

Board Report for 2020



صدر
SADR

للخدمات اللوجستية
LOGISTICS SERVICES

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Respected gentlemen / shareholders of Sadr Logistic Services Company

The Board of Directors of Sadr Logistics Company is pleased to present to the company's shareholders the annual report, which sheds light on the performance and achievements of the company and its financial position for the fiscal year ending on December 31, 2020 AD, which was prepared in accordance with the requirements of the Corporate Governance Regulations and the Registration and Listing Rules issued by The financial market, the Saudi corporate system, and the company's articles of association, as follows:

1- Company incorporation, capital and activity:

1-1 Incorporation of the company and its capital:

Sadr Logistics Services Company (formerly Al-Samaani Factory for Metal Industries) (the "company") was established as a closed Saudi joint stock company in accordance with the provisions of the Companies Law issued by Royal Decree No. (M / 3) dated 01/28/1437 AH and its regulations in the Kingdom of Saudi Arabia under Commercial Registry No. 1131012302 issued on 20 Shaaban 1414 AH corresponding to February 2, 1994 AD, and in accordance with Ministerial Resolution No. (Q / 26) dated Safar 3 1438 AH corresponding to November 3, 2016 AD approving the announcement of the transformation into a closed Saudi joint stock company, and according to the commercial register, the company's term is 99 years starting from 8 Safar 1438 AH Corresponding to November 8, 2016 AD (the date of the transition from a limited liability company to a closed Saudi joint stock company).

According to the Capital Market Authority's decision issued on January 11, 2017 corresponding to Jumada Al-Akhira 13, 1438 AH, which included approval of offering the company's shares in the parallel market (Nomu) and with the approval of the extraordinary general assembly of the company, the company's capital was increased from 9,000,000 Saudi riyals to 11,250,000 Saudi riyals divided into 1,125,000 Shares with a nominal value of 10 Saudi riyals per share, and on 2/26/2017 corresponding to 5/29/1438 AH, the company's shares were listed and started trading on the parallel market "Nomu".

The company's board of directors recommended in its session held on 17/12/2017 corresponding to 23/03/1441 to increase the company's capital by granting free shares to shareholders by one share for every three shares and an increase of 1,000,000 shares by capitalizing an amount of 10,000,000 riyals as a deduction from the profit account. The remainder and the recommendation of the Board of Directors was approved through the Extraordinary General Assembly held on 25/06/2020 corresponding to 04/11/1441 AH, so that the company's capital after the increase would be 25,000,000 Saudi riyals divided into 2,500,000 shares with a nominal value of 10 Saudi riyals per share.

The company's board of directors approved the transfer of the company to the main market on 26-09-2020, corresponding to 02-09-1442 AH, and the approval of the Saudi Stock Exchange was issued. Tadawul on the transfer request was issued on 12/03/2020 AD corresponding to 04/17/1442 AH, and the trading of the company's shares began in the market. Main (TASI) as of Thursday 10-12-2020 AD corresponding to 04/25/1442 AH with code 1832 in the professional and commercial services sector and the daily fluctuation of the share price is 10%.

According to what was approved by the extraordinary general assembly of the company on 10/29-2020 AD corresponding to 12-03-1442 AH to amend the second article of the company's articles of association related to the name of the company from Al Samaani Factory for Metal Industries Company to Sadr Logistics Company, and the name change was announced on (Tadawul) on 01/14/2021 AD corresponding to 06/01/1442 AH.

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1-2 Company's Activity:

The company conducts its industrial activities under the amended industrial license No. 421102109011

dated 05/02/1442 AH, and under the main commercial registry No. 1131012302 issued on 08/20/1414 AH and the following subsidiary records: -

- Sub-registry No. 2050115434 issued on 05/08/1439 AH.
- Sub- registry No. 1010947309 issued on 06/27/1439 AH.
- Sub- registry No. 1131035610 issued on 07/12/1432 AH.
- Sub- registry No. 1131023051 issued on 02/02/1428 AH.

The name of Sadr Logistics Company is considered a name synonymous with total quality in the manufacture of metal shelves and all systems and solutions for storage, handling, and logistics services, which serve various sectors and businesses. We have dedicated ourselves to providing this quality with its highest standards with cost control.

The most important activities and products of the company are as follows:

- Manufacture of metal shelves and their accessories, metal storage and handling systems, warehouse shelves, refrigerators, pallets, cages, containers and metal boxes.
- Manufacture of wooden pallets, boxes and containers.
- Supplying plastic pallets.
- Supply of forklifts, equipment and storage machines.
- Logistics services (storage for others - transportation for others)

2- Corporate Governance:

2-1 The company has set written policies and regulations to organize the company's work and has approved these regulations by the Board of Directors and General Assembly according to the following schedule:

Statement	Regulation	N
The regulation was approved by a decision of the Board of Directors (No. 13) on 09/26/2020 AD and approved by the General Assembly on 10/29/2020 AD.	Corporate Governance Regulations	1
The regulation was approved by a decision of the Board of Directors (No. 13) on 09/26/2020 AD and approved by the General Assembly on 10/29/2020 AD.	Regulation of the Remuneration and Nomination Committee	2
The regulation was approved by a decision of the Board of Directors (No. 13) on 09/26/2020 AD and approved by the General Assembly on 10/29/2020 AD.	Conflict of interest policies	3
The regulation was approved by a decision of the Board of Directors (No. 13) on 09/26/2020 AD and approved by the General Assembly on 10/29/2020 AD.	Policies, standards, and procedures for membership in the Board of Directors and the subsidiary committees	4
The regulation was approved by a decision of the Board of Directors (No. 13) on 09/26/2020 AD and approved by the General Assembly on 10/29/2020 AD.	Disclosure and transparency policy and procedures	5

2-2 The company applies all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, except for the following:

Statement	Regulation	N
Indicative	The company must give sufficient attention to training and qualifying members of the Board of Directors and the executive management,	39
It is indicative and the Nomination and Remuneration Committee uses the best evaluation criteria.	The Board of Directors, based on the proposal of the Nomination Committee, sets the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management	41
Indicative	A committee called (Risk Management Committee) is formed by a decision of the company's board of directors.	72/71/70
Indicative	Forming an internal audit unit or department	76
Indicative	The company sets up programs to develop and stimulate the participation and performance of the company's employees	85
Indicative	Social responsibility and social work initiatives	88/87
It is indicative, and the Board of Directors continuously monitors the company's implementation of all governance regulations.	The formation of the Corporate Governance Committee	95

3. Members of the Board of Directors, Committees and Executive Management:

1-3 Members of the Board of Directors

The company is managed by a Board of Directors composed of (five members) elected by the Ordinary General Assembly of the shareholders for a period not exceeding three years. With the exception of this, the founders appointed the first Board of Directors for a period of five years starting from the date of the company's registration in the Commercial Register, and until the end of the current session of the Board on 15 / 09/2021 AD as follows:

Position	Name	N
Chairman of the Board of Directors - non-executive member	Mohammed Abdullah Abdul Karim Al-Samaani	1
Vice Chairman - and Managing Director - Executive Member	Bandar Mohammed Abdullah Al-Samaani	2
Independent member	Khaled Suleiman Abdullah Al-Mudayfer	3
Independent member	Tariq Saad Al-Tuwaijri	4
Independent member	Omar Abdul Aziz Al-Zabin	5

It should be noted that, due to his practical circumstances, Saad Bin Amash Al-Shamri, a member of the Independent Board of Directors, resigned from the Board of Directors on 10/09/2020 and was accepted by the Board of Directors on 13/09/2020.

The Board also appointed Professor Omar bin Abdul Aziz bin Abdul Rahman Al-Zubin as an independent member of the Board of Directors to complete the term of his predecessor, Engineer Saad Bin Amash Al-Shimri, from the date of appointment on 22/09/2020 until the end of the current session of the Board. This appointment was submitted to the extraordinary General Assembly on 29/10/2020.

2-3 The Audit Committee

The formation of the audit committee consists of three members and they are as follows:

Position	Name	N
Committee Chairman - Financial Member	Professor / Abdullah Muhammad Al-Kabraish	1
Committee member	Engineer / Khaled Sulaiman Al-Mudayfer	2
Committee member - financial member	Professor / Azzam Omar Al-Mufdi	3

It should be noted that the member of the audit committee, Mr. Abdul Rahman bin Ibrahim Al Hadlaq (an independent financial member from outside the board), submitted his resignation from the audit committee membership on 09/06/2020 AD, in order to appoint him to the position of executive vice president of the company, and the resignation was accepted by the board of directors in the same manner.

Date: The date of his membership in the Audit Committee was from 11/04/2019 until the date of his resignation.

The Board of Directors' decision was issued to appoint Mr. Abdullah bin Muhammad bin Ali Al-Kabraish as a member of the Audit Committee (an independent financial member from outside the Board) on 06/09/2020 AD, until the end of the current session of the Board to succeed the resigning member Mr. Abdul Rahman bin Ibrahim Al-Hadlaq. The approval of the extraordinary general assembly was obtained on this appointment on 10/29/2020 AD, and Mr. Abdullah bin Muhammad bin Ali Al-Kabraish was elected by the members of the Audit Committee as Chairman of the Review Committee, succeeding the resigned former president.

The Chairman of the Audit Committee, Engineer Saad Bin Amash Al-Shamri (a member of an independent Board of Directors), resigned from the Audit Committee on 10/09/2020 due to his practical circumstances and was accepted by the Governing Council on 13/09/2020.

Mr. Azzam bin Omar bin Abdul Rahman Al-Mufdi was appointed as a member of the Audit Committee (an independent financial member from outside the Board) on 09/22/2020 AD, to succeed the resigned member (Chairman of the Audit Committee) Engineer / Saad Amash Al-Shammari. The approval of the extraordinary general assembly on this appointment on 10/29/2020.

3.3 Remuneration and Nomination Committee

In accordance with the decision of the Board of Directors of the Company of 20 September 2020, the Committee on Rewards and Nominations was formed, with the Committee beginning its work from the date of the decision of the Board of Directors of 20-09-2020 until the end of the current session of the Board of Directors of 15-09-2021.

The work regulations of the Remuneration and Nominations Committee were presented to the extraordinary general assembly on 10/29/2020, and the regulation was approved.

The committee consisted of three members as follows:

Position	Name	N
Committee Chair - Independent Board Member	Engineer / Khaled Sulaiman Al-Mudayfer	1
Committee Member - Chairman of the Board of Directors - Non-Executive Member	Professor / Mohammed Abdullah Al-Samaani	2
Committee Member - Independent Board Member	Professor / Tariq Saad Al-Tuwaijri	3

3-3 Executive Management.

The executive management consists of three members according to the following schedule:

Position	Name	N
CEO	Dr. Bandar Mohammed Abdullah Al-Samaani	1
Executive Vice President	Professor / Abdul Rahman Ibrahim Al-Hadlaq	2
Chief Financial Officer	Professor / Ahmed Mustafa Kortam	3

It is worth noting that as a subsequent event to this report prepared for the year 2020 AD and in the year 2021 AD and before the issuance of this report and based on the recommendation of the Remuneration and Nominations Committee and the decision of the Board of Directors of the company on 03/14-2021 AD to approve the appointment of Mr. Abdulrahman bin Ibrahim Al-Hadlaq as the CEO of the company as of the date 15-03-2021 AD to succeed the former CEO Bandar bin Muhammad Al-Samaani, who left the position of CEO to fill the position of Managing Director as of March 15-2021 AD.

4- Participation of board members in the membership of other companies' boards of directors and committees:

According to the following table:

Position	Company Name	Member Name
- Member of the Board of directors.	- AlQahtani Pipe Coating Industries (closed joint stock)	Mr.Omar Abdul Aziz bdulRahman Al Zabn
- Member of the Board of directors.	- SaudiGulf Airlines (closed joint stock)	
- Member of the Board of directors.	- Knowledge economic City in madina	
- Member of an independent Board of Directors.	- Sahel al Madar Company (closed joint stock)	Eng. Khaled Suleiman Al-Mudayfer
- Member of an independent Board of Directors.	- Al-Faleh Sports House (closed joint stock)	Professor / Tariq Saad Al-Tuwaijri
- Member of an independent Board of Directors.	- Al Sudais Transportation (Listed Joint Stock)	
- Member of an independent Board of Directors and Chairman of the Awards and Nominations Committee	- Thoub Al-Aseel Company (Listed Joint Stock)	
- Member of an independent Board of Directors.	- HSBC mutual funds	

5- Composition of the Board of Directors and classification of its members:

Classification of membership			Member name	S.N
Independent	Non executive	Executive		
	√		Mohammed Abdullah Abdul Kareem As Samani	1
		√	Bander Mohammed Abdullah As Samani	2
√			Khaled Soliman Abdullah Al Mudaifer	3
√			Tarek Saad Abdul Aziz AtTugary	4
√			Omar Abdul Aziz AbdulRahman Al Zabn	5

6. The tasks of committees, their members, and the record of attendance:

6.1 Review committee

The terms and functions of review committee are as follows:

1. Financial statements

Study provides opinions and recommend to the board of directors the initial and annual financial statements.

2. Internal audit

Examination and audit of internal control systems, internal audit reports and risk management

3. Auditor of accounts

Recommendation to board to appoint and verify the independence of the external auditor, objectivity, discussion, response to inquiries and study of the report of external auditor.

4. Ensure compliance.

Check compliance with regulations, polices and instructions of regulators and review contracts and transactions with related parties.

During the fiscal year ending 31/12/2020, the audit committee held 4 of your meetings as shown in the following table:

Attendance Record					Membership	Member name	Committee
Total	Fourth meeting 16/12/2020	Third meeting 17/11/2020	Second meeting 09/09/2020	First meeting 28/03/2020			
4	Resigned	Resigned	Audit committee	√	Ex Committee president	Eng. Saad Ammash As Shamary	Audit committee
4	√	√	√	√	Member	Eng. Khaled Soliman Al Mudaifer	
1	Resigned	Resigned	resigned	√	Ex member	Mr. Abdulrahman Ibrahim Al Hadaq	
3	√	√	√	Before appointment	Committee president	Mr. Abdullah Mohammed Al Kabrish	
2	√	√	Before appointment	Before appointment	Member	Mr. Azzam omar Al Mufdy	

6.2 Commission of rewards and nominations:

The work of this commission is as follow:

1. Clear policy on remuneration of members of the governing council, its committees and executive management developed and submitted to the governing council for consideration for adaption by the general assembly, including performance standards, and its disclosure and verification of execution.
2. Propose clear criteria policies for board and executive management membership.

3. Recommend to the governing council to nominate and re nominate its members on the basis of race and criteria, taking into account that no individual convicted of an offense involving breach of trust shall be nominated
4. Annual review of required skills or experience requirements relevant to board membership and executive management positions
5. Review the structure of the governing body and executive management and make recommendations on possible changes
6. Develop a description and function for executive, independent and senior executive members.
7. Establishment of special procedures in the event of a vacancy in the status of a board member or senior executive officer
8. Identify weakness and strengths of the board of directors and propose solutions to address them in the best interests of the company.
9. Clarify the relationship between the rewards awarded and the applicable reward policy and that any substantial deviation from these policies.
10. Periodic review of the prizes and evaluation of their effectiveness in achieving their intended objectives.
11. Recommend to the board of directors to reward the members of the board of directors and the committees for the high level of performance of the company in accordance with the approved policy.

During the fiscal year ending 31/12/2020, the audit committee held 4 of your meetings as shown in the following table:

Attendance record		Membership	Member name	Committee
First meeting 02/09/2020	First meeting 02/09/2020			
1	√	Committee president	Eng. Khaled Soliman Al Mudaifer	Awards and nomination committee
2	√	Member	Mohammed Abdullah As Samani	
1	√	Committee president	Eng. Khaled Soliman Al Mudaifer	

7. Rewards paid to members of the board of directors and senior executives:

7-1 Policy on rewards for members of the board, committees, and executive management:

The remuneration of the members of the board of directors is set at 80 thousand riyals per year for the member 3000 as a equivalent for the membership of the board of directors in addition to the allowance for attendance at sessions in the amount of riyals per session. The remuneration of the members of the review committee is set at 20 thousand riyals per year for each member, in addition to 1500 riyals for attendance at sessions per session. The remuneration of the members of the review committee is also set at 15 thousand riyals per year for each member in addition to 1500 riyals for attendance at sessions per session, while the remuneration of the executive management is determined through the regulation of internal allowances, the company approved by the rewards and nominations committee.

7-2 the allowances granted to members of the board of directors, committees, and executive management in accordance with the established compensation policy set out in the company's regulations and policies approved by the general assembly of shareholders and there is no substantial deviation from this policy.

7-3 The following table clarifies the bonuses, allowances and salaries of the members of the board of directors and senior executive paid or earned during the fiscal year ending 31/12/2020.

rewards to members of the board

Total	Advantaged	Executive plans	Other expenses	Allowance attendance at sessions	Allowances of technical business or consultations	Annual and periodic rewards	Salaries and allowances	Statement
First: independent members								
59,110	-	-	-	3,000	-	56,110	-	1. Saad Amsh As Shamary
95,000	-	-	-	15,000	-	80,000	-	2. Khaled Soliman Al Mudaifer

95,000	-	-	-	15,000	-	80,000	-	3. Tarek Saad At Twagrey
30,918	-	-	-	9,000	-	21,918	-	4. Omar Abdul Aziz Azain
280,028	-	-	-	42,000	-	238,028	-	Total
Second: non-executive members								
86,000	-	-	-	6,000	-	80,000	-	1. Mohammed Abdullah As Samani
86,000	-	-	-	6,000	-	80,000	-	Total
Third: executive members								
83,000	-	-	-	3,000	-	80,000	-	1. Badr Mohammed As Samani
449,028	-	-	-	51,000	-	398,027	-	Total

7-4 rewards of senior executives

The senior executives of the company are the CEO, the executive vice president and the chief financial officer, and their remuneration and remuneration as follows: -

Total	Advantage	Others	End of service allowance	Periodic and annual rewards	Salaries and allowances	Statement
1,395,494	-	241,326	102,388	18,750	1,033,030	Total

7-5 rewards of committee's members

Total	Allowance of attendance of sessions	Fixed award (except allowance of attendance of sessions)	Statement
Members of audit committee			
17,027	3,000	14,027	eng. Saad Ammash AsShamary
26,000	6,000	20,000	Khaled Soliman Al Mudaifer
15,144	1,500	13,644	Abdulrahman Ibrahim Al Hadalq
10,856	4,500	6,356	Mr. Abdullah Mohammed Al Kabrish
8,479	3,000	5,479	Azzam Omar Al Mufdy
77,506	18,000	59,506	Total
Members of awards and nomination committee			
4,295	1,500	2,795	Khaled Soliman Abdullah Al Mudaifer
2,795	-	2,795	Mohammed Abdullah As Samani
4,295	1,500	2,795	Tarek Abdul Aziz At Twagry
11,385	4,500	8,384	Total
88,891	22,500	67,890	Total of committees

8. Decision to waiver bonuses for members of the board of directors and committees or for one of the chief executives:

No board members, committees or senior executives have waived their annual awards of 2020 and the awards will be submitted to the general assembly for approval.

9. Sanctions and penalties imposed on the company.

There are no sanctions and penalties imposed on the company.

10. results of the annual audit of the effectiveness of the internal control procedures

The effectiveness of the internal control procedures was reviewed by the audit committee and by the board of directors to verify their adequacy and efficiency in protecting the assets of the company, assessing business risks, and measuring performances efficiency. The audits did not show a fundamental weakness in the company's internal control system. the Recommendation of the audit committee for the continuous improvement of the internal control systems.

11. Recommendation of the audit committee regarding the need for internal auditor

The members of the audit committee recommended the appointment of an internal auditor at the firm during the year 2020. This appointment was made in the beginning of 2021, before the issuance of this report.

12. Dates of general shareholders' assemblies and records of attendance of council members of management for every meeting:

The following table shows: Members of the board of directors of the general assemblies of shareholders remotely through modern technology means, as two extraordinary general assemblies were held during the year 2020 AD:

Total	Attendance record		Name	
	Meeting date 29/10/2020	Meeting date 9/5/2019		
2	√	√	Mohammed Abdullah Abdul Kareem Al Samaani	1
2	√	√	Bander Mohammed Abdullah Al Samaani	2
1	Resigned	√	Saad Ammash Saad Al Shmary	3
2	√	√	Khaled Soliman Abdullah Al Mudaifer	4
2	√	√	Tarek Abdul Aziz At Twagry	5
1	√	Before appointment	Omar Abdul Aziz Azain	6

13. Describe the main activities of the company.

13.1 - iron activity, consisting of the manufacture, supply and installation of metal storage solutions, shelves for warehouses, refrigerators, drums, containers, casings, and cages.

13.2 - wood activity consisting of the manufacture and supply of wooden drums, storage boxes and shipping.

13.3 - the transshipment equipment sector, which consists of the supply of light and heavy forklifts, machinery, and miscellaneous storage equipment.

13.4 - the logistics sector, which consists of supply chain, warehousing, and transport services.

13.5 - other sectors consisting of the supply of storage solutions are diverse, such as plastic drums, other storage products and supplies, warehouse licensing services and refrigerators.

The impact of these key activities on the company's volume of business and its contribution to the results as follows.

Percentage	Activity revenues 2020	Activity Type
%52	28,104,507	Iron
%18	9,694,855	Wood
%12	6,701,100	Storage equipments
%8	4,492,606	Logistic services
%10	5,289,720	Varity (plastic, forklifts, others)
% 100	54,282,788	Total

14. Risks, company plans and decisions important and forward- looking:

14.1 Risks

The major operational, financing and risk profile of, market may be as follows:

A) Operational risks

The most important of these risks is dependence on the main raw materials, iron, and the dependence on major suppliers such as SABIC and the company is diversifying their suppliers inside and outside the kingdom and adopt a procurement policy that ensures the availability of raw materials for timely production and company also faces operational risks of high costs of government fees for labor associated with operational activity. The government initiatives in the industrial sector have had a great deal to mitigate these risks and burdens on the company during the year 2020 and subsequent years.

B) Financing risks

It is accredit risk when a party is unable to meet its financial obligations and the company manages the credit risk by considering granting insurance under specified conditions and creating provisions to cope with expected insurance losses, financing risks also include loan and facility risks where the company is associated with facility agreements to finance its operational operations and this would place a burden on the company in terms of funding costs or inability to pay obligations if it has used these facilities and management shall use resulting there from are scheduled through the management of cash at company.

C) market risk

The risk of increased competition and the risk of volatile raw materials prices are among the most important market risks facing management minimizes the impact of competition by focusing on quality, customer satisfaction, product development and solutions for customers. The company also studies market prices for competitors and raw materials with price trends and has adopted a procurement policy that enables the company to copy with the risks.

D) The emerging corona virus

The start of 2020 confirmed the emergence of Covid 19, the emergency of the new corona virus confirmed the impact on business sectors worldwide. The company management took all necessary measures to protect the company, its employees and clients, although the solution to the challenges faced by the company like other companies, the company's operations continued and didn't significantly affect its operations, as the company applied the polices necessary to deal well the crisis and benefited from initiatives and provided by government agencies. Company management does not believe there is any factor that causes change in the circumstances of the pandemic that may affect the company's operational operations in the coming period, and the company will disclose any future changes.

14.2 Critical company plans and decisions.

Company management increases sales improves profit margins by lowering costs, diversifying production introducing new products into storage and logistics solutions, opening new markets, expanding the customer base examining the investment opportunities available to broaden the scope of its activities.

14.3 Future outlook

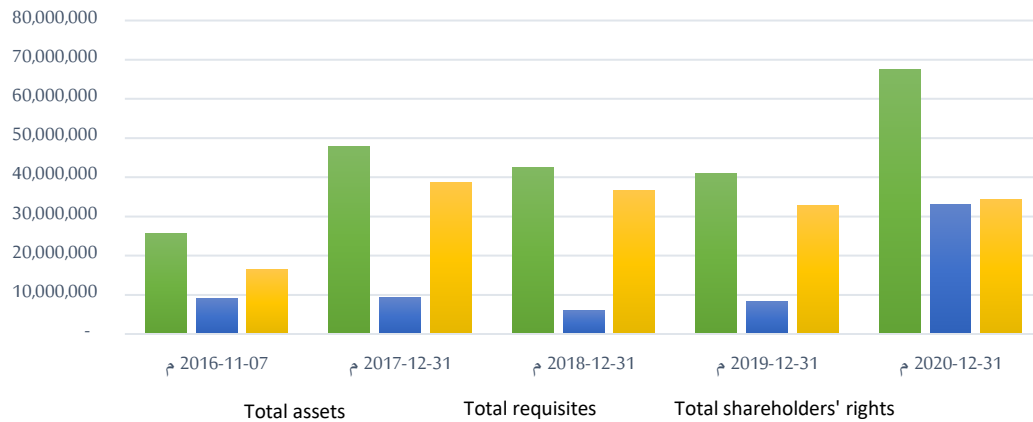
The company adopts its experience and values to consolidate its brand to become a leader in its products by offering the best solutions to their customers' storage and handling needs by providing the best solutions, intellectual creativity towards global quality, creating increased demand for the company products and compromising the company management of investment in services logistics according to ambitious expansion plan.

15. Assets, liabilities and business results

15-1 list of financial position

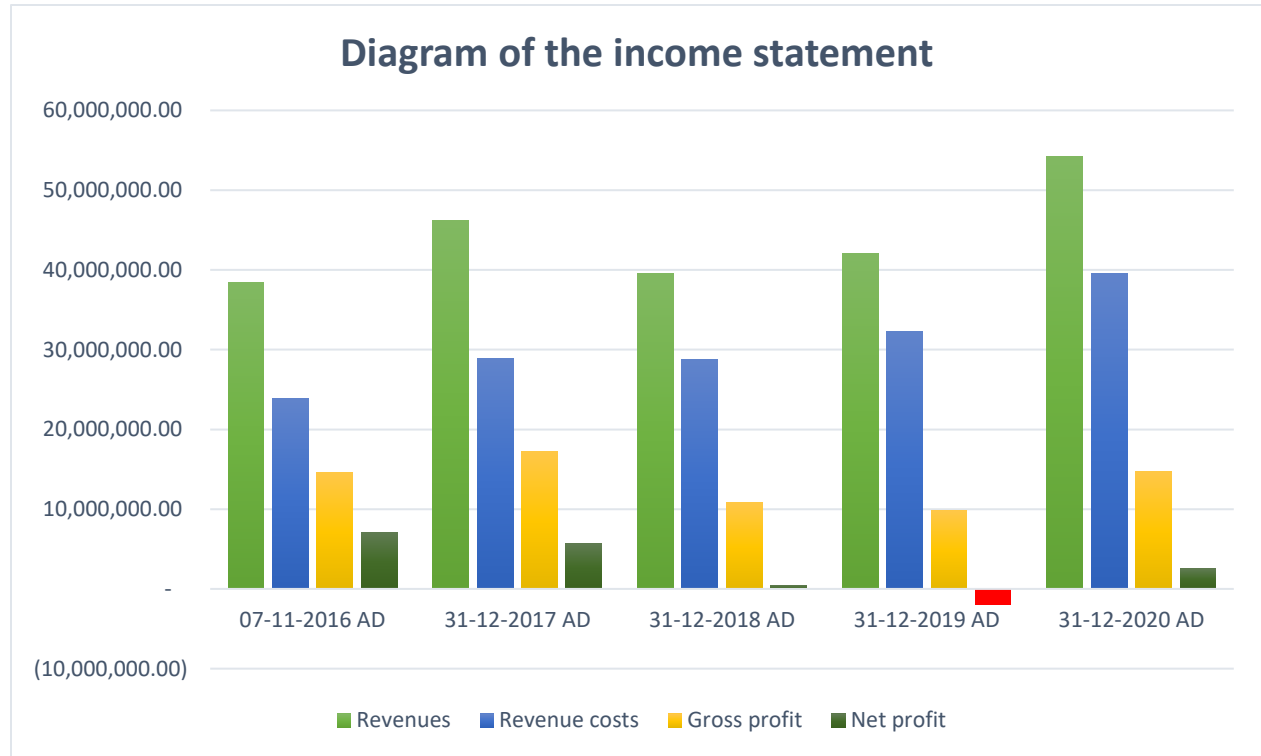
2016-11-07م	2017-12-31م	2018-12-31م	2019-12-31م	2020-12-31م	Statement
5,244,898	5,107,247	6,199,645	6,446,597	29,545,875	Non- current assets
20,312,968	42,863,984	36,362,619	34,510,785	37,922,990	Current assets
25,557,866	47,971,231	42,562,264	40,957,382	67,468,865	Total assets
16,446,026	38,776,607	36,606,947	32,722,794	34,347,608	Total shareholders' rights
804,587	1,141,813	1,980,605	2,238,154	16,886,731	Non- current requisites
8,307,253	8,052,811	3,974,712	5,996,434	16,234,526	Current requisites
9,111,840	9,194,624	5,955,317	8,234,588	33,121,257	Total requisites
25,557,866	47,971,231	42,562,264	40,957,382	67,468,865	Total shareholders' rights and Total requisites

chart of Financial position list



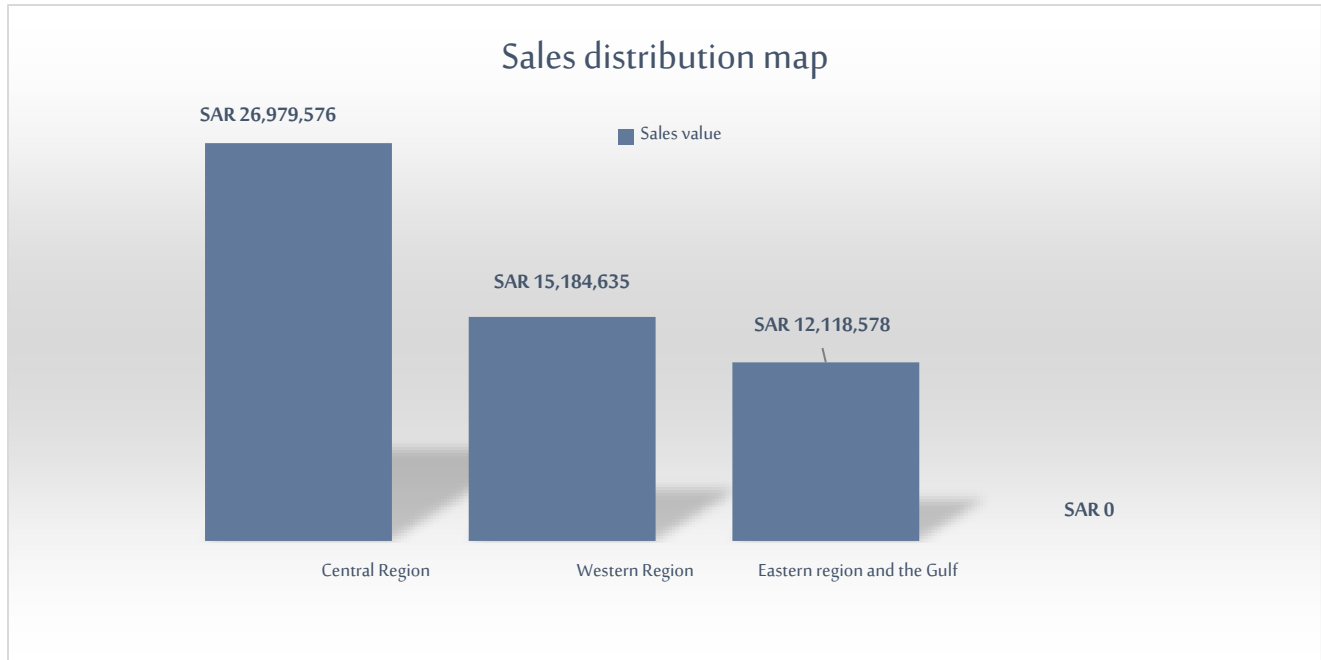
15-2 Income list

2016-11-07 م	2017-12-31 م	2018-12-31 م	2019-12-31 م	2020-12-31 م	Statement
38,418,905	46,189,163	39,530,674	42,035,691	54,282,788	Revenues
(23,835,748)	(28,911,499)	(28,746,592)	(32,225,591)	(39,603,889)	Costs of revenues
14,583,157	17,277,664	10,784,082	9,810,100	14,678,899	Total profit
7,098,543	5,682,805	459,844	(1,903,602)	2,578,813	Net profit
7,098,543	5,512,012	(18,246)	(1,634,153)	2,374,814	Total comprehensive income



16. Geographical analysis of the company's total revenue

Geographical analysis of the company's total revenue			
Percentage	2020	Region	
%50	26,979,576	Central Region	1
%28	15,184,635	Western Region	2
%22	12,118,578	Eastern Region	3
%100	54,282,788	Total revenue	



17. Comparing the material differences in the operating results compared to the results of the previous year.

Percentage change	Changes (+) or (-)	2019	2020	Statement
%29	12,247,097	42,035,691	54,282,788	Sales / Revenue
%23	(7,378,298)	(32,225,591)	(39,603,889)	Cost of sales / revenue
%50	4,868,799	9,810,100	14,678,899	Gross profit
%1-	118,001	(11,374,149)	(11,256,148)	Operating / other expenses
%319-	4,986,800	(1,564,049)	3,422,751	Operating profit (loss)

The net operating profit this year increased compared to the previous year's operating losses for the following reasons: -

- 1- Increasing sales and revenues this year compared to last year by 29% as a result of the company's expansion in the logistics services sector and its association with long-term contracts with its customers in this sector.
- 2- Increased sales of storage equipment and other sectors.
- 3- Decreasing government costs for the industrial sector.
- 4- Low selling costs due to lower transportation and installation costs for projects.

18. Clarification of any difference from the accounting standards issued by the Saudi Organization for Certified Public Accountants:

The financial statements of the company were prepared during the financial year ending on December 31, 2020 in accordance with the generally accepted accounting standards issued by the Saudi Organization for Certified Public Accountants in accordance with the International Accounting Standards (IFRS) and there is no material impact on the company's financial statements as a result of applying this standard.

19. Profit Distribution Policy:

The distribution of profits is the prerogative of the Ordinary General Assembly based on the recommendation of the Board of Directors, according to the company's financial results, cash flows and statutory requirements, as the company's policy in distributing profits is in line with Articles (48), (49) and (48) of its articles of association, Accordingly, the company's annual net profits are distributed as follows

- 1- (10%) of the net profits shall be set aside to form the statutory reserve for the company, and the Ordinary General Assembly may decide to stop this retainer whenever the reserve reaches (30%) of the paid capital.

- 2- The Ordinary General Assembly may decide to create 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. The aforementioned association may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist those that exist from these institutions.
- 3- From the remainder after that, a percentage representing not less than (5%) of the paid-up capital shall be distributed to the shareholders.
- 4- In the event that the remuneration of the members of the board of directors is a percentage of the profits, after the above, the remuneration of the members of the board of directors is allocated at a percentage not exceeding (10%) of the net profits, and the rest, if any, shall be distributed to the shareholders as an additional share of the profits.

Cash dividends distributed during the year 2020:

The company distributed cash dividends to shareholders for the year 2019 AD during the year 2020 AD, based on the recommendation of the Board of Directors And approval of the extraordinary general assembly On 06/25/2020 for that, for an amount of 750,000 Saudi riyals, at a rate of 0.5 riyals per share, which represents 5% of the nominal value of the share.

- Proposed cash dividends for the year 2020:

The company's board of directors has recommended to the company's general assembly to distribute cash dividends to shareholders for the year 2020 AD at the rate of 0.5 riyals per share, with a total value of 1,250,000 Saudi riyals at a rate of 5% of the nominal value of the share and the date of the resolution 12/22/2020 AD, provided that the recommendation is presented to the nearest general assembly Of the company

20. Change in share ownership of persons other than board members and senior executives:

None of the shareholders notified the company of any change in the ownership of shares during the year ending 12/31/2020.

21. Interests of Board Members and Senior Executives:

During the year 2020 AD, there are some interests in the shares of the company belonging to some members of the Board of Directors, senior executives, and their relatives, as follows:

Percentage change	Net change	End of the year		Beginning of the year		Name	
		Debt instruments	Number of Shares	Debt instruments	Number of Shares		
-2%	(7,000)	-	425,000	-	432,000	Mohammed Abdullah Al-Samaani	1
-25%	(95,889)	-	288,156	-	384,045	Bandar Muhammad Al-Samaani	2
-21%	(40,417)	-	151,583	-	192,000	Abdullah Muhammad Al-Samaani	3
	1	-	1	-	-	Tariq Saad Al-Tuwaijri	7

22. Information related to the company's loans:

There are no financial dues on the company as a result of loans or financing facilities by the end of 2020 in favor of any local, governmental or foreign financial institutions. the company signed a facility agreement with Al-Inma Bank by the end of 2020. and this agreement will be active in 2021.

23. Description of debt instruments activities:

There are no debt instruments convertible into shares, or any option rights, subscription right notes, or similar rights issued or granted by the company during the fiscal year. Also, there are no transfer or subscription rights under debt instruments convertible into shares,

option rights or similar rights certificates issued or granted by the company during the fiscal year. Also, there is no refund, purchase or cancellation on the part of the company for any refundable instruments.

24. Board meetings and attendance record for each meeting:

Number Meetings	Attendance Record					Name	م
	Fifth meeting 12/22/2020 AD	Fourth meeting 11/18/2020 AD	third meeting 09/26/2020 AD	second meeting 2020/09/09AD	First meeting 2020/06/05AD		
5	√	√	√	√	√	Mohammed Abdullah Abdul Karim Al-Samaani	1
5	√	√	√	√	√	Bandar Mohammed Abdullah Al-Samaani	2
1	resigned			√	×	Saad Ammash Saad Al-Shammari	3
5	√	√	√	√	√	Khaled Suleiman Abdullah Al-Mudayfer	4
5	√	√	√	√	√	Tariq Saad Abdul Aziz Al-Tuwaijri	5
3	√	√	√	Before appointment		Omar Abdul Aziz Abdul Rahman Al-Zabin	6
Date of the last meeting of the General Assembly: 10/29/2020							

25. The company's requests for the shareholders 'register:

Reasons for the request	Date of request 2020	Company request number for shareholder register
General Assembly	2020/10/29 – 2020/06/25	2 requests
Distribution of cash dividends	2020/06/29	1 request
Company actions	09/16 – 06/09 – 04/26 – 04/19 11/02 – 10/25 – 10/15 – 10/06 12/17 – 12/15 – 11/24 – 11/11	12 requests

26. Assignment of profits:

There is no arrangement or agreement under which one of the shareholders of the company waived any rights to profits.

27. Systematic Payments Paid and Due:

The following is a list of the most important payments to the regulatory authorities:

2020		Statement
Due	Paid	
1,029,402	1,647,653	Department of Zakat and Income
-	617,917	The Public Institution for Social Security
-	1,031,856	Fees for labor office, passports, and others
-	193,601	Customs duties
1,029,402	3,491,027	Total

28. Acknowledgment of no business with related parties:

There is no business or contract in which the company was a party or in which there was an interest for a member of the company's board of directors or senior executives in it, or for any person related to any of them.

29. Allocations for the benefit of company employees:

The following table shows the allocations for the company's employees as of 12/31/2020.

Amount	clause
2,386,293	Indemnity

There are no other investments or reserves created by the company for its employees.

30. Declarations of the Board of Directors:

- 1- That the account records have been properly prepared.
- 2- That the internal control system was prepared on a sound basis and was effectively implemented.
- 3- That there is no doubt about the ability of the company to continue its activity.

31. Auditors' Report and Financial Statements:

The nature of the auditor's opinion is an unmodified opinion. The auditor's report shows that the financial statements are free from any fundamental errors and there are no reservations about them, and no recommendation has been issued by the Board of Directors to replace the certified accountant by the company's general assembly.

32. Closing speech:

The Board of Directors extends its sincere thanks and gratitude to the executive management and all employees of the company for their efforts, appreciating and appreciating the interaction of the shareholders of the company, and the Board looks forward to more achievements of the company during the coming years, God willing.

God grants success.

Board of Directors