

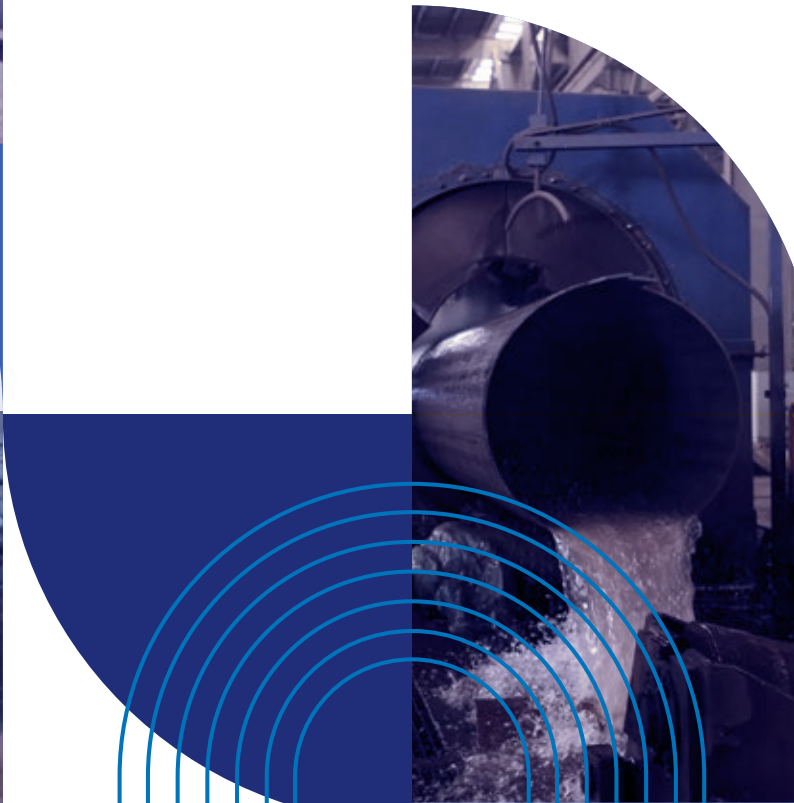
Promising strategic growth

# Annual Report

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ





Custodian of the Two Holy Mosques

**King Salman bin Abdulaziz Al Saud**

may Allah protect him



His Royal Highness Prince

**Mohammed bin Salman Al Saud**

Crown Prince, Prime Minister,

may Allah protect him

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01

# Chairman's Statement



# Chairman's Statement

Mr. Youssef Saleh Aba Al-Khail

**Dear shareholders and partners,  
Peace and blessings of Allah be upon you,**

I am pleased to present to you our annual report, through which we review the most prominent highlights of “Arabian Pipes Company” performance during the year 2025, presented through a set of facts and figures promising the highest levels of excellence, growth, and sustainable leadership.

In light of the significant growth of the national economy across all its diverse sectors—which is undergoing a structural transformation toward diversity and sustainability within Saudi Vision 2030, with a strategic focus on supporting the private sector and investing in advanced technology and industry—this reflects the robustness and attractiveness of the investment environment in the Kingdom of Saudi Arabia. “Arabian Pipes Company” has continued to develop work environments and increase investment in enhancing the efficiency of production lines and main business units. This increases its operational capacity and ability to meet expansion plans and policies, through which it aims to attract more major projects and sustainably increase its market share.

On the financial front, the company continued to achieve promising revenues amounting to SAR 874 million, while net profit reached SAR 110 million. We hope these results serve as a foundation for a more productive future, as “Arabian Pipes” acquires more contracts to implement promising projects with major national companies. “Arabian Pipes Company” also succeeded in strengthening its strategic partnerships with major companies in the oil and gas sector, led by Saudi Aramco and strategic supply agreements with them, alongside signing several contracts promising further growth and excellence.

In the framework of its pursuit to achieve strategic goals, localize technology, and enhance

local content—one of the key pillars of Saudi Vision 2030—the Board of Directors approved the launch of a project to establish a drill pipe Coupling factory at its plant in the Second Industrial City in Riyadh, with a production capacity of up to 50,000 units annually. This represents a qualitative strategic shift that bolsters its presence and leading position as a trusted manufacturer and supplier of the best piping products and integrated solutions, according to the highest international standards of quality, efficiency, and safety, supporting its expansion plans toward targeting promising new markets such as Iraq and Kuwait.

Furthermore, the company is working on developing a comprehensive strategy to establish the concept of sustainability across all its environmental, social, and institutional practices, implementing and monitoring them according to key performance indicators (KPIs) across all business sectors, teams, and individuals. This aims to support a competitive and motivating business environment governed by an inclusive corporate culture based on the values of equality, justice, and transparency. The company adopts an advanced strategy to develop its human capital, stemming from its belief that it is one of its most vital assets playing a pivotal role in achieving growth and development targets by attracting and employing young Saudi men and women and supporting them with developmental programs to home their talents and experiences.

In conclusion, it gives me great pleasure to express my deepest appreciation and gratitude to the Custodian of the Two Holy Mosques and His Royal Highness the Crown Prince and Prime Minister for their support of the private sector’s roles in building the national economy and enhancing comprehensive development in society. I also extend my sincere thanks to our shareholders and partners, especially Saudi Aramco, for their precious trust and sustainable support. My thanks also go to all my colleagues on the Board of Directors, and all the company’s employees across various levels and functional roles for their loyalty, dedication to work, and great efforts in achieving the company’s strategic targets with efficiency, excellence, and competence.

May God grant us success.

A welder wearing a full protective suit and a welding mask is working in a factory. The scene is overlaid with a blue tint and decorative elements like a large cyan circle on the left and a white rectangular box containing text. The welder is using a tool that produces a bright light and sparks.

02

**Introduction**

# The Most Notable Financial Achievements of Arabian Pipes in 2025

01

Improved funding structure, with both financing expenses and lease financing costs decreasing significantly year-on-year, reflecting reduced debt, lower financing costs, and improved capital management efficiency.

02

Operating expenses (selling and distribution expenses, and general and administrative expenses) were generally kept under control, registering a slight decrease in absolute terms despite the challenging operating environment.

03

Despite declining sales and profits, the company entered 2025 with a stronger equity base, significantly lower debt levels, and a more conservative financial position structure.

04

A large number of loans were settled through early repayment, and efforts were successfully made to reduce the loan-to-value ratio and administrative fees to ensure an efficient supply chain.

05

During 2025, the company strives to reduce its debt to banks and creditors on the current liabilities side, and also closed all long-term loans on the non-current liabilities side.

06

Capital increased in 2025 from 150 million in 2024 to 200 million in 2025.

07

Retained earnings increased in 2025 by 16%.

08

Management worked diligently to reduce financial burdens in 2025, with a decrease of 51%, through reliance on internal financing and reductions in loan-related costs, administrative fees, and early repayment options.

09

Approval was obtained for financing the production line development project from the Saudi Industrial Development Fund.

10

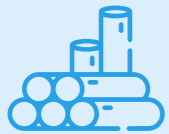
Dividends were distributed to shareholders for the first time since 2008G, amounting to SAR 22.5 million, or SAR 0.15 per share, representing 15% of the par value per share.

11

Repayment of the Saudi Industrial Development Fund loan.



# Notable Operational Achievements in 2025



The company obtained Aramco’s approval for its pipe-coating products, enhancing opportunities for project expansion.



Jubail plant receiving ISO 17025 certification.



Upgrading production lines at Riyadh and Jubail plants to improve production efficiency and meet market and competitor challenges.



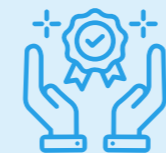
Reducing old and slow-moving inventory.



Announcing the establishment of a new pipe Coupling manufacturing plant in Riyadh.



Expanding entry into promising new markets such as Iraq and Kuwait.



Recipient of the 2025 Corporate Governance Excellence Award





## Our Story

Arabian Pipes Company is a Saudi Joint Stock Company established under the resolution of His Excellency the Minister of Commerce No. 922, dated 18/11/1411H (corresponding to 01/06/1991G). The company operates under Industrial License No. (434/S) dated 12/11/1405H, Industrial License No. (1109/S) dated 12/11/1419H, and Industrial License No. (479/S) dated 26/02/1436H, including their subsequent amendments. It is registered in the Commercial Register of Riyadh under No. 1010085734, dated 14/12/1412H, with its headquarters located in Riyadh, Kingdom of Saudi Arabia. The company also maintains a branch for its Jubail plant registered under Commercial Register No. 2055007048, dated 21/04/1426H.

The authorized and paid-up capital of the company is 200,000,000 Saudi Riyals, divided into 200,000,000 shares of equal value, with a nominal value of 1 SAR per share, all of which are ordinary cash shares.

- 01** Manufacturing plastic pipes, hoses, tubes, and their fittings.
- 02** Manufacturing iron and steel pipes, tubes, and hollow profiles.
- 03** Production and marketing of longitudinally welded and coated steel pipes for pipelines, as well as structural and commercial purposes.
- 04** Establishing metallurgical industries.
- 05** Pipe bending, forming, and threading.
- 06** Internal and external pipe coating.
- 07** Commercial activities, including the purchase and sale of pipes and their accessories.
- 08** Execution of pipeline extension works.
- 09** Purchasing land to construct buildings for investment through sale or lease for the company's benefit.
- 10** Maintenance, cleaning, operation, and catering contracting.

The company owns several advanced plants and additional lines to support its operations, including:

## Riyadh Plant

An advanced facility for producing Electric Resistance Welded (ERW) steel pipes, ranging from 6 to 20 inches, with an average annual production capacity of 160,000 tons. It is located in Riyadh Industrial City (100% ownership).

## Jubail Plant

Specialized in producing Submerged Arc Welded (SAW) steel pipes, ranging from 16 to 48 inches, with an average annual production capacity of 300,000 tons. It is located in Jubail Industrial City (100% ownership).



## Our Vision

To be the leaders in the pipe industry and services across the Middle East and North Africa, and to partner with our customers in growing their businesses.



## Our Mission

Arabian Pipes Company implements the highest quality systems and strives to localize the latest pipe industry technologies and solutions through the development of human resources.

A worker wearing a white hard hat, safety glasses, and a dark jacket is leaning over a large roll of material in a factory. The worker is holding a blueprint or document. The background shows a large industrial space with other workers and equipment. The entire image has a blue tint.

**03**

**Operational  
Report**



## Our Leading Operational Excellence

Arabian Pipes Company achieves operational excellence by integrating advanced production technologies and the highest safety standards, reinforcing its position as a leading producer of steel pipes in the region. The pillars of this excellence include long-term supply contracts with major companies such as Saudi Aramco and recognition awards, such as the In-Kingdom Total Value Add (IKTVA) Award, reflecting high production efficiency.

## Key Elements of Our Operational Excellence

### 01

Investment in developing advanced infrastructure and implementing cutting-edge technologies in manufacturing and industrial services to ensure product quality.

### 02

High efficiency in building and developing long-term partnerships with strategic clients such as Saudi Aramco to ensure continuous demand and production.

### 03

Commitment to applying rigorous standards to ensure a safe and healthy working environment, culminating in the IKTVA program.

### 04

Strong operational performance reflected in stable dividend distributions and healthy operating income.

### 05

Investment in developing its engineering and professional teams across various specializations (production, projects, quality) to ensure operational efficiency and precision.



## Our Integrated Production Lines

“Arabian Pipes” continues to implement an expansion strategy internally by investing in and sustainably developing engineering, digital, and technological equipment and applications. This enriches the operational environment and production lines with the latest advancements in the global industry, enhancing performance efficiency and maximizing product quality. This enables the company to meet the growing needs of its customers and supports its efforts to expand its geographic presence in numerous promising regional and international markets.

## Our Products and Solutions

### 01 Electrically Resistance Welded Steel Pipes

The company produces these pipes in various sizes and grades to high-quality specifications, both locally and internationally, from steel sheet coils in its factories in the Second Industrial City in Riyadh, with a production capacity of (160,000) tons annually. These pipes are used in many fields, most notably: the oil and gas industry and its derivatives, both onshore and offshore; oil well drilling; the chemical and petrochemical industries; refineries and pipelines; construction; agriculture; and water projects.

### 02 Submerged Arc Welded Steel Pipes

The company produces these pipes at its factory in Jubail Industrial City. In addition to its large production capacity of 300,000 tons, this factory is the first of its kind in Saudi Arabia and the region to manufacture pipes from steel sheets using the U-O-E method. This method ensures the straightness, roundness, and conformity of the pipes while preserving the product’s mechanical and chemical properties. The factory meets the needs of local and international companies for high-quality oil and gas pipes.

### 03 External Coating

This is an advanced process applied to both the inside and outside of the pipes at the company’s state-of-the-art factory located in the Second Industrial City in Riyadh. The coating is applied to pipes with diameters ranging from 6 - 24 inches using Fusion Bonded Epoxy and LPE (Polyethylene) 2/3 LPP (Polypropylene). These pipes have been exported to local and international clients.

### 04 Threading

This is a process used to prepare pipes for lining oil, gas, and water wells. The ends of the pipe are threaded according to the specifications of the American Petroleum Institute (API) and oil and gas companies or drilling companies. Couplings are then attached to one end of the pipe, making it ready for use in the wells. The threading and coupling line aligns with the company’s expansion and strategy to meet the petroleum sector’s needs for pipes and fittings. The factory is located in the Second Industrial City in Riyadh.

### 05 Slitting

The slitting line boasts advanced capabilities in terms of coil width (up to 1,670 mm) and thicknesses that can be slit (up to 12.7 mm), and supporting in the Second Industrial City in Riyadh, the slitting line supports the company’s pipe manufacturing plants by providing raw materials that perfectly match the required dimensions, minimizing losses and increasing production speed and efficiency. It also meets all the needs of local and regional factories.

# Our Projects

## Completed Projects

During the past year, Arabian Pipes Company successfully executed a number of major strategic projects in the energy and infrastructure sector, including oil, gas, and water pipeline projects, for national and regional clients. These projects were characterized by significant production volumes, adherence to the specified schedules, and compliance with quality requirements and approved technical specifications, thus reinforcing the company's reputation as a reliable supplier for vital projects. Following are some of the notable projects to which the company has contributed:

### 01

Master Gas System  
(MSG III) – Phase III.

### 02

Jafurah Project for the production of unconventional (shale) gas, which supports the Kingdom of Saudi Arabia's efforts to reduce emissions and replace liquid fuels for electricity generation.

## Projects in Progress

The company is currently working on a number of high-quality projects in the energy, industry, and infrastructure sectors, in collaboration with national and international companies. These projects are characterized by their diverse scale and the use of state-of-the-art manufacturing and testing technologies, with a focus on achieving maximum operational efficiency and ensuring continuous supply according to customer requirements.

## Projects in Pipeline

The company looks forward to participating in a package of promising future projects, especially those related to the Kingdom's mega projects, as it is currently working on the technical and commercial preparations to enter into these projects in line with its expansion and sustainable growth plans.

# Prospects

“Arabian Pipes” adopts an integrated development strategy, through which it aims to focus on investing in the development of its industrial assets and raising its operational efficiency, by modernizing production lines, improving quality systems, and raising the efficiency of supply chains, in order to increase capacity, achieve operational excellence, and support future growth plans through the following:

- 01 Increasing and maintaining market share through a balanced mix of expansion and the exploration of promising investment opportunities both within and outside the Kingdom, thereby strengthening its regional presence and supporting the long-term sustainability of its operations.
- 02 The mega-projects underway in Saudi Arabia represent exceptional growth opportunities for the company. The company has developed a clear strategy to maximize its benefits from these projects through production readiness, prequalification with relevant authorities, and the development of manufacturing and technical capabilities in line with the requirements of these ambitious projects.
- 03 Increasing capital to strengthen the capital base and support future growth plans.
- 04 Developing strategic partnerships and focus on steel pipe supply contracts with Saudi Aramco.
- 05 Expanding operations by constructing and commencing a new pipe fittings plant, which will contribute to diversifying the company's products and increasing production capacity.
- 06 Continuously improving financial performance, through optimizing the product mix and supply schedules.

A blue-tinted photograph of two men in traditional Arab attire (thobes and ghutras) in an office setting. One man is standing and pointing at a document on a desk, while the other is seated and looking at the document. The background shows office furniture and a window.

**04**

# **Human Capital Development**



**Total Employee Headcount**

**459**



**Saudi Male and Female Employees**

**193**



**Saudization Rate**

**42%**

Arabian Pipes adopts a forward-looking strategy for developing its human capital, grounded in the belief that people are among the company's most valuable assets and essential to achieving its growth and development objectives. Through this strategy, the company strives to build an attractive and competitive work environment that draws top talent, administrative expertise, and highly skilled technical and engineering professionals. It also implements an ambitious program to recruit young Saudi graduates of both genders, equipping them with comprehensive development and motivational initiatives designed to refine their skills, enhance their experience, and enable their full integration into all areas of the company's operations

# On-the-Job Training

Believing in the role and importance of training in raising the efficiency of its employees, which has 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 both inside and outside the company in most administrative and technical fields related to its operations.



Number of training courses

Number of training hours

Number of beneficiaries

34

32,900

96

# Cooperative Training


The company has sought to provide cooperative training programs, having reached agreements with several different educational institutions, including King Saud University, Prince Sultan University, Jubail Industrial College, and others. A large number of students from these institutions, including Prince Sultan University and the Higher Institute for Plastic Industries, were welcomed to visit our factory in Riyadh and Jubail. The aim was to develop their skills, increase their knowledge, motivate them with financial rewards during their training period with the company, and prepare them for the industrial job market.

# Succession Planning

Arabian Pipes Company is keen to recognize and value qualified Saudi talent for technical supervisory and administrative leadership positions within the company. Therefore, it has carefully selected a succession planning program for certain positions to ensure business continuity, develop future Saudi leaders, reduce recruitment costs and operational risks, and ultimately achieve the company's strategic objectives.

# Comprehensive Career Benefits

In its commitment to building a professional and integrated work system that contributes to enriching its business journey towards further growth and development, "Arabian Pipes" implements initiatives that enrich the employee lifecycle with more support and empowerment programs on both professional and personal levels. Through these initiatives, the company is committed to fostering a comprehensive corporate culture. This includes involving all employees in all corporate and social events and occasions in a family-like atmosphere that promotes values of loyalty, dedication, giving, and a passion for innovation.



05

## **Risk Management and Business Continuity**



# Risk and Business Continuity Management

“Arabian Pipes” is committed to implementing a rigorous risk management strategy across all its business segments, including production, operations, and various facilities. This strategy employs systematic methodologies to identify, assess, and address potential threats (financial, operational, strategic, and technological) to minimize losses and protect assets. The strategy is based on the following pillars:

- 01 Risk Identification**
- 02 Comprehensive Assessment of Potential Risks using Integrated Analytical Tools**
- 03 Risk Assessment and Analysis**
- 04 Qualitative and Quantitative Analysis to Measure the Probability of Risks and their Potential Impact on the Company**
- 05 Development of Response Plans through the following:**
  - Risk Avoidance by avoiding high-risk activities.
  - Risk Mitigation by taking preventative measures to reduce the impact or likelihood of the risk.
  - Risk Transfer by transferring the risk to a third party, such as insurance.
  - Risk Acceptance by assuming the risk if the cost of addressing it exceeds its impact.
- 06 Risk Implementation and Monitoring by Using Key Performance Indicators (KPIs) to track risks and evaluate the effectiveness of the measures taken to address them.**
- 07 Review and challenge: Regularly update risk management plans to adapt to internal and external environmental changes.**

# Risks Facing the Company's Business

## Management of Financial Instruments Risks

The company is exposed to market risks, credit risks, and liquidity risks. The senior management of the company supervises the management of these risks. Additionally, the senior management of the company reviews policies and procedures to ensure the identification, measurement, and management of financial risks in accordance with the company's risk management policies and objectives, as summarized below:



### Market Risks

Market risk represents the risk arising from fluctuations in the fair value or future cash flows of a financial instrument due to changes in prevailing market prices. Market risk includes financing cost price risk, foreign currency exchange rate risk, and commodity price risk. Financial instruments affected by market risk include bank facilities, term financing.



### Financing Cost Price Risks

Financing cost price risks represent the risks arising from fluctuations in the value of financial instruments due to changes in prevailing interest rates in the market. The risks faced by the company regarding changes in prevailing interest rates are primarily related to bank facilities, term financing, and promissory notes linked to floating commissions. The company manages its exposure to financing cost price risks by continuously monitoring changes in commission rates.

A reasonable potential change in commission rates of 50 basis points, with all other variables held constant, for bank facilities, term financing, and promissory notes linked to commission would affect the profit and loss statement and other comprehensive income by an amount of SAR 3.08 million (2024: SAR 4.96 million).



## Foreign Currency Exchange Rate Volatility Risks

Foreign currency exchange rate volatility risks represent the risks arising from fluctuations in the value of a financial instrument due to changes in foreign exchange rates. The company is exposed to foreign currency exchange rate volatility risks on purchases and sales denominated in currencies other than the functional currency used by the company. The company primarily conducts its transactions in Saudi Riyals, US Dollars, Euros, and British Pounds. The company is exposed to fluctuations in foreign currency exchange rates in the context of its normal operations and manages foreign currency exchange rate volatility risks through regular monitoring of currency markets to determine the appropriate action to reduce exposure to foreign exchange risks.

The company's sensitivity to a reasonable potential change in exchange rates of 10% would result in an increase/(decrease) in net profit by SAR 209 thousand (2024: SAR 213 thousand).



## Commodity Price Risks

Commodity price risks are the risks associated with changes in the prices of certain commodities, primarily including iron prices and others. The company is exposed to adverse effects on its costs and cash flows due to these risks. These risks in commodity prices arise from the anticipated purchases of certain raw materials used by the company in its operations. The company manages commodity price risks through regular monitoring of global commodity markets to determine the appropriate action to reduce exposure to commodity price risks.

Sensitivity of commodity prices to reasonable potential changes of 5% would increase/(decrease) net profits by SAR 17.8 million (2024: SAR 32.9million).



## Credit Risks

Credit risks represent the risks arising from the failure of another party or customer to fulfil its contractual obligations concerning a financial instrument or contract of a customer, resulting in financial loss to the company. The company is exposed to credit risks regarding cash and cash equivalent, short-term Murabaha deposits, and its trade receivables



## Trade Receivables

Customer credit risks are managed based on the company's established policies, procedures, and controls regarding customer credit risk management. The company's trade receivables are primarily distributed among semi-governmental entities and private companies. The company seeks to manage customer-related credit risks by setting a credit limit for each customer and closely monitoring and following up on outstanding receivables. Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before offering the company's applicable terms and conditions regarding payment and supply. Credit terms and conditions are extended to customers whom the company believes are capable of repayment. Requirements for impairment are analyzed at each financial reporting date on an individual basis for customers, calculated based on actual historical data. The company considers credit risk concentrations related to trade receivables to be low, as its customers are primarily The company's revenue from sales to Saudi Aramco and its suppliers represents 93.3% of the company's total revenue for the year of 2025 (2024: 97%).



## Short-term Murabaha Deposits and Balances with Banks

Credit risks arising from balances with banks and financial institutions are managed by the company's Treasury Department in accordance with company policy. The company seeks to manage credit risks related to banks and Murabaha by dealing only with reputable banks. As of the financial reporting date, management has not identified any significant concentrations of credit risk.



## Liquidity Risks

Liquidity risks represent the difficulties faced by the company in providing funds to meet obligations related to financial instruments. Liquidity risks arise from the inability to sell a financial asset quickly at an amount equal to its fair value. The company manages liquidity risks by ensuring the availability of bank facilities and financing. The company's terms for deferred sales specify that amounts are to be paid within 30 to 60 days from the date of sale. Trade payables are typically settled within 90 days from the date of purchase. All liabilities presented in the company's statement of financial position, except for the non-current portion of lease liabilities and defined benefit obligations for employees, are contractually due on demand



06

**Key Financial  
Performance  
Highlights for  
2025**

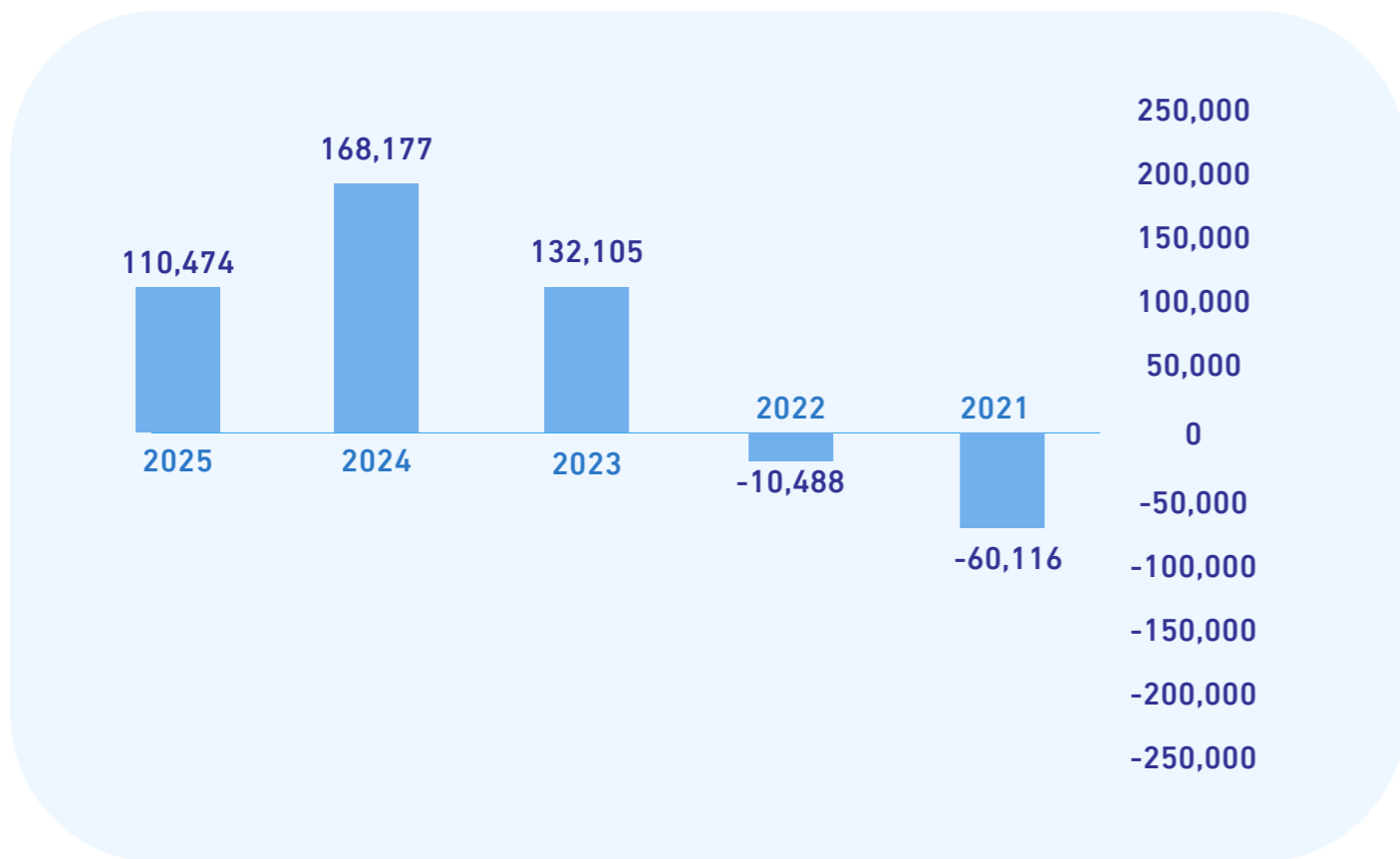
## 1. Statement of Financial Position for the Last Five Years

Statement	2025	2024	2023G	2022G	2021G
Current Assets	443,840	632,181	583,336	422,363	169,193
Fixed Assets and Projects Under Construction	282,203	299,398	324,377	346,190	391,426
<b>Total Assets</b>	<b>726,043</b>	<b>931,579</b>	<b>907,713</b>	<b>768,553</b>	<b>560,619</b>
Current Liabilities	184,999	432,242	608,892	567,622	417,074
Medium- and Long-Term Loans	22,527	71,019	43,896	79,531	18,654
Provision for Dismantling and Removal Costs	2,129	2,028	0	0	0
Provision for Employees' End-of- Service Benefits	28,267	24,289	21,806	20,089	19,191
<b>Total Liabilities</b>	<b>237,922</b>	<b>530,264</b>	<b>674,594</b>	<b>667,242</b>	<b>454,919</b>
Share Capital	200,000	150,000	100,000	100,000	400,000
Statutory Reserve	15,430	15,430	15,430	2,219	120,000
Retained Earnings	276,850	238,876	120,699	1,805	(411,238)
Actuarial Reserve	-4,159	-2,991	-3,010	-2,713	(3,062)
<b>Total Shareholders' Equity</b>	<b>488,121</b>	<b>401,315</b>	<b>233,119</b>	<b>101,311</b>	<b>105,700</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>726,043</b>	<b>931,579</b>	<b>907,713</b>	<b>768,553</b>	<b>560,619</b>

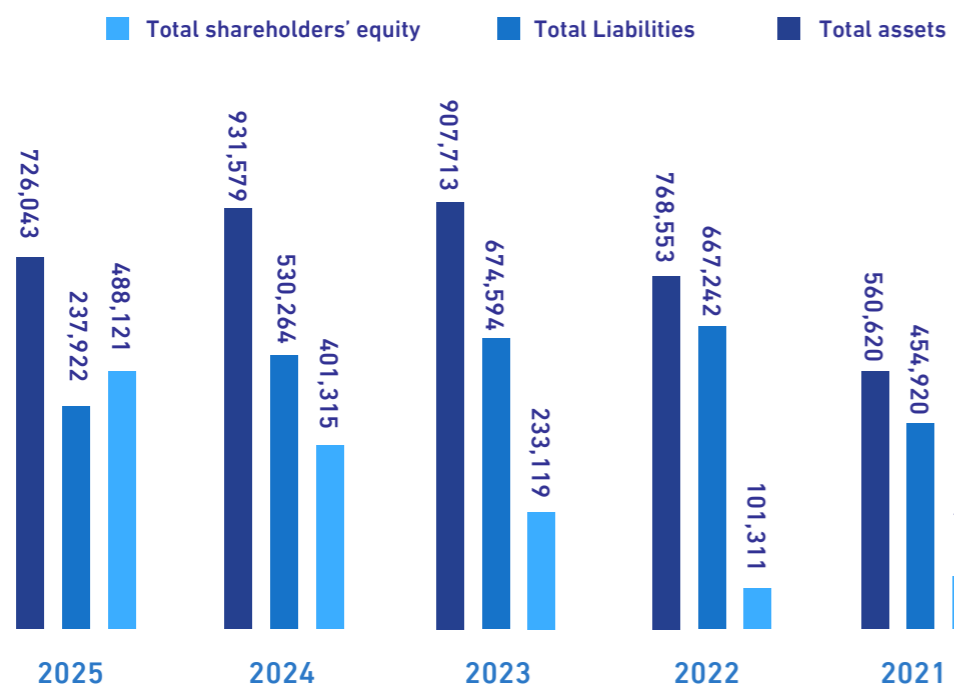
## 2. Income Statement for the Last Five Years

Statement	2025	2024	2023G	2022G	2021G
Sales	874,055	1,138,273	1,089,133	479,048	388,697
Cost of Sales	(682,285)	(855,083)	(851,860)	(449,014)	(372,460)
<b>Gross Profit / (Loss)</b>	<b>191,770</b>	<b>283,190</b>	<b>237,273</b>	<b>30,034</b>	<b>16,237</b>
Administrative and Marketing Expenses	(53,805)	(47,079)	(46,864)	(41,987)	(60,168)
Provision for Slow-Moving and Obsolete Inventory	(632)	(2,626)	(9,550)	3,366	(3,880)
Financing Expenses	(29,289)	(59,267)	(40,441)	(19,163)	(18,257)
Other Income (Expenses)	9,383	1,843	5,838	17,962	6,295
Zakat Provision	(6,953)	(7,884)	(14,151)	(700)	(343)
<b>Net Profit (Loss)</b>	<b>110,474</b>	<b>168,177</b>	<b>132,105</b>	<b>(10,488)</b>	<b>(60,116)</b>
Actuarial Reserve	(1,168)	19	(297)	349	(415)
<b>Total Comprehensive (Loss) / Profit</b>	<b>109,306</b>	<b>168,196</b>	<b>131,808</b>	<b>(10,139)</b>	<b>(60,531)</b>

### 3. Net Profit and Loss



### 4. Balance Sheet for the Last Five Years



### 5. Business Volume for the Company's Activities as of December 31, 2025

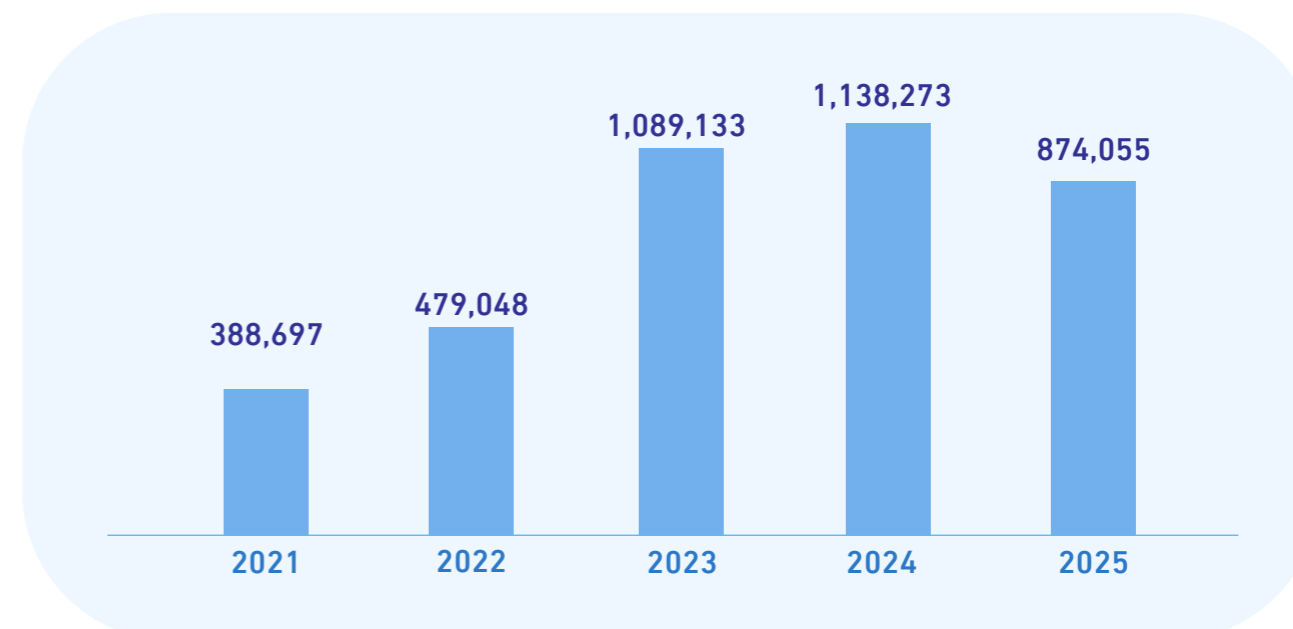
(Amounts in thousands of riyals)

Main Activity Name	Business Volume	Gross Profit / Loss
Pipe Manufacturing Activity and Coating Activity	874,055	191,770
Total	874,055	191,770

### 6. Company's Financial Results for the Last Five Years

Year	Sales
2021	388,697
2022	479,048
2023	1,089,133
2024	1,138,273
2025	874,055

### Representing the Company's Business Results Graphically



## 7. Geographical Analysis of the Company's Activities

(Amounts in thousands of riyals)

Year	Statement	Saudi Arabia	Gulf	Middle East	Other	Total
2025	Pipe Sales	858,374	7,525	4,104	0	870,003
	Scrap Sales	4,052				4,052
	Others	9,383	0	0	0	9,383
	Total	871,809	7,525	4,104	0	883,438
2024	Pipe Sales	1,123,252.76	2,213.86	2,560.15	0	1,128,026.76
	Scrap Sales	10,246.24	-	-	-	10,246.24
	Others	1,843	-	-	-	1,843
	Total	1,135,342	2,213.86			1,140,116

\*Note: The revenue balance from other items consists of (financing income from short-term Murabaha, financing income from government grants, and reversal of the VAT penalty provision)

## 8. Loan Activity During 2025

As loans represent a primary component of the company's financing, the total loan balance at the end of 2025 reached 106.639 million riyals, compared to 335,932 million riyals at the end of 2024. Below is a statement of short-term loans:

**106,639** Million riyals

Loan volume at the end of 2025

**346,718** Million riyals

Loan volume at the end of 2024

Below is a statement of short-term loans:

## a. Short-Term Loan Balances at Year-End (Amounts in thousands of riyals)

Lender*	Purpose	2025	2024
Riyad Bank	Project Financing	0	72,826
National Development Fund	Working Capital Financing	0	0
Arab National Bank	Project Financing	0	1,195
Al Rajhi Bank	Project Financing	43,063	18,400
The First Bank - SABB	Project Financing	0	195,085
Saudi Fransi Bank	Project Financing	26,323	0
Alinma Bank	Project Financing	37,253	0
Total		106,639	287,506

(\* The aforementioned loans are Sharia-compliant financial facilities obtained for the purpose of financing working capital against promissory notes signed in favor of the banks. These consist of several short-term loans due for repayment within the year, and the mentioned amounts represent the principal value of the outstanding loans.

## b. Long, Medium, and Short-Term Loans and the Current Portion of Long-Term Debt Related to the Industrial Development Fund and the Saudi National Development Fund. (Amounts in thousands of riyals).

Lender*	Purpose	2025	2024
*Long-Term Loan from the National Development Fund	Project Financing	0	59,212
*Long-Term Loan from the Industrial Development Fund	Company Factions Project Financing	0	-
Total		0	59,212

(\* The investment deposits and financial facilities provided by banks and government funds are Shari-ah-compliant investment facilities and deposits)

## 9. Statement of Statutory Payments Paid and Due to Government Entities, Zakat, Taxes, and Other Liabilities

Statement	2025		Brief Description of it	Statement of reasons
	Paid	Due Until the End of the Fiscal Year & Unpaid		
Zakat	5,058	6,953	Zakat Payments	Mandatory
Value-Added Tax (VAT)	100,140	912	VAT Payments	Mandatory



07

# Governance and Compliance

## Effective Corporate Governance

“Arabian Pipes” adopts a comprehensive corporate governance framework to enhance its corporate practices, thereby improving business efficiency across all its segments. This framework is based on promoting transparency, accountability, and fairness in managing rights and risks, ensuring that board decisions align with shareholder interests and protect company assets. Adherence to regulations contributes to improved performance, supports sustainability, and enhances credibility with regulatory authorities. “Arabian Pipes” is committed to implementing governance rules in accordance with best practices followed by listed companies, within an integrated framework that includes the following:

- 01 Protecting the rights of the company’s shareholders in a way that ensures the best interests of both the shareholders and the company.
- 02 Protecting the rights of all stakeholders and ensuring stability and sustainability through the company’s sound financial performance.
- 03 Providing accurate and comprehensive disclosures within the specified timeframe to the company’s shareholders, related parties, and relevant regulatory authorities.
- 04 Disclosing any conflicts of interest that may arise between the company and related parties, in accordance with the approved policy.
- 05 Empowering employees to report any concerns or misconduct observed within the company by providing a reporting mechanism within the approved policy.
- 06 Regulating interactions with relevant parties, whether between the company and its employees, or between the company and its board members, executive management, subsidiaries, or other stakeholders.
- 07 Aligning the company’s values and strategy with social and economic needs by ensuring the application of responsible and ethical practices in all company activities while continuing to provide necessary support to the community.
- 08 Establishing reliable communication channels with investors to enhance the company’s market position and attract shareholders and investments.

## Disclosure and Business Continuity Policy

“Arabian Pipes” is committed to applying the highest standards of disclosure and transparency to enhance investor confidence and ensure sustainable growth. This commitment is demonstrated through adherence to the requirements of the Saudi Capital Market Authority (CMA), in pursuit of the following strategic objectives:

- 01 Enhancing investor and stakeholder confidence by publishing comprehensive annual financial reports, which contribute to building a positive perception of the company’s financial stability.
- 02 Facilitating sound economic decision-making through accurate disclosure of board members’ and senior executives’ ownership, as well as operational results, providing investors with a reliable database to assess share performance.
- 03 Managing risk and ensuring accountability by promptly disclosing any material developments or financial discrepancies (such as revising previous financial statements), thereby reducing ambiguity and protecting shareholders’ rights.
- 04 Adhering to governance standards, which ensures the implementation of disclosure policies outlined in the company’s governance regulations, thereby promoting fairness and transparency in the market and business environment.
- 05 Improving access to finance by facilitating easier investment attraction and access to competitively priced loans.

In this context, “Arabian Pipes” declares that the company’s governance system has been prepared and implemented, taking into account the commitment to best governance practices that ensure the protection of shareholders’ rights, disclosure and transparency. An internal audit system has also been prepared, and the Board of Directors has authorized the concerned committees to follow up on the implementation of the company’s governance system. The guiding articles will be adhered to once they are adopted.

Article Number	Text of the Article/Paragraph	Reasons for Non-Applicability
Article 37: Training (2)	Establishing the necessary mechanisms to ensure that both members of the Board of Directors and the Executive Management receive continuous training programs and courses, with the aim of developing their skills and knowledge in areas related to the company's activities.	Work is underway to prepare training for members of the Board of Directors and the Executive Management during the year 2026G.
Article 41: Evaluation (a)	The Board of Directors – based on a recommendation from the Nomination Committee – sets the necessary mechanisms to evaluate the performance of the Board, its members, its committees, and executive management annually, using appropriate performance indicators related to achieving the company's strategic goals, quality of risk management, and adequacy of internal control systems	The article was implemented so that the performance of the Board of Directors, its members and the executive management is evaluated internally on an annual basis.
Article 39: Evaluation (e)	The Board of Directors shall make arrangements to obtain an evaluation of its performance by a qualified external third party every three years.	Advisory Article
Article 67: Formation of the Risk Management Committee	"Risk Management Committee" shall be formed by a resolution of the Board of Directors, with its chairperson and the majority of its members being non-executive board members. The committee members must have an adequate level of knowledge in risk management and financial affairs.	The article was implemented, the Board of Directors' decision during its meeting No. (01-11) dated May 22, 2024 to amend the name of the Governance Committee to the Governance and Risk Management Committee so that it assumes the tasks and responsibilities of the Risk Management Committee contained in the Corporate Governance Regulations issued by the Capital Market Authority.
Article 69: Meetings of the Risk Management Committee	The Risk Management Committee shall meet periodically at least once every six months, and whenever needed	The article was implemented, as the Governance and Risk Management Committee met twice during the year 2025.
Article 82: Employee Incentives (1)	Forming committees or holding specialized workshops to listen to the opinions of the company's employees and discuss important matters and decisions with them.	Advisory Article
Article 82: Employee Incentives (2)	Employee share grant programs or profit sharing programs, retirement programs, and establishing an independent fund to finance such programs.	Work on this is underway and will continue throughout 2026G.
Article 82: Employee Incentives (3)	Establishing social institutions for the company's employees	Advisory Article
Article 84: Social Responsibility	The Ordinary General Assembly – based on a proposal from the Board of Directors – shall establish a policy that ensures a balance between its objectives and the goals pursued by society, aiming to improve the social and economic conditions of the community.	The article was implemented, as the social responsibility policy was prepared and presented to the Ordinary General Assembly on May 14, 2024.
Article 85: Social Work Initiatives (1)	Developing performance indicators that link the company's performance to its social work initiatives and comparing that with other companies in similar industries.	Advisory Article
Article 85: Social Work Initiatives (4)	Implementing awareness programs to inform the community about the company's social responsibility.	Guiding Article

# Board of Directors



The Board of Directors consists of eight members as follows

**8**  
Members

Member's Name	Position	Type of Membership
Yousef Saleh Aba Al-Khail	Chairman of the Board	Non-Executive
Khalid Abdullah Abunayyan	Vice Chairman of the Board	Non-Executive
Saad Falah Al-Qahtani	Board Member	Independent
Azzam Saud Al-Mudaihem	Board Member	Non-Executive
Abdullah bin Mohammed Al-Harbi	Board Member	Independent
Abdulaziz Ali Al-Masoud	Board Member	Independent
Maan Yousef Aba Al-Khail	Board Member	Non-Executive
Ahmed bin Ali Al-Luhaidan	Board Member	Executive

## Board Meetings

Member's Name	Meeting No. (05/11) February 26, 2025	Meeting No. (06/11) June 25, 2025	Meeting No. (07/11) September 17, 2025	Meeting No. (8/11) December 24, 2025	Attendance Percentage
Yousef Saleh Aba Al-Khail	✓	✓	✓	✓	%100
Khalid Abdullah Abunayyan	✓	✓	✓	✓	%75
Saad Falah Al-Qahtani	✓	✓	✓	✓	%100
Azzam Saud Al-Mudaihem	✓	✓	✓	✓	%100
Abdullah bin Mohammed Al-Harbi	✓	✓	✓	✓	%100
Abdulaziz Ali Al-Masoud	✓	✓	✓	✓	%100
Maan Yousef Aba Al-Khail	✓	✓	✓	✓	%100
Ahmed bin Ali Al-Luhaidan	✓	✓	✓	✓	%100

## Statement of Current and Previous Positions, Qualifications, and Experience of Board Members



### Yousef Saleh Aba Al-Khail

Chairman of the Board

#### Current Positions

- Chairman of the Board of Directors of Arabian Pipes Company (a joint-stock company)
- Chairman of the Board of Directors of Saudi Ceramics Company (a joint-stock company)
- Former Chairman of the Board of Directors of Gulf Insurance Group/ formerly AXA (a joint-stock company)
- Member of the Board of Directors of Arab Cement Company (a joint-stock company)

#### Previous Positions

- Chairman of the Board, National Glass Industries Company (Joint Stock Company)
- Board Member, Qassim Cement Company (Joint Stock Company).
- Chairman of the Board, Guardian International Glass Manufacturing Co. (Limited Liability Company)

#### Qualifications

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

#### Professional Experience

35 years in the public and private sectors, including chairmanship and board memberships of various companies



### Khalid Abdullah Abunayyan

Deputy Chairman of the Board

#### Current Positions

- Deputy Chairman of the Board of Directors of the Arabian Pipes Company
- Chairman of the Board of Directors of Abunayyan Holding Company.

#### Previous Positions

- CEO of Abunayyan Holding Company

#### Qualifications

- Bachelor's Degree in Administrative Sciences and Computer Science

#### Professional Experience

- Served for nine (9) years as CEO of Abdullah Abunayyan Trading Company.
- Served for twelve (12) years as CEO of Abunayyan Holding Company.
- He currently serves as Chairman of the Board of Abunayyan Holding Company, a position he has held since 2018G.



### Saad Falah Al-Qahtani

Board Member

#### Current Positions

- CEO, Jeddah Development and Urban Regeneration Company

#### Previous Positions

- Executive Vice President of Finance and Investment, Dhakher Real Estate Development Company

#### Qualifications

- Bachelor's Degree in Accounting
- Master's Degree in Finance and Invest

#### Professional Experience

- 33 years of experience in various companies including SABIC, Maaden, Mohammed Abdulaziz Al-Rajhi Company, Knowledge Economic City, Dhakher Development Company, and Jeddah Development and Urban Regeneration Company.



### Azzam Saud Al-Mudaihem

Board Member

#### Current Positions

- Chief Executive Officer of Saudi Ceramic Company.

#### Previous Positions

- President of Abunayyan Trading Company

#### Qualifications

- Bachelor's Degree in Mechanical Engineering.

#### Professional Experience

- Manufacturing Engineer at Advanced Electronics Company from February 1996 to August 1998.
- Sales Manager at Al-Muhaidib Food Company from September 1998 to January 2001.
- Purchasing and Warehousing Manager at Masdar Trading Company from January 2001 to June 2007.
- General Manager at Masdar Trading Company from July 2007 to November 2017.
- CEO at Al-Hassan Ghazi Ibrahim Shaker Company from November 2017 to November 2020.
- President of Abunayyan Trading Company from December 2020 to September 2023.
- Currently serves as CEO of Saudi Ceramics Company from September 2023 to date.



### Abdullah bin Mohammed Al-Harbi

Board Member

#### Current Positions

- CEO, Packaging Materials Manufacturing Company – FIPCO

#### Previous Positions

- Risk Management Director, Packaging Materials Manufacturing Company – FIPCO

#### Qualifications

- Master’s Degree in Business Administration
- Bachelor’s Degree in Marketing

#### Professional Experience

- Has been working at Packaging Materials Manufacturing Company – FIPCO since 2016 to date.



### Abdulaziz Ali Al-Masoud

Board Member

#### Current Positions

- Vice President for Data and Analytics – Al Masar Sports Foundation.

#### Previous Positions

- Secretary of the Ministerial Committee and Director of Decision Support, Minis- try of Tourism

#### Qualifications

- Bachelor’s Degree in Mechanical Engineering
- Master’s Degree of Business Administration.

#### Professional Experience

- Vice President for Data and Analytics at Al Masar Sports Foundation, with over 15 years of experience leading organizational and digital transformation, managing strategic projects, and establishing Project Management Offices (PMOs) in both the public and private sectors. He previously held leadership positions at major companies such as Tawuniya Insurance as a member of the Digital Transformation Committee, and currently serves on the Board of Directors of Rakaz Najd Exhibitions and Conferences. He holds an MBA from Prince Sultan University.
- Founding Partner of Mutawazi Transformation Framework, a company specializing in management consulting, governance, and organizational transformation. This company integrates artificial intelligence and governance to empower organizations to execute their strategies efficiently and sustainably.



### Maan Yousef Aba Al-Khail

Board Member

#### Current Positions

- Free Trade Activities.

#### Previous Positions

- Senior Corporate Banking Relationship Manager, Al Rajhi Bank

#### Qualifications

- Bachelor’s Degree in Accounting.

#### Professional Experience

- Extensive experience in audit and external review.
- Worked in investment and asset management.
- Held roles in corporate banking management across several banks.



### Ahmed bin Ali Al-Luhaidan

Board Member

#### Current Positions

- CEO, Arabian Pipes Company

#### Previous Positions

- CEO, Arabian Pipes Company

#### Qualifications

- Bachelor’s Degree in Mechanical Engineering postgraduate Diploma in Design, Production, and Management

#### Professional Experience

- 29 years of experience as Director of Project Studies and Consulting Department at the Saudi Industri Development Fund.

## Names of Companies Inside or Outside the Kingdom Where a Board Member Serves or Previously Served on Their Boards or as an Executive

Member's Name	Names of Companies Where the Board Member Currently Serves on the Board or as an Executive	Inside/ Outside the Kingdom	Names of Companies Where the Board Member Previously Served on the Board or as an Executive	Inside/ Outside the Kingdom
<b>Yousef Saleh Aba Al-Khail</b>	Arabian Pipes Company (Listed Joint Stock Company)	Inside the Kingdom	National Glass Industries Company (Listed Joint Stock Company)	Inside the Kingdom
	Saudi Ceramic Company (Listed Joint Stock Company)		Qassim Cement Company (Listed Joint Stock Company)	
	Gulf Insurance Group (formerly AXA) (Listed Joint Stock Company)		Guardian International Glass Manufacturing Company (Limited Liability Company)	
	Arabian Cement Company (Listed Joint Stock Company)			
<b>Khalid Abdullah Abunayyan</b>	Arabian Pipes Company (Listed JSC)	Inside the Kingdom	None	None
	Abunayyan Holding Company			
	Roya Investment Company			
	Lafana Company			
	Toray Membrane Company			
	Roya Industrial Company			
	KSB Arabia			
	Eaton Arabia			
Meyahna Company				
DataVolt Company				
<b>Saad Falah Al-Qahtani</b>	Jeddah Development and Urban Regeneration Company	Inside the Kingdom	Saudi Export Development Company	Inside the Kingdom
	Arabian Pipes Company		International Refreshments Company	
	Shooting Ranges Company.		Al-Mustathmir for Financial Securities Company	
	Blominvest Al-Noor Masterplan Fund		Masar Al-Numu Finance Company	
	Murouj Jeddah Suburb Company			
	Al-Ruwais International Real Estate Development Company			
	Khuzam Company			
	Madinah Parking Company			
Taskin Al-Haditha Real Estate Development and Investment Company				

Member's Name	Names of Companies Where the Board Member Currently Serves on the Board or as an Executive	Inside/ Outside the Kingdom	Names of Companies Where the Board Member Previously Served on the Board or as an Executive	Inside/ Outside the Kingdom
	Obhur Gulf Company			
	Najmat Al-Shati Waterfront Company			
	Amanah Tech Business Solutions Company			
	Omran Tech Business Solutions Company			
	Estidama Company			
	Sustainability Solutions for Environmental Services Company			
<b>Azzam Saud Al-Mudaihem</b>	Board Member, Member of the Remuneration and Nominations Committee, and Member of the Governance and Risk Management Committee – Arabian Pipes Company – Listed joint stock Company	Inside the Kingdom	Board Member of Masdar Technical Equipment Company – Limited Liability	Inside the Kingdom
	Board Member of Al Hassan Ghazi Ibrahim Shaker Company – Public Joint Stock Company		Communication Solutions	
	Board Member of Al Khazaf for Pipes Company – Closed Joint Stock Company		Chairman of the Board of Directors of Energy Services Company – Closed Joint Stock Company	
			Chairman of the Board of Directors of Modern Vision Company – Closed Joint Stock Company	Outside the Kingdom
<b>Abdullah Mohammed Al-Harbi</b>	Arabian Pipes Company - Listed Joint Stock Company Packaging Materials Manufacturing Company (FIBCO) - Listed Joint Stock Company. FBC Industrial Company.	Inside the Kingdom	Tabuk Agricultural Development Company (TADCO) – Listed Joint Stock Company	Inside the Kingdom
<b>Abdulaziz Al-Ma-soud</b>	Arabian Pipes Company	Inside the Kingdom	None	-
	Rakaz Najd for Exhibition and Conference Organization			
<b>Maan Yousef Aba Al-Khail</b>	Arabian Pipes Company – a listed joint-stock company.	Inside the Kingdom	-	-
<b>Ahmed bin Ali Al-Luhaidan</b>	Arabian Pipes Company	Inside the Kingdom	Southern Cement Company.	Inside the Kingdom



## Biographies of Members from Outside the Board



### Khalid bin Saleh Al-Turaifi

External Member of the Audit Committee

#### Current Positions

- Vice President of Finance and Reporting – Saudi Arabian Mining Company (Ma’aden).

#### Previous Positions

- Executive Director of Finance – Quality of Life Program

#### Qualifications

- Bachelor’s Degree in Accounting – King Saud University
- Certified Public Accountant (CPA) – USA
- Saudi Organization for Certified Public Accountants (SOCPA) – Fellowship

#### Professional Experience

- Vice President of Finance and Reporting at Ma’aden since April 2022.
- Executive Director of Finance at the Quality of Life Program (one of Saudi Vision 2030 programs) from November 2019 to March 2022.
- Chief Financial Officer at Saudi Ceramic Company from November 2017 to July 2019.
- Financial Advisor at Bank Albilad from September 2014 to September 2017.
- Director of Planning and Budget at the Communications and Information Technology Commission from September 2003 to September 2014.
- Financial Control Manager at Al Rajhi Bank from December 2000 to September 2003
- Senior Audit Supervisor at the Saudi Industrial Development Fund from September 1993 to December 2000.



### Saleh Abdullah Al-Yahya

External Member of the Audit Committee

#### Current Positions

- Partner, Al-Laheed & Al-Yahya Certified Public Accountants

#### Previous Positions

- Partner, Ernst & Young

#### Qualifications

- Bachelor’s Degree in Accounting, King Saud University.
- Fellowship of the Saudi Organization for Chartered and Professional Accountants (SOCPA), 2009.

#### Professional Experience

- Accountant – Al-Ariel Contracting Company (2002-2006)
- Assistant Audit Manager – Ernst & Young (2006-2011)
- Senior Audit Manager – Ernst & Young (USA) (2012-2014)
- Partner – Ernst & Young (2014-2016)
- Partner – Al-Lahid & Al-Yahya Certified Public Accountants (2016-present)

### The Procedures Adopted by the Board of Directors to Inform its Members, Particularly Non-Executive Members, of any Shareholder Proposals and Observations Regarding the Company and its Performance:

This was done by recording the proposals submitted by shareholders during the General Assembly meetings. Furthermore, any other proposals received were communicated to the Chairman of the Board for presentation at the next meeting and inclusion in the Board minutes, if available.

### The Methods Used by the Board of Directors to Evaluate its Members and the Performance of its Committees and Members, and the External Entity that Conducted the Assessment and its Relationship to the Company, if any.

The performance of the Board of Directors is assessed in accordance with the Corporate Governance Regulations. The Remuneration and Nominations Committee identifies and evaluates the strengths and weaknesses of the Board of Directors and proposes solutions that align with the company's best interests.

### The Interests and Rights of Board Members, Senior Executives, their Spouses, and Minor Children in the Company's Shares or Debt Instruments as of December 31, 2025.

Name	Capacity	Number of shares beginning of the year	Number of shares end of the year	Net Change	Change %
<b>Ownership of board members, their spouses, and minor children as of 31/12/2025</b>					
Mr. Yousef Saleh Aba Al-Khail	Chairman of the board	695,005	9,322,000	2,371,950	34% *
Mr. Saad Falah Al-Qahtani	Board Member	187	2,493	6,23	33% *
Mr. Azzam Saud Al-Mudaihim	Board Member	475	76,333	71,583	1507%
Mr. Abdullah Mohammed Al-Harbi	Board Member	52	693	173	33% *
Engineer/ Abdulaziz Ali Al-Masoud	Board Member	85	1,133	283	33% *
Mr. Maan Yousef Aba Al-Khail	Board Member	150	2,000	500	33% *
Engineer/ Ahmed Ali Al-Luhaidan	Board Member	20,025	267,000	66,750	33% *
<b>Ownership of senior executives, their spouses, and minor children as of 31/12/2025</b>					
Mr. Fawzi Ibrahim Al-Hussein	Deputy CEO Supply Chain	2,200	40,750	18,750	85% *

\* The reason for the increase in the number of shares following the Assembly's approval on January 8, 2025, to change the nominal value of the share from SAR 10 per share to SAR 1 per share, and accordingly, the number of shares doubled; as well as the Assembly's approval on June 03, 2025, to increase the Company's capital by granting one share for every 3 shares.

## Board of Directors Committees

### Audit Committee

- The committee is responsible for reviewing and reassessing the adequacy of the tasks, rules, and regulations outlined in this regulation from time to time and recommending any proposed changes to the Board of Directors, which in turn reviews and recommends them to the General Assembly of shareholders.
- The committee oversees the company's operations and ensures the integrity and accuracy of its financial reports and internal control systems. Its responsibilities include:

### 01 Financial Reports

- Reviewing the interim and annual financial statements before submission to the Board, providing opinions and recommendations to ensure their integrity, fairness, and transparency.
- Providing a professional opinion—upon the Board's request—on whether the Board's report and the company's financial statements are fair, balanced, understandable, and provide sufficient information for shareholders and investors to assess the company's financial position, performance, business model, and strategy.
- Studying any significant or unusual matters included in the financial reports.
- Examining issues raised by the company's CFO or acting CFO, compliance officer, or external auditor.
- Verifying the accounting estimates for material items in the financial statements.
- Reviewing the accounting policies adopted by the company and providing opinions and recommendations to the Board

## 02 Internal Audit

1. Reviewing and assessing the company’s internal control, financial, and risk management systems.
2. Studying internal audit reports and following up on corrective actions for observations therein.
3. Overseeing the performance and activities of the internal auditor and internal audit department to ensure they have the necessary resources and effectiveness in fulfilling their duties.
4. Recommending the appointment of the internal audit manager or internal auditor, suggesting their compensation, and terminating their services.
5. Enhancing direct communication between the committee and internal audit management.
6. Verifying the independence and objectivity of the internal auditor and internal audit staff and enabling them to perform their tasks effectively

## 03 External Auditor

1. Recommending to the Board the nomination, dismissal, remuneration, and performance evaluation of external auditors after verifying their independence and reviewing the scope and terms of their engagement.
2. Ensuring the independence, objectivity, and fairness of the external auditor and the effectiveness of their work, taking into account relevant rules and standards.
3. Reviewing the audit plan and activities of the external auditor, ensuring they do not perform any technical or administrative work outside their auditing duties, and providing views in this regard.
4. Responding to queries raised by the external auditor.
5. Ensuring the external auditor can perform their work effectively, with no obstruction or withholding of information.
6. Studying the auditor’s reports and notes on the financial statements, expressing opinions thereon, and following up on the actions taken.

## 04 Compliance

1. Reviewing findings from regulatory bodies and verifying that the company has taken necessary actions.
2. Overseeing the company’s compliance with relevant laws, regulations, policies, and instructions.
3. Reporting any issues that require action to the Board and recommending the appropriate steps.
4. Reviewing proposed contracts and transactions with related parties and potential conflict-of-interest situations, if any, and presenting its views to the Board

### Audit Committee Meetings During 2025

Member of the Audit Committee	Type of Membership	Meeting No. (04/11) February 25, 2025	Meeting No. (05/11) March 26, 2025	Meeting No. (06/11) June 5, 2025	Meeting No. (07/11) July 28, 2025	Meeting No. (08/11) September 9, 2025	Meeting No. (09/11) October 27, 2025	Attendance percentage
Saad Falah Al-Qahtani	Committee Chairman	✓	✓	✓	✓	✓	✓	%100
Maan Yousef Aba Al-Khail	Audit Committee Member	✓	✓	✓	✓	✓	✓	%100
Khalid Saleh Al-Turaifi	Audit Committee Member From outside the Board)	✓	✓	✓	✓	✓	✓	%100
Saleh Abdullah Al-Yahya	Audit Committee Member From outside the Board)	✓	✓	✓	✓	✓	✓	%100

# Audit Committee Report to the General Assembly for the year ended 31 December 2025

To the Shareholders of Arabian Pipes Company,

## First: Introduction

The Audit Committee (“the Committee”) of Arabian Pipes Company (“the Company”) has prepared this report to confirm that it has performed its duties in accordance with the Audit Committee Charter and the Corporate Governance Regulations issued by the Capital Market Authority. The Committee has carried out its responsibilities mentioned in this report in accordance with its powers stipulated in its charter that was approved by the Company’s General Assembly and also by holding six meetings during the fiscal year 2025, in which the matters pertaining to the internal audit department and the external auditor and in regards to internal and financial Control systems and risk in the Company.

## Second: Committee Formation

The Audit Committee was approved by the Board of Directors on 22 May 2024, including defining its roles, responsibilities, working procedures, and members’ remuneration, for a term ending on 21 May 2027.

The Committee consisted of the following members during the year 2025:

<b>Mr. Saad Al-Qahtani</b>	<b>Chairman of the Committee and Board Member</b>
<b>Mr. Maan Aba Al-Khail</b>	<b>Member of the Committee and Board Member</b>
<b>Mr. Khalid Al-Turaifi</b>	<b>Member of the Committee (Non-Board Member)</b>
<b>Mr. Saleh Al-Yahya</b>	<b>Member of the Committee (Non-Board Member)</b>

### Attendance Record Audit Committee meetings, 2025

Name	Number of Meetings	Number of Attended Meetings	Attendance Percentage
Mr. Saad Al-Qahtani	6	6	100%
Mr. Maan Aba Al-Khail	6	6	100%
Mr. Khalid Al-Turaifi	6	6	100%
Mr. Saleh Al-Yahya	6	6	100%



## Third: Committee Work

The most important work of the Committee that it carried out during the fiscal year 2025, according to its responsibilities entrusted to its charter regarding to external auditing, financial reports, Internal Audit and Risk, as specified below:

### 01 External Audit and Financial Reports

1. The Committee evaluated the performance of the external auditor, reviewed proposals submitted by audit firms, including scope of work, fees, and engagement terms, and verified their independence, objectivity, and effectiveness of audit methodologies, ensuring that no non-audit services were provided that could impair independence.
2. Based on the evaluation results, the Committee recommended that the Board of Directors nominate two candidates to audit and review the financial statements for the second and third quarters and the annual financial statements for the fiscal year 2025, in addition to the first quarter of 2026. The Board adopted the recommendation and submitted it to the General Assembly, which approved the appointment.
3. Reviewing the results of the Company's operations and its financial position as it appeared in the interim and annual financial statements and reports for the fiscal year 2025, and its recommendations in this regard have been submitted to the Board of Directors
4. Ensuring that there are no difficulties encountered by the external auditor during the audit. The Committee also made sure of the cooperation of the Management with the external auditor
5. Reviewing external auditor's plan for the year 2025 submitted by the external auditor (Maham), and requested the Finance Department and the external auditor (Maham) to complete the audit work for the fiscal year ending on December 31st , 2025, in the agreed timing and not exceeding the deadline.

## 02 Internal Audit

1. The Audit Committee approved Internal Audit Plan which was prepared based on the main risks that the company might face.
2. The Committee reviewed the results of the internal audit and requested the executive management to follow up on the implementation of these recommendations.
3. The Committee ensured the follow-up and implementation of corrective actions related to observations raised in internal audit reports, as per the Committee's recommendations.
4. The Committee also reviewed the authority matrix related to executive management, the Board of Directors, and its committees.

## Fourth: Audit Committee Opinion on the Adequacy of Internal Control Systems

Based on the scope of work mentioned above, and based on the audit reports submitted regularly by the internal audit department in the Company, external auditor, executive management and the discussions performed with all the related parties to the internal and financial Control systems and risk in the Company, The Audit Committee did not observe material findings which can affect the internal and financial Control systems and risk in the Company require to disclose for the fiscal year ending 31 December 2025, noting that any internal control system cannot provide absolute assurance of the efficiency, adequacy, solidity and effectiveness of the internal control system.

On behalf of the Audit Committee Mr. Saad Al-Qahtani Chairman of the Audit Committee and Board Member



# Executive Committee

The Executive Committee assumes all duties and responsibilities within its scope of purpose, in addition to any other tasks and responsibilities referred to it by the Board of Directors, including but not limited to the following:

- 01** Monitoring the company's affairs and activities and informing the Board of any decisions or actions taken by the committee or those requiring Board approval.
- 02** Making all necessary decisions regarding matters delegated by the Board for the committee to review, discuss, and decide upon.
- 03** Approving the appointment of consulting entities in cases where such decisions exceed the company's management's authority.
- 04** Monitoring the company's performance and seeking justifications for any deviations from approved plans, budgets, and forecasts.
- 05** Reviewing the financial and operational plans and objectives across the company.
- 06** Reviewing the company's strategic, future, and development plans and objectives.
- 07** Reviewing the annual and operational budgets, including capital and operating expenditures, and providing recommendations to the Board.
- 08** Requesting information and data that may assist the committee in studying topics within its duties and responsibilities.
- 09** Performing tasks defined as under the committee's jurisdiction in the company's authority matrix.

The Executive Committee held four meetings during the year 2025, as detailed in the following table:

Executive Committee	Membership Type	Meeting No. (04/11) February 20, 2025	Meeting No. (05/11) June 18, 2025	Meeting No. (06/11) September 10, 2025	Meeting No. (07/11) December 16, 2025	Attendance Rate
Khalid Abdullah Abu-nayyan	Chairman of the Committee	✓	✗	✓	✓	75 %
Yousef Saleh Aba Al-Khail	Committee Member	✓	✓	✓	✓	100 %
Abdulaziz Ali Al-Masoud1	Committee Member	✓	✓	✓	✓	100 %
Ahmed Ali Al-Luhaidan	Committee Member	✓	✓	✓	✓	100 %

# Nomination and Remuneration Committee

## The Nomination and Remuneration Committee works on the following:

- 01** Proposing clear policies and criteria for membership of the Board of Directors and recommending them to the Board before their approval by the company's General Assembly.
- 02** Recommending to the Board of Directors nominations for Board or committee membership, filling vacant positions, or removal from such positions, in accordance with the approved and proposed policies and criteria set by the Committee, taking into consideration the provisions of the Board Membership and Nomination Policy.
- 03** Recommending to the Board of Directors nominations for senior executive positions.
- 04** Conducting an annual review of the structure of the Board of Directors and executive management, and providing recommendations regarding possible changes.
- 05** Conducting an annual review of the required skills for Board membership and executive management positions
- 06** Preparing a description of the required competencies and qualifications for Board membership and executive management positions.
- 07** Establishing procedures for handling vacancies within the Board of Directors or senior executives.
- 08** Identifying strengths and weaknesses within the Board of Directors and proposing solutions to address them in alignment with the company's interests.
- 09** Submitting recommendations to the Board of Directors proposing the necessary mechanisms for the annual self-assessment of the Board and supervising it; the evaluation may be conducted by an external party.

- 10** Supervising an induction program for new members, covering the company's activities, nature of business, and its financial, legal, governance, and risk aspects.
- 11** Developing a clear remuneration policy for Board members, Board committees, and executive management that enhances administrative motivation, retention of distinguished personnel, and submitting it to the Board of Directors for consideration prior to approval by the General Assembly. The policy should adhere to performance related criteria, disclosure, and verification of its implementation.
- 12** Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the intended objectives.
- 13** Identifying the types of remuneration granted to company employees and providing recommendations regarding them, such as reviewing the salary structure, additional and exceptional benefits, and related incentive plans.

## The Nominations and Remuneration Committee held two meetings during 2025 as per the following schedule:

Member	Membership Status	Meeting No. (03/11) November 24, 2025	Meeting No. (04/11) September 3, 2025	Attendance Percentage
Abdullah bin Mohamed Al-Harbi	Committee Chairman	✓	✓	100 %
Azzam Saud Al-Mudaihem	Committee Member	✓	✓	100 %
Abdulaziz Ali Al-Masoud	Committee Member	✓	✓	100 %

# Governance and Risk Management Committee

- 01** The Committee has the authority to submit recommendations regarding the company's compliance with the rules and regulations of the Ministry of Commerce and the Capital Market Authority.
- 02** The Committee has the authority and responsibility to appoint or terminate the services of any external advisor to assist in performing its duties, approve the terms of any such appointment, and fees of any advisor providing advisory and support services to the Committee, after obtaining written approval from the Chairman of the Board.
- 03** In coordination with executive management, the Committee may request any official, other employee, external advisor, or any other individual to meet with any Committee member or advisor, or to provide further assistance to the Committee in performing its duties.
- 04** Develop comprehensive strategies and policies for risk management suitable to the nature and scale of the company's activities, and ensure their implementation, review, and updates based on internal and external company changes.
- 05** Identify and evaluate key risks facing the company and ensure the company does not exceed them.
- 06** Verify the viability of the company's continued successful operation and identify risks that may threaten its continuity over the next twelve months.
- 07** Oversee the company's risk management system, assess its effectiveness, and develop mechanisms and measures for monitoring risks the company may face.
- 08** Perform stress tests periodically to reassess the company's capacity to bear and manage risk exposures.
- 09** Provide sufficient flexibility in facing risks and allocate adequate resources for risk mitigation and management.
- 10** Prepare detailed quarterly reports on the company's exposure to risks and recommended actions for managing these risks, and submit them to the Governance and Risk Management Committee.
- 11** Ensure risk management staff fully understand risks surrounding the company and promote awareness of a risk-aware culture.
- 12** Review matters raised by the Board committees and senior management that may affect risk management within the company.

The Governance and Risk Management Committee held three meetings during 2025 according to the following schedule:

Member	Membership Status	Meeting No. (03/11) March 16, 2025	Meeting No. (04/11) September 2, 2025	Attendance Percentage
Abdullah bin Mohammed Al-Harbi	Committee Chairman	✓	✓	100 %
Azzam Saud Al-Mudaihem	Committee Member	✓	✓	100 %
Maan Yousef Aba Al-Khail	Committee Member	✗	✓	100 %



# Executive Management

Statement of Current and Previous Positions, Qualifications, and Experience of the Executive Management Team Members.



**Mohammed Ibrahim Al-Harran**

### Current Positions

- Chief Financial Officer

### Previous Positions

- Finance Manager at Al-Murshid Contracting and Operations Group

### Qualifications

- King Saud University
- Accounting

### Professional Experience

- Saudi Chemical Company.
- Almarai Company.
- Al-Izdihar Group.
- Al-Murshid Contracting and Operations Group



**Amro Mohammed Al-Hattab**

### Current Positions

- Vice President of Operations

### Previous Positions

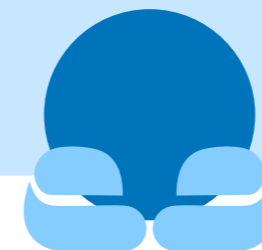
- Company Factories Manager

### Qualifications

- Bachelor's Degree in Mechanical Engineering.

### Professional Experience

- Over 26 years of industrial experience in pipeline manufacturing and construction.
- Over 16 years of experience in quality management



**Fawzi Ibrahim Al-Hussein**

### Current Positions

- Executive Vice President of Supply Chain

### Previous Positions

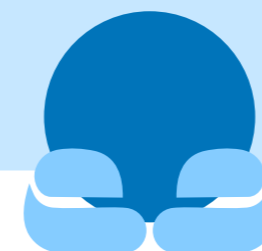
- Logistics Services Manager

### Qualifications

- Master's Degree in Business Administration. Bachelor's Degree in Information Systems.
- SAP Consultant

### Professional Experience

- 26 years of experience in external and internal procurement, contracts, supplier development, shipping, warehousing, and computer systems development (SAP)



**Muhammad Haroun Dakdouk**

### Current Positions

- Vice President of Commercial Affairs

### Previous Positions

- Vice President of Commercial Affairs

### Qualifications

- Bachelor's Degree in Business Administration, Department of Financial and Customs Studies

### Professional Experience

- 31 years of experience in leading commercial and strategic business operations in the industrial sector



**Dakhil Naqi Al-Mutairi**

### Current Positions

- Vice President of Human Resources and Administrative Affairs

### Previous Positions

- Head of Human Resources and Payroll Department

### Qualifications

- Master's Degree in Business Administration and Project Management.
- Bachelor's Degree in Business Administration.
- Higher Diploma in Accounting.
- Diploma in Human Resources Management

### Professional Experience

- 18 years of experience in administrative affairs, payroll management, recruitment and training, human resources services, occupational safety, and risk management.

## Audit Committee Recommendation for the Selection and Appointment of the Company's External Auditor

Included within the results of the annual review of the effectiveness of internal control procedures for the year 2025.



# Board of Directors and Executive Management Remuneration

## 01 Statement of Board of Directors' and Committee Members' Remuneration and Attendance Allowances for the year 2025 (SAR thousands)

The total amounts paid and payable to the Board of Directors for the year 2025 amounted to SAR 2810 million. These payments consist of attendance fees for Board and committee meetings, as well as committee membership remunerations, in accordance with the Remuneration Policy for Board Members, Committees, and Executive Management approved by the General Assembly, and the Board membership remunerations approved by the General Assembly on June 03, 2025.

Furthermore, the total salaries, bonuses, and compensations paid by the Company to the top six senior executives, including the CEO and CFO, amounted to SAR 9,269 million, as detailed in the following table:

Annual remuneration for Board and committee membership	Annual Remuneration for Committee Membership	Attendance Allowance for Board Meetings	Total Attendance Allowance for Committee Meetings	** Annual remuneration for board members for the year 2024	In-kind Benefits	Remuneration for Technical, Administrative, and Advisory Services	Remuneration for the Chairman, Managing Director, or Secretary if a Board Member	Total
<b>Independent Members</b>								
Saad Falah Al-Qahtani	150	12	18	200				380
Abdullah Mohammed Al-Harbi	150	12	12	200				374
Abdulaziz Ali Al-Masoud	150	12	18	122.40				302.4
* Musa Abdullah Al-Ruwaili	0	0	0	77.60				77.60
<b>Non-Executive Members</b>								
Yousef Saleh Aba Al-Khail	150	12	12	200				374
Khalid Abdullah Abunayyan	150	9	9	200				368
Azzam Saud Al-Mudaihem	150	12	12	200				374
Maan Aba Al-Khail2	150	12	24	122.40				308.4
<b>Executive Members</b>								
Ahmed bin Ali Al-Luhaidan	150	12	12	77.60				251.6
<b>Total</b>	<b>1,200</b>	<b>93</b>	<b>117</b>	<b>1,400</b>				<b>2,810</b>

\* His membership ended on 22 May 2024.

\*\* Board of Directors' remuneration for the year 2024, as approved by the General Assembly on 3 June 2025.

## 02 Executive Management Remuneration

Statement	Amounts (SAR'000)
Salaries	5,406
Allowances	1,760
Remuneration	2,103
<b>Total</b>	<b>9,269</b>

### Business or Contracts with Related Parties in which Members of the Board of Directors, Senior Executives, or any Person Related to any of them have a Direct or Indirect Interest

There are no business or contracts with any parties related to the company's activities.

### Statement of the Dates of the Shareholders' General Assemblies held during the Year 2025 and the name of the Board Members who Attended these Assemblies

Name	Extraordinary General Assembly Meeting 08/01/2025	Extraordinary General Assembly Meeting – 3/6/2025	Total Meetings
Yousef bin Saleh Aba Al-Khail	✓	✓	2
Khalid bin Abdullah Abunayyan	✓	✗	1
Saad bin Falah Al-Qahtani	✓	✓	2
Azzam bin Saud Al-Mudaihem	✓	✓	2
Abdullah bin Mohammed Al-Harbi	✓	✓	2
Abdulaziz Ali Al-Masoud	✓	✓	2
Maan Yousef Aba Al-Khail <sup>1</sup>	✓	✓	2
Ahmed bin Ali Al-Luhaidan	✓	✓	2

## Statement of Shareholder Requests

Number of company requests for shareholder register	Date of request	Reasons for request
1	02/01/2025	Company Procedures
2	05/01/2025	General Assembly
3	07/05/2025	Company Procedures
4	28/05/2025	Company Procedures
5	03/06/2025	General Assembly
6	24/11/2025	Company Procedures





# Company Dividend Distribution Policy

The company's profits shall be distributed according to the provisions of its Articles of Association, as follows:

## Annual or Interim Dividend Distribution

**01**

Annual or interim dividends may be distributed from distributable profits to share holders.

**02**

If dividends are distributed in violation of paragraph (1) of this article, the company's creditors may demand repayment from the company, and the company may demand the return of any amount received by a shareholder, even if in good faith.

**03**

A shareholder shall not be obligated to return dividends distributed in accordance with paragraph (1) of this article, even if the company incurs losses in subsequent periods.

**04**

The regulations shall determine the necessary controls for implementing the provisions of this article.

## Dividend Distribution Method

**01**

The Board of Directors shall issue a resolution to distribute interim dividends based on the authorization granted by the General Assembly or submit a recommendation to the General company shall distribute dividends from distributable profits at the end of each

**02**

financial period in which the Board decides to distribute dividends. This distribution is subject to the Board's discretion based on the company's financial position, available liquidity, capital expenditures, and financial obligations Assembly for dividend distribution.

## Dividend Entitlement

A shareholder is entitled to receive their share of the dividends in accordance with the General Assembly's resolution on this matter, which shall specify the entitlement date and the distribution date.

Dividends shall be distributed to shareholders registered in the shareholders' register at the end of the day specified as the entitlement date. The Board of Directors must implement the General Assembly's resolution regarding dividend distribution within the specified timeframe

## Profits distributed to shareholders in 2025

Dividend Period	Number of Shares Eligible for Dividends	Dividend Per Share	Dividend Ratio to Par Value (%)	Total Amount Distributed (SAR)	Eligibility Date	Distribution Date
2024	22,500,000	0.15 per share	15%	22,500,000	03/06/2025	26/06/2025
<b>Total</b>				22,500,000	-	-

### Statement for any Arrangement or Agreement Whereby a Shareholder of the Company has Waived any Rights to Profits.

There is no Statement for any Arrangement or Agreement Whereby a Shareholder of the Company has Waived any Rights to Profits.

### Statement of the Value of any Investments or Reserves Established for the Benefit of the Company Employees.

No investments or reserves have been established for the benefit of the employees.

### Disclosure of Details of Treasury Shares Held by the Company and Details of the Uses of these Shares.

The company does not hold any treasury shares.

### Clarification of any differences from the accounting standards adopted by the Saudi Organization for Certified Public Accountants (SOCPA):

There are no differences from the accounting standards adopted in the Kingdom.

### Any penalty, sanction, precautionary measure, or restriction imposed on any member of the company by any supervisory, regulatory, or judicial authority that is related to the company.

There are no penalties, sanctions, precautionary measures, or professional restrictions imposed on any member of the company.

## Board of Directors' Declarations

The Board of Directors declares the following:

01

That the accounting records have been properly prepared.

02

The internal control system has been established on sound bases and implemented effectively.

03

There is no significant doubt regarding the ability of Arabian Pipes Company to continue its operations.

# Board Conformations

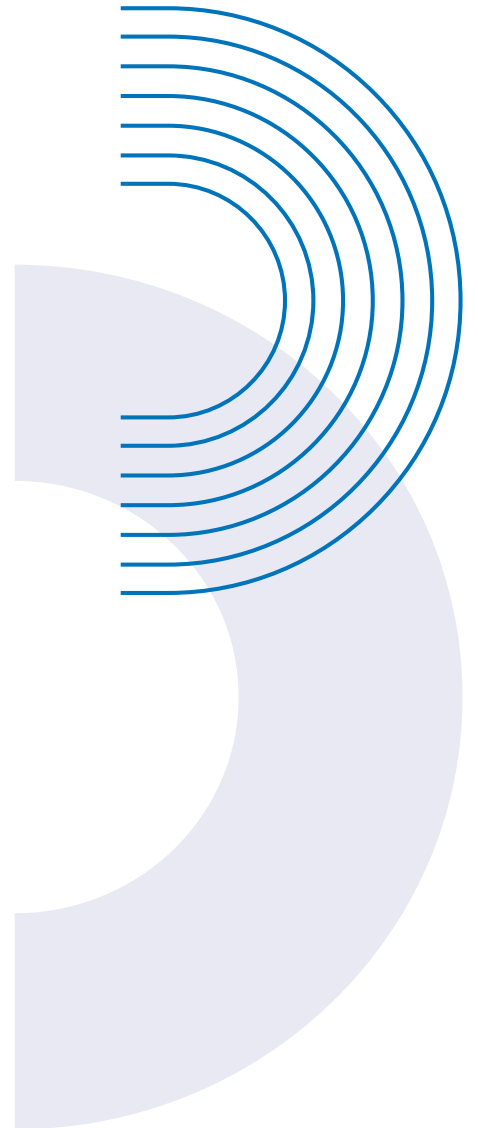
Pursuant to the Corporate Governance Regulations issued by the Capital Market Authority, the Board of Directors confirms the following:

1. The Board of Directors has not recommended changing the company's auditor before the expiry of its appointed term.
2. There are no recommendations from the Audit Committee that conflict with, or were rejected by, the Board of Directors' decisions regarding the appointment or dismissal of the company's auditor, the determination of their fees, the evaluation of their performance, or the appointment of the internal auditor.
3. There are no interest, contractual securities, or subscription rights belonging to members of the company's Board of Directors, senior executives, or their relatives in the shares or debt instruments of the company or any of its subsidiaries, except as disclosed in this report.
4. There is no interest in the voting shares class (other than members of the Board of Directors, senior executives, and their relatives) that the company has disclosed to them in accordance with Article 85 of the Rules on the Offer of Securities and Continuing Obligations, nor any changes to those rights during the last fiscal year.
5. There has been no redemption, purchase, or cancellation by the company of any redeemable debt instruments.
6. There are no convertible or subscription rights under convertible debt instruments, contractual securities, subscription notes, or similar rights issued or granted by the company during 2025.
7. There are no classes or numbers of any convertible debt instruments, contractual securities, subscription notes, or similar rights issued or granted by the company during the fiscal year 2025.

8. There is no transaction between the Arabian Pipes Company and any related party.
9. There are no transactions or contracts in which the company is a party, or in which any member of the Board of Directors, Chief Executive Officer, senior executives, or any person related to any of them has an interest.
10. There are no arrangements or agreements under which any shareholder has waived any rights to profits.
11. There are no arrangements or agreements under which any member of the company's Board of Directors or any senior executive has waived any salary or remuneration.
12. There are no shares or debt instruments issued to a subsidiary, as the company does not own any subsidiaries.
13. The company did not hold any treasury shares during 2025.
14. No other investments or reserves were established for the benefit of the company's employees.
15. The company's external auditor did not provide any consulting services to the company during 2025 and did not receive any fees for such services.
16. There are no deviations from the accounting standards adopted by SOCPA.
17. The Board of Directors did not issue any general or unlimited authorization during 2025.
18. There are no penalties, sanctions, precautionary measures, or restrictions imposed on any member of the company by any supervisory, regulatory, or judicial authority related to the company.
19. There are no competing businesses of the company or any of its branches that are or have been operated by any member of the Board of Directors.
20. There are no reservations expressed in the auditor's report on the company's annual financial statements.
21. There are no material differences in operating results from the previous year's results or any forecasts announced by the company.

# 2025 Annual Report

[www.arabian-pipes.com](http://www.arabian-pipes.com)



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Email: [contact@arabian-pipes.com](mailto:contact@arabian-pipes.com)