

## Independent Limited Assurance Report

### To the shareholders of the Saudi Advanced Industries Company (Saudi Joint Stock Company)

Upon request of the management of Saudi Advanced Industries Company (the Company), we have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter"), has not been prepared, in all material respects, in accordance with the applicable criteria ("Applicable Criteria") below.

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#### The subject matter

The subject matter of the limited assurance engagement relates to the company's assessment of the financial solvency requirements (mentioned below) based on the notional statement of financial position, and the adequacy of working capital as set out in the attached appendix (the "schedule") prepared and submitted by the company's management.

The aforementioned financial solvency requirements are in accordance with the Share Repurchase Rules issued under Article (12-3) of the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies ("Rules") issued by the Capital Market Authority. Requirements must be complied with, unless expressly exempted by the CMA.

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#### Applicable Criteria

The applicable criteria for this engagement are Article (12-3) of the criteria issued by the Capital Market Authority. The company has assessed the solvency requirements under the aforementioned article by taking into account the following:

1. The company must, prior to purchasing its shares, have enough working capital for a period of twelve months immediately following the date of completion of the shares purchase.
  2. The value of the company's assets should not be less than the value of its liabilities, including contingent liabilities, before and immediately after it pays the purchase price of these shares, according to the latest audited initial financial statements (i.e.: September 30, 2022, AD).
  3. The amount of treasury shares held should not exceed the amount of the company's retained earnings.
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#### Management responsibilities

The company's management is responsible for preparing the subject matter and presenting it in an appropriate manner in accordance with the applicable criteria. The Company's management is also responsible for establishing and maintaining a system of internal control appropriate to the preparation and presentation of the subject matter that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate criteria, maintaining adequate records, and making estimates that are reasonable in the circumstances.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the underlying subject matter based on the limited assurance engagement that we conducted in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements other than Review and Audit of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions hereof as agreed upon with the Company's management.

Our procedure is designed to obtain a limited level of assurance, on which our conclusion is based, which does not provide all of the evidence necessary to provide a reasonable level of assurance. The procedures performed depend on our professional judgment, including the risks of material misstatement of the underlying subject matter, whether due to fraud or error. Although we considered the effectiveness of management's internal control when determining the nature and extent of our procedures, our assurance engagement is not intended to provide assurance about the internal control system.

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### **Independence and quality controls**

We are independent of the Company in accordance with the professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia relevant to our assurance engagement, and we have fulfilled our other ethical responsibilities in accordance with those rules.

Our firm applies the International Standard for Quality Control (1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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### **Procedure summary**

The procedures we perform in a limited assurance engagement differ in nature and timing and are less in extent than a reasonable assurance engagement. Accordingly, the level of assurance obtained in a limited assurance engagement is significantly lower than the assurance that would be obtained if we had performed a reasonable assurance engagement.

As part of this engagement, we have not performed any procedures to audit, examine or verify the subject matter nor the records or other sources, from which the assurance was extracted. Accordingly, we will not express such an opinion.

These procedures have been implemented only to assist you in submitting a financial solvency report to the Capital Market Authority, and they are summarized as follows:

Our procedures include, but are not limited to:

- obtaining the share buy-back decision approved by the Board of Directors and ensuring that the decision is approved in accordance with the followed principles and its compatibility with the company's articles of association.
  - Obtaining the estimated budget for the year 2023 and verifying that there is no deficit in the working capital.
  - Verifying the arithmetic accuracy of the net assets position calculated by the company (the company's value of the company's assets minus the value of its liabilities, including contingent liabilities) assuming the effect of the share buy-back process as of September 30, 2022, AD, and verifying the existence of a surplus. And
  - Verifying that the amount of treasury shares held does not exceed the amount of the company's retained earnings, assuming the effect of the share buy-back process as of September 30, 2022.
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### **Limited confirmation conclusion**

Based on the limited assurance procedures performed and the evidence we obtained. No matter has come to our attention that causes us to believe that the subject matter has not been prepared, in all material respects, in accordance with the applicable criteria.

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## Another Matter

1. The proposed share buy-back transaction by Saudi Advanced Industries Company (the “Company”) will appear in the Company’s accounting records after obtaining the approval of the Company’s shareholders at the Extraordinary General Assembly meeting and all necessary approvals from the regulatory authorities. Therefore, it has not been verified that the value of the Company’s assets is not less than the value of its liabilities (including contingent liabilities once the company has paid the purchase price).
  2. The amount of share buy-back shall not, at any time, exceed the amount of retained earnings.
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## Restriction on the use of our report

Our report was prepared at the request of the company’s management to present it to the shareholders in the Extraordinary General Assembly meeting, in accordance with the criteria issued by the Capital Market Authority for the share buy-back transaction, and it may not be used for any other purpose.

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**For Al-Bassam and Co.**  
**Ibrahim Ahmed Al-Bassam**  
**License No. 337**  
**23 Rabi’ II 1444 AH**  
**17 November 2022 AD**  
**Riyadh – Kingdom of Saudi Arabia**

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Saudi Advanced Industries Company

Commercial Register No. 1010068321

### Report of the solvency requirements for the treasury shares program

The conditions and requirements of financial solvency as stated in Clause (3) of Article (12) of the regulatory controls and procedures issued in implementation of the Companies Law for listed joint-stock companies

Financial data related to the company's compliance with the financial solvency requirements:

The expected date for completing the share buyback transaction is twelve months from the date of approval by the Extraordinary General Assembly.

#### 1- Working capital adequacy:

Amount in Saudi Riyal		
Working capital	2022 AD	2023 AD
	161,059,244	151,248,915

The amount represents the operational working capital for the years 2022 and 2023 based on the plan approved by the company.

#### 2- Summary of assets and liabilities including contingent liabilities:

As at September 30, 2022 AD, based on the interim financial statements audited for the nine-month period:

The Amount in Saudi Riyal	
Assets	914,532,148
Liabilities	5,938,832
Contingent liabilities	-
Net assets	908,593,316
Estimated cost for the purchase of shares during 2023 AD	82,500,000
Assets surplus	826,093,316

#### 3- Treasury Shares

The Amount in Saudi Riyal		
Retained earnings as at 30/09/2022 AD	Value of shares expected to be purchased	Retained earnings surplus
227,973,448	82,500,000	145,473,448

Saudi Advanced Industries Company

