

Board of Directors report for the year2023 AD

Sadr Logistics Services Company

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1- introduction :

1-1 Chairman of the Board of Directors' speech:-

Gentlemen/Shareholders of Sadr Logistics Services Company Respected people

Peace be upon you and God's mercy and blessings be upon you,,,

Batooa Praying on my own behalf and on behalf of the Council a Dara, I am pleased to present to you the annual report of Sadr Logistics Company, which sheds light on the company's performance and achievements and its financial position for the fiscal year ending on December 31 2022M, And its future plans.

1-2 Speech of the Vice Chairman and Managing Director:-

I am pleased to thank you for president and the members of the Board of Directors, the executive management and the company's employees for their efforts, which played a major role in achieving the company's distinguished performance this year. I also cannot fail to thank the company's shareholders for their trust, through which we hope to achieve their aspirations during the coming years. as he wishes the Board of Directors should confirm its keenness to follow up and implement the company's strategic plans, monitor the market situation and enhance the company's competitiveness to preserve shareholders' rights and ensure the sustainability of the company's operations. In conclusion, I repeat my thanks to everyone for their effective contribution, and we look forward to a bright future and continued successes for Sadr Logistics Company..

1-3 CEO Message:

Sadr Company is considered a group of distinguished investment opportunities, and the current stage focuses on building and developing the company to achieve continuity, growth, and achieving future returns in the short and long term, in order to achieve the ambitions and goals of investors. And This report aims to shed light on the company's performance and achievements, in accordance with the requirements of the Corporate Governance Regulations and the registration and listing rules issued by the Capital Market Authority and the Saudi Companies Law..

whereThis report has been prepared with the utmost care and based on recognized international accounting standardsAndThe report includes comprehensive information about the company's performance during the fiscal year, including revenues, profits and losses, financial analysis, and key performance indicators.AndThe report also includes the company's future plans and strategic directions for the coming years.

And i would like to express my pride in the distinguished work team at Sadr Logistics Company, which contributed to achieving the achievements and successes mentioned in this report. And I would like to express my gratitude to our dear partners and customers who contributed to achieving this success.

1-5 History of Sadr Logistics Company:-

- Sadr Logistics Services Company (formerly Al-Samaani Metal Industries Factory Company) ("the Company") was established as a Saudi joint stock company under the companies' system in the Kingdom of Saudi Arabia under the main commercial registration No. 1131012302 dated 20 Shaban 1414 AH corresponding to February 2, 1994 AD, and its head office is located in Riyadh.
- The company carries out its industrial activity under Industrial Register No. 415 issued on 18 Rajab 1412 AH corresponding to 23 January 1992 AD, amended by Industrial License No. 112845 issued on Ramadan 3, 1443 AH, corresponding to April 5, 2022 AD.
- In accordance with the decision of the Capital Market Authority issued on January 11, 2017 AD, corresponding to Jumada al-Akhirah 12, 1438 AH, which included approval to offer the company's shares in the parallel market (Nomu), and with the approval of the company's extraordinary general assembly, the company's capital was increased from 9,000,000 Saudi riyals by 900,000 shares to 11,250,000 Saudi riyals. Divided into 1,125,000 shares by offering 225,000 shares for subscription, and on February 26, 2017 AD, corresponding to Jumada al-Awwal 29, 1438 AH, the company's shares were listed and trading in the parallel market "Nomu" began.
- The Saudi Stock Exchange Tadawul has issued approval for the requestWe moveThe company's main market on the date03/12/2020 AD, corresponding to 04/17/1442 AH,The company's shares began trading on the main

market, TASI, as of Thursday 12-10-2020 AD, corresponding to 04/25/1442 AH, with code 1832 in the professional and commercial services sector.

- In accordance with what was approved by the extraordinary general assembly of the company on 10/29/2020 AD, corresponding to 03/12/1442 AH, amending Article Two of the company's bylaws related to the company's name from Al-Samaani Metal Industries Factory Company to Sadr Logistics Services Company, and the name change was announced on Tadawul on 01/14/2021 AD, corresponding to 06/01/ 1442 AH..
- Based on the extraordinary general assembly meeting held on June 14, 2023 AD, corresponding to Dhul-Qi'dah 25, 1444 AH, the company's bylaws were amended..

6-1 Company activity:-

The company's purpose is to manufacture wooden pallets, manufacture prefabricated steel frame units, manufacture finished and semi-finished industrial products by forging, pressing, casting and rolling, and manufacture furniture for all purposes from plastic and its branches As follows:-

branch name	Commercial Registration No	City	the purpose
Sadr Logistics Company branch	1010947309	Riyadh 1	It is the manufacture of wooden containers, including (packing boxes, boxes and shipping containers made of wood), and the manufacture of wooden pallets.
Sadr Logistics Company branch	1010742525	Riyadh 2	It is the operation of storage facilities for all types of goods except food, land transportation of goods, light transportation, loading and unloading services in general, refrigerated food stores, frozen food stores, general stores

			that include a variety of goods, dry food stores, and services. Logistics, management and rental of self-storage warehouses.
Sadr Logistics Company branch	2050115434	Dammam	Integrated office administrative services activities Wholesale of wooden, cork and plastic products, wholesale of office furniture, retail of scrap metal and carpentry and blacksmithing tools and tools, sale of metal, iron and wooden boxes and caravans..

7-1 Development of the company's capital:-

The company's capital was increased after listing in stages with the approval of the General Assembly of Shareholders, as follows:

- On Rajab 25, 1439 AH, corresponding to April 11, 2018 AD, the company's capital was increased by granting free shares to shareholders at the rate of one free share for every three shares owned, so that the company's capital after the increase became 15 million Saudi riyals, divided into 1,500,000 shares, by capitalizing the amount of 3,750,000 riyals. From the retained earnings account.
- On 4 Dhul-Qi'dah 1441 AH, corresponding to June 25, 2020 AD, the Extraordinary General Assembly approved the Board of Directors' recommendation to increase the company's capital by issuing bonus shares to shareholders from 15 million Saudi riyals to 25 million Saudi riyals, by capitalizing an amount of 10 million Saudi riyals from the issue premium. The remaining amount in the share premium account, amounting to 4,478,469 Saudi riyals, was also capitalized to the retained earnings account.

- On January 3, 2021, corresponding to Jumada al-Ula 20, 1442 AH, the company announced the recommendation of the Board of Directors to increase the capital through the offering of priority rights shares in order to enable the company to implement its strategic and operational plans and support the expansion of logistics services. The Capital Market Authority issued its approval of the company's request to increase the capital. On November 2, 2021 AD, the Extraordinary General Assembly approved the capital increase on December 1, 2021 AD, corresponding to Rabi' al-Thani 26, 1443 AH, by offering priority rights shares to shareholders, with an increase of 6 shares for each share, and the number of increase shares was 15 million shares, worth 150 million Saudi riyals, after the increase. The capital became 175 million Saudi riyals, divided into 17.5 million ordinary shares.
- On 06/14/2023 AD, the Extraordinary General Assembly approved Split one share into ten shares of equal value to become the number The company shares are 175,000,000 shares, the nominal value of which is 1 Saudi riyal.

8-1 Company announcements on Tadawul:-

the date	Ad title
2-Mar	Sadr Logistics Services Company announces the renewal of a contract for leasing refrigerators for storage at a value of 31,093,987 Saudi riyals.
27-Mar	Sadr Logistics Company announces its annual financial results ending on 12-31-2022
17-Apr	Addendum announcement from Sadr Logistics Company regarding the annual financial results ending on 12-31-2022
14-May	Sadr Logistics Services Company announces the Board of Directors' recommendation to split the nominal value of the company's shares
21-May	Sadr Logistics Services Company announces the preliminary financial results for the period ending on 03-31-2023 (three months)
23-May	Sadr Logistics Services Company announces its invitation to its shareholders to attend the extraordinary general assembly meeting (first meeting)
1-Jun	Sadr Logistics Company announces the signing of a renewal contract to provide its services to the National Aquaculture Group (NAQWA)
11-Jun	Sadr Logistics Services Company announces the start of electronic voting on the items of the Extraordinary General Assembly meeting (first meeting) via modern technology (reminder announcement)
15-Jun	Sadr Logistics Company announces the results of the Extraordinary General Assembly meeting (second meeting)
10-Aug	Sadr Logistics Services Company announces the preliminary financial results for the period ending on 06-30-2023 (six months)
14-Sep	Sadr Logistics Company announces the end of the mandate of the designated CEO and the appointment of a CEO for the company
17-Sep	Sadr Logistics Company announces the latest developments in purchasing a wooden pallet factory in the Second Industrial City in Riyadh
21-Sep	Sadr Logistics Company announces the establishment of the Sadr Park project
26-Oct	Sadr Logistics Company announces the signing of a contract to manufacture and supply warehouse shelving systems for Al Saif Commercial Agencies Company
2-Nov	Sadr Logistics Services Company announces the preliminary financial results for the period ending on 09-30-2023 (nine months)
5-Nov	Sadr Logistics Company announces the appointment of a member of the Audit Committee

2- An overview of the company's business and products:

The name of Sadr Logistics Services Company is considered a name synonymous with comprehensive quality in the manufacture of metal shelves and all systems and solutions for storage, handling and logistics services, which targeting Servants H Various sectors unless Workers Through the stages and episodes of the supply chain We have dedicated ourselves to providing these Products and services At the highest standards the quality With cost control.

The company's most important activities and products are as follows:

- 1- Metal shelves and accessories, metal storage and handling systems, warehouse racks, refrigerators and platforms Cages, containers and metal boxes.
- 2- Logistics services (warehousing for others - transportation for others).- Purchasing for others) 2PL – 3PL – 4PL.
- 3- Platform Wooden boxes and containers.
- 4- the platforms Plastic.
- 5- Forklifts and equipment the Storage equipment Shipping, unloading and packaging.

1-2 Description of the company's main activities:-

The company's activities generally consist of providing logistics services and manufacturing and supplying storage and handling solutions through several sectors:-

- The steel sector, which is represented in the manufacture, supply and installation of metal storage solutions and systems) Metal shelves for warehouses, refrigerators and Platforms cages, containers, and metal boxes).
- Logistics services sector, which includes supply chain, warehousing and transportation services And buy For others 2PL – 3PL – 4PL
- The timber sector, which consists of manufacturing and supplying platforms And wooden storage and shipping boxes And timber trade.

- Other sectors represented by storage equipment and IncludeSupply of light and heavy forklifts, machinery and storage equipmentShipping, unloading and packagingMiscellaneousAndSupplying various storage solutions calplatformsPlastic products and other storage supplies and providing warehouse and refrigerator processing services.

The impact of these main activities and operating sectors on the company's business volume and revenues is as follows:

Beach type	Activity revenues3202 AD	The ratio
iron	46,768,526	45%
wood	32,939,232	32%
Logistics services	20,031,759	19%
Miscellaneous others	4,297,908	4%
Total	104,037,424	100%

2-2 Risks:

The most important operational, financing and potential market risks facing the company and the company's policy for managing them are as follows:-

1. Operational risks:

The most important of these risks is the reliance on major raw materials, which is ironAnd timberAnd relying on major suppliers of these materials, such as SABICIn ironThe company is working to diversify its suppliers inside and outside the Kingdom and adopt a purchasing policy that ensures the availability of raw materials necessary for production in a timely mannerWith a focus on local sources to enhance local contentThe company also faced operational risks represented by the high costs of government labor fees associated with operational activity. Government initiatives for

the industrial sector had a significant impact in reducing these risks and burdens on the company during the fiscal year 2020.2 AD and the following years.

2. Financing risks:

It is represented by credit risk when one of the parties is unable to fulfill its financial obligations. The company works to manage credit risks by studying the granting of credit according to specific conditions and creating provisions to meet expected credit losses. Financing risks also involve the risks of loans and Facilities. when The Company has bank facility agreements to finance its operational operations, and this represents a burden on the company in terms of financing costs or inability to pay obligations if the company uses these facilities. The company's management works to use the facilities to the extent necessary while scheduling the resulting obligations through the company's cash management.

3. Market risk:

The risks of increased competition and the risks of fluctuations in raw material prices are considered among the most important market risks facing the company. The company's management works to reduce the impact of competition by focusing on quality, customer satisfaction, and developing the products and solutions provided.

For customers, the company also studies the market prices of competitors and raw materials to predict price trends and adopt a purchasing policy that enables the company to confront the risks of fluctuating raw materials prices.

3-2 Company plans:

The company's management works to increase sales and improve profit margins by working to reduce costs, improve quality, diversify products, introduce new products in the field of storage solutions and logistics services, open new markets, expand the customer base, and study investment opportunities to expand the scope of its activities, especially in the logistics services sector. The company increased its capital at the end of the year 2021 with a value of 150 million riyals to be able to achieve its future plans of developing the iron factory, establishing a timber factory, and establishing an integrated logistics services complex that meets the needs of all customers for various types of storage (dry, refrigerated, and frozen). In general, the company's plan is a development plan. Comprehensive and balanced, aiming to develop all of the company's sectors, activities and businesses, including the following:

Administrative and institutional development - digital transformation - development of factories and operating processes - product development - establishment of new factories - establishment of storage warehouses - electronic marketing and market studies and research.

1- Administrative and institutional development:

The company is working to complete a comprehensive administrative development plan during the year 2024 AD, which includes attracting and appointing administrative cadres at the highest level in all departments and divisions capable of achieving the company's plans and objectives. It is also working on developing plans and training programs for its employees and cadres to raise the level of its human resources, which the company relies on to achieve its goals. The company is also working on re-engineering the operations cycle, describing policies and procedures, and linking them to the organizational structure and performance indicators through a clear and effective powers matrix that clarifies the authorities, responsibilities, and job descriptions.

The company also works to strengthen governance and develop practice through continuous updating and review of internal policies and regulations that regulate the relationship of the company and external parties, as well as the relationship between individuals within the company and at the senior management level, represented by the Board of Directors, committees and executive management. As well as investor relations.

In doing so, the company seeks the assistance of companies with extensive experience in the field of administrative consulting, governance, and supply chains in order to rebuild the company's administrative structure and train its employees, who are its constructive arms, in accordance with the best practices and scientific foundations and in a manner commensurate with the nature of the company, its activities, its internal work environment and its external environment, and to organize global training programs on the best practices. Supply chain concepts and practices.

2- Digital Transformation:

The company operates during the year 2024M on Complete the plan Digital transformation And it was completed H Operations by applying the latest global facility resource planning and management systems ERP System and the resulting performance improvement And The company's operations are consistent with policies, procedures and governance, The company is also working on developing the necessary infrastructure to comply with the requirements for operating digital systems in accordance with the requirements of the authorities related to cybersecurity and obtaining all accreditations and quality certificates such as ISO 27001, More than one has also been approved program training Y To raise the efficiency of employees in the field of...a Automation and analysis of data.

3- Factory development and operations:

During the year 2024 AD, the company is working to complete the factory development plan and benefit from increasing production capacity and improving quality, as it has established company during the year 2023 AD By working to rehabilitate the infrastructure of the iron factory in the industrial city of Buraidah and adding production lines Machines and machines Automatic And importing it from the best international companies, especially European companies, with the aim of raising production capacity, improving the quality of operational processes and product quality, and training workers on the latest production methods, as production capacity increased from 4,300 tons per year to 6,000 tons annually During the year 2023 AD With the completion of the ongoing development process During the year 2024 AD The factory is expected to reach a maximum production capacity of 8,000 tons by the beginning of 2024 AD, which makes the company considered the leading company locally in the manufacture of metal shelves and iron storage systems and platforms, competing with international companies with its focus on local content and localization of the industry, and becoming able to implement the largest qualitative projects.

4- Product development:

The company works to develop its products, especially storage systems, metal shelves, and other storage and handling solutions by developing engineering designs, conducting quality tests for the products, and approving them from the Saudi Standards, Metrology and Quality Organization. SASO (by conformity with the English standard specifications HT to design and manufacture shelves EN 15512), and thus the company positions itself as a local leader in this field The industry produces national products with international specifications International companies compete by providing engineering and consulting solutions in this field. The company also holds the ISO 9001 certificate.

5- Establishing new factories:

The company has started commercial operation During the year 2023 AD For a wooden storage pallets factory in the second industrial zone in Riyadh, affiliated with the Saudi Authority for Industrial Cities, after completing all requirements and licenses necessary to start operation. The company purchased the factory in October of the year 2021 AD and began rehabilitating it and importing the necessary equipment from the best international and European companies. During the year 2024 AD, the company is working on installing the second phase of the main production line, thus completing the process of developing the wood factory to reach its maximum production capacity by the end of the year 2024 AD..

6- Create storage warehouses:

The company did during the year 2023 M to start Establishment of a logistics complex project (SADR park), which will be built on the purchased land in the Industrial Gate City in Riyadh under the supervision of the Saudi Authority for

Industrial Cities and Technology Zones, where the company's board of directors decided to approve the project budget and sign the main contractor's contract for the project. And major supply contracts

The purpose of the project is to create an integrated logistics services area to provide the best storage solutions to customers for refrigerated, frozen and dry storage with high storage capacity. Up to 45 thousand storage pallets

In accordance with the highest international quality specifications and standards and to serve operational operations, in accordance with the company's strategy to expand in the logistics services sector. In line with the Kingdom's vision 2030 It is estimated that the project will be completed by the end of the first quarter of 2025 AD and the trial operation will begin at the beginning of the second quarter of 2025 AD. The project represents a major qualitative leap for the company in the field of providing storage services to others, and it is expected to contribute significantly to increasing the company's sales and profits.

7- E-marketing and market studies and research:

The company is working on developing electronic marketing and creating electronic platforms to stimulate sales of its products and services and studying customer needs and market trends to meet demand and obtain the largest possible market share and link this to digital transformation. And automation

Operations and expansion in the field of providing logistical consultations based on more than 20 years of experience with a broad customer base in the field of warehousing solutions and logistics services.

Capital spending and additions:-

Below is a summary of capital spending and additions during a year 2023m and the target during the year 2024 AD for all the company's sectors and the axes of the previously reviewed construction and development plan, as follows: -

During 2023	Target: 2024
19,712 One million riyals	13,432 One million riyals

4-2 Future outlook:

The company seeks, with its expertise and values, to consolidate its brand in order to reach leadership with its products and to provide the best solutions Integrated to meet the needs of its customers in the field Solutions and systems

Storage and handling Logistics services, localization of the industry, and registration of its products as national products with international specifications

Increasing the proportion of local content This is done by providing the best solutions with intellectual creativity towards global quality and creating an increasing demand for the company's products Which

will affect Increase revenues and profits from section the company As a result of the current construction and development phase, the company occupies the position it deserves among the leading national companies in a way that achieves the aspirations of investors and all parties dealing with it.

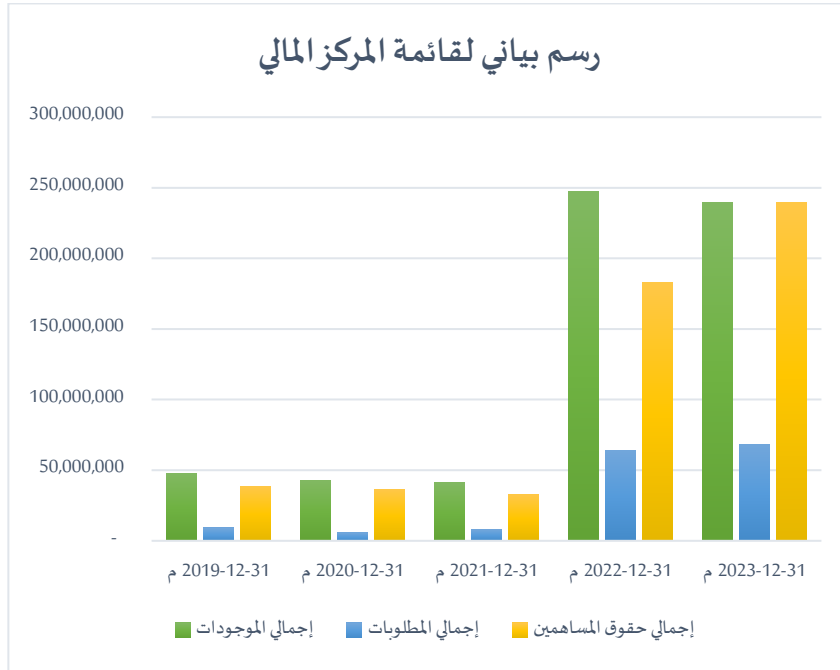
3- Performance results

1-3 Speech from the Chief Financial Officer:

We expect results to continue improving in the next year 2024, following the improvements seen in 2023. Both financial and operational performance have improved, coinciding with the implementation of the strategic plan. With the plan reaching its peak implementation over the next two years, we expect results to improve significantly. This will be driven by revenue growth from increased sales volumes across all sectors, alongside efforts to improve efficiency, production capacity, and cost control. We anticipate continued market stability and improvement, allowing the company to achieve profits and create opportunities for future dividend distributions. Efficient cash management has led to increased operating cash flows in 2023, and we aim to maintain this momentum in the coming periods. We are also seeking additional financing to support our investments and implement our growth strategy.

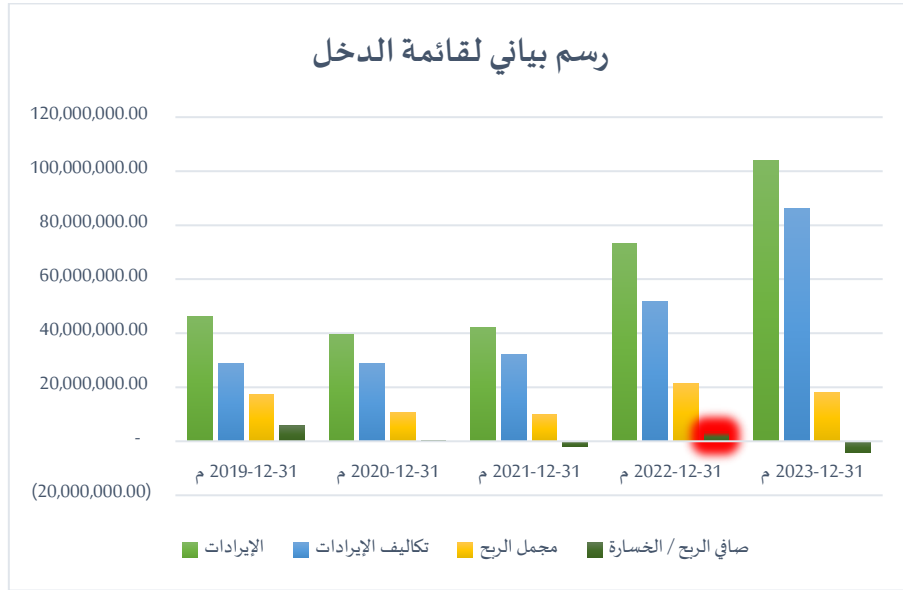
2-3Assets, liabilities and business results:

Statement	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Non-current assets	92,095,381	61,987,332	31,227,391	29,545,875	6,446,597
Current assets	147,825,623	170,332,560	215,934,327	37,922,990	34,510,785
Total assets	239,921,004	232,319,892	247,161,718	67,468,865	40,957,382
Total shareholders' equity	171,730,529	176,231,630	182,869,696	34,347,608	32,722,794
Non-current liabilities	23,117,979	9,665,301	13,222,032	16,886,731	2,238,154
Current liabilities	45,072,496	46,422,961	51,069,990	16,234,526	5,996,434
Total liabilities	68,190,475	56,088,262	64,292,022	33,121,257	8,234,588
Total liabilities and shareholders' equity	239,921,004	232,319,892	247,161,718	67,468,865	40,957,382



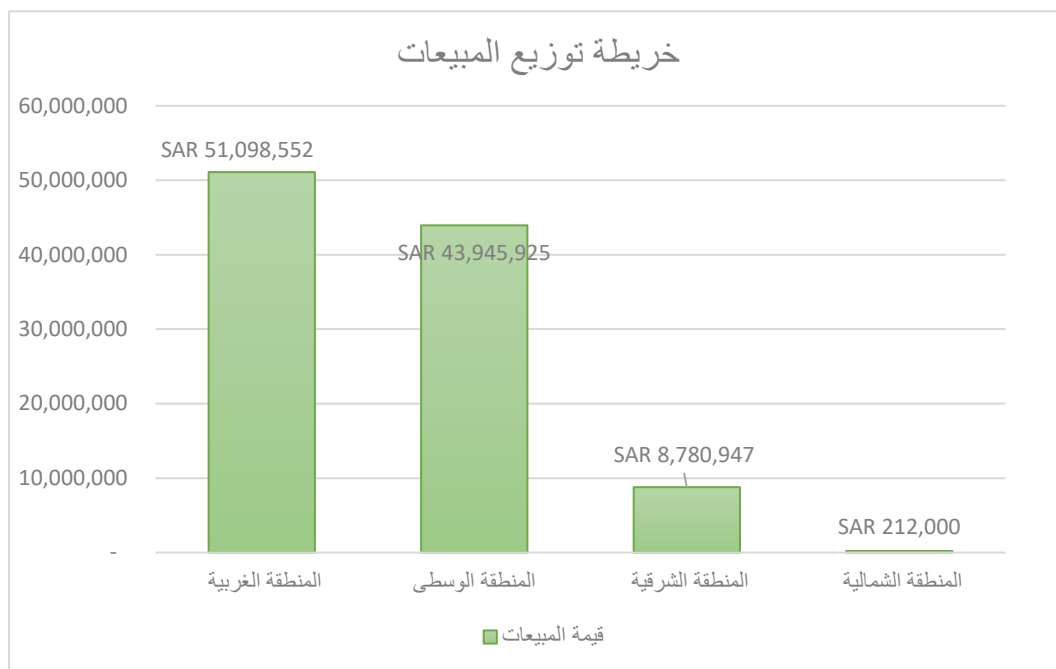
Income list:

Statement	12-31-2023	12-31-2022	12-31-2021	12-31-2020	12-31-2019
Revenues	104,037,424	110,822,288	73,228,811	54,282,788	42,035,691
Revenue costs	(86,020,944)	(95,311,196)	(51,887,050)	(39,603,889)	(32,225,591)
Gross profit	18,016,480	15,511,092	21,341,761	14,678,899	9,810,100
Net profit (loss)	(4,245,445)	(7,215,933)	3,599,087	2,578,813	(1,903,602)
Total comprehensive income (loss).	(4,501,101)	(6,638,066)	3,439,282	2,374,814	(1,634,153)



3-3 Geographic analysis of revenues Company:

Geographical analysis of the company's total revenues			M
The ratio	2023	Region	
49.12%	51,098,552	Western Region	1
42.24%	43,945,925	Central Region	2
8.44%	8,780,947	The areaEastern	3
0.20%	212,000	The northern area	4
100%	104,037,424	Total revenue	



Statement	2023	2022	Changes (+) or (-)	Percentage of change%
Sales/Revenue	104,037	110,822	37,594	51.34
Gross profit (loss)	18,016	15,511	(5,830)	(27.322)
Operating profit (loss).	(2,624)	(4,359)	(10,002)	(177.246)
Net profit (loss) after zakat and tax	(4,245)	(7,216)	(10,815)	(300.500)
Total comprehensive income	(4,245)	(6,638)	(10,077)	(293.021)
Total shareholders' equity (after excluding minority interests)	171,730	176,232	(6,637)	(3.629)
Earnings (loss) per share	(0.024)	(0.041)	(1.37)	(132.29)

3-4 Comparing the significant differences in operating results with the results of the previous year:

The net loss this year decreased by 41% compared to the previous year despite a 6% decrease in sales as a result of the following::

The cost of sales decreased by a greater percentage than the decrease in sales, as the decrease amounted to 10% in the cost of sales from the previous year despite the formation of an inventory allocation for wood with an estimated value of 3 million riyals, but as a result of the company's focus on sales of the most profitable and least expensive sectors and products, which increased during the current year compared to Last year.

- An increase in investment profits and other income and a decrease in the zakat allocation.
- Despite the increase in selling, marketing, administrative, general and financing expenses.

As The reason for the decrease in sales during this year compared to the previous year by 6% is the decrease in sales of the timber sector by 37%, despite the increase in sales in all other sectors of the company, as sales of the iron sector increased by 16%, and sales of the logistics services sector increased by 31%. Sales of other sectors increased by 44%.

5-3Clarification of any discrepancy with the accounting standards issued by the Saudi Organization for Accountants legal:

The company's financial statements were prepared during the financial year ending December 312023m, in accordance with international accounting standards as and the International Financial Reporting Standards (IFRS) approved by the Saudi Organization for Certified Public Accountants, and there are no fundamental differences from these standards..

6-3Dividend distribution policy:

Distributing profits is within the jurisdiction of the Ordinary General Assembly based on the recommendation of the Board of Directors, according to the company's financial results, cash flows and regulatory requirements, as the company's policy in distributing profits is in line with Articles (38) and (39) of its bylaws, and accordingly, the company's annual net profits are distributed as follows:

- 1- Determine Association the public the ratio that He should distribute it on Contributors from Profits Net after discount reserves that Found.
- 2- The General Assembly may decide to form other reserves to the extent that serves the interest of the company or ensures the distribution of fixed profits as much as possible to shareholders.
- 3- The shareholder is entitled to his share in the profits in accordance with the General Assembly's decision issued in this regard. The decision specifies the entitlement date, the distribution date, and the formation of the entitlement to the dividends for the share owners registered in the shareholders' records at the end of the day specified for entitlement.
- 4- The Board of Directors may distribute annual dividends for each fiscal year or interim dividends for each fiscal quarter, provided that the distributed profit does not exceed 50% of the balance of retained profits for the period for which the distribution is made.
- 5- The Board of Directors may not distribute annual dividends for a fiscal year or interim dividends for each quarter of a fiscal year in order to strengthen the company's financial position.

The company has distributed dividends over the past years, and the following is a statement of the distributions

The year for which profits are distributed	% of the nominal value of the share	The amount distributed per share	Total amount distributed	distribution date
2017	15%	1.5	1,687,500	04/29/2018
2018	15%	1.5	2,250,000	06/18/2019
2019	5%	0.5	750,000	07/16/2020
2020	5%	0.5	1,250,000	05/20/2021

- **Proposed cash dividends for the year 2023:**

Board of Directors Sadr Logistics Services Company Bal Recommend Yeh Not distributing cash dividends to shareholders for the fiscal year ending on 31/12/2023 And so to Strengthening the company's financial position and supporting the company's expansions and upcoming projects The recommendation will be presented to the General Assembly of Shareholders.

3-8 Waiver of profits:

There are no arrangements or agreement under which any of the company's shareholders waived any rights to profits.

4- Corporate governance

The company's management seeks to implement corporate governance in accordance with best practices and to develop this practice and application on an ongoing basis, adhering to what is stated in the Corporate Governance Regulations, the Companies Law, and relevant regulations and policies, as follows:

4-1 Approved policies and regulations:

The company has developed written policies and regulations to regulate the company's work and has approved these regulations by the Board of Directors According to the following table:

No	Regulations	Statement
1	Policy for communicating with shareholders	The policy was approved by a decision of the Council Administration number 8B date 13/08/2023M
2	Dividend distribution policy	The policy was approved by a decision of the Council Administration number 8B date 13/08/2023M
3	Whistleblower protection policy	The policy was approved by a decision of the Council Administration number 8B date 13/08/2023M

4	Code of professional conduct policy	The policy was approved by a decision of the CouncilAdministrationnumber8Bdate13/08/2023M
5	Risk management policies and procedures	The policy was approved by a decision of the CouncilAdministrationnumber8Bdate13/08/2023M
6	Internal control system	The policy was approved by a decision of the CouncilAdministrationnumber8Bdate13/08/2023M

4-2 Implementing the provisions of the Corporate Governance Regulations:

The company applies all provisions of the Corporate Governance Regulations issued by the Capital Market

Authority, except for the following:

No	Regulations	Statement
37	The company must pay sufficient attention to training and qualifying members of the Board of Directors and executive management.	Guidance
39	The Board of Directors – based on the proposal of the Nominations Committee – establishes the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management.	It is indicative and the Nominations and Remuneration Committee uses the best standards for evaluation.

67/68/69	A committee called (Risk Management Committee) shall be formed by decision of the company's Board of Directors.	Guidance
82	The company establishes programs to develop and motivate the participation and performance of the company's employees	Guidance
85/84	Social responsibility and social work initiatives.	Guidance
92	Formation of a corporate governance committee	Indicative, and the Board of Directors constantly monitors the company's implementation of all governance regulations.

4-3Members of the Board of Directors and Executive Management:

Board of Directors and committees

Board of Directors

Chairman of Board of Directors

Mr. Muhammad Abdullah Al-Samaani

Mr. Bandar Muhammad Al

Mr. Tariq Abdel Aziz Altwirji

Mr. Khaled Suleiman Al-Mudaifer

Mr. Khaled Abdulaziz Al-Bakri

Review Committee

Chairman of the Committee

Mr. Yazid Hossam Al-Hayaf

Mr. Tariq Abdel Aziz Altwirji

Mr. Khaled Suleiman

Mr. Sultan Ahmed Muhammad Al-

Shubaili

Remuneration and Nominations

Committee

Chairman of the Committee

Mr. Khaled Suleiman Al-Mudaifer

Mr. Tariq Abdel Aziz Altwirji

Mr. Khaled Abdulaziz Al-Bakri

Senior executives

Managing Director, Mr. Badr Mohammed Al-Samaani

CEO

Eng. Majid Abdullah Al-Issa

Mr. Ahmed Mustafa	Mr. Haitham Farouk	Mr. Tamer Mohsen	Mr. Ahmed Abdel Latif
Qartam	Steel sector operations	Naseer	sales manager
Chief Financial Officer	manager	Timber sector manager	

Board of Directors:

The company is managed by a board of directors consisting of (five members) elected by the ordinary general assembly of shareholders for a period not exceeding Three years Years, as the Board of Directors was elected for the current new session (second session) by decision of the Ordinary General Assembly on 24/08/2021 AD for a period of three years starting from 16/09/2021 AD until the end of the current Board session in 15/09/2024 AD The current elected members of the Board of Directors are:

No	the name	Position/membership classification
1	Mr. Muhammad Abdullah Abdul Karim Al-Samaani	Chairman of the Board of Directors - Non-Executive Member
2	Mr. Bandar Muhammad Abdullah Al-Samaani	Vice Chairman of the Board of Directors - Managing Director - Executive Member
3	Eng. Khaled Suleiman Abdullah Al-Mudaifer	Independent member
4	Mr. Tariq Saad Abdulaziz Al-Tuwaijri	Independent member
5	Mr. Khaled Abdulaziz Al-Bakri	Independent member

It is also in history 16/09/2021 AD and with at the beginning of the current session of the Council, Mr. Hussein Ahmed Hussein Abdel-H was appointed Secretary of the Council and Secretary of the Remuneration and Nominations Committee and the Audit Committee until the end of the current session For the council in 15/09/2024 AD.

Review Committee:

The formation of the Audit Committee consists of three members who were elected by the decision of the ordinary general assembly of shareholders held on 24/08/2021. The company increased the number of Audit Committee members from 3 to 4 members by decision of its Board of Directors issued by circulation on 21 Rabi' Thani 1445 AH corresponding to November 5, 2023 AD. This is by appointing Mr. Sultan Ahmed Muhammad Al-Shubaili (financial member from outside the Board - Independent) as a member of the Audit Committee, provided that this appointment is effective from the date of the Board's decision until the end of the current Board of Directors session ending on September 15, 2024 AD.

They are as follows:

No	the name	Position
1	Mr. Yazid bin Hussam Al-Hayaf	Chairman of the Committee – an independent financial member from outside the Council
2	Mr. Tariq Saad Abdulaziz Al-Tuwaijri	Committee member
3	Engineer/ Khaled Suleiman Al-Mudaifer	Committee member
4	the professor/Sultan Ahmed Muhammad Al-Shubaili	Member from outside the council

Remuneration and Nominations Committee:

In accordance with the decision of the company's Board of Directors dated September 16, 2021, the Remuneration and Nominations Committee was formed, provided that the committee's work will begin from the date of the Board of Directors' decision until the end of the current Board session in 09/15/2024 AD. The

Committee was formed of three members as follows:

No	the name	Position
1	Engineer/ Khaled Suleiman Al-Mudaifer	Chairman of the Committee – Independent Board Member
2	Mr. Tariq Saad Al-Tuwaijri	Committee Member – Independent Board Member
3	Mr. Khaled Abdulaziz Al-Bakri	Committee Member – Independent Board Member

Corporate governance officials

A. Company representatives at the Capital Market Authority:

The company is represented at the Capital Market and Trading Authority by:

- 1- Mr. Bandar Muhammad Abdullah Al-Samaani - Managing Director
- 2- Mr. Ahmed Mustafa Qortam - Chief Financial Officer

B. Disclosure system officials and communication officers

- 1- Mr. Ahmed Mustafa Qartam (supervisor).
- 2- Mr. Al-Anoud Abdul Rahman Al-Banami (Data entry).

4. Investor Relations Manager

- 1- Mr. Hussein Ahmed Abdel Haq

Executive management:

Here are five of the members Executive management Those who received the highest amounts during the year 2023 Among them are the CEO and CFO In addition to the former Managing Director and Chief Executive Officer According to the following table:

No	the name	Position
1	Mr. Bandar Muhammad Abdullah Al-Samaani	Vice Chairman of the Board of Directors and Managing Director and former CEO
2	The engineer/Majid Abdullah Al-Issa	chief executive officer
3	Mr. Ahmed Mustafa Qartam	Chief Financial Officer
4	the professor/Haitham Farouk	boss Iron sector operations
5	Mr. Tamer Mohsen Naseer	Timber sector manager
6	Mr. Ahmed Abdel Latif	sales manager

It is worth noting that in history 14/09/2023 Chessboard of Directors' decision approving the appointment of Engineer Majed Abdullah Al-Issa as CEO of the company, effective 17/09/2023 AD The assignment of Mr. Bandar Muhammad Al-Samaani to the duties of CEO has ended, while he continues in the position of Managing Director. The Board of Directors extends its sincere thanks to Mr. Bandar Muhammad Al-Samaani for the efforts he made throughout the period of his assignment as CEO of the company and wishes him continued progress and success.

Engineer/ Majid Abdullah Al-Issa also owns news HwideH In the sector a Workers exceed 23 years by holding a number of leadership positions. He also worked before that as president of a number of industrial companiesHAndHe served as a member of several boardsManaging listed and unlisted companies, and his last position was CEO of the Saudi Ceramic Company.

4-4 Participation of board membersAnd committees: in membership in the boards of directors of other companies -

Considered asAll companies within the Kingdom of Saudi Arabia, except as will be explainedTThey are represented in the following table:

1- **M/Khaled Suleiman Al-Mudaifer:**

Current Memberships:

- Sahel Al Madar Company (Closed Joint Stock) Independent board member.

Previous memberships:

- Abdullah Al Othaim Markets Company (listed joint stock company)Executive Vice President
- Riyadh Food Industries Company (Closed Joint Stock)Member of the Board of Directors
- Obeikan Company (Closed Joint Stock)Director general
- Diala Company (closed joint stock)Member of the Board of Directors

2- **Mr. Tariq Saad Al-Tuwaijri:**

Current Memberships:

- Al-Faleh Sports House (closed joint stock)-Independent Board Member - Member of the Audit and Risk Committee.
- Al Sudais Transport Company (listed joint stock company)-Independent board member.
- Thob Al-Aseel Company (listed joint stock company)-Independent board member-Member of the audit committee.
- Mutual funds, the first investmentIndependent board member.

Previous memberships:

- Fawaz Al Hokair and Partners Company- Independent board member
- Thob Al-Aseel Company (listed joint stock company)- Chairman of the Remuneration and Nominations Committee.
- Mutual funds, the first investment HSBCIndependent board member

3- A/KhaledAbdulaziz Al-Bakri:

Current Memberships:

- Saudi Logistics Academy (government institution)-Chairman of the Executive Committee.
- Saudi Post (government company)-Chairman of the Executive Committee and the Nominations and Remuneration Committee.
- E-Commerce Council-Member of the Council.
- The National Program for the Development of Industry and Logistics Services –Member of the Executive and Advisory Committee for Logistics Services.
- Cross-border trading company –Member of the Board of Directors .
- King Fahd University of Petroleum and Minerals -Member of the Advisory Committee for the Supply Chain Management Program.
- Yanbu International College-Member of the Supply Chain Advisory Committee.

Previous memberships:

- Saudi Digital Information Exchange Company (Tabadul)-Member of the Board of Directors-Member of the Remuneration and Nominations Committee.
- Eastern Chamber of Commerce-Member of the Logistics Committee.
- Committee of the Arab Union for Land Transport in Jordan - Amman -Committee member
- Council of Saudi Chambers-Member of the National Committee for Logistics Services.

4- Mr /Sultan Ahmed Al-Shubaili:

Current Memberships:

- Raoum Trading Company(Member of the review committee)
- Meraas Arabian Medical Holding Company is a closed joint stock company(Chairman of the Audit Committee)
- Nofoth Food Products Company(Member of the review committee)
- Abdulaziz Ahmed Al-Tuwaijri Trading Company is a closed joint stock company(Member of the Audit Committee)
- Hygiene Life Company(Member of the review committee)
- Asas Makin Real Estate Investment and Development Company is a closed joint stock company(Member of the review committee)
- View United Real Estate Development Company(Member of the review committee)

Previous memberships:

- Al-Rahden Company is a closed joint stock company(Chairman of the Audit Committee)

4-5 Current and previous positions, qualifications and experiences of members of the Board of Directors, committees and executive management:

Qualifications	previous jobs	Current jobs	the name
1- <u>Board of Directors and committees</u>			
Bachelor of Business administration .	1-General Manager of Sava International Investments Company 2-General Manager of Al-Samaani Metal Industries Factory	Chairman of the Board of Directors at Sadr Logistics Company.	Mr. Muhammad Abdullah Abdul Karim Al-Samaani (Chairman of Board of Directors)
Master of Business	1- CEO of Sadr Logistics	Managing Director of Sadr	Mr. Bandar Muhammad

Administration.	Company	Logistics Company.	Abdullah Al-Samaani (Deputy Chairman of the Board-managing director)
Bachelor's degree in Chemical Engineering.	<ol style="list-style-type: none"> 1- Managing Director of Riyadh Food Company 2- Executive Vice President at Al-Othaim Markets Company 3- General Manager of Manufacturing, Logistics and Purchasing at Al-Othaim Markets Company. 4- BezelRGeneral Obeikan Industrial Company 5- Deputy ofBezelRALaaObeikan Industrial Company 6- Director of Production Department, Saudi Pharmaceutical Industries Company. 	General Manager of Obeikan Digital Solutions Company	Mr. Khaled Suleiman Abdullah Al-Mudaifer (Member of the Board of Directors-Member of the audit committee-Chairman of the Remuneration and Nominations Committee)
Bachelor of Business Administration at the Arab Open University in Riyadh	<ol style="list-style-type: none"> 1- Advisor to the CEO of Arabian Centers Company. 2- Regional Director of 	Director of the Investment Department at the King Abdulaziz and His Companions Foundation for Talent and Creativity	Mr. Tariq Saad Abdul Aziz Al-Tuwajiri (Member of the Board of Directors-Member of the audit committee-

	<p>Private Banking at Bank Al Bilad.</p> <p>3- Equity Investment Manager–Naseel Holding Company</p> <p>4- Executive Vice President of Trading at the Financial Brokerage Company</p> <p>5- Chief broker at Al Jazira Capital</p> <p>6- Private Banking (Relationship Manager) Local Stock Broker at Samba Financial Group</p>	(Mawhiba)	Member of the Remuneration and Nominations Committee)
<p>Master of Business Administration.</p>	<p>1– PresidentExecutive Director of BAS International Group.</p> <p>2– CEO of ARASCO Logistics Services</p> <p>3– Vice President of the Transportation Sector at ARASCO</p> <p>4– General Manager of the Logistics Services Sector of Agricultural Development Company Limited (Al–Dabbagh</p>	<p>Undersecretary of the Ministry of Communications and Information Technology for Postal Logistics Services – Leader of strategic transformation and privatization for the communications, information technology and postal sector.</p>	<p>Mr. Khaled Abdulaziz Al–Bakri)to biteAndboard of directors–Member of the Remuneration and Nominations Committee)</p>

	<p>Group) Director of the Production Unit at Almarai Company</p> <p>5- Director of the production unit at Almarai Company.</p> <p>6- Supervisor of the Nutrition Department at North Florida Foods Company in the United States of America.</p>		
<p>Master of Accounting – Master of Business Administration – HolderMBA – CPA Chartered Accountant – SOCPA – iiBV AssessorspecialtyResident of an economic establishment.</p>	<p>1- Director of Finance and Financial Operations at the Olayan Group at Xerox and Olayan Food Company</p> <p>2- CFO at Worley Parsons</p> <p>3- External references in Arsent and YoungEY</p> <p>4- Cost analyst at a companyUTCM</p> <p>5- Financial responsible for the accounts of a charitable center (Al-Hikma Center) in the US state of Utah Working in the educational government sector.</p>	<p>Financial Director of Abunayan Holding Group Director General of Yazid Al-Hayaf Certified Accountants and Auditors Office – Director General of Malaa Office for Evaluating Economic Establishments.</p>	<p>Mr. Yazid bin Hussam Al-Hayaf (Chairman of the Audit Committee)</p>

<p>•Holds a bachelor's degree in Accounting major From King Saud University in the Kingdom of Saudi Arabia in 2013.</p> <p>•He obtained a fellowship from the Saudi Organization for Auditors and Accountants (SOCPA) in 2017.</p> <p>•Obtained the International Financial Reporting Standards Certificate from the British Association of Certified Public Accountants in 2017.</p>	<p>1- Founder of Sultan Ahmed Muhammad Al Shubaili Chartered Accountants and Auditors Company (a professional limited liability company), working in the field of accounting and auditing from 2021 AD until now.</p> <p>2- He served as a partner and head of the technical committee and training committee of BKF Al-Bassam & Partners Chartered Accountants (a joint liability company, working in the field of accounting and auditing) from 2017 AD until 2021 AD.</p> <p>3- He served as the accounting team leader at Thiqa Business Services Company (a limited liability company, working in the field of information technology and business services) from 2016 AD until 2017 AD.</p> <p>4- He served as chief auditor at Ernst & Young (a joint venture</p>	<p>Managing Partner in Sultan Ahmed Muhammad Al Shubaili Chartered Accountants and Auditors Company</p>	<p>the professor/Sultan Ahmed Al Shubaili (Member of the audit committee)</p>
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	company working in the field of accounting and auditing) from 2012 AD until 2016 AD.		
Bachelor of Commerce .	<p>1- Director of the Executive Office at Jiyad Al Qassim Coffee Company.</p> <p>2- Administrative Affairs Officer at Amco Foods.</p> <p>3- Administrative Affairs Officer at Abdulaziz Al-Hadithi Company.</p>	Director of Administrative Affairs and Secretary of the Board of Directors and Committees And Director of Investor Relations at Sadr Logistics Company	Secretary/HassYen AhmedAbdul Haq
<u>B-Senior executives:</u>			
<p>Bachelor's degree in Chemical Engineering-</p> <p>Master of Industrial Management-</p> <p>Holds Fellowship of the American Institute of Management Accountants (CMA)-Certified Mergers and Acquisitions Consultant (CM&AA)</p>	<p>1- CEO and member of the Board of Directors of the Saudi Ceramic Company</p> <p>2- CEO and member of the Board of Directors at BATEC Investment and Logistics Company</p> <p>3- CEO and member of the Board of Directors at the National Gypsum Company</p> <p>4- Director of Opportunities and Investment Development - Mergers and Acquisitions at SABIC</p>	CEO of Sadr Logistics Company	Engineer/ Majid Al-Issa

	5- Team leader at the Industrial Development Fund		
Bachelor of Accounting – Holds Fellowship of the Saudi Organization for Certified Public Accountants SOCPA	1- Financial Director at Al-Samaani Metallurgical Factory Company (currently Sadr Logistics Services) 2-Head of Accounts at Al-Rashed Contracting Company 3-Accountant and financial auditor at Al-Qaffari Investment Development Company 4-Chartered accountant and auditor in the Arab Republic of Egypt.	Chief Financial Officer of Sadr Logistics Company.	Mr. Ahmed Mustafa Qartam
Bachelor of Laws – Diploma in Commercial Law – Diploma in Marketing – Diploma in Supply Chain and Catering.	1- Management and operation of factories for the production of wooden pallets and decoration in each of (Inmaa Company for Wooden Pallets Manufacturing – Al Turki Holding Group – Al Qaryan Holding Group)	Timber sector manager(Sadr Logistics Services Company)	Mr. Tamer Mohsen Naseer
Bachelor of Social Service – Diploma in Research and Marketing–Diploma in Marketing Skills–Diploma in	1- Marketing Director at Al Dawlia Group from 2004 to 2009.	Director of Steel Sector Operations at Sadr Logistics Company	Mr. Haitham Farouk

Marketing Management Skills.			
Bachelor Social Services	1-Sales representative of Nova Pharm Pharmaceutical Company, AndSupervisor of Cairo and its suburbs,AndDeputy Sales Manager.2-representativeAnd honorableSales of Al-Samaani Factory for Metal Industries AndDeputy Director of Marketing.	Marketing and Sales Manager, Sadr Logistics Company.	Mr. Ahmed Abdel Latif

4-6 Duties of committees, their members, and attendance records:

Review Committee:

The Audit Committee's jurisdiction and work tasks are summarized as follows:

- 1- Financial reports: studying the initial and annual financial statements, expressing a technical opinion regarding them, and recommending them to the Board of Directors.
- 2- Internal audit: studying and reviewing the company's internal control systems, internal audit reports, and risk management, and recommending the appointment of an internal auditor.
- 3- Auditor: Recommending to the Council to appoint the external auditor, verifying his independence and objectivity, discussing with him, answering his inquiries, and studying the external auditor's report.
- 4- Ensuring compliance: Verifying the company's compliance with the laws, regulations, policies, and instructions of regulatory authorities, and reviewing contracts and transactions with related parties.

It was held The Commission during the fiscal year ending 12/31/2023 Seventh Meetings as shown in the following table:

Committee members / Attendance Record	Mr. Yazid bin Hussam Al-Hayaf	Mr. Tariq Saad Abdulaziz Al-Tuwaijri	Engineer/ Khaled Suleiman Al-Mudaifer	
Member	Chairman of the Committee	member	member	Nature of membership
Appointed	√	√	√	First meeting 22/3/2023
	√	√	√	Second meeting 15/7/2023
	√	√	√	Third meeting 31/5/2023
	√	√	√	Fourth meeting 25/7/2023
	√	√	√	Fifth meeting 08/08/2023
	√	√	√	Sixth meeting 28/08/2023
	√	√	√	Seventh meeting 01/11/2023
	7	7	7	Total

Remuneration and Nominations Committee:

The jurisdiction of the Remuneration and Nominations Committee and its work tasks are summarized as follows:

1. Prepare a clear policy for the remuneration of members of the Board of Directors and committees emanating from the Board and Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account following standards related to performance, disclosing them, and verifying their implementation..
2. Proposing clear policies and standards for membership in the Board of Directors and executive management.

3. Recommending to the Board of Directors to nominate and re-nominate members in accordance with the approved policies and standards, taking into account not to nominate anyone who has previously been convicted of a crime involving breach of trust.
4. Annual review of the necessary skills or experience needed for membership in the Board of Directors and executive management functions.
5. Reviewing the structure of the Board of Directors and Executive Management and making recommendations regarding changes that can be made.

Committee members / Attendance Record	Engineer/ Khaled Suleiman Al- Mudaifer	Mr. Khaled Abdulaziz Al-Bakri	Mr. Tariq Saad Abdulaziz Al- Tuwaijri
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6. Develop job descriptions for executive members, non-executive members, independent members, and senior executives.
7. Establishing special procedures in the event that the position of a member of the Board of Directors or a senior executive becomes vacant.
8. Identify the weaknesses and strengths of the Board of Directors, and propose solutions to address them in a way that is consistent with the company's interest.
9. Clarifying the relationship between the rewards granted and the applicable remuneration policy, and indicating any material deviation from this policy.
10. Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the desired goals.
11. Recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees, and the company's senior executives in accordance with the approved policy.

The Remuneration and Nominations Committee was held during the fiscal year ending on 12/31/2023 Two meetings as shown in the following table:

Nature of membership	Chairman of the Committee	member	member
the meeting the first 03/26/2023	√	√	√
the meeting the second 05/25/2023	√	√	√
Total	2	2	2

4-7 The policy of Bonuses paid to members of the board of directors and senior executives :

1- Remuneration policy for members of the Board of Directors, committees and executive management:

The remuneration of members of the Board of Directors was set at 130 One thousand riyals per year for a member as a reward for membership in the Board of Directors, in addition to an allowance for attending sessions of the amount of 3,000 riyals per member for one session, as the Chairman of the Audit Committee is entitled to an amount of 40 one thousand Riyals and a member of the audit committee, amounting to 30 one thousand annual bonus for one financial year in addition to the amount of 1,500 riyals as an allowance for attending sessions for one session, and the remuneration for committee members has also been determined rewards and nominations in the amount of 10 One thousand riyals per year for each member, in addition to an amount of 1,500 riyals as an allowance for attending sessions for one session while the remuneration for the Secretary of the Council and Committees was set at \$25 One thousand riyals per year while executive management remuneration is determined through the company's internal remuneration regulations approved by the Remuneration and Nominations Committee.

2- The remuneration granted to members of the Board of Directors, committees and executive management is consistent with the applicable remuneration policy stipulated in the company's regulations and policies approved by the General Assembly of Shareholders, and there is no material deviation from this policy the rewards are approved by the Remuneration and Nominations Committee and recommended to the Board of Directors for approval and disbursement. The Board of Directors presents them to the annual general assembly

of shareholders for approval and then disbursement. The company has also committed to disclosing the elements of senior executives' remuneration in general, in accordance with the regulatory requirements contained in Subparagraph B of Paragraph (4) of Article (90) of the Corporate Governance Regulations to protect the interests of the company, its shareholders, and its employees, and to avoid causing any harm that may result as a result of disclosure in detail according to titles and according to position.

3- Details are not presented as given in the Appendix (1) For senior executives from the corporate governance regulations.

8-4 Remuneration granted to members of the Board of Directors and Executive Management:

The following table shows the bonuses, allowances and salaries of members of the Board of Directors, Board committees and senior executives, which were paid or accrued during the financial year ending on December 31.2023

1- Remuneration for members of the Board of Directors:

Statement	Salaries and allowances	Periodic and annual rewards and commissions	End of service allowance	Other	Benefits in kind	total summation
Total	2,341,368	238,867	232,331		-	2,812,566

total summation	Benefits in kind	Incentive plans	Other expenses	Instead of attending sessions	In exchange for technical works or consultations	Periodic and annual rewards	Salaries and allowances	Statement
<u>First: Non-executive members:</u>								
145,000	-	-	-	15,000	-	130,000	-	1- mr. Muhammad Abdullah Al-Samaani

<u>Second: Executive members:</u>								
145,000	-	-	-	15,000	-	130,000	-	1- Mr. Muhammad Al-Samaani
<u>Third: Independent members:</u>								
145,000	-	-	-	15,000	-	130,000	-	1- Mr.Khaled Suleiman Al-Mudaifer
145,000	-	-	-	15,000	-	130,000	-	2- Mr.Tariq Saad Al-Tuwajjri
145,000	-	-	-	15,000	-	130,000	-	3- Mr. Khaled Al-Bakry
435,000	-	-	-	45,000	-	390,000	-	Total independent members
Fourth: Secretary								
10,000	-	-	-	-	-	10,000	-	Mr. Hussein Ahmed HusseinAbdul Haq
735,000	-	-	-	75,000	-	660,000	-	total summationTo the Board of Directors

2- remuneration for senior executives:

The company's senior executives are represented who received the highest salaries and bonuses during the year2023MIn CEO, CFO and Director on Sector Operations and Timber Sector Manager and Sales Director, in addition to the former Managing Director and CEO and their bonuses, salaries and allowances were as follows:

3- Committee members' rewards:

the total	Instead of attending sessions	Fixed rewards (Excluding session attendance allowance)	Statement
a. <u>Members of the audit committee:</u>			
50,500	10,500	40,000	the professor/He increasesessonswordThe greatness
40,500	10,500	30,000	the professor/Tariq Saad Abdulaziz Al-Tuwaijri
40,500	10,500	30,000	Engineer/ Khaled Suleiman Al-Mudaifer
10,000	-	10,000	secret keeper/ Hussein Ahmed Hussein Abdel Haq
141,500	31,500	110,000	Total audit committee
<u>B-Members of the Remuneration and Nominations Committee:</u>			
10,000		10,000	Engineer / Khaled Suleiman Al-Mudaifer
10,000		10,000	Mr. Tariq Saad Al-Tuwaijri
10,000		10,000	Mr. Khaled Abdulaziz Al-Bakri
5,000		5,000	Secretary/ Hussein Ahmed Hussein Abdel Haq
35,000		35,000	Total Remuneration and Nominations Committee
176,500	0	145,000	The total number of committees

4-9 Decision to waive remuneration for members of the Board of Directors, committees or a senior member executives:

No members of the Board of Directors, committees or senior executives have waived their bonuses for the year 2023 and rewards will be offered for members of the Board of Directors and committees to the General Assembly for approval.

4-10 The dates of the general assemblies of shareholders and the attendance record of the members of the Board of Directors for each meeting:

The following table shows the attendance of members of the Board of Directors at the general assembly's of shareholders remotely via modern technology

Where it was held General Assembly during the year 2023 :

Number	the name	Attendance Record	Total
		Meeting date 6/14/2023 AD	
1	a/Muhammad Abdullah Abdul Karim Al-Samaani	√	1
2	a/Bandar Muhammad Abdullah Al-Samaani	√	1
4	M/Khaled Suleiman Abdullah Al-Mudaifer	√	1
4	a/Tariq Abdul Aziz Al-Tuwaijri	√	1
5	Mr. Khaled Abdulaziz Al-Bakri	√	1

4-11a For a change in ownership of shares by persons other than board members and seniors executives:

None of the shareholders notified the company of any change in share ownership during the year ending on 31/12/2023 AD

4-12 the interests of board members and seniors executives:

During the year 2023, there are some interests in the company's shares belonging to some members of the Board of Directors, senior executives and their relatives taking into account the increase in the number of shares as a result of the split This is as follows:

Percentage of change	Net change	End of year		the beginning of the year		the name	sequence
		Debt instruments	Number of Shares	Debt instruments	Number of Shares		
900%		-	35,000,000	-	3,500,000	Elmah Investment Holding Company	1

4-13aBoard of Directors meetings and attendance record for each meeting:

Committee members/attendance record	Mr. Muhammad Abdullah Al-Samaani	Mr. Bandar Muhammad Al-Samaani	Engineer/ Khaled Suleiman Al-Mudaifer	Mr. Tariq Saad Abdulaziz Al-Tuwajri	Mr. Khaled Abdulaziz Al-Bakri
First meeting 26/03/2023	√	√	√	√	√
Second meeting 13/05/2023	√	√	√	√	√
Third meeting 19/07/2023	√	√	√	√	√
Fourth meeting 22/07/2023	√	√	√	√	√
Fifth meeting 10/08/2023	√	√	√	√	√
Sixth meeting 02/11/2023	√	√	√	√	√
Seventh meeting 20/12/2023	√	√	√	√	√
Total	7	7	7	7	7

5- Penalties and penalties imposed on the company:

There are no penalties or penalties imposed on the company.

Results of the annual review of the effectiveness and procedures of the internal control system:

The effectiveness of internal control procedures was reviewed by the Audit Committee informing the Board of Directors of the results where it was done to check out internal control procedures and its adequacy and efficiency and its effectiveness in protecting the company's assets, evaluating business risks, and measuring the efficiency of performance, internal audit operations are carried out under the supervision of the Audit Committee through a company specialized in internal audit appointed by the Audit Committee, which reviews all departments, divisions and operations of the company and submits its reports periodically to the Audit Committee. Internal audits did not reveal a fundamental weakness in the company's internal control system. The Audit Committee recommends working on continuous improvement of internal control systems.

6- Methods relied upon by the Council to evaluate its performance:

In evaluating performance, the Board relied on several evaluation criteria, including the number of Board and committee meetings, attendance rates during the year, attendance rates at general assemblies, and important and fundamental decisions of the Board of Directors during the year. In general, the Board's performance is linked to the company's activity and achieving the annual target of sales and profits. Developing and following up on the company's strategic plans. The company is working to develop methods and standards for evaluating the performance of the council and committees, including the possibility of appointing an external party to evaluate performance.

7- The Audit Committee's recommendation regarding the need to appoint an internal auditor:

The members of the review committee made the recommendations by appointment Check internally or contract with a company specialized in internal audit work during the year 2023, The contract with ARSA Business Solutions was

renewed to carry out internal audit work under an annual contract based on the decision and recommendation of the Audit Committee and under its supervision..

8- Information related to the company's loans:

The company has a facilitation agreement at PinkyH with Each of:

Alinma Bank is compatible with Islamic Sharia through the Kafalah Fund to finance small and medium-sized companies, which consists of loans, credit facilities, documentary credits, Murabaha, Musharaka, and fixed-term deferred sales with a maximum of ten million Saudi riyals. For the purpose of financing the working capital requirements of the Company as well as financing assets and equipment related to the Company's activities and projects, these facilities are charged to financing expenses in accordance with the relevant agreement at a fixed interest rate of 4% per annum. The outstanding balance on December 31, 2023 amounted to (261,419 Saudi riyals) (2022: 6 18,505 Saudi riyals).

The amount is paid on a quarterly basis and the final payment is due on August 1, 2024.

Under this agreement, the company provided guarantees to cover the entire value of the financing, represented by promissory notes worth 10 million Saudi riyals, in addition to a guarantee for the Kafalah program to finance small and medium enterprises worth 9.5 million Saudi riyals.

The Arab Bank is compatible with Islamic Sharia for a specific period of up to a maximum of 5 million Saudi riyals for the purpose of financing the company's working capital requirements as well as financing raw materials and equipment related to the company's activities and projects. These facilities are charged to financing costs in accordance with the relevant agreement at a fixed interest rate of 4% per annum. The facility agreement was renewed in 2022 and is valid until October 2023. The outstanding balance at December 31, 2023 amounted to (1,669,684) Saudi riyals (2022: 705,072 Saudi riyals). Final payment is due on March 18, 2024.

The following table shows the movement of loans, their interests, the repayment and the receivable, as follows

Due at the end of the year 2023	Benefits pertaining to the year 2023	The payer	Loan term	User of the loan	Account loan beginning 2023	Loan value	the bank
261,419	9,402	366,533	3 years		618,550	10,000,000	Development
1,669,684	102,546	3,741,879	6 months	4,603,945	705,072	5,000,000	Al araby
1,931,103	111,948	4,108,412		4,603,945	1,323,622	15,000,000	Total

9- Description of debt instruments activities:

There are no debt instruments convertible into shares, or any option rights, subscription rights memorandums, or similar rights issued or granted by the company during the fiscal year. There are also no conversion 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 redeemable instruments.

10- Company requests for shareholder register:

Number to request at The company's shareholder register	The date of application Within a year2023	Reasons for request
1 file	11/06/2023	General Assembly.
1 file	06/11/2023	Other.

11- Regular payments made and due:

Below is a list of the most important paymentsAnd duesFor regulatory authorities:

Statement	2320 pm	
	The due	The payer
Zakat, Tax and Customs Authority (Zakat)	3,642,034	3,356,240
Zakat, Tax and Customs Authority (VAT)	-	5,200,285
Zakat, Tax and Customs Authority	-	1,341,467

(customs fees)		
General Organization for Social Insurance	92,599	885,627
Labor and passport office fees and another	-	288,069
Other government fees	-	331,301
Total	3,734,633	11,402,989

12- Declaration of the absence of business with related parties:

There are no business or contracts to which the company was a party or in which any member of the company's board of directors or its senior executives or any person related to any of them had an interest. With the exception of bonuses and allowances for the attendance of members of the Council and committees, and salaries and bonuses of executive management, as explained previously.

13- Allocations for the benefit of the company's employees:

The following table shows the company's employee allocations long term as of 12/31/2023 Which is calculated in accordance with the Saudi Labor and Workers Law and is subjected to actuarial estimation by a specialized actuary in accordance with the requirements of international standards..

clause	the amount
Indemnity For employees	3,842,746

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

14- Board of Directors Declarations:

1. The account records are prepared correctly.
2. The internal control system was prepared on sound foundations and implemented effectively.

3. There is no doubt about the company's ability to continue its activity.

15- 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 of any fundamental errors and that there are no reservations about them. Also, no recommendation was issued by the Board of Directors to replace the certified public accountant from the company's general assembly.

16- Closing word:

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

God grants success

Board of Directors