

ANNUAL BOARD REPORT 2025

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Chairman Message



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

Greetings,

It is my pleasure to present to you the annual Board report of APICO for 2025, which reflects, by the grace of Allah, an exceptional financial performance compared to the previous year. We have achieved significant growth in revenues and a marked improvement in profitability indicators, driven by a clear vision, well-defined strategy, and the dedicated efforts of our teams across all business functions.

This outstanding performance is a direct result of our continued focus on executing strategic initiatives aimed at delivering advanced industrial solutions that support the development of local industries within the Kingdom of Saudi Arabia. We remain committed to meeting our customers' evolving needs with high-quality, reliable products, while continuously enhancing our operational capabilities and product portfolio to strengthen our competitive position in the market.

We firmly believe that these achievements are the outcome of the strong alignment between the Board of Directors and executive management, along with the unwavering commitment of our employees. Management has played a pivotal role in driving operational excellence, optimizing costs, and identifying sustainable growth opportunities, all of which have contributed significantly to the company's exceptional results.

We also continue to support the Kingdom's direction toward strengthening local content and advancing the industrial sector by providing products and solutions that empower national industries and improve their efficiency, in alignment with the objectives of Saudi Vision 2030.

In closing, I would like to extend my sincere appreciation to our valued shareholders for their continued trust and support. I also commend our employees and partners for their dedication and contributions to this success. We look forward, with confidence and determination, to sustaining our growth trajectory and delivering long-term value to all stakeholders in the years ahead.

Ahmed O. Balubaid
Chairman of the Board of Directors

CEO Message



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

Greetings,

It is with great pride that I present the FY-2025 performance of Arabian Plastic Industrial Co. (APICO), a year that stands as one of the strongest in our history and a defining milestone in our long-term transformation journey.

FY-2025 was a year shaped by strategic clarity and disciplined execution. Our decision to scale down low-margin products and pivot fully toward high-value manufacturing proved both timely and impactful. Despite the reduction in traded volume, the Company delivered exceptional financial performance, driven by the strength of our core operations, improved product mix, and sharper operational controls.

This was reflected most clearly in our profitability. EBITDA reached SR 42.2 million in FY-2025, compared to SR 28.8 million in FY-2024—an impressive growth of 46.5% year-on-year. This achievement stands as a testament to the resilience of our business model and the quality of our earnings. Our EBITDA margin expanded from 15.7% in 2024 to 21.1% in 2025, marking an exceptional 5.4-percentage-point improvement, driven by enhanced plant utilization, higher-margin product lines, and improved cost efficiency across the organization.

Operationally, the year saw strong performance across Injection, Blow, Film, and Thermoforming operations, alongside continued expansion of Injection molded products, Pallets and crates. These segments contributed significantly to gross profit enhancement and margin stability. Our teams also delivered meaningful improvements in productivity, downtime reduction, and process optimization—further reinforcing the structural strength of our manufacturing platform.

Beyond financial metrics, FY-2025 marked substantial progress in organizational capability. With strengthened incentive programs, targeted workforce development, and a sharper performance culture, we continued to invest in the people who power our success. Strong cash generation further bolstered liquidity and reinforced our ability to sustain growth through disciplined internal funding.

Sustainability was a central theme of our achievements in FY-2025. We advanced initiatives to reduce waste, enhance energy efficiency, improve working conditions, and extend the productive life of our assets through renewal and modernization efforts. These actions reflect our belief that long-term value creation requires responsible resource stewardship, safe and sustainable operations, and a commitment to our communities as much as to our financial stakeholders.

I would like to offer my sincere appreciation to the Chairman, Vice Chairman, and Members of the Board for their unwavering guidance and support. I also extend my deepest gratitude to our employees, whose dedication and commitment underpinned every achievement of this remarkable year. FY-2025 stands as clear evidence that with focus, discipline, and shared purpose, we can continue to build a stronger and more resilient future.

Venugopal T. K.
Chief Executive Officer

1. 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 head quartered 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 Seventy-Five million (75,000,000) Saudi Riyals, divided into seven million five hundred thousand (7,500,000) 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.



Our 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.



Our 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's installed capacity is 28,030 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.



2. Product Portfolio



APICO maintains a comprehensive and diversified product portfolio supported by advanced manufacturing capabilities, integrated production technologies, and strong operational infrastructure. Over nearly three decades, the Company has developed deep technical expertise across multiple plastic conversion disciplines, enabling it to deliver high-quality, innovative, and cost-effective solutions to a broad range of sectors, including food and beverage, retail, logistics, automotive, air-conditioning, and industrial applications. This integrated model positions APICO as a reliable long-term partner capable of supporting customers across the entire product lifecycle, from concept and design to high-volume manufacturing and supply.

2.1. Packaging Solutions

Packaging solutions represent a core pillar of APICO's product portfolio, reflecting the Company's long-standing expertise in serving leading regional and multinational brands. APICO manufactures a wide range of rigid and flexible plastic packaging products designed to meet the evolving needs of the fast-moving consumer goods, food and beverage, retail, and industrial sectors.

The Company's rigid packaging portfolio includes thermoformed cups, trays, and food containers that ensure product protection, hygiene, while supporting efficient filling, handling, and distribution processes. In addition, APICO produces blow-molded bottles and containers for consumer and industrial applications, engineered to deliver durability, consistency, and compliance with industry standards.

APICO also produces flexible packaging solutions through its blown film extrusion capabilities, including shopping bags, courier bags, and other specialized film products. These solutions are designed to provide optimal strength, functionality, and cost efficiency while supporting customers' operational and branding requirements.

Through continuous product development and process optimization, APICO ensures its packaging solutions meet the highest standards of quality, safety, and performance, while supporting customers' sustainability objectives and operational efficiency.



2.2. Transport and Storage Solutions

APICO provides a comprehensive range of transport and storage products designed to enhance supply chain efficiency, improve operational productivity, and support sustainable logistics practices. These solutions include plastic crates, pallets, and specialized storage systems engineered for durability, reusability, and long-term performance.

The Company's transport and storage products offer significant advantages compared to traditional materials, including improved strength-to-weight ratio, resistance to environmental conditions, and extended service life. These features enable customers to reduce operational costs, improve handling efficiency, and enhance product protection throughout the logistics cycle.

In addition, APICO's storage and warehousing solutions are designed to support modern supply chain requirements, including traceability, space optimization, and automation compatibility. By providing reliable and efficient logistics solutions, APICO plays a key role in supporting its customers' operational excellence and supply chain resilience.



2.3. Engineered and Customized Plastic Solutions

APICO's engineered and customized products represent a strategically important segment of its portfolio, reflecting the Company's advanced technical capabilities and value-added manufacturing expertise. Through close collaboration with customers, APICO develops and produces precision-engineered plastic components tailored to meet specific technical, functional, and performance requirements.

The Company serves a range of industrial sectors, including automotive, air-conditioning, and infrastructure, providing critical components that contribute to product performance, durability, and operational efficiency. These engineered solutions are developed using advanced design, tooling, and manufacturing technologies, ensuring reliability, and compliance with industry standards.

This capability strengthens APICO's position as a trusted manufacturing partner and supports its strategy of expanding into higher-value and specialized applications, enhancing both its competitive positioning and long-term growth potential.



3. Production Lines and Machine Capacity



3.1. - Production Lines Description

A brief description of APICO product categories is provided below

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 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.

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

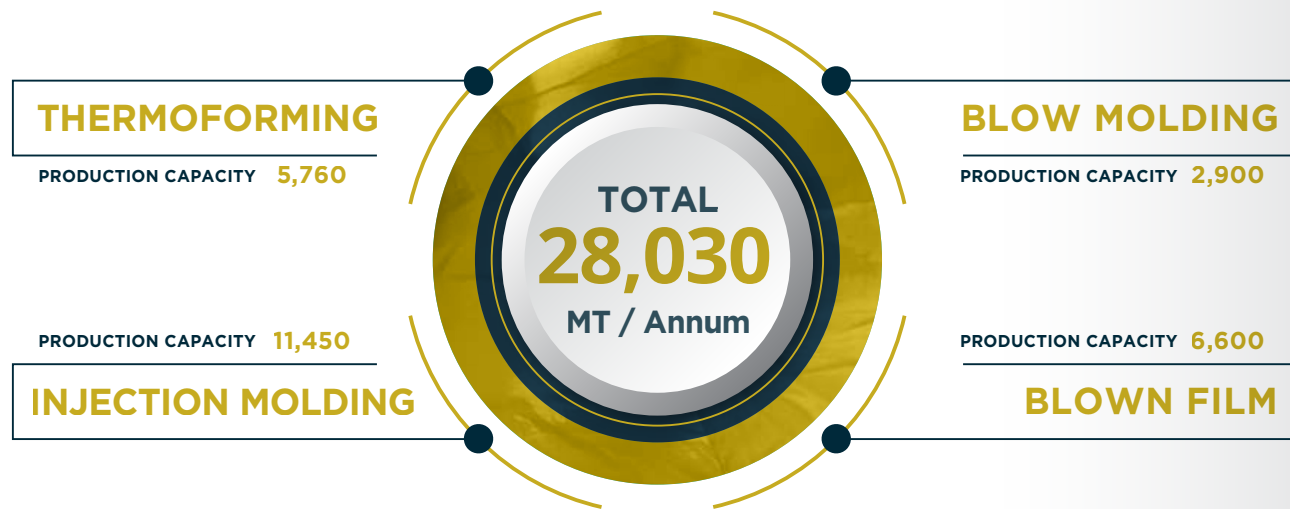
iii. Blow Molding

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.

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.

APICO
has a diversified product mix mainly focused in



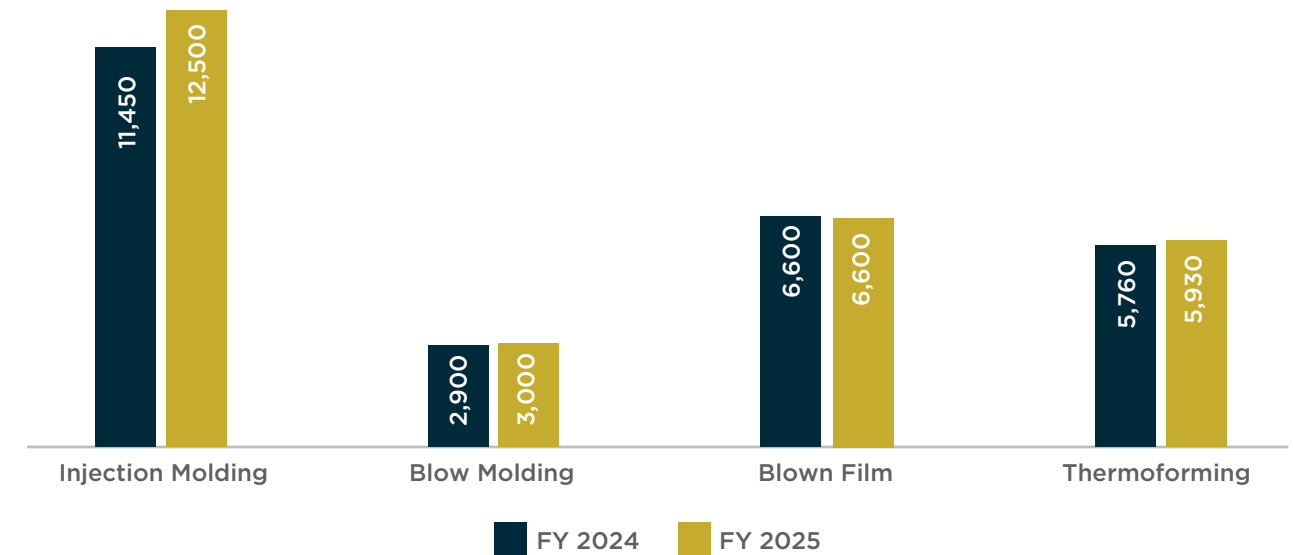
3.2. Machine Capacity

APICO has state-of-the-art manufacturing facilities with an installed production capacity of 28,030 metric tons. APICO production facility is equipped with the latest machineries & technologies-including Injection Molding, Film Extrusion, Blow Molding & Thermoforming. 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.

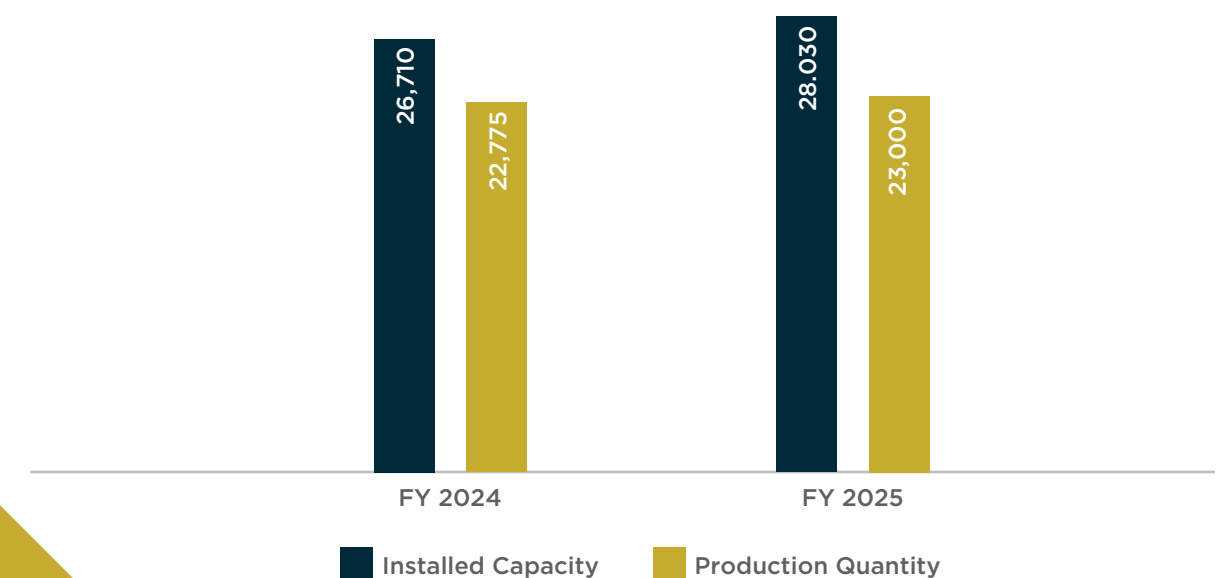
In FY 2025, APICO has increased installed capacity by 5% due to an increase in demand as well as the expansion of sales to various regions of the Kingdom. As a pivotal aspect of operational strategy, company production capacity is carefully optimized to maximize output while minimizing lead times and 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)



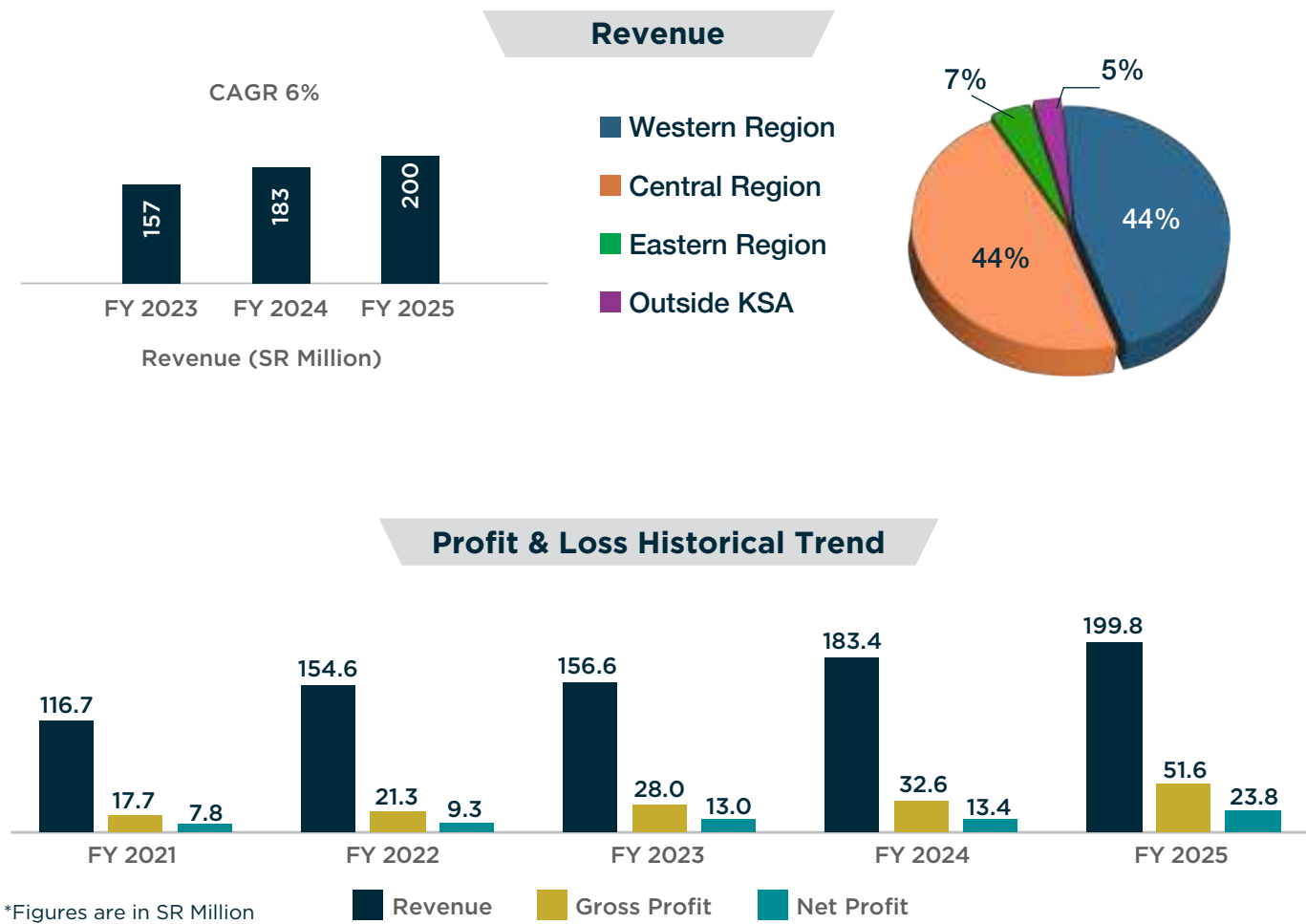
4. Financial Highlights

4.1 Operational Revenues

APICO recorded revenue of SR 199.8 million in FY 2025 which is 8.9% higher than FY 2024. 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 51.6 million in FY-2025 which is 58.3% higher than the previous year. The increase in gross profit is attributed to a combination of strategic product mix and operational excellence initiatives.

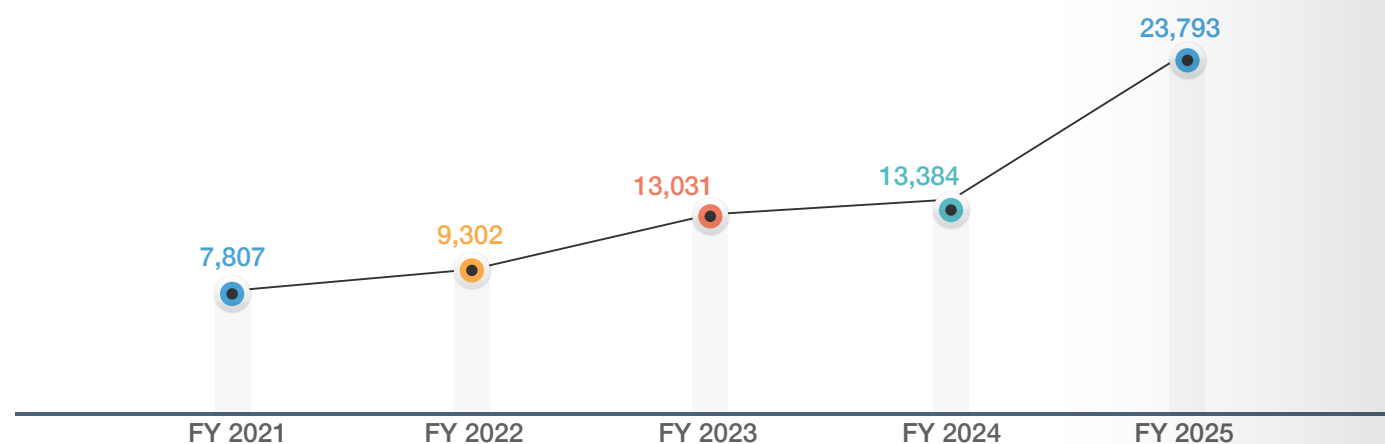
APICO sells its products mainly in local markets of the kingdom with a minor contribution of export i.e. 5.5% to Iraq, Yemen & Jordan. FY-2025, sales to the Western region were 44% whereas 44% of sales were from the Central region and 6.5% from Eastern Region.



Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	116,683	154,571	156,647	183,410	199,822
Gross Profit	17,683	21,337	28,038	32,626	51,648
Net Profit	7,807	9,302	13,031	13,384	23,792

*Figures are in SR k

Net Profit



*Figures are in SR k

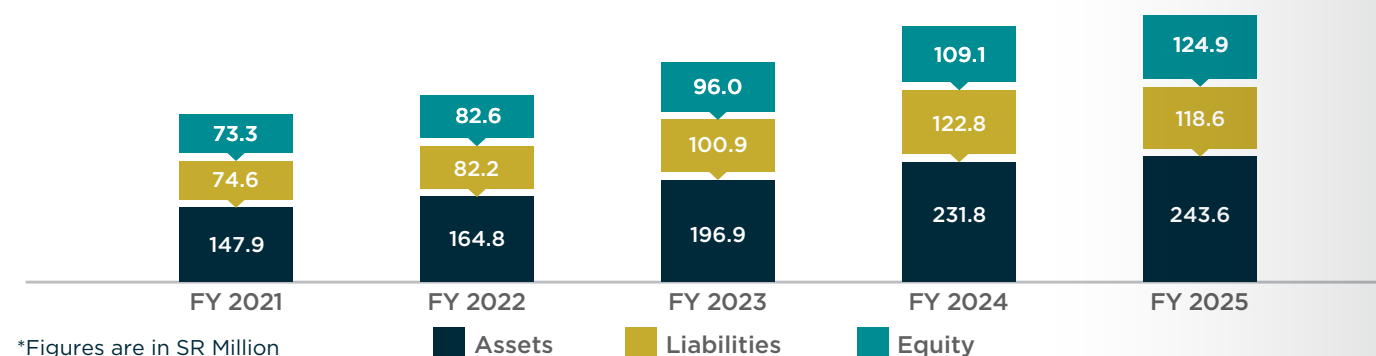
APICO has successfully recorded a net profit of SR 23.8 million, having 78% growth compared to the previous year. It underscores the company's ability to drive sustainable profitability while maintaining a focus on cost-effectiveness and prudent investment.

4.2 - APICO Assets, liabilities, and Equity

APICO assets have increased by 5% in FY 2025 which is mainly because of investment of SR 14 million (12% increase) in machines, molds, and equipment for future production enhancement.

Shareholder equity for FY-2025 has increased by 15% to reach SR 125 million which is mainly due to continuous outstanding performance and achieving a net profit of SR 23.8 million, and increasing the company's capital from SR50 million to SR75 million, generated from reserves and retained earnings.

Balance Sheet Historical Trend

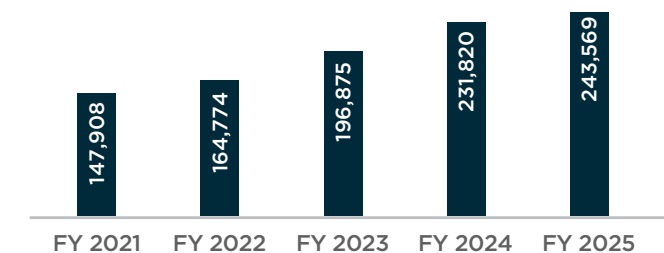


*Figures are in SR Million

Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Assets	147,908	164,774	196,875	231,820	243,569
Liabilities	74,621	82,184	100,884	122,754	118,635
Equity	73,288	82,590	95,989	109,067	124,934

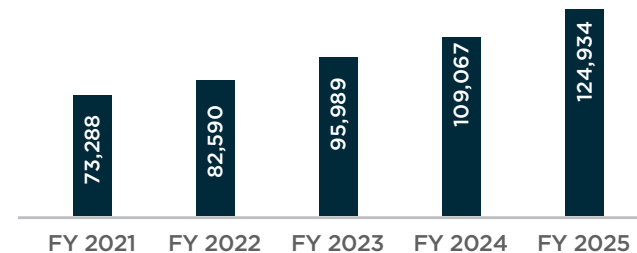
*Figures are in SR k

Total Assets



*Figures are in SR k

Total Equity



Cash Flows

Cash Flow	Operation CF	Investment CF	Financing CF
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
FY 2025	39,035	-26,999	-18,110

*Figures are in SR k

4.3 - Loans Details

Bank Name	Tenure	Loan Balance Dec-24	Loan Balance Dec-25
SAIB	Short-term	57,512,387	75,076,184
NCB	Short-Term	9,914,295	0
SIDF	Long Term	22,195,000	5,548,750

4.4 - Description of Debt Instruments

In 2025, the company did not issue or grant any convertible debt instruments into shares or to any options or subscription memorandum or any similar rights.

4.5 - 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	9,885,756.84	859,260.22	Pending final review by the Authority
GOSI	1,746,995.38	0	-

4.6 - Related Party Transactions

Company Name	A board member who has a direct or indirect interest in these businesses and contracts.	Volume of transactions	Balance	Description
CORE3 Consultancy Co.	Ahmed O. Balubaid Waleed K. Balubaid Mohammed H. Alhaj	1,802,953	-798,542	Management consulting, marketing, and information technology services
Arabian Plant for Lubricants and Grease Co.	Khalid O. Balubaid Ahmed O. Balubaid Mohammed H. Alhaj	212,118	-160,614	Purchases of oils and greases
Arabian Plant for Lubricants and Grease Co.	Khalid O. Balubaid Ahmed O. Balubaid Mohammed H. Alhaj	1,986,331	1,027,077	Plastic packaging sales
Omar Abubakr Balubaid Co.	Khalid O. Balubaid Ahmed O. Balubaid Saeed O. Balubaid Waleed K. Balubaid	376,638	-277,024	Payments on behalf of the company

5. 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 FY 2025 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.

6. 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:

- Geographical Growth: Enhancing our regional market share and expanding into international markets, particularly in high-demand areas such as Africa and the Middle East.
- 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:

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

3. Strategic Partnerships:

- 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.

7. 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:

7.1 - 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 execute the smooth execution of this expansion. With a growing customer base, the company is positive in its ability to sell products effectively and meet market demand.

7.2 - Raw material price variation risk

The Company is exposed to the risk of price fluctuations in raw materials, services, or market rates, which may result in increased operating costs and pressure on margins if such variations cannot be passed on to customers in a timely manner. 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.

7.3 - Risks related to equipment and machinery

The company structure consists of several complicated production lines, molds and machinery for manufacturing finished products. In case of any design failure, breakdown or sudden suspension in the work of such lines or machinery, this can lead to negative impact on the Company's production throughout the term of failure, breakdown or suspension. Accordingly, this can lead to negative impact on the Company's activities, forecasts and results of operations throughout the term of suspension of production. Such impact shall 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 risk, the company periodically arranges maintenance of the machines and production lines so that the breakdown time remains lowest and production efficiency could be optimized.

7.4 - Liquidity risk

The company faces the risk of not being able to fulfill its financing obligations, particularly loan commitments. However, 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, cash equivalents and working capital.

7.5 - 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.

7.6 - Customer Concentration Risk

The Company's business performance is partially dependent on the success and continuity of key customers. Any adverse change in a major customer's operational or financial performance, strategic direction, or demand for services could have an impact on the Company's revenue stability and long-term growth. The Company actively seeks to diversify its customer portfolio by pursuing new clients across different sectors and markets. Management regularly monitors customer concentration levels and continues to strengthen business development efforts to reduce reliance on any single customer and support sustainable growth.

7.7 - 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 therefore less risk of receivable default.

7.8 - 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, and attract necessary foreign employees. Failure to adhere to Saudization policies and rates as prescribed by the Ministry of Labor may 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.

7.9 - Insurance Coverage

The company's net income, operating performance, and financial standing could be impacted in the event of future losses arising from uninsured accidents, and other risks associated with handling hazardous or toxic materials that could pose environmental or human health risks. The company is taking reasonable measures to reduce any potential losses occurring as a result to this risk.

7.10 - 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.

7.11 - Foreign Currencies Exchange Rate Risk

The company faces the risk of fluctuations in the value of financial instruments due to changes 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.

7.12 - Risk Related to Regulation and Laws

The company is exposed to compliance risk arising from potential non-adherence to Saudi laws and CMA regulations, including governance, market conduct, and investor protection requirements. To mitigate this risk, the company has established processes aligned with regulatory standards and continuously monitors legislative and regulatory changes to ensure timely compliance.

7.13 - Risks Related to Environmental Health Safety Regulations

The company is exposed to risks arising from non-compliance with Environmental, Health, and Safety (EHS) regulations in Saudi Arabia, which cover workplace safety, environmental protection, waste management, and employee health standards. Non-compliance may result in regulatory penalties, operational disruptions, or reputational damage. To mitigate these risks, the company has implemented EHS policies and procedures, ISO standards and conducts regular training and awareness programs to ensure compliance. Audits, inspections, and reporting mechanisms are in place to identify and address potential hazards proactively. The company is committed to maintaining a safe, healthy, and environmentally responsible operation in full adherence to applicable laws and regulations.



8. Human Resources

Our people continue to be at the heart of everything we do. Over the past year, the Human Resources function has focused on creating an environment where employees feel supported, engaged, and empowered to perform at their best.

We have worked closely with executive leadership across the organization to ensure that our people strategy remains aligned with our business priorities. This has meant not only attracting and retaining the right talent, but also investing in their growth, and strengthening a culture built on trust, collaboration, and accountability.



Key HR Initiatives

8.1 Training & Employee Development

Employee capability development was a key focus area during 2025. HR developed and finalized a comprehensive Learning & Development Policy, establishing a structured framework for employee training governance, development planning, and capability building.

During 2025, multiple training programs were delivered across safety, operational, and leadership areas, covering approximately 150 employees, including:

- Safety Training
- Drive for Success:
- Non-Disclosure Awareness
- ISO 14001 Training
- PEAK – Management Skills
- Goals Setting
- Forklift Training
- ISO 22000 Training

These initiatives contributed to strengthening employee technical capabilities, leadership readiness, and operational safety awareness across the organization.

8.2 Governance & HR Infrastructure

During 2025, HR strengthened internal governance by reviewing and updating several HR policies to ensure alignment with Saudi Labor Law and corporate governance requirements.

8.3 HR Digital Transformation

APICO successfully completed the full implementation of the ZenHR Human Resources Information System (HRIS), achieving 100% utilization across the company.

The system currently supports core HR operations including:

- Employee records management
- Leave management
- Payroll and attendance management
- HR reporting and analytics

This implementation significantly enhanced operational efficiency, data accuracy, and compliance monitoring.

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.

9. Board of Directors

9.1 - Formation of the Board of Directors for the year 2025 and classification of its members

Members of the Board of Directors for the previous term ending on 13/9/2025

Membership Name	Position	Member Classification
Mr. Khalid O. Balubaid	Chairman of the Board	Non-Executive
Mr. Ahmed O. Balubaid	Vice Chairman of the Board	Non-Executive
Mr. Waleed K. Balubaid	Board Member	Non-Executive
Mr. Mohammed H. Al-Haj	Board Member	Non-Executive
Mr. Azhar M. Kenji	Independent Board Member	Independent
Mr. Naji Sourati	Independent Board Member	Independent
Mr. Venugopal T. K.	Board Member	Executive
Mr. Saeed O. Balubaid	Board Member	Non-Executive

At the Ordinary General Assembly meeting held on 11/09/2025, the members of the Board of Directors were elected for a new four-year term, during which eight members were selected for the new term commencing on 14/09/2025 and ending on 13/09/2029. The Arabian Plastic Industrial Company also announced on the Saudi Exchange (Tadawul) website that the Board of Directors, at its meeting held on 30/09/2025, resolved to appoint **Mr. Ahmed O. Balubaid** as Chairman of the Board and **Mr. Waleed K. Balubaid** as Vice Chairman of the Board.

Membership Name	Position	Member Classification
Mr. Ahmed O. Balubaid	Chairman of the Board	Non-Executive
Mr. Waleed K. Balubaid	Vice Chairman of the Board	Non-Executive
Mr. Khalid O. Balubaid	Board Member	Non-Executive
Mr. Mohammed H. Al-Haj	Board Member	Non-Executive
Mr. Azhar M. Kenji	Independent Board Member	Independent
Mr. Naji Sourati	Independent Board Member	Independent
Mr. Venugopal T. K.	Board Member	Executive
Mr. Nasser I. Al-Dossary	Independent Board Member	Independent

9.2 - 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;

9.3 - Board of Directors meetings

The board of directors conducted 5 board meetings throughout 2025 as follows:

#	Name	Nature of Membership	1st Meeting 26/03/2025	2nd Meeting 26/05/2025	3rd Meeting 13/08/2025	4th Meeting 30/09/2025	5th Meeting 17/12/2025
1	Mr. Ahmed O. Balubaid	Non-Executive	✓	✓	✓	✓	✓
2	Mr. Waleed K. Balubaid	Non-Executive	✓	✓	✓	✓	✓
3	Mr. Khalid O. Balubaid	Non-Executive	✓	✓	✓	✓	✓
4	Mr. Mohammed H. Al-Haj	Non-Executive	✓	✓	✓	✓	✓
5	Mr. Azhar M. Kenji	Independent	✓	✓	✓	✓	✓
6	Mr. Naji Sourati	Independent	✓	✓	✓	✓	✓
7	Mr. Venugopal T. K.	Executive	✓	✓	✓	✓	✓
8	Mr. Nasser I. Al-Dossary**	Independent				✓	✓
9	Mr. Saeed O. Balubaid*	Non-Executive	✓	✓	✓		

*Membership expired on 13/09/2025

** Membership started on 14/09/2025

9.4 - 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. Ahmed O. Balubaid

Chairman

Qualification:

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

Experience:

35+ 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 Holding Group.	Current	Inside KSA	Limited Liability
Manager at Omar A. Balubaid Co.	Current	Inside KSA	Limited Liability
Manager at Aswaq Al Hijaz Commercial Co.	Current	Inside KSA	Limited Liability
Board Member at Arabian Plant for Lubricants & Grease Co.	Current	Inside KSA	Closed Joint Stock
Manager at Saudi Finance House Co.	Current	Inside KSA	Limited Liability
Manager at Balubaid Automotive Co.	Current	Inside KSA	Limited Liability
Chairman of National Finance House Co.	Current	Inside KSA	Closed Joint Stock
Chairman of Board of Managers at CORE3 Consultancy	Current	Inside KSA	Limited Liability
Manager at Arabian Trading MAB Co. Ltd.	Current	Inside KSA	Limited Liability
Vice Chairman of Wahat Al-Yusur Co.	Current	Inside KSA	Closed Joint Stock
Manager at Marsana Rental Car Co.	Current	Inside KSA	Limited Liability
Chairman of Service Equipment's Co.	Current	Inside KSA	Public Listed
Member of Board of Managers at Digital Excellence Co.	Current	Inside KSA	Limited Liability
Manager at AutoMark Co.	Current	Inside KSA	Limited Liability
Manager at Ahmed Omar Balubaid Holding Co.	Current	Inside KSA	Limited Liability

Mr. Waleed K. Balubaid

Vice chairman

Qualification:

- Master's in business finance from Bentley University, USA, in 2012.
- Bachelors in computer science from Fairleigh Dickinson University, USA, in 2005.

Experience:

- 17+ 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 Holding Group.	Current	Inside KSA	Limited Liability
Vice Chairman of National Finance House Co.	Current	Inside KSA	Closed Joint Stock
Manager of Aswaq Al Hijaz Commercial Co.	Previously	Inside KSA	Limited Liability
Member of Board of Managers at CORE3 Consultancy	Current	Inside KSA	Limited Liability
Board Member of Fundamental Installation for Electric Work Co.	Current	Inside KSA	Closed Joint Stock

Mr. Khalid O. Balubaid**Board Member****Qualification:**

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

Experience:

36+ 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 Holding Group.	Current	Inside KSA	Limited Liability
Manager at Omar A. Balubaid Co.	Current	Inside KSA	Limited Liability
Manager at Aswaq Al Hijaz Commercial Co.	Current	Inside KSA	Limited Liability
Chairman of Arabian Plant for Lubricants & Grease Co.	Current	Inside KSA	Closed Joint Stock
Manager at Saudi Finance House Co.	Current	Inside KSA	Limited Liability
Manager at Balubaid Automotive Co.	Current	Inside KSA	Limited Liability
Board Member of National Finance House Co.	Current	Inside KSA	Closed Joint Stock
Manager at Wateen Al-Tamayouz Trading Co.	Current	Inside KSA	Limited Liability
Chairman of Wahat Al-Yusur Co.	Current	Inside KSA	Closed Joint Stock
Chairman of Board of Managers at Digital Excellence Co.	Current	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:

- 2018-2025 - Group Chief Executive Officer Balubaid group of companies.
- 2017-2018 - 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 Balubaid Holding Group.	Current	Inside KSA	Limited Liability
Board member of National Finance House Co	Current	Inside KSA	Closed Joint Stock
Board member of Service Equipment Co.	Current	Inside KSA	Listed Joint Stock
Vice Chairman of Board of Managers at CORE3 Consultancy	Current	Inside KSA	Limited Liability
Board Member of Arabian Plant for Lubricants and Grease	Current	Inside KSA	Closed Joint Stock
Board Member of Workforce Saudi Co.	Current	Inside KSA	Closed Joint Stock
Board Member of SEB Groupe	Current	Inside KSA	Limited Liability
Board Member of United Motor Group	Current	Inside KSA	Limited Liability
Board Member of Jowaico Company	Previously	Outside KSA	Listed Joint Stock

Mr. Azhar M. Kenji**Board Member - Independent****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	Closed Joint Stock
Board Member in Kiswat Aisha	Current	Inside KSA	Non-Profit

Mr. Naji Sourati**Board Member - Independent****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 Roastery LLC	Current	Outside KSA	Limited Liability
Board Member of Savola Plastics	Previously	Inside KSA	Limited Liability

Mr. Nasser I. AlDossary

Board Member - Independent

Qualification:

- Master of Science in Logistics and Supply Chain Management, Cranfield University.
- Bachelor of Science in Industrial and Systems Engineering, King Fahad University of Petroleum & Minerals.

Experience:

- 2022 to date: CEO at Nemow A’amaal for Operation and Maintenance.
- 2021-2022: Senior Engineer at Ministry of Energy.
- 2019-2021: Supply Chain Manager at Jovae Industrial Co.
- 2015-2019: Quality Control Manager at Plastech Co.



Name of Companies	Period	Place	Legal From
Board Member at Mawad Drilling Fluids Factor.	Current	Inside KSA	Limited Liability
Board Member at Ebreez Arabian Co.	Current	Inside KSA	Limited Liability
Board Member at Saudi Call for Trade.	Current	Inside KSA	Limited Liability

Mr. Venugopal T.K.

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)



9.5 - 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:

- Analyzing 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 followin 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.

9.5.1 - Highlights on the activities of the Committee during 2025:

- Discussing and evaluating the application of circular from Capital Market Authority regarding the revaluation of machinery and equipment.
- Analyzing the Company's Annual financial statements for Year 2024 before presenting them to the Board and providing its opinion and recommendations
- Providing recommendations to the Board to nominate external auditors for financial year 2025 and responding to queries of the Company's external auditor
- Analyzing the Company's interim financial statements for Year 2025 before presenting them to the Board and providing its opinion and recommendations
- Reviewing the Related Party transactions, and providing recommendations to the Board
- Reviewing and approving the Risk Based Internal Audit Plan for Financial Year 2025
- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such report.

9.5.2 - The Company's Audit Committee held 10 meetings during 2025, to implement the tasks entrusted to it, as follows:

Name	Nature of Membership	1 st Meeting 07/01/2025	2 nd Meeting 11/02/2025	3 rd Meeting 16/03/2025	4 th Meeting 24/03/2025	5 th Meeting 26/03/2025	6 th Meeting 13/04/2025	7 th Meeting 08/05/2025	8 th Meeting 19/05/2025	9 th Meeting 01/07/2025	10 th Meeting 03/08/2025
Waleed K. Balubaid	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hassan I. Al-Zahrani	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
AbdulRahman Mohammadi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

9.5.3 - 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 I. 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:

- Dec 2025 – Current Chief Financial Officer at AL Ahli Club Company (PIF Company)
- Mar2025 - Nov 2025 Senior Director Financial Controller at National Housing Company (NHC)
- 2024 - 2025 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



9.5.4 - 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

9.5.5 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

9.5.6 - The Company's Nominations and Remunerations Committee held 3 meetings during 2025, to implement the tasks entrusted to it, as follows:

Name	Nature of Membership	1 st Meeting 16/03/2025	2 nd Meeting 06/08/2025	3 rd Meeting 11/12/2025
Mr. Azhar M. Kenji**	Chairman			✓
Mr. AbdulHamid M. Al-Yousef*	Chairman	✓	✓	
Mr. Mohammed H. Al-Haj	Member	✓	✓	✓
Mr. Morhaf Alsaman**	Member			✓
Mr. Abubakr M. Balubaid*	Member	✓	✓	

*Membership expired on 13/09/2025

** Membership started on 14/09/2025

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

Mr. Azhar M. Kenji Committee Chairman

Mr. Azhar details were previously presented under item 8.4.



Mr. Mohammed Al-Haj Committee Member

Mr. Mohammed's details were previously presented under item 8.4.



Mr. Morhaf Al Samman

Committee Member

Qualification:

- Master's in business information technology, DePaul University in Chicago
- Bachelor's degree in business administration with an MIS concertation - College of Business Administration (CBA)

Experience:

- 2025 to date: VP, Human Capital & Organizational Excellence at Jeddah Airports Co.
- 2016-2025: Chief Human Resources Officer at Savola Group
- 2013-2016: HR Business Partner & Corporate Services at Cristal Global
- 2010-2013: HR Business Partner at National Commercial Bank NCB
- 2008-2010: Assistant Manager, Human Resources at Emaar, The Economic City



Name of Companies	Period	Place	Legal From
Member of Nomination & Remuneration Committee at Herfy Food Services Company	Current	Inside KSA	Joint Listed
Member of Nomination & Remuneration Committee at First Fix	Current	Inside KSA	Limited Liability
Member of Nomination & Remuneration Committee at AlKabeer Group	Previous	Inside KSA	Limited Liability

9.6 - Executive Management:

Mr. Venugopal T.K.

CEO

Mr. Venu details were previously presented under item 8.4.



Mr. Salamah A. Al Qatarneh

Finance Director

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. 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

10.1 - 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.

10.2 - 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.

10.3 - 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 by laws.
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.
11. 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

10.4 - 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.

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

Board 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 M. Kenji	120,000	25,000	0	0	0	0	145,000	0	0	0	0	0	0	0	145,000	0
Naji Sourati	60,000	25,000	0	0	0	0	85,000	0	0	0	0	0	0	0	85,000	0
Nasser I. Aldossary**	17,918	10,000	0	0	0	0	27,918	0	0	0	0	0	0	0	27,918	0
	Non-Executive Board Members															
Khalid O. Balubaid	102,082	25,000	0	0	0	0	127,082	0	0	0	0	0	0	0	127,082	0
Ahmed O. Balubaid	77,918	25,000	0	0	0	0	102,918	0	0	0	0	0	0	0	102,918	0
Saeed O. Balubaid*	42,082	15,000	0	0	0	0	57,082	0	0	0	0	0	0	0	57,082	0
Moh'd H. El-Haj	60,000	25,000	0	0	0	0	85,000	0	0	0	0	0	0	0	85,000	0
Waleed K. Balubaid	60,000	25,000	0	0	0	0	85,000	0	0	0	0	0	0	0	85,000	0
	Executive Board Members															
Venugopal T. K.	60,000	25,000	0	0	0	0	85,000	0	0	0	0	0	0	0	85,000	0
Total	600,000	200,000	0	0	0	0	800,000	0	0	0	0	0	0	0	800,000	0

*Membership expired on 13/09/2025 **Membership started on 14/09/2025 (Changes in positions during the year were taken into consideration)

Committees Compensation	Member Name	Fixed Remuneration	Sessions Attendance Allowance	Total
Audit Committee	Waleed K. Balubaid	40,000	30,000	70,000
	Hassan Al-Zahrani	10,000	30,000	40,000
	AbdulRahman Al-Mohammadi	10,000	30,000	40,000
Numeration & Renumeration Committee	Abdulhamid Al-Yousef*	35,068	6,000	41,068
	Azhar Kenji**	14,932	3,000	17,932
	Morhaf Al Samman**	2,986	3,000	5,986
	Mohammed H. Al-Haj	10,000	9,000	19,000
	Abubakr M. Balubaid*	7,014	6,000	13,014
	Total	130,000	117,000	247,000

*Membership expired on 13/09/2025 **Membership started on 14/09/2025

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	524,400	70,000	00	594,400	350,000	00	00	00	350,000	43,700	00	988,100
Finance Director	324,000	36,000	00	360,000	130,000	00	00	00	130,000	13,500	00	503,500
Total	848,400	106,000	00	954,400	480,000	00	00	00	480,000	57,200	00	1,491,600

**End-of-Service Provision for the Year 2025

12. Dividend Policy

- Article 57 of the Company's Bylaws addressed the distribution of the company's net profits as follows:
- The General Assembly determines the percentage of net profits to be distributed to shareholders after deducting reserves, if any.
 - The Ordinary General Assembly, based on the Board of Directors' proposal, may allocate a portion of net profits to form reserves and designate them for specific purposes, provided that such reserves are used based on a Board proposal and in ways that benefit the company and its shareholders.
 - The Ordinary General Assembly may decide to create other reserves to the extent that serves the company's interest or ensures, as much as possible, stable profit distribution to shareholders. It may also deduct amounts from net profits for social purposes benefiting the company's employees.
 - The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis, after meeting the relevant regulatory requirements set by the competent authorities.
 - The Board of Directors must implement the General Assembly's resolution regarding profit distribution to registered shareholders within fifteen (15) working days from the due date specified in the General Assembly's resolution or in the Board's resolution approving interim dividend distribution.

12.1 Statement of Dividends Distributed to Shareholders During 2025

Year	Announcement Date	Eligibility Date	Distribution Date	Distribution Method	Dividend per Share
2025	14/08/2025	11/9/2025	30/9/2025	Transfer to Account	1.00



13. 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	Extraordinary General Assembly Meeting 19/06/2025	Ordinary General Assembly Meeting 11/09/2025
1	Mr. Ahmed O. Balubaid	✓	✓
2	Mr. Waleed K. Balubaid	✓	✓
3	Mr. Khalid O. Balubaid	✓	✓
4	Mr. Mohammed H. Al-Haj	✓	✓
5	Mr. Azhar M. Kenji	✓	✓
6	Mr. Nagi Sourati	✓	✓
7	Mr. Venugopal T. K.	✓	✓
8	Mr. Saeed O. Balubaid*	✓	✓

*Membership expired on 13/09/2025
**Membership started on 14/09/2025

Disclosure of any interests held by persons other than Board members and senior executives in voting shares, or any changes in such rights during the year

The following table shows the changes in ownership of major shareholders:

Shareholder Name	Shares Owned at the Beginning of the Year	Shares Owned at the End of the Year
Omar A. Balubaid Company Ltd.	63.991%	63.991%
Mr. Omar K. Abdullah Al-Aufani	10%	Below 5%

14. Number of the company's requests of the shareholders' registry, dates and reasons

The company requested the shareholders ' registry 2 times during 2025 as follows

Number of the company's request of the shareholders' registers	Request Date	Request Reason
1- Detailed – at portfolio level (B)	29/12/2025	Other
2- Detailed – at portfolio level (B)	20/04/2025	AGM

15. Announcements



1	Announcement on the Formation of the Audit Committee.	01/10/2025
2	The appointment of a Chairman and Vice Chairman of the Board of Directors and the formation of Board committees for the new session.	01/10/2025
3	The Results of the Ordinary General Assembly Meeting (First Meeting)	14/09/2025
4	Inviting shareholders to attend the Ordinary General Assembly Meeting (First Meeting)	21/08/2025
5	Announcing the board of director's recommendation to distribute interim cash dividends for the First half of the fiscal year 2025	14/08/2025
6	Announces its interim financial results for the period ending on 30-06-2025 (Six Months)	14/08/2025
7	Announces the opening of the nomination period for the board of director's membership.	02/07/2025
8	Announces the results of the Extraordinary General Assembly Meeting (First Meeting) which includes an agenda item on increasing the company's capital.	22/06/2025
9	Invites its shareholders to attend the Extraordinary General Assembly Meeting (First Meeting) which includes an agenda item on increasing the company's capital through modern technology.	29/05/2025
10	Announces its Annual Financial Results for the period ending on 31-12-2024.	27/03/2025
11	Arabian Plastic Industrial Company (APICO) announces the signing of a contract with Badael Company - A PIF Company.	23/01/2025

16. 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

- 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

- What procedures does the Board of Directors follow to inform its members, particularly non-executive directors, of shareholders' proposals and observations regarding the Company and its performance?

No shareholder proposals or observations were received during 2025. Any matters raised during or outside General Assembly meetings are documented in the respective meeting minutes and communicated to the Board as appropriate.

- 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, 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

