billion, offset by an improvement in prices reflected in its improved financial performance and increased profit margin compared to the previous year, although some sectors of the global and regional economy continued to be affected by the impacts of the Covid-19 epidemic. Net profit also improved significantly, with a net profit of SAR 233.7 million in 2021 compared to 77million in 2020 as a result of increasing total profit margins for products and decreasing financing costs. This year's profit margin was, compared to 26 last year, with an increase of 9. The Company also continued to increase its production capacity and operational efficiency and worked to reduce production costs, which had a positive impact on improving profitability.

The Company also continued to renew the identity of its stores and worked to cover all regions of the Kingdom by opening new stores, where 8 stores were opened in 2021. The e-sales channel has also been strengthened to meet the needs of customers locally and internationally to enhance the spread of the Company's identity and brand name as a leading and distinguished brand in the construction and building sector and facilitate the access of its products to the final consumer. The Company has also added new products complementary to its products, in order to provide a full range of products to the customer, where the collection of high-quality mixers under the name of Saudi Ceramics company has recently begun.

Liquidity and working capital (riyals in 000s)

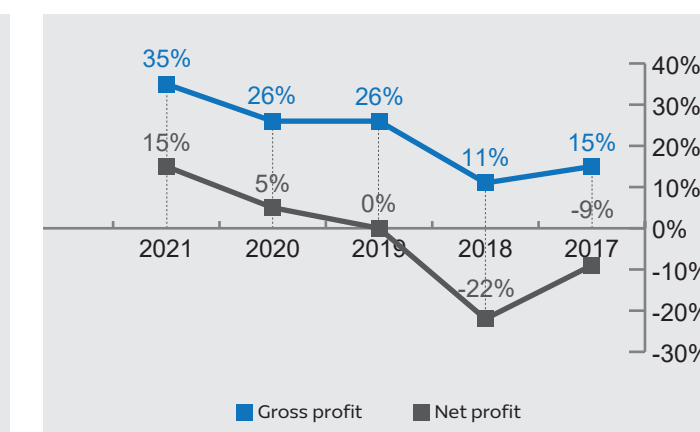
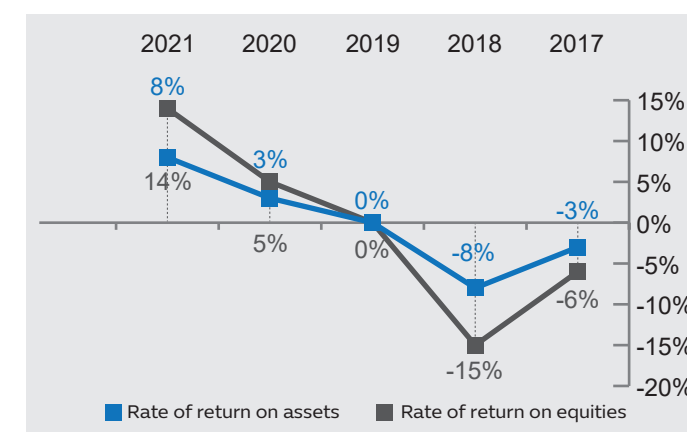
Liquidity rates that ensure compliance with liabilities and measure the efficiency of the Company's financial position and management of its operations



	AD 2021	AD 2020	AD 2019	AD 2018	AD 2017
Working Capital	545,592	422,615	374,989	49,632	174,819
Liquidity Rate	2.0	1.67	1.45	1.05	1.19

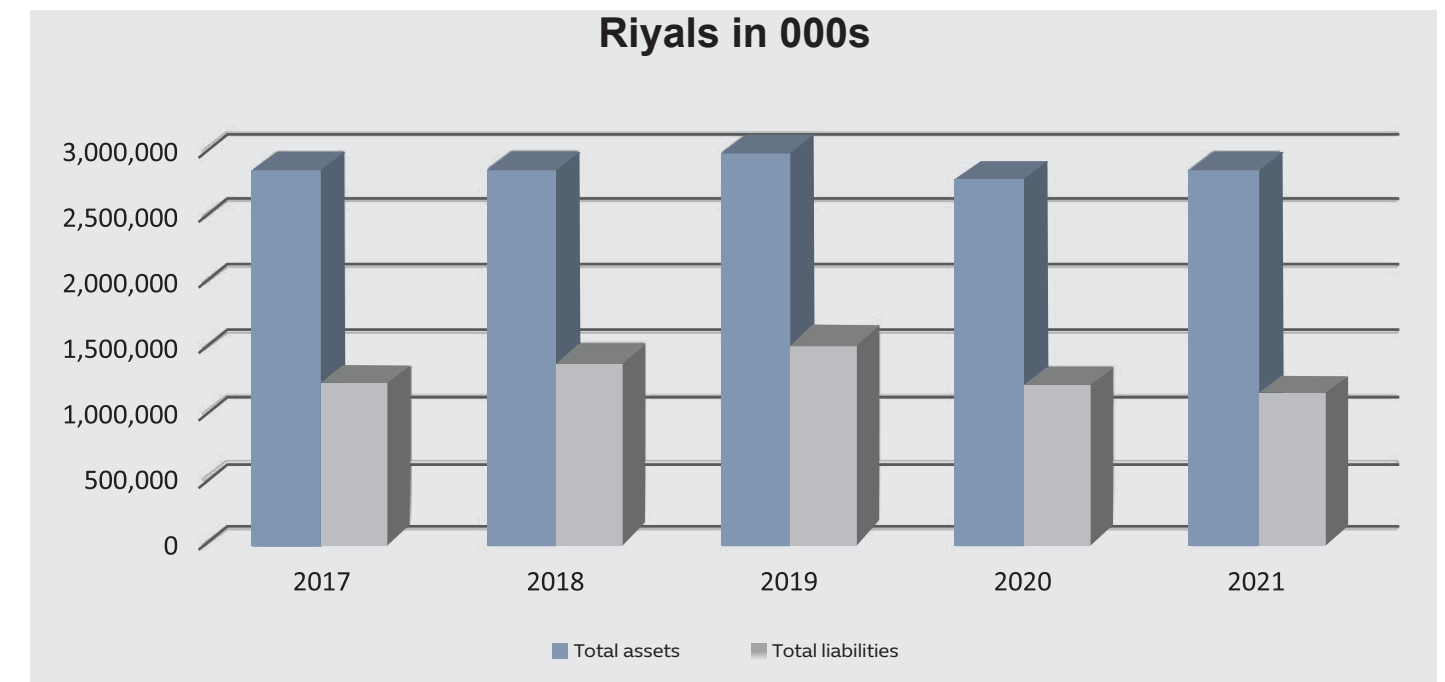
Key Indicators

	2021	2020	2019	2018	2017
Gross Profit	35%	26%	26%	10.5%	15%
Net Profit	15%	5%	0.2%	-21.5%	-8.5%
Rate of return on Equities	13.5%	5.2%	0.2%	-15%	-6%
Rate of Return on Assets	8%	2.8%	0.1%	-7.7%	-3%
Total liabilities/ Equities	0.67	0.80	1.07	0.97	0.76



Statement of Financial Position (riyals in 000s)					
Item	2021	2020	2019	2018	2017
Assets					
Current Assets:					
Due from Banks and cash on hand	109,646	68,689	100,231	48,008	79,296
Commercial debtors	293,479	325,168	351,160	279,112	324,901
Stock	731,481	651,837	752,118	706,211	707,067
Total Current Assets	1,134,606	1,045,694	1,203,509	1,033,331	1,111,264
Non-Current Assets					
Financial assets, non-current	7,987	7,746	6,952	11,649	10,894
Assets, machines and equipment	1,640,698	1,620,607	1,705,095	1,811,386	1,712,645
Net intangible assets, except for goodwill	-	202	510	929	1,775
Investments in associates and joint ventures	9,011	8,963	9,001	8,941	25,067
Other non-current Assets	71,567	75,496	63,994		
Total Non-Current Assets	1,729,263	1,713,014	1,785,552	1,832,905	1,750,381
Total Assets	2,863,869	2,758,708	2,989,061	2,866,236	2,861,645
Liabilities and Equity					
Liabilities					
Current Liabilities					
Current installment from long-term loans	234,841	201,171	292,447	566,470	465,794
Short-term loans	-	85,045	221,255	113,080	224,498
Commercial creditors	317,675	297,322	286,345	295,452	243,809
Due Zakat	22,596	28,001	17,923	8,697	2,344
Other current liabilities	13,902	11,540	10,550		
Total current liabilities	574,032	623,079	828,520	983,699	936,445
Non-current liabilities					
loans long term	422,678	463,789	588,499	352,966	225,366
End of service gratuity for employees	87,859	85,370	78,729	71,352	69,385
Other non-current Liabilities	52,216	57,255	46,262		
Total non-current liabilities	562,753	606,414	713,490	424,318	294,751
Total Liabilities	1,151,767	1,229,493	1,542,010	1,408,017	1,231,196

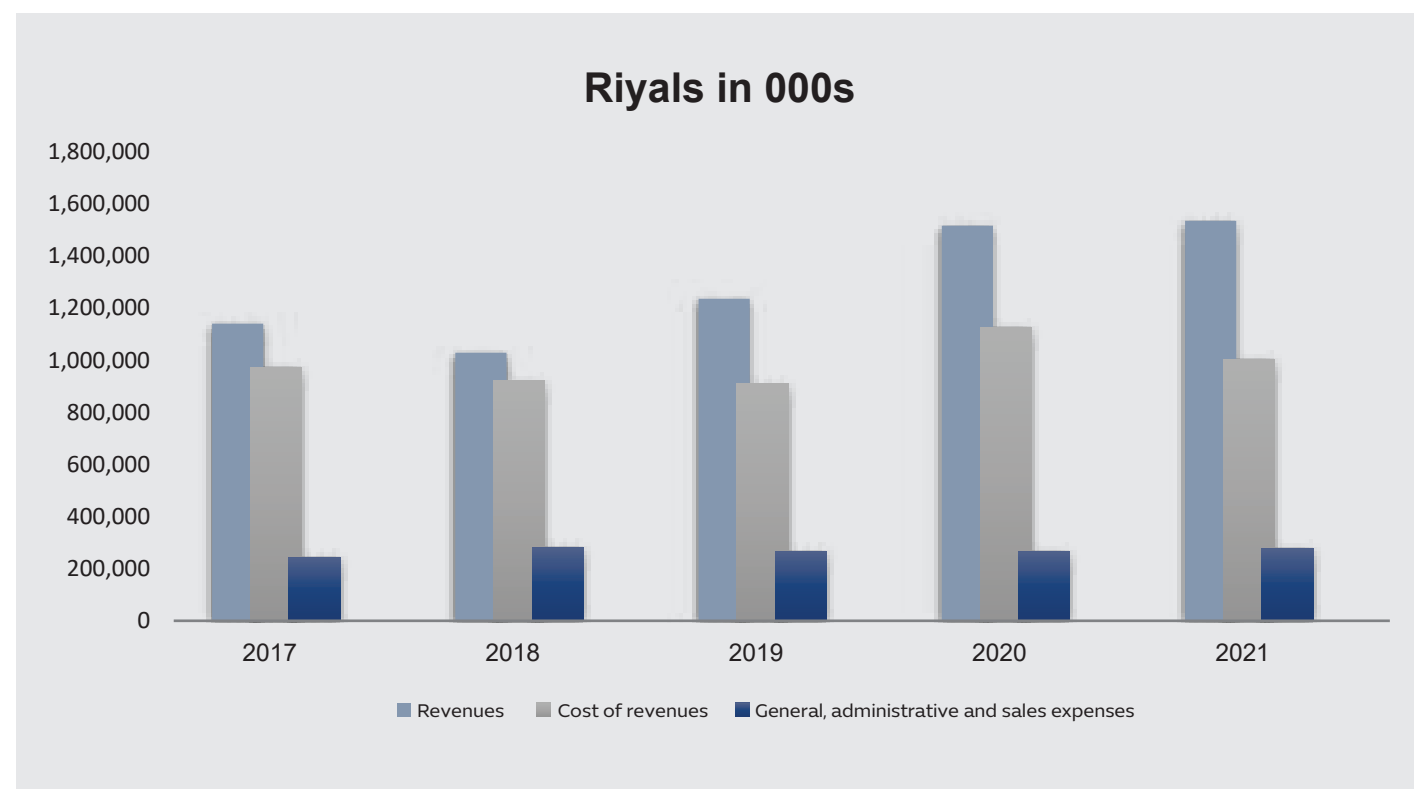
Item	2021	2020	2019	2018	2017
Equity					
Shareholders equity					
capital	800,000	600,000	600,000	600,000	500,000
Treasury shares	(3,870)	(11,008)	(11,008)		
Statutory reserve	218,336	218,336	218,336	218,336	218,336
Retained earnings (Accumulated losses)	653,491	674,474	599,022	590,535	906,148
Other reserves					
Available-for-sale reserve	3,762	3,521	2,727	6,695	5,965
Equities held by mother company's owners	1,671,719	1,485,323	1,409,077	1,415,566	1,630,449
Non-controlling Interest	40,383	43,892	37,974	42,653	
Total equity	1,712,102	1,529,215	1,447,051	1,458,219	1,630,449
Total liabilities and equities	2,863,869	2,758,708	2,989,061	2,866,236	2,861,645



Statement of Total Income (riyals in 000s)

Sustainability in revenue growth rates and profitability rates

Item	2021	2020	2019	2018	2017
Revenues	1,534,770	1,516,060	1,235,085	1,028,048	1,139,726
Cost of Revenue	(1,006,509)	(1,124,129)	(908,511)	(920,244)	(971,457)
Gross profit	528,261	391,931	326,574	107,804	168,269
General, Administrative and sales expenses:	(273,985)	(265,291)	(266,185)	(280,595)	(241,998)
Operating profit	254,276	126,640	60,389	(172,791)	(73,729)
Other revenues	28,105	20,284	14,526	12,381	17,091
Financing costs	(23,816)	(44,713)	(53,875)	(50,536)	(40,316)
Net profit before Zakat	258,563	102,211	21,040	(210,946)	(96,954)
Zakat	(26,784)	(31,723)	(18,569)	(9,658)	(100)
Net profit of year	231,779	70,488	2,471	(220,604)	(97,054)
Net profit/(loss) of the year returned to					
Company's shareholders	233,792	77,700	7,150	(214,577)	(97,054)
Non-controlling interest	(2,013)	(7,212)	(4,679)	(6,027)	-

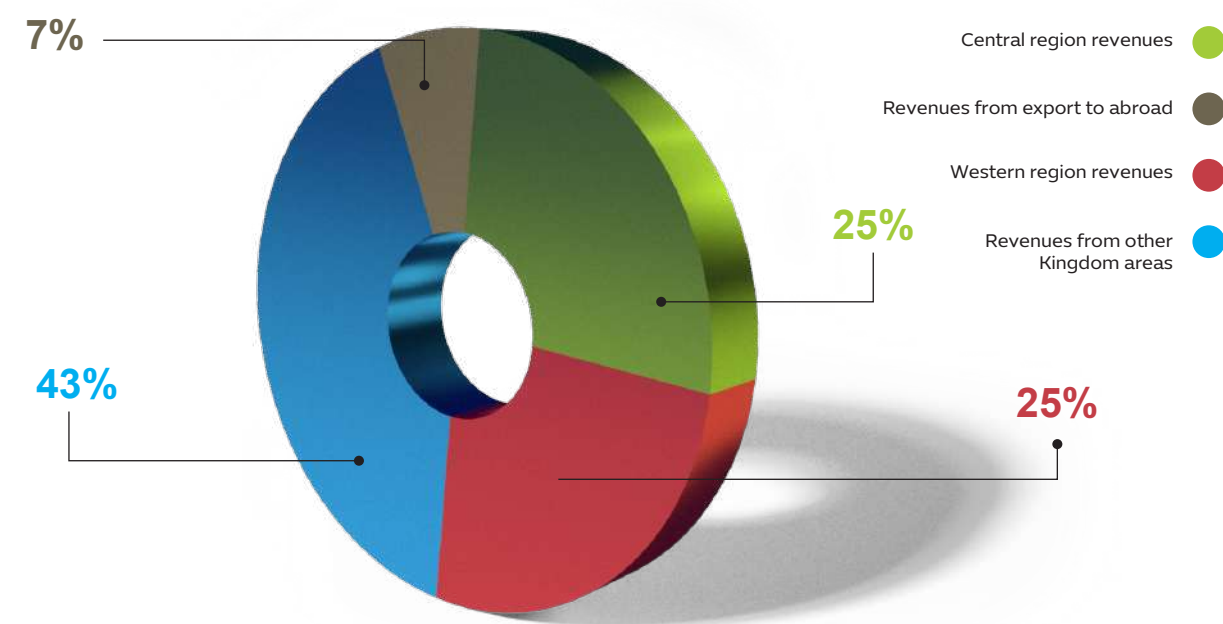


Cash Flows Statement (riyals in 000s)

Item	2021	2020	2019	2018	2017
Net operating cash flow	362,707	407,057	62,101	151,460	152,113
Net investment cash flow	(135,453)	(35,844)	(8,961)	(129,511)	(49,659)
Net financing cash flow	(186,291)	(402,755)	(917)	(53,237)	(47,857)
Net cash flow	40,957	(31,542)	52,223	(31,288)	54,597
Cash and cash equivalents at the beginning of the year	68,689	100,231	48,008	79,296	24,699
Cash and cash equivalents at the end of the year	109,646	68,689	100,231	48,008	79,296

Geographical analysis of the Company and its subsidiaries' revenues (riyals in 000s)

Geographical analysis of total Company's Revenues							
Year	Central Region	Western Region	Eastern Region	Al-Qassim and Northern Region	Southern Region	Exporting	Total
2021	389,788	375,067	199,455	199,600	257,716	113,144	1,534,770



Main Activities

Main activities in the Company's business size and its contribution to the results: (riyals in 000s)

	Business Revenues	Percentage (%)
Manufacturing and trade activity	1,523,310	99%
Mining activity	11,460	1%
Total:	1,534,770	100%



The company's main investments



- Natural Gas Distribution Co.-(Gas)

Parallel Market Joint Stock Company-Growth

The Natural Gas Distribution Co. was established in Riyadh, Saudi Arabia, under commercial register No. 1010160762 on 02/05/1421 AH, 20/08/2000 AD. The company is also engaged in purchasing dry gas from Saudi Aramco, and establishing a network to distribute it to all current and future factories in Riyadh's second industrial city. The Company operates and maintains this network for customer service under the license of the Ministry of Energy No. 1/1423 AH and industrial license No. 5358/S on 23/7/1432 AH. In 1431 AH, AD 2010, approval was granted for the announcement of the transformation of the company into a Closed Joint Stock Company. While it was launched in the parallel market in 1442 corresponding to 2021 AD.

	Capital	Company's Ownership ratio	Main Business	Operations Main Office Location	State of Incorporation
Natural Gas Distribution Co.	50 million Saudi riyals	15.87%	Purchasing and distribution of dry gas	Riyadh	Saudi Arabia

2- Ceramic Pipes Company (CPC)

Producing pottery pipes and their related connectors and supplies

Ceramic Pipes Company (CPC) was founded in 2007 as a Saudi closed joint stock company in accordance with the resolution of the Ministry of Commerce and Industry No. 257/K dated 30, Commercial Register No. 1010241426 and industrial license on 23/10/2007 to produce pottery pipes and their connectors in response to the demand of local and international markets for pottery pipes, equipment, and accessories.



	Capital	Business Revenues	Company's Ownership ratio	Main Activity	Operations Main Office Location	State of Incorporation
Ceramic Pipes Company (CPC)	149,023,110 riyals	29,112,637	73.89%	Manufacturing pottery pipes	Riyadh	Saudi Arabia

3- Ceramic Investment Company

Wholesale and retail trade in ceramic products, water heaters and their various components, water taps and mixers, plastic products, siphon dispensers, toilet chair covers, pottery and plastic pipes of all kinds, shapes, sizes, supplements, elbows, and connectors, all kinds of rooftop pottery bricks, import, export, wholesale and retail trade of machinery, machines, appliances, and equipment, noting that the company's business has not started yet.

Subsidiary Company Name	Capital	Company's Ownership ratio	Main Activity	Operations Main Office Location
Ceramic Investment Company	500,000 ريال	95%	Import, export, marketing, wholesale services of pipes, building materials, and retail.	KSA



Arzan for Operation and Maintenance Co.

The company's activities consist of general building contracting, maintenance, cleanliness and operation of residential and commercial buildings, vehicle maintenance and repair services, purchase and sale, and management and development of land and real estate for the benefit of the company. The company is currently engaged in providing services for the purposes of the mother company (Saudi Ceramics Company) by 100%.



Subsidiary Company Name	Capital	Company's Ownership ratio	Main Activity	Operations Main Office Location	State of Incorporation
Arzan for Operation and Maintenance Co.	50,000 riyals	100%	General construction of buildings, maintenance, and operation and sale of land and real estate for the benefit of the company.	Riyadh	Saudi Arabia

Financial and Accounting Systems:

Due to the importance of the company's financial and accounting business, which requires greater accuracy and speed in the procedures, the Company's financial management procedures have been developed in accordance with international accounting standards through:

- Continued development in the Company's financial and accounting procedures and mechanisms in line with growth and improvement in performance, ensuring the strengthening of the internal control system.
- Continuity of attracting national competencies and raising nationalization ratios in financial and accounting functions.
- The Financial department develops KPIs to increase employee efficiency and achieve the company's objectives and vision.
- Promoting the integration of financial work and both compliance management and risk management of the Company with the aim of strengthening the internal control system.
- Management continues to comply with CMA requirements and all legislation from legislators to ensure protection for stakeholders and investors.

Statement: The company did not announce any financial forecasts during 2021.

Zakat and tax status

Saudi Ceramics Company submitted its Zakat declarations for the period ended December 31, 2020 and the company obtained the final Zakat certificate that is valid until 29/09/1443 AH. 30/04/2022 AD. The declarations will be submitted for 2021 during the legal period.

The subsidiaries, namely Ceramics Investment Company, Ceramics Pipe Company and Arzan for Operation and Maintenance Company, submitted their Zakat declarations for the period ended December 31, 2020, and the Company obtained a Zakat certificate valid until 29/09/1442 AH, 30/04/2022 AD, and the declarations will be submitted for 2021 during the legal period.

- With regard to VAT and withholding tax for Saudi Ceramics, the declarations were submitted and paid on time.

Loans

The following is a detailed statement of the long-term and short-term loans obtained by the Company and its subsidiaries during the course of their operations and regular activities:

(A Saudi Industrial Development Fund (SIDF) Loan:

The company has already received long-term loans from (SIDF) to finance expansions in ceramic tile, porcelain, sanitary ware, electric water heaters factories, and red bricks factory projects using the fixed assets of these factories as collateral.

Saudi riyals in 1000s

Loan Donor's Name	Balance on January 1, 2021	Loan Term	Net Loan Repayment per year	Balance on December 31, 2021
Saudi Industrial Development Fund (SIDF)	174,943	Long-term	70,750	104,193

(B) Other government entities loans

The Company has signed financing agreements compliant with Islamic law to finance working capital with several government bodies with the aim of strengthening its operational activities.

Saudi riyals in 1000s

Loan Donor's Name	Balance on January 1, 2021	Loan Term	Net Loan Received Amount per year	Net Loan Repayment per year	Balance on December 31, 2020
Government Entities	10,000	Short-term	89,820	10,000	89,820
Government Entities	74,782	Short-term	0	0	74,782

(C) Loans from local banks (long and short-term)

The company obtained long and short-term credit facilities by means of Murabaha by local commercial banks to finance the expansion of factories promissory notes in favor of banks as collateral. These loans are repaid in unequal value installments during the year.

Saudi riyals in 000s

Loan Donor's Name	Balance on January 1, 2020	مُدَّة القرض	صافي المحصل للقرض خلال السنة	صافي السداد للقرض خلال السنة	الرصيد في 31 ديسمبر 2020م
Local banks	105,000	Short-term		(105,000)	0
Local banks	102,083	Short-term		(102,083)	0
Local banks	66,667	Short-term		(66,667)	0
Local banks	113,521	Short-term		(113,521)	0
Local banks	16,667	Short-term		(16,667)	0
Local banks		Long-term	66,000	(3,473)	62,527
Local banks		Long-term	284,756	(28,475)	256,280

(D) Loan Guarantee (subsidiary)

The company guarantees the Saudi Industrial Development Fund loan granted to CPC (subsidiary), prorated to its share in the capital on December 31, 2021. The company also guarantees the Saudi Investment Bank loan granted to the subsidiary (CPC) on December 31, 2021AD.

Production & Supporting Departments



Factories

The factories sector manages all 14 Saudi Ceramics factories, supervises their work, follows up production lines, maintenance procedures, and utilities. Approximately 52 million square meters of tiles, 2 million units of heaters, and 2 million pieces of sanitary ware are produced annually, in addition to packaging work. The factory also implements the works of establishment, repairs, rebuilding, installation for factories, laboratories, buildings, installation of machinery and equipment, and implementation of projects.

Achievements:

- ▶ Working on the construction of a new factory for producing porcelain with the latest international technology and an annual production capacity of 8.25 million square meters.
- ▶ Expansion of the tile fourth factory.
- ▶ Expansion of warehouses and logistics to accommodate larger quantities of inventory.
- ▶ Development of capabilities and efficiency of production lines for tiles, sanitary ware, and heaters factories.



Sales

Saudi Ceramics Co. has reached the largest segment of customers through its 51 stores around the Kingdom, helping to increase sales by 40% compared to the last year, in addition to the export sector, which exports to nearly 80 countries around the world. The company has also developed an electronic sales channel to meet the needs of customers as well as contracting with international online stores such as "Amazon" and "Alibaba".

Achievements:

- ▶ Opening of new stores around the Kingdom.
- ▶ Opening of new stores of discounted products.



Marketing

During 2021, the company presented several different campaigns throughout the year, which included most of the products of tiles of both types (ceramics and porcelain), sanitary ware, accessories, and heaters.

Achievements:

- ▶ Executing many marketing research on many products for the purpose of the development and provision of better services and products to our customers, in addition to measuring and improving customer satisfaction with services.
- ▶ Participating in many stores and forums at the local and international levels.
- ▶ Activating the communication with customers other than Social media platforms.
- ▶ Social and national support and participation.



Exportation

Export business has expanded the company business around the world. This has helped the growth of its marketing network and global sales. We are currently exporting to nearly 80 countries around the world.

Achievements:

- ▶ Achieving about 7.2% of the Company's total sales during 2021, and an increase of about 14.4% compared to 2020.
- ▶ Heaters sales have achieved the highest rate during the previous four years.
- ▶ Expanding the customer base and entering new countries



Safety and Industrial Security

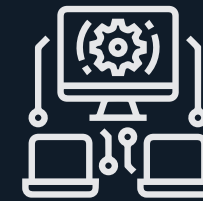
The work of the Department of Safety and Industrial Security is focused on protecting the Company's facilities from internal and external risks. This can be done by providing all means and requirements of safety and security and making the working environment free of risks and human and material losses in accordance with the standards of local and international organizations for security and safety. Saudi Ceramics Co. always seeks to explore ideal safety aspects of operation and maintenance to ensure the quality of work and the continuation of production at the lowest possible cost.

Contingency Plans:

Saudi Ceramics Co. is committed to applying the best security standards and operational and personal safety standards to protect assets and resources and establish the concept of safety, as the Company implements an annual contingency plan under the supervision of the civil defense. In addition, monthly courses are organized for employees on how to handle and operate machines.

Goals:

The Department is always looking forward to continuously raising the level of security and safety, taking care of the environment, occupational health, and avoiding injuries and diseases to ensure the safety of employees and operational works.



Information Technology

In 2021, Saudi Ceramics Co. launched several comprehensive development strategies to integrate the Company's quest to be the leader in manufacturing and trade with meeting the needs of customers by developing and facilitating manufacturing and sales processes and finding technical and developmental solutions on an ongoing basis.

Several developmental programs were worked on to achieve the Company's vision and adopt the best technical practices such as:

- ▶ Digital Transformation Program (Supportive), which aims to automate all human resources service processes and procedures.
- ▶ The development of smart gate systems for the Company's factories scales, which aims to increase production and automate processes.
- ▶ The electronic invoicing system, which aims to develop sales processes by automating sales invoices and adapting them to the requirements of the Zakat, Tax, and Customs Authority.

The company has also implemented a range of initiatives and actions that are aimed at raising the level of service and customer satisfaction by providing high-value products, technology solutions that provide the service quickly and easily, as well as achieving direct communication with our customers, and scaling up our products and services.



Supply Chains

The Procurement Department provides world-class management services for the Saudi Ceramics Co. supply chain, ensures an appropriate level of quality and cost, and always tries to deal with the best suppliers in terms of the proper commitment and price.

So, it looks into the markets for the best deals.

The company deals with a number of suppliers

A number of countries to guarantee a constant supply not affected by the fluctuation of the global prices.

Achievements :

- ▶ Improving the effectiveness and efficiency of operations.
- ▶ Enhancing the purchases control system
- ▶ Launching of the supplier registration platform through the Company's website.



Warehouse management and deliveries

- ▶ Continuous development and improvement of the regulatory and supervisory procedures on inventory, following modern strategies in warehouse management, and implementing the ISO system.
- ▶ Technically and administratively linking the branches' warehouses in the regions to the main warehouses, which reflected positively on the development and improvement of operations.
- ▶ Implementation of all requirements of the Civil Defense and the Industrial Cities Authority in all warehouses.
- ▶ Continuous pursuit to reduce the costs of shipping goods to customers, which contributed to reducing costs
- ▶ Strengthening the freight fleet to customers with a modern fleet, which contributed to reducing the time of delivery of goods to the customer.
- ▶ Empowering and supporting Saudi employees, attracting talent and raising the Saudization rate.
- ▶ The Warehouse and Delivery Department shipped 59,102 trucks to Saudi Ceramic Company customers (locally - internationally).



Human Capital

Saudi Ceramics Co.'s focus on attracting, retaining, and developing talented employees and competencies is at the heart of its commitment to supporting Vision 2030. Saudi Ceramics Co. bears a direct responsibility to all its employees to enable them to invest their abilities. The human resources department is committed to do their best to scale up and develop the company and its employees. In achieving all nationalization initiatives, the company is committed to achieve all localization initiatives in all technical, administrative, sales, and financial disciplines.

The company has more than 4400 employees of both genders in all sectors:



Saudis
1100



Other Nationalities
3300

The company applied a "performance management program" to motivate employees according to the nature of their work. This reinforces the "pay-for-performance" culture among its teamworks- to establish a stronger sense of the value and importance of work.

- ▶ The Company recruited more than 60 people with disabilities, because it believes in the necessity of empowering them and activating their role in society.
- ▶ The company participated in three specialized recruitment stores across Saudi Arabia.
- ▶ The company established 447 training programs for all disciplines and career levels inside and outside the company (2875 trainees) (2701 males and 174 females).
- ▶ The company achieved the required nationalization targets in accordance with the resolutions of the Ministry of Human Resources and Social Development in all sectors.
- ▶ The Department of Human Resources Operations carried out more than 133K electronic personnel services operations.
- ▶ The company signed agreements with Walaa Plus program and many banks and businesses, to provide the best discounts for its employees and provide them with appropriate benefits.



Community Responsibility:

At Saudi Ceramics Co., we believe that it is its duty towards the society to contribute to raising the quality of life of the memberinside the community. Its commitment transcends that to enriching people's lives to include the wider community as the company feels that it has to invest in the communities in which we work to benefit everyone in the long run.

Therefore, the company had and continues to have, initiatives towards recruiting persons with disabilities from different members of the community and in cooperation with several accredited and specialized entities in attracting them and providing training that enables them to perform their practical duties and provide them with the right working environment. The Company also supports many charities that care about all members of the community, believing in providing equal opportunities for all.



Governance



Commitment and Risks

Company Business Possible Risks:

The company faces many strategic, operational, market, financial and information security risks. Therefore, the risk department assesses the possibility of these risks and their expected impacts and recommends the company's management to implement plans and programs to deal with these risks, whatever their level; to avoid them or reduce their impact on the company's operations as much as possible. Among the most important risks that are constantly monitored and evaluated are the following:

► **Risks of changes and amendments in legislation, laws and government regulations:**

The company seeks to ensure full compliance with all government legislation and laws regulating business and the amendments thereto, through the verification made by the compliance department that the company fully adheres to all laws, regulations, policies and instructions from the relevant regulatory authorities, and follow-up the plans for compliance with those legislations and the expected dates for that.

► **Risks of interruption of major services and business interruption:**

The company is constantly evaluating plans to ensure business continuity in the event of an interruption of any of the main services (water, electricity, gas...) as it took into account the presence of more than one source for these resources and the existence of procedures ensuring the return to normal production in the shortest possible time. As well as, the company periodically insures against business interruption.

► **Fire Risks:**

The company seeks to ensure the continuity of its business without any fire affecting the production and sales operations. Therefore, the company always strives to comply with the instructions of the Civil Defense, and to obtain regular licenses, in addition to periodically assess fire risks in various facilities, and train employees to deal with these risks.

The company is also currently developing firefighting systems in its factories and warehouses, with an emphasis on the existence of a fire insurance policy for all company buildings and facilities.

► **Supplier and Price Fluctuations Risks:**

The company developed its strategy in facing the fluctuation in the prices of spare parts and raw materials, some of which were affected by exchange rates, as it searched for more than one source of supply, updated the lists of suppliers, and sought to document this relationship through contracts that guarantee stability and price stability, ensuring the supply of these materials on time and by the right price. The company has also recently developed a special website to certify suppliers, ensure their efficiency, the quality of their products, and the availability of an appropriate alternative in the event of various developments.

► **Local Competition Risks:**

The company has expanded its e-commerce operations through the company website and application on IOS and Android systems, in addition to opening a number of new showrooms in new regions in KSA after adequate market studies, with the aim of expanding the exhibition network, increasing the company's sales, and spreading the brand to ensure the maintenance or increase of the market share within a calculated profit margin and specific costs.

► **Liquidity And Credit Risks:**

The company has developed a number of plans to confront liquidity and credit risks and exchange rate change by linking short-term deposits to meet any emergency obligations and to achieve additional financial returns. The treasury department also reviews exchange rates periodically to ensure obtaining the best prices, and the company seeks to review interest rates on loans for reducing them by collecting company loans and obtaining the best rates from banks.

The company has also recently adopted an investment policy that guarantees the diversification of these investments and their maturity dates, in order to reduce the risks of these investments and provide the required liquidity on time.

► **Information Security Risks:**

The company has developed a special policy for information security. The information technology department has set protection systems on the company's devices and systems in order to protect the company's information and data, in addition to taking daily backup copies of all operations that take place through the company's systems, where it stores them on servers special for that and in more than place.

► **The Company's Policy in Assessing and Managing Risks:**

The risk department started its work since the beginning of 2021 AD, where the aim of its establishment was to develop policies and procedures to assess risks and their potential and determine their expected effects and provide the company's management with the necessary recommendations regarding activating the control procedures, or setting up certain procedures or accepting risks or transferring their impact to other parties through insurance.

The risk department performs its work by classifying risks into strategic, operational, financial, market, credit and information risks, and then evaluating those risks in accordance with the international best practices, in line with the local and global standards in this regard.

The audit committee assumes the duties of the company's risk committee as stipulated in the Corporate Governance Regulations, in a manner that ensures that the board of directors is periodically informed of the results of the company's risk assessment, its impacts, the proposed recommendations regarding it and the mechanism for dealing with it.

Shareholders Equity

Saudi Ceramics Co. has established the principle of equality in treating the shareholders in recognition of the importance of protecting their rights and interests in accordance with the corporate governance framework, which emphasizes the protection of shareholders' rights granted by laws and regulations. This principle encourages positive cooperation between the Company and shareholders with the aim of creating a successful and viable entity, and building a relationship of trust between the Company and shareholders on the basis and principles of transparency, credibility, justice, and equality, and confirming the Company's commitment to its role in providing all information that enables shareholders to exercise all their rights.

1

Communicating with shareholders and investors:

The Company is committed to achieving the principle of justice in providing appropriate information in a timely manner, for the purpose of helping investors make investment decisions based on correct and adequate information. They shall be informed of the Company's performance and activities through the annual report of its Board of Directors, as well as keeping them informed continuously of any significant development that may occur and have an impact on its financial position and business, without prejudice to its competitive ability. The Company is committed to implementing disclosure policies and procedures in accordance with relevant laws, regulations and instructions. The Company strengthens channels of communication with all local and foreign investors and ensures participation in regular conferences and meetings.

2

Facilitating shareholders' exercise of their rights and access to information:

(A) The Company provides all information in full to all shareholders in accordance with the standards of disclosure without discrimination, enabling them to exercise their rights to the fullest extent. This information is to be thorough, accurate and updated in a regular and timely manner, in a several publishing methods (the Company's website, trading site) as well as Company's annual reports.

(B) The Company announces the date, venue and agenda of the General Meeting at least 21 days ahead of its convening date. The invitation is published in the Saudi Financial Market website "Tad-awul" or the Company's website.

(C) Allowing the Company to vote automatically on the general meeting agenda items, in accordance with the relevant controls.

3

Voting Rights:

The Company facilitates shareholder's exercise of their right to vote, avoids any action that may hinder the use of the right to vote. In addition, it ensures that shareholder's proxies to attend the shareholders' general meeting are written and that they are not directors and non-employees of the Company. The Company's statute stipulates that cumulative voting should be used when voting to elect the Board of Directors.

4

Shareholders' Equity

Shareholders have rights to annual net profits as stipulated in the Company's dividend policy, and shareholders are informed of this policy at the Company's General Meetings of Shareholders.

Company capital on December 31, 2021

The Company does not have preferred shares or shares with priority voting rights, whether for shareholders, directors, or employees. All the shares of the Company are ordinary shares of equal face value and equal voting rights and other rights according to the statute.

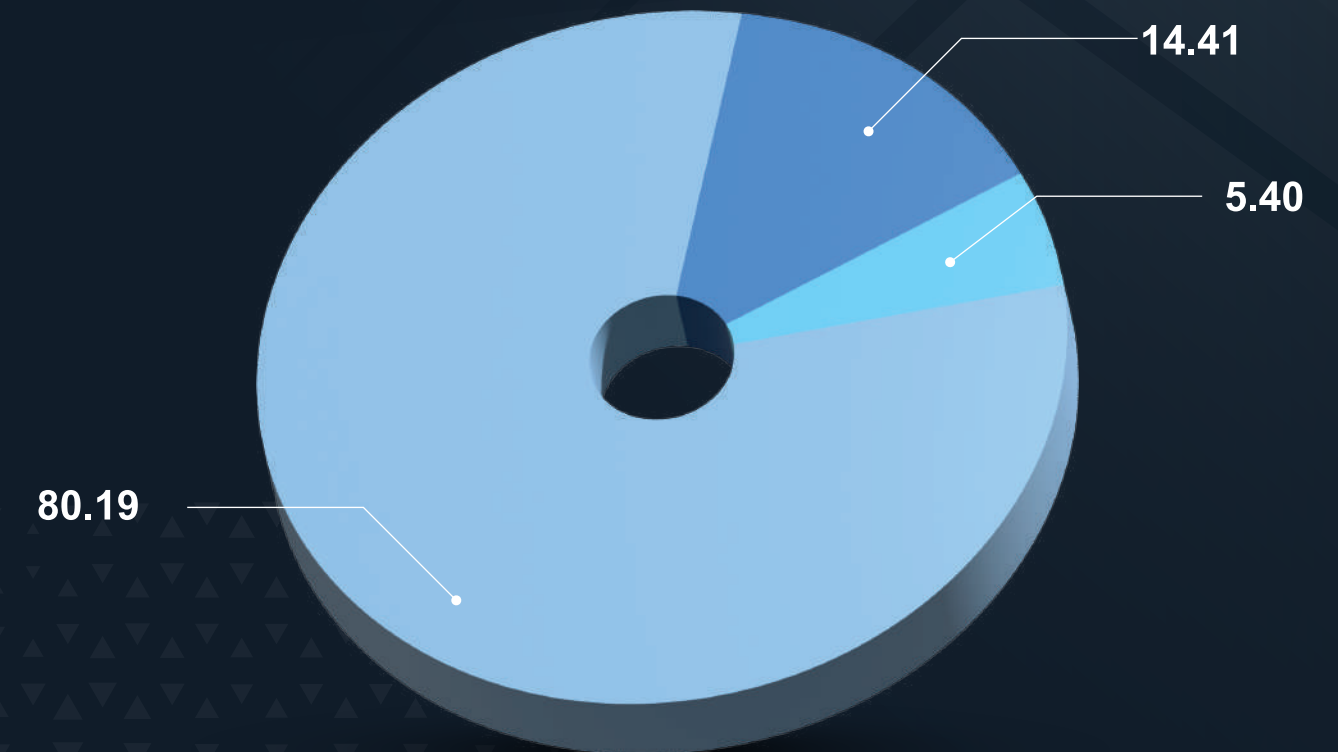
800,000,000
Saudi Riyals
Authorized Capital

80,000,000
Saudi Riyals
Issued Shares

800,000,000
Saudi Riyals
Paid-up Capital

Shareholder information

Here is a statement from senior owners who own 5% and above on 31/12/2021:



- The General Organization for Social Insurance (GOSI)
- Public investment fund
- Other shareholders who own less than 5%

Treasury Shares

In 2019, the Company purchased treasury shares in accordance with the extraordinary General Meeting resolution on 12/02/2019, with the aim of distributing them to senior employees to stimulate performance and achieve goals as part of the employee grants program. The program effectively began by the end of 2020 for a period of three years.

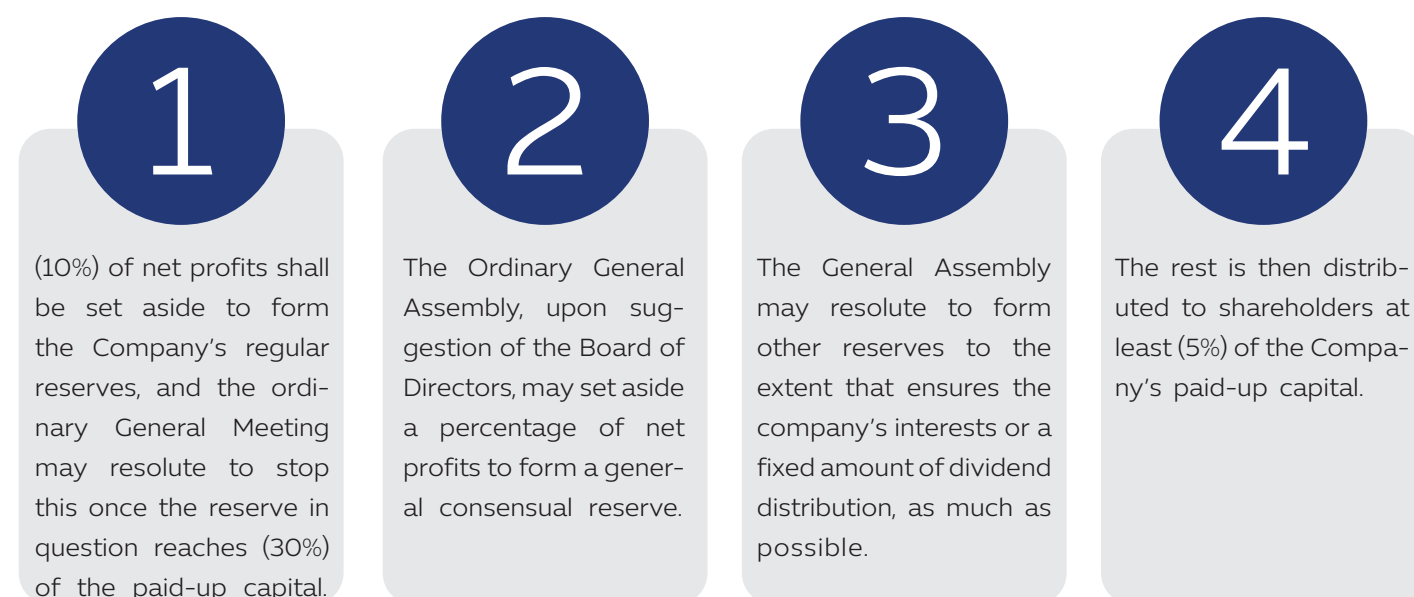
Description	Number of shares	The percentage from total issued shares	The purpose of the Company's purchase of its shares
Treasury Shares	234 thousand	0.29%	Employee equity programs

Dividend

Description of the Company's dividend policy:

(A) Dividend policy

In accordance with article (54) of the Company's Statute, the Company's net profits are distributed annually as follows:



The General Meeting may approve an annual, semi-annual, or quarterly dividend, and the Board of Directors may be authorized in this regard. The dividends are to be distributed to shareholders at the venue and schedule set by the Board of Directors in accordance with the regulations and instructions issued by the CMA.

(B) Cash dividends during 2021

The Board of Directors recommended the distribution of dividends to shareholders for the first half of 2021 of SAR 0.75 per share. The following table shows the statement of dividends distributed to shareholders for the fiscal year ended December 31, 2021:

Date of announcement	تاريخ الاستحقاق	تاريخ التوزيع	الربح الموزع لكل سهم
2021/07/27	2021/08/01	2021/08/15	0.75

During the fiscal year 2021, the Company's capital was increased from SAR 600 million to SAR 800 million, representing a 33.33% increase in the Company's capital.

Important Disclosures During AD 2021

The Company was keen to disclose, regularly on the Saudi Financial Market website (Tadawul), the major developments, financial statements, and important events in accordance with the regulations and rules governing transparency, disclosure, and its presentation to shareholders, investors, and stakeholders. The Saudi Ceramics Co. announced during the year ended December 31, 2021, many important events addressed to the Company's shareholders. The following list summarizes each event classified by the date of the announcement:

No.	Date of Announcement	عنوان الإعلان
1	(4) February	Saudi Ceramics Co. announces the resignation and appointment of a member of the audit committee.
2	(4) February	Saudi Ceramics Co. announces the board's recommendation to increase the Company's capital by offering shares.
3	(16) February	Saudi Ceramics Co. announces financial results for the year ending on 31-12-2020.
4	(9) March	Saudi Ceramics Co. invites its shareholders to attend the Extraordinary General Meeting through new technical means
5	(25) March	Saudi Ceramics Co. announces the start of electronic voting on the items of the Extraordinary General Meeting including The increase of the Company's capital at the first meeting.
6	(31) March	Saudi Ceramics Co. announces the results of the extraordinary General Assembly meeting, which included the approval of the Company's capital increase.
7	(1) April	Saudi Ceramics Co. announces that one of the companies in which it invests has obtained the approval of the Authority for a direct listing in parallel market.
8	(21) April	Saudi Ceramics Co. announces primary financial results for the year ending on 31-03-2021 (three months).
9	(14) July	Saudi Ceramics Company announces the purchase of a land of SAR 55.9 million.
10	(15) July	Saudi Ceramics Co. announces the acquisition of Shariah-compliant Murabaha financing through a number of banks with the aim of refinancing existing loans
11	(27) July	Saudi Ceramics Co. announces primary financial results for the year ending on 30-06-2021 (six months).
12	(27) July	Saudi Ceramics Co. announces cash dividend distribution to shareholders for the first half of AD 2021.
13	(19) August	Saudi Ceramics Co. announces the construction of a new porcelain tiles production factory.
14	(18) October	Saudi Ceramics Co. announces primary financial results for the year ending on 30-09-2021 (nine months).
15	(1) December	Saudi Ceramics Co. announces to start candidacy process for the board of directors.

Shareholders Meetings

General Meetings of shareholders

During the fiscal year 2021, the Extraordinary General Meeting of Shareholders was held on Tuesday, 17/08/1442 AH, 30/03/2021 AD, upon the invitation by the Board of Directors addressed to the Company's shareholders to attend the Extraordinary General Meeting, which was announced through the Saudi financial market website "Tadawul", and therefore the meeting was held in the presence of the directors:

The General Meeting and shareholders' data were announced at the General Meeting as follows:

Number of shareholders	Number of shares	Percentage (%)
320	28,134,641	46.89%

The General Meeting Results

Approval of the Board's report for the fiscal year ended 31-12-2020.

Approval of the Company auditor's report for the fiscal year ended 31-12-2020.

Approval of financial statements for the fiscal year ended 31-12-2020.

Approval of the Board's resolution to appoint Mr. Abdul Aziz bin Abdul Karim Al-Khuraiji – independent member in the Audit Committee from 04-02-2021 until the end of the current Committee's term on 31-03-2022, instead of former Committee member Professor. Sami bin Ibrahim Al-Eissa – non-executive. The appointment should take effect from the date of the resolution issued on 04-02-2021 in accordance with the governance regulations issued by the CMA.

Approval of the works and contracts between the Company and the Natural Gas Distribution Co. - a fellow company in which Director. Mr. Abdul Karim bin Ibrahim Al-Nafi' has an indirect interest in representing the Company. The main business of this Company is to purchase natural gas and distribute it to factories in the second industrial city in Riyadh. The value of transactions during 2020 amounted to (42.4) million Saudi riyals (POs) and (793) thousand Saudi riyals (Received dividends).

Approval of the works and contracts between the Company and CPC – a subsidiary of which Director Mr. Sami bin Ibrahim Al-Eissa has an indirect interest by representing GOSI. Its main business is the manufacturing and sale of pottery pipes. The value of transactions during 2020 amounted to SAR 25.6 million (loans and liabilities payment), and SAR 324,000 (product sales).

Approval of the Board of Directors' authorization to distribute cash dividends quarterly/semi-annually for the fiscal year AD 2021.

Approval of the Board of Directors' authorization of the Ordinary General Meeting's authority of the license in paragraph (1) of Article 71 of the Corporate Law, for a period of one year from the date of approval by the General Assembly or until the end of the Authorized Board of Directors' session, whichever is earlier, in accordance with the conditions set out in the regulations and regulatory procedures issued in implementation of the private companies law in listed joint-stock companies.

Approval of the recommendation of the Audit Committee to appoint Ibrahim Ahmed Al Bassam & Co. Chartered Accountants as an auditor for the Company accounts, in order to examine, review and audit the financial statements for the second and third quarters of the fiscal year AD 2021, and the first quarter of the fiscal year AD 2022, and determine its fees.

Approval of the Board's recommendation to increase the Company's capital by granting free shares to the Company's shareholders is as follows: The increase will be made by a capitalization of 200 million riyals of the remaining profits. Shareholders will be awarded a share for every three shares owned. The Company's capital before the increase is 600 million riyals representing 60 million shares and after the increase is 80 million shares will be worth 800 million riyals, with an increase of 33.3%. The date of eligibility of the bonus shares will be the day of the extraordinary General Meeting to be given to the Company's shareholders who are listed in the Company's shareholders' register with the Securities Deposit Center Company (Deposit Center) at the end of the second trading day following the due date. In the event of fractional shares, they will be sold and distributed within 30 days of the date of the determination of the shares due to each shareholder.

Approval of the amendment to Article 7 of the Company's statute in relation to the capital.

Approval of the amendment to Article 8 of the Company's statute in relation to the subscription for shares.

Shareholders' Register

Number of the Company applications for shareholders' register, dates, and reasons for 2021

#	Application date	Reason
1	(13) December	Companies procedures
2	(13) June, (02) August	Dividends file
3	(30) March	General Meeting
4	(14) January, (21) April, (10) May	Other – Investor relationships
Total	7 Reports	

- Names, current and former titles, qualifications, and experience of directors, committee members, executive management.

- Directors



**Yousef bin Saleh
Aba Alkhail**

Current titles
Retired

Former titles
Retired

Qualifications
Master of Information Systems Management Science

Experience
He has worked at the National Information Center / Computer Analyst and Information Networks Officer for 15 years.
Co-chairing and membership of joint-stock companies and their committees.



**Abdul Karim bin
Ibrahim Al-Nafie**

Current titles
Retired

Former titles
General Manager of the Saudi Industrial Development Fund
CEO of Saudi Ceramics Company

Qualifications
Bachelor of Business Management and Accounting

Experience
Financial and industrial expertise.



**Abdul Aziz bin
Abdul Karim
Al-Khuraiji**

Current titles
CEO of Al-Khuraiji Investment Company

Former titles
CEO of Al-Khuraiji Investment Company

Qualifications
Bachelor of Management Science

Experience
Al-Khuraiji Group from AD 2001.
Chubb Arabia Cooperative Insurance Company.



**Sami bin Ibrahim
Al-Eissa**

Current titles
General Manager of Internal Review – The General Organization for Social Insurance (GOSI)

Former titles
General Manager of Financial Control – General Organization for Social Insurance (GOSI)

Qualifications
Executive MBA

Experience
General Manager of Internal Review at the General Organization for Social Insurance (GOSI) from January 2012 to date.
General Manager of Financial Control at the General Organization for Social Insurance (GOSI) from June 2010 to December 2011.
Manager of the Financial Control Department of the General Organization for Social Insurance (GOSI) from July 2008 to June 2010.
Secretary of the Audit Committee of the General Organization for Social Insurance (GOSI) from AD 2012 to date.



**Muteb bin
Muhammad
Al-Shathri**

Current titles
Manager of Private Equity Funds Department – Public Investment Fund

Former titles
Saudi Aramco Company
Management Consultancy

Qualifications
MBA

Experience
Saudi Aramco Company – Management Consultancy from AD 2008 to AD 2013.
Riyadh International Catering Corporation (RICC) – Strategic Office from AD 2015 to AD 2017.
Public Investment Fund – Saudi Investments from AD 2018 to date.



**Abdullah bin Turki
Al-Sudairy**

Current titles
CEO of Amlak International For Real Estate Development & Finance Co.

Former titles
Deputy CEO, Executive Director of Strategic Development, Amlak International For Real Estate Development & Finance Co.
Credit and Risk Executive Director – Amlak International For Real Estate Development & Finance Co.
Assistant General Manager, Corporate Division, Samba Financial Group.

Qualifications
International Master of Management

Experience
Strategy and development.
Credit and risk.
Corporate Finance Department.



**Majed bin Abdullah
Al-Eissa**

Current titles
CEO of Saudi Ceramics Co.

Former titles
CEO of BATIC Investment and Logistics Company
CEO of National Gypsum Company.
Director of the Opportunities and Investment Development Fund of Saudi Basic Industries Corporation (SABIC).

Qualifications
Master of Industrial Management.

Experience
Board Member and Member of the Executive Committee of Saudi Ceramics Co. from 2019 to date.
The CEO as from 2020
CEO of BATIC Investment and Logistics Company from 2019 to 2020.
CEO, Director, Member of the Executive Committee of the National Gypsum Company from 2016 to 2019.
Director of SABIC's Opportunities and Investment Development Fund from 2013 to 2016.
Saudi Industrial Development Fund from 2000 to 2013.



**Turki bin Saud
Al-Dayel**

Current titles
Investment Manager for Private Companies
Leading Investments Company

Former titles
Saudi Fransi Capital - Investment

Qualifications
MBA

Experience
JP Morgan – Investment from 2007 to 2009.
Riyadh Capital – Investment from 2009 to 2012.
The Abraaj Group – Investment from 2012 to 2014.
Saudi Fransi Capital – Investment from 2014 to 2017.

• External Committee Members

Nasser bin Abdullah al, Oufi
Member of Auditing Committee

Current titles: Retired

Former titles: Manager of The Department of Finance, Management and Investment at Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO)

Qualifications: MBA and Accounting

Experience: He has held several positions on the boards of directors and chaired committees for several companies, including:

- Al Jouf Agricultural Development (JADCO)
- United Cement Industrial Company (UCIC)
- Mulkia Investment Company
- Taiba Investments Co.
- Al Jouf Agricultural Development (JADCO)
- Al Ahleia Insurance Co.
- Arab Sea Information Systems
- Saudi Automotive Services Co (SASCO)
- Saudi Accreditation Center

Ahmed bin Sulaiman Al-Mazini
Member of Auditing Committee

Current titles:

- Founder and Consultant President – Quality & Time Consulting
- Co-founder – Sanad Business Services

Former titles: Managing Director – Saudi Fisheries Company

Qualifications: Master's degree in Public Administration

Experience:

- The executive partner in charge of the financial consulting for TeamOne Financial Consulting Company
- A Director of Financial Accounting at Al Bilad Bank (Saudi Joint Stock Company)
- Director of Regulatory Development Supreme Commission for Tourism
- Ernst & Young International
- An Executive Vice President of Finance and Support Services for Alargan Projects.
- Deputy General Manager of Finance and Support Services for Saudi Automotive Services Co (SASCO)
- Executive Vice President of Strategy and Risk for Manafea Holdings
- Managing Director for Saudi Fisheries Company

• Executive Management

Majed bin Abdullah Al-Eissa

Current titles CEO of Saudi Ceramics Co.

Former titles CEO of BATIC Investment and Logistics Company

Qualifications Master of Industrial Management

Experience

- Board Member, Member of the Executive Committee of Saudi Ceramics Co. from 2019 to date and the CEO from 2020
- CEO of BATIC Investment and Logistics Company from 2019 to 2020.
- CEO, Director, Member of the Executive Committee of the National Gypsum Company from 2016 to 2019.
- Director of SABIC's Opportunities and Investment Development Fund from 2013 to 2016 AD.
- Saudi Industrial Development Fund from 2000 to 2013.

Eid bin Abdullah Al-Anzi

Current titles Deputy CEO of Technical Affairs at Saudi Ceramics Co.

Former titles Deputy CEO of Ceramics Affairs for Saudi Ceramics Co.

Qualifications Bachelor of Science/Geology major

Experience

- Deputy CEO of Technical Affairs at Saudi Ceramics Co. since AD 2018.
- Deputy CEO of Ceramics Affairs at Saudi Ceramics Co. (AD 2017-AD 2018).
- General Manager of Tiles Factories at Saudi Ceramics Co. (AD 2013-AD 2017).
- Director of the tiles factory at Saudi Ceramics Co. (AD 2009-AD 2013).
- Production Manager at Saudi Ceramics Co. (AD 2004-AD 2009).
- Head of production at Saudi Ceramics Co. (AD 2001-AD 2004).
- Production engineer at Saudi Ceramics Co. (AD 2001-AD 2001).
- Production officer at Saudi Ceramics Co. (AD 1999-AD 2001).
- A trained geologist at the Saudi Ceramics Co. (AD 1998-AD1999).

Walid bin Mohammed Al-Bassam

Current titles CFO, Saudi Ceramics Co.

Former titles CFO of the National Company for Glass Industries (Glass)

Qualifications Ph.D. in Accounting and Governance and Fellow of the Institute of Chartered Accountants

Experience

- Financial Manager CFO, Secretary of the Audit Committee and Member of the Governance Committee of the Board of Directors – National Company for Glass Industries (Glass).
- Consultant at Circle Consulting Group.
- Budget Consultant at the Ministry of Municipal and Rural Affairs.
- Member of the Committee for enabling the transition from monetary to maturity basis (a Financial Balance Program – Kingdom's Vision 2030).
- Part-time consultant – Saudi Organization for Chartered and Professional Accountants (SOCPA).
- Accounts Management reviewer – The General Organization for Social Insurance (GOSI).
- Accountant – Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO).
- Previous Faculty Member – Imam University.

Yazid bin Khalid Al -Marshoud

Current titles IT CEO, Saudi Ceramics Co.

Former titles Manager of Communications and Operation Department of the Ministry of Tourism

Qualifications Master of Computer Science

Experience

- CEO of IT at Saudi Ceramics Co. since AD 2017.
- CEO Consultant at TAQNIA Company for Defense and Security (2014-2015).
- Manager of Communications and Operation Department of the Ministry of Tourism(AD 2009-AD 2017).
- Assistant programmer at the General Organization for Social Insurance (GOSI) (AD 2005-AD2007).
- Information Systems Analyst at SABB Bank for 2005.

- Names of companies based inside or outside Saudi Arabia, where our director is positioned as a director or manager at their former or current board or directors:

Director's name	Name of the company where our director is positioned as a director or manager at their former or current board or directors	Inside/ outside The Kingdom	Legal form (Listed/un-listed joint-stock company/ limited liability company/...)	Name of the company where our director is positioned as a director or manager at their former or current board or directors	Inside/ outside The Kingdom	Legal Form (Listed/un-listed joint-stock company/ limited Liability company/....)
Yousef bin Saleh Abalkhail	- AXA Cooperative Insurance Company - Arabian Pipes Company - Arabian Cement Company	Inside the Kingdom	Listed joint-stock company " Listed joint-stock company	-	-	-
Abdul Karim bin Ibrahim Al -Nafi'	- Astra Industrial Group - Bawan company - Textile company until 31/07/2021 AD - United Cement Industrial Company - Riyadh Steel Company as of November 2021 AD - Mobily Company as of 01/12/2021 AD. - Ceramic Pipes Company (CPC). - Maan Aljasser & Co. for Prefabricated Closets	Inside the Kingdom	Listed Joint-stock company " Listed joint-stock company " Listed joint-stock company " Unlisted " Listed joint-stock company Closed listed Unlisted	-	-	-
Abdul Aziz bin Abdul Karim Al-Khuraiji	- Chubb Arabia Co-operative Insurance Company. - Al-Khuraiji Group from 2001 (Al-Khuraiji Investment) - Ethraa Almaerifa Company for Education and Training - Bidaya Home Finance Company - Saudi Reinsurance Brokerage Co. RFIB - Shamel Investment Group (SIG) Co. - ACE Arabia Insurance Company	Inside the Kingdom Outside The Kingdom	Listed Joint-stock company Limited liability company Unlisted " " " Unlisted	-		-

Director's name	Name of the company where our director is positioned as a director or manager at their former or current board or directors	Inside/ outside The Kingdom	Legal form (Listed/un-listed joint-stock company/ limited liability company/...)	Name of the company where our director is positioned as a director or manager at their former or current board or directors	Inside/ outside The Kingdom	Legal Form (Listed/un-listed joint-stock company/ limited Liability company/....)
Majed bin Abdullah Al-Eissa	- BATIC Investment and Logistics Company - Natural Gas Distribution Co. - Jazan Energy Company	Inside the Kingdom	Listed joint-stock company Listed joint-stock company " Listed joint-stock company			
Abdullah bin Turki Al-Sudairy	- Amlak International for Real Estate Development & Finance Co. - Dallah Healthcare Company	Inside the Kingdom	Listed joint-Stock company Listed joint-Stock company	-	-	-
Muteb bin Muhammad Al-Shathri	- Qassim Cement Company - Saudi Egyptian Industrial Investment Co. - Tourism Development Company - Innovative Energy Holding Company	Inside the Kingdom Outside the Kingdom	Listed joint-Stock company Unlisted Unlisted Unlisted	-		-
Turki bin Saud Al-Dayel	- Jubail United Petrochemical Company - KUDU Company for Food and Catering - Saudi Biotechnology Manufacturing Company	Inside the Kingdom	Unlisted Unlisted Unlisted	-	-	-
Sami bin Ibrahim Al-Eissa	-	-	-	-	-	-

• Board of Directors meetings during the fiscal year AD2021:

Director	Membership type	Number of meetings (6) meetings					
		February 03, 2021 AD	March 17, 2021 AD	June 09, 2021 AD	July 26, 2020 AD	September 15, 2021 AD	November 24, 2021 AD
Yousef bin Saleh Abalkhail	Chairman	✓	✓	✓	✓	✓	✓
Abdul Karim bin Ibrahim Al-Nafi'	Vice-Chairman	✓	✓	✓	✓	✓	✓
Abdul Aziz bin Abdul Karim Al-Khuraiji	Member	✓	✓	✓	✓	✓	✓
Sami bin Ibrahim Al-Eissa	Member	✓	✓	✓	✓	✓	✓
Abdullah bin Turki Al-Sudairy	Member	✓	✓	✓	✓	✓	✓
Muteb bin Muhammad Al-Shathri	Member	✓	✓	✓	✓	✓	✓
Turki bin Saud Al-Dayel	Member	✓	✓	✓	✓	✓	✓
Majed bin Abdullah Al-Eissa	Member	✓	✓	✓	✓	✓	✓

• Board of Directors Formation and Classification:

Director's Name	Membership Classification
Yousef bin Saleh Abalkhail	Independent
Abdul Karim bin Ibrahim Al-Nafi'	Non-Executive
Abdul Aziz bin Abdul Karim Al-Khuraiji	Independent
Sami bin Ibrahim Al-Eissa	Non-Executive
Abdullah bin Turki Al-Sudairy	Independent
Muteb bin Muhammad Al-Shathri	Non-Executive
Turki bin Saud Al-Dayel	Non-Executive
Majed bin Abdullah Al-Eissa	Executive

► The Board's Resolutions to inform its members of the shareholders' proposals and observations:

The Board of Directors takes a number of measures to inform its members, especially non-executive ones, of shareholders' proposals and observations about the Company and its performance through the Board meetings or the General Meetings of Shareholders. This includes the fact that a member must attend the General Meetings, which aims to answer shareholders' inquiries, receive their proposals and observations. The Company's statute also ensures that shareholders at General Meetings participate in the deliberations and discussions. In order to enhance communication by the Company's shareholders, the Board has adopted a disclosure policy and procedures that ensure that shareholders have the right to inquire, request information, and have their inquiries answered in a way that does not cause harm to the company's interests.

► Board Responsibilities and Core Duties:

The Board of Directors shall assume all the necessary powers and authorities to manage the company. The Company's statute has clearly defined its responsibilities and the remuneration of the members. The Board of Directors has performed the tasks assigned to it in a way in which there is full responsibility, goodwill, seriousness, and diligence. Its resolutions were based on adequate information. A member represents all shareholders and is committed to the interests of the company in general. The Board also informs its new members of the work of the Company and ensures that it provides adequate information about its affairs to all members through several mechanisms, including access to the meeting minutes and procedures of following up resolutions and recommendations issued by the Board and the results of the work of the committees related to the Board and periodic reports issued by the Company's management on its activity in addition to complete information about exceptional transactions, which are unusual or exchanged with third parties. The most important key functions of the Board of Directors are: Adopting strategic approaches and key objectives and overseeing their implementation, developing, reviewing and guiding the overall strategy, key action plans and risk management policy, developing and supervising internal control systems and controls, developing and implementing clear and specific policies, standards and procedures for board's membership, developing a written policy governing the relationship with stakeholders in order to protect them and preserve their rights, including mechanisms for compensating stakeholders, the mechanism for resolving complaints or disputes, as well as appropriate mechanisms for establishing good relations with third parties and maintaining the confidentiality of information related to them, and the rules of professional conduct of the directors and employees of the Company so that it conforms to the proper professional and ethical standards and regulates the relationship between them and the stakeholders, and the contribution of the social company, developing a governance system of the Company that does not conflict with the provisions of the governance regulations issued by the competent authority, setting performance objectives, monitoring implementation and overall performance, and periodically reviewing and adopting organizational and functional structures.

► Committees of the Board of Directors

• Executive Committee:

The Board of Directors issued the Executive Committee regulations under Resolution No. [215] on 16/03/1441 AH, 13/11/2019 AD. The Committee consists of a number of members with at least three members. Each member's term shall be at least one year and no more than three years and not more than their term in the Board of Directors.

The Committee undertakes all the tasks and responsibilities that fall within its purposes determined by the Board of Directors, including -for example-: reviewing and supervising the Company's strategic policies and objectives, studying proposals and recommendations for projects under discussion, and making opinions and recommendations on them before submitting them to the Board of Directors. In addition, the Committee and the Executive Management undertake the development of plans to monitor the financial and productive performance to ensure the best results and examine the investment opportunities offered to the Company.

• Committee Members:

The Board of Directors appointed the following members of the Executive Committee as of 01/04/2019 AD:

Yousef bin Saleh Abalkhail	Chairman of the Committee
Abdul Karim bin Ibrahim Al-Nafi'	Vice-Chairman of the Committee
Muteb bin Muhammad Al-Shathri	Member
Majed bin Abdullah Al-Eissa	Member

The following are a number of executive committee meetings during AD 2021:

Member	Membership type	Number of meetings (8 meetings)				
		February 23, 2021 AD	April 05, 2021 AD	June 02, 2021 AD	September 07, 2021 AD	November 21, 2021 AD
Yousef bin Saleh Abalkhail	Chairman of the Committee	✓	✓	✓	✓	✓
Abdul Karim bin Ibrahim Al-Nafi'	Vice-Chairman of the Committee	✓	✓	✓	✓	✓
Muteb bin Muhammad Al-Shathri	Member	✓	✓	✓	✓	✓
Majed bin Abdullah Al-Eissa	Member	✓	✓	✓	✓	✓

• Audit Committee (AC):

In accordance with the rules of selection of the Audit Committee, the duration of their membership and the method of work ratified by the Ordinary General Meeting held on 17/04/1994 AD, the Ordinary General Meeting held on 01/04/2007 AD and the Extraordinary General Meeting held on 19/04/2017 AD. The audit committee is formed by resolution of the General Meeting without executive members, at the suggestion of the Board of Directors, of no less than three members and no more than five for a period of not more than three years and no less than one year, and maybe reappointed for similar periods. The committee's membership ends upon the expiry of the Board's scheduled term. Members of the Committee include a member of the Committee who specializes in finance and accounting. The tasks of the main Audit Committee includes ensuring the adequacy and effectiveness of internal control procedures, verifying the integrity and validity of financial statements, guiding the selection of chartered accountants in accordance with specific controls, reviewing quarterly and annual financial statements before publication, and studying the reports and observations provided by both chartered accountant and the internal review department, adopting any work outside the scope of the audit work they are assigned in the course of the audit work, and expressing opinions and recommendations on the initial and annual financial statements before they are submitted to the Board of Directors. The General Meeting, held on 13/02/2019 AD, gave the approval to form the current Audit Committee proposed by the Board of Directors as of 01/04/2019 AD.

The following are a number of Audit Committee meetings during AD 2021:

Member	Membership type	Number of meetings (6 meetings)					
		First (February 15)	Second (April 21)	Third (July 26)	Fourth (August 31)	Fourth (October 17)	Sixth (November 15)
Nasser Al-Awfi	Chairman of the Committee	✓	✓	✓	✓	✓	✓
Ahmed Al-Muzaini	Member	✓	✓	✓	✓	✓	✓
Abdul Aziz Al-Khurajji	Member	✓	✓	✓	✓	✓	✓

• Remuneration and Nominations Committee:

The Remuneration and Nominations Committee is held by a resolution of the Board and made up of no less than three members and no more than five members selected by the Board from Non-executive members, including at least one independent member. The committee term is three years and ends at the end of the Board session. The term of the board member elected to the Committee is linked to the duration of their membership in the Board. The Committee may be reappointed after the election of a new Board of Directors at the beginning of each session of the Board. The committee's tasks include proposing clear policies and standards for the Board membership and executive management, recommending the Board of Directors to nominate and re-nominate members in accordance with approved policies and standards, preparing a clear policy to remunerate board members, board committees, executive management, periodic review of the remuneration policy and assessing its effectiveness in achieving its objectives, and recommending the remunerations of its directors, committees and senior executives to the Board of Directors, in accordance with the approved policy.

The Board of Directors appointed the following members for the Remuneration and Nominations Committee as of 01/04/2019 AD:

Abdullah bin Turki Al-Sudairy	Chairman of the Committee
Sami bin Ibrahim Al-Eissa	Member
Turki bin Saud Al-Dayel	Member

The following are a number of meetings of the Rewards and Nominations Committee during AD 2021

Member	Membership type	Number of meetings (4 meetings)			
		February 01, 2021 AD	April 08, 2021 AD	June 27, 2021 AD	December 13, 2021 AD
Abdullah bin Turki Al-Sudairy	Chairman of the Committee	✓	✓	✓	✓
Sami bin Ibrahim Al-Eissa	Member	-	✓	✓	✓
Turki bin Saud Al-Dayel	Member	✓	✓	✓	✓

Means of assessing the performance of the Board and the performance of its committees and Directors

On 13/11/2019 AD, the Board of Directors adopted the start of assessing the performance of the Board and its committees (without members) as a preliminary stage through an annual survey identifying the weaknesses and strengths of the Board of Directors and its committees, which began at the beginning of AD 2020.

External Audit

At its meeting held on 17/08/1442 AH, 30/03/2021 AD, the General Meeting of the Company's shareholders approved the selection of Ibrahim Ahmed Al-Bassam as Chartered Accountant to carry out audits and reviews of the Company's accounts for AD 2021, including quarterly financial statements (second and third quarters of AD 2021 and the first quarter of 2022) against an annual fee of (370) thousand riyals.

The reasons for recommending the selection of the Company are due to their extensive professional experience in applying international standards when auditing the accounts of the similar and industrial company they review and also because they have made an offer that includes a proposed team with outstanding experience and reasonable costs.

Social Contributions

Believing in the importance of the role of the private sector in society and its service, the Company seeks to create a range of social responsibility programs, as well as its contribution to the charitable field, by contributing to the needs of some public utilities, and providing financial support through the legal channels of a number of charities and within the framework of the regulations in force, and sponsoring the programs of social development committees.

Provisions of the Corporate Governance Regulations

The Board of Directors approved the company's governance regulations on 01/04/2018 AD in accordance with the provisions of the relevant regulations and the CMA's governance regulations and the best practices. The Company applies all provisions in the CMA Board's Corporate Governance Regulations under Resolution No. (16/08/2017) dated 16/05/1438 AH, as amended by CMA Board's resolution No. (3-45-2018) dated 07/08/1439 AH, excluding the guidelines below, during the fiscal year AD 2021:

Article/paragraph No.	Article/paragraph text	Reasons for Non-application
(70)	Formation of a risk management committee (guidance)	The Board of Directors does not consider the need to set up an independent risk management committee at this time, as the Board of Directors in its meeting on November 25, 2020 AD, tasked the Audit Committee to add the duties of the Risk Committee to its duties.
(71)	Competencies of the Risk Management Committee (guidance)	The Audit Committee takes over the duties of the Risk Committee
(72)	Risk Management Committee Meetings (Guidance)	The Audit Committee takes over the duties of the Risk Committee
(95)	Formation of a Corporate Governance Committee (guidance)	The Company's Board of Directors and committees monitor and implement the governance regulation and verify its effectiveness.



Bonuses for board members, committees emerging from the board and executive management

The tables below show the details of the remuneration paid to each board member, committee member, and five senior executives who received the highest remuneration from the Company, among which are the CEO and CFO, according to the policy approved by the General Meetings held on 26/4/2018.

• Board Members' Rewards:

	Fixed Rewards (in thousands)							Variable Rewards (in thousands)					End-of-Service Gratuity (in thousands)	Grand Total (in thousands)	Expenses Allowance (in thousands)
	Annual Remuneration	Allowance for attending council sessions	Total allowance for attending committee sessions	Benefits in kind	Remuneration for technical, administrative, and advisory work	Remuneration of the Chairman, Managing Director, or Secretary, if they are members	Total	Percentage of profit	Regular rewards	short-term incentive plans	long-term incentive plans	Granted shares (value is entered)	Total		

First: Independent Members

1- Yousef bin Saleh Abalkhail	300	18	15	-	-	-	333	-	-	-	-	-	-	333	
2- Abdul Aziz bin Abdul Karim Al-Khuraiji	300	18	21	-	-	-	339	-	-	-	-	-	-	339	
3- Abdullah bin Turki Al-Sudairy	300	18	12	-	-	-	330	-	-	-	-	-	-	330	
Total	900	54	48	-	-	-	1,002	-	-	-	-	-	-	1,002	

Second: Non-executive Members

1- Abdul Karim bin Ibrahim Al-Nafi'	300	18	15	-	-	-	333	-	-	-	-	-	-	333	
2 - Sami bin Ibrahim Al-Eissa (GOSI)	300	18	9	-	-	-	327	-	-	-	-	-	-	327	
3 - Muteb bin Muhammad Al-Shathri (Public Investment Fund (PIF))	300	18	15	-	-	-	333	-	-	-	-	-	-	333	
4- Turki bin Saud Al-Dayel	300	18	12	-	-	-	330	-	-	-	-	-	-	330	
Total	1,200	72	51	-	-	-	1,323	-	-	-	-	-	-	1,323	

Third: Executive Members

1- Majed bin Abdullah Al-Eissa	300	18	15	-	-	-	333	-	-	-	-	-	-	333	
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*Attendance remuneration and allowances for the BoD membership of the GOSI and PIF representatives are paid to the legal entity as they are representatives of such entity.

*Attendance remuneration and allowances for the BoD membership of representatives of the Investment and Social Insurance Fund.

• Committee Members' Remuneration:

Statement	Fixed Rewards (except the sessions attendance allowances)	Sessions Attendance Allowance	Total
Audit Committee (AC) Members			
Nasser Al-Awfi	100,000	18,000	118,000
Ahmed Al-Muzaini	100,000	18,000	118,000
Abdul Aziz Al-Khuraiji	100,000	18,000	118,000
Total	300,000	54,000	354,000
Remuneration and Nominations Committee Members			
Abdullah Al-Sudairy	30,000	12,000	42,000
Abdul Aziz Al-Khuraiji*	7,500	3,000	10,500
Sami Al-Eissa	22,500	9,000	31,500
Turki Al-Dayel	30,000	12,000	42,000
Total	90,000	36,000	126,000
*Mr. Sami Al-Eissa was appointed instead of Mr. Abdul Karim Al-Khuraiji during the current cycle.			
Executive Committee (EC): Members			
Yousef Abalkhail	50,000	15,000	65,000
Abdul Karim Al-Nafi'	50,000	15,000	65,000
Muteb Al-Shathri	50,000	15,000	65,000
Majid Al-Issa	50,000	15,000	65,000
Total	200,000	60,000	260,000



• Senior Executives Rewards

Senior Executives Rewards	Fixed Rewards				Variable Rewards					End-of-Service Gratuity	Total remuneration of the board and committees' executives, if there is any	Grand Total
	Salaries	Allowances	Benefits in kind	Total	Regular rewards	Earnings	short-term incentive plans	long-term incentive	Granted shares to enter value	Total		
Statement												

CEO

Vice-Chair-person of Technical Affairs

Chief Financial Officer (CFO)

CEO of the Information Technology

Chief Sales Officer (CSO)

Total	4,179,600	1,451,660	-	5,631,260	25,000	-	1,145,657	-	-	1,170,657	92,158	398,000	7,292,075
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* A description of any interest of Board Members, Senior Executives, and their relatives

· A description of any interest, contractual securities, and subscription rights attributing to the Board members and their relatives in the Company shares or debt instruments or any of its affiliates, and any change in that interest or those rights during the 2021 fiscal year:

Sr.	Person of interest name, contractual securities or subscription rights	Beginning of the year		End of the year		Net of Change	Change percentage
		Number of Shares	Debt Instruments	Number of Shares	Debt instruments		
First: Directors							
1	The General Organization for Social Insurance (GOSI), represented by: Sami bin Ibrahim Al-Eissa	6,748,834	-	11,526,799	-	4,777,965	70%
		-	-	-	-	-	-
2	Public Investment Fund (PIF), represented by: Muteb bin Muhammad Al-Shathri	3,240,298	-	4,320,397	-	1,080,099	33%
		-	-	-	-	-	-
3	Abdul Aziz bin Abdul Karim Al-Khuraiji	12,000	-	16,000	-	4,000	33%
4	Abdul Karim bin Ibrahim Al-Nafi’	-	-	121,390	-	-	-
5	Abdullah bin Turki Al-Sudairy	1,200	-	1,600	-	400	33%
6	Turki bin Saud Al-Dayel	-	-	-	-	-	-
7	Majed bin Abdullah Al-Eissa	-	-	-	-	-	-
8	Yousef bin Saleh Abalkhail	950,268	-	432,798	-	- 517,470	54%-

Second: Directors' relatives

Yousef bin Saleh Abalkhail – wife and minor children	14,400	-	19,200	-	4,800	33%
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In March 2021, the Extraordinary General Assembly resolution was issued to increase the capital by 33.33% by granting one share for every 3 shares

· A description of any interest, contractual securities, and subscription rights attributing to the Senior Executives and their relatives in the Company shares or debt instruments or any of its affiliates, and any change in that interest or those rights during the 2021 fiscal year:

Sr.	Person of interest name, contractual securities or sub- scription rights	Beginning of the year		End of the year		Net of Change	Change percentage
		Number of Shares	Debt Instruments	Number of Shares	Debt instru- ments		
First: Senior Executives:							
	Chief Sales Officer (CSO)	2,400	-	-	-	-2,400	-100%
Second: Senior Executives' Relatives							
	N/A						



Related Parties				
Related Party	Type of relationship with the Company	Deal type	Duration	Value
Natural Gas Distribution Co.	Associate company	Purchasing orders Received Dividends	Not specified Not specified	44,4 million riyals 396 thousand riyals
Ceramic Pipes Company (CPC)	Affiliate	Loans and repayment of obligations Product sales	Not specified Not specified	19,7 million riyals 114 thousand riyals
Saudi Turken Company	Indirect relation with the CEO and a Board member	Transport services	Year	5,45 million riyals
AXA Cooperative Insurance Company	Indirect relation with the Board Chairman	Insurance Policy	Year	238 thousand riyals

A statement of business and contracts to which the Company is a party and in which a Board member, senior executives, or any person related to any of them had an interest.

None of the members, CEO nor the financial manager has any (direct or indirect) material interest in the business or contracts issued for the company's interest in 2021, except what is stated below:

As part of the Company's normal business, it deals with relevant parties, where it purchases gas from the Natural Gas Distribution Co. (an invested associate company) and deals with CPC (an investee affiliate) with various transactions. Noting that the relevant parties are dealt with on the same terms as commercial dealings with other parties not associated with the Company.

Company Name:	Business or contract nature	Amount of business or contract	Duration of business or contract	Terms of business or contract	Name of the member/ Senior Executives or any relevant person
*Natural Gas Distribution Co. (Associate company)	Purchasing orders	44,416,967.24	No specified duration	They are ongoing contracts and commercial transactions conducted in the normal course of business, according to prevailing commercial terms and without any preferential dealings.	Saudi Ceramics is represented in the Natural Gas Distribution Co. Board of Directors by Mr. Abdulkarim bin Ibrahim Al-Nafi' (Deputy Chairman of the Saudi Ceramics Board).
	Received Dividends	396,666.50	No specified duration		
Ceramic Pipes Company (CPC) (Affiliate)	Loans and repayment of obligations	19,753,128.79	No specified duration	They are ongoing contracts and commercial transactions conducted in the normal course of business, according to prevailing commercial terms and without any preferential dealings.	The Ceramic Pipes Company CEO is Abdul Karim bin Ibrahim Al-Nafi' (the Vice CEO of Saudi Ceramics Company)
	Product sales	114,407.64	No specified duration		
Saudi Turken Company	Transporting the Company's products	5,458,503.14	2021	without any preferential advantage	Indirect interest through the membership of Eng. Majed bin Abdullah Al-Eissa – Board Member & CEO – in BATIC Investment and Logistics Company, which owns in Turken Company 11.4%
Saudi Transport and Investment Company (Mubarrad)	Transporting the company products	53,135.90	2021 AD	Without preferential advantage.	An indirect interest through the membership of Eng. Majed bin Abdullah Al-Eissa, Board Member and CEO - in BATIC Investment and Logistics Company, which owns 100% in (Mubarrad)
*AXA Cooperative Insurance Company	Insurance Policy	238,241.79	2021	Without preferential advantage.	An indirect interest through Mr. Yousef bin Saleh Abalkhail chairing the Saudi Ceramics Board and AXA Cooperative Insurance Company.

· A statement of the regular paid and due payments' value to government agencies, zakat, taxes, and any other entitlements

Description	2021 AD		Brief description	Statement of causes
	Paid	Due until the end of annual financial period and not paid		
Zakat	19,177,502.73	-	Regular payments	Entitlement according to regulations
Tax	121,825,050.20	-	Regular payments	Entitlement according to regulations
The General Organization for Social Insurance (GOSI)	19,147,184.94	-	Regular payments	Entitlement according to regulations
Visa and passport costs	2,797,033.50	-	Regular payments	Entitlement according to regulations
Labor office fees	1,098,551.00	-	Regular payments	Entitlement according to regulations

Penalties and fines

The table below shows the fines imposed on the Company in 2021

Punishment/ penalty/ precautionary measure/ precautionary attachment	Violation Causes	The violation signatory	How to treat and prevent it in the future.
100,000	Energy violations	The Ministry of Mineral Resources Agency	Working on completing the overdue procedures of the Ministry of Energy.
30,000	Violation of displaying tax certificate	Zakat and Income Authority	Verifying that all tax certificates are displayed.

The annual review results of the internal control procedures effectiveness and the adequacy of the internal control system

The internal control system has been prepared on a sound basis, and its effectiveness is strengthened through the following:

- 01 > The presence of a department specializing in auditing called (Internal Audit Department).
- 02 > The presence of an audit committee reporting to the Board and General Meeting
- 03 > The Internal Audit Department submits its periodic reports to the Audit Committee, which in turn reports to the Board of Directors. The adequacy and effectiveness of the internal control system is reviewed and evaluated by the Internal Audit Department, and some aspects of internal control are reviewed periodically by external auditors. The Audit Committee is fully convinced that this session reflects the effectiveness of the Company's internal control procedures. There are no substantial observations requiring caution.

(21) Acknowledgments in accordance with the Corporate Governance Regulations in 2021

Acknowledgment/ Affirmation:

1	There are no reservations or attention drawn from the auditor on the Company's annual financial statements according to the 2021 report.
2	During 2021, the BoD did not recommend changing the auditor before the end of the period for which it was appointed.
3	There are no recommendations from the Audit Committee that conflict with the BoD resolutions, or that the Board refused to consider regarding the assignment and dismissal of the Company's auditor, determining their fees, evaluating their performance, or appointing the internal auditor.
4	There is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).
5	During 2021, the Company's external auditor did not provide any services of an advisory nature to the Company and did not receive any fees in this regard.
6	The Company did not receive from the Company's external auditor a request to convene the general assembly during the ending fiscal year, and it was not held.
7	The appropriate place and time have been selected for the largest number of shareholders to participate in the general meeting. The topics presented to the meeting are accompanied by sufficient information that enables shareholders to make their resolutions.
8	Shareholders were enabled to discuss the topics listed on the General Meeting agenda and to direct and answer questions about them to the Board members and the Certified Public Accountant (CPA). Shareholders were also given the opportunity to actively participate and vote in the shareholders' general meeting meetings and inform them of the rules governing those meetings and the voting procedures by calling for the general meeting in accordance with the statutory requirements.
9	The company is committed to enabling the shareholder to view the minutes of the shareholders' meetings at the Company's HQ. It is also committed to providing the competent authorities – during the statutory periods – with a copy of the minutes of the shareholders' meetings. It adheres to informing the market of the shareholders' meeting results as soon as it ends.
10	The Company did not provide any cash loan of any kind to the BoD members, nor did it guarantee any loan contracted by any of them with third parties.
11	No penalty, sanction, precautionary measure, or precautionary restriction imposed on the Company was implemented by the Authority or any other supervisory, regulatory, or judicial authority, except for what is mentioned in this report.
12	The Company affirms that it did not institute any procedure or restriction that would impede the shareholder's right to vote, and the shareholder shall enjoy all the rights stipulated in the articles of association and governance regulations, whether the general regulations and those related to the general meeting, etc...
13	The Company affirms that it did not receive from shareholders owning (5%) or more of the capital a request for convening the general meeting or adding one or more items to its agenda when it was prepared during the year, and it was not held.
14	The Chairman of the Company's BoD did not receive any written request to hold emergency meetings from two or more members during the fiscal year ending in 2021.
15	The Company's properties were not sold, and none of the Company's debtors was absolved of their obligations during 2021.

16	The BoD did not issue any general or non-specific authorization during 2021.
17	There are no shares and debt instruments issued by the Company's affiliates.
18	There is no interest in the shares category entitled to vote (other than the Company's BoD members, Senior Executives and their relatives) who informed the Company of those rights under Article (68) of the Rules on the Securities Offer and the Continuing Obligations, and any change in those rights during the last fiscal year.
19	There is no interest, contractual documents, and subscription rights belonging to BoD members and their relatives in the shares or debt instruments of the Company or any of its affiliates except for what has been mentioned in this report.
20	There is no interest, contractual documents, and subscription rights belonging to Senior Executives and their relatives in the shares or debt instruments of the Company or any of its affiliates except for what has been mentioned in this report.
21	There are treasury shares held by the Company for the purpose of distribution to senior employees to motivate the performance and achieve goals as part of the employee grant program.
22	There are no transfer or subscription rights under transferable debt instruments, contractual securities, subscription right memoranda, or similar Company issued or granted rights.
23	There is no refund, purchase, or cancellation by the Company of any redeemable debt instruments, and the remaining securities' value, whether they are listed securities purchased by the Company or by its affiliates.
24	There is no arrangement or agreement under which a board member or a senior executive waives any remuneration.
25	There are no arrangements or agreements under which any of the company's shareholders have waived any rights to profits.
26	There is no deviation between the granted bonuses and the bonus policy.
27	The BoD followed up on the committees' work periodically to ensure that they carry out the assigned tasks.
28	The Company is committed to applying the conflict of interests regulation that the BoD has previously approved.
29	<p>The BoD affirms that:</p> <p>1- The account records have been prepared correctly.</p> <p>2- The internal control system has been prepared on a sound basis and implemented effectively.</p> <p>3- There is no doubt about the Company's ability to continue its activity.</p>



الرخف السعووي
Saudi Ceramics



saudiceramics.com



info@saudiceramics.com



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