



# Annual Report 2023

Arabian Pipes...Characterized by Quality and Excellence

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the Name of Allah, the Most  
Almighty, Most Merciful



In order to meet the aspirations of the industry sector and maximize its role in diversification of the economic base of the Kingdom, the National strategy for Industry has been launched to achieve an industrial economy attracting investment.



Custodian of the Two Holy Mosques,

**King Salman Bin Abdulaziz Al-Saud**

May Allah Protect Him



The Kingdom determines to develop the industry sector, due to its importance as one of the most vital sectors of the Saudi economy, by diversifying the industry base and value chains through "the National Strategy for Industry", which focuses on 12 sub-sectors to diversify the industrial economy and raise the industrial GDP around three times compared to 2020, to reach 895 billion Saudi riyals in 2030, to be a key contributor in the non-oil export development.



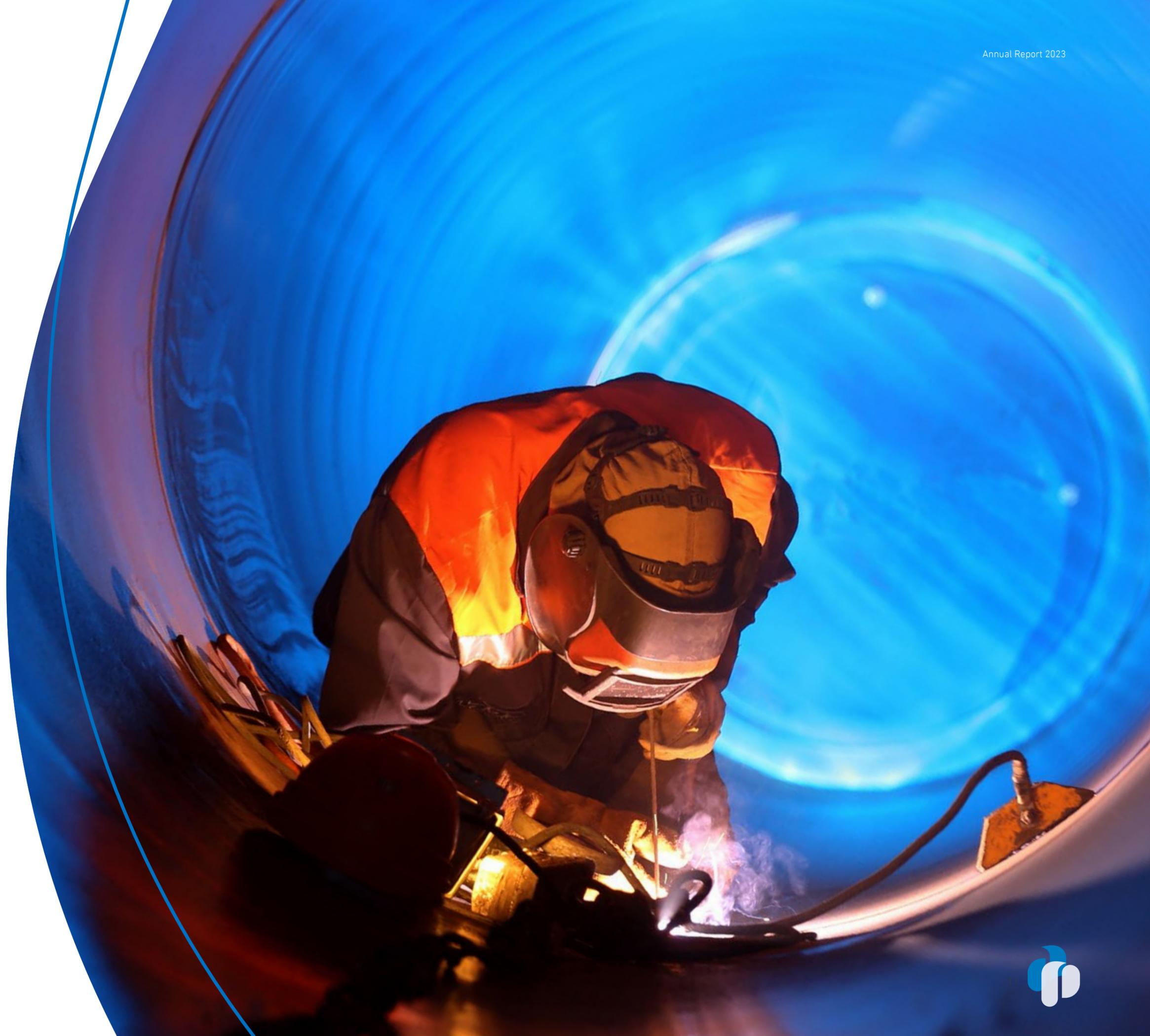
His Royal Highness

**Prince Mohammed Bin Salman Abdulaziz Al-Saud**

May Allah Protect Him  
Crown Prince, Prime Minister

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**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 2023 in which we will present important business and performance of the Company for the financial year ended on 31 December 2023, in accordance with the disclosure requirements stated in the regulations and laws issued by the Capital Market Authority.

The report mirrors the annual financial statements and the performance of the Company through 2023 with a summary of its activities. However, with the prevailing challenges, the Company has remarkably reinforced its performance, where the Company recorded an increase of 1.076 million Saudi riyals in the sale percentage related to the pipe production activity and the wrapping activity, this increase is estimated to be 100%. This historic growth of sales illustrates the Company ability to maintain its market share supported by the operational performance excellence, contributing to increasing the net profit of the Company as stated in the financial statements 2023 to be 132.1 million Saudi Riyals. Moreover, this improvement resulted in enhancing the financial position of the Company.

For the fourth consecutive year, the Company has maintained implementing long-term agreements in favor of Saudi Aramco, supplying electric resistant welded pipes (ERW) for coating wells, gas and petroleum pipelines. Further, the Company obtained direct contracts from main construction companies working in the petroleum and gas field. This was achieved by assistance and support of the ARAMCO's IKTVA Program, which aims at developing the local manufacturing sector, supporting the various economic environment and achieving future prosperity for the Kingdom.

One of the most important achievements made by the Company is obtaining the Local Manufactures Quality Excellence Awards of ARAMCO, which the Company considers as an apprecia-

tion for its efforts, which are in line with the ARAMCO long-term strategy and the KSA Vision 2030. This also mirrors the Company vision to lead the pipe manufacturing field and provide related services in the Kingdom and the region. This has crowned the compliance and efforts of the Company employees and management.

Through this year, the Company maintains to train and qualify national employees and increase the level of Saudization. The Company is also oriented towards further expansion via women empowerment and availing appropriate jobs for women.

At the APC, we look forward to steadily orienting the promising future according to a thoughtful strategy adopted by the Board of Directors and the Company's professionals.

Finally, 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 under the economic growth witnessed by the Kingdom of Saudi Arabia under the sponsorship of the Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz Al-Saud, may Allah protect him, and the Crown prince, Prime Minister, Prince Mohammed Bin Salman Abdulaziz Al Saud, may Allah protect him.

With Allah's Support we Follow the Right Path

Chairman of the Board of Directors

Mr. 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 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.

## The Company's 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. as well as, 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: Jubail, ref. no. 2055007048 dated 21/04/1426 H. The Company's licensed and paid off capital is 100,000,000 Saudi Riyals (One Hundred Million Riyals only) divided into 100,000,000 equal shares with the nominal value of 10 Riyals per share, and all of which are normal cash shares.

## Hereunder is a description of APC main activity:

1. Manufacturing of metal pipes, plastic hoses, pipe's connections and supplement accessories.
2. Manufacturing of pipes and metal pipes, grooved-shapes of metal and steel.
3. Producing and marketing longitudinal coated welded pipes for the use of pipelines, as well as for 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 and buying of pipes and their supplementary accessories.
8. Implementing of pipelines' extensions.
9. Purchase of lands for establishing buildings and investment whether through sale or leasing 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, illustrated as follows:

- **Riyadh Factory:**

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

- **Coating Factory:**

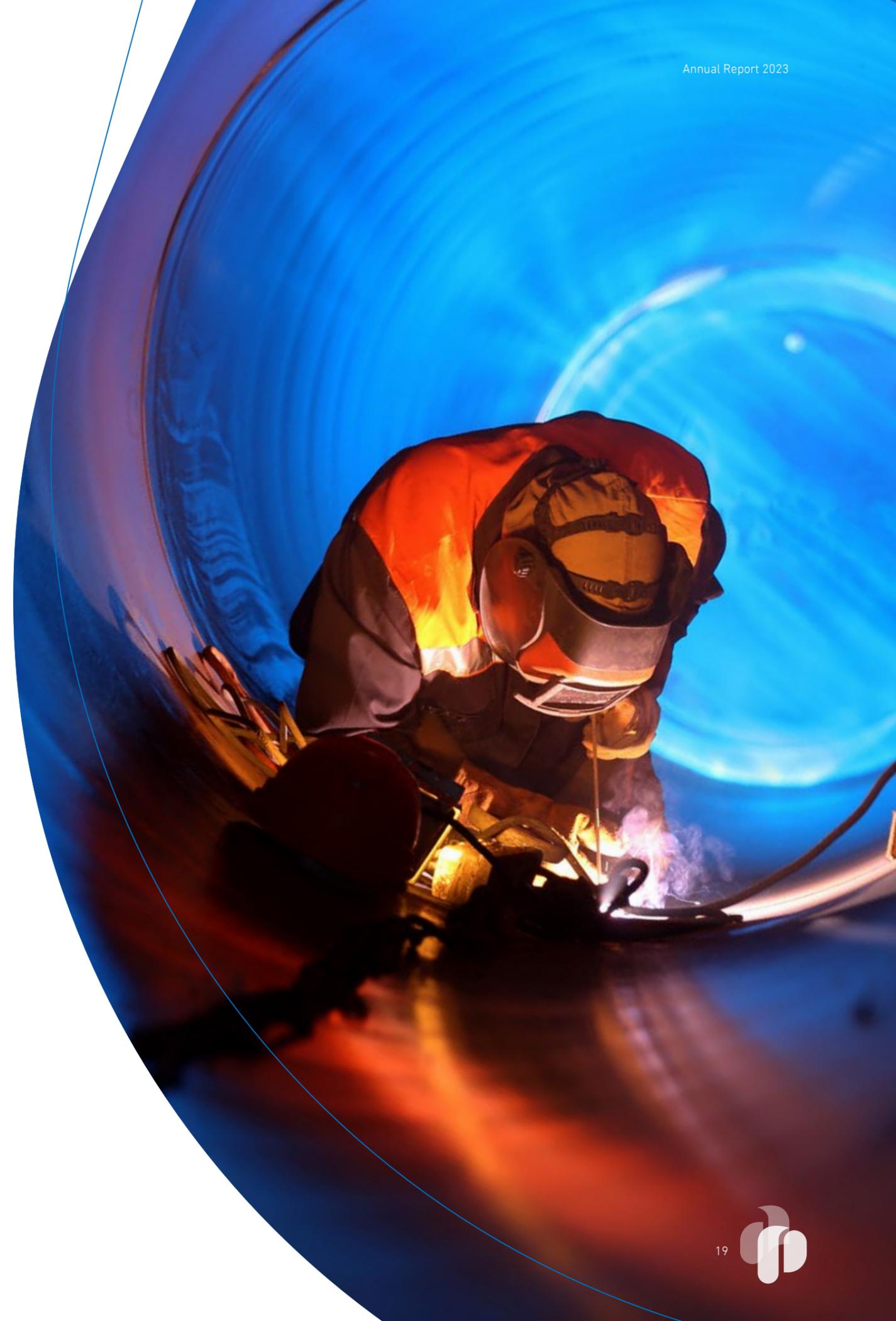
This factory is used for external coating of pipes (FBE, 3LPE, 3LPP), size 6-24 inches, with average production capacity of 2.4 million square meters per year. The Factory is located in Riyadh Industrial City with 100% APC ownership.

- **Slitting Line:**

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

- **Threading and Coupling Line:**

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



## Accomplishments Achieved, Strategic Plans and Future Expectations:

With the grace of Allah, APC managed to score a host of major accomplishments that kept pace with the considerable growth of revenues and the exceptional operational performance throughout the last year of 2023. Below are some of these accomplishments:

1. Delivering clients with projects of more than 185 thousand tons with the value exceeding One Billion Seventy Five Million Saudi Riyal. These projects include 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. Strengthening APC presence at the various vital sectors on top of which is the petrol and gas sectors.
3. Manufacturing and supplying more than 60 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.
4. Continue working for the fourth consecutive year on a long-term 5-year agreement, extendable, with Aramco for the supply of Longitudinal Submerged-Arc Welded (LSAW) pipes from the Jubail Factory.
5. Continue working for the fourth consecutive year on a long-term 5-year agreement with Aramco for the supply of longitudinal electric welded pipes (ERW) from the Riyadh factory.
6. Continue working for the fourth consecutive year on a long-term 5-year agreement, extendable, with Aramco for the supply of wells' casing pipes.
7. The Company managed to obtain direct contracts with main contracting companies in the petroleum and gas sectors.
8. Expanding and varying the sources of iron raw materials by adding international suppliers after applying the highest international inspection standards.
9. Continuously working to achieve the IKT-VA Program objectives for increasing the use, development, and enhancement of the products, as well as to diversify the National Industries' outputs and work with local suppliers for the localization of APC's factories spare parts.
10. Participating in the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC), 04 - 07 November, being an important forum in the area for local and international petrol, gas and factories..
11. Enforcing APC presence in export markets through conducting technical and commercial visits as well as acquiring the Company's adoption by petroleum companies and contactors in Iraq, Kuwait, etc.
12. Implementing various maintenance, development and upgrading programs related to lines of production and equipment leading to increasing their service age and enhance performance. This is in addition to implementing maintenance and development programs for the coating line in order to implement the Master Gas Project.
13. Training, improving, and signing agreements to train and qualify students in order to work in the Company's factory, increase the percentage of Saudization, expand recruitment of capabilities, enable women, and provide suitable work opportunities.
14. Reviewing various policies and regulations of the committees of the Board. Also, reviewing and amending the Company's AoA to align with the requirements of the Governance Law and the new Companies Law.

With regard to the strategic plans and future expectations during the next period, APC is working on implementing the following:

1. Manufacturing and supplying mega projects, e.g. Master Gas, which the Company obtained according to prices and specified dates of projects' delivery for achieving the maximum benefits thereof.
2. Obtaining 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. Strengthening the cooperation with the different casing and coating factories and pipes' insulation, local and regional for addressing contractors' projects needs and increase competitiveness capabilities.
4. Increasing APC's shares at the GCC, Iraqi, and North African markets. Entering new markets such as in Central Africa, NYSE American, etc.
5. Working with local and international companies and investor of the relevant sectors e for searching investment opportunities and joint cooperation.
6. Participating in relevant local and international conferences and exhibitions
7. Developing and upgrading the machinery and equipment of the production lines in APC's factories to cope with the future requirements.
8. Expanding in new products such as short pipes connections for addressing Aramco's and customers as well.
9. Adding new pipes measurements to the Riyadh production line for casing wells, as well as obtaining the approval of Aramco and the Gulf petroleum companies.
10. Developing special testing labs and a coating line to achieve the highest quality standards.
11. Reviewing APC's rules regarding information security to avoid information hacking and increasing protection.
12. Developing and enhancing the level of occupational and environmental safety to align with the requirements of the local and international authorities.
13. Continue updating business policies and procedures at APC's managements.
14. Reinforcing and developing internal monitoring procedures.



## Important and Vital Events:

Al Senaidi "Legal Advisors' Law Firm" issued the final report dated 11/10/2023 regarding the studying and reviewing necessary documents related to previous durations to determine the proofs and justifications taking place regarding the accounting differences in the inventory clause. Said decision is a continuation of the corrective procedures taken by the Board since the issuance of the previous report dated 11/04/2022 by Al Senaidi.

The final report concluded that a complaint should be filed with the Saudi Organization for Chartered and Professional Accountants (SOCPA) against the external auditors of the Company due to refraining from giving any opinion on the financial statements of previous years subject of study. If the violation is established before SOCPA's competent committee, the Company, after determining the material and moral damages, may file a case of private right.

In light of the exerted effort, that may exceed the limited potential financial return, expected costs, and resulting implications of the Company's business and desire to invest in improving the Company's performance and stabilizing its business to achieve the expected interests and desired goals for APC and its shareholders, the Board decided not to move forward with filing a case with SOCPA and maintaining the Company's full right in taking any procedure and applying the stipulated provisions of any laws if deemed by the relevant authorities.

- **Recommendation for capital increase by offering tradable rights:**

In reference to APC's announcement dated 17/07/2022 on the Board's recommendation with regard to approving the capital increase through offering tradable rights, the Company announced on Tadawul website on 09/11/2023 the Board's decision dated 08/11/2023 regarding the rejection of the aforementioned Board's recommendation on the capital increase through offering tradable rights in order to improve the APC's financial position and providing fund sources for its business.

- **Recommendation for capital increase by offering shares :**

On 09/11/2023, the Company announced the Board's dates 08/11/2023 with regard to submitting a recommendation to the Extraordinary General Assembly regarding conducting a capital increase by capitalizing the remaining shares by offering a share for each two shares. The necessary procedures are under finalization with the relevant authorities, and the latest updates will be timely announced on Tadawul website.

## Risk Management

### Risk Management for Financial Instruments

APC faces market risks, credit risks, and liquidity risks. Therefore APC's senior management supervises the management of such risks and reviews policies and procedures in order to ensure the identification, measurement, and management of financial risks in accordance with the policies and objectives of APC's risk management department. The Company does not carry out any activities for covering risks.

Moreover, the Board of Directors reviews and approves management policies of all such risks and as summarized below:

#### Market Risks

Market risks represent the risks resulting from fluctuation of the fair value or future cash flows of a financial instrument as a consequence of changes of the market- prevailing commission rates and changes of liquidity at the market.

Market risks include the following risks: Commission rate risks and currency rate risks; and financial instruments that are affected by market risks on bank facilities and term loans.

#### Commission Rate Risks

Commission rate risks represent the risks that result from the fluctuation of financial instruments' value as a consequence of fluctuations of the market- prevailing commission rates. The risks faced by the company regarding the changes of the market- prevailing commission rates are mainly related to bank facilities, term loans, and short-term Murabaha deposits of the company associated with floating commissions. Therefore, APC manages commission rate risks by continuous monitoring of commission rates' changes.

The reasonable change of commission rates by 50 basis points, with the stability of all other parameters with respect to bank facilities, term loans, and commission-associated payment papers, will affect the statement of profit, loss, and other comprehensive income at an amount of 2.2 million SAR (2022: 1.9 million SAR).

#### Currency Rate Risks

Currency rate risks represent the risks resulting from fluctuation of the financial instrument value as a consequence of changes in foreign exchange rates. APC's transactions are made in Saudi Riyals or US dollars. And since the exchange rate of Saudi Riyal is stable corresponding to US dollar, the Company does not face significant currency rate risks.



### Credit Risks

Credit risks represent the risks that result from failure of other party or client to fulfil the contractual obligations thereof with respect to a financial instrument or a client's contract which leads to the financial loss incurred by the Company. The APC's credit risks are related to bank balances, short-term Murabaha deposits, and its trade debtors.

### Trade Debtors

Clients' credit risks are managed in accordance with the policy, procedures and controls established at the Company for clients' credit risk management. The Company's trade receivables are mainly distributed on semi-governmental entities and private companies. APC manages clients' credit risks by specifying a credit limit for each client, monitoring the outstanding receivables and ensuring close follow-up of such receivables. The department has made a credit policy based on which each new client is analyzed with respect to credit eligibility before presenting the Company's terms and conditions applied for payment and supply operation. Credit terms and conditions are extended for clients whom the Company does not doubt their inability to pay. The needed requirements are analyzed to ensure the value decline at the date of financial statements preparation on an individual basis for clients. Calculation is made according to the actual historical data. The Company considers that the credit risks related to trade debtors are low since its clients are mainly based within the Kingdom of Saudi Arabia, and only a small percentage of clients are abroad. APC's revenues from sales to Aramco Company and its suppliers represent 94% of the total Company's revenues for the 2023 (2022: 86%).

### Short-term Murabaha deposits and bank balances

Credit risks that result from banks and financial institutions' balances are managed by the Company's treasury department according to APC's policy. Credit risks related to banks are managed by dealing with only good reputation banks. On the date of preparing financial statements, the department did not specify any significant focus on credit risks.

### Liquidity Risks

Liquidity risks represent the challenges faced by the Company for providing the funds required for fulfilling its undertakings related to financial instruments. Liquidity risks result from the inability to quickly sell a financial asset at an amount that is equivalent to its fair value. The Company manages liquidity risks by ensuring the availability of bank facilities where the conditions of the Company's deferred sales state that the amounts shall be paid within 30 to 60 days of the selling date, and payables are usually paid within 90 days of the purchase date. All the liabilities shown in the Company's statement of financial position, with exception of the non-current part of lease contracts and benefits specified for employees, shall be contractually payable upon request.



# 02

## 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 Financial Position Performance
- Geographic Analysis of the Company's Revenues
- Loans and Legal (Govt.) Payments

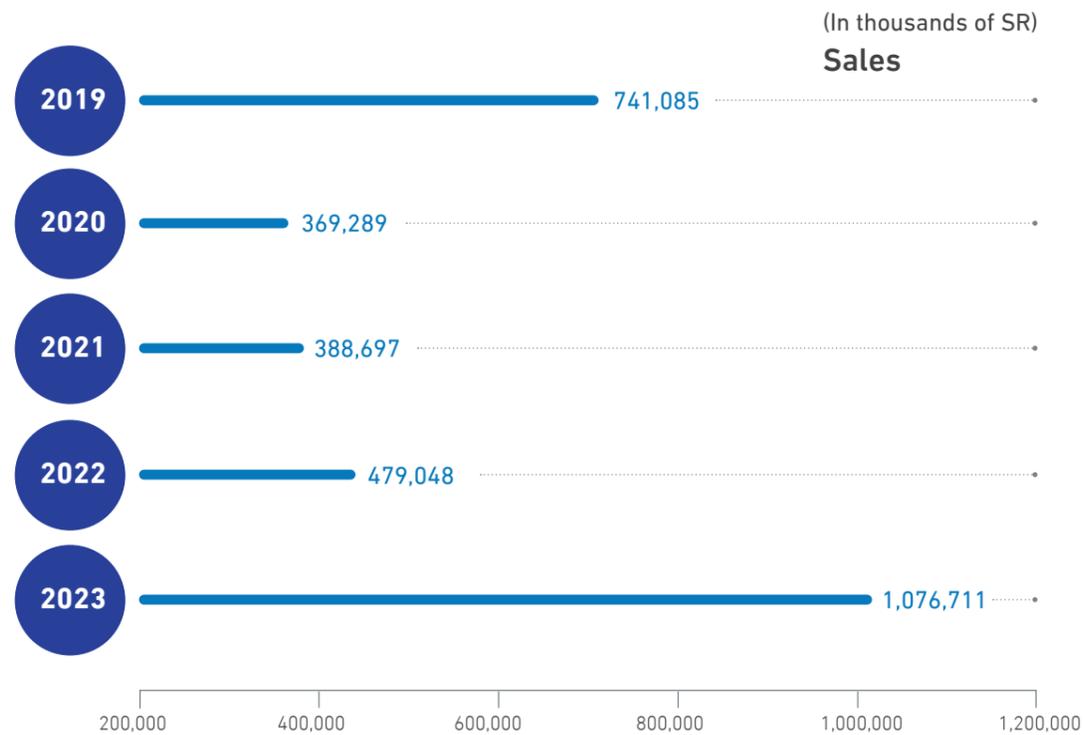
## The following table shows the business volume of the company's activities:

(In thousands of SR)

Main Activity Name	Business Volume	(Total Profits/(Losses)
Pipe production and Coating activities	1,076,711	224,851
<b>Total</b>	<b>1,076,711</b>	<b>224,851</b>

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

The following table shows the company's sales during the past five years: (In thousands of SR)

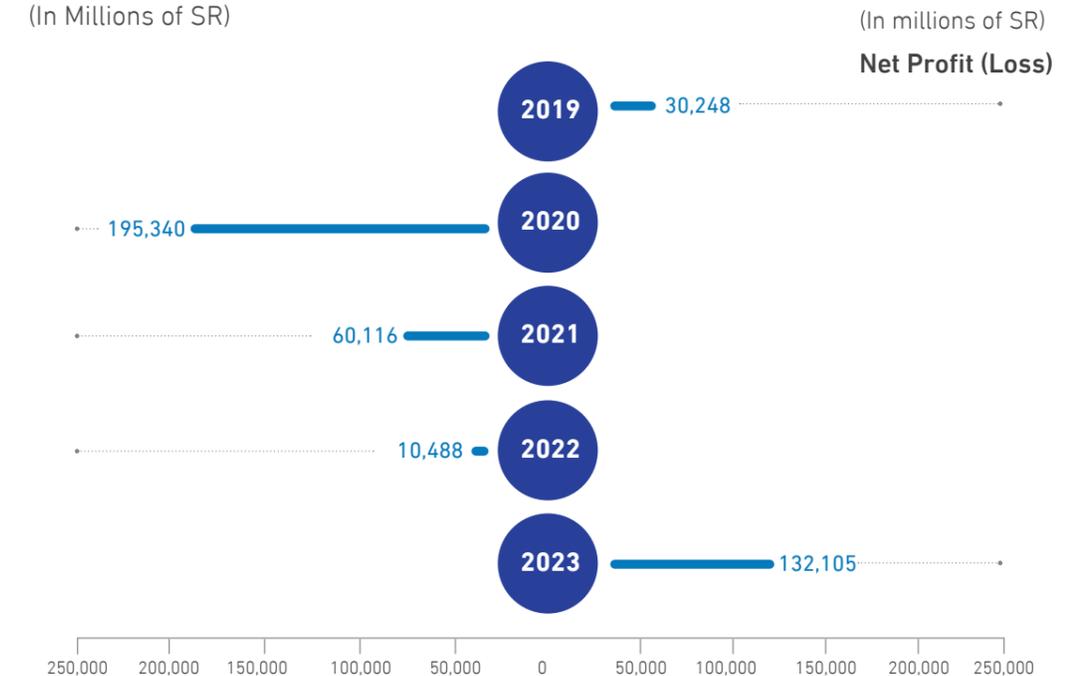


## Income Statement : ( In Thousands of SR )

Statement	2023	2022	2021	2020	2019
Sales	1,076,711	479,048	388,697	369,289	741,085
Cost of sales	(851,860)	(449,014)	(372,460)	(500,589)	(644,612)
<b>Gross profits/losses</b>	<b>224,851</b>	<b>30,034</b>	<b>16,237</b>	<b>(131,300)</b>	<b>96,473</b>
Administrative and marketing expenses	(56,591)	(41,987)	(60,168)	(38,867)	(33,818)
Slow and obsolete goods allowances	(9,551)	3,366	(3,880)	-	2,080
Deferred expenses amortization	-	-	--	(3,979)	-
Finance expenses	(32,087)	(19,163)	(18,257)	(24,156)	(30,794)
Other revenues (expenses)	19,634	17,962	6,295	3,864	801
Profit from investment available for sale	-	-	-	-	-
Legal Al-Zakat Provision	(14,151)	(700)	(343)	(902)	(4,494)
<b>Net Profit (Loss)</b>	<b>132,105</b>	<b>(10,488)</b>	<b>(60,116)</b>	<b>(195,340)</b>	<b>30,248</b>
Actuarial Reserve	(297)	349	(415)	(1,325)	(1,228)
<b>Total (Loss/Profit) overall</b>	<b>131,808</b>	<b>(10,139)</b>	<b>(60,531)</b>	<b>(196,665)</b>	<b>29,020</b>

### Net Profits Over The Last Five Years:

(In Millions of SR)

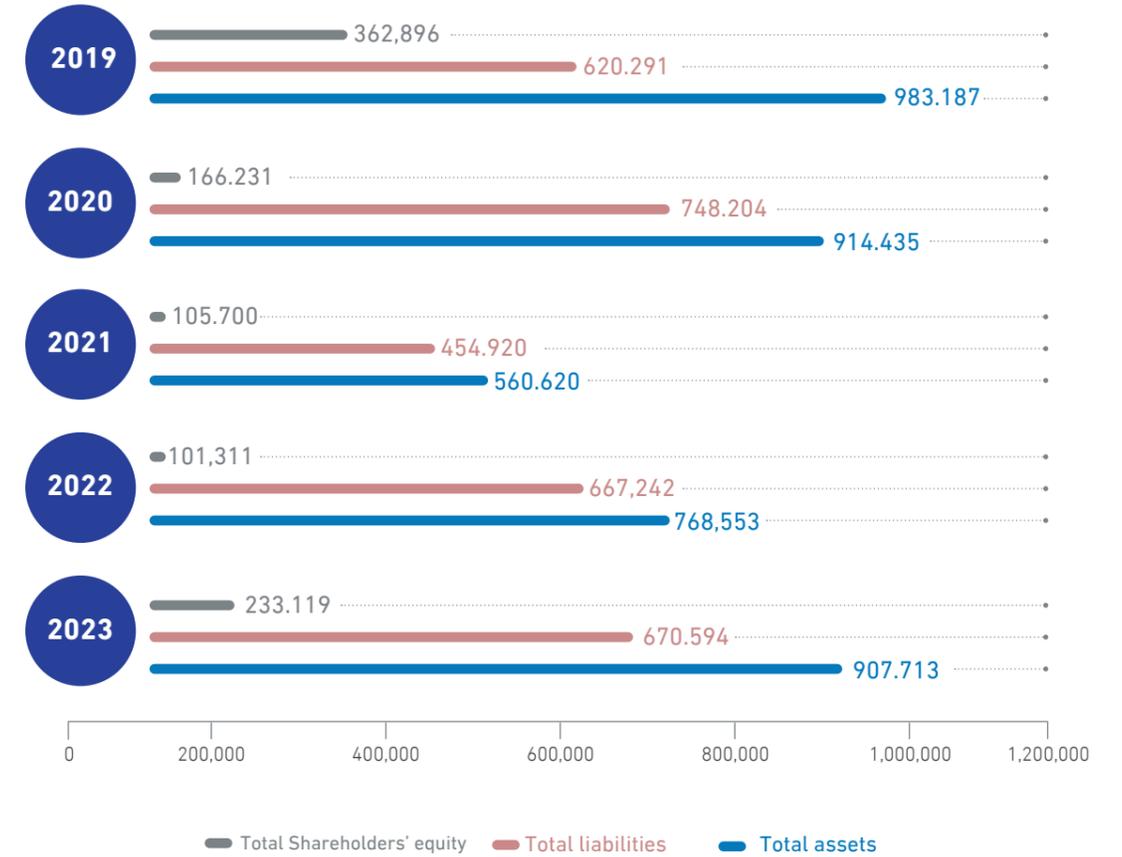


## Statement of Financial Position ( In thousands of SR )

Statement	μ2023	μ2022	μ2021	μ2020	μ2019
Current Assets	583,336	422,363	169,193	537,641	586,934
Fixed Assets and Projects Under Implementation	324,377	346,190	391,426	376,794	396,253
Investments	-	-	--	--	--
Deferred Expenses	-	-	--	--	--
<b>Total Assets</b>	<b>907,713</b>	<b>768,553</b>	<b>560,620</b>	<b>914,435</b>	<b>983,187</b>
Current liabilities	608,892	567,622	417,074	711,864	580,559
Medium and long-term loans	43,896	79,531	18,654	18,252	25,110
Employees' End of Service Allowance	21,806	20,089	19,191	18,088	14,622
<b>Total Liabilities</b>	<b>674,594</b>	<b>667,242</b>	<b>454,920</b>	<b>748,204</b>	<b>620,291</b>
Capital	100,000	100,000	400,000	400,000	400,000
Statutory Reserve	15,430	2,219	120,000	120,000	120,000
Public Reserve	0	-	--	--	--
Retained Earnings	120,699	1,805	(411,238)	(351,122)	(155,782)
Actuarial Reserve	(3,010)	(2,713)	(3,062)	(2,647)	(1,322)
<b>Total Shareholders' Equity</b>	<b>233,119</b>	<b>101,311</b>	<b>105,700</b>	<b>166,231</b>	<b>362,896</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>907,713</b>	<b>768,553</b>	<b>560,619</b>	<b>914,435</b>	<b>983,187</b>

## 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
2023	Pipes sales	1,068,345	1,868	5,490	1,008	1,076,711
	Scrap sales	12,422	-	-	-	12,422
	Others	7,213	-	-	-	7,213
	<b>Total</b>	<b>1,087,980</b>	<b>1,868</b>			<b>1,096,346</b>
2022	Pipes sales	471,668	7,380	-	--	479,048
	Scrap sales	5,614	-	-	-	5,614
	Others	12,348	-	-	-	12,348
	<b>Total</b>	<b>489,630</b>	<b>7,380</b>			<b>497,010</b>

\*Note: The balance of revenues from other items contributes to (finance income from short-term Murabaha, finance income from government grants, and the reversal of the provision for VAT penalties).

## Loans:

The main component of the company's financing is loans. By the end of 2023, the amount of loans has reached to SAR 393 million, compared to SAR 332 million by the end of 2022. The statement of the short-term loans as follows:

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

Name of Donor	Purpose	2023	2022
Riyad Bank	Project financing	164,676	13,612
National Development Fund( NDF)	Working Capital Financing	79,981	109,481
Loans (Ministry of Finance)	Project financing	9,205	109,481
Al Rajhi Bank	Project financing	51,009	144,655
SAB	Project financing	88,117	63,919
<b>Total</b>		<b>392,988</b>	<b>331,667</b>

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	2023	2022
Long-term	Financing the company's Factories Project	54,000	74,000
<b>Total</b>		<b>54,000</b>	<b>74,000</b>

- 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	2023		Brief Description	Reasons
	Paid	Outstanding Payments at end of annual financial period and unpaid		
Zakat	7,611	10,182	Payment of Zakat's dues	Mandatory
VAT	106,328.6	11,599	Payment of VAT	Mandatory
General Organization for Social Insurance	3,598	306	Statutory subscriptions	Mandatory



# 03

## Board of Directors, Committees and Social Responsibilities

- 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 and its members as follows (Executive Board Member - Non-Executive Board Member - Independent Board Member):

No.	Member's Name	Classification
1	Mr. Yousef Saleh Abalkail	Non-Executive
2	Mr. Khalid A. Abunayyan	Non-Executive
3	Mr. Saad Al-Qahtani	Independent
4	Mr. Azzam S. Al-Mudaiheem	Non-Executive
5	Mr. Mousa Abdullah Al-Ruaily	Independent
6	Mr. Abdullah Mohammed Alharbi	Independent
7	Mr. Ahmed Ali Al-Lohaidan	Executive

The Board of Directors held (7) meetings during 2023. The following table shows the Attendance of the Board Members:

#	Members of the Board	Meeting No. (13/10) 21 Mar 2023	Meeting No. (14/10) 04 May 2023	Meeting No. (15/10) 26 July 2023	Meeting No. (16/10) 08 Nov 2023	Meeting No. (17/10) 08 Nov 2023	Meeting No. (18/10) 26 Dec 2023	Meeting No. (19/10) 26 Dec 2023	%
1	Mr. Yousef Saleh Abalkail	✓	✓	✓	✓	✓	✓	✓	100
3	Mr. Khalid A. Abunayyan	✓	✓	✓	✓	✓	✓	✓	100
2	Mr. Saad Al-Qahtani	✓	✓	✓	✓	✓	✓	✓	100
4	Mr. Azzam S. Al-Mudaiheem	✓	✓	✓	✓	✓	✓	✓	100
5	Mr. Mousa Abdullah Al-Ruaily	✓	✓	X	✓	✓	✓	✓	90
6	Mr. Abdullah Mohammed Alharbi	✓	✓	✓	✓	✓	✓	✓	100
7	Mr. Ahmed Ali Al-Lohaidan	✓	✓	✓	✓	✓	✓	✓	100

\* Actions taken by the Board of Directors to brief 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 the Chairman should be briefed to submit to their nearest meeting and, -- recorded in the Board's minutes, if any.

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:



Mr. Yousef Saleh Abalkail

### Current Position

- Chairman of Saudi Ceramics
- Chairman of Gulf Insurance Group (formerly AXA)
- Board Member of Arab Cement Company

### Previous Position

- Chairman and Board member of the National Company For Glass Industries (listed contribution).
- Board Member of Qassim Cement Company
- Guardian Global Glass Co. (Limited Liability)

### Qualifications

- Bachelor's Degree in Computer Science
- Master's Degree in Information Systems Management

### Experiences

- Worked for 35 years in the private and public sectors and served as chairman and member of the board of directors.



Mr. Khalid A. Abunayyan

### Current Position

- Chairman of Abunayyan Holding Company

### Previous Position

- Chairman of Abunayyan Holding Company

### Qualifications

- Bachelor's degree in Administrative and Computer Science.

### Experiences

- 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.



### Mr.. Saad Al-Qahtani



- Current Position**
  - CEO of Jeddah Development & Urban Regeneration Co.
- Previous Position**
  - VP of Finance and Investment at Thakher Real Estate Development Co.
- Qualifications**
  - Bachelor's Degree in Accounting.
  - Master of Finance and Investment.
- Experiences**
  - 30 years of experience in various companies such as (Sabic Company, Ma'aden Company, Mohammed Abdulaziz Al-Rajhi Group, Knowledge Economic City, Thakher Real Estate Development Co., Jeddah Development & Urban Regeneration Co

### Mr. Azzam S. Al-Mudaiheem



- Current Position**
  - CEO of Saudi Ceramic Company
- Previous Position**
  - CEO of Abunayyan Trading Company
- Qualifications**
  - Bachelor's Degree in Mechanical Engineering.
- Experiences**
  - 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 a 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 - December 2023.
  - Working for Saudi Ceramic Company from September 2023- present

### Mr. Mousa Abdullah Al-Ruaily



- Current Position**
  - Chairman of Blue Ocean Holding Company
- Previous Position**
  - Managing Director and CEO Saudi Advanced Industries Company
- Qualifications**
  - Bachelor's Degree in Education
- Experiences**
  - Chairman of the Board of Directors of Blue Ocean Holding Company
  - Managing Director and CEO Saudi Advanced Industries Company
  - Member of the Board of Directors of the Middle East Specialized Cable Company (MISK) and Chairman of the Nominations and Rewards Committee from 7- 2019 to 7- 2022
  - Vice Chairman of Middle East Specialty Cable Company (MISK) and member of Nominations and Rewards Committee from 7- 2022 to 7-2025
  - Board Member, Executive Committee Member and Chairman of Arab Pipe Company Nominations and Rewards Committee 5- 2021 to 5- 2023
  - Board Member and Managing Director of Saudi Advanced Industries Company from 5- 2022 to 1- 2023
  - Founding Partner and Board Member of Blue Sky Aviation Education Company from 2021 to Tarbah
  - Member of the Master's Programme Advisory Board at Prince Sultan University Faculty of Engineering from 2023 - present.)

### Mr. Abdullah Mohammed Alharbi



- Current Position**
  - CEO of Filing & Packing Materials Manufacturing Company (Fipco).
- Previous Position**
  - Risk Management Manager - Filing & Packing Materials Manufacturing Company (Fipco).
- Qualifications**
  - Master's Degree in Business Administration
  - Bachelor's Degree in Marketing
- Experiences**
  - Working in Filing & Packing Materials Manufacturing Company (Fipco).. 2016-Present

### Mr. Ahmed Ali Al-Lohaidan



- Current Position**
  - CEO of Arabian Pipes
- Previous Position**
  - CEO of Arabian Pipes
- Qualifications**
  - Bachelor's Degree in Mechanical Engineering.
  - High Diploma in Design, Production and Management
- Experiences**
  - Worked for 29 years as a manager of Studies and Consulting of Projects Department at the Saudi Industrial Development Fund



Names of Companies Inside or Outside KSA Which a Board Member is a Member in their Current and Previous Boards of Directors:

Member's Name	Names of companies which Board Member is a Member in their current Boards of Directors or Manageria Positions	Inside/ outside KSA	Names of companies which Board Member is a Member in their current Boards of Directors or Managerial Positions	Inside/ outside KSA
Mr. Yousef Saleh Abalkail	<ul style="list-style-type: none"> <li>Arabian Pipes Company (Listed Joint Stock)</li> <li>Saudi Ceramics (Listed Joint Stock)</li> <li>Gulf Insurance Company (formerly AXA) (Listed Joint Stock)</li> <li>Saudi Cement Company (Listed Joint Stock)</li> </ul>	Inside KSA	<ul style="list-style-type: none"> <li>National Company for Glass Industries (Listed Joint Stock)</li> <li>Qassim Cement (Listed Joint Stock)</li> <li>Guardian Global Glass Co. (Limited Liability)</li> </ul>	Inside KSA
Mr. Khalid A. Abunayyan	<ul style="list-style-type: none"> <li>Abunayyan Holding Company</li> <li>Vision Invest Company</li> <li>Lavana Company</li> <li>Toray Membrane Company</li> <li>Vision Industries Company</li> </ul>	Inside KSA	None	None
Mr.. Saad Al-Qahtani	<ul style="list-style-type: none"> <li>Jeddah Development &amp; Urban Regeneration Company</li> <li>Arabian Pipes Company</li> <li>Mrooj Jeddah Company</li> <li>Deutsche Gulf Finance</li> <li>Rotana Waterfront Company</li> <li>Modern Parking Company</li> <li>Sustainable Solutions Company</li> <li>Taskeen Real Estate</li> </ul>	Inside KSA	<ul style="list-style-type: none"> <li>Saudi Exports Company</li> <li>Global Beverage Company</li> <li>The Investor for Securities Company</li> </ul>	Inside KSA
Mr. Azzam S. Al-Mudaiheem	<ul style="list-style-type: none"> <li>Al-Hassan Ghazi Ibrahim Shaker Company – Listed Joint Stock</li> <li>Solutions Company – Limited Liability</li> <li>Arabian Pipes Company – Listed Joint Stock</li> </ul>	Inside KSA	<ul style="list-style-type: none"> <li>Board Member of Masdar Technical Supplies</li> <li>Chairman of Modern Vision Company</li> </ul>	Inside KSA Outside the Kingdom
Mr. Mousa Abdullah Al-Ruaily	<ul style="list-style-type: none"> <li>Middle East Cables (MESOC) – Listed Joint Stock</li> <li>Arabian Pipe Company (Listed Joint Stock)</li> <li>Blue Ocean Holding Company - Limited Liability</li> </ul>	Inside KSA	<ul style="list-style-type: none"> <li>Saudi Advanced Industries Company – Listed Joint Stock</li> <li>Medical Digital Medicine Company - Limited Liability</li> <li>Value Capital Company</li> <li>Stakes Company</li> </ul>	Inside KSA
Mr. Abdullah Mohammed Alharbi	<ul style="list-style-type: none"> <li>FIPCO) Filling &amp; Packing Materials Mfg. Co.</li> <li>FBC</li> <li>United International Transportation Co BUDGET</li> </ul>	Inside KSA	None	None
Mr. Ahmed Ali Al-Lohaidan	<ul style="list-style-type: none"> <li>Southern Cement Company</li> </ul>	Inside KSA	None	None

## Non-Board Members

### Khaled Saleh Al-Tarefe (Non-Board Audit Committee member)

Current Position	Previous Position	Qualifications	Experience
VP of Finance and Reporting - Maaden Company	Chief Financial Officer - Quality of Life Program	<ul style="list-style-type: none"> <li>Bachelor of Accounting from King Saud University.</li> <li>American Fellowship of Certified Public Accountants (CPA).</li> <li>Fellowship of Saudi Organization for Chartered and Professional Accountants (SOCPA).</li> </ul>	<ul style="list-style-type: none"> <li>Worked in the Quality of Life Program (one of the Saudi Vision 2030 programs) - Chief Financial Officer.</li> <li>Worked at Saudi Ceramic Company - Chief Financial Officer from November 2017 to July 2019.</li> <li>Worked at Bank Albilad - Financial Advisor from September 2014 to September 2017.</li> <li>Worked at the Communications, Space and Technology Commission - Director of Planning and Budget from September 2003 to September 2014.</li> <li>Worked at Al Rajhi Bank - Director of Financial Control from December 2000 to September 2003.</li> <li>Worked at the Saudi Industrial Development Fund - Senior Audit Supervisor from September 1993 to December 2000.</li> </ul>

### Saleh Abdullah Alyahya (Non-Board Audit Committee member)

Current Position	Previous Position	Qualifications	Experience
Partner of Alluhaid & Alyahya Chartered Accountants	Partner of Ernst & Young	<ul style="list-style-type: none"> <li>Bachelor of Accounting from King Saud University.</li> <li>Fellowship of Saudi Organization for Chartered and Professional Accountants</li> </ul>	<ul style="list-style-type: none"> <li>Accountant - Ariel Construction &amp; Industrial Co. Ltd From 2002 to 2006</li> <li>Assistant Audit Supervisor - Ernst &amp; Young From 2006 to 2011</li> <li>Senior Audit Supervisor - Ernst &amp; Young United States From 2012 to 2014</li> <li>Partner - Ernst &amp; Young From 2014 to 2016</li> <li>Partner - Alluhaid &amp; Alyahya Chartered Accountants From 2016 to Present</li> </ul>

## Audit Committee's Opinion:

### Audit Committee:

The committee shall study the issues 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 2023, according to the following table:

Audit Committee Member	Membership Status	Meeting No. (13/10) 08 Jan 2023	Meeting No. (14/10) 23 Mar 2023	Meeting No. (15/10) 04 Mar 2023	Meeting No. (16/10) 21 مايو 2023	Meeting No. (17/10) 09 Aug 2023	Meeting No. (18/10) 31 Oct 2023	Attendance
Mr. Saad Al-Qahtani	Audit Chairman of the committee	✓	✓	✓	✓	✓	✓	%100
Mr. Abdullah Mohammed Alharbi	Audit Committee Member	✓	✓	✓	✓	✓	✓	%100
Mr. Khaled Al-Tarefe	Non-Board Audit Committee member	✓	✓	✓	x	✓	✓	%83
Mr. Saleh Alyahya	Non-Board Audit Committee member	✓	✓	✓	✓	✓	✓	%100

### International Standards:

As per issuing financial reports, the company has committed to following the International Financial Reporting Standards (IFRS) adopted in KSA.

The financial statements for the fiscal year ended on 31/12/2023 were prepared in accordance with the International Financial Reporting Standards adopted in KSA and other publications issued by the Saudi Organization for Chartered and Professional Accountant. The company started to apply these standards since 1/1/2017 in accordance with decision of the Saudi Organization for Certified Public Accountants' Board of Directors.



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

Based on the Saudi Companies Law, the Corporate Governance Regulations issued by the Saudi Capital Market Authority and the Regulations of the Audit Committee, the committee shall auditing for monitoring the company's operations, verifying the accuracy and integrity of its reports, financial statements and internal control systems. In order to assist the committee in performing its duties and achieving its objectives, company's stakeholders and main board members such as the CEO, CFO, external auditor and internal auditor participated in the Audit Committee meetings held during 2023.

Company's stakeholders and main Board members provided their insights to the Audit Committee on specific matters; of which are the accuracy, effectiveness, integrity, safety and performance of the company's unified financial statements and reports, as well as the performance, safety, and effectiveness of internal controls, internal audit activities, and financial reports.

Based on the inputs and presentations provided by the company's stakeholders and main board members, the Audit Committee approved during 2023 for several items to be submitted to the Board of Directors for approval, among which are:

- Annual financial statements for the year ended in 31/12/ 2023.
- 2023 initial (quarterly) financial reports.
- New financial policies and procedures issued by the external consultant.
- The recommendation of appointing an external auditor for the company for 2023.
- The executive management committee gave a set of recommendations to enhance the current success and encourage the ongoing development.

In addition, the audit committee has considered the reports on several key issues, including:

- A summary of company's internal audit reports during 2023, including audit activities and advisory tasks.
- A quarterly report on company's internal audit plan during 2023 along with the progress with that plan.
- A summary of updates on recommendations issued by internal audit management, recommendations issued by the audit committee and a summary of the status of these recommendations execution.
- A summary of the external auditors work during 2023.

The current audit committee consists of four members, two board members and two non-board ones. The committee held six meetings during 2023.

### Audit Committee's Opinion:

The committee did not find any significant deficiencies in the company's risks and internal control system, and that based on the external auditors and the internal audit board reports, and through the committee's regular monitoring of the executive management's efforts to ensure handling the notes and establishing controls to mitigate their impact on the internal control system. It is note-worthy that no internal control system can provide absolute assurance regardless of its design adequacy and effectiveness of implementation. Hence, the provided is a reasonable assurance on the soundness and effectiveness of the internal control system.

### Nomination and Bonuses 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 2023, according to the following table;

Nominations and Remunerations Committee	Membership Status	Meeting No. (1 - 2023) 06 Mar 2023	Meeting No. (2 - 2023) 12 Sep 2023	Meeting No. (3 - 2023) 19 Oct 2023	Meeting No. (4 - 2023) 24 Oct 2023	Meeting No. (5 - 2023) 13 Dec 2023	Attendance
Mr. Mousa Abdullah Al-Ruaily	Chairman of the committee	✓	✓	✓	✓	✓	%100
Mr. Azzam Saud Al-Mudaiheem	Committee Member	✓	✓	✓	✓	✓	%100
Mr. 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 2023, according to the following table:

Executive Committee	Membership Statue	Meeting No. (9-10) 15 Mar 2023	Meeting No. (10-10) 25 Jul 2023	Meeting No. (11-10) 05 Nov 2023	Meeting No. (12-10) 20 Dec 2023	Attendance
Mr. Khaled Abdullah Abunayyan	Chairman of the committee	✓	✓	✓	✓	%100
Mr. Yousef Saleh Abalkhail	Committee Member	✓	✓	✓	✓	%100
Mr. Mousa Abdullah Al-Ruaily	Committee Member	✓	✓	✓	✓	%100
Mr. 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 2023, according to the following table:

Governance Committee	Membership Status	Meeting No. (3/2023) 16 Jul 2023	Attendance
Mr. Abdullah Mohammed Alharbi	Chairman of the committee	✓	%100
Mr. Azzam Saud Al-Mudaiheem	Committee Member	✓	%100
Mr. 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	Former position	Qualifications	Experience
Mr. Amr Mohamed Al-Hattab	Vice President of Operation	Company Factories manager	• Bachelor of Mechanical Engineering	<ul style="list-style-type: none"> <li>Over 21 years of industrial experience in the field of pipelines manufacturing and constructing.</li> <li>Over 15 years of experience in the field of quality.</li> </ul>
Mr. Humoud Ali Alhamzah	Chief Financial Officer	Chief Financial Officer	<ul style="list-style-type: none"> <li>Masters of Business Administration (Financial management major) in 2015 from Barry University in Miami – The united states of America.</li> <li>Bachelor of finance in 2007 from Prince Sultan University – Riyadh – the Kingdom of Saudi Arabia.</li> </ul>	<ul style="list-style-type: none"> <li>Relationships specialist in companies Department (Arab National Bank).</li> <li>Senior Relationship Manager in companies Department (Al-Rajhi Bank).</li> <li>Financial Manager (Arabian Pipes Company).</li> <li>Over 13 years of experience.</li> </ul>
Mr. Mohamed Ebrahim Al-Harran	Chief Financial Officer	CFO Almarshad Contracting and Precast	• King Saud University - Accounting	<ul style="list-style-type: none"> <li>Saudi Chemical Holding Company.</li> <li>Almarai Company.</li> <li>Alezdehar Group Company.</li> <li>Almarshad Contracting and Precast.</li> </ul>
Mr. Fawzi Ibrahim Al-Hussein	Executive Vice President for Supply Chain	Logistics Manager	<ul style="list-style-type: none"> <li>Master's of Business Administration.</li> <li>Bachelor of Information System</li> </ul>	<ul style="list-style-type: none"> <li>21 years of experience (external and internal procurement - supplier development - shipping - warehouses - developing software systems (SAP).</li> </ul>
Mr. Mohamed Dakduk	Vice President for Business Matters	Vice President for Business Matters	• Bachelor of Business Administration (Finances and studies department)	<ul style="list-style-type: none"> <li>Over 29 years of experience in leading commercial and strategic business activities in the industrial field.</li> </ul>
Dakhil Naqi Al-Mutairi	Vice President for Human Resources and management	Head of Human Resources and Payroll Department	<ul style="list-style-type: none"> <li>Master's of Project Management</li> <li>Master's of Business Administration</li> <li>Bachelor of Business Administration</li> <li>Accounting Diploma</li> <li>Human Resources and entrepreneurship Diploma</li> </ul>	<ul style="list-style-type: none"> <li>17 years of experience (administrative affairs - salary and wage management - recruitment and training - human resources - Job safety and risks).</li> </ul>

\* Resigned on September 14, 2023

\*\*Appointed December 20, 2023



## Remuneration of Board and Executive Management Members

The total amounts paid and payable to the board members for 2023 are about (2,343 million Saudi Riyals). The amounts includes attendance allowance for board and committee meetings, along with committee membership bonuses according to Board Members' remuneration Policy. Moreover, the total salaries, bonuses, and compensations paid by the company to the top six executives including the CEO and CFO, amounted to (7.8 million) detailed in the following table:

Fixed Bonuses (in thousands)							
Annual remuneration for Board and committees membership	Annual remuneration for committees membership	Board meetings attendance allowance	total allowance for attending committee sessions	Annual remuneration for membership of the board of directors 2023	remuneration for technical, administrative and consulting	remuneration for the Chairman, CEO, or Secretary if they are among the members	Total
<b>Independent Members</b>							
Mr. Saad Falah Al-Qahtani	150	15	18	150	-	-	333
Mousa Abdullah Alrwaily	150	15	30	150	-	-	345
Abdullah Mohamed Alharbi	150	15	36	150	-	-	351
<b>Non-executive members</b>							
Yousef Saleh Abalkhail	150	15	12	150	-	-	327
Khaled Abunayyan	150	15	12	150	-	-	327
Azzam Saud Al-Mudaihimi	150	15	18	150	-	-	333
<b>Executive Members</b>							
Mr. Ahmed Ali Al-Lohaidan	150	15	12	150	-	-	327

\*The board of directors recommend to paid Lump sum bonus of SAR 150 thousand for each board member for the year 2023 (according to the Board Members' remuneration Policy), which has been added to the agenda items of the General Assembly for the next vote.

Statement	Fixed Allowance				Changed Allowance							
	Salary	Allowance	In-kind benefits	Total	Periodic bonuses	Profits	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted stocks (value to be entered)	Total	End of Service benefits (in thousands)	Total
Six of executives who got the highest Allowance, including the CEO and CFO	4,571	1,376	-	5,947	1,647	-	-	-	-	-	242	7,846



## Company's Social Responsibility

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:

- **Labor 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, where this year's localization rate was %40.

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 abroad the company in most of the administrative and technical fields related to the company's activities. Whereas more than 13,000 training hours were held during the fiscal year 2023.

- **Cooperative Training:**

Arabian Pipes 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. Moreover, the company's cooperative training offers them financial awards during its period to motivate them to participate.

- **Work Environment:**

Arabian Pipes 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 company's work environment, raising 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 qualify Saudi cadres to attain the company's technical and administrative leadership positions.

- **Celebrating National Occasions and Holidays:**

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



# 04

## The Company's Governance

- Governance and Related Applications
- Rights of the Board of Directors, Senior 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 set forth 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 programs 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.	The performance of the Board of Directors, its members, and the executive management is assessed internally annually.
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.	The Board of Directors considers that there is no need currently to form a risk management committee, noting that risks are being monitored.
Article (72): Meetings of the Risk Management Committee	The risk management committee shall convene periodically at least once every (six months), if necessary.	Guiding Article
Article (85): Employee Incentives	1) Forming committees or holding specialized 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 programs for employees, and setting up an independent fund for such Program.	Guiding Article
Article (85): Employee Incentives	3) Establishing social organizations 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.	The policy has been prepared and will be submitted at the nearest Assembly's meeting
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 programs to the community to familiarize 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 12/31/2023:

Name	Title	Begins of the year Shares No.	ends of the year Shares No.	Net change	% change
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	139.739	463.337	323.598	%232
Mr. Khalid A. Abunayyan	Vice chairman	--	--	--	--
Mr. Saad Al-Qahtani	Member	125	125	0	%100
Eng.. Azzam S. Al-Mudaiheem	Member	317	317	0	%0
Mr.. Mousa Abdullah Al-Ruaily	Member	12	12	0	%0
Mr.. Abdullah Mohammed Alharbi	Member	--	35	35	%0
Mr. Abdulla Mohammed Alharbi	Member	3.000	10.000	7.000	%233

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	4.400	1.000	-3.400	%77

## Dates of the general assemblies held in 2023 and attendees::

No.	Name	Attendance Record	
		Ordinary General Assembly meeting 13-06-2023	Total meetings
1	Mr. Yousef Saleh Abalkail	√	1
2	Mr. Khalid A. Abunayyan	√	1
3	Mr. Saad Al-Qahtani	√	1
4	Eng. Azzam S. Al-Mudaiheem	√	1
5	Mr.. Mousa Abdullah Al-Ruaily	√	1
6	Mr.. Abdullah Mohammed Alharbi	√	1
7	Eng. Ahmed Ali Al-Lohaidan	√	1



## 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.
3. From the remaining balance, 5% (five percent) of paid-up capital shall be distributed to Shareholders as the 1st payment.
- No more than 5% (Five percent) of the remaining balance 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 remaining balance 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
1	08 / 06 / 2023	General Assembly
	02 / 01 / 2023	
	02 / 04 / 2023	
	03 / 05 / 2023	
7	10 / 09 / 2023	company's procedures
	07 / 11 / 2023	
	03 / 12 / 2023	
	04 / 12 / 2023	

## 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 2023, 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 2023, 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 the fiscal year 2023, the company did not issue or grant any categories and numbers of any transferable debt instruments, or contractually based securities, 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 2023, the company's external auditor did not provide any advisory services to the company, and did not receive any fees in this regard.
15. 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 2023.
- No one of the members the Board of directors had worked on projects that compete the company's projects



