

ANNUAL REPORT 2022



**In the name of Allah,
Most Almighty, Most Merciful**

“ My primary goal is to be an exemplary and leading nation in all aspects, and I will work with you in achieving this endeavour. ”



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

“ We are confident about the Kingdom's future. With all the blessings Allah has bestowed on our nation, we cannot help but be optimistic about the decades ahead. ”



His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz

May Allah Protect Him
Crown Prince, Prime Minister

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Introduction

Dear / Shareholders of the Arabian Pipes Company Peace be Upon you,

The Board of Directors of the Arabian Pipes has the pleasure to introduce to the honorable shareholders; the Annual Report of the Financial Year closing on 31/12/2022. The Annual Report was prepared in accordance with the Saudi Companies Regulation and the Company's Basic, Companies' Governance and instructions by Capital Market Authority Council, and Rules on the Offer of Securities and Continuing Obligations, Rules and Organizing Procedures issued for the Execution of Private Companies' Bylaw of the Listed Stock Companies issued by the CMA.

The Reports also introduces information on the Company's activities, its performance, accomplishments and efforts directed for reinforcing its performance in developing the Company's shareholders liabilities in addition, the Reports focuses on reviewed financial statements which included the Company's Financial Center's Statement as of 31 Dec. 2022. Further, the Report included Revenues and Cash Flows Statements and changes in shareholders' liabilities and necessary descriptions for the year closing on the aforementioned date. The Report reflects also, the Arabian Pipes' performance and Business which contribute to reinforcing the Saudi Industry and National Economy particularly in Gas and Petroleum Sectors.

The Board of Directors has the pleasure to introduce its sincere thanks and appreciation to the Custodian of the Two Holy Mosques, and to His Crown Prince and the Wise Government for their support rendered to the Economic Sectors, participating in achieving Saudi Vision 2030's objectives particularly, the limitless support for the Industrial Sector in the Kingdom.

The Chairman and Members of the Board of Directors also introduce their sincere thanks and appreciation for the Honorable shareholders' invaluable trust and for all the Company's employees for their efforts and keenness for the Company's progress and prosperity and advancement.



Mr. Yousef Saleh Abalkail
Chairman of the Board of Directors

Chairman of the Board of Directors' Message:

Dear Shareholders of Arabian Pipes Company,

Peace be upon you,

I am delighted to introduce to you the Annual Report 2022 in which we will present important business, activities, accomplishments and financial performance of the Company where the Company's sales percentage out of pipes' production and casing activity has increased to reach 543 million with an increase of 37% compared to last year. The Company continued in business and for the consecutive third year, continued in implementation of long-term agreements in favor of Saudi Aramco, supplying electric resistant welded pipes (ERW) for coating wells, gas and petroleum pipelines.

However, with the prevailing challenges, the Company has reinforced its existence at the various vital sectors, on the top of which is the petroleum and gas sectors where the Company -thanks to Allah - managed to obtain total projects of more than 180 thousand tons with the value that exceeded billion Saudi Riyals. Some of these is the supply Naval Pipeline Project for Zuluf Field Project of McDermott International Project of Al Jafourah Gas Pipeline Project in favor of Saudi Aramco.

In the technological domain, New ERP system (SAP) has been implemented for managing operations which will strengthen internal monitoring at the Company and increase its operational efficiency. The Company has also continuously worked for achieving the IKTVA Program objectives for increasing the use and development of and increasing products' efficiency and diversify the National Industries' outputs in addition to coordinating with local suppliers for localization of the supply of the Company's factories' spare parts.

In the domain of the Company's Governance, various policies and regulations of the Board's subsidiary committees were reviewed in addition to amending the Company's Bylaws to cope with Governance Companies Regulations.

The Company reinforced its effectiveness via training and qualifying of students to work at the Company's factories which increased the level of Saudization. The Company is also oriented towards further expansion via women empowerment and availing appropriate jobs for women.

Finally, I would like to extend my lots of thanks to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz and to His Crown Prince, HRH Prince Mohammed bin Salman bin Abdulaziz _Allah Protect them - for their unlimited support for the industrial sector in the Kingdom in the blessings of the unprecedented flourishing witnessed by our home country at all domains under the shades of the ambitious Saudi Vision 2030.

I would like also to convey my thanks for the Company's Honorable Shareholders and for all my colleagues, Members of the Board of Directors for their trust and keenness to achieving objectives and thanks are extended for all the Company's employees for their efforts, appealing to Allah -All Mighty- to save and protect our country and leadership and to bless us with Safety, Security and Prosperity.

With Allah's Support we Follow the Right Path.

Chairman of the Board of Directors

Yousef Saleh Abalkail



01

Strategy, Future Expectations and Risks

- Vision and Mission
- The Company's Activity
- Accomplishments Achieved, Strategic Plans and Future Expectations
- Important and Vital Events
- Risks



Vision:

To be the MENA pioneers in providing quality piping solutions and to partner with our valued clients to meet their needs.



Mission:

APC applies the highest quality standards and strives to localize latest piping solutions technologies through our most valuable asset: Human Resources.



A Brief on APC:

The Custodian of the Two Holy Mosques, King Salman bin Abdulaziz – Allah Protect Him – when he was the Prince of Riyadh Area, 1416 H (i.e.1996), has opened the APC factory.

The APC Activity:

The APC is a Saudi Joint Stock Company as per decision of His Excellency, Minister of Trade ref. no. 922 dated 18/11/1411 H (i.e. 01/06/1991) in accordance with industrial license ref. no. 434/S dated 12/11/1405 H and also the industrial license ref. no. 1109/S dated 12/11/1419 H and also, the industrial license ref. no. 479/S dated 26/02/1436 H and in accordance with amendments thereof. The APC is registered as per the Commercial Registration, Riyadh City, ref. no. 1010085734 dated 14/02/1412 H, the Kingdom of Saudi Arabia, with the Head Office in the City of Riyadh and also with a Branch Commercial Registration I Jubail ref. no. 2055007048 dated 21/04/1426 H. The Company's licensed and paid off capital is 100,000,000 Saudi Riyals (only one hundred million Riyals) divided into 100,000,000 equal shares with the nominal value of 10 Riyals per share all of which are normal cash shares.

Hereunder is a description of APC main activity:-

1. Manufacturing of metal pipes, plastic hoses and pipes' connections and supplement accessories.
2. Manufacturing of pipes and metal pipes, grooved-shapes of metal and steel.
3. Producing and marketing of metal, coated, electric, resistant welded pipes, for the use of pipelines, construction and commercial purposes.
4. Establishing of metallic industries.
5. Bending, molding and, shaping of pipes.
6. Coating and casing of pipes.
7. Conducting commercial activities such as selling, buying of pipes and supplementary accessories.
8. Implementation of pipelines' extensions.
9. Purchase of lands for establishing buildings and for sales, rental investment in favor of APC.
10. Undertaking contracting, cleaning, operations and catering services.

The company owns a number of factories and additional lines which enable it to perform its activities. These are as follows:

- **Riyadh Factory:-**

For producing metal, welded pipes (ERW) size 6-20 inch with average production estimated capacity of 160 thousand ton annually. The factory is located in Riyadh Industrial Area and its 100% owned by APC.

- **Jubail Factory:-**

For producing metal, welded pipes (SAW), size 16-48 inches with average production capacity estimate of 300 thousand ton annually. The Factory is located in Jubail Industrial City with 100% APC ownership.

- **Coating Factory: -**

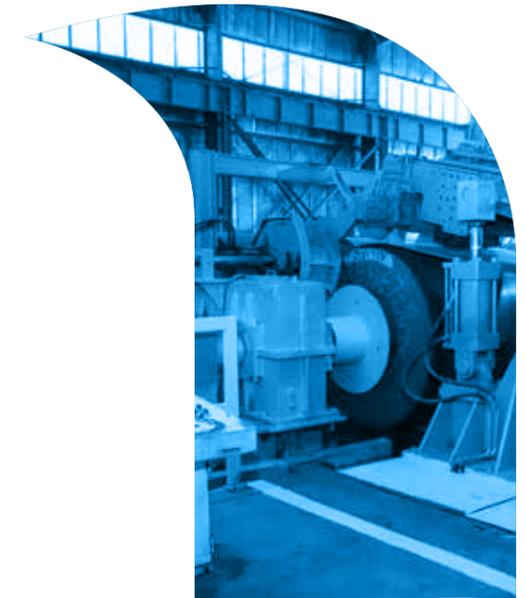
This factory is used for external coating of pipes (FBE, 3LPE, 3LPP), size 6-24 inches with average production capacity of 2.4 million square meters per year. The Factory is located at Riyadh Industrial City with 100% APC ownership.

- **Slitting Line:-**

This line is used for slitting steel coils needed for the high-efficiency production as regarding the coil's width up to 1600mm and thickness subject to slitting up to 12.7mm. The factory is located at Riyadh Industrial Area with 100% APC ownership.

- **Threading and Coupling Factory:-**

This factory is used for threading and coupling is used for threading pipes used in OCTG-CASINGS of wells as per required international standards, requested by local and international petrol companies. The line is inside APC's factory located at in Riyadh Industrial Area with 100% APC ownership.



Accomplishments Achieved, Strategic Plans and Future Expectations:

With the grace of Allah, and in spite of challenges confronted by industry and global economy during the last period of the Corona-19 pandemic and the war in Ukraine, APC managed to score a host of accomplishments during last year 2022. Some of these are as follows:-

1. APC managed to obtain total projects of more than 180 thousand tons with the value exceeding billion Saudi Riyals. Some of these is the supply Naval Pipeline Project for Zuluf Field Project of McDermott International Project of Al Jafourah Gas Pipeline Project in favor of Saudi Aramco.
2. Strengthen APC presence at the various vital sectors on top of which is the petrol and gas sectors.
3. Decreasing stock quantities of former projects to the acceptable level at of pipes manufacturing.
4. Manufacturing and supplying of more than 35 tons of wells' casing pipes as per the agreement signed with Aramco and obtaining new contracts that exceed 50 thousand tons for manufacturing and supply by next year.
5. Continue working for the third consecutive year on a long- term agreement in favor of Aramco for the supply of Longitudinal Submerged-Arc Welded (LSAW) from Jubail factory. The agreement duration is five years.
6. Continue working for the third consecutive year on a long-range agreement in favor of Aramco for the supply of electric welded pipes (ERW) from Riyadh factory. The agreement duration is five years.
7. Continue working for the third consecutive year on a long- term agreement for supply of wells' casing pipes in favor of Aramco. The agreement duration is five years, subject for further extension.
8. Continuously working for achieving IKTVA Program objectives for increasing and development of products efficiency and diversifying national industries' outputs and work with local suppliers for the localization of APC's factories spare parts.
9. Participate in Abu Dhabi Petrol Exhibition & Conference, 31 Oct.-03 Nov. being an important forum in the area for local and international petrol, gas and factories.
10. Participation in in Big 5 Show in Dubai, Dec. which will include big construction and contactors' and suppliers' companies of the different sectors in the framework of APC policy for strengthening its presence at the international markets and increasing its exports.
11. Implement various maintenance, development and upgrading programs related to lines of production and equipment leading to increasing their service age and enhance performance.
12. Training and development and signing of agreements for training and qualifying students for working at APC's factories and increasing Saudization in addition to expand women recruitment process.

As regarding the Strategic Plans, Future Expectations during the next period, APC is working on implementing the following:

1. Work on manufacturing and supplying mega projects which the Company obtained according to prices and specified dates of projects' delivery for achieving the maximum benefits thereof.
2. Obtain a good share of vital projects which will be released soon in the petroleum and gas domains and enhance APC's in water-wells and construction sectors.
3. Reinforce cooperation with the different casing and coating factories and pipes' insulation, local and regional for addressing contractors' projects needs and increase competitiveness capabilities.
4. Work on increasing APC's shares at the GCC markets and North Africa.
5. Open new markets such as the Republic of Iraq and North and Central African and others.
6. Work with local and international companies and investors of relevance for searching investment opportunities and joint cooperation.
7. Participate in IKTIVA Conference and Exhibition and in the different marketing activities which reinforce APC's position and presence.
8. Work on the development and upgrading of lines of production's machinery and equipment of the APC's factories in Riyadh and Jubail to cope with future requirements.
9. Expand in new products such as: short pipes' connections for addressing Aramco's and customers as well.
10. Development and enhancement of to cope with occupational and environment safety.
11. Continue updating business policies and procedures at APC's managements.
12. Reinforce and development of internal monitoring procedures.



Important and Vital Events:

- The ERP (SAP) advanced system application for managing operations and systems was completed which will strengthen internal monitoring at the Company and increase its operational efficiency. The system involves the following modules: procurements-sales-production-maintenance-Human resource and financial management and also, involves full inventory management which reinforces accuracy in APC's operations implementation and control inventory management as well as reinforcing transparency and APC's governance.
- The Board of Directors directed on the continuation of Al Senaidi "Legal Advisors' Law Firm" in studying and reviewing necessary documents related to previous durations to determine the proofs and justifications taking place regarding inventory; necessary procedures are underway. The Board of Directors also assured that the company's commitment to preserve the rights of the company and its shareholders.
- Increasing APC's Capital Developments:**
On 15/05/2022, APC announced results of the Assembly including increase of APC's capital by total amount of (300,000,000 Saudi Riyals) where the Assembly did NOT approve the Company's capital increase. On 17/07/2022 the Company declared on the recommendation of the Board of Directors of increasing APC's capital by total amount of (150,000,000 Saudi Riyals) and that necessary procedures are under completion.
- Recommendation for finalizing current Board of Directors' Session:**
The Company announced on the recommendation of the Board of Directors calling for finalizing the current Board's session on 28/09/2022 where the Board and relevant committees conducted discussions and reviewed the stated recommendation for completion of necessary procedures and during this period, the focus of the Board of Directors was on the benefit of APC and its shareholders. It is to be stated that the Board of Directors was keen on APC's development in its capacity as a leading Company in industrialization sector and can achieve whatever functions for the benefit of the Company and its shareholders.



Risks:

Concentration Risks

The risk of the company's sales concentrating in a limited number of clients, which result in stopping the sales for these clients, who represent a significant proportion of the company's sales for any reason resulting in huge losses to the company, thereby threatening its ability to sustain.

One of the company's clients represents the largest proportion of the company's debts and sales. Management is taking steps to consistently expand its customer base.

Credit Risk

The risk of a financial party failing to meet its obligation which will result in a financial loss to the other party.

Liquidity Risk

The risk of the company having difficulty raising funds to meet obligations associated with financial instruments. Liquidity risks may result from inability to sell a financial asset quickly in an amount close to its fair amount. The following are contractual benefits at the end of the reporting period for financial liabilities. Total and undiscounted amounts, including estimated interest payments.

Market Risk

The risk of a financial instrument fluctuating as a result of changes in market rates, such as foreign exchange rates and interest rates, which will affect the company's income or the value of its financial instruments. Market risk management aims to manage and control the exposure to market risk within acceptable standards, while improving returns.

Currency Risk

The risk of financial instruments fluctuating due to unfavorable change in foreign exchange rates. The company's transactions are mainly in Saudi Riyal and USD. Since Saudi Riyal is pegged to US dollars, the company will not essentially face currency risks.

Interest Rate Risk

The risk associated with the impact of fluctuations in interest rates on the company's financial position and cash flows. The company's interest rate arises mainly from its loans, which are built on a fixed interest rate, and therefore the interest rate risk for cash flows is minimal. Loan interest rates are close to market rates, therefore management believes that fair value is not vital.





02

The Company's Performance and Business

- Volume of Business of the Company's Activities

- Results of the company's business for the last five years

- Statement of Revenues

- Statement of the Financial Center Performance

- Geographic Analysis of the Company's Revenues

- Loans and Legal (Govt.) Payments

The Following Table Shows The Volume of The Company's Activities:-

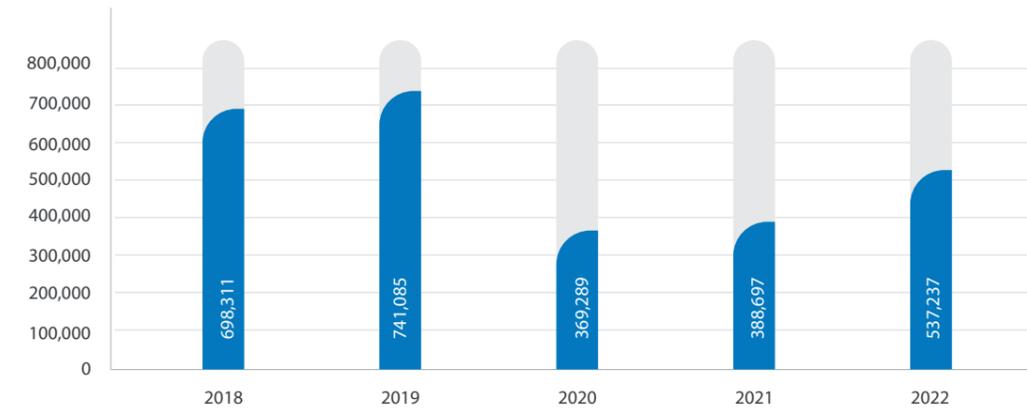
(In Thousands of SR)

Main Activity Name	Business Volume	Gross profits/losses
1 Pipe production and Coating activities	531,638	48,626
Total	531,638	48,626

Results of the company's business for the last five years:

The following table shows the company's sales over the past five years (In Thousands of SR)

Sales

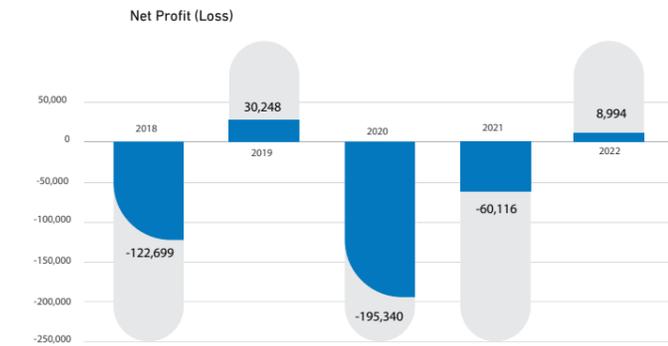


Income statement: (In Thousands of SR)

Statement	2022	2021	2020	2019	2018
Sales	531,638	388,697	369,289	741,085	698,311
Cost of sales	(483,012)	(372,460)	(500,589)	(644,612)	(748,567)
Gross profits/losses	48,626	16,237	(131,300)	96,473	(50,256)
Administrative and marketing expenses	(41,570)	(60,168)	(38,867)	(33,818)	(32,072)
Slow and obsolete goods allowances	3,843	(3,880)	-	2,080	(663)
deferred expenses amortization	-	--	(3,979)	-	(8,716)
Finance expenses	(18,157)	(18,257)	(24,156)	(30,794)	(28,309)
Other revenues (expenses)	16,952	6,295	3,864	801	1,699
Profit from investment available for sale	-	-	-	-	-
Legal Al-Zakat Provision	(700)	(343)	(902)	(4,494)	(4,383)
Net Profit (Loss)	8,995	(60,116)	(195,340)	30,248	(122,699)
Actuarial reserve	349	(415)	(1,325)	(1,228)	(94)
Total (Loss/Profit) overall	9,344	(60,531)	(196,665)	29,020	(122,793)

Net Profits Over The Last Five Years:

(In Millions of SR)



Financial Position Statement (In Thousands of SR)

Statement	2022	2021	2020	2019	2018
Current Assets	404,835	169,193	537,641	586,934	629,306
Fixed Assets and Projects Under Implementation	361,237	391,426	376,794	396,253	373,394
Investments	-	--	--	--	--
Deferred Expenses	-	--	--	--	--
Total Assets	766,072	560,620	914,435	983,187	1,002,700
Current Liabilities	559,291	417,074	711,864	580,559	617,065
Medium and Long-Term Loans	71,648	18,654	18,252	25,110	--
Employees' End of Service Allowance	20,089	19,191	18,088	14,622	11,649
Total Liabilities	651,028	454,920	748,204	620,291	628,714
Capital	100,000	400,000	400,000	400,000	400,000
Statutory Reserve	3,119	120,000	120,000	120,000	159,427
Public Reserve	-	--	--	--	31,438
Retained Earnings	14,638	(411,238)	(351,122)	(155,782)	(216,785)
Actuarial Reserve	(2,713)	(3,062)	(2,647)	(1,322)	(94)
Total Shareholders' Equity	115,044	105,700	166,231	362,896	373,986
Total Liabilities and Shareholders' Equity	766,072	560,619	914,435	983,187	1,002,700

Five Years Comparative Graph for Each of The Company's Assets and Liabilities:

(In Thousands of SR)



Through our geographical analysis of the company's revenues, it is clear that: (In Thousands of SR)

Year	Statement	Saudi Arabia	Gulf	Middle East	Other	Total
2022	Pipes sales	522,480	7,258	-	-	529,738
	Coating Sales	-	-	-	-	-
	Raw Material	1,900	-	-	-	1,900
	Total	524,380	7,258			531,637
2021	Pipes sales	302,948	48,978	-	--	351,926
	Coating Sales	-	-	-	--	-
	Raw Material	36,771	-	-	-	36,771
	Total	339,719	48,978			388,697

Loans:

The main component of the company's financing is loans. By the end of 2022, the amount of loans has reached to SAR 331.6 million, compared to SAR 204.9 million by the end of 2021.

End of year's short-term loans balances (In Thousands of SR)

Name of Donor	Purpose	2022	2021
(Riyad Bank) Commercial loans	Working Capital Financing	13,612	31,301
Islamic Loans (Ministry of Finance – Riyad Bank)	Working Capital Financing	109,481	120,000
Islamic Loans (Al Rajhi Bank)	Working Capital Financing	144,655	25,160
Islamic Loans (SABB Bank)	Working Capital Financing	63,919	28,442
Total		331,667	204,903

The above loans are for financing the working capital and in exchange for a promissory note signed in favor of banks. They are a number of short-term loans that are payable during the year and the mentioned amounts represent the amount of the outstanding loans' assets.

Long, medium and short-term loans and the current portion of the Saudi Industrial Development Fund's long-term Loan: (In Thousands of SR)

#	Period	Purpose	2022	2021
1	Long Term	Financing Jubail Factory Project	78,000	78,978
	Total		78,000	78,978

- The company has a loan from the Fund with the total amount of SAR 113.4 million obtained to help finance the project of establishing the pipe production factory in Jubail. The loan is mortgaged by buildings, tools and equipment of the company's factories.
- On March 9, 2015, the Fund agreed to reschedule the remained balance of 83 million SAR in 10 semi-annual installments.
- On December 9, 2019, the company obtained an additional loan of 7.165 million SAR for five years.
- During 2020, the company's management reached an agreement with the Saudi Industrial Development Fund to reschedule the loan in the amount of 78.5 million SAR.
- On April 4, 2021, the company obtained an additional loan of 1.733 million SAR for 5 years.
- On October 3, 2022, the company's management reached an agreement with the Saudi Industrial Development Fund to reschedule the loan in the amount of 78 million SAR.

Statement of Disbursed and Outstanding Regular Payments to government agencies, Zakat, Taxes and any other dues:

Statement	2022		Brief Description	Reasons
	Paid	Outstanding Payments at end of annual financial period and unpaid		
Zakat	1,342	3,642	Payment of Zakat's dues	Mandatory
VAT	47,412	-	Payment of VAT	Mandatory
General Organization for Social Insurance	2,846	-	Statutory subscriptions	Mandatory

Fines and Penalties for the Company during 2022:

Name of Entity	Amount of Violation	Nature of Violation	Ways of Settling and Prevent Future Occurrence
Capital Market Authority	10,000	Violation of article 150, paragraph (1), and article 213, paragraph (H), of the Corporate Regulations	The Arabian Pipes Company confirms setting the development of precautionary plans to prevent repeat these violations, as well as its full commitment to the provisions of the corporate system, bylaws and the governance regulations issued by the CMA
Commercial Court in Riyadh	4,200,000	Outstanding payments in 2015 for a company that did Epoxy coating associated with internal fusion on the pipes	The Arabian Pipe Company confirms setting action plans to prevent delays in payment of dues

03



The Board of Directors, Committees and Social Responsibilities

- The Board of Directors

- Board of Directors' Committees

- Executive Management

- Remuneration of the Members of the Board of Directors and the Executive Management

- Social Responsibilities

Board of Directors :-

Formulation and classification of the Board of Directors' Members as follows (Executive Board Member - Non-Executive Board Member - Independent Board Member):

No.	Name of Member	Type of Membership
1	.Yousef Saleh Abalkail	Non-Executive
2	Khalid Abdullah Abunayyan	Non-Executive
3	Saad Falah Al-Qahtani	Independent
4	Azzam Saud Al-Mudaiheem	Non-Executive
5	Mousa Abdullah Al-Ruaily	Independent
6	Faisal Mohammed Alharbi - * his membership ended on 8 Dec 2022	Non-Executive
7	Abdullah Mohammed Alharbi	Independent
8	Ahmed Ali Al-Lohaidan	Executive

The Board of Directors held 6 meetings during 2022. The following table shows the Attendance of the Board Members:

#	Members of the Board	Meeting No. (7/10) 20 Feb 2022	Meeting No. (8/10) 30 Mar 2022	Meeting No. (9/10) 16 May 2022	Meeting No. (10/10) 26 June 2022	Meeting No. (11/10) 27 Sep 2022	Meeting No. (12/10) 21 Dec 2022	%
1	.Yousef Saleh Abalkail		✓	✓	✓	✓	✓	100
3	Khalid Abdullah Abunayyan	✓	X	✓	✓	✓	✓	83
2	Saad Falah Al-Qahtani	✓	✓	✓	✓	✓	✓	100
4	Azzam Saud Al-Mudaiheem	✓	✓	✓	✓	✓	✓	100
5	Mousa Abdullah Al-Ruaily	✓	✓	✓	✓	✓	✓	100
6	Faisal Mohammed Alharbi * his membership ended on 8 Dec 2022	✓	X	✓	✓	X	X	50
7	Abdullah Mohammed Alharbi	✓	✓	✓	✓	✓	✓	100
8	Ahmed Ali Al-Lohaidan	✓	✓	✓	✓	✓	✓	100

* Actions taken by the Board of Directors to inform its members - especially Non-Executives - of shareholders' proposals and observations regarding the company and its performance

This shall be executed by demonstrating the received proposals from shareholders during the General Assembly's meetings. In addition to any other received proposals that the Chairman of the Board will be briefed to submit to their closest meeting and, -if available- confirmed in the Board's minutes.

* The methods on which the Board of Directors carried out to evaluate its performance and its committees and members' performance, in addition to the external party that carried out the evaluation and its relationship with the company, if available

The Board of Directors' performance shall be evaluated in accordance with the Corporate Governance Regulation. The Nomination and Remuneration Committee shall identify and evaluate weaknesses and strengths of the Board of Directors and propose to address them in accordance with the Company's interest.

Statement of the Current and Previous Positions, Qualifications and Experience of Board Members:



Yousef Saleh Abalkail

Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> Chairman of Saudi Ceramics Board Chairman of the Gulf Insurance Company Board (formerly AXA) Board Member of Arab Cement Company 	<ul style="list-style-type: none"> Chairman and member of the National Glass Industries Company Board of Directors (listed contribution). Board Member of Qassim Cement Company Guardian Global Glass Co. (Limited Liability) 	<ul style="list-style-type: none"> Bachelor's Degree in Computer Science Master's Degree in Management Information Systems 	<ul style="list-style-type: none"> Worked for 15 years in the public and private sectors in the field of computer



Khalid Abdullah Abunayyan

Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> Chairman of Abunayyan Holding Company 	<ul style="list-style-type: none"> CEO of Abunayyan Holding Company 	<ul style="list-style-type: none"> Bachelor's degree in Administrative and Computer Science. 	<ul style="list-style-type: none"> Worked for 7 years as CEO of Abdullah Abunayyan Trading Company Worked for 10 years as CEO of Abunayyan Holding Company Working currently as Chairman of Abunayyan Holding Company since 2018 - present



Saad Falah Al-Qahtani

Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> CEO of Jeddah Development & Urban Regeneration Co. 	<ul style="list-style-type: none"> VP of Finance and Investment at Thakher Real Estate Development Co. 	<ul style="list-style-type: none"> Bachelor's Degree in Accounting. Master of Finance and Investment. 	<ul style="list-style-type: none"> Jeddah Development & Urban Regeneration Co. Sep 2022- Present. Thakher Real Estate Development Co. Jul 2019 – May 2022 Knowledge Economic City – Oct 2017- Jun 2019 Zahran Group Smart Vision for Consultancy Mohammed Abdulaziz Al-Rajhi Group – May 2012- May 2014. Ma'aden Company – Feb 2009 – April 2012 Sabic Company May 1995 – Jan 2009



Azzam Saud Al-Mudaiheem

Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> CEO of Abunayyan Trading Company 	<ul style="list-style-type: none"> CEO of Al-Hassan Ghazi Ibrahim Shaker Company 	<ul style="list-style-type: none"> Bachelor's Degree in Mechanical Engineering. 	<ul style="list-style-type: none"> Worked for 3 years at Advanced Electronics as a manufacturing engineer. Worked for 3 years at Al Muhaidib Food Company as a regional sales manager. Worked for 6 years at Masdar Trading Materials Company as a purchasing manager and warehouse manager. Worked for 10 years at Masdar Trading Materials Company as General Manager. Worked as CEO at Al-Hassan Ghazi Ibrahim Shaker Company from November 2017- November 2020. Working as Chairman of Abunyan Trading Company from December 2020 - Present



Mousa Abdullah Al-Ruaily

Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> Co-Founder and Chairman of the Board 	<ul style="list-style-type: none"> Managing Board Member and Designate CEO 	<ul style="list-style-type: none"> Bachelor's Degree in Education 	<ul style="list-style-type: none"> - Co-Founder and Chairman of Blue Ocean Holding Company from 2021 - Present - Managing Board Member and Designate CEO of Saudi Advanced Company (Public Stock) 5/2022 to 1/2023

Faisal Mohammed Alharbi

* his membership ended on 8 Dec 2022

Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> Managing Director - Filling & Packing Materials Mfg. Co. 	<ul style="list-style-type: none"> Chairman of the Board - Filling & Packing Materials Mfg. Co. 	<ul style="list-style-type: none"> Master's Degree in Business Administration Bachelor's Degree in Marketing 	<ul style="list-style-type: none"> Managing Director of Filling & Packing Materials Mfg. Co. From 2019 - Present Worked at Vaia Saudi as General Manager from 2005 - 2018



Abdullah Mohammed Alharbi

Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> CEO of (FIPCO) Filling & Packing Materials Mfg. Co. 	<ul style="list-style-type: none"> Risk Management Manager - (FIPCO) Filling & Packing Materials Mfg. Co. 	<ul style="list-style-type: none"> Master's Degree in Business Administration Bachelor's Degree in Marketing 	<ul style="list-style-type: none"> Working in Filling & Packing Materials Mfg. Co. 2016-Present



Ahmed Ali Al-Lohaidan

Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> CEO 	<ul style="list-style-type: none"> CEO 	<ul style="list-style-type: none"> Bachelor's Degree in Mechanical Engineering. High Diploma in Design, Production and Management 	<ul style="list-style-type: none"> Worked for 29 years as Director at the Studies and Consulting of Projects Department at the Saudi Industrial Development Fund

Names of Companies Inside or Outside the Kingdom Which Board Member is a Member in Their Current and Previous Boards of Directors:

Name of Member	Names of companies which Board Member is a Member in their current Boards of Directors or Managerial Positions	Inside / Outside KSA	Names of companies which Board Member is a Member in their previous Boards of Directors or Managerial Positions	Inside / Outside KSA
Yousef Saleh Abalkail	<ul style="list-style-type: none"> Arabian Pipes Company (Listed Stock) Saudi Ceramics (Listed Stock) Gulf Insurance Company (formerly AXA) (Listed Stock) Saudi Cement Company (Listed Stock) 	Inside	<ul style="list-style-type: none"> National Company for Glass Industries (Listed Stock) Qassim Cement (Listed Stock) Guardian Global Glass Co. (Limited Liability) 	Inside
Khalid Abdullah Abunayyan	<ul style="list-style-type: none"> Abunayyan Holding Company Vision Invest Company Lavana Company Toray Membrane Company Vision Industries Company 	Inside	None	None
Saad Falah Al-Qahtani	<ul style="list-style-type: none"> Jeddah Development & Urban Regeneration Company Arabian Pipes Company The Saudi Korean Company for facility maintenance and Properties Management Blom Alnoor RE fund 	Inside	<ul style="list-style-type: none"> Saudi Exports Company Global Beverage Company The Investor for Securities Company 	Inside
Azzam Saud Al-Mudaiheem	<ul style="list-style-type: none"> Al-Hassan Ghazi Ibrahim Shaker Company – Listed Stock Solutions Company – Limited Liability Arabian Pipes Company – Listed Stock 	Inside	<ul style="list-style-type: none"> Board Member of Masdar Technical Supplies Company - Limited Liability 	Inside
	<ul style="list-style-type: none"> New Vision Company – Closed Stock 	Outside	<ul style="list-style-type: none"> Chairman of Energy Service Company's Board of Directors – Closed Stock 	Outside
Mousa Abdullah Al-Ruaily	<ul style="list-style-type: none"> MIDDLE EAST CABLES (MESOC) – Listed Stock Arabian Pipe Company (Listed Stock) Blue Ocean Holding Company - Limited Liability 	Inside	<ul style="list-style-type: none"> Saudi Advanced Industries Company – Listed Stock Medical Digital Medicine Company - Limited Liability Value Capital Company Stakes Company 	Inside
Faisal Mohammed Alharbi his membership ended on 8 Dec 2022	<ul style="list-style-type: none"> Tourism Enterprise Company - SHAMS FPC industry Company 	Inside	None	None
Abdullah Mohammed Alharbi	<ul style="list-style-type: none"> FIPCO) Filling & Packing Materials Mfg. Co. FPC industry Company 	Inside	None	None
Ahmed Ali Al-Lohaidan	<ul style="list-style-type: none"> Southern Province Cement Company 	Inside	None	None

Members from outside the Board

Khalid bin Saleh Al Turaifi (Member of the Audit Committee from outside the Board)			
Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> Vice President for Finance and Reports at Ma'aden 	<ul style="list-style-type: none"> Chief Financial Officer - Quality of Life Program 	<ul style="list-style-type: none"> Bachelor's Degree in Accounting at King Saud University 	<ul style="list-style-type: none"> Worked in the Quality of Life Program (one of Vision 2030 Programs) - Chief Financial Officer Work in Saudi Ceramics - Chief Financial Officer from 11/2017 - 07/2019 Worked at Al Bilad Bank - Financial Consultant from 09/2014 - 09/2017 Worked for the Communications and Information Technology Commission as Director of Planning and Budget from 09/2003 - 09/2014 Worked at Al Rajhi Bank – Head of Financial Control 12/2000 - 09/2003 Worked at Saudi Industrial Development Fund – Senior Audit Supervisor 09/1993 - 12/2000
Saleh bin Abdullah al-Yahya (Member of the Audit Committee from outside the Board)			
Current Position	Previous Position	Qualifications	Experience
<ul style="list-style-type: none"> Partner with Alluhaid & Alyahya Chartered Accountants 	<ul style="list-style-type: none"> Partner with Ernst & Young 	<ul style="list-style-type: none"> Bachelor's Degree in Accounting at King Saud University 	<ul style="list-style-type: none"> Accountant, Arail Construction Company 2002 – 2006 Audit Assistant Director - Ernst & Young 2006 – 2011 Director of Audit - Ernst & Young US 2011 – 2014 Partner, Ernst & Young 2014 - 2016 Partner, Alluhaid & Alyahya Chartered Accountants 2016 - Present

The Board of Directors Committees

Audit Committee:-

The committee shall study the issues t concerned with or that are referred to it by the Board of Directors and submit to the Board its recommendations to make a decision or take the decision if the Board delegates to it. The committee shall inform the board directors of its findings of results or decisions that are taken or recommendations. The committee is concerned with monitoring the company's activities and verifying the integrity of reports, financial statements, and internal control systems, and studying the company's interim and annual financial statements before presenting them to the board of directors and expressing its opinion regarding the recommendation to ensure their integrity and fairness. In addition to supervising the performance and activities of the internal auditor and the internal audit department in the company in order to verify the availability of the necessary materials and their effectiveness in performing the work and tasks assigned to them. The Audit Committee held seven meetings during 2022, according to the following table:

Audit Committee	Membership Status	Meeting No.	Meeting No.	Meeting No.	Meeting No.	Meeting No.	Meeting No.	Meeting No.	Attendance
		(06/10) March 02, 2022	(07/10) 25 March 2022	(08/10) 30 March 2022	(09/10) 23 may 2022	(10/10) 02 August 2022	(11/10) 21 August 2022	(12/10) 03November 2022	
Saad Al-Qahtani	Chairman of the audit committee	√	√	√	√	√	√	√	100%
Abdullah Alharbi	Audit Committee Member	√	√	√	√	√	√	√	100%
Khaled Al-Tarifi	Audit Committee Member (outside the board)	√	√	√	X	√	√	√	86%
Saleh Al-Yahya	Audit Committee Member (outside the board)	√	√	√	√	√	√	√	100%

International Standards:-

The company is committed to following international standards (IFRS) when issuing financial reports that are adopted in the Kingdom of Saudi Arabia. The financial statements of the ended fiscal year on 12/31/2022 were prepared according to the International Financial Reporting Standards that are approved in the Kingdom of Saudi Arabia and other versions issued by the Saudi Organization for Certified Public Accountants. The company has started applying these standards as of 01/01/2017 according to the decision of the Board of Directors of the Saudi Organization for Certified Public Accountants.

The results of the annual audit of the effectiveness of internal control procedures :

The Audit Committee is an independent committee formed by a decision of the company's Ordinary General Assembly upon a recommendation from the Board of Directors, based on the Saudi Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority and the Audit Committee's work regulations. Such a committee is concerned with monitoring the company's activities and verifying the integrity of the reports, financial statements and internal control systems therein to assist it to perform its tasks and achieve its objectives.

The Audit Committee meetings that were held during 2022 were with the participation of the Board members and key stakeholders in the company such as the Chief Executive Officer, Chief Financial Officer, External Auditor, and Internal Auditor.

The key stakeholders and some of the Board members presented their views to the Committee on certain matters. One of which is the validity of the consolidated reports and financial statements of the company and their effectiveness and integrity, the performance of the internal controls along with their effectiveness and integrity, internal audit and financial reports. Based on the views and presentations provided by Board members and key stakeholders in the company, the Audit Committee approved several items during 2022 petition to the approval of the Board of Directors, including;

- Discussing the annual financial statements for the ended year 12/31/2021. The external auditor discussed regarding the reasons for reservations, and the committee worked hard in cooperation with the external auditor and the company's Board to remove all obstacles and issue the financial statements for 2021.
- Recommending the appointment of a consultant for zakat and tax work.
- Recommending the study of stagnant stock and operating on disposing the obsolete stock as well as spare parts.
- Following up on the financial advisor's report to study accounts receivable.
- Initial (quarterly) financial reports for 2022.
- Recommend the nomination of an external auditor for the company for 2022, based on the shareholders' decision.
- The committee recommended the executive management to update and complete all necessary policies and procedures.
- The committee recommended the executive management to establish policies and procedures for risk management.

In addition, the Audit Committee has considered the reports on several key issues, including;

- Following up on the application of ERP-SAP program project.
- Following up on updating the risk register for the year 2022
- A summary of the internal audit in the company during 2022, which includes audit work and advisory tasks.
- A quarterly report on the company's internal audit during 2022.

The current Audit Committee consists of four members, two of them are independent members of the Board of Directors and two members are from outside the Board. The Committee also held seven meetings during 2022.

The opinion of the Audit Committee :

In our opinion, based on what was presented by the executive management and the reports of the results of the internal audit operations that were submitted to the audit committee during 2022 and were contained in the results of the auditor's tasks. The Committee believes that executive management is seeking to improve and develop the control system and it requires further development and improvement. Whereas the results of the audits and the committee's discussions during the meetings provided reasonable basis for this opinion. Knowing that any system of internal control can not provide absolute assurance regardless of the suitability of its design and the effectiveness of its application.

Nominations and Remunerations Committee:-

The committee shall prepare a clear policy for the remuneration of the members of the Board of Directors, the committees emanating from the Board, and the executive management, and submit it to the Board of Directors to consider it and approve it by the General Assembly. Such policy shall follow standards related to performance and disclosing them and verify their implementation, clarify the relationship between the granted remuneration and the applicable remuneration policy, and indicate any material deviation from this policy. In addition to periodically reviewing the remuneration policy, assess its effectiveness in achieving the objectives envisaged by it and recommend to the Board of Directors to nominate for membership of the Board, committees, occupy vacant positions, or remove them according to the policies and standards approved and proposed by the Committee as well as taking into account the provisions of the nomination and membership policy in the Board of Directors. The Nominations and Remunerations Committee held three meetings during 2022, according to the following table;

Nominations and Remunerations Committee	Membership Status	Meeting No. (1-2022) June 26, 2022	Meeting No. (2-2022) October 15, 2022	Meeting No. (3-2022) December 19, 2022	Attendance
Mousa Abdullah Al-Ruaily	Chairman of the committee	√	√	√	100%
Azzam Saud Al-Mudaiheem	Committee Member	√	√	√	100%
Abdullah Mohammed Alharbi	Committee Member	√	√	√	100%

Executive Committee:-

The committee assumes all the tasks entrusted to it by the Board of Directors and has the right to exercise the powers for which a delegation is issued to the committee according to the decisions of the Board of Directors. In addition, to study and discuss executive plans for capital and investment projects to achieve the company's objectives, follow up on their implementation and assess their results by presenting proposals and recommendations to the Board of Directors that it deems appropriate regarding them. The Executive Committee held four meetings in 2022, according to the following table;

Executive Committee	Governance Committee	meeting no (5-10) April 21, 2022	meeting no (6-10) August 23, 2022	Meeting No. (7-10) November 28, 2022	meeting no (8-10) December 20, 2022	Attendance
Khalid Abdullah Abunayyan	Chairman of the Committee	√	√	√	√	100%
Yousef Saleh Abalkail	Committee Member	√	√	√	√	100%
Mousa Abdullah Al-Ruaily	Committee Member	√	√	√	√	100%
Ahmed Ali Al-Lohaidan	Committee Member	√	√	√	√	100%

Governance Committee:-

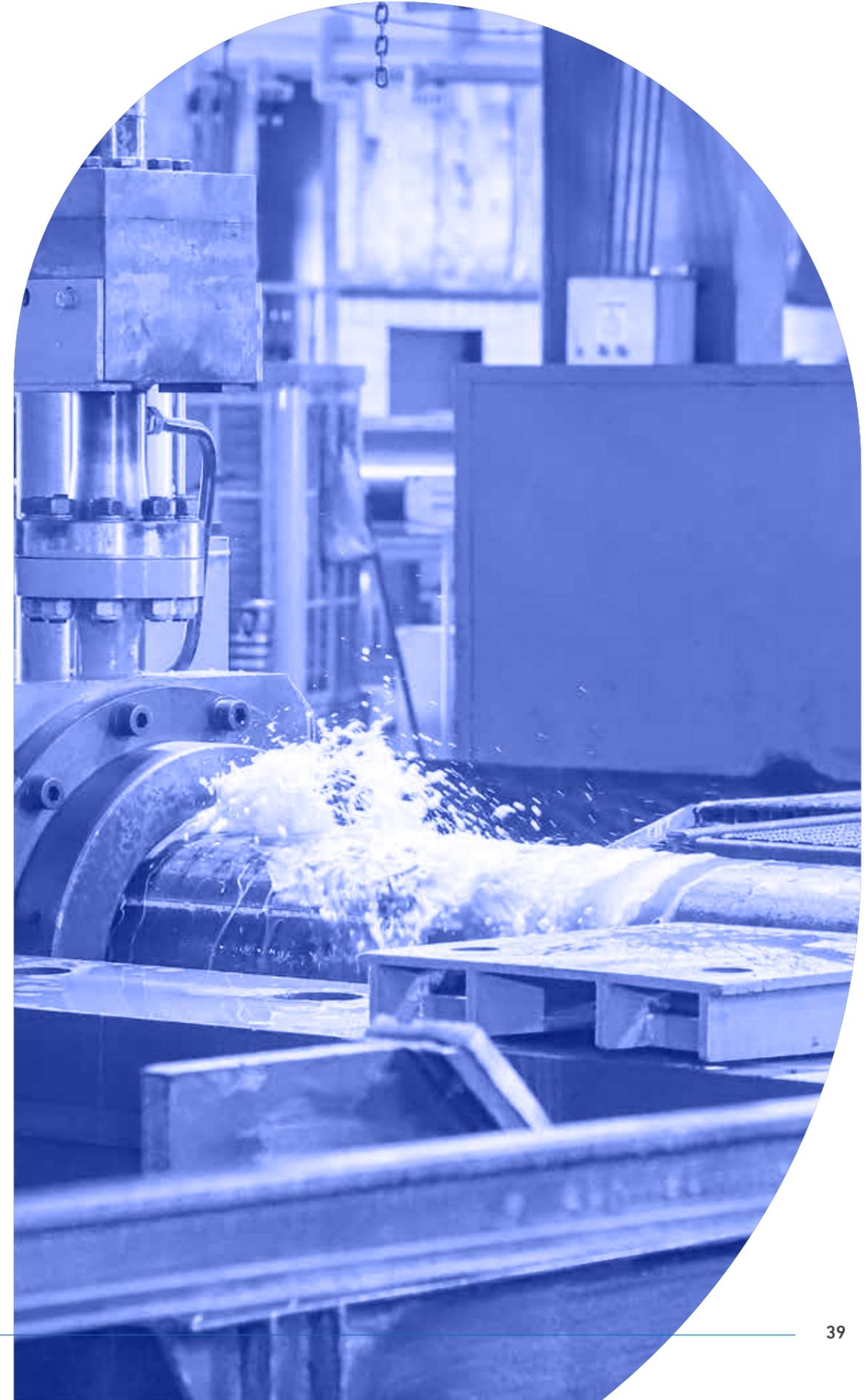
The committee verifies the company's compliance with the regulations of the Ministry of Commerce, the Capital Market Authority and any other relevant authorities, and reviews and updates policies and rules according to statutory requirements and best practices. In addition, it reviews and develops rules of professional conduct that represent the company's values and other internal policies and procedures to meet the company's needs and are consistent with best practices. The Governance Committee held a meeting in 2022, according to the following table;

Governance Committee	Governance Committee	Meeting No. (1/21) November 22, 2022	Attendance
Abdullah Mohammed Alharbi	Chairman of the Committee	√	100%
Azzam Saud Al-Mudaiheem	Committee Member	√	100%
Mousa Abdullah Al-Ruaily	Committee Member	√	100%

Executive Management

Statement of the current and previous positions, qualifications and experience of the executive management;

Name	Current Position	Previous Position	Qualifications	Experience
Amr Mohamed Al-Hattab	Vice President of Operation	Company's factories manager	<ul style="list-style-type: none"> Bachelor in Mechanical Engineering 	<ul style="list-style-type: none"> More than 20 years of experience in the field of manufacturing and installing pipes More than 15 years of experience in the quality field
Humoud Ali Alhamzah	Chief Financial Officer	Chief Financial Officer	<ul style="list-style-type: none"> He holds a master in business administration (concentration in finance in 2015 from Barry University - Miami - USA. He holds a Bachelor of Science in Finance in 2007 from Prince Sultan University - Riyadh - Saudi Arabia - 2007. 	<ul style="list-style-type: none"> Relationship manager in the corporate department (Arab National Bank). Senior Relationship Manager in the Corporate Department (Al-Rajhi Bank). Financial Manager (Arabian Pipes Company). More than 13 years of experience.
Fawzi Ibrahim Al-Hussein	Vice President of Supply Chain	logistics manager	<ul style="list-style-type: none"> Master of Business Administration. Bachelor of Information Systems. 	<ul style="list-style-type: none"> 20 years of experience (external and internal procurement - developing suppliers - shipping - warehouses - developing computer systems (SAP)
Mohamed Dakduk	Vice President for Commercial	Vice President for Commercial	<ul style="list-style-type: none"> Bachelor of Business Administration, Department of Financial and Customs Studies 	<ul style="list-style-type: none"> More than 28 years of experience in business and strategic leadership in industry.
Dakhil Naqi Al-Mutairi	Vice President for Human Resources and Administration	Head of Human Resources and Payroll Department	<ul style="list-style-type: none"> Master of Business Administration Bachelor of Business Administration Higher Diploma in Accounting Diploma in Human Resources Management and Entrepreneurship 	<ul style="list-style-type: none"> 16 years of experience (Administrative Affairs - Salaries and Wages Management - Recruitment and Training - Human Resources Services - Occupational Safety and Hazards)



The total amounts paid and payable to members of the Board of Directors for 2022 amounted to (1.396 million riyals). It is the allowance for attending the sessions of the Board and its affiliated committees and the remuneration for members of the committees according to the regulation of the policy of remuneration for members of the Board according to the text of the Article of the Statute. In addition to the total salaries, remuneration and compensations paid by the company to the top five senior executives including the Chief Executive Officer and the Chief Financial Officer, amounted (5.5 million) detailed as in the following table:-

Annual remuneration for and committee membership	Fixed remuneration (in thousands)							Variable remuneration (in thousands)						End of service benefits (in thousands)	Grand Total (in thousands)	Expense allowance (in thousands)
	Annual remuneration for and committee	Allowance for attending Board sessions	Total allowance for attending committee sessions	Allowance in kind	Technical, administrative and advisory work reward	Remuneration of the Chairman, Managing Director or Secretary, if he is a member	Total	percentage of profits	Periodic remunerations	Short term incentive plans	Long term incentive plans	detnarG eht) serahs si eulav ((deretne	Total			
First; independent members																
Saad Falah Al-Qahtani	150	18	21	-	-	-	189	-	-	-	-	-	-	-	189	
Mousa Abdullah Al-Ruaily	150	18	21	-	-	-	189	-	-	-	-	-	-	-	189	
Abdullah Mohammed Alharbi	150	18	21	-	-	-	189	-	-	-	-	-	-	-	189	
Second; Non-executive members																
Yousef Saleh Abalkail	150	18	12	-	-	-	180	-	-	-	-	-	-	-	180	
Khalid Abdullah Abunayyan	150	15	12	-	-	-	177	-	-	-	-	-	-	-	177	
Azzam Saud Al-Mudaiheem	150	18	12	-	-	-	180	-	-	-	-	-	-	-	180	
Faisal Mohammed Alharbi	103	9	0	-	-	-	112	-	-	-	-	-	-	-	112	
Third; Executive members																
Ahmed Ali Al-Lohaidan	150	18	12	-	-	-	180	-	-	-	-	-	-	-	180	

(Amounts are in thousands of riyals))

Statement	Fixed remuneration				Variable remuneration						severance pay	Total executive remuneration for the board, if an	Grand Total	
	Salaries	Allowances	Allowance nn kind	Total	Periodic remunerations	profits	Short term incentive plans	Long term incentive plans	Granted shares	Total				
Five of the top executives who received the highest rewards, including the CEO and Chief Financial Office	4,130	1,217	-	5,347	-	-	-	-	-	-	-	-	180	5,527

* The company has committed to disclose the components of senior executives' remuneration in total, according to the statutory requirements contained in sub-paragraph (8) of Article 87 of the Corporate Governance Regulations.

The Company's Social Responsibility :-

The Arabian Pipes Company is keen to achieve its strategy related to social responsibility, as it has assumed the leading role in providing support for social programs. Whereas it sponsors many programs aimed at serving the company's employees it is a responsibility that the company is pleased to provide, including, for example:-

Labour Force and Localization:

Arabian Pipes Company is keen to attract qualified Saudi cadres who have experience in the labor market, believing in the role of the private sector in contributing to building society.

With the company continues its policy of the training program ending by employment through signing several of agreements for training ending by employment with Jubail Technical Institute, the National Institute of Technology and the Institute of Plastic for inspection and quality assurance to train and qualify a several of Saudi cadres and supervise them before they engage in technical work within the company.

On-the-Job Training:

The company's management is convinced of the role of training and its importance in raising the efficiency of its employees, which will have a positive impact on achieving the company's goals. The company has continued its policy of contracting with trainers and specialized companies to implement training programs inside and outside the company in most of the administrative and technical fields related to the company's activities. Whereas more than 16,000 training hours were held during the fiscal year 2022.

Cooperative Training:

The company has sought to provide cooperative training programs.

Whereas it agreement was reached with several different educational institutions to support the sons and daughters of the country in increasing their knowledge of their field of study in practice before graduating to the labor market.

Work Environment:

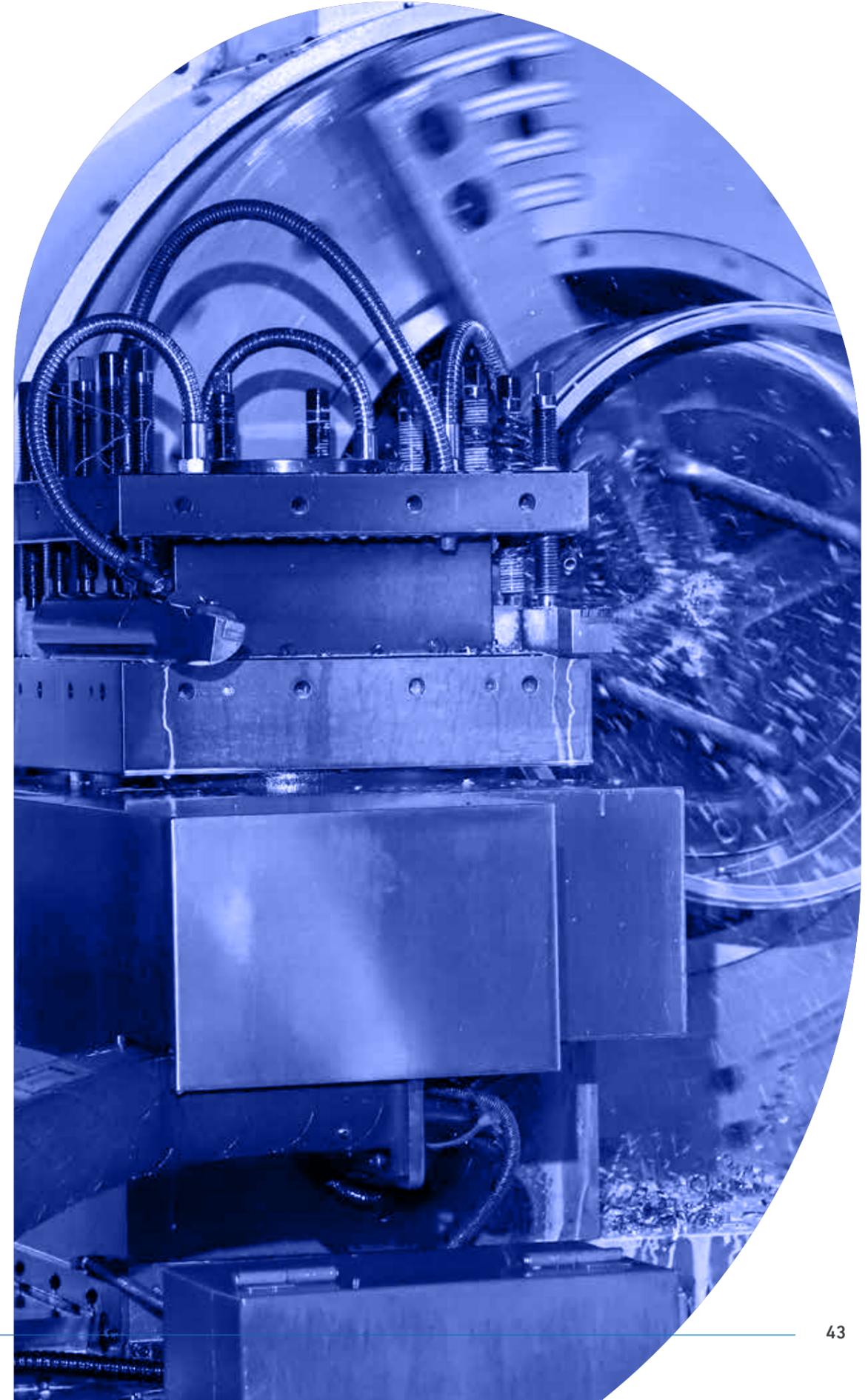
The company is keen on developing of the work environment continuously. Therefore, the company continuously uses scientific methods to measure the job satisfaction of the company's employees and to identify the areas that develop the work environment within the company to raise the rates of job stability and make it more attractive to job seekers..

Career Progression:

Arabian Pipes Company is keen on appreciating qualified Saudi talents. Therefore, it has adopted a career progression program for some selected jobs carefully aiming to prepare Saudi cadres to occupy technical and administrative leadership positions within the company.

Celebrating National Occasions and Holidays:

The Arabian Pipes Company is keen to hold occasions of National Day, Founding Day and the holidays by celebrating with all the company's employees at its headquarters, providing flyers on the importance of National Day and Founding Day, and setting up competitions and incentive prizes during these occasions.





04

The Company's Governance

- [Governance and Related Applications](#)
- [Liabilities of the Board of Directors, VIPs Executives, their Wives and Less than Teenage \(none adults\) Children](#)
- [Shareholders' Assemblies](#)
- [Dividends' Distribution Policy](#)
- [Acknowledgment of the Board of Directors](#)
- [Confirmation of the Board of Directors](#)

ARABIAN PIPES implements all the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the following guiding provisions:

Governance and related implementations:

The Corporate Governance Regulations issued by the Capital Market Authority outlined the rules and standards regulating the management of joint-stock companies. ARABIAN PIPES enjoys a governance system that adheres to the best governance practices that guarantee the protection of shareholder rights, disclosure and transparency. The company has also prepared the internal audit system, and the Board of Directors has delegated the competent committees to follow up on the implementation of the company's governance system, and the Guiding Articles will be adhered to as soon as they are approved.

Article No.	Article/Paragraph state	Reasons for not implementing
Article (39): Training	2) Developing the necessary mechanisms for Board members, committee members, and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	Guiding Article
Article (41): The Assessment	a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company	Guiding Article
Article (41): The Assessment	e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	Guiding Article
Article (70): Composition of the Risk Management Committee	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	Guiding Article
Article (72): Meetings of the Risk Management Committee	The risk management committee shall convene periodically at least once every six months, and as may be necessary.	Guiding Article
Article (85): Employee Incentives	1) Forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions.	Guiding Article
Article (85): Employee Incentives	2) Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme.	Guiding Article
Article (85): Employee Incentives	3) Establishing social organisations for the benefit of the Company's employees.	Guiding Article
Article (87): Social Responsibility	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Guiding Article

Article No.	Article/Paragraph state	Reasons for not implementing
Article (88): Social Initiatives	1- Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities.	Guiding Article
Article (88): Social Initiatives	4- Establishing awareness programmes to the community to familiarise them with the Company's social responsibility.	Guiding Article

The interest and rights of the members of the Board of Directors, senior executives, their wives and minor children in the shares or debt instruments of the Company as of 12/31/2022:

Name	Title	Begins of the year	Ends of the year	Net change	% change
		Number of shares	Number of shares		
Share ownership of the members of the Board of Directors, their wives and minor children as of 12/31/2022					
Mr. Yousef Saleh Abalkail	Chairman	4,000	139,739	135,739	3,393%
Mr.Khalid Abdullah Abunayyan	Vice chairman	--	--	--	--
Mr.Saad Falah Al-Qahtani	Member	500	125	(375)	(75%)
Eng. Azzam Saud Al-Mudaiheem	Member	1,269	317	(952)	(75%)
Mr. Mousa Abdullah Al-Ruaily	Member	50	12	(38)	(76)
Mr. Abdullah Mohammed Alharbi	Member	--	--	--	--
Eng. Ahmed Ali Al-Lohaidan	Member	--	3000	3000	100%
Share ownership of the senior executives, their wives and minor children as of 12/31/2022					
Mr. Fawzi Ibrahim Al-Husain	Executive Vice President-Supply Chain	--	7,200	7,200	100%
Mr. Dakheel Maqi Al-Mutairi	Executive Vice President-Human Resources and Administrative Affairs	--	50	50	100%

Dates of the general assemblies and attendance:

Sr.	Name	Attendance Record			
		Extraordinary General Assembly meeting	Extraordinary General Assembly meeting	Ordinary General Assembly meeting	Total meetings
		15-02-2022	21-04-2022	01-06-2022	
1	Mr. Yousef Saleh Abalkail	√	√	√	3
2	Mr.Khalid Abdullah Abunayyan	√	√	X	2
3	Mr.Saad Falah Al-Qahtani	√	√	√	3
4	Eng. Azzam Saud Al-Mudaiheem	√	√	√	3
5	Mr. Mousa Abdullah Al-Ruaily	√	X	√	2
6	Mr. Faisal Mohammed Alharbi	√	√	√	3
7	Mr. Abdullah Mohammed Alharbi	√	√	√	3
8	Eng. Ahmed Ali Al-Lohaidan	√	√	√	3

Dividend policy:

The company's annual net profits, after deducting all general expenses and other costs, were distributed as follows:-

- 10% of the net profits have been reserved to form a statutory reserve. The Ordinary General Assembly may stop this reserve when the aforementioned reserve reaches 30% of the paid-up capital.
- The company may reserve 30% (thirty percent) of net profits to form consensual reserve to be allocated to support the financial position of the company. The company may also discontinue or use this amount.
- From the rest, 5% (five percent) of paid -up capital shall be distributed to shareholders.
- 5% (Five percent) of the rest shall be allocated as remuneration for the members of the Board of Directors with a maximum of no more than five hundred thousand riyals for each member, provided that the member obtains this remuneration according to the number of meetings he attended.
- The rest shall be distributed to the shareholders as an additional share of profits..

The number, dates and causes of the company's requests for the shareholders registry:

Number of requests	Date	Causes
3	14 / 02 / 2022	General Assembly
	12 / 05 / 2022	
	22 / 06 / 2022	
9	09 / 01 / 2022	company's procedures
	23 / 02 / 2022	
	28 / 04 / 2022	
	02 / 06 / 2022	
	21 / 06 / 2022	
	30 / 08 / 2022	
	31 / 08 / 2022	
	18 / 09 / 2022	
	31 / 12 / 2022	

The Board of Directors acknowledgement:

The Board of Directors acknowledge the following:-

- The account records have been properly prepared.
- The internal control system has been prepared on sound foundations and effectively implemented.
- There is no doubt about the ability of ARABIAN PIPES to continue its activity.

Board confirmation :

In line with the Corporate Governance Regulation issued by the Capital Market Authority, the Board of Directors confirm the following:-

- During the year 2022, the Board of Directors was not recommended to change the auditor before the end of his specified period.
- The Audit Committee did not recommend any recommendations that contradict the Board of Directors 'decision or rejected by the Board, regarding the appointment, firing or determination of the fees or performance evaluation of the auditor, or the appointment of the internal auditor.
- With the exception of what was mentioned in this report, members of the Board of Directors and senior executives and their relatives do not have any interest or contractually based securities or subscription rights or debt instrument in shares or company or any of its subsidiaries.
- There is no interest in the voting stock category (except for the members of the company's board of directors, senior executives and their relatives), who informed the company of those rights under Article (85) of the rules of offering securities and continuous obligations, and any change in those rights during the last fiscal year.
- The company did not recover, buy or cancel any recovered debt instruments.
- During 2022, the company did not issue or grant any transfer or subscription rights under transferred debt instruments, contractually based securities, or the right to subscription, or similar rights.
- During 2022, the company did not issue or grant any categories and numbers of any transferred debt instruments or subscription rights, or similar rights.
- There is no deal between ARABIAN PIPES and a related party.
- The company is not a party to any business or contracts, and there is no interest for a member of the Board of Directors, CEO, senior executives, or any person related to them in any business or contracts.
- There are no arrangements or agreements under which a shareholder waived any profit rights.
- There are no arrangements or agreements under which a member of the Board of Directors or a senior executive waived any salary or remunerations.
- There are no shares or debt instruments issued to a subsidiary company, as the company does not own a subsidiary.
- There are no other investments or reserves created for the benefit of the company's employees.
- During 2022, the company's external auditor did not provide any advisory services to the company, and did not receive any fees in this regard.
- The applicable standards do not differ from the accounting standards approved by the Saudi Organization for Certified Public Accountants.
- The Board of Directors did not issue any general or unspecified authorization during 2022.

