



شركة اليمامة للصناعات الحديدية
Al Yamamah Steel Industries Company



Board of Directors Report For the Results of the Fiscal Year 2020

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Board of Director Report of Al Yamamah Steel Industries Company For the Fiscal Year Ended September 30, 2020

To the respected shareholders of Al Yamamah Steel Industries Company

Peace be upon you and god's mercy and blessings,

The Board of Directors is pleased to submit to the shareholders its annual report on the performance of Al Yamamah Steel Industries Company (the Company) and the consolidated audited financial statements (of the Group) for the fiscal year ended September 30, 2020, which includes its financial statements and the financial statements of the subsidiary (Al Yamamah Company For Reinforcing Steel Bars), which includes the auditor's report, the statement of financial position, the statement of income, statement of cash flows and the statement of changes in Shareholders equity and the accompanying notes to the financial statements for the year ended compared with the previous fiscal year. It should be noted that the consolidated financial statements for the fiscal year ended September 30, 2017 have been modified and the impact of the modification has been stated in pages 5-7 and presented in accordance with the international standards of the financial report that have been applied since October 1, 2017. The company is characterized by the service of the construction sector through its activity and the activity of the subsidiary in manufacturing of steel products, which includes steel towers, space structures and reinforcing steel bars, service of the electricity and telecommunications sector through the production of poles and steel masts for the distribution of electrical energy and streets lighting and the production of steel towers to transfer the electric power and antennas carrier in the field of communications, and service of the renewable energy sector by producing steel artifacts for solar energy tracking systems.

Vision

Construction of an industrial cluster to lead the minerals industry in the Middle East and North Africa, taking advantage of values and self-expertise taking into account our commitments to society.

Message

Our partners: maximizing the values and investment attraction of our partners.

Financial: Improving financial performance standards and hardworking to reduce cost and risk.

Customer: Maintaining the mutual benefits with customers by responding to their requirements at competitive prices and high quality.

Innovation: Challenging the course of events by encouraging the continuous research and development.

Individuals: Create an attractive work environment that helps individuals to launch their full capabilities.

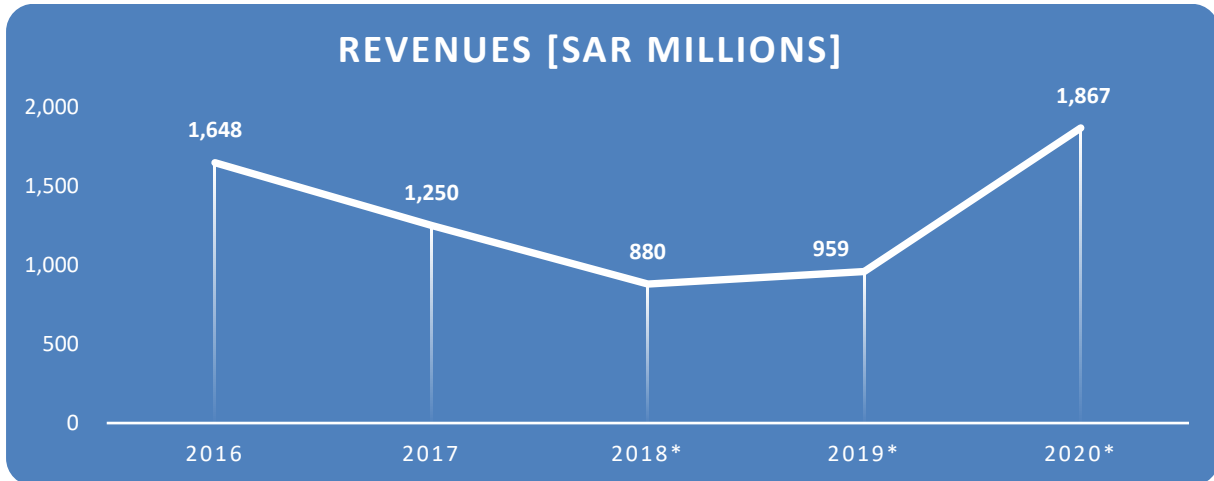
First:

**General Performance of Al Yamamah
Steel Industries Company
During the fiscal year 2020**

1. The company's performance during the fiscal year 2020

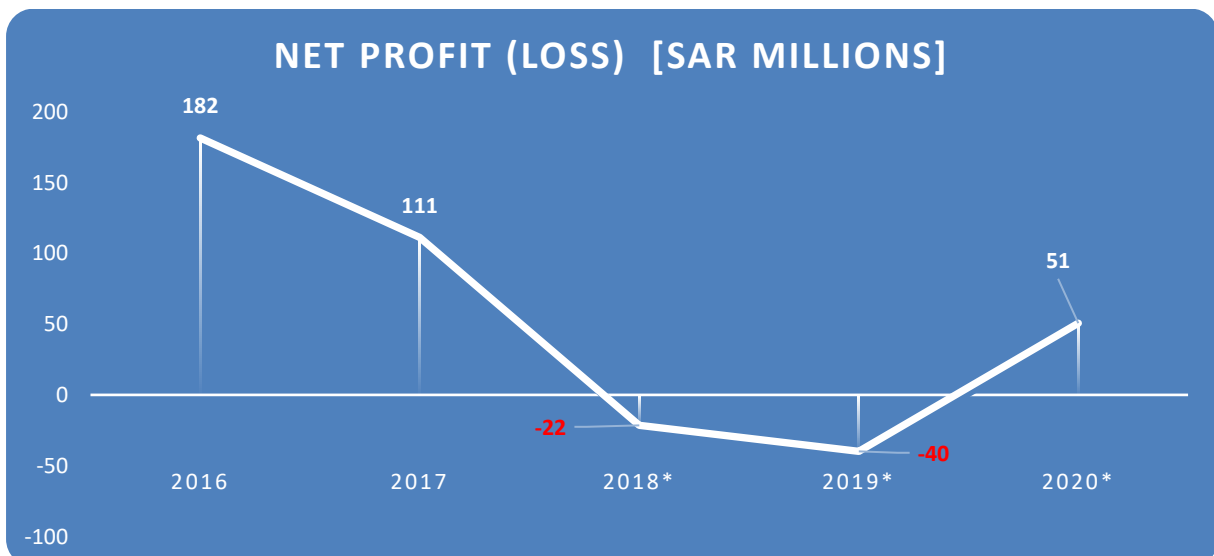
The company's revenues for the fiscal year ended September 30, 2020 increased by 95% from SAR 959 Million to 1.867 Million compared to the previous fiscal year due to increase in the sold quantities by 10%.

The following chart shows the consolidated revenues for the years (2016 -2020) in (SAR Millions):



For the fiscal year ended September 30, 2020, the company reported a net profit amounted SAR 50.7 Million compared to the net loss amounted SAR (39.9) Million for the previous fiscal year, and this result was due to the increase in the volume of sales for the construction sector as a result of the competitive strength of the cost of raw materials of the reinforcing steel bars and steel pipes and the lack of interruption in responding to the market's needs of the company's products during the new Corona pandemic. Various government initiatives have contributed to reducing the negative impact on the local economy and the impact of the pandemic, alleviating the company's financial burdens and maintaining the stability of its employees.

The below chart shows the company's consolidated net profit and loss for the last five years in (Millions of Saudi Riyals):



Summary of the list of the company's consolidated balance sheets for the last five years in (Thousands of Saudi riyals):

Description	2016	2017	2018*	2019*	2020*
Current assets	769,091	781,239	678,222	1,074,371	909,613
Non- current assets	482,177	468,931	471,905	477,754	487,279
Total Assets	1,251,268	1,250,170	1,150,127	1,552,125	1,396,892
Current liabilities	388,813	396,995	320,348	752,269	521,032
Non- current liabilities	45,423	46,957	70,657	80,247	94,440
Total Liabilities	434,236	443,952	391,005	832,516	615,472
Total shareholders equity	680,708	679,456	632,949	592,255	642,520
Non- controlling minority interest	136,324	126,762	126,173	127,354	138,900
Total Liabilities & Equity	1,251,268	1,250,170	1,150,127	1,552,125	1,396,892

* Complies with the company's application of the International Financial Reporting Standards (IFRS), which has been applied since Oct 1, 2017.

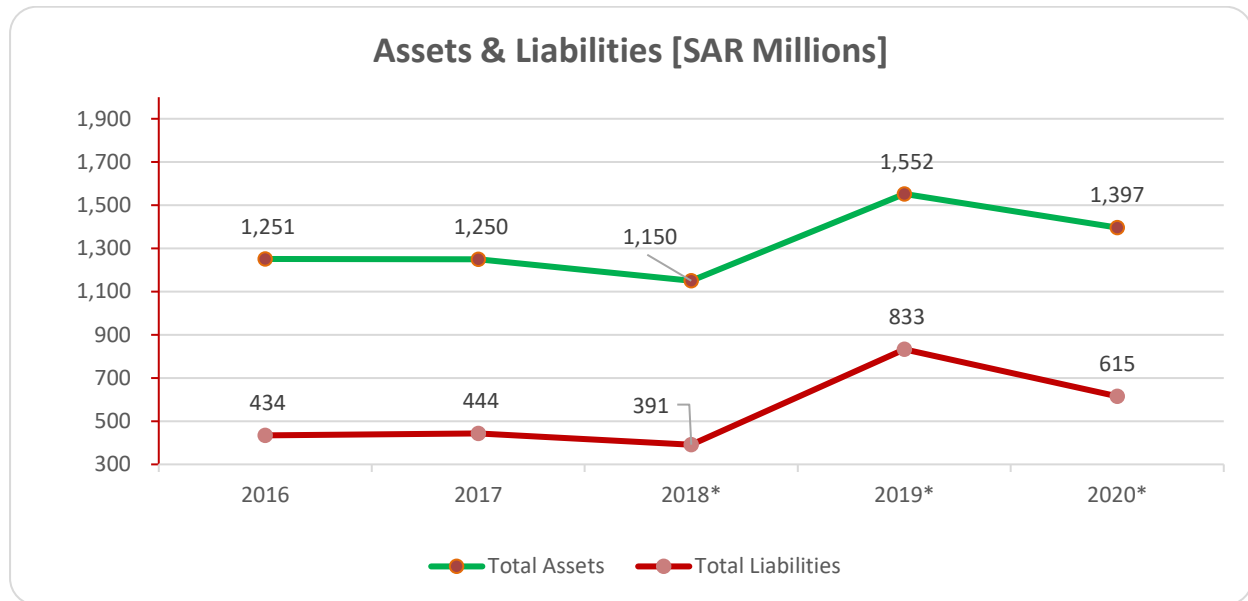
-Total current assets decreased in 2020 by 15% compared to 2019, that was attributed mainly to the decrease in inventory's balances.

-Total current liabilities decreased in 2020 by 31% compared to 2019, that was attributed to the decrease in short-term loans balances.

-Non-current liabilities increased by 18% compared to 2019, that was attributed to the to lease obligations during 2020 since the company started applying the International Financial Reporting Standard No. 16 "Lease Contracts" on October 1, 2019, i.e. at the beginning of fiscal year 2020.

-Shareholders' equity increased by 8% in 2020 compared to 2019 as a result of the increase in the balance of retained earnings by the result of net profit in 2020.

The following chart shows the comparison of total assets and total liabilities for the last five years in (Millions of Saudi Riyals):



The following table shows the book value per share for the last five years:

The Year Ended September 30,	Total Shareholders Equity (Thousand SAR)	Book value per share (Thousand SAR)	Changes than prior Year	Changes % than prior Year	Change trend than prior the Year
2020	642,520	12.65	0.99	8%	Increase
2019	592,255	11.66	(0.8)	-6%	Decrease
2018	632,949	12.46	(0.92)	-7%	Decrease
2017 (Modified)	679,456	13.38	(0.08)	-1%	Decrease
2016	680,708	13.4	1.04	8.40%	Increase

The following table shows the results of the group's operations for the last five years in (Thousands of Saudi Riyals):

Description	2016	2017	2018*	2019*	2020*
Net Sales	1,648,061	1,249,752	879,528	959,275	1,867,420
Cost of sales	(1,312,112)	(1,020,353)	(823,712)	(925,891)	(1,665,749)
Gross Profit	335,949	229,399	55,816	33,384	201,671
Other operating revenues	--	67	1,092	15,904	463
Sales & Distribution Expenses	(33,157)	(22,690)	(16,923)	(19,125)	(43,527)
Administrative expenses	(53,780)	(47,701)	(44,154)	(41,650)	(46,776)

Operating Income (Loss)	249,012	159,075	(4,169)	(11,487)	111,831
Other revenues/expenses	1,628	--	--	--	--
IPO Costs	(12,311)	--	--	--	--
Financing & Interests costs	(13,124)	(14,412)	(10,759)	(19,446)	(21,782)
Profit (Loss) before Zakat	225,206	144,662	(14,928)	(30,933)	90,049
Zakat	(9,046)	(9,560)	(7,144)	(7,530)	(14,103)
Profit (Loss) before MOI	216,160	135,102	(22,072)	(38,463)	75,946
Minority Interest Equity	(34,651)	(23,925)	547	1,412	25,290
Net profit (Loss)	181,509	111,177	(21,525)	(39,876)	50,656

*Complies with the company's application of the International Financial Reporting standards

Other comprehensive income:

Items that will not be classified in profit or loss:

	2018	2019	2020
Re-measure employee benefit obligations	376	(1,049)	(385)
Total (comprehensive loss) / comprehensive income	(21,696)	(39,513)	75,561

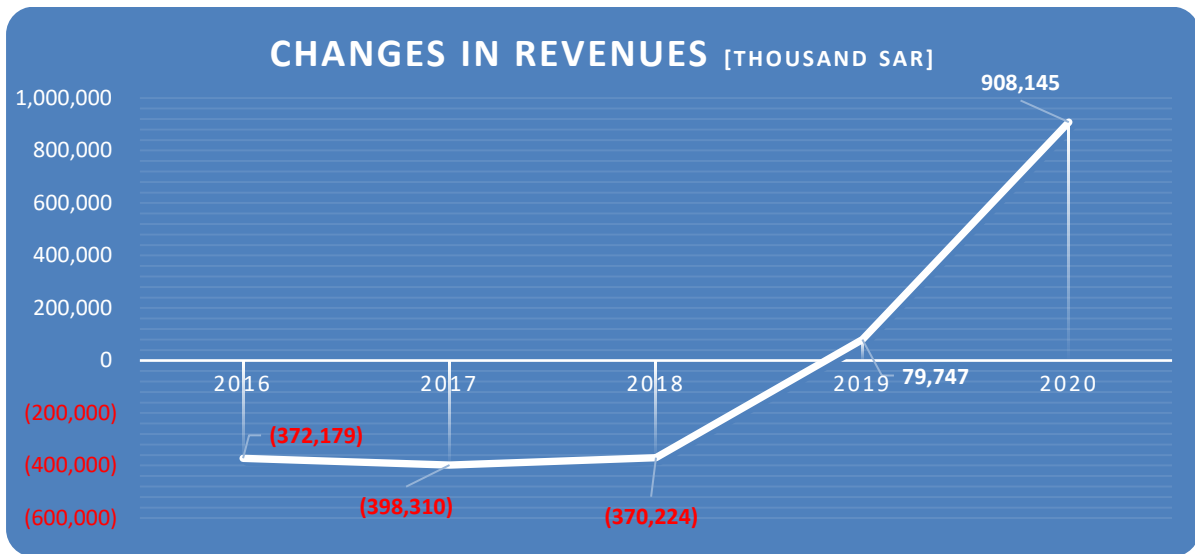
Total (comprehensive loss) / comprehensive income attributable to:

- Company's shareholders	(21,108)	(40,694)	50,266
- Non-controlling minority interest	(588)	1,181	25,295
	(21,696)	(39,513)	75,561

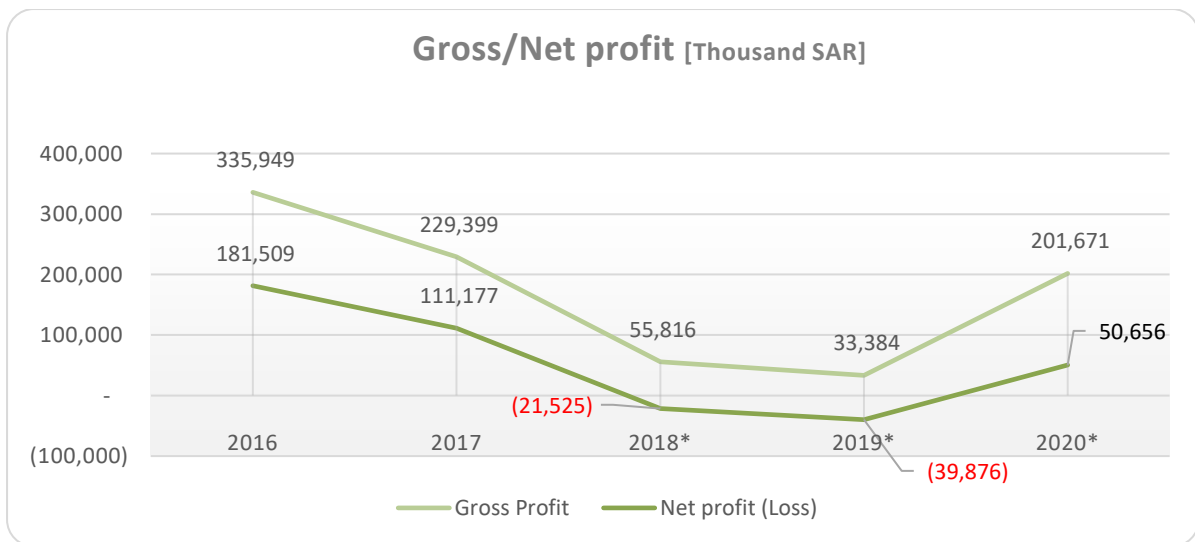
The following table shows the change in consolidated revenues for the last five years in (Thousands of Saudi Riyals):

Years	Revenues	Changes than prior Year	Changes % than prior Year	Change trend than the prior Year
2020	1,867,420	908,145	95%	Increase
2019	959,275	79,747	9%	Decrease
2018	879,528	(370,224)	-30%	Decrease
2017	1,249,752	(398,310)	-24%	Decrease
2016	1,648,062	(372,179)	-18%	Increase

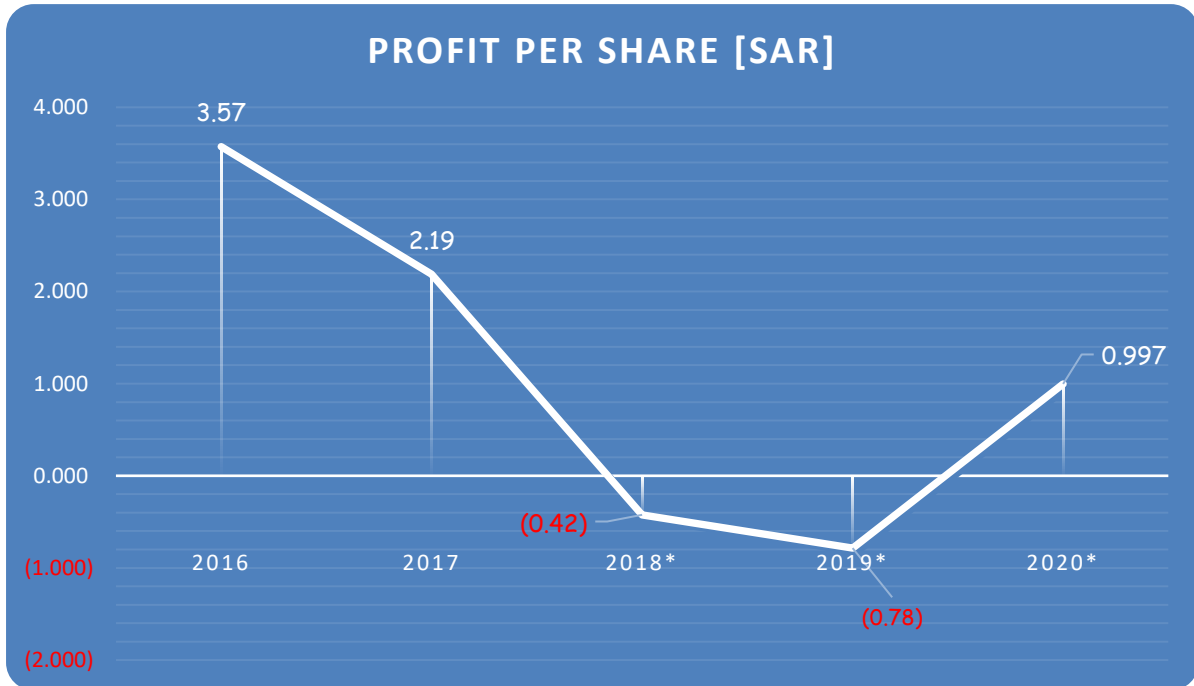
The following chart shows the change in consolidated revenues for the last five years in (Thousands of Saudi Riyals):



The following chart shows the consolidated net profit (loss) and the consolidated gross profit for the last five years in (Thousands of Saudi Riyals):



The following chart shows the profitability (loss) per share from net profit (loss) for the last five years in Saudi Riyals:



▪ **Segment analysis of the company's results:**

The company achieved improvement in revenues of the two sectors (construction and electricity sectors) compared to the previous year while the net loss turned into profits influenced by the rise in sales prices in comparalell with the change in prices of steel raw materials due to the increase in the demand for the company's products.

The following is an explanation of the revenues and net profits (losses) of the business sectors in (Millions of SAR):

Segment	Revenues		Net Profits (Losses)	
	2020	2019	2020	2019
Year				
Constructions Sector	1.525	782	112.1	(20.2)
Electricity Sector	342	177	(36.1)	(18.2)
Total	1.867	959	76	(38.4)

I. Construction sector:

The quantities and amounts revenues/ sales increased by 105% and 95%, respectively in the current fiscal year compared to the previous fiscal year (from about 341,000 tons to 700,000 tons) while losses turned into profits from a loss of SAR (20.2) Million to profit of SAR 112.1 Million as a result of the increased demand for the company's products during the pandemic due to their availability at a competitive cost and maximizing the benefit of the fluctuations of steel raw materials prices globally in favor of the cost and sold quantities.

II. Electricity sector:

The quantities and amounts of revenues/ sales increased by 116% and 92%, respectively in the current fiscal year compared to the previous fiscal year as a result of the contribution of Al Yamamah Solar Systems Factory to 45% of the value of revenues/ sales of the electricity sector amounted SAR 342 Million during the current fiscal year ended September 30, 2020 resulting from the supplies for the Dubai Solar Garden Project in United Arab Emirates in accordance with the project supply schedules and overcoming the obstacles associated with the Corona pandemic, in addition to the increase in the sold quantities of Steel Poles and Towers. The results of the electricity sector have been negatively affected by the low prices of the products, especially the electrical towers due to the limits of projects and the intensity of competition.

■ Differences in the operating results:

The following table shows the differences in the operating results for 2020 with 2019 in (Thousands of Saudi Riyals)

Description	2020	2019	Changes between the current & Prior year	
			Amount	(%)
Gross Income	201,671	33,384	168,287	504%
Income (loss) from operations	111,831	(11,487)	123,318	1074%
Net income (loss)	50,656	(39,876)	90,532	227%

Gross profit increased by 504% from SAR 33 Million to SAR 202 Million in 2020 in parallel with increase in the sold quantities by 106% and the increase in the amounts of revenues/ sales by 95% comparell with increase in cost of sales by 80% and the loss from operations shifted from SAR (11.49) Million loss to profit amounted SAR 111.83 Million and from net loss of SAR (39.8) Million in 2019 to net profit of SAR 50.7 Million in 2020.

The following table shows the most important financial indicators for 2020 and 2019:

Description	2020	2019
Return on total assets	3.6%	-2.6%
Growth rate of Revenues	95%	9.1%
Return on Revenues	3%	-4.2%
Growth rate of Net Income (Loss)	227%	-92.8%
Profit/Loss of share from Net Income – (SAR)	0.997	(0.78)

The following table shows a summary of the list of cash flows for 2020 and 2019 in (Thousands of Saudi Riyals):

Description	2020	2019
Net Cash Flow From Operating Activities	327,959	(492,963)
Net Cash Flow From Investing Activities	(28,310)	(44,695)
Net Cash Flow From Financing Activities	(310,297)	407,875
Net change in cash & Equivalent	(10,648)	(129,783)
Cash at the Beginning of year	29,105	158,887
Cash at the End of year	18,457	29,104

■ Investments and reserves of the company's employees

The company has not created any investments for the benefit of its employees, and the following is a table showing the provisions that were recorded for the benefit of the company's employees as of September 30, 2020 in (Thousands of Saudi Riyals):

Description	2020	2019
Provision of Employees End of Service Benefits*	34,323	34,010
Bonus Provision**	2,091	1,500

*The provision for employee end-of- service benefits include about SAR 11.1 Million and SAR 10.3 Million for the years 2020 and 2019 respectively for the employees of the subsidiary.

**Rewards provision for parent company

❖ Total debts of the company and the subsidiary:

I. Short-term financing:

The group obtained Shariah-compliant banking facilities from local banks in the form of Tawarruq for financing letters of credit, Islamic overdraft account, and Islamic letters of guarantee, subject to Murabaha rates in line with the prevailing commercial rates. These facilities are secured by order notes and guarantees from the company and the subsidiary.

II. Long-term financing:

The company has paid all the due installments and loan follow-up fees to the Saudi Industrial Development Fund on June 4, 2020, and the work is under way to release the mortgaged land on which al-Yamamah factory for electrical Poles and accessories in Al-Khomrah - Jeddah City is erected.

The parent company received a long-term loan from Arab National Bank for SAR 40 million to help finance the construction of Al Yamamah Solar Power Systems Factory, which will be paid in equal quarterly installments during the years 2020 to 2023.

The following table shows the total consolidated utilized financing by the company and the subsidiary for 2020 and 2019 (Thousands of Saudi Riyals):

Financing Type	2020	2019
Short Term Loans	397,253	654,030
Long Terms Loans	32,500	46,912

The below table shows the movement of total short-term Tawarruq (financing of the purchased raw materials), the current portion and the non-current portion of the long-term Tawarruq (financing) As of September 30, 2020 (Thousands of Saudi Riyals):

Description	Parent company		Subsidiary company		Consolidated Company	
	2020	2019	2020	2019	2020	2019
Tawarruq - Short term	376,400	394,839	20,853	259,191	397,253	654,030
Tawarruq - Current portion of the Long Term	10,000	11,919	--	--	10,000	11,919
Tawarruq - Long term	22,500	34,993	--	--	22,500	34,993
Total	408,900	441,751	20,853	259,191	429,753	700,942

The following table shows the total financing movement of the consolidated company for the year 2020 (Thousands of Saudi Riyals):

Description	Opening Balance	Used	Paid	Balance
Short term loans and current portion of long-term loans	665,949	2,203,300	2,461,996	407,253
Long-term loans- non-current portion	34,993	7	12,500	22,500
Total	700,942	2,203,307	2,474,496	429,753

The following table shows the long-term financing of the consolidated company for the year 2020 (Thousands of Saudi riyals)

Description	Financing Type	Base Amount	Financing Period	Paid up to 30/09/2020	Balance as on 30/09/2020
SIDF	Governmental	16,900	6 Years	16,900	--
Arab National Bank	Banks	40,000	5 Years	7,500	32,500
Total		56,900		24,400	32,500

The following table of financing shows the movement of short-term financing for the consolidated company for 2020 (Thousands of Saudi Riyals):

Description	Financing Type	Outstanding Balance 30/09/2019	Finance Used	Finance Paid	Balance on 30/09/2020
Arab National Bank	Islamic Tawarruq	498,988	1,777,278	1,968,513	307,753
Saudi Fransi Bank	Islamic Tawarruq	123,109	346,649	380,258	89,500
AL Rajhi Bank	Islamic Tawarruq	31,933	69,292	101,225	0
Total		654,030	2,193,219	2,449,996	397,253

▪ Clarification about the company's application of international accounting standards:

The company has started applying the international accounting standards on October 1, 2017 and based on that all accounting transactions, reports, policies and financial statements have been recorded and approved in accordance with the international financial reporting standards and there is no difference in agreeing with this.

▪ Geographical analysis of the company's total revenue:

The following table shows sales and revenues by geographical location of local markets only 2020 and 2019 (Thousands of Saudi riyals):

Segment	2020		2019	
	Revenues	%	Revenues	%
The Middle province	515,330	30%	386,527	40%
The West province	607,107	35%	213,522	22%
The Eastern province	118,306	7%	51,341	6%
The South province	212,337	12%	161,191	17%
The North province	262,528	15%	141,947	15%
Total	1,715,608	100%	954,528	100%

The following table shows sales and revenue from the domestic and foreign markets for 2020 and 2019:

Year	Revenues from the local market		Revenues from the foreign markets	
	In Thousands of SAR	% Of Revenues	In Thousands of SAR	% Of Revenues
2020	1,715,608	92%	151,813	8%
2019	954,528	99.5%	4,747	0.5%

▪ Stock activities and debt instruments:

1. Neither the company nor the subsidiary issued shares or debt instruments during the fiscal year ended September 30, 2020.
2. Neither the company nor the subsidiary during the fiscal year ended September 30, 2020 has any interest for non (board members, senior executives, their spouses and minor children) in the category of shares with the right to vote.
3. The company did not issue or grant the company during fiscal year 2020 any debt instruments transferable to shares or any contractual securities or notes of right to subscribe or similar rights and there is no compensation the company received in return.
4. During 2020, the company did not issue or grant any transfer or underwriting rights under debt instruments that could be transferred to shares, any contractual securities, subscription notes or similar rights.

5. The company and its subsidiary did not purchase, refund or cancel any refundable debt instruments during 2020.
6. The company has made no arrangements or agreement under which any of the company's shareholders waive their rights to profits.
7. The company has not made any arrangements or agreement under which a board member or senior executive waives a salary or compensation.
8. The company didn't move into any investments or other reserves during 2020 for the benefit of the company's employees.

2. The company's activities and strategy

Al Yamamah Steel Industries Company was established as a Saudi joint stock company registered in Riyadh with the commercial registration No. 1010070794 and the date of 01/06/1409H, and the company was licensed under the industrial license No. (144/R) on 22/03/1409 H and subsequent modifications, the CMA listed the company's shares on the financial market on 15/08/1437H, corresponding to 22/05/2016.

The company's authorized and paid-up capital is amounted SAR (508,000,000) only five hundred eight Million Saudi Riyals are divided into (50,800,000) fifty Million eight hundred thousand shares of equal value, the par value of each of them is (10) Saudi Riyals, all shares are ordinary and cash paid which the shareholders paid its full value.

The company and its subsidiary are engaged in manufacturing of steel products to serve the construction sector in the Kingdom, which includes steel vacuums, space frames structures and reinforcing steel bars, service of the electricity and telecommunication sector through the production of poles and high masts for the distribution of electric power, street lighting, production of steel towers for the transmission of electrical energy and antennas carrier in the field of communications and production of the steel artifacts required for solar systems, which were commercially operational during the second quarter of the year 2019, work is in progress in preparing necessary designs for the project of producing steel towers for Wind power systems, which is expected to be completed and construction begins during the second quarter of fiscal year 2021.

3. The subsidiary company: Al Yamamah Company for Reinforcing Steel Rebar (Closed Joint Stock Company)

Al Yamamah Company for Reinforcing Steel Bars was established in Riyadh. And has a fully authorized and paidup capital amounted SAR 300 Million and divided into 30 Million shares worth 10 Saudi riyals each, and Al Yamamah Steel Industries Company owns (21,750,000 shares) equivalent to 72.5% of the capital and there are no debt instruments issued from it.

The subsidiary is engaged in the production and wholesale trade and retail of reinforcing steel bars, and the company's factory is located on the industrial city in Yanbu, Saudi Arabia belonging to the Royal Commission of Jubail and Yanbu, and all the company's sales are local.

4. Fundamental developments during fiscal year 2020:

CEO:

The company announced in Tadawul on October 15, 2020 that the Board of directors accepted the resignation of the CEO Mr. Yousef Saeed Bazaid due to reaching the legal age of retirement and assign Mr. Sahal Bin Mekhdar Al Thobaiti to act as CEO during the retire period from October 29 till November 14, 2020. Mr. Youssef Saeed Bazaid was reappointed as Chief Executive Officer and started working on 15 November 2020 and terminated the assignment of the acting CEO, Mr. Sahal Mekhdar Al Thobaiti, which was announced in Tadawul on November 9, 2020.

▪ Electricity sector:

- The company announced the award of two contracts to supply the steel towers to Larsen & Toubro Saudi Arabia for the construction of a 380 KV. ultra-high-voltage line from RAFHA station to Qaisumah station, the value is SAR 98,829,500 and from Arar station to Rafhaa station, the value is SAR103,504,500, it will start supplying it from May 2021 till July 2022. The production capacity of the Towers factory is being increased from 36,000 tons to 60,000 tons by securing the necessary labor, machinery and equipment.
- The total capital expenditures for the construction and operation of Al Yamamah Solar Power Systems Factory amounted SAR (73) Million by the end of the fiscal year 2020, where all the work of improvement was completed in the work of electro-mechanical, wall and asphalt and the construction of the administrative building and furnituring it.
- The start of the project of the Galvanizing plant has been approved with an annual production capacity of (50) thousand tons to serve the Solar Power Factory and Towers and at an investment cost in the buildings, machinery and equipment is about SAR (32) Million, the land of the project has been allocated in the 3rd industrial city in Jeddah and is expected to start the construction works during the second quarter of the fiscal year 2021.

5. Related parties transactions:

The company's commercial transactions in selling the company's products for the fiscal year amounted SAR (857) Million, represents (46%) compared to (47%) of the company's sales and revenues for the previous year, which are also dealings with members of the Board of Directors who have direct or indirect interest with the company and which the General Assembly of Shareholders held on March 18, 2020 had authorized, knowing that there are no preferential conditions in all transactions.

The table below shows the company's consolidated revenues from related parties (no preferential terms)
(Thousands of Saudi Riyals)

Name	Relation	2020	2019
Abdulkadir Al Muhaidib and Sons Company *	Founder shareholder, represented by a member of the Board of Directors, Mr. Raed bin Ibrahim Al Mudiheem.	576,200	200,999
Rashid Abdul Rahman Al-Rashed and Sons Company **	Founder shareholder, represented by s member of the Board of Directors, Mr. Khalid bin Abdullah Al-Shami.	45,206	48,921
Al-Muhanna Trading Company	Founder shareholder	94,640	104,189
Al-Muhana Steel Group	Owned by a member of the Board of Directors, Mr. Muhanna Abdullah Al-Muhanna and a founding shareholder	66,186	66,956
Al-Mojel Trading and Contracting Company	Founder shareholder and Chairman of the Board of Directors, Mr. Saad bin Ibrahim Al-Moajil represent it and he is a shareholder	10,805	2,552
Madar Building Materials Company (formerly Al Fozan Building Materials Company)	A shareholder in the subsidiary company	64,408	24,622
Total		448,239	448,239

*Transactions with Abdulkadir Al Muhaidib and Sons Company include Masdar Building Materials Company and Thabat Construction Company Ltd.

**Dealing with Rashid Abdul Rahman Al-Rashed and Sons Company includes Saudi Services for Electro Mechanic Works and Al-Rashed Buildings Materials Company.

The table below shows the company's consolidated purchases from parties related to (no preferential conditions) (Thousands of Saudi Riyals).

Name	Relation	2020	2019
Abdulkadir Al Muhaidib and Sons Company *	Founder shareholder, represented by a member of the Board of Directors, Mr. Raed bin Ibrahim Al Mudiheem.	1,737	174
Rashid Abdul Rahman Al-Rashed and Sons Company **	Founder shareholder, represented by s member of the Board of Directors, Mr. Khalid bin Abdullah Al-Shami.	142	106
Al-Muhana Steel Group	Owned by a member of the Board of Directors, Mr. Muhanna Abdullah Al-Muhanna and a founding shareholder	14	9
Madar Building Materials Company (formerly Al Fozan Building Materials Company)	A shareholder in the subsidiary company	78	1,063
Total		1,971	1,352

*Includes transactions with Masdar Building Materials Company and Masdar Technical Supplies Company.

**Includes transactions with Al-Rashed Building Materials Company and Al-Rashed Fasteners Company.

Note: Purchases from parties are related to operating requirements.

The below table shows the contracts of projects implemented during fiscal year 2020 with Saudi Services for Electro Mechanic Works for the supply of electric towers (SR):

Project	Contract Date	Contract period	Contract value	Execution up to 30/9/2019	Execution during 2020	Remarks
Wadi Al Soman Al Qaisoumah	6/2/2018	(1 Year, extendable +- (10% of contract value))	59,570,000	48,911,141	12,243,833	Continuing 103%
Remal Al Kharj	25/2/2019	(1 Year, extendable +- (10% of contract value))	44,055,900	3,799,245	27,506,248	Continuing 71%

The below table shows the project contracts under construction during fiscal year 2020 with Thabat Construction Company to supply space structures (Saudi Riyals):

Project	Contract Date	Contract period	Contract value	Execution up to 30/9/2020	Remarks
Colleges of Umm Alqura University-Makkah	5/3/2015	2 Years, Extendable	1,644,144	1,561,937	95% Continuing
	5/3/2015	2 Years, Extendable	1,621,856	1,216,392	75% Continuing

6. Futur outlook and risks:

The company expects to improve the results during the fiscal year ending September 30, 2021, due to improved demand for the company's products to show signs of a breakthrough in the impact of the Corona pandemic globally and strength of Saudi economy, which has proved its ability to cope with the repercussions of the pandemic by announcing the start of the implementation of large projects announced by Saudi government and the Public Investment Fund during the year 2021 which will have a positive impact on the demand for the company's products, the company will continue to supply steel works to Dubai Solar Power Garden Project in United Arab Emirates and contribute in supplying the steel works for solar projects announced in Kingdom of Saudi Arabia, as well as the supply of contracts for towers transmission lines for electric power for contracted projects.

The company will continue to take care of fluctuations in the prices of raw materials and their impact on the cost and inventory valuation and minimize their negative effects and maximize the benefit of its positive effects on the company's results and provide raw materials locally and internationally supported by the company's good financial position and strength and durability of the company's supply chains.

The company will continue to maintain its national and expatriate cadres while continuing to implement the necessary plans and attracting distinguished cadres to fill the resulting vacancies due to the operation of expansions in the company's business units.

7. Statutory payments

The table below shows the regular payments due and the amounts made during fiscal year 2020 and 2019 (Thousands of Saudi Riyals):

The entity	Accrued		Paid		
	Year	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Zakat *		21,325	15,201	7,979	10,479
VAT*		11,153	1,624	72,567	7,534
GOSI**		458	482	5,948	5,203

***Al Yamamah Steel Industries Co.**

The Company has submitted Zakat declarations for the years from the beginning of the establishment until the year ended 30 September 2019. Accordingly, the Company paid the due Zakat and obtained a valid Zakat certificate up to 30 January 2021.

The Company has received Zakat assessments for the years from 2008 through 2011, in which the GAZT raised additional Zakat differences amounting to SR 9.9 million. The Company objected against the said assessments. The Company's objection was filed with the Primary Zakat and Tax Committee, according to which the Company submitted a letter of guarantee to GAZT with the claimed amount. A decision was issued by the committee to accept the objection for the fiscal year 2011.

The Tax Appeal Committee issued its decision No. (1875) dated 26/6/1439H, corresponding to 14/3/2018, that is approved by the Minister of Finance under the letter No. (4989) dated 13/6/1439H, corresponding to 1/3/2018, where the Company's appeal was formally accepted before the Primary Committee for the fiscal years ended 30/9/2008 until 30/9/2010. The resolution No. (1875) endorsed the Appeal Committee's decision to approve the deduction of the Company's contribution to the land of Melissa for the financial year ended 30/9/2011, which represents the main item in the controversial differences of financial years ended 30/9/2008 until 30/9/2010. The Company approved the majority of the objectionable items for the fiscal year ended 30/9/2011. Therefore, the final zakat assessment for the fiscal year 2011 has not been issued to date, noting that the total differences from the fiscal years from 2008 to 2010 amounted to SR 7.5 million.

The General Secretariat of the Tax Committees in Jeddah has requested during the month of June 2020 from the Company to set a date for the session for the lawsuit filed by the Company against the General Authority for Zakat and Tax for the fiscal years ending from 30 September 2008 till 30 September 2010, and the Company did so and received the date from the General Secretariat For Tax Committees during August 2020, which is 13 October 2020. The session was held online on that date, and the judicial authority issued a decision not to accept the lawsuit for lack of the territorial jurisdiction, and the Company will raise a new lawsuit to the General Secretariat for Tax Committees in Riyadh for these years.

On 23 March 2020, the General Authority of Zakat and Tax has requested some detailed and analytical documents and data for the years from 30 September 2015 to 30 September 2019, and the Company has provided them to GAZT during May 2020. During the month of September 2020, GAZT has provided the Company with the initial zakat assessments for the fiscal years 2015 through 2019, and GAZT has requested the Company to provide them - if desired - with documents that could reduce the zakat differences for these years, and the Company has provided GAZT with them during the same month. GAZT has issued the revised zakat assessments for these financial years during the month of October 2020, which showed zakat differences amounting to about SR 4.7 million, and the Company will object against the zakat differences during December 2020.

No assessments have been received for the years from 2012 to 2014.

***Al Yamamah Company For Reinforcing Steel Bars (the subsidiary company)**

The Company submitted its Zakat declarations for the years since incorporation till the year ended 30 September 2019 and paid the due Zakat according to these declarations and obtained final Zakat certificate valid until 30 January 2021. The Company has finalized its Zakat status with GAZT from date of incorporation till the financial year ended 30 September 2016. As for the fiscal years ending 30 September 2017 and 30 September 2018, they are still under review by GAZT and no zakat assessments have been issued for them to date. The Company has received a final revised zakat assessment for the fiscal year ending on 30 September 2019, with an amount of SR 983,963 on 27/02/2020, and the Company submitted an objection against these differences, which was received by GAZT on 23/07/1441H, corresponding to 18/03/2020, and GAZT refused this objection on 11/05/2020. During the month of June 2020, the Company has filed a grievance with the General Secretariat of the Tax Committees on GAZT's decision to reject the object.

*VAT

VAT was introduced in Saudi Arabia from January 1, 2018 (February 14, 2018), a tax on the supply of goods and services ultimately borne by the end consumer but collected at every stage of the production and distribution chain as a general principle, so the treatment of VAT in the group's accounts should reflect its role as a tax collector and vat should not be included in income or expenses, whether of a capitalized nature or income. However, there will be circumstances in which the group will bear VAT, and in such cases where VAT is non-refundable, it must be included in the cost of the product or service

** Represents the amounts due to the General Social Insurance Corporation as of September 30, 2020 and 2019.

The company and its subsidiary submit separate declarations of Zakat on a non-consolidated basis using the property rights method, the main elements of the zakat base for each company consist of property rights and allotments as at the beginning of the year and adjusted net income, minus

Discounts for net book value of property, machinery, equipment, investments and some other items. If the zakat is negative, the company does not have zakat payable for the year.

The movement in Zakat provision during the year ended September 30, 2020 (Saudi Riyals) is as follows:

Item	2020	2019
Balance, at beginning of the year	15,201,088	18,149,029
Add: Charge for the year	14,102,826	7,530,791
Deduct: payments during the year	(7,978,761)	(10,478,732)
Balance at the end of the year	21,820,900	15,201,088

8. Dividends Distribution Policy:

Distributed dividends amount relay on net profits and cash flows of the company in line with the distribution policy included in the company's articles of association in articles (45) to (47) according to the following:

- The company's annual net profits are distributed after deduction of all the general expenses and other costs, including the imposed Zakat, as follows:
- Avoid (10%) From the net profits of the formation of a statutory reserve, the General Assembly may stop this reserve once it reaches 30% of the paid-up capital.
- The General Assembly has the right at the suggestion of the Board of Directors to avoid the percentage (10%) From the net profits to form a sufficient agreement reserve allocated for specific purposes.
- The rest will then be distributed to shareholders with a down payment of 5% of paid-up capital.
- When determining the share portion from the net profits, the Normal General Assembly has the authority to decides to form other reserves, to the extent that is in the company's interest or ensures that fixed profits are distributed as much as possible to shareholders. The Association may also deduct from the net profits amounts to establish social institutions for the company's workers or to assist existing such institutions.

- Taking into account the provisions of article 21 of the company's articles of association, and article seventy six of the companies law, (10%) Ten percent of the remaining will be allocated to reward the Board of Directors, but in all cases the total remuneration and financial or in-kind benefits received by the board member shall not exceed five hundred thousands Saudi Riyals per year, in accordance with the regulations established by the competent authority and the entitlement of this award must be proportional to the number of meetings attended by the member.
- The rest will then be distributed to shareholders as an additional share of profits or will be moved to the following years as approved by the General Assembly.
- No dividends have been announced by the parent company.

The below table shows the distributed dividends per share which have been distributed for the results of the past five financial years (Saudi Riyals):

Year	2016	2017	2018	2019	2020
Dividends paid (Saudi Riyal/ Share)	2.75	1.50	No dividends were distributed	No dividends were distributed	No dividends were distributed
Dividends rate to the share par value	2.75%	1.50%	—	—	—

Second:

Corporate Governance

1. The ownership structure of the company

The following is a list of shareholders directly owned by more than 5% of the company's capital as of 30/09/2020, and there are no debt instruments issued by the company.

M	Shareholder's name	Number of shares	Direct ownership ratio
1	Abdelkader Al-Muhaidab & Sons Co.	8,600,961	16.93%
2	Rashid AbdulRahman Al Rashid & Sons Co.	8,600,961	16.93%
3	Al-Moajil Trading and Contracting Co.	5,638,409	11.09%
4	Al-Muhanna Trading Co.	3,440,384	6.77%
5	Abdul Karim Hamad Al-Majeed	2,962,556	5.83%

The following table shows the ownership of shares by board members, their wives and minor children as on 30/09/2020, and there are no debt instruments issued by the company.

M	Shareholder's name	Post	Number of shares in 30/09/2019m	Change	Number of shares in 30/09/2020
1	Mr. Muhanna Bin Abdullah Al-Muhanna	Board member	1,629,386	0	1,629,386
2	Mr. Adnan AbdulRahman Al Mansour	Board member	4,000	0	4,000
3	Mr. AbdulHamid Abdulaziz Al-Ohli	Board member	0	0	10,000

There is no equity ownership belonging to senior executives, their wives and minor children during the financial year 2020 (01/10/2019 to 30/09/2020).

2. Board of Director

The company is managed by a board of directors consisting of seven members classified according to the definitions contained in Article II of the Corporate Governance Regulation issue issued by the Financial Market Authority of Saudi Arabia, four non-executive members and three independent members as stipulated in article (17) of the company's statutes and the following table explaining the members of the Board of Directors, their classification and membership, and their membership in the joint stock companies (listed):

Member's name	Post	Membership status	Membership in listed companies / other than al-Yamamah company in his personal capacity or representative of a legal person
Mr. Saad Ibrahim Al-Moajil	Chairman	Non-executive member	- Arabian Pipes Co. - Eastern Cement Co.
Mr. Raed Ibrahim Al-Mudahim	Vice chairman	Non-executive member	- Northern Cement Co. - Bawan Co. - Saudi lines Catering Company
Mr. Muhanna Abdullah Al-Muhanna	Board member	Non-executive member	—
Mr. Khalid Abdullah Al-Shami	Board member	Non-executive member	—
Mr. Abdulhamid Abdulaziz Alohly	Board member	Independent Member	- United Electronics Company Extra
Mr. Adnan AbdulRahman Al Mansour	Board member	Independent Member	—
Mr. Fouad Jwayed Alsherebi*	Board member	Independent Member	—
Mr. Mohammed Omeir Alotaibi**	Board member	Independent Member	- Riyadh Bank - Saudi Cooperative Reinsurance Co.

* Started as a board member in the fifth session of the Board, which began on 26/06/2020 and for a period of three years.

** Membership of the member expired with the end of the fourth (previous) session of 25/06/2020.

The following table outlines the most important past and current positions, experiences and qualifications of board members:

Experiences	Qualifications	Previous positions	The current positions	Name
During the past decades he has held several positions in the presidency and membership of the boards of directors of several companies and still to date participated in some different industrial and commercial organizations as well as participated in some different charitable and social organizations	<ul style="list-style-type: none"> - Master of Chemical Engineering 1975 - Bachelor of Chemical Engineering 1973 	<ul style="list-style-type: none"> - Chairman of the Coordinating Board of national committees of the Board of Saudi Chambers - Chairman of the Board of Trustees of the Riyadh Economic Forum - Chairman of the Industrial Committee of Riyadh Chamber - Chairman - United Mining Industries Co. - Chairman of the Board of Directors - Al Yamamah Marble and Granite Company - Vice Chairman of the Board of Directors of the Chamber of Commerce in Riyadh - Board member of the Chamber of Commerce and Industry in Riyadh - Member of the Board of Directors of the Saudi Chambers representing the Riyadh Chamber - Member of the Supreme Preparatory Committee for The Local Industrialization of the Armed Forces - Board member - Manufacturing and Energy Services Company - Board member - Technical Investment S.A. - Member of the Board of Directors - Dhahran International Exhibitions Company Dammam - Board member - Food Industries Company (DIMA) - Member of the Board of Directors Saudi Ceramic Company - Board of Directors Member - Arab Precision Industries Co. 	<ul style="list-style-type: none"> Chairman of the Board of Directors - Al Yamamah Rebar Company Chairman of the Board of Directors - Al-Moajil Trading and Contracting Company Board Member - Arabian Pipe Company Board Member - Eastern Cement Company Board Member- Ceramic Pipe Company 	Mr. Saad Ibrahim Al-Moajil
He has more than 30 years of engineering and management experience where He has held several management positions in various sectors including energy, water, trade and construction materials industry, and his experience has been particularly concentrated in the sector of trade and industry of iron and cement, participating in the board of directors of many industrial and commercial companies.	<ul style="list-style-type: none"> - Master of Electrical Engineering 1992 - Bachelor of Electrical Engineering 1986 	<ul style="list-style-type: none"> - Board Member - Saudi Pipes Company 	<ul style="list-style-type: none"> - Chairman - United Mining Industries Co. - Vice Chairman of Saudi Airlines Catering Company. - Vice Chairman of the Board of Directors of Northern Cement Company - Board Member- Masdar Building Materials Co. - Board Member - Bawan Co. - Board Member - Riyadh Cable Company 	Mr. Raed Ibrahim Al-Mudihim
He has more than 50 years of experience in the trade of building materials and iron processing and attending international and local conferences and exhibitions on building materials.	<ul style="list-style-type: none"> - High School 	<ul style="list-style-type: none"> - Former Deputy General Manager of Al-Muhanna Commercial Company 	<ul style="list-style-type: none"> - Chairman of the Board of Directors_ Al-Muhanna Iron Group 	Mr. Muhanna Abdullah Al-Muhanna
He has experience in leadership, senior management, financial planning, performance development and improvement and crisis management.	<ul style="list-style-type: none"> Bachelor of Industrial Engineering 	<ul style="list-style-type: none"> - Technical Advisory Executive - Vice President, Amjaad Paper Industries Company - General Manager of Al Rashid Polystyrene Factory Company - General Manager of Al-Rashid Timber Factory Company 	<ul style="list-style-type: none"> - Chief Executive Officer of the Industrial Sector of Rashid AbdulRahman Al Rashid & Sons - Member of the Board of Directors of the Ceramic Pipe Company - Member of the Board of Directors of Al Yamamah Rebar Company - Member of the Board of Directors of United Mining Industries Company - Member of the Board of Directors of Al Yamamah Granite and Marble Company - Board member of Gulf Al-Merabet -Oman 	Mr. Khaled Abdullah Al-Shami

The following table outlines the most important past and current positions, experiences and qualifications of board members:

Experiences	Qualifications	Previous positions	The current positions	Name
He has served on several boards of directors over the past years and continues to serve as CEO of Extra, CEO of Al-Fawzan Metals, General Manager of Al Rajhi Industrial Group, as General Manager of Al Rajhi Cooperative Insurance Company and assistant marketing manager at The National Cooperative Insurance Company.	- Bachelor of Science	- CEO of Saudi Electronics Company (Extra) - CEO of Al-Fawzan Metals	- Board Member - United Electronics Company (Extra) - Board of Directors - Ajwaad Holding Company - Board Member - Kayan International Co. Member of the Board of Directors – AL majal Real Estate Development	*Mr. AbdulHamid Abdulaziz Al-Ohli
He has more than 31 years of experience as Assistant General Manager of Samba Bank's Islamic Commercial Banking Departments and Director of Islamic Banking management of First Bank.	- MBA- University of Western Michigan, USA. Advanced Management Program - Harvard University, USA. Executive Management Program, University of Michigan, USA. Management Program for Banking Strategy - Ireland. - Bachelor of English - Imam Mohammed Bin Saud University.	- Executive Vice President of Finance, Saudi National Shipping Company - Board member - Middle East Ship Management Company - Dubai Board Member - NSCSA - Baltimore, USA - Member of the Board of Directors - Bahri Company for the Transport of Bulk Goods - Board Member - United Arab Flat Glass Company - Member of the Board of Directors - National Chemical Transport Company - Member of the Board of Directors - West of England Luxembourg Board member - Abdullah Saad Abu Moati Library Company.	- President of Zamin E-Marketing Company Chairman of the Board of Directors, Chairman of the Executive Committee and Chairman of the Investment Committee - Gas and Manufacturing Company - Board member, member of the Risk Management Committee, Member of the Audit Committee - Riyadh Bank -Board member - Saudi Cooperative Reinsurance Company	**Mr. Mohammed Omeir Alotaibi
- More than 40 years of experience in engineering, quality management, strategic planning and leadership	Bachelor of Civil Engineering	- CEO of Zamil Steel - Vice President for Executive Affairs, Saudi Electricity Company	-Board member - Al-Qadi Holding Company - Board member - Zajel Rapid Logistics Company - Member of the Review Committee of Jazz Arabian Services	Mr. Adnan AbdulRahman Al Mansour
More than 35 years of experience in the electricity sector and consultancy in infrastructure and strategy	Master - Electrical Engineering Bachelor - Electrical Engineering	Executive Vice President of Obstetrics Activity - Saudi Electricity Company Deputy General Manager for Sector Distribution and Subscriber Services - Saudi Electricity Company	Board Member - Nesma Holding Company Board Member - Nesma Tata Board Member - Nesma Telecom & Technology Co. Board Member - Modern Bus Company	***Mr. Fouad Ben Jewyed Al-Sherebi

* Chairman of the Audit Committee.

** Membership of the member expired with the end of the fourth (previous) session of 25/06/2020.

***Started as a board member in the fifth session of the Board, which began on 26/06/2020 and for a period of three years.

The following table outlines the most important past and current positions, experiences and qualifications of audit committee members who are outside the Board of Directors:

Name	Current posts	Previous posts	Qualifications	Experiences
Mr. Ziyad Abdul-qader Al-Altoumi	- Consultant in Impact capital Company	-Vice President of Banking Investment at Samba Capital Assistant Director for Special Services at Citibank Morocco - Director of Corporate Banking Services At Citibank Tunis	- Master in Banking Behavior. - Bachelor in Banking	More than 20 years of experience In banking. Investment and relationships With companies and management Risks and corporate governance
Mr. Abdullah bin Abdulkarim Al-Muhana.	- Chief Financial Officer of Dammam Pharma Company.	-Senior professional specialist of reports Finance and Regulatory at Mobily Assistant of Finance Manager and Tax Senior Consultant at Spimaco Addawaeih - Assistant Manager and Senior Accountant in Ernst & Young Co. - Assistant Auditor in Talal Abu Ghazaleh Certified Public Accountants	- MBA And accounting. - Bachelor in Accounting	He's had more than 14 years of experience in audit, financial management and regulatory reports.

The following table outlines the most important past and current positions, experiences and qualifications for senior executives:

Name	The current positions	Previous positions	Qualifications	Experiences
Youssef Said Bazaid	CEO	- General Manager of Watania Plastics Factory - Head of petrochemicals sector at Saudi Consulting House	- Bachelor of Civil Engineering	He has more than 35 years of experience in industrial consultancy and industrial entities management.
Mohammad Baker Abu Farhah	Chief Financial Officer of the Company	- Chief Financial Officer at Qassim Cement Company - Group Financial Controller at Saudi Printing and Packaging Company. - Audit supervisor at Bodai CPA - Head of Accounts for Al Wahda Express Saudi LLC - Auditor at Deloitte - Dubai, UAE	-Professional Certificate: Certified Public Accountant (CPA) from the United States of America - Bachelor in Accounting. - Diploma in English Language	He has more than 21 years of experience in accounting, financial management, and audit.
Sahal Mukhdar Al-Thobaiti	Chief Operating Officer	-Sales engineer at Zahid Company -Business Unit Head of Al Yamamah Electrical Poles and Accessories Factory in Al Yamamah Steel Industries Co	- MBA - Bachelor of Mechanical Engineering - Bachelor of Accounting	He has more than 15 years of experience in the industry and management of the electrical poles business.

3. Board of Directors Meetings:

The number of board meetings during the fiscal year 2020 was one meeting in its fourth (previous) session, which ended on 25/06/2020 and two meetings in the fifth session (current) which started on 26/06/2020 and for the next three years, and the following is a statement of names, classification and number of attending of the Board meetings:

Member's name	The Previous session		The Current session		Meetings	Attendance
	Meeting date January 22 2020	Meeting date June 29 2020	Meeting date September 29 2020	At- tend- ance		
Saad Ibrahim Al-Moajil	✓	✓	✓	3	3	100%
Raed Ibrahim Al-Medheim	✓	✓	✓	3	3	100%
Muhanna Abdullah Al-Muhanna	✓	✓	✓	3	3	100%
Khaled Abdullah al-Shami	✓	✓	✓	3	3	100%
Adnan AbdulRahman Al Mansour	✓	✓	✓	3	3	100%
Abdulhamid Abdulaziz Al-Ohli	✓	✓	✓	3	3	100%
Fouad Juwaid Al-Shribi *	-	✓	✓	2	2	100%
Mohammed Omir Al-Otaibi**	✓	-	-	1	1	100%

* Started as a board member in the fifth (current) session of the board, which began on 26/06/2020 and for a period of three years.

** Membership of the member expired with the end of the fourth (previous) session of 25/06/2020.

■ **Remuneration and compensation paid to board members, committees and senior executives**

During fiscal year 2020, the Company paid compensation for the efforts of the Board of Directors and its committees for the fiscal year ended September 30, 2019.

	Fixed Remunerations							Variable Remunerations						End of Service benefit	Grand Total	Expenses allowance
	Specified amount	Allowances of attending Board meetings	Total allowance for attending committee meetings	Noncash advantages	Remunerations of Consultations & Managements works, management and consultancy	Remuneration the Chairman, Managing Director or Secretary if he is a member	Total	Profit ratio	Periodic Bonus	Short term motivation plan (value is entered)	Long-term incentive plans	Shares awarded (value is entered)	Total			
First: Independent members																
1. Abdulhamid Abdulaziz Alo-haly	260,000	16,000	12,000	0	0	0	288,000	0	0	0	0	0	0	0	288,000	0
2. Adnan Abdurrahman Al-Mansour	200,000	16,000	6,000	0	0	0	222,000	0	0	0	0	0	0	0	222,000	0
3. Mohammed Omeir Alotaibi	200,000	16,000	0	0	0	0	216,000	0	0	0	0	0	0	0	216,000	0
Subtotal	660,000	48,000	18,000	0	0	0	726,000							0	726,000	
Second: Non-executive members																
1. Ziad Abdelqader Altoumi	60,000	0	12,000	0	0	0	72,000	0	0	0	0	0	0	0	72,000	0
2. Abdullah Abdulkarim Al-Muhanna	60,000	0	12,000	0	0	0	72,000	0	0	0	0	0	0	0	72,000	0
Sub-total	120,000	0	24,000	0	0	0	144,000	0	0	0	0	0	0	0	144,000	0
1. Saad Ibrahim Al-Moajil	150,000	16,000	0	0	0	0	166,000	0	0	0	0	0	0	0	166,000	0
2. Raed Ibrahim Al-Mudaihimi	250,000	16,000	9,000	0	0	0	275,000	0	0	0	0	0	0	0	275,000	0
3- Muhanna Abdullah Al-Muhanna	250,000	16,000	15,000	9,346	0	0	290,346	0	0	0	0	0	0	0	290,346	0
4. Khaled Abdullah Alshami	250,000	16,000	15,000	0	0	0	281,000	0	0	0	0	0	0	0	281,000	0
Subtotal	900,000	64,000	39,000	9,346	0	0	1,012,346							0	1,012,346	
Total	1,680,000	112,000	81,000	9,346	0	0	1,882,346	0	0	0	0	0	0	0	1,882,346	0

	(excluding attendance allowance)	Instead of attending sessions	Total
members of the review committee			
1. Abdul Hamid Abdulaziz Al-Ohli	60,000	12,000	72,000
2. Ziad Abdelkader Al-Toumi	60,000	12,000	72,000
3. Abdullah Abdulkarim Al-Muhanna	60,000	12,000	72,000
Sub-total	180,000	36,000	216,000
Members of the Executive Committee			
1. Raed Ibrahim Al-Medheim	100,000	9,000	109,000
2. Muhanna Abdullah Al-Muhanna	100,000	9,000	109,000
3. Khaled Abdullah al-Shami	100,000	9,000	109,000
Sub-total	300,000	27,000	327,000
Members of the Remuneration Committee			
1. Adnan AbdulRahman Al-Mansour	0	6,000	6,000
2. Muhanna Abdullah Al-Muhanna	0	6,000	6,000
3. Khaled Abdullah al-Shami	0	6,000	6,000
Sub-total	0	18,000	18,000
Total	480,000	81,000	561,000

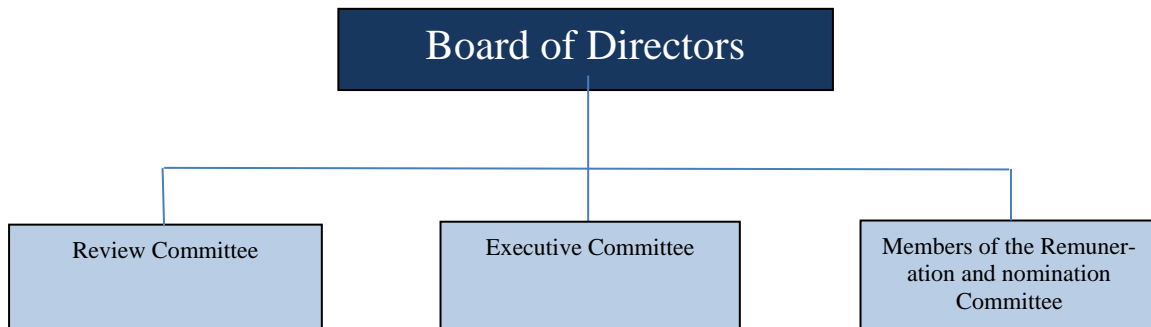
Note: Compensation for their efforts during fiscal year 2019 in the work of the board committees, was paid during fiscal year 2020.

Senior executives received fixed and Variable Remuneration during the fiscal year 2020 for their efforts for the fiscal year 2019

Senior executive positions	Fixed Remunerations				Variable Remunerations						End of service benefit	Total executive Remuneration for the board, if any	Total
	Salaries	Allowances	Noncash advantages	Total	Periodic Bonus	Profits	Short term motivation plan (value is entered)	long term motivation plan (value is entered)	Shares awarded (value is entered)	Total			
1. Chief Executive Officer	1,200,000	302,640	77,883	1,580,523	350,000	0	0	0	0	0	125,220	0	2,055,743
2. Chief Financial Officer	564,000	147,000	70,117	781,117	70,500	0	0	0	0	0	29,625	0	881,242
3-Chief Operating Officer	810,000	205,140	89,245	1,104,385	120,000	0	0	0	0	0	84,595	0	1,308,980
4. Business Unit Head of Space Structures	780,000	297,640	144,916	1,222,556	65,000	0	0	0	0	0	81,470	0	1,369,026
5. General Manager of Pipes Business Unit	650,000	50,880	61,957	762,837	100,000	0	0	0	0	0	20,907	0	883,744
Total	4,004,000	1,003,300	444,118	5,451,418	705,500	0	0	0	0	0	341,817	0	6,498,735

3-Board committees

In accordance with the requirements of the Corporate Governance Regulation issue issued by the CMA, the Al Yamamah Steel Industries Regulations Guide includes regulations which regulating the work of the board committees described in the following form and includes the rules for selecting members of the Committee, the duration of their membership and the way the committee works.



▪ Audit Committee:

The audit committee consists of three members appointed by the General Assembly on 18/03/2020, and the previous committee's term ended on 25/06/2020 and the current committee began its work on 26/06/2020. With the beginning of the new Board session for the next three years headed by Mr. Abdulhamid Bin Abdulaziz Al-Ohli (independent board member) and the membership of Mr. Ziad Abdulqadir Al-Toumi and Mr. Abdullah Abdulkarim Al-Muhanna, the committee held four meetings during the fiscal year 2020, explaining as follows:

Member's name	02/12/2019	30/01/2020	17/05/2020	13/08/2020	The attendance	Forget about the audience.
Abdulhamid Abdulaziz Al-Ohli	✓	✓	✓	✓	4	100%
Ziad Abdelkader Al-Toumi	✓	✓	✓	✓	4	100%
Abdullah Abdulkarim Al-Muhanna	✓	✓	✓	✓	4	100%

■ **Tasks of the audit committee:**

1. The adequacy and integrity of internal control systems, financial accounting, reports, policies, procedures and effectiveness of internal audit and auditor functions.
2. Check the company's compliance with relevant regulations, regulations, policies and instructions.
3. The adequacy and integrity of policies and procedures regarding the safety and security of the company's assets, and the integrity of the company's financial statements.
4. The committee sits in the same position as the President of the United States, and the President of the Board of State is the president of the United States.
5. Contribute to the review and evaluation of strategic risks and receive regular reports on these emerging risks.
6. The Review Committee is responsible for preparing and publishing the Committee's annual report to the Board of Directors and other reports required of it in accordance with the applicable rules, laws and regulations.

■ **Audit Committee Endorsement:**

- 1- That account records were properly prepared.
- 2- The internal control system has been properly prepared and effectively implemented.
- 3- There's no doubt about the company's ability to continue its activities.

■ **Nominations and Remuneration Committee:**

The nominations and remuneration committee composed of three members, the current committee began its work on 26/06/2020 with the beginning of the new session of the Board and for the next three years headed by Mr. Adnan Abdulrahman Al Mansour (Independent member of the Board) and two non-executive board members Mr. Muhanna Abdullah Al-Muhanna and Mr. Khalid Abdullah Al-Shami. with noting that the previous working period of the committee ended on 25/06/2020 with the end of the fourth session of the Board (previous).

Member's name	13/11/2019	18/12/2019	Attendance	Attendance
Adnan AbdulRahman Al Mansour	✓	✓	2	100%
Muhanna Abdullah Al-Muhanna	✓	✓	2	100%
Khaled Abdullah al-Shami	✓	✓	2	100%

Tasks of the Nominations and Rewards Committee:

- 1- The Committee assists the Board in identifying individuals who are eligible to become board members, recommending to the Board the members nominated for election for the annual general assembly of shareholders, and the Committee may not at its discretion consider individuals proposed by partners and management.
- 2- Annual review of the required skills and appropriate membership of the Board of Directors and prepare a description of the capabilities and competencies required for such membership, including the time required to conduct the board's activities.
- 3- The Committee reviews the composition of each committee of the Board and recommends the Board of Directors to approve the members of each committee.
- 4- The Committee assists the Board in selecting, developing and evaluating potential candidates for executive positions, including the President, and overseeing the development of plans to succeed the CEO.
- 5- The committee follows up on the guidance programs of the new-members.
- 6- The Committee develops and recommends the Board to approve the Board's annual self-assessment process and oversees the Board's annual self-assessment.
- 7- The Committee assists the Board on an annual basis in determining the compliance of each member and CEO with the company's code of conduct and ethics and any violations of the regulations must be reported to the Board.
- 8- Review the structure of both the Chairman and members of the Board of Directors, including size, rewards, skills, knowledge and experience, as well as recommend appropriate differences in this regard.
- 9- Identify the strengths and weaknesses of the Board of Directors and recommend solutions that are in the company's interest.
- 10- Emphasizing the independence of independent members and the absence of any conflict of interest if a board member acts as a member of another company's board.

- Through a questionnaire in which all members of the Board participated, the Committee assessed the Board's performance for the fiscal year ended September 30, 2020, and the results were satisfactory and proposals were recommended that would increase the efficiency of board's performance.

Responsibilities for determining compensation and remuneration:

The Nominations and Rewards Committee recommends to the Board of Directors the rewards of its board members, its committees and the company's senior executives in accordance with the Board of Directors' Remuneration Policy, committees and executive management, which was adopted by the General Assembly on 18/03/2020. The association's approval for the 2019 financial year has also been obtained.

The Board of Directors discusses the report of the Nominations and Rewards Committee for board members, committee members and senior executives, and the Board approves the awards of its members and its committees and senior executives in accordance with the regulations, regulations and policy adopted. In addition, the General Assembly is competent to approve the remuneration of members of the review committee.

The bonuses of board members consist of a certain amount or allowance to attend the meetings or an expense allowance or benefits or a percentage of profits may be combined between two or more of these benefits and not exceed the stipulated by the system of companies or the controls established by the competent authority.

▪ Executive Committee:

The executive committee will be composed of three members, the current committee began its work on 26/06/2020 with the beginning of the new Board session and for the next three years headed by Professor Raed Ibrahim Al-Medheim (non-executive member) and two non-executive board members Mr. Muhanna Abdullah Al-Muhanna and Mr. Khalid Abdullah Al-Shami. With noting that the previous committee's term ended on 25/06/2020 with the end of the fourth (previous) session of the board.

The committee intensified its meetings during fiscal year 2020 with the company's executive management to address the impact of the Corona pandemic from April to July 2020.

Mem-ber's name	18/12/19	01/04/2020	08/04/2020	15/04/2020	22/04/2020	29/04/2020	06/05/2020	13/05/2020	20/05/2020	10/06/2020	22/07/2020	09/09/2020	At-tend-ance	At-tend-ance
Raed Ibrahim Al-Medheim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	100 %
Mu-hanna Abdul-lah Al-Mu-hanna	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	100 %
Khaled Abdul-lah al-Shami	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	100 %

Executive Committee tasks:

- 1- The committee must assist the board in performing the activities and tasks delegated to it by the board of directors to facilitate smoothly the operations of the company.
- 2- The committee assists the board in setting the company's main strategic objectives and investment strategies, and the board approves them.
- 3- The committee contributes to facilitating the definition and setting of the vision and the special tasks of the board.
- 4- The committee sets an action plan which helps the board to define the company's vision, mission and business direction.
- 5- It sets the main strategic objectives that contribute to achieving the required results of the company.
- 6- The committee assists the board in conducting a strategic review of the company's performance on a regular basis to determine whether the company has achieved its goals in the short and long term.
- 7- The committee participates in reviewing and approving all main investment decisions, in line with the company's approved strategies.
- 8- The committee is responsible for forming or reconfiguring any joint venture or partnership, including the expenses associated with the project.
- 9- The committee helps develop the company's investments, such as increasing its market share and achieving the maximum profit for the shareholders.
- 10- The committee shall promote and develop the technologies and technical support of the company.
- 11- The committee is responsible for managing vendor relationships with major suppliers.
- 12- The committee shall be responsible for setting the commercial operations, policies and operational procedures that must be followed during the implementation of the daily operations of the company, and the committee should also monitor compliance with these procedures, identify the obstacles that prevent adherence to these policies and procedures, and submit action plans that contribute to overcoming these obstacles.
- 13- The committee should monitor the overall development of the employees by ensuring the regular training and developing general skills.

- 14- The committee shall explore means of developing the business in a manner that is cost-effective, efficient, and satisfying to clients.
- 15- The committee must ensure proper coordination and exchange of information and opinions between senior executives and directors of key departments.
- 16- The committee should update the succession of positions periodically to ensure that business requirements are met.
- 17- The committee should monitor the performance of the CEO and the executive management regarding the implementation of the business plan established by the Board.
- 18- The committee reviews the ability of the commercial partner's participation in the projects carried out by Al Yamamah Steel Industries Company, if any.
- 19- Defining investment strategy and investment policies are subject to board approval and guideline principles, including policies and guidelines on asset classes, asset allocation, restricted investments and evaluation.
- 20- Review proposals for the new investments and monitor the compliance of these investments with investment policies and procedures.
- 21- Consider whether the proposed investment is beneficial to the related parties, and requires special attention, and review the board approval.
- 22- Periodically review and approve the standards or other measurement devices which the company uses to monitor the performance of its investments.
- 23- Review the treatment of Zakat or Taxes and review the compliance issues of Zakat or Taxes associated with investment deals.
- 24- Review the accounting treatment and disclosure of each investment transaction and ensure that the valuation is done in accordance with the accepted accounting standard.
- 25- Continuous monitoring of the performance of investment advisors in the company and taking the decision to either retain or terminate their services as they see fit.
- 26- Periodically evaluation of the investment results and submission of the necessary reports to the board of directors, including:
 - Reviewing executive management recommendations.
 - Review the components of the current and future investment portfolio.
 - Ensure that those in charge of managing funds adhere to the investment policy.
 - Reviewing buying and selling decisions

4- Corporate governance system:

Al Yamamah Steel Industries Company aims from the corporate governance to provide a series of relations between the company and its top management, board of directors, Shareholders and other relevant and related parties, so that provides a method which clarifies the goals of the company and the methods that lead to achieving these goals, and the company has a clear division of responsibilities between the board of directors and top management of the company.

Al Yamamah Steel Industries Company pledges to fully adhere to the corporate governance regulations issued by the Capital Market Authority and considers it an important factor in its success, which implementation requires a clear framework of transparency and disclosure to ensure that the board of directors works to achieve the best interests of the shareholders and provides a clear and fair picture of the company's financial results and the results of its business.

The board of directors of Al Yamamah Steel Industries approved the version (Four-2) of its corporate governance manual on 14/10/2018 and its appendixes, which are in line with the company's articles of association, the new companies' law and the Capital Market Authority's laws and regulations.

The company applies all the provisions stated in the corporate governance regulations issued by the Capital Market Authority, except for the guiding provisions listed below:

Article No.	Article text	Reasons for non-application
Article 39	Training of board members	Indicative Article
Article 41	Evaluation of board members	Indicative Article
Article 70	Formation of the Risk Management Committee	Indicative Article
Article 71	Terms of reference of the Risk Management Committee	Indicative Article
Article 72	Meetings of the Risk Management Committee	Indicative Article
Article 85	Motivating employees	Indicative Article
Article 95	Formation of the Corporate Governance Committee	Indicative Article

5- Disclosure Policies:

The charter (regulation) of the policy of disclosure of information is an integral part of the governance regulation guide for Al Yamamah Steel Industries and any shareholder can view it at the company's headquarter or on the company's website (www.yamsteel.com). The company has disclosed the most important events and changes at the time of their occurrence, and the company has disclosed its quarterly and annual financial results and the most important material events that affect the results of the company and the meeting of the shareholders' general assembly according to the period specified by the Capital Market Authority and it was announced on the company's page at the Saudi Stock Market's website (Tadawul).

6- Results of the annual audit of the effectiveness of internal control procedures:

The audit committee emanating from the board of directors of Al Yamamah Steel Industries Company considers in relation to the effectiveness of internal control procedures by reviewing the work of the external auditor of the company, KPMG Al-Fozan & Partners, reviewing the work of the company's internal audit department and drawing the relevant recommendations to improve it and raise it periodically to the board of directors to ensure the efficiency and effectiveness of the internal control system in general and in relation to the fairness of the financial statements, to provide a continuous evaluation of the internal control system and the extent of its effectiveness and to pay attention to any observations that appear and to deal with them very seriously,

bearing in mind that it is not possible to absolutely assert the completeness of the evaluation processes by the internal and external auditors, the evaluation is done by examining random samples with the aim of obtaining reasonable assurances about the effectiveness of internal control procedures.

The audit committee believes that the internal control procedures applied in the company during the fiscal year 2020 are highly effective and efficient, and considering the work carried out by the committee, it does not have any fundamental observations or significant deficiencies that require alerting to it or disclosure of it by the executive management of the company or its subsidiary.

7 - Penalties, restrictions, and sanctions against the company:

There are no penalties of material effects, precautionary restrictions or other sanctions imposed on Al Yamamah Steel Industries by any regulatory, supervisory, or judicial authority for the fiscal year 2020.

8- The report of the company's external auditor:

According to what was stated in the report of the external auditor of the company, KPMG Al-Fozan & Partners, who stated in his opinion that “the consolidated financial statements” present fairly, in all material aspects, the consolidated financial position of Yamamah Steel Industries and its subsidiary (the “Group”) as of September 30, 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

9 - Qualifications of the External Auditor on the annual financial statements:

The external auditor of the company, KPMG Al-Fozan & Partners, has no qualifications about the annual financial statements for the year ended 30/09/2020.

10- Procedures taken by the Board of Director to inform its members with the shareholders proposals and observations:

The board of directors takes several measures to inform its members of the comments, suggestions and opinions of the shareholders through the periodic board meetings, inquiries and opinions are received in the discussions that take place during the general assembly meetings about the company and its performance. In addition to receiving inquiries and proposals by e-mail or phone by the shareholder affairs official, and accordingly, the board is informed of the latest developments in this framework through the executive management so that the board takes what it deems appropriate about these issues.

11-General Assemblies of Shareholders:

The company held one General Assembly for the Shareholders during the current fiscal year on 23-07-1441 H corresponding to 18-03-2020 in the presence of all members of the board of directors, the company announced the results of the association on its website in circulation on 24-07-1441 H corresponding to 19-03-2020.

The following table shows the number of the company's requests for shareholders register, the dates and reasons for those requests.

No.	Order date	The Reason
1	20/01/2020	Other
2	24/02/2020	General Assembly
3	06/10/2020	Corporate procedures

12-Social responsibility:

Al Yamamah Steel Industries Company is one of the public joint stock companies in the Kingdom of Saudi Arabia, listed in Saudi Stock Market "Tadawul". The company is constantly keen to perform its duty towards the youth group who are the backbone of the society and to carry out its responsibilities towards its members in a way that serves their interests and develops their awareness and the particulars of the society on which hope is hold for the future to complete and develop the process of building and giving. The company actively participated in the year 2020 in community service, as it carried out the following actions:

- Training several students from technical colleges in the Kingdom in preparation for them to join its technical staff upon graduation.
- Receiving visits from students of the Faculties of Electrical Engineering in the universities of the Kingdom to closely examine the latest findings of modern technologies in the design and manufacture of electrical equipment.
- The company participated in training several King Abdulaziz University students within the required bachelor's undergraduate program.
- The company has succeeded in attracting many Saudi competencies to work in the company, with the support of the Human Resources Development Fund, as the number of Saudi employees reached 370 as of September 30, 2020, representing a rate of 34% of the total employees.
- The company is keen to use the latest technologies in its production methods, which do not produce any harmful or unhealthy materials, as a contribution to preserving the environment and society.

The company will continue to diversify its participation initiatives in its social responsibility towards the dear homeland and its esteemed children in a manner that serves the public interest.

13-Declarations of the Board of Directors and the Company's Management:

The Board of Directors and the Company's Management confirm and acknowledge the following:

- The accounting records were prepared correctly.
- The internal control system was prepared on a sound basis and was implemented effectively.
- There is no doubt about the company's ability to continue its activity.

The Audit Committee does not have any qualifications about the external auditor of the company KPMG Al-Fozan & Partners and it has not submitted a recommendation to the Board of Directors to replace them or terminate their contract before the agreed period of the contract

Conclusion:

According to the results that were included in this report and the accompanying closing data for the fiscal year ended September 30, 2020, Al Yamamah Steel Industries Company has consistently reduced the impact of stagnant projects and weak demand accompanying the precautions taken by the competent authorities in dealing with the Corona virus pandemic locally and internationally and to benefit from the unlimited support provided by the government represented in its various initiatives, which helped the company in passing that period successfully, praise be to God, and the company has always managed, as usual, the impact of rapid changes in the price of steel raw materials and the speed of the of the impact of the selling price of the company's products in the local market and balancing it with demand and its fluctuation during the year especially the construction sector products.

The company's commitment during the pandemic, with the grace of God and his success was not affected by the provision of its products for the projects contracted locally and, in the Gulf, especially the continued supply of steel work for solar power systems for Dubai Solar Garden Project in United Arab Emirates, as well as the availability of its products to building materials dealers and approved distributors.

Work is underway to prepare the necessary designs for the implementation of Al-Yamamah Galvanizing Factory project in Jeddah's Third Industrial City at an investment cost of buildings, machinery and equipment estimated at 32 Million Saudi Riyals.

The company has completed the necessary design works for Al Yamamah's factory project for wind power systems in Yanbu, and it is currently communicating with international suppliers of wind turbines whom, will contribute to the implementation of wind electricity production projects in the Kingdom of Saudi Arabia to introduce the company and its project and taking into account their requirements and needs.

Board of Directors

Al Yamamah Steel Industries Co.