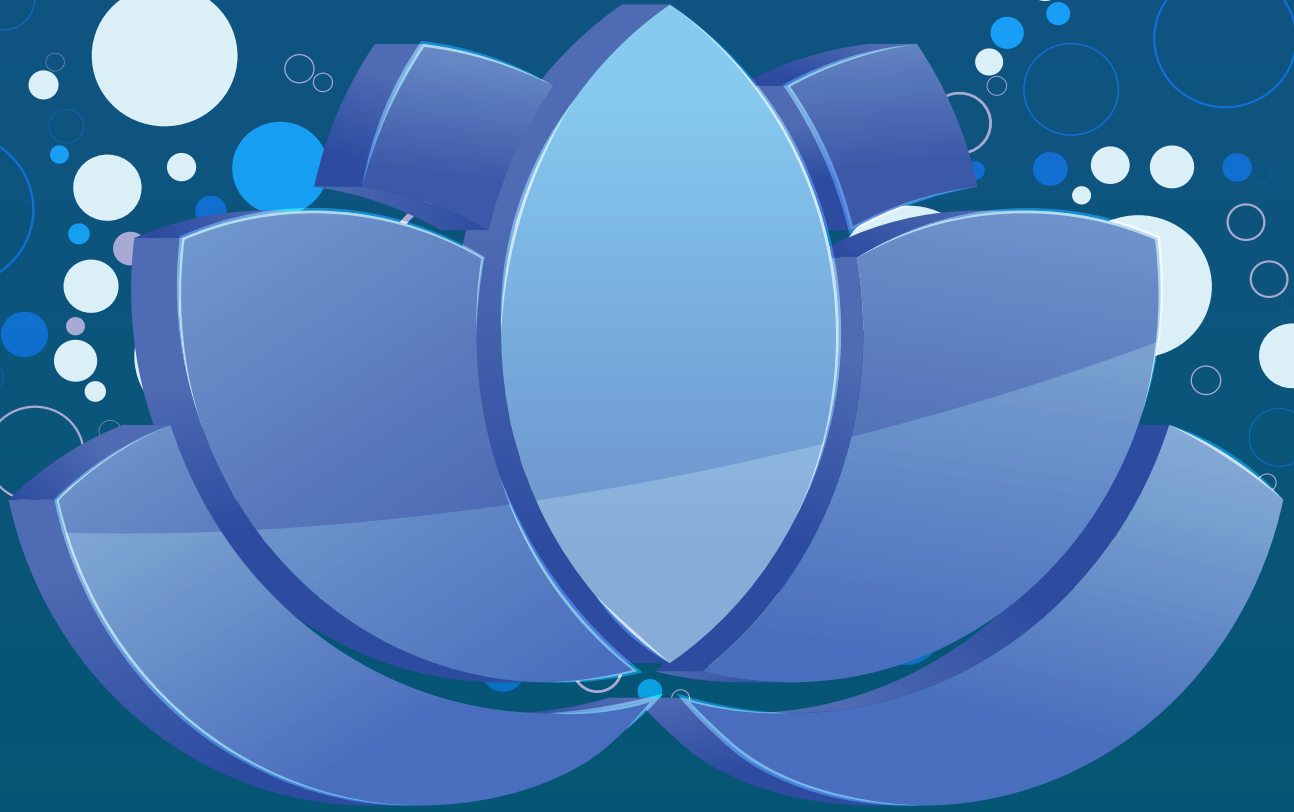




شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company



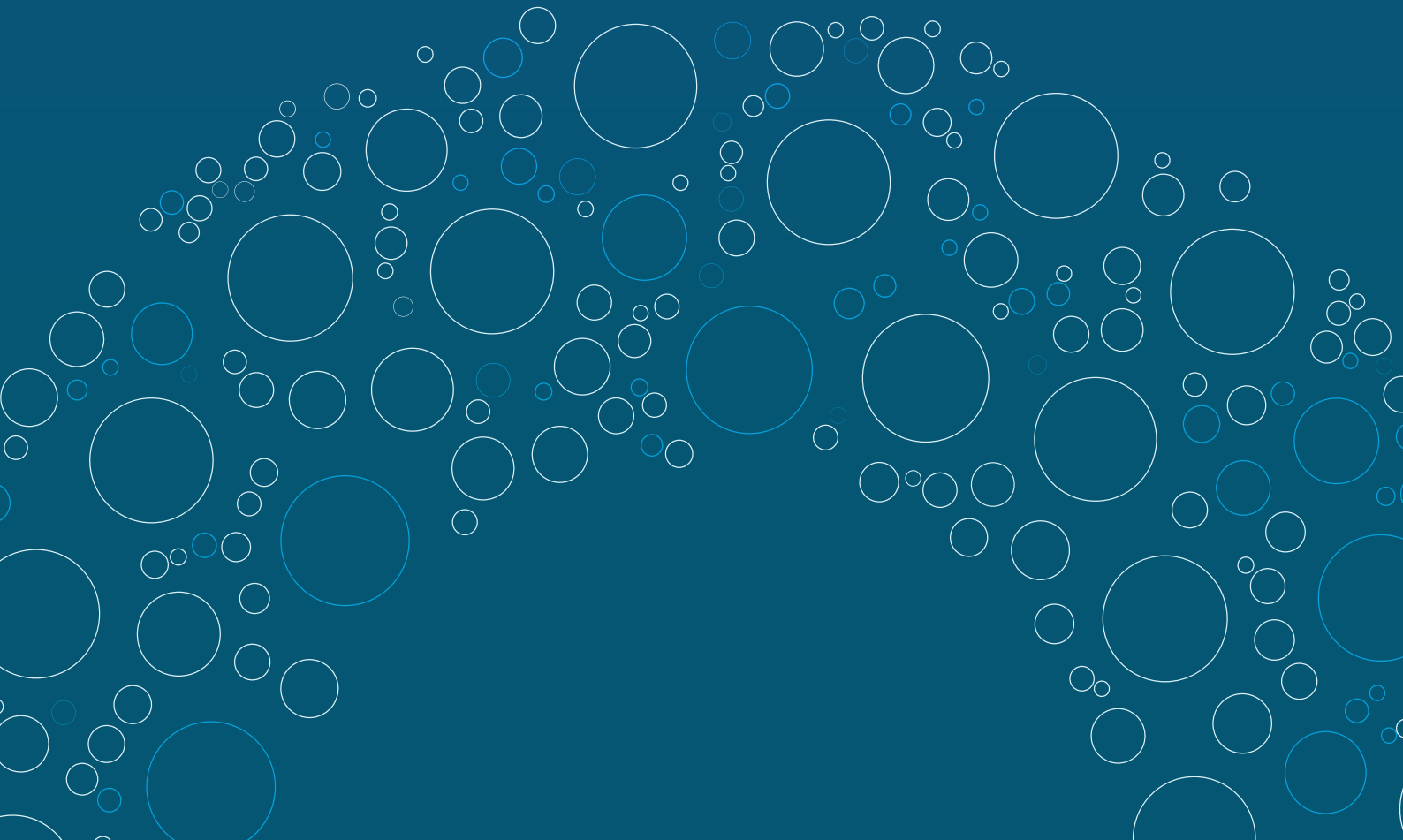
ANNUAL REPORT

2023

We are pleased to present the annual report that showcases the business activities and performance of Zahra Al Wahah Trading Company for the fiscal year ended December 31, 2023, in accordance with the applicable regulations and disclosure requirements set forth in the regulations and directives issued by the Capital Market Authority.



www.zaoasis.com



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



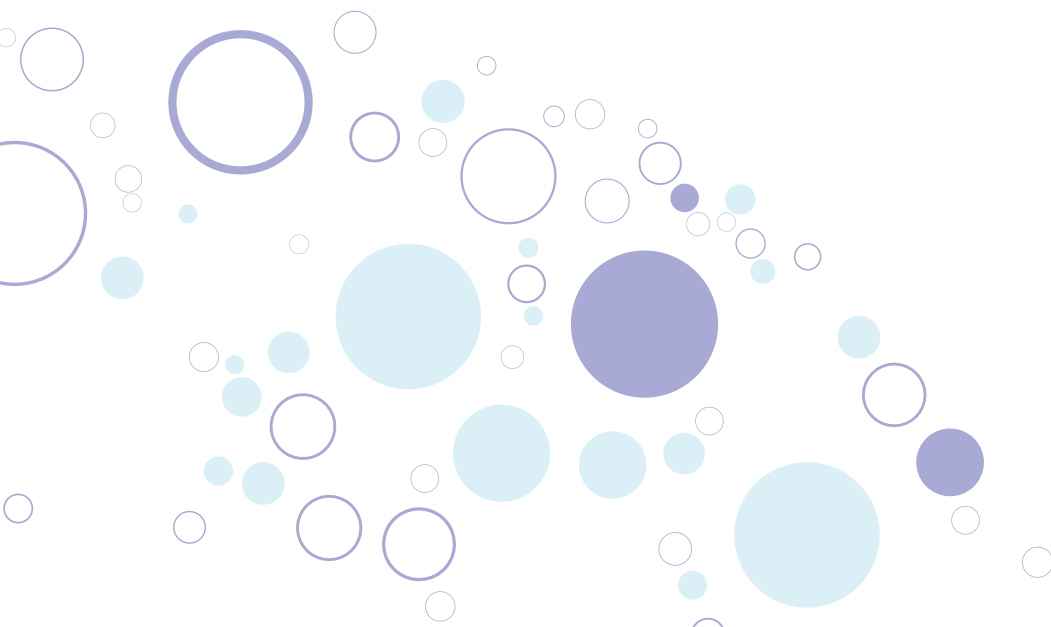
Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud

His Royal Highness Prince
Mohammed bin Salman bin Abdulaziz Al Saud
Crown Prince and Prime Minister



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Company profile
and activities



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Operational
summary

The historical growth of the most
important financial indicators



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Board and
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Social
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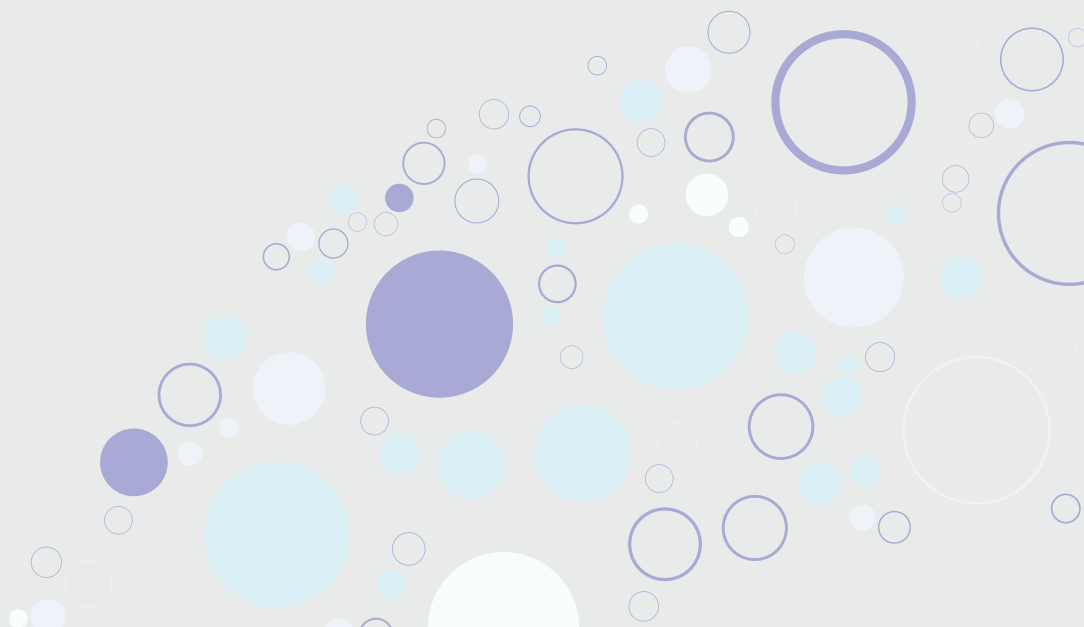


The focus of
our operations in 2024

Financial
Statements



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We have a solid and sustainable strategy that guarantees our long-term success and ensures the sustainability of our leadership in the sectors in which we operate

”

Ahmed Hammoud Ibrahim Altheyab
Chairman



Chairman message

Dear shareholders,

On my own behalf and on behalf of the members of the Board of Directors, I am pleased to present to you the annual report for the year 2023, in which it reviews the results of the company's business, its goals, strategy and future aspirations to enhance its ambitious role in achieving the Kingdom's vision.

I would like to express my great happiness with the strong performance that Zahrat Al Waha Trading Company succeeded in achieving during the year 2023, thanks to the confidence of our customers in our products and services that extends over years of time.

In light of the growing economic growth of our dear Kingdom, which has greatly strengthened the business environment and the private sector to support sources of national income, we at Zahrat Al Waha Trading Company are eagerly looking forward to the promising future in accordance with strategies

A well-thought-out plan adopted by the Board of Directors, relying on the company's executive staff who have the professional ability to seize investment opportunities with lucrative returns.



Its field and the advancement of its business to new heights. Thanks to God and His success, the company has succeeded in growing and developing its plans and strategies, thus achieving good returns for its investors and distinguished service that satisfies the ambitions of its customers.

Thanks to God, this was not done with the tools of others, but rather with our tools and the production of our national factories, to cover and ensure the regularity of the company's factories' production for its customers, on a promising journey based on the principles of innovation, quality design, sustainability, quality of life, overcoming challenges, smart investment, and seizing opportunities, in addition to continuous learning from experiences.

Together as one team, we aspire to be the most distinguished company in its field in the Kingdom. Because we are working to develop our current business, and provide new and diverse investment areas and products for the company's business, and we also seek new horizons to liquidate our investments strategically to create value for shareholders and rewarding opportunities for our business and our employees.

We look forward with optimism to the year 2024 and beyond. We also affirm that we will continue to strive to achieve greater value for our shareholders, customers and stakeholders, and we pledge to you to make every effort to achieve the success that we all aspire to for many years to come, with God's help and will.

And gratitude to the Custodian of the Two Holy Mosques and His Royal Highness the Crown Prince, may God protect and preserve him, for their continuous vision and guidance towards a more prosperous future.

On behalf of the Board of Directors of Zahrat Al Waha Trading Company, I would like to thank the entire executive management team and all the employees of the company. The combined efforts of everyone have propelled us from recovery to success with some significant achievements achieved in 2023.

We also thank our valued shareholders and strategic partners for their support in 2023.



Ambitious horizons towards progress and achieving the best value for our shareholders and customers



George Abdulkarim George Moussa
Chief Executive Officer



CEO message

Zahrat Al Waha Trading Company achieved very good performance during the year 2023 AD, relying on the basic pillars of its strategy that contribute to the transformation and growth of the company. Zahrat Al Waha Trading Company also directed to applying the highest standards in governance and safety and ensuring adherence to them while developing plans to manage crises and risks, and your company was keen to develop... Its work, setting annual goals and several initiatives, developing and producing new products with the best local and international quality standards to match the needs of the markets.

Despite the ongoing challenges of worsening global inflation, rising import costs, and increasing interest rates, we have

been able to achieve outstanding growth rates in terms of asset abundance, quality of services, and expanding the customer base thanks to our success in purchasing assets at the appropriate times and making them work to serve the most profitable products and meet our customers' demands.

Not only did Zahrat Al Waha Trading Company maintain its outstanding level of performance in the face of difficulties, but it was also able to increase the volume of its products and raise its share in new markets, according to a scientific strategy that understands market developments in the Kingdom. In a step that confirms the company's commitment to strengthening its presence in the industrial sector in the Kingdom with the aim of increasing production capacity

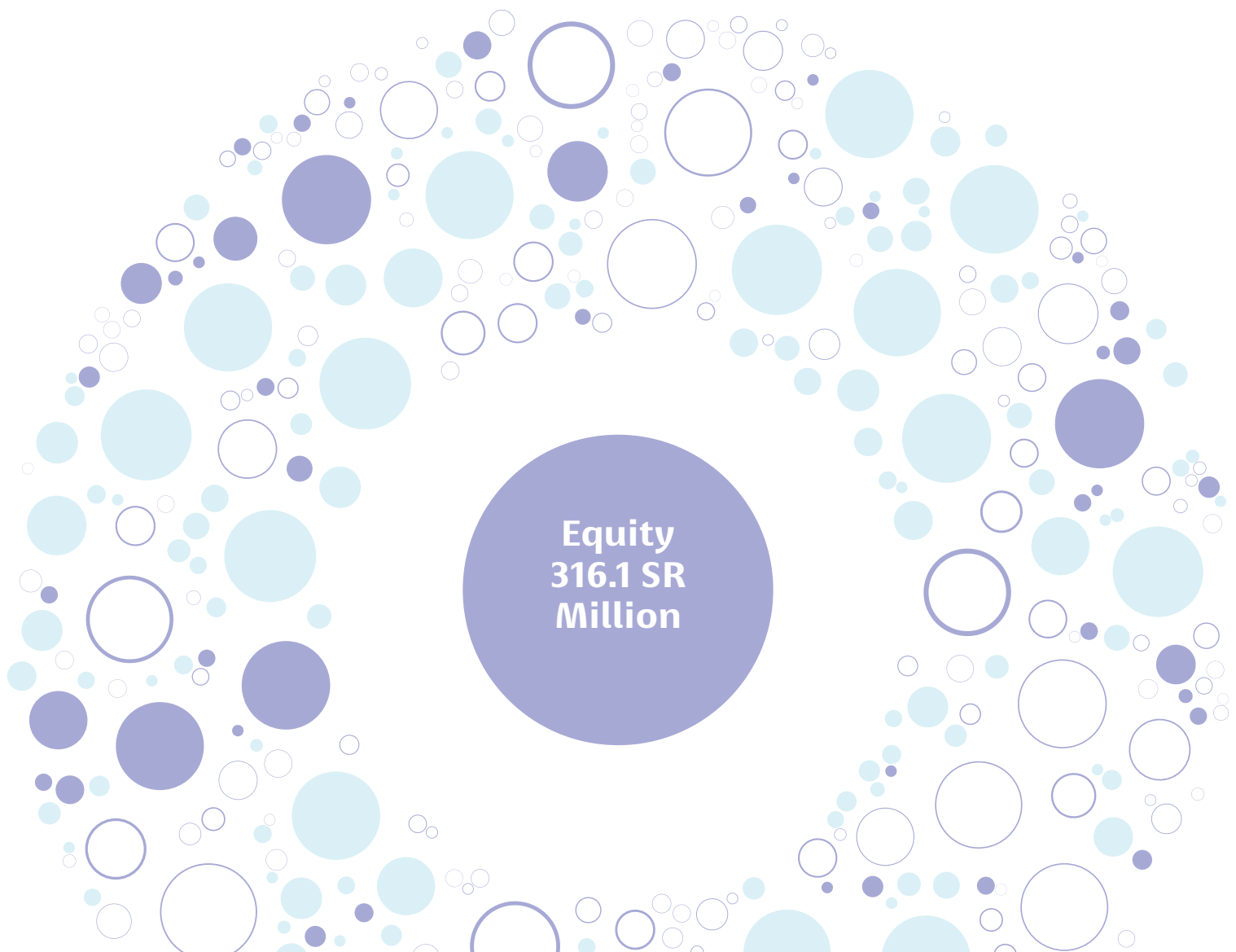
and diversifying the company's products, the company has implemented a comprehensive plan for its capital expansion, which was represented by starting production and commercial sales in the printing and packaging materials sector to keep pace with market demands, diversify sources of income, maximize profitability, increase financial solvency, and maximize shareholders' rights. We reduce costs and enhance the quality of products provided to our customers by purchasing all capital expansion production lines from major European companies.

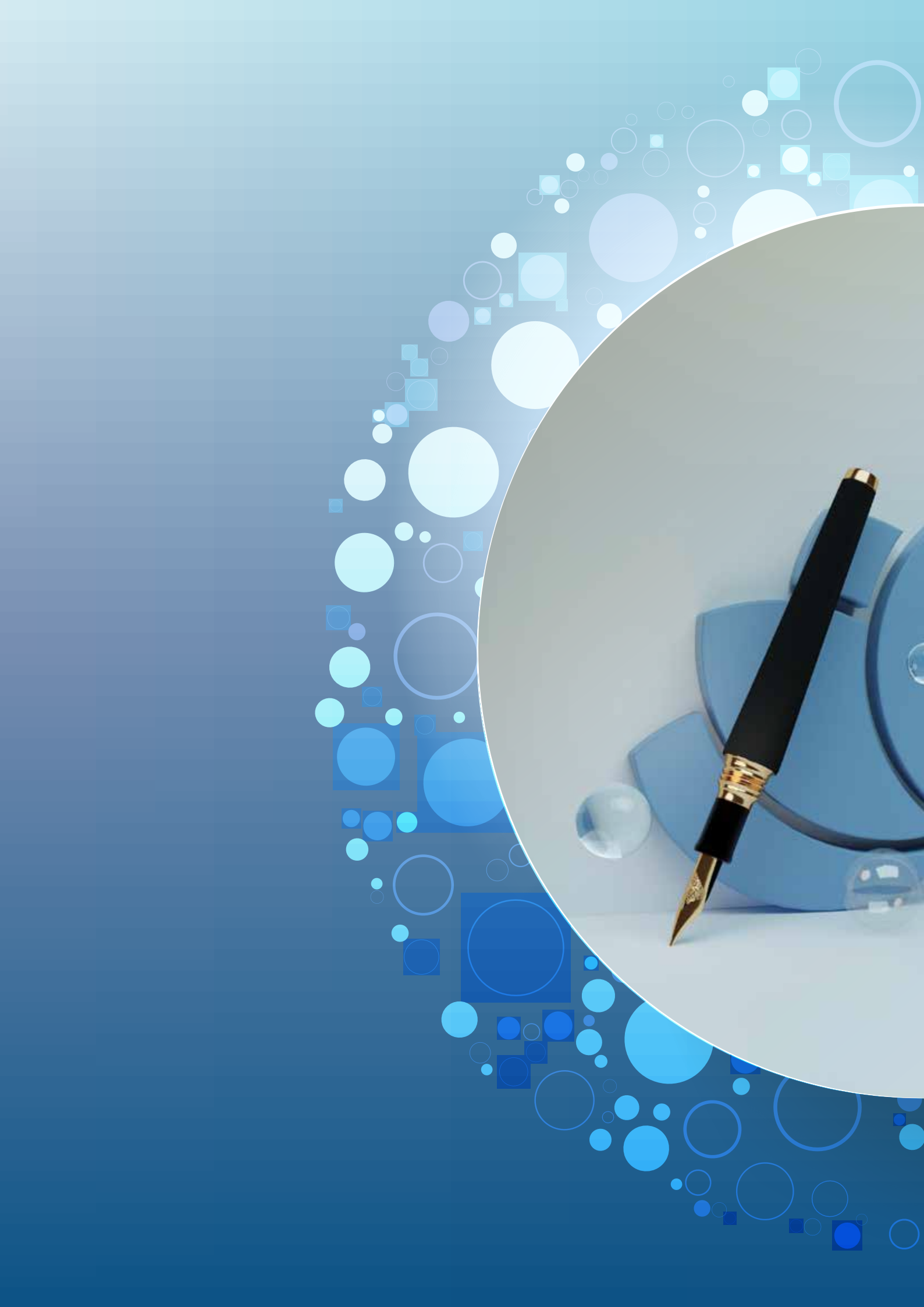
The company also paid great attention to controlling expenses to adapt to the interim period and economic changes from time to time, taking advantage of its strength and distinction elements, as strategic planning played a fundamental role in its success towards achieving future growth at the financial and operational levels, through rapid response, improving cash flow levels, and continuing to find ways Innovative and effective to improve the efficiency and quality of the products provided by the company.

Flexibility has formed a basis upon which the company's values are based, and it is part of the system of values in which we believe and drives us to our permanent commitment, in addition to our responsibility towards our customers to maintain the quality and leadership of our current position, which has formed clear evidence of the success of the company's operations.

I cannot fail to proudly express my deep gratitude for the efforts of our staff and crews, whose strong determination, exceptional experience, and teamwork were the basis that resulted in many achievements during the year 2023.

In conclusion, I extend my deepest thanks and appreciation to the company's Board of Directors and the specialized Board committees for their support of the company's executive management, and my thanks go to the employees of Zahrat Al Waha Trading Company for their tireless efforts and distinguished professionalism that contributed to the company achieving its goals. I also extend my thanks to the shareholders and investors for their continued trust and loyalty to Zahrat Al Waha Trading Company.







*Company profile and
activities*





Board Members



Ahmed Hammoud Ibrahim Altheyab
Chairman of the board



Taha Mohammed Abdul Wahid Azhari
Vice Chairman



George Abdulkarim George Moussa
Board Member
Chief Executive Officer



Meshaal Mohammed Saleh Almogren
Board Member



Sahal Yousef Abdullah Jamal Allail
Board Member



Executive Managers



George Abdulkarim George Moussa
Chief Executive Officer
Board Member



Mahmoud Mohammed Zaki Algamri
Chief Financial Officer
Board of Directors Secretary



Rakan Ahmed Hammoud Ibrahim Altheyab
Supply Chain Director



Abdul Majeed Fahd Al-Bazai
Production and Maintenance Director



Ahmed Hassan Ahmed Ali
Quality Control Director
Board Member



Abdul Mohsen Nasser Salem Al-Gremel
Human Resources Director



Yasser Ghannam Arafat Al-Khatib
Sales Director








Faisal Muhammad Qatim Al-Arjani
Information Technology Director



Company Profile & Activities

The Head office location

 The Kingdom of Saudi Arabia
 Riyadh, Al Rabwa, Al Ahsa Street
 Unit No. 1 – Building 7449
 Extension Number 2980
 Postal code: 12814

 +966 920021203
 +966 (11) 211 1703
 www.zaoasis.com
 info@zaoasis.com

The Branch location

(Oasis Flower Plant for Plastic):

 The Kingdom of Saudi Arabia
 Al Kharj, Riyadh to Al Kharj Road, Exit 7,
 Al Rafai Industrial Area, Unit No 2 – Building 4070
 Extension Number 8362
 Postal code: 16352

 +966 920021203
 +966 (11) 545 9009



Company's Representatives

Ahmed Hammoud Ibrahim Altheyab

Chairman

ahmed@zaoasis.com

George Abdulkarim George Moussa

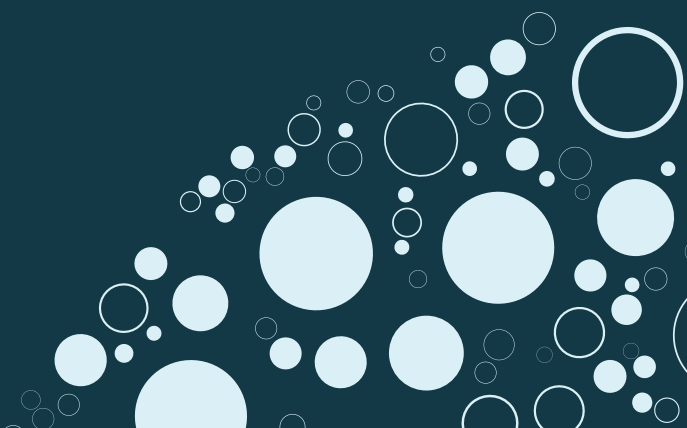
Chief Executive Officer

sm@zaoasis.com



External Auditors

Dr. Mohamed Al-Omari & Partners BDO



The company was established as a sole proprietorship of its owner, Mr. Ahmed Hammoud Ibrahim Altheyab, under the name Zahrat Al Waha for Trading firm, according to the Commercial Register No. 1010190390 on 06/10/2003 in the city of Riyadh.

On 27/11/2012, the capital of Zahrat Al Waha for Trading firm was increased to SAR 11,750,000.

On 18/02/2015, the capital of Zahrat Al Waha for Trading firm was increased to SAR 33,375,000.

On 09/12/2015, Zahrat Al Waha For Trading firm and its subsidiaries was transformed into a limited liability company according to the partners' decision confirmed by the notary public number No. 372029 on 19/11/2015, while preserving the name and number of the corporation's commercial register where the company's commercial record was issued on 09/12/2015 with a capital of SAR 50,000,000 divided into 5,000,000 ordinary shares with a par value of SAR 10 per share.

On 01/01/2017, the company converted from a limited liability company to a closed joint stock company and increase the company's capital from SAR 50,000,000 to SAR 80,000,000 divided into 8,000,000 ordinary shares with a nominal value of SAR 10 per share. Ministerial Resolution No. S / 86 on 27/12/2016 by converted to a closed joint stock company.

On 15/5/2017, the Extraordinary General Assembly of the company agreed to increase the company's capital to SAR 150,000,000, divided into 15,000,000 ordinary shares, with a nominal value of SAR 10 per share.

On 17/09/2017, the subscription process was conducted at the Saudi Capital Market Authority.

On 30/11/2017, Zahrat Al Waha For Trading Company was transformed from a closed joint stock company into a Saudi public joint stock company with a capital of SAR 150,000,000 divided into 15,000,000 ordinary shares with a par value of SAR 10 per share.

The company conducts its business through its factory, which is its main and sole commercial and industrial activity, according to the Sub-Commercial Register No. 1011014061 dated 06/05/2010, in the name of "Zahrat Al Waha factory for Plastic" located in Al-Kharj Governorate, Riyadh Al-Kharj Road, exit 7, Al-Rafaie District Industrial, through which the manufacture of PET (preforms) and HDPE closure (caps) for bottles.



The company's subsidiaries are as follows:

Table No. [1] Subsidiary companies

Affiliated companies	Capital	Ratio of ownership	Country of work	Country of incorporation
Zahrat Al Waha factory for Plastic	SAR 225,000,000	100%	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

The activities the company is authorized to perform under its articles of association are as follows:

- a. Manufacturing industries and their branches, according to industrial licenses
- b. Construction and Building
- c. Money, Business and Other Services
- d. Trade
- e. Information Technology
- f. Electricity, gas and water and its branches
- g. Social, group and personal services
- h. Transport, storage and refrigeration
- i. Agriculture and hunting
- j. Mines, oil and its branches
- k. Buying, developing, selling lands, building buildings on them, investing them in rent or sale, developing them, owning, managing and maintaining real estate, building warehouses, maintenance workshops, renting and selling them.
- l. Establishing, managing, operating, building and maintaining factories, facilities and projects for printing and packaging in all their types of paper, carton, plastic, metallic and other types, and performing printing and packaging works, and manufacturing covers, labels, wraps and tapes of all kinds.



Company's Vision

We aim to set regional benchmarks in the miniature bottles and caps segment through our innovative product portfolio. The company's growth potential extends beyond our current water company clients, as we explore business opportunities in the beverage field, including soft drinks, juices and dairy products, while creating new markets at the local, regional or global levels.



Company's Insight

We aim to be the preferred partner in the sector in the Arab Gulf region, the Middle East and North Africa, by providing a wide range of products with high quality and competitive prices.



Company values

- a. Integrity and honesty: We are committed to credibility and agreements and do the right thing.
- b. Customer Satisfaction: We take care of our customers and maintain their service at the optimum level.
- c. Sustainable Growth and Development: We strive to be innovative and professional in our products and services with our customers.
- d. Diversity: We strive to create the best products by taking advantage of diversity and different points of view.
- e. Leadership: We serve the community with passion and motivate our team to be effective leaders.
- f. Sustainability: We ensure that stakeholder responsibilities are fulfilled through disciplined business practices.



Company goal

Preserving the rights of shareholders and continuing to provide an appropriate return for their investments in the company, preserving the market share of the company, preserving the financial solvency of the company.



Our strategy

Based on the vision, mission and goal of the company, the company developed its strategy to achieve its goals in the short and long term, by diversifying its sources of income by adding new products to its current sectors and adding new sectors.



Efficiency and quality of operational processes

The company relies in its operations on the use of the latest production lines, which are characterized by the latest types of technology in the field of manufacturing plastic miniatures and plastic covers, which are purchased from the best companies in the world in this field, and the company uses high raw materials that are purchased from the best companies in this sector. The company also has a team with high experience and distinguished competencies in managing the operational process, and this helps to operate the lines with the highest operational efficiency and the lowest rates of waste, which contributes to production with the lowest operating expenses and the highest levels of quality, which is one of the main goals of the company.



Governance

We are committed to maintaining the highest levels of governance and view it as a pivotal tool to protect the rights of shareholders and achieve the highest possible value for their investments in the long term, and to strengthen control and oversight mechanisms by activating the role of the Board of Directors and affiliated committees and emphasizing the implementation of our mission and vision.

The corporate governance regulations mean the set of rules through which the company is managed, directed and controlled. The corporate governance structure determines the distribution of rights and duties "responsibilities" among the various participants in the company, such as the board of directors, executive management, shareholders, and stakeholders. Determine the means and methods to achieve them, as well as monitor performance.

This regulation aims at the optimal investment of the company's resources by creating a work environment based on responsibility, control and commitment, and its pillar is clarity and transparency, whether in defining the company's objectives, commercial and strategic plans, or in stating the rights and obligations of each of its entities, or in managing its relationship with suppliers, financiers, consumers, and the authorities that control it and activity. in which you work. This environment interacts with the system of national legislation within which the company

operates and integrates with it to protect the company from any breach or infringement, and to establish legal rules that establish the principles of justice, integrity and transparency in the company's dealings.

This regulation has been prepared based on the Companies Law issued by Royal Decree No. (M/3) dated 1/28/1437 AH corresponding to 11/10/2015 AD, as amended by the decision of the Board of the Capital Market Authority dated 01/07/1441 AH corresponding to 02/25/2020 AD, and the Governance Regulations Companies issued by the Board of the Capital Market Authority pursuant to Decision No. (8-16-2017) dated 16/5/1438 AH corresponding to 13/2/2017 AD amended by the Decision of the Board of the Capital Market Authority No. (3-57-2019) dated 15/9/1440 AH corresponding to 20/5/2019 AD and the Company's Articles of Association approved by the Company's General Assembly on 9/14/1440 AH corresponding to 5/19/2019 AD.

Moreover, approved by the General Assembly of the company in its meeting held on 04/19/2020 AD corresponding to 08/26/1441 AH as amended by the decision of the Capital Market Authority Board No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD and the company's bylaws approved by the company's general assembly on 01/11/1444 AH corresponding to 05/21/2023 AD.





*Operational summary for
2023*



Operational summary for 2023

Commitment to quality, safety and environmental protection is a top priority for the company in the operational process. These efforts have resulted in obtaining many certificates and accreditations from specialized local and international institutions, including ISO 9001: 2015 and ISO 22000: 2018.

The company owns two independent production sectors to manufacture miniature plastic bottles and plastic caps in different sizes, weights and colors. These packages are used by mineral water bottling companies. The company's production capacity of miniature plastic bottles and plastic caps during the year 2023 exceeds the amount of 92.96 Thousand tons, as the volume of production of miniature plastic bottles (preforms) reached 81.65 thousand tons, while the volume of production of plastic caps for bottles reached 11.31 thousand tons during the year 2023. Plastic Bottle Miniatures and Plastic Caps Specialized engineers use the most advanced injection machines to ensure the quality of the final product.

The company's management works to build a strategic inventory during periods of low demand for sales to meet the expected future increase in sales during the future periods, as the company's management took advantage of the efficiency of the work team at all operational, sales and administrative levels in managing all its resources to reduce costs to their lowest levels

The company has a wide customer base, and its products are marketed inside the Kingdom of Saudi Arabia and exported to international markets as well. During the year 2023, the company's sales team worked to increase the company's customer base, which represents one of the company's goals. During the year 2023, The value of sales amounted to 572.49 million Saudi riyals, including export sales amounting to 116.64 million Saudi riyals, compared to the same year 2022 AD, where sales were 624.74 million Saudi riyals and export sales were 148.50 million Saudi riyals.



The competitive advantages of Zahrat Al Waha to achieve sustainability

The long experience of Zahrat Al-Waha for Trading Company in the field of manufacturing miniature plastic bottles and plastic bottle caps has earned it many advantages that pushed it to the ranks of local and regional companies, in addition to winning the trust of all customers.

Zahrat Al-Waha for Trading Company has many competitive advantages in front of its existing and potential competitors, which contribute to making it the leading company in its sector, which became evident during its management of the crises and the economic conditions that the world is going through in general and the Middle East region in particular due to the effects of the war between Russia and Ukraine that began at the beginning of 2022 AD and the invasion of the Gaza Strip and their negative effects on the global and regional economy, and we can conclude the most important of these factors as follows:

Meeting customer needs with quality and speed

Al-Waha Company has the competitive ability to meet the different needs of customers with flexibility in meeting the different requirements of customers, and this is crystallized in its production of miniature plastic bottles (preform) and plastic bottle caps for short- and long-necked bottles with different weights, sizes, and colors. The company also sought to develop its products and produce new products with different weights. Different from those produced during previous years to support its customers in developing their products and reducing their operating costs in line with the customers' production process, thanks to its use of the latest technical mechanisms and its high production capacity, and its possession of efficient and

distinguished human expertise, managing operational costs and reducing them to the lowest possible levels.

Enhancing the efficient use of assets with advanced technologies

Zahrat Al-Waha for Trading Company owns in its factory production lines with advanced technology that allows it to design and produce a variety of products with high quality to meet all customer requests at the appropriate time and quality. Where Zahrat Al-Waha for Trading Company owns (18) eighteen lines to produce miniature plastic bottles (preforms) and (11) eleven lines for the production of plastic caps for bottles.



Product variety

Zahrat Al-Waha for Trading Company owns a variety of its products, whether in miniature plastic bottles (preforms) or plastic caps for bottles that exceed (35), which meet all customer needs, whether in the local market or the foreign market, while maintaining the level of quality.

Efficient manufacturing and logistics

The factory location is located in the Al-Kharj region in the central region of the Kingdom of Saudi Arabia, in providing logistical services to customers quickly and with high efficiency to all parts of the Kingdom and outside the Kingdom. The company also owns warehouses with storage areas exceeding 40,000 square meters, operated with high-quality storage systems and managed by an experienced and efficient work team. The company is also contracting with many transport companies for transportation inside and outside the Kingdom. This helps the company to meet the needs of customers throughout the year with all their requests in quantity, quality and time required.

Teamwork experience

The company has an experienced work team at all levels and in all sectors of the company, whether operational, sales or administrative, as it has a work team with experience in operating its production lines, which are characterized by advanced technology and even the latest in the world, which needs a work team with distinct experiences and competencies to operate it. It also has a sales team that has extensive experience in the field of marketing and selling the company's products. It also has market experience, whether in the local market or the Gulf market, North and Central Africa. It also has a management team that efficiently manages the company's financial and human resources with short, medium and long-term plans.



Inventory increase percentage

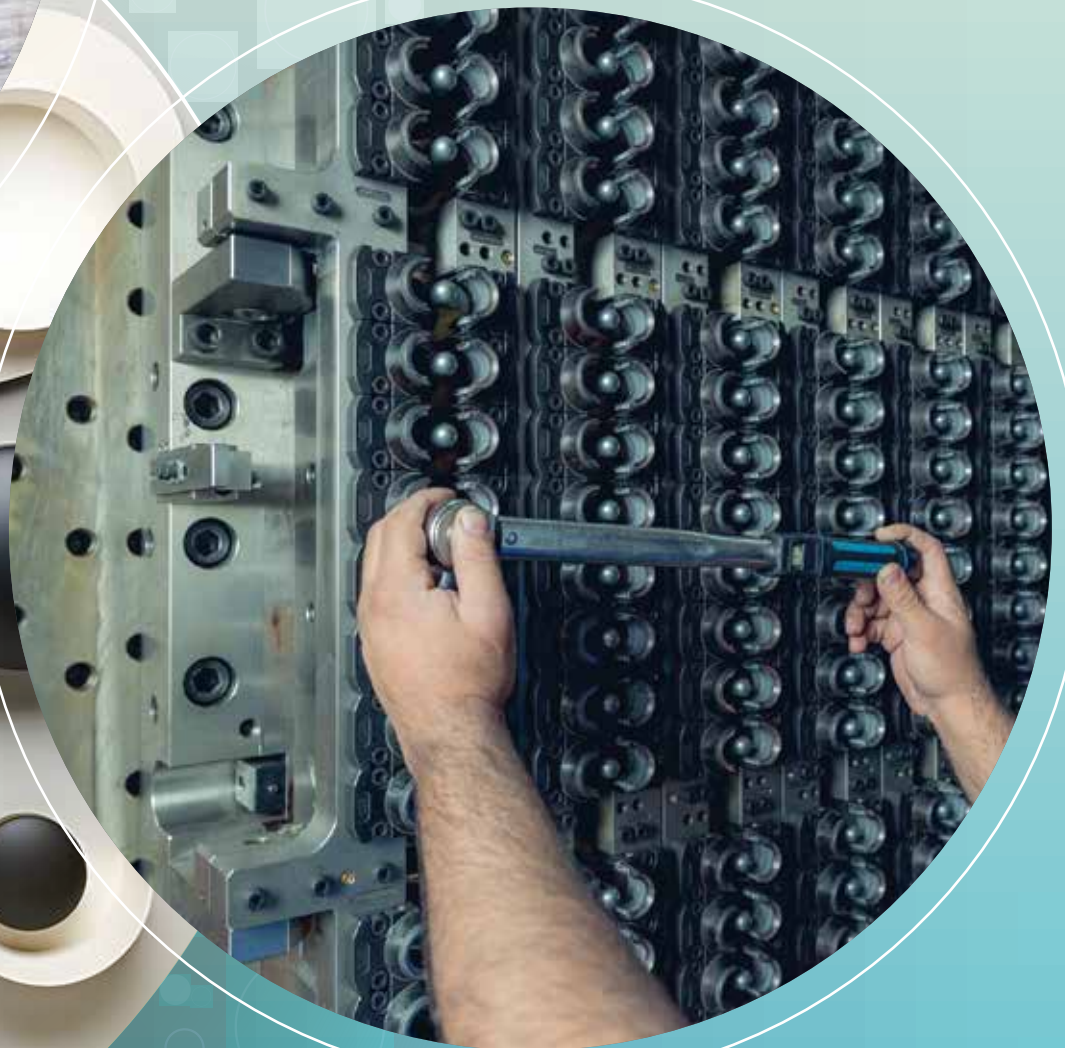
22.51%



Inventory turnover

1:4.62









*The historical growth of the most
important financial indicators*





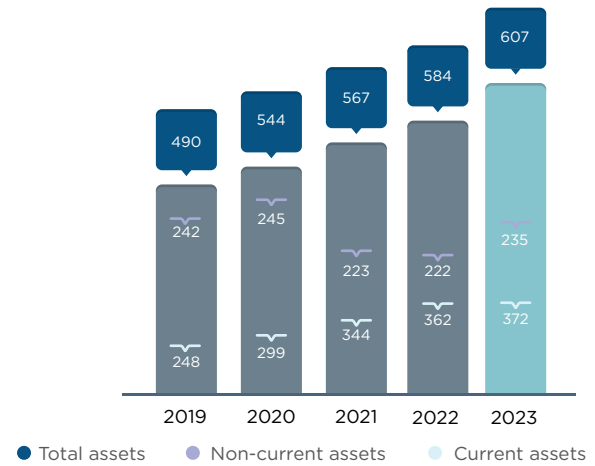
The historical growth of the most important financial indicators for a period of five years



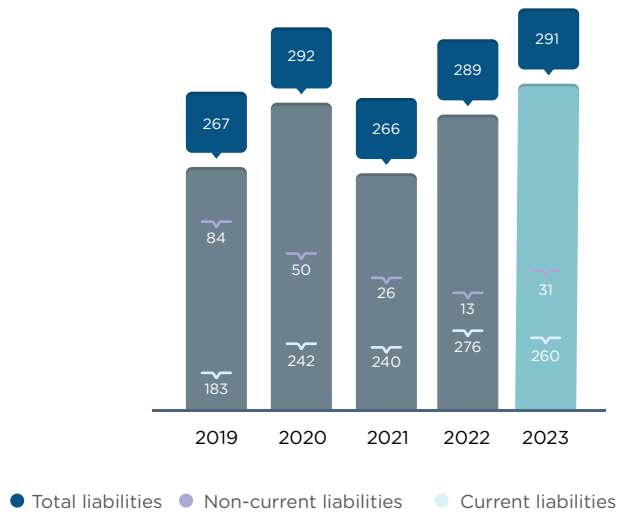
Financial Leverage Ratio

1:0.92

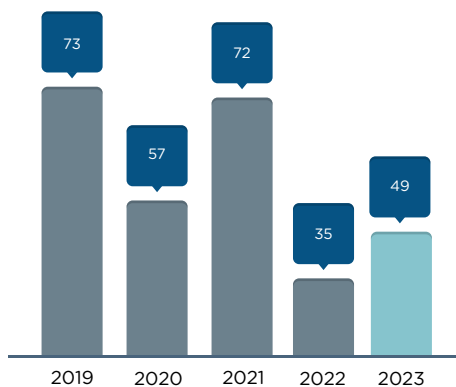
Assets (SR Millions)



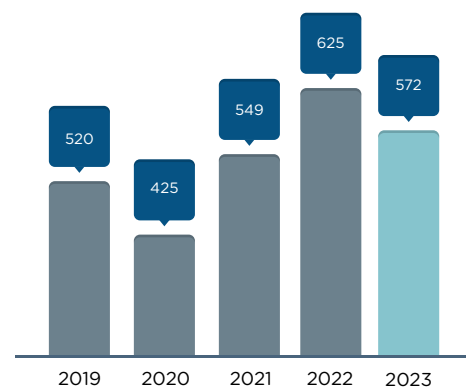
Liabilities (SR Millions)



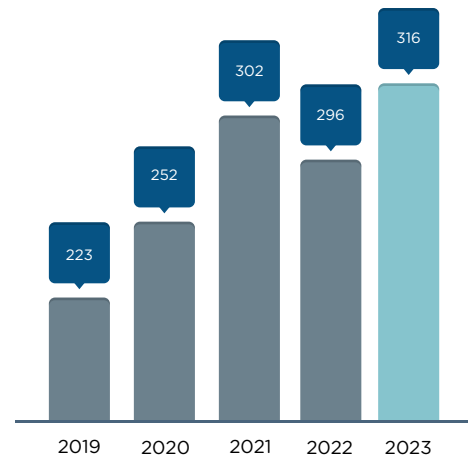
Operational Profit (SR Millions)



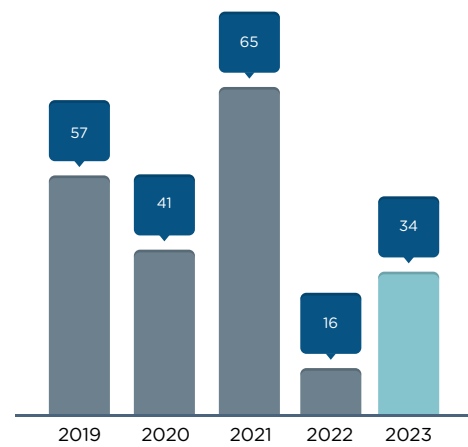
Revenues (SR Millions)



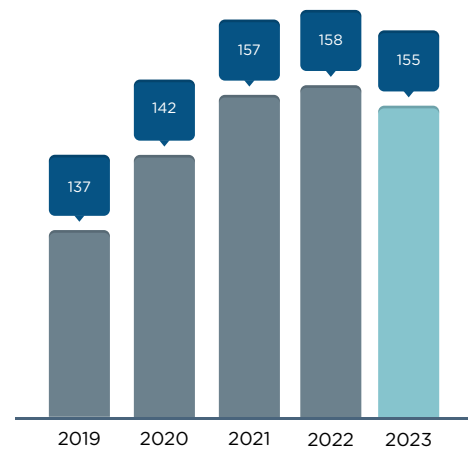
Shareholders Equity (SR Millions)



Net Profit/Loss (SR Millions)



Customers' Base



Earnings before interest Taxes,
depreciation and amortization

SR **84** Million

Compound annual growth rate
by

2.31%



1. Cash Flows

The net change in cash balances and cash equivalents achieved during the year 2023 was affected by (5,000,289) million Saudi riyals, and this change was due to the resulting changes in the items of the following cash flow statement:-Table (1): Changes in cash flows:

Table No. [2] Changes in cash flows

Description	2023	2022
Cash flow generated from operating activities	80,948,783	9,417,285
Cash flows generated used in / from investing activities	(43,332,228)	(50,511,925)
Cash flows used in financing activities	(32,616,266)	(5,853,257)
Net change in cash balances and cash equivalents	5,000,289	(46,947,897)

There has been a clear and strong impact on the company's cash flows during the year 2023 compared to the year 2022, as this appeared clearly and noticeably in the cash flows resulting from operational activities, affected by the net profit before zakat, the change in trade receivables, the change in advance payments and other receivables, and the change in trade payables. Cash flows from operational activities during 2023 amounted to 80.95 million Saudi riyals, compared to 9.42 million Saudi riyals during 2022.



2. Significant differences of operating results

During the year 2022, the company had many changes in the operational results, which were affected directly and indirectly by the current global economic conditions, and as a result of the company's management of this phase in good ways, which reduced the impact to the lowest levels of impact, as follows:

A. The main differences of revenue and gross profit

Table No. [3] the main differences of revenue and gross profit

Description	2023	2022	Differences	
			Net	Ratios
Revenue	572,490,017	624,740,216	(52,250,199)	(8.36) %
Cost of revenue	(502,043,458)	(567,043,787)	(65,000,329)	(11.5) %
Gross Profit	70,446,559	57,696,429	12,750,130	22.1%

The total profit for the year 2023 AD amounted to 70.45 million Saudi riyals, an increase of 12.75 million Saudi riyals over the similar year 2022 AD. The reason for this improvement in the gross profit is due to a decrease in the company's cost of sales by (11.5)% over the similar year 2022 AD, as the percentage of decrease in the cost of Sales are greater than the percentage of decline in revenues in 2023 compared to revenues in 2022, which decreased by (8.36)%. The amount of sales of miniature bottles and plastic bottle caps during the year 2023 AD amounted to

94.51 thousand tons compared to the amount of sales in 2022 AD, which was 86.21 thousand tons, with a decrease of (8.36)% in the value of sales, while the amount of sales (tons) increased by 9.63% for the year 2023 AD compared to the amount of sales. (tons) in 2022 AD, as the value of sales was affected by the decrease in the prices of raw materials, which are the primary and main driver in determining selling prices, which affected the decrease in the value of sales in 2023 AD despite the increase in the amount of sales in tons.



Current Debt
Change Ratio

1:1.43

B. The main differences of the operating profit results

Table No. [4] the main differences of the results of the operating profit

Description	2023	2022	Differences	
			Net	Ratios
Gross Profit	70,446,559	57,696,429	12,750,130	22.1%
Selling and marketing expenses	(11,977,448)	(10,059,837)	1,917,611	19.06%
General and administration expenses	(8,465,214)	(7,817,180)	648,034	8.29%
Other operation expenses/income (Net)	(853,184)	(4,880,011)	(4,026,827)	(82.52) %
Operation Profit	49,150,713	34,939,401	14,211,312	40.67%

The operating profit for the year 2023 AD increased by 40.67% compared to the operating profit for the similar year 2022 AD. The reason for the increase in operation profit is due to the increase in gross profit, which increased by 22.1%, and with the improvement in other operating expenses/income, which decreased by (82.52)% compared to the similar factor in 2022 AD, despite the Selling and marketing expenses increased by 19.06%, and general and administrative expenses increased by 8.29%.



**Compound annual growth
rate for the gross profit**

(12.52)%

C. The main differences of the net profit for the year

Table No. [5] the main differences of Net profit for the year

Description	2023	2022	Differences	
			Net	Ratios
Operation Profit	49,150,713	34,939,401	14,211,312	40.67%
Net gain/ losses from investments at fair value through profit or losses	5,148,116	(2,635,900)	7,784,016	295.31%
Finance income	-	-	-	-%
Finance expenses	(16,689,037)	(12,575,607)	4,113,430	32.71%
Zakat expense	(3,736,599)	(3,988,731)	(252,132)	(6.32)%
Net profit for the year	33,873,193	15,739,163	18,134,030	115.22%

The net profit for the year 2023 AD increased by 115.22% over the net profit for the similar year 2022 AD, affected by the increase in operating profit, the increase in realized and unrealized profits from the company's investment portfolio, while the increase in financing costs for the year 2023 over the similar year 2022 AD by 32.71% due to the impact High interest rate on borrowing (Cyper).



**Compound annual growth
rate for net losses and profits**

(20.21)%



3. The earnings per share for the year

Table No. [6] the earnings per share for the year

Description	2023	2022	Differences	
			Net	Ratios
Earnings per share	1.51	0.70	0.81	115,22.%

Earnings per share for the year 2023 increased by 115,22% over earnings per share for the corresponding year 2022, due to an increase in net profit by 115,22%.



4. The Murabaha and loans

Debt to total assets ratio

1:0.41

A. Short term Murabaha and loans

Table No. [7] Short term Murabaha and loans

No.	Lender	Classification of loan	Loan value	Loan period	Payments during the year	Loan balance at yearend	Guarantees against loan
1	Arab national Bank	Short term loan	4,559,380	-	4,559,380	-	PO by the Company
2	Arab national Bank	Short term loan	2,842,802	-	2,842,802	-	PO by the Company
3	Arab national Bank	Short term loan	11,604,377	-	11,604,377	-	PO by the Company
4	Arab national Bank	Short term loan	9,215,076	-	9,215,076	-	PO by the Company
5	Arab national Bank	Short term loan	6,882,884	-	6,882,884	-	PO by the Company
6	Arab national Bank	Short term loan	3,633,811	-	3,633,811	-	PO by the Company
7	Arab national Bank	Short term loan	44,245,346	-	44,245,346	-	PO by the Company
8	Arab national Bank	Short term loan	7,912,926	-	7,912,926	-	PO by the Company
9	Arab national Bank	Short term loan	18,855,362	-	18,855,362	-	PO by the Company
10	Arab national Bank	Short term loan	16,125,286	-	16,125,286	-	PO by the Company
11	Arab national Bank	Short term loan	13,246,168	-	13,246,168	-	PO by the Company
12	Arab national Bank	Short term loan	2,746,488	-	2,746,488	-	PO by the Company
13	Arab national Bank	Short term loan	16,399,445	-	16,399,445	-	PO by the Company
14	Arab national Bank	Short term loan	24,506,628	-	24,506,628	-	PO by the Company
15	Arab national Bank	Short term loan	14,499,562	6 Days	10,199,864	4,299,698	PO by the Company
16	Arab national Bank	Short term loan	54,934,454	60 Days	34,293,618	20,640,836	PO by the Company
17	Arab national Bank	Short term loan	43,488,253	90 Days	-	43,488,253	PO by the Company
18	Alinma Bank	Short term loan	29,449,447	-	29,449,447	-	PO by the Company
19	Alinma Bank	Short term loan	4,325,143	-	4,325,143	-	PO by the Company
20	Alinma Bank	Short term loan	20,163,810	-	20,163,810	-	PO by the Company
21	Alinma Bank	Short term loan	28,642,573	-	28,642,573	-	PO by the Company
22	Alinma Bank	Short term loan	7,458,425	-	7,458,425	-	PO by the Company
23	Alinma Bank	Short term loan	12,865,968	60 Days	-	12,865,968	PO by the Company
24	Alinma Bank	Short term loan	19,763,907	143 Days	-	19,763,907	PO by the Company
25	Alinma Bank	Short term loan	911,395	-	911,395	-	PO by the Company
26	Alinma Bank	Short term loan	24,029,308	-	24,029,308	-	PO by the Company

No.	Lender	Classification of loan	Loan value	Loan period	Payments during the year	Loan balance at yearend	Guarantees against loan
27	The Saudi Investment Bank	Short term loan	15,769,363	-	15,769,363	-	PO by the Company
28	The Saudi Investment Bank	Short term loan	8,129,071	-	8,129,071	-	PO by the Company
29	The Saudi Investment Bank	Short term loan	6,448,455	-	6,448,455	-	PO by the Company
30	The Saudi Investment Bank	Short term loan	69,843,601	-	69,843,601	-	PO by the Company
31	The Saudi Investment Bank	Short term loan	24,004,504	-	24,004,504	-	PO by the Company
32	The Saudi Investment Bank	Short term loan	28,506,007	-	28,506,007	-	PO by the Company
33	The Saudi Investment Bank	Short term loan	40,731,224	77 Days	22,892,367	17,838,858	PO by the Company
34	The Saudi Investment Bank	Short term loan	6,671,297	45 Days	0	6,671,297	PO by the Company
35	The Saudi Investment Bank	Short term loan	3,508,918	51 Days	0	3,508,918	PO by the Company
36	The Saudi Investment Bank	Short term loan	20,756,794	122 Days	0	20,756,794	PO by the Company
37	The Saudi Investment Bank	Short term loan	29,323,358	107 Days	14,834,651	14,488,706	PO by the Company
38	Saudi National Bank	Short term loan	8,745,899	-	8,745,899	-	PO by the Company
39	Saudi National Bank	Short term loan	10,324,103	-	10,324,103	-	PO by the Company
40	Saudi National Bank	Short term loan	2,176,291	-	2,176,291	-	PO by the Company
41	Saudi National Bank	Short term loan	16,667,636	-	16,667,636	-	PO by the Company
42	Saudi National Bank	Short term loan	15,401,100	-	15,401,100	-	PO by the Company
43	Saudi National Bank	Short term loan	5,828,991	-	5,828,991	-	PO by the Company
44	Saudi National Bank	Short term loan	8,840,916	-	8,840,916	-	PO by the Company
45	Saudi National Bank	Short term loan	6,093,238	-	6,093,238	-	PO by the Company
46	Saudi National Bank	Short term loan	8,539,444	-	8,539,444	-	PO by the Company
47	Saudi National Bank	Short term loan	14,316,035	-	14,316,035	-	PO by the Company
48	Saudi National Bank	Short term loan	2,458,470	-	2,458,470	-	PO by the Company
49	Saudi National Bank	Short term loan	4,020,916	-	4,020,916	-	PO by the Company
50	Saudi National Bank	Short term loan	3,803,822	-	3,803,822	-	PO by the Company
51	Saudi National Bank	Short term loan	16,510,311	-	16,510,311	-	PO by the Company
52	Saudi National Bank	Short term loan	4,580,108	46 Days	0	4,580,108	PO by the Company
53	Saudi National Bank	Short term loan	35,354,830	90 Days	0	35,354,830	PO by the Company

The balance of short-term loans, which are used to finance working capital on December 31, 2023, decreased from the balance of loans in December 31, 2022, in the amount of (29.54) million riyals, at a rate of (12.79)%, as a result of the decrease in the value of raw materials purchases due to the decrease in purchase prices during the year 2023 AD compared to purchase prices during the similar year 2022 AD, despite the high interest rate on SIBOR borrowing during the year 2023 AD compared to the similar year. 2022 AD.

B. Long term Murabaha and loans

Table No. [8] Long term Murabaha and loans

No.	Lender	Classification of loan	Loan value	Loan period	Payments during the year	Loan balance at yearend	Guarantees against loan
1	The Saudi Investment Bank	Long term loan	10,630,000.00	-	10,630,000	-	PO by the Company
2	Arab national Bank	Long term loan	99,135.89	-	99,136	-	PO by the Company
3	Arab national Bank	Long term loan	1,326.18	-	1,326	-	PO by the Company
4	Arab national Bank	Long term loan	96,409.00	-	96,409	-	PO by the Company
5	Arab national Bank	Long term loan	15,333.53	-	15,334	-	PO by the Company
6	Arab national Bank	Long term loan	15,158.34	-	15,158	-	PO by the Company
7	Arab national Bank	Long term loan	14,941.23	-	14,941	-	PO by the Company
8	Arab national Bank	Long term loan	243,598.36	-	243,598	-	PO by the Company
9	Arab national Bank	Long term loan	240,830.78	-	240,831	-	PO by the Company
10	Arab national Bank	Long term loan	37,869.05	-	37,869	-	PO by the Company
11	Arab national Bank	Long term loan	37,436.39	-	37,436	-	PO by the Company
12	Arab national Bank	Long term loan	36,900.01	-	36,900	838,939	PO by the Company
13	Industrial Development Fund	Long term loan	1,265,000.00	-	1,265,000	-	PO by the Company
14	Industrial Development Fund	Long term loan	1,265,000.00	55 Days	-	1,265,000	PO by the Company
15	Industrial Development Fund	Long term loan	1,265,000.00	229 Days	-	1,265,000	PO by the Company
16	Industrial Development Fund	Long term loan	1,265,000.00	404 Days	-	1,265,000	PO by the Company
17	Industrial Development Fund	Long term loan	1,265,000.00	579 Days	-	1,265,000	PO by the Company
18	Industrial Development Fund	Long term loan	1,265,000.00	753 Days	-	1,265,000	PO by the Company
19	Industrial Development Fund	Long term loan	1,265,000.00	929 Days	-	1,265,000	PO by the Company
20	Industrial Development Fund	Long term loan	386,112.65	1103 Days	-	386,113	PO by the Company
21	Industrial Development Fund	Long term loan	878,887.35	1103 Days	-	878,887	PO by the Company
22	Industrial Development Fund	Long term loan	1,265,000.00	1279 Days	-	1,265,000	PO by the Company
23	Industrial Development Fund	Long term loan	1,265,000.00	1452 Days	-	1,265,000	PO by the Company
24	Industrial Development Fund	Long term loan	10,000,000.00	218 Days	-	10,000,000	PO by the Company
25	Industrial Development Fund	Long term loan	10,000,000.00	336 Days	-	10,000,000	PO by the Company
26	Industrial Development Fund	Long term loan	10,000,000.00	452 Days	-	10,000,000	PO by the Company
27	Industrial Development Fund	Long term loan	10,000,000.00	569 Days	-	10,000,000	PO by the Company

The balance of long-term loans on December 31, 2023 amounted to 49.49 million Saudi riyals, compared to 23.15 million riyals, the balance of long-term loans on December 31, 2022, an increase of 113.76% due to the company obtaining a loan from the Saudi Industrial Development Fund in the amount of 40 million riyals, with the repayment of all long-term loans. Term with all banks.



5. Operating segment

The operating sectors of Zahrat Al-Waha for Trading Company are represented in the sectors of PET plastic bottles (preforms) and plastic bottle caps (caps).

5-1. PET (preforms) income segment



Table No. [9] PET (preforms) income segment

Description	2023	2022	Differences
PET (preforms) income segment	477,670,821	533,600,762	(10.48) %
Sales by Pieces	7,573,998,589	6,493,024,544	% 16.65
Sales by Ton	83,391	75,809	10.00%

The sales value of the miniature bottles (preform) sector decreased during the year 2023 AD compared to the value of the sector sales during the corresponding year 2022 AD by (10.48)%, while the amount of sector sales in tons increased during the year 2023 AD by 10.00%, as the sales value was affected by the decrease in raw materials prices.

5-2. Plastic bottle caps (caps) income segment



Table No. [10] Plastic bottle caps (caps) income segment

Description	2023	2022	Differences
Plastic bottle caps (caps) income segment	94,819,196	91,139,454	4.04%
Sales by Pieces	7,372,441,428	6,756,007,000	% 9.12
Sales by Ton	11,118	10,403	6.87%

The sales value of the plastic bottle caps sector increased by 4.04% during the year 2023 AD compared to the value of the sector's sales during the same year 2022 AD, and the amount of sales per ton increased by 6.87%.

5-3. Geographical analysis of the company's main activities

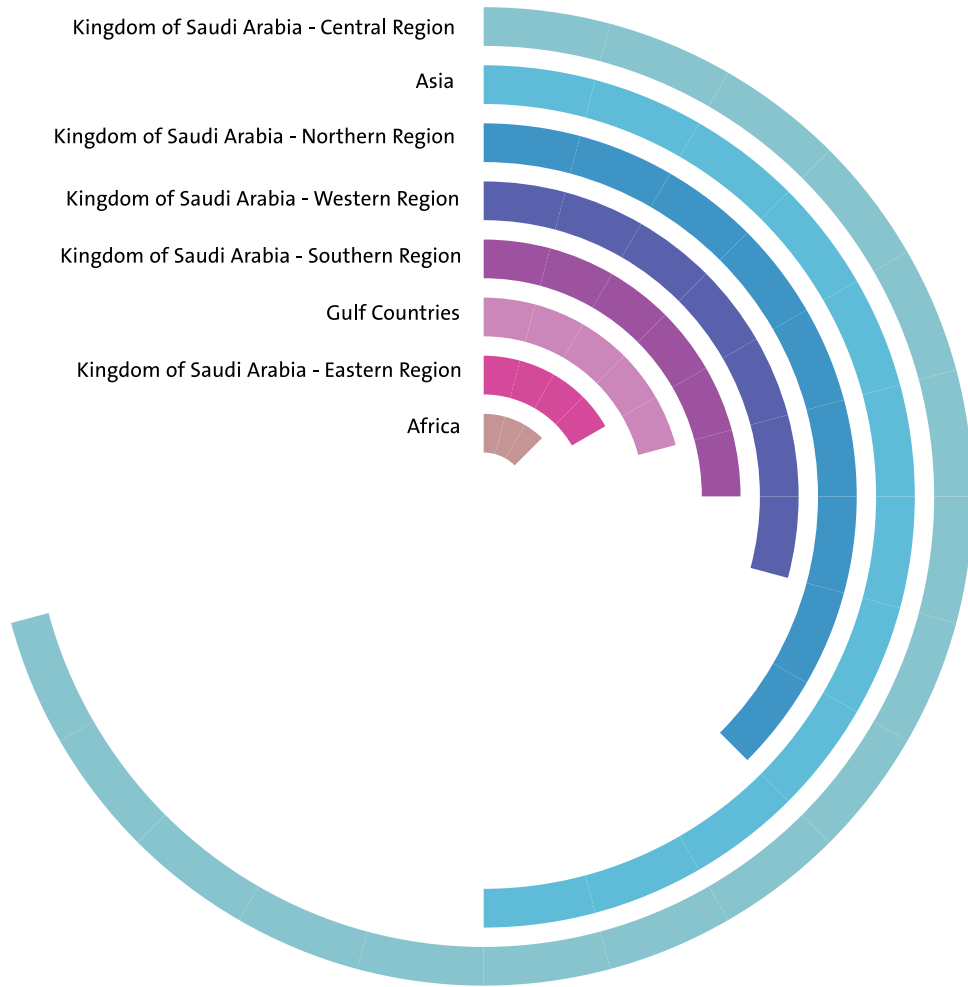
Table No. [11] Geographical analysis of the company's main activities

Revenues per countries	2023			2022		
	Sales (units)	Sales (Ton)	Sales (Value)	Sales (units)	Sales (Ton)	Sales (Value)
Gulf countries	275,069,072	1,079	7,434,419	330,984,832	1,538	11,725,525
Asia	1,870,975,932	19,001	107,199,575	1,929,947,356	19,720	134,875,995
Africa	41,780,688	331	2,005,909	33,360,064	258	1,902,038
Kingdom of Saudi Arabia – Central Region	9,047,928,829	55,256	333,880,923	7,528,064,224	47,451	346,569,243
Kingdom of Saudi Arabia – Northern Region	1,851,857,936	9,517	61,652,583	1,519,628,896	7,597	56,827,911
Kingdom of Saudi Arabia – Southern Region	765,598,464	3,634	23,767,868	811,976,060	3,851	29,485,774
Kingdom of Saudi Arabia – Eastern Province	222,116,368	1,095	7,180,842	81,043,008	424	3,146,560
Kingdom of Saudi Arabia – Western Region	871,112,728	4,595	29,367,898	1,014,027,104	5,373	40,207,170
Total revenues	14,946,440,017	94,508	572,490,017	13,249,031,544	86,212	624,740,216

Table No. [12] Geographical analysis per countries

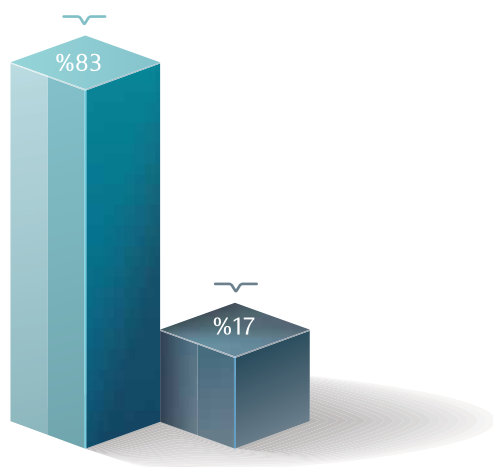
Revenues per countries	2023	2022
Kingdom of Saudi Arabia	455,850,114	476,236,658
Yemen	104,167,974	132,066,604
Amman	3,778,708	5,266,397
the two seas	2,359,031	4,927,745
Sudan	2,767,184	2,543,981
Kuwait	2,005,909	1,902,038
Jordan	1,296,680	1,531,383
Lebanon	264,417	265,410
Total	572,490,017	624,740,216

The amount of sales increased for the year 2023 compared to the year 2022, whether in units (pills) or tons, as the company's main goal is to increase the market share, while the value of sales decreased due to the decrease in raw material prices.

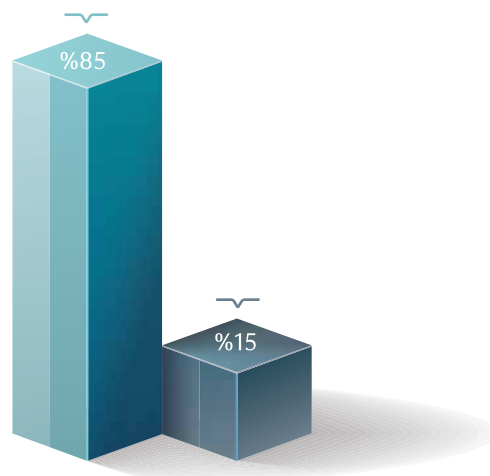


- Kingdom of Saudi Arabia - Central Region
- Kingdom of Saudi Arabia - Northern Region
- Kingdom of Saudi Arabia - Southern Region
- Kingdom of Saudi Arabia - Eastern Region
- Kingdom of Saudi Arabia - Western Region
- Gulf Countries
- Asia
- Africa

Segment shares of total revenues for 2023



Segment shares of total revenues for 2022



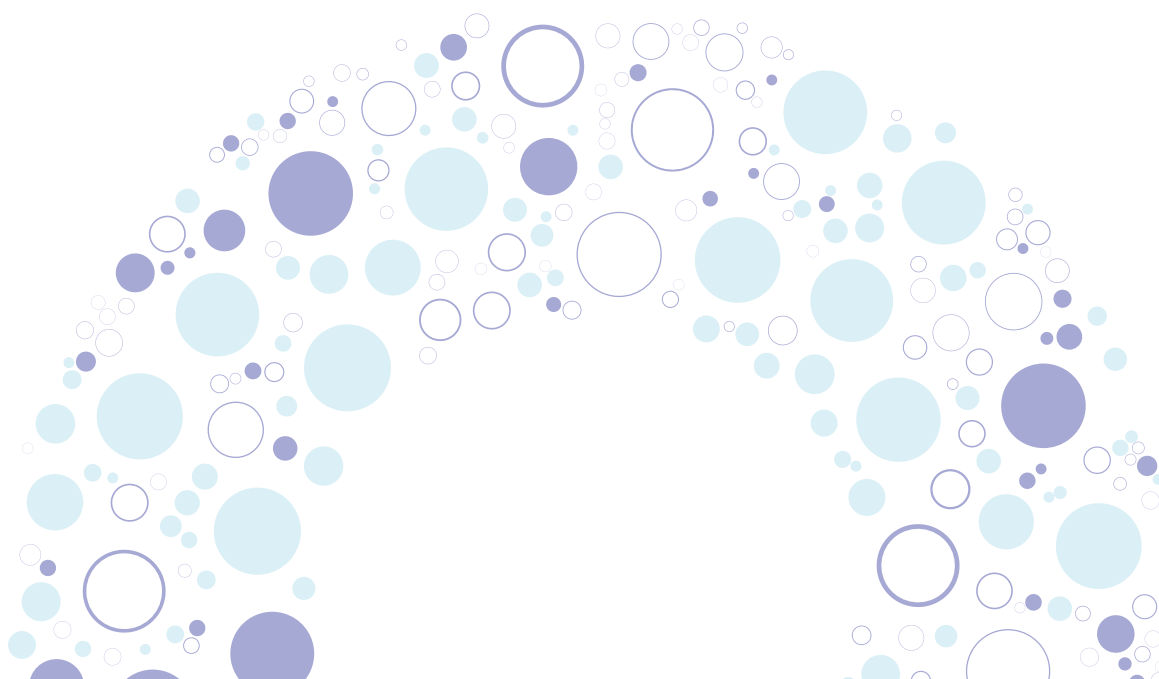
Subsidiaries and equity investments (if any)

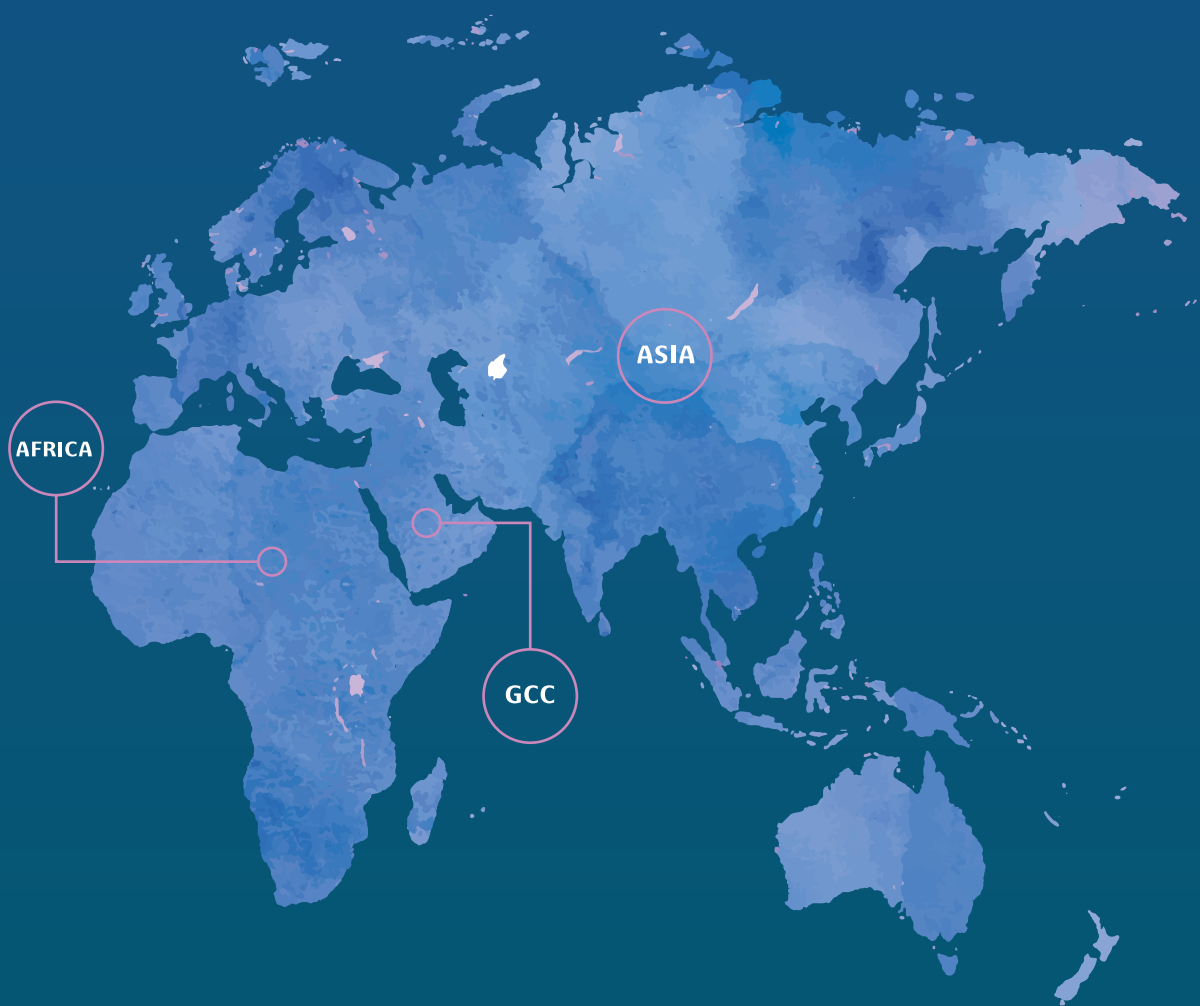
Table No. [13] Subsidiaries

The Company's name	Establishment country	Equity %	Total Capital (SAR)	Main activities
None				

Table No. [14] Equity method investments

The Company's name	Establishment country	Equity %	Total Capital (SAR)	Main activities
None				









***Board of Directors
and Governance***



Board of directors, committees, and management

A. Board of Directors

According to the articles of association of the company, Chapter Three (The Board of Directors), Article twenty Four (24) Company management. The company is managed by a board of directors consisting of six members appointed by the General Assembly for a period not exceeding Four years, Moreover, as an exception to this, the founders appointed the first Board of Directors for a period of 4 years as follows:

Table No. [15] Composition of the Board of Directors and classification of its members

N	Name	Title
1	Ahmed Hammoud Ibrahim Altheyab	Board Chairman
2	Taha Mohammed Abdul Wahid Azhari	Board Vice Chairman
3	George Abdulkarim George Moussa	Board Member
4	Meshaal Mohammed Saleh Almogren	Board Member
5	Sahal Yousef Abdullah Jamal Allail	Board Member

The current board of directors, consisting of six members, was appointed by a decision of the Ordinary General Assembly in its meeting held on November 8, 2021, corresponding to Rabi' al-Akhir 3, 1443 AH, for a period of three years starting from December 26, 2021 and ending on December 25, 2024 AD.

The Board of Directors of the company shall set the work regulations of the Board of Directors, taking into account the composition of the Board and the terms of appointment and membership.

The following should be taken into consideration in the formation of the Board of Directors:

1. The number of its members is proportional to the size of the company and the nature of its activity, without prejudice to what is stated in Paragraph (a) of Article 17 of the Company's Governance Regulations.
2. The majority of him shall be non-executive members.
3. That the number of its independent members is not less than two members or less than one-third of the members of the Board, whichever is more.

Appointment of board members:

- A. The articles of association of the company specify the number of members of the Board of Directors, which must not be less than three and not more than eleven.
- B. The General Assembly elects the members of the Board of Directors for the period stipulated in the company's bylaws, provided that it does not exceed four years. They may be re-elected unless the company's bylaws stipulate otherwise.
- C. It is required that a member of the Board of Directors does not hold membership in the Board of Directors of more than five joint stock companies listed on the market at the same time.
- D. The company must notify the Authority of the names of the members of the Board of Directors and their membership positions within five working days from the date of the start of the Board of Directors session or from the date of their appointment - whichever is earlier - and any changes that occur to their membership within five working days from the date of the changes occurring.

The responsibility of the board of directors shall be as stipulated in

the relevant laws and regulations:

- A. The board of directors represents all shareholders, and it must exercise its duty of care and loyalty in managing the company, and everything that would safeguard its interests, develop, and maximize its value.
- B. The company's board of directors is responsible for its business even if it delegates to committees, entities, or individuals, to exercise some of its functions.
- C. The Board of Directors is responsible for managing the company and providing effective leadership to oversee the management of Zahrat Al Waha For Trading Company's business to achieve the company's set goals in order for its value to grow in a profitable and continuous manner.
- D. The Board of Directors carries out its responsibilities in light of the provisions regulating this and stipulated in the Companies Law, the Corporate Governance Regulations, the regulatory controls, and procedures issued in implementation of the Companies Law for listed joint stock companies, the Company's Articles of Association, and the Corporate Governance Regulations, including the following:

First: General policies and procedures

Second: The strategic plans and main objectives of the company

Third: Internal Control Systems

Fourth: The responsibilities of the board of directors towards shareholders

B. Board of Directors' authority

With consideration of the General Assembly, the board of directors shall have the widest authority in managing of the company, including taking decisions, concluding contracts and agreements, and undertaking all other actions necessary to achieve the objectives of the company. According to its articles of association, provided that these actions are not within the competence of the general assemblies of shareholders in accordance with the company's articles of association and the companies' system.

The board of directors represents all shareholders, and it must exercise its duty of care and loyalty in managing the company,

and everything that would safeguard its interests, develop, and maximize its value.

The final responsibility for the company remains with the board even if it forms committees or delegates other bodies or individuals to carry out some of its work, and in all cases the board of directors may not issue a general or unlimited term mandate.

C. The Board of Directors exercises the following tasks:

1. Developing the company's main plans, policies, strategies, and objectives, supervising their implementation, and reviewing them periodically, and ensuring the availability of the human and financial resources necessary to achieve them, including:
 - a. Developing, reviewing and directing the company's comprehensive strategy, main business plans, and company risk management policies and procedures.
 - b. Determining the optimal capital structure for the company, its strategies, and financial objectives, and approving all kinds of estimated budgets.
 - c. Overseeing the company's major capital expenditures, owning, and disposing of assets.
 - d. Set performance goals and monitor implementation and overall performance in the company.
 - e. Periodic review and approval of the organizational and functional structures in the company.
 - f. Verify the availability of the human and financial resources necessary to achieve the company's objectives and main plans.
2. Establishing systems and controls for internal control and general supervision thereof, including:
 - a. Developing a written policy to address actual and potential conflicts of interest for each of the board members, executive management, and shareholders, including misuse of company assets and facilities, and misconduct resulting from dealings with related parties.
 - b. Ensuring the integrity of the financial and accounting systems, including the systems related to the preparation of financial reports.
 - c. Ensure that appropriate control systems are in place to measure and manage risks; By developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk management at the company level, and presenting it in a transparent manner with the stakeholders and related parties of the company.
 - d. Annual review of the effectiveness of internal control procedures in the company.
3. Preparing clear and specific policies, standards, and procedures for membership in the Board of Directors – in a manner that does not contradict the mandatory provisions in these regulations – and put them into effect after the approval of the General Assembly.
4. Establishing a written policy that organizes the relationship with stakeholders in accordance with the provisions of this bylaw.
5. Establishing policies and procedures that ensure the company's compliance with laws and regulations and its commitment to disclosing essential information to shareholders and stakeholders and verifying the executive management's compliance with them.

6. Overseeing the management of the company's finances, cash flows, and its financial and credit relationships with others.
7. To suggest to the Extraordinary General Assembly what it deems appropriate regarding the following:
 - a. Increase or decrease the company's capital.
 - b. Dissolving the company before the term specified in the company's articles of association or deciding its continuation.
8. To suggest to the General Assembly what it deems appropriate regarding the following:
 - a. Use of the company's agreement reserve in the event that it is formed by the Extraordinary General Assembly and not allocated for a specific purpose.
 - b. Create additional financial reserves or allocations for the company.
 - c. The method of distributing the net profits of the company.
9. Preparing the initial and annual financial statements of the company and approving them before publication.
10. Preparing the report of the Board of Directors and approving it before publication.
11. Ensure the accuracy and integrity of the data and information that must be disclosed, in accordance with the applicable policies and systems of disclosure and transparency.
12. Establishing effective communication channels that allow shareholders to have continuous and periodic access to the various aspects of the company's activities and any substantial developments.
13. Forming specialized committees emanating from it by decisions specifying the committee's term, authority, and responsibilities, and how the board will monitor them, provided that the formation decision includes naming members and specifying their duties, rights, and duties, along with evaluating the performance and work of these committees and their members.
14. Determine the types of remunerations that are granted to employees of the company, such as fixed bonuses, bonuses related to performance, and bonuses in the form of shares, in a manner that does not contradict with the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.
15. Establishing values and standards that govern work in the company.
16. Notifying the Ordinary General Assembly when it convenes of the business and contracts in which a member of the Board of Directors has a direct or indirect interest, provided that this notification includes the information provided by the member to the Board of Directors in accordance with Paragraph (14) of Article Twenty-Eight of these regulations, and This notification must be accompanied by a special report from the company's external auditor.

D. Distribution of powers and tasks between the Board of Directors and Executive Management:

The company's organizational structure must include defining competencies and distributing tasks between the Board of Directors and executive management in accordance with best corporate governance practices, improving the efficiency of the company's decision-making, and achieving a balance in powers and authorities between them. To do this, the Board of Directors must:

1. Approving internal policies related to the company's work and development, including defining the tasks, powers, and responsibilities assigned to the various organizational levels.
2. Adopting a written and detailed policy specifying the powers

delegated to the executive management and a schedule showing those powers, the method of implementation and the duration of the delegation. The Board of Directors may request the executive management to submit periodic reports regarding its practices of the delegated powers.

3. Determine the issues on which the Council retains the authority to decide.

E. Tasks and duties of the members of the board of directors

Each member of the Board of Directors – through his membership in the Board of Directors – performs the following tasks and duties:

1. Submit proposals to develop the company's strategy.
2. Monitor the performance of the executive management and the extent to which it has achieved the company's goals and objectives.
3. Review reports on the company's performance.
4. Verify the integrity and integrity of the company's financial statements and information.
5. Verify that the company's financial control and risk management systems are strong.
6. Determine the appropriate levels of remuneration for members of the executive management.
7. Express an opinion on appointing and dismissing members of the executive management.
8. Participate in developing a succession and replacement plan for the company's executive positions.
9. Fully adhere to the provisions of the Companies Law, the Financial Market Law, their implementing regulations, the relevant regulations, and the Articles of Association when exercising the duties of his membership in the Board, and refrain from doing or participating in any act that constitutes an abuse of the company's affairs.
10. Attending meetings of the Board of Directors and the General Assembly and not being absent from them except for a legitimate excuse to be notified to the Chairman of the Board in advance, or for urgent reasons.
11. Allocating sufficient time to carry out his responsibilities, preparing for meetings of the Board of Directors and its committees and participating in them effectively, including asking relevant questions and discussing with the company's senior executives.
12. Studying and analyzing information related to the topics considered by the Board of Directors before expressing an opinion on them.
13. Enabling other members of the board of directors to express their opinions freely and urging the board to deliberate on issues and survey the opinions of specialists from the executive management members of the company and others if a need arises.
14. Inform the Board of Directors fully and immediately of any interest it has – direct or indirect – in the business and contracts that are made for the company's account, and that reporting includes the nature of that interest, its limits, the names of any persons involved in it, and the benefit expected to be obtained directly or indirectly from That interest, whether that interest is financial or non-financial, and that member must not participate in voting on any decision issued in this regard, in accordance with the provisions of the Companies Law and the Financial Market Law and their implementing regulations.
15. Inform the Board of Directors fully and immediately of its participation – direct or indirect – in any business that is likely to compete with the company, or with its competition with the company – directly or indirectly in one of the branches of the activity it carries out, in accordance with the provisions of the Companies Law, the Financial Market Law and their implementing regulations.
16. Not to broadcast or divulge any secrets observed through his membership in the board to any of the company's shareholders – unless this is during the meeting of the general assembly – or to third parties, as required by the provisions of the Companies Law, the Financial Market Law, and their implementing regulations.
17. Acting on the basis of complete information, in good faith, with the necessary care and attention, in the interest of the company and all shareholders.
18. Understand his duties, roles and responsibilities arising from membership.
19. Developing his knowledge in the field of the company's activities and business and in the related financial, commercial, and industrial fields.
20. Resigning from the membership of the board of directors in the event that he is unable to fully fulfill his duties in the board.

Table No. [16] The Names of the members of the Board of Directors (current positions, previous positions, qualifications, and experiences):

#	Member's name	Current Position	Previous Position	Qualifications	Experiences
1	Ahmed Hammoud Ibrahim Altheyab (Chairman)	Chief Executive Officer and Managing Director at Hana Food Industries Company	<ul style="list-style-type: none"> » Managing Director at Hana Food Industries Company » General Manager of Hana Food Industries » Vice President of the Chamber of Commerce of Bakriyah Governorate » General Manager of Zahrat Al-Waha For Trading Company 	<ul style="list-style-type: none"> » Training courses in sales and marketing skills at AUC » Training courses for the development of managers and decision makers Gulf Creativity, -Turki 	<ul style="list-style-type: none"> » Chairman of the Board of Directors of Zahrat Al Waha Trading Company » Member of Board of Directors at Hana Food Industries Company
2	Taha Mohammed Abdul Wahid Azhari (Vice chairman)	Retired	<ul style="list-style-type: none"> » Head of Internal Audit at Airports Holding Company » Chief Financial Officer, Airports Holding Company » Economic advisor, National Water Company » Executive Director of Business Excellence, National Water Company » Chief Financial Officer of the National Water Company 	Bachelor of Accounting	<ul style="list-style-type: none"> » Chairman of the Audit Committee, Zahrat Al-Waha Trading Company » Chairman of the Remunerations and Nominations Committee, Zahrat Al-Waha Trading Company » Chairman of the Audit Committee of Hana Food Industries Company » Chairman of the Audit Committee, BATIC Investment and Logistics Company » Member of the Board of Directors of BATIC Investment and Logistics Company » Member of the Risk Committee, Arabian Shield Cooperative Insurance Company » Member of the Nominations Committee, Arabian Shield Cooperative Insurance Company » Member of the Board of Directors of a digital financial transfer company » Chairman of the Audit Committee, a digital financial transfer company » Member of the Audit Committee, Waqaa Center » Member of the Audit Committee, Comprehensive Financial Solutions Company » Member of the Board of Directors of ElFadaa ElQamaria Financial Company - Nami » Chairman of the Audit Committee, ElFadaa ElQamaria Financial Company - Nami
3	George Abdulkarim George Moussa	Chief Executive Officer of Zahrat Al-Waha For Trading Company	<ul style="list-style-type: none"> » General Manager of Sales at Zahrat Al-Waha For Trading Company » General Manager of Sales at Al-Othman Plastic Company – Takween 	Bachelor of Marketing and Sales	<ul style="list-style-type: none"> » Board of Directors member at Zahrat Al-Waha For Trading Company » Remunerations and Nominations Committee Member at Zahrat Al-Waha For Trading Company
4	Meshaal Mohammed Saleh Almogren	Chief Executive Officer at Diamond Concept Company	<ul style="list-style-type: none"> » Head of the Internal Audit Department, The Cooperative Insurance Company » Head of the Internal Audit Department, Dutch Gulf Finance Company » Head of the Internal Audit Department, Middle East Gulf Company » Audit Supervisor at KPMG Office 	<ul style="list-style-type: none"> » Master of Business Administration » Bachelor of Accounting 	<ul style="list-style-type: none"> » Member of the Audit Committee, Zahrat Al-Waha For Trading Company » Member of the Board of Directors of Danat Holding Company » Member of the Audit Committee, Dutch Gulf Finance Company » Chairman of the Audit Committee of Growth Path Finance Company » Chairman of the Audit Committee, Al Saif Commercial Agencies Company » Member of the Audit Committee of the Saudi Contract Registration Company » Member of the Audit Committee of the Saudi Public Transport Company
5	Sahal Yousef Abdullah Jamal Allail	Head of Sharia and Social Responsibility in the Saudi Real Estate Refinance Company – One of the Public Investment Fund companies	<ul style="list-style-type: none"> » Assistant General Manager (Head of Islamic Banking) at Samba Financial Group » Assistant General Manager (Director of Audit and Sharia Audit) at Samba Financial Group » Financial Director at Al-Khair Capital Saudi Arabia » Assistant General Manager at (Islamic Business Development) Samba Financial Group » Auditor at Saudi Arabian Monetary Agency – SAMA 	<ul style="list-style-type: none"> » Master of Business Administration (MBA) » Bachelor of Accounting 	Member of the Islamic Banking Committee of the Central Bank of Saudi Arabia

F. Functions of the independent member

Subject to Article 30 of these regulations, an independent board member must actively participate in the performance of the following tasks:

1. Expressing independent opinion on strategic issues, company policies, and its performance, and appointing members of the executive management.
2. Verifying that the interests of the company and its shareholders are taken into consideration and presenting them when any conflict of interest arises.
3. Supervising the development of the company's corporate governance rules and monitoring the implementation by the executive management of them.

G. Composition of the Board of Directors and classification of its members as follows:

H. Board of Directors meetings

Table No. [17] Composition of the Board of Directors and classification of its members

#	Member's name	Position	Classification
1	Ahmed Hammoud Ibrahim Altheyab	Board Chairman	Non-Executive
2	Taha Mohammed Abdul Wahid Azhari	Board Vice Chairman	Independent
3	George Abdulkarim George Moussa	Board Member and CEO	Executive
4	Meshaal Mohammed Saleh Almogren	Board Member	Independent
5	Sahal Yousef Abdullah Jamal Allail	Board Member	Independent

The Board of Directors meets at least four times a year, with at least one meeting every three months.

Ownership of the members of the Board of Directors of the company's shares

Table No. [18] Record of attending Board of Directors meetings for the year 2023 and the total number of (5) meetings

#	Member's name	Number of meetings (5)					Total	Attendance Ratios
		First 02-03-2023	Second 01-05-2023	Third 24-07-2023	Fourth 24-10-2023	Fifth 18-12-2023		
1	Ahmed Hammoud Ibrahim Altheyab	●	●	●	●	●	5	100%
2	Taha Mohammed Abdul Wahid Azhari	●	●	●	●	●	5	100%
3	George Abdulkarim George Moussa	●	●	●	●	●	5	100%
4	Meshaal Mohammed Saleh Almogren	●	●	●	●	●	5	100%
5	Sahal Yousef Abdullah Jamal Allail	●	●	●	●	●	5	100%
6	Ahmed Hassan Ahmed Ali	●	●	●	●	●	4	80%

● Attended ● Absent ● Resigned

Table No. [19] The shares owned by the members of the Board of Directors of the company at the beginning and end of the year 2023 and their percentage of the total number of shares of the company, including the membership shares of the Board

#	Member's name	shares owned by the members			
		Number of shares at Beginning of the year 2023	Ratio to total shares	Number of shares at Ending of the year 2023	Ratio to total shares
1	Ahmed Hammoud Ibrahim Altheyab	12,266,700	54.52%	12,266,700	54.52%
2	Taha Mohammed Abdul Wahid Azhari	75	0.00033%	75	0.00033%
3	George Abdulkarim George Moussa	--	--	--	--
4	Meshaal Mohammed Saleh Almogren	15	0.00007%	15	0.00007%
5	Sahal Yousef Abdullah Jamal Allail	450	%0.002	450	%0.002

The methods have been used by the Board of Directors to evaluate its performance, the performance of its committees and members, and the executive management.

According to Article Thirty-Nine of the Governance Regulations of Zahrat Al-Waha For Trading Company approved by the company's general assembly, which states:

- a. The Board of Directors – based on the proposal of the Remuneration and Nominations Committee – establishes the necessary mechanisms to annually evaluate the performance of the Board, its members, its committees, and the executive management, through appropriate performance measurement indicators. It is related to the extent to which the strategic objectives of the company are achieved, the quality of risk management, the adequacy of the internal control systems, etc, provided that the strengths and weaknesses are identified and it is proposed to address them in a way that is consistent with the company's interest.
- b. Performance evaluation procedures must be written, clear, and disclosed to members of the Board of Directors and concerned persons.
- c. The performance evaluation must include the skills and experience possessed by the council, identifying its strengths and weaknesses, while working to address the weaknesses in possible ways, such as nominating professional competencies who can develop the council's performance. The performance evaluation must also include an evaluation of the work mechanisms of the council in general.
- d. The individual evaluation of members of the Board of Directors takes into account the extent of the member's effective participation and commitment to performing his duties and responsibilities, including attending the meetings of the Board and its committees and allocating the necessary time to them.
- e. The Board of Directors makes the necessary arrangements to obtain an evaluation of its performance from a competent third party every three years.
- f. The non-executive members of the Board of Directors conduct a periodic evaluation of the performance of the Chairman of the Board after taking the views of the executive members – without the Chairman of the Board attending the discussion designated for this purpose – provided that the strengths and weaknesses are identified and a proposal is made to address them in a manner consistent with the interest of the company.

A. Responsibilities

- The Remuneration and Nominations Committee is responsible for preparing and reviewing indicators and tools for evaluating performance and proposing changes it deems appropriate.
- The Secretary of the Board of Directors is responsible for supporting and supporting the issuance and updating of indicators and tools for performance evaluation, and the development of procedures that help in their implementation.
- Submission to the Board of Directors for approval.
- The Secretary of the Board of Directors and the executive management in the company is responsible for implementing the indicators and tools for performance evaluation.

B. The methods have been used by the Board of Directors to evaluate its performance, the performance of its committees and members, and the executive management.

The Board of Directors follows various means that enable it to evaluate its performance and the performance of its members and committees, based on the performance measurement indicators adopted in the project of evaluating the performance of members of the Board of Directors and the sub-committees and the executive management proposed by the Remuneration and Nominations Committee. Its objectives, the extent of the board member's interaction and his ability to present creative and innovative ideas, and the tools included several elements, the most important of which are the following:

1. Performance measurement standards for the Board and its committees

- The effectiveness of the discussions of the members of the board and its committees to achieve the company's goals and its strategic plan and its reflection on the topics raised during the year.
- The extent to which members of the Board and its committees adhere to the procedures required to be applied in the meetings.
- The extent of board committees' commitment to the tasks assigned to them by the board of directors.
- The extent of the existence of clear and open communication channels during meetings of the Board of Directors and its committees to present meaningful contributions and decisions.
- The extent to which members of the board received a written agenda in advance, and a brief notification about the meeting topics and timing well in advance of the meeting.
- The extent of the accuracy of board members in reviewing the annual financial statements, and the extent to which the board monitors cash flow, profitability, revenues, and other financial indicators to ensure that the company is working within the achievement of its approved goals.
- The quality of board members in monitoring the company's performance and comparing data related to the field in which the company operates.
- The effectiveness of the board members with issues that affect the company in the long term.
- The extent of board members' awareness of the difference between the role of the board in preparing policies and the role of the CEO in managing the company.
- The role of board members in assisting the CEO in preparing a clear and understandable policy.
- The extent of the effectiveness of the board in setting up a succession plan for the executive management in the company in case those positions become vacant.

2. standards for measuring performance for members of the Board of Directors and members of committees

- Allocating time to the topics and needs of the company to enable proper decision-making. The extent to which a member of the Board of Directors and committees understands technical matters.
- Spend sufficient time with the CEO to understand the long-term plans. And the possibility of a member of the board of directors and committees to communicate with the chairman of the board

of directors if required, and the extent of his understanding and understanding of the sectors of the company and the field in which it operates.

- The extent to which a member of the board can express an opinion on the strategy and direction of the company when this becomes necessary.
- The extent of objectivity of a board member in the face of difficult decisions, and the extent of his ability to express his opinion during the meeting even if the point of view is different from other members of the board.
- The ability of a board member to collect the necessary information in order for him to be sufficiently informed in case he is absent from attending the meeting.
- The extent to which a member of the board of directors and committees takes the initiative when it is appropriate to obtain information relevant to the company.
- The extent to which a board member accepts the participation of other board members and committees, the extent of his ability to present creative and innovative ideas, and the extent of his reservation on the confidentiality of the information he receives.
- Sufficient level of experience to evaluate long-term strategies, policies, market developments and peculiarities of the field in which the company operates.

3. Performance Measurement Standards for Executive Management (CEO / Senior Executives)

The performance of the CEO and senior executives is evaluated for the purpose of reviewing the strategic and operational goals and their alignment with the functional objectives to be achieved, and determining the objectives that must be developed, periodically according to the following:

- Strategic planning: It works to ensure the development of a long-term strategy and establishes goals and plans that meet the needs of shareholders, customers, employees, and every stakeholder in the company, and also ensures harmonious and appropriate progress in its timing towards achieving strategic goals. It also obtains and allocates resources in a manner consistent with the strategic objectives and reports in a regular manner to the CEO / Board of Directors on the progress being made towards the main stages of the strategic plan.
- Leadership: develops and presents a clear and coherent vision of the company's values and goals, ensuring that it is fully understood and that it finds broad support and effective implementation within the company. It also fosters a corporate culture that encourages, appreciates and rewards leadership, excellence, and innovation, as well as ensures concepts that advance ethical norms, individual integrity and cooperation that establish values.

C. Performance standards

Performance standards are the appropriate practical measure that can be used in all fields and activities without relying on intangible theoretical standards – which differ from one person to another and the same person from one period to another – so it is necessary to choose concrete and consistent practical measures to measure the level of performance of activities and fields, and to ensure that they are running Towards the set strategic goals.

1. Definition of performance criteria:

It is the level of what has been acquired and reached between

one measurement point to another and includes a meaning and meaning that can be verified, as any plan needs to be followed up to ensure the correct implementation, and follow-up is part of the evaluation of what has been implemented during the work and the discovery of gaps in order to make the necessary adjustment and measurement by Inspection to discover defects and follow up on the implementation of the plan requires a benchmark comparison, which means that there are two parties to compare one of the other, and then it is necessary to define measurement criteria based on comparison. It also gives an indication of defects and thus provides an opportunity for improvement.

2. Requirements for the application of performance standards

- a. The necessity of adopting performance measures at the same time that goals are set, this is the only way in which progress, and achievements can be evaluated in a fair and reasonable manner.
- b. The necessity of its association with the goals and strategic measures that have organizational significance and the development of business performance.
- c. It should relate to the goals and responsibilities of teams and individuals and be effective if used through duties and responsibilities.
- d. It is based on measurable results and achievements.
- e. It is based on evidence and data that can be available for measurement.
- f. The possibility of verifying it by providing information that confirms the validity of expectations and measurement results.
- g. To be as accurate as possible according to the availability of data and the purpose of the measurement.
- h. To be a sound basis for feedback and procedures.
- i. To be comprehensive and cover all major aspects of performance so that a set of measures can be provided.
- j. T- That the accounting measurement is the basis of the strategic plan, objectives and processes that have been built.

3. Data and information through which measurement standards can be set

- a. Financial statements (financial position, income statement, and cash flow statement).
- b. The annual planning budgets.
- c. Cash flows during the period of the strategic plan.
- d. The strategic plan.
- e. Objectives of the sub-plan.
- f. Operations objectives.
- g. Program objectives.
- h. Departmental objectives.
- i. Responsibilities and duties of each job.

D. Review and update performance evaluation indicators and tools

The indicators and tools of performance evaluation are subject to periodic review by the Remuneration and Nominations Committee with the aim of developing and updating them in line with the relevant laws and regulations and in accordance with the opinion of the Remuneration and Nominations Committee.

The remuneration of members of the Board of Directors, its sub-committees, and the management

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives, and developing its performance, the company has adopted a policy of remuneration for members of the Board of Directors, the committees emanating from it, and the executive management in the company in accordance with the standards and controls contained in the Companies Law and the Corporate Governance Regulations. And other related laws and regulations.

The remuneration policy for the Board of Directors, the committees emerging from it, and the executive management of the company have been prepared in order to comply with Article (59) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which stipulates that the Remuneration and Nominations Committee shall "prepare a clear policy for the remuneration of members of the Board of Directors and the committees emanating from The Board and the Executive Management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy the following standards related to performance, disclosure of them, and verification of their implementation.

A. Policy objectives

This policy aims to set clear criteria for remuneration for members of the Board of Directors, its committees, and senior executives in light of the requirements of the companies' system and the rules and regulations of the Capital Market Authority. The policy also aims to attract individuals with a degree of competence, ability, and talent to work in the Board of Directors and the committees emanating from it and the executive management through Adopting plans and programs that stimulate rewards and are linked to performance, which contribute to improving the company's performance and achieving the interests of its shareholders.

B. Responsibilities

- The Remuneration and Nominations Committee is responsible for preparing, reviewing the policy, proposing the changes it deems appropriate, and submitting it to the Board of Directors for consideration.
- The Secretary of the Board of Directors is responsible for supporting the Remuneration and Nominations Committee to issue and update this policy, and to develop procedures that help in its implementation.
- Remuneration policy shall be submitted to the General Assembly for approval.
- The Financial Department and the Human Resources Department in the Executive Department of the company is responsible for implementing what is stated in this policy under the supervision of the Board of Directors responsible for its implementation.

C. Remuneration criteria

Without prejudice to the statutory requirements, the company's articles of association, and the requirements of the governance regulation, the remuneration of the members of the Board of Directors, the committees emanating from it, and the executive

management are subject to the following standards:

1. Its consistency with the company's strategic plans, long-term and short-term goals, its activities, the sector in which it operates, the skills required to manage it, and the size, nature, and degree of risks of the company.
2. Remuneration is provided for the purpose of inducing members of the board of directors, the committees emanating from it, and the executive management on the long-term success and development of the company, such as linking the variable part of the remuneration to long-term performance.
3. Remuneration should be determined based on the level of the position, the tasks and responsibilities assigned to the occupant, academic qualifications, practical experiences, skills, and level of performance.
4. Taking into consideration the practices of other companies in determining remuneration, while avoiding the unjustified increase in rewards and compensation that may result from that.
5. That it aims to attract, maintain, and motivate professional competencies, without exaggerating them.
6. To prepare in coordination with the Remuneration and Nominations Committee and the Human Resources Department upon new appointments.
7. Organizing the award of shares in the company to members of the board of directors, the committees emanating from it, and the executive management, whether it is a new issue or shares purchased by the company.
8. That the remuneration be fair and commensurate with the member's competencies, business and responsibilities undertaken by the members of the board of directors, in addition to the goals set by the board of directors to be achieved during the fiscal year.
9. Remuneration should be based on the recommendation of the Remuneration and Nominations Committee.
10. Taking into consideration the sector in which the company operates its size and the experience of the members of the Board of Directors.
11. That the remuneration is reasonably sufficient to attract, motivate and retain competent and experienced board members.
12. The remuneration of the members of the Board of Directors and the committees emanating from it consist of an annual remuneration (a lump sum), attendance allowances for meetings and other entitlements as explained in this policy.
13. The remuneration of the members of the audit committee is approved by the general assembly and upon the recommendation of the board of directors.
14. A member of the Board of Directors may obtain a remuneration for his membership in the audit committee formed by the General Assembly, or for any business, executive, technical, administrative or advisory positions - under a professional license - additional to be assigned to the company, in addition to the bonus that can be To obtain it in his capacity as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and the Articles of Association.
15. The remuneration of the members of the Board of Directors may be of varying magnitude to reflect the member's experience, competencies, tasks assigned to him, his independence, the number of sessions he attends, and other considerations.
16. If the audit committee or the body finds that the remuneration paid to any of the members of the board of directors or the executive management is based on incorrect or misleading information that was presented to the general assembly or

included in the annual report of the board of directors, then they must be returned to the company, and the company has the right to ask him to refund them.

D. Remuneration of members of the Board of Directors and the committees emanating from it

1. The remuneration of a member of the Board of Directors and all the benefits that he obtains – if any – shall be as approved by the General Assembly in accordance with the official decisions and instructions issued in this regard, and within the limits of what is stipulated in the Companies Law and its Regulations.
2. The remuneration of a member of the Board of Directors may be a certain amount, an attendance allowance for sessions, benefits in kind, or a certain percentage of the net profits, and two or more of these benefits may be combined.
3. If the remuneration is a specific percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit of no less than (1%) of the paid-up capital of the company, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and any estimate to the contrary is void.
4. In all cases, the total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors gets should not exceed an amount of five hundred thousand riyals annually, according to the controls set by the competent authority.
5. The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company.
6. Pursuant to the previous clauses of this article, the remuneration and benefits of the members of the Board of Directors and the committees emanating from it shall be according to the table below:

1. Board Members

Allowance for attending meetings and other allowances is paid annually, while the annual severed bonus is paid after its approval by the General Assembly.

2. Members of the Audit Committee

#	#
Allowance to attend one session	SAR 3,000
Remuneration of the independent board member (Deducted Sum)	SAR 100,000
Remuneration of a non-independent board member	SAR 0

Allowance for attending meetings and other allowances is paid annually, while the annual severed bonus is paid.

3. Members of the Remuneration and Nominations Committee

#	#
Allowance to attend one session	SAR 3,000
Remuneration of the independent committee member (Deducted Sum)	SAR 30,000

4. Members of the Risks management Committee

5. Members of the Corporate Governance Committee

E. Executive management remuneration

1. The Remuneration and Nominations Committee reviews the

#	#
Allowance to attend one session	SAR 2,000
Remuneration of the independent committee member (Deducted Sum)	SAR 20,000

salary scale set for all employees and senior executives and

#	#
Allowance to attend one session	SAR 2,000
Remuneration of the independent committee member (Deducted Sum)	SAR 20,000

the incentive program and plans on an ongoing basis and

#	#
Allowance to attend one session	SAR 2,000
Remuneration of the independent committee member (Deducted Sum)	SAR 20,000

approves them based on the recommendation of the executive management. The remuneration of the executive management includes the following:

- Basic salary.
- Medical insurance for him and his family.
- Social insurance
- Transportation allowance or insurance for a suitable means of transportation.
- Housing allowance or adequate housing insurance for him and his family.
- Annual increase linked to performance indicators and according to the annual evaluation made in this regard.
- Annual reward linked to performance indicators and according to the annual evaluation that is made in this regard.
- A long-term incentive bonus, if any.
- Allowances and other benefits such as children's education allowance, travel tickets for him and his family, annual paid leave, and end-of-service gratuity in accordance with the Saudi Labor Law and the company's human resources management regulations.
- Any bonuses or other allowances approved by the company's board of directors.

2. The Remuneration and Nominations Committee reviews the general policies, plans, and programs for the remuneration of senior executives and submits its findings to the Board of Directors for approval.
3. The CEO implements the remuneration policy for employees and senior executives in light of the general policies, plans and programs approved by the Remuneration and Nominations Committee and approved by the Board of Directors.
4. The Remuneration and Nominations Committee reviews the annual incentives and bonuses disbursement to the CEO and submits them to the Board of Directors for approval.

F. Payment of bonuses

Rewards – according to what is stipulated in the bonuses and benefits tables attached to this policy – shall be disbursed in Saudi

riyals or its equivalent in any other currency, and the payment is made through a direct entry in the bank accounts specified by the concerned person.

G. General provisions

1. Members of the Board of Directors may not vote on the provision of remuneration for members of the Board of Directors at the General Assembly meeting.
2. This policy is complementary to the company's articles of association, corporate governance system, and governance regulations.
3. All that is not provided for in this policy to apply the relevant laws and regulations issued by the competent authorities.

H. Disclosure

- The report of the Board of Directors to the General Assembly must include a comprehensive statement of all rewards, expenses

allowances and other benefits that Board members received during the fiscal year, and it should also include a statement of what board members received as workers or administrators or what they received in return Technical, administrative or consulting works, and it should also include a statement of the number of board sessions and the number of sessions attended by each member from the date of the last general assembly meeting or during the fiscal year ending on December 31.

- Without prejudice to what is stated in the previous paragraph of this article, the company discloses the members of the board of directors, the committees emanating from it and the executive management (the top five senior executives who received the largest rewards, including the CEO and the financial director) in accordance with the regulatory requirements specified in the governance regulation.



Board of Directors remuneration

Table No. [20] Remuneration of Board Members during the year 2023

Board Member	Fixed remuneration						Variable remuneration								
	Board Members remuneration	Total Board attendance allowances	Total Committees attendance allowances	Advantages	technical, administrative and consulting works remuneration	Remuneration of chairman, managing director or secretary if he is a member	Total	Dividends	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Bonus shares (value is entered)	Total	Expenses allowances	End of Services remuneration
1. Independence members:															
Taha Mohammed Abdul Wahid Azhari	-	18,000	18,000	-	-	-	18,000	-	100,000	-	-	-	100,000	-	118,000
Meshaal Mohammed Saleh Almogren	-	18,000	18,000	-	-	-	18,000	-	100,000	-	-	-	100,000	-	118,000
Sahal Yousef Abdullah Jamal Allail	-	18,000	18,000	-	-	-	18,000	-	100,000	-	-	-	100,000	-	118,000
Total	-	54,000	54,000	-	-	-	54,000	-	300,000	-	-	-	300,000	-	354,000
2. Non-Executives members:															
Ahmed Hammoud Ibrahim Altheyab	-	18,000	18,000	-	-	-	18,000	-	100,000	-	-	-	100,000	-	118,000
Total	-	18,000	18,000	-	-	-	18,000	-	100,000	-	-	-	100,000	-	118,000
3. Executives members:															
George Abdulkarim George Moussa	-	18,000	18,000	-	-	-	18,000	-	100,000	-	-	-	100,000	304,375	422,375
Ahmed Hassan Ahmed Ali	-	18,000	18,000	-	-	-	18,000	-	19,360	-	-	-	19,360	98,598	135,958
Total	-	36,000	36,000	-	-	-	36,000	-	119,360	-	-	-	119,360	402,973	558,333
Total	-	108,000	108,000	-	-	-	108,000	-	519,360	-	-	-	519,360	402,973	1,030,333

Membership of the board members of other companies

Table No. [21] Membership of Board Members of other companies

#	Member's name	Names of companies for which a member of the board of directors is a member of their current boards or directors	Inside / outside the Kingdom	The legal entity	Names of companies for which a member of the board of directors is a member of their previous boards or directors	Inside / outside the Kingdom	The legal entity
1	Ahmed Hammoud Ibrahim Altheyab	Hana Food Industries Company	Inside the Kingdom	closed joint stock	Hana Food Industries Company	Inside the Kingdom	closed joint stock
2	Taha Mohammed Abdul Wahid Azhari	Batic Investments and Logistics Company	Inside the Kingdom	Public joint stock	Airports Holding Company	Inside the Kingdom	Government Company
		Digital money transfer company	Inside the Kingdom	closed joint stock	National Water Company	Inside the Kingdom	
		ELFadaa ELQamaria Financial Company - Nami	Inside the Kingdom	closed joint stock	Batic Investments and Logistics Company	Inside the Kingdom	Government Company
3	George Abdulkarim George Moussa	Zahrat Al-Waha for Trading Company	Inside the Kingdom	Public joint stock	Othman Plastic Company - Takween	Inside the Kingdom	
4	Meshaal Mohammed Saleh Almogren	Diamond Concept Company	Inside the Kingdom	closed joint stock	Danat Holding Company	Inside the Kingdom	Public joint stock
		Al Saif Commercial Agencies Company	Inside the Kingdom	closed joint stock	---	---	---
5	Sahal Yousef Abdullah Jamal Allail	The Saudi Real Estate Refinance Company - one of the Public Investment Fund companies	Inside the Kingdom	closed joint stock	Samba Financial Group	Samba Financial Group	Inside the Kingdom
		---	---	---	Khair Capital Saudi Arabia	Inside the Kingdom	---



Board Committees

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's goals, and developing its performance, the company has adopted criteria for nominating members of the committees emanating from the company's board of directors and selecting them based on their competence and ability to represent the board of directors. Ensure the availability of experience, ability, and scientific and practical knowledge that would contribute to raising the company's strategic, supervisory, regulatory, and operational efficiency, and determining their remuneration in accordance with the standards and controls contained in the Companies Law and the Corporate Governance Regulations, and other relevant laws and regulations.

A. Audit Committee

The Audit Committee is considered one of the important committees in the listed public joint-stock companies because of its essential and effective role in supervising the work and procedures of external auditing, internal auditing, the internal control process, developing systems and plans related to these activities and following up on their implementation and the company's commitment and compliance with generally accepted regulations and standards. The regulations of the Saudi Capital Market Authority and the Saudi Companies Law have given special importance to the review committee through its formation by The Board of Directors in accordance with the provisions of the Companies Law and Article Thirty-Seven of the Articles of Association of Zahrat Al Waha Trading Company and strengthening its framework and powers.

I. Forming the Audit Committee

- A. An audit committee of shareholders or others shall be formed by decision of the company's board of directors, provided that it does not include any of the executive members of the board of directors. The number of members of the audit committee must not be less than three and not more than five, and among them must be a specialist in financial and accounting affairs.
- B. The members of the audit committee must include at least one independent member.
- C. The Chairman of the Audit Committee must be an independent member.
- D. Half of the members of the Audit Committee must be independent members or those who do not meet the criteria of independence mentioned in Article Nineteen of these regulations.
- E. The company's general assembly shall issue – based on a proposal from the Board of Directors – the work regulations of the audit committee, provided that this regulation includes the controls and procedures for the committee's work, its tasks, the rules for selecting its members, how to nominate them, the duration of their membership, their rewards, and the mechanism for appointing its members temporarily in the event that one of the seats becomes vacant of The Commission.
- F. It is not permissible for anyone who works or has been working during the past two years in the executive or financial management of the company, or with the company's auditor, to be a member of the audit committee.
- G. It is required that the audit committee member does not serve as a member of audit committees in more than five joint stock companies listed on the market at the same time.

**Taha Mohammed
Abdul Wahid Azhari**

Committee Chairman



**Meshaal Mohammed
Saleh Almogren**

Committee Member



**Ahmed Khedr Mohammed
Harara**

Committee Member



Table No. [22] Qualifications and experiences of Audit Committee

#	Member's name	Current Position	Previous Position	Qualifications	Experiences
1	Taha Mohammed Abdul Wahid Azhari (Vice chairman)	Retired	<ul style="list-style-type: none"> » Head of Internal Audit at Airports Holding Company » Chief Financial Officer, Airports Holding Company » Economic advisor, National Water Company » Executive Director of Business Excellence, National Water Company » Chief Financial Officer of the National Water Company 	Bachelor of Accounting	<ul style="list-style-type: none"> » Chairman of the Audit Committee, Zahrat Al-Waha Trading Company » Chairman of the Remunerations and Nominations Committee, Zahrat Al-Waha Trading Company » Chairman of the Audit Committee of Hana Food Industries Company » Chairman of the Audit Committee, BATIC Investment and Logistics Company » Member of the Board of Directors of BATIC Investment and Logistics Company » Member of the Risk Committee, Arabian Shield Cooperative Insurance Company » Member of the Nominations Committee, Arabian Shield Cooperative Insurance Company » Member of the Board of Directors of a digital financial transfer company » Chairman of the Audit Committee, a digital financial transfer company » Member of the Audit Committee, Waqaa Center » Member of the Audit Committee, Comprehensive Financial Solutions Company » Member of the Board of Directors of ELFadaa ElQamaria Financial Company - Nami » Chairman of the Audit Committee, ELFadaa ElQamaria Financial Company - Nami
2	Meshaal Mohammed Saleh Almogren	Chief Executive Officer at Diamond Concept Company	<ul style="list-style-type: none"> » Head of the Internal Audit Department, The Cooperative Insurance Company » Head of the Internal Audit Department, Dutch Gulf Finance Company » Head of the Internal Audit Department, Middle East Gulf Company » Audit Supervisor at KPMG Office 	<ul style="list-style-type: none"> » Master of Business Administration » Bachelor of Accounting 	<ul style="list-style-type: none"> » Member of the Audit Committee, Zahrat Al-Waha For Trading Company » Member of the Board of Directors of Danat Holding Company » Member of the Audit Committee, Dutch Gulf Finance Company » Chairman of the Audit Committee of Growth Path Finance Company » Chairman of the Audit Committee, Al Saif Commercial Agencies Company » Member of the Audit Committee of the Saudi Contract Registration Company » Member of the Audit Committee of the Saudi Public Transport Company
3	Ahmed Khader Mohammed Harara	Financial Director at Manno for Trade and Contracting	Executive Director at Ernst and Young Auditors and Chartered Accountants	Bachelor of Accounting	Supervisor Audit at Anderson's Office

II. The objectives of the audit committee

The main objectives of the Audit Committee are:

1. Verify the completeness and adequacy of internal audit work by reviewing the effectiveness of the arrangements for the internal audit department and their completeness and adequacy.
2. Verifying the response of the company's management to the issues that are identified and monitored through the activity and work of the committee, especially the work of the internal and external audits, and verifying its independence.
3. Verifying the company's acceptance and understanding of the role, work and value of the internal audit through the applicable mechanisms such as the annual report of the internal audit.
4. Measuring and evaluating the level of effectiveness of the company's internal control and audit systems.
5. Ensure compliance with regulations, laws, standards and policies related to the scope of work, tasks and responsibilities of the committee.

III. The committee's competencies, authorities, and responsibilities

The Audit Committee is responsible for monitoring the company's business and verifying the integrity and integrity of the reports, financial statements, and internal control systems therein. The

committee's duties include, in particular, the following:

A. financial reports

1. Study the initial and annual financial statements of the company before submitting them to the Board of Directors and expressing its opinion and recommendation regarding them; to ensure its fairness, fairness, and transparency.
2. Expressing a technical opinion - upon the request of the Board of Directors - on whether the report of the Board of Directors and the financial statements of the company are fair, balanced, and understandable, and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
3. Study any important or unusual issues included in the financial reports.
4. Carefully researching any issues raised by the company's financial manager, whoever assumes his duties, the company's compliance officer, or the auditor.
5. Verifying the accounting estimates in the fundamental issues mentioned in the financial reports.
6. Study the accounting policies applied in the company and express opinion and recommendation to the Board of Directors in this regard.

B. Internal Control Systems

1. Study and review the internal and financial control and risk management systems and ensure their effectiveness through periodic reports to the Internal Audit Department or others on the adequacy and effectiveness of the internal and financial control and risk management systems, and follow up on the implementation of recommendations and corrective actions based on the observations contained therein.
2. Preparing a report for the Board of Directors that includes its opinion on the adequacy of these systems and its recommendations to address fundamental matters and any other recommendations for developing these systems and other work it has undertaken that falls within the scope of its jurisdiction.

C. Internal audit

1. Supervising and monitoring the work of the Internal Audit Department and verifying its effectiveness in performing its tasks and responsibilities.
2. Study the annual audit plan with the Internal Audit Department and approve it.
3. Study the internal audit reports and follow up the implementation of corrective measures for the observations contained therein.
4. Recommending to the Board of Directors to approve the organizational structure and job description of the Internal Audit Department, and to ensure its independence in the company's organizational structure.
5. Recommending to the Board of Directors to appoint or dismiss the Director of the Internal Audit Department, and evaluating his performance on an annual basis.

D. Auditor

1. Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees, evaluate their performance after verifying their independence and review the scope of their work and the terms of contracting with them.
2. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, considering the relevant rules and standards.
3. Reviewing the company's auditor's plan and business and verifying that he has not submitted technical or administrative works that are outside the scope of the audit work and expressing its views on that.
4. Answer the inquiries of the company's auditor.
5. Study the auditor's report and his notes on the financial statements and follow up on what has been taken in their regard.

E. Ensure commitment

1. Review the results of the reports of the supervisory authorities and verify that the company has taken the necessary actions regarding them.
2. Verify the company's compliance with the relevant laws, regulations, policies, and instructions.
3. Review the contracts and proposed transactions that the company conducts with related parties and submit their opinions on this to the Board of Directors.
4. Raise the issues it deems necessary to take action in their regard to the Board of Directors and make its recommendations for the actions to be taken.

IV. Committee meetings

The committee meets periodically, provided that its meetings are not less than (7) meetings during the company's fiscal year

Table No. [23] attendance record for the Audit Committee meetings for the year 2023, a total of (7) meeting

#	Member's name	Position	Number of meetings (7)							Attendance Ratios
			First 2/3/2023	Second 1/5/2023	Third 7/6/2023	Fourth 24/7/2023	Fifth 24/10/2023	Sixth 4/12/2023	Seventh 18/12/2023	
1	Taha Mohammed Abdul Wahid Azhari	Chairman	●	●	●	●	●	●	●	100%
2	Meshaal Mohammed Saleh Almogren	Member	●	●	●	●	●	●	●	100%
3	Ahmed Khader Mohammed Harara	Member	●	●	●	●	●	●	●	100%

● Attended ● Absent ● Resigned

V. Summary of the committee's report to the company's general assembly

All members of the committee are obliged to meet at least four times a year, in accordance with its charter.

In addition, the committee reviewed the quarterly financial statements and other matters in some cases by scrolling. She also interacted regularly with management and internal auditors.

Based on the recommendations of the internal audit, the committee recommended that the management take the necessary measures to improve the internal control systems in accordance with business needs and best practices. Moreover, the committee commended the administration for establishing a whistleblowing policy and a

hotline to enable stakeholders to report cases of non-compliance, deviation from existing practices, and ethical violations.

The committee evaluated the independence of the auditor and reviewed their scope of work and the terms of contracting with them. Accordingly, the committee recommended their nomination to the Board of Directors.

Verify the auditor's independence, objectivity, fairness, and effectiveness of audit work, taking into account the relevant rules and standards.

Reviewing the activities and work plan of the company's auditor.

Reviewing the chartered accountant's reports and notes on the financial statements.

The committee made sure of the company's compliance with relevant laws, regulations, policies and instructions.

I reviewed the results of the reports of the supervisory authorities and verified that the necessary measures were taken in this regard.

Reviewing contracts and transactions proposed to be conducted by the company with related parties.

After reviewing the annual financial statements for the year ending 31 December 2023, the Committee considers that the financial statements, in all material respects, comply with all relevant regulations.

Accordingly, the committee recommended to the Board of Directors to approve the annual financial statements for the year ending on December 31, 2023.

VI. Results of the internal review and evaluation of the effectiveness of the internal control system

First: The foundations of internal control and the application of the supervisory cycle within the company :

In light of the internal control reports, the audit committee reviews the monitoring cycle for all the company's activities according to the following principles:

1. Ensuring the proper application of laws and regulations to enhance confidence in the reports of subsidiaries.
2. Evaluating the administrative, financial, operational, and marketing policies and procedures for each company according to the nature of its business.
3. Ensure the accuracy and verification of the information contained in the periodic reports of these companies.
4. The ability to take appropriate decisions by identifying problems and obstacles and working to solve them as a form of prohibitive control.
5. The Audit Committee monitors the extent of commitment to implement the financial control program approved by the Board of Directors to monitor the company's investments.

Second: The results of the annual review of the effectiveness of internal control, and the following are the most important procedures and essential notes:

In light of the work carried out by the committee during the year ending on December 31, 2023 AD, and based on the reports of the Internal Audit and Risks Department, the internal audit processes did not show a fundamental weakness in the internal control system, in addition to the absence of any deficiencies in the internal control system and that the policies and procedures of the company Appropriateness, with the continuation of the recommendation to the company's management to continuously monitor the development and improvement of the efficiency and effectiveness of the applicable internal controls and the need for continuous updating of the company's policies and procedures. Note that the company depends on the implementation of the internal audit by the Internal Audit and Risks Department from within the company, nominated by the Audit Committee and appointed by the Board of Directors.

Third: Risks and its management policy to manage it:

The company operates in a multi-risk and fast-changing environment like most companies, and in light of these challenges

the company strives to develop and expand its business by exploiting all available investment opportunities and based on full awareness of the risks associated with the company's vision, the company analyzes and manages risks in order to protect its current business and future and provide preventive and reactive measures for potential risks. The company works to unify strategies and processes, as well as directing and training employees to follow a unified method for managing risks that the company may face in the future to reach this goal and help it achieve its strategic goals, the risk management process is based on identifying and analyzing the risks that the company faces in two ways:

- Risk assessment: Analyzing risks and working to address them to avoid their occurrence or reduce their impact if they occur.
- Business continuity: by raising the level of readiness and readiness to deal with risks as they arise.

In order to achieve the company's strategic objectives, the company has put in place appropriate procedures to evaluate the risks related to strategic decisions, in addition to providing support to assess risks related to some.

First: the concept of risk management in the company:

Risk management is the process of measuring and evaluating potential risks and developing management strategies to ensure preventive handling of those risks and facilitate work on early detection of actual problems with the aim of minimizing their negative effects on the company. The best approach to risk management is to arrange them in order of priority so that risks that may result from losses are addressed. Significant or substantial impacts while risks with lesser impact are addressed later.

Second: Why is the company interested in the risk management process:

- Tightening control over the risks surrounding the company's activities and business.
- Determine the specific treatment for each type of risk.
- Work to reduce losses and accept them to a minimum.
- Providing appropriate confidence to all stakeholders of the company, especially shareholders, creditors, suppliers, and customers, in order to protect the ability to generate profits despite any incidental losses that may lead to a reduction in profits or not achieving them.

Third: the company's philosophy in dealing with risks:

The company's philosophy is based on the fact that risk is an integral part of any profit-oriented activity, especially in the industrial sector. Therefore, the company deals with risks by classifying them into four main groups, including the following:

1. Risks Avoidance: It means trying to avoid activities that may lead to a risk.
2. Reducing risks: This is done by reducing the volume of investment that results in that risk or by involving others in bearing the risk.
3. Risk transfer: This is done by securing the means that help in accepting the risk. It is usually done through contracts or financial safeguards such as insurance contracts.
4. Acceptance of risk taking: It means the management's acceptance of losses when they occur, and this may be acceptable in small risks.

Fourth: The most Significant risks facing the company:

The risks described below (whether it is operational risk, financing risk, or market risk) do not include all the risks that the company may face. Rather, additional risks may exist, but they are either unknown to the company during the current period, or the company may consider them not essential and do not impede their work. For this purpose, the company has prepared a register of the risks that the company may face and the control points that will reduce the effects of those risks if they occur or hinder their occurrence, and these risks can be summarized as follows:

A. Global economic fluctuations and financial crises

The company is not only affected by the local economy, but the impact on its operations and expansions extends to global economic conditions, and is definitely affected by the global financial crises that appear from time to time, which may compel current and potential customers of the company to reduce spending on the company's products and thus affect its profitability, especially since The company has a proportion of not a few external clients outside the Kingdom, and the financial institutions that deal with the company may be affected, and it is not possible to predict the time, strength or duration of any slowdown or subsequent economic recovery.

B. Regional political and economic situations

The region is witnessing some political fluctuations that extend to many of the countries that the company deals with, which may negatively affect access to some customers in those areas, and thus this affects one of the company's most important strategic objectives by targeting new markets and diversifying sources of income.

C. The competitive environment

The company's growth and maximizing the level of its profits are closely related to its ability to compete and maintain its leadership position among other local and international companies by maintaining the quality and diversification of its products, but the competitive environment may push the company to reduce some of its prices in order to preserve its major customers and market share.

D. Major suppliers

Relying on one major supplier for the raw materials used by the company in the manufacture of its products is one of the greatest risks that the company pays special attention, especially since the main supplier directly affects the main activities of the company if the supply stops for any reason or the supplier refuses any consideration in addition to his exclusive entitlement to Determining the price levels of raw materials, and on the other hand, the company does not have sufficient capacity to import these materials from the global market at higher prices due to considerations of customs duties, transportation, storage and other fees as well as the difficulty of obtaining the approval of the concerned authorities to import a locally available product.

E. Prices of energy products and raw materials

The company's sales and profitability depend directly on two main elements, namely the prices of energy products and the prices of raw materials, those prices that the company cannot predict, especially with recent government decisions that included a rise in the prices of energy products with a lack of clarity of the possibility

of increasing them in the future in addition to the fluctuation of raw materials prices. According to global oil price fluctuations and this is expected to repeat in the future, the company's performance depends in part on its ability to include these changes in costs in the selling prices of products.

F. Sudden stalling and failure

The work in the company is carried out with a system of division of labor by manpower to ensure the continuation of the factory's work without stopping and around the clock on all days of the week, and there are some risks that may negatively affect the operational efficiency of the company such as natural disasters, breakdowns in machines or computers, and accidents related to employees The company cannot provide any guarantees that its operations will not be disrupted, despite the fact that it has achieved all the standards of continuous periodic and preventive maintenance, which may lead to an increase in costs and a decrease in revenues and profits.

G. Company resource management system

All the company's departments mainly rely on computer systems in managing its assets and controlling its activities and financial records, in addition to using the resource management system in all its financial, administrative, and operational operations. Therefore, any defect that arises in this system or a dispute over its property rights or others will negatively affect the company's operations and the smooth running of its work, and to avoid this, the company is keen to make the necessary updates to the system periodically and through one of the specialized consultants, and a contract is being made with a specialized company to store all its information as a backup copy.

H. Currency exchange rates and interest rates

The company deals in all its international imports and exports with currencies that are closely related to the Saudi riyal such as the US dollar and the euro, and any fluctuation between the value of the Saudi riyal and any of those aunts may have a negative impact on the company's revenues and profits, and any negative shift in exchange rates in the markets that do not dominate On it, the dollar could have a negative impact on the profitability of the company due to the correlation of the Saudi riyal with the US dollar. Moreover, fluctuations in interest rates among Saudi banks in addition to the fluctuation of interest rates globally and their impact on financial institutions that the company may deal with now or in the future could increase borrowing costs and have a negative impact on the results of operations.

I. Insurance coverage

Although the company has a number of insurance coverages associated with its work in the field of manufacturing industries, these policies may not provide complete insurance against all potential risks related to its business as a result of changing market conditions. The insurance premiums and deductibles in some insurance policies can increase dramatically in some cases. This may lead to a significant increase in operational costs, which leads to lowering its profitability, and for that, the company has contracted with an insurance advisor to obtain the best terms and insurance coverage that covers most of the risks surrounding its operational activities.

J. Legislative and regulatory environment

The company operates in a dynamic legislative environment, as the company is subject to the laws and regulations in force in the Kingdom of Saudi Arabia, and these laws and regulations may be subject to change, which may be reflected in the company's business, negatively or positively, and the company may modify its products or operations in order to cope with any future changes in Those legislations and laws, and for the minimal negative effects arising from any of these changes if they exist, the company is constantly aware of any amendments of the regulations in force locally or in any of the countries to which its activity extends, then it studies the impact of these amendments on the scope of its business and from Then take all necessary measures to reduce its effects or try to employ it to serve its business.

K. Labor laws and regulations

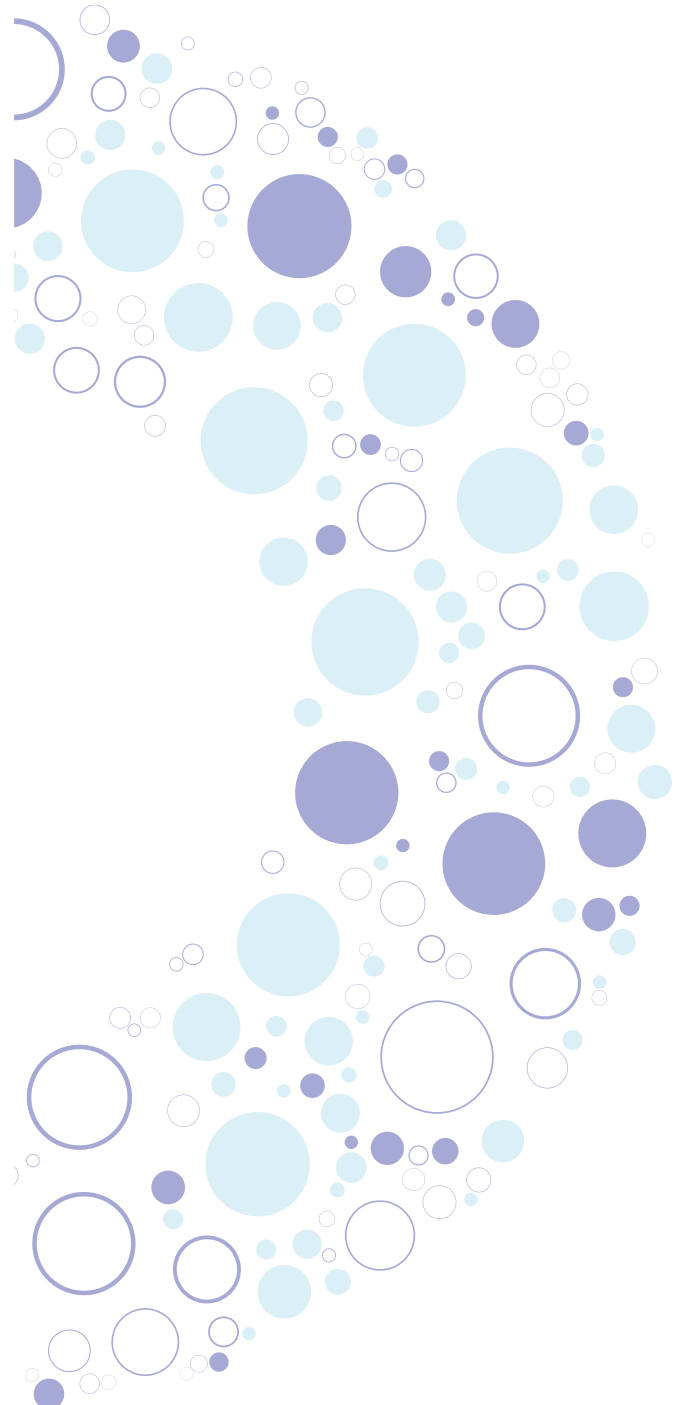
Legislation in the Kingdom of Saudi Arabia requires adherence to achieving a rate of Saudization of jobs in companies through the Nitaqat program, which requires a percentage of Saudi employees out of the total employees, and the company has achieved the required percentage, and continues its continuous pursuit of the Saudization of a number of administrative jobs in conjunction with its expansion plan that requires many Employment in its various departments. Although the company believes in the importance of Saudization as a national development requirement, it faces difficulties and challenges due to the nature of its industrial activity and its inadequate work for citizens seeking work and its reliance mainly on expatriate workers, which makes it difficult to achieve Saudization and Emiratisation rates, and the risks associated with that persist, especially with the high costs of labor and employment.

L. Environment, safety, and occupational health

Based on the company's endeavor to implement the highest rates of security, safety, and occupational health, it has taken upon itself to adopt more stringent standards to provide preventive safety requirements, something that raises its costs, which may negatively affect its business results and financial position, and the company's business and financial position may also be seriously affected. Negative in the event of material losses or damages that may result from dealing with hazardous materials and safety, or in the event of accidents during production processes that are not covered by insurance policies or result from accidents that are not covered by insurance policies. Therefore, the company considers maintaining the health and safety of its employees and human resources as one of its most important strategic priorities, and that all of its facilities are subject to local and international safety standards.

VII. Recommendations of the Audit Committee regarding the appointment of an internal auditor

In its meeting No. 4 of 2023, held on July 24, 2023, the Audit Committee recommended appointing an internal auditor for the company to fill the vacant position of internal auditor after the Director of Internal Audit and Risk apologized to the company.



B. Remunerations and Nominations Committee

The main objectives of the Remunerations and Nominations Committee are to assist the Company's Board of Directors to carry out the following duties and responsibilities:

- Supervising the rewards and incentives plan for company employees and following up on their implementation.
- Supervising the administrative succession plans for senior leadership at the company level.
- Supervising the nomination process for membership of the Board, the committees emanating from it, and the executive management of the company, and ensuring that it is linked to performance.
- Supervising and ensuring the application of the employee grievance policy.
- Managing the process of evaluating the performance of board and committee members.

First: Forming the committee

- According to Article 58 of the Corporate Governance Regulations, the Remunerations and Nominations Committee is formed by a decision of the Board of Directors, provided that the company's General Assembly issues the rules for selecting the members of the committee, their membership period, specifying the committee's tasks, its work controls, and the remuneration of its members, based on a proposal from the Board of Directors.
 - The current Remunerations and Nominations Committee, consisting of three members, was appointed by a decision of the Board of Directors in its meeting held on December 26, 2021, corresponding to Jumada Al-Awwal 22, 1443 AH, for a period of three years starting from December 26, 2021 and ending on December 25, 2024 AD.
- The company's board of directors must notify the Capital Market Authority of the names of the committee's members and their membership qualifications within five working days from the date of their appointment, and any changes that occur to that within five working days from the date of the changes taking place.
- The Remunerations and Nominations Committee is formed from non-executive board members, whether from shareholders or from others, and the number of its members should not be less than three and not more than five, including at least one independent board member, The rules for selecting its members are as follows:
 - That the candidate has a record of experience related to the functions of the Remunerations and Nominations Committee.
 - The candidate must have a good knowledge of the company's activities and business, and the skills and experience required to manage it.
 - The candidate must have a university degree.
 - That a judgment has not been issued against the candidate for committing an act that violates honor or trust or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country.
 - The candidate's selection should not be in violation of the relevant rules, regulations, and instructions.
- Committee members choose from among them a chairperson for the term of the committee's membership, provided that he is an independent member of the board of directors.
- A member of the committee performs his duties from the date of his appointment by the Board of Directors, and his membership ends in one of the following cases:

**Taha Mohammed
Abdul Wahid Azhari**
Committee Chairman



**Turky Naser Ahmed Al
Alshafer**
Committee Member



**Mahmoud Mohamed Zaky Al
Ghamry**
Chief Financial Officer
Committee Member



**Abdul Mohsen Nasser Salem Al
Gremel**
Human Resources Director Committee
Secretary



- The end of the session of the Board of Directors.
- His resignation, without prejudice to the company's right to compensation if the resignation occurred at an inappropriate time.
- The member's inability from a health point of view to complete his duties in the committee.
- A court ruling declaring his bankruptcy or insolvency or his request for a settlement with his creditors.
- A conviction for committing an act that breaches honor and trust, or for forgery, or for violating laws and regulations in the Kingdom of Saudi Arabia or in any other country.
- A decision by the Board of Directors to exempt him from membership in the committee for any of the following reasons:
 - Breaching his responsibilities, tasks, and duties, which would result in harm to the interest of the company.
 - He was absent from three consecutive meetings within one year without a legitimate excuse.
- Other than the above-mentioned reasons that the Board considers, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.
- Losing at any time any of the selection rules for membership in the Remunerations and Nominations Committee established under these regulations.
- If the position of a member of the committee becomes vacant in one of the previous cases or others during the term of membership, the board may appoint a member in the vacant position, provided that he meets the selection rules for membership of the committee referred to in these regulations, and the new member completes the term of his predecessor.
- The committee shall have a secretary appointed by the board of directors.

Table No. [24] Remunerations and Nominations

#	Member's name	Current Position	Previous Position	Qualifications	Experiences
1	Taha Mohammed Abdul Wahid Azhari (Vice chairman)	Retired	<ul style="list-style-type: none"> » Head of Internal Audit at Airports Holding Company » Chief Financial Officer, Airports Holding Company » Economic advisor, National Water Company » Executive Director of Business Excellence, National Water Company » Chief Financial Officer of the National Water Company 	Bachelor of Accounting	<ul style="list-style-type: none"> » Chairman of the Audit Committee, Zahrat Al-Waha Trading Company » Chairman of the Remunerations and Nominations Committee, Zahrat Al-Waha Trading Company » Chairman of the Audit Committee of Hana Food Industries Company » Chairman of the Audit Committee, BATIC Investment and Logistics Company » Member of the Board of Directors of BATIC Investment and Logistics Company » Member of the Risk Committee, Arabian Shield Cooperative Insurance Company » Member of the Nominations Committee, Arabian Shield Cooperative Insurance Company » Member of the Board of Directors of a digital financial transfer company » Chairman of the Audit Committee, a digital financial transfer company » Member of the Audit Committee, Waqaa Center » Member of the Audit Committee, Comprehensive Financial Solutions Company » Member of the Board of Directors of ElFadaa ElQamaria Financial Company - Nami » Chairman of the Audit Committee, ElFadaa ElQamaria Financial Company - Nami
2	Turky Naser Ahmed Alshaher	Human Resources General Manager at Trans Contracting Company	<ul style="list-style-type: none"> » Administration Manager at Arab Tec Jardine & Co. » Human Resources Director at Hana Food Industries » Human Resources Administrative Director at Al Harbi Trading and Contracting Company » General Manager, Mashael Al-Ruwad Company » Administrative Director and Human Resources manager at Gulf Investment Company » Administrative Director at Al Seef Group 	Diploma in IT	Remunerations and Nominations Committee Member at Zahrat Al-Waha For Trading Company
3	Mahmoud Mohammed Zaki Algamri	Chief Financial Officer	<ul style="list-style-type: none"> » Finance Manager at Zahrat Al Waha For Trading Company » Accounting and Costing Manager at Union Technology Union Aire Group - Egypt Deputy » Accounting Manager at Union Technology Union Aire Group - Egypt » Accounting Manager at Khalid Al Musa Furniture Company - Saudi Arabia » Financial Accountant and Cost Accountant at Engineering Industries Union Aire group - Egypt » External Auditor at Auditor's Office - Egypt 	<ul style="list-style-type: none"> » Master of Business Administration from the French University EIU » Master of Business Administration from AITU University in the United States » Diploma in Business Administration » Diploma in Project Management Specialist Program » APICS CPIM Basics » Diploma in Supply and Logistics » Bachelor of Commerce Majoring in Accounting 	<ul style="list-style-type: none"> » Remunerations and Nominations Committee Member at Zahrat Al-Waha For Trading Company » Board of Directors Secretary

Second: Terms of reference of the Remunerations and Nominations Committee

The Remunerations and Nominations Committee is responsible for the following:

1. To propose clear policies and standards for membership in the Board of Directors and executive management.
2. Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved policies and standards, considering not to nominate any person previously convicted of a breach of trust.
3. Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and for executive management positions.
4. Determine the time that the member should allocate to the work of the Board of Directors.
5. Annual review of the necessary skills or experience needs for board membership and executive management functions.
6. Reviewing the structure of the Board of Directors and the executive management and making recommendations regarding the changes that can be made.
7. Checking on an annual basis the independence of independent members and the absence of any conflict of interest if the member occupies the board of directors of another company.
8. Establish job descriptions for executive members, non-executive members, independent members, and senior executives.
9. Establishing special procedures in case the position of a member of the board of directors or a senior executive becomes vacant.
10. Determine the strengths and weaknesses of the Board of Directors and propose solutions to address them in line with the company's interest.
11. Ensure, on an annual basis, that the independent members are independent, and that there is no conflict of interest if the member is a member of the board of directors of another company.
12. Preparing a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and the Executive Management and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, considering in this policy the following standards related to performance, its disclosure, and verification of its implementation.
13. Clarify the relationship between the granted rewards and the applicable remuneration policy and indicate any material deviation from this policy.
14. Periodic review of the remuneration policy and evaluation of its effectiveness in achieving the objectives sought from it.
15. Recommending to the Board of Directors the remuneration of members of the Board of Directors, the committees emanating from it, and the company's senior executives, in accordance with the approved policy.

Third: The duties and responsibilities of the committee

In light of what was stipulated in the rules governing the Remunerations and Nominations Committee in the Corporate Governance Regulations issued by the Capital Market Authority, the duties and responsibilities of the committee are as follows:

First: Remuneration

- Preparing a clear policy for the remuneration of members of the Board of Directors, the committees emanating from it and the executive management, and submitting them to the Board of

Directors for consideration in preparation for approval by the General Assembly, considering in this policy that standards related to performance are followed, disclosed, and their implementation verified.

- Reviewing the remuneration policy periodically to ensure its suitability to the changes that may occur in the relevant legislation and regulations, the company's strategic objectives and the skills and qualifications necessary to achieve them, and to recommend to the Board of Directors regarding the proposed changes to this policy.
- Recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees emanating from it, and senior executives of the company, in accordance with the policy approved by the company's General Assembly.
- Determine the types of rewards that are granted to employees in the company and recommend them.
- Preparing an annual report on the remuneration granted to members of the Board of Directors, its committees emanating from it, and senior executives, provided that this report includes an explanation of the relationship between the bonuses granted and the remuneration policy in force, and any fundamental deviations from this policy.

Second: Nominations

1. Board of Directors

- Preparing a policy and criteria for membership of the Board of Directors, and recommending to the Board in this regard, for approval by the company's General Assembly.
- Recommending to the Board of Directors the nomination for Board membership in accordance with the approved membership policy.
- Annual review of the required needs of appropriate skills for membership of the Board of Directors, and preparation of a description of the capabilities and required qualifications.
- Reviewing the membership policy of the Board of Directors periodically to ensure its suitability to the changes that may occur in the relevant legislation and regulations, the company's strategic objectives and the skills and qualifications required to achieve them, and to recommend to the Board of Directors regarding the proposed changes to this policy.
- Studying and recommending cases of conflict of interest for those wishing to run for membership of the Board of Directors.
- Study the structure of the Board of Directors and make recommendations regarding the changes that can be made.
- Identifying the strengths and weaknesses of the board of directors and proposing remedies in accordance with the company's interest.
- Establishing procedures in the event of a vacancy in the position of a member of the Board of Directors or members of its committees emanating from it, and making recommendations regarding them.
- Recommending to the Board of Directors the performance criteria to evaluate the work of the Board of Directors and its members and committees emanating from it.

2. Members of the Board of Directors

- Determine the time that the member should allocate to the work of the Board of Directors.
- Ensure, on an annual basis, that the independent members are independent, and that there is no conflict of interest if the member is a member of the board of directors of another company.

- Establishing job descriptions for executive members, non-executive members, and independent members.
- Recommending to the Board of Directors to re-nominate or remove a member of the Board or members of the committees emerging from it.
- The committee should inform the board of directors of the results it reaches or takes in the form of decisions in a transparent manner.

3. Senior executives

- Recommending to the Board of Directors the appropriate policies and standards for the appointment of senior executives, identifying the required capabilities and skills, and reviewing them periodically to ensure their suitability to the changes that may occur to the company's strategic objectives and the skills and qualifications necessary to achieve them.
- Developing job descriptions for senior executives, reviewing the company's organizational structure, and making recommendations regarding the changes that can be made.
- Preparing criteria for evaluating the CEO's performance and informing him of them.
- Reviewing and approving the company's objectives related to CEO compensation.
- Reviewing the CEO's performance annually to ensure that he provides effective leadership of the company.
- Review management development programs and job replacement plans for senior executives in coordination with the CEO.
- Reviewing the evaluation objectives (including performance indicators) to be achieved within the rewards and incentive programs.
- Preparing an annual report on the remunerations paid to the executive management to be included in the company's annual report in accordance with the applicable controls and regulations.
- Establishing and recommending succession procedures in the event the position of a senior executive is vacant. In order for the Remunerations and Nominations Committee to perform its duties, the Committee shall have the following authorities:

- Requesting information and data that would assist the committee in studying the issues pertaining to it, or those referred to it by the board of directors.
- To seek the assistance of experts, specialists, or others it deems necessary to study the topics that fall within its duties and responsibilities, after the approval of the Board of Directors.

Third: The induction program for the Board's new members

Recommending to the Board of Directors to set an induction program for the new members of the Board so that the program covers the company's activity, the nature of its business, and its financial and legal aspects.

Fourth: Other tasks and responsibilities

- Assisting the Board of Directors in developing and reviewing the organizational structure of the company and the operating model that organizes the relationship between the company and the related parties.
- Monitor the implementation of the employee grievance policy and ensure its effectiveness.

Fourth: Authorities of the Remunerations and Nominations Committee

In order for the Remunerations and Nominations Committee to perform its duties, and in accordance with the relevant laws and regulations, it shall have the following authorities:

- The right to investigate any matter that falls within its competencies and tasks, or any subject specifically requested by the Board.
- The right to seek legal and technical advice from any external party or any other independent advisory body whenever necessary to assist the committee in performing its duties.
- The committee has the right to view all data, information and records related to the remuneration and compensation of the company and to review the reports of administrative succession of executives.
- The company bears any costs required for the committee to carry out its work.

Fifth: Committee meetings

The committee meets at least once every six months

Table No. [25] The names of the members of the Remunerations and Nominations Committee and the percentage of attendance at the committee meetings, which totals 3 meetings

#	Member's name	Position	Number of meeting			Attendance Ratios
			First 02/03/2023	Second 24/07/2023	Third 18/12/2023	
1	Taha Mohammed Abdul Wahid Azhari	Chairman	●	●	●	100%
2	Turky Naser Ahmed Alshaher	Member	●	●	●	100%
3	Mahmoud Mohammed Zaki Algamri	Member	●	●	●	100%

● Attended ● Absent ● Resigned

C. Risk Management Committee

The tasks of risk management were assigned to the internal audit department, as well as the tasks of the risk committee to the audit committee by the decision of the board of directors in its meeting No. 4 of 2019 on 07/17/2019 based on the recommendation of the audit committee.

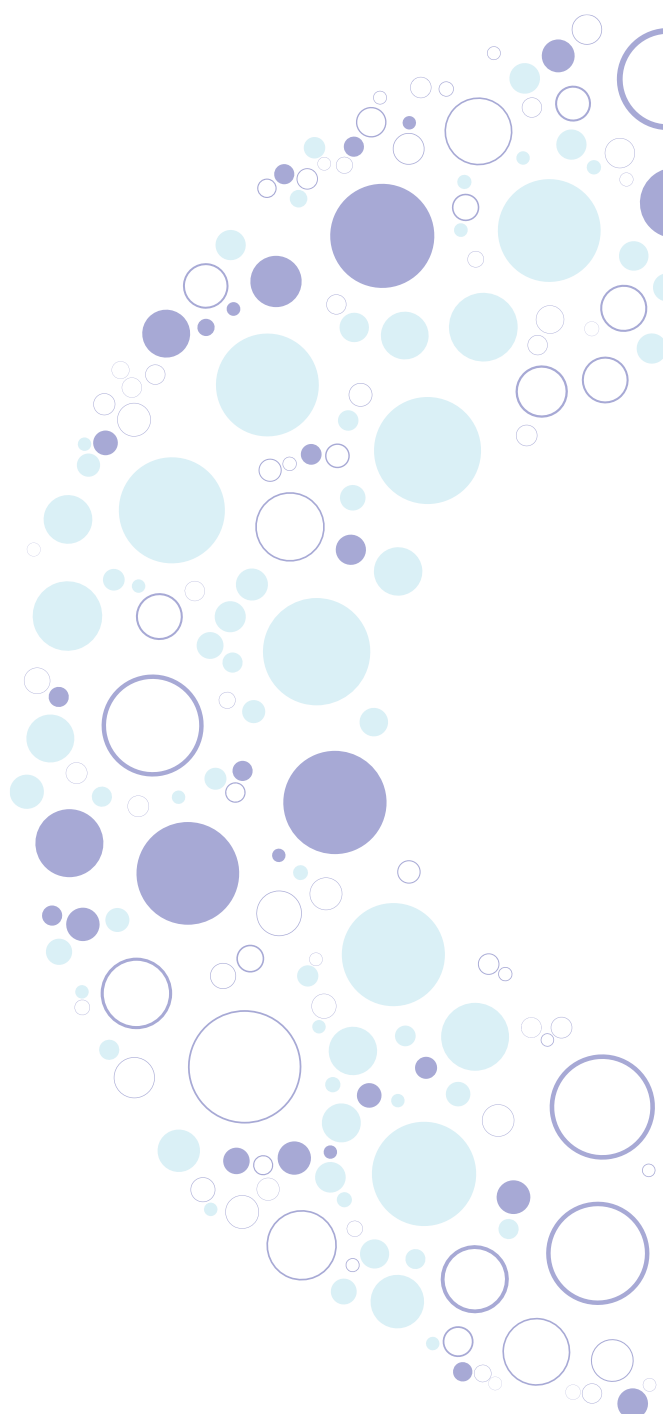
First: Forming a risk management committee

By a decision of the company's board of directors, a committee called (the Risk Management Committee) has been formed. Its chairman and the majority of its members are non-executive board members. Its members are required to have an adequate level of knowledge of risk management and financial affairs.

Second: Terms of reference of the Risk Management Committee

The Risk Management Committee shall be responsible for the following:

1. Developing a comprehensive risk management strategy and policies commensurate with the nature and size of the company's activities, verifying their implementation, reviewing, and updating them based on the internal and external variables of the company.
2. Determine and maintain an acceptable level of risks to which the company may be exposed and verify that the company does not exceed it.
3. Verifying the feasibility of the continuation of the company and the successful continuation of its activity, with identifying the risks that threaten its continuation during the next twelve months.
4. Supervising the company's risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring, and following up the risks that the company may be exposed to; this is to determine its shortcomings.
5. Re-evaluate the company's ability to withstand risks and its exposure to them periodically (by conducting) stress tests, for example.
6. Preparing detailed reports on exposure to risks and the proposed steps for managing these risks and submitting them to the Board of Directors.
7. Submit recommendations to the Board on issues related to risk management.
8. Ensure the availability of adequate resources and systems for risk management.
9. Review the organizational structure of risk management and make recommendations regarding it prior to its approval by the Board of Directors.
10. Verify the independence of the risk management personnel from the activities that may result in exposing the company to risks.
11. Verify that the risk management staff understands the risks surrounding the company and works to increase awareness of the risk culture.
12. Reviewing the issues raised by the audit committee that may affect the risk management in the company.



Remuneration and allowances of the board committees

Table No. [26] Remunerations and allowances of the board committees during the year 2023

		Fixed remuneration (Except for attendance allowance)	Attendance allowance	Total
Audit Committee Members *				
1	Taha Mohammed Abdul Wahid Azhari	30,000	24,000	54,000
2	Meshaal Mohammed Saleh Almogren	30,000	21,000	51,000
3	Ahmed Khader Mohammed Harara	30,000	21,000	51,000
	Total	90,000	66,000	156,000
Remunerations and Nominations Committee Members **				
1	Taha Mohammed Abdul Wahid Azhari	20,000	4,000	24,000
2	Turky Naser Ahmed Alshaher	20,000	2,000	22,000
3	Mahmoud Mohammed Zaki Algamri	-	4,000	4,000
	Total	40,000	10,000	50,000
	Total	130,000	76,000	206,000

D. Executive management

Subject to the competencies established for the Board of Directors under the provisions of the Companies Law and its implementing regulations, the executive management shall have the authority to implement the plans, policies, strategies, and main objectives of the company in order to achieve its objectives. Among the functions and tasks of the executive management are the following:

1. Implementing the company's internal policies and regulations approved by the Board of Directors.
2. Proposing the company's comprehensive strategy, major and interim work plans, investment policies and mechanisms, financing, risk management, and emergency management conditions management plans and their implementation.
3. Proposing the optimal capital structure for the company and its financial strategies and objectives.
4. Proposing the main capital expenditures for the company, owning, and disposing of assets.
5. Proposing the organizational and functional structures of the company and submitting it to the Board of Directors for approval.
6. Implementation of internal control systems and controls and general supervision, including:
 - a. Implementing a conflict of interest policy.
 - b. Proper application of financial and accounting systems, including systems related to preparing financial reports.
 - c. Implement appropriate control systems to measure and manage risks; by setting a general perception of the risks that the company may face, creating an environment familiar with the culture of risk reduction at the company level, and presenting it transparently with the Board of Directors and other stakeholders.
7. Effective implementation of the company's corporate governance rules - in a manner that does not conflict with the provisions of these regulations and proposing to amend them when needed.
8. Implementing the policies and procedures that ensure the company's compliance with laws and regulations and its commitment to disclose essential information to shareholders and stakeholders.

9. Providing the Board of Directors with the necessary information to exercise its authorities and making recommendations regarding the following:
 - a. Increase or decrease the company's capital.
 - b. Dissolution of the company before the term specified in its articles of association or deciding its continuation.
 - c. Use of the company's contractual reserve.
 - d. Create additional reserves for the company.
 - e. The method of distributing the net profits of the company.

10. Proposing a policy and the types of bonuses to be granted to workers, such as fixed bonuses, performance-related bonuses, and bonuses in the form of shares.
11. Prepare periodic financial and non-financial reports regarding the progress made in the company's activity in light of the company's strategic plans and objectives and present these reports to the Board of Directors.
12. Managing the daily work of the company and running its activities, as well as managing its resources optimally and in accordance with the company's goals and strategy.
13. Active participation in building and developing a culture of moral values within the company.
14. Implement internal control and risk management systems, verify the effectiveness and adequacy of these systems, and ensure compliance with the level of risks approved by the Board of Directors.
15. Propose internal policies related to the company's work and development, including defining the tasks, specializations and responsibilities assigned to the various organizational levels.
16. Proposing a clear policy for delegating business to it and the method for implementing it.
17. Propose the authorities that are delegated to it, the decision-making procedures, and the duration of the delegation, provided that periodic reports are submitted to the Board of Directors on its practices of those authorities.

I. Jobs, qualifications, and experiences of senior executives

Table No. [27] jobs, qualifications, and experiences of senior executives

#	Member's name	Current Position	Previous Position	Qualifications	Experiences
1	George Abdulkarim George Moussa	Chief Executive Officer	<ul style="list-style-type: none"> » General Manager of Sales at Zahrat Al-Waha For Trading Company » General Manager of Sales at Zahrat Al-Waha For Trading Company » General Manager of Sales at Al-Othman Plastic Company – Takween 	Bachelor of Marketing and Sales	Board of Directors member at Zahrat Al-Waha For Trading Company
2	Mahmoud Mohammed Zaki Algamri	Chief Financial Officer	<ul style="list-style-type: none"> » Finance Manager at Zahrat Al Waha For Trading Company » Accounting and Costing Manager at Union Technology Union Aire Group – Egypt Deputy » Accounting Manager at Union Technology Union Aire Group – Egypt » Accounting Manager at Khalid Al Musa Furniture Company – Saudi Arabia » Financial Accountant and Cost Accountant at Engineering Industries Union Aire group – Egypt » External Auditor at Auditor's Office – Egypt 	<ul style="list-style-type: none"> » Master of Business Administration from the French University EIU » Master of Business Administration from AITU University in the United States » Diploma in Business Administration » Diploma in Project Management Specialist Program » APICS CPIM Basics Diploma in Supply and Logistics » Bachelor of Commerce Majoring in Accounting 	Remunerations and Nominations Committee Member at Zahrat Al-Waha For Trading Company
3	Rakan Ahmed Hammoud Ibrahim Altheyab	Supply Chain Director	-	Training courses in Supply Chain	-
4	Abdul Majeed Fahd Al-Bazai	Production and Maintenance Director	Production and Maintenance Manager, Obeikan Plastic Industries Company	Bachelor of Technical Engineering	-
5	Ahmed Hassan Ahmed Ali	Quality Control Director	Quality Control Director at Takween Advanced Industries Company	<ul style="list-style-type: none"> » Bachelor of Chemistry » Diploma in Analytical Chemistry 	» Board of Directors member at Zahrat Al-Waha For Trading Company
6	Yasser Ghannam Arafat Al-Khatib	Sales Director	<ul style="list-style-type: none"> » Sales supervisor at Packaging Solutions Factory » Sales supervisor at Installment Program » Sales Coordinator at Coptra Graphic Company » Sales Coordinator at Nawras Health Water Company 	Bachelor of Information Technology specializing in computer information systems	-
7	Abdul Mohsen Nasser Salem Al-Gremel	Human Resources Director	<ul style="list-style-type: none"> » Administrative Director at Hana Food Industries Company » Executive Secretary at Hana Food Industries Company 	Training courses in HR	-
8	Faisal Muhammad Qatim Al-Arjani	Information Technology Director	IT engineer at Zahrat Al-Waha for Trading Company	Bachelor of Computer Science – Information Systems Specialist	-

II. Bonuses and compensation paid to senior executives

The total of what was disbursed to senior executive's SAR 3,762,365 for the year 2023, including periodic and annual salaries, allowances, travel, and subsistence allowances, as of December 31, 2023, as follows:

Table No. [28] Remunerations of the top five executives, including the CEO and CFO

Fixed remuneration				Variable remuneration								
Salaries	Allowances	Advantages	Total	Periodic remuneration	Dividends	Short-term incentive plans	Long-term incentive plans	Bonus shares (value is entered)	Total	End of Services remuneration	Total remuneration for the executives of the Board if any	Total
1,270,953	430,709	-	785,000	2,486,662	231,332	-	-	-	-	231,332	1,044,371	3,762,365

III. Ownership of senior executives

Ownership of senior executives and the ratio to total shares in the company at the end of 2023 compared to their ownership at the beginning of 2023:

Table No. [29] The Company's obligations to the governance regulations

#	Senior Executives 's name	shares owned by the Senior Executives			
		Number of shares at Beginning of the year 2022	Ratio to total shares	Number of shares at Ending of the year 2022	Ratio to total shares
1	George Abdulkarim George Moussa	0	0%	0	0%
2	Mahmoud Mohammed Zaki Algamri	0	0%	0	0%
3	Rakan Ahmed Hammoud Ibrahim Altheyab	0	0%	0	0%
4	Abdul Majeed Fahd Al-Bazai	0	0%	0	0%
5	Ahmed Hassan Ahmed Ali	15	0.0007%	15	0.0007%
6	Yasser Ghannam Arafat Al-Khatib	0	0%	0	0%
7	Abdul Mohsen Nasser Salem Al-Gremel	0	0%	0	0%
8	Faisal Saad Abdul Allah Algasser	0	0%	0	0%

Disclosure: According to the declarations submitted by the senior executives, there are no shares owned by any of the wives or children of any of the senior executives during the year 2023.



The company's obligations to the governance regulations

Table No. [30] The Company's obligations to the governance regulations

#	Chapter/ Article number	Status	Chapter/ Article paragraph	Reasons of Non-Apply
1	» Article 67 » Article 68 » Article 69	Indicative	Formation of a risk management committee Terms of reference for the risk management committee Risk Management Committee meetings	The company is currently implementing the tasks and authority related to this committee through the audit committee
2	Article 92	Indicative	Formation of a corporate governance committee	The company is currently implementing the tasks and authority related to this committee through the Board of Directors and its subcommittees, by implementing the tasks entrusted to it and achieving its goals

Refer to the following:

- ▶ The financial statements have been prepared in accordance with the relevant requirements of the companies' law and the company's bylaws regarding the preparation and publication of financial statements.
- ▶ The auditor's report did not include any reservations on the annual financial statements.
- ▶ The Board of Directors did not recommend changing the auditor before the end of the period for which he was appointed.
- ▶ There is no conflict between the Audit Committee's recommendations and the Board of Directors' decisions regarding appointing the company's auditor, dismissing him, determining his fees, and evaluating his performance, or appointing the Director of the Internal Audit and Risk Department, determining his rewards, and evaluating his performance.
- ▶ The company has a department specialized in internal audit and risks.
- ▶ That there is no external party that has evaluated the performance of the Board of Directors and the performance of its committees; the evaluation is carried out internally using some evaluation methods.
- ▶ There is no penalty, penalty, precautionary measure, or precautionary restriction imposed on the company by the Capital Market Authority, or any supervisory, regulatory, or judicial body.
- ▶ No investments or reserves have been created for the benefit of the company's employees.
- ▶ There are no treasury shares held by the company.
- ▶ That no redeemable debt instruments have been redeemed purchased or canceled by the Company.
- ▶ There are no arrangements or agreement under which a member of the Board of Directors or a senior executive waived any remuneration.
- ▶ There are no arrangements or agreement under which any of the company's shareholders waived any rights to profits.



Shareholders' rights and the General Assembly

Shareholders' rights

First: Fairly treatment of shareholders

- a. The Board of Directors shall work to protect the rights of shareholders in a manner that guarantees fairness and equality among them.
- b. The Board of Directors and the executive management of the company are obligated not to distinguish between shareholders who own the same class of shares, and not to withhold any right from them.
- c. The company defines in its internal policies the necessary procedures to ensure that all shareholders exercise their rights.

Second: Shareholders' equity

It proves to the shareholder all the rights associated with the share, especially the following:

1. Obtaining his share of the net profits to be distributed in cash or by issuing shares.
2. The right to receive his share of the company's assets upon liquidation.
3. Attending public or private shareholders' assemblies, participating in their deliberations, and voting on their decisions in accordance with what is stipulated in the articles of association of the company.
4. Disposing of his shares in accordance with the provisions of the Companies Law, the Financial Market Law, and their implementing regulations.
5. Inquiring and requesting access to the company's books and documents, and this includes data and information on the company's activity and its operational and investment strategy in a way that does not harm the interests of the company and does not conflict with the companies' system, the financial market system, and their implementing regulations.
6. Monitor the company's performance and the work of the Board of Directors.
7. Accountability of the members of the Board of Directors, filing a liability lawsuit against them, and an appeal against the invalidity of the decisions of the public and private shareholders' societies in accordance with the conditions and restrictions contained in the Companies Law and the Company's Articles of Association.
8. Priority to subscribe for new shares issued in exchange for cash shares, unless the Extraordinary General Assembly stops work on the priority right – if stipulated in the company's articles of association – in accordance with Article 140 of the Companies Law.
9. Registration of his shares in the register of shareholders in the company.
10. A request to view a copy of the company's articles of incorporation and articles of association, unless the company publishes them on its website.
11. Nomination and election of members of the Board of Directors.

Third: The shareholder obtains the information.

- a. The Board of Directors is obligated to provide complete,

clear, correct and not misleading information to enable the shareholder to fully exercise his rights. This information is provided in a timely manner and is updated regularly.

- b. The company provides a means of providing information to the shareholder in clarity and detail, which includes a statement of company information that the shareholder can obtain and is provided to all shareholders of the same category.
- c. The company follows the most effective means of communicating with shareholders and does not discriminate between them in providing information.

Fourth: Communicating with shareholders

- a. The Board of Directors ensures the achievement of communication between the company and the shareholders, based on a common understanding of the company's strategic objectives and interests.
- b. The chairman and chief executive officer shall inform the rest of the board members of the shareholders' views and discuss them with them.
- c. It is not permissible for any of the shareholders to interfere in the business of the board of directors or the business of the executive management of the company unless he is a member of its board of directors or of its executive management, or his interference is through the General Assembly and according to its terms of reference or within the limits and conditions authorized by the board of directors in accordance with the relevant regulations.

Fifth: Nomination members of the Board of Directors

- a. The company announces on the website of the market information about candidates for membership of the board of directors, when publishing or directing the invitation to convene the general assembly, provided that this information includes a description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships, and the company must provide a copy of this information in its head office and website.
- b. The cumulative vote must be used in the election of the Board of Directors, so that the right to vote for the share may not be used more than once.
- c. Voting in the general assembly is restricted to the candidates for membership of the board of directors whose information the company has announced in accordance with Paragraph (A) of this Article.

Sixth: Announcement of dividend distribution

- a. The company's articles of association indicate the percentage of net profits that will be distributed to shareholders after setting aside the statutory reserve and other reserves.
- b. The Board of Directors must set a clear policy regarding the distribution of dividends in the interests of the shareholders and the company in accordance with the company's articles of association.

- c. The shareholder is entitled to his share in the profits in accordance with the General Assembly resolution issued regarding the distribution of profits to shareholders, or the decision of the Board of Directors to distribute interim profits, and the decision specifies the due date, the date of distribution, the total amount distributed and the share of each share of the nominal value, provided that the decision is implemented in accordance with what is stipulated. Regarding the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.
- d. Eligibility for dividends shall be for shareholders registered in the shareholders' records at the end of the day specified for vesting.

Dividend policy

- a. The company's articles of association indicate the percentage of net profits that will be distributed to shareholders after setting aside the statutory reserve and other reserves.
- b. The Board of Directors must set a clear policy regarding the distribution of dividends in the interests of the shareholders and the company in accordance with the company's articles of association.
- c. The shareholder is entitled to his share in the profits in accordance with the General Assembly resolution issued regarding the distribution of profits to shareholders, or the decision of the Board of Directors to distribute interim profits, and the decision specifies the due date, the date of distribution, the total amount distributed and the share of each share of the nominal value, provided that the decision is implemented in accordance with what is stipulated. Regarding the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.
- d. Eligibility for dividends shall be for shareholders registered in the shareholders' records at the end of the day specified for vesting.

And in accordance with Article Fifty-Eight (58) and Article Fifty-nine (59) of the Company's Articles of Association, which clarifies the controls for distributing and announcing profits, the sources and the amount of distribution, and the shareholders entitled to distribute profits according to the following: -

First: The profits are distributed

- 1. (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the General Assembly may decide to stop this deduction whenever the said reserve reaches (30%) of the paid capital.
- 2. The General Assembly, based on the proposal of the Board of Directors, may set aside (10%) of the net profits to form an agreement reserve to be allocated for a specific purpose or purposes.
- 3. The General Assembly may decide to form other reserves, to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders, and the aforementioned association may also deduct from the net profits amounts for the establishment of social institutions for the company's employees or to assist what may exist from these institutions.
- 4. From the remainder after that, a percentage representing (1%) at least of the company's paid-up capital shall be distributed to the shareholders.

- 5. The company may also distribute interim profits to its shareholders in a semi-annual or quarterly manner, based on an authorization issued by the General Assembly of the Board of Directors to distribute interim dividends to be renewed annually.

Second: Earning profits

The shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard, and the decision specifies the date of entitlement and the date of distribution, and the eligibility of the profits shall be for the owners of the shares registered in the shareholders' records at the end of the day specified for entitlement.

Dividends distributed during 2023.

The Ordinary General Assembly, in its meeting No. 1 for the year 2023, on May 21, 2023, based on the recommendation of the Board of Directors in its meeting No. 1 for the year 2023, on March 2, 2023, its decision by circulation on approved the distribution of annual profits for the year 2022 in the amount of 13,500,000 riyals, at Sixty halalas per share, which represents 6 % of the nominal value of the share, and the company announced on the "Tadawul" website on March 2, 2023, the Board of Directors' recommendation to distribute annual profits for the year 2022, and the company announced the start date for the dividend distribution on June 4, 2023 in bank accounts Related to the investment portfolios of the eligible shareholders, the distribution was assigned to a depository center and the full amount of profits was distributed in the amount of 13,500,000 riyals.



The Company's requests to the shareholder register

Table No. [31] The Company's requests to the shareholder register

The number of company requests for the shareholder register	Request Date	Request Reasons
1	16-05-2023	The General Assembly
2	16-05-2023	The General Assembly

Actions taken by the Board of Directors to inform its members of shareholders' proposals and comments about the company and its performance.

No suggestions or remarks were received from the shareholders to direct the company's management during the year 2023, while all the comments and suggestions were discussed in the General Assembly meetings by the shareholders and members of the Board of Directors during the shareholders' invitation to do so during the meetings.

General Assembly

The shareholders' general assemblies are concerned with all matters related to the company, and the general assembly, held in accordance with the statutory procedures, represents all shareholders in exercising their functions related to the company and performs its role in accordance with the provisions of the companies' law, its executive regulations, and the company's articles of association.

Table No. [32] the attendance record of the members of the Board of Directors to the General Assembly Meeting

#	Member's name	Register to attend the General Assembly Meeting 21/5/2023
1	Ahmed Hammoud Ibrahim Altheyab	●
2	Taha Mohammed Abdul Wahid Azhari	●
3	George Abdulkarim George Moussa	●
4	Meshaal Mohammed Saleh Almogren	●
5	Sahal Yousef Abdullah Jamal Allail	●
6	Ahmed Hassan Ahmed Ali	●

● Attended ● Absent ● Resigned

Disclosure policies and procedures

Without prejudice to the rules for offering securities, continuing obligations, and listing rules, the Board of Directors shall set written policies for disclosure, its procedures, and supervisory systems in accordance with the requirements of disclosure contained in the Companies Law and the Capital Market Law – as the case may be – and their implementing regulations, considering the following:

1. That these policies include appropriate disclosure methods that enable shareholders and stakeholders to access financial and non-financial information related to the company, its performance, share ownership, and to assess the company's status in an integrated manner.
2. Disclosure to shareholders and investors shall be without discrimination, in a clear, correct and not misleading manner, in a timely, regular, and accurate manner; this is to enable shareholders and stakeholders to exercise their rights to the fullest.

3. That the company's website includes all the information required to be disclosed, and any data or other information published through other means of disclosure.
4. Preparing reporting systems that include determining the information that must be disclosed, and the method for classifying it in terms of its nature or the periodicity of its disclosure.
5. Review the disclosure policies periodically, and verify that they are consistent with best practices, and with the provisions of the Capital Market Law and its implementing regulations.

Conflict of interest in the board of directors

- It is not permissible for a member of the Board of Directors to have any direct or indirect interest in the business and contracts that are made for the account of the company except with a prior authorization from the Ordinary General Assembly to be renewed every year. Excluded from this are the works that are carried out through public competition if the board member has the best offer. The board member must inform the board of his direct or indirect interest in the business and contracts that are made for the company's account, and this notification is recorded in the minutes of the meeting. This member may not participate in the deliberations related to this subject or vote on the decision issued in this regard by the Board of Directors and the shareholders' assemblies.
- It is not permissible for a member of the Board of Directors to participate in any business that would compete with the company or to compete with the company in one of the branches of the activity that it practices, unless he obtained a previous license from the Ordinary General Assembly, which is renewed every year, allowing him to do so.
- It is prohibited for a member of the Board of Directors to accept any representation of the shareholders to attend the meetings of the shareholders' general assemblies.
- The Board should take into account the requirements of independence and cases of conflict of interest, according to the regulations issued by the Capital Market Authority, when appointing financial and legal advisors and auditors.

- The company may not provide a loan of any kind to any of the members of the board of directors or shareholders, or guarantee any loan that any of them concludes with others.
- It is not permissible for any of the members of the Board of Directors and senior executives to accept gifts from any person who has commercial dealings with the company if such gifts would lead to a conflict of interest.

Conflict of interests related to the executive management and the company's employees

- The Board of Directors must be informed of any external work activities carried out by any executive official in the Department, and approval must be obtained from the Board on them, and they must be disclosed according to the laws and regulations in this regard.
- In the event that the executive officer or employee wants to do this, he must present the matter to the CEO of the company to study, evaluate and recommend the matter to the company's board of directors in preparation for issuing the appropriate decision regarding it.

The interests of the members of the Board of Directors of the company

Table No. [33] A list of the interests of some members of the Board of Directors of the company

#	Description	Type of relationship	Type of contract	Contract amount	Contract terms	Contract duration
1	Transactions deals between the company and Hana Food Industries Co.	The Chairman of the Board of Directors, Mr. Ahmed Hamoud Ibrahim Al-Dhiyab, holds the position of a member of the Board of Directors and Managing Director of Hana Food Industries Company and one of the shareholders of Hana Food Industries Company.	Selling finished goods and products, including miniature preform plastic bottles, plastic caps for bottles of different sizes and weights, bottle prints (labels), shrink wrap, and stretch film, and buying and selling raw materials, dyes, and packaging.	AR 69,000,000 Million Sixty-Nine million Saudi riyals	Without discrimination or preferential terms	Year 2024



The most important strategic decisions of the Board of Directors during the year 2023

In the meeting of the Board of Directors No. 1/2023 on 02-03-2023 corresponding to 10-08-1444 AH, the following was stated:

- » Amending the company's bylaws
- » Amending the governance regulations
- » Amending policies and standards for Board membership procedures
- » Amending the work regulations of the audit committee
- » Amending the work regulations of the Remuneration and Nominations Committee
- » Remuneration policy for members of the Board of Directors, its committees, and the executive management
- » Amending the list of powers
- » Approval of the request for the resignation of Board Member Mr. Ahmed Hassan Ahmed Ali from membership in the Board of Directors on December 18, 2023 AD, provided that the effective date of the resignation is December 18, 2023 AD.

Board declarations

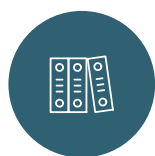
The Board confirms and acknowledges that:

The Board of Directors of Zaharat Al-Waha for Trading Company acknowledges the following: -

- » That account records have been properly prepared.
- » The internal control system was prepared on sound foundations and implemented effectively.
- » There is no significant doubt about the company's ability to continue its activities.

During the year 2023, the Board of Directors recommended the following to the esteemed General Assembly:

- Approval of the Board of Directors' report for the fiscal year ending on December 31, 2022.
- Approval of the company's auditor's report for the fiscal year ending on December 31, 2022.
- Approval of the company's financial statements for the fiscal year ending on December 31, 2022.
- Approval of the Audit Committee's recommendation regarding the selection of the external auditor from among the candidates to review the annual financial statements for For the second and third quarters, and annually for the fiscal year 2023 AD and the first quarter of the fiscal year 2024 AD, and determine his fees.
- Approval of the business and contracts concluded between the company and Hana Food Industries Company, in which a member of the Board of Directors, Mr. Ahmed Hammoud Ibrahim Al-Thiab, has a direct and indirect interest, which is a contract for the sale of finished goods and products represented in miniature plastic bottles (preform) and plastic bottle caps For bottles of different sizes and weights, buying and selling raw materials, packaging and packaging for a year, without discrimination or preferential conditions, and the value of dealings during the year 2022 amounted to the amount of activity sales amounting to 61,347,722 riyals and the amount of 74,721 Saudi riyals for purchases.
- Approval of the business and contracts that will take place between the company and Hana Food Industries Company during the year 2023, in which a member of the Board of Directors, Mr. Ahmed Hammoud Ibrahim Al-Dhiab, has a direct and indirect interest, noting that the nature of the transaction will be a contract for the sale of finished goods and products represented in miniatures Plastic bottles (preform), plastic bottle caps for bottles of different sizes and weights, bottle prints (labels), buying and selling raw materials, packaging, and packaging for a period of one year, without discrimination or preferential conditions, for an amount of 88,000,000 riyals.
- Approving the release of the members of the Board of Directors from liability for the fiscal year ending on December 31, 2022.
- Approving on disbursing an amount of 400,000 riyals as a bonus to non-executive members of the Board of Directors for the fiscal year ending on 12-31-2022.



Company issues

1. The Board of Directors confirms that there are no cases that were raised during the fiscal year 2023 from or against the company, whose value exceeds 5% of the company's net assets.
2. The Board of Directors confirms that there are no cases filed during the fiscal year 2023 against a member of the Board of Directors or one of the partners in the subsidiary companies or against any of the company's senior executives.

Table No. [34] Statement of the penalties imposed on the company during the year 2023

#	Penalty	Reason of penalty	Penalty Authority	Ways to treat it and avoid it	Financial Effects
1	None	None	None	None	None



Related party transactions and balances for the fiscal year 2023

Table No. [35] Statement of related party transactions and balances for the fiscal year 2023

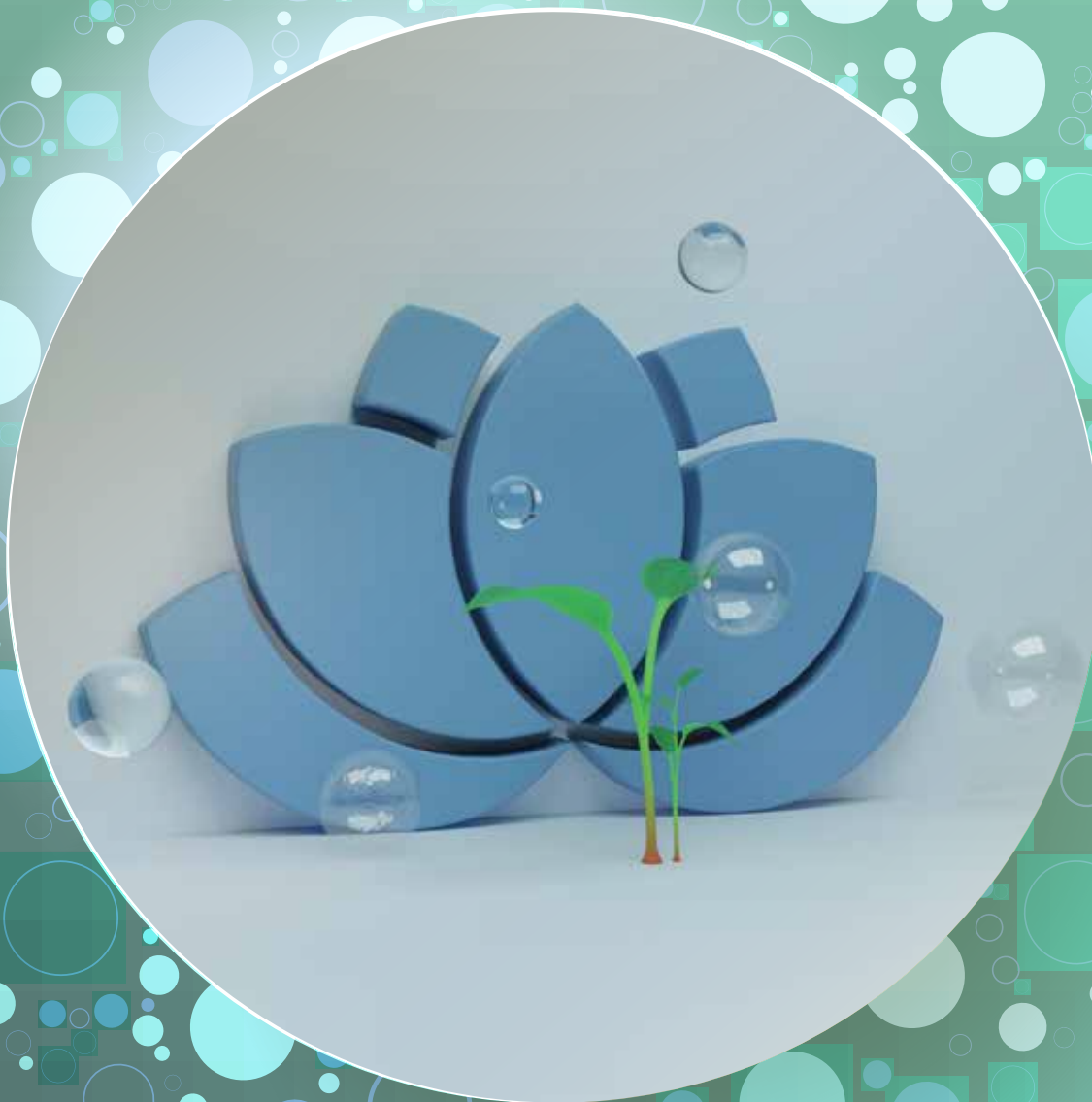
#	Related party	Relationship	Type of Relationship	Amount of Transactions/Contract					Contract duration
				Sales	Purchases	Proceeds	Payments	Other expenses/ income	
1	Hana Food Industries Co.	Business and contracts concluded between the company and Hana Food Industries Company	The Chairman of the Board of Directors, Mr. Ahmed Hamoud Ibrahim Al-Dhiyab, holds the position of a member of the Board of Directors, Managing Director, and one of the shareholders of Hana Food Industries Company.	Total activity sales before value-added tax are 27,452,281 Saudi riyals, and total sales including value-added tax are 31,570,123 Saudi riyals. Total non-activity sales are 80,500 Saudi riyals.	There are no purchases during 2023	43,050,000 SAR	-	-	Year



Related party transactions and balances for the fiscal year 2022

Table No. [36] Statement of related party transactions and balances for the fiscal year 2022

#	Related party	Relationship	Type of Relationship	Amount of Transactions/Contract					Contract duration
				Sales	Purchases	Proceeds	Payments	Other expenses/ income	
1	Hana Food Industries Co.	Business and contracts concluded between the company and Hana Food Industries Company	The Chairman of the Board of Directors, Mr. Ahmed Hamoud Ibrahim Al-Dhiyab, holds the position of a member of the Board of Directors, Managing Director, and one of the shareholders of Hana Food Industries Company.	Total activity sales before value-added tax 47,527,541 SAR Total sales including value-added tax 54,656,672 SAR Total non-activity sales 6,691,050 SAR	74,721 SAR	47,618,000 SAR	-	-	Year



***Sustainability and social
responsibility***



Sustainability and social responsibility

Our commitment to sustainability is an integral part of our strategy, and through it we continue to perform our business responsibly in pursuit of the goals of the Kingdom's Vision 2030.

Zahrat Al-Waha for Trading Company's unwavering commitment to the communities and individuals we serve has always been at the core of our strategy, business and culture, influencing our thinking and driving our actions, and supporting our pursuit of greater impact and sustainable value creation for all stakeholders.

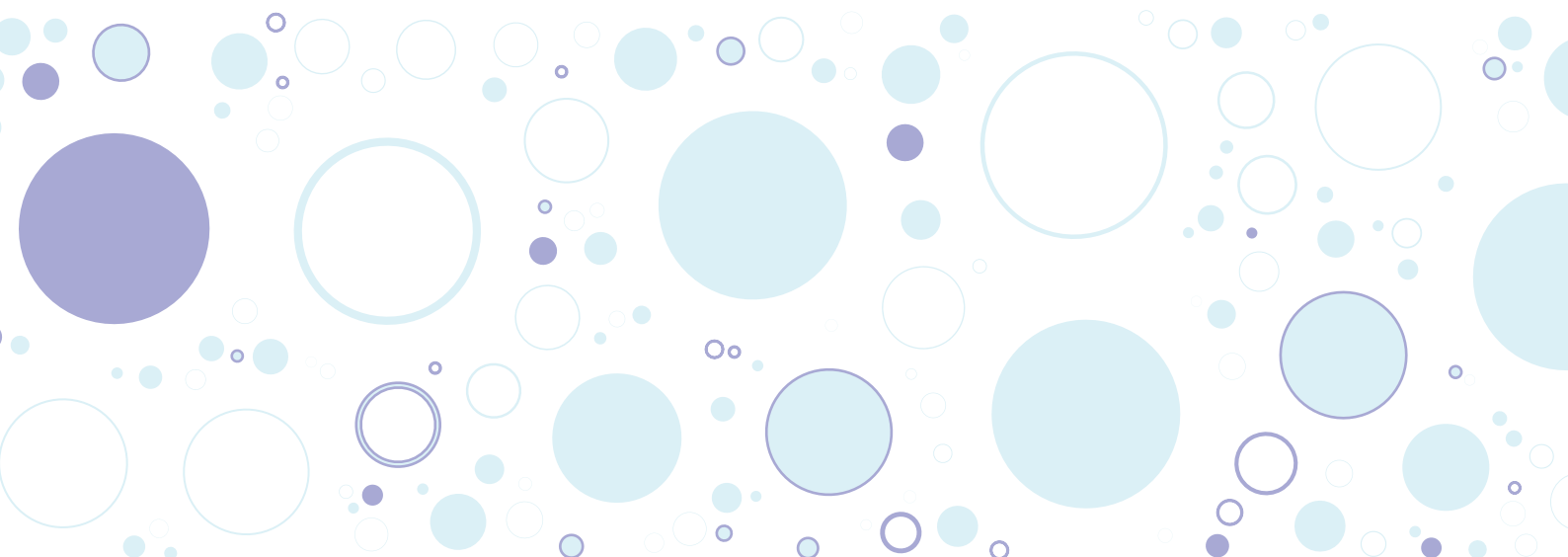
In the field of sustainability in the Kingdom of Saudi Arabia, Zahrat Al-Waha for Trading Company remains committed to achieving positive progress for the Kingdom and its communities, as well as for its employees, various business sectors and the environment. The company's social responsibility begins with its commitment to various laws, especially with regard to workers' rights, environmental preservation and community development.

Sustainability is an integral part of our corporate culture, and an inherent pillar in our strategic focus and organizational behavior, and we have made great progress over the years in institutionalizing our approach in the field of sustainability and social responsibility with the aim of improving the impact we make in line with our strategy, and achieving the goals of Zahrat Al-Waha for Trading Company And achieving the comprehensive aspirations of the Kingdom's Vision 2030 and the Kingdom's Sustainable Development Goals.

The Ordinary General Assembly - based on a proposal from the Board of Directors - sets a policy that ensures a balance between its objectives and the objectives that society aspires to achieve. In order to develop the social and economic conditions of the community.

Zahrat Al-Waha for Trading Company is committed to creating added and sustainable value for all stakeholders, and across the Kingdom of Saudi Arabia, and to turn this ambition into reality, our sustainability strategy provides a clear roadmap for success in a wide range of different fields, which will be implemented to a large extent through Zahrat. Al-Waha Trading, and among these areas:

- Education in the field of science and technology.
- Developing and developing employees and appreciating their achievements.
- Water and sustainable agriculture.
- Environment protection.
- Health and safety of employees.
- Comprehensive quality.





***Statement of Zakat and legal
payments repaid***



Statement of Zakat and legal payments repaid

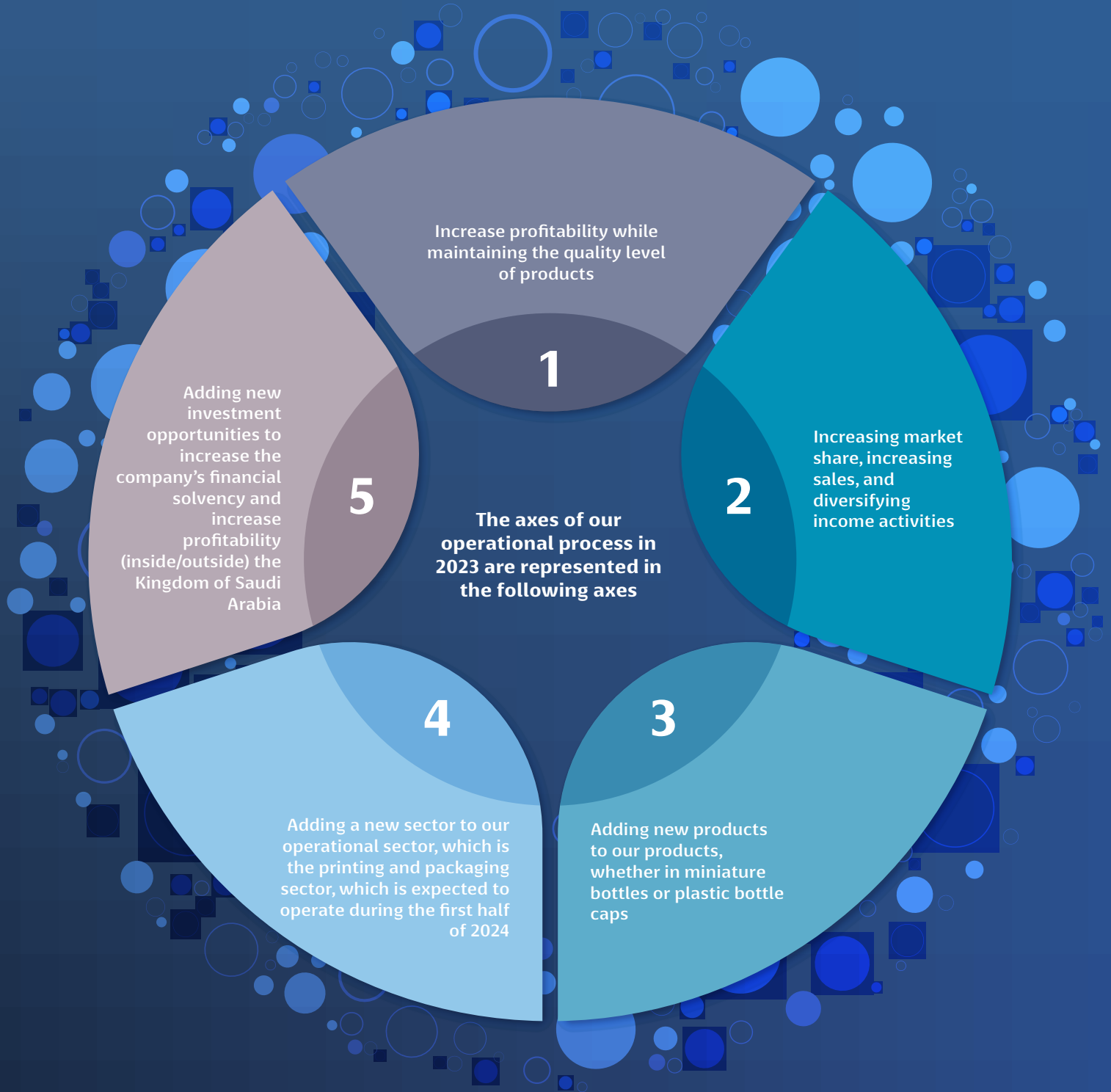
Below are the regular payments made during the fiscal year ending December 31, 2023

Table No. [37] Zakat and regular payments

2023				
Description	Paid	Due until the end year 2023 and not paid.	Brief Description	Reasons
Zakat ,Customs and Income Tax	3,465,434	7,167,200	The estimated legal zakat for the year 2023 and the allocations for the differences in the zakat assessment for the years 2012 to 2015, 2019 and 2020	Zakat due for the year 2023 AD will be paid during the statutory period of 2024 AD Allocations for differences in zakat assessments for the years 2012 AD until 2015 AD, 2019 AD, and 2020 AD, because these years the company appealed them.
General Authorization for Social Insurance	661,904	65,370	Social insurance for the year 2023 for company employees	What is due and not paid is the insurance for the month of December 2023, which will be paid in the month following the maturity
Labor Office fees	84,650	-	Labor office fees for residency renewal	-
Valued added tax	11,252,186	(3,174,149) debit balance	Value Added Tax (VAT) payable during the year	Value added tax for the month of December 2023 AD and will be recovered during the year 2024 AD



The focus of our operational process in 2023





***Financial
Statements***



**ZAH RAT AL WAHA FOR TRADING
COMPANY**
(A Saudi Joint Stock Company)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
WITH INDEPENDENT AUDITOR'S REPORT**



ZAHRAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9-43



الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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Unified Number : 92 002 4254
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INDEPENDENT AUDITOR'S REPORT

**To The Shareholders of Zahrat Al Waha For Trading Company
(A Saudi Joint Stock Company)
Riyadh - Kingdom of Saudi Arabia**

Opinion

We have audited the financial statements of **Zahrat Al Waha for Trading Company (A Saudi Joint Stock Company)** ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report on the audit of the financial statements of Zahrat Al Waha For Trading Company for the year ended 31 December 2023 (continued)
Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matter
Sales Revenue Recognition During the year ended 31 December 2023, revenue from sales of SR 572,5 million was recognized. Revenue from sales is recognized when a customer obtains control of the goods and this is done when the goods are accepted and delivered to the customer and the sales invoice is issued in accordance with the requirements of International Financial Reporting Standard No. (15) Revenue from Customer Contracts. The recognition of revenue from sales was considered as one of the key audit matters, given that revenue from sales is one of the key performance indicators that include inherent risks of overstating revenue from sales. Please refer to the significant accounting policies contained in Note No. (5-17) to view the policy related to revenue recognition, Note No. (29-2) regarding the segment report, explaining a breakdown of the revenues.	Our audit procedures relating to recognition of revenue from sales included, among others, the following: <ul style="list-style-type: none"> - Assessed the appropriateness of the Company's accounting policies relating to revenue recognition from sales, including those relating to discounts, as well as the extent of compliance with the requirements of IFRS 15 "revenue from contracts with customers"; - Evaluated design and implementation of internal control procedures related to revenue recognition; - Conducted analytical review procedures based on available information and compared it to the previous year, determining if there were any significant trends or changes that required additional audit procedures; - Tested samples of revenue from sales transactions during the year and assessed the appropriateness of management's estimates of performance obligations. - Performed Cut-off procedures on the timing of revenue recognition from sales after the products were delivered to the customers and recognized during the correct accounting period; - Inquired from management at various levels to assess their knowledge of the risk of fraud and to determine if actual cases of fraud were observed when recognizing revenue from sales; - Evaluating the appropriateness of the disclosures included in the attached financial statements.



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Dr. Mohamed Al-Amri & Co.

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Independent auditor's report on the audit of the financial statements of Zahrat Al Waha For Trading Company for the year ended 31 December 2023 (continued)

Key Audit Matters (continued)

Expected credit losses in the balance of trade receivables	
<p>As at 31 December 2023, the total trade receivables balance amounted to SR 202,6 million, and the balance of expected credit losses amounted to SR 27.5 million.</p> <p>The Company's management applied a simplified expected credit loss model to determine expected credit losses in trade receivable balance in accordance with the requirements of International Financial Reporting Standard No. (9) Financial Instruments.</p> <p>Given that the expected credit loss model is based on significant estimates and assumptions, we considered the calculation of the expected credit losses in trade receivable balances in light of IFRS 9 requirements as one of the key audit matters.</p> <p>Please refer to Note No. (4-2) regarding accounting estimates, (5-4-3) regarding the accounting policy related to measuring expected credit losses, Note No. (12) regarding trade receivables, Note No. (27-2-1) regarding credit risks.</p>	<p>Our audit procedures relating to expected credit losses on trade receivable balances included, among others, the following:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of accounting policies related to credit losses in trade receivable balances and assessed the compliance with the requirements of applicable accounting standards; - Obtained an understanding of the procedure for determining credit losses in trade receivables; - Assessed the validity and classification of trade receivables in the aging of trade receivables report by matching a sample of trade receivables aging items with invoices and supporting documents; - Assessed the underlying assumptions and estimates used by management, including those related to future economic events used in calculating the probability of default and expected loss given default and testing the mathematical accuracy of the expected credit loss model; - Assessed the adequacy of the financial statements' disclosures.

Other information

Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS Accounting Standards that are endorsed in the kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but not to do so.

Those Charged with Governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.



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Independent auditor's report on the audit of the financial statements of Zahrat Al Waha For Trading Company for the year ended 31 December 2023 (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362




Date: 23 Sha'ban 1445 (H)
Corresponding to: 4 March 2024 (G)

ZAHARAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION

As at 31 December 2023
(Saudi Riyals)

	Notes	31 December 2023	31 December 2022
ASSETS			
Property, plant and equipment	7	232,359,045	219,141,011
Investment properties	8	1,674,000	1,674,000
Intangible assets	9	1,349,188	1,459,011
Non-current assets		235,382,233	222,274,022
Inventories	10	119,553,308	97,587,857
Investments at fair value through profit or loss	11	23,350,382	18,163,446
Trade receivables	12	175,029,007	195,720,141
Prepayments and other receivables	13	47,324,851	48,767,926
Cash and cash equivalents	14	6,793,011	1,792,722
Current assets		372,050,559	362,032,092
TOTAL ASSETS		607,432,792	584,306,114
EQUITY			
Share capital	15	225,000,000	225,000,000
Statutory reserve		29,291,002	25,903,683
Retained earnings		61,370,049	44,384,175
Other reserves	16	434,347	476,919
TOTAL EQUITY		316,095,398	295,764,777
LIABILITIES			
Long-term loans	18-b	28,030,406	10,530,000
Employees' benefits	19-1	2,697,157	2,243,626
Non-current liabilities		30,727,563	12,773,626
Short-term loans	18-a	201,430,263	230,968,712
Long-term loans – current portion	18-b	21,461,515	12,623,280
Trade payables		23,721,093	18,366,466
Accrued expenses and other payables	17	6,667,106	6,750,564
Zakat provision	20-6	7,167,200	6,896,035
Dividend payables	24	162,654	162,654
Current liabilities		260,609,831	275,767,711
TOTAL LIABILITIES		291,337,394	288,541,337
TOTAL EQUITY AND LIABILITIES		607,432,792	584,306,114

These financial statements have been approved by the Board of Directors on 18 Shaaban 1445H (corresponding to 28 February 2024) and signed by:


Chairman
Ahmed Hamoud Al-Thiab


Chief Executive Officer
George Abdul Kareem Moussa


Chief Financial Officer
Mahmoud Mohammad Zaky

The accompanying notes from 1 to 31 form an integral part of these financial statements



ZHRAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023
(Saudi Riyals)

	Notes	For the year ended 31 December	
		2023	2022
Sales		572,490,017	624,740,216
Cost of sales	21	(502,043,458)	(567,043,787)
Gross profit		70,446,559	57,696,429
Selling and distribution expenses	22	(11,977,448)	(10,059,837)
General and administrative expenses	23	(8,465,214)	(7,817,180)
Expected credit losses on trade receivables	12	(2,476,521)	(2,432,521)
Impairment in inventory value	10	-	(4,503,328)
Other income/(expenses), Net		1,623,337	2,055,838
Operating profit		49,150,713	34,939,401
Unrealized gain / (losses) from revaluation of investments at fair value through profit or loss	11	4,181,945	(2,767,894)
Realized gain / (losses) from sale of investments at fair value through profit or loss	11	653,925	(184,522)
Dividends received from investments at fair value through profit or loss	11	312,246	316,516
Finance costs	18-c	(16,689,037)	(12,575,607)
Profit before Zakat		37,609,792	19,727,894
Zakat	20-6	(3,736,599)	(3,988,731)
Profit for the year		33,873,193	15,739,163
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of employees' benefits	19-1	(42,572)	617,263
Total other comprehensive income		(42,572)	617,263
Total comprehensive income		33,830,621	16,356,426
Basic and diluted earnings per share (SR)	26	1.51	0.70

These financial statements have been approved by the Board of Directors on 18 Shaaban 1445H (corresponding to 28 February 2024) and signed by:

Chairman
Ahmed Hamoud Al-Thiab

Chief Executive Officer
George Abdul Kareem Moussa

Chief Financial Officer
Mahmoud Mohammad Zaky

The accompanying notes from 1 to 31 form an integral part of these financial statements

ZAHARAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(Saudi Riyals)

	Notes	Share capital	Statutory reserve	Retained earnings	Other reserves	Total
Balance as at 1 January 2022		150,000,000	24,329,766	127,718,929	(140,344)	301,908,351
Profit for the year		-	-	15,739,163	-	15,739,163
Other comprehensive income		-	-	-	617,263	617,263
Total comprehensive income		-	-	15,739,163	617,263	16,356,426
Additional capital		75,000,000	-	(75,000,000)	-	-
Dividends distributed		-	-	(22,500,000)	-	(22,500,000)
Transferred to statutory reserve		-	1,573,917	(1,573,917)	-	-
Balance as at 31 December 2022		225,000,000	25,903,683	44,384,175	476,919	295,764,777
Balance as at 1 January 2023		225,000,000	25,903,683	44,384,175	476,919	295,764,777
Profit for the year		-	-	33,873,193	-	33,873,193
Other comprehensive income		-	-	-	(42,572)	(42,572)
Total comprehensive income		-	-	33,873,193	(42,572)	33,830,621
Dividends distributed	24	-	-	(13,500,000)	-	(13,500,000)
Transferred to statutory reserve		-	3,387,319	(3,387,319)	-	-
Balance as at 31 December 2023		225,000,000	29,291,002	61,370,049	434,347	316,095,398

These financial statements have been approved by the Board of Directors on 18 Shaaban 1445H (corresponding to 28 February 2024) and signed by:


Chairman
Ahmed Hamoud Al-Thiab


Chief Executive Officer
George Abdul Kareem Moussa


Chief Financial Officer
Mahnoud Mohammad Zaky

The accompanying notes from 1 to 31 form an integral part of these financial statements





ZAHRAAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(Saudi Riyals)

Cash flows from operating activities	Notes	For the year ended 31 December	
		2023	2022
Profit before Zakat		37,609,792	19,727,894
Adjustments for:			
Depreciation and amortization	7, 9	29,873,176	30,633,257
Employees' benefits	19-1	542,724	526,641
Formed from impairment of inventory		-	4,503,328
Formed from expected credit losses		2,476,521	2,432,521
Unrealized (gain) / losses from revaluation of investments at fair value through profit or loss	11	(4,181,945)	2,767,894
Realized (gains) / losses from sale of investments at fair value through profit or loss	11	(653,925)	184,522
Profit from disposal of property, plant and equipment		(225)	(131,735)
Finance costs	18-c	16,689,037	12,575,607
		<u>82,355,155</u>	<u>73,219,929</u>
Change In:			
Inventories		(21,965,451)	(21,069,861)
Trade receivables		18,214,613	(12,950,687)
Prepayments and other receivables		1,443,075	(19,847,321)
Trade payables		5,354,627	(4,737,834)
Accrued expenses and other payables		(83,458)	561,857
Zakat paid	20-6	(3,465,434)	(4,385,460)
Finance costs paid	18-c	(772,579)	(1,291,379)
Employees' benefits Paid	19-1	(131,765)	(81,959)
Net cash generated from operating activities		<u>80,948,783</u>	<u>9,417,285</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7,9	(42,981,387)	(29,527,798)
Proceeds from disposal of property, plant and equipment		225	131,735
Purchase of investments at fair value through profit or loss	11	(14,171,646)	(23,905,034)
Proceeds from sale of investments fair value through profit or loss	11	13,820,580	2,789,172
Net cash used in investing activities		<u>(43,332,228)</u>	<u>(50,511,925)</u>
Cash flows from financing activities			
Proceeds from loans	18-c	674,522,627	718,353,730
Repayment of loans	18-c	(693,638,893)	(701,706,987)
Dividends Paid	24	(13,500,000)	(22,500,000)
Net cash used in financing activities		<u>(32,616,266)</u>	<u>(5,853,257)</u>
Net change in cash and cash equivalents		<u>5,000,289</u>	<u>(46,947,897)</u>
Cash and cash equivalents at beginning of the year		1,642,722	48,740,619
Refund /(deducted): Restricted Cash	14	150,000	(150,000)
Cash and cash equivalents at the end of the year	14	<u>6,793,011</u>	<u>1,642,722</u>
The following non-cash transactions are excluded:			
Actuarial valuation losses / (gains)	19-1	42,572	(617,263)
Transfer from work in progress to intangible assets	9	110,054	210,098
Transfer from work in progress to property, plant and equipment	7	22,706,779	9,360,772

These financial statements have been approved by the Board of Directors on 18 Shaaban 1445H (corresponding to 28 February 2024) and signed by:


Chairman
Ahmed Hamoud Al-Thiab


Chief Executive Officer
George Abdul Kareem Moussa


Chief Financial Officer
Mahmoud Mohammad Zaky

The accompanying notes from 1 to 31 form an integral part of these financial statements



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1- REPORTING ENTITY

Zahrat Al Waha Trading Company ("the Company") is a Saudi Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia on 10 Sha'aban 1424H (corresponding to 6 October 2003).

The Company was converted from a sole proprietorship to a Limited Liability Company with a capital of 50 million Saudi Riyals on 27 Safar 1437H (corresponding to 9 December 2015). In addition, it was converted from a Limited Liability Company to a Saudi Closed Joint Stock Company with a capital of SR 80 million on 3 Rabi' II 1438H (corresponding to 1 January 2017). It was converted from a Saudi Closed Joint Stock Company to a Saudi Public Joint Stock Company with a capital of SR 150 million on 26 Dhul-Hijjah 1438H corresponding to 17 September 2017. On Shawwal 8, 1443 AH (corresponding to May 9, 2022), the company's extraordinary general assembly approved increasing the company's capital to SR 225 million, divided into 22.5 million ordinary shares, with a nominal value of SR 10 per share, by granting bonus shares to the company's shareholders as a transfer from the retained earnings.

The Company operates under Commercial Registration No. 1010190390 issued in Riyadh on 10 Sha'aban 1424H (corresponding to 6 October 2003) in the Kingdom of Saudi Arabia.

The Saudi Capital Market Authority approved the listing of the Company in the Saudi Stock Exchange (Tadawul) on 26 Dhul-Hijjah 1438H (corresponding to 17 September 2017).

The legal procedures for amending the company's bylaws to convert it from a closed Saudi joint stock company to a Saudi public joint stock company were completed on 12 Rabi I 1439H (corresponding to 30 November 2017).

The Company carries out its activities through its branch in Al-Kharj under Commercial Registration No. 1011014061 issued in Riyadh on 22 Jumada II 1431H (corresponding to 4 June 2010).

The principal activities of the Company include the manufacture of semi-finished products from plastics, the manufacture of cans and boxes from plastics, the manufacture of bottles of various forms from plastics, the manufacture of products from plastics using the Roto mold method, under the industrial license No. 421102107495 dated 28 Safar 1442H (corresponding to 15 October 2020).

The Company's registered head office is located in the following address:

Zahrat Al Waha For Trading Company
7449 Al Ihsa Street, Al Rabwa.
P.O. Box 2980, Riyadh 12814
Kingdom of Saudi Arabia



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

2- BASIS OF ACCOUNTING

2-1 Statement of compliance

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2-2 BASIS OF PREPARATION

The financial statements have been prepared using the historical cost basis except for the following:

- Accruals for employees' end-of-service benefits provision, which is calculated at the present value of future obligations.
- Valuation of investments at fair value through profit or loss (FVTPL)

2-3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are prepared in Saudi Riyals, which is the functional and presentation currency of the Company.

3- FINANCIAL YEAR

The Company's fiscal year begins on January 1 and ends on December 31 of each year.

4- USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities and the disclosure of contingent liabilities, at the financial period date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

These estimates and assumptions are based on historical experience and factors including expectations of future events that are appropriate in the circumstances and are used to determine the carrying amounts of assets and liabilities that are not independent from other sources. The estimates and assumptions are reviewed on an ongoing basis.

Accounting estimates recognized are reviewed in the period and future periods, and the effect of the change in the current period is recognized prospectively.

The significant judgments made by management in applying the Company's accounting policies are consistent with those disclosed in the previous year's financial statements. Information about estimates, assumptions and judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are as follows:

4-1 Going Concern

The company has no doubts about its ability to continue as a going concern. Accordingly, the financial statements have been prepared on the going concern basis.



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

4- USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS (CONTINUED)

4-2 Impairment of trade receivables

The impairment of trade receivables is assessed and evaluated using assumptions about the risk of default and the rates of loss incurred.

The Company uses the judgments when making these assumptions and selects the necessary inputs to calculate the impairment based on the Company's previous experience and current and future market conditions at the end of each reporting period in accordance with the requirements of IFRS 9 (Note 12).

4-3 Useful lives and remaining values of the property, plant and equipment

The Company's management determines the estimated useful life of its property, plant and equipment for calculating depreciation.

This estimate is determined after considering expected usage of the assets and physical wear and tear.

The management periodically reviews the estimated useful lives, residual values, if any and the depreciation method to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefit of the assets.

No change was made to the useful lives during the year (Note 7).

4-4 Measurement of defined benefit obligations

The cost of employees' defined benefit obligations is determined in accordance with actuarial valuations.

An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate; future salary increases and mortality rates.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions.

All assumptions are reviewed on the date of the preparation of financial statements (Note 19).

4-5 Impairment of inventories

Inventories are measured at the lower of cost and net realizable value. The amount of write-off and any reduction of inventory to net realizable value and all obsolete inventory losses must be recognized as expenses in the same period of the write-off event or incurred loss (Note 10).



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used when preparing these financial statements are in line with what is stated in the notes to the financial statements of the Company for the year ended 31 December 2022.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

5-1 Property, plant and equipment

5-1-1 Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment loss, if any.

When parts of an item of property, plant and equipment have different useful lives, they are calculated as separate item (key elements) of property, plant and equipment.

Any gains or losses on the disposal of any items of property, plant or equipment are recognized in statement of profit or loss.

5-1-2 Subsequent expenditures

Subsequent expenditure is capitalized only when it entails future economic benefits as a result of these expenditure.

5-1-3 Depreciation

Depreciation is calculated for the cost of items of property, plant and equipment less their estimated residual values if any, using the straight-line method over their estimated useful lives, and depreciation is recognized in profit or loss.

Land is not depreciated.

The estimated useful lives for the items of property, plant and equipment for the current and comparative years are as follows:

Buildings	33 years
Machinery and equipment	10-13.3 years
Vehicles	4-5 years
Tools and equipment	10 years
Furniture	10 years
Computers	5 Years

The depreciation methods, useful lives and residual values are reviewed in each reporting period and adjusted if necessary.

Capital work in progress is not depreciated. Capital work in progress is stated at cost less impairment loss, if any.



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-2 Intangible assets

5-2-1 Recognition and measurement

Intangible assets, including computer software acquired by the Company and with finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses, if any.

5-2-2 Amortization

Amortization is calculated to reduce the cost of intangible assets less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and amortization is recognized in profit or loss.

The estimated useful lives are 10 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

5-3 Borrowing costs

The Company capitalizes borrowing costs that are directly related to the acquisition, construction or production of assets that are qualified to bear the borrowing cost as part of the cost of those assets.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

5-4 Financial assets

5-4-1 Initial recognition and measurement

The company initially recognizes receivables issued on the date of their inception, and all other financial assets and financial liabilities when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financial component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

5-4-2 Classification and subsequent measurement

Financial assets – classification

On initial recognition, financial assets are classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit and Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are measured at amortized cost if they meet both of the conditions below and are not allocated at fair value through profit or loss:

- If held within a business model aimed at holding assets in order to collect contractual cash flows, and



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-4 Financial assets (CONTINUED)

- If its contractual clauses generate, on specified dates, cash flows limited to payments of the principal amount and interest on the outstanding principal amount.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The subsequent measurement of financial assets depends on their classification, as described below:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized value is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.
Financial assets at FVOCI - Debt investments	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement of other comprehensive income are reclassified to statement of profit or loss.
Financial assets at FVOCI - Equity Instruments	These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to statement of profit or loss.



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-4 Financial assets (CONTINUED)

5-4-3 Expected Credit loss of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI, trade receivables and financial guarantee contracts.

No impairment loss is recognized for investments in equity instruments. The amount of ECL reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on trade receivable and this always recognizes lifetime ECL on such exposures.

ECL on these financial assets are estimated using a flow rate based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company applies the general approach to calculate impairment.

Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12-month ECL is recognized when the credit risk on the financial instrument has not increased significantly since initial recognition.

An assessment of whether the credit risk of a financial instrument has increased significantly since its initial recognition is done by considering the change in the risk of default that occurs over the remaining life of the financial instrument.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available.

The Company considers the default in case of trade receivables occurs when a customer balance moves into the "Inactive" category based on its debt age analysis.

For all other financial assets, the Company considers the following as constituting an event of default as historical experience indicates that receivables that meet either of the following criteria are generally not to be recoverable:

When there is a breach of financial covenants by the counterparty; or
Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay his dues.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if

- i) the financial instrument has a low risk of default,
- ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-4 Financial assets (CONTINUED)

5-4-3 Expected Credit loss of financial assets (CONTINUED)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the percentage of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information.

The Company recognizes an impairment loss or reversals in the statement of profit or loss and other comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in the statement of profit or loss and other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

5-5 Financial liabilities

Recognition and measurement

Financial liabilities are classified, on initial recognition, as measured at amortized cost or financial liabilities at fair value through profit or loss.

All financial liabilities other than financial liabilities at fair value through profit or loss are recognized initially at fair value net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss are measured initially and subsequently at fair value, and any related transaction costs are recognized in statement of profit or loss as incurred.

5-6 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated.

The carrying amount of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

5-7 Inventories

Inventories are measured at the lower of cost or net realizable value, whichever is lower. The cost is determined based on the weighted average method and includes expenditure incurred in bringing inventories to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the same period of the write-off event or incurred loss.

Goods are purchased with discounts granted by suppliers on the basis of total purchases over a 12-month period.

These discounts are recognized on an accrual basis based on contracts concluded with suppliers.

5-8 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

When the obligation relates to long periods of time, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.



ZAH RAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-9 Employees' benefits

5-9-1 Short-term benefits obligations

Short-term benefits are those amounts expected to be settled wholly within 12 months at the end of the year in which employees render services that give rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

5-9-2 Service benefit obligations

The Company provides end-of-service benefits to its employees in accordance with the requirements of the Labor Law in Kingdom of Saudi Arabia.

The entitlement to these benefits, using actuarial techniques is based upon the employees' basic salary, allowances and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognized over the service period.

Employees' benefit obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuaries based on projected unit credit method and the liability is recorded based on an actuarial valuation.

The liability recognized in the statement of financial position in respect of the employees' end-of-service benefits is the present value of the employees' service benefits at the end of the reporting period.

The present value of the employees' end-of-service benefits is determined by discounting the estimated future cash outflows using interest rates of high-quality bonds that have terms of maturity approximating to the terms of the end-of-service benefits obligation.

Past-service costs are recognized immediately in the statement of profit or loss.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. Such cost is recognized in the statement of profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or included in equity in the statement of other comprehensive income in the year in which they arise.

5-10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at banks and investments with original maturity of three months or less, which are available to the Company without any restrictions.



ZAHARAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-11 Zakat

Zakat is calculated in accordance with the Regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia and on an accrual basis.

The Zakat expense is charged to the statement of profit or loss.

The differences, if any, resulting from the final assessments are adjusted in the year when assessments are finalized.

5-12 Foreign currency transactions

Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rates ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

5-13 Statutory reserve

In accordance with the Company’s by-laws, the Company must set aside 10% of its annual net income as a statutory reserve until it reaches 30% of the share capital. This reserve is not available for distribution. The reserve allocation is computed on an annual basis.

5-14 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders of the Company, and they are recorded in the financial statements in the period that is approved by the shareholders of the Company.

Interim dividends are recorded in the period that is approved by the Board of Directors.

5-15 Earnings per share

The Company presents basic and diluted earnings per share (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held, if any.

Diluted EPS, if any is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares.

5-16 Investment properties

Investment property is measured at cost, any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. Land is not depreciated.



ZAHRAT AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-17 Revenue recognition

Type of product	Nature and timing of satisfaction of performance obligation, including significant payment terms
Plastic preforms and caps.	<p>Revenue is recognized when customers obtain control of goods when the goods are delivered to customers and have been accepted. Invoices are generated and revenue is recognized at that point in time.</p> <p>Some contracts allow customers to return goods and replace them with other new goods, and no refunds are permitted.</p> <p>Products are sold at discounts based on total sales over a period of 12 months. These sales are recognized based on the price in the contract less the volume of discounts.</p>

The Company recognizes revenue according to IFRS 15, using the following five-steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price.	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Company recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

5-18 Expenses

Selling and distribution expenses are costs arising from the Company's efforts underlying marketing activities and function.

All other expenses are classified as administrative expenses.

Allocation of common expenses between cost of sales, selling and distribution and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.



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5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-19 Segment reporting

An operating segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

A geographical segment is a sector associated with providing products or services within a specific economic environment that are exposed to risks and returns that are different from those related to sectors operating in other economic environments.

The disclosures for segment reporting are consistent with information reviewed by the chief operating decision-maker. The company discloses information about the applicable measurement bases, such as the nature and impact of any differences between the measurements used in the information on the reporting sectors and those measurements used.

6 MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

6.1. New Standards, Amendment to Standards and Interpretations:

The Company has also applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

6.1.1. Amendments to IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

6.1.2. Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

6.2. Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted them in preparing these Financial Statements. These amendments are not expected to have significant impact in the Company's Financial Statements.

6.2.1. Amendments to IFRS 16 – Leases on sale and leaseback:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

6.2.2. Amendments IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current Amendments

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.



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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.2.3. Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

6.2.4. Amendments to IAS 27 – Lack of exchangeability

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

6.2.5. IFRS S1, ‘General requirements for disclosure of sustainability-related financial information

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

6.2.6. IFRS S2, ‘Climate-related disclosures’

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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7- PROPERTY, PLANT AND EQUIPMENT

a) The movement in property, plant and equipment during the year ended 31 December is as follows:

	<u>Lands</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Tools and equipment</u>	<u>Furniture</u>	<u>Computers</u>	<u>Work in Progress (I)</u>	<u>Total</u>
Cost:									
Balance at 1 January 2023	34,767,131	35,885,483	298,621,425	3,067,114	325,303	706,936	2,126,592	41,912,281	417,412,265
Additions	-	131,668	948,355	407,000	4,800	4,500	236,879	41,219,497	42,952,699
Disposals	-	-	-	(95,000)	-	-	-	-	(95,000)
Transfers during the year (3)	-	205,766	22,390,959	-	-	-	-	(22,706,779)	(110,054)
Balance at 31 December 2023	34,767,131	36,222,917	321,960,739	3,379,114	330,103	711,436	2,363,471	60,424,999	460,159,910
Accumulated depreciation:									
Balance at 1 January 2023	-	6,196,559	187,714,828	2,140,127	214,884	399,384	1,605,472	-	198,271,254
Depreciation for the year	-	1,082,884	27,855,195	313,861	57,819	84,439	230,413	-	29,624,611
Disposals	-	-	-	(95,000)	-	-	-	-	(95,000)
Balance at 31 December 2023	-	7,279,443	215,570,023	2,358,988	272,703	483,823	1,835,885	-	227,800,865
Net book value:									
At 31 December 2023	34,767,131	28,943,474	106,390,716	1,020,126	57,400	227,613	527,586	60,424,999	232,359,045
Cost:									
Balance at 1 January 2022	34,767,131	35,448,867	289,031,434	3,608,072	316,603	681,014	2,081,379	22,958,315	388,892,815
Additions	-	370,860	294,975	257,292	8,700	25,922	45,213	28,671,550	29,674,512
Transfers during the year	-	-	-	(798,250)	-	-	-	(146,714)	(944,964)
Transferred to intangible assets	-	65,756	9,295,016	-	-	-	-	(9,570,870)	(210,098)
Balance at 31 December 2022	34,767,131	35,885,483	298,621,425	3,067,114	325,303	706,936	2,126,592	41,912,281	417,412,265
Accumulated Depreciation:									
Balance at 1 January 2022	-	5,128,719	159,088,291	2,571,235	185,354	333,824	1,347,886	-	168,655,309
Depreciation for the year	-	1,067,840	28,626,537	367,142	29,530	65,560	257,586	-	30,414,195
Disposals	-	-	-	(798,250)	-	-	-	-	(798,250)
Balance at 31 December 2022	-	6,196,559	187,714,828	2,140,127	214,884	399,384	1,605,472	-	198,271,254
Net book value:									
At 31 December 2022	34,767,131	29,688,924	110,906,597	926,987	110,419	307,552	521,120	41,912,281	219,141,011

- 1- The balance of projects under implementation represents the amount paid for the purchase of a production line of Automated storage system, Preform line, injection molds and a printing line. The total projected cost of these projects is SR 69,23 million, and these projects are expected to be completed during the first and second quarter of 2024,
- 2- The net book value of land, buildings and plant is mortgaged against the loans amounting to SR 85,328,918 As at 31 December 2023 (31 December 2022: SR 99,535,331) (Note 18-B) against SDIF loan.
- 3- Transfers from projects under implementation during the year represent the value of production lines for Caps and injection molds and transferred from work in progress also include an amount of 110,054 SR transferred to intangible assets related to work on computer programs during the year (2022: 210,098 SR) (Note 9).



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8- INVESTMENT PROPERTIES

The Company records all investment properties at cost. The investment property consists of plots of land as on 31 December 2023 in Muzahimiyah, with a total area of 12,113 square meters (2022: 12,113 square meters). The value of the investment property as of 31 December 2023 amounted to 1.7 million Saudi riyals (31 December 2022: 1.7 million Saudi riyals).

The fair value of the investment property as of 31 December 2023 amounted to 6.68 million Saudi riyals (2022: 4.65 million Saudi riyals). The fair value of the real estate investment was determined by an external real estate valuer independent of the company (Valuer: Tathminat gulf real estate and partner, license number 1100028). The fair value of investment properties has been categorized as Level 2 fair value based on the inputs to the valuation method used.

9- INTANGIBLE ASSETS

The movement in intangible assets during the year ended 31 December is as follows:

	31 December 2023	31 December 2022
Cost:		
Balance at 1 January	2,172,320	1,962,222
Additions	28,688	-
Transferred from work in progress (note 7)	110,054	210,098
Balance at 31 December	2,311,062	2,172,320
Accumulated amortization:		
Balance at 1 January	713,309	494,247
Amortization during the year	248,565	219,062
Balance at 31 December	961,874	713,309
Net Book Value	1,349,188	1,459,011

10- INVENTORIES

	31 December 2023	31 December 2022
Raw materials and packaging materials	76,570,512	37,884,113
Finished goods	38,698,135	52,732,452
Goods in transit	-	8,732,385
Spare parts, supplies and oils	4,284,661	2,742,235
	119,553,308	102,091,185
Write-down of inventory value	-	(4,503,328)
	119,553,308	97,587,857



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11- INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023	31 December 2022
Investments in shares of listed companies	14,212,077	11,060,478
Investments in an investment fund	9,138,305	7,102,968
Total investments	23,350,382	18,163,446

During the year 2023, the company invested in a portfolio of investment shares that are traded in the Saudi Stock Exchange (Tadawul), represented by investing in the equity of a diversified group of companies.

The portfolio is managed by the Investment Company for Securities and Brokerage - Alistithmar Capital, in accordance with the concluded management contract.

Equity investments are valued at fair value based on the traded prices of shares on the Saudi Stock Exchange (Tadawul). This resulted in realized gain of SAR 653,925 and unrealized gain amounted to SAR 4,181,945 and dividends received during the year amounted to SAR 312,246 which were presented in the profit or loss statement. The investment movement for the year ended 31 December is as follows:

	31 December 2023	31 December 2022
Cost of investment as at January 1	18,163,446	-
Purchase of investment units	14,171,646	23,905,034
Sale of invested units	(13,820,580)	(2,789,172)
Realized gains / (losses) on sale of investments	653,925	(184,522)
Fair value differences for units	4,181,945	(2,767,894)
Balance as at 31 December	23,350,382	18,163,446

12- TRADE RECEIVABLES

	31 December 2023	31 December 2022
Trade receivables	150,197,455	159,363,044
Due from related parties (Note 28)	52,359,361	63,854,435
	202,556,816	223,217,479
Less: Expected credit loss of trade receivables	(27,527,809)	(27,497,338)
	175,029,007	195,720,141

The movement in expected credit loss of trade receivables is as follows:

	31 December 2023	31 December 2022
Balance at beginning of the year	27,497,338	25,064,817
Net movement during the year	2,476,521	2,432,521
Used during the year	(2,446,050)	-
Balance at end of the year	27,527,809	27,497,338

Information on the Company's exposure to credit and market risks including the aging of trade receivables is included in Note 27-2.



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13- PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
Suppliers - debit balances (*)	21,879,525	21,032,226
Advances to suppliers	18,327,236	25,044,261
Pre-paid expenses	3,586,980	2,278,280
VAT, net	3,174,149	-
Other assets	356,961	413,159
	47,324,851	48,767,926

* This balance represents the value of the discounts due for the year from the main supplier of the Company.

14- CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	6,564	1
Bank balances	6,786,447	1,792,721
	6,793,011	1,792,722

For the purposes of preparing the statement of cash flows, the restricted cash balances mentioned above have been eliminated, As follows:

	31 December 2023	31 December 2022
Cash and cash Equivalent	6,793,011	1,792,722
(Deduct): Restricted Cash	-	(150,000)
	6,793,011	1,642,722

15- SHARE CAPITAL

As at 31 December 2023, the Company's authorized and fully paid-up share capital amounted to SR 225 million (2022: SR 225 million), divided by 22.5 million ordinary shares (2022: 22.5 million ordinary shares) of SR 10 per share (2022: SR 10 per share).

16- OTHER RESERVES

The balance represents the re-measurement of employees' benefits resulted from actuarial report, the balance as of 31 December 2023 SR 434,347 (31 December 2022: SR 476,919).



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17- ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2023	31 December 2022
Remunerations and allowances of the Company's Board of Directors and Committees (Note 28)	715,000	730,000
Accrued bonus	679,583	885,743
Accrued air tickets	588,410	555,960
Accrued expenses – electricity	584,748	885,643
Leave vacations accruals	536,206	451,304
Accrued expenses - unbilled goods	454,839	-
Accrued expenses – consultations	349,000	216,500
Advances from customers	196,728	447,071
Value Added Taxes	-	1,240,874
Others	2,562,592	1,337,469
	6,667,106	6,750,564

18- LOANS

a) Short-term loans

	31 December 2023	31 December 2022
Short-term loans (*)	201,430,263	230,968,712
	201,430,263	230,968,712

(*) These short-term loans are mainly used to finance the working capital requirements of the Company. The company did not use these short-term loans to finance capital expansions.

b) Long-term loans

	31 December 2023	31 December 2022
Saudi Industrial Development Fund (SIDF) (2)	51,385,000	23,280,000
Local banks (1)	-	838,939
	51,385,000	24,118,939
Less: deferred interests	(1,893,079)	(965,659)
	49,491,921	23,153,280
Presented in the statement of financial position as follows:		
Non-current portion shown under non-current liabilities	28,030,406	10,530,000
Current portion shown under current liabilities	21,461,515	12,623,280
	49,491,921	23,153,280
Total loans	250,922,184	254,121,992

- (1) The Company has obtained loan from the Saudi Industrial Development Fund dated 13 January 2021, in the amount of 12,650,000 SAR. The balance amounted to 11,385,000 SAR as of December 31, 2023. the loan is repayable in semi-annual installments and are repayable over a period of 5 years.
- (2) The Company has obtained loan from the Saudi Industrial Development Fund dated August 27, 2023, in the amount of 40,000,000 SAR, as of 31 December 2023 the loan balance amounted to 40,000,000 SAR. The loan to be repaid in equal installment where the first installment will be twelve months from the first disbursement date. Second installment after sixteen months from the first disbursement date. Third installment after twenty months from the first disbursement date. Fourth installment after twenty-four months from the first disbursement date.
- (3) The loan is secured against the lands, as on December 31, 2023 the buildings and machines of the Company's plant with a book value of 85,328,918 SAR (December 31, 2022: SR 99,535,331) – Note (7).



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c) Total movement in loans

	31 December 2023	31 December 2022
Balance as at 1 January	254,121,992	226,191,021
Proceeds from loans	674,522,627	718,353,730
Repayment of loans	(693,638,893)	(701,706,987)
Finance costs	16,689,037	12,575,607
Finance costs (paid)	(772,579)	(1,291,379)
Balance as at 31 December	250,922,184	254,121,992

d) Bank facility agreements

- The Company obtained credit facilities from local banks, long term and short-term loans and letters of credit with a financing ceiling of SR 446.39 million.
- These facilities were obtained under Murabaha and Tawarruq agreements to finance working capital and some expansions and capital expenditure requirements.
- As at 31 December 2023, unused facilities and open letters of credit amounted to SR 65.12 million (2022: SR 57.7 million). The credit facility agreements are secured by promissory notes issued by the Company. The facility agreements include covenants that relate to restrictions on dividends and other things, they require a minimum net value and certain financial ratios that must be maintained accordingly.
- At the beginning of the year, the Company obtained approval from SDIF bank to amend one of the bank's covenants.
- During the year ended 31 December 2023, financing agreements with some local banks were renewed at values amounting to SR 395.44 million, with the aim of purchasing and importing raw materials, financing working capital, and financing capital expansion. These agreements have been renewed by guaranteeing promissory notes issued by the Company.
- The borrowings include certain covenants. Breach of these covenants in the future may lead to renegotiation. The management monitors covenants on a monthly basis, and in the event of a breach expected in the future, the management takes the necessary measures to ensure compliance.
- All of the borrowings mentioned above are borrowings that comply with the provisions of Islamic Sharia.

19- EMPLOYEES' BENEFITS

General description of a defined benefit plan for employees:

The Company is required to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law.

The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year in the event of termination or retirement of the employee.

Evaluation methodology and key assumptions for the actuarial study:

In compliance with the requirements of IAS 19 "Employees' Benefits", the projected unit credit method has been used to determine plan liabilities.

Under this method, the expected cost of the benefit is calculated for each benefit to which the plan members who are on the job are entitled.

The expected cost of benefit and the length of service are adopted at the valuation date and the benefit is calculated based on the last salary expected to be received by the employee at the retirement age.

The plan's liabilities are the current actuarial value of the accrued benefits expected to all employees who are on employed by the Company at the date of valuation.



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19 EMPLOYEES' BENEFITS (CONTINUED)

Key Assumptions

As per IAS19, the actuarial assumptions shall be unbiased and mutually compatible.

The assumptions are the Company's best estimate of the variables that will determine the ultimate cost of providing the end of service benefit.

The principal assumptions used are:

The Company manages end of service benefits plans in accordance with the Saudi Arabian labor law. The post-employment benefits plans are unfunded.

19-1 Movement in employees' benefits obligation

The following table shows a reconciliation from the opening balances to the closing balances for the defined benefit liability:

	31 December 2023	31 December 2022
Balance at the beginning of the year	2,243,626	2,416,207
Included in statement of profit or loss		
Current service cost	419,334	430,207
Interest cost	123,390	96,434
Paid during the year	(131,765)	(81,959)
	410,959	444,682
Included in other comprehensive income		
(Gains)/Losses of actuarial revaluation	42,572	(617,263)
Balance at the end of the year	2,697,157	2,243,626

19-2 Actuarial assumptions

The principal actuarial assumptions at the reporting date (expressed as weighted average) are as follows:

	31 December 2023	31 December 2022
Discount rate	5.20%	5.00%
Future growth in salary	5.00%	5.00%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

19-3 Sensitivity analysis

Reasonably possible changes in the reporting date of one of the actuarial assumptions relevant to the assumption that other assumptions are remain unchanged may affect the defined benefit obligations amount as follows:

	31 December 2023		31 December 2022
	Increase	Decrease	Increase
Discount rate (1 % movement)	(2,452,858)	2,984,697	(2,028,377)
Future Salary Growth Rate (1% change)	2,982,342	(2,450,259)	2,501,010
			(2,026,454)

Although the analysis does not take into account the full distribution of expected cash flows under the plan, it provides a rough approximation of the sensitivity of the assumptions.



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20 ZAKAT PROVISION

- 20.1** Zakat declarations were filed for the years from 2012 to 2015, and the Zakat, Tax and Customs Authority (ZATCA) (the Authority) has assessed these years with the amount of SR 1,026,375, The company objected to the General Secretariat of the Zakat, Tax and Customs Committees, and the 2012 objection was accepted, the 2013 objection was partially accepted, and the objection was rejected for the years 2014 and 2015. The company appealed this rejection during the statutory period. Furthermore, the company made a provision for the total amount of these zakat assessments, and the company believes that the results of this appeal will be in its favor.
- 20.2** Zakat declarations were filed for the years from 2016 to 2018, and (ZATCA) has assessed these years with the amount of SR 11,083,063. The Company objected to the Zakat assessments for these years during the regulatory period. (ZATCA) partially accepted the objection, and accordingly, after studying the objection, it issued an amended assessment of SR 3,586,926. The Company agreed to the amended assessment and paid the amount due under the amended assessment.
- 20.3** On 13 October 2021, the Company received Zakat assessments from the Zakat, Tax and Customs Authority (ZATCA) for the financial years ended 31 December 2019 and 2020 which included a claim to pay additional Zakat amounts of SR 3.5 million.

These Zakat differences resulted substantially from ZATCA's assumption that short-term loans are revolving loans and are therefore long-term loans.

The Company's management does not agree with this assumption in accordance with the evidentiary documents available supporting its point of view, especially since there are similar cases whereas the taxpayers' viewpoint was supported before the tax committees.

Based on the above and the facts available to the Company, the Company has appealed the Zakat assessments of these years during the statutory period.

On 14 February 2022, the Company received amendment notices from ZATCA related to Zakat assessments for the financial years ended 31 December 2019 and 2020 which included a claim to the Company to pay additional Zakat amounts of SR 3.48 million.

The Company will appeal ZATCA's amended assessments and escalate the matter to General Secretariat of Tax Committees (GSTC) during the statutory period, as the management of the Company does not agree with the ZATCA's amended assessments in accordance with the evidentiary documents available to it as indicated earlier.

The Company has provided an additional zakat provision of SR 1.8 million against this assessment. Furthermore, the Company paid SR 883 thousand as an advance to ZATCA upon filing

- 20.4** The Company filed the Zakat declaration for the year 2022, the Zakat payable has been paid based on this declaration, A Zakat certificate was issued for this year 2022, and it is valid until 30 April 2024.

- 20.5** Zakat provision for the current year is calculated as follows:

	31 December 2023	31 December 2022
Equity, opening provisions and other Adjustments	344,217,156	332,273,875
Book value for long term assets	(235,382,233)	(222,274,022)
Total	108,834,923	109,999,853
Zakat profit for the year	40,629,037	27,272,307
Zakat base	149,463,960	137,272,160



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20 ZAKAT PROVISION (CONTINUED)

20.6 The movement in zakat provision during the year was as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	6,896,035	7,292,764
Provided during the year	3,736,599	3,431,804
Provision	-	556,927
Zakat assessment differences from previous years	-	-
Charged to the statement of profit or loss and other comprehensive income	3,736,599	3,988,731
Paid during the year	(3,465,434)	(4,385,460)
Balance at the end of the year	7,167,200	6,896,035

21- COST OF SALES

	<i>For the year ended 31 December</i> 2023	2022
Raw material cost	436,117,290	507,340,647
Depreciation	28,646,950	27,879,421
Electricity	15,978,327	13,974,363
Salaries and related costs	11,652,017	10,606,814
Others	9,648,874	7,242,542
	502,043,458	567,043,787

22- SELLING AND DISTRIBUTION EXPENSES

	<i>For the year ended 31 December</i> 2023	2022
Transportation expenses	10,444,579	8,499,707
Salaries and wages	798,380	786,324
Selling commissions	136,000	137,182
Depreciation	30,992	23,960
Miscellaneous expenses	567,497	612,664
	11,977,448	10,059,837

23- GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the year ended 31 December</i> 2023	2022
Salaries and wages	3,652,770	3,583,602
Professional and consultancy fees	1,327,524	862,544
Remunerations and allowances of the Company's Board of Directors and Committees	707,000	730,000
Depreciation and amortization	391,906	395,746
Defective goods	840,157	850,791
Miscellaneous expenses	1,545,857	1,394,497
	8,465,214	7,817,180



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24- DIVIDENDS

The extraordinary general assembly meeting held on 21 May 2023 (corresponding to 1 Dul-Qaeda 1444) based on the recommendation of the Company's Board of Directors held on 2 March 2023, (corresponding to 10 Shaban 1444) approved to distribute cash dividends of SR 13.5 million for the financial year 2022 amounting to 60 Halala per share. It is due to the shareholders who own shares at the end of trading on the day of the assembly meeting and who are registered in the Company's shareholders' register with the Depository Center Company at the end of the second trading day following the due date. It was paid in full on 4 June 2023, noting that there is a balance remaining from the distributions of previous years whose beneficiaries have not yet applied for collection, in the amount of 162,654 Saudi riyals.

25- CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND OTHER LIABILITIES

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be reasonably measured. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable.

As 31 December 2023, contingent liabilities related to uncovered letter of credit amounted to SR 35,161,208 (31 December 2022: SR 57,700,988).

As at 31 December 2023, the capital commitments related to projects in progress amounted to SR 8,807,068, represent mainly in contracting for a new production line (31 December 2022: SR 32,945,961).

The Company has commitments for the full value of the promissory notes with the full value of the loans granted to the Company.

26- EARNINGS PER SHARE

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing income for the year attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	31 December 2023	31 December 2022
Income for the year	<u>33,873,193</u>	<u>15,739,163</u>
<u>No. of shares</u>		
Weighted average number of shares (Note 15)	<u>22,500,000</u>	<u>22,500,000</u>
Basic and diluted earnings per share (Saudi Riyals)	<u>1.51</u>	<u>0.70</u>

The weighted average number of shares as of December 31, 2023 was 22,500,000 shares, after increasing the capital by granting bonus shares to shareholders. The weighted average number of shares was applied to the comparison periods retrospectively for the purposes of calculating earnings per share.

The diluted earnings per share are the same as the basic earnings per share as the company has no diluted instruments.



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27- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
 Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
 Level 3 — Fair value measurement using the minimum input required for the fair value measurement (unobservable inputs).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis using level 1 or level 2 indicators, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The table below shows the carrying values and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information on financial assets and financial liabilities that are not measured at fair value if the carrying amount is reasonably close to the fair value.

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27- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

	Fair value	Carrying amount Amortized cost	31 December 2023			
			Total	Level 1	Fair value Level 2	Level 3
Financial assets						
Trade receivables	-	175,029,007	175,029,007	-	-	175,029,007
Cash and cash equivalents	-	6,793,011	6,793,011	-	-	6,793,011
Investments at FVTPL	23,350,382	-	23,350,382	23,350,382	-	23,350,382
Suppliers - debit balances (Note 13)	-	21,879,525	21,879,525	-	-	21,879,525
Total	23,350,382	203,701,543	227,051,925	23,350,382	-	227,051,925
Financial liabilities						
Short-term loans	-	201,430,263	201,430,263	-	-	201,430,263
Long-term loans	-	49,491,921	49,491,921	-	-	49,491,921
Trade payables	-	23,721,093	23,721,093	-	-	23,721,093
Total	-	274,643,277	274,643,277	-	-	274,643,277

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27- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

	31 December 2022		Fair value			
	Carrying amount					
	<u>Fair value</u>	<u>Amortized cost</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets						
Trade receivables	-	195,720,141	195,720,141	-	-	-
Cash and cash equivalents	-	1,792,722	1,792,722	-	-	-
Investments at FVTPL	18,163,446	-	18,163,446	18,163,446	-	-
Suppliers - debit balances (Note 13)	-	21,032,226	21,032,226	-	-	-
Total	18,163,446	218,545,089	236,708,535	18,163,446	-	-
Financial liabilities						
Short-term Loans	-	230,968,712	230,968,712	-	-	-
Long-term Loans	-	23,153,280	23,153,280	-	-	-
Trade payables	-	18,366,466	18,366,466	-	-	-
Total	-	272,488,458	272,488,458	-	-	-

The Company is exposed to the following risks arising from financial instruments:

- credit risk;
- Liquidity risk
- Market risk





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27- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES
(CONTINUED)

27-1 Risk management framework

Board of Directors

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Audit committee

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the Company.

The risks faced by the Company and the way these risks are mitigated by management are summarized below:

27-2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The fair value of financial assets represents the maximum credit exposure.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Board of Directors established a credit policy according to which each new customer is evaluated individually for creditworthiness before contracting him and accepting him as a customer with the Company.

The Company's review includes external ratings, if they are available, and in some cases of bank references.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 120 days per year for customers.

The Company has an allowance for impairment that represents the best estimate of incurred losses in respect of trade receivables (Note 12).

Assets amounting to SR 227.1 million (31 December 2022: SR 236.7 million) of total assets amounting to SR 607.43 million (31 December 2022: SR 584.31 million) are subject to credit risk.

The significant concentrations of the Company's risks by sector and geographical region are assessed in Notes 27-2-1 and 29-2.



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**27- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES
(CONTINUED)**

	31 December 2023	31 December 2022
Trade receivables	175,029,007	195,720,141
Cash and cash equivalents	6,793,011	1,792,722
Investments at FVTPL	23,350,382	18,163,446
Suppliers - debit balances (Note 13)	21,879,525	21,032,226
	227,051,925	236,708,535

27-2-1 Credit quality of financial assets

As at 31 December 2023, the trade receivables balances include a balance of SR 41.67 million (31 December 2022: SR 44.18 million) for two of the largest Company's customers.

At 31 December 2023, the ageing analysis of trade receivables was as follows:

	31 December 2023	31 December 2022
Current (not past due)	87,833,561	101,778,824
1-90 days	42,262,775	48,668,730
91-180 days	21,318,852	33,572,997
181-270 days	12,283,689	16,850,838
271-360 days	9,969,679	5,571,248
More than 360 days	28,888,260	16,774,842
Balance	202,556,816	223,217,479

Management believes that the amounts that have not been impaired and that are past due for more than 90 days are still fully collectible based on the previous payment behavior and comprehensive analysis of the customer's credit risk, including the customer's underlying credit ratings, if available. The Company establishes a provision for all balances past due for more than 360 days (2022: 360 days). As at 31 December 2023, the allowance for doubtful debts amounted to SR 27,527,809 (Note 12) (31 December 2022: SR 27,497,338).

As at 31 December 2023, the Company maintains cash and cash equivalents of SR 6.79 million (31 December 2022: SR 1.79 million) with banks having good credit rating.

27-3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 90 days.

The Company also monitors the level of expected cash inflows on trade and other receivables, with expected outflows of cash on trade and other payables.

The Company has unused bank facilities and open letters of credit amounted of SR 65.12 million (31 December 2022: SR 57.7 million) as at the date of the statement of financial position to meet liquidity requirements (Note 18-d).

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27- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

The following is an analysis of the undiscounted contractual maturities of the Company's financial liabilities as at 31 December 2023.

<u>31 December 2023</u>	<u>Less than one year</u>	<u>From one year to 3 years</u>	<u>More than 3 years</u>	<u>Accrued interests for future periods</u>	<u>Total contractual agreements</u>	<u>Carrying amount</u>
Non-derivative financial liabilities						
Loans	222,891,779	24,520,405	3,510,000	4,720,988	255,643,172	250,922,184
Trade payables	23,721,093	-	-	-	23,721,093	23,721,093
Accrued expenses and other payables	6,667,107	-	-	-	6,667,107	6,667,107
	<u>253,279,979</u>	<u>24,520,405</u>	<u>3,510,000</u>	<u>4,720,988</u>	<u>286,031,372</u>	<u>281,310,384</u>
	<u>Less than one year</u>	<u>From one year to 3 years</u>	<u>More than 3 years</u>	<u>Accrued interests for future periods</u>	<u>Total contractual agreements</u>	<u>Carrying amount</u>
<u>31 December 2022</u>						
Non-derivative financial liabilities						
Loans	243,591,992	4,680,000	5,850,000	3,486,122	257,608,114	254,121,992
Trade payables	18,366,466	-	-	-	18,366,466	18,366,466
Accrued expenses and other payables	6,750,564	-	-	-	6,750,564	6,750,564
	<u>268,709,022</u>	<u>4,680,000</u>	<u>5,850,000</u>	<u>3,486,122</u>	<u>282,725,144</u>	<u>279,239,022</u>

The Company has no significant liquidity risks.

27-4 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

27-4-1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates.

The Company is not exposed to fluctuations in foreign exchange rates during the normal course of business, as the Company's main transactions are in Saudi riyals and US dollars.

Since the Saudi Riyal is pegged against the US Dollar, there are no significant risks associated with transactions and balances denominated in US Dollars.



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27- FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

27-4-2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings approved at variable interest rates expose the Company to interest rate risk on cash flows.

		Increase / decrease in base points related to commission rates	Effect on income of the year
<u>31 December 2023</u>	SR	+100	(2,509,222)
	SR	-100	2,509,222
<u>31 December 2022</u>	SR	+100	(2,619,585)
	SR	-100	2,619,585

27-4-3 Capital management

The Board of Directors' policy is to maintain a sufficient capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the capital on the basis of debt ratio.

This ratio is calculated based on (adjusted net debt) divided by (adjusted equity and adjusted net debt).

Net debt is calculated as total borrowings (including "short and long term" bank borrowings as shown in the statement of financial position) less cash and cash equivalents.

Adjusted equity is calculated as "equity" as described in the statement of financial position plus adjusted net debt.

The Company's strategy was to keep the adjusted debt-to-equity ratio adjusted to moderate limits. The debt ratios at 31 December were as follows:

	At 31 December 2023	At 31 December 2022
Total loans	250,922,184	254,121,992
Less: Cash and cash equivalents	(6,793,011)	(1,792,722)
Adjusted net debt (a)	244,129,173	252,329,270
Total equity	316,095,398	295,764,777
Adjusted equity and net debt (b)	560,224,571	548,094,047
Adjusted debt ratio from adjusted equity (a) / (b)	44%	46%

When managing the capital, the Company aims to protect the Company's ability to continue as going concern as it can continue to provide returns to shareholders and other stakeholders.

The Company manages capital structure in the context of economic circumstances and the characteristics of the risks of principal assets. In order to maintain or adjust capital structure, the Company may adjust dividends paid for shareholders and issue new shares.



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28- RELATED PARTY TRANSACTION

In the ordinary course of its activities, the Company transacts business with related parties including companies owned by some shareholders, Board of Directors and key management personnel of the Company.

Related party transactions entered during the year and related balances as included in the statement of financial position are as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
<u>Transactions:</u>		
Sales of goods to Hana Water Company	31,474,426	61,349,770
Purchases of goods from Hana Water Company	-	74,721
Annual salaries, allowances and remuneration for Key Management Personnel	3,114,866	2,763,180
Allowance to attend meeting of the Company's Board of Directors and Committees (Note 23)	192,000	207,000
Board of Directors' remunerations (Note 23)	530,000	430,000
<u>Balances</u>		
Due from related parties included in trade receivables (Hana Water Company) (Note 12)	52,359,361	63,854,435
Key Management Personnel included in other receivables	95,924	67,340
Key Management Personnel End of Service Benefits	1,203,010	981,070
Allowance to attend meeting of the Company's Board of Directors and Committees included under accrued expense (Note 17)	185,000	200,000
Board of Directors remuneration included under accrued expenses (Note 17)	530,000	530,000

29- SEGMENT INFORMATION

29-1 Basis for segmentation

The Company has the following strategic sectors, which are its operational sectors. These sectors offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reporting segment.

Industry Group	Nature of segment's businesses
Plastic bottles preforms	The principal activity includes manufacturing and selling of plastic preforms.
Plastic caps	The principal activity includes manufacturing and selling of plastic caps.

The Company's chief executive officer reviews the internal management reports of each division on monthly basis.



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29- SEGMENT REPORTING (CONTINUED)

29-2 Information about reporting segments

Information related to each reportable segment is set out below.

Segment profit (loss) before Zakat is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries:

SR	Segment reporting		Total
	Plastic bottles preforms segment	Plastic caps segment	
<u>For the year ended 31 December 2023</u>			
Sales	477,670,821	94,819,196	572,490,017
Cost of sales	(431,825,591)	(70,217,867)	(502,043,458)
Gross profit	45,845,230	24,601,329	70,446,559
Other income	1,335,136	288,201	1,623,337
Selling and distribution expenses	(8,817,605)	(3,159,843)	(11,977,448)
General and administrative expenses	(7,260,462)	(1,204,752)	(8,465,214)
Impairment of trade receivables	(2,075,076)	(401,445)	(2,476,521)
Operating profit	29,027,223	20,123,490	49,150,713
Finance costs	(14,310,092)	(2,378,945)	(16,689,037)
Income before Zakat	14,717,131	17,744,545	32,461,676
<u>As at 31 December 2023</u>			
Segments Net assets	73,156,400	33,234,284	106,390,684
<u>For the year ended 31 December 2022</u>			
Sales	533,600,762	91,139,454	624,740,216
Cost of sales	(492,970,259)	(74,073,528)	(567,043,787)
Gross profit	40,630,503	17,065,926	57,696,429
Other income	1,726,447	329,391	2,055,838
Selling and distribution expenses	(7,384,050)	(2,675,787)	(10,059,837)
General and administrative expenses	(6,151,369)	(1,665,811)	(7,817,180)
Impairment of trade receivables	(2,098,116)	(334,405)	(2,432,521)
Decrease in the value of inventory	(4,502,261)	(1,067)	(4,503,328)
Operating profit	22,221,154	12,718,247	34,939,401
Finance costs	(10,879,548)	(1,696,059)	(12,575,607)
Income before Zakat	11,341,606	11,022,188	22,363,794
<u>As at 31 December 2022</u>			
Segments net assets	80,088,759	30,817,813	110,906,572



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29- SEGMENT REPORTING (CONTINUED)

29-2 Information about reporting segments (Continued)

Company's sales in the local market and export sales are allocated as follows:

<u>Revenue for the year ended</u>	<u>Local sales</u>	<u>Export sales</u>	<u>Total sales</u>
<u>31 December 2023</u>	455,850,114	116,639,903	572,490,017
<u>31 December 2022</u>	476,236,658	148,503,558	624,740,216

Export sales are as follows:

	<i>For the year ended 31 December</i>	
	<u>2023</u>	<u>2022</u>
Yemen	104,167,974	132,066,604
Oman	3,778,708	5,266,397
Bahrain	2,359,031	4,927,745
Sudan	2,005,909	1,902,038
Kuwait	1,296,680	1,531,383
Jordan	2,767,184	2,543,981
Lebanon	264,417	265,410
Total export sales	116,639,903	148,503,558

The balances of the company's clients are distributed in the local and export market as follows:

<u>Accounts receivables balances for the year ended</u>	<u>local receivables</u>	<u>Export receivables</u>	<u>Total</u>
31 December 2023	162,978,280	39,578,536	202,556,816
31 December 2022	191,499,500	31,717,979	223,217,479

29-3 The main customer and supplier

As at 31 December 2023, sales from the main two customers of the Company represent 37.7% of the Company's total sales in the amount of SR 216 million (31 December 2022: 36% in the amount of SR 224 million).

As at 31 December 2023, the balances of local customers amounted to SR 162.98 million (31 December 2022: SR 191.5 million) and the balances of export customers as at 31 December 2023 amounted to SR 39.58 million (31 December 2022: SR 31.7 million).

As at 31 December 2023, purchases from the major supplier of the Company represent 80.97% of total purchases of raw materials amounting to SR 399.65 million (31 December 2022: 85.4% amounting to SR 467.5 million) of the Company's total purchases.



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30- RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures in the statement of cash flows have been reclassified as follows:

Statement of Cash Flows	31 December 2022 Before Reclassification	Reclassification	31 December 2022 After Reclassification
Formed from impairment of inventory	-	4,503,328	4,503,328
Inventory	(16,566,533)	(4,503,328)	(21,069,861)
Formed from expected credit losses	-	2,432,521	2,432,521
Trade Receivables	(10,518,166)	(2,432,521)	(12,950,687)
Employees' benefits	444,682	81,959	526,641
Employees' benefits Paid	-	(81,959)	(81,959)

31- APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issuance by the Board of Directors on 18 Sha'ban 1445H (corresponding to 28 February 2024).



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company

