



# Annual

## Board Report 2024

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## CHAIRMAN 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 2024. This report provides an overview of the company's activities and financial outcome for the year ending on December 31, 2024. It highlights the achievements made during this period. Additionally, it provides insights into the Board of Directors and its committees along with outlining the company objectives and strategies.

Building on our remarkable performance in 2023, we continued to focus on sustainable growth and operational excellence in 2024. Through strategic initiatives, that are aligned with the Kingdom's vision for a thriving manufacturing sector, we have strengthened our market position while maintaining our commitment to quality and innovation. Our business model and dedicated workforce have enabled us to adapt to changing market dynamics and capture new opportunities.

I extend our gratitude to APICO's esteemed shareholders for their unwavering trust, confidence, and continued support. Your support continues to inspire us to reach new heights of excellence, drive innovation, and deliver exceptional value to all our stakeholders while maintaining the highest standards of corporate governance and operational excellence.

I would also like to express our sincere gratitude to 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 visionary leadership and unwavering support 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



## CEO MESSAGE

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

Greetings,

As we look back on FY 2024, I am once again filled with immense pride and appreciation for the dedication and resilience demonstrated by our entire team at APICO. This past year has been a testament to our ability to navigate an evolving business landscape while staying true to our core values of innovation, excellence, and sustainability.

FY 2024 was a year of strategic growth and operational excellence. Despite global economic fluctuations and industry-specific challenges, APICO remained steadfast in its pursuit of progress. Through the relentless efforts of our employees and the continued support of our stakeholders, we have strengthened our market position and delivered good performance across all facets of our business.

Innovation remains the driving force behind our success. At Al Kharj, we have invested in state-of-the-art technology to better serve customers in the central and Eastern regions, optimized our product mix, and expanded business development initiatives to ensure sustainable growth. Through digital transformation and automation, we have enhanced operational efficiency, boosted productivity, and strengthened our competitive edge in the industry.

APICO achieved strong financial performance in FY 2024, with revenue reaching SR 183 million and net profit growing by 2.7% to SR 13.4 million. This success stems from strategic investments, cost discipline, and a commitment to stakeholder value. Beyond finances, APICO has advanced corporate responsibility through inclusivity, employee development, and sustainability efforts.

As we move forward, we do so with a clear vision and a well-defined strategy. The year ahead presents new challenges, but also vast opportunities for expansion and diversification. With a highly capable and motivated team and the continued support of our esteemed board members, I am confident that APICO is well-equipped to seize new opportunities and build on our legacy of success.

I extend my sincere gratitude to our chairman, the board of directors, our dedicated employees, and our valued stakeholders. Your guidance, hard work, and commitment have been instrumental in our achievements, and I am excited for the journey ahead as we strive for even greater accomplishments in the future.

**Venugobal T. K.**  
Chief Executive Officer

# ABOUT The Company

## 1.1 - Company Overview

Arabian Plastics Industries Company widely recognized as APICO is a listed Saudi Joint Stock company and a leading plastic manufacturing company headquartered in Jeddah, Saudi Arabia. Established in 1996, the company runs multiple production lines specializing in plastic packaging, with operational facilities in both Jeddah and Al Kharj.

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 as mentioned in the Commercial Register in Jeddah – Industrial City 1, Phase 3, Jeddah, Kingdom of Saudi Arabia.



### Company Vision

Arabian Plastic Industrial Company seeks to be a market leader in the region, with global interests. Renowned for its high quality in providing products and services, in a cost-effective and friendly manner that exceeds customer expectations, through the efforts of everyone.



### Company Mission

Arabian Plastic Industrial Company aims to provide customers with the best choice of products, services, and solutions to satisfy their needs, we deliver prosperity to our people, and shareholders and positively contribute to the communities we serve.

## 1.2 - APICO Strengths and Competitive Advantages

- One of the leading companies in the plastic manufacturing industry with prominent four lines of plastic products such as thermoforming, films, injections, and blow molding.
- The Company has installed capacity is 26,710 metric tons.
- Experience and presence in the market for more than 29 years.
- Adoption of the latest technology machines throughout the production process, from manufacturing to quality control.
- APICO has 400+ different molds, and the company continuously invests in new molds to meet the demand for different types of products for new and existing customers.
- The company has a diverse customer base with a 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

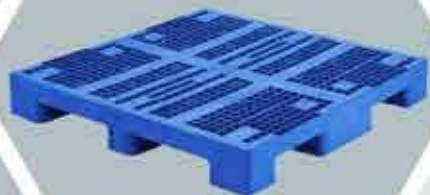
A brief description of APICO product categories is provided below

#### i. Injection Moulding

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 plays a large part in the area of plastic processing. It is a rapid method of producing a large number of plastic products with high precision.

##### Products:

In the Injection molding section, APICO produces pallets, dairy crates, bakery baskets, poultry trays, supermarket 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 consists of three sub-processes: Extrusion, Thermoforming, and Printing. In Extrusion, APICO produces plastic sheets from PET, PS, and PP resins for later thermoforming. Thermoforming involves heating and molding thermoplastic sheets into desired shapes like cups and trays, using high-pressure and vacuum forming, followed by auto trimming and stacking. Finally, in Printing, APICO uses advanced UV dry offset technology to decorate plastic cups at high speeds of up to 650 cups per minute to meet mass production demands

##### 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 a hollow bottle, container, or part. After the plastic has cooled sufficiently, the mold is opened, and the part is ejected.

#### Products:

In the blow molding section, APICO produces lubricants, food containers & detergent bottles along with caps as per client demand.



### iv. Film Section

FILM section at APICO consists of three sub-processes: Extrusion, Printing, and Bag Cutting. In Extrusion, blown film technology is used to produce various polymer films for packaging applications such as shrink wrap, stretch films, barrier films, and shopping bags. Printing is done using high-quality flexographic techniques, ensuring excellent print quality on plastic film substrates for products like shopping bags, shrink rolls, and slitting rolls. Finally, in Bag Cutting, printed or unprinted plastic films are pressed, cut, and shaped into various bag types, including grip hole bags, loop handle bags, and bakery bags, customized to meet specific end-user requirements.

#### Products:

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



# APICO

## Installed Machine Capacity

## 2. APICO Installed Machine Capacity

APICO has a state-of-the-art manufacturing facility with an installed production capacity of 26,710 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 the production of a wide range of 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.

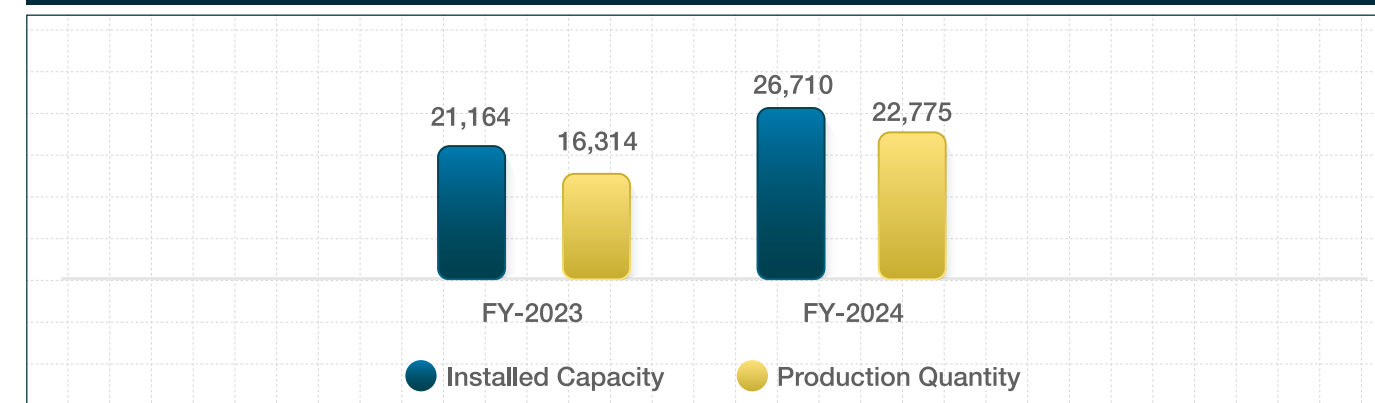
In FY 2024, APICO has increased installed capacity mainly in the Injection molding section by 32% due to an increase in demand as well as the expansion of sales to various regions of the Kingdom. As a pivotal aspect of operational strategy, company production capacity is carefully optimized to maximize output while minimizing lead times and operational costs. APICO continuously invests in upgrading equipment and processes to enhance efficiency and expand 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 the 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.

### Product wise installed capacity (MT)



### Comparison of installed capacity and production quantity (MT)



# FINANCIAL Highlights

## 3. Financial Highlights

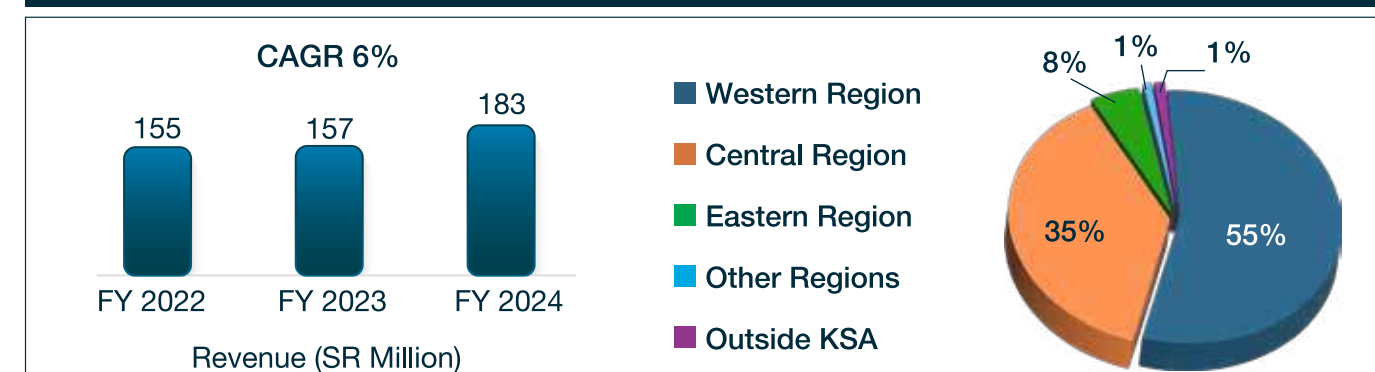
### 3.1 Operational Revenues

APICO recorded revenue of SR 183 million in FY 2024 which is 17.1% higher than FY 2023. The increase in revenue is mainly because of the 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.

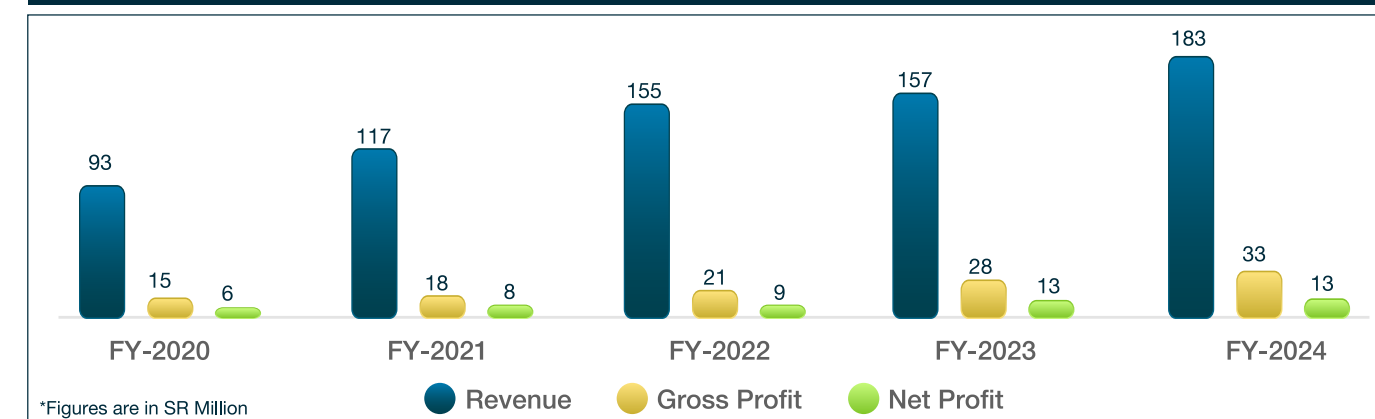
APICO recorded a gross profit of SR 32.6 million in FY-2024 which is 16.4% higher than the previous year. The increase in gross profit is attributed to a combination of strategic product mix and operational excellence initiatives.

APICO sells its products mainly in local markets of the kingdom with a minor contribution of export i.e. 1% to Yemen & Jordan. FY-2024, sales to the Western region were 55% whereas 35% of sales were from the Central region and 8% from Eastern Region.

### Revenue

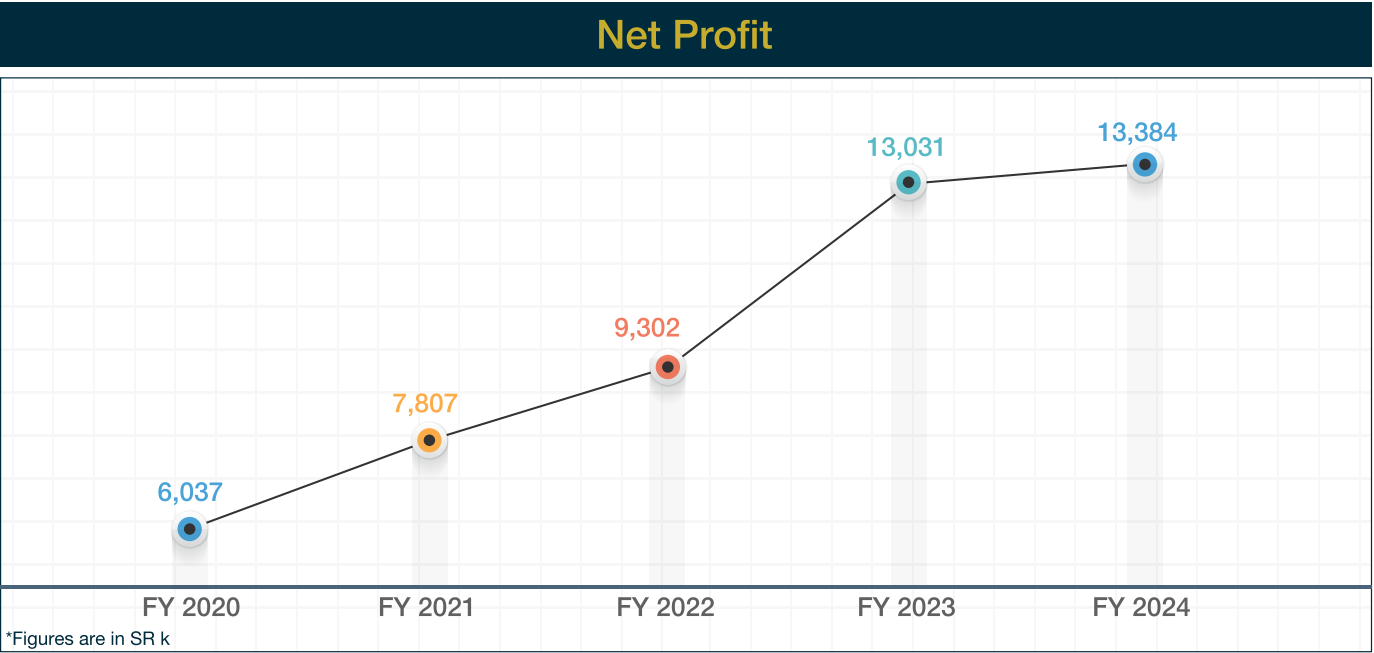


### Profit & Loss Historical Trend



| Description  | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|--------------|---------|---------|---------|---------|---------|
| Revenue      | 93,392  | 116,683 | 154,571 | 156,647 | 183,410 |
| Gross Profit | 15,279  | 17,683  | 21,337  | 28,038  | 32,626  |
| Net Profit   | 6,037   | 7,807   | 9,302   | 13,031  | 13,384  |

\*Figures are in SR k

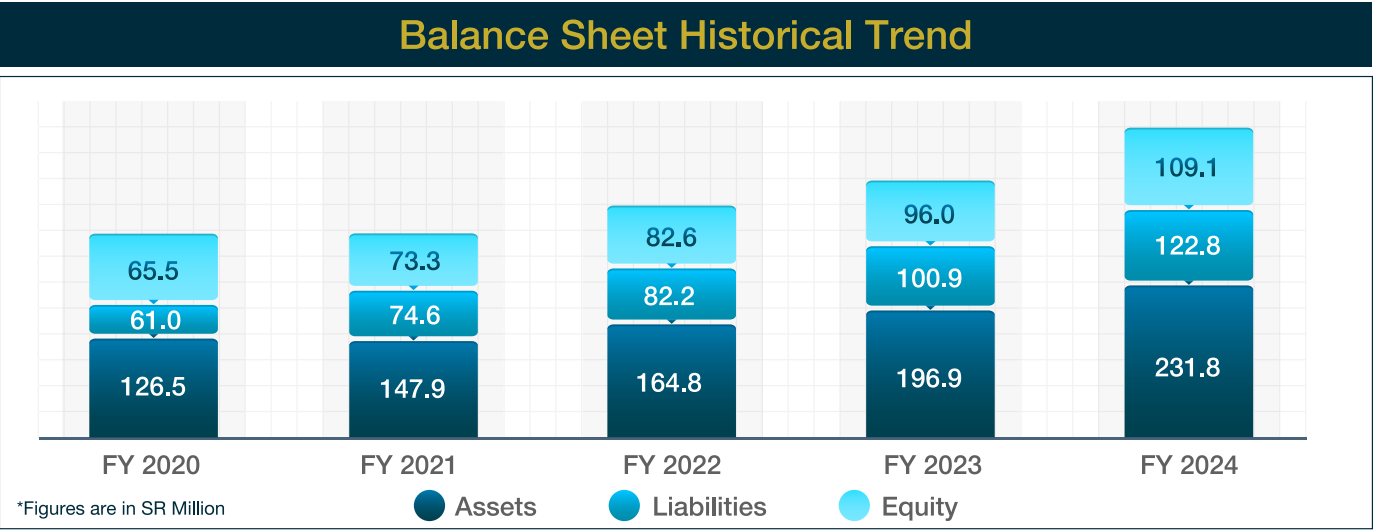


APICO has successfully recorded a net profit of SR 13.4 million, having 3% growth compared to the previous year. It underscores the company’s ability to drive sustainable profitability while maintaining a focus on cost-effectiveness and prudent investment.

3.2 - APICO Assets, liabilities, and Equity

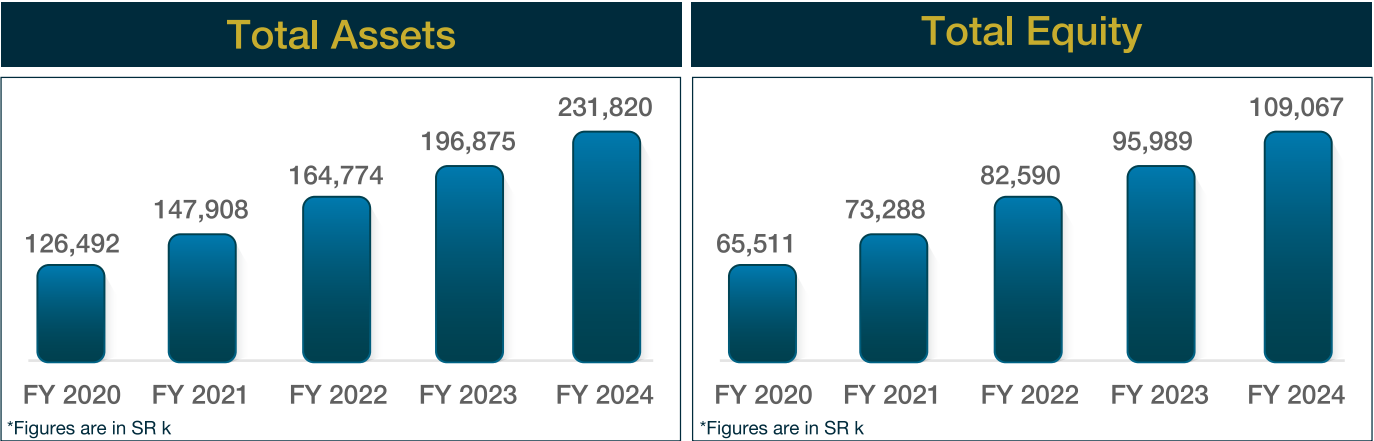
APICO assets have increased by 17.8% in FY 2024 which is mainly because of investment of SR 32 million (38% increase) in machines, molds, and equipment for future production enhancement.

Shareholder equity for FY-2024 has increased by 13.6% to reach SR 109 million which is mainly due to continuous outstanding performance and achieving a net profit of SR 13.4 million.



| Description | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|-------------|---------|---------|---------|---------|---------|
| Assets      | 126,492 | 147,908 | 164,774 | 196,875 | 231,820 |
| Liabilities | 60,981  | 74,621  | 82,184  | 100,884 | 122,754 |
| Equity      | 65,511  | 73,288  | 82,590  | 95,989  | 109,067 |

\*Figures are in SR k



Cash Flows

| Cash Flow | Operation CF | Investment CF | Financing CF |
|-----------|--------------|---------------|--------------|
| FY 2020   | -33,356      | -3,921        | 39,006       |
| FY 2021   | 4,752        | -8,737        | 1,409        |
| FY 2022   | 30,310       | -10,771       | -18,912      |
| FY 2023   | 4,906        | -27,214       | 21,280       |
| FY 2024   | 14,603       | -42,153       | 32,762       |

\*Figures are in SR k

3.3 - Loans Details

| Bank Name | Tenure     | Loan Balance Dec-23 | Repaid during year | Loan Balance Dec-24 |
|-----------|------------|---------------------|--------------------|---------------------|
| SAIB      | Short-term | 55,246,507          | 0                  | 57,512,387          |
| NCB       | Revolving  | 0                   | 13,477,513         | 0                   |
| NCB       | Short-Term | 0                   | 0                  | 9,914,295           |
| SIDF      | Long Term  | 0                   | 0                  | 22,195,000          |

3.4 - Description of debt instruments

In 2024, the company did not issue or grant any convertible debt instruments into shares or to any options or subscription memorandum or any similar rights.

3.5 - A 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.

| Description                     | Paid (Amount) | Due unpaid until the end of the annual fiscal period (Amount) | Reasons                               |
|---------------------------------|---------------|---------------------------------------------------------------|---------------------------------------|
| Zakat, Tax and Custom Authority | 3,300,002     | 1,570,114                                                     | Pending final review from Authorities |
| GOSI                            | 1,157,153     | 0                                                             | -                                     |

3.6 - 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 2023 | FY 2024 |
|-------------------------------------------------|---------|---------|
| Balubaid Holding Company                        | (141)   | (141)   |
| Arabian Plant for Lubricants and Greases (APLG) | 0       | 381     |
| Aswaq Al Hijaz Commercial Company               | 81      | 242     |
| Saudi Finance House Company (SFH)               | 148     | 148     |
| Omar Abubakr Balubaid Company Limited (OABC)    | 15,742  | 99      |
| Awtad Industrial Company                        | (35)    | (35)    |

\*Figures are in SR k

• **Balubaid Holding Company**

These are transactions between companies for operational expenses settlements.

• **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 transactions with OABC is also payment 'On Behalf Of' and occasional fund provider.

• **Awtad Industrial Company**

These are transactions between companies for operational expense settlements.

FINANCIAL  
Declarations

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 2024, that require disclosure, other than the information already available and disclosed.
- The external 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.

# COMPANY

## Future Prospects

### 5. Company Future Prospects

APICO is a distinguished manufacturer of plastic packaging, providing cutting-edge solutions across various sectors including retail, FMCG, healthcare, engineering products, and lubricants. With an emphasis on innovation and customer satisfaction, APICO has established itself as a prominent player in the plastic packaging and conversion industry.

#### Key Plans and Decisions

1. **Organizational Restructuring:** To improve operational efficiency, APICO has recently undergone a minor restructuring. This involved appointing a new head for operations and sales, reallocating resources, and optimizing workflows to better align with the company's strategic objectives.
2. **Expansion into New Markets:** The newly inaugurated facility in Al Kharj is now fully operational, equipped with cutting-edge machinery from top global suppliers. Additionally, APICO has entered into manufacturing agreements with BADAEL, and thereby reinforcing its market presence.

#### Future Expectations

##### 1. Market Expansion:

- o **Geographical Growth:** Enhancing our regional market share and expanding into international markets, particularly in high-demand areas such as Africa and the Middle East.
- o **Diversifying Client Base:** Establishing partnerships with emerging industries, including automotive, supply chain, and e-commerce, to broaden the application of its plastic solutions.

##### 2. Product Diversification:

- o **Sustainable Packaging:** APICO's interest is in investing in biodegradable, recyclable, and eco-friendly plastic solutions to meet the growing demand for sustainable packaging.
- o **Advanced Polymer Products:** Developing high-performance plastic solutions for specialized industries such as automotive, personal care, and medical applications.
- o **Customization & Innovation:** Introducing custom-made packaging solutions with smart features like QR codes and RFID tags for tracking and authentication.

##### 3. Strategic Partnerships:

- o **Joint Ventures:** Collaborating with global plastic and packaging companies to leverage technology, expertise, and market reach.

By capitalizing on these strategic growth opportunities, APICO is well-positioned to reinforce its market leadership, adapt to evolving industry trends, and drive innovation through advanced technologies.

# RISK

## Assessment and Management

## 6. Risk Assessment and Management

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

### 6.1 - Risk related to company expansion:

The future performance of the company would 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 in APICO Al Kharj Plant. 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.

### 6.2 - Raw material price variation risk

In recent years, there have been fluctuations 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 current market prices. This initiative is intended to mitigate risks associated with price fluctuations in the global market.

### 6.3 - Risks related to equipment and machinery

The company structure consists of several complicated production lines and machinery for manufacturing plastic materials. In case of any failure, breakdown or sudden suspension in the work of such lines or machinery, there shall be a negative impact on the Company's production throughout the term of failure, breakdown or suspension. To mitigate such risk, the company periodically arranges maintenance of the machines and production lines so that the breakdown time remain lowest and production efficiency could be optimized.

### 6.4 - Liquidity risk

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

### 6.5 - 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.



#### 6.6 - Risks associated with financing agreements

The company may faces risks associated with financing agreements, wherein there is a possibility of being unable to fulfill repayment obligations. The company has successfully repaid loan payable obligation with banks, and therefore maintains leverage to access additional financing as needed.

#### 6.7 - Risks related to receivables

There may be a credit risk in several temporary or permanent cases, including the existence of debit balances from customers, failure of other parties to meet its obligations to the Company. 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 therefor less risk of receivable default.

#### 6.8 - Risks of inability to Comply with the Saudization Requirements

In recent years, the Government has mandated a Saudization policy 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 the electronic Nitaqat system, with the Ministry of Human Resources and Social Development suspending services for companies that not achieve the Saudization thresholds set by the Nitaqat system.

There is no assurance that the Ministry of Human Resources and Social Development will not impose higher fines or more rigorous regulations. Moreover, there is no guarantee that the number of qualified Saudi employees in the company will remain stable, potentially impacting the company's operations, financial performance, ability to meet obligations, access government loans, and attract necessary foreign employees. Failure to adhere to Saudization policies and rates as prescribed by the Ministry of Labor could significantly impact the company's business, financial standing, operational performance, and ability to recruit foreign talent. The company human resource department is continuously monitoring the Nitaqat percentage and plans their recruitment considering the Saudization requirements.

#### 6.9 - Insurance Coverage

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

#### 6.10 - 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 these employees or seamlessly replace them when needed, there is no guarantee of retaining such highly qualified personnel or finding suitable alternatives with comparable qualifications. This situation may impact the company's profitability.

#### 6.11 - Foreign Currencies Exchange Rate Risk

The company may faces the risk of fluctuations in foreign exchange rates. While its primary transactions are conducted in Saudi Riyal, US Dollar, and Euro, the company is actively working to minimize this risk to a minimal level.



# HUMAN Resource

## 7. Human Resource

In 2024, the HR team successfully achieved its manpower hiring goals, particularly in recruiting Saudi technicians and trainees. This was made possible through a strategic partnership with HIPIT, which enabled the company to attract and onboard local talent in alignment with the workforce plan. The HR team streamlined the recruitment process, ensuring efficiency in candidate selection and onboarding while integrating new hires seamlessly into the company.

Beyond recruitment, the HR focused in fostering a positive and inclusive workplace culture. They introduced various initiatives aimed at enhancing employee engagement, teamwork, and overall job satisfaction. These efforts included employee recognition programs and team-building activities that encouraged collaboration across all departments. By prioritizing a supportive and motivating work environment, HR reinforced the company's commitment to employee well-being.

Additionally, the HR invested in training and development programs for employees. Comprehensive learning initiatives were designed to enhance technical expertise, leadership skills, and individual growth opportunities. Through workshops, online courses, and on-the-job opportunities, HR ensured that employees continuously evolved with industry trends and organizational needs.

To further enhance HR operations and efficiency, the team successfully implemented a new HR system that streamlined key processes, including recruitment, payroll, performance management, and employee records. This digital transformation improved accuracy, reduced administrative workload, and provided employees with a more seamless and transparent HR experience. The system also enabled better data analysis, allowing HR to make more informed decisions regarding talent management and workforce planning. By adopting this technology-driven approach, the HR team enhanced operational efficiency and reinforced the company's commitment to innovation and continuous improvement.

## What has been applied from the provisions of the Corporate Governance Regulations, what has not been applied and the reasons for that

The Plastic Industry Company is keen to implement the Corporate Governance Regulations issued by the Capital Market Authority, where the company applies the mandatory articles and paragraphs in the Corporate Governance Regulations for companies listed in the Parallel Market. It works to apply the guidance articles gradually:

- The following guidance articles have not yet been applied:

|                                                          |                                                             |                                                               |
|----------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------|
| Article (37): Training                                   | Article (80): Regulating the relationship with stakeholders | Article (92): Formation of the Corporate Governance Committee |
| Article (41): Conflict of Interest Policy                | Article 83: Professional Conduct Policy                     |                                                               |
| Article (67): Formation of the Risk Management Committee | Article (86): Disclosure Policies and Procedures            |                                                               |

APICO affirms its commitment to developing governance practices and applying the articles contained in the regulations in recognition of the role of governance in promoting transparency and sustainability.

# BOARD of Directors

## 8. Board of Directors

8.1 - Below are the members of APICO board.



Khalid Omar Abubakr Balubaid  
Chairman



Ahmed Omar Abubakr Balubaid  
Vice chairman



Saeed Omar Abubakr Balubaid  
Board Member



Waleed Khalid Omar Balubaid  
Board Member



Mohammed Hashim Bakr Al-Haj  
Board Member



Azhar Medo Mohyaldeen Kenji  
Board Member - Independent



Nagi Sourati  
Board Member - Independent



Mr. Venugopal T.K.  
Board Member - CEO

8.2 - Duties and Competencies of the Board of Directors

- 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;

8.3 - 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 2024 as follows:

| # | Name                             | Nature of Membership | 1st Meeting<br>25/03/2024 | 2nd Meeting<br>15/08/2024 | 3rd Meeting<br>03/11/2024 | 4th Meeting<br>26/12/2024 |
|---|----------------------------------|----------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 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.              | Executive            | ✓                         | ✓                         | ✓                         | ✓                         |

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

|                        |          |
|------------------------|----------|
| Mr. Khalid O. Balubaid | Chairman |
|------------------------|----------|

**Qualification:**  
Diploma in Business Technology from Mount Watchset Community College, USA in 1974.

**Experience:**  
35+ Years of diversified experience in automotive, real estate, manufacturing, financing sectors in Balubaid group of Companies.

| 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 | Closed Joint Stock |
| 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 |

|                       |               |
|-----------------------|---------------|
| Mr. Ahmed O. Balubaid | Vice Chairman |
|-----------------------|---------------|

**Qualification:**  
Bachelors in business administration from New York Institute of Technology, USA, in 1982.

**Experience:**  
34+ Years of diversified experience in automotive, real estate, manufacturing, and financing sectors 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 | Closed Joint Stock |
| 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  |

Mr. Saeed O. Balubaid

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 automotive and real estate sectors 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 | Closed Joint Stock |
| 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 Trading Co.                | Current | Inside KSA | Limited Liability  |

Mr. Waleed K. Balubaid

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  |

Mr. Mohammed H. Al-Haj

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 Mutlag Group

| Name of Companies                          | Period     | Place       | Legal From         |
|--------------------------------------------|------------|-------------|--------------------|
| Board member of National Finance House Co. | Current    | Inside KSA  | Closed Joint Stock |
| Board member of Service Equipments Co.     | Current    | Inside KSA  | Closed Joint Stock |
| Board member of JWICO Co.                  | Previously | Outside KSA | Listed Joint Stock |

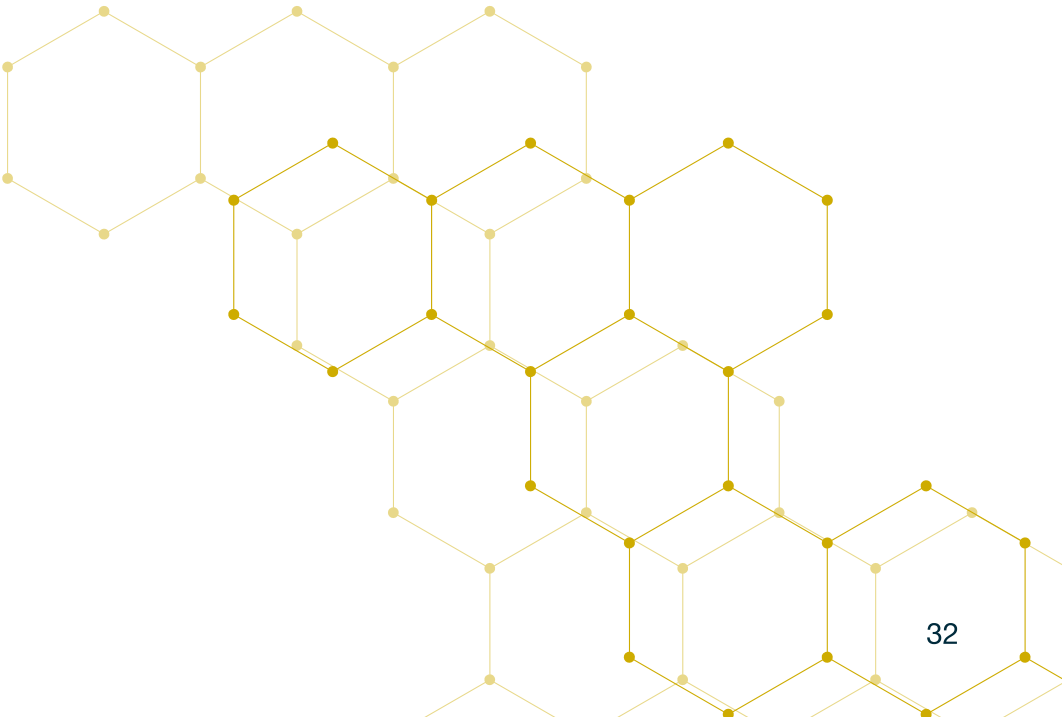
Mr. Naji Sourati

Board Member

**Qualification:**  
• Master in Business Administration, Finance and Strategy, University of Chicago, USA  
• Bachelor of Science in Industrial and Operations Engineering, University of Michigan, USA.

**Experience:**  
• 2015 to date: Partner at High Impact Advisors Co.  
• 2014 to date: Co-founder at Royal Purple Roastery LLC.  
• 2007-2014 Head of Telecom and Technology Practice at Bain & Company ME  
• 2004-2007: Managing Director at Booz Allen & Hamilton, Sout-East Asia

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



|                           |                     |
|---------------------------|---------------------|
| <b>Mr. Azhar M. Kenji</b> | <b>Board Member</b> |
|---------------------------|---------------------|

**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         |
|-----------------------------------------------|------------|-------------|--------------------|
| Chairman of Board at Fawzi Al Nahdi Group     | Current    | Inside KSA  | Limited Liability  |
| Board member of Ahmad Mohammed S. Baeshen Co. | Current    | Inside KSA  | Listed Joint Stock |
| Board member of Medal Cables Co.              | Previously | Outside KSA | Limited Liability  |
| Board Member in Kiswat Aisha                  | Current    | Inside KSA  | Non-Profit         |
| Board Member of Saudi Cables Co.              | Previously | Inside KSA  | Listed Joint Stock |

|                           |            |
|---------------------------|------------|
| <b>Mr. Venugopal T.K.</b> | <b>CEO</b> |
|---------------------------|------------|

**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)

## 8.5 - Board Committees

### A - 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.

#### 8.5.1 - Highlights on the activities of the Committee during 2024:

- 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.

8.5.2 - The Company's Audit Committee held eight meetings during 2024, to implement the tasks entrusted to it, as follows:

| Name                  | Nature of Membership | 1st Meeting<br>18/03/2024 | 2nd Meeting<br>18/04/2024 | 3rd Meeting<br>06/05/2024 | 4th Meeting<br>16/05/2024 | 5th Meeting<br>06/06/2024 | 6th Meeting<br>14/08/2024 | 7th Meeting<br>25/08/2024 | 8th Meeting<br>11/11/2024 |
|-----------------------|----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Waleed Balubaid       | Chairman             | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         |
| Hassan Al-Zahrani     | Member               | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         |
| AbdulRahman Mohammadi | Member               | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         |

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

|                        |                    |
|------------------------|--------------------|
| Mr. Waleed K. Balubaid | Committee Chairman |
|------------------------|--------------------|

Mr. Waleed’s details were previously presented under item 8.4.

|                               |                  |
|-------------------------------|------------------|
| Mr. Hassan Ibrahim Al-Zahrani | 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.

|                            |                  |
|----------------------------|------------------|
| Mr. Abdul Rahman Mohammadi | Committee Member |
|----------------------------|------------------|

Qualification:

- Bachelor's degree in Accounting from KFUPM 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

8.5.4 - 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.

B - The Nominations and Remunerations Committee:

8.5.5 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

8.5.6 - 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 | 1 <sup>st</sup> Meeting<br>06/06/2024 | 2 <sup>nd</sup> Meeting<br>31/12/2024 |
|-----------------------------|----------------------|---------------------------------------|---------------------------------------|
| Mr. AbdulHamid M. Al-Yousef | Chairman             | ✓                                     | ✓                                     |
| Mr. Mohammed H. Al-Haj      | Member               |                                       | ✓                                     |
| Mr. Abubakr M. Balubaid     | Member               | ✓                                     | ✓                                     |

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

|                             |                    |
|-----------------------------|--------------------|
| Mr. AbdulHamid M. Al-Yousef | Committee Chairman |
|-----------------------------|--------------------|

Qualification:

- Bachelor's degree in industrial management from KFUPM
- 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 From         |
|---------------------------------------------|---------|------------|--------------------|
| Board Member of Saden Al-Madina Co.         | Current | Inside KSA | Limited Liability  |
| 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  |

|                     |                  |
|---------------------|------------------|
| Mr. Mohammed Al-Haj | Committee Member |
|---------------------|------------------|

Mohammed Al-Haj’s details were previously presented under item 8.4.

|                         |                  |
|-------------------------|------------------|
| Mr. Abubakr M. Balubaid | Committee Member |
|-------------------------|------------------|

Qualification:

- Bachelor's degree in Management Information systems from KFUPM 2009

Experience:

- 2022- Current Principal at CORE3 Consultancy
- 2013-2022 HR & Admin Director at Balubaid Group
- 2011-2012 HRIS Manager at Abu Dawood Group

8.6 - Executive Management:

|                    |     |
|--------------------|-----|
| Mr. Venugopal T.K. | CEO |
|--------------------|-----|

Mr. Venu details were previously presented under item 8.4.

|                            |                 |
|----------------------------|-----------------|
| Mr. Salamah A. Al Qatarneh | Finance Manager |
|----------------------------|-----------------|

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

# REMUNERATIONS,

## Policy of the members of the Board of Directors Board Committees and Executive Management

### 9. Remuneration Policy of the members of the Board of Directors, Board Committees and Executive Management

The "Board of Directors, Its Committees, and Executive Management Remuneration Policy of the Arabian Plastic Industry Company ("the Company")" has been prepared in compliance with paragraph (1) of Article (58) of the Corporate Governance Regulations issued by the Capital Market Authority Board under Resolution No. (8-16-2017) dated 16/5/1438H (corresponding to 13/2/2017G) and amended by the Capital Market Authority Board Resolution No. (8-5-2023) dated 25/06/1444H. This article stipulates that the Nomination and Remuneration Committee shall "develop a clear policy for the remunerations of the Board of Directors members, the committees emanating from the Board, and the Executive Management, This policy was approved by the General Assembly on 04/06/2024

#### 9.1 - Objective

This policy aims to establish clear criteria for the remunerations of the Board of Directors members, its committees, and senior executives in accordance with the relevant regulations and laws. The policy also seeks to attract competent, capable, and talented individuals to serve on the Board, its committees, and the Executive Management by adopting incentive-based remuneration programs linked to performance, thereby enhancing the company's performance and achieving the interests of its shareholders.

#### 9.2 - General Provisions

The Nomination and Remuneration Committee is responsible for recommending to the Board the remunerations for Board members, committee members, and senior executives based on approved criteria as follows:

- 1 - Remuneration should align with the company's strategy, objectives, and the necessary skills required for its management.
- 2 - Remuneration should encourage Board members and the Executive Management to develop and grow the company in the long term, ensuring that variable compensation is linked to long-term performance results.
- 3 - Board members' remunerations may vary in amount to reflect the member's expertise, specialization, academic qualifications, assigned responsibilities, attendance at meetings, and other considerations.
- 4 - The company ensures that remunerations align with its strategy, objectives, and the size, nature, and level of risks it faces.
- 5 - The company considers the practices of other companies and prevailing market trends in determining remunerations while avoiding unjustified increases in remuneration and compensation.
- 6 - The Remuneration Policy is prepared in coordination with the Nomination and Remuneration Committee, which submits recommendations to the Board of Directors for approval.
- 7 - Remuneration must be fair and proportionate to the member's responsibilities, duties, and contributions to the Board or committees, in addition to the objectives set by the Board for the financial year.
- 8 - Payment of Remuneration may be suspended or recovered if it is determined that they were granted based on inaccurate information provided by a Board member or an executive, preventing the misuse of their position to obtain undeserved remunerations.
- 9 - If a member resigns during the Board's term and before the end of the financial year, the remuneration will be paid only after obtaining approval from the Board of Directors.

9.3 - Remunerations for Board Members and Committee Members

1. When determining the remuneration of Board members, the Board of Directors must take into account the relevant provisions contained in the Companies Law and its implementing regulations and the Corporate Governance Regulations issued by the Capital Market Authority.
2. The Nomination and Remuneration Committee shall issue an annual recommendation regarding the amount of annual remuneration due to the Board members and its affiliated committees. The remuneration shall consist of a fixed amount in addition to an attendance allowance for meetings.
3. A Board member may receive remuneration for any additional executive, technical, administrative, or advisory positions—provided they hold a professional license—assigned to them within the company. This remuneration shall be in addition to the compensation received as a Board member and as a member of committees formed by the Board, in accordance with the Companies Law and the company’s bylaws.
4. The remuneration of Board members may vary in amount to reflect the member’s expertise, specializations, assigned duties, independence, attendance at meetings, and other relevant considerations.
5. The remuneration of independent Board members must not be a percentage of the company’s profits or be directly or indirectly tied to the company’s profitability.
6. Board members are not allowed to vote on the agenda item related to Board members' remuneration during the General Assembly meeting.
7. The Board of Directors’ report submitted to the Ordinary General Assembly at its annual meeting must include a comprehensive statement detailing all remuneration, attendance allowances, expense allowances, and other benefits received or due to each Board member during the financial year. It must also disclose any amounts received by Board members in their capacity as employees or executives, or for technical, administrative, or advisory roles. Additionally, the report must include the number of Board meetings and the attendance record of each member.
8. The Board of Directors determines and approves the remuneration of its members and its affiliated committees—along with attendance allowances and other entitlements—based on the recommendation of the Nomination and Remuneration Committee.
9. When forming the membership of Board committees, the number of committees a Board member can serve on must be considered, ensuring that the total remuneration received by a member for Board and committee memberships does not exceed the maximum limit stipulated in the Companies Law.
10. The remuneration of committee members affiliated with the Board consists of an annual compensation, meeting attendance allowances, and other entitlements.

The annual remuneration amount does not include travel expenses for meetings for Board and committee members residing outside the city of Jeddah. These expenses shall be reimbursed as follows:

- The company shall cover the cost of business-class tickets from the departure city to Jeddah.
- Board members and committee members shall be reimbursed for hotel accommodation, transportation, and incidental expenses up to SAR 700 per day within the Kingdom.

The remunerations for Board committee members include an annual remuneration, meeting attendance allowances, as outlined in the table below:

| Remuneration Item                                       | Amount (SAR)  |
|---------------------------------------------------------|---------------|
| Annual remuneration for the Chairman of the Board       | Up to 120,000 |
| Annual remuneration for non-independent Board members   | Up to 60,000  |
| Annual remuneration for independent Board members       | Up to 120,000 |
| Attendance allowance per meeting (Chairman and Members) | 5,000         |
| Board Secretary                                         | 2,000         |

Audit Committee Members

| Remuneration Item                              | Amount (SAR) |
|------------------------------------------------|--------------|
| Annual remuneration for the Committee Chairman | 40,000       |
| Annual remuneration for Committee members      | 10,000       |
| Attendance allowance per meeting               | 3,000        |

Nomination and Remuneration Committee Members

| Remuneration Item                              | Amount (SAR) |
|------------------------------------------------|--------------|
| Annual remuneration for the Committee Chairman | 50,000       |
| Annual remuneration for Committee members      | 10,000       |
| Attendance allowance per meeting               | 3,000        |

9.4 - Executive Management Remuneration

The Nomination and Remuneration Committee continuously reviews and approves the salary structure for all employees and senior executives, as well as incentive programs and plans, based on recommendations from the executive management. Executive management remuneration includes the following:

1. A basic salary, paid at the end of each Gregorian calendar month on a monthly basis.
2. Allowances, including but not limited to housing allowance, transportation allowance, children's education allowance, phone allowance, annual tickets, and any other allowances recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
3. Medical insurance benefits for the executive and their family.
4. An annual performance-based bonus, determined based on the annual performance evaluation.
5. The Nomination and Remuneration Committee approves the general guidelines, plans, and programs for senior executive remuneration.

# REMUNERATIONS, compensation and benefits of the Board Members, committees and the Executive Management

## 10. Remunerations, compensation and benefits of the Board Members, Committees and the Executive Management

| Board<br>Compensation | Fixed Remuneration          |                                        |                                            |                  |                                                                |                                                                                                      |         | Variable Remuneration |                       |                                 |                          |                              |       |               |             |                   |
|-----------------------|-----------------------------|----------------------------------------|--------------------------------------------|------------------|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------|---------|-----------------------|-----------------------|---------------------------------|--------------------------|------------------------------|-------|---------------|-------------|-------------------|
|                       | Specific Amount             | Allowance for Attending Board Sessions | Allowance for Attending Committee Sessions | In-kind benefits | Remuneration against technical, managerial and consulting work | Remuneration of the Chairman of the Board, the Managing Director, or the Secretary if he is a member | Total   | Percentage of profits | Periodic remuneration | Total Short term incentive plan | Long term incentive plan | Shares granted (enter value) | Total | Severance Pay | Grand Total | Expense Allowance |
|                       | Independent Board Members   |                                        |                                            |                  |                                                                |                                                                                                      |         |                       |                       |                                 |                          |                              |       |               |             |                   |
| Azhar Kenji           | 120,000                     | 20,000                                 | 0                                          | 0                | 0                                                              | 0                                                                                                    | 140,000 | 0                     | 0                     | 0                               | 0                        | 0                            | 0     | 0             | 140,000     | 0                 |
| Naji Sourati          | 60,000                      | 20,000                                 | 0                                          | 0                | 0                                                              | 0                                                                                                    | 80,000  | 0                     | 0                     | 0                               | 0                        | 0                            | 0     | 0             | 80,000      | 0                 |
|                       | Non-Executive Board Members |                                        |                                            |                  |                                                                |                                                                                                      |         |                       |                       |                                 |                          |                              |       |               |             |                   |
| Khalid O. Balubaid    | 60,000                      | 20,000                                 | 0                                          | 0                | 0                                                              | 0                                                                                                    | 80,000  | 0                     | 0                     | 0                               | 0                        | 0                            | 0     | 0             | 80,000      | 0                 |
| Ahmed O. Balubaid     | 60,000                      | 20,000                                 | 0                                          | 0                | 0                                                              | 0                                                                                                    | 80,000  | 0                     | 0                     | 0                               | 0                        | 0                            | 0     | 0             | 80,000      | 0                 |
| Saeed O. Balubaid     | 60,000                      | 20,000                                 | 0                                          | 0                | 0                                                              | 0                                                                                                    | 80,000  | 0                     | 0                     | 0                               | 0                        | 0                            | 0     | 0             | 80,000      | 0                 |
| Moh'd H. El-Haj       | 60,000                      | 20,000                                 | 0                                          | 0                | 0                                                              | 0                                                                                                    | 80,000  | 0                     | 0                     | 0                               | 0                        | 0                            | 0     | 0             | 80,000      | 0                 |
| Waleed K. Balubaid    | 80,000                      | 20,000                                 | 0                                          | 0                | 0                                                              | 0                                                                                                    | 100,000 | 0                     | 0                     | 0                               | 0                        | 0                            | 0     | 0             | 100,000     | 0                 |
|                       | Executive Board Members     |                                        |                                            |                  |                                                                |                                                                                                      |         |                       |                       |                                 |                          |                              |       |               |             |                   |
| Venu Gopal            | 60,000                      | 20,000                                 | 0                                          | 0                | 0                                                              | 0                                                                                                    | 80,000  | 0                     | 0                     | 0                               | 0                        | 0                            | 0     | 0             | 80,000      | 0                 |
| Total                 | 560,000                     | 160,000                                | 0                                          | 0                | 0                                                              | 0                                                                                                    | 720,000 | 0                     | 0                     | 0                               | 0                        | 0                            | 0     | 0             | 720,000     | 0                 |

| Committees<br>Compensation                | Member Name              | Fixed<br>Remuneration | Sessions<br>Attendance<br>Allowance | Total          |
|-------------------------------------------|--------------------------|-----------------------|-------------------------------------|----------------|
| Audit Committee                           | Waleed K. Balubaid       | 40,000                | 24,000                              | 64,000         |
|                                           | Hassan Al-Zahrani        | 10,000                | 24,000                              | 34,000         |
|                                           | AbdulRahman Al-Mohammadi | 10,000                | 24,000                              | 34,000         |
| Numeration &<br>Renumeration<br>Committee | Abdulhamid Al-Yousef     | 50,000                | 6,000                               | 56,000         |
|                                           | Mohammed H. Al-Haj       | 10,000                | 3,000                               | 13,000         |
|                                           | Abubakr M. Balubaid      | 10,000                | 6,000                               | 16,000         |
|                                           | <b>Total</b>             | <b>130,000</b>        | <b>87,000</b>                       | <b>217,000</b> |

| Executive Compensation | Fixed Remuneration |            |                  |       | Variable Remuneration |         |                           |                          |       |                      |                                                   |                  |           |
|------------------------|--------------------|------------|------------------|-------|-----------------------|---------|---------------------------|--------------------------|-------|----------------------|---------------------------------------------------|------------------|-----------|
|                        | Salaries           | Allowances | Benefits in Kind | Total | Periodic Remuneration | Profits | Short-term Incentive Plan | Long-term Incentive Plan | Total | End of Service Award | Total Remuneration for the board executive if any | Aggregate Amount |           |
|                        | CEO                | 518,400    | 70,000           | 00    | 588,400               | 175,000 | 00                        | 00                       | 00    | 175,000              | 967,600                                           | 00               | 1,731,000 |
|                        | Finance Director   | 324,000    | 36,000           | 00    | 360,000               | 40,000  | 00                        | 00                       | 00    | 40,000               | 18,750                                            | 00               | 418,750   |
|                        | Total              | 842,400    | 106,000          | 00    | 948,400               | 215,000 | 00                        | 00                       | 00    | 215,000              | 986,350                                           | 00               | 2,149,750 |
|                        |                    |            |                  |       |                       |         |                           |                          |       |                      |                                                   |                  |           |
|                        |                    |            |                  |       |                       |         |                           |                          |       |                      |                                                   |                  |           |
|                        |                    |            |                  |       |                       |         |                           |                          |       |                      |                                                   |                  |           |
|                        |                    |            |                  |       |                       |         |                           |                          |       |                      |                                                   |                  |           |
|                        |                    |            |                  |       |                       |         |                           |                          |       |                      |                                                   |                  |           |

# DIVIDEND Policy



## 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.



# GENERAL ASSEMBLY

## 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 04/06/2024 |
|---|----------------------------------|----------------------------------------------|
| 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' registry 4 times during 2024 as follows

| Number of the company's request of the shareholders' registers | Request Date | Request Reason    |
|----------------------------------------------------------------|--------------|-------------------|
| 1                                                              | 04/06/2024   | General Assembly  |
| 2                                                              | 04/06/2024   | General Assembly  |
| 3                                                              | 26/08/2024   | Company Procedure |
| 4                                                              | 20/10/2024   | Others            |

# DISCLOSURES

## 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.

There is no recommendation. the internal auditor already hired

- 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;

| Authority | Amount   | Reason             | Corrective Action                                                                                             |
|-----------|----------|--------------------|---------------------------------------------------------------------------------------------------------------|
| MODON     | 5,000 SR | Safety Observation | Singed contract with safety company to address all related observation and implement the required action plan |

- 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 is assessing 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

