

ARABIAN PLASTIC INDUSTRIAL COMPANY

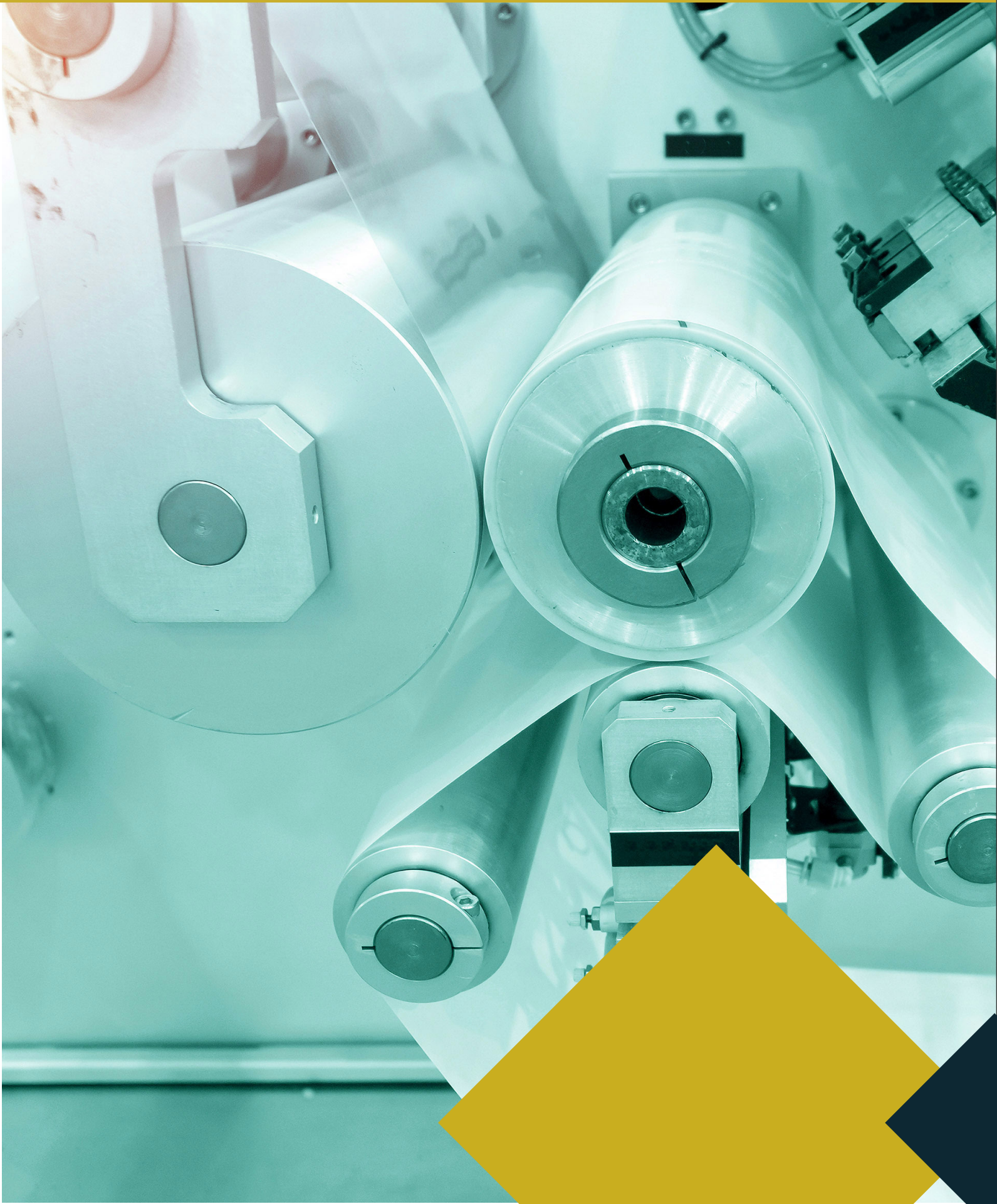
Annual Board Report

2023



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Chairman of the Board of Directors Message

Messrs./ Shareholders of Arabian Plastic Industrial Company (APICO)

Greetings,

On behalf of Arabian Plastic Industrial Company (APICO) Board of Directors, I am pleased to share the Board report for FY 2023. This report provides an overview of the company's activities and financial outcome for the year ending on December 31, 2023. It highlights the achievements made during this period. Additionally, it offers insights into the Board of Directors and its committees along with outlining the company objectives and strategies.

We take pride in the exceptional 40% growth in net profit achievement that we have made during the year 2023. We are striving to maintain this growth momentum and enhancing the company's performance to deliver positive outcome for all stakeholders by adopting the latest industrial technologies and developing the Human Capital's capabilities.

In line with the Kingdom's ambitious vision of 2030, we are committed to extending our services to cover new trends in the markets. I want to express our sincere thanks to APICO's shareholders for their trust and confidence in the management team's capabilities. The shareholders' trust and confidence serve as a constant source of motivation and drive us to reach new heights of success.

I would also like to thank the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al-Saud, and His Royal Highness, the Crown Prince Mohammed bin Salman bin Abdulaziz Al-Saud, for their continued support and development of the industrial sector in the Kingdom of Saudi Arabia.

We pray to Allah Almighty to preserve the precious kingdom with the blessing of security, safety, and prosperity.

Khalid Omar A. Balubaid
Chairman of the Board of Directors

Chief Executive Officer (CEO) Message

As we reflect on the journey we have undertaken together in FY 2023, I am filled with pride in what we have accomplished and optimism for the future that lies ahead.

The year FY-2023 has been a profound transformation and resilience for the company. In the face of unprecedented global challenges, our team has demonstrated remarkable adaptability, determination, and unity.

Central to our success has been our unwavering commitment to innovation and excellence. Throughout the year, we have continued to push the boundaries of possibility, driving forward ambitious projects and initiatives of product mix enhancement that helped APICO in performance improvement. From adopting with advance technology machines to groundbreaking business development opportunities, our dedication to innovation has been the cornerstone of our competitive advantages.

Our financial performance has been equally impressive, with enhancement of revenues and significant profitability. In FY-2023 APICO posted revenue of SR 157 million and a net profit of SR 13M, which is 40% higher than the previous year. This achievement is a testament to the hard work and dedication of our management and employees, whose unwavering commitment to excellence has fueled our growth and success. It also encouraged in future prudent investments.

Beyond financial metrics, we remain deeply committed to our broader responsibilities as corporate citizens. We have redoubled our efforts to foster a diverse and inclusive workplace, where every voice is valued and respected. Additionally, we have intensified our focus on sustainability, development of human capital, implementing initiatives to minimize our environmental impact and contribute positively to the communities we serve.

As APICO looks ahead to the future, we do so with a sense of purpose and optimism. The challenges may be great, but so are the opportunities. With a clear strategic vision, a capable and dedicated team, and the steadfast support of our esteemed board members, I am confident that we are well-positioned to capitalize on emerging opportunities.

In closing, I extend my heartfelt gratitude to the Chairman and the board of directors for their invaluable guidance, wisdom, and unwavering support. Together, we have achieved remarkable success, and I am excited about the possibilities that lie ahead as we continue this journey together.

Venugobal T. K.
Chief Executive Officer

1. APICO Business Process Overview

1.1 - Brief Introduction

Arabian Plastic Industries Company (APICO) is a listed Saudi joint stock company. Company has four various production line facilities i.e. Injection and Blow molding, Film and Thermoforming with cumulative production capacity of 22,510 MT. APICO geared up manufacturing unit under Balubaid Group of Companies umbrella in Y1998. APICO has experienced vast expansion due to overwhelmed customers demand.

The Company's current share capital is fifty million (50,000,000) Saudi Riyals, divided into five million (5,000,000) fully paid ordinary shares, each of which is ten (10) Saudi Riyals, and the company's main address is Industrial City 1,Phase 3, Jeddah, Kingdom of Saudi Arabia.

• Company Vision

Arabian Plastic Industrial Company seeks to be the leading and reliable supplier of plastic products to its customers by maintaining a long-term relationship with customers and using environment friendly technologies.

• Company Mission

Arabian Plastic Industrial Company aims to accomplish its mission by meeting customer needs by maintaining the quality of its products, increasing the company's market share, adopting the latest technologies, motivating employees, and focusing on sustainability and environmental protection goals.

1.2 - APICO Strengths and competitive advantages

- One of the leading companies in the plastic manufacturing industry with prominent four different lines of plastic products which are thermoforming, films, injections, and blow molding.
- The Company has installed capacity reach 22,510 metric ton.
- Experience and presence in the market for more than 27 years.
- Adoption with of latest technology machines throughout the production process, from manufacturing to quality control.
- APICO has 400+ different molds, where the company continuously invests in new molds to meet the demand for different types of products for new and existing customers.
- The company has diverse customer base with high retention ratio by maintaining customer satisfaction and striving to meet their needs.
- The company has a highly experienced management with more than two decades of operational experience in the plastics industry, which in turn makes continuous efforts to meet customer needs while adhering to industry standards, regulation, and quality control.
- The company enjoys a good relationship with major suppliers which has been developed over the years, to ensure smooth supply of high-quality raw materials.
- Invest in new technology machines to achieve higher profitability and raise operational efficiency.

1.3 - Production lines description

Below is a brief description of APICO products categories

i Injection Molding:

Injection molding is a method to obtain molded products by injecting plastic materials molten by heat into a mold, and then cooling and solidifying them. The method is suitable for the mass production of products with complicated shapes, and takes a large part in the area of plastic processing. It is the rapid method of producing a large number of plastic products with high precision.

Machines: APICO has machines from Austria, Taiwan & India. Machine tonnage ranges from 120T to 1200T. APICO has high speed Injection molding machine up to 500T to produce thin injection molding products.

Products: In Injection molding section, APICO produce dairy crates, bakery basket, poultry trays, deli containers, bottle caps, thin wall food containers, in mold label food containers, in mold label paint pails, medical pails and various products as per customer demand.



ii. Thermoforming

Thermoforming section has 3 sub-process.

Extrusion: sheet or foil extrusion is the process that produces sheets which could be thermoformed at a later stage. Sheet extrusion is a technique for making flat plastic sheets from a variety of resins. APICO produces extrude sheet we extrude sheet with plastic material of PET, PS &PP.

Thermoforming: The process of heating a thermoplastic material and shaping from the mold known as thermoforming. Thermoforming process performed with high pressure forming & vacuum energies to desirable shape such as plastic cups & trays. Later design waste trimmed to get usable products with auto trimming & stacking on the same machine.

Printing: APICO decorate plastic cups with UV dry offset printing technology. APICO has one of the world renowned advanced highspeed printing cups with the speed up to 650cups/min to cater mass production demand.

Machines: APICO has machines from Germany, Italy, Canada, Netherland & Asian Continent. APICO has inhouse facility to produce PS, PP & PET extrusion sheets for thermoforming & equipped to decorate up to 8 colours printed cups.

Products: APICO produces yogurt printed cups, juice printed cups, ice cream printed cups, biscuit trays, dairy carrier/display trays, commodity disposable plates and various other products.



iii. Blow Molding:

Blow molding is the forming of a hollow object by inflating or blowing a thermoplastic molten tube called a “parison” in the shape of a mold cavity. The process consists of extruding or “dropping” a parison on which female mold halves are closed. The female mold halves contain the shape of the product to be produced. In Extrusion Blow Molding (EBM), plastic is melted and extruded into a hollow tube (a parison). Air is then blown into the parison, inflating it into the shape of the hollow bottle, container, or part. After the plastic has cooled sufficiently, the mold is opened and the part is ejected.

Machines: APICO has machines from Italy & Asian Continent. Bottles could be produced from 250ml to 30Litre. Additionally, APICO has Automatic UV silk printing machine & label application machine to decorate the bottles as per client requirements.

Products: In blow molding section, APICO produces lubricant, food container & detergent bottles along with caps as per client demand.



iv. Film Section:

FILM section has 3 sub-process.

Extrusion: Blown film extrusion is one of many polymer manufacturing processes. This method is used to produce commodity and specialized polymer films that are typically used in packaging such as shrink, stretch, barrier films (used to protect deli meat), frozen food packaging, and shopping bags.

Printing: APICO printing has been using flexographic technique. Flexography is one of the most foolproof methods used to print on plastic film substrates. The shopping bags, direct rolls, jumbo bags, slitting rolls, shrink rolls and all of film products printed in this section and the quality is one of the best possible that has in plastics film industry.

Bag Cutting: Bag cutting or bag making is the third step with pressing the two printed or unprinted sheets together to create the sides of the bag. The plastic Film can then be wound and cut to the most suitable size and shape based on the actual use or application for the bag. grip hole bag or loop handle bag or bakery bag or slit roll or whatsoever could be custom made from variety of bag making machines as per end user requirement.

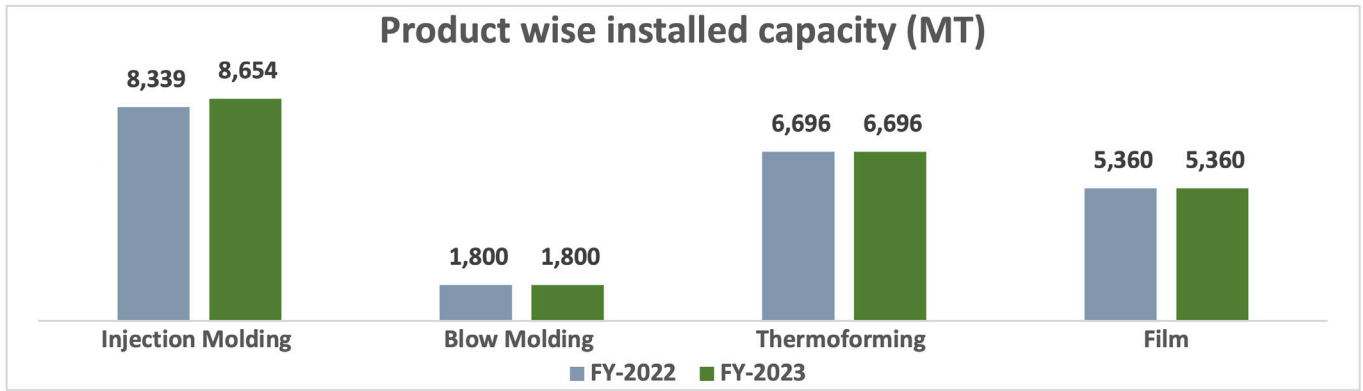
Products: APICO produces shopping bags, shrink film, printed rolls, e-commerce bags, trash bags etc.,



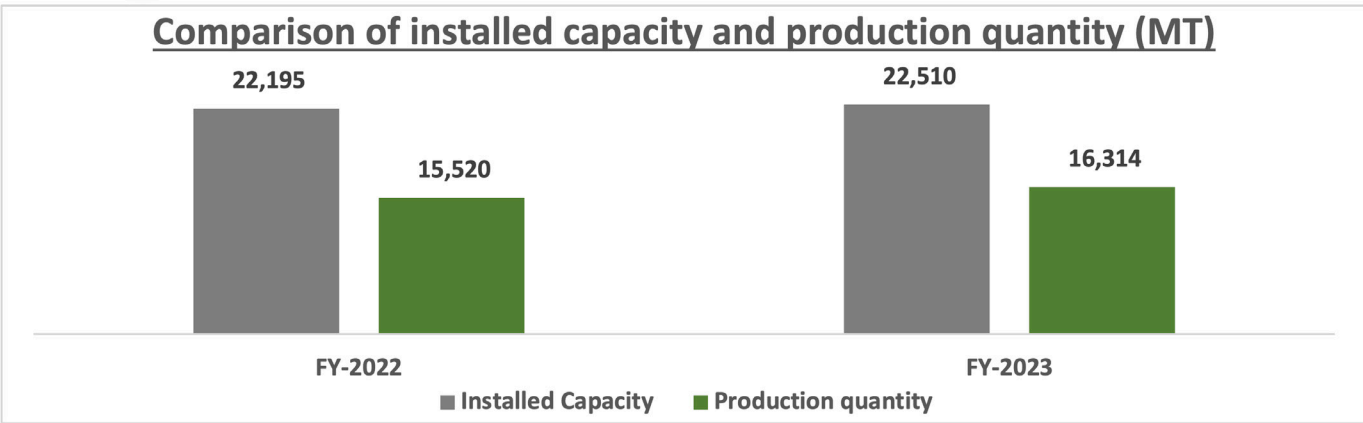
2. APICO Installed Machine Capacity

APICO has a state-of-the-art manufacturing facility with installed production capacity of 22,510 metric tons. APICO production facility is equipped with the latest machinery and technology, including injection molding machines, extruders, blow molding machines, and thermoforming machines. Existing production facilities enable production of wide range plastic products efficiently and with precision. APICO production facilities are designed to be flexible, scalable, and adaptable to fluctuations in market demand and emerging trends within the plastic manufacturing industry.

In FY 2023, APICO has increased installed capacity mainly in Injection molding section by 4% due to increase in demand as well as expansion of sales to various regions of Kingdom. As a pivotal aspect of operational strategy, company production capacity is carefully optimized to maximize output while minimizing lead times and operational costs. APICO continuously invests in upgrading equipment and processes to enhance efficiency and in expanding capabilities.



Additionally, APICO has also successfully enhanced its machine utilization both overall and in almost all categories.



The company prioritizes quality assurance throughout the production process to ensure that every product meets required quality standards. The quality control procedures, already in practice, encompass raw material inspection, in-process monitoring, and final product testing to identify and rectify any defects or quality deviations from specifications.

3. Financial Highlights

3.1 - APICO Profit & Loss

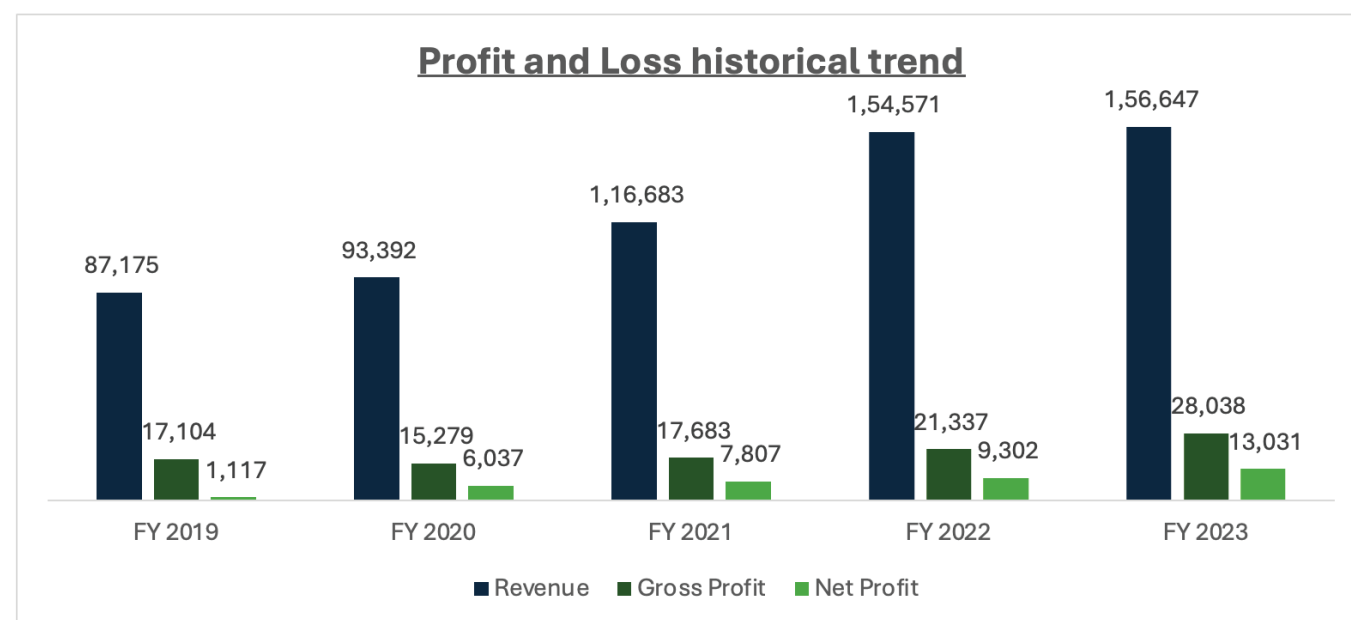
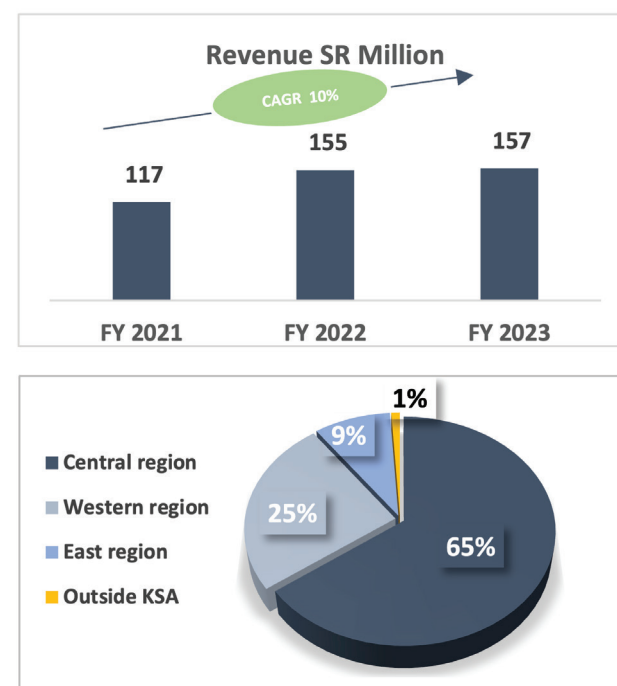
APICO recorded revenue of SR 157 million in FY 2023 which is 1.34% higher than FY 2022. The increase in revenue is mainly because of continuously expanding product portfolio, through targeted marketing campaigns, business developments, and effective distribution channels. APICO has enhanced its market presence in both existing and new markets/regions of the kingdom.

Geographical Analysis

APICO sell its products mainly in local markets of kingdom with very minor contribution of export i.e. 1% to Yaman & Bahrain.

FY-2023, sales to the central region were 65% whereas 25% of sales were from western region.

APICO recorded gross profit of SR 28 million in FY-2023 which is 31.4% higher than the previous year. The increase in gross profit is attributed to a combination of strategic initiatives of product mix and operational excellence.

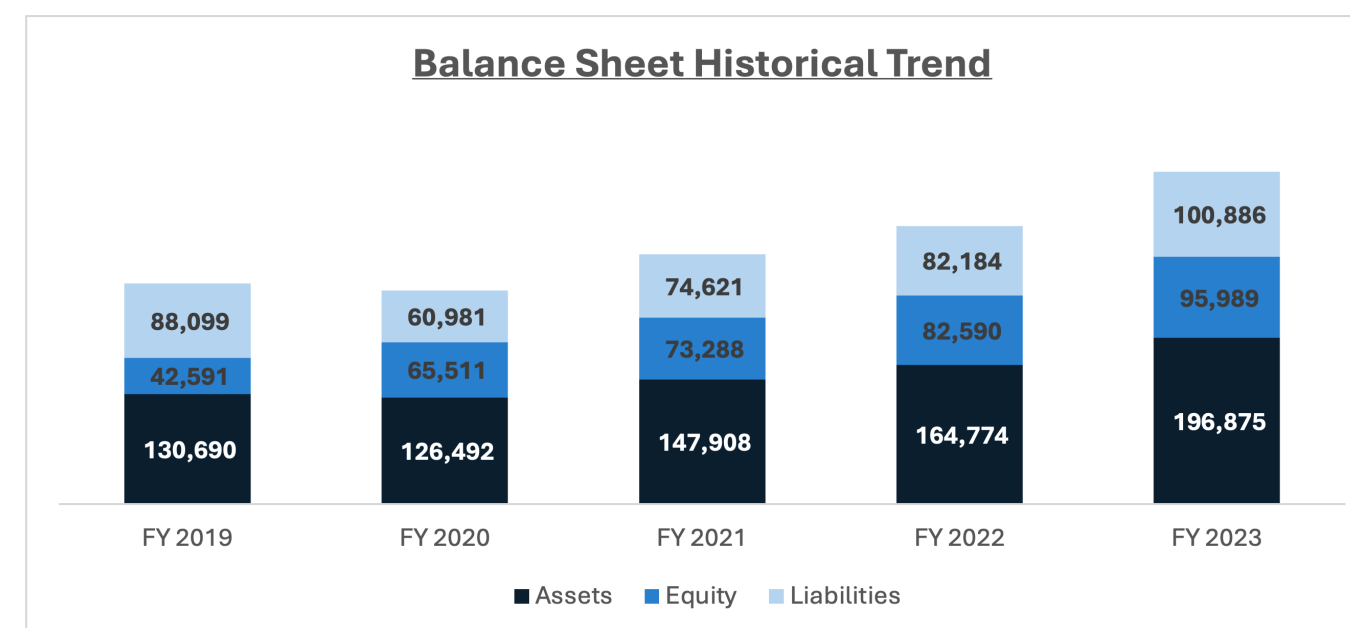


Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenue	87,175	93,392	116,683	154,571	156,647
Gross Profit	17,104	15,279	17,683	21,337	28,038
Net Profit	1,117	6,037	7,807	9,302	13,031

*Figures are in SR k

APICO has successfully recorded net profit of SR 13 million, having a remarkable 40% growth compared to the previous year. It underscores the company's ability to drive sustainable profitability while maintaining focus on cost effectiveness and prudent investment.

3.2 - APICO Assets, liabilities, and Equity

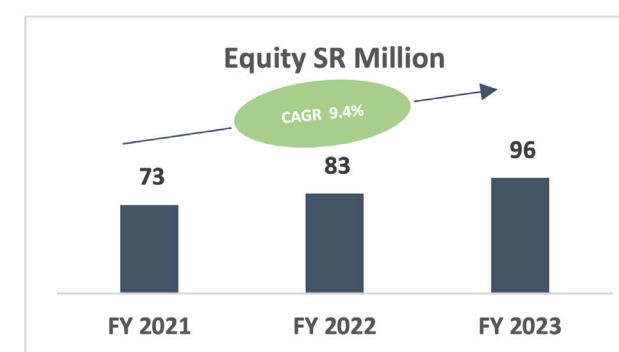


	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Assets	130,690	126,492	147,908	164,774	196,875
Equity	42,591	65,511	73,288	82,590	95,989
Liabilities	88,099	60,981	74,621	82,184	100,886

*Figures are in SR k

APICO assets have increased by 19.5% in FY 2023 which is mainly because of investment of SR 27 millions (compared to 2022) in machines, molds, equipment for future production enhancement. Additionally, inventory increased by 27% to fuel operations.

Shareholder equity for FY-2023 has increased by 16.22% to reach SR 96 million which is mainly due to continuous outstanding performance and achieving net profit of SR 13 million.



3.3 - Loans Details

Bank Name	Tenure	Loan Balance Dec-23	Repaid during year
SAIB	Short term - Revolving	55,246,507	
SAIB	Medium Term	-	3,700,000
SIDF	Long Term	-	3,890,000

The company has repaid a loan of SR 7.6 million of long term loan during FY 2023 which led to decrease in leverage.

3.4 - Description debt instruments:

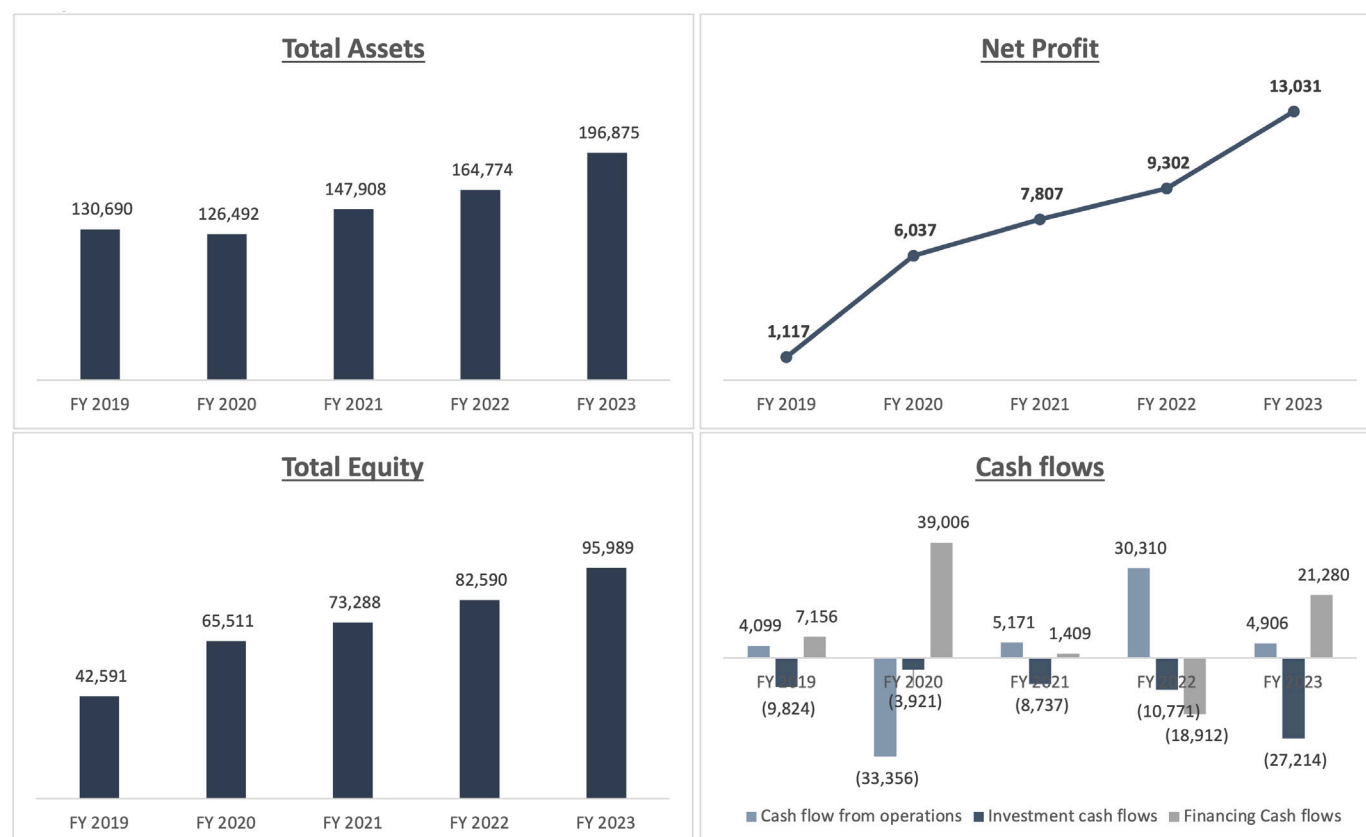
In 2023, the company did not issue or grant any convertible debt instruments into shares or to any options or subscription memorandum or any similar rights.

Overall company liabilities increased by 22.8% to reach SR 100.9 million where payables, related party and loan comprise of 18.2%, 15.8% and 54.8% respectively of total liabilities.

3.5 - A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor.

Description	Paid (Amount)	Due unpaid until the end of the annual fiscal period (Amount)
Zakat, Tax and Custom Authority	5,024,727	0
GOSI	929,562	58,894

*Figures are in SR k



4. Financial Declarations

- APICO's accounting records were maintained properly.
- There are no material events that affect the company's financial position after the end of the FY 2023, that require disclosure, other than the information already available and disclosed.
- The auditor's report does not contain reservations on the annual financial statements.
- There are no significant doubts about the ability of APICO to continue its activities.
- APICO's internal control system is effectively developed and implemented on sound foundations.

5. Related Party Transactions

Below are the balances of related party transactions. Positive balances indicate APICO liabilities to respective companies whereas negative balances indicate due from respective companies

Companies	FY 2022	FY 2023
Balubaid Group Holding Company	(244)	(141)
Arabian Plant for Lubricants and Greases (APLG)	(302)	(520)
Omar A. Balubaid Company (OABC)- Transportation	55	0
Aswaq Al Hijaz Commercial Company	81	81
Saudi Finance House Company (SFH)	148	148
Omar A. Balubaid Company Limited (OABC)	18,941	15,742
Awtad Industrial Company	0	(35)

*Figures are in SR k

• Balubaid Group Holding Company

The nature of transactions with Balubaid Holding are Payments 'On Behalf Of' of certain operational expenses.

• Arabian Plant for Lubricants and Greases (APLG)

APLG is a supplier and customer at the same time (1) Supplier: APLG supplies APICO with oil & grease products (2) Customer: APLG buys from APICO Oil Gallon as a finished product.

• Aswaq Al Hijaz Commercial Company

These are transactions between companies for operational expenses settlements.

• Saudi Finance House Company (SFH)

These are transactions between companies for operational expenses settlements.

• Omar Abubakr Balubaid Co. (OABC)

The nature of transaction with OABC – Transportation was freight service provided to APICO. Additionally, the nature of transactions with OABC is also payment 'On Behalf Of' and occasional fund provider.

• Awtad Arabic Industrial

These are transactions between companies for operational expenses settlements.

6. Human Resource

The year 2023 marked significant achievements and milestones in the realm of human resource. This section provides an overview of the key activities, initiatives, social contributions, training programs, and the prevailing culture and work environment during the year.

6.1 - Recruitment and Onboarding:

At APICO, we implemented simplified recruitment processes aimed at attracting top talent for our new production facility in Al Kharj- Riyadh, while simultaneously ensuring a seamless onboarding experience for new employees. As a result of these efforts, we successfully attracted twenty-eight employees across various specializations within a span of two months.

Furthermore, we successfully attracted national and professional cadres for the new production facility in the Al-Kharj region. This strategic recruitment initiative is expected to significantly contribute to the development and advancement of our project in the region, further enhancing our capabilities and impact.

Additionally, human resource department has dedicated resources to enhancing the onboarding process, which involved the development of a comprehensive evaluation program. This program provided new employees with the opportunity to provide feedback on their onboarding experience. We are delighted to report that the results from the evaluation program indicated a satisfaction rate exceeding 95%.

These achievements highlights our commitment to best recruiting and onboarding practices that prioritize the satisfaction and success of our employees, ultimately contributing to the overall success of our organization.

6.2 - Trainings Program Provided to Employees:

APICO management is working to build a creative environment that contributes to the professional development and enhanced capabilities of our senior leadership team that lead to search and innovate for new products and services with creative solutions to challenges through training programs

One of the notable achievements of the HR includes the implementation of training programs tailored for leaders from senior management. These programs encompassed various critical areas such as financial management and project management.

Furthermore, we established a new partnership with the Higher Institute of Paper and Industrial Technologies. This collaboration aimed to train 25 trainees in cooperation with the Human Resources Development Fund (HRDF). The objective is to train and enhance professional skills for national cadres in various specializations.

6.3 - APICO Culture and Work Environment:

Developing a positive working culture is crucial to improve employee productivity and efficiency as employees are more motivated in a supportive and positive environment.

HR Department organize various events to foster communication and strengthen relationships with our employees across different departments during the year. This initiative contributed to enhancing bonds and promoting unity within our company.

7. Company Future prospects

APICO is a leading Plastic Packaging Manufacturer specializing in packaging solutions for various industries, including retail, FMCG, healthcare, and lubricants. With a strong focus on innovation and customer satisfaction, APICO has established itself as a key player in the plastic packaging sector.

7.1 - Significant Plans and Decisions:

Organizational Restructuring: APICO recently underwent a minor organizational restructuring aimed at streamlining operations and enhancing efficiency. This restructuring involved consolidating certain departments, reallocating resources, and optimizing workflows to better align with the company's strategic objectives.

Expansion into New Markets: Recognizing the growing demand for customized products like crates, APICO has made strategic decisions to expand its operations into new geographical markets. This expansion includes establishing (under progress) a new manufacturing facility in Al Kharj, Central Region. Customer-Centric Approach: APICO recognizes the importance of fostering strong relationships with its customers. In line with this, the company has implemented initiatives to foster a culture that prioritizes customer satisfaction at all levels of the organization.

7.2 - Future Expectations:

Sustained Growth and Expansion: With its strategic initiatives in place, APICO expects to experience sustained growth and expansion in the coming years. The company aims to capitalize on emerging opportunities as per VISION 2030 as a market leader in Injection Molded heavy articles development and solutions needed.

Innovation and Product Development: APICO remains committed to driving innovation and advancing its product offerings to meet evolving customer needs and market trends. Therefore, APICO has redefined its scope beyond the Packaging scope.

Market Leadership and Competitive Advantage: Through its focus on innovation, customer satisfaction, and operational excellence, APICO aims to strengthen its position as a market leader and maintain a competitive advantage in the rapidly evolving technology landscape. The company will continue to invest in talent acquisition, strategic partnerships, and technological infrastructure to support its growth objectives.

In conclusion, APICO's significant plans and decisions, including organizational restructuring, expansion into new markets, investment in state-of-the-art technologies and development, and enhanced customer engagement, are all geared toward achieving its future expectations of sustained growth, innovation, market leadership, and customer satisfaction.

8. Risk Management

APICO management continuously emphasize on assessment of risks (operational, –financial or market related) and apply mitigation measures to effectively control these risks. Below are the risks which company may encounter:

8.1 - Risk related to company expansion:

Always the performance of the company will be based on the successful execution of its work plans and growth strategies, which include manufacturing new products and expanding its product lines through the setup, preparation, and development of production lines. Failure to implement these plans or neglecting to establish the necessary production lines could significantly and negatively impact the company's operations and financial standing. Though, the company has well-detailed plans in place to ensure the smooth execution of this expansion. With a growing customer base, the company is confident in its ability to sell products effectively and meet market demand.

8.2 - Raw material price variation risk

In recent years, there has been a volatility in raw material prices across various categories, including petrochemicals and plastics. The company has devised a strategic plan to align inventory levels with production volumes and customer contracts, aiming to maintain inventory values closer to market prices. This initiative is intended to mitigate risks associated with price fluctuations.

8.3 - Risks related to equipment and machinery

The company structure consists of four main production lines with different technology machines for manufacturing plastic materials. In case of any failure, breakdown or sudden suspension in the work of such lines or machinery, there may be a negative impact on the company's production throughout the term of failure, breakdown or suspension. Accordingly, there may be a negative impact on the Company's activities, forecasts and results of operations throughout the term of suspension of production. Such impact may be substantial if it continues for a long time or if more than one production line is suspended at the same time. To mitigate such risks, the company periodically arranges maintenance of the machines and production lines so that the breakdown time remain lowest and production efficiency could be optimized.

8.4 - Liquidity risk

The company has good relations with financing institutes and have ample financing available to meet its obligations as they arise. Additionally, the company actively manages the liquidity risk by maintaining adequate levels of cash and cash equivalents.

8.5 - Risk related to competition

The Company operates in a highly competitive market where it may encounter cheap products from external competitors, possibly leading to price reductions and negative impacts on business results. To maintain competitiveness, the Company distinguishes itself by offering high-quality products at reasonable prices, positioning itself effectively in the market.

8.6 - Risks associated with financing agreements.

The company may face risks associated with financing agreements, wherein there is a possibility of being unable to fulfill repayment obligations. The company has successfully repaid loans obligations with banks, maintain good relations with banks and therefore also leverage to access additional financing when needed.

8.7 - Risks related to receivables:

Due to the operational nature of company and expansion of sales, company receivables reach to SR 47 million net as of December 31, 2023 which are 24% of total assets. Management focus on its effective credit and collection policy which helped to reduce the credit risk of customers. Management is very confident of its active receivables therefore less risk of receivable default.

8.8 - Risks of inability to Comply with the Saudization Requirements

In recent years, the Government has mandated a Saudization regulations for private sector companies, requiring a certain percentage of Saudi citizens to be employed ("Saudization"). Compliance with these Saudization requirements is currently mandatory. The Saudization rate is determined based on the company's industry classification under NITAQAT system. The company human resource department is continuously monitoring the NITAQAT percentage and plans their recruitment considering the Saudization requirements.

8.9 - Insurance Coverage

There may be a risk arising from uninsured accidents, including terrorist acts, and other risks associated with handling hazardous or toxic materials that could pose environmental or human health risks. The company has insurance coverages and also taking reasonable measures to reduce any potential future risks.

8.10 - Reliance On Human Capital

The company relies on the effectiveness and expertise of its executive management team and key personnel. While the company is committed to establishing long-term plans to retain employees or seamlessly replace them when needed. APICO has effective human resource function with proactive approach which help to mitigate this risk.

9. Board of Directors

Below are the members of APICO board.

1	Khalid Omar Abubakr Balubaid	Chairman
2	Ahmed Omar Abubakr Balubaid	Vice chairman
3	Saeed Omar Abubakr Balubaid	Board Member
4	Waleed Khalid Omar Balubaid	Board Member
5	Mohammed Hashim Bakr Al-Haj	Board Member
6	Nagi Sourati	Board Member - Independent
7	Azhar Medo Mohyaldeen Kenji	Board Member - Independent
8	Venugopal T. K.	Board Member - CEO

9.1 - Main Functions of the Board

- Laying down the plans, policies, strategies and main objectives of the Company, supervising their implementation and reviewing them periodically, and ensuring that the human and financial resources required to fulfill them are available, including:
 - Setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management and review and guide them.
 - Determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets;
 - Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets;
 - Setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company.
 - Reviewing and approving the organizational and human resources structures of the Company periodically.
- Setting rules and procedures for internal control and generally overseeing them, including;
 - Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties;
 - Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports;
 - Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company; and
 - Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
- Develop clear policies and criteria for membership in the Board and implement them following approval by the General Assembly;
- Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of these Regulations;
- Develop a corporate governance chart, which is consistent with the Companies Law and the bylaws of the Company;

9.2 - Composition of the Board of Directors and classification of its members and meetings

As per Article (19) of the company's Bylaw, the Board of Directors is composed of eight members, as specified in Paragraph (a) of Article (17) of the Corporate Governance Regulations. On June 21, 2021, the Ordinary General Assembly elected the Board of Directors for the current session. The board of directors conducted 4 board meetings throughout 2023 as follows:

#	Name	Nature of Membership	1st Meeting 22/03/2023	2nd Meeting 31/08/2023	3rd Meeting 19/10/2023	4th Meeting 22/12/2023
1	Mr. Khalid Omar Abubakr Balubaid	Non-Executive	✓	✓	✓	✓
2	Mr. Ahmed Omar Abubakr Balubaid	Non-Executive	✓	✓	✓	✓
3	Mr. Saeed Omar Abubakr Balubaid	Non-Executive	✓	✓	✓	✓
4	Mr. Waleed Khalid Omar Balubaid	Non-Executive	✓	✓	✓	✓
5	Mr. Mohammed Hashim Bakr Al-Haj	Non-Executive	✓	✓	✓	✓
6	Mr. Nagi Sourati	Independent	✓	✓	✓	✓
7	Mr. Azhar Medo Mohyaldeen Kenji	Independent	✓	✓	✓	✓
8	Mr. Venugopal T. K.	Senior Executive	✓	✓	✓	✓

9.3 - Names of current and previous companies, bodies, and legal entities in which the member is a member of their boards of directors or managers.

Member Name	Mr. Khalid O. Balubaid
Membership	Chairman
Qualification	Diploma in Business Technology from Mount Watchset Community College, USA in 1974.
Experience	34+ Years of diversified experience in automobile, real estate, plastic manufacturing, financing.

Name of Companies	Period	Place	Legal From
Chairman of Balubaid Group Holding Co.	Current	Inside KSA	Limited Liability
Chairman of Omar A. Balubaid Co.	Current	Inside KSA	Limited Liability
Chairman of Aswaq Al Hijaz Commercial Co.	Current	Inside KSA	Limited Liability
Chairman of Arabian Plant for Lubricants & Grease Co.	Current	Inside KSA	Limited Liability
Chairman of Saudi Finance House Co.	Current	Inside KSA	Limited Liability
Chairman of Balubaid Automotive Co.	Current	Inside KSA	Limited Liability
Chairman of National Finance House Co.	Current	Inside KSA	Closed Joint Stock
Chairman of Wateen Al-Tamayouz Trading Co.	Current	Inside KSA	Limited Liability
Chairman of Wahat Al-Yusur Co.	Current	Inside KSA	Closed Joint Stock

Member Name	Mr. Ahmed O. Balubaid
Membership	Vice Chairman
Qualification	Bachelors in business administration from New York Institute of Technology, USA, in 1982.
Experience	34+ Years of diversified experience in automobile, real estate, plastic manufacturing, and financing in Balubaid group of companies.

Name of Companies	Period	Place	Legal From
Vice Chairman of Balubaid Group Holding Co.	Current	Inside KSA	Limited Liability
Vice Chairman of Omar A. Balubaid Co.	Current	Inside KSA	Limited Liability
Vice Chairman of Aswaq Al Hijaz Commercial Co.	Current	Inside KSA	Limited Liability
Vice Chairman of Arabian Plant for Lubricants & Grease Co.	Current	Inside KSA	Limited Liability
Vice Chairman of Saudi Finance House Co.	Current	Inside KSA	Limited Liability
Vice Chairman of Balubaid Automotive Co.	Current	Inside KSA	Limited Liability
Vice Chairman of National Finance House Co.	Current	Inside KSA	Closed Joint Stock
Chairman of Mab Trading Co.	Current	Inside KSA	Limited Liability
Vice Chairman of Wahat Al-Yusur Co.	Current	Inside KSA	Closed Joint Stock
Chairman of Marsana Rental Car Co.	Current	Inside KSA	Limited Liability
Chairman of Service Equipment’s Co.	Current	Inside KSA	Limited Liability

Member Name	Mr. Saeed O. Balubaid
Membership	Board member
Qualification	High school education from a community high school in the United States of America in 1989
Experience	34+ Years of diversified experience in automobile, real estate, plastic manufacturing, and financing in Balubaid group of companies.

Name of Companies	Period	Place	Legal From
Board Member of Balubaid Group Holding Co.	Current	Inside KSA	Limited Liability
Board Member of Omar A. Balubaid Co.	Current	Inside KSA	Limited Liability
Board Member of Aswaq Al Hijaz Commercial Co.	Current	Inside KSA	Limited Liability
Board Member of Arabian Plant for Lubricants & Grease Co.	Current	Inside KSA	Limited Liability
Chairman on Awaan Al-Khair Trading Co.	Current	Inside KSA	Limited Liability
Board Member of National Finance House Co.	Current	Inside KSA	Closed Joint Stock
Chairman of Saeed Omar A. Balubaid Co.	Current	Inside KSA	Limited Liability
Board Member of Wahat Al-Yusur Co.	Current	Inside KSA	Closed Joint Stock
Board Member of Furniture Leaders Co.	Current	Inside KSA	Limited Liability
Board Member of Awtad Industrial Co.	Current	Inside KSA	Limited Liability
Board Member of Roots Business Company	Current	Inside KSA	Limited Liability

Member Name	Mr. Waleed K. Balubaid
Membership	Board member
Qualification	Master’s in business finance from Bentley University, USA, in 2012. Bachelors in computer science from Fairleigh Dickinson University, USA, in 2005.
Experience	- 16+ years of diversified experience in Finance, investments, governance, IT at Balubaid group of companies. - 2012-2023 Group Chief Financial Officer (CFO) at Balubaid group of companies - 2010-2011 Financial Advisor at Bentley University - 2006-2009 Chief financial officer at Saudi Finance House Company

Name of Companies	Period	Place	Legal From
Board Member of Balubaid Group Holding Co.	Current	Inside KSA	Limited Liability
Board member of National Finance House Co.	Current	Inside KSA	Closed Joint Stock
Board Member of Aswaq Al Hijaz Commercial Co.	Previously	Inside KSA	Limited Liability

Member Name	Mr. Mohammed Al-Haj
Membership	Board member
Qualification	- Bachelor’s degree in industrial engineering from the Hashemite University in Jordan in 2004.
Experience	- 2018 till date Balubaid group of companies. Current position Group Chief Executive Officer - 2017-Vice President, Organizational Transformation at Astra Industrial Group - 2013-2017-Head of Organizational Development and Change Management at Bin Laden Holding Company - 2009-2013-Head of Organizational Development Department at Al Mutlaq Group

Name of Companies	Period	Place	Legal From
Board member of National Finance House Co.	Current	Inside KSA	Closed Joint Stock
Board member of JWICO Co.	Current	Outside KSA	Listed joint stock

Member Name	Mr. Naji Sourati
Membership	Board member
Qualification	- Master in Business Administration, Finance and Strategy, University of Chicago. - Bachelor of Science in Industrial and Operations Engineering, University of Michigan, Ann Arbor.
Experience	- 2015 to date: Partner, High Impact Advisors Co. - 2014 to date: Co-founder, Royal Purple Roastery LLC. - 2007-2014 Head of Telecom and Technology Practice at Bain & Company ME - 2004-2007: Managing Director - Booz Allen & Hamilton, Sout-East Asia

Name of Companies	Period	Place	Legal From
Board Member of Royal Purple Roastery LLC	Current	Outside KSA	Limited Liability
Board Member of Savola Plastics	Previously	Inside KSA	Limited Liability

Member Name	Mr. Azhar Medo Mohyaldeen Kenji
Membership	Board member
Qualification	Bachelor’s degree in industrial engineering from King Abdul Aziz University "1985"
Experience	- 2015-2018 Consultant at Takween Advance Industrial Company - 2018-2019 Consultant at Savola Food Company - 2010-2015 CEO at Savola Packaging System Company - 2005-2010 President at Savola Packaging System Company - 1985-2005 Various positions in Savola Company

Name of Companies	Period	Place	Legal From
Board Member of Saudi Cables Co.	Current	Inside KSA	listed joint stock
Board member of Ahmad Mohammed S. Baeshen Co.	Current	Inside KSA	Limited Liability
Board member of Medal Cables Co.	Current	Outside KSA	Limited Liability
Board Member in Kiswat Aisha	Current	Inside KSA	Non-Profit
Independent board member at Bin Yamani Group holding company.	Previously	Inside KSA	Limited Liability

Member Name	Mr. Venugopal T.K.
Position	CEO
Qualification	Postgraduate degree in plastic testing and conversion technology from the Central Institute of Petrochemical Engineering and Technology in India in 1992. Bachelors in chemistry from the University of Madras, India, in 1990.
Experience	- 2002 till date – Arabian Plastic Industrial company. Current Position Chief Executive Officer - 1999-2002 Production Manager at Saudi Paper Cups and Containers - 1995-1999 3D PACKAGING (VORA PACKAGING)

9.4 - Board members Remuneration

Independent members of board were paid below part of remuneration in FY 2023.

Name	Total fees (SR)
Mr. Naji Sourati	20,000
Mr. Azhar Medo Mohyaldeen Kenji	22,500

10. Board Committees

10.1 - Audit Committee

The audit committee plays a critical role in monitoring the company's activities and ensuring the integrity and effectiveness of reports, financial statements, and internal control systems. Some of main responsibilities include:

- Analysing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- Examining and reviewing the Company's internal and financial control systems and risk management system;
- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
- Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical, administrative or consulting works that are beyond its scope of work, and provides its opinion thereon
- Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.
- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

10.1.1 - Highlights on the activities of the Committee during 2023:

- Studying the interim and annual financial statements prepared by the company’s management.
- Recommend to the General Assembly the nomination of the external auditor of the company and review its plan and work.
- Examining the external auditor’s report and the management letter, which includes any observations on the internal control systems.
- Supervising the internal audit activity in the company.

10.1.2 The Company’s Audit Committee held nine meetings during 2023, to implement the tasks entrusted to it, as follows:

Name	Nature of Membership	1 st Meeting	2 th Meeting	3 th Meeting	4 th Meeting	5 th Meeting	6 th Meeting	7 th Meeting	8 th Meeting	9 th Meeting
		05/03/2023	07/03/2023	08/03/2023	13/03/2023	16/03/2023	16/03/2023	10/04/2023	10/05/2023	17/08/2023
Waleed Balubaid	Chairman	☑	☑	☑	☑	☑	☑	☑	☑	☑
Hassan Al-Zahrani	Member	☑	☑	☑	☑	☐	☑	☑	☑	☑
AbdulRahman Mohammadi	Member	☑	☑	☑	☑	☑	☑	☑	☑	☑

10.1.3 Names of the members of the Audit Committee, their current and previous positions, qualifications and expertise:

Mr. Waleed’s details were previously presented under item 9.3. As for the other members, their details are as follows:

Member Name	Mr. Hassan Ibrahim Al-Zahrani
Membership	Committee Member
Qualification	- Member of the Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia in 2009. - Master’s degree in accounting from King Abdulaziz University, Saudi Arabia, 2008. - Bachelor’s degree in accounting from King Abdulaziz University, Kingdom of Saudi Arabia, 1999
Experience	- +20 years of diversified experience in finance and audit.
Membership in other companies	- Executive Director in the office of Abboud Abu Bakr Baeshen and Partners since 2010.

Member Name	Mr. Abdul Rahman Mohammadi
Membership	Committee Member
Qualification	Bachelor’s degree in Accounting from King Fahad University 2009
Experience	- 2024 – Current Director, Financial Planning & Analysis and Business Partnership at Emaar The Economic City - 2022-2023 Regional Finance Manager at Johnson & Johnson - 2022 Financial Controller at Tamer Healthcare - 2021 Head of Finance, AbbVie - 2020 Planning & Pricing Manager at Eli Lilly and Company - 2019 Budget & Cost Control Manager at NOMAC

10.1.4 The Outcomes of the Annual Audit on the Effectiveness of the Company's Internal Control Procedures

The audits committee revealed no significant weaknesses or deficiencies within the internal control system.

10.1.5 Audit Committee Members Remuneration

Audit committee members were paid below part of remuneration in FY 2023.

Name	Total fees (SR)
Mr. Hassan Ibrahim	28,000
Mr. Abdul Rahman Mohammadi	28,000
Total	56,000

10.2 - The Nominations and Remunerations Committee:

10.2.1 Nomination & Remuneration Committee:

- Suggesting clear policies and standards for membership of the Board and the Executive Management.
- Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.
- Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company.
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and

- Preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management,
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and

10.2.2 Highlights of the achievements of the committee during 2023:

- Formation of the Nominations and Remunerations Committee .
- Developed a clear policy for the remunerations of the Board members and its committees and the Executive Management.

10.2.3 The Company’s Nominations and Remunerations Committee held one meetings during 2023, to implement the tasks entrusted to it, as follows:

Name	Nature of Membership	1st Meeting
		09/11/2023
Mr. AbdulHamid M. Al-Yousef	Chairman	☒
Mr. Mohammed H. Al-Haj	Member	☒
Mr. Abubakr M. Balubaid	Member	☒

10.2.4 Names of the members of the Nomination and Remuneration Committee, their current and previous positions, qualifications and expertise:

Mohammed Al-Haj’s details were previously presented under item 9.3. As for other member details are as follows:

Member Name	Mr. AbdulHamid M. Al-Yousef
Membership	Committee Chairman
Qualification	- Bachelor’s degree in industrial management from King Fahad University - Master's degree in Business Administration from Arab Academy for Science 2011
Experience	2023-Current CEO at Saed International Company 2021-2023 CEO at Al-Yousef Consulting Office 1996-2021 Various Leadership Positions at Saudi Bin Laden

Name of Companies	Period	Place	Legal Form
Vice Chairman of Golf East Contracting Co.	Current	Inside KSA	Limited Liability
Board Member of KadiPay Co.	Current	Inside KSA	Limited Liability
Board Member of Saed International Co.	Current	Inside KSA	Closed Joint Stock
Board Member of Al Reda Human Resources Co.	Current	Inside KSA	Limited Liability

Member Name	Mr. Abubakr M. Balubaid
Membership	Committee Member
Qualification	- Bachelor’s degree in Management Information systems from King Fahad University 2009
Experience	- 2022- Current Principal at CORE3 Consultancy - 2013-2022 HR & Admin Director at Balubaid Group - 2011-2012 HRIS Manager at Abu Dawood Group

Name of Companies	Period	Place	Legal From
NRC Member of National Finance House Co.	Current	Inside KSA	Joint Closed Com.

10.3 - Executive Management:

Mr. Venu details were previously presented under item 9.3. As for other member details are as follows:

Member Name	Mr. Salamah A. Al Qatarnah
Position	Finance Manger
Qualification	-Bachelor's degree Accounting from Jordan university
Experience	2022-2023 Acting CFO at Pi Pharma Intelligence 2017-2021 Corporate Finance manager at Tabuk Pharmaceuticals 2015-2016 Associate Finance Manager, Bin Laden Holding 2009-2014 Various Leadership positions at Hikma Pharmaceuticals

10.3.1 - Senior Executives Remuneration

Senior executives were paid of SR 542,510 in FY 2023

11. Dividend Policy

Article 45 of the Company's Bylaws addressed the distribution of the company's net profits as follows:

- The General Assembly determines the percentage that must be distributed from the net profits after deducting reserves, if any.
- The company may set aside a percentage of net profits to form the company's statutory reserve, up to the level it reaches 30% of paid-up capital.
- The Ordinary General Assembly may, based on the proposal of the Board of Directors, set aside a percentage of net profits to form reserves, and allocate them for a specific purpose or purposes, provided that the use of these reserves is based on a proposal from the Board of Directors and in ways that benefit the company or shareholders.
- The Ordinary General Assembly may decide to form other reserves, to the extent that serves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The assembly may also deduct amounts from the net profits to achieve social purposes for the company's employees.
- The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis after fulfilling the controls and requirements set by the competent authorities in this regard.

12. General Assembly

A statement of the dates of the general assemblies of shareholders held during the last fiscal year and the names of the members of the board of directors attending these assemblies:

#	Name	Ordinary General Assembly Meeting 04/06/2023	Extraordinary General Assembly Meeting 14/12/2023G
1	Mr. Khalid Omar Abubakr Balubaid	✓	✓
2	Mr. Ahmed Omar Abubakr Balubaid	✓	✓
3	Mr. Saeed Omar Abubakr Balubaid	✓	✓
4	Mr. Waleed Khalid Omar Balubaid	✓	✓
5	Mr. Mohammed Hashim Bakr Al-Haj	✓	✓
6	Mr. Nagi Sourati	✓	✓
7	Mr. Azhar Medo Mohyaldeen Kenji	✓	✓
8	Mr. Venugopal T. K.	✓	✓

13. Number of the company's Requests of The Shareholders' Registry, Dates and reasons

The company requested the shareholders' registers 2 times during FY 2023 as follows:

Number of the company's request of the shareholders' registers	Request Date	Request Reason
1	16/07/2023	Company Procedure
2	13/12/2023	General Assembly

14. Disclosures

- The audit committee's recommendation on appointing an internal auditor for the Company, if it has made such recommendation in the last financial year.

Audit committee recommended to appoint internal auditor amongst the shortlisted candidates, dated 14/12/2023

- A statement as to the value of any investments made or any reserves set up for the benefit of the employees of the company

There are no investments made. However, employees end of service benefit reserve is being maintained as also mentioned in audit financial statements

- Any punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future;

There is no penalty imposed on company

- The audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.

There is no conflict

- Any inconsistency with the standards approved by the Saudi Organization for Chartered and Professional Accountants.

There is no

- Name of each affiliate company, its capital, the company's ownership percentage, the main scope of business, country of operation and country of incorporation.

There is no affiliate company

- A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article 85 of the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during the last fiscal year.

There is no

- A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Company or its affiliates, and any change on these interest or rights during the last fiscal year.

There is no

- A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company.

There is no

- If the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation.

There is no. external auditor is same

- Information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses, including the names of persons in relation, the nature, conditions of such competing businesses. If there are no such competing businesses, the Company must submit a statement thereof.

There is no

- A description of the class and number of any convertible debt instruments, contractual securities, preemptive right, or similar rights issued or granted by the Company during the fiscal year, as well as stating any compensation obtained by the Company in this regard.

There is no

- Description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its affiliates.

There is no

- information relating to any business or contract to which the Company is a party and in which a director of the Company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the business or contract. If there are no such businesses or contracts, the Company must submit a statement thereof.

There is no

- A description of any arrangement or agreement under which a shareholder of the Company has waived any rights to dividends.

There is no

- Procedure taken to the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance.

Board members participate in general assembly meetings which serve as a platform for shareholders to provide their suggestions and remarks directly to the BODs.

- Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with the Company, if any;

NRC was operational after the general assembly meeting dated December 2023 which will assess the performance of board members.

- A description of any arrangement or agreement under which a director or a Senior Executive of the Company has waived any remuneration.

There is no