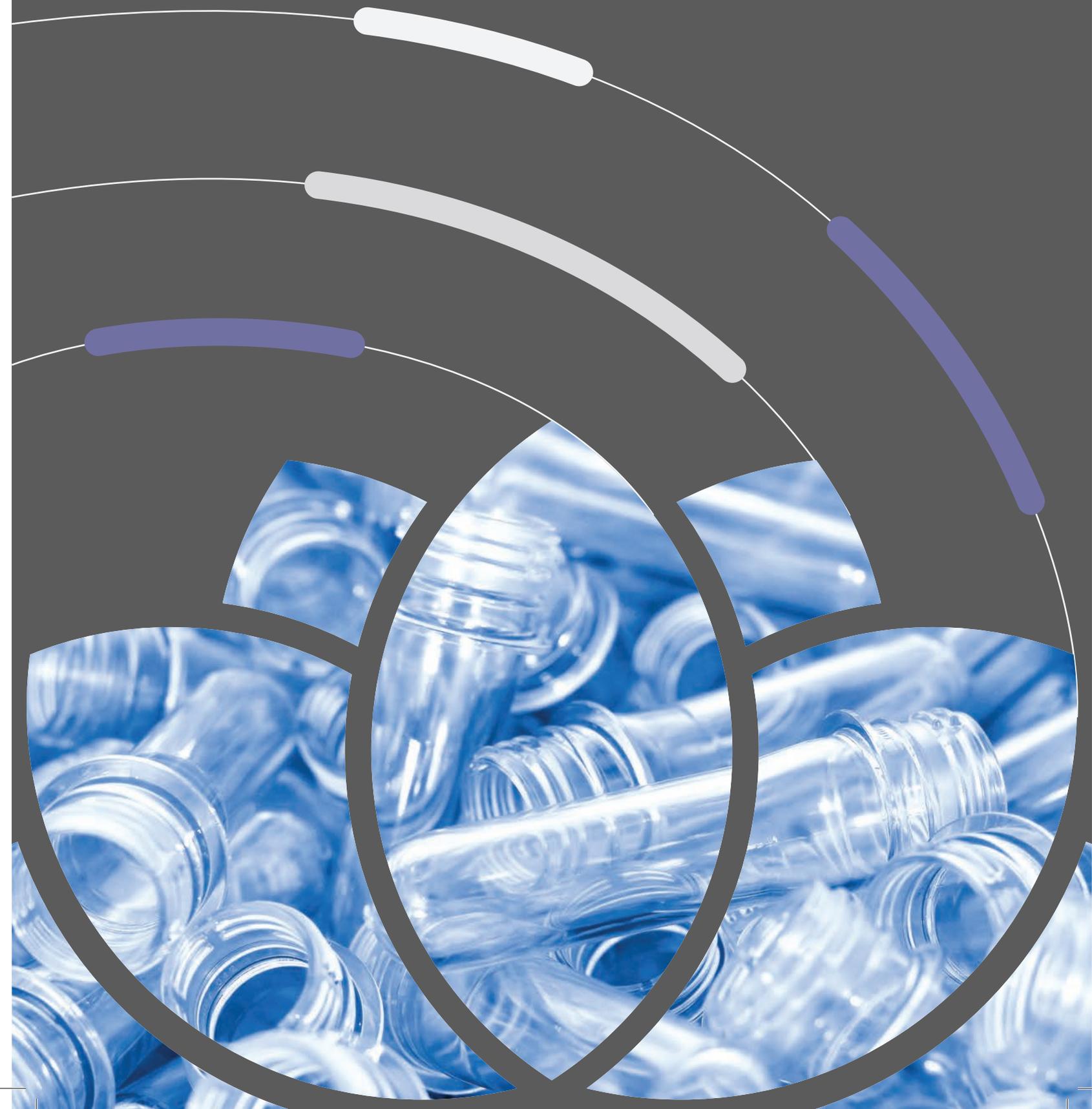


Annual Report 2021



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company





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, Deputy Prime Minister, and Minister of Defense

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Company profile and activities



Operational summary



Operational summary



Social Responsibility



The focus of our operations in 2022



Financial Statements



Ahmed Hammoud Ibrahim Altheyab

Chairman

”

*Achieved outstanding
returns for shareholders
during the year 2021*

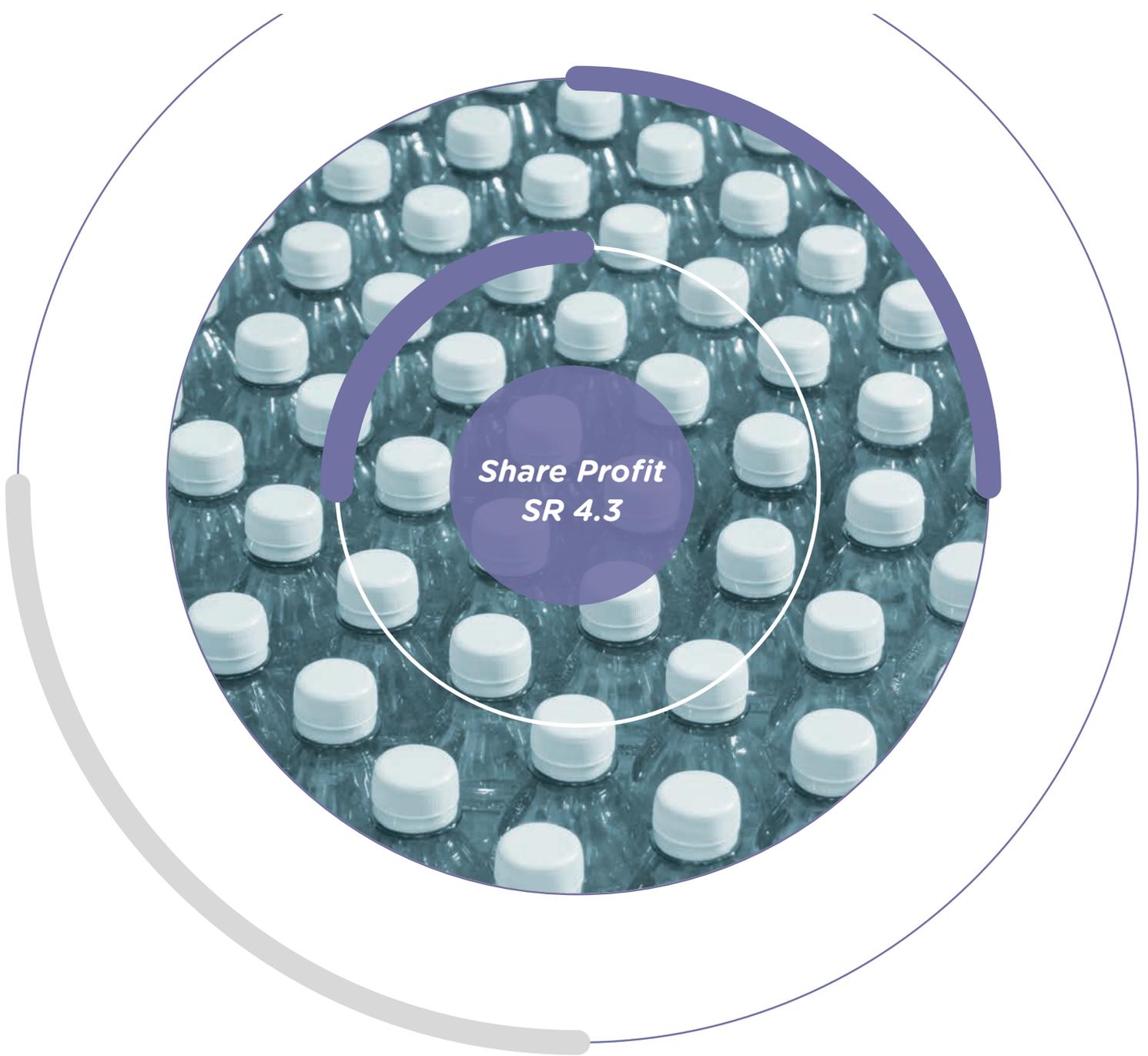
“

Chairman *Insight*

The company's first notable success during the year was its fruitful endeavors to unite and fully support the sound efforts of His Royal Highness, the Crown Prince, to stimulate economic diversification and intensify investments in the field of digital transformation; With the aim of enhancing the competitive capabilities of our kingdom in international markets. The Board of Directors of Zahrat Al-Waha For Trading Company has proudly monitored the company's achievements in light of this atmosphere and challenges in terms of highlighting its business and activities in the e-commerce network, and employing the company's latest financial services technology tools, in line with the objectives of the Kingdom's Vision 2030 represented in pushing the wheel of digital transformation on the Kingdom level. The company is committed to continuing to make more progress

in these areas, as it looks forward, during the coming months and years, to maximizing the benefit of its capabilities and digital infrastructure to intensify technological innovation in the field of company management, in parallel with maximizing the investment return for shareholders, as well as an effective contribution to advancing the economic development wheel in the Kingdom.

On behalf of the esteemed Board of Directors, I would like to renew our full and sincere support for the tireless efforts made by the government of the Custodian of the Two Holy Mosques to prevent the spread of the Corona pandemic and contain its repercussions in the Kingdom, as well as the full support and support for all sound measures taken by the Kingdom's authorities to protect the health and safety



Share Profit
SR 4.3

of all citizens and residents. In light of these exceptional circumstances, we have been keen to intensify our efforts to protect the health and safety of our employees, as they are the fixed priority and supportive assets that the company relies on, in addition to our relentless endeavors to preserve the health and safety of our valued customers.

As part of its keenness to respond quickly to these challenges, the company adopted a very proactive approach, as the management set out to enhance adequate levels of protection and health insurance as soon as the virus began to spread in the Kingdom and educate all its employees to receive approved vaccine doses in a timely manner, a step that contributed to avoiding the company facing any obstacles. It threatens the health and safety of all company employees.

In light of the unprecedented challenges that the world experienced during the years 2020 and 2021, Zahrat Al Waha For Trading Company spared no effort or money in order to contribute to supporting our societies to overcome the turmoil caused by the Corona pandemic and its repercussions, in an effort to fulfill its duties towards the community that forms the basis for the successes and achievements achieved.

The Board of Directors is honored by the company's

contributions to support the heroic efforts made by the Ministry of Health to stop the spread of the virus and protect the health and safety of citizens. Simultaneously, the company continued its endeavors to raise the spirit of giving and social responsibility through various means aimed primarily at raising the morale of citizens, which rooted the goals and values of the founder of our kingdom. We renew our belief that upholding the spirit of giving and teamwork is the way to enhance the ability of the Kingdom and the world, with its impact, to overcome these difficult situations and circumstances.

In conclusion, the Board of Directors of Zahrat Al Waha For Trading Company extends its deepest appreciation and gratitude to the shareholders, the executive management and all the company's employees, whose commitment to excellence and dedication to work constituted the essential pillar of the leading position the company has reached today, and paved the way for achieving further future growth and maximizing value and positive returns for all related parties; Which will enable us to continue to provide everything new in the sector of manufacture of PET (preforms) and HDPE closure (caps) for bottles and to reach the highest levels of operational efficiency and quality in line with our future ambitions.



George Abdulkarim George Moussa

CEO

”

We faced the effects of the Corona virus pandemic with the strength of the company's financial position

“

CEO Insight

My pleasure to present to you in this report the most prominent financial and operational indicators during the financial period ending on December 31, 2021.

The Corona pandemic and its repercussions significantly affected our business in 2021. However, the strong financial position of Zahrat Al Waha Trading For Company and the measures we have taken to mitigate the impact of the pandemic have helped us overcome these challenges and strengthen our position to return to our operations stronger when economic activity recovers.

It is clear that the Corona pandemic and its repercussions will continue to impose its effects on the business sector, the extent of which cannot be predicted at the present time, but we are optimistic about the contribution of global vaccination campaigns to mitigate these effects. Zahrat Al Waha Trading

For Company has the capabilities, strong financial position and strong liquidity to continue to finance its operations, and we will take all necessary steps to manage this changing situation with wisdom and insight.

Thanks to the persistence that characterizes Zahrat Al-Waha For Trading Company in the practice of its operations, and the great commitment and dedication shown by its employees, it has faced the challenge directly and succeeded in adapting to the new reality through innovation, while continuing to focus on the strategic goals that it has set for itself. In this way, Zahrat Al-Waha For Trading Company was able to create rewarding opportunities in the midst of these challenges, as it took advantage of the channels and methods of e-commerce correspondence to serve its customers more effectively to face the repercussions imposed by the Corona pandemic.

Where we made unremitting efforts to enhance our operating business model and directed towards rationalizing costs in order to expand effectively in parallel with the completion of the recovery of economic activity.

Zahrat Al-Waha For Trading Company has maintained its well-known leadership and reputation in the local market, in addition to its strong presence in many other markets. In view of the strategic position Zahrat Al-Waha For Trading Company occupies in the sector of manufacture of PET (preforms) and HDPE closure (caps) for bottles in the Middle East and Africa.

The focus of Zahrat Al-Waha For Trading Company in the year 2021 is to support and develop its activities operating in the sector of manufacture of PET (preforms) and HDPE closure (caps) for bottles. In light of the repercussions of the emerging Corona virus crisis, Zahrat Al-Waha For Trading Company has focused its efforts on modernizing its factories and on its innovative investment programs in the latest

technologies of its kind in the sector of manufacture of PET (preforms) and HDPE closure (caps) for bottles, and that during the year 2021, our goal was to maximize profitability. The company through the operational activity of the company with investment in investment portfolios to diversify sources of income and maximize profitability.

As the name of our company suggests, we are continuing our journey towards the future, from which we have come a long way by restructuring our business portfolio and working with the start-up model to be able to compete in larger markets and take advantage of broader opportunities. We will certainly face more unfavorable circumstances along the way, but we remain optimistic about the future and remain committed to investing in technology platforms and human talent, while guiding Zahrat Al Waha For Trading Company on a path that allows it to seize all the new opportunities that will arise from this crisis.



Equity
SR 301.91
Million





*Company profile
and activities*

Ex. Board Members



Ahmed Hammoud Ibrahim Altheyab
Chairman



Tarek Abdulrahman Saleh Al Sadhan
Vice chairman



George Abdulkarim George Moussa
*Board Member
Chief Executive Officer*



Taha Mohammed Abdul Wahid Azhari
Board Member



Ahmed Hassan Ahmed Ali
Board Member

Board Members



Ahmed Hamoud Ibrahim Al Dyab
Chairman



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



Ahmed Hassan Ahmed Ali
Board Member

Executive Managers



George Abdulkarim George Moussa

Chief Executive Officer



Mahmoud Mohammed Zaki Algamri

*Chief Financial Officer
Board of Directors secretary*



Rakan Ahmed Hammoud Ibrahim Altheyab

Supply Chain Director



Sherif Ramadan Youssef Zaqzouq

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



Mohammed Abdul-Aziz Moaajab Alhagabani

Acting Information Technology Director

Company profile and activities

The Head office location:

The Kingdom of Saudi Arabia
Riyadh, Al Rabwa, Al Ahsa Street
Unit No. 1 - Building 7449
Postal code: 12814
Extension Number 2980
Tel: +966 920021203
Fax: +966 (11) 211 1703
WEBSITE www.zaoasis.com
E-MAIL 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
Postal code: 16352 Extension Number 8362
Tel: +966 920021203
Fax: +966 (11) 5459009

Company's Representatives

Ahmed Hammoud Ibrahim Altheyab
Chairman
ahmed@zaoasis.com

George Abdulkarim George Moussa
Chief Executive Officer
sm@zaoasis.com

External Auditors

KPMG Professional Services

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 "Oasis Flower Plant 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] The company's subsidiaries are as follows:

Affiliated companies	Capital	Ratio of ownership	Country of work	Country of incorporation
Oasis Flower Plant for Plastic	SAR 150,000,000	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:

1. Manufacturing industries and their branches, according to industrial licenses
2. Construction and Building
3. Money, Business and Other Services
4. Trade
5. Information Technology
6. Electricity, gas and water and its branches
7. Social, group and personal services
8. Transport, storage and refrigeration
9. Agriculture and hunting
10. Mines, oil and its branches
11. 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.
12. 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

Building a new concept in the sector of manufacture of PET (preforms) and HDPE closure (caps) for bottles by providing various products with different sizes and weights at the highest quality and at competitive prices, in addition to meeting all the needs of its partners and customers, and the company seeks to take advantage of its leading position to gain additional market share by expanding in The Kingdom and outside it (the Gulf Cooperation Board countries and the Middle East, North and Central Africa region) by strengthening its position as a preferred partner of the water and juice sector producers as long as achieving the company's vision.

The company also devotes all its resources to diversifying our portfolio, whether to drive sales growth and mitigate the impact of any fluctuation in future demand locally and internationally, the growth potential extends beyond our primary customers in water mobilization, where we aim for new opportunities in the beverage industry, including beverages, juicy and dairy products. All this forms a background for allocating our strategic capital, directing our investments, and creating long-term value for shareholders.

Company's Insight

Our vision is to become the best company in the sector of manufacture of PET (preforms) and HDPE closure (caps) for bottles throughout the Gulf Cooperation Board countries and the Middle East, North and Central Africa region, by providing a wide range of products at competitive prices, while maintaining the highest levels of quality and customer service.

Efficiency of operation

The company relies on operational processes to use the latest production lines, which are characterized by the latest types of technology in the sector of manufacture of PET (preforms) and HDPE closure (caps) for bottles, which are purchased from the best companies in the world in this field, and the company has a team of highly experienced and distinguished competencies in managing the operational process. This helps to operate the lines with the highest operational efficiency and the lowest waste rates, which contributes to production with the lowest operating expenses and the highest quality, which is one of the main objectives of the company.

Governance

The corporate governance regulation means the set of rules by which the company is managed, directed, and controlled. The corporate governance structure defines the distribution of rights and duties "responsibilities" among the various participants in the company, such as the board of directors, the executive management, the shareholders, and the stakeholders. The corporate governance regulation defines the rules and procedures for taking decisions in the various affairs and business of the company, and the structure through which goals are set and determine the means and methods of achieving them, as well as monitoring performance.

This regulation aims to optimize the 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 and its commercial and strategic plans, or in defining the rights and obligations of each of its entities, or in managing its relationship with suppliers, financiers, consumers, and control points and on activity You are working on. This environment interacts with the system of national legislation

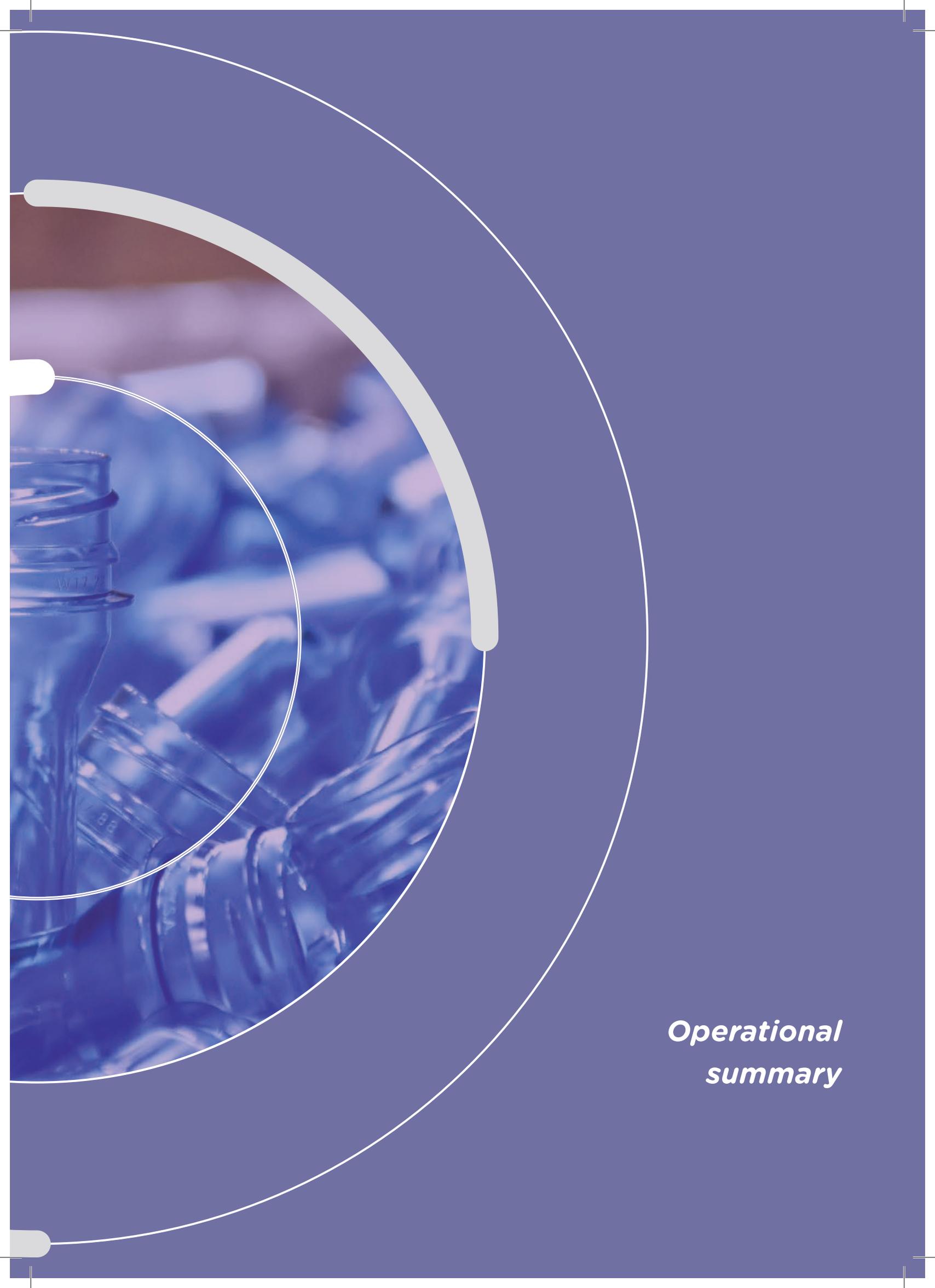
within which the company operates and integrates with it to protect the company from any breach or infringement, and to set legal rules that establish principles of fairness, integrity, and transparency in the company's dealings.

These regulations have been prepared based on the Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020 and the Governance Regulations Companies has been issued by the Board of the Capital Market Authority under Resolution No. (8-16-2017) on 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) dated 9/15/1440 AH corresponding to 5/20/2019 and the Company's Articles of Association has been approved by The General Assembly of the company on 9/14/1440 AH, corresponding to 5/19/2019.

And approved by the company's general assembly in its meeting held on 04/19/2020 corresponding to 08/26/1441AH.







*Operational
summary*

Operational summary

During the year 2020, the Coronavirus disease (COVID-19) crisis swept the world, which had a clear impact on the local and global economy. The company's management aimed to operate all production lines with the highest levels of efficiency to reduce the impact of fixed costs, as the company's management took advantage of the efficiency of the work team at all operational levels and sales and administration in managing all its resources to reduce costs to its lowest levels, as the volume of manufacture of PET (preforms) reached 83.27 thousand tons, while the volume of production of plastic caps for bottles during the year 2021 was 8.67 thousand tons.

Also, a new production line was added during 2021 to produce plastic bottle caps which is operating at full operational capacity, and aims to increase the production line to meet the increase in the demand.

During the year 2021, the company's sales team worked to increase the company's customer base and open new markets, as this was evident through the increase in the amount of sales, which amounted to 91.83 thousand tons during the year 2021 compared to 86.29 thousand tons during the previous year 2020, which had a clear impact on the company's profitability during the year 2021.

The company's competitive advantages

Zahrat Al-Waha For Trading Company has many competitive advantages that make it the leading ability in the sector of manufacture of PET (preforms) and HDPE closure (caps), and even give it the ability to compete with its existing and potential competitors. This is presented as its management of its operation in light of the effects of the Corona virus, which extended for the year 2021, To summarize the most important of these factors as follows:

Meet customer needs with flexibility and Quickly.

Zahrat Al-Waha For Trading Company has the competitiveness in meeting the different needs of customers with flexibility in meeting the different requirements of customers, and this is crystallized in its manufacture of PET (preforms) and HDPE closure (caps) for short and long neck bottles with different weights, sizes and colors, thanks to their use of the latest technical mechanisms and their high production capacity and managing operational costs and reducing them to the lowest possible levels.

Advanced manufacturing technology

The sophisticated factory owned by Zahrat Al Waha For Trading Company, where the use of advanced machinery and technologies, enables the design and production of a variety of products with high efficiency to meet the changing demand of customers with the highest quality.

Zahrat Al-Waha For Trading Company owns seventeen (17) lines for the manufacture of PET (preforms) and nine (9) lines for the manufacture of HDPE closure (caps) with the latest technologies, which are purchased from Heskey Company, which is a world leader in the sector of manufacture of PET (preforms) and HDPE closure (caps).

Also, a new production line was added during 2021 to produce HDPE closure (caps) which is operating at full operational capacity and aims to increase the production line to meet the increase in the demand.

Logistics and operational efficiency

The factory is located in the Al-Kharj region in the central region of the Kingdom of Saudi Arabia, and Zahrat Al-Waha For Trading Company benefits from excellent and fast communication capabilities with all customers in all parts of the Kingdom, and the company has a central warehouse with an area of 37 thousand square meters, which will be operated with the latest automatic and contracted storage systems With the Italian Electric Company 80 specialized in storage systems and automatic product circulation, which contributes to the optimum utilization of warehouse space, which is reflected in the increase in storage capacity and optimized utilization of production capacity throughout the year, especially the non-seasonal periods to meet the increase in demand, and it will also contribute to logistical operations, which It will have the effect of reducing the combination, speed and accuracy of stock circulation, and reducing the number of warehouse workers.

The company also contracts with many transport companies, which enable it to meet the demands of all customers in all parts of the Kingdom and abroad in the fastest time and in the required quantities on the specified dates in accordance with the schedule of customer needs.



Inventory increase
percentage

4.55%



Inventory turnover

5.82:1



*Operating
capacity
26
production lines*

An experienced staff

Most members of the management team of Zahrat Al Waha For Trading Company work for the company since its inception, and all the work team has extensive experience both in its field where products are marketed, sold and promoted through a work team with extensive experience and well-versed in the local and external market, business dynamics and has a proven track record. One of the successes in this field, which was clear from his management of the sales movement during the years 2021 & 2020 which is full of challenges from the effects of the emerging Coronavirus disease (COVID-19) crisis, as it has a work team with extensive experience in stock management and logistical business, and the operational sector team has operating experience and experience dealing with Heskyl machines. Which

needs to be run in distinctive experiences and competencies and on the financial team that has the experience of managing the financial resources and financial flows of the company with high efficiency and experience, which was clearly demonstrated by his management of the borrowing process and reducing the financing costs during the current year 2021 compared with the same year 2020, and the senior management has experience of managing short and long-term expansion plans. Extensive experience in the sector of manufacture of PET (preforms) and HDPE closure (caps).





*The historical growth
of the most important
financial indicators*

Working capital SR 104 million

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



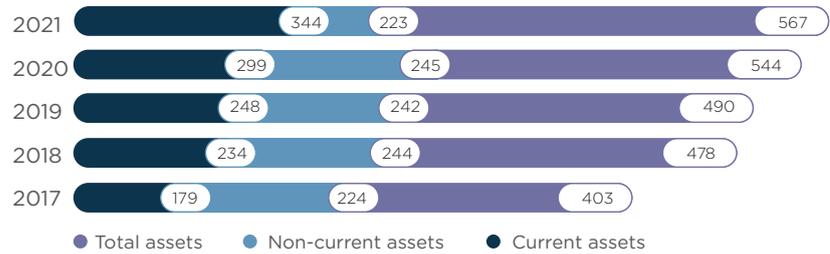
Financial Leverage Ratio

0.87:1

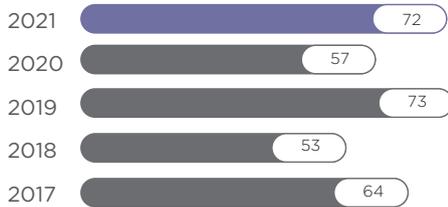
Revenues
(SR Millions)



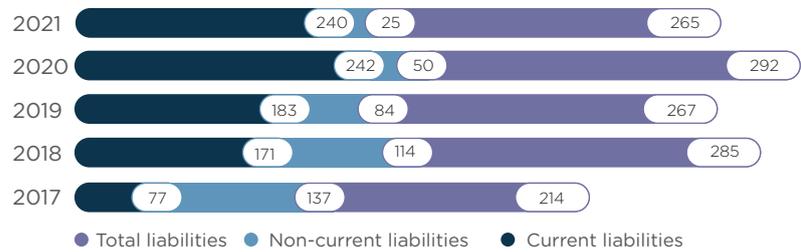
Assets
(SR Millions)



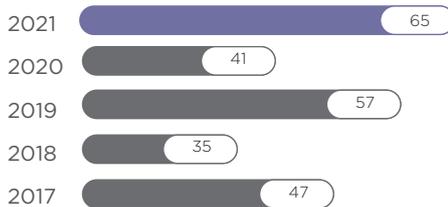
Operational Profit
(SR Millions)



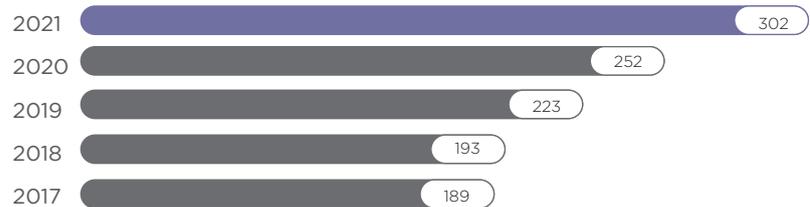
Liabilities
(SR Millions)



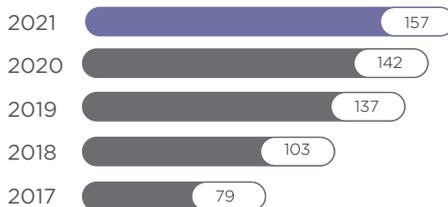
Net Profit/Loss
(SR Millions)



Shareholders Equity
(SR Millions)



Customers' Base



Earnings before interest
Taxes, depreciation and
amortization SR **109** Million

Compound annual growth
rate by **45.83%**

1. Cash Flows

The company has achieved a net change in cash and cash equivalents amounted to SAR 48.74 million as a result of changes in the items of the statement of cash flows, as follows:



**Current Debt
Change Ratio**
1:1.43

Table No. [2] Changes in cash flows

Description	2021	2020
Cash flow generated from operating activities	62,733,454	47,327,803
Cash flows generated from / used in investing activities	20,395,363	(55,146,485)
Cash flows used in financing activities	(40,193,390)	(7,752,679)
Net change in cash balances and cash equivalents	48,740,619	(15,571,361)

The company's cash flows during 2021 from 2020 were significantly affected by the cash flows resulting from operating activities affected by the net profit, changing in trade receivables, changing in inventory, changing in prepayments, other debits, and paid finance costs. As cash flows from operating activities during 2021 amounted to SAR 62.73 million compared to SAR 47.33 million in 2020.

2. Significant differences of operating results

During the year 2021, the company had many changes in the operational results, which were directly and indirectly affected by the continues effects of Coronavirus disease (COVID-19) crisis, which invaded the world during 2020, and as a result of the company's management of these effects in good ways, which reduced the impact to the lowest levels of influence as follows:

a. The main differences of revenue and gross profit:

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

Description	2021	2020	Differences	
			Net	Ratios
Revenue	549,011,303	424,850,419	124,160,884	29.22%
Cost of revenue	461,185,281	350,665,072	110,520,209	31.52%
Gross Profit	87,826,022	74,185,347	13,640,675	18.39%

The gross profit for the year 2021 amounted to 87.83 million Saudi riyals, an increase in the capacity of 13.64 million Saudi riyals from the same year 2020 affected by the increase in the company's sales by 29.22% compared to the same year 2020 affected by the increase in the amount of sales and the increase in the prices of raw materials that were affected by the increase in oil prices, which had an impact on increasing the value of sales, as the amount of sales of miniature bottles and plastic bottle caps during the year 2021 amounted to 91.83 thousand tons, compared to 86.29 thousand tons of sales in 2020, an increase by 22.62% in the value of sales, while the amount of sales decreased by 6.42% for the year 2021 compared to the sales of the year 2020, where the impact of the increase in the customer

base and new markets was clearly evident on the increase in sales with the optimal utilization of the production capacity available to the company during the year 2021, which led to reducing the impact of the pandemic. The new Corona virus continues from the year 2020 to the minimum possible.



**Compound annual growth
rate for the gross profit**
35.86%

b. The main differences of the operating profit results:results:

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

Description	2021	2020	Differences	
			Net	Ratios
Gross Profit	87,826,022	74,185,347	13,640,675	18.39%
Selling and marketing expenses	(9,170,372)	(9,285,654)	(115,282)	(1.24%)
General and administration expenses	(7,326,165)	(7,191,665)	134,500	1.87%
Other operation expenses/income (Net)	557,540	(523,471)	1,081,011	206.51%
Operation Profit	71,887,025	57,184,557	14,702,468	25.71%

The operating profit for the year 2021 was affected compared to the operating profit for the same year 2020, as the operating profit increased by 25.71% due to the increase in the total profit, which rose by 18.39% with the increase in other revenues by 206.51%, and with the formation of a provision for losses for the decrease in The value of the formed trade receivable amounted to 1.74 million riyals.



Compound annual growth
rate for operating profit
27.38%

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

Table No. [5] Net profit for the year

Description	2021	2020	Differences	
			Net	Ratios
Operation Profit	71,887,025	56,814,803	14,702,468	25.71%
Net losses from investments at fair value through profit or losses	(6,484,738)	(369,754)	6,854,492	1,853.80%
Finance income	-	-	-	-
Finance expenses	(7,615,435)	(9,886,763)	(2,271,328)	(22.97%)
Zakat expense and value added tax	(6,184,645)	(6,355,586)	(170,941)	(2.69%)
Net profit for the year	64,571,683	40,572,454	23,999,229	59.15%

The net profit for the year 2021 increased by 59.15% over the net profit for the same year 2020 affected by the increase in operating profit, the increase in the profits realized from the company's investment portfolio, the decrease in Zakat expenses and the decrease in financing costs for the year 2021 compared to the same year 2020 by 22.97% due to the company's management's tendency to Reducing loans, especially long-term loans, which the company pursues in managing repayment and not obtaining new loans.



Compound annual growth
rate for net losses and profits
29.90%

3. Earning per share for the year

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

Description	2021	2020	Differences	
			Net	Ratios
Earnings per share	4.3	2.70	1.6	59.15%

Earnings per share for the year 2021 increased by 59.15 % compared to the earnings per share for the same year 2020, due to the increase in net profit, which increased by 59.15 %.

4. The Murabaha and loans

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	155,390	-	155,390	-	PO by the Company
2	Arab national Bank	Short term loan	20,943	-	20,943	-	PO by the Company
3	Arab national Bank	Short term loan	71,005	-	71,005	-	PO by the Company
4	Arab national Bank	Short term loan	111,358	-	111,358	-	PO by the Company
5	Arab national Bank	Short term loan	32,090	-	32,090	-	PO by the Company
6	Arab national Bank	Short term loan	723,796	11 months	455,112	268,684	PO by the Company
7	Arab national Bank	Short term loan	32,435	-	32,435	-	PO by the Company
8	Arab national Bank	Short term loan	27,654	-	27,654	-	PO by the Company
9	Arab national Bank	Short term loan	54,996	-	54,996	-	PO by the Company
10	Arab national Bank	Short term loan	39,522	-	39,522	-	PO by the Company
11	Arab national Bank	Short term loan	1,695,845	11 months	941,859	753,985	PO by the Company
12	Arab national Bank	Short term loan	1,459,037	11 months	808,729	650,308	PO by the Company
13	Arab national Bank	Short term loan	1,116,788	11 months	621,092	495,696	PO by the Company
14	Arab national Bank	Short term loan	1,076,535	11 months	599,549	476,986	PO by the Company
15	Arab national Bank	Short term loan	4,786,584	11 months	2,653,393	2,133,192	PO by the Company
16	Arab national Bank	Short term loan	22,976	-	22,976	-	PO by the Company
17	Arab national Bank	Short term loan	2,929,202	11 months	1,633,360	1,295,842	PO by the Company
18	Arab national Bank	Short term loan	24,827	-	24,827	-	PO by the Company
19	Arab national Bank	Short term loan	635,305	11 months	352,352	282,954	PO by the Company
20	Arab national Bank	Short term loan	1,077,744	11 months	601,582	476,162	PO by the Company
21	Arab national Bank	Short term loan	1,159,120	11 months	986,158	172,962	PO by the Company
22	Arab national Bank	Short term loan	288,695	-	288,695	-	PO by the Company
23	Arab national Bank	Short term loan	895,174	-	895,174	-	PO by the Company
24	Arab national Bank	Short term loan	29,708,731	-	29,708,731	-	PO by the Company
25	Arab national Bank	Short term loan	2,335,722	-	2,335,722	-	PO by the Company
26	Arab national Bank	Short term loan	13,665,936	-	13,665,936	-	PO by the Company



Debt to total assets ratio
1:40

No.	Lender	Classification of loan	Loan value	Loan period	Payments during the year	Loan balance at yearend	Guarantees against loan
27	Arab national Bank	Short term loan	390,933	-	390,933	-	PO by the Company
28	Arab national Bank	Short term loan	38,639,157	-	38,639,157	-	PO by the Company
29	Arab national Bank	Short term loan	37,342,651	-	37,342,651	-	PO by the Company
30	Arab national Bank	Short term loan	3,251,498	-	3,251,498	-	PO by the Company
31	Arab national Bank	Short term loan	2,085,191	-	2,085,191	-	PO by the Company
32	Arab national Bank	Short term loan	11,725,985	-	11,725,985	-	PO by the Company
33	Arab national Bank	Short term loan	17,506,819	-	17,506,819	-	PO by the Company
34	Arab national Bank	Short term loan	29,341,022	-	29,341,022	-	PO by the Company
35	Arab national Bank	Short term loan	26,613,604	5 months	155,390	16,886,938	PO by the Company
36	Arab national Bank	Short term loan	9,930,890	4 months	20,943	9,930,890	PO by the Company
37	Arab national Bank	Short term loan	6,854,029	3 months	71,005	6,854,029	PO by the Company
38	Arab national Bank	Short term loan	2,780,001	4 months	111,358	2,780,001	PO by the Company
39	Arab national Bank	Short term loan	22,376,899	4 months	32,090	22,376,899	PO by the Company
40	Arab national Bank	Short term loan	9,579,710	-	455,112	-	PO by the Company
41	Alinma Bank	Short term loan	500,651	-	500,651	-	PO by the Company
42	Alinma Bank	Short term loan	1,620,675	-	1,620,675	-	PO by the Company
43	Alinma Bank	Short term loan	3,599,517	-	3,599,517	-	PO by the Company
44	Alinma Bank	Short term loan	145,946,736	5 months	107,869,285	38,077,451	PO by the Company
45	Alinma Bank	Short term loan	22,496,735	-	22,496,735	-	PO by the Company
46	Alinma Bank	Short term loan	34,498,316	-	34,498,316	-	PO by the Company
47	Alinma Bank	Short term loan	21,983,921	5 months	20,653,801	1,330,119	PO by the Company
48	The Saudi Investment Bank	Short term loan	6,972,691	8 months	4,055,828	2,916,863	PO by the Company
49	The Saudi Investment Bank	Short term loan	5,277,715	18 months	2,272,091	3,005,624	PO by the Company
50	The Saudi Investment Bank	Short term loan	8,495,309	-	8,495,309	-	PO by the Company
51	The Saudi Investment Bank	Short term loan	27,528,022	-	27,528,022	-	PO by the Company
52	The Saudi Investment Bank	Short term loan	9,411,697	-	9,411,697	-	PO by the Company
53	The Saudi Investment Bank	Short term loan	13,066,908	-	13,066,908	-	PO by the Company
54	The Saudi Investment Bank	Short term loan	8,445,626	-	8,445,626	-	PO by the Company
55	The Saudi Investment Bank	Short term loan	40,308,573	2 months	38,993,721	1,314,853	PO by the Company
56	The Saudi Investment Bank	Short term loan	38,464,182	2 months	21,772,673	16,691,508	PO by the Company
57	The Saudi Investment Bank	Short term loan	11,819,845	2 months	8,542	11,811,303	PO by the Company
58	The Saudi Investment Bank	Short term loan	14,824,988	7 months	-	14,824,988	PO by the Company
59	Industrial Development Fund	Short term loan	56,630,000	15 months	21,000,000	35,630,000	PO by the Company
60	Industrial Development Fund	Short term loan	12,650,000	67 months	-	12,650,000	PO by the Company
61	Industrial Development Fund	Short term loan	33,500,000	-	33,500,000	-	PO by the Company
62	Industrial Development Fund	Short term loan	24,500,000	12 months	-	24,500,000	PO by the Company

The balance of short-term loans that are used to finance working capital on December 31, 2021 increased from the balance of loans in December 31, 2020, at an amount of 4.24 million riyals, or 2.55%, as a result of the increase in purchases of raw materials due to the increase in purchase prices compared to purchase prices during the same year 2020.

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	Murabaha balance at yearend	Guarantees against Murabaha
1	Arab national Bank	Long term loan	155,390	-	155,390	-	PO by the Company
2	Arab national Bank	Long term loan	20,943	-	20,943	-	PO by the Company
3	Arab national Bank	Long term loan	71,005	-	71,005	-	PO by the Company
4	Arab national Bank	Long term loan	111,358	-	111,358	-	PO by the Company
5	Arab national Bank	Long term loan	32,090	-	32,090	-	PO by the Company
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60	Industrial Development Fund	Long term loan	12,650,000	67 months	-	12,650,000	PO by the Company
61	Industrial Development Fund	Long term loan	33,500,000	-	33,500,000	-	PO by the Company
62	Industrial Development Fund	Long term loan	24,500,000	12 months	-	24,500,000	PO by the Company

The balance of long-term loans on December 31, 2021 amounted to 59.88 million Saudi riyals, while the balance of long-term loans on December 31, 2020 amounted to 87.90 million Saudi riyals, a decrease of 46.79% due to the increase in the amount of loans repaid over the loans obtained by the company during 2021. In capital expansion, the company aims to rely on self-financing from its cash and not rely on loans.

5. Operating segment

The operational sectors of Zahrat Al-Waha Trading are represented in the sectors of PET (preforms) and HDPE closure (caps):

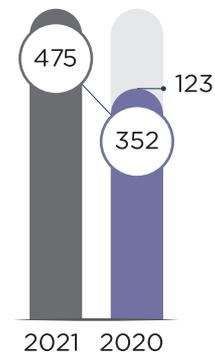
5-1 PET (preforms) income segment

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

Description	2021	2020	Differences
PET (preforms) income segment	474,696,290	352,403,119	34.70%
Sales by Pieces	6,723,784,976	6,042,254,384	11.28%
Sales by Ton	83,547	77,441	7.89%

The sales value of the preform sector increased during the year 2021 compared to the same year 2020 by 25.76% and the percentage of increase in the quantity of sales in tons was 7.31%, as the sales value was affected by the increase in the amount of sales and the impact of the rise in raw material prices, which is the main driver in selling prices.

PET (preforms) income segment



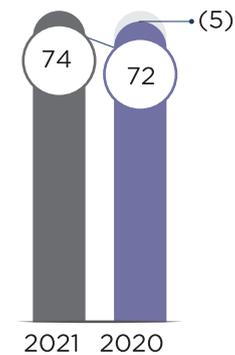
5-2 HDPE closure (caps) income segment

Table No. [10] HDPE closure (caps) income segment

Description	2021	2020	Differences
HDPE closure (caps) income segment	74,315,013	72,447,300	2.58%
Sales by Pieces	5,447,695,000	5,729,674,500	(4.9%)
Sales by Ton	8,278	8,849	(6.45%)

While the value of sales of plastic bottle caps increased by 2.51% during 2021 compared to the same year 2020, the percentage of decrease in the quantity of sales per ton was 6.9% due to the decrease in demand for the covering sector, especially during the quarter 4th of 2021.

HDPE closure (caps) income segment



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

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

Revenues per countries	2021			2020		
	Sales (units)	Sales (Ton)	Sales (Value)	Sales (units)	Sales (Ton)	Sales (Value)
Gulf countries	510,438,992	2,845	18,136,927	450,231,648	2,885.77	15,382,351
Asia	1,872,225,552	22,304	122,799,468	2,264,513,408	23,507.37	103,214,506
Africa	43,239,776	481	2,735,528	47,933,056	568.39	3,087,224
Kingdom of Saudi Arabia - Central Region	6,608,201,916	48,696	296,584,748	5,807,324,292	43,142.60	216,436,656
Kingdom of Saudi Arabia - Northern Region	1,556,315,580	8,622	54,228,323	1,303,515,008	7,137.76	38,321,657
Kingdom of Saudi Arabia - Southern Region	693,373,392	4,048	24,920,331	633,143,560	3,997.00	20,650,536
Kingdom of Saudi Arabia - Eastern Province	68,134,800	347	2,333,269	155,960,752	996.15	5,153,756
Kingdom of Saudi Arabia - Western Region	819,549,968	4,484	27,272,709	1,109,307,160	4,055.47	22,603,733
Total revenues	12,171,479,976	91,827	549,011,303	11,771,928,884	86,290.51	424,850,419

Table No. [12] Geographical analysis per countries

Revenues per countries	2021	2020
Kingdom of Saudi Arabia	405,339,380	303,166,338
Yemen	122,156,800	103,161,706
Amman	8,595,660	7,194,097
the two seas	6,814,570	6,073,336
Sudan	2,735,528	3,087,224
Kuwait	2,726,697	2,114,918
Lebanon	343,537	--
Jordan	299,131	52,800
Total	549,011,303	424,850,419

While the value of sales in the local market decreased, the company worked to maintain the value of sales in the foreign market by working to preserve the value of sales in the market of the State of Yemen, which is the main market in the foreign market, while working to increase foreign sales for the market of the State of Bahrain, the market of the State of Sudan and the market Kuwait.

The company's management achieved its goal of increasing the value of sales during the year 2021 compared to the same year 2020, whether in the local market or the external market, especially in the markets of Yemen, Oman, Bahrain and Kuwait, with the opening of a new market in the State of Lebanon.

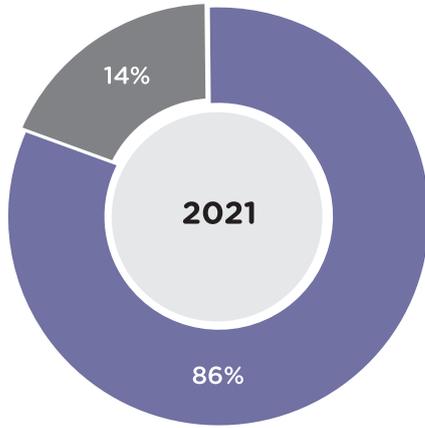
Geographical analysis of the company's



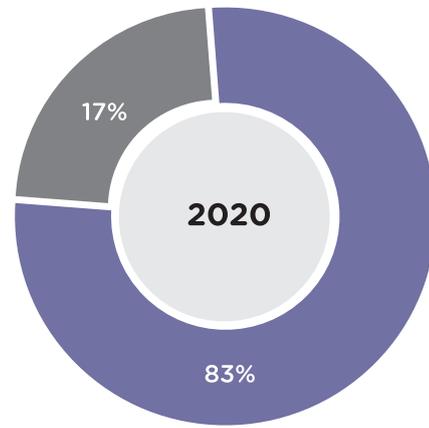
Export sales increased by 18.1%

Local sales increased by 33.7%

Segment shares of total revenues
for 2021



Segment shares of total revenues
for 2020



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*





1. 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 Seventeen (17) The company is managed by a board of directors consisting of six members appointed by the General Assembly for a period not exceeding three years, and the term of the first board of directors begins from the date of the issuance of the ministerial decision to convert the company for a period of five years.

The first board of directors has been appointed in accordance with Ministerial Decision No. 86 of 27/12/2016 and the decision of the General Assembly to Convert on 26/12/2016 till 26/12/2021.

The company's board of directors sets a bylaw of the board of directors, considering the formation of the board and the conditions for 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.

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:

With consideration of the General Assembly in the Companies Law, its implementing regulations, and the company's articles of association, the board of directors shall have the broadest authority in managing the company and directing its work to achieve its objectives as follows:

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 overall company strategy, main business plans, and policies and procedures for risk management and corporate governance.
 - 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 and 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.

D. The Board of Directors exercises the following tasks:

1. Taking into consideration the terms of reference of the general assembly, the board of directors of the company assumes all the authority and authorities necessary to manage it.
2. The responsibilities of the board of directors must be clearly defined in the company's articles of association.
3. The board of directors must perform its duties responsibly, in good faith, seriousness and concern, and that its decisions are based on adequate information from the executive management, or any other reliable source.
4. A member of the board of directors represents all the shareholders, and he must commit himself to doing what is in the interest of the company in general, and not in the interests of the group that he represents, or that voted for his appointment to the board of directors.
5. The Board of Directors defines the authority that it delegates to the Executive Management, the decision-making procedures, and the duration of the delegation. It also defines the topics that it maintains the authority to decide on, and the Executive Management submits periodic reports on its exercise of the delegated authority.
6. The board of directors must ensure that procedures are in place to familiarize the new members of the board with the company's business, especially the financial and legal aspects, as well as training them if necessary.
7. The board of directors must ensure that the company provides

adequate information about its affairs to all members of the board of directors in general, and to non-executive board members in particular, in order to enable them to carry out their duties and duties.

8. The Board of Directors is not permitted to contract loans with maturities of more than three years, to sell or mortgage the company's properties, or to absolve the company's debtors from their obligations unless it is permitted to do so in the Company's Articles of Association and the terms stipulated therein. If the company's statute does not contain provisions in this regard, the board is not permitted to undertake the aforementioned actions without permission from the general assembly, unless those acts are inherently within the company's objectives.
9. Each member of the Board of Directors, the executive management and the employees of the company must exercise my duty of care and loyalty towards the company, and everything that is responsible for safeguarding the interests of the company, its development and maximizing its value, and presenting its interests to his own interest.
10. A member of the board of directors represents all the shareholders of the company and is committed to what is in the interest of the company and the interest of the shareholders and considers the rights of other stakeholders, not only the interest of the group that elected him.
11. The members of the board of directors and their chief executives shall abide by all relevant laws, regulations, and instructions.
12. A member of the board of directors or a member of the executive management shall not exploit his job position for the purpose of achieving his own interest or another.
13. The use of the company's assets and resources must be limited to the achievement of the company's objectives and goals, and not to exploit those assets or resources to achieve private interests.
14. The Board of Directors shall set accurate, concise, and clear rules that regulate the authority and timing of access to the internal information of the company in a manner that prevents members of the Board of Directors, the Executive Management, and others from benefiting from it or disclosing it to any person except in the confinement system.
6. Express an opinion on appointing and dismissing members of the executive management.
7. Participate in developing a succession and replacement plan for the company's executive positions.
8. 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.
9. 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.
10. 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.
11. Studying and analyzing information related to the topics considered by the Board of Directors before expressing an opinion on them.
12. 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.
13. 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.
14. 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.

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:
Submit proposals to develop the company's strategy.

1. Monitor the performance of the executive management and the extent to which it has achieved the company's goals and objectives.
2. Review reports on the company's performance.
3. Verify the integrity and integrity of the company's financial statements and information.
4. Verify that the company's financial control and risk management systems are strong.
5. Determine the appropriate levels of remuneration for members of the executive management.
15. 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.
16. 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.
17. Understand his duties, roles and responsibilities arising from membership.

18. Developing his knowledge in the field of the company's activities and business and in the related financial, commercial, and industrial fields.

19. Resigning from the membership of the board of directors in the event that he is unable to fully fulfill his duties in the board.

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.

Table No. [15] The Names of the members of the Board of Directors (current positions, previous positions, qualifications, and experiences):

The Board of Directors whose term has ended at December 25, 2021:

No.	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"> - Board of Directors Member at Hana Food Industries Company
2	Tarek Abdulrahman Saleh Al Sadhan (Vice chairman)	Chief Executive Officer at Riyad Bank	<ul style="list-style-type: none"> - Advisor to the Board of Directors Chairman at Saudi Fund for Development - Director General in charge at General Authority for Zakat and Income - Deputy Governor at the Arab Monetary Agency for Oversight of Saudi Arabian Monetary Institution - Chief Executive Officer at KPMG Auditors and Chartered Accountants 	<ul style="list-style-type: none"> - Bachelor of Accounting - Diploma in International Trade - University of Edinburgh, Scotland - MBA - University ENPC, Paris, France - Member of the American Institute of Licensed Accountants, AICPA - Member of the Institute of Internal Audit, IIA - Member of the Saudi Licensed Public Accountants Authority, SOCPA 	<ul style="list-style-type: none"> - Audit Committee chairman at Zahrat Al-Waha For Trading Company - Nominations and Remunerations Committee chairman at Zahrat Al-Waha For Trading Company
3	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	<ul style="list-style-type: none"> -Board of Directors member at Zahrat Al-Waha For Trading Company -Nominations and Remunerations Committee Member at Zahrat Al-Waha For Trading Company
4	Taha Mohammed Abdul Wahid Azhari	Consultant of Chief Executive Officer at Saudi Civil Aviation Holding Company	<ul style="list-style-type: none"> -Chief Audit Executive at Saudi Civil Aviation Holding Company -Internal Audit Director at Saudi Civil Aviation Holding Company -Economic advisor to the National Water Company -Executive Director of Business Excellence, National Water Company -Chief Financial Officer at Saudi Civil Aviation Holding Company 	Bachelor of Accounting	<ul style="list-style-type: none"> - Audit Committee chairman at Zahrat Al-Waha For Trading Company - Nominations and Remunerations Committee chairman at Zahrat Al-Waha For Trading Company - Audit Committee Chairman at Hana Food Industries Company - Chairman of Audit Committee at Batic Investments and Logistics Company - Member of the Board of Directors at Batic Investments and Logistics Company - Member of Audit Committee at Al Jazeera Bank - Member of the Risk Committee, Arab Shield Cooperative Insurance Company - Member of the Nominations Committee, Arab Shield Cooperative Insurance Company
5	Ahmed Hassan Ahmed Ali	Quality Control Director at Zahrat Al Waha For Trading Company	Quality Control Director at Takween Advanced Industries Company	<ul style="list-style-type: none"> - Bachelor of Chemistry - Diploma in Analytical Chemistry 	-

(*) Names of the members of the Board of Directors whose term from December 26, 2021 till December 25, 2024 in accordance with the resolution of the company's Ordinary General Assembly held on November 8, 2021.

No.	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"> - Member of Board of Directors at Hana Food Industries Company
2	Taha Mohammed Abdul Wahid Azhari (Vice chairman)	Consultant of Chief Executive Officer at Saudi Civil Aviation Holding Company	<ul style="list-style-type: none"> - Chief Audit Executive at Saudi Civil Aviation Holding Company - Internal Audit Director at Saudi Civil Aviation Holding Company - Economic advisor to the National Water Company - Executive Director of Business Excellence, National Water Company - Chief Financial Officer at Saudi Civil Aviation Holding Company 	<ul style="list-style-type: none"> - Bachelor of Accounting 	<ul style="list-style-type: none"> - Audit Committee chairman at Zahrat Al-Waha For Trading Company - Nominations and Remunerations Committee chairman at Zahrat Al-Waha For Trading Company - Audit Committee Chairman at Hana Food Industries Company - Chairman of Audit Committee at Batic Investments and Logistics Company - Member of the Board of Directors at Batic Investments and Logistics Company - Member of Audit Committee at Al Jazeera Bank - Member of the Risk Committee, Arab Shield Cooperative Insurance Company - Member of the Nominations Committee, Arab Shield Cooperative Insurance Company
3	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 	<ul style="list-style-type: none"> - Bachelor of Marketing and Sales 	<ul style="list-style-type: none"> - Board of Directors member at Zahrat Al-Waha For Trading Company - Nominations and Remunerations 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 - Member of the Audit Committee of the Saudi Contract Registration Company
5	Sahal Yousef Abdullah Jamal Allail	---	<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"> - Bachelor of Accounting 	---
6	Ahmed Hassan Ahmed Ali	Quality Control Director at Zahrat Al Waha For Trading Company	<ul style="list-style-type: none"> - Quality Control Director at Takween Advanced Industries Company 	<ul style="list-style-type: none"> - Bachelor of Chemistry - Diploma in Analytical Chemistry 	<ul style="list-style-type: none"> - Audit Committee member at Zahrat Al-Waha For Trading Company

(*) The Company's Ordinary General Assembly, held on November 2021 ,8, appointed the Board of Directors in its new session, starting from December 2021 ,26, and for a period of three Gregorian years ending on December 2024 ,25.

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

Table No. [16] Composition of the Board of Directors and classification of its members

The Board of Directors whose term has ended at December 25, 2021

No.	Member's name *	Position	Classification
1	Ahmed Hammoud Ibrahim Altheyab	Board Chairman	Non-Executive
2	Tarek Abdulrahman Saleh Al Sadhan	Board Vice Chairman	Independent
3	George Abdulkarim George Moussa	Board Member and CEO	Executive
4	Taha Mohammed Abdul Wahid Azhari	Board Member	Independent
6	Ahmed Hassan Ahmed Ali	Board Member	Executive

(*) Composition of the members of the Board of Directors whose term from December 26, 2021 till December 25, 2024 in accordance with the resolution of the company's Ordinary General Assembly held on November 8, 2021.

No.	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
6	Ahmed Hassan Ahmed Ali	Board Member	Executive

(*) The Company's Ordinary General Assembly, held on November 8, 2021, appointed the Board of Directors for its new term, starting from December 26, 2021, and for a period of three Gregorian years ending on December 25, 2024.

H. Board of Directors meetings

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

The Company's Ordinary General Assembly, held on November 8, 2021, appointed the Board of Directors for its new term, starting from December 26, 2021, and for a period of three Gregorian years ending on December 25, 2024.

Table No. [17] Record of attending Board of Directors meetings for the year 2021 and the total number of (7) meetings

The Board of Directors whose term has ended at December 25, 2021

No.	Member's name*	Number of meetings (6)						Total	Attendance Ratios
		First 2/2/2021	Second 24/2/2021	Third 25/4/2021	Fourth 26/7/2021	Fifth 24/10/2020	Sixth 24/10/2021		
1	Ahmed Hammoud Ibrahim Altheyab	✓	✓	✓	✓	✓	✓	6	100%
2	Tarek Abdulrahman Saleh Al Sadhan	✓	✓	✓	✓	✓	✓	6	100%
3	George Abdulkarim George Moussa	✓	✓	✓	✓	✓	✓	6	100%
4	Taha Mohammed Abdul Wahid Azhari	✓	✓	✗	✓	✓	✓	5	83.33%
5	Ahmed Hassan Ahmed Ali	✓	✓	✓	✓	✓	✓	6	100%

✓ Attended ✗ Absent ● Resigned

(* Attendance at the Board of Directors' meetings whose term from December 26, 2021 till December 25, 2024 in accordance with the resolution of the company's Ordinary General Assembly held on November 8, 2021.

No.	Member's name*	Number of meetings(1)		Attendance Ratios
		First 26/12/2021	Total meeting	
1	Ahmed Hammoud Ibrahim Altheyab	✓	1	100%
2	Taha Mohammed Abdul Wahid Azhari	✓	1	100%
3	George Abdulkarim George Moussa	✓	1	100%
4	Meshaal Mohammed Saleh Almogren	✓	1	100%
5	Sahal Yousef Abdullah Jamal Allail	✓	1	100%
6	Ahmed Hassan Ahmed Ali	✓	1	100%

✓ Attended ✗ Absent ● Resigned

(* Attendance at the Board of Directors' meetings in its new session, whose term from December 26, 2021 till December 25, 2024 in accordance with the resolution of the company's Ordinary General Assembly held on November 8, 2021.

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

Table No. [18] The shares owned by the members of the Board of Directors of the company at the beginning and end of the year 2021 and their percentage of the total number of shares of the company, including the membership shares of the Board

The Board of Directors whose term has ended at December 25, 2021

No.	Member's name *	shares owned by the members			
		Number of shares at Beginning of the year 2021	Ratio to total shares	Number of shares at Ending of the year 2021	Ratio to total shares
1	Ahmed Hammoud Ibrahim Altheyab	8,400,000	56%	8,400,000	56%
2	Tarek Abdulrahman Saleh Al Sadhan	--	--	--	--
3	George Abdulkarim George Moussa	--	--	--	--
4	Taha Mohammed Abdul Wahid Azhari	--	--	--	--
5	Ahmed Hassan Ahmed Ali	--	--	--	--

(* Board members' ownership whose term from December 26, 2021 till December 25, 2024 in accordance with the resolution of the company's Ordinary General Assembly held on November 8, 2021

No.	Member's name *	shares owned by the members			
		Number of shares at Beginning of the year 2021	Ratio to total shares	Number of shares at Ending of the year 2021	Ratio to total shares
1	Ahmed Hammoud Ibrahim Altheyab	8,400,000	56%	8,400,000	56%
2	Taha Mohammed Abdul Wahid Azhari	--	--	50	--
3	George Abdulkarim George Moussa	--	--	--	--
4	Meshaal Mohammed Saleh Almogren	--	--	--	--
5	Sahal Yousef Abdullah Jamal Allail	--	--	300	0.002%
6	Ahmed Hassan Ahmed Ali	10	--	--	--

(* The Company's Ordinary General Assembly, held on November 8, 2021, appointed the Board of Directors in its new session, starting from December 26, 2021, and for a period of three Gregorian years ending on December 25, 2024.

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 forty-one of the Governance Regulations of Zahrat Al-Waha For Trading Company approved by the company's general assembly, which states: "The Board of Directors - based on the proposal of the Nominations and Remuneration Committee - establishes the necessary mechanisms to annually evaluate the performance of the Board, its members, its committees, and the executive management, through appropriate performance 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.

A. Responsibilities

- » The Nomination and Remuneration 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:

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

- Financial statements (financial position, income statement, and cash flow statement).

- The annual planning budgets.
- Cash flows during the period of the strategic plan.
- The strategic plan.
- Objectives of the sub-plan.
- Operations objectives.
- Program objectives.
- Departmental objectives.
- 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 Nominations and Remuneration 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 Nomination and Remuneration 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 (61) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which stipulates that the Nominations and Remunerations 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 Nominations and Remuneration Committee is responsible for preparing and reviewing the policy and 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 Nominations and Remuneration 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 Nomination and Remuneration 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 Nomination and Remuneration 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 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 after its approval by the General Assembly.

2- Members of the Audit Committee:

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

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

3- Members of the Nomination and Remuneration Committee:

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

4- Members of the Risks management Committee:

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

5- Members of the Corporate Governance Committee:

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

e. Executive management remuneration

- The Nominations and Remunerations Committee reviews the salary scale set for all employees and senior executives and the incentive program and plans on an ongoing basis and 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.
- The Nomination and Remuneration 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.
 - The CEO implements the remuneration policy for employees and senior executives in light of the general policies, plans and programs approved by the Nomination and Remuneration Committee and approved by the Board of Directors.
 - The Nomination and Remuneration 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

- 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.
- This policy is complementary to the company's articles of association, corporate governance system, and governance regulations.
- 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. [19] Remuneration of Board Members during the year 2021

The Board of Directors whose term has ended at December 25, 2021

Board Member *	Fixed remuneration					Variable remuneration					Expenses allowances	End of Services remuneration	Total	
	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
1. Independence members:														
Tarek Abdulrahman Saleh Al Sadhan	-	15,000	22,000	-	-	37,000	-	-	-	-	-	-	37,000	-
Taha Mohammed Abdul Wahid Azhari	-	15,000	18,000	-	-	33,000	-	-	-	-	-	-	33,000	-
Total	-	30,000	40,000	-	-	70,000	-	-	-	-	-	-	70,000	-
2. Non-Executives members:														
Ahmed Hammoud Ibrahim Altheyab	-	15,000	-	-	-	15,000	-	-	-	-	-	-	15,000	-
Total	-	15,000	-	-	-	15,000	-	-	-	-	-	-	15,000	-
3. Executives members:														
George Abdulkarim George Moussa	-	15,000	-	-	520,000	535,500	-	870,000	-	-	-	870,000	356,514	1,762,014
Ahmed Hassan Ahmed Ali	-	15,000	-	-	304,593	319,593	-	52,800	-	-	-	52,000	79,661	452,054
Total	-	30,000	-	-	825,093	855,093	-	922,800	-	-	-	922,800	436,175	2,214,068
Totals	38,000	75,000	40,000	-	825,093	940,093	-	922,800	-	-	-	922,800	436,175	2,299,068

(*) The remuneration of the members whose term from December 26, 2021 till December 25, 2024 in accordance with the resolution of the company's Ordinary General Assembly held on November 8, 2021.

Board Member *	Fixed remuneration						Variable remuneration					Expenses allowances	End of Services remuneration	Total
	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			
1. Independence members:														
Taha Mohammed Abdul Wahid Azhari														
Meshaal Mohammed Saleh Almogren														
Sahal Yousef Abdullah Jamal Allail														
Total														
2. Non-Executives members:														
Ahmed Hammoud Ibrahim Altheyab														
Total														
3. Executives members:														
George Abdulkarim George Moussa														
Ahmed Hassan Ahmed Ali														
Total														
Totals														

(*) The Company's Ordinary General Assembly, held on November 2021 ,8, appointed the Board of Directors in its new session, starting from December 2021 ,26, and for a period of three Gregorian years ending on December 2024 ,25.

Membership of the board members of other companies

Table No. [20] Membership of Board Members of other companies:

The Board of Directors whose term has ended at December 25, 2021:

No.	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	Tarek Abdulrahman Saleh Al Sadhan	Riyad Bank	Inside the Kingdom	Public joint stock	--	--	--
3	George Abdulkarim George Moussa	--	--	--	Othman Plastic Company - Takween	Inside the Kingdom	Public joint stock
4	Taha Mohammed Abdul Wahid Azhari	Batic Investments and Logistics Company	Inside the Kingdom	Public joint stock	- Saudi Civil Aviation Holding Company	Inside the Kingdom	Public joint stock
		--	--	--	- National Water Company	Inside the Kingdom	Public joint stock
5	Ahmed Hassan Ahmed Ali	--	--	--	Takween Advanced Industries Company	Inside the Kingdom	Public joint stock

(*) Membership of the board of directors for other companies whose term from December 26, 2021 till December 25, 2024 in accordance with the resolution of the company's Ordinary General Assembly held on November 8, 2021.

No.	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	- Saudi Civil Aviation Holding Company	Inside the Kingdom	Public joint stock
		--	--	--	- National Water Company	Inside the Kingdom	Public joint stock
3	George Abdulkarim George Moussa	--	--	--	Othman Plastic Company - Takween	Inside the Kingdom	Public joint stock
4	Meshaal Mohammed Saleh Almogren	Diamond Concept Company	Inside the Kingdom	closed joint stock	Danat Holding Company	Inside the Kingdom	closed joint stock
		--	--	--	Samba Financial Group	Inside the Kingdom	Public joint stock
5	Sahal Yousef Abdullah Jamal Allail	--	--	--	Khair Capital Saudi Arabia	Inside the Kingdom	closed joint stock
		--	--	--	Takween Advanced Industries Company	Inside the Kingdom	Public joint stock
6	Ahmed Hassan Ahmed Ali	--	--	--	Takween Advanced Industries Company	Inside the Kingdom	Public joint stock

(*) The Company's Ordinary General Assembly, held on November 2021 ,8, appointed the Board of Directors in its new session, starting from December 2021 ,26, and for a period of three Gregorian years ending on December 2024 ,25.

2. 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.



**Taha Mohammed Abdul Wahid
Azhari**
Committee Chairman



**Meshaal Mohammed Saleh
Almogren**
Committee Member



**Ahmed Khedr Mohammed
Harara**
Committee Member



Hany Mamdouh Aly El Sayed Sherif
*CIA, Risks and Internal Audit Manager
Audit Committee Secretary*

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 General Assembly in accordance with the provisions of Article (101) of the Companies Law and strengthening its framework and authority.

Forming the Audit Committee

- A. A review committee shall be formed by a decision of the company's General Assembly, from the shareholders or from others, provided that at least one of them is an independent member and does not include any of the members of the

executive board of directors, and the number of members of the committee must not be less than three and not more than five, and that among them is a specialist. Financial and accounting affairs.

- B. The Chairman of the Audit Committee must be an independent member.
- C. The general assembly of the company issues - based on a proposal from the Board of Directors - the work bylaw of the Audit Committee, provided that this bylaw includes the controls and procedures of the committee's work, its tasks, the rules for selecting its members, how to nominate them, the term of their membership, their remuneration, and the mechanism for temporarily appointing its members in case one of the seats becomes vacant. The Commission.
- D. 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.

Table No. [21] Audit Committee's qualifications and experiences

The Audit Committee members' qualifications and experiences whose term has ended at December 25, 2021

No.	Member's name *	Current Position	Previous Position	Qualifications	Experiences
1	Tarek Abdulrahman Saleh Al Sadhan (Vice chairman)	Chief Executive Officer at Riyad Bank	- Advisor to the Board of Directors Chairman at Saudi Fund for Development - Director General in charge at General Authority for Zakat and Income - Deputy Governor at the Arab Monetary Agency for Oversight of Saudi Arabian Monetary Institution Chief Executive Officer at KPMG Auditors and Chartered Accountants	- Bachelor of Accounting - Diploma in International Trade - University of Edinburgh, Scotland - MBA - University ENPC, Paris, France - Member of the American Institute of Licensed Accountants, AICPA - Member of the Institute of Internal Audit, IIA - Member of the Saudi Licensed Public Accountants Authority, SOCPA	- Audit Committee chairman at Zahrat Al-Waha For Trading Company - Nominations and Remunerations Committee chairman at Zahrat Al-Waha For Trading Company
2	Taha Mohammed Abdul Wahid Azhari	Consultant of Chief Executive Officer at Saudi Civil Aviation Holding Company	- Chief Audit Executive at Saudi Civil Aviation Holding Company - Internal Audit Director at Saudi Civil Aviation Holding Company - Economic advisor to the National Water Company - Executive Director of Business Excellence, National Water Company Chief Financial Officer at Saudi Civil Aviation Holding Company	Bachelor of Accounting	- Audit Committee chairman at Zahrat Al-Waha For Trading Company - Nominations and Remunerations Committee chairman at Zahrat Al-Waha For Trading Company - Audit Committee Chairman at Hana Food Industries Company - Chairman of Audit Committee at Batic Investments and Logistics Company - Member of the Board of Directors at Batic Investments and Logistics Company - Member of Audit Committee at Al Jazeera Bank - Member of the Risk Committee, Arab Shield Cooperative Insurance Company - Member of the Nominations Committee, Arab Shield Cooperative Insurance 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

(*) Qualifications and experience of the Audit Committee whose term from December 26, 2021 till December 25, 2024 in accordance with the resolution of the company's Ordinary General Assembly held on November 8, 2021

No.	Member's name *	Current Position	Previous Position	Qualifications	Experiences
1	Taha Mohammed Abdul Wahid Azhari	Consultant of Chief Executive Officer at Saudi Civil Aviation Holding Company	- Chief Audit Executive at Saudi Civil Aviation Holding Company - Internal Audit Director at Saudi Civil Aviation Holding Company - Economic advisor to the National Water Company - Executive Director of Business Excellence, National Water Company Chief Financial Officer at Saudi Civil Aviation Holding Company	Bachelor of Accounting	- Audit Committee chairman at Zahrat Al-Waha For Trading Company - Nominations and Remunerations Committee chairman at Zahrat Al-Waha For Trading Company - Audit Committee Chairman at Hana Food Industries Company - Chairman of Audit Committee at Batic Investments and Logistics Company - Member of the Board of Directors at Batic Investments and Logistics Company - Member of Audit Committee at Al Jazeera Bank - Member of the Risk Committee, Arab Shield Cooperative Insurance Company - Member of the Nominations Committee, Arab Shield Cooperative Insurance Company
2	Meshaal Mohammed Saleh Almogren	Chief Executive Officer at Diamond Concept Company	- 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	- Master of Business Administration - Bachelor of Accounting	- 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 Member of the Audit Committee of the Saudi Contract Registration 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

(*) The Company's Ordinary General Assembly, held on November 2021 ,8, appointed the Audit Committee for its new session, starting from December 2021 ,26, and for a period of three Gregorian years ending on December 2024 ,25.

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 audit

1. Study and review the company's internal, financial and risk management systems.
2. Study the internal audit reports and follow up the implementation of corrective measures for the observations contained therein.
3. Control and supervise the performance and activities of the internal auditor and the internal audit department in the company, if any, to verify the availability of the necessary resources and their effectiveness in performing the business and the tasks

assigned to it. If the company does not have an internal auditor, the committee must submit its recommendation to the board regarding the extent of the need to appoint him.

4. Recommending to the Board of Directors to appoint the Director of the Internal Audit Department and suggesting his remuneration.

C. 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.

D. 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.

Table No. [22] Attendance of members of the audit committee for 2021 that its total number of meetings (9) meetings

No.	Member's name *	Position	Number of meetings (8)								Attendance Ratios
			2/2/2021	24/02/2021	25/04/2021	02/06/2021	26/07/2021	11/10/2021	24/10/2021	19/12/2021	
1	Tarek Abdulrahman Saleh Al Sadhan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	100%
2	Taha Mohammed Abdul Wahid Azhari	Member	✓	✓	✗	✓	✓	✓	✓	✓	87.5%
3	Ahmed Khader Mohammed Harara	Member	✓	✓	✓	✓	✓	✓	✓	✓	100%

✓ Attended ✗ Absent ● Resigned

(*) The attendance record for the meetings of the Audit Committee that ended its session in accordance with the decision of the company's Ordinary General Assembly held on November 8, 2021.

No.	Member's name *	Position	Total of meeting (1)	Attendance Ratios
			26/12/2021	
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

(*) The Company's Ordinary General Assembly, held on November 2021, 8, appointed the Audit Committee for its new session, starting from December 2021, 26, and for a period of three Gregorian years ending on December 2024, 25.

Fourth: The committee's annual report to the General Assembly

- Summary of the report of the committee to the company's General Assembly
- All committee members are obligated to meet at least four times a year, starting in 2019, in accordance with its charter.
- In addition, the committee has 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 the management to 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 setting up a whistleblowing policy and hotline to enable stakeholders to report cases of non-compliance and deviations from existing practices and ethical violations.
- The committee assessed the independence of the auditor and reviewed the scope of their work and the terms of contracting with them. Accordingly, the committee recommended to the Board of Directors to nominate them.
- Verifying the auditor's independence, objectivity, fairness, and effectiveness of audit work, while observing the relevant rules and standards.
- Review the activities and work plan of the auditor.
- Reviewing the chartered accountant's reports and notes on the financial statements.
- The committee ensured that the Company adheres to the relevant laws, regulations, policies, and instructions.
- Review the results of the reports of the regulatory authorities and verify that the necessary measures have been taken in this regard.
- Review contracts and proposed transactions that the company conducts with related parties.
- After reviewing the annual financial statements for the year ended December 31, 2020, 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 December 31, 2020.

Fifth: 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.



Hany Mamdouh Aly El Sayed Sherif
CIA, Risks and Internal Audit Manager
Audit Committee Secretary

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, 2020 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.

First: 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.

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. The effects of the "COVID-19 19-Corona" epidemic on the company's activities

The whole world lives these days of the year 2020 AD in a state of emergency as declared by several countries as a result of the spread of the "COVID-19 19-Corona" epidemic, while the Kingdom of Saudi Arabia took the initiative to take a set of preventive health measures to fight the global epidemic and take into account human safety first of citizens and residents It was an example to be emulated and to be

praised and appreciated by a group of world leaders, and there is no doubt that the economic recession has affected the decline in sales and exports in all countries of the world.

b. 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.

c. 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.

d. 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.

e. 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.

f. 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.

g. 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.

h. 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.

i. 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 currencies 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.

j. 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.

k. 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 infringements of the regulations in force locally or in any of the countries to which its activity extends, then it studies the impact of these violations 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.

l. 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 employees 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 Emiratization rates, and the risks associated with that persist, especially with the high costs of labor and employment.

m. 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.



**Taha Mohammed Abdul Wahid
Azhari**
Committee Chairman



**Turki Naser Ahmed
Al Alshaher**
Committee Member



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



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

b. Nominations and Remunerations Committee

The main objectives of the Nominations and Remunerations 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 60 of the Corporate Governance Regulations, the Nominations and Remuneration 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 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 Nomination and Remuneration 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:
 - » That the candidate has a record of experience related to the functions of the Nomination and Remuneration 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:
 - » 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 Nominations and Remuneration 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. [23] Nomination and Remuneration qualifications and experiences:

The Nomination and Remuneration members' qualifications and experiences whose term has ended at December 25, 2021

No.	Member's name *	Current Position	Previous Position	Qualifications	Experiences
1	Tarek Abdulrahman Saleh Al Sadhan (Vice chairman)	Chief Executive Officer at Riyad Bank	<ul style="list-style-type: none"> - Advisor to the Board of Directors Chairman at Saudi Fund for Development - Director General in charge at General Authority for Zakat and Income - Deputy Governor at the Arab Monetary Agency for Oversight of Saudi Arabian Monetary Institution - Chief Executive Officer at KPMG Auditors and Chartered Accountants 	<ul style="list-style-type: none"> - Bachelor of Accounting - Diploma in International Trade - University of Edinburgh, Scotland - MBA - University ENPC, Paris, France - Member of the American Institute of Licensed Accountants, AICPA - Member of the Institute of Internal Audit, IIA - Member of the Saudi Licensed Public Accountants Authority, SOCPA 	<ul style="list-style-type: none"> - Audit Committee chairman at Zahrat Al-Waha For Trading Company - Nominations and Remunerations Committee chairman at Zahrat Al-Waha For Trading Company
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-Ruwwad Company - Administrative Director and Human Resources manager at Gulf Investment Company - Administrative Director at Al Seef Group 	Diploma in IT	-
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"> - Bachelor of Commerce Majoring in Accounting - Diploma in Business Administration - Mini MBA Diploma - Diploma of project management specialist program - APICS CPIM Basics of Supply Chain Management Diploma 	<ul style="list-style-type: none"> - Nominations and Remunerations Committee Member at Zahrat Al-Waha For Trading Company - Board of Directors Secretary

(*) Qualifications and experience of the outdated Nomination and Remuneration Committee members' qualifications and experiences in accordance with the decision of the company's Board of Directors.

No.	Member's name *	Current Position	Previous Position	Qualifications	Experiences
1	Taha Mohammed Abdul Wahid Azhari	Consultant of Chief Executive Officer at Saudi Civil Aviation Holding Company	<ul style="list-style-type: none"> - Chief Audit Executive at Saudi Civil Aviation Holding Company - Internal Audit Director at Saudi Civil Aviation Holding Company - Economic advisor to the National Water Company - Executive Director of Business Excellence, National Water Company - Chief Financial Officer at Saudi Civil Aviation Holding Company 	- Bachelor of Accounting	<ul style="list-style-type: none"> - Audit Committee chairman at Zahrat Al-Waha For Trading Company - Nominations and Remunerations Committee chairman at Zahrat Al-Waha For Trading Company - Audit Committee Chairman at Hana Food Industries Company - Chairman of Audit Committee at Batic Investments and Logistics Company - Member of the Board of Directors at Batic Investments and Logistics Company - Member of Audit Committee at Al Jazeera Bank - Member of the Risk Committee, Arab Shield Cooperative Insurance Company - Member of the Nominations Committee, Arab Shield Cooperative Insurance Company
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-Ruwwad Company - Administrative Director and Human Resources manager at Gulf Investment Company - Administrative Director at Al Seef Group 	Diploma in IT	-
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"> - Bachelor of Commerce Majoring in Accounting - Diploma in Business Administration - Mini MBA Diploma - Diploma of project management specialist program - APICS CPIM Basics of Supply Chain Management Diploma 	<ul style="list-style-type: none"> - Nominations and Remunerations Committee Member at Zahrat Al-Waha For Trading Company - Board of Directors Secretary

(*) The Board of Directors appointed the Nominations and Remunerations Committee for its new session starting from December 2021 ,26 and for a period of three Gregorian years ending on December 2024 ,25.

Terms of reference of the Nomination and Remuneration Committee

The Nomination and Remuneration 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.

The duties and responsibilities of the committee

In light of what was stipulated in the rules governing the Nomination and Remuneration 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

Nomination and Remuneration 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.

Fifth: Authorities of the Nomination and Remuneration Committee

In order for the Nomination and Remuneration 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.

Table No. [24] Names of members of the Nominations and Remunerations Committee and the percentage of attendance at the Committee's meetings

Attendance record of the meetings of the Nomination and Remuneration Committee whose term has ended at December 2021, 25

No.	Member's name *	Position	Number of meetings			Attendance Ratios
			02/02/2021	26/07/2021	19/12/2021	
1	Tarek Abdulrahman Saleh Al Sadhan	Chairman	✓	✓	✓	100%
2	Turky Naser Ahmed Alshaher	Member	✓	✗	✓	66.67%
3	Mahmoud Mohammed Zaki Algamri	Member	✓	✓	✓	100%

✓ Attended ✗ Absent ● Resigned

(*) Attendance record of the meetings of the Nomination and Remuneration Committee whose its new session starting from December 2021 ,26 till December 2024 ,25.

No.	Member's name *	Position	Number of meetings	Attendance Ratios
			26/12/2021	
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

(*) The Board of Directors appointed the Nominations and Remunerations Committee for its new session starting from December 2021 ,26 and for a period of three Gregorian years ending on December 2024 ,25.

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.

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.

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. [25] Remunerations and allowances of the board committees during the year 2021

Member's name	Fixed remuneration	Attendance allowance	Total
-Audit Committee Members *			
1 Tarek Abdulrahman Saleh Al Sadhan	30,000	18,000	48,000
2 Taha Mohammed Abdul Wahid Azhari	30,000	18,000	48,000
3 Ahmed Khader Mohammed Harara	30,000	15,000	45,000
Total	90,000	51,000	141,000
-Nominations and Remunerations Committee Members **			
1 Tarek Abdulrahman Saleh Al Sadhan	20,000	4,000	24,000
2 Turkey Naser Ahmed Alshaher	20,000	4,000	24,000
3 Mahmoud Mohammed Zaki Algarni	-	4,000	4,000
Total	40,000	12,000	52,000
Total	130,000	63,000	193,000

(*) Remunerations and attendance of the meetings of the members of the Audit Committee whose term has ended in accordance with the decision of the company's Ordinary General Assembly held on November 2021 ,8.

(**) Remunerations and attendance at the meetings of the members of the Nomination and Remuneration Committee whose term has ended in accordance with the decision of the Board of Directors of the company.

Member's name	Fixed remuneration (Except for attendance allowance)	Attendance allowance	Total
-Audit Committee Members *			
1	Taha Mohammed Abdul Wahid Azhari	-	-
2	Meshaal Mohammed Saleh Almogren	-	-
3	Ahmed Khader Mohammed Harara	-	-
	Total	-	-
-Nominations and Remunerations Committee Members **			
1	Taha Mohammed Abdul Wahid Azhari	-	-
2	Turky Naser Ahmed Alshaher	-	-
3	Mahmoud Mohammed Zaki Algamri	-	-
	Total	-	-
	Total	-	-

(*) The Company's Ordinary General Assembly, held on November 2021 ,8, appointed the Audit Committee for its new session, starting from December 2021 ,26, and for a period of three Gregorian years ending on December 2024 ,25.

(**) The Board of Directors appointed the Nomination and Remuneration Committee for its new term starting from December 2021 ,26 and for a period of three Gregorian years ending on December 2024 ,25.

d. Senior executives

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:

- Implementing the company's internal policies and regulations approved by the Board of Directors.
- 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.
- Proposing the optimal capital structure for the company and its financial strategies and objectives.
- Proposing the main capital expenditures for the company and owning and disposing of assets.
- Proposing the organizational and functional structures of the company and submitting it to the Board of Directors for approval.
- Implementation of internal control systems and controls and general supervision, including:
 - Implementing a conflict of interest policy.
 - Proper application of financial and accounting systems, including systems related to preparing financial reports.
 - 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.

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

First: Jobs, qualifications, and experiences of senior executives

Table No. [26] jobs, qualifications, and experiences of senior executives

No.	Member's name	Current Position	Previous Position	Qualifications	Experiences
1	George Abdulkarim George Moussa	Chief Executive Officer	- 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 - Nominations and Remunerations Committee Member at Zahrat Al-Waha For Trading Company
2	Mahmoud Mohammed Zaki Algamri	Chief Financial Officer	- 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	- Bachelor of Commerce Majoring in Accounting - Diploma in Business Administration - Mini MBA Diploma - Diploma of project management specialist program - APICS CPIM Basics of Supply Chain Management Diploma	- Nominations and Remunerations Committee Member at Zahrat Al-Waha For Trading Company
3	Rakan Ahmed Hammoud Ibrahim Altheyab	Supply Chain Director	-	Training courses in Supply Chain	-
4	Sherif Ramadan Youssef Zaqzouq	Production and Maintenance Director	- Maintenance Director at Plastic Factory in Hana Food Industries - Production and Maintenance Director at Medco Plast - Egypt - Maintenance Director at Edison Plastic Factory - Sudan - Maintenance Director at Medstar - Egypt - Maintenance Engineer at Medstar - Egypt - Production Engineer at Selim Plast Factory - Egypt	Bachelor of Engineering	-
5	Ahmed Hassan Ahmed Ali	Quality Control Director	Quality Control Director at Takween Advanced Industries Company	- 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	- 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	- Administrative Director at Hana Food Industries Company - Executive Secretary at Hana Food Industries Company	Training courses in HR	-
8	Mohammed Abdul-Aziz Moaajab Alhagabani	Acting Information Technology Director	-	Bachelor of Computer Science - Information Systems Specialist	-

Second: Bonuses and compensation paid to senior executives.

The total of what was disbursed to senior executive's SAR 3,404,021 for the year 2021, including periodic and annual salaries, allowances, travel, and subsistence allowances, as of December 31, 2021, as follows:

Table No. [27] Remunerations of the top five executives, including the CEO and the financial manager

Fixed remuneration			Variable remuneration									
Variable remuneration	Allowances	Advantages	Total	Periodic remuneration	Dividends	Short-term incentive plans	Long-term incentive plans	Bonus shares (value is entered)	Total	End of Services remuneration	Expenses allowances	Total
1,529,170	502,690	-	2,031,860	1,372,161	-	-	-	-	3,404,021	845,288	-	4,249,309

Ownership of senior executives

Ownership of senior executives and the ratio to total shares in the company at the end of 2020 compared to their ownership at the beginning of 2021:

Table No. [28] Ownership of Senior Executives

No.	Senior Executives 's name	shares owned by the Senior Executives			
		Number of shares at Beginning of the year 2021	Ratio to total shares	Number of shares at Ending of the year 2021	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	Sherif Ramadan Youssef Zaqzouq	0	0%	0	0%
5	Ahmed Hassan Ahmed Ali	0	0%	10	0%
6	Yasser Ghannam Arafat Al-Khatib	0	0%	0	0%
7	Abdul Mohsen Nasser Salem Al-Gremel	0	0%	0	0%
8	Mohammed Abdul-Aziz Moaajab Alhagabani	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 2021.

3. The company's obligations to the governance regulations

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

No.	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



Shareholders' rights and the General Assembly

Shareholders' rights

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.

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.

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.

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.

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.

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 Forty-Eight (48) and Article Forty-nine (49) 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

12. (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.
13. 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.

14. 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.
15. From the remainder after that, a percentage representing (1%) at least of the company's paid-up capital shall be distributed to the shareholders.
16. 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 2020.

The Ordinary General Assembly, in its meeting No. 1 for the year 2021 on April 26, 2021 based on the recommendation of the Board of Directors in its meeting No. 2 for the year 2021 AD on February 24, 2021, approved the distribution of annual dividends for the year 2020 in the amount of 15,000,000 Riyal at the rate of one Riyal per share. It represents 10% of the nominal value of the share. The company announced on the "Tadawul" website on February 25, 2021 the recommendation of the Board of Directors to distribute annual dividends for the year 2020. The company announced the start date of the distribution of dividends on May 5, 2021 The bank accounts linked to the investment portfolios of the eligible shareholders, and the distribution was assigned to the Arab National Bank, and the amount of 14,999,334 was distributed, and the remaining 666 was not distributed because the bank accounts of the shareholders did not match and the shareholders did not come forward to receive cash.

Table No. [30] The company's requests to the shareholder register

The number of company requests for the shareholder register	Request Date	Request Reasons
1	15-02-2021	Corporate actions
2	20-04-2021	Corporate actions
3	24-04-2021	The General Assembly
4	28-04-2021	Profit file
5	06-09-2021	Corporate actions
6	25-10-2021	Corporate Actions
7	08-11-2021	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 2020, 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. [31] the attendance record of the members of the Board of Directors to the General Assembly Meeting

No.	Member's name	Register to attend the General Assembly Meeting	
		26/4/2021	8/11/2021
1	Ahmed Hammoud Ibrahim Altheyab	✓	✓
2	Tarek Abdulrahman Saleh Al Sadhan	✓	✓
3	George Abdulkarim George Moussa	✓	✓
4	Taha Mohammed Abdul Wahid Azhari	✓	✓
5	Ahmed Hassan Ahmed Ali	✓	✓

✓ Attended
✗ Absent
● Resigned

(*) The attendance of the members of the board of directors whose term has ended in accordance with the decision of the company's ordinary general assembly held on November 2021, 8.

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 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. [32] A list of the interests of some members of the Board of Directors of the company

No.	Description	Type of relationship	Type of contract	Contract amount	Contract terms	Contract duration
1	Transactions deals between the company and Hana Food Industries Co.	Board chairman and company shareholder/ Ahmed Hammoud Ibrahim Altheyab, who is a board member, managing director and one of company owners	Sales of commodities to Hana Food Industries Co.	SAR 80 Million	Without discrimination or preferential terms	Year

The most important strategic decisions of the Board of Directors during the year 2021

In the Board of Directors meeting No. 2/2021 on 24/02/2021 corresponding to 12/07/1442 AH, the following was stated:

- » It has been recommend distributing cash dividends for the fiscal year ending on December 31, 2020, in the amount of SAR 15,000,000 at the rate of one riyal per share, provided that it is presented to the general assembly for approval
- » In the Board of Directors' meeting No. 4/2021 on 26/07/2021 corresponding to 16/12/1442 AH, the following was stated:
- » It has been recommend inviting the General Assembly to elect the members of the Board of Directors, six (6) members from among the fourteen (14) candidates for the next session., numbering fourteen (14) candidates), which will start from December 26, 2021, to December 25, 2024.
- » It has been recommended to invite the General Assembly to elect Audit Committee, define its tasks, rules of work, and rewards for its members for the new term, which will start from December 26, 2021, to December 25, 2024, and they are:
 - Taha Mohammed Abdul Wahid Azhari
 - Ahmed Khedr Mohammed Harara
 - Meshaal Mohammed Saleh Almogren
- » Agreed with Audit committee's recommendation to continue using the cost model for evaluating real estate and investment properties
- » In the Board of Directors meeting No. 7/2021 on 26/12/2021 corresponding to 22/05/1443 AH, the following was stated:
- » Approved the appointment of a member of the Board of Directors, Mr. Ahmed Hammoud Ibrahim Altheyab, as Chairman of the Board of Directors for the current session, which starts from 26/12/2021 to 24/12/2024
- » Approved the appointment of a member of the Board of Directors, Mr. Taha Mohammed Abdul Wahid Azhari, as Vice Chairman of the Board of Directors for the current session from 26/12/2021 to 24/12/2024
- » It has been approved the formation of the Nomination and Remuneration Committee of three members:
 - Mr. Taha Mohammed Abdul Wahid Azhari - an independent member from within the board of directors
 - Mr. Turky Naser Ahmed Al Alshaher - an independent member from outside the board of directors
 - Mr. Mahmoud Mohamed Zaky Al Ghamry - Executive Member from outside the Board of Directors

- » He agreed to appoint the company's Executive Financial Director, Mr. Mahmoud Mohamed Zaky Al Ghamry, as Secretary of the Board of Directors
- » Approved for appointment of both gentlemen:
 - Chairman of the Board of Directors, Mr. Ahmed Hammoud Ibrahim Altheyab
 - Chief Finance Officer, Mr. Mahmoud Mohamed Zaky Al Ghamry
- » Representatives of Zahrat Al-Waha For Trading Company at the Capital Market Authority.
- » Appointment of both gentlemen:
 - Chairman of the Board of Directors, Mr. Ahmed Hammoud Ibrahim Altheyab
 - Chief Finance Officer, Mr. Mahmoud Mohamed Zaky Al Ghamry
- » Representatives of Zahrat Al-Waha for Trading Company at the Saudi Stock Exchange (Tadawul).
- » The Board of Directors recommended passing on 15/11/2021 corresponding to 10-04-1443 AH the following:
- » Distribution of dividends for the fiscal year ending on December 31, 2021, and inviting the General Assembly for approval
- » Distributing free shares to the company's shareholders and calling the general assembly for approval after obtaining the approval of the official authorities

Board of Directors returns

Zahrat Al Waha For Trading Company board of directors declares the following:

- » The account records are correctly prepared.
- » The internal control system was prepared on sound bases and implemented effectively.
- » There is no doubt about the company's ability to continue its activity.

The Board of Directors recommends to the esteemed General Assembly the following:

- » Approval of the report of the Board of Directors for the financial year ended 31 December 2020.
- » Approval of the company auditor's report for the financial year ended 31 December 2020.
- » Approving the financial statements of the company for the financial year ended 31 December 2020.
- » 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 the fiscal year 2021 and the quarterly quarter ended June 30, 2021.

- » September 30, 2021
- » March 31, 2022
- » And fixing his fees for the fiscal year 2021 and the quarters.
- » Approval of the company's board of directors' recommendation to distribute cash dividends for the second half of 2020, at the rate of one riyal for each share, representing 10% of the nominal value of the share, with a total of 15,000,000 riyals, which represents 10% of the capital.
- » Approval of the business and contracts that have been concluded between the company and Hana Food Industries Company, in which a member of the Board of Directors Mr. Ahmed Hammoud Ibrahim Altheyab has a direct and indirect interest in it, and it is a contract for the sale of finished goods and products represented in miniature plastic bottles (preforms) and plastic caps for bottles With different sizes and weights, the sale and purchase of raw materials, packaging and packaging for a year, without discrimination or preferential terms, and the value of the transaction during the year 2020 amounted to 57,576,981 riyals sales, 1,133,902 riyals net other income and 113,674 riyals purchases.
- » Approval of the business and contracts that will be concluded between the company and Hana Food Industries Company during the year 2021, in which a member of the Board of Directors Mr. Mr. Ahmed Hammoud Ibrahim Altheyab has a direct and indirect interest in it, noting that the nature of the transaction will be a contract for the sale of finished goods and products represented in miniature plastic bottles (Preforms) and plastic caps for flasks of different sizes and weights, selling and buying

raw materials, packaging and packaging for a period of one year, without discrimination or preferential conditions, at an amount of 80,000,000 riyals.

- » Approved to absolve the members of the Board of Directors from liability for the fiscal year ending on December 31, 2020.
- » Approval of authorizing the Board of Directors to distribute interim dividends in a semi-annual or quarterly manner for the fiscal year 2021.
- » To vote on the Board of Directors delegating the authority of the Ordinary General Assembly to the license mentioned in Paragraph (1) of Article 71 of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of the session of the authorized Board of Directors, whichever is earlier, in accordance with the conditions mentioned in the regulatory controls and procedures Issued in implementation of the Companies Law for Listed Joint Stock Companies.
- » To elect members of the Board of Directors from among the candidates for the next session, which are fourteen (14 candidates), which will start from December 26, 2021 to December 25, 2024.
- » To elect the Audit Committee, define its tasks, work controls, and rewards for its members for the new term, which will start from December 26, 2021 to December 25, 2024, and they are:
 - Taha Mohammed Abdul Wahid Azhari
 - Ahmed Khedr Mohammed Harara
 - Meshaal Mohammed Saleh Almogren
- » It has been recommended the distribution of dividends for the fiscal year ending on December 31, 2021.
- » It has been recommend distributing free shares to the company's shareholders and calling the General Assembly for approval after obtaining the approval of the official authorities

Company issues

1 The Board of Directors confirms that there are no cases that were raised during the fiscal year 2021 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 2021 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. [33] Statement of the penalties imposed on the company during the year 2021

No	Penalty	Reason of penalty	Penalty Authority	Ways to treat it and avoid it on future	Financial Effects
1	None	None	None	None	None

Related party transactions and balances for the fiscal year 2021

Table No. [34] Statement of related party transactions and balances for the fiscal year 2021

No.	Related party	Relationship	Type of Relationship	Amount of Transactions/Contract				Other expenses/income	Contract duration
				Sales	Purchases	Proceeds	Payments		
1	Hana Food Industries Co.	Transactions deals between the company and Hana Food Industries Co.	Board chairman and company shareholder/ Ahmed Hammoud Ibrahim Altheyab, who is a board member, managing director and one of company owners	Total activity sales before value-added tax by SAR 61,537,295 Total sales including value-added tax by SAR 70,767,889 Total non-activity sales by SAR 2,408,407	126,218	65,555,890	-	-	Year

Related party transactions and balances for the fiscal year 2020

Table No. [35] Statement of related party transactions and balances for the fiscal year 2020

No.	Related party	Relationship	Type of Relationship	Amount of Transactions/Contract				Other expenses/income	Contract duration
				Sales	Purchases	Proceeds	Payments		
1	Hana Food Industries Co.	Transactions deals between the company and Hana Food Industries Co.	Board chairman and company shareholder/ Ahmed Hammoud Ibrahim Altheyab, who is a board member, managing director and one of company owners	Total activity sales before value-added tax 52,996,673 riyals Total sales including value-added tax 57,819,780 riyals Total non-activity sales 1,120,912 riyals	113,367	63,100,000	-	-	Year

*Social
Responsibility*



Social Responsibility

It is all that the company does in order to maximize its added value, which belongs to society as a whole, and social responsibility is the responsibility of every person in the company and not the responsibility of one administration or one director, and the social responsibility of the company comes from its commitment to various laws, especially those related to workers' rights, environmental protection and community development.

The social responsibility of the company is represented in the following points:

- Employment, which is one of the most important sources of economic development through the company employing individuals in its various sectors.
- Providing resources and procurement, which contributes to stimulating economic development by providing its purchases from local companies
- Financial investment, where the company invests money on a short or long-term basis, which brings about many benefits to local communities

*Zakat and regular
payments*



Zakat and regular payments

Below are the regular payments made during the fiscal year ending December 31, 2021

Table No. [36] Zakat and regular payments

2021				
Description	Paid	Due until the end year 2021 and not paid.	Brief Description	Reasons
Zakat and income tax	3,163,481	4,046,427	The company's zakat paid for the year 2021	The reason for the due and not paid, as the payment after submitting the zakat declaration for the year 2021
General Authorization for Social Insurance	558,107	49,979	Social insurance for the year 2021 for company employees	The amount due and not paid is the December insurance. It is paid in the following month
Labor Office fees	258,101	-	Labor office fees for residency renewal	-
Valued added tax	3,702,800	Debt 4,830,906	Value Added Tax (VAT) payable during the year	A balance due to the General Authority of Zakat and Income Tax

The focuses of our operational process in 2022

1

Increasing the customer base locally and internationally

2

Work to increase of sales and maximize profitability

3

Work to diversify sources of income

4

Adding new products to our products, whether in bottle miniatures or plastic caps

5

Adding a new sector to our operational sector, which is the printing sector, which is expected to start the operational during the year 2022



1866			
2197		2042	
2173		2250	
2173		2228	
2388		2228	
2388		2446	
656		2446	2507
325		672	2507
656		849	690
825		672	873
1653		849	690
2150		1693	873
2820		2210	1735
2820		2827	2275
2928		2857	2952
3318		2953	2992
4213		3368	
2624		4138	
		2984	
		4138	
		2984	



Financial Statements

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2021
together with the
Independent Auditor's Report



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Zahra Al Waha For Trading Company

A Saudi Joint Stock Company

Opinion

We have audited the financial statements of **Zahra Al Waha For Trading Company** ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these 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 year. 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً الشركة كي بي إم جي للفرزان وشركاء محاسبين ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والأخيرة لـ كي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.



Independent auditor's report (continued)

To the Shareholders of Zahra Al Waha For Trading Company

A Saudi Joint Stock Company

Key Audit Matter (1)

Refer to note (6-17) for the accounting policies related to revenue recognition.

Revenue recognition	How the matter was addressed in our audit
<p>During the year ended 31 December 2021, revenue from sales of SR 549 million was recognized.</p> <p>Revenue from sales is recognized when the 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 IFRS 15 'Revenue from Contracts with Customers'.</p> <p>The recognition of revenue from sales was considered as one of the key audit matters since revenue from sales is one of the key performance indicators that includes inherent risk of overstating revenue from sales.</p>	<p>Our audit procedures relating to recognition of revenue from sales included, among others, the following:</p> <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 and incentives, and assessed the compliance with the applicable accounting standards; • Assessed the design, implementation, and effectiveness of the operation of the Company's internal controls on the revenue recognition from sales; • Conducted analytical review procedures by analyzing revenue trends from sales for the current year according to available information and comparing them with the previous year and determining whether there are any significant trends or fluctuations that need additional audit procedures. • Tested sample of revenue from sales transactions during the year and assessed the appropriateness of management's estimates of performance obligations, if any; • 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 the 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 adequacy of the financial statements disclosures.



Independent auditor's report (continued)

To the Shareholders of Zahra Al Waha For Trading Company

A Saudi Joint Stock Company

Key Audit Matter (2)

Refer to Note (6.4.2) and Note (12) relating to trade receivables.

Impairment of trade receivables	How the matter was addressed in our audit
<p>As at 31 December 2021, the trade receivables amounted to SR 185.2 million.</p> <p>The management of the Company has applied a simplified expected credit loss model to determine the impairment of the trade receivables in accordance with the requirements of IFRS 9 'Financial Instruments'.</p> <p>The expected credit loss model includes the use of historical trends and data for trade receivables, as well as the use of significant future assumptions relating to the Company and the economy in general and in light of the existence of the Covid-19 pandemic.</p> <p>Given that the expected credit loss model is based on substantial estimates and assumptions, we considered that applying the IFRS 9 and calculating the impairment of trade receivables as a key audit matter.</p>	<p>Our audit procedures relating to the impairment of trade receivables included, among others, the following:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of accounting policies for impairment of trade receivables balances; and assessed the compliance with the applicable accounting standards; • Obtained an understanding of the procedure for determining the impairment of trade receivables, assessing the design, implementation and testing the operating effectiveness of management's internal controls in relation to credit sales, debt collection and estimation of impairment; • Assessed the validity and classification of trade receivables in the ageing report by matching a sample of trade receivables ageing items with supporting documents and invoices; • Assessed the underlying assumptions and estimates used by management, including those related to future economic events used to calculate the probability of default and the expected loss on default and tested the mathematical accuracy of the expected credit loss model; • Engaged our specialists to review the approach used in the expected credit loss model, to assess its suitability for the Company's activity. • Obtained confirmations from selected sample of trade receivables as at 31 December 2021 and performed alternative procedures in the absence of a response from customers, which included examining documents supporting the balance as well as collections for the subsequent period after the date of the financial statements. • Assessed the adequacy of the financial statements disclosures.



Independent auditor's report (continued)

To the Shareholders of Zahra Al Waha For Trading Company

A Saudi Joint Stock Company

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the 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 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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, the applicable requirements of the Regulations for Companies and the Company's By-laws and for such internal control as management determines 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

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 International Standards on Auditing 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 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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.



Independent auditor's report (continued)

To the Shareholders of Zahra Al Waha for Trading Company

A Saudi Joint Stock Company

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 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, then 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 going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the 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 of **Zahra Al Waha for Trading Company**.

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

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 year 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.

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No: 348

Date: 30 Rajab 1443H
Corresponding to: 3 March 2022



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

As at 31 December 2021
(Saudi Riyals)

	<i>Notes</i>	<u>31 December 2021</u>	<u>31 December 2020</u>
<u>ASSETS</u>			
Property, plant and equipment	7	220,237,506	240,346,123
Investment properties	8	1,674,000	2,649,000
Intangible assets	9	1,467,976	1,678,633
Non-current assets		<u>223,379,482</u>	<u>244,673,756</u>
Inventories	10	81,021,324	77,497,264
Investments at FVTPL	11	--	22,336,709
Trade receivables	12	185,201,975	167,055,028
Prepayments and other receivables	13	28,920,605	22,729,696
Cash and cash equivalents	14	48,740,619	9,805,193
Current assets		<u>343,884,523</u>	<u>299,423,890</u>
Total assets		<u>567,264,005</u>	<u>544,097,646</u>
<u>EQUITY</u>			
Share capital	15	150,000,000	150,000,000
Statutory reserve	6-13	24,329,766	17,872,598
Retained earnings		127,718,929	84,604,414
Other reserves	16	(140,344)	(138,114)
Total equity		<u>301,908,351</u>	<u>252,338,898</u>
<u>Liabilities</u>			
Long-term loans	18-b	23,153,280	48,177,220
Employees' benefits	19-1	2,416,207	1,920,943
Non-current liabilities		<u>25,569,487</u>	<u>50,098,163</u>
Short-term loans	18-a	166,313,802	162,069,666
Long-term loans – current portion	18-b	36,723,939	39,718,046
Trade payables		23,104,300	29,621,600
Accrued expenses and other payables	17	6,188,708	5,817,685
Zakat provision	20	7,292,764	4,271,600
Dividend payables	24	162,654	161,988
Current liabilities		<u>239,786,167</u>	<u>241,660,585</u>
Total liabilities		<u>265,355,654</u>	<u>291,758,748</u>
Total Equity and Liabilities		<u>567,264,005</u>	<u>544,097,646</u>

These financial statements have been approved by the Board of Directors on 26 Rajab 1443H (corresponding to 27 February 2022) and signed by:


Chairman
Ahmed Hamoud Al-Thiab


Chief Executive Officer
George Abdul Kareem Moussa


Chief Financial Officer
Mahmoud Mohammad Zaki

The accompanying notes from 1 to 30 form an integral part of these financial statements

ZAHRA 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 2021
(Saudi Riyals)

	Notes	For the year ended 31 December	
		2021	2020
Sales		549,011,303	424,850,419
Cost of sales	21	(461,185,281)	(350,665,072)
Gross profit		87,826,022	74,185,347
Other income/ (expenses)		2,297,210	(523,471)
Selling and distribution expenses	22	(9,170,372)	(9,285,654)
General and administrative expenses	23	(7,326,165)	(7,191,665)
Impairment losses on trade receivables	12	(1,739,670)	--
Operating profit		71,887,025	57,184,557
Unrealized losses from investments at FVTPL	11	--	(724,372)
Realized gain from sale of investments at FVTPL	11	6,167,832	354,618
Dividends received	11	316,906	--
Finance costs	18-c	(7,615,435)	(9,886,763)
Profit before Zakat		70,756,328	46,928,040
Zakat	20-6	(6,184,645)	(6,355,586)
Profit for the year		64,571,683	40,572,454
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Remeasurements of employees' benefits	19-1	(2,230)	(166,924)
Total other comprehensive loss		(2,230)	(166,924)
Total comprehensive income		64,569,453	40,405,530
Basic and diluted earnings per share (SR)	26	4.30	2.70

These financial statements have been approved by the Board of Directors on 26 Rajab 1443H (corresponding to 27 February 2022) and signed by:

Chairman
Ahmed Hamoud Al-Thiab

Chief Executive Officer
George Abdul Kareem Moussa

Chief Financial Officer
Mahmoud Mohammad Zaki

The accompanying notes from 1 to 30 form an integral part of these financial statements

ZAHRA AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021
(Saudi Riyals)

Note	Share capital	Statutory reserve	Retained earnings	Other reserves	Total
	150,000,000	13,815,352	59,339,206	28,810	223,183,368
Profit for the year	--	--	40,572,454	--	40,572,454
Other comprehensive loss	--	--	--	(166,924)	(166,924)
Total comprehensive income	--	--	40,572,454	(166,924)	40,405,530
Dividends distributed	--	--	(11,250,000)	--	(11,250,000)
Transferred to statutory reserve	--	4,057,246	(4,057,246)	--	--
Total transactions with shareholders of the Company	--	4,057,246	(15,307,246)	--	(11,250,000)
Balance as at 31 December 2020	150,000,000	17,872,598	84,604,414	(138,114)	252,338,898
Profit for the year	--	--	64,571,683	--	64,571,683
Other comprehensive loss	--	--	--	(2,230)	(2,230)
Total comprehensive income	--	--	64,571,683	(2,230)	64,569,453
Dividends distributed	--	--	(15,000,000)	--	(15,000,000)
Transferred to statutory reserve	--	6,457,168	(6,457,168)	--	--
Total transactions with shareholders of the Company	--	6,457,168	(21,457,168)	--	(15,000,000)
Balance as at 31 December 2021	150,000,000	24,329,766	127,718,929	(140,344)	301,908,351

These financial statements have been approved by the Board of Directors on 26 Rajab 1443H (corresponding to 27 February 2022) and signed by:

Chairman
Ahmed Hamoud Al-Thiab

Chief Executive Officer
George Abdul Kareem Moussa

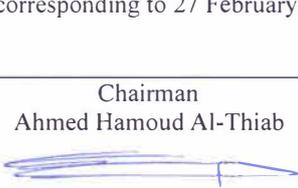
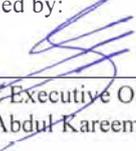
Chief Financial Officer
Mahmoud Mohammad Zaki

The accompanying notes from 1 to 30 form an integral part of these financial statements

ZAHRA AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Saudi Riyals)

	Note	For the year ended 31 December	
		2021	2020
Cash flows from operating activities			
Income before Zakat		70,756,328	46,928,040
Adjustments for:			
Depreciation and amortization	(7, 9)	30,846,453	29,358,898
Employees' benefits	19-1	493,034	421,324
Unrealized losses from investments at FVTPL	11	--	724,372
Realized gains from sale of investments at FVTPL	11	(6,167,832)	(354,618)
Finance costs	18-c	7,615,435	9,886,763
Gain from sale of investment properties	8	(1,443,000)	--
		102,100,418	86,964,779
Inventories		(3,524,060)	(34,099,559)
Trade receivables		(18,146,947)	(7,801,148)
Prepayments and other receivables		(6,190,909)	(2,556,216)
Trade payables		(6,517,300)	15,986,992
Accrued expenses and other payables		371,023	930,121
Zakat paid	20-6	(3,163,481)	(6,744,650)
Finance costs paid	18-c	(2,195,290)	(5,352,516)
Net cash generated from operating activities		62,733,454	47,327,803
Cash flows from investing activities			
Additions to property, plant and equipment	7	(10,527,179)	(32,440,022)
Purchase of investments at FVTPL	11	(21,705,707)	(34,385,978)
Proceeds from sale of investments FVTPL	11	50,210,248	11,679,515
Proceeds from sale of investment properties	8	2,418,000	--
Net cash generated from / (used in) investing activities		20,395,362	(55,146,485)
Cash flows from financing activities			
Proceeds from loans	18-c	589,841,900	355,742,372
Repayment of loans	18-c	(619,035,956)	(352,274,339)
Dividends Paid	24	(14,999,334)	(11,220,712)
Net cash used in financing activities		(44,193,390)	(7,752,679)
Net change in cash and cash equivalents		38,935,426	(15,571,361)
Cash and cash equivalents at beginning of the year		9,805,193	25,376,554
Cash and cash equivalents at the end of the year		48,740,619	9,805,193
<u>The following significant non-cash transactions are excluded:</u>			
Actuarial valuation losses	19-1	2,230	166,924
Transfer from projects in progress to intangible assets	9,7	--	906,014

These financial statements have been approved by the Board of Directors on 26 Rajab 1443H (corresponding to 27 February 2022) and signed by:

		
Chairman Ahmed Hamoud Al-Thiab	Chief Executive Officer George Abdul Kareem Moussa	Chief Financial Officer Mahmoud Mohammad Zaki

The accompanying notes from 1 to 30 form an integral part of these financial statements

**ZAHRA AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021**

1- ORGANIZATION AND PRINCIPAL ACTIVITIES

Zahra 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.

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).

Formal procedures to amend the Company's bylaws to convert it from a Saudi Closed Joint Stock Company into 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:

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

2- BASIS OF ACCOUNTING

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).

At the beginning of the financial year 2020, the Coronavirus (COVID-19) pandemic invaded the world, causing disruption in the economic and commercial sectors in general. The Company's management has proactively assessed the impact on its operations and has taken a series of preventive measures to ensure the health and safety of its employees and workers.

Despite these challenges, the Company's business and operations currently remain significantly unaffected. The basic demand from customers for the Company's products was not significantly affected, although there was a decrease in demand during certain periods during the year.

ZAHRA AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2- BASIS OF ACCOUNTING (CONTINUED)

Based on these factors, the Company's management believes that the Covid-19 pandemic did not have a material impact on the financial results that were reported for the year ended 31 December 2021.

The Company continues to closely monitor the development of the pandemic even though the management, at this time, is not aware of any expected factors that may change the impact of the pandemic on the Company's operations during or after 2022.

The Company's management also conducted an assessment on its ability to continue as a going concern, and it believes that the Company has sufficient resources to continue its business for the foreseeable future.

Moreover, the management does not have any significant doubts on the ability of the Company to continue as a going concern. Accordingly, the Company is still preparing the financial statements on the going concern basis.

The management of the Company is currently monitoring the situation and its impact on the Company's operation, cash flows and financial position.

Management believes, based on their assessment, that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.

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

These financial statements were approved for issuance by the Board of Directors on 26 Rajab 1443H (corresponding to 27 February 2022).

3- BASIS OF MASUREMENT

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)

4- FUNCTIONAL AND PRESENTATION CURRENCY

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

5- 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.

ZAHRA AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

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

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:

5-1 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).

5-2 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).

5-3 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).

5-4 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).

ZAHRA AL WAHA FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

6- 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 2020.

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

6-1 Property, plant and equipment

6-1-1 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.

6-1-2 Subsequent expenditures

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

6-1-3 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	10-13.3 years
Motor 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.

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6- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6-2 Intangible assets

6-2-1 *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.

6-2-2 *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.

6-3 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 that assets.

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

6-4 Financial assets

6-4-1 *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.

6-4-2 *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.

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.

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6- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6-4 Financial assets (continued)

6-4-2 Classification and subsequent measurement (continued)

Financial assets – classification (continued)

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 investments	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.

6-4-3 Impairment 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.

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6- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6-4 Financial assets (continued)

6-4-3 Impairment of financial assets (continued)

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.

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.

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6- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6-5 *Financial liabilities*

6-5-1 *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.

6-6 **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.

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

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6- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6-7 Inventories

Inventories are measured at the lower of cost and net realizable value. 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.

6-8 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.

6-9 Employees' benefits

6-9-1 *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.

6-9-2 *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.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6-9 Employees' benefits (continued)

6-9-2 Service benefit obligations (continued)

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.

6-10 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.

6-11 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.

6-12 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

6-13 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.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6-14 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 .

6-15 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.

6-16 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.

6-17 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>

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6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6-17 Revenue recognition (continued)

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.

6-18 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.

6-19 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.

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6- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6-20 New standards, amendments to standards and interpretations

There are no new standards issued. However, there are a number of amendments to standards that are effective from 1 January 2021 but have no material impact on the financial statements of the Company.

6-20-1 The amendments to the following standards for the first time from 1 January 2021 and did not have a material impact on the financial statements:

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39. (*Amendments are effective on or after 1 January 2021*).

6-21 New standards and amendments issued:

A number of new standards are effective for annual periods beginning after 1 January 2021, and earlier application is permitted.

The Company elected not to early adopt the standards referred to, and the Company's management is currently assessing the impact of adopting standards and amendments mentioned below in case they have an impact on the Company.

Effective for annual periods beginning on or after	New standards and amendments
1 January 2022	Annual Improvements to IFRS Standards 2018–2020 – Amendment to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> , IFRS 9 <i>Financial Instruments</i> , IAS 41 <i>Agriculture</i>
	Reference to the Conceptual Framework – Amendments to IFRS 3 <i>Business Combinations</i>
	Property, Plant and Equipment – Proceeds before Intended Use: Amendments to IAS 16 <i>Property, Plant and Equipment</i>
	Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>
1 January 2023	IFRS 17 <i>Insurance Contracts</i> [*] , including amendments <i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
	Classification of Liabilities as Current or Non-current – Amendments to IAS 1 <i>Presentation of Financial Statements</i>
	Definition of Accounting Estimates – Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
	Disclosure Initiative: Accounting Policies – Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2 <i>Making Materiality Judgements</i>
	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 <i>Income Taxes</i>
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i>

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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</u>	<u>Motor vehicles</u>	<u>Tools and equipment</u>	<u>Furniture</u>	<u>Computers</u>	<u>Work in Progress</u>	<u>Total</u>
Cost:									
Balance at 1 January 2021	30,452,860	35,448,867	284,908,151	3,180,750	290,603	676,515	2,029,626	21,626,064	378,613,436
Additions	4,314,271	--	256,106	613,322	26,000	9,299	56,253	5,251,928	10,527,179
Disposals	--	--	(52,500)	(186,000)	--	(4,800)	(4,500)	--	(247,800)
Transfers during the year	--	--	3,919,677	--	--	--	--	(3,919,677)	--
Balance at 31 December 2021	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
Accumulated depreciation:									
Balance at 1 January 2021	--	4,065,216	130,362,039	2,412,015	155,515	269,809	1,002,719	--	138,267,313
Additions	--	1,063,503	28,778,752	345,220	29,839	68,815	349,667	--	30,635,796
Disposals	--	--	(52,500)	(186,000)	--	(4,800)	(4,500)	--	(247,800)
Balance at 31 December 2021	--	5,128,719	159,088,291	2,571,235	185,354	333,824	1,347,886	--	168,655,309
Net book value:									
At 31 December 2021	34,767,131	30,320,148	129,943,143	1,036,837	131,249	347,190	733,493	22,958,315	220,237,506
Cost:									
Balance at 1 January 2020	30,452,860	35,415,867	261,804,202	2,945,750	282,853	661,141	1,546,514	13,970,241	347,079,428
Additions	--	--	3,888,212	235,000	7,750	15,374	118,087	28,175,599	32,440,022
Transfers during the year	--	33,000	19,215,737	--	--	--	365,025	(19,613,762)	--
Transferred to intangible assets	--	--	--	--	--	--	--	(906,014)	(906,014)
Balance at 31 December 2020	30,452,860	35,448,867	284,908,151	3,180,750	290,603	676,515	2,029,626	21,626,064	378,613,436
Accumulated Depreciation:									
Balance at 1 January 2020	--	3,002,312	103,170,351	1,859,416	126,968	202,956	703,708	--	109,065,711
Additions	--	1,062,904	27,191,688	552,599	28,547	66,853	299,011	--	29,201,602
Balance at 31 December 2020	--	4,065,216	130,362,039	2,412,015	155,515	269,809	1,002,719	--	138,267,313
Net book value:									
At 31 December 2020	30,452,860	31,383,651	154,546,112	768,735	135,088	406,706	1,026,907	21,626,064	240,346,123

- The balance of work in progress represents the amount paid for the purchase of a production line of caps, injection molds and a printing line. The total projected cost of these projects is SR 24.61 million, and these projects are expected to be completed during the second quarter of 2022, the net book value of land, buildings and plant is mortgaged against the loans amounting to SR 113,643,858 As at 31 December 2021 (31 December 2020: SR 95,635,226) (Note 18-B).
- The transfers from projects in progress during the year represent the value of the machinery for operating a new production line.

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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 2021 in Muzahimiyah, with a total area of 12,113 square meters (2020: 27,226 square meters).

The value of the investment property as of 31 December 2021 amounted to 1.7 million Saudi riyals (31 December 2020: 2.6 million Saudi riyals).

The fair value of the investment property as of 31 December 2021 amounted to 4.21 million Saudi riyals (2020: 3.17 million Saudi riyals)

During the year, the company sold investment properties (land plots) at a cost of 975,000 Saudi riyals, which resulted in gains from selling investment properties amounting to 1.44 million Saudi riyals included in other income.

The fair value of the real estate investment was determined by an external real estate valuer independent of the company (Valuer: Qiam Real Estate Company, license number 1210000052).

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 2021	31 December 2020
Cost:		
Balance at 1 January	1,962,222	1,056,208
Transferred from work in progress	--	906,014
Balance at 31 December	1,962,222	1,962,222
Accumulated amortization:		
Balance at 1 January	283,589	126,293
Amortization during the year	210,657	157,296
Balance at 31 December	494,246	283,589
Net book value:	1,467,976	1,678,633

10- INVENTORIES

	31 December 2021	31 December 2020
Raw materials and packaging materials	40,045,027	50,351,242
Finished goods	38,408,399	25,157,156
Spare parts, supplies and oils	2,567,898	1,988,866
	81,021,324	77,497,264

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11- INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021	31 December 2020
Investments in a equity investment portfolio		
The number of units invested in	--	1,120,703
Unit price (SR)	--	19,931
Total investments	<u>--</u>	<u>22,336,709</u>

During the year 2020, 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 in the Saudi Stock Exchange (Tadawul). All the invested shares were sold during the year 2021, and this resulted in realized profits of 6,167,832 Saudi riyals, The dividends received during the year amounted to 316,906 Saudi riyals, which were presented in the statement of profit or loss. The movement of investments for the year ended December 31 is as follows:

	31 December 2021	31 December 2020
Cost of investment as at January 1	<u>22,336,709</u>	--
Purchase of investment units	21,705,707	34,385,978
Sale of invested units	(50,210,248)	(11,679,515)
Realized gains on sale of investments	6,167,832	354,618
Fair value differences for units	--	(724,372)
Balance as at 31 December	<u>--</u>	<u>22,336,709</u>

12- TRADE RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables	<u>160,067,358</u>	147,674,928
Due from related parties (Note 28)	50,199,434	42,705,247
	210,266,792	190,380,175
Less: impairment of trade receivables	(25,064,817)	(23,325,147)
	<u>185,201,975</u>	<u>167,055,028</u>

The movement in impairment of trade receivables is as follows:

	31 December 2021	31 December 2020
Balance at beginning of the year	<u>23,325,147</u>	23,325,147
Provided during the year	1,739,670	--
Balance at end of the year	<u>25,064,817</u>	<u>23,325,147</u>

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 2021	31 December 2020
Suppliers - debit balances (*)	22,074,146	17,942,703
VAT, net	4,830,906	1,268,354
Pre-paid expenses	1,750,181	920,952
Advances to suppliers	227,572	1,419,773
Letter of guarantee (Note 20)	--	1,117,604
Other assets	37,800	60,310
	<u>28,920,605</u>	<u>22,729,696</u>

* 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 2021	31 December 2020
Cash on hand	2,815	3,899
Bank balances	48,737,804	9,801,294
	<u>48,740,619</u>	<u>9,805,193</u>

15- SHARE CAPITAL

As at 31 December 2021, the Company's authorized and fully paid up share capital amounted to SR 150 million (2020: SR 150 million), divided by 15 million ordinary shares (2020: 15 million ordinary shares) of SR 10 per share (2020: SR 10 per share).

The Board of Directors recommended in its meeting held on 15 November 2021 (corresponding to Rabi' al-Thani 10, 1443), to increase the company's capital by granting free shares to the company's shareholders by capitalizing the retained earnings by granting one share for every two shares provided that this is presented to the extraordinary general assembly for approval after obtaining approval of the Official authorities.

16- OTHER RESERVES

The balance represents the actuarial loss resulting from re-measurement of employees' benefits, the balance as of 31 December 2021 SR 140,344 (2020: SR 138,114).

17- ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2021	31 December 2020
Accrued expenses – electricity	1,246,610	1,029,017
Accrued bonus	765,724	971,247
Remunerations and allowances of the Company's Board of Directors and Committees (Note 28)	638,000	499,000
Accrued expenses – consultations	498,412	405,250
Accrued air tickets	484,103	402,596
Leave Vacations entitlements Accruals	399,955	339,970
Advances from customers	54,489	245,903
Accrued expenses - unbilled goods	10,350	769,560
Others	2,091,065	1,155,142
	<u>6,188,708</u>	<u>5,817,685</u>

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18- LOANS

a) Short-term loans

	31 December 2021	31 December 2020
Short-term loans (*)	166,313,802	162,069,666
	166,313,802	162,069,666

(*) 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 2021	31 December 2020
Local banks	12,929,257	32,821,593
Saudi Industrial Development Fund (SIDF)	48,280,000	56,630,000
	61,209,257	89,451,593
Less: deferred interests	(1,332,038)	(1,556,327)
	59,877,219	87,895,266
Presented in the statement of financial position as follows:		
Non-current portion shown under non-current liabilities	23,153,280	48,177,220
Current portion shown under current liabilities	36,723,939	39,718,046
	59,877,219	87,895,266
<i>Total loans</i>	226,191,021	249,964,932

As at 31 December 2021, the Saudi Industrial Development Fund loan is secured against the lands, buildings and machines of the Company's plant with a book value of SR 113,643,858 (31 December 2020: SR 95,635,226) and is due for repayment over a period of 1 to 5 years (Note 7).

c) Total movement in loans

	31 December 2021	31 December 2020
Balance as at 1 January	249,964,932	241,962,652
Proceeds from loans	589,841,900	355,742,372
Repayment of loans	(619,035,956)	(352,274,339)
Finance costs	7,615,435	9,886,763
Finance costs (paid)	(2,195,290)	(5,352,516)
Balance as at 31 December	226,191,021	249,964,932

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 300.7 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 2021, unused facilities and open letters of credit amounted to SR 23.39 million (2020: SR 61.5 million).

The credit facility agreements are secured by promissory notes issued by the Company.

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18- LOANS (CONTINUED)

d) Bank facility agreements (continued)

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 the bank to breach one of the bank's covenants.

During the year ended 31 December 2021, financing agreements with some local banks were renewed at values amounting to SR 227.93 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.

As at 31 December 2021, the Company obtained credit facilities from the Saudi Industrial Development Fund amounting to SR 24.50 million (31 December 2020: SR 33.50 million).

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:

	<u>31 December 2021</u>	<u>31 December 2020</u>
Balance at the beginning of the year	1,920,943	1,332,695
Included in statement of profit or loss		
Current service cost	468,146	384,092
Interest cost	67,429	55,009
(Paid) during the year	(42,541)	(17,777)
	493,034	421,324
Included in other comprehensive income		
Losses of actuarial revaluation	2,230	166,924
Balance at the end of the year	2,416,207	1,920,943

19-2 Actuarial assumptions

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

	<u>31 December 2021</u>	<u>31 December 2020</u>
Discount rate	3.25%	3.00%
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:

	<u>31 December 2021</u>		<u>31 December 2020</u>	
	Increase	Decrease	Increase	Decrease
Discount rate (1 % movement)	(2,142,792)	2,745,991	(1,689,309)	2,202,532
Future Salary Growth Rate (1% change)	2,736,608	(2,144,590)	2,193,760	(1,691,334)

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. These objections are still pending with the General Secretariat of Tax Committees until the date of preparing these financial statements. Furthermore, the Company made a provision for the total amount of these Zakat assessments and believes that the outcome of these objections 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 the appeal with ZATCA.

- 20.4** The Company filed the Zakat declaration for the year 2020, the Zakat payable has been paid based on this declaration, A Zakat certificate was issued for this year 2020, and it is valid until 30 April 2022.

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

	31 December 2021	31 December 2020
Equity, opening provisions and other Adjustments	322,721,608	324,631,165
Book value for long term assets	(223,379,482)	(244,673,756)
Total	99,342,126	79,957,409
Zakat profit for the year	72,944,205	47,367,141
Zakat base	172,286,331	127,324,550

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20 ZAKAT PROVISION (CONTINUED)

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

	31 December 2021	31 December 2020
Balance at the beginning of the year	4,271,600	4,660,664
Provided during the year	4,307,158	3,245,227
Zakat adjustments	77,487	(476,567)
Zakat assessment differences from previous years	1,800,000	3,586,926
Charged to the statement of profit or loss and other comprehensive income	6,184,645	6,355,586
Paid during the year	(3,163,481)	(6,744,650)
Balance at the end of the year	7,292,764	4,271,600

21- COST OF SALES

	<i>For the year ended 31 December</i>	
	2021	2020
Raw material cost	403,054,691	296,335,821
Depreciation	28,204,313	27,206,913
Electricity	13,998,103	12,570,659
Salaries and related costs	8,863,304	7,838,670
Others	7,064,870	6,713,009
	461,185,281	350,665,072

22- SELLING AND DISTRIBUTION EXPENSES

	<i>For the year ended 31 December</i>	
	2021	2020
Transportation expenses	7,328,888	7,449,873
Salaries and wages	771,291	682,506
Selling commissions	112,000	183,116
Depreciation	18,235	26,620
Miscellaneous expenses	939,958	943,539
	9,170,372	9,285,654

23- GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the year ended 31 December</i>	
	2021	2020
Salaries and wages	3,656,829	3,655,625
Professional and consultancy fees	1,041,057	1,371,283
Remunerations and allowances of the Company's Board of Directors and Committees	638,000	499,000
Depreciation and amortization	370,895	418,469
Defective goods	316,104	139,695
Miscellaneous expenses	1,303,280	1,107,593
	7,326,165	7,191,665

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24- DIVIDENDS

The General Assembly, in its meeting held on 26 April 2021, corresponding to Ramadan 14, 1441, based on the recommendation of the Board of Directors in its session held on 24 February 2021 corresponding to Rajab 12, 1442, approved the distribution of cash dividends in the amount of 15 million Saudi riyals for the fiscal year 2020 at a rate of 1 Saudi riyals per share. (2020 AD: 11,250 million Saudi riyals at 0.75 riyals per share).

On 15 November 2021, corresponding to 10 Rabi' al Thani 1443 H, the Board of directors recommended by circulation to distribute cash dividends of SR 22.5 million for the financial year 2021 amounting to SR 1,5 per share, provided that the same is to be paid to the owners of the restricted shares at the end of the second trading day following the day of the Company's shareholders general assembly meeting, which will be announced later.

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 2021, contingent liabilities related to uncovered letter of credit amounted to SR 48,735,371(31 December 2020: SR 46,198,340).

As at 31 December 2021, the capital commitments related to projects in progress amounted to SR 1,302,750, represent mainly in contracting for a new production line (31 December 2020: SR 1,881,513).

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 2021	31 December 2020
Income for the year	64,571,683	40,572,454
<u>No. of shares</u>		
Weighted average number of shares (Note 15)	15,000,000	15,000,000
Basic and diluted earnings per share (Saudi Riyals)	4.30	2.70

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)

	<u>31 December 2021</u>					
	<u>Carrying amount</u>	<u>Fair value</u>				
	<u>Amortized cost</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets						
Trade receivables	185,201,975	185,201,975	--	--	--	185,201,975
Cash and cash equivalents	48,740,619	48,740,619	--	--	--	48,740,619
Investments at FVTPL	--	--	--	--	--	--
Suppliers - debit balances (Note 13)	22,074,146	22,074,146	--	--	--	22,074,146
Total	256,016,740	256,016,740	--	--	--	256,016,740
Financial liabilities						
Short-term Loans	166,313,802	166,313,802	--	--	--	166,313,802
Long-term Loans	23,153,280	23,153,280	--	--	--	23,153,280
Loans - current portion	36,723,939	36,723,939	--	--	--	36,723,939
Trade payables	23,104,300	23,104,300	--	--	--	23,104,300
Total	249,295,321	249,295,321	--	--	--	249,295,321

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

	31 December 2020		Fair value				
	Carrying amount	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Trade receivables	--	167,055,028	167,055,028	--	--	--	167,055,028
Cash and cash equivalents	--	9,805,193	9,805,193	--	--	--	9,805,193
Investments at FVTPL	22,336,709	--	22,336,709	22,336,709	--	--	22,336,709
Suppliers - debit balances (Note 13)	--	17,942,703	17,942,703	--	--	--	17,942,703
Total	22,336,709	194,802,924	217,139,633	22,336,709	--	--	217,139,633
Financial liabilities							
Loans							
Short-term	--	162,069,666	162,069,666	--	--	--	162,069,666
Long-term Loans	--	48,177,220	48,177,220	--	--	--	48,177,220
Loans - current portion	--	39,718,046	39,718,046	--	--	--	39,718,046
Trade payables	--	29,621,600	29,621,600	--	--	--	29,621,600
Total	--	279,586,532	279,586,532	--	--	--	279,586,532

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 256.01 million (31 December 2020: SR 217.1 million) of total assets amounting to SR 567,26 million (31 December 2020: SR 544,09 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	31 December
	2021	2020
Trade receivables	185,201,975	167,055,028
Cash and cash equivalents	48,740,619	9,805,193
Investments at FVTPL	--	22,336,709
Suppliers - debit balances (Note 13)	22,074,146	17,942,703
	<u>256,016,740</u>	<u>217,139,633</u>

27-2-1 Credit quality of financial assets

As at 31 December 2021, the trade receivables balances include a balance of SR 43.9 million (31 December 2020: SR 42.5 million) for two of the Company's customers.

At 31 December 2021, the ageing analysis of trade receivables was as follows:

	31 December	31 December
	2021	2020
Current (not past due)	125,582,857	89,881,159
1-90 days	43,965,238	44,660,338
91-180 days	15,148,780	26,993,029
181-270 days	6,778,880	12,625,030
271-360 days	1,830,884	2,241,770
More than 360 days	16,960,153	13,978,849
Balance	<u>210,266,792</u>	<u>190,380,175</u>

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 (2020: 270 days). As at 31 December 2021, the allowance for doubtful debts amounted to SR 25,064,817 (Note 12) (2020: SR 23,325,147).

As at 31 December 2021, the Company maintains cash and cash equivalents of SR 48.7 million (31 December 2020: SR 9.8 million) with banks having sound 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 23.39 million (31 December 2020: SR 61.5 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 2021.

31 December 2021	Less than one year	From one year to 3 years	More than 3 years	Accrued interests for future periods	Total contractual agreements	Carrying amount
<i>Non-derivative financial liabilities</i>						
Loans	203,037,741	14,963,280	8,190,000	2,397,215	228,588,236	226,191,021
Trade payables	23,104,300	--	--	--	23,104,300	23,104,300
Accrued expenses and other payables	6,188,708	--	--	--	6,188,708	6,188,708
	<u>232,330,749</u>	<u>14,963,280</u>	<u>8,190,000</u>	<u>2,397,215</u>	<u>257,881,244</u>	<u>255,484,029</u>
31 December 2020						
<i>Non-derivative financial liabilities</i>						
Loans	201,787,713	48,177,219	--	2,521,409	252,486,341	249,964,932
Trade payables	29,621,600	--	--	--	29,621,600	29,621,600
Accrued expenses and other payables	5,817,685	--	--	--	5,817,685	5,817,685
	<u>237,226,998</u>	<u>48,177,219</u>	<u>--</u>	<u>2,521,409</u>	<u>287,925,626</u>	<u>285,404,217</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-IForeign 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 2021</u>	SR	+100	(2,261,910)
	SR	-100	2,261,910
<u>31 December 2020</u>	SR	+100	(2,499,649)
	SR	-100	2,499,649

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 2021	At 31 December 2020
Total loans	226,191,021	249,964,932
Less: Cash and cash equivalents	(48,740,619)	(9,805,193)
Adjusted net debt (a)	177,450,402	240,159,739
Total equity	301,908,351	252,338,898
Adjusted equity and net debt (b)	479,358,753	492,498,637
Adjusted debt ratio from adjusted equity (a) / (b)	%37	49%

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

28-1 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 2021	For the year ended 31 December 2020
<u>Transactions:</u>		
Sales of goods to Hana Water Company	73,176,295	52,996,673
Purchases of goods from Hana Water Company	126,218	113,367
Annual salaries, allowances and remuneration for Key Management Personnel	3,100,900	2,888,204
Allowance to attend meeting of the Company's Board of Directors and Committees	144,000	144,000
Board of Directors' remunerations	130,000	430,000
<u>Balances</u>		
Due from related parties included in trade receivables (Hana Water Company) (Note 12)	50,199,434	42,705,247
Key Management Personnel included in other receivables	89,130	78,479
Key management personnel included under other payables	--	47,000
Key Management Personnel End of Service Benefits	845,288	640,215
Allowance to attend meeting of the Company's Board of Directors and Committees included under accrued expense (Note 17)	208,000	144,000
Board of Directors remuneration included under accrued expenses (Note 17)	430,000	355,000

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	
For the year ended 31 December 2021			
Sales	474,696,290	74,315,013	549,011,303
Cost of sales	(405,708,722)	(55,476,559)	(461,185,281)
Gross profit	68,987,568	18,838,454	87,826,022
Other income	1,989,291	307,919	2,297,210
Selling and distribution expenses	(7,220,097)	(1,950,275)	(9,170,372)
General and administrative expenses	(6,444,891)	(881,274)	(7,326,165)
Impairment of trade receivables	(1,530,404)	(209,266)	(1,739,670)
Operating profit	55,781,467	16,105,558	71,887,025
Finance costs	(6,699,365)	(916,070)	(7,615,435)
Income before Zakat	49,082,102	15,189,488	64,271,590
As at 31 December 2021			
Segments Net assets	95,558,412	34,384,727	129,943,139
For the year ended 31 December 2020			
Sales	352,403,119	72,447,300	424,850,419
Cost of sales	(301,636,659)	(49,028,413)	(350,665,072)
Gross profit	50,766,460	23,418,887	74,185,347
Other income	(440,792)	(82,679)	(523,471)
Selling and distribution expenses	(7,141,223)	(2,144,431)	(9,285,654)
General and administrative expenses	(6,182,166)	(1,009,499)	(7,191,665)
Impairment of trade receivables	--	--	--
Operating profit	37,002,279	20,182,278	57,184,557
Finance costs	(8,482,094)	(1,404,669)	(9,886,763)
Income before Zakat	28,520,185	18,777,609	47,297,794
As at 31 December 2020			
Segments net assets	116,993,915	37,532,074	154,525,989

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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>
31 December 2021	405,339,380	143,671,923	549,011,303
31 December 2020	303,166,338	121,684,082	424,850,419

Export sales are as follows:

	<i>For the year ended 31 December</i>	
	<u>2021</u>	<u>2020</u>
Yemen	122,156,799	103,161,707
Oman	8,595,661	7,194,097
Bahrain	6,814,570	6,073,336
Sudan	2,735,528	3,087,224
Kuwait	2,726,697	2,114,918
Jordan	299,131	52,800
Lebanon	343,537	--
Total export sales	143,671,923	121,684,082

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 2021	189,738,137	20,528,655	210,266,792
31 December 2020	157,414,945	32,965,230	190,380,175

29-3 The main customer and supplier

As at 31 December 2021, sales from the main two customers of the Company represent 43% of the Company's total sales in the amount of SR 237 million (31 December 2020: 45% in the amount of SR 191.9 million).

As at 31 December 2021, the balances of local customers amounted to SR 189.7 million (31 December 2020: SR 157.4 million) and the balances of export customers as at 31 December 2021 amounted to SR 20.5 million (31 December 2020: SR 33 million).

As at 31 December 2021, purchases from the major supplier of the Company represent 87.8% of total purchases of raw materials amounting to SR 378.4 million (31 December 2020: 90% amounting to SR 313.1 million) of the Company's total purchases.

30- SUBSEQUENT EVENTS

No material events have occurred after the date of the report that may materially affect the financial statements and related disclosures for the financial year ending on 31 December 2021.







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شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company