



SADR سادر

Logistics Services

للخدمات اللوجستية



Annual Report

Board report



2022

سادر



SADR سادر

Logistics Services

للخدمات اللوجستية

CAUTION
9'6"
HIGH

32,500 KGS.
71,650 LBS.
8,440 KGS.
28,670 LBS.
63,210 LBS.
2,700 CU.FT.

MAX GROSS
NET

CAUTION
9'6"
HIGH



— ✨ Custodian of the Two Holy Mosques ✨ —

King Salman bin Abdulaziz Al Saud

God save him



— ✨ His Royal Highness ✨ —

Prince Mohammed bin Salman bin Abdulaziz Al Saud

Crown Prince, Prime Minister and Minister of Defense

God save him

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Management Report

01



Chairman's Statement

Annual Report Sadr Logistics Services Company



Annual Report Sadr Logistics Services Company 2022

Dear Shareholders of Sadr Logistics Services Company,

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



On behalf of myself and on behalf of the Board of Directors it gives me immense pleasure to present to you the annual report of Sadr Logistics Services Company, which highlights the performance and achievements of the company and its financial condition for the fiscal year ending on December 31, 2022G, and its future plans. This report was prepared 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.

Wish you all the best
Chairman of Board of Director





Statement of the Vice Chairman, Managing Director



Dear Shareholders of Sadr Logistics Services Company,

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



Sadr Logistics Company seeks to move towards a new phase of sustainable growth based on creative principles and values derived from our experience that extends for more than 20 years, and to achieve the Kingdom's Vision 2030, which aims to transform the Kingdom of Saudi Arabia into a leading industrial power and a global logistical platform connecting the three continents. This will be by maximizing the value achieved from mining and energy sectors, focusing on the pillars of local content and the fourth industrial revolution, seeking to maximize the economic impact, diversify that for the targeted sectors, sustain the growth of those sectors, achieve leadership, and create an attractive investment environment.

I also extend my thanks to the Sadr Logistics Services team, who work in a spirit of love and giving, and to all partners and customers, my greetings and appreciation.





Statement of the Chief Financial Officer



Annual Report Sadr Logistics
Services Company 2022



Dear Shareholders of Sadr Logistics Services Company,

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




In this annual report, we are pleased to review with you the company's results that have been achieved in the growth process during this year, which will constitute a turning point in the company's performance during the coming years, and to shed light on the company's plans and future outlook. Sadr Company is a group of distinguished investment opportunities, and the current stage is a stage of building and development to ensure continuity, growth and achieving future returns in the short and long term in order to achieve the aspirations and goals of investors. The executive management of the company and all departments and divisions, led by the company's board of directors, have a great and effective role in this smooth and deliberate transition to achieve the best utilization of available resources, within a framework of an attractive and motivating work environment.

Finally, after praising and thanking Allah for what has been achieved, I extend my thanks to Sadr Co. work team for their great performance and contribution in achieving the company's goals and implementing its plans.

Wish you all the best
CFO





A history of Sadr Logistics Services Company

02

A history of Sadr Logistics Services Company

2-1



History of Sadr Logistics Services Company

Sadr Logistics Services Company (formerly Al-Samaani Factory for Metal Industries Company) (the "Company") was established as a Saudi joint stock company in accordance with the Companies Law in the Kingdom of Saudi Arabia under the main commercial register No. 1131012302 issued on Shaaban 20, 1414H, corresponding to February 2, 1994G and according to Ministerial Resolution No. (Qaf/26) dated Safar 3, 1438H, corresponding to November 3, 2016G, it was approved to announce the transformation of the company into a closed Saudi joint stock company, and according to its commercial register, its term will be 99 years, starting from 8 Safar 1438H corresponding to November 8, 2016G (date of transformation from a limited liability company to a closed Saudi joint stock company).

The company carries out its industrial activities under Industrial Registration No. 415 issued on Rajab 18, 1412H, corresponding to January 23, 1992G, and amended by Industrial License No. 112845 issued on Ramadan 3, 1443H, corresponding to April 05, 2022G.

In accordance with the decision of the Capital Market Authority issued on January 11, 2017G corresponding to Jumada II 13, 1438H, which included the approval to offer the Company's shares in the parallel market (Nomu) and under the approval of the Company's extraordinary general assembly, the company's capital was increased from 9,000,000 Saudi riyals to 11,250,000 Saudi riyals, divided into 1,125,000 shares. On 26, 2017G corresponding to 29/5/1438H, the company's shares were listed and started trading in the parallel market "Nomu".

The approval of the Saudi Stock Exchange, Tadawul, on the request of the Company to transfer to the main market was issued on 03/12/2020G corresponding to 17/04/1442H, and trading of the company's shares began in the main market, TASI, as of Thursday 10/12/2020G corresponding to 25/04/1442H, with the symbol 1832 in the professional and commercial services sector.

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

Annual Report Sadr Logistics Services Company 2022



Company's activity

2-2

The company carries out its industrial activities under Industrial Registration No. 415 issued on Rajab 18, 1412H, corresponding to November 25, 1995G, and amended by Industrial License No. 112845 issued on Ramadan 3, 1443H, corresponding to April 05, 2022G. The following sub-registries:

Branch name	commercial registration number	City	Purpose
Sadr Logistics Services Company Branch	1010947309	Riyadh 1	Manufacture of wooden containers, including (packing boxes, boxes and shipping containers made of wood), manufacture of wooden pallets.
Sadr Logistics Services Company Branch	1010742525	Riyadh 2	Operation of storage facilities for all types of goods except foodstuffs, land transport of goods, light transport, services for loading and unloading goods in general, refrigerated food stores, frozen food stores, general stores that include a variety of goods, dry food stores, logistics services, management and rental of self-storage warehouses.
Sadr Logistics Services Company Branch	2050115434	Dammam	Wholesale of wooden, cork and plastic products, wholesale of office furniture, retail of metal scrap and carpentry and blacksmithing tools and instruments, sale of metal, iron and wooden boxes and caravans.

2-3

Development of the Company's Capital

After the listing, the Company's capital was increased in phases with the approval of the general assembly of shareholders, as follows:

On Rajab 25 ,1439H, corresponding to April 11, 2018G, the company's capital was increased, by granting free shares to shareholders at the rate of one free share for every three shares owned, to become 15 million Saudi riyals, divided into 1,500,000 shares by capitalizing an amount of 3,750,000 riyals from the retained earnings account.

2018

the company's capital

15,000,000

Million Saudi riyals

1,500,000 shares

On Dhul Qidah 11, 1441H, corresponding to June 25, 2020G, the Extraordinary General Assembly approved the recommendation of the Board of Directors to increase the company's capital, by granting bonus shares to shareholders, from 15 million Saudi riyals to 25 million Saudi riyals, by capitalizing 10 million Saudi riyals from the issuance premium. The remaining amount in the issuance premium account amounting to 4,478,469 Saudi riyals was capitalized to the retained earnings account.

2020

the company's capital

25,000,000

Million Saudi riyals

2,500,000 shares

On January 3, 2021G, corresponding to Jumada Al-Awal 20, 1442H, the company announced the Board of Directors' recommendation to increase the capital by issuing priority shares in order to enable the company to implement its strategic and operational plans and support the expansion of logistical services. The Capital Market Authority issued its approval of the company's request to increase the capital on November 2, 2021G, and the Extraordinary General Assembly approved the capital increase on December 01, 2021G, corresponding to Rabi' Al-Thani 26, 1443H, by issuing priority rights shares to shareholders. The increase was 6 shares per share, and the number of shares after the increase was 15 million shares, at a value of 150 million riyals. The capital after the increase became 175 million Saudi riyals, divided into 17.5 million ordinary shares.

2021

the company's capital

175,000,000

Million Saudi riyals

17,500,000 shares

2-4

Company's announcements on Tadawul website



Date	Announcement title
30-Jan	Sadr Logistics Services Company announces the purchase of land at a value of 19,191 million Saudi riyals
8-Feb	Sadr Logistics Services Company announces the resignation and assignment of the CEO
15-Mar	Sadr Logistics Services announces the annual financial results for the period ending on 31-12-2021G
6-Apr	Sadr Logistics Services Company announces that it will not distribute cash dividends to shareholders for the year 2021G
15-May	Sadr Logistics Services Company announces its invitation to its shareholders to attend the Ordinary General Assembly meeting through modern technology means (the first meeting)
19-May	Sadr Logistics Services Company announces its interim financial results for the period ending on 31-03-2022G (Three Months)
6-Jun	Sadr Logistics Services Company announces the results of the Ordinary General Assembly Meeting (First Meeting)
14-Aug	Sadr Logistics Services Company announces the signing of a contract with the Saudi Azda Trading Company.
18-Aug	Sadr Logistics Services Company announces its interim financial results for the period ending on 30-06-2022G (Six Months)
9-Nov	Sadr Logistics Services Company announces its interim financial results for the period ending on 30-09-2022G (nine months).
4-Dec	Sadr Logistics Services Company announces the transfer of ownership of the founders' shares to Elma Investment Holding Company.
27-Dec	Sadr Logistics Services Company announced that no cash dividends will be distributed to shareholders for the year 2022G



The name of Sadr Logistics Services Company is synonymous with comprehensive quality in the manufacture of metal shelves and all systems and solutions for storage, handling and logistics services, which aim to serve various business sectors through the stages and links of the supply chain. We have devoted ourselves to providing these products and services with the highest quality standards while controlling the cost.

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

01

Metal shelves and their accessories, metal storage and handling systems, warehouse shelves, refrigerators, pallets, cages, containers and metal boxes.

Logistics services (storage for others - transportation for others - purchasing for others)
2PL – 3PL – 4PL

02

03

Wooden pallets, boxes and containers

Plastic pallets

04

05

Forklifts, equipment and machinery for storage, loading, unloading and packaging

2-5

Overview of the Company's Business and Products



2-6 Description of the Company's main activities

The company's activities are generally represented in providing logistics services, manufacturing and supplying storage and handling solutions through several sectors:

01

The iron sector represented in the manufacture, supply and installation of metal storage solutions and systems (metal shelves for warehouses, refrigerators, pallets, cages, containers and metal boxes).

02

Logistics services sector represented in supply of chain services, warehousing, transportation and procurement for third parties. 2PL – 3PL – 4PL

03

The wood sector represented in the manufacture and supply of wooden pallets, and storage and shipping boxes, and wood trading.

04

Other sectors of storage equipment, including supply of light and heavy forklifts, various storage machines and equipment, the supply of various storage, shipping, unloading and packaging solutions such as plastic pallets, other storage products and supplies, and provision of warehouse and refrigerator equipping services.



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

Type of activity	Activity revenues 2022G	Percentage
Wood	52,165,925	47 %
Iron	40,389,527	36 %
Logistics services	15,274,900	14 %
Others (Miscellaneous)	2,991,936	3 %
Total	110,822,288	100 %

Sadr 2022



2-7

Risks

The most important operational, financing and potential market risks facing the company and the company's policy in managing of these risks are as follows:

Operational Risks

The most important of these risks is the dependence on main raw materials, which is iron and wood, and the reliance on major suppliers of these materials, such as SABIC for iron. The company works to diversify its suppliers inside and outside the Kingdom and adopt a procurement policy that guarantees the availability of raw materials needed for production in a timely manner, focusing on local sources to promote local content. The company also faced operational risks represented in the high costs of government fees for labor associated with operational activity. Government initiatives for the industrial sector had a great impact in mitigating these risks and burdens on the company during the fiscal year 2022G and the following years.

Financing Risks

It is represented in credit risks 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 forming provisions to meet expected credit losses. The financing risks also involve loans and facilities risks when the company is linked to bank facilities agreements to finance its operations. This represents a burden on the company in terms of financing costs or the inability to pay obligations if the company uses these facilities, and the company's management works to use the facilities to the extent necessary with scheduling the resulting obligations through the company's cash management.

Market Risk

The risks of increased competition and the risks of fluctuations in the prices of raw materials are 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 development of products and solutions provided to customers. The company also works to study the market prices of competitors and raw materials to predict price trends and adopt a purchase policy that enables the company to face the risks of raw material price fluctuations.



2-8 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 its field of activities, especially in the logistics services sector. The company increased capital by 150 million riyals by the end of the year 2021G, in order to be able to achieve its future plans represented in the development of iron factory construction of wood factory, and the establishment of 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 comprehensive and balanced development plan aimed at developing all sectors, activities and businesses of the company. It includes the following:



1- Administrative and institutional development

The company is working on a comprehensive administrative development plan during the year 2023G, 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. The company aims to re-engineer the operations cycle, describe policies and procedures, and link them to the organizational structure and performance indicators through a clear and effective matrix of powers that clarifies the authorities, responsibilities and job descriptions. The company also works to enhance governance and develop practice through updating and continuous 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 level of senior management represented in the board of directors, committees and executive management. In this, the company seeks the assistance of companies with great experience in the field of management consulting, governance and supply chains in order to rebuild the administrative structure of the company and train its employees who are its constructive forearms according to best practices and scientific foundations and in a manner commensurate with the nature of the company, its activities, internal work environment and external environment and the organization of global training programs on the best Supply chain concepts and practices.



2- Digital transformation.

The company will work during the year 2023G on digital transformation and automation of operations by applying the latest ERP system for planning and managing global enterprise resources, and the consequent improvement in the company's performance and operations in line with policies, procedures and governance. The company is also working on developing the necessary infrastructure to comply with the requirements of 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, and more than one training program has been approved to raise the efficiency of employees in the field of automation and data analysis.



3- Developing factories and operations

During the year 2022G, the company worked on rehabilitating the infrastructure of the iron factory in the industrial city in Buraidah, adding automatic production lines, machines, and equipment and importing them from the best international companies, especially European ones. This is for raising production capacity, improving the quality of operations and product quality, and training workers on the latest production methods. The production capacity increased from 4,300 tons annually to 6,000 tons annually, which is the target during the year 2023G, and with the completion of the continuous development process during the year 2023G, the factory is expected to reach a maximum production capacity of 8000 tons by the beginning of 2024G, which makes the company the local leader in manufacturing metal shelves, storage systems and iron platforms, and a competitor with international companies. Its focus is on local content and localization of industry and to become able to implement the largest qualitative projects.



4- Product development

The company is working on developing its products, especially storage systems, metal shelves and other storage and handling solutions through developing engineering designs, conducting quality tests for products and having them approved by the Saudi Standards, Metrology and Quality Organization (SASO) (through conformity with the English standard specifications for the design and manufacture of shelves EN 15512). Thus, the company sets itself in the local leadership of this industry by having national products with international specifications and competing with international companies by providing engineering and consulting solutions in this field. The company is also ISO 9001 certified.



5- Establishing new factories

Late in 2021G, the company purchased, by public auction, a factory in the Second Industrial Zone in Riyadh belonging to the Saudi Organization for Industrial Cities and Technology Zones, for 4.792 million Saudi riyals, with an area of 5516 square meters, for the purpose of manufacturing wooden storage pallets. During the year 2022G, the company embarked on rebuilding and rehabilitating the factory and importing automatic production lines, machines, machinery and equipment from the best international European companies with a production capacity of 75 thousand wooden pallets per month as a first stage by the end of 2023G. As a second stage by the end of 2024G, the production capacity will be 150 thousand wooden pallets per month thermally treated and of the highest quality, complying with international and governmental requirements and standards such as the Food and Drug Authority, and the Ministry of Environment, Water and Agriculture. It is planned that the trial operation of the factory will be during the second quarter of the year 2023G, and thus the company will become one of the leading national industrial companies in the field of manufacturing and supplying heat-treated wooden storage pallets.



6- Establishing storage warehouses

In the beginning of 2022G after receiving the proceeds of the capital increase, the company purchased a plot of land in the Industrial Gate City in Riyadh under the supervision of the Saudi Authority for Industrial Cities and Technology Zones, at a value of 27.192 million Saudi riyals, with an area of approximately 40 thousand square meters, for the purpose of building a logistics warehouse complex (SADR park) to provide various types of Storage services (frozen, cooled and dry) for customers with a storage capacity estimated at 40,000 pallets according to the highest international quality specifications and standards to serve operations. This project will be a quantum leap in the logistics services market in the Kingdom and in line with Vision 2030G. The company is in the process of approving engineering designs and issuing licenses. It is expected to start building and implementing the project during the second quarter of the year 2023G, and the project is expected to be completed and start operating by the end of 2024G and beginning of 2025G.



7- E-marketing, market studies and research

The company works to develop e-marketing and create electronic platforms to activate sales of its products and services, study customer needs and market trends to meet demand and obtain the largest possible market share and link that to digital transformation, process automation and expansion in the field of providing logistical consulting based on more than 20 years of experience with a broad customer base in the field of warehousing solutions and logistics services.

Expenditure and capital additions:

The following is a summary of the capital spending and additions during the year 2022G, the target during the year 2023G on all sectors of the company and the axes of the construction and development plan that was previously reviewed, as follows:

During 2022G	The target during 2023G
45.20 million riyals	110 million riyals

2-9 Future outlook



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Services Company 2022



The company seeks, with its expertise and values, to consolidate its brand in order to reach leadership in its products and to provide the best integrated solutions to meet the needs of its customers in the field of storage and handling solutions and systems, logistics services, localization of the industry, registration of its products as national products with international specifications, and increase of local content ratio, by providing the best solutions with intellectual creativity towards global quality and creating an increasing demand for the company's products. This will affect the increase in revenues and profits from sectors of the company as a result of the current construction and development phase, so that the company occupies the position it deserves among the leading national companies, in a manner that achieves the aspirations of investors and all parties dealing with it.

A background image of a warehouse with a worker in a hard hat and safety vest holding a tablet. The image is overlaid with a dark blue semi-transparent layer on the left and bottom, and a gold semi-transparent layer on the right.

Performance Results

03



Assets, Liabilities and Business Results

Statement of financial position

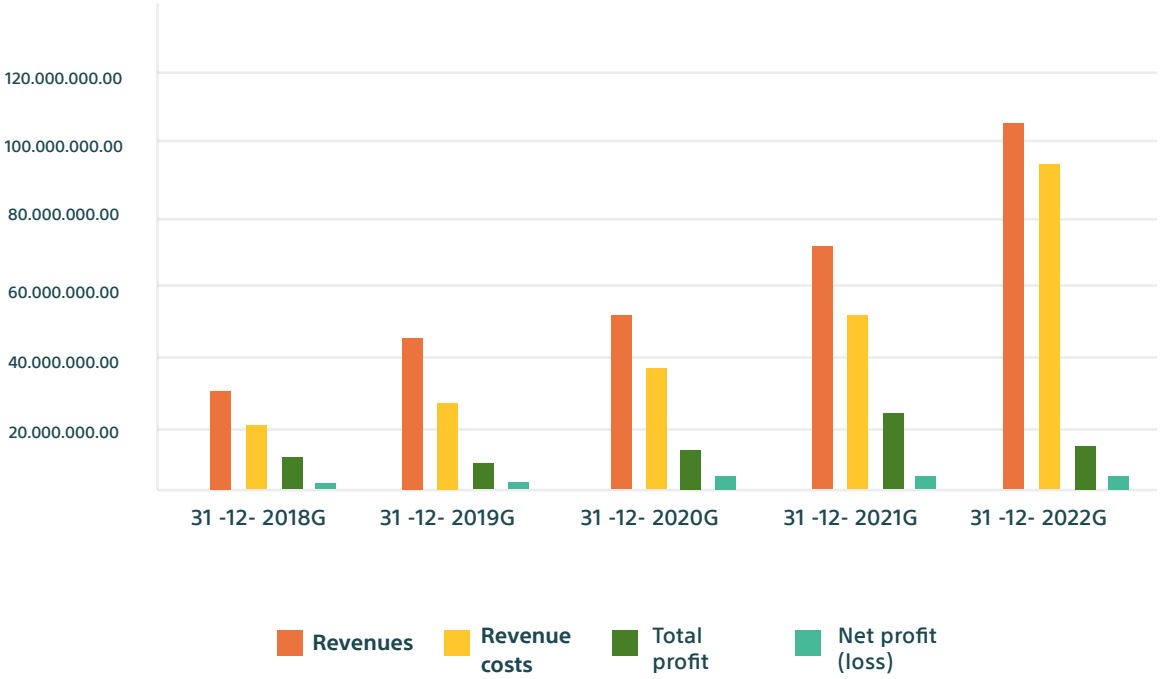
Statement	31-12-2022G	31-12-2021G	31-12-2020G	31-12-2019G	31-12-2018G
Non-current assets	61,987,332	31,227,391	29,545,875	6,446,597	6,199,645
Current assets	170,332,560	215,934,327	37,922,990	34,510,785	36,362,619
Total assets	232,319,892	247,161,718	67,468,865	40,957,382	42,562,264
Total shareholders' equity	176,231,630	182,869,696	34,347,608	32,722,794	36,606,947
Non-current liabilities	9,665,301	13,222,032	16,886,731	2,238,154	1,980,605
Current liabilities	46,422,961	51,069,990	16,234,526	5,996,434	3,974,712
Total liabilities	56,088,262	64,292,022	33,121,257	8,234,588	5,955,317
Total liabilities and shareholders' equity	232,319,892	247,161,718	67,468,865	40,957,382	42,562,264





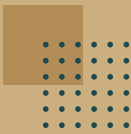
Income Statement

Statement	31 -12- 2022G	31 -12- 2021G	31 -12- 2020G	31 -12- 2019G	31 -12- 2018G
Revenues	110,822,288	73,228,811	54,282,788	42,035,691	39,530,674
Revenue costs	(95,311,196)	(51,887,050)	(39,603,889)	(32,225,591)	(28,746,592)
Total profit	15,511,092	21,341,761	14,678,899	9,810,100	10,784,082
Net profit after Zakat (loss)	(7,215,933)	3,599,087	2,578,813	(1,903,602)	459,844
Total comprehensive income (loss)	(6,638,066)	3,439,282	2,374,814	(1,634,153)	(18,246)

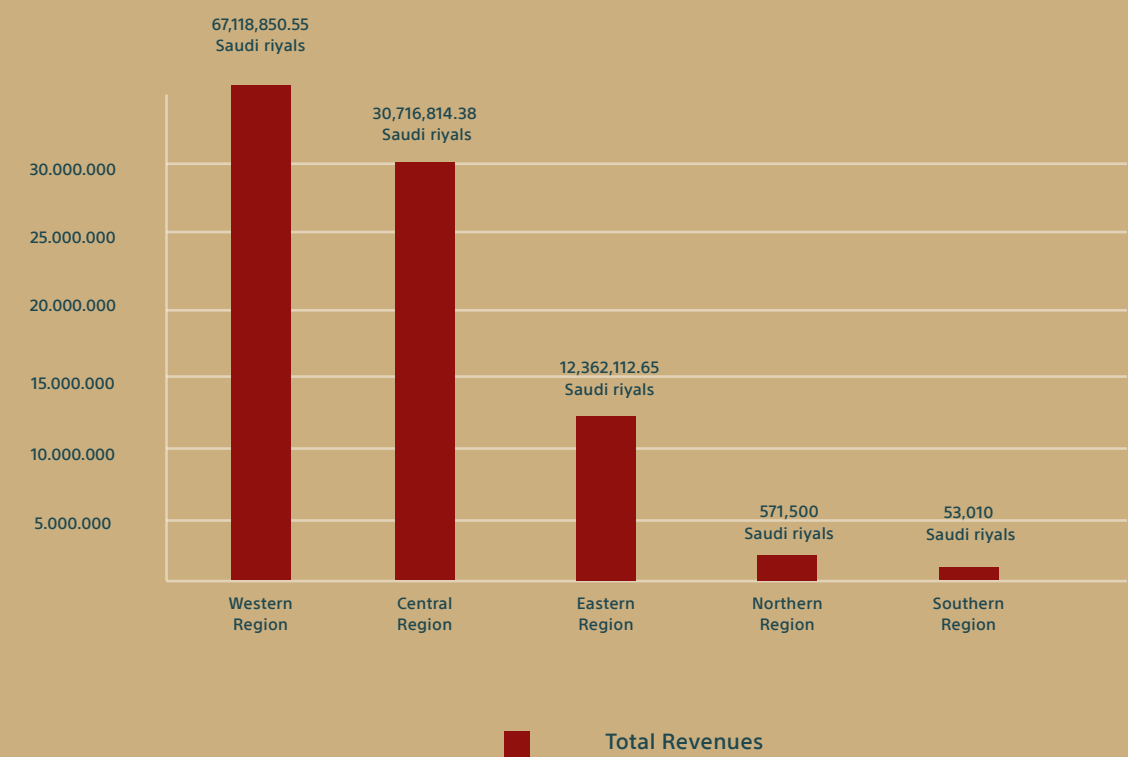


3-2

Geographical
analysis of the
company's revenues



Area	2022G	Ratio
Western Region	67,118,851	60.56%
Central Region	30,716,814	27.72%
Eastern Region	12,362,113	11.15%
Northern Region	571,500	0.52%
Southern Region	53,010	0.05%
Total Revenues	110,822,288	100%





3-3

Comparing the significant differences in operating results with the results of the previous year

Statement	2022G	2021G	Change (+) or (-)	Change rate %
Sales/revenue	110,822	73,228	37,594	(51.34)
Gross profit (loss)	15,511	21,341	(5,830)	(27.322)
Operating profit (loss).	(4,359)	5,642	(10,002)	(177,246)
Net profit (loss) after zakat and tax	(6,216)	3,599	(10,815)	(300.500)
Total comprehensive income	(6,638)	3,439	(10,077)	(293.021)
Total shareholders' equity (after excluding minority interests)	176,232	182,869	(6,637)	(3,629)
Earnings (loss) per share	(0.41)	0.96	(1.37)	(132.29)

The company achieved (net loss) during the year compared to the net profit achieved during the previous year, despite the following:

- 1- An increase in sales by 51.34% as a result of an increase in sales of the iron sector and the wood sector in general, and in particular the large increase in sales of the wood sector as a result of the supply contract with the Saudi Azda Trading Company, which reflects the expected financial impact of the contract during the year, despite the decrease in sales of the logistics sector and other sectors.
- 2- Reflecting the allowance for credit losses related to the investment in the finance lease contract.
- 3- Lower financing costs as a result of capitalizing part of the financing costs on assets eligible for capitalization, higher interest earned from investing in the financing lease contract, and lower financing costs related to lease obligations.
- 4- High investment profits.
- 5- An increase in other revenues.

However, on the other hand:

Cost of sales increased by 83.69% The cost of sales increased by 84%, which is higher than the percentage increase in sales due to the increase in raw material prices, the increase in operating costs in the iron sector, and the decrease in the percentage of storage and occupancy in the logistics services sector. due to higher raw material prices and higher operating costs.

83.69%

Cost of sales

General and administrative expenses increased by 41.23% due to the increase in salaries and wages for the administrative cadres who were attracted to implement the company's expansion plans.

41.23%

General and administrative expenses

Selling and marketing expenses increased by 26.28% due to the increase in sales.

26.28%

Selling and marketing expenses

An increase in the provision for credit losses (debts) for trade receivables as a result of the increase in customer debts as a result of the increase in sales.

Zakat provision increased by 331.2129% due to the increase of the capital, and the value of the Zakat provision will gradually decrease as the company progresses in implementing its expansion plans and capital spending.

There is no doubt that the company is going through a stage of construction and development in various sectors according to an ambitious and thoughtful plan, which, when completed and implemented according to what is planned in the short and long term, will reflect positively on the company's results and profits and achieve growth and sustainability.

331.21%

Zakat provision

3-4

Clarification of any deviation from the accounting standards issued by the Saudi Organization for Certified Public Accountants

The company's financial statements were prepared during the fiscal year ended on December 31, 2022G, in accordance with International Accounting Standards IAS and International Financial Reporting Standards IFRS approved by the Saudi Organization for Certified Public Accountants, and there are no fundamental differences from these standards.

3-5

Dividend Distribution Policy

Dividends distribution 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. The company's policy for distributing profits is in line with Articles (47), (48) and (49) of its articles of association, and according to that, the company's annual net profits are distributed as follows:

01

(10%) of the net profits shall be set aside to form the company's statutory reserve. The Ordinary General Assembly may decide to stop this set aside when the reserve reaches (30%) of the paid-up capital.

02

The Ordinary General Assembly may decide to form other reserves to the extent that achieves the interest of the company or guarantees the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct from the net profits sums to establish social institutions for the company's employees or to assist the existing ones.

03

The Board of Directors may distribute annual profits for each fiscal year or interim profits for each quarter of a fiscal year.

04

If the remuneration of the members of the Board of Directors is a specific percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the general assembly in application of the provisions of the system and the company's articles of association, and after distributing a profit to shareholders of no less than (5%) of the company's paid-up capital.

05

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

Distribution of dividends for preferred shares

01

If no profits are distributed for any financial year, then profits for the following years may not be distributed except after paying the specified percentage in accordance with the provision of Article (114) of the Companies Law to the holders of preferred shares for this year.

If the company fails to pay the specified percentage in accordance with the provision of (Article 114) of the Companies Law from the profits for a period of three consecutive years, then the special assembly of the owners of these shares convened in accordance with the provisions of Article (eighty-ninth) of the Companies Law may decide whether to attend Meetings of the company's general assembly and participating in voting, or appointing their representatives in the board of directors in proportion to the value of their shares in the capital, until the company is able to pay all the priority profits allocated to the owners of these shares for previous years.

02

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

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

Proposed cash dividends for the year 2022G:

The Board of Directors of Sadr Logistics Services Company has recommended not to distribute cash dividends to shareholders for the fiscal year ending on 31/12/2022G in order to consolidate the company's financial position and support the company's upcoming expansions and projects.

3-6

Waiver of Profits

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





Corporate Governance

04

Corporate Governance

The company's management seeks to implement corporate governance in accordance with best practices, and continuously develop and apply these practices, in compliance with what is stated in the Corporate Governance Regulations, the Companies Law, and related 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 those regulations by the Board of Directors. They were presented and approved by the company's general assembly on 05/06/2022G according to the following schedule:

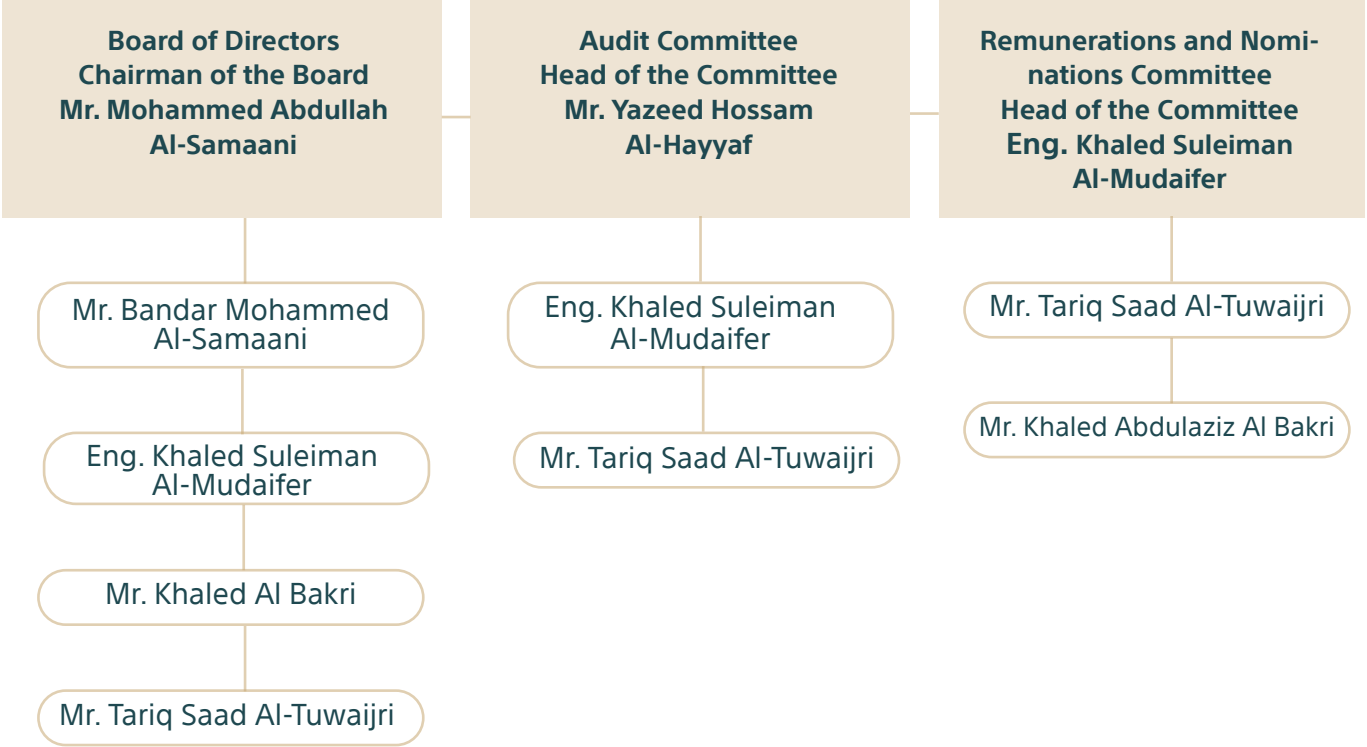
No.	Regulation	Statement
1	Policy, criteria and procedures for membership in the Board of Directors and its sub-committees.	The amendment of the policy was approved by decision of the Board of Directors No. 5 dated 05/04/2022G and the approval of the General Assembly on 05/06/2022G.

4-2 Applying 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.	Regulation	Statement
37	The Company shall pay adequate attention to the training and preparation of the Board members, committee members, and the Executive Management	Indicative
39	The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management	Indicative; The Nomination and Remuneration Committee uses the best criteria for evaluation.
67/68/69	The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee."	Indicative
82	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees	Indicative
84/85	Social Responsibility and Social Work Initiatives.	Indicative
92	Formation of the Corporate Governance Committee	Indicative; The Board of Directors constantly follows up on the company's implementation of all governance regulations.

Board & Committees



4-3

Members of the Board of Directors



Members of the 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. The board of directors was elected for the current new session (the second session) by a decision of the ordinary general assembly on 24/08/2021G for a period of three years starting from 16/09/2021G until the end of the current Board session on 15/09/2024G. The current elected members of the Board of Directors are:

SN	Name	Position/membership classification
1	Mr. Mohammed Abdullah AlSamaani	Chairman of the Board of Directors - Non-Executive Member
2	Mr. Bandar Mohammed Al Samaani	Deputy Chairman of the Board of Directors- Managing Director- Executive Member
3	Eng. Khaled Suleiman Al Mudaifer	Independent member
4	Mr. Tariq Saad Al-Tuwaijri	Independent member
5	Mr. Khaled Abdulaziz Al Bakri	Independent member

Also, on 16/09/2021G and the beginning of the current session of the Board, Mr. Hussein Ahmed Hussein Abdul-Haq was appointed (Secretary of the Board) and the Secretary of the Remuneration and Nominations Committee and the Audit Committee, until the end of the current session in 15/09/2024G.

Audit 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 24/8/2021G, until the end of the current Board session 15/09/2024G. They are as follows:

No.	Name	Position
1	Mr. Yazeed bin Hussam Alhayyaf,	Head of the Committee - an independent financial member from outside the Board
2	Mr. Tariq Saad Al-Tuwaijri	Member of the Committee
3	Eng. Khaled Suleiman Al-Mudaifer	Member of the Committee

Remuneration and Nomination Committee:

The Remuneration and Nominations Committee was formed as per the decision of the Board of Directors of the company on September 16, 2021G. It shall begin its work from that date of the Board's decision until the end of the current session of the Board on 15/09/2024G. The committee was formed of three members as follows:

No.	Name	Position
1	Eng. Khaled Suleiman Al-Mudaifer	Head of the Committee - Independent Board Member
2	Mr. Tariq Saad Al-Tuwaijri	Member of the Committee - Independent Board Member
3	Mr. Khaled Abdulaziz Al-Bakri	Member of the Committee - Independent Board Member

Corporate governance officials

a- Company representatives at the Capital Market Authority:

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

- 1 Mr. Bandar Mohammad Al-Samaani - Managing Director
- 2 Mr. Ahmed Mustafa Kartam - Chief Financial Officer

b- Disclosure system officials and communication officers

- 1 Mr. Ahmed Mustafa Kartam (supervisor).
- 2 Ms/ Al-Anoud Abdul Rahman Al-Banami (data entry).

c- Director of Investor Relations

- 1 Mr. Hussein Ahmed Abdul-Haq



Executive Management:

The executive management consists of five members in addition to the managing director, according to the following schedule:

No.	Name	Position
1	Mr. Bandar Mohammed Al Samaani	Managing Director and Acting CEO
2	Mr. Ahmed Mustafa Kartam	Chief Financial Officer
3	Mr. Abdulhannan Tariq	Director of the Logistics Sector
4	Mr. Haitham Farooq	Director of Operations, Iron Sector
5	Mr. Tamer Mohsen Naseer	Director of the Wood Sector

It is worth noting that on 07/02/2022G, the Chief Executive Officer, Mr. Abdul Rahman bin Ibrahim Al-Hadlaq, submitted his resignation from his position due to his business ties. His resignation was accepted by the Board of Directors, who presented their sincere thanks and appreciation to him. for the effort he contributed to the development of the company during his tenure as the CEO, wishing him continued success in the coming days.

Mr. Bandar Mohammed Al-Samaani, the Deputy Chairman of the Board and the Managing Director, was assigned the duties of the CEO. It should be noted that he is one of the founders of the company (previously Al-Samaani Factory for Metal Industries) (currently Sadr Logistics Services) and he held the position of CEO of the company for more than twenty years. He holds a master’s degree in business administration and has more than twenty years of experience in the field of investment, industry, business development and corporate transformation.

4-4
Participation of members of the Board of Directors in the membership of other companies' boards of directors and committees

Members of the Board of Directors

All companies are considered to be inside the Kingdom of Saudi Arabia except for what will be clarified, and they are represented in the following table:



Eng. Khaled Suleiman Al-Mudaifer



Mr. Tariq Saad Al-Tuwaijri



Mr. Khaled Abdulaziz Al Bakri

Current memberships:

* Sahl Al-Madar Company (closed joint stock), independent board member

Previous memberships:

* Abdullah Al-Othaim Markets Company (a 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) General Manager
* Diala Company (closed joint stock) Member of the Board of Directors

Current memberships:

* Al-Faleh Sports House (Closed Joint Stock Company) - Independent Board Member - Member of the Audit and Risk Committee
* Al Sudais Transport Company (listed joint stock) - Independent board member
* Thobe Al-Aseel Company (listed joint stock) - independent board member - member of the audit committee
* Al Awal Investment Funds independent board member

Previous memberships:

* Fawaz Al Hokair and Partners Company - Independent Board Member
* Thobe Al-Aseel Company (listed joint stock) - Heas of the Remuneration and Nominations Committee.
* Al Awal Investment Funds independent board member

Current memberships:

* Saudi Logistics Academy (a governmental institution) - Chairman of the Executive Committee.
* Saudi Post (a government company) - Chairman of the Executive Committee and the Nominations and Remunerations 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.
* Across Borders Trade 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 Advisory Committee for the Supply Chain.

Previous memberships:

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

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



Mr. Mohammed Abdullah Al-Samaani
(Chairman of the Board of Directors)

Current positions:

Chairman of the Board of Directors of Sadr Logistics Services Company

Previous positions:

* General Manager of Sava International Investments Company
* General Manager of Al-Samaani Factory for Metal Industries

Qualifications:

* Bachelor of Business Administration.



Mr. Bandar Mohammad Al-Samaani
(Vice Chairman of the Board of Directors - Managing Director)

Current positions:

Managing Director of Sadr Logistics Services Company.

Previous positions :

* Chief Executive Officer of Sadr Logistics Services Company

Qualifications :

* Master of Business Administration.



Eng. Khaled Suleiman Al-Mudaifer
(Member of the Board of Directors - Member of the Audit Committee - Head of the Remuneration and Nominations Committee)

Current positions:

General Manager of Obeikan Digital Solutions Company.

Previous positions :

* Managing Director of Riyadh Food Company
* Executive Vice President of Al-Othaim Markets Company.
* General Manager of Manufacturing, Logistics and Procurement at Othaim Markets Company.
* General Manager of Obeikan Industrial Company
* Deputy General Manager Obeikan Industrial Company
* Director of Production Department, Saudi Pharmaceutical Industries.

Qualifications :

* Bachelor's degree in Chemical Engineering.

Current and previous positions, qualifications and experiences of members of the Board of Directors, committees and executive management

The board of directors and committees



Mr. Tariq Saad Al-Tuwaijri

Member of the Board of Directors - Member of the Audit Committee - Member of the Remuneration and Nominations Committee

- Current positions:**
- *Director of the Investment Department at the King Abdulaziz and His Companions Foundation for Giftedness and Creativity (Mawhiba)
- Previous positions:**
- * Advisor to the CEO of the Arabian Centers Company
 - * Regional Director of Private Banking at Al Bilad Bank.
 - * Director of Equity Investments Naseel Holding Company
 - * Executive Vice President of Trading in the Financial Brokerage Company
 - * Senior broker in Aljazira Capital
 - * Private Banking Services (Relationship Manager) Broker for local stock trading in SAMBA Financial Group
- Qualifications:**
- * Bachelor's degree in Business Administration from the Arab Open University in Riyadh



Mr. Khaled Abdulaziz Al-Bakri

(Member of the Board of Directors - Member of the Remuneration and Nominations Committee)

- Current positions:**
- * Undersecretary of the Ministry of Communications and Information Technology for Logistics Postal Services - Leader of Strategic Transformation and Privatization for the Communications, Information Technology and Postal Sector
- Previous positions:**
- * CEO of BAS International Group
 - * CEO of ARASCO Logistics Services
 - * Vice President of the Transportation Sector at ARASCO
 - * General Manager of the Logistics Services Sector of the Agricultural Development Company Ltd. (Al-Dabbagh Group),
 - * Director of the Production Unit a Almarai Company
 - * Supervisor of the Nutrition Department at North Florida Food Company, USA.
- Qualifications:**
- * Master of Business Administration.

The board of directors and committees



Mr. Hussein Ahmed Abdul-Haq

Director of Administrative Affairs and Secretary of the Board of Management, Committees and Director of Investor Relations

- Current positions:**
- *Director of Administrative Affairs, Secretary of the Board of Directors, and Committees and Manager of Investor Relations at Sadr Logistics Services Company
- Previous positions:**
- * Director of the Executive Office at Jiad Al-Qasim Coffee Company
 - * Administrative Affairs Officer at Amco Foods Company
 - * Administrative Affairs Officer at Abdulaziz Al-Hadithi Company
- Qualifications:**
- * Bachelor of Commerce.



Mr. Yazeed bin Hussam Al-Hayyaf

(Head of the Audit Committee)

- Current positions:**
- * Director General of Yazeed Al-Hayyaf Office of Certified Public Accountants and Auditors
 - * Director General of Malaa Office for the evaluation of economic establishments.
 - * Financial Director of Abunayyan Holding Group
- Previous positions:**
- * Director of Finance and Financial Operations in the Olayan Group in the Xerox Company and the Olayan Food Company
 - * Financial Manager at WorleyParsons
 - * External auditor in Ernest and Young EY
 - * Cost Analyst at UTCM
 - * Financial official for the accounts of the Charitable Center (Al-Hikma Center) in the State of Utah, USA
 - * Work in the educational governmental sector.
- Qualifications:**
- * Master of Accounting - Master of Business Administration - Holds an MBA - CPA Chartered Accountant - SOCPA - Resident iIBV Resident of an economic establishment

Current and previous positions, qualifications and experiences of members of the Board of Directors, committees and executive management

Senior Executives



“
Mr. Ahmed Mustafa Kartam

Current positions:
* Chief Financial Officer of Sadr Logistics Services Company.

Previous positions:
* Financial Manager at Al-Samaani Factory for Metal Industries (currently Sadr for logistics services)
* Chief Accountant at Al-Rashed Contracting Company
* Accountant and financial auditor at Al-Qafari Investment Development Company
* Accountant and legal auditor in the Arab Republic of Egypt.

Qualifications:
* Bachelor of Accounting
* Holds Fellowship of the Saudi Organization for Certified Public Accountants (SOCPA).



“
Mr. Abdul Hannan Tariq

Current positions:
* Director of the Logistics Sector at Sadr Logistics Services Company

Previous positions:
* Assistant General Manager at Abaker Logistics Company
* Director of Customer Accounts and Operations at DHL SUPPLY CHAIN
* Supply Chain Manager for Obeikan Libraries Company and Obeikan Education Company (Joint Stock Company)
* Director of Operations and KSA contract Logistics Healthcare Department at DHL
* Warehouse manager at Emirates Computer Company
* Logistics manager at compume company
* Director of administration and accounts at community services guild Chennai
Logistics Manager at Al Youssef Distribution Company
* Regional Director of the Logistics Sector in itsalat international company.

Qualifications:
* Bachelor of Medical Equipment Engineering
* Holds an MBA

Senior Executives



“
Mr. Tamer Mohsen Naseer

Current positions:
-

Previous positions:
* Management and operation of factories for the production of wooden platforms and decoration in each of (Inma Company for the manufacture of wooden platforms - Alturki Holding Group - Al-Qaryan Holding Group)

Qualifications:
* Bachelor of Laws
* Diploma in International Commercial Law.
* Diploma in Marketing
* Diploma in Supply Chain



“
Mr. Haitham Farouk

Current positions:
* Director of Iron Sector (Sadr Logistics Services Company)

Previous positions:
* Marketing Director of the International Group Company from 2004 to 2009.

Qualifications:
* Bachelor of Law - Social Service
* Diploma in Commercial Law in Research and Marketing
* Diploma in Marketing Skills
* Diploma in Supply Chain and Catering management skills for marketing



4-6 Competencies of committees, their members and attendance record

Audit Committee



The jurisdiction of the Audit Committee and its tasks are summarized as follows:

Financial Reports: Studying the preliminary and annual financial statements, expressing a technical opinion on them, and making recommendations to the Board of Directors in this regard.

01

02

03

04

Internal Audit: Studying and reviewing the internal control systems, internal audit reports, risk management in the company, and recommending the appointment of the internal auditor.

Auditor: Recommending to the Board the appointment of an external auditor, verifying his independence and objectivity, discussing him, answering his inquiries, and studying the external auditor's report.

Ensure compliance: verifying the company's compliance with the regulations, bylaws, policies, and instructions of the regulatory authorities, and reviewing contracts and dealings with related parties.

During the fiscal year ending on 31/12/2022G, five meetings were held, as shown in the following table:

members Attendance Record/ Committee	Nature of membership	First meeting 13/3/2022G	Second meeting 26/04/2022G	Third meeting 18/5/2022G	Fourth meeting 16/8/2022G	Fifth meeting 06/11/2022G	Total
Mr. Yazeed bin Hussam Al-Hayyaf	Head of the Committee	✓	✓	✓	✓	✓	5
Mr. Tariq Saad Al-Tuwaijri	Member	✓	✓	✓	✓	✓	5
Eng. Khaled Suleiman Al-Mudaifer	Member	✓	✓	✓	✓	✓	5

Remuneration and Nomination Committee:

The competence of the Remuneration and Nomination Committee and its tasks are summarized as follows:

- 01
- Preparing a clear policy for the remuneration of members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that the policy follows standards related to performance, discloses them, and verifies their implementation.
- 02
- Proposing clear policies and criteria for membership in the Board of Directors and Executive Management.
- 03
- Recommending to the Board of Directors to nominate and re-nominate its members in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
- 04
- Annual review of the necessary requirements of the appropriate skills or experience for the membership of the Board of Directors and the functions of the executive management.

- 05
- Reviewing the structure of the Board of Directors and the executive management and making recommendations regarding changes that can be made.
- 06
- Developing job descriptions for executive members, non-executive members, independent members and senior executives.
- 07
- Develop special procedures in the event of a vacancy in the position of a member of the Board of Directors or a senior executive.
- 08
- Determining the strengths and weaknesses of the Board of Directors, and proposing solutions to address them in line with the company's interest.
- 09
- Clarifying the relationship between the granted remunerations and the applicable remuneration policy, and indicate any material deviation from this policy.
- 10
- Periodically reviewing the remuneration policy, and evaluating its effectiveness in achieving the objectives set for it.
- 11
- Recommending to the Board of Directors the remuneration of the members of the Board of Directors, its committees and senior executives of the company in accordance with the approved policy.

During the fiscal year ending on 31/12/2022G, the Remuneration and Nomination Committee held one meeting, as shown in the following table:

Attendance Record/ Committee members	Nature of membership	First meeting 04/05/2022G	Total
Eng. Khaled Suleiman Al-Mudaifer	Head of the Committee	✓	1
Mr. Khaled Abdulaziz Al-Bakri	Member	✓	1
Mr. Tariq Saad Al-Tuwaijri	Member	✓	1



Policy of Remunerations paid to members of the Board of Directors and senior executives

4-7

Remunerations Policy of the members of the Board of Directors, committees and executive management

- 01 The remuneration of the members of the Board of Directors has been set at 130,000 riyals per year for a member as a remuneration for membership of the Board of Directors, in addition to an allowance for attending meetings of an amount of 3,000 riyals per member for one session. Also, the Head of the Audit Committee is entitled to get 40,000 riyals, and the member of the Audit Committee is entitled to get 30,000 riyals as an annual remuneration for one fiscal year, in addition to an amount of 1,500 riyals for each attended session, for each member. This is in addition to an amount of 1,500 riyals for each attended session, while the remuneration for the secretary of the board and committees was set at 25 thousand riyals per year. The remuneration of the executive management is determined through the company's internal remuneration bylaw approved by the Remuneration and Nominations Committee.
- 02 Remunerations granted to members of the Board of Directors, committees, and executive management are consistent with the remuneration policy in force and stipulated in the company's regulations and policies approved by the General Assembly of shareholders, and there is no material deviation from this policy, as the remunerations are approved by the Remunerations and Nominations Committee and recommended to the Board of Directors for approval. The Board of Directors shall present it to the annual general assembly of shareholders for approval and then disbursement. The company has also committed to disclose the components of senior executives' remunerations in total, in accordance with the statutory 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 employees, and to avoid any damage that may result from the detailed disclosure, according to the titles and the position.
- 03 The details are not presented as contained in Appendix (1) of the Corporate Governance Regulations for Senior Executives



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

The following table shows the remunerations, allowances, and salaries of the members of the Board of Directors, its committees, and senior executives, which were paid or accrued during the fiscal year ending on December 31, 2022G.

01 Remuneration for the Board members:

Statement	Salaries and allow-ances	Periodic and annual remuner-ations	For technical work or consulta-tions	Allow-ance for attending sessions	Other expenses	Incentive plans	In-kind bene-fits	Grand total
First: Non-executive members:								
Mr. Mohammed Abdullah Al-Samaani	-	130,000	-	27,000	-	-	-	157,000
Second: Executive members:								
Mr. Bandar Mohammed Al-Samaani	-	130,000	-	27,000	-	-	-	157,000
Third: Independent members:								
Eng. Khaled Suleiman Al Mudaifer	-	130,000	-	27,000	-	-	-	157,000
Mr. Tariq Saad Al-Tuwaijri -	-	130,000	-	27,000	-	-	-	157,000
Mr. Khaled Abdulaziz Al-Bakri	-	130,000	-	27,000	-	-	-	157,000
Total independ-ent members -	-	390,000	-	81,000	-	-	-	471,000
Fourth: Secretary								
Mr. Hussein Ahmed Abdul Haq	-	10,000	-	-	-	-	-	10,000
Grand Total for Board of Directors	-	660,000	-	135,000	-	-	-	795,000

02 Senior Executives Remunerations

The company's senior executives who received the highest salaries and remunerations during the year 2022, are the Chief Executive Officer, the Chief Financial Officer, Director of the Logistics Sector, Director of Iron Sector and Director of the Wood Sector. Their remuneration, salaries and allowances are as follows:

Statement	Salaries and allowances	Periodic and annual remunerations and commissions	End-of-service allowance	Others	In kind Benefits	Grand total
Total	2,344,339	1,187,840	267,790	-	-	3,799,969

03 Remunerations of committee members

Statement	Fixed remunerations	The allowance for attending sessions	Total
Members of the Audit Committee			
Mr. Yazeed bin Hussam Al-Hayyaf	40,000	7,500	47,500
Mr. Tariq Saad Al-Tuwaijri	30,000	7,500	37,500
Eng. Khaled Suleiman Al-Mudaifer	30,000	7,500	37,500
Mr. Hussein Ahmed Abdel-Haq	10,000	-	10,000
Total Audit Committee	110,000	22,500	132,500
Members of the Remuneration and Nomination Committee			
Eng. Khaled Suleiman Al-Mudaifer	10,000	1,500	11,500
Mr. Tariq Saad Al-Tuwaijri	10,000	1,500	11,500
Mr. Khaled Abdulaziz Al-Bakri	10,000	1,500	11,500
Mr. Hussein Ahmed Abdel-Haq	5,000	-	5,000
Total Remuneration and Nomination Committee	35,000	4,500	39,500
Grand total for committees	145,000	27,000	172,000

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

None of the members of the Board of Directors, committees, or senior executives waived the remunerations for the year 2022G. Remunerations for members of the Board of Directors and committees will be presented to the General Assembly for approval.

4-10 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 the members of the Board of Directors to the general assemblies of shareholders, remotely through modern technology. A general assembly was held during the year 2022G:

Name	Attendance record	Total
	Date of the meeting 05/6/2022G	
Mr. Mohammed Abdullah Al-Samaani	✓	1
Mr. Bandar Mohammed Al-Samaani	✓	1
Eng.Khaled Suleiman Al-Mudaifer	✓	1
Mr. Tariq Saad Al-Tuwaijri	✓	1
Mr. Khaled Abdulaziz Al-Bakri	✓	1



4-11

Change in ownership of shares for persons other than members of the Board of Directors and senior executives:

None of the shareholders notified the company of any change in share ownership during the year ending on 31/12/2022G.

4-12

Interests of the members of the board of directors and senior executives

Sadr Logistics Services Company has received a letter from the company's senior founding owners stating the transfer of ownership of the shares of founders: Mohammed Abdullah Al-Samaani and Bandar Muhammad Al-Samaani to Elmah Investment Holding Company (a limited liability holding company), which is a family company owned by the Al-Samaani family (the founders of Sadr Logistics Services Company), so that the share of Elmah Company becomes 19.994% of the shares of Sadr Logistics Services Company. This step of the founders comes in an effort to shift from individual work to institutional work, which achieves business governance in accordance with best practices for family companies. This disclosure by the company comes within the framework of transparency and clarifying the image, knowing that Mohammed Abdullah Al-Samaani still holds the position of Chairman of the Board of Directors, as well as Bandar Mohammad Al-Samaani, Deputy Chairman of the Board of Directors, Managing Director and the Acting Chief Executive Officer. The company confirms that these developments will not affect the company's strategy, business progress and projects. This is as follows:

Name	Beginning of the year			End of the year Net			Net change	Change Percentage
	Number of shares	Debt instruments	Percentage of Ownership	Number of shares	Debt instruments	Percentage of Ownership		
Mr. Mohammed Abdullah Al-Samaani	1,482,908	-	11.99214%	1000	-	0.005714%	-1,481,908	-11.986%
Mr. Bandar Mohammed Al-Samaani	2,017,092	-	11.52624%	0	-	0	-2,017,092	-11.526%
Elmah Investment Holding Company	0	-	0	3,499,000	-	19.99%	3,499,000	19.994%

4-13

Board meetings and attendance record for each meeting

Committee members/ attendance record	Mr. Mohammed Abdullah Al-Sa- maani	Mr. Bandar Mohammed Al-Samaani	Eng. Khaled Suleiman Al-Mudaifer	Mr. Tariq Saad Abdulaziz Al-Tu- wajri	Mr. Khaled Ab- dulaziz Al-Bakri
First meeting 19/01/2022	✓	✓	✓	✓	✓
Second meeting 07/02/2022	✓	✓	✓	✓	✓
Third meeting 14/03/2022G	✓	✓	✓	✓	✓
Fourth meeting 05/04/2022	✓	✓	✓	✓	✓
Fifth meeting 19/5/2022	✓	✓	✓	✓	✓
Sixth meeting 29/06/2022	✓	✓	✓	✓	✓
Seventh meeting 17/08/2022	✓	✓	✓	✓	✓
Eighth meeting 13/10/2022	✓	✓	✓	✓	✓
Ninth meeting 08/11/2022G	✓	✓	✓	✓	✓
Tenth meeting 26/12/2022	✓	✓	✓	✓	✓
Total	10	10	10	10	10

05

Penalties and Sanctions imposed on the company

There are no penalties or sanctions imposed on the company, except that members of the Company's Board of Directors received letters from the Capital Market Authority (CMA) regarding non-compliance with some of the disclosure clauses contained in the International Accounting Standards for the financial statements for the year 2021G, and warning from CMA of not repeating those observations in the financial statements. Accordingly, the Board took the necessary measures, including preparation of complete financial statements, and appointing an additional financial and accounting consultant to prepare the financial statements, presentation, disclosure, and accounting policies, and verify their completeness in accordance with the requirements of international standards, before presenting them to the members of the Audit Committee and the Board of Directors, and before approving the external auditor for the financial statements 2022G. Accordingly, Deloitte & Touche and Partners Company was appointed to update the accounting policies, and audit the disclosures of the annual financial statements for the year 2022G, verify their completeness in accordance with international standards and assisting the financial and executive management of the company in preparing the financial statements in accordance with all requirements of international accounting standards approved by the Saudi Organization for Auditors and Accountants

06

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

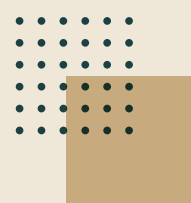
The effectiveness of the internal control procedures was reviewed by the Audit Committee and the Board of Directors was briefed on the results. The internal control procedures and their adequacy, efficiency and effectiveness in protecting the company's assets were verified, work risks were evaluated and efficiency of performance was measured. Internal audits are carried out under the supervision of the Audit Committee through a company specialized in internal audit appointed by the Audit Committee, which audits all departments, divisions and operations of the company and submits its reports periodically to the Audit Committee. The internal audits did not show a fundamental weakness in the internal control system of the company. The audit committee recommends working on continuous improvement of the internal control systems.

07

Methods used by the Board for assessment of its performance

Annual Report Sadr Logistics Services Company 2022

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





08

The Audit Committee’s recommendation regarding the need to appoint an internal auditor

The members of the Audit Committee recommended an appointment of an internal auditor or or contracting with a company specialized in internal audit work during the year 2022G. The contract with Arsa Business Solutions Company has been renewed in order to carry out internal audit work under an annual contract, based on the decision and recommendation of the Audit Committee and under its supervision



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Information related to the company's loans

The company has a bank facility agreement with:

Alinma Bank

It is compatible with Islamic Sharia through the Kafalah Fund for financing small and medium enterprises, on 1/2/2021G, which consists of loans, credit facilities, documentary credits, Murabaha, Musharaka and deferred sales for a fixed term, short-term and long-term, with a maximum limit of ten million Saudi riyals. For the purpose of financing the Company's working capital requirements 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 balance due on December 31, 2022G amounted to (618,550) SAR (2021: 9,413,256 SAR).

Arab Bank

It is compatible with Islamic Sharia for a limited period, for one year short term with a maximum amount of 5 million Saudi riyals, for the purpose of issuing local and foreign letters of credit, on 01/11/2021G, and the agreement was renewed for a period of one year that ends on 31/10/2023G. These facilities are carried on Finance charges in accordance with the relevant agreement at a fixed interest rate of 4% per annum. The outstanding balance as at December 31, 2022G was (705,072) SAR (2021: SAR 4,791,812).

The following table shows the movement of loans, their interests, repayments and receivables, as follows:

The bank	The value of the loan	Loan balance at the beginning of 2022	The value of used loan	Term of loan	Paid	Interests for the year 2022	Due at the end of the year
Alinma Bank	10,000,000	8,633,018	-	One year	8,718,171	85,153	0
		780,238	-	3 years	225,549	63,861	618,550
Arab Bank	5,000,000	4,791,812	-	6 months	4,921,115	129,303	0
	5,000,000	-	718,136	6 months	14,081	1,017	705,072
Total	15,000,000	14,205,068	718,136	-	13,878,916	279,334	1,323,622



According to this agreement, the company provided guarantees to cover the full value of the financing, represented in promissory notes at a value of 10 million Saudi riyals, in addition to guaranteeing Kafalah program for financing small and medium enterprises at a value of 9.5 million Saudi riyals. This agreement ended on 30/04/2022G.

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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 conversion or subscription rights under debt instruments convertible into shares, or 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 items.

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The company's applications for the register of shareholders

The number of the company's requests for the shareholder register	The date of request during the year 2020G	Reasons for the request
2 Files	03/01/2022G – 26/02/2022G	Company Procedure
1 File	09/06/2022G	General Assembly
2 files	07/09/2022G 15/12/2022G	Company Procedure



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Statutory payments made and due

The following is a statement of the most important payments and dues to the regulatory authorities:

Statement	2022G	
	Paid	Due
The Authority of Zakat, Tax and Customs	861,212	3,713,160
The Authority of Zakat, Tax and Customs	7,891,711	
The Authority of Zakat, Tax and Customs	2,673,036	
General Organization for Social Insurance	798,331	-
Labor office, passports and other fees	241,292	-
Other government fees	744,145	169,159
Total	13,209,727	3,882,319

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Acknowledgment of the absence of business with related parties

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

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Provisions for the benefit of the company's employees

The following table shows long-term provisions for the company's employees as of 31/12/2022G, which is calculated in accordance with the Saudi Labor and Workmen Law and is subject to an actuarial estimate by a specialized actuary in accordance with the requirements of international standards

Item	Amount
Employees End of service benefits	3,709,914

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



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Declarations of the Board of Directors

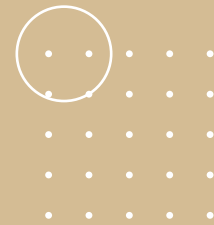
- 01 The account records have been properly prepared.
- 02 The internal control system has been prepared on sound foundations and implemented effectively.
- 03 There is no significant doubt about the company's ability to continue its activities.



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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 material errors and there are no reservations regarding them. Also, there is no recommendation issued by the Board of Directors to replace the chartered accountant approved by the company's general assembly.



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Closing message



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 welcoming the interaction of the company's shareholders. The Board looks forward to more achievements for the company during the coming years, Allah willing.

Wish you all the best

Board of Directors





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