



Alujain Corporation  
A Saudi Joint Stock Company

# Board of Directors' Report



# 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



# King Salman bin Abdulaziz Al-Saud

The Custodian of the Two Holy Mosques

His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz Al-Saud

Crown Prince, Prime Minister

# BOARD OF DIRECTORS



Eng. Mohammed Saleh Alkhalil  
CHAIRMAN



Eng. Khalid Mohammed Aldawood  
CHIEF EXECUTIVE OFFICER



Mr. Omar Mohammed Alkhuwaiter



Mr. Abdulwahab Abdulkareem Al-Betairi  
DEPUTY CHAIRMAN



Dr. Abdullaziz Abdulrahman Alfrayan



Mr. Hani Suliman Alsaleh



Mr. Aziz Mohammed Al Gahtani

# Contents

06	I. EXECUTIVE SUMMARY
08	II. FUTURE PLANS
09	III. FINANCIAL HIGHLIGHTS
12	IV. GEOGRAPHICAL ANALYSIS OF COMPANY SALES
12	V. ZAKAT AND OTHER AMOUNTS ACCRUED/PAID TO THE GOVERNMENT
13	VI. SUBSIDIARY COMPANY
15	VII. SUMMARY OF LOANS
15	VIII. INDEPENDENT AUDITOR'S REPORT
16	IX. GENERAL ASSEMBLY
16	X. BOARD OF DIRECTORS
24	XI. REMUNERATION/COMPENSATION OF CHAIRMAN, BOARD OF DIRECTORS AND TOP EXECUTIVES
26	XII. TRANSACTIONS WITH RELATED PARTIES
26	XIII. PROFIT DISTRIBUTION POLICY
27	XIV. POTENTIAL BUSINESS RISKS
28	XV. CORPORATE GOVERNANCE
29	XVI. BOARD DECLARATIONS
31	XVII. BOARD OF DIRECTORS' RECOMMENDATIONS TO THE SHAREHOLDERS





## I. EXECUTIVE SUMMARY

The Board of Directors of Alujain Corporation (Alujain) is pleased to present the Company's annual report, a brief summary on major developments and achievements during the year and audited consolidated financial statements for the year ended December 31, 2022, with the grace of God and efforts of its employees under the guidance and continued monitoring by its' Board of Directors.

Alujain was established in 1991 with a view to adding value to Saudi Arabia's natural hydrocarbon and mineral resources. It is a listed Saudi joint stock company with a paid-up capital of SR 692 million (\$185 million), and its head office in Riyadh, Kingdom of Saudi Arabia.

Alujain's main strategic objectives are to identify, evaluate, promote, develop and to invest/operate major industrial projects in petrochemicals, mining, metals, energy sectors and other projects, with a commitment to creating value for its shareholder by utilizing local strengths and talents, capacities, wealth and natural resources, also setting the highest standards of national, social and environmental responsibility. Pursuant to these objectives, the Company owns majority equity (76.40%) in National Petrochemical Industrial Company (NATPET) which operates approximately 400,000 tons per year Propylene & Polypropylene Complex (PP Complex) in Yanbu Industrial City, using Oleflex and Spheripol technologies. The net profit of NATPET for current year was SR261.04 million, as compared to net profit of SR519.05 million during previous year. NATPET reported total sales of SR1,889 million during current year, as compared to SR2,008 million during previous year.



Alujain also owns 98.75% (majority shares) in Zain Industries Company Ltd. (Zain). Zain owns and operates its plant in Jubail Industrial City. Zain's main business includes production and marketing of fast moving consumer goods (FMCG), as well as insecticides, pesticides, fungicides and agriculture chemicals etc. Zain sales for current year was SR21.90 million as compared to SR23.90 million for previous year, with net loss of SR7.02 million, as compared to net loss of SR2.38 million during previous year.

During current year, Alujain reported earnings per share (EPS) of SR2.42 as compared to SR24.41 during previous year (The profit of the previous year includes an amount of SR1.35 billion resulting from the re-evaluation of the company's investment assets in NATPET as one of the requirements for consolidating). Number of shares outstanding remained 69.2 million during current year (69.2 million for previous year). The net profit was SR119.29 million, as compared to net profit of SR1,622.31 million for previous year.

Alujain's accompanied consolidated financial statements are prepared in compliance with international financial standards (IFRS). There is no major difference in the accounting / financial policies and standards applied in the company from the accounting standards approved by the Saudi Organization for Certified Public Accountants.

## II. FUTURE PLANS



allocate 24  
Thousand  
barrels per day  
of propane  
feedstock

The approval of the Ministry of Energy was issued to allocate 24 Thousand barrels per day of propane feedstock and allocate 5 Million standard cubic feet per day to establish an industrial complex for the production of propylene, polypropylene and specialized transformational materials in Yanbu Industrial City, which includes:

1. Propane gas processing plant (to produce propylene).
2. Plant for the production of polypropylene, and
3. Complex to produce polypropylene compounds and PP specialty materials.

The new project, upon its completion, will produce more than 600,000 tons of polypropylene, polypropylene compounds, and specialized construction materials from Polypropylene derivatives, in addition to about 25,000 tons of salable hydrogen annually.

The new project will also include a grid for the propylene and polypropylene production units connecting the current company (National Petrochemical Industrial Company "NATPET" – subsidiary company) two processing plants with the two production units in the new project to increase reliability and efficiency and improve the economies of the two companies.

The total cost of the new project is estimated at about SR 7.5 billion (2 billion US dollars). It is expected to start operation in the first half of 2026.

The project will also include entering into a strategic partnership with a leading global partner in the propylene and polypropylene industry. This partnership will enable the transfer of required technologies and know-how capabilities for the new project, including the establishment of an R&D center for the specialty products (PP compounding and specialized plastic materials) which will contribute to meeting the needs of the local market, and create future localization opportunities for specialized construction materials and specialty plastic materials covering medical applications, automotive industry and batteries manufacturing.

The company is also striving to maximize its investment in propylene and polypropylene industries, and reconsider Zain's business model, size and its suitability for the company's strategy, and consider entering into mergers with companies with similar activities.



allocate 5  
Million standard  
cubic feet per  
day to establish  
an industrial  
complex for  
the production  
of propylene,  
polypropylene  
and specialized  
transformational  
materials in  
Yanbu Industrial  
City



### III. FINANCIAL HIGHLIGHTS



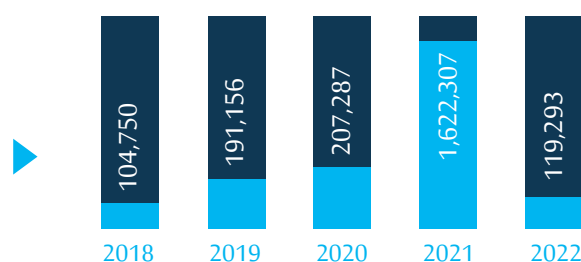
#### A. FIVE-YEARS PROFIT SUMMARY

	Year ended December 31				
	2022*	2021*	2020	2019	2018
	(SR '000)	(SR '000)	(SR '000)	(SR '000)	(SR '000)
Sales	1,911,180	519,298	14,378	23,730	25,871
Cost of sales	(1,507,493)	(400,212)	(13,039)	(18,029)	(21,235)
<b>Gross profit</b>	<b>403,687</b>	<b>119,086</b>	<b>1,339</b>	<b>5,701</b>	<b>4,636</b>
Share of net income from an investment accounted for using equity method **	-	275,563	236,212	216,454	121,144
Operating expenses	(182,440)	(60,259)	(27,583)	(17,415)	(19,904)
<b>Profit from operations</b>	<b>221,247</b>	<b>334,389</b>	<b>209,968</b>	<b>204,740</b>	<b>105,876</b>
Financial charges	(40,575)	(8,471)	(588)	(98)	-
Re-measurement at fair value of the interest owned in the acquired company	-	1,351,864	-	-	-
Net other income (expenses)	14,192	(47)	-	1,432	279
<b>Profit before Zakat</b>	<b>194,864</b>	<b>1,677,735</b>	<b>209,380</b>	<b>206,074</b>	<b>106,155</b>
Zakat	(24,810)	(36,905)	(2,145)	(14,908)	(1,433)
<b>Profit Before Minority Interest</b>	<b>170,054</b>	<b>1,640,830</b>	<b>207,235</b>	<b>191,166</b>	<b>104,722</b>
Minority Interest	(50,761)	(18,523)	52	(10)	28
<b>Net Profit for the year</b>	<b>119,293</b>	<b>1,622,307</b>	<b>207,287</b>	<b>191,156</b>	<b>104,750</b>
<b>Earnings per share on net income</b>	<b>2.42</b>	<b>24.41</b>	<b>3.00</b>	<b>2.76</b>	<b>1.51</b>

\* 2021 & 2022 data, including the consolidation of the financial statements with NATPET due to Alujain re-control over NATPET on 11/11/2021

\*\* Share in net income of NATPET accounted investees from using equity method before control.

Five-Year Net Profit Chart  
(Amounts in SR '000)



## B. MAJOR DIFFERENCE IN OPERATING RESULTS COMPARED TO LAST YEAR

The current year net income before Zakat and minority interest is SR 194.86 million as compared to SR 1,677.74 million during previous year. A net profit of SR 119.29 million during current year, as compared to net profit of SR 1,622.31 million during previous year with a decrease of 92.65%. The net profit increase during current year is mainly due to:

1. Decrease in Alujain Corp's share in the net profit of its subsidiary, National Petrochemical Industries Company (NATPET) for the year 2022 as compared to the year 2021.
2. The net profit for the previous year included an accounting profit of SR 1,352 million, as a result of re-measurement (evaluation) at fair value of the interest owned by Alujain in NATPET, as part of the requirements for consolidating the financial statements, in accordance with International Financial Reporting Standards (IFRS) after regaining control over NATPET on 11 November 2021.
3. Higher financial costs and higher depreciation costs on NATPET assets fair valuation as per IFRS, on consolidation on 11-11-2021 (the financing costs and additional depreciation for the current year is about SR 43 million, compared to SR 10 million for the previous year, with an increase SR 33 million).

### Two years comparative consolidated operating results

	Year ended on December 31			
	2022* (SR '000)	2021* (SR '000)	Net Changes (SR '000)	Percentage (%)
Sales	1,911,180	519,298	1,391,882	268%
Cost of sales	(1,507,493)	(400,212)	(1,107,281)	277%
<b>Gross profit</b>	<b>403,687</b>	<b>119,086</b>	<b>284,601</b>	<b>239%</b>
Share of net income from an investment accounted for using equity method **	-	275,563	(275,562)	(100%)
Operating expenses	(182,440)	(60,259)	(122,181)	203%
<b>Profit from operations</b>	<b>221,247</b>	<b>334,389</b>	<b>(113,142)</b>	<b>(34%)</b>
Financial charges	(40,575)	(8,471)	(32,104)	349%
Re-measurement at fair value of the interest owned in the acquired company	-	1,351,864	(1,351,864)	(100%)
Net other income (expenses)	14,192	(47)	14,239	(30,296%)
<b>Profit before Zakat</b>	<b>194,864</b>	<b>1,677,735</b>	<b>(1,482,871)</b>	<b>(88%)</b>
Zakat	(24,810)	(36,905)	12,095	(33%)
<b>Profit Before Minority Interest</b>	<b>170,054</b>	<b>1,640,830</b>	<b>(1,470,776)</b>	<b>(90%)</b>
Minority Interest	(50,761)	(18,523)	(32,238)	174%
<b>Net Profit for the year</b>	<b>119,293</b>	<b>1,622,307</b>	<b>(1,503,014)</b>	<b>(93%)</b>

\* 2021 & 2022 data, including the consolidation of the financial statements with NATPET for the period after controlling which was achieved on 11/11/2021.

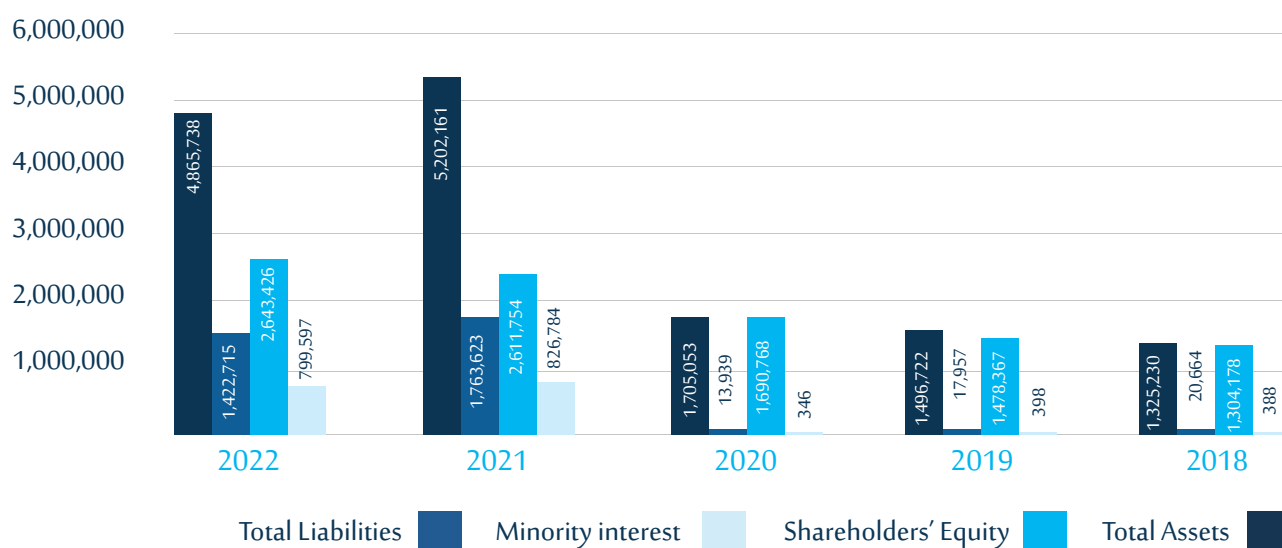
\*\* Share in net income of NATPET accounted investees from using equity method before control.

## C. SUMMARY OF FINANCIAL POSITION

	As at December 31				
	2022*	2021*	2020	2019	2018
	(SR '000)	(SR '000)	(SR '000)	(SR '000)	(SR '000)
<b>ASSETS</b>					
Current assets	1,226,159	1,519,310	53,758	21,980	47,669
Non-current assets	3,639,579	3,682,851	1,651,295	1,474,742	1,277,561
<b>Total Assets</b>	<b>4,865,738</b>	<b>5,202,161</b>	<b>1,705,053</b>	<b>1,496,722</b>	<b>1,325,230</b>
<b>LIABILITIES AND EQUITY</b>					
Current liabilities	521,392	686,678	9,849	13,539	16,294
Non-current liabilities	901,323	1,076,945	4,090	4,418	4,370
<b>Total Liabilities</b>	<b>1,422,715</b>	<b>1,763,623</b>	<b>13,939</b>	<b>17,957</b>	<b>20,664</b>
Shareholders' Equity	2,643,426	2,611,754	1,690,768	1,478,367	1,304,178
Minority interest	799,597	826,784	346	398	388
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>4,865,738</b>	<b>5,202,161</b>	<b>1,705,053</b>	<b>1,496,722</b>	<b>1,325,230</b>

\* 2021 & 2022 data, including the consolidation of the financial statements with NATPET due to Alujain re-control over NATPET on 11/11/2021

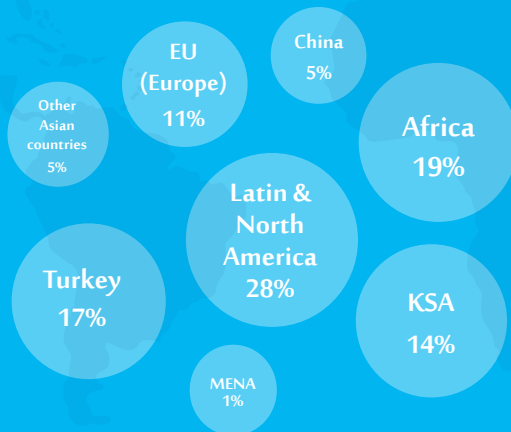
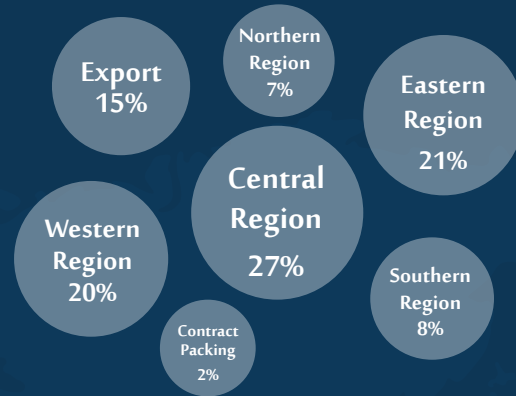
### Five-Year Balance Sheet Chart (Amounts in SR '000)



## IV. GEOGRAPHICAL ANALYSIS OF COMPANY SALES

### 1) Geographical analysis of Zain's sales

The sales of Zain for current year amounted is SR 21.9 million, and products were sold inside and outside the Kingdom of Saudi Arabia, as presented in the chart



### 2) Geographical analysis of NATPET's sales

The sales of NATPET for current year amounted is SR 1,889 million, and products were sold inside and outside the Kingdom of Saudi Arabia, directly and indirectly, as presented in the chart

## V. ZAKAT AND OTHER AMOUNTS ACCRUED/PAID TO THE GOVERNMENT

### ZAKAT STATUS

On a standalone basis, Alujain made total provision of SR1.71 million for estimated 2022 Zakat return. The accrued Zakat balance is SR32.29 million. Other issues are summarized below:

- The Company obtained the final Zakat certificates until the year ended December 31, 2020.
- The company has submitted its 2021 Zakat return, which is under review by GAZT.
- The company will submit its Zakat declaration for the year 2022 on the due date.

## AMOUNTS PAID TO THE GOVERNMENT

On a standalone basis, following is a summary of amounts paid and accrued by Alujain to the Government:

	(SR '000)	Paid	Accrued
Zakat		2,782	32,289
General Organization for Social Insurance		156	-
Tadawul		796	-
Registration, visas and other expenses		69	-
<b>Total</b>		<b>3,803</b>	<b>32,289</b>

## VI. SUBSIDIARY COMPANY

### 1. National Petrochemical Industrial Company (NATPET):

NATPET is a closed joint stock company incorporated in the Kingdom of Saudi Arabia with its head office in Yanbu and Propylene/Polypropylene Complex in Yanbu Industrial City to produce Propylene/Polypropylene and its derivatives, having a name plate production capacity of 400,000 tons per year of polypropylene. The authorized and paid-up capital comprised 107 million shares of SR10 per share as at the end of current year.

During the year 2022, Alujain increased its ownership stake in NATPET in stages from 75.37% to 76.40% by purchasing 1,100,000 shares at a cost of SR 52.8 million at an average price of SR 48 per share.

NATPET and reported total sales of SR 1,889 million during current year, as compared to SR 2,008 million during previous year. The net profit of NATPET for current year was SR 261.04 million, as compared to net profit of SR 519.05 million during previous year.

NATPET has two companies in Yanbu Industrial City for propylene products, (1) Geo NATPET (formerly Bonar NATPET) for non-woven geotextile products which is 100% owned by NATPET, and NATPET Schulman for the production of polypropylene compounds, which it owns equally with LyondellBasell Co.

NATPET also fully owns four companies: Menna Company, Fawsil Advanced Chemicals Company, Taj Towers Company for Plastic Industries, and Afaq Professional Chemicals Company (The four companies). NATPET and the four companies own a total of 19,997,248 shares of Alujain.

## 2. Zain Industries Company Ltd (Zain):

Zain is a closed joint stock company incorporated in Kingdom of Saudi Arabia with its head office and plant in Jubail Industrial City, with a paid-up capital of SR40 million, comprised of 4,000,000 shares of SR10 per share, Alujain holds 98.75% ownership in Zain as the end of current year. Its main objective is to produce homecare products (spray starch, air-fresheners, anti-static spray, bleach, fabric softener, oven cleaner, furniture polish, stainless steel polish etc.), insecticides and agricultural pesticides, herbicides, fungicides etc. of all kinds and forms, beside general health products.

Zain sales for current year was SR 21.90 million as compared to SR 23.90 million for previous year, with net loss of SR 7.02 million, as compared to net loss of SR 2.38 million during previous year.

Zain will complete the implementation of the company's business improvement, in order to improve its performance and make the best use of its assets. Any available merger or exit options are also being considered.



## VII. SUMMARY OF LOANS AND FACILITIES

Below are the details of the loans and facilities for Alujain and its subsidiaries:

Bank	Terms	Credit limit	Withdrawals	Loan repayments		Outstanding balances
				Prior years	Current year	
1) Alujain (SR '000)						
Alinma Bank *	Long Term, 8 Yrs	1,000,000	959,513	-	91,632	867,881
<b>Total</b>		<b>1,000,000</b>	<b>959,513</b>	<b>-</b>	<b>91,632</b>	<b>867,881</b>
2) NATPET and its subsidiaries (SR '000)						
Alinma Bank *	Long Term, 2 Yrs	400,000	200,000	-	100,000	100,000
Saudi Industrial Development Fund (SIDF) — (for NATPET's Subsidiary)	Term loan, 8 Yrs.	76,600	76,600	12,500	15,521	48,579
<b>Total</b>		<b>476,600</b>	<b>276,600</b>	<b>12,500</b>	<b>115,521</b>	<b>148,579</b>

\* Loans and facilities from Alinma Bank are Islamic facilities

## VIII. INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the accompanying consolidated financial statements of ALUJAIN CORPORATION (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and professional Accountants (SOCPA).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## IX. GENERAL ASSEMBLY

### A) GENERAL ASSEMBLY MEETINGS DURING THE YEAR

The following table shows the number of general assembly meetings held during the year and the names of the members of the board of directors' present.

Names	EOGA no 11 18/05/2022
Mohammed Saleh Alkhalil	✓
Abdulwahab Abdulkareem Al-Betairi	✓
Omar Mohammed Alkhuwaiter	✓
Khalid Mohammed Aldawood	✓
Aziz Mohammed Al Gahtani	✓
Hani Suliman Alsaleh	✓
Abdullaziz Abdulrahman Alfrayan	✓

### B) THE COMPANY'S APPLICATIONS FOR THE REGISTER OF SHAREHOLDERS

The following table shows the number of the company's requests for shareholders' register during the year, the dates and reasons for those requests:

No.	Reason	File Date	Request Time
1	OGA	12/05/2022	14/05/2022
2	Others	12/06/2022	12/06/2022
3	Others	10/11/2022	13/11/2022
4	Co. Procedures	07/11/2022	19/11/2022



## X. BOARD OF DIRECTORS

### A. CONSTITUTION OF THE BOARD OF DIRECTORS (BOD)

The Board of Directors consisted of seven members as per below table:

#	Names	Membership		
		Executive	Non-Executive	Independent
1	Mohammed Saleh Alkhalil (Chairman)		✓	
2	Abdulwahab Abdulkareem Al-Betairi (Deputy Chairman)		✓	
3	Omar Mohammed Alkhuwaiter			✓
4	Khalid Mohammed Aldawood (CEO)	✓		
5	Aziz Mohammed Al Gahtani			✓
6	Hani Suliman Alsaleh			✓
7	Abdullaziz Abdulrahman Alfrayan			✓



## B. NAMES, QUALIFICATIONS, EXPERIENCES, AND CURRENT AND PREVIOUS POSITIONS OF THE BOARD AND COMMITTEES' MEMBERS AND THE EXECUTIVE MANAGEMENT.

### 1) Functions of current Board members:

Name	Current Positions	Previous Positions	Academic Qualifications	Experiences
Mohammed Saleh Alkhalil	Chairman of Seera Group Holding - Chairman of Alujain Corp.	Business Man	Bachelor of Science and Computer Engineering (King Fahd University of Petroleum and Minerals). Master of Business Administration with honors (Colorado University)	Long experience in investment, real estate, travel, tourism, petrochemicals and industrial sector. He held several positions as Chairman of Board of Directors or a member of Board of Directors of several tourism and travel companies, petrochemicals and real estate.
Abdulwahab Abdulkareem Al-Betairi	Managing Partner - Watar Partners Co.	Co-founder and member of Executive Committee - The Family Office	Bachelor of Finance (King Fahd University of Petroleum and Minerals) Master - Business Administration (London Business School)	Investment, Finance, Banks & Administration
Omar Mohammed Alkhuwaiter	Executive Director of Insurance at the National Shipping Company of Saudi Arabia (Bahri)	Global insurance claims in the Saudi Basic Industries Corporation (SABIC).	Bachelor of Accounting (King Faisal University) Cert.CII Professional Insurance from the Chartered Institute of London	Insurance
Khalid Mohammed Aldawood	Partner - Energy Alujain Corp. Co.	G.M. Economy, Planning & Risk Management (Saudi Arabian Mining Co. - Maaden)	Bachelor of Electrical and Control Engineering Master, Business Administration.	Industrial asset management, economics, engineering and management
Aziz Mohammed Algahtani	Financial and Accounting Advisor	Financial and administrative consultant at Takamol Holding Company	Bachelor - Accounting (King Fahd University of Petroleum and Minerals) Master - Accounting (King Fahd University of Petroleum and Minerals)	Long experience in internal auditing, accounting, finance, risk assessment, corporate governance and professional consulting
Hani Sulaiman Alsaleh	CEO, Arabian Hala Co.	CEO - Naqel Co.	Master - Business Administration (Babson College - USA)	The field of support supplies, transportation, industry, retail and management
Abdullaziz Abdulrahman Alfrayan	Legal advisor and Chairman of the Board of Directors of Dr. Abdul Aziz Al Fryan Professional Consulting	Deputy of Minister of Human Resources and Social Development	Beachelor's degree, Islamic Law - Al-Imam Muhammad Ibn Saud Islamic University Master - Criminal justice Naif Arab University for Security Sciences PhD – Islamic Policy- Al-Imam Muhammad Ibn Saud Islamic University	Legislation and Regulations

### 2) Functions of current committee's members

Name	Current Positions	Previous Positions	Academic Qualifications	Experiences
Saleh Hamad Alshinifi Member of Audit Committee	Internal audit advisor	Internal audit advisor – STC Member Board of Directors - Saudi Organization for Certified Public Accountants (SOCPA)	Bachelor - Business Administration – Accounting - (King Saud University) Master - Business Administration (Saint Louis University - America) PhD - Business Administration – Accounting - (Florida Atlantic University - America)	Finance
Jasim Shaheen Alrumaihi Member of Audit Committee	Full-time financial and management consultant	Director, Arab Open University Eastern Province	Bachelor - Accounting (King Saud University) Master - Accounting (University of Missouri, Kansas, USA) Ph D - Accounting (University of Dundee, England)	Financial and administrative field

### 3) Functions of current executive management:

Name	Current Positions	Previous Positions	Academic Qualifications	Experiences
Saleem Akhtar	VP Finance – Alujain Corp.	Finance Manager, Khalid Ali Al-Turki Group, Khobar	CPA, USA ACMA, Pakistan	Finance and Accounting for more than 25 years

## C. NAMES OF COMPANIES INSIDE AND OUTSIDE THE KINGDOM IN WHICH A BOARD MEMBER IS A MEMBER OF THEIR CURRENT OR PREVIOUS BOARD OR A MANAGER

Member Name	Names of Companies in which a Board member is a member of their current Board or a manager	Inside/ Outside KSA	Legal entity	names of Companies in which a Board member is a member of their previous Board or a manager	Inside/ Outside KSA	Legal entity
Mohammed S. Alkhalil	Seera Group Holding	inside	Joint Stock	Tatweer Holding Company	inside	LLC
	FAD Investment & Development	inside	LLC	Manafea Holding Co.	inside	Closed joint stock
	Akwaan Realestate Company	inside	Closed joint stock	Thakher Investment & Real Estate Co	inside	LLC
	ARKAN Steel Company	inside	LLC			
	Cementra Company	outside	Private Closed	Yalda Company for specialized commercial complexes	inside	Closed joint stock
	Kanolfi Food Industries Ltd. Co.	inside	LLC	Al Widyaa Real Estate Company	inside	Closed joint stock
	Tatweer Buildings Company	inside	LLC	Elite Medical Doctors Company	inside	Closed joint stock
	Inwan AlMakan for Real Estate Investment	inside	LLC			
	Rua AL Madinah Holding	inside	Closed joint stock			
	Unaizah Investment Co.	inside	Closed joint stock			
	Unaizah Wqfah Co.	inside	Closed joint stock			
	Al Tahaluf Real Estate Company	inside	LLC			
	Saudi investment Bank	inside	joint stock			
	National Petrochemical Industrial Co.	inside	Closed joint stock			
Almqar for Development Company	inside	Closed joint stock				
Abdulwahab A. Al-Betairi	Osool & Bakheet Investment Co.	inside	Closed joint stock	Future ceramic Company	inside	Closed joint stock
	Sunbulah Group	inside	Closed joint stock	Capital Market Authority	inside	Government
	National Petrochemical Industries Co. (NATPET)	inside	Closed joint stock	TriSpan LLP Corporation	outside	LLC
	Al Himmah Tadamun Company	inside	LLC			
	Manafeth Ambulance & Handicap Vehicles	inside	LLC			
	Riyadh Cables Group Co.	inside	LLC			
	Riyadh Chamber	inside	Government			
Omar M. Alkhuwaiter	Bank Aljazira	inside	Joint Stock			
	Jahez International Company for Information Systems Technology	inside	LLC			
Khalid M. Aldawood	Bahri Co.	inside	Joint Stock	SABIC	inside	Joint Stock
	North of England Insurance Co.	outside	LLC	West of England Insurance Co.	outside	LLC
	Energy Efficiency Corp. - Non-Executive Partner	inside	LLC			
	National Petrochemical Industrial Co. (NATPET)	inside	Closed joint stock			
	Natpet Schulman Specialty Plastic compounds	inside	LLC			
Aziz M. Algahtani	Geo Natpet	inside	LLC			
	Zain Industries Company	inside	Closed joint stock			
	Al-Hamadi Holding	inside	joint stock	Saudi Technology Development & Investment Co. (TAQANIA)	inside	Government
	Themar Development Holding	inside	joint stock	Petroleum, Chemical and Mining Co.	inside	LLC
	Basic Chemical Industries Corporation (BCI)	inside	joint stock	Business Triangle Co.	inside	LLC
	Nayifat Finance Company	inside	joint stock	Saudi Research & Marketing Group	inside	joint stock
	Library Marketing Company	inside	Closed joint stock	Nadec Agricultural Company	inside	joint stock
	Al-Shalawi Contracting Company	inside	Closed joint stock	Basic Chemical Industries Corp.	inside	joint stock
	ALZamil Industry, Trade and Transport	inside	Closed joint stock	Saudi Telecom Company	inside	joint stock
	Arcelormita Iron & Steering Company	inside	Closed joint stock	Saudi Aramco	inside	Government
	Care & Medical Sciences Company	inside	Closed joint stock	Yanbu Cement Company	inside	joint stock
	Malaz Capital	inside	Closed joint stock	Middle East Specialized Cables Co - MESC	inside	joint stock
	Raya Financing	inside	Closed joint stock	Al - Rashed Industrial Company	inside	Closed joint stock
	Mansour Rabie Medical Company	inside	Closed joint stock	Mouwasset Medical Services Co.	inside	joint stock
Mshari Alshathri Consultancy Engineering Company	inside	Closed joint stock	Saudi Real Estate Co.	inside	joint stock	
Sudair Pharma company	inside	Closed joint stock	Jazan Energy and Development Company	inside	joint stock	
Hani S. Alsaleh	Al-Etihad Cooperative Insurance Co.	inside	Joint stock	Emirates NBD Capital Saudi Arabia	inside	LLC
	Health Water Bottling Co.	inside	Closed joint stock	Naqel Co.	inside	Closed joint stock
	Hala Car Services Co.	inside	LLC			
	Specialist business Co. for cars	inside	LLC			
	Hala Supply Chains Services	inside	LLC			
	Dermabit Waterproofing Co.	inside	LLC			
Abdullaziz A. Alfrayan	Methanol Chemicals Companu	inside	Joint stock	Al-Hamadi Development & Investment	inside	joint stock

Limited liability -

Closed joint stock -

Listed joint stock -



## D. MEETINGS

The following table shows number of meetings of Board of Directors during the year:

Directors	Mtg# 123 16/01/2022	Mtg# 124 11/04/2022	Mtg# 125 15/08/2022	Mtg# 126 07/12/2022	Total Present
Mohammed Saleh Alkhalil	✓	✓	✓	✓	4
Abdulwahab Abdulkareem Al-Betairi	✓	✓	✓	✓	4
Omar Mohammed Alkhuwaiter	✓	✓	✓	✓	4
Khalid Mohammed Aldawood	✓	✓	✓	✓	4
Aziz Mohammed Al Gahtani	✓	✓	✓	✓	4
Hani Suliman Alsaleh	✓	✓	X	✓	3
Abdullaziz Abdulrahman Alfrayan	✓	✓	✓	✓	4

## A. BOARD COMMITTEES: There are two Board Committees as detailed below

### 1. Audit Committee:

#### 1-1 Summary of functions and responsibilities:

The audit committee is responsible for monitoring company's business and verifying the integrity and fairness of its financial statements and internal control systems. The duties and responsibilities of the committee, as per its Charter in Corporate Governance Regulations, include the following:

- Reviewing the Company's quarterly and annual financial statements before presenting to the Board of Directors for their review and approval. The AC is responsible for the integrity, fairness, and transparency of all activities of the company and to express their opinion/s and corrective measures, if any to the Board.
- To provide the technical opinion, at the request of the Board of Directors, whether the Board of Directors' report and the financial statements of the Company are fair, balanced, and understandable and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model, and strategy.
- Studying any important or unusual items/issues contained in financial statements.
- Investigating thoroughly any matters raised by the Company's CFO, his representative, the Compliance Officer or the Auditor.
- Verification of accounting estimates on material matters in the financial reports.
- Studying the policies and accounting principles used in the company and expressing its opinion and recommendations to the board of directors in this regard.
- Supervising and monitoring the performance and activities of the internal auditor and the internal audit department of the company, in order to verify the availability of the necessary resources and its effectiveness in carrying out the work and tasks entrusted to it.
- Studying the internal audit reports and follows up the implementation of the corrective measures of the observations contained therein.
- Studying and reviewing the internal and financial control systems and risk management in the company.
- Recommending to the Board of Directors to appoint the Director of the Internal Audit Unit or Department or the Internal Auditor and propose his remuneration.
- Recommending to the Board of Directors the nomination and removal of auditors, the determination of their fees and the evaluation of their performance. After ascertaining their independence and reviewing the scope of their work and the terms of their contract.
- Verification of the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account relevant rules and standards.
- Reviewing the audit plan of the company and its work, and verifying that it does not provide technical or administrative works beyond the scope of the audit work, and make comments thereon.
- Answering the inquiries of the company's auditors.
- Studying the auditor's report and its observations on the financial statements and following up on what has been taken.
- Reviewing the results of the reports of the regulatory bodies and verifying that the company took the necessary action.
- Verification of the company's compliance with relevant laws, regulations, instructions and policies.
- Reviewing contracts and transactions proposed by the company with related parties and submitting their views thereon to the Board of Directors.
- Ensuring the efficiency of the internal audit in the investee companies by reviewing the annual evaluation of the quality of the internal audit of these companies and as permitted by the partner agreements and submitting to the Board of Directors as it sees fit.
- Carrying out special tasks related to the investee companies when requested by the Board of Directors.
- Raising the issues for which it deems necessary to take action to the Board of Directors and recommending the actions to be taken.
- Establishing a mechanism that allows employees of the company to submit their comments on any overruns in financial or other reports in secret. The Committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the size of the error or overrun and adopting appropriate follow-up procedures.

## 1-2 The Results of the annual review of the effectiveness of Internal Audit procedures for current year:

The Board of Directors reviewed the audit committee's report for the audit results for the year 2022, which states that the committee did not discover a fundamental weakness in the internal control systems and their integrity during the year 2022.

### The audit committee's report:

1. Reviewing the quarterly financial statements for the year 2022 as well as the final annual financial statements for the year 2022, and recommending the Board of Directors for approval.
2. Recommending to the Board of Directors to appoint the external auditor to review the company's financial statements, determine his fees, and submit this to the General Assembly.
3. Supervise the plan and scope of the external auditor's work, and ensure his independence.
4. Follow up on the implementation of the control procedures contained in the Companies Law, the Corporate Governance Regulations, and the Regulations of the Audit Committee approved by the company, and follow up on the corrective actions taken to address the external auditor's observations.
- 5 - Supervising the plan and scope of the internal auditor's work, ensuring his independence and following up on the corrective actions taken to address the observations contained in the internal audit reports.

Based on the assurances obtained by Audit Committee from external auditor and executive management, the committee did not discover that there was a fundamental weakness in the internal control systems and their integrity during the year 2021, with the need for continuous review and development of the systems and policies in order to raise efficiency and effectiveness of control activities. Note that any system of internal control - regardless of the soundness of its design and effectiveness of its implementation - cannot provide absolute assurance.

## 1-3 Audit Committee Members:

The committee consists of three members as follows:

Members	Membership
Aziz Mohammed Al Gahtani	Member of BOD - Independent - Chairman
Saleh Hamad Alshinafi	Independent
Jasim Shaheen Alrumaihi	Independent

## 1-4 Audit Committee Meetings:

The following table shows the number of committee meetings during the year:

Members	Aziz Mohammed Al Gahtani	Saleh Hamad Alshinafi	Jasim Shaheen Alrumaihi
Mtg# 98 26/01/22	✓	✓ phone	✓
Mtg# 99 30/03/22	✓	✓	✓
Mtg# 100 19/05/22	✓	✓	✓
Mtg# 101 07/06/22	✓	✓	✓
Mtg# 102 06/08/22	✓	✓ phone	✓
Mtg# 103 05/10/22	✓	✓	✓
Mtg# 104 11/05/22	✓	✓ phone	✓
Mtg# 105 02/11/22	✓	✓ phone	✓
Total Attendance	8	8	8

## 2. Nomination and Remuneration Committee:

### 2-1 Summary of functions and responsibilities:

The functions and responsibilities of the Nomination and Remuneration Committee mentioned in the Nominations and Remuneration Committee's working list within the approved corporate governance regulations include the following:-

- To prepare a clear policy for the remuneration of members of the board of directors and committees and executive management and submit to the Board for consideration in preparation for approval by the General Assembly taking into account the standards related to performance, disclosure, and verification of implementation.
- To clarify the relationship between the bonuses awarded and the applicable remuneration policy and indicate any core deviation from this policy.
- Periodic review of remuneration policy and evaluation of its effectiveness in achieving its objectives.
- Recommending to the Board of Directors the remuneration of the members of the Board of Directors and committee's members and the senior executives of the Company in accordance with the approved policy.
- To propose clear policies and criteria for membership in the Board of Directors and Executive Management.
- Recommending to the board of directors the nomination and re-nomination of members in accordance with approved policies and criteria taking into account that no person who has been convicted of a crime against the Secretariat shall be nominated.
- To prepare a description of the abilities and qualifications required for Board membership and occupy executive management jobs.
- Determining the time at which a member should specify to the works of the Board of Directors.
- Annual review of the necessary skills or experience requirements for board membership and executive management jobs.
- To review the structure of the Board and Executive Management and make recommendations on possible changes.

- To verify annually the independence of the independent members and to ensure that there is no conflict of interests between the company and the members of the board of directors.
- To develop a functional description of executive members, non-executive members, independent members and senior executives.
- To establish Special procedures in the event of presence of a vacant position in the Board of Directors or senior executives.
- To identify weaknesses and strengths in the board of directors and propose solutions to address them in line with the company's interests.

### 2-2 The Nomination and Remuneration Committee's Members:

The current Committee consists of three members as follow:

Members	Membership
Hani Suliman Alsaleh	Member of BOD - Independent - Chairman
Omar Mohammed Alkhuwaiter	Member of BOD - Independent
Abdullaziz Abdulrahman Alfrayan	Member of BOD - Independent

### 2-3 The Nomination and Remuneration Committee Meetings:

The following table shows the number of committee meetings during the year:

Members	Hani Suliman Alsaleh	Omar Mohammed Alkhuwaiter	Abdullaziz Abdulrahman Alfrayan
Mtg# 42 13/01/22	✓	✓	✓
Mtg# 43 20/03/22	✓	✓	✓
Mtg# 44 15/12/22	✓	✓	✓
Total	3	3	3

## B. MOVEMENT OF SHARES OWNED BY DIRECTORS, SENIOR EXECUTIVES & THEIR FAMILY MEMBERS

• The following table includes a description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on the shares or debt instruments of the Company:

### 1) Ownership of members and members of their families:

Name	Beginning of the year		End of the year		Net Change	Change %
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Mohammed Saleh Alkhalil	110,000	-	110,000	-	-	-
Abdulwahab Abdulkareem Al-Betairi	50,000	-	50,000	-	-	-
Omar Mohammed Alkhuwaiter	-	-	-	-	-	-
Khalid Mohammed Aldawood	-	-	-	-	-	-
Aziz Mohammed Al Gahtani	1,000	-	1,000	-	-	-
Hani Suliman Alsaleh	-	-	-	-	-	-
Abdullaziz Abdulrahman Alfrayan	-	-	-	-	-	-

### 2) Ownership of senior executives and members of their families:

Name	Beginning of the year		End of the year		Net Change	Change %
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Khalid Mohammed Aldawood (CEO)	-	-	-	-	-	-
Saleem Akhtar (VP – Finance)	-	-	-	-	-	-

• There is no interest, contractual securities or rights issue to the Board members, Senior Executives and their relatives on the shares or debt instruments of the Company's subsidiaries.

## C. EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS

The work of the Board of Directors and the company's committees was evaluated internally based on forms prepared by the Nominations and Remunerations Committee.

## D. PROCEDURES TAKEN BY THE BOARD TO INFORM ITS MEMBERS, NON-EXECUTIVE DIRECTORS IN PARTICULAR, OF SHAREHOLDERS' SUGGESTIONS AND REMARKS ON THE COMPANY AND ITS PERFORMANCE:

The Chairman of the Board and the Chief Executive Officer (CEO) inform the members of the Board of Directors about the opinions, suggestions, or comments of the shareholders at the first Board meeting.

# XI. REMUNERATION/COMPENSATION OF BOARD OF DIRECTORS, COMMITTEES MEMBER AND TOP EXECUTIVES

## 1) Policy of the remuneration of Board members, committee's members and Executive Management

The remuneration policy for members of Board of Directors, Committees and Senior Executives was prepared within the corporate governance. This policy approved in the Ordinary General Assembly (OGA) meeting on 18/08/2020.

### A) Remuneration of Board members and committee's members

- Board members' remuneration consists of a certain amount, attendance allowance for sessions, specific benefits, or a certain percentage of net profits, and it is permissible to combine two or more of these benefits. The remuneration of the members may be of varying amounts to reflect the member's experience, competence, tasks entrusted to him and his independence, the number of sessions he attended, and any other considerations at the discretion of the Board of Directors.

- If the remuneration is a specific percentage of the company's profits, this percentage may not exceed 10% of the net profits, after deducting the reserves decided by the General Assembly, and after distributing a profit to the shareholders of not less than 5% of the company's paid-up capital.

- In all cases, the remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors receive shall not exceed the amount of five hundred thousand riyals (500,000) annually in accordance with the controls set by the Ministry of Commerce and Investment and the Financial Market Authority.

- The remuneration of the members may be of varying amounts to reflect the member's experience, competence, tasks entrusted to him, his independence, the number of sessions he attended, and any other considerations at the discretion of the Board of Directors.

- The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or it should not be based directly or indirectly on the profitability of the company according to what is set by the competent authority.

The following are the details of the policies related to annual bonuses and session attendance allowances for members of the Board, Committee's Member:

(Amounts in SR'000)

Description	BOD
Chairman remuneration	350
Member remuneration	250
Attendance meeting allowance	4
Other expenses not exceeding	2

Description	Committees Members
Chairman remuneration if member	75
Chairman remuneration if not member	150
Member remuneration if member	50
Member remuneration if not member	100
Attendance meeting allowance	3
Other expenses not exceeding	2

### B) Remuneration of Executive Management

- Monthly salary and additional allowances such as housing, transportation, and medical insurance, according to the company's regulations.

- Annual bonus based on the employee's annual performance evaluation.

**C) The remuneration granted to members of the board of directors, committee's members and executive management are in line with the remuneration policy in force and approved by the shareholders, and there is no material deviation from this policy.**



## 2) Board Member remuneration (Amounts in SR'000)

	Fixed Remuneration							Variable Remuneration					End-of-service award	Grand Total	Expenses Allowance
	Specific amount *	Allowance for attending the Board meeting	Allowance for attending committee meeting	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary If a member	Total	Pro-fit share	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Total			
<b>First: Independent Members</b>															
1. Omar Mohammed Alkhuwaiter	250	16	9				275					-		275	
2. Aziz Mohammed Al Gahtani	250	16	24				290					-		290	
3. Hani Suliman Alsaleh	250	12	9				271					-		271	
4. Abdullaziz Abdulrahman Alfrayan	250	16	9				275					-		275	
<b>Total</b>	<b>1,000</b>	<b>60</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,111</b>	<b>-</b>
<b>Second: Non-executive Members</b>															
1. Mohammed Saleh Alkhalil	350	16					366					-		366	
2. Abdulwahab Abdulkareem Al-Betairi	250	16					266					-		266	
<b>Total</b>	<b>600</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>632</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>632</b>	<b>-</b>
<b>Third: Executive Members</b>															
1. Khalid Mohammed Aldawood	250	16					266					-		266	
<b>Total</b>	<b>250</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>266</b>	<b>-</b>

## 3) Senior Executives Remuneration (Amounts in SR'000)

	Fixed remunerations				Variable remunerations					End-of-service award	Grand Total	Expenses Allowance
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations *	Profits	Short-term incentive plans	Long-term incentive plans	Total			
Khalid Mohammed Aldawood (MOD & CEO) **	428	108	31	567	350				350	13	930	18
Saleem Akhtar (VP – Finance)	254	94	19	366	20				20	22	408	145
<b>Total</b>	<b>681</b>	<b>202</b>	<b>50</b>	<b>933</b>	<b>370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>370</b>	<b>34</b>	<b>1,337</b>	<b>163</b>

\* Paid during 2023.

\*\* Salaries and remunerations paid to member of board of directors are for his position as CEO of company and not as a member of board of directors.

## 4) Committees Members Remuneration (Amounts in SR'000)

Audit Committee Members	Fixed Remuneration (Except attending allowance)	Attending meetings allowance *	Total	Nomination & Remuneration Committee	Fixed Remuneration (Except attending allowance)	Attending meetings allowance *	Total
1. Aziz Mohammed Al Gahtani	75	24	99	1. Hani Suliman Alsaleh	75	9	84
2. Saleh Hamad Alshinafi	100	24	124	2. Omar Mohammed Alkhuwaiter	50	9	59
3. Jasim Shaheen Alrumaihi	100	24	124	3. Abdullaziz Abdulrahman Alfrayan	50	9	59
<b>Total</b>	<b>275</b>	<b>72</b>	<b>347</b>	<b>Total</b>	<b>175</b>	<b>27</b>	<b>202</b>

\* Paid during 2023.

## XII. TRANSACTIONS WITH RELATED PARTIES

**There are no significant transactions / contracts during the year between the Company and the members of the Board or senior executives.**

## XIII. PROFIT DISTRIBUTION POLICY

The Company's net profits (annual, semi-annual or quarterly) shall be distributed after the approval of the Ordinary General Assembly of the Council and this approval shall be renewed annually after deduction of all general expenses and other costs as follows:-

- • 10% of the net profits shall be deducted from the statutory reserve of the Company. The Ordinary General Assembly may decide to discontinue such deduction when the said reserve reaches 30% of the paid-up capital.
- Ordinary General Assembly on the proposal of the Board of Directors can avoid 30% of the net profit to form a statutory reserve specified to support the financial position of the company.
- The statutory reserve shall be used to cover the losses of the company or capital increase. If this reserve exceeds 30% of the paid-up capital, the general assembly of the company may decide to distribute the increase to the shareholders in the years in which the company does not achieve sufficient net profits to distribute their share specified for them in this system.
- The Ordinary General Assembly may decide to make other reserves to the extent that it serves the interest of the Company or to ensure the distribution of fixed profits to the shareholders as much as possible. The Assembly may also deduct from the net profits amounts to establish social corporations for the company's employees or to assist the existing ones.

- The company's board of directors, in its meeting on October 28, 2021, approved a dividend distribution policy for the years 2022 and 2023. The policy states "Alujain aims to distribute dividends to the company's shareholders with a minimum of (1) Saudi Riyals, equivalent to 10% of the paid-in capital for each year for the years 2022 and 2023. It will be presented at the next General Assembly meeting for approval.

The shareholder shall be entitled to his share of the profits in accordance with the General Assembly decision issued in this regard. The decision indicates the entitlement date and the date of distribution and the entitlement of profits to the shareholders registered in the shareholders' registers at the end of the day specified for entitlement.

### Dividends during the year:

At the general assembly meeting held on May 18, 2022, the shareholders agreed to authorize the Board of Directors to distribute interim dividends for the fiscal year 2022. The Board of Directors decided to distribute cash dividends to the shareholders who own shares at the end of trading on June 30, 2022 (the due date), at the rate of SR(1.5) per share for the first half of the year 2022, which represents 15% of the total paid-up capital in the amount of SR 103.8 million. The dividends were distributed on July 20, 2022.

## XIV. POTENTIAL BUSINESS RISKS

The Group's activities expose it to a variety of potential business risks, market risks, financial risks (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The risk management is carried out by senior management under policies approved by the board of directors.

Risk	Probable Impact	How it is handled/mitigated
Currency risk	Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in normal course of its business. The Group did not undertake any significant transactions in currencies other than the Saudi Riyal, US dollar, and Euro. The Group's management monitors the fluctuations in currency exchange rates and believes that currency risk is not material. However, there are no significant foreign currency contracts due at the end of the current year. As the Saudi Riyal is pegged to US dollar, the group is not exposed to foreign currency risk	The Group does not undertake significant transactions in currencies other than the Saudi Riyals, US Dollars and to a lesser extent Euros. Management monitors such exposures on a regular basis.
Fair value and cash flows interest rate risk	Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of the financial instruments. The Group is subject to interest rate risk on its interest bearing assets and liabilities including security deposits, long-term loans and derivative financial instrument.	The management limits the Group's interest rate variation risk through interest rate swaps, in which the Group agrees to exchange, at specified interval, the difference between fixed and variable interest rates. The interest amounts are calculated by reference to an agreed-upon notional principal amount.
Price risk	The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.	The Group is not exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as available for sale investment and investments in Murabaha Funds. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio
Credit risk	Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.	Cash is placed with banks with sound credit ratings. Credit risk is managed by monitoring the off-taker balance and ensuring timely collection of the due balance. All other trade receivables are secured via one of the following methods: advance payments, letter of credits through recognized banks, credit insurance.
Liquidity risk	Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.	Liquidity risk is managed by monitoring on a regular basis those sufficient funds by maintaining sufficient liquidity and obtaining credit facilities necessary to meet any future commitments.
Fair value	Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.	As the Group's financial instruments are compiled under the historical cost convention, except for derivative financial instruments, and available for sale investment, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.
Raw material price variation	The Raw material prices may vary adversely, which are related to international gas and petroleum derivative prices.	The prices are beyond the control of the Group.
Economic Risk	The finished product is sold in international market and any global or regional recession may impact the financial performance.	The Group sales activities are not restricted to any particular region, but are spread across the globe. So any fluctuation in prices is beyond the control of the Group.
Operational risk	The Group's activities expose it to a variety of operational risks at the plants operated by its subsidiaries/associate companies, which are defined as "any circumstances or situation when equipment failure poses a threat to (1) Health & Environment and (2) production loss & repair cost".	These risks are managed based on a "template decision making matrix", to minimize potential adverse effects on the Group's operational performance. The Group also consults its vendor, licensor & third-party experts, if needed.
Legal risks	Being subjected to legal issues such as imposition of anti-dumping tax or anti-trust laws by countries where the subsidiaries' products are sold could affect the Group sales.	The Group develops its strategies based on the changing global market conditions and remains vigilant to initiate appropriate measures to overcome such situations.

## XV. CORPORATE GOVERNANCE

The company is committed to implementing all the mandatory articles stipulated in the Corporate Governance Regulations. Following are some guiding materials that have not yet been applied and requirements for their application and expected impact of adherence to them are being evaluated:

Item No.	Text	Reasons for not applying
39	Training	Guidance article: This will be studied by Nomination and Remuneration Committee
70	Formation of Risk Management Committee	Guidance article
71	Terms of Risk Management Committee	Guidance article
72	Risk Management Committee meetings	Guidance article
76	Create a unit or audit department	Guidance article: An external office has been appointed to carry out the internal audit work based on the audit committee's recommendation to appoint an internal auditor
77	Internal audit plan	Guidance article: The audit committee approved the internal audit plan
78	Internal audit report	Guidance article: The Audit Committee reviewed the internal audit report
85	Motivate employees	Guidance article
87	Social Responsibility	Guidance article
88	Social work initiatives	Guidance article



## XVI. BOARD DECLARATIONS

1. The Company's financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and there is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants and were audited by independent auditors as per International standards on auditing that are endorsed in the Kingdom of Saudi Arabia.
2. The board declares that:
  - a. Proper books of account have been maintained.
  - b. The system of internal control is sound in design and has been effectively implemented; and
  - c. There are no significant doubts concerning the issuer's ability to continue as a going concern.
3. The external auditors have given an unqualified opinion on the financial statements for the period ended on December 31, 2022, which are described in the "Independent Auditor's Report" section of this report.
4. There were no penalties or preventive restrictions imposed on the company during the year.
5. There were no any convertible debt instruments, contractual securities, right issue, or similar rights issued or granted by the Company during year.
6. There were no any conversion or subscription rights under any convertible debt instruments, contractually based securities, rights issue or similar rights issued or granted by the Company during the year.
7. Subsidiaries have not issued any shares and debt instruments during the year.
8. There were no any redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its subsidiaries.
9. The Company has not received any notices for any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives), along with any change to such rights during the year.
10. There were no material contracts awarded to any related parties including directors, Senior Executives or any person related to any of them during the year, other than as described in the "Board of Directors" section and "Related Party Transactions" section in this report.
11. There are long-term loans outstanding during the year and its subsidiary company NATPET which are described in the "Summary of Loan" section of this report.
12. There were no loans given to any of its directors, except as shown in "Related Party Transaction" section in this report.
13. As a result of consolidating the financial statements with NATPET during the year 2021, the shares of Alujain (19,997,248 shares) owned by NATPET and the four companies were classified as treasury shares in the consolidated financial statements of Alujain.
14. The Company has not received waiver any remunerations from any Board member or senior executives.
15. The Company has not received any arrangements or agreements under which a shareholder of the Company has waived any rights to dividends.
16. The Company has not made any investments or created reserves for its employees, except for, as is required by Saudi Labor Law and Company policies.
17. The company has not contributed in any of the social responsibility programs during the year.
18. Board has not recommended replacing the external auditor before the end of the term for which it is appointed.
19. Audit committee's recommendation regarding appointing an internal auditor for company during 2022.
20. There is no conflict between audit committees' recommendations and with Board's resolutions during the year.





## XVII. BOARD OF DIRECTORS' RECOMMENDATIONS TO THE SHAREHOLDERS

1. Vote on the Board of Directors' Report for 2022.
2. Vote on the 2022 year-end financial statements and external auditors' report.
3. Vote on the appointment of external auditors from among the candidates by the Audit Committee to review the financial statements for the second, third and annual quarters of 2023 and the first quarter of 2024, and determine his fees.

The Chairman and the Board of Directors express their appreciation and gratitude to the Custodian of the Two Holy Mosques King Salman Bin Abdul-Aziz Al-Saud; HRH Crown Prince Mohammad bin Salman bin Abdul-Aziz Al Saud, Prime Minister for their continued cooperation and support.

Thanks also to the Shareholders for their continued support, and the Executive Management and Staff of the Company for their great efforts, which helped to achieve the Company's goals during the year.

BOARD OF DIRECTORS

