



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

Agreed- Upon Procedures on Statement of compliance with Article 12, Part 4 Chapter 1 of the Regulatory Rules and Procedures relating to Listed Joint Stock Companies

To the Shareholders of Saudi Industrial Services Company (the "Company")

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

In accordance with our KPMG Engagement Letter dated 8 September 2022, we have performed an agreed upon procedures report (the "Report"), solely for the purpose of the Company's compliance with the solvency requirements (the "Schedule"), in connection with Article 12 from Part 4 of Chapter 1 of the 'Regulatory Rules and Procedures', issued pursuant to the Companies Law relating to Listed Joint Stock Companies' to the shareholders of the Company, as part of the annual general assembly package along with other information contained therein, for a share buy-back transaction which the Company intends to execute during the fiscal year 2022 and may not be suitable for another purpose.

Responsibilities of the Engaging Party

The management ("Engaging Party" and "Responsible Party") has acknowledged that the agreed-upon procedures in this report are appropriate for the purpose of the engagement. Engaging Party is responsible for the subject matter and the Schedule on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements as endorsed in the Kingdom of Saudi Arabia. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with Engaging Party, and reporting the findings, which are the factual results of the agreed-upon procedures performed.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter, nor of the underlying records or other sources from which the Subject Matter was extracted. Accordingly, we do not express an opinion or an assurance conclusion or make any representation regarding the appropriateness of the agreed upon procedures.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس ماله (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.



Professional Ethics and Quality Control

We have complied with the ethical requirements in Professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, 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.

Procedures and Findings

We have performed the procedures described below, on the Schedule prepared by the management of the Company, as attached in Appendix A, in connection with Article 12 from Part 4 of Chapter 1 of the 'Regulatory Rules and Procedures (the "Schedule") issued pursuant to the Companies Law relating to Listed Joint Stock Companies'.

	Procedures	Findings
1	Obtained from the management the Schedule of financial information pertaining to the Company's compliance with the solvency requirements as attached in appendix A, comprising of the following	
	i. Sub-Appendix (a): Statement comprising of the forecasted working capital of the Company post 12 months immediately following the proposed date of share buy-back i.e., 31 October 2022.	We have obtained the statement comprising of the forecasted working capital of the Company post 12 months immediately following the proposed date of share buy-back i.e., 31 October 2022, attached as Annexure (A) to this report and no exceptions were noted.
	ii. Sub-Appendix (b): Statement comprising of assets, liabilities, contingent liabilities and net assets of the Company outstanding as at 31 December 2021.	We have obtained the statement comprising of the balances of assets, liabilities, contingent liabilities and net assets of the Company outstanding as at 31 December 2021, attached as Annexure (A) to this report and no exceptions were noted.
	iii. Sub-Appendix (c): Balance of retained profits of the Company, balance of treasury shares after the purchase and excess of the balance of retained earnings over balance of treasury shares.	We have obtained the balance of retained profits of the Company, balance of treasury shares after the purchase and excess of the balance of retained earnings over balance of treasury shares, attached as Annexure (A) to this report and no exceptions were noted.
2	With respect to Sub-Appendix (a):	
	i. Obtained from the management, the working capital forecast of the Company as at 12 months immediately following the proposed date of share buy-back transaction, i.e., 31 October 2022, as approved by the Management.	We have obtained the working capital forecast of the Company as at 12 months immediately following the proposed date of share buy-back transaction i.e., 31 October 2022, as approved by the Management and no exceptions were noted.

Procedures and Findings (continued)

	Procedures	Findings
	ii. Checked the arithmetical accuracy of the calculation of the forecasted working capital as at 12 months immediately following the proposed date of share buy-back, by agreeing the amounts of the working capital to the approved working capital forecast, as obtained from the management in step 2(i) above	The working capital forecast was arithmetically accurate, and the amount of the working capital was agreed to the approved working capital forecast and no exceptions were noted.
3	With respect to Sub-Appendix (b):	
	i. Obtained the market price per share of the Company prevailing on date of the Agreed-Upon Procedures (“AUP”) Report from Tadawul to estimate the purchase cost of the share buy-back.	The market price per share of the Company prevailing on the date of the AUP Report were agreed to market price per share to the Tadawul and no exceptions were noted.
	ii. Compare the balances of total assets, total liabilities and total contingent liabilities with the audited financial statements of the Company for the year ended 31 December 2021.	The balances of total assets, total liabilities and total contingent liabilities were matched to the audited financial statements of the Company for the year ended 31 December 2021 and no exceptions were noted.
	iii. Checked the arithmetical accuracy of the computation of the surplus net assets as reported in the sub-appendix therein (being the amount of net assets remaining after deduction of liabilities, contingent liabilities and estimated cost of proposed share buy-back).	The computation of the surplus net asset remaining after deduction of liabilities, contingent liabilities and estimated cost of proposed share buy-back were arithmetically accurate and no exceptions were noted.
4	With respect to Sub-Appendix (c):	
	i. Matched the balance of the retained profits (comprising balance of retained earnings and other reserves – gain on sale of equity interest in subsidiary) of the Company with the respective balance in the financial statements of the Company for the year ended 31 December 2021.	The balance of the retained profits (comprising balance of retained earnings and other reserves – gain on sale of equity interest in subsidiary) of the Company were agreed with the respective balance in the financial statements of the Company for the year ended 31 December 2021 and no exceptions were noted.
	ii. Checked the arithmetical accuracy of the calculation of the balance of the retained profits of the Company, net of treasury shares balance after the buy-back of such treasury shares.	The calculation of the balance of the retained profits of the Company, net of treasury shares balance after the buy-back of such treasury shares were arithmetically accurate and no exceptions were noted.

For KPMG Professional Services



Ebrahim Oboud Baeshen
License No. 382



Jeddah, 11 September 2022
Corresponding to: 15 Safar 1444h



Appendix A

SAUDI INDUSTRIAL SERVICES COMPANY

Statement of compliance with Article 12 from Part 4 Chapter 1 of the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies

a. Adequacy of the working capital

The proposed date for the share buy-back is 31 October 2022.

The forecasted working capital as at 31 October 2023 (i.e. post 12 months following the proposed date of the share buy-back transaction):

	Amount in SR
Working capital as at 31 October 2023 (forecasted)	161,313,010

b. Summary of the assets and liabilities as at 31 December 2021

	As at 31 December 2021 Amount in SR
Total Assets	1,511,887,973
Total Liabilities	(20,854,104)
Total contingent liabilities	--
Net Asset	<u>1,491,033,869</u>
Estimated Cost of the treasury shares to be purchased (8,160,000 * 23.22) [Maximum shares to be purchased (8,160,000 shares) * Estimated purchase price per share (SR 23.22)]	<u>(189,475,200)</u>
Net Assets after share buy-back	<u>1,301,558,669</u>

c. Treasury shares

	As at 31 December 2021 Amount in SR
Retained profits *	546,550,536
Estimated Cost of the treasury shares to be purchased	(189,475,200)
Retained profits after the share buy-back	<u>357,075,336</u>

*Retained profits as at 31 December 2021 includes the amount of the retained earnings and the other reserves - gain on the sale of the equity interest in the subsidiary of SR 204,000,258 and SR 342,550,278.

This appendix should be read in conjunction with our factual finding report, dated 11 September 2022 issued vide an engagement letter between KPMG and Saudi Industrial Services Company, dated 8 September 2022.

Chief Executive Officer

Chief Financial Officer