

الشركة السعودية للصناعات المتطورة  
SAUDI ADVANCED INDUSTRIES COMPANY

رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

2020

Annual Report 2020



Custodian of the Two Holy  
Mosques  
King Salman bin Abdulaziz Al Saud



His Royal Highness  
Prince Mohammed bin Salman bin  
Abdulaziz Al Saud, Crown Prince  
and Deputy Prime Minister  
defense minister

## Members of the board of director



**Mr. Yazeed bin Khaled AL-Shathry**  
Chairman of board of directors



**Saad bin Ammash Al-Shammary**  
member of the board of directors



**Mohsen bin Hassan Al-Fehadi**  
Vice Chairman of the Board of directors



**Turki bin Mohammed Al-Baiz**  
member of the board of directors



**Salman bin Nasser Al-Hawawi**  
member of the board of directors



**Badr bin Khaled Al-Shathry**  
member of the board of directors



**Khaled bin Mohammed Al-Muammar**  
member of the board of directors

**The Report of the Board of Directors  
on the Financial year 2020 AD**

**Honorable shareholders of the Saudi Advanced Industries Company, The respected**

**Peace, mercy and blessings of Allah be upon you**

On my behalf and on behalf of my brothers, members of the board of directors of the Saudi Advanced Industries Company, we are pleased to provide you with the annual report of the company's board of directors for the financial year 2020 AD, through which the most important qualitative developments of the company and its investments will be addressed in addition to the financial results compared to the previous financial year. We will also present within this report a listing of the financial disclosures in accordance with the rules and regulations issued by the Capital Market Authority and the information about the company's board of directors, the board's sub-committees, and the powers and tasks assigned to them.

Finally, I would like to express my gratitude to you, dear shareholders, for your confidence in the company and its board of directors. I would like also to thank all the employees of the company for their efforts in the process of development wishing it more success in addition to our aspirations to achieve the goals of our esteemed shareholders in preserving the growth and development of the company's gains and investments.

God is the granter of success,,,,

**Best regards,**  
**Yazeed bin Khaled AL-Shathry**  
Chairman of board of directors

**The company's capital and issued shares:**

The company's capital is 500 million riyals divided into 50 million nominal shares of equal value, each of which is worth ten (10) ten riyals, all of which are ordinary shares.

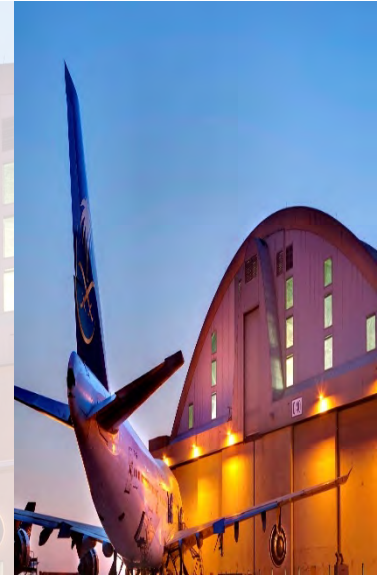
**First: The activities:**

**The company invests in a number of different sectors The company's activity is summarized as follows:**

- 1) Petrochemical Industries Sector: The company participated in establishing a number of companies in the petrochemical industries sector. The company owns a share of 0.62% in the Arabian Industrial Fibers Company (Ibn Rushd) and a share of 0.581% in the Yanbu National Petrochemical Company (Yansab)
- 2) The glass industries sector: The company contributed to the establishment of the Obeikan Glass Company. It owns a share of 40% in the Obeikan Glass Company which is a closed joint stock Saudi company that produces flat glass, protective glass, and mirrors. Another product has been added through a subsidiary company, Obeikan AGC Glass Company which produces insulated glass used in buildings and towers.
- 3) Industrial services sector: The company owns a share of 3.38% in the Industrialization and Energy Services Company (TAQA) which is a closed joint stock Saudi company. The company also contributed to the establishment of Al Salam Aerospace Industries Company. It owns a share of 10% in Al Salam Aerospace Industries Company.
- 4) Financial services and investments sector: The company owns 31.62% of the capital of Deutsche Gulf Finance, a closed joint stock company in addition to other various financial investments.

**Investments:****Al Salam Aerospace Industries Company:**

A Saudi limited liability company established in 1988 under the Economic Balance Program. The company is located in the Technical Industries Zone at King Khalid International Airport in Riyadh. This developing company participated in the establishment of the Al Salam Aerospace Industries Company. The share of the advanced company in Al Salam Company is 10% of the capital.

**Yanbu National Petrochemical Company (Yansab).**

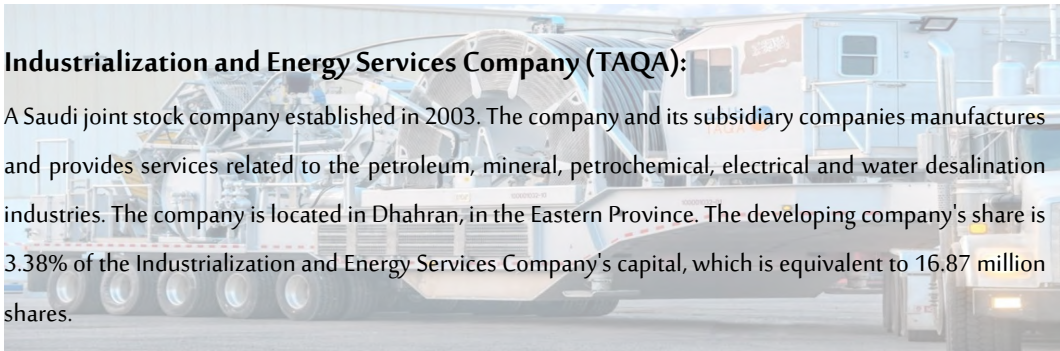
A Saudi joint stock company, established in 2006. It is one of the subsidiaries of the Saudi Basic Industries Company (SABIC). The company is located in Yanbu Industrial City. The share of the developing company is 0.581% of the capital which is 5,625 million riyals. Yansab achieved net profits for the financial year 2020, amounting to 677.6 million riyals compared to net profits of 1.09 billion riyals for the year 2019, with a decrease of 37.82%. The profits were distributed by 30% of the capital (3 riyals per share) during 2020 (For the second half of 2019 AD and the first half of 2020 AD). The share of the developing country was 9.81 million riyals. In addition, it was recommended that, at the end of 2020 AD, Cash dividends for the second half of 2020 AD at a rate of 12.5% of the capital (1.25 riyals per share) are distributed provided that they are submitted to the nearest general assembly for approval.

**Arabian Industrial Fibers Company (Ibn Rushd):**

A subsidiary of the Saudi Basic Industries Company (SABIC). It was established in 1993 as a limited liability company. The company lies in Yanbu Industrial City. The share of the developing company is 0.62% of the capital which is 2 billion riyals.

**Industrialization and Energy Services Company (TAQA):**

A Saudi joint stock company established in 2003. The company and its subsidiary companies manufacture and provide services related to the petroleum, mineral, petrochemical, electrical and water desalination industries. The company is located in Dhahran, in the Eastern Province. The developing company's share is 3.38% of the Industrialization and Energy Services Company's capital, which is equivalent to 16.87 million shares.



**Second: The financial results:****1) The operating revenues:**

The total operating income reached 36.78 million riyals for the year 2020 compared to total operating income of 44.39 million riyals in 2019, with a decrease of 17.14 %.

**2) General and administrative expenses:**

The general and administrative expenses of the company amounted to 7.71 million riyals in 2020 AD, compared to expenses amounting to 9.81 million riyals in 2019.

**3) Profits and losses:**

The net profit for 2020 is 26.07 million riyals, compared to a net profit of 28.55 million riyals in 2019, with a decrease of 8.7%. The company's revenues are also distributed geographically as follows:

Statement	Within the Kingdom of Saudi Arabia	Outside the Kingdom of Saudi Arabia	Total
	Saudi riyal	Saudi riyal	Saudi riyal
<b>December 31, 2020</b>			
Total attained revenues	36,777,041		36,777,041
<b>December 31, 2019</b>			
Total attained revenues	44,389,493		44,389,493

**The main activities of the company:**

	Activity revenues	Ratio
Petrochemical industries sector	9,808,419	%26.67
Glass industries sector	6,918,159	%18.81
Industrial services sector	0	%0
Finance and financial investments sector	20,050,463	%54.52
<b>Total</b>	<b>36,777,041</b>	<b>%100</b>

**The main activities of the associates:**

	Activity revenues	Ratio
Glass industries activity	6,918,159	%26.88
Real estate financing activity	18,821,106	%73.12
<b>Total</b>	<b>25,739,265</b>	<b>%100</b>

**Associate companies:**

Name of the subsidiary company	Its capital	The percentage of the company's ownership	Its main activity	State of its main operations	State of incorporation
Obeikan Glass Company	240,000,000	40%	Flat glass industry	Saudi Arabia	Saudi Arabia
Deutsche Gulf Finance	575,000,000	31.62%	Mortgage	Saudi Arabia	Saudi Arabia

**4) Shareholders' rights:**

The shareholders' rights for the financial year 2020 increased by an amount of 839.75 million riyals, as it amounted to one million riyals compared to 798.83 million riyals in 2019, i.e. by 5,12%, due to the increase in retained earnings and the fair value reserve.

**5) Accounts payable and accruals:**

The movement of the Zakat provision during the financial year 2020 AD:

	Saudi riyal
Balance at the beginning of the year	966,675
Paid amounts during the year	(1,384,405)
Component during the year	3,036,700
<b>Balance at the end of the year</b>	<b>2,618,970</b>



A statement of the value of the regular payments paid and due for the payment of any zakat, taxes, fees or any other dues that were not paid until the end of the annual financial period, with a brief description of them and a statement of reasons:

Statement	2020 AD		Brief description of it	Statement of reasons
	Repaid	Due until the end of the annual financial period and has not been paid		
Zakat	1,384,405	1,342,080	zakat paid for the year 2019 and Previous years (2015-2018)	To abide by the requirements and rules of the Zakat obligation in the Kingdom.
The Public Institution for Social Security	218,561	19,948	-	Payment is made in the month following maturity
Costs of visas and passports	9,740	-	-	Visas and recruitment fees
Labor office fees	45,517	-	-	Residency renewal fees and fees for employees

#### 6) Loan costs:

- According to what was announced on the Tadawul website on 1/7/2018 AD, the company signed a credit facility agreement compatible with Islamic Sharia with the Saudi Investment Bank at an amount of 50 million riyals for a period of 3 years. The company aims from financing to cover the growth in the company's current and future investments.
- The company used a portion of the facilities amounting to 8 million riyals of the signed facilities to support the operating capital during 2019.
- The facility amount was paid in full on 4/2/2020 AD

sequence	Name of the grantor of the loan	The original amount of the loan	The term of the loan	The amounts paid in repayment of the loan during the year	The remaining amount of the loan	Total indebtedness of the company
(1)	Investment Bank	8,000,000	Three years	8,000,000	-	-

#### Third: The approval of the board of directors:

- 1) The financial statements have been prepared in accordance with accounting standards which suit the company's circumstances.
- 2) We acknowledge that there are no contracts within the company that include the interest for a member of the board of directors, the CEO, the chief financial officer, or any person related to any of them.
- 3) According to our information and according to the auditor's report, current market results and data, and future indicators, we acknowledge that:
  - A. The account records were prepared correctly.
  - B. The internal control system was prepared on a sound basis and was effectively implemented.
  - C. There is no doubt about the ability of the company to go on its activity.

#### Fourth: Profits Distribution Policy:

The decision to distribute profits is within the authority of the general assembly according to the recommendation of the company's board of directors. It depends mainly on the amount of net profits achieved each year, the size of expected spending on future investment projects and the expected cash flows.

**According to Article (48) of the main system, the company distributes the annual net profits as follows:**

- 1) (10%) of the net profits must be retained to form the statutory reserve of the company. The ordinary general assembly may decide to stop this retention when the mentioned reserve reaches 30% of the paid capital.
- 2) The ordinary general assembly can, according to the proposal of the board of directors, retain (10%) of the net profits to form an agreement reserve to be allocated for the benefit of the company.
- 3) The ordinary general assembly may decide to create other reserves to the extent that serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders. The aforementioned assembly may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist the existing ones.
- 4) Subject to the provisions stipulated in article (twenty-second) of this law and article seventy-six of the Companies Law, if the remuneration of the members of the board of directors is a certain percentage of the company's profits, this percentage must not exceed (10%) of the net profits after deducting the reserves determined by the general assembly of the company after distributing a profit to the shareholders of not less than (5%) of the company's paid-up capital, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member and that it does not exceed the amount of 500 thousand riyals for the financial year.

**The company may also distribute interim dividends to its shareholders semi-annually or quarterly, after fulfilling the controls and requirements issued by the Capital Market Authority.**

	Percentage of profits distributed during the year		Proposed dividend percentages to be distributed at the end of the year	Total dividends distributed and proposed to be distributed
	For the first half of 2020 AD	Due date and distribution		
<b>Ratio</b>	2.5%	Date of maturity 30/8/2020	.	2.5%
<b>Total</b>	12,500,000	Distribution date: 15/9/2020	.	12,500,000

\*The board of directors approved, in its meeting held on 18/8/2020 AD the distribution of dividends for the first half of 2020, by 25 halalas per share, with a total value of 12.5 million riyals.

### **Fifth: Risks:**

The company may face a number of risks, especially through its multiple investments which include:

- The change in the global economy in terms of stagnation which leads to a decrease in the demand for the products of these investments and a decrease in the profit margins of the petrochemical sector (Ibn Rushd Company and Yansab Company) and the glass sector (Obeikan Glass Company) due to the correlation of the prices of its products to the global market and their impact by fluctuations in oil prices and other economic factors.
- Changes in the prices of raw materials and energy inputs of some invested industrial companies and subsidiaries.
- Fluctuations in the financial market that affect the evaluation of the company's investment in Saudi joint stock companies and financial funds.
- Fluctuation in interest rates which may increase the financial burden of loans for the company and its subsidiaries.
- Recession in the real estate finance sector which may affect Deutsche Gulf Finance's revenues.
- Change in operating contracts for service companies (Al Salam Aviation Industry Company, Manufacturing and Energy Services Company).  
The company manages its investment risks in associate companies by participating in the management of these companies by supervising and controlling performance and developing its operational processes which is reflected in the investments and returns of the advanced companies and the reduction of any investment risks.
- Precautionary measures and preventive measures to confront epidemics which may be imposed by the competent authorities for public safety purposes which may affect directly or indirectly the business of the company and its subsidiaries.

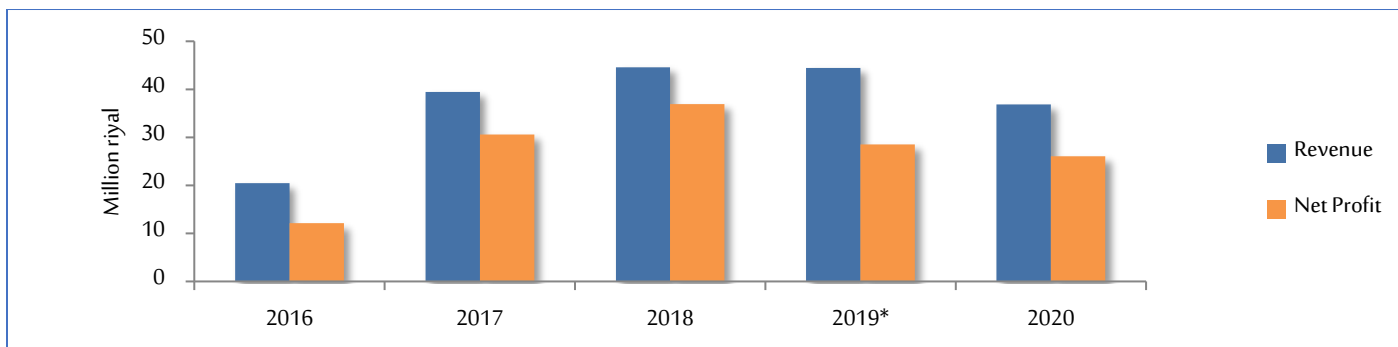
### **Sixth: Future Expectations and Plans:**

Due to the company's activity as it is in the investment and financing sector, the company is studying several investment opportunities in different sectors through the investment management and business development in the company which result in new investments for the company which also enhance its investment portfolio and accordingly increasing the assets diversification, decreasing the risks and enhancing the investment returns along with focusing on increasing cash flows whether from the company's current investments or the future investments. It also aims to develop the company's assets, achieve strong financial performance, build integrated capabilities, establish diversified financing methods, and distribute sustainable cash dividends. The company also seeks to push and urge associate companies to list their shares in the financial market whenever possible due to its positive impact on shareholders' rights and the company's financial position.

## Seventh: Business results for the last five years:

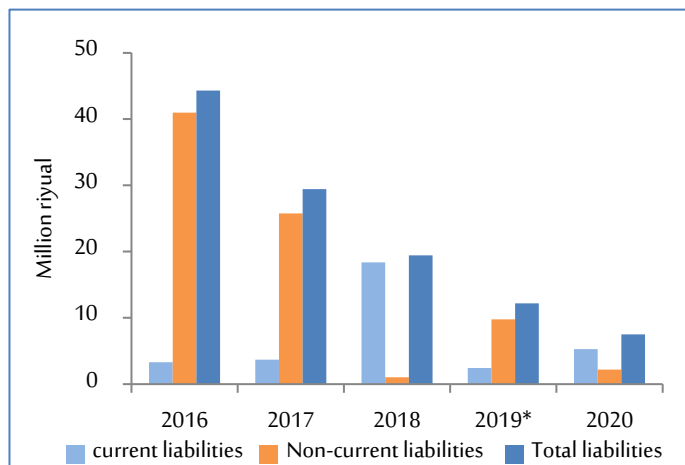
(Thousands of riyals)	2020 AD	2019 AD *	2018 AD	2017 AD	2016 AD
<b>Revenues</b>	36,851	44,456	44,567	39,470	20,450
<b>Revenue costs</b>	10,780	15,911	7,641	8,887	8,334
<b>Net profit</b>	26,071	28,545	36,926	30,583	12,116

\* Amended financial lists.



(Thousands of riyals)	2020 AD	2019 AD *	2018 AD	2017 AD	2016 AD
<b>Current assets</b>	25,096	32,876	14,559	11,547	13,861
<b>Non-current assets</b>	822,161	778,151	791,770	789,995	785,986
<b>Total assets</b>	847,257	811,027	806,329	801,542	799,847
<b>Current Liabilities</b>	5,301	2,441	18,382	3,676	3,316
<b>Non-current liabilities</b>	2,201	9,759	1,045	25,786	41,008
<b>Total liabilities</b>	7,502	12,200	19,427	29,462	44,324

\* Revised financial lists.



A declaration of the fundamental differences in the operating results compared to the results of the previous year (in thousands of riyals):

Statement	2020 AD	2019 AD *	Changes (+) or (-)	Change %
Operating revenue	36,777	44,389	-7,612	-17.15%
Major business expenses	7,709	9,809	-2,100	-21.41%
Total profit from operating	29,068	34,581	-5,512	-15.94%
Deducted: Zakat	3,037	738	2,299	311.31%
Net profit	26,071	28,545	-2,474	-8.67%

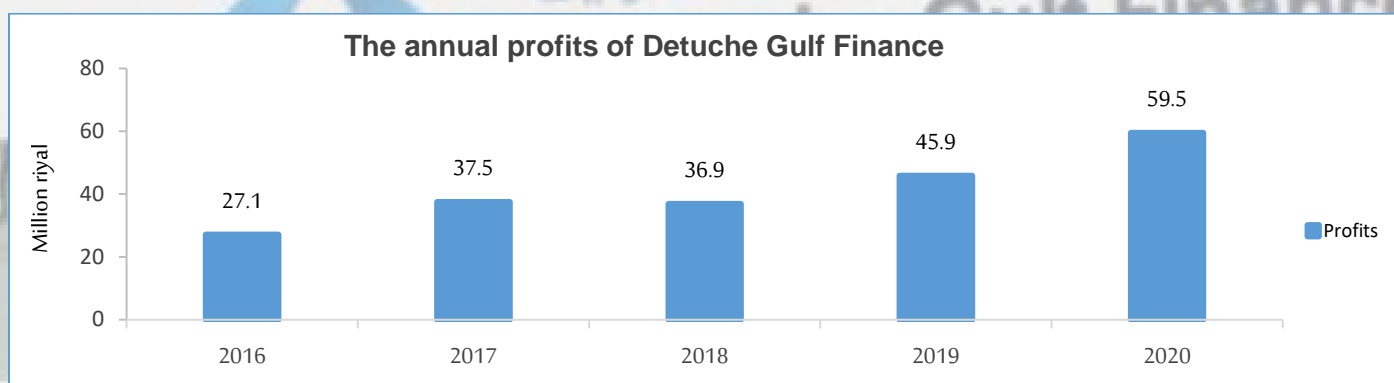
Among the most important reasons for the significant and fundamental deviations and changes in the results mentioned in the above table:

- The decrease in dividends attained for the year 2020 AD, the increase in revenues from associates for the fiscal year 2020 AD, and the increase in other revenues.
- The increase in the estimated Zakat on the company's accounts for the year 2020 AD compared to 2019 AD.
- The decrease in general and administrative expenses due to lower employee expenses, consulting fees and other expenses.
- The decrease in the financing costs for the year 2020 compared to 2019.

## Names of associate companies:

### Deutsche Gulf Finance:

Deutsche Gulf Finance Company (a closed joint stock company) operates in the field of real estate finance with its headquarters in Riyadh. Its capital is 575 million riyals and the number of shares is 57,500,000 shares. The share of the developing company is 31.62% of the company's capital with 18,181,818 shares. The cost of the developing share amounted to 200 million riyals, as the share was valued at 11 riyals (10 riyals nominal value and one riyal as an issuance allowance) provided that it is pumped into the company's activities. It should be noted that Deutsche Gulf Finance started its activities in 2010 and aims to provide mortgage services to individuals and reselling some derivatives to banks. Its main branch lies in Riyadh and two subsidiary branches in the eastern and western regions. The company obtained the final license from the Saudi Arabian Monetary Agency in the first half of 2014 AD. It achieved net profits for the year 2020 AD at an amount of 59.5 million riyals and the share of the developing company reached an amount of 18.82 million riyals.



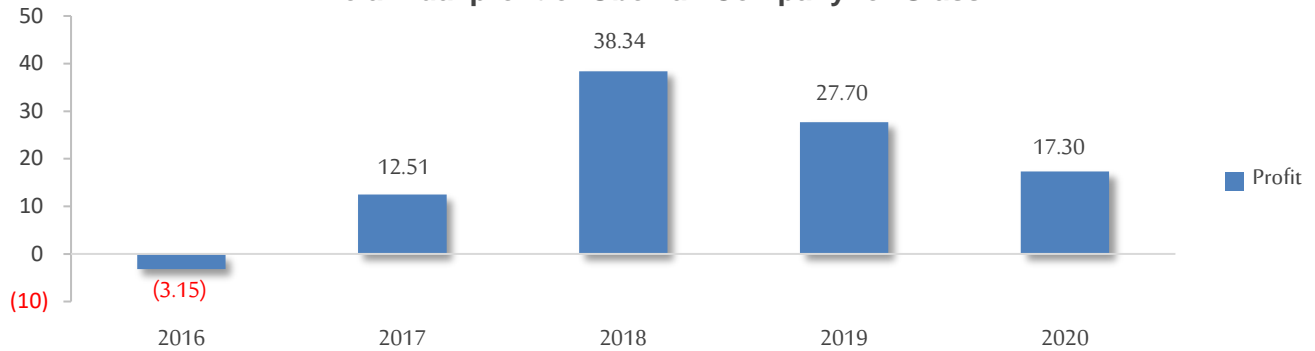
## Information related to loans to the company:

Sequence	Name of the granter of the loan	Original amount of the loan	Term of the loan	Amounts paid in repayment of the loan during the year	Remaining amount of the loan	Total indebtedness of the company and its subsidiaries
(1)	Saudi banks	1,457,109,849	Up to 3 years	.	1,457,109,849	1,457,109,849

**Obeikan Glass Company (a closed joint stock company):**

The Obeikan Glass Factory (a closed joint stock company) is located in Yanbu Industrial City. Its main activity is represented in producing flat glass with a production capacity of 800 tons per day and is considered one of the largest flat glass factories in the Middle East. The company has other products such as protection glass and mirrors. This company has a capital of 240 million SAR. The number of its shares is 24 million shares. The share of the developing company is 40%. The company has a subsidiary company that produces insulated glass to add new products. These projects are considered one of the efforts of the partners in Obeikan Glass Company to transform the company's headquarters in Yanbu into a complex for glass industries with added value to be complementary to the flat glass factory, thus achieving diversification of products and raising profit margins. The company has achieved net profits for the year 2020 AD amounting to 17.3 million riyals. The share of the developing company is 6.92 million SR.

**The annual profit of Obeikan Company for Glass**



**Information related to loans of the company:**

sequence	Name of the grantor of the loan	original amount of the loan	term of the loan	amounts paid in repayment of the loan during the year	The remaining amount of the loan	Total indebtedness of the company and its subsidiaries
(1)	Industrial Development Fund	309,500,000	11 years	7,500,000	231,005,000	231,005,000

### Eighth: The companies' governance regulations:

The developing company, represented by its board of directors and executive management, is keen to develop and follow up plans and controls that enhance the transparency and disclosure to comply with the laws and regulations of the Capital Market Authority and the Ministry of Commerce and Investment and other standards, as the company evaluated its compliance with the provisions of the Companies' Governance Regulations. It is to be noted that the company's governance regulations approved by the general assembly of the company on 14/5/2018 AD comply with all the requirements of the Corporate Governance Regulations issued by the Capital Market Authority. This bylaw granted the company's board of directors the power to enforce the mandatory application of the guidance materials whenever the relevant authorities abide by them.

The following is a comparison of the requirements of the regulation with what has not been implemented so far, and the reasons for not applying it:

Article No.	Paragraph / Paragraph Text	Not applied	Causes and details
Article 70: Formation of the Risk Management Committee	Formation of a risk management committee (guided)	√	The article is still indicative and it will be adhered to once approved
Article 71: The specifications of the Risk Committee	The specifications of the Risk Committee (indicative)	√	The article is still indicative and will be adhered to once approved
Article 72: The Risk Management Committee Meetings	Risk Committee meetings (indicative)	√	The article is still indicative and will be adhered to once approved
Article 85: Motivating employees	2- Programs granting employees shares in the company or a share of the profits it achieves, and retirement programs, the establishment of an independent fund to spend on these programs	√	The article is still indicative and will be adhered to once approved The article is still indicative and will be adhered to once approved
	3- Establishing social institutions for the company's workers		
Article 87: The Social Responsibility	The General Assembly – according to a proposal from the board of directors - sets a policy that ensures a balance between its goals and the goals that society aspires to achieve: with the aim of developing the socio-economic conditions of the society.	√	The article is still indicative and will be adhered to once approved
Article 88: Social Work Initiatives	1- Establishing measurement indicators linking the company's performance with the initiatives it offers in social work, and comparing that with other companies of similar activity.	√	The article is still indicative and will be adhered to once approved
	2- Disclosure of the goals of social responsibility that the company adopts for its employees along with the methods of awareness and understanding of them.	√	The article is still indicative and will be adhered to once approved
	3- Disclosure of plans of achieving social responsibility in the periodic reports related to the company's activities.	√	The article is still indicative and will be adhered to once approved
	4- Establishing community awareness programs to introduce the company's social responsibility.	√	The article is still indicative and will be adhered to once approved
Article 95: Formation of the Company's Governance Committee	In the event that the board of directors establishes a committee specialized in company's governance, then it must delegate to it the competencies established in accordance with article 94 of these regulations. This committee must follow up any issues related to governance applications and provide the board of directors, at least once annually, with the reports and recommendations it has made.	√	The company does not have a corporate governance committee, the article is still guiding, and it will be adhered to if approved



## Ninth: The board of directors:

### 1) Composition and classification of the board of directors:

The board of directors of the Saudi Advanced Industries Company consists of seven (7) members. The following table points out the classification of the basic board members:

SN	Member name	Membership rating		
		executive	Non-executive	independent
1	Yazeed Khaled AL-Shathry		√	
2	Mohsen Hassan Al-Fehadi			√
3	Saad Ammash Al-Shammary		√	
4	Salman Nasser Al-Hawawi			√
5	Turki Mohammed Al-Baiz		√	
6	Khaled Mohammed Al Muammar			√
7	Badr Khaled AL-Shathry		√	

The election of the members of the board of directors of the new term 17/09/2020 AD to 16/09/2023 AD

### 2) Current and previous positions, qualifications and experiences of the members of the board of directors:

SN	Name	Current job	previous job	Qualifications	Of experience
1	Yazeed Khaled Al-Shathry* *** Chairman of the board of directors	businessman	businessman	Bachelor of Financial Management	Experience in various fields of investment, industrial, real estate and petrochemical fields
2	Mohsen Hassan Al-Fehadi** Vice Chairman of the Board of Directors	Director general of Human resources, National Transformation Program Center	Director General of Human Resources, National Center for Measuring the Performance of Public Agencies (Aada)	Master in Management	General Manager of Human Resources at Eli Lilly Company and Al Jazeera Medical Hospital. Head of Recruitment Department at Al Faisaliah Holding Group.
3	Saad Ammash Al-Shammary, A member of the board of directors	businessman	Managing Director of Ayan Investment Company	Master in advanced process control methods	Developing techniques and project management, evaluating opportunities and managing investment portfolios, diversifying activities, assets and acquisitions
4	Salman Nasser Al-Hawawi** Member of the Board of Directors	CEO of Baraah Financial consulting office under establishment	Investor Relations Manager at Almarai Company	Bachelor of Accounting	He holds a degree from King Saud University, worked in various financial, investment, industrial, service and real estate fields. Various experiences in financial analysis, investment, budgets, financial reports, companies governance, financial advice and strategic planning
5	Turki Mohammed Al-Baiz, member of the board of directors	Chief Executive Officer, Ijarah Finance	Vice President - Sales Department Manager, Riyadh Bank	Bachelor in Computer and Information Systems	Experience in the field of management and information technology
6	Khaled Mohammed Al-Muammar* *** Member of the board of directors	CEO, Energy Solutions Systems	Vice President of Al Sheraa Holding Company	Bachelor in Finance	Founder and CEO of Energy Solutions Systems, Al Sheraa Holding Company and Samba Financial Group
7	Badr Khaled Al-Shathry** Member of the Board of Directors	businessman	businessman	Bachelor of Business Administration	He holds a bachelor's degree from Dar Al Uloom University

\*The Investment Committee

\*\*Nomination and Remuneration Committee

\*\*\*Audit Committee

**3) The jobs, qualifications and experiences of the members of the current and previous committees (a member from outside the board of directors):**

SN	Name	Current job	previous job	Qualifications	Of experience
1	Mohamed Farhan Al Nader member of the Auditing Committee	Allied Accountants Managing partner	Suleiman Al-Rajhi Holding Endowment Chief Financial Officer	Master of Business Administration - Finance	He worked for Deloitte Corporation and United Accountants Corporation as an Executive Partner

**4) The Executive Management:**

SN	Name	Current job	previous job	Qualifications	Of experience
1	Saeed Abdullah Al- Moeather	Chief Executive Officer	Chief Executive Officer	Master of Engineering	He holds a master's degree in engineering from Delhousie University, Canada, and a bachelor's degree from King Saud University, worked in multiple companies such as ARASCO, BAE Systems, and SABIC. In addition to his current work at the Saudi Advanced Industries Company
2	Muhannad Mustafa Al-Ashqar	Chief Financial Officer	Chief Financial Officer	Bachelor of Financial and Banking Sciences	He holds a bachelor's degree in financial and banking sciences from Yarmouk University, worked in several companies in various industrial and investment fields. In addition to his current work at the Saudi Advanced Industries Company
3	Faisal Abdullah Al- Qassem *	Director of Investment Department	financial consultant	Ph.D	He holds a PhD in Financial Management from the University of Wales, UK, has worked in multiple fields of financial advice and has experience in financial, investment and banking analysis.

\* He resigned on 31/3/2020.

**5) Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors:**

member name	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability / ....)	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability / ....)
Saad Ammash Al- Shammary	Middle East Specialized Cables Company	inside the kingdom	Contribution included	.	.	.
	Ayan Investment Company	inside the kingdom	Contribution included	.	.	.
	Al-Jouf Cement Company	inside the kingdom	Contribution included	.	.	.
	Rawasi Building Company	inside the kingdom	Unlocked Contribution	.	.	.
Salman Nasser Al- Hawawi	Saudi Malath Cooperative Insurance Company	inside the kingdom	Contribution included	Saudi Real Estate Company	inside the kingdom	Contribution included
Turki Mohammed Al-Baiz	Adeem finance	inside the kingdom	Unlocked Contribution	.	.	.
	Saudi Company for Registration of Financial Lease Contracts - Register	inside the kingdom	Unlocked Contribution	.	.	.
	Adeem Financial	inside the kingdom	Unlocked Contribution	.	.	.
	Arab Food and Dairy Factories Company (FADICO)	inside the kingdom	Unlocked Contribution	.	.	.

**6) The participation of board members and Senior executives in boards of directors and committees of invested companies:**

SN	Name	Company name	Description
1	Yazeed Khaled AL-Shathry	Deutsche Gulf Finance (closed)	Member of the board of directors
2	Mohsen Hassan Al-Fehadi	Al Salam Aerospace Industries Company	Member of the board of directors
3	Saad Ammash Al-Shammary	Deutsche Gulf Finance (closed)	Member of the board of directors
		Obeikan Glass Company	Member of the board of directors
4	Salman Nasser Al-Hawawi	Industrialization and Energy Services Company	Member of the audit committee
5	Turki Mohammed Al-Baiz	Obeikan Glass Company	Member of the board of directors
6	Badr Khaled AL-Shathry	Al Salam Aerospace Industries Company	Member of the board of directors
7	Saeed Abdullah Al-Moeather	Obeikan Glass Company	Member of the board of directors

**7) The board meetings during 2020 AD are as follows:**

SN	Name	The date of the board of directors' meetings					Total	
		30/1/2020	10/3/2020	21/4/2020	18/8/2020			
1	Mohammed Owaid Al-Juaid	√	√	√	√		4	
2	Yazeed Khaled AL-Shathry	√	√	√	√		4	
3	Saad Saleh Al-Azwari	√	√	√	√		4	
4	Abdullah Sageer Al-Husseini	√	√	√	√		4	
5	Salman Nasser Al-Hawawi	√	√	√	√		4	
6	Badr Khaled AL-Shathry	√	√	√	√		4	
7	Badr Mohammed Al-Eisa	√	x	√	√		3	
The new session of the Board of Directors 17/9/2020 - 16/9/2023 AD						17/9/2020 AD	29/12/2020 AD*	Total
1	Yazeed Khaled AL-Shathry					√		1
2	Mohsen Hassan Al-Fehadi					√		1
3	Saad Ammash Al-Shammary					√		1
4	Salman Nasser Al-Hawawi					√		1
5	Turki Mohammed Al-Baiz					√		1
6	Khaled Mohammed Al-Muammar					√		1
7	Badr Khaled AL-Shathry					√		1

√ Attendance is in person - Attendance is by proxy × No attendance

\*The meeting was postponed to 04/1/2021 AD after the approval of all members of the board.

The Nominations and Remuneration Committee annually identifies weaknesses and strengths aspects in the board of directors, and suggests ways to address this in accordance with the interest of the company. The board also evaluates and follows up the works of the emerging committees through the periodic follow-up reports. To implement the requirements of article (41) of the company's governance regulations, the board of directors approved, during this year, the policies and procedures for evaluating the performance of the board of directors, its members, its committees, and the executive management.

## 8) The remuneration of the board members and executive management:

The remuneration and nominations committee is concerned with recommending to the board the remuneration of the board members and the fees of the members of the committees emanating from the board of directors and senior executives of the company, in accordance with the approved policy, clarifying the relationship between the remuneration granted and the remuneration policy in force, and stating any fundamental deviation from this policy as follows:

- Its consistency with the company's strategy and goals.
- The remuneration and fees must be based on the recommendation of the nomination and remuneration committee.
- The remunerations or fees are granted for their efforts in the tasks of the assigned committees, as well as to urge and motivate the members of the board of directors and the executive management to make the company succeed and achieve its goals in the medium and long term.
- The remuneration must be determined according to the level of the position, the duties and responsibilities assigned to the occupant, the academic qualifications, work experience, skills, and level of performance.
- Its consistency with the size, nature and degree of risks in the company
- To aim to attract, maintain and motivate professional competencies.

## 9) The board committees:

### A. The investment committee:

The investment committee of the Saudi Advanced Industries Company consists of the following:

Mr. Khaled bin Mohammed Al-Muammar	Chairman of the investment committee
Mr. Yazeed bin Khalid AL-Shathry	Member of the investment committee
Mr. Salman bin Nasser Al-Hawawi	Member of the investment committee

The members of the investment committee were appointed by the board of directors on 17/9/2020.

### The powers and tasks of the Investment Committee are as follows:

- The board of directors authorized the investment committee to implement the specific tasks delegated to it and to take any action or assume any powers and responsibilities that may be assigned to it from time to time since it is the technical investment arm of the board of directors. It also submits its recommendation to the Board regarding:
  - 1) Formulating the general investment strategy of the company, supervising its implementation, and amending it when necessary.
  - 2) Amending the company's main system to keep with the company's investment strategy when necessary.
  - 3) The sources of investment financing of the company.
  - 4) The new investment opportunities, whether they are existing facilities or establishing new ones.
  - 5) Increasing or decreasing the shares and ownership ratios in the existing investments.
  - 6) The feasibility of externalization or retention in the existing investments.
  - 7) Writing off or creating investment allocations.
  - 8) Investing in initial public offerings and securities.
  - 9) What is referred to it by the board of directors for the purpose of study, evaluation and analysis.
  - 10) Supervising the advisory works related to the committee's works and tasks.

**The schedule of the investment committee meetings for the year 2020 AD:**

SN	Name	The nature of the membership	The number of meetings (3) meetings		
			The first meeting 15/7/2020 AD	The second meeting 18/10/2020 AD	The third meeting 7/12/2020 AD
1	Khaled Mohammed Al Muammar	Committee president		√	√
2	Salman Nasser Al-Hawawi	Member	√	√	√
3	Yazeed Khaled Al-Shathry	Member	√	√	√
4	Badr Mohammed Al-Eisa	Committee president	√		
5	Fahd Khaled Al-Saud	Member	-	Committee membership expired on 16/09/2020 AD	

**B. The audit committee:**

The auditing committee of the Saudi Advanced Industries Company consists of the following:

Mr. Khalid bin Mohammed Al-Muammar	Chairman of the audit committee
Mr. Turki bin Mohammed Al-Baiz	Member of the audit committee
Mr. Mohammed bin Farhan Nader	Member of the audit committee

The members of the Auditing committee were elected by the ordinary general assembly on 28/10/2020 AD.

**The results of the annual auditing of the effectiveness of the company's internal control procedures in addition to the auditing committee's opinion on the adequacy of the company's internal control system:**

According to the report of the internal auditor, the internal audit processes did not point out a fundamental weakness in the internal control system in addition to the absence of any deficiencies in the internal control system. It also demonstrated that the company's policies and procedures are adequate.

It is to be noted that the company depends on the implementation of the internal auditing by an internal auditing office from outside the company which is nominated and appointed by the auditing committee.

**Among the tasks of the audit committee are:**

Verifying the adequacy of the internal control system and its effective implementation and submitting the recommendations to the Board of Directors that would activate and develop the system in a manner that achieves the objectives of the company and protects the interests of the shareholders.

The committee has the right, without any restrictions, to review all information, data, reports, records, correspondence, or other matters that the committee deems important to review. The board of directors must take all measures that ensure that the committee performs its tasks. The committee has the right to evaluate the effectiveness of the company's assessment of the important risks that it may be exposed to and the steps taken by the company's management to monitor and confront these risks in addition to submitting the suggestions to the board of directors.

**The schedule for attending the auditing committee meetings for the year 2020AD:**

SN	Name	The nature of the membership	The number of meetings (4) meetings			
			The first meeting 8/3/2020 AD AD	The second meeting 11/5/2020 AD	The third meeting 18/8/2020 AD	The fourth meeting 4/11/2020 AD
1	Abdullah Sageer Al-Husseini	Committee president	√	√	√	Membership expire
2	Saad Saleh Al-Azwari	member	√	√	√	
3	Emad Abdulmalik Al-Sahhaf	member	√	√	√	
4	Khaled Mohammed Al-Muammar	Committee president				√
5	Turki Mohammed Al-Baiz	member				√
6	Mohammed Farhan Nader	member				√

**C. Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee for the Saudi Advanced Industries Company consists of the following:

Mr. Mohsen bin Hassan Al-Fehadi Chairman of the Nomination and Remuneration Committee

Mr. Badr bin Khalid AL-Shathry Member of the Nomination and Remuneration Committee

Eng. Saad bin Ammash Al-Shammary Member of the Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee were appointed by the Board of Directors on 17/09/2020 AD.

**Among the tasks of the Nomination and Remuneration Committee are:**

- The annual review of the required needs of appropriate skills for membership of the board of directors and the preparation of a description of the capabilities and qualifications required for the membership of the board of directors including determining the time that the member must devote to the work of the board.
- Reviewing the structure of the board of directors and making recommendations regarding the changes that can be made.
- Determining the strengths and weaknesses of the board of directors and proposing its remedies in accordance with the company's interest.
- Ensuring, on an annual basis, the independence of the independent members and the absence of a conflict of interest if the member is a member of the board of directors of another company.
- Recommending to the board of directors the nomination for membership of the board in accordance with the approved policies and standards, bearing in mind that no person who has been previously convicted of a crime involving dishonesty or breach of trust will be nominated.
- Establishing clear compensation and remuneration policies for members of the board of directors and senior executives, including the standards related to the performance.

**The schedule of attending the nomination and remuneration committee meetings for the year 2020 AD:**

SN	Name	The nature of the membership	The number of meetings (1) meeting	
			The first meeting 27/2/2020 AD	The second meeting 29/12/2020 AD*
1	Salman Nasser Al-Hawawi	Committee president	√	
2	Mohammed Awaid Al-Juaid	member	√	
3	Yazeed Khaled AL-Shathry	member	√	

\*The meeting was postponed to 04/01/2021 after the approval of all members of the board.

**10) The ownership of board members and senior executives:****1- Shares owned by members of the board of directors and senior executives and their spouses and minor children:**

SN	Name	Description	Shares at the beginning of the year	Shares at the end of the year	Net change	Percentage of change
1	Mr. Yazed Khaled AL-Shathry	Chairman of board of directors	2,000	2,000	-	-
2	Mr. Mohsen Hassan Al-Fehadi	Deputy chairman of the board	1,049	1,049	-	-
3	Eng. Saad Ammash Al-Shammary	member	-	-	-	-
4	Mr. Salman Nasser Al-Hawawi	member	5,000	5,000	-	-
5	Mr. Turki Mohammed Al-Baiz	member	1,000	1,000	-	-
6	Mr. Khaled Mohammed Al-Muammar	member	5,000	5,000	-	-
7	Mr. Badr Khaled AL-Shathry	member	2,000	2,000	-	-
8	Eng. Saeed Abdullah Al-Moeather	Chief executive officer	-	-	-	-
9	Mr. Muhannad Mustafa Al-Ashqar	Chief financial officer	-	-	-	-

**2- The ownership of the relatives of the board members:**

SN	Name	Description	Shares at the beginning of the year	Shares at the end of the year	Net change	Percentage of change
1	Mr. Khaled Saleh AL-Shathry	Father of two board members	13,600,000	11,307,000	2,293,000	16.86 %

3) A statement of the payments of the members of the board of directors and senior executives

The remunerations of the board of directors

Member name	Fixed remunerations							Changed remunerations					End of service benefits	Grand total	Expense allowance
	Certain amount	Allowance for attending council sessions	Total allowance for attending committee sessions	Corporeal benefits	A statement of what the members of the council have received as workers or administrators, or what they have received in return for technical or administrative works or consultations.	The remuneration of the Chairman of the Board, the Managing Director or the Secretary if being a member	Total	Percentage of profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Shares awarded (value is included)			
<b>First: The independent members</b>															
Mohsen Hassan Al Fehadi		3,000				3,000								3,000	
Salman Nasser Al Hawawi		15,000	8,000			23,000								23,000	
Khaled Mohammed Al Muammar		3,000	6,000			9,000								9,000	
<b>The independent member of the previous session</b>															
Badr Mohammed Al Eisa		9,000	2,000			11,000								11,000	
Saad Saleh Al Azwari		12,000	6,000			18,000								18,000	
<b>Total</b>		<b>42,000</b>	<b>22,000</b>			<b>64,000</b>								<b>64,000</b>	
<b>Second: The non-executive members</b>															
Yazeed Khaled Al Shathry		15,000	8,000			23,000								23,000	
Badr Khaled Al Shathry		15,000				15,000								15,000	
Turki Mohammed Al Baiz		3,000	2,000			5,000								5,000	
Saad Ammash Al Shammary		3,000				3,000								3,000	
<b>The non-executive members of the previous session</b>															
Mohammed Oweid Al Jeaid		12,000	2,000			14,000								14,000	
Abdullah Sageer Al Huseini		12,000	6,000			18,000								18,000	
<b>Total</b>		<b>60,000</b>	<b>18,000</b>			<b>78,000</b>								<b>78,000</b>	

Rewards of senior executives	Fixed remunerations				Changed remunerations						End of service reward	Total executive remuneration for the board, if any	Grand total
	salaries	Allowances	Corporeal benefits	Total	Periodic bonuses	Profits	Short-term incentive plans	Long-term incentive plans	Awarded Shares (value is included)	Total			
Senior executives	1,470,484	519,675		1,990,159	506,423	-	-	-	-	506,423			2,496,582



Committees members fees	The fixed fees ( exclusive of sessions attendance allowance	Sessions attendance allowance	Total
Auditing committee members of the previous session			
Abdullah Sageer Al Huseini*	106,250	6,000	112,250
Saad Saleh Al Azwari *	106,250	6,000	112,250
Emad Abdul Malik Al Sakhaf *	106,250	6,000	112,250
Auditing committee members			
Khaled Mohammed Al Muommar**	13,542	2,000	15,542
Turki Mohammed Al Baiz**	27,083	2,000	29,083
Mohammed Farhan Al Nader**	27,083	2,000	29,083
<b>Total</b>	<b>386,458</b>	<b>24,000</b>	<b>410,458</b>
The members of the committee of rewards and nominations of the previous session			
Mohammed Oweid Al Jeaid*	106,250	2,000	108,250
Yazeed Khaled Al Shathry*	53,125	2,000	55,125
Salman Nasser Al Hawawi*	53,125	2,000	55,125
The members of the committee of rewards and nominations			
Mohsen Hassan Al Fehadi	43,750	-	43,750
Badr Khaled Al Shathry	43,750	-	43,750
Saad Ammash Al Shammary	43,750	-	43,750
<b>Total</b>	<b>343,750</b>	<b>6,000</b>	<b>349,750</b>
The members of the investment committee of the previous session			
Badr Mohammed Al Eisa*	106,250	2,000	108,250
Fahd Khaled Al Saud *	106,250	-	106,250
The members of the investment committee			
Khaled Mohammed Al Muammar	43,750	4,000	47,750
Salman Nasser Al Hawawi*	150,000	6,000	156,000
Yazeed Khaled Al Shathry*	150,000	6,000	156,000
<b>Total</b>	<b>556,250</b>	<b>18,000</b>	<b>574,250</b>

\* Those whose membership in committees ended on 16/9/2020AD

\*\* Those whose membership in committees started on 28/10/2020AD

**11) The General Assemblies:**

- 1- A statement of the dates of the general assemblies of the shareholders held in the last financial year. The names of the members of the board of directors who are attending this assemblies:

SN	Name	Number of meetings (2)	
		The assembly meeting on 21/4/2021 AD	
1	Mohammed Oweyed Al Jeaid	√	
2	Yazeed Khaled Al Shathry	√	
3	Saad Saleh Al Azwari	√	
4	Abdullah Sageer Al Huseini	√	
5	Salman Nasser Al Hawawi	√	
6	Badr Mohammed Al Eisa	√	
7	Badr Khaled Al Shathry	√	
The new board of directors session (17/9/2020- 16/9/2023 AD)			The assembly meeting on 28/10/2020 AD
1	Yazeed Khaled Al Shathry		√
2	Mohsen Hassan Al Fehadi		√
3	Saad Ammash Al Shammary		-
4	Salman Nasser Al Hawawi		√
5	Turki Mohammed Al Baiz		-
6	Khaled Mohammed Al Muoammar		√
7	Badr Khaled Al Shathry		√

- 2- A statement of the number of the board meetings attended by each member from the date of the last meeting of the general assembly:

Name	The date of the last meeting of the assembly is 28/10/2020 AD
-	29/12/2020 AD*

\* The meeting was postponed to 4/1/2021 AD after the consent of all members of the board

**3- The number of the company's orders of the shareholders records and the dates of these orders and their reasons:**

The number of the company's orders of the shareholders	Order date	Order reasons
1	05/2/2020 AD	The company's procedures
2	06/4/2020 AD	The regular general assembly
3	01/7/2020 AD	The company's procedures
4	01/9/2020 AD	Profits distribution
5	19/10/2020 AD	The company's procedures
6	27/10/2020 AD	The regular general assembly

**Tenth: The social liability programs:**

Due to Saudi Advanced Industries Company keenness to play an active role in society, the company sought to study the programs that it can contribute through, the most prominent of which was the preparation of the cooperative training program which aims to raise the efficiency of national cadres in the business sector in both public and financial departments and business development and investment. Due to the Corona pandemic (COVID-19) and the company's commitment to preventive measures and precautions to maintain the safety of all, the company has not been able to implement any training programs of the national competencies, with the company's keenness to implement the program if the appropriate conditions are available.

**Eleventh: The transition to the international accounting standards:**

The international standards have been applied since the beginning of 2017. There is no difference from the accounting standards approved by the Saudi Organization of the Certified Chartered Accountants.

**Twelfth: Fines of the Capital Market Authority:**

No fines were imposed on the company during the financial year 2020 AD.

**Thirteenth: The company's commitment to what was mentioned in the guiding form in preparing the Board of Directors' report issued by the Capital Market Authority:**

- A. Any penalty, sanction, precautionary measure or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory or judicial authority: There is no penalty or sanction imposed on the company.
- B. The recommendations of the auditing committee which there is a conflict between it and the decisions of the board of directors or which the board refused to consider concerning the appointment and dismissal of the company's auditor, determining his fees and the evaluation of his performance or the appointment of the internal auditor and the rationale for those recommendations and the reasons for not taking them into account:

There is no conflict between the recommendations of the auditing committee and the decisions of the board of directors, and no recommendation has been rejected by the board.

- C.** A clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Chartered Accountants:  
There is no difference.
- D.** A description of any interest in the category of the shares eligible to vote to persons (other than the members of the company's board of directors, senior executives and their relatives) who informed the company of those rights under article 45 of the Registration and Listing Rules and any change in these rights during the last financial year:  
There is no interest
- E.** A description of any interest, contractual securities and subscription rights (belonging to the members of the company's board of directors, senior executives and their relatives) in the shares or debt instruments of the company or any of its subsidiaries and any change in these rights during the last financial year.  
There is no interest.
- F.** A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the financial year.  
None
- G.** A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company:  
None
- H.** A description of any redemption, purchase or cancellation by the company of any recoverable debt instruments, and the value of the remaining securities in addition to the distinction between the listed securities purchased by the company and those purchased by the subsidiary:  
None
- I.** The information related to any business or contracts in which the company is a party, and in it or in which there was an interest for a member of the company's board of directors, its senior executives in it, or any person related to any of them, including the names of those involved in business or contracts, the nature of these business or contracts, their terms, duration and amount:  
None
- J.** A statement of any arrangements or agreement under which a member of the company's board of directors or a senior executive waived any remuneration:  
None
- K.** A statement of any arrangements or agreement under which a shareholder of the company waived any rights in dividends:  
None
- L.** A statement of the value of any investments or reserves established for the benefit of the company's employees:  
None
- M.** If the auditor's report includes reservations about the annual financial statements, the board of directors' report must point out these reservations, their reasons, and any information related to them:  
There are no reservations about the annual financial statements.
- N.** In the event that the Board of Directors recommends changing the auditor before the end of the period for which he is appointed, the report must contain that in addition to stating the reasons for recommending the change:  
There is no recommendation regarding this.
- O.** The disclosure of the details of safeguard shares held by the company and the details of the uses of these shares:  
None

- P** Demonstrating the relationship between the granted bonuses and the applicable remuneration policy, and on any material deviation from this policy:  
There is no material deviation in the remuneration policy that is granted and applicable.
- Q** The details of the policy related to remunerations and the mechanisms for their determination and the financial and specific amounts and benefits paid to each member of the board of directors in exchange for any executive, technical, administrative or advisory works or positions:  
There are no executive, technical, administrative or advisory works or positions for the members of the board of directors. Besides, there are no policies related to this.
- R** The actions taken by the board of directors to inform its members - especially non-executives - of shareholders' proposals and comments about the company and its performance:  
No proposals or notes were received from the shareholders during 2020 AD. With regard to any comments or proposals received during the general assembly of the company, they are written down in the minutes of the assembly and are reviewed by the concerned parties. In the event that there are observations outside the general assembly, the board of directors must be notified of them during its meeting and this must be documented in the minutes of the meeting.

#### **Fourteenth: The proposed schedule:**

The board of directors proposes to the honorable shareholders to approve the annual report of the board of directors for the year 2020 AD and the audited financial statements and the auditor's report for the same year in addition to some other items that will be mentioned later in the announcement of the invitation to the General Assembly, by the will of Allah.

In the end, the board of directors thanks the company's shareholders for their continuous support and confidence that they have granted the board of directors.

**Peace, mercy and blessings of Allah be upon you**

**The board of directors**  
**March 2021AD**