

GAS

جاز العربية للخدمات
GAS ARABIAN SERVICES

BOARD REPORT

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Chairman's Message

Dear Honorable Shareholders,

In this year 2022, GAS Arabian Services Company has completed 30 years since establishment, and all these years, with hard work and commitment, it became one of the leading companies in its industry, thanks to its high-quality technical capabilities, strategic partnerships with expert international companies, and administrative efficiencies in services and manufacturing industries. The Company has also stood out in offering integrated industrial solutions to its clients, through which it has contributed to the development of the local content in the industry, in line with the objectives of the Kingdom's Vision 2030.

The listing of the Company in the Saudi Stock Exchange was one of many IPOs, given the well-established and solid reputation the Stock Exchange enjoys, both regionally and globally. This can only reflect the strength of the country's economy under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud and HRH, Crown-Prince Mohamed bin Salman Al Saud, may Allah Protect them both.

Today, as we are listed in the Saudi Stock Exchange, our work will continue to achieve more growth, expansion and continue to develop our operational activities. The Company has also adopted compliance and governance standards, to ensure sustainability and growth.

The year 2022 was an extension of our series of achievements and successes, thanks to Allah and then the efforts of the whole team of the company, hoping to continue the great success in the year 2023. In this report, you will find a presentation of the operations and activities of the Board of Directors and the executive management of the company during the year 2022 according to the requirements and regulations of the Capital Market Authority.

In conclusion, I wish to express my gratitude and appreciation to the Company's shareholders, members of the Board of Directors, customers, partners and the whole team for their continued trust and confidence in the Company.

Abdulrahman Khalid Al Dabal
Chairman

Directors' Report

For the Year Ended on 31 December 2022.

The Board of Directors of GAS Arabian Services ("the Company" or "GAS") is pleased to present its report on its activities, financial position with audited financial statements of the Company for the year ended on December 31, 2022.

Business Segments

The Company is organized into business units based on their operations and has the following segments:

I. Technical Services

A. Project Management Division

As an experienced turnkey contractor with over 50 projects executed for major industrial players, including Saudi Aramco, SABIC, SEC and MARAFIQ, GAS Arabian Services Project Management Division is a proven success story and vital ally to clients in the region.

Our ISO-certified, Aramco-approved fast-track processes help clients in oil & gas, petrochemicals, power, water, industry and infrastructure achieve their objectives safely, on time and on budget, using best practices and the latest technologies.

We deploy PMP-qualified and category-3 Aramco-certified personnel to meet the full spectrum of EPC, LSTK, LSPB and construction contractor needs, including management, engineering, procurement, quality control, commissioning and support services.

Our safety record speaks for itself-millions of injury-free hours and lost-time injuries (LTI's) consistently well below industry averages - an achievement recognized by numerous letters of appreciation and awards for safety.

Our full range of project expertise includes:

- Pipelines for oil & gas, water and pumping stations
- Process plants
- Gas compression plants
- Utility process plants
- EPC / LSTK / LSPB and construction

B. Field Services Division

GAS Arabian Services Field Services Division offers a wide range of support to major projects and turnaround activities for oil & gas, petrochemical and mining, in both the private and governmental sector. Our diverse, experienced technical team is committed to keeping projects on schedule while meeting the highest standards in quality, safety and efficiency.

Technical Manpower Solutions

- Emergency shutdown & maintenance
- Mechanical & rotary technicians
- Electrical & instrument technicians
- Welders, fitters & fabricators

Service Expertise

- Overhauling & maintenance of specialized rotating equipment (turbines, compressors, extruder, pumps etc.) by an experienced team with complete tools, tackles and site facilities.

- Engineering, procurement and construction as LSTK project solutions
- Fabrication and erection of plant piping
- Electrical and instrument LSTK works
- Plant retrofits & modifications
- Plant dismantling, relocating and re-installation
- Plant services / shutdown / turnarounds

Long Term Maintenance Unit

- | | |
|---|---|
| <ul style="list-style-type: none"> ▪ Process engineers ▪ Rotating equipment engineers ▪ Reliability / RCM / RBI engineers ▪ QA / QC engineers | <ul style="list-style-type: none"> ▪ Planners & schedulers ▪ Analyzer technicians ▪ Technicians in different fields of expertise |
|---|---|

II. Trading

A. Instrumentation and Electrical Division

GAS Arabian Services delivers state-of-the-art, pioneering solutions in pressure, flow, level, temperature, Gas/ Liquid analysis system, Wireless & Industrial connectivity solutions. Our comprehensive portfolio of world-class products and services meets the toughest analytical challenges with unmatched reliability, connectivity and accuracy, vastly improving your capabilities in the process control. GAS Arabian Services Team passionately strives to remain a valued provider of solutions to both industry and society that ensure a brighter future for all.

B. Mechanical Division

A wide network of the very best international suppliers gives GAS Arabian Services the competitive edge when it comes to sourcing mechanical solutions for the oil & gas, petrochemical, steel, water & desalination and mining industries in Saudi Arabia.

The deep knowledge and experience of our Mechanical Division offers client exceptional added value when it comes to rotating and static equipment.

III. Manufacturing

GAS Arabian Metal Tech Factory

GAS Arabian Metal Tech Factory is a state-of-the-art manufacturing branch in Dammam, where our highly-skilled workforce produce piping spools, structural steel fabrication, pressure-reducing stations, multiphase flow meter skids and many other industry-essential products for major clients including Saudi Aramco, Sabic, Saudi Electricity Company, and other clients.

Workshop Specs

- A 30,000 sqm facility with areas for manufacturing
- Capabilities: engineering, procurement, inspection, welding, blasting, painting, NDT and hydro testing
- Production capacity - 600 di/ day for piping (1" to 60") & materials including carbon steel, stainless steel, alloys and more
- Loading & unloading equipment, including overhead cranes & forklifts
- Specialized staff and equipment for blasting and painting

Corporate Structure

I. List of Joint venture and Associate Companies

No.	Company	Activity	Establishment Place	Capital	GAS Share
1	Yokogawa Services Saudi Arabia Company	Providing Industrial technical services	Saudi Arabia	500,000	33%
2	Elliott GAS Services Saudi Arabia Limited	Providing Industrial technical services	Saudi Arabia	500,000	45%
3	FS-Elliott Services Saudi Arabia Ltd.	Providing Industrial technical services	Saudi Arabia	500,000	50%
4	Elster Instromet Services Saudi Arabia Co. Ltd.	Providing Industrial technical services	Saudi Arabia	700,000	40%
5	Weidmueller Saudi Arabia Factory	Manufacturing of Industrial electrical components	Saudi Arabia	5,000,000	49%
6	Gas Vector Saudi Arabia Co. Ltd.	Providing Industrial technical services	Saudi Arabia	500,000	45%
7	FS-Elliott Saudi Arabia Ltd.	Providing Industrial technical services	Saudi Arabia	2,000,000	50%

II. Branches

Branches of the Company are 100 % owned. The branches do not represent separate legal entities.

III. List of Branches

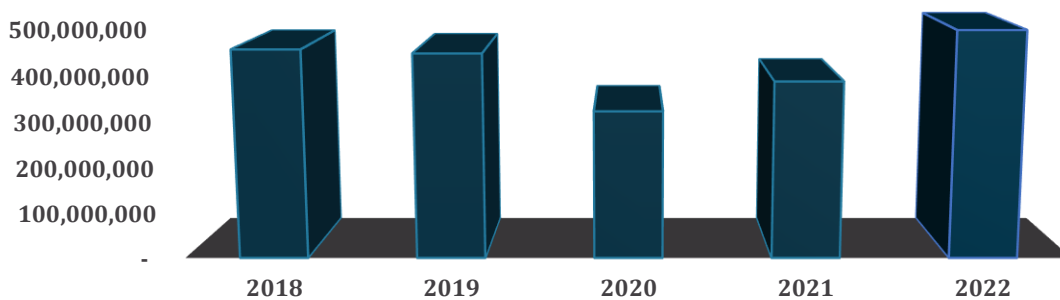
Company	Activity	Country and City
GAS Arabian Services – Registration no. 2055011867	Manufacture of retorts, silencers, chimneys, tubes and pipes. Repair and maintenance of pipes and pipelines.	Saudi Arabia, Jubail
GAS Arabian Services - Registration 2055004723	Wholesale of industrial spare parts and machinery. Wholesale of metal and iron pipes. Selling water pumping equipment.	Saudi Arabia, Jubail
GAS Arabian Services – Registration no. 2050099200	Wholesale of equipment spare parts and communications electronic parts including (selling of embedded and printed electronic tubes and electrical circuits), Wholesale of measuring equipment, Wholesale of construction equipment and machinery spare parts, wholesale of chemicals and laboratory equipment and supplies.	Saudi Arabia, Dammam
GAS Arabian Services – Registration no. 4700006468	Retail sale of electrical tools and extensions. Retail sale of metal and iron pipes. Retail trade of construction and building machinery and equipment, civil petroleum engineering, heavy equipment and their maintenance.	Saudi Arabia, Yanbu
GAS Arabian Services – Registration no. 2050113651	Manufacture of pipes, tubes and hollow shapes of iron and steel. Electricity distribution and control equipment industry.	Saudi Arabia, Dammam Portland

Summary of Financial Data

I. Summarized Income Statement 2018 to 2022

INCOME STATEMENT	2022 SR	2021 SR	2020 SR	2019 SR	2018 SR
Revenue	496,039,689	386,463,808	322,011,134	446,288,026	454,804,131
Cost of revenue	(378,678,351)	(281,760,884)	(204,951,036)	(334,590,544)	(317,010,312)
GROSS PROFIT	117,361,338	104,702,924	117,060,098	111,697,482	137,793,819
General and administrative expenses	(70,190,960)	(63,411,459)	(47,255,703)	(59,713,222)	(89,970,021)
Depreciation and amortization	(4,551,952)	(3,926,784)	(3,302,740)	(3,565,177)	(2,337,108)
Share in results of associates and joint ventures	31,336,426	22,073,534	8,364,452	22,620,280	18,936,002
OPERATING PROFIT	73,954,852	59,438,216	74,866,107	71,039,363	64,422,692
Other income	1,564,350	7,738,517	3,807,146	7,302,966	1,603,421
Finance costs	(1,999,672)	(2,490,963)	(1,438,442)	(1,099,889)	(843,795)
PROFIT BEFORE ZAKAT	73,519,530	64,685,770	77,234,811	77,242,440	65,182,318
Zakat	(6,134,713)	(4,625,616)	(3,925,103)	(3,286,861)	(2,705,941)
PROFIT FOR THE YEAR	67,384,817	60,060,154	73,309,708	73,955,579	62,476,377

The following graph shows the change in revenues for the last five years (SR):

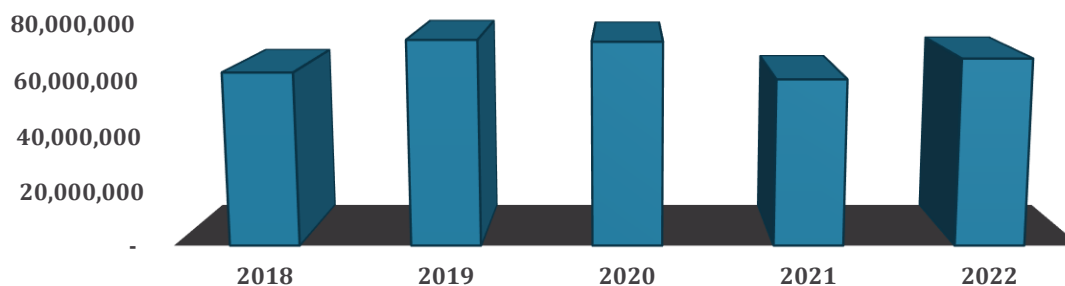


The company's revenues increased during the year 2022 compared to the year 2021 by 28%.

II. Net income for the year

The result of 2022 is a net income after zakat of SR 67,384,817 (2021: SR 60,060,155) representing an increase of 12%.

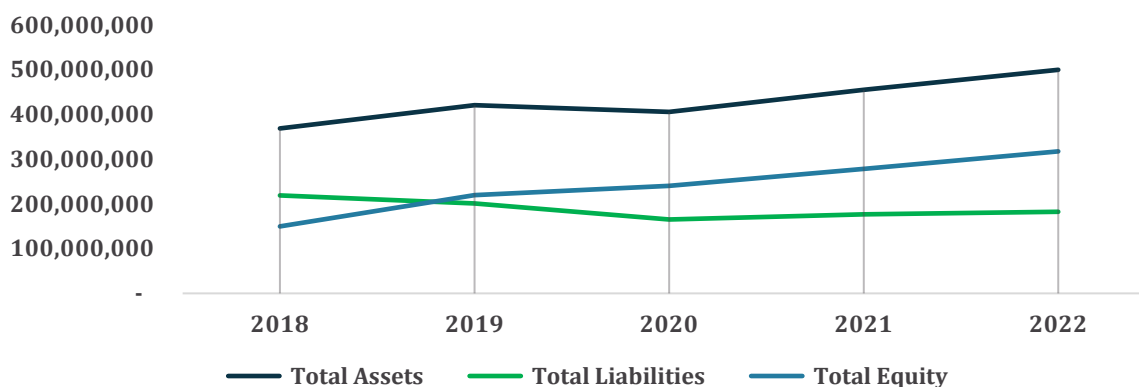
The following chart shows the change in net income after zakat for the last five years (SR):



III. Summary of Assets and Liabilities 2018 to 2022

STATEMENT OF FINANCIAL POSITION	2022 SR	2021 SR	2020 SR	2019 SR	2018 SR
Total current assets	349,819,910	313,298,962	275,114,976	289,702,148	267,237,493
Total non-current assets	149,537,641	141,297,444	130,298,735	130,723,915	101,130,001
TOTAL ASSETS	499,357,551	454,596,406	405,413,711	420,426,063	368,367,494
Total current liabilities	147,302,664	142,437,786	135,435,368	171,574,737	200,248,973
Total non-current liabilities	34,886,324	33,992,822	29,619,531	29,190,735	18,534,887
TOTAL LIABILITIES	182,188,988	176,430,608	165,054,899	200,765,472	218,783,860
Total equity	317,168,563	278,165,798	240,358,812	219,660,591	149,583,634
TOTAL EQUITY AND LIABILITIES	499,357,551	454,596,406	405,413,711	420,426,063	368,367,494

The following charts shows a comparison between total assets and liabilities for the last five years (SR)



IV. Related Party Transactions

A. GAS Arabian Services Company and its related parties' sales

The Related Entity	Member Name	Transaction Value (SR)	Transaction or Contract Duration	Nature of transactions
Elliot Gas Services Saudi Arabia Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	1,714,044	Not applicable - Dealing based on purchase orders	Sale of goods and technical services provided
Elster Instromet Saudi Arabia Company	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	962,191	Not applicable - Dealing based on purchase orders	Sale of goods and technical services provided
FS Elliot Saudi Arabia Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	116,979	Not applicable - Dealing based on purchase orders	Sale of goods and technical services provided
Yokogawa Services Saudi Arabia Company Limited	Abdulrahman Khalid Al Dabal and Faisal Khalid Al Dabal	777,861	Not applicable - Dealing based on purchase orders	Sale of goods and technical services provided
FS Elliot Services Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	234,139	Not applicable - Dealing based on purchase orders	Sale of goods and technical services provided
Gas Vector Saudi Arabia Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	349,101	Not applicable - Dealing based on purchase orders	Sale of goods and technical services provided
Weidmuller Saudi Arabia Factory	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	213,476	Not applicable - Dealing based on purchase orders	Sale of goods and technical services provided

B. GAS Arabian Services Company and its related parties' purchases

The Related Entity	Member Name	Transaction Value (SR)	Transaction or Contract Duration	Nature of transactions
Eagle Burgmann Saudi Arabia Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	18,784	Not applicable - Dealing based on purchase orders	Purchase of goods
Elster Instromet Saudi Arabia Company	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	315,140	Not applicable - Dealing based on purchase orders	Purchase of goods
Yokogawa Services Saudi Arabia Company Limited	Abdulrahman Khalid Al Dabal and Faisal Khalid Al Dabal	2,330,704	Not applicable - Dealing based on purchase orders	Technical services received
FS Elliot Services Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	1,148,915	Not applicable - Dealing based on purchase orders	Technical services received
Gas Vector Saudi Arabia Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	3,498,110	Not applicable - Dealing based on purchase orders	Purchase of goods

C. Rental and others

The Related Entity	Member Name	Transaction Value (SR)	Transaction or Contract Duration	Nature of transactions
Elster Instromet Saudi Arabia Company	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	1,940,626	Expires by January 31, 2029	Facility Rental income
FS Elliot Saudi Arabia Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	549,844	A year and renewed automatically	Facility Rental income
FS Elliot Services Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	274,922	A year and renewed automatically	Facility Rental income
TCR Arabia Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	754,197	Expires by October 17, 2026	Facility Rental income
Weidmuller Saudi Arabia Factory	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	2,450,000	Not applicable – Capital increase	Additional investment
Future Prospects Company Limited	Abdulrahman Khalid Al Dabal, Faisal Khalid Al Dabal and Aref Khalid Al Dabal	11,200,567	Not applicable – Based on one time contract	Transfer of cost of capital work in progress
First Insurance Broker Co Ltd	Abdulrahman Khalid Al Dabal	3,585,626	Not applicable - Dealing based on purchase orders	Insurance charges
Mr. Aref Khalid Al Dabal	Mr. Aref Khalid Al Dabal	487,500	A year and renewed automatically	Employee accommodation rent expense
Mr. Abdulrahman Khalid Al Dabal	Mr. Abdulrahman Khalid Al Dabal	481,513	A year and renewed automatically	Employee accommodation rent expense
Mr. Khalid Abdulrahman Aldabal & Ms. Hind Abdulrahman Aldabal	Mr. Abdulrahman Khalid Al Dabal	348,210	A year and renewed automatically	Head office rent expense

V. A statement of the value of the regular payments made, and due to government agencies, Zakat, taxes and any other entitlements

Description	2022		Brief descriptions	Reasons
	Paid (SR)	Due to the end of the annual financial period and not paid		
Zakat	5,097,681	-	Regular payment	Statutory dues
VAT	43,760,346	-	Regular payment	Statutory dues
General Organization for Social Insurance	3,441,650	-	Regular payment	Statutory fees
Visa and passport cost	3,799,001	-	Regular payment	Statutory fees
Labor Office fees	5,095,832	-	Regular payment	Statutory fees
Total	61,194,510			

VI. Employee benefits

The Company did not make any investments or set up any reserves for the benefit of the employee other than those required under applicable laws and regulations.

VII. Fines and penalties

The company has not been exposed to any other punishment or penalty or punitive restriction imposed by Capital Markets Authority (CMA) of Saudi Arabia, or any other supervisory or regulatory or judiciary body during 2022.

VIII. Bank Loans

This item represents loans granted by Riyadh Bank and the financial position of this loan are the following:

Year	Bal as of 1 Jan	Addition during year	Interest charges	Repayment	Bal as of 31 Dec
2022	9,164,276	-	32,301	(9,196,577)	-
2021	26,897,248	21,000,000	1,094,121	(39,827,093)	9,164,276

This item represents loans granted by Al-Rajhi Bank and the financial position of this loan are the following:

Year	Bal as of 1 Jan	Addition during year	Interest charges	Repayment	Bal as of 31 Dec
2022	-	21,271,088	249,328	(21,520,416)	-

IX. Financial Indicators

Financial Indicators	2018	2019	2020	2021	2022
Revenue growth rate	53%	-2%	-28%	20%	28%
Gross profit margin	30%	25%	36%	27%	24%
Net profit margin	14%	17%	23%	16%	14%
Current Ratio	1.33	1.69	2.03	2.20	2.37
Revenue / total assets	1.23	1.06	0.81	0.86	0.99
Debt / equity ratio	23%	16%	11%	3%	0%
Debt / total assets ratio	9%	8%	7%	2%	0%
Return on assets	17%	18%	18%	13%	13%
Return on equity	42%	34%	31%	22%	21%

Financial Reporting Standards & Audit

GAS maintains proper books of accounts and in compliance with the Implementing Regulations, the annual audited financial statements for the year ended 31 December 2022 of GAS have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), except for treatment of Zakat & Tax which is modified as per Zakat, Tax and Customs Authority ("ZATCA").

The Company has an Internal Audit department that performs audits as per approved annual plan and reports to Audit committee, established by the Board of Directors. The Audit Committee is entrusted with the responsibilities of assisting the Board of Directors in fulfilling its responsibilities for developing and maintaining system of internal control and the company's process for monitoring compliance with laws and regulations and the code of conduct. The Committee is also responsible for recommendation of external auditors and rotation thereof, review of financial statements prior to their approval by the Board of Directors and discussion with external auditors over audited financial statements.

Dividend Policy

The company's annual net profits are distributed as follows:

- Ten percent (10%) of the annual net shall be set aside to form a statutory reserve. The ordinary general assembly may decide to discontinue such retirement when the said reserve reaches (30%) of Company's capital.
- The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a percentage of the annual net profits to be allocated to one or more specific purposes.
- The Ordinary General Assembly may resolve to create other reserves in such an amount as to ensure continued prosperity of the Company or payment of as steady dividends as possible to Shareholders. That same assembly may also withhold certain amounts from the net profits for the establishment of social organizations for Company's employees and workers, or for supporting such organizations as may already be in existence.
- The ordinary General Assembly shall distribute a certain percentage of the remaining balance among Shareholders in the company.
- Subject to the provisions of Article (19) of the Articles of Association and Article 76 of the Companies Law, a percentage of (10%) is allocated for the Board remuneration. The entitlement to the remuneration shall be proportional to the number of meetings attended by the member.

I. Distribution rules of Dividend Policy

- The shareholder is entitled to receive his/ her share of dividends as per the decision of the General Assembly in respect of the distribution of dividends to shareholders or the Board resolution on distributing interim dividends. The resolution shall specify the record date and the distribution date provided that the resolution shall be executed as per the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- The Board of Directors shall include in its annual report submitted to the General Assembly the profits distributed during the past five years, with a maximum, including the profits proposed to be distributed for the year from which the report was issued, the percentage of profits distributed to the realized profits, the capital, and the total amount of profits proposed to be distributed.

- The profits to be distributed to the eligible shareholders shall be paid according to the dates and the method approved by the General Assembly and based on the recommendations of the Board of Directors in this regard and in accordance with the instructions of the Ministry of Commerce and the Capital Market Authority.
- In any case, the Board of Directors must implement the decision of the General Assembly regarding the distribution of profits to eligible shareholders within the time limit approved by the General Assembly.

Dividend policy has been approved by the Shareholders in the General Assembly Meeting dated on 29 April 2021.

II. Distribution of Dividends

	2018	2019	2020	2021
Percentage of dividend to the share par value	29%	36%	20%	20%
Distribution of percentage of net profit for the related period	70%	73%	41%	52.61%
Total dividend for the related period	43,572,643	54,000,000	30,000,000	31,600,000
Total amount of dividend for the related period	43,572,643	54,000,000	30,000,000	31,600,000
Total amount of dividend distributed (Saudi Riyals)	43,572,643	54,000,000	30,000,000	31,600,000

III. Proposed dividends distribution for the year 2022

For the year 2022, GAS Board has proposed a dividend of SR 35,550,000 (SAR 2.25 per share), representing 53% of the profit available for distribution. The same will be distributed after duly approved the shareholders in the General Assembly meeting.

External Auditors

BDO Dr. Mohamed Al-Amri & Co. were newly appointed as external auditors for the fiscal year ended 31 December 2022 by shareholders in General Assembly Meeting held on Apr 11, 2022, upon recommendation of Audit Committee and Board of Directors.

I. External Auditor Report

The company auditor's report did not contain any qualification or adverse remarks of the annual financial statements.

II. External Auditors Appointment

The Audit Committee recommends one of the following External Auditor as auditors for semi-annual and annual for the year 2023.

1. BDO Dr. Mohamed Al-Amri & Co.
2. RSM

General Assembly Meetings and Fees

I. General Assembly Meetings During 2022

Name	11-Apr-22
Mr. Abdulrahman Khalid Al Dabal	✓
Mr. Faisal Khalid Al Dabal	✓
Mr. Mansour Abdulaziz Al Bosaily	✓
Mr. Mohammad Sulaiman Al Harbi	✓
Mr. Fawaz Abdullah Danish	✓
Mr. Aref Khalid Al Dabal	✓

II. Numbers of Company's Requests of Shareholders Records, Dates and Reasons Thereof

SN	Date	Reason
1	01-Mar-2022	Company procedures
2	03-Apr-2022	Company procedures
3	11-Apr-2022	General Assembly Meeting
4	10-May-2022	Company procedures
5	05-Jun-2022	Company procedures
6	05-Jul-2022	Company procedures
7	02-Aug-2022	Company procedures
8	04-Sep-2022	Company procedures
9	03-Oct-2022	Company procedures
10	30-Oct-2022	Company procedures
11	29-Nov-2022	Company procedures
12	27-Dec-2022	Company procedures

Board of Directors Composition, Meetings and Fees

I. Composition of Board of Directors

The Company's By-Laws provide that the Company shall be managed by a Board of Directors consisting of 6 members to be elected by the ordinary General Assembly for a term not more than 3 years except the first board of directors. The General Assembly appointed the first Board of Directors for a term of 5 years.

II. The Board of Directors is composed of six (6) Members:

Name	Title	Status
Mr. Abdulrahman Khalid Al Dabal	Chairman	Non-Executive
Mr. Faisal Khalid Al Dabal	Vice Chairman	Executive
Mr. Mansour Abdulaziz Al Bosaily	Member	Independent
Mr. Mohammad Sulaiman Al Harbi	Member	Independent
Mr. Fawaz Abdullah Danish	Member	Independent
Mr. Aref Khalid Al Dabal	Member	Executive

III. Board of Directors Meetings During 2022

The six-member Board of Directors has convened two meetings during the year of 2022 as follows:

Attendance Record of the meeting of the Board of Directors 2022

Name	10-Mar-2022	18-Aug-2022	Fees Paid SR
Mr. Abdulrahman Khalid Al Dabal	✓	✓	256,000
Mr. Faisal Khalid Al Dabal	✓	✓	156,000
Mr. Mansour Abdulaziz Al Bosaily	✓	✓	156,000
Mr. Mohammad Sulaiman Al Harbi	✓	✓	156,000
Mr. Fawaz Abdullah Danish	✓	✓	156,000
Mr. Aref Khalid Al Dabal	✓	✓	156,000

Fees are based on the approved Remuneration Policy for Board Members, Committees Members and Senior Executives, approved by the Shareholders in the General Assembly Meeting dated on 11 April 2022.

IV. Policies Approved by the Board of Directors

Name of the Policy	Date of Approval
GAS Authorization Rules	December 3, 2020
GAS Performance Appraisal and Bonus Program	December 3, 2020
Corporate Governance Manual	December 3, 2020
Dividend Distribution Policy	December 3, 2020
Conflict of Interest Policy	April 8, 2021
Anti-Money Laundering Policy	April 8, 2021
Anti-Bribery and Corruption Policy	April 8, 2021
Remuneration Policy for Board Members, Committees Members and Senior Executives	April 11, 2022
GAS Governance Procedures	August 18, 2022

Board Committees Duties and Responsibilities, Meetings and Fees

The Board of Directors has established the following two committees:

I. Audit Committee

The Committee, consisting of three non-executive directors, with all being independent members, is established to institutionalize and improve the audit process and control environment. Following are the broad duties and responsibilities of the Audit Committee based on the approved Regulations of Internal Audit Committee, approved by the Shareholders in the General Assembly Meeting dated on 13 September 2020:

A. Financial Reporting

1. To examine the initial and annual financial statements of the Company prior to submitting them to the Board of Directors and express its opinion and recommendation in this regard to ensure its integrity, fairness and transparency.
2. To express a technical opinion, upon the request of the Board of Directors, on whether the report of the Board of Directors and the financial statements of the Company are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the financial position, performance, business model and strategy of the Company.
3. To examine any important or unfamiliar issues included in the financial reports.
4. To thoroughly review any issues raised by the Company's Chief Financial Officer, his/her representative, the Company's Compliance Officer, or the Auditor.
5. To verify the accounting estimates in the material issues mentioned in the financial reports.
6. To examine the accounting policies of the Company and express opinion and recommendation to the Board of Directors in this regard.

B. Internal Audit

1. To examine and review the internal and financial control systems and the risk management of the Company.
2. To examine the internal audit reports and monitor the implementation of the corrective actions stated therein.
3. To control and supervise the performance and activities of the internal auditor and manage the internal audit in the Company to verify the availability of the necessary resources, their effectiveness in the performance of the work and tasks assigned thereto.

C. Auditor

1. To recommend to the Board of Directors to nominate and dismiss the auditors, determine their fees, evaluate their performance after verifying their independence and review the scope of their work and their contracts terms.
2. To verify the auditor's independence, objectivity and fairness and the effectiveness of audit work, taking into account the relevant rules and standards.
3. To review the plan and works of the Company's auditor, verify that he/ she does not provide technical or administrative works outside the scope of his/ her work and express their opinions in this regard.
4. To answer the inquiries of the Company's auditor.
5. To examine the auditor's report and notes on the financial statements and follow up on the actions taken thereon.

D. Ensuring Compliance

1. To review the results of the regulators reports and verify that the Company has taken the necessary actions thereon.
2. To verify the Company's compliance with the relevant laws, regulations, policies and instructions.
3. To review the Contracts, transactions proposed to be conducted by the Company with the relevant parties and express opinion thereon to the Board of Directors.
4. To submit the issues that it deems necessary to take actions thereon to the Board of Directors and make recommendations on the actions to be taken.

Audit Committee Meeting

Name	Membership	09-Mar-2022	02-Jun-2022	10-Aug-2022	30-Oct-2022	Fees Paid SR
Mr. Fawaz Abdullah Danish	Chairman	✓	✓	✓	✓	87,000
Mr. Adnan Abdulrahman Al Mansour	Member	✓	✓	✓	✓	87,000
Mr. Saeed Atef Saeed	Member	✓	✓	✓	✓	87,000

Fees are based on the approved Remuneration Policy for Board Members, Committees Members and Senior Executives, approved by the Shareholders in the General Assembly Meeting dated on 11 April 2022.

II. Nomination and Remuneration Committee (NRC)

Following are the broad duties and responsibilities of the NRC based on the approved Regulations of Nomination and Remuneration Committee, approved by the Shareholders in the General Assembly Meeting dated on 13 September 2020:

1. Propose clear policies and standards of membership of the Board of Directors and the committees emanating from it and the Executive Administration and the Company's representatives in the subsidiaries.
2. Review the structure and composition of the Board of Directors periodically and annually and recommend making changes as necessary.
3. Review the necessary requirement for skills or experience for membership of the Board of Directors and the Executive Administration annually. Describe the capabilities and qualifications required for membership of the Board of Directors and holding positions in the Executive Administration, including determination of the time that the member should devote to carry out the Board's business.
4. Keep a permanent record that includes information about qualifications and skills of members of the Board of Directors in order to determine the additional skills required to enable the Board to conduct its duties.
5. Establish the job description of the executive members, non-executive members, independent members and the senior executives.
6. Establish special procedures if the position of a member of the Board of Directors or a Senior Executive becomes vacant.
7. Ensure the conduct of training courses for all members of the Board in relation to the development needs that are approved and in line with the Company's activities.
8. Ensure independence of members of the Board and its committees on an annual basis in accordance with rules of the Capital Market Authority as for the independent members.
9. Ensure follow-up the imposed procedures in case of conflict of interests as for members of the Board and the subsidiaries of the Company on an annual basis.
10. Establish special procedures if the position of a member of the Board of Directors or a Senior Executive becomes vacant.
11. Submit recommendations for appointing new members, as needed, to the Board if a seat in any committee of the Board becomes vacant.
12. Study and review the CEO's recommendation for appointing or dismissing a Senior Executive.
13. Study and review succession plans for a company in general and for the Board, the CEO and Senior Executives in particular.
14. Provide an adequate level of training and explain the Company's duties and achievements to the new members of the Board and its committees, so that they can perform their duties with the required efficiency.
15. Assist the Board of Directors in establishing and reviewing the Company's organizational structure and the operating model that organizes the relationship between the parent company and its subsidiaries.

Nomination and Remuneration Committee Meeting

Name	Membership	10-Mar-2022	18-Aug-2022	Fees Paid SR
Mr. Mohammad Sulaiman Al Harbi	Chairman	✓	✓	81,000
Mr. Fawaz Abdullah Danish	Member	✓	✓	81,000
Mr. Ibrahim Fahad Al Duligan	Member	✓	✓	81,000

Fees are based on the approved Remuneration Policy for Board Members, Committees Members and Senior Executives, approved by the Shareholders in the General Assembly Meeting dated on 11 April 2022.

Compensation Paid to Board Members and Senior Executives

I. Board Members

The fees and other expenses payable to the Chairman and other Directors of the Company, for attendance at Board and Committee meetings is defined in the Remuneration Policy for Board Members, Committees Members and Senior Executives.

These have been paid as follows during the year:

Directors	Director's Fees	Fees for Attending Board Meeting	Fees for Audit Committee	Fees for Attending Audit Committee Meeting	Fees for Nomination and Remuneration Committee	Fees for Attending Nomination and Remuneration Committee Meeting	Travel and other Expenses	Total 2022
Abdulrahman Khalid Al Dabal	250,000	6,000	-	-	-	-	-	256,000
Faisal Khalid Al Dabal	150,000	6,000	-	-	-	-	-	156,000
Mansour Abdulaziz Al Bosaily	150,000	6,000	-	-	-	-	-	156,000
Mohammad Sulaiman Al Harbi	150,000	6,000	-	-	75,000	6,000	-	237,000
Fawaz Abdullah Danish	150,000	6,000	75,000	12,000	75,000	6,000	4,443	328,443
Aref Khalid Al Dabal	150,000	6,000	-	-	-	-	-	156,000
Total	1,000,000	36,000	75,000	12,000	150,000	12,000	4,443	1,289,443

**Amount in SAR*

Fees are based on the approved Remuneration Policy for Board Members, Committees Members and Senior Executives, approved by the Shareholders in the General Assembly Meeting dated on 11 April 2022.

II. Senior Executives

Compensation and remuneration paid to the top 5 executive including the Chief Executive Officer and Chief Financial Officer during end of the year 31 December 2022 was Saudi Riyals 8,597,827.72 These are analyzed as follows:

	2022 SR
Salaries	5,799,603
Bonus	738,886
Other allowances	2,059,338
Total	8,597,827.72

Fees are based on the approved Remuneration Policy for Board Members, Committees Members and Senior Executives, approved by the Shareholders in the General Assembly Meeting dated on 11 April 2022.

Risk Management

Risk management is a vital factor for GAS business. The Company manages a process of ongoing risk identification and measurement by using the risk limits and other controls including deployment of ISO framework across divisions to coordinate day to day risk management. Following is the summary of main risks:

I. Credit Risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Before accepting any new credit customer, the Company has its own credit policy to assess the potential customer's credit quality and defines the credit limits for the new customer. These policies are reviewed and updated regularly. Moreover, the Company seeks to manage its credit risk by monitoring outstanding receivables on an ongoing basis.

II. Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments.

III. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, receivables and payables. The Company manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments.

IV. Operational Risk

Operational risk is the risk of losses arising from inadequate internal operating procedures, including failures, defects or errors of information, resulting from either human error or technological failings. GAS manages the operational risk through a control framework and by monitoring and responding to potential risks. Other measures to mitigate operational risk include segregation of duties, access authorization and reconciliation procedures, process automation, staff training and education and assessment procedures.

Effectiveness of Internal Control System

Management is responsible for the appropriate design and implementation of the system and the Risk Management, Internal Audit and Compliance for the continuous monitoring and evaluation of the system. All employees are ultimately responsible for operating and maintaining an efficient internal control system at their respective levels. The external auditors are responsible to assess the adequacy of the system of internal controls to decide the level of reliance they can place on the Company's internal controls, to design their audit procedures accordingly.

The Company's Internal Control System is subject to ongoing evaluations and improvement to allow for the identification of any gaps and meet the desired level of effectiveness, key controls include:

- Existence of a series of policies and procedures, which are subject to regular updates and reviews to verify their sufficiency and adequacy.
- All work related and major important decisions are supervised through committees created for this purpose and to safeguard the Company's assets.
- Existence of departments/ committees specialized in fields of audit, compliance control and risk management.

The Board has the opinion that the functioning of the internal control system is appropriate, and nothing has been reported by Audit Committee, causing it to believe that the system of internal control is not designed properly or implemented effectively and is working as intended.

Ethical Standards and Code of Conduct

GAS is committed to maintaining the highest ethical and legal standards in all of its business conducts while living by our own ethics and values as detailed in **GAS Code of Conduct, Business Ethics Policy and Compliance Guidelines**. GAS goal is to ensure compliance by all employees of GAS and its affiliates to all Applicable Laws.

Social Responsibility

GAS makes every effort to be involved in the community, to contribute, and to give back in every possible way. As a Saudi company, it is part of the company's obligation to give back to the community. GAS continues to serve Saudi society through a variety of activities.

The Company was successful in obtaining a large number of Saudi employees, with roughly 141 Saudi employees as of December 31, 2022.

As part of its social responsibility to its beloved country and its valued people, as well as in the public interest, the Company will continue to diversify its social activities.

Applicable Laws and Regulations

The Company follows the provisions of the Saudi Companies' Law and Implementing Regulations, Capital Market Authority (CMA) guidelines, and other applicable laws, rules and regulations.

Declaration

The Board of Directors hereby confirms that:

- Proper books of accounts have been maintained;
- The system of internal control is sound in design and has been effectively implemented; and
- There is no doubt over the Company's ability to continue as a going concern.

The Company has achieved a strong position in the market in the last thirty years and is keen to continue its successful journey and gradually increase its profitability in line with the expected improvement in the economy of Saudi Arabia over the coming years.

The Board takes this opportunity to express its thanks and appreciation to the Company's employees, shareholders, customers, suppliers and government agencies for their support, trust and cooperation, which have had a significant impact on continued progress and prosperity of the Company.

For and on behalf of the Board of Directors

Abdulrahman Khalid Al Dabal

Chairman

Appendix 1

Board of Directors Experiences:

Director Name	Current position	Qualification	Years of experiences
Mr. Abdulrahman Khalid Al Dabal	Chairman	Master's degree in finance in 1981. Bachelor's degree in economics in 1979.	41 Years
Mr. Faisal Khalid Al Dabal	Vice Chairman and CEO	Master's degree in science in 1997. Bachelor's degree in Project Management in 1994. A certified management consultant certificate from the Ministry of Commerce and Investment in 2019.	26 Years
Mr. Mansour Abdulaziz Al Bosaily	Board Member	Bachelor's degree in Law and Regulations in 1984	31 Years
Mr. Mohammad Sulaiman Al Harbi	Board Member	Bachelor's degree in Industrial Engineering in 1992. Administrative Training Program - Finance - 1995.	29 Years
Mr. Fawaz Abdullah Danish	Board Member	Bachelor's degree in Law in 1993.	30 Years
Mr. Aref Khalid Al Dabal	Board Member and COO	Master's degree in Business Administration in 2001. Bachelor's degree in Applied Chemical Engineering in 1991.	32 Years

Appendix 2

Committees Members Experiences:

1. Audit Committee

Name	Current position	Qualification	Years of experiences
Mr. Fawaz Abdullah Danish	Chairman of the Committee	Bachelor's degree in Law in 1993	30 Years
Mr. Adnan Abdulrahman Al Mansour	Member	Executive Management and Organization Program in 2002.	47 Years
Mr. Saeed Atef Saeed	Member	Master's degree in electrical engineering in 2000	28 Years

2. Nomination and Remuneration Committee

Name	Current position	Qualification	Years of experiences
Mr. Mohammad Sulaiman Al Harbi	Chairman of the Committee	Bachelor's degree in Industrial Engineering in 1992. Administrative Training Program - Finance - 1995.	29 Years
Mr. Fawaz Abdullah Danish	Member	Bachelor's degree in Law in 1993	30 Years
Mr. Ibrahim Fahad Al Duligan	Member	Basic Investment certification (BIC)	32 Years

3. Executive Management (top 5 executive including the Chief Executive Officer and Chief Financial Officer)

Name	Current position	Qualification	Years of experiences
Mr. Faisal Khalid Al Dabal	Vice Chairman and CEO	Master's degree in science in 1997	26 Years
Mr. Aref Khalid Al Dabal	Chief Operating Officer	Master's degree in Business Administration in 2001.	32 Years
Mr. Faisal Al Sunaid	Vice President	Bachelor's degree in public administration in 2008.	21 Years
Mr. Reda Arafat	Senior Manager - Finance and Accounting	Bachelor's degree in accounting in 1987.	36 Years
Mr. Mahesh Kumar	General Manager - Instrumentation	Bachelor's degree in precision machinery technology in 1990.	33 Years

Appendix 3

Board of Directors Membership on the Board of Other Companies

Director Name	Company Name	Position
Mr. Abdulrahman Khalid Al Dabal	Al Faraby Medical Center Co. Ltd	Chairman
	Asas Al-Ajyal Real Estate Dev't Co.	Chairman
	EagleBurgmann Saudi Arabia Ltd.	Chairman
	Elliott GAS Services Saudi Arabia Ltd.	Chairman
	Elster Instromet Services Saudi Arabia	Chairman
	First Insurance & Re-insurance Brokers	Chairman
	FS Elliott Services Saudi Arabia Ltd.	Chairman
	GAS-Vector Saudi Arabia Ltd.	Chairman
	GAS Gulf for Trading and Contracting Co. Ltd.	Partner
	GAS Asia for Trading and Contracting Co Ltd	Partner
	SGB Dabal	Chairman
	TCR Arabia Ltd.	Chairman/ Partner
	Wondermere Holdings Ltd.	Partner
	Yokogawa Services Saudi Arabia Co. Ltd.	Board Director
	Future Prospects for Operating & Maintenance Co. Ltd.	Partner
	Weidmuller Saudi Arabia Factory LLC	Chairman
FS-Elliott Saudi Arabia Ltd.	Chairman	
Mr. Faisal Khalid Al Dabal	EagleBurgmann Saudi Arabia Ltd.	Board Director
	Elliott GAS Services Saudi Arabia Ltd.	Board Director
	Elster Instromet Services Saudi Arabia	Board Director
	FS Elliott Services Saudi Arabia Ltd.	Board Director
	GAS Asia for Trading and Contracting Co Ltd.	Partner
	GAS-Vector Saudi Arabia Ltd.	Board Director
	TCR Arabia Ltd.	Board Director
	Yokogawa Services Saudi Arabia Co. Ltd.	Board Director
	Future Prospects for Operating & Maintenance Co. Ltd.	Partner
	Weidmuller Saudi Arabia Factory LLC	Board Director
	FS-Elliott Saudi Arabia Ltd.	Board Director

Director Name	Company Name	Position
Mr. Mansour Abdulaziz Al Bosaily	Amlak International	Vice Chairman
	Saudia Ground Services Company	Board Member
	Extra Company	Board Member
	Sinad Holding Company	Board Member
Mr. Mohammad Sulaiman Al Harbi	Zamil Industrial	Board Member
	National Glass Company – Zoujaj	Board Member
	Musharaka Capital	Board Member
	National Talents Company – Talents	Board Member
	Zamil Shipyards	Board Member
Mr. Fawaz Abdullah Danish	Budget Rent A Car, Saudi Arabia	CEO
	Muttawiffy Hujjaj South Asia Co.	Chairman
	Aljozoor Alrasekha Co. Ltd.	Board Director
Mr. Aref Khalid Al Dabal	EagleBurgmann Saudi Arabia Ltd.	Managing Director
	TCR Arabia Ltd.	Managing Director
	FS-Elliott Services Saudi Arabia Ltd.	Managing Director
	FS-Elliott Saudi Arabia Ltd.	Managing Director
	Elliott GAS Services Saudi Arabia Ltd.	General Manager
	Future Prospects for Operating & Maintenance Co. Ltd.	Partner
	GAS Asia for Trading and Contracting Co Ltd.	Partner