



شركة المنصة البيضاء للترجمة المعتمدة  
White Stage For Certified Translation Company

Wafrah for industry & Development

The Annual Report of the Board of Directors  
and the Balancesheet for the Fiscal Year  
Ending on 31/12/2022



المنصة البيضاء للترجمة  
نصادق على صحة الترجمة دون  
أدنى مسؤولية عن محتوى الوثيقة  
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C.R: 1010857951



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Contents of the Board Report



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**The Annual Report of the Board of Directors for the Fiscal Year ending on 31/12/2022**

**Gentlemen and Ladies / Shareholders of Wafra Company for Industry and Development**





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On behalf of the Board of Directors of Wafra Company for Industry and Development, I would like to present to you the annual report of Wafra Company for Industry and Development for the year ended 31 December 2022.

The report aims to inform shareholders of the company's performance in general, business developments, operational performance and strategic directions during the financial year ended 31 December 2022, attaching the audited and approved financial statements - in accordance with International Accounting Standards (IFRS) - by the external auditor. In addition to the notes that are an integral part of the financial statements. The Board of Directors recognizes the importance of transparency and disclosure and therefore the report is prepared in accordance with the Corporate Governance Regulations and Registration and Listing Rules issued by the Saudi Capital Market Authority.

The most important material events in the year 2022 are the approval of the shareholders and the implementation of the company's decision to increase the company's capital by 200% (i.e. by adding an amount of 154,340,700 riyals to the capital) through the issuance of priority rights shares, where the company's capital after the increase became: 231,511,050 riyals. The number of shares increased from 7,717,035 to 23,151,105 after following the regulatory steps to achieve this end. This increase was approved after the approval of unprecedented expansion plans in the history of the company covering all its operating plants, and the approval was followed by the start of the implementation of the aforementioned expansion plan. Major European companies have been baptized to supply high-automation production lines to the company's factories according to the aforementioned plan business.

This was also followed by a decrease in the company's loss ratio. On the other hand, in 2022, the company achieved profits in the quarterly and annual financial statements, which contributed to a further reduction in the percentage of the company's accumulated losses. The company has also obtained the prestigious British Quality Certificate (BRC) which enables the company to deal with international restaurant chains.

We hope that these steps will be the beginning of the company's move forward within the framework of the blessed steps to achieve the Kingdom's goals (2020-2030). I ask Allah to perpetuate the blessing of security, safety and stability in the country of the Two Holy Mosques, and that goodness prevails under the leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, and his trustworthy Crown Prince, His Royal Highness Prince Muhammad bin Salman bin Abdulaziz, for all their great efforts and unlimited support. In order to stimulate the business environment in the private sector and the development of the country's economy.

Allah is the Arbiter of Success,,,





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Saad Salib Mutlaq Al-Otaibi  
Chairman of Board of Directors

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## 2- About the company and its activities

Wafra Company for Industry and Development was established in accordance with the provisions of the Companies Law issued by Royal Decree No. (6 / M), dated 22/03/1385 AH, corresponding 13/08/1963 A. D. Which was amended by the issuance of the new Companies Law by Royal Decree No. (3/M) dated 28/01/1437 AH, corresponding 11/11/2015 A. D. And its regulations and based on the Council of Ministers Resolution No. (403) dated 24/07/1439 AH, corresponding 10/04/2018 A. D. According to this system, it was established as a listed Saudi joint stock company, with a capital of SAR 200 million divided into 20 million shares of SAR 10 each, all of which are ordinary cash shares. A reduction of the capital took place by a decision of the Extraordinary General Assembly on Shaaban 15, 1441 AH, corresponding to April 08, 2020 A. D, based on the recommendation of the Board of Directors to reduce the capital to extinguish the accumulated losses 7,717,035 shares, each valued at 10 Saudi riyals. The company then proceeded with capital increase procedures to implement its plans to upgrade the company by issuing priority rights shares in the amount of 154,340,700 riyals, and the extraordinary general assembly approved on 14/06/2022 A. D the recommendation of the Board of Directors to increase the capital to become 231,511,050 riyals, and the number of shares will increase the company to 23,151,105 shares.

### Company Purposes

The company's objectives were subject to amendments that were approved by the Extraordinary General Assembly on 14/06/2022 A. D, and the objectives appeared arranged according to the National Classification of Economic Activities emanating from the International Standard Industrial Classification of All Economic Activities - Fourth Revision (ISIC4).

The purposes are detailed under the following headings:

- 1- Transformative Industries
- 2- Agriculture and forestry
- 3- Transportation and storage
- 4- Wholesale and retail trade
- 5- Real estate activities

The company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities.

The company's headquarters is located in the city of Riyadh, and it has branches for sales and marketing in the central, western, eastern and southern regions of the Kingdom.





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The company is considered one of the leading companies in the food industry and has a long legacy in this field.

The company has four operating factories in which multiple production lines are used that use a lot of the raw materials produced in the Kingdom of Saudi Arabia in order to produce, distribute and market many varieties of high-quality foodstuffs that are offered to the company's customers in the central markets, wholesale and retail markets, and catering throughout the Kingdom. As the four factories operating are located in the industrial city in the second and third phases in Riyadh, namely the vegetable products factory, the Wafra factory for pasta and noodles, the ready-made food factory (meat) and the breakfast cereal factory.

There is a fifth factory for the processing of dates in the city of Al-Kharj.

### 3- The contributions of each factory to the company's revenues for the year 2022 AD.

#### First: Vegetable products factory

The factory has a main line, which is the production line of frozen potato slices, where the products are packed under the names Wafra and Food, and they use potatoes of excellent quality and specifications produced by major Saudi agricultural companies.

Thanks to the high quality that we maintain and thanks to the balanced price, our brand (Wafra) has become one of the best names in the Saudi potato chip market, without arguing, competing with the famous international companies in this sector.

The sales of the vegetable products factory reached during the year 2022 AD. The amount of 81,799,718 riyals, representing 60.57% of the company's revenues.

#### Second: Pastry factory for pasta and noodles

The pastry factory is one of the important factories of Wafra Company for Industry and Development, thanks to the flexibility in production that enabled the company to distribute products and packages under the brand names Wafra, Saudi Gardens and Cabrini. The secret of quality is the use of quantities of the finest durum wheat semolina, which produces the best pastries. Saudi wheat flour is also used.

The factory consists of four production lines:

- Two for the production of all kinds of short pasta (one of which was installed in 2014).
- The third is to produce long pasta (spaghetti).
- Fourth to produce noodles.

The sales of the pastry factory during the year 2022 amounted to 41,250,784 riyals, representing 30.55% of the company's revenues.







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### Third: Ready Food Factory (Meat)

The factory consists of multi-purpose production units for the manufacture of high-value frozen meat products, including burgers, kebabs, sausages (sausages) and cooked meat slices such as mortadella and others, with flexibility in producing more varieties and different packages of meat and chicken products.

Shop these products under Wafra brand.

The sales of the meat factory during the year 2022 amounted to 7,792,863 riyals. It represents 5.77% of the company's revenue.

### Fourth: Breakfast cereals and nuts factory

This factory has two lines. The first produces breakfast cereals and various roasted corn flakes (corn flakes, sweetened corn flakes, bran flakes, rice puffs, and chocolate puffs). Despite the poor performance of this factory, since 2021 AD, there has been a boom in sales volume and the number of customers.

The sales of the breakfast cereals factory during the year 2022 amounted to 4,204,846 riyals. It represents 3.11% of the company's revenue.

- Previously, the peanuts and nuts production lines were transferred from the Vegetable Products Factory to the Breakfast Cereals Factory, where these lines mainly produce peanut butter and salted peanuts. The sales of the breakfast cereals and nuts lines factory have remained modest for years compared to the company's other factories, but the efforts began to bear fruit after contracting with various parties to produce their own brands of breakfast cereals and nuts, as an improvement appeared in the year 2022 AD. The company is also keen on raising quality, updating products and creating new methods of selling.

### Fifth: Dates factory in Al-Khari

This factory has always been a source of losses for the company. The factory was designed to manufacture date processing products such as date paste, date molasses and vinegar, and produce fodder from date waste. It also includes a line for producing jam from dates and other fruits. But the products of this factory did not spread as planned.

### 4- Future plans and expectations of Wafra for Industry and Development

In reference to the new business plan, the company expects to increase production capacity, increase domestic sales, resume foreign sales, and reduce product costs, especially in vegetable, pastry and meat factories. The company has developed a Business Plan, which has become the focus of the plans presented to shareholders and the Capital Market





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Authority within the framework of capital increase request procedures. The number of customers across the Kingdom to increase sales and expansion in the sector of central markets and major stores (supermarkets and hypermarkets), increase the market and sales share, and pay attention to food quality and safety.

The company pays great attention to the manufacture of distinguished and high-quality products and according to the strategic directions of the company's management, the company has manufactured pasta, potatoes and breakfast cereals - as special brands for other establishments and companies, some of which are large companies.

#### 5- Potential financial and operational risks to the Company's business

Wafra Company for Industry and Development, like any economic entity, is exposed to some risks through the nature of its industrial activity as a company operating in the field of commodities, basic foods and retail, the Board of Directors has attached utmost importance to monitoring, reviewing and evaluating the risk management policy from time to time in order to verify the quality of effective control systems to control these risks. The company is keen to monitor risks, especially operational risks, such as securing raw materials, packaging materials and spare parts necessary to ensure continuous operation.

**5.1 Risks of supplying and storing raw materials:** In order to avoid these risks, the company has expanded the supplier base to ensure that its needs of these materials are met and to avoid price fluctuations, the company signed binding contracts with some major suppliers, which were announced during the year in Tadawul and on the company's website. The company was interested in increasing storage capacity and established refrigerated and frozen warehouses to preserve basic raw materials (potatoes and meat) due to their seasonality and purchase at a time of low prices. They also put the option of renting refrigerated warehouses when needed. In the field of flour and semolina, the company has exploited the large storage capacity that it established earlier by building new silos to take advantage of the additional quotas of flour provided by the General Organization for Grain Silos and Flour Mills in Riyadh and in the regional branches. As for spare parts, the company deals directly with factory suppliers and authorized agents, especially in large spare parts, to ensure obtaining the original parts and to avoid any emergency stoppage. The company also keeps the spare parts necessary for the periodic maintenance of the factories in the spare parts warehouse.

#### (5-2) Financial Instruments







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Financial instruments included in the statement of financial position mainly include cash on hand and at banks, debtors and other assets, investments, payables, accrued liabilities, loans and non-current liabilities.

### **(5-3) Risks of purchasing power and competition in the markets**

There are various risks facing the company, the most important of which is the low demand for the company's products from customers due to weak purchasing power. And some risks remained from the repercussions of the Corona pandemic due to the precautionary measures imposed by the Ministry of Health and the relevant authorities, which restricted some activities related to the food distribution and consumption chain. The risks of price competition prevailed in the sale of products, as the company was exposed to great competition by companies operating in the same field, especially those working in the field of frozen potato trade. Therefore, the company found no choice but to resort to reducing the selling prices of potatoes in order to compete and maintain its share in the market. At the same time, the company faces risks similar to the rest of the products, albeit to a lesser extent than those faced in potato products.

Among the features of coexistence with the intensity of competition, the company resorts from time to time to making offers and selling at reduced prices on products, especially those that are close to expiration, in order to reduce risks and prevent damage to products due to expiration and others.

### **(5-4) Credit risk**

Credit risk is represented in the company's inability to fulfill its obligations, which leads to the other party incurring financial losses. The company seeks to reduce credit risk through periodic follow-up of related receivables. Therefore, the company is always keen to maintain the minimum amount of liquidity necessary to meet securing its needs of raw materials and to fulfill its obligations related to the statutory payments due and any other dues. Therefore, the company focuses on a good customer base, who are committed to paying their purchases from the company, such as the large supermarkets (hypermarkets) as well as the distinguished large wholesale customers, guaranteeing them the minimum necessary for operation.

### **(5-5) Currency risk**

Currency risk is the risk of change in the value of a financial instrument due to changes in foreign exchange rates. The transactions of Wafra Company for Industry and Development are in Saudi riyals and US dollars, and to meet the expected risks of foreign currencies and







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exchange rates, the appropriate conversion is used to translate operations and balances that take place in foreign currencies into Saudi riyals according to the prevailing rates at the time of conducting the transactions and the company considers that it is not exposed to this risk because the currency the main business of the company is the riyal and its price is fixed.

### (5-6) Liquidity risk

It is the risk of the company's inability to secure the necessary liquidity to meet the obligations related to financial instruments when they become due. The company's operations were affected by the scarcity of liquidity at the beginning of the year, but the situation changed after the capital increase that took place in the second half of the year. At a time of scarcity of liquidity, the company has been keen to implement purchase contracts from suppliers in which it obtains a good repayment period that enables it to fulfill its obligations. The company deals with banks with strong financial positions and good reputation.

### (5-7) Fair value

It represents the fair value according to which an asset is exchanged or a liability is paid between willing parties and on fair dealing terms, and where the company's financial statements are prepared according to the historical cost principle, it may result in differences between the book value and the estimated fair value. The management believes that the fair value of the company's financial assets and liabilities is not significantly different from their book value.

### 6- Compatibility of the company's financial positions with International Financial Reporting Standards (IFRS)

The company applied and prepared the quarterly financial statements and the annual financial statements for the fiscal year 2022 AD in accordance with international accounting standards.

### 7- The results of the company's business during the last five years

#### Income statement summary for the last five years (in riyals)

The Statement	2018 A. D	2019 A. D	2020 A. D	2021 A. D	2022 A. D
Sales	80.131.972	82.816.966	83.777.853	64.967.601	135.048.211
COST OF SALES	(44.952.488)	(66.058.166)	(64.363.423)	(53474887)	(86.093.609)
Gross Profit	13.179.484	16.758.800	19.414.430	11.492.714	48.954.602
Total Cost	(26.708.401)	(27.240.825)	(25.909.007)	(23.400.746)	(29.407.740)





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Net (loss) profit from the activity	(13.528.917)	(10.482.052)	(6.494.577)	(11.908.032)	19.546.862
Loan guarantee provision (related party)	0	(8.063.390)	0	0	0
Investment losses at fair value profit / loss	(6.499.675)	(4.354.480)	333.368	0	0
Provision for expected credit losses	(1.959.481)	(1.175.915)	(1.326.059)	(269.529)	(760.338)
Decay in property, machinery and equipment	0	0	0	(468.578)	444.577
A personalized reply that has no purpose	0	0	0	761.698	482.112
Provision for impairment of inventory value	0	0	(606.477)	0	0
Dedicated slow-moving goods	(307.254)	(927.060)	(1.426.484)	0	0
Finance Expenses	(315.350)	(300.000)	(630.000)	(420.000)	(386.000)
Financing costs	0	(190.020)	(188.497)	(168.898)	(421.689)
Currency conversion losses					(57.503)
Other income	80.923	2.420.198	1.482.535	3.528.801	2.160.514
Net profit (loss) before zakat	(22.529.754)	(24.080.971)	(8.856.191)	(8.944.538)	21.008.535
Discretionary Zakat	(3.971.408)	(1.288.762)	(3.522.897)	(1.986.049)	(2.016.377)
Net profit (loss) for the year	(26.501.162)	(25.369.733)	(12.379.088)	(10.930.587)	18.992.158
Comprehensive income items:					
The change in the fair value of the investment	67.592	(83.305)	84.360	50.615	(285.769)
Actuarial losses employee benefit obligations	(701.543)	(372.400)	(1.056.317)	1.394.803	733.719





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Total Comprehensive Income	(633.951)	(455.705)	(971.957)	1.445.418	447.950
Total comprehensive profit (loss) for the year	(27.135.113)	(25.825.438)	(13.351.054)	(9.485.169)	19.440.108

**The summary of the income statement shows the following**

- Total profit in 2022 AD. The amount of 48,954,602 riyals. compared to 11,492,714 riyals in the year 2021 AD.
- The total comprehensive profit (loss) in 2022. The amount of 19,440,108 riyals. For (9,485,169) riyals, losses in 2021 AD.
- Sales in 2022 amounted to 135,048,211 riyals, while in 2021 they were 64,967,601 riyals, recording an increase of 107.87%.
- Total expenses increased by 6,006,994 riyals over the previous year.

**Main reasons for profits:**

- Sales increased by 107.87%
- Higher gross profit.
- Price improvement.
- Reversal of impairment in the value of property, plant and equipment.
- Refund loan guarantee provision.







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8- The statement of the company's assets and liabilities for the last five years  
Summary statement of financial position for the last five years (in riyals)

The Statement	2018 A. D	2019 A. D	2020 A. D	2021 A. D	2022 A. D
Current Assets	49.802.508	46.893.843	51.017.019	50.586.537	224.118.243
Current Liabilities	54.573.506	47.712.401	66.853.749	70.971.724	78.373.919
Working Capital	(4.770.998)	(818.558)	(15.836.730)	(20.385.187)	145.744.324
Other long-term assets	14.542.242	13.601.492	13.871.605	3.108.709	3.356.467
Fixed assets	109.177.425	103.551.023	96.434.618	89.351.022	83.531.810
Total Assets	173.522.175	164.046.358	161.323.242	143.046.268	311.006.520
Long-term loans	11.000.000	25.000.000	16.000.000	6.000.000	0
Other Liabilities	6.427.240	15.637.966	16.124.547	13.214.767	10.924.915
Total Liabilities	72.000.746	88.350.367	98.978.296	90.186.491	89.298.834
Paid-up capital	200.000.000	200.000.000	77.170.350	77.170.350	231.511.050
Reserves and rounded profits	(98.478.571)	(124.304.009)	(14.825.404)	(24.310.573)	(9.803.364)
Shareholders' Rights	101.521.429	75.695.991	62.344.946	52.859.777	221.707.686
Total Liabilities and Shareholders' Equity	173.522.175	164.046.358	161.323.242	143.046.268	311.006.520

We conclude from the statement of financial position on 31/12/2022 the following:





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- The total assets (assets) amounted to 311,006,520 riyals on 31/12/2022 compared to 143,046,268 riyals on 31/12/2021, an increase of 117.42%.
- Total liabilities amounted to 89,298,834 riyals on 31/12/2022. compared to 90,186,491 riyals in the 31/12/2021. with a decrease of 1%.

Shareholders' equity increased from SAR 52,859,777 to SAR 221,707,686 by 319.43% to increase its capital

- The working capital reached SAR (145,744,324) on 31/12/2022 compared to (20,385,187) on 31/12/2021.





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9- Comparison of the operating results for the year 2022 A. D with the previous year  
2021 A. D (in riyals)

The Statement	2021 A. D	2022 A. D	Change amount + or (-)	Change rate (%)
Sales	64.967.601	135.048.211	+70080610	+107.87%
COST OF SALES	(53.474.887)	(86.093.609)	+32618722	+61%
Total operating profit	11.492.714	48.954.602	+37461888	+325.97%
Total Cost	(23.400.746)	(29.407.740)	+6006994	+25.67%
The net profit (loss) of the activity	(11.908.032)	19.546.862	+31454894	-
Refund of loan guarantee provision - related party	0	482.112	+482112	100%
Reversal (impairment) of the value of property and equipment	(468.578)	444.577	+913155	-
Provision for expected credit losses	(269.529)	(760.338)	+490809	+182.1%
Finance Expenses	(420.000)	(386.000)	-34000	8.01%
Financing costs	(168.898)	(421.689)	-252791	-149.68%
Other income	3.528.801	2.160.514	-1368287	+38.77%
Discretionary Zakat	(1.986.049)	(2.016.377)	+30328	+1.53%
Net profit (loss)	(10.930.587)	18.992.158	+29922745	-
Comprehensive income items:				
The change in the fair value of the investment	50.615	(285.769)	+-336384	-
Actuarial gains (losses) for end of service benefits	1.394.803	733.719	-661084	+232%







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Total Comprehensive Income	1.445.418	447.950	-997468	-47.40%
Total comprehensive loss for the year	(9.485.169)	19.440.108	+28925277	-
Share loss	-0.79	1.38	+2.17	-

**A comparison of the operational results for the year 2022 A. D with the previous year 2021**

**A. D shows the following:**

- Sales increased in 2022 A. D compared to 2021 AD at a rate of 107.87%.
- The cost of sales increased in 2022 A. D. In the amount of 32,618,722, at a rate of 61%.
- Gross profit from operations in 2022. It amounted to 48,954,602 riyals. For a total profit from operating operations in 2021 amounting to 11,492,714 riyals.
- Total comprehensive loss in 2022 A. D. It amounted to 19,440,108 riyals. For a total comprehensive loss of (9,485,169) riyals in 2021 A. D.
- Expenses increased in 2022 A. D. Compared to the year 2021 A. D, at a rate of 25.67%.
- Net profits for the year 2022 amounted to 18,992,158, compared to losses in 2021 amounting to (10,930,587) riyals.

**10-Reasons for deviations in operating results**

1. Sales increased by 107.87%.
2. Increase gross profit.
3. Selling prices improve.
4. Reversal of a provision for impairment in the value of property, plant and equipment.
5. Refund loan guarantee provision.

**11-Geographical analysis of the sales of Wafra Company for Industry and Development (in riyals)**

Year	Description	Within the Kingdom	Outside the kingdom	Total
2021 A. D	Sales	64.967.601	0	64.967.601
2022 A. D	Sales	135.048.211	0	135.048.211





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- All sales within the Kingdom increased by 70,080,610 riyals over the previous year. by 107.87%.

#### 12-Value added tax

Based on the agreement of the Gulf Cooperation Council countries to apply value-added tax as one of the important economic reforms in the countries of the Gulf Cooperation Council, the company has complied with the regulations and legislation in applying this tax since the beginning of 2018. The company is keen to submit VAT declarations according to the system and is committed to paying its value always on time.

#### 13-Shareholders' Rights

##### Dividend policy

Described in the company's articles of association

##### Article No. (43): Dividend Distribution

The company's annual net profits are distributed as follows:

1. (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the ordinary general assembly may decide to suspend this retainer when the said reserve reaches (30%) of the paid-up capital.
2. The Ordinary General Assembly upon the proposal of the Board of Directors may set aside (10%) of the net profits to form an agreed reserve to be allocated for the benefit of the Company.
3. The Ordinary General Assembly may decide to form other reserves, to the extent that it is in the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned association may also deduct from the net profits amounts to establish social institutions for the company's employees or to assist the existing ones.
4. After that, the remainder will be distributed among the shareholders, representing (5%) of the company's paid-up capital.
5. Subject to the provisions stipulated in Article No. (Twenty) of this Bylaw, and Article Seventy-six of the Companies Law, after the foregoing, (10%) of the remainder shall be allocated for the remuneration of the Board of Directors, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.

##### Article No. (44) of the Articles of Association (entitlement to profits)





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The shareholder is entitled to his share in the profits according to the decision of the general assembly issued in this regard. The decision indicates the date of maturity and the date of distribution. (Note that the company did not distribute dividends in 2022).

#### 14- Board Meetings

##### Board of Directors (12th session)

The term of the Board of Directors began on 14/01/2021 A. D and ends on 13/01/2024 A. D.

The Board of Directors consists of the following:

- |    |  |                                |
|----|--|--------------------------------|
| 1  | Muhammad Yaqoub Yusuf al-Mukhadab      | Chairman of Board of Directors |
| 2  | Muhammad Hindi Shuja Al-Otaibi         | Vice President of the Board    |
| 3  | Faisal Muhammad Abdul Aziz Al-Khudairi | Managing Director              |
| 4  | Muhammad Saud Abdullah Al-Semari       | Member                         |
| 5. | Iyad Abd al-Rahman Muhammad al-Bunyan  | Member                         |
| 6. | Faisal Abdullah Muhammad Al-Qahtani    | Member                         |

##### Board Meetings:

Article No. (twenty-one) of the company's articles of association stipulates that the board of directors shall meet at least twice a year at the invitation of its chairman. The chairman of the board must also invite the board to a meeting when two of the members request him to do so, and this is in accordance with the Companies Law. However, the Companies Law has been amended to raise the minimum number of board meetings to four meetings per year. This is in order to supervise, follow up and monitor the implementation of the company's business, and he is keen to record and document the minutes of those sessions in accordance with the corporate governance bylaws. The members of the Board of Directors must attend the meetings.

The number of meetings of the Board of Directors (12th session) during the year 2022 A. D reached three (3) meetings, one of which was in the first half (before the amendment of the basic system) and two in the second half of the year. The attendance record for these meetings was as follows:

##### Statement of the attendance record of the members of the Board of Directors for the meetings of the Board during the year 2022 A. D







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The Board members	30/03/2022	10/10/2022	26/11/2022	Enactment	Percentage
Muhammad Yaqoub Yusuf al-Mukhadab	✓	✓	✓	3	100%
Muhammad Hindi Shuja Al-Otaibi	✓	✓	✓	3	100%
Faisal Muhammad Abdul Aziz Al-Khudairi	✓	✓	✓	3	100%
Muhammad Saud Abdullah Al-Semari	X	✓	✓	2	67%
Iyad Abdul Rahman Muhammad Al-Bunyan	✓	✓	✓	3	100%
Faisal Abdullah Muhammad Al-Qahtani	✓	✓	✓	3	100%

15- Board members, their current and previous positions, qualifications and experience

Name	Qualifications	Current Position	Previous Position	Experience
Mr. Muhammad Yaqoub Youssef Al-Mukhaddar	Bachelor's degree in Economics and Guidance	Executive Director of Ansab Contracting Company	Stock broker and head of the trading team at Bank Aljazira	-Contracting field -Stock field -sales field
Mr. Muhammad Hindi Shuja' Al-Otaibi	-Bachelor of Systems	Lawyer and legal advisor	The Attorney	The field of law and legal advice





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Mr. Faisal Muhammad Abdul Aziz Al-Khudairi	Bachelor of Information Systems Management	Founder and Director of Al Dana Manpower Recruitment Company	Chairman of the Board of Directors of Construction Gadawel Contracting Company	- The field of recruitment and manpower -Contracting field
Mr. Muhammad Saud Abdullah Al-Semari	Business Accounting Diploma	Vice President and Head of Branches Network and Distribution Channels at Bank Aljazira	Regional Director - Bank Aljazira - Chairman of the Board of Directors of Aman Insurance Agency Company	- Banking and Insurance
Mr. Iyad Abdul Rahman Muhammad Al-Bunyan	- Bachelor's degree in Architectural Engineering	- Managing Director and CEO of Al-Argan Projects Company	- Al-Rashed for Trade and Contracting	- The field of real estate investment and the development of residential complexes and commercial centers
Mr. Faisal Abdullah Muhammad Al-Qahtani	- Bachelor of Law	Regional Director - Arab National Bank	Branches Manager, Eastern and Northern Region, Bank Albilad	Banking Sector





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**16- Committee members, their current and previous positions, qualifications and experience**

**Audit Committee Members**

Name	Qualifications	Current Position	Previous Position	Experience
Mr. Faisal Abdullah Muhammad Al-Qahtani	- Bachelor of Law	Regional Director - Arab National Bank	Branches Manager (Eastern and Northern Region) Bank Albilad	Banking Sector
Mr. Hani Abdullah Siraj Abu Al-Naga	- Bachelor of Accounting	Consultant at the Ministry of Housing	- Assistant CEO - Family Office Company	The Financial Sector
Mr. Abdul Rahman Abdul Mohsen Suleiman Balghoneim	- Bachelor of Financial Management - Master of Applied Mathematics	Managing Partner - Advanced Analytics Company	Managing Director - Ajdi Food Trading Company	Financial Analysis / Management

**Members of the Remuneration and Nominations Committee**

Name	Qualifications	Current Position	Previous Position	Experience
Mr. Muhammad Saud Abdullah Al-Semari	Business Accounting Diploma	Vice President and Head of Branches Network and Distribution Channels at Bank Aljazira	Regional Director - Bank Aljazira - Chairman of the Board of Directors of Aman Insurance	- Banking and Insurance







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			Agency Company	
Mr. Muhammad Hindi Shuja' Al-Otaibi	-Bachelor of Systems	Lawyer and legal advisor	The Attorney	The field of law and legal advice
Mr. Faisal Abdullah Muhammad Al-Qahtani	- Bachelor of Law	Regional Director - Arab National Bank	Branches Manager (Eastern and Northern Region) Bank Albilad	Banking Sector

17- Executive management, their current and previous jobs, qualifications and experience

Name	Qualifications	Current Position	Previous Position	Experience
Eg. Khaled Zaid Khudair Al-Shammari	Executive MBA - Bachelor's degree in Chemical Engineering	Chief Executive Officer - Wafrah	Various jobs in SABIC. Chairman and representative of SABIC in joint ventures with Aramco and with companies in England and China	- The field of executive management - The field of petrochemicals and petroleum
Mr. Khaled Saleh Al-Amoudi	Bachelor Master's	Financial Director (starting from July 2021 A. D)	Financial Director - Services Field of ground financial management - Saudi Airlines	Field of financial management
Khaled Reda Kharaz	Bachelor of Accountancy	Accounting Manager	Director of Internal Audit -	The field of accounting,





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	American Associate (CPA)		Saudi Ground Services Company	auditing and financial management
Suleiman Abu Ghazaleh	Bachelor of Business Administration	Director of Human Resources	Administrative supervisor	Business Management
Mr. Muhammad Faisal Muhammad	Information Technology Diploma	Kingdom Sales Manager	Purchases Manager	in the field of purchases and sales

**18-Formation of the Board of Directors and classification of its members on an executive, non-executive or independent basis**

Member Name	Capacity	Executive	Non-executive	Independent
Mr. Muhammad Yaqoub Youssef Al-Mukhaddar	Dear / Board Chirman			✓
Mr. Muhammad Hindi Shuja' Al-Otaibi	Vice president			✓
Mr. Faisal Muhammad Abdul Aziz Al-Khudairi	Managing Director	✓		
Mr. Muhammad Saud Abdullah Al-Semari	Member of the Board of Directors			✓
Mr. Iyad Abdul Rahman Muhammad Al-Bunyan	Member of the Board of Directors			✓
Mr. Faisal Abdullah Muhammad Al-Qahtani	Member of the Board of Directors			✓





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19- Companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of its managers

Member Name	Existing company names	Inside the Kingdom / Outside the Kingdom	The legal form of the company	Previous company names	Inside the Kingdom / Outside the Kingdom	The legal form of the company
Mr. Muhammad Yaqoub Youssef Al-Mukhadder	-Ansab General Contracting -Ansab Real Estate - Gulf Union - Yusr for ground transportation	Within the Kingdom	Limited Liability Company	Jadawel for Contracting construction	Within the Kingdom	Limited Liability Company
Mr. Muhammad Hindi Shuja' Al-Otaibi	- Mohammed bin Hindi Al-Otaibi Law Firm	Within the Kingdom	Individual	-	-	-
Mr. Faisal Muhammad Abdul Aziz Al-Khudairi	- Al Dana Manpower Recruitment Company	Within the Kingdom	Limited Liability Company	Jadawel for Contracting construction	Within the Kingdom	Limited Liability Company
Mr. Muhammad Saud	Al Jazeera Bank	Within the Kingdom	Listed contribution	Al Jazeera Bank	Within the Kingdom	Listed contribution







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Abdullah Al-Semari	Aman for Insurance Agency		- Owned by Al-Jazira Bank			
Mr. Iyad Abdul Rahman Muhammad Al-Bunyan	- Al-Argan Projects Company Knowledge Economic City Company -Union Insurance Company	Within the Kingdom	Contribution locked  Listed contribution  Listed contribution	Within the Kingdom Bank Albilad	Within the Kingdom	Listed
Mr. Faisal Abdullah Muhammad Al-Qahtani	- Ayan Investment Company -Arab National Bank		Listed contribution  Listed contribution	Bank Albilad	Within the Kingdom	Listed contribution

**20-The measures taken by the Board of Directors to inform its members - especially the non-executives - of the shareholders' proposals and observations regarding the company and its performance.**

Shareholders' suggestions and observations were presented during the Ordinary General Assembly meeting on 09/06/2022 A. D, and the Extraordinary General Assembly meeting on 14/06/2022 A. D. The minutes of the aforementioned associations have also been published on the company's website. Shareholders, members of the board of directors and others see it.

**21-Communication with shareholders and investors**

The company realizes the importance of communicating with its shareholders and providing them with information, and in application of the principle of disclosure and transparency, the company has done the following:





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- Publishing quarterly financial statements and final accounts for the fiscal year 2021 A. D. On the Tadawul trading site, and publish it within the period specified by the system.
- Adhering to the announcement formula set by the Capital Market Authority and the Capital Market Company.
- Preparing the Board of Directors report in accordance with the disclosure requirements contained in the Governance Regulations.
- All shareholders of the company - without exception - can view the minutes of the company's General Assemblies, any annual reports, and any announcements of the Board of Directors on the Tadawul website and the company's website.
- The company, through the Investor Relations Department, responds to shareholders' inquiries regarding their shares and profits, and explains what is happening in the company in terms of changes that affect them financially and other things, such as increasing the capital, their priority rights, compensation for priority rights, and so on.

**22-Ownership of the members of the Board of Directors of the shares of the company**  
**A description of any interest, contractual securities and subscription rights belonging to**  
**the members of the Board of Directors and their relatives**  
**In the shares or debt instruments of the company or any of its subsidiaries, or any**  
**change in this or that interest**  
**rights during the fiscal year 2022 AD**

Sr	Name	The beginning of the year		The ending of the year		Net change	Change rate
		No. of shares	Debt instruments	No. of shares	Debt instruments		
1	Mr. Muhammad Yaqoub Youssef Al-Mukhaddar	100	0	6538	0	0	6538%
2	Mr. Muhammad Hindi Shuja' Al-Otaibi	4995	0	0	0	4995	100%





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3	Mr. Faisal Muhammad Abdul Aziz Al-Khudairi	10	0	30	0	0	300%
4.	Mr. Muhammad Saud Abdullah Al-Semari	1000	0	3000	0	0	300%
5	Mr. Iyad Abdul Rahman Muhammad Al-Bunyan	12000	0	40000	0	0	330%
6	Mr. Faisal Abdullah Muhammad Al-Qahtani	100	0	100	0	0	0%

**23- Ownership of the company's shares by senior executives**

**A description of any interest in contractual papers and subscription rights belonging to senior executives and their relatives in shares of or**

**The company's debt instruments or any of its subsidiaries, or any change in that interest or those rights during Fiscal year 2022 A. D.**

Name	Profession	The beginning of the year		The ending of the year		Net change	Change rate
		No. of shares	Debt instrument	No. of shares	Debt instrument		
En. Khaled Zaid Al-Shammari	Chief Executive Officer	0	0	0	0	0	0%
Mr. Khaled Saleh Al-Amoudi	Chief Financial Officer (CEO)	0	0	0	0	0	0%







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Mr. Khaled Reda Kharaz	Accounting Manager	0	0	0	0	0	0%
Mr. Suleiman Abu Ghazaleh	Director of Human Resources	0	0	0	0	0	0%
Mr. Muhammad Faisal Muhammad	Sales Manager	0	0	0	0	0	0%





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**24- Statement of the dates of the general assemblies of shareholders and the names of the members of the Board of Directors in 2022**

Assembly Date	Assembly No	Members attending this assembly	Description
09/06/2022 A. D	Ordinary No. (39)	Mr. Muhammad Yaqoub Youssef Al-Mukhaddar	Chairman of the Board
		Mr. Muhammad Hindi Shuja' Al-Otaibi	Vice President of the Board
		Mr. Faisal Muhammad Abdul Aziz Al-Khudairi	Managing Director
		Mr. Muhammad Saud Abdullah Al-Semari	Member
		Mr. Iyad Abdul Rahman Muhammad Al-Bunyan	Member
		Mr. Faisal Abdullah Muhammad Al-Qahtani	Member
14/06/2022 A. D	Extraordinary capital increase	Mr. Muhammad Yaqoub Youssef Al-Mukhaddar	Chairman of the Board
		Mr. Muhammad Hindi Shuja' Al-Otaibi	Vice President of the Board
		Mr. Faisal Muhammad Abdul Aziz Al-Khudairi	Managing Director





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	Mr. Muhammad Saud Abdullah Al-Semari	Member
	Mr. Iyad Abdul Rahman Muhammad Al-Bunyan	Member
	Mr. Faisal Abdullah Muhammad Al-Qahtani	Member

25- A statement of the number of council sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly during the year 2022 A. D

The Board members	10/10/2022	26/12/2022	Enactment	The Percentage
Mr. Muhammad Yaqoub Yusuf al-Mukhadab	✓	✓	2	100%
Mr. Muhammad Hindi Shuja Al-Otaibi	✓	✓	2	100%
Mr. Faisal Muhammad Abdul Aziz Al-Khudairi	✓	✓	2	100%
Mr. Muhammad Saud Abdullah Al-Semari	✓	✓	2	100%
Mr. Iyad Abdul Rahman Muhammad Al-Bunyan	✓	✓	2	100%
Mr. Faisal Abdullah Muhammad Al-Qahtani	✓	✓	2	100%

26- The means relied upon by the Board of Directors in evaluating its performance and the performance of its committees and members

No evaluation of the performance of the Council and its members has been made.







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**27- The number of the company's requests for the register of shareholders, and the dates and reasons for the requests.**

The shareholder register has been requested (10) times as shown below:

The number of the company's requests for the register of shareholders	Order Date	Order Reasons
(1)	19/04/2022 A. D	The General Assembly
(2)	16/05/2022 A. D	Extraordinary General Assembly (1 and 2)
(3)	09/06/2022 A. D	Ordinary General Assembly (39)
(4)	14/06/2022 A. D	Extraordinary General Assembly (3)
(5)	17/07/2022 A. D	Corporate Actions
(6)	20/07/2022 A. D	Corporate Actions
(7)	26/07/2022 A. D	Corporate Actions
(8)	02/09/2022 A. D	Corporate Actions
(9)	09/10/2022 A. D	Corporate Actions
(10)	19/12/2022 A. D	Corporate Actions

**28- Electronic voting**

According to the system, the company allowed the registered shareholders to vote remotely in the general assemblies through the website of the Tadawulaty service of the Capital Market Authority, and this service is available free of charge to all shareholders to participate in the remote electronic voting on the items of the meeting of the general assemblies if they choose this path.

**29- The company's auditor's reservations about the annual financial statements**

**No reservations were made in the auditor's report**

**30- Remuneration policy for board members and executive management**

- The policy for the remuneration of members of the Board of Directors, the Board Committees and the Executive Management was approved as part of the approval of





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the company's remuneration policy recommended by the Remuneration and Nominations Committee and approved by the Board of Directors, which in turn presented it to the Ordinary General Assembly No. 39 on 09/06/2022 A. D. The General Assembly approved the policy that a reward has been set for members of the council and committees for attending the sessions, and moving from one city to another to attend the sessions. In addition to annual bonuses for board members and committee members (internal and external).

- The policy also included the disbursement of the following remunerations in addition to the remuneration prescribed for the members of the Board of Directors:
  1. Granting the Chairman of the Board of Directors an additional special bonus.
  2. Granting the Managing Director a monthly salary or a special bonus.
  3. It is also permissible, based on the recommendation of the Remuneration and Nomination Committee and the approval of the Board of Directors, to grant a member of the Board of Directors amounts for the technical, administrative or advisory work assigned to him.
- The policy clarified that the remuneration of the Managing Director and CEO is determined by the Board of Directors, based on the recommendation of the Remuneration and Nomination Committee upon appointment.
- With regard to the remuneration of the executive management, the policy clarifies that the Remuneration and Nomination Committee reviews and approves the salary scale specified for all employees and senior executives and the incentive program and plans on an ongoing basis, based on the recommendation of the executive management, and the Board of Directors adopts - based on the recommendation of the Remuneration and Nomination Committee - the following:
  1. The amount of remuneration of senior executives according to the target of the company's performance.
  2. Rewards are linked to performance indicators.

### **31- The relationship between the granted rewards and the applicable rewards policy, and a statement of any material deviation from this policy:**

The rewards granted were in accordance with the applicable policy and no deviation from it was recorded.

### **32- Remunerations and compensations for members of the Board of Directors**





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The company has paid annual bonuses, bonuses and expenses for attending sessions to members of the Board of Directors and members of committees emanating from the Board, in accordance with the company's articles of association and the regulations of rewards approved by the General Assembly of shareholders. No other remuneration was paid to the members of the Board of Directors.





### Remuneration and compensation for members of the Board of Directors (SAR)

Board of Directors	Fixed bonus							Variable bonus							End of service bonus	total summation	Expense allowance
	a certain amount	Attendance statement of council meetings	Statement of attendance at committee sessions	Kind advantages	Technical, administrative and advisory work rewards	Remuneration of the Chairman, Managing Director or Secretary	Total	Percentage of profits	Periodic bonus	Short term incentive plans	Long term incentive plans	Granted shares	Total				
First: Independent members																	
Mr. Muhammad Yaqoub Youssef Al-Mukhaddar	-	9000	9000		-	-	18000	-	200000	-	-	-	-	-		218000	-
Mr. Muhammad Hindi Shuja' Al-Otaibi	-	9000	21000	-	-	-	30000	-	200000	-	-	-	-	-		230000	-
Mr. Muhammad Saud Abdullah Al-Semari	-	6000	24000	-	-	-	30000	-	200000	-	-	-	-	-		230000	-
Mr. Iyad Abdul Rahman Al-Bunyan	-	9000	18000	-	-	-	27000	-	200000	-	-	-	-	-		227000	-
Mr. Faisal Abdullah Muhammad Al-Qahtani		9000	57000	-			66000		200000							266000	
Total	-	42000	129000	-	-	-	171000	-	1000000	-	-	-	-	-		1171000	-
Second: Executive members																	
Mr. Faisal Muhammad Al-Khudairi*	-	9000	15000	161350	553200	-	738550	-	200000	-	-	-	-	-		938550	-
Total	-	9000	15000	141350	553200	-	738550	-	200000	-	-	-	-	-		938550	-

\* Salaries and housing allowance for the managing director, Mr. Faisal Muhammad Al-Khudairi, represents his entitlement to his management of the company.

### 33- Remunerations and compensations for five senior executives who received the highest remunerations and compensations, noting that the Chief Executive Officer and Chief Financial Officer are among them

4	Fixed bonus				Variable bonus					End of service bonus	Total executive remuneration for the board, if any	total summation
	Salaries	allowances	Kind advantages	Total	Periodic bonus	Earnings	Short term incentive plans	Long term incentive plans	Total			
Chief Executive Officer	814500	271500	22018	1108018	-	-	-	-	-	-	-	1108018

Executive Officer												
Chief Financial Officer	650400	189696	4892	844988	140016							985004
Accounting Manager	220200	55050	15040	290290	92950	-	-	-	-	-	-	383240
Director of Administration	79800	19950	13356	113106	24000	-	-	-			-	137106
Kingdom Sales Manager	132000	33000	20561	185561	48000	-	136000	-			-	369561
Total	1896900	569196	75867	2541963	304966	-	136000	-			-	2982929

\* In-kind benefits include a housing allowance, medical insurance, airline tickets, assignments and transfers

**\* Short-term incentive plans, including sales commission for the sales manager**

### **34 Board committees and their duties**

#### **Description of the board committees and their duties**

At the beginning of the term, the Board of Directors formed the Remuneration and Nomination Committee, consisting of three members. It included the Remuneration Committee and the Nomination Committee in one committee. All of its members are





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independent. He also formed the Executive Review Committee and prepared and approved the regulations governing the work of the Executive Committee. The General Assembly approved the amendments to the regulations that regulate the work of the audit, remuneration and nomination committees on 09/06/2022 A. D.

### (34-1) Audit Committee

#### Mission:

The duties and responsibilities of the Audit Committee are summarized as follows:

- (1) Studying the initial and annual financial statements of the company before submitting them to the Board of Directors and expressing their opinion and recommendation in their regard to ensure their integrity, fairness and transparency.
- (2) Expressing a technical opinion - at the request of the Board of Directors - as to whether the company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.
- (3) Examining any important or unusual issues contained in the financial reports.
- (4) Examine carefully any issues raised by the company's financial manager or whoever assumes his duties, the company's compliance officer, or the auditor.
- (5) Verifying accounting estimates in material matters contained in the financial reports.
- (6) Studying the accounting policies followed in the company and expressing an opinion and recommendation to the Board of Directors in this regard.
- (7) Studying and reviewing the company's internal and financial control and risk management systems.
- (8) Studying internal audit reports and following up the implementation of corrective actions for the notes contained therein
- (9) Control and supervise the performance and activities of the internal audit in the company to verify the availability of the necessary resources and their effectiveness in performing the work and tasks entrusted to it.
- (10) Preparing and reciting the annual report of the Audit Committee before the General Assembly of Shareholders at its annual meeting.
- (11) Recommend to the Board of Directors the nomination and dismissal of auditors, determine their fees and evaluate their performance after verifying their independence and reviewing the scope of their work and the terms of contracting with them.







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- (12) Verifying the auditor's independence, objectivity, and fairness, and the effectiveness of audit work, taking into account the relevant rules and standards.
- (13) Examining the company's auditor's plan and his work and verifying that he does not submit technical or administrative work that is outside the scope of the audit work, and expressing its views on this.
- (14) Answering the company's auditor's inquiries.
- (15) Studying the auditor's report and his observations on the financial statements and what has been taken in their regard.
- (16) Reviewing the results of the regulatory authorities' reports and verifying that the company has taken the necessary measures in this regard.
- (17) Verifying the company's compliance with relevant regulations, regulations, policies and instructions.
- (18) Reviewing the contracts and transactions proposed to be conducted by the company with the related parties, and submitting its views in this regard to the Board of Directors.
- (19) Raise the issues it deems necessary to take action on to the Board of Directors and make recommendations for the actions to be taken.
- (20) The Audit Committee meets regularly, provided that its meetings are not less than four meetings during the company's fiscal year.
- (21) The Audit Committee meets regularly with the company's auditor and the company's internal auditor.
- (22) The auditor may request a meeting with the audit committee whenever the need arises.
- (23) The audit committee has the right to view the company's records and documents.
- (24) The Audit Committee has the right to request any clarification or statement from the members of the Board of Directors or the Executive Management.
- (25) The Audit Committee has the right to ask the Board of Directors to convene the General Assembly of the company if the Board of Directors obstructs its work or if the company suffers serious damage or losses.
- (26) The validity of the audit committee meeting requires the attendance of the majority of its members and its decisions are issued by the majority of the votes of those present. When the votes are equal, the side with which the chairman of the meeting voted will prevail.





- (27) The remunerations of the committee members for attending the sessions shall be equal to the remunerations of the members of the Board of Directors for attending the council sessions.
- (28) The secretariat of the audit committee was replaced by more than one person, all of whom were outside the membership of the committee.
- (29) The Audit Committee held (12) meetings during the year 2022. In which she evaluated the financial statements and exercised various oversight functions on the executive and financial performance of the company. Each member of the committee received an amount of 3,000 riyals as an attendance bonus at each session.

### Audit committee meetings

Meetings	Mr. Faisal Abdullah Al-Qahtani	Mr. Hani Abdullah Siraj Abu Al-Naga	Mr. Abdul Rahman Abdul Mohsen Balghoneim
Meeting (13): 06/02/2022 A. D	√	√	√
Meeting (14): 20/02/2022 A. D	√	√	√
Meeting (15): 15/03/2022 A. D	√	√	√
Meeting (16): 17/04/2022 A. D	√	√	√
Meeting (17): 26/04/2022 A. D	√	√	√
Meeting (18): 21/06/2022 A. D	√	√	√
Meeting (19): 26/06/2022 A. D	√	√	√
Meeting (20): 09/08/2022 A. D	√	√	√
Meeting (21): 26/10/2022 A. D	√	√	√





Meeting (22): 30/10/2022 A. D	✓	✓	✓
Meeting (23): 27/12/2022 A. D	✓	✓	✓
Enactment	11	11	11
Attendance rate	100%	100%	100%

### (34/-) - Remuneration and Nominations Committee

#### Duties and responsibilities of the Remuneration and Nomination Committee

- 1- Preparing a clear policy for rewarding members of the Board of Directors, 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, disclosure, and verification of its implementation.
- 2- Clarifying the relationship between the remunerations given and the applicable remuneration policy, and indicate any material deviation from this policy.
- 3- Periodic review of the remuneration policy and evaluation of its effectiveness in achieving the objectives set for it.
- 4- Recommending to the Board of Directors to reward the members of the Board of Directors and its committees and senior executives of the company in accordance with the approved policy.
- 5- Suggest clear policies and criteria for membership in the Board of Directors and Executive Management.
- 6- Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
- 7- Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and for occupying executive management positions.
- 8- Determine the time that the member should allocate for the work of the Board of Directors.
- 9- Annual review of the necessary requirements of appropriate skills or experience for membership of the Board of Directors and executive management positions
- 10- Reviewing the structure of the Board of Directors and executive management and making recommendations regarding The Change that can be made







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11- Verifying annually the independence of the members and the absence of any conflict of interests if the member is a member of the board of directors of another company.



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- 13-Establishing special procedures in the event of a vacancy in the position of a member of the Board of Directors or a senior executive.
- 14-Determining strengths and weaknesses in the Board of Directors and proposing solutions to address them in line with the interest of the company.
- 15-The Nominations and Remuneration Committee held (8) meetings during the year 2022 A. D, and attendance at the meetings was as follows:

**Remuneration and nomination committee meetings**

Meetings	Mr. Muhammad Saud Abdullah Al-Semari (Chairman of the Committee)	Mr. Muhammad Hindi Shuja' Al-Otaibi (Member)	Mr. Faisal Abdullah Muhammad Al-Qahtani (Member)
Meeting (12): 06/01/2022 A. D	√	√	√
Meeting (13): 19/01/2022 A. D	√	√	√
Meeting (14): 07/02/2022 A. D	√	√	√
Meeting (15): 24/02/2022 A. D	√	√	√
Meeting (16): 28/06/2022 A. D	√	√	√
Meeting (17): 29/08/2022 A. D	√	√	√
Meeting (18): 13/10/2022 A. D	√	√	√
Meeting (19): 24/12/2022 A. D	√	√	√
Enactment	8 meetings	7 meetings	8 meetings
Attendance rate	100%	87%	100%

**34-3 Executive Committee:**





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The Executive Committee was formed to assist the Board of Directors in its work, conduct studies and issue recommendations or decisions. The duties of the committee are as follows:

- 1- Follow-up, update and review the company's long, medium and short-term strategic plans from time to time.
- 2- Follow-up the implementation of the company's financial, administrative and control policies and regulations and propose amendments thereto to the Board of Directors.
- 3- Meeting with department managers, heads of departments, auditor, internal auditor and anyone involved to monitor the company's practical and financial performance
- 4- Follow-up the implementation of the company's estimated budgets, analyze the causes of deviations - if any - and provide recommendations in this regard.
- 5- Review and control approved capital expenditures.
- 6- Review the monthly and quarterly financial statements and the company's final accounts.
- 7- Follow up on the implementation of important recommendations submitted by the internal auditor and auditor.
- 8- Take the necessary decisions to increase the company's revenues and reduce its expenditures.
- 9- Choosing and assigning consulting bodies according to what it deems appropriate for the interest of the work.
- 10- Any other duties assigned by the Board of Directors to the Committee

The Committee met (6) meetings during the year and the members of the Committee were entitled to remuneration for attending the meetings under the same conditions applied to the members of the Board of Directors.

### Executive Committee meetings:

Meetings	Mr. Muhammad Yaqoub Al-Mukhaddar (Chairman of the Committee)	Mr. Faisal Muhammad-Khudairi (Member)	Mr. Iyad Abdul Rahman Al-Bunyan (Member)
Meeting (4): 27/01/2022 A. D	✓	✓	✓





Meeting (5): 23/06/2022 A. D	√	√	√
Meeting (6): 07/08/2022 A. D	√	√	√
Meeting (7): 21/11/2022 A. D	√	√	√
Meeting (8): 14/12/2022 A. D	√	√	√
Meeting (9): 20/12/2022 A. D	√	√	√
Enactment	6	5	6
Attendance rate	100%	83%	100%

35- **Remuneration of the Committees Members**

The Committee members	Fixed remunerations	Allowance for attending meetings (SAR)	Total
<b><u>Audit Committee Members</u></b>			
Mr. Faisal Abdullah Muhammad Al-Qahtani	50000	33000	83000
Mr. Hani Abdullah Siraj Abu Al-Naga	100000	33000	133000
Mr. Abdul Rahman Abdul Mohsen Suleiman Balghoneim	100000	33000	133000
Total	250000	99000	349000
<b><u>Members of the Nomination and Remuneration Committee</u></b>			
Mr. Muhammad Saud Abdullah Al-Semari	50000	24000	74000
Mr. Muhammad Hindi Shuja' Al-Otaibi	50000	21000	71000
Mr. Faisal Abdullah Muhammad Al-Qahtani	50000	24000	74000

Total	150000	69000	219000
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<b><u>Executive Committee Members</u></b>			
Mr. Muhammad Yaqoub Al-Mukhaddar	50000	18000	68000
Mr. Faisal Muhammad-Khudairi	50000	15000	65000
Mr. Iyad Abdul Rahman Al-Bunyan	50000	18000	68000
Total	150000	51000	201000

### 36- **Loan transaction statement**

The company obtained a long-term loan from the Saudi Industrial Development Fund on 09/05/2012 A. D in order to finance a project to establish and expand a factory for the production of frozen vegetables and potatoes. The total approved loan facility amounted to 34,000,000 Saudi riyals. The loan is repaid over a period of six years and in semi-annual installments starting from August 1, 2015 A. D, and during 2016 A. D the loan was rescheduled, with the first payment due after rescheduling on January 2, 2019A. D, and the value of 1,000,000 Saudi riyals was paid during the year 2015 A. D, about 1,500,000 Saudi riyals during the year 2016 A. D, and 3,500,000 Saudi riyals during the year 2018 A. D, so that the total loan amount as of December 31, 2020 A. D, amounted to 28,000,000 Saudi riyals. During the year 2019, the loan was rescheduled, with the first payment due after the rescheduling on 01/12/2020 A. D, and it was not paid. During the year 2021 A. D, an amount of 2,500,000 riyals was paid, and during the year 2022 A. D, about 13,500,000 riyals were paid, so that the loan balance amounted to 12,000,000 riyals on the date of December 31 2022 A. D. The loan is secured by mortgaging each of the food factory for the production of meat completely and the food factory for freezing vegetables completely in favor of the Fund as a guarantee for the loan. The loan agreement contains covenants that include among other things to limit future capital expenditures to maintain certain financial ratios.

The following is a summary of the long-term loan movement:

	<b>2022</b>	<b>2021</b>
Balance at 01 January	25.500.000	28.000.000





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Total long-term government loan	12.000.000	25.500.000
The current portion of a long-term government loan	(12.000.000)	(19.500.000)
	-	6.000.000

**37-A statement of the value of the paid statutory payments due for the payment of any zakat, taxes, fees, or any other dues that were not paid until the end of the annual fiscal period 2022.**

The Statement	Value (in riyals)
Legal zakat due	2.016.377
Due social insurance	129.450
Payable dividends	1.192.317
Total	3.338.144

**Zakat Position**

The company's estimated zakat for the year 2021 A. D has been paid, and the company obtained a certificate valid until April 30, 2023 A. D. The balance of zakat estimated for the year 2022 A. D amounted to 2,016,377 riyals.

During the year 2020 A. D, the Zakat, Tax, and Customs Authority issued preliminary assessments for the years from 2014 A. D to 2018 A. D. Based on these assessments, the company objected to them, and the amended zakat assessment was received, which resulted in zakat differences of 3,582,039 Saudi riyals. The company objected to the amended zakat assessment, and it was Receipt of an amended Zakat assessment amounting to 2,728,946 Saudi riyals, and the company objected to it and submitted a case to the General Secretariat of the Tax Committees "The Primary Committee for Adjudication of Tax Violations and Disputes." The decision was issued by the committee, and the company filed an appeal for the years from 2014 to 2018 A. D, and the differences were proven Zakat is included in the estimated zakat provision for the year 2021 A. D.

**١) Movement in the estimated zakat provision**

	December 31, 2022	December 31, 2021
Balance at 01 January	4.714.993	6.392.274







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Component during the year	2.016.088	1.502.571
Adjustments for previous years	289	483.478
Zakat paid during the year	(1.986.336)	(3.663.330)
Balance as at 31 December	4.745.034	4.714.993

**38-Reserves for the benefit of employees**

There are no investments for this purpose, and the company forms a provision for end of service benefits for all its employees in accordance with the Saudi Labor and Workers Law, and it is paid to them at the end of their services according to the system and its total statement as follows:

Statement	Amount
Provision for end of severance pay	5.772.867

**39-Board Disclosures**

**The Board of Directors of the company acknowledges the following:**

- 1- The records of accounts have been properly prepared.
- 2- The internal control system has been properly developed and effectively implemented.
- 3- Material uncertainty may cast serious doubt on the company's ability to survive as a continuing company.

**40-Recommendation of the Board of Directors to replace the chartered accountant**

There is no recommendation to change the chartered accountant before the end of the period for which he is appointed.

**41-Disclosure in the Board of Directors' report on the provisions of the Corporate Governance Regulations and what has not been applied**

The company is keen to comply with the rules and regulations related to corporate governance stipulated in the Companies Law issued by the Ministry of Commerce and Investment and the regulations of the Capital Market Authority related to shareholders' rights and commitment to transparency and continuous disclosure, and accordingly, the





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company has applied all the provisions stipulated in the corporate governance rules issued by the Capital Market Authority except for the following:

Article number	The text of the article / paragraph	Reasons for non-application
Article No. (37):	Training: The company shall pay sufficient attention to training and qualifying the members of the Board of Directors and the executive management, and developing the necessary programs for that	Indicative article
Article No. (39):	Evaluation: (a) The Board of Directors - based on a proposal by the Nominations Committee - establishes the mechanisms necessary to annually evaluate the performance of the Board, its members and committees, and the executive management, through appropriate measurement indicators related to the extent to which the strategic objectives of the company are achieved, the quality of risk management, the adequacy of internal control systems, and others, provided that the strengths are identified. Weaknesses and a proposal to address them in accordance with the interest of the company. (b) The performance appraisal procedures must be written and clear and disclosed to the members of the Board of Directors and the persons concerned with the appraisal. (c) The performance evaluation must include the skills and experiences that the council possesses, identifying its weaknesses and strengths, while working to address weaknesses in possible ways, such as nominating professional competencies that can develop the council's performance. The performance evaluation must also include an	Indicative article





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	<p>evaluation of the council's work mechanisms in general.</p> <p>(d) The individual evaluation of the members of the Board of Directors takes into account the extent of the member's effective participation and his commitment to performing his duties and responsibilities, including attending the meetings of the Board and its committees and allocating the necessary time for them.</p> <p>(e) The Board of Directors shall make the necessary arrangements to obtain an evaluation by a competent third party for its performance every three years</p> <p>(f) The non-executive members of the Board of Directors shall conduct a periodic assessment of the performance of the Chairman of the Board after taking the views of the executive members - without the Chairman of the Board attending the discussion designated for this purpose, provided that the strengths and weaknesses are identified and a proposal to address them is in accordance with the interest of the company.</p>	
Article No. (57):	(a) A committee called (Remuneration Committee) shall be formed by a decision of the company's board of directors, consisting of non-executive members of the board of directors, provided that at least one of them is an independent member.	The Remuneration Committee and the Nomination Committee have been merged into one committee called the Remuneration and Nomination Committee
Article No. (58):		
Article No. (59):	(B) The general assembly of the company shall issue - based on a proposal from the Board of Directors - the work regulations of the Remuneration Committee, provided that these regulations include the controls and procedures for the work of the committee, its tasks, the rules for selecting its members, the term of their membership and their rewards.	







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		- Terms of reference of the Remuneration Committee	
Article No. (60):		The Remuneration Committee meets periodically at least every year and whenever the need arises.	It does not apply as the company included the Remuneration and Nomination Committee in one committee
Article No. (61): Article No. (62):		A committee called (Nominations Committee) shall be formed by a decision of the Board of Directors of the company, consisting of non-executive members of the Board of Directors, provided that at least one of them is an independent member. Functions of the Nominations Committee	It does not apply as the company included the Remuneration and Nomination Committee in one committee
Article No. (64):		The Nominations Committee meets at least every (year) and whenever the need arises	It does not apply as the company included the Remuneration and Nomination Committee in one committee
Article No. (67): Article No. (68):		A committee called (Risk Management Committee) shall be formed by a decision of the company's board of directors. Its chairman and the majority of its members shall be from the non-executive board of directors. Its members must have an appropriate level of knowledge of risk management and financial affairs. - Terms of reference of the risk management committee	Indicative Articles
Article No. (68):		Terms of reference of the risk management committee	Indicative article





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Article No. (69):	The Risk Management Committee meets periodically every (six months), at least, and whenever the need arises	Indicative article
Article No. (82):	Employee motivation: The company shall set programs to develop and motivate participation and performance in the company, provided that they include in particular the following: (1) Forming committees or holding specialized workshops to listen to the views of the employees of the company (2) A program for granting employees shares in the company or a share of the profits it achieves, and retirement programs (3) Establishing social institutions for the company's employees	Indicative article
Article No. (84):	The Ordinary General Assembly shall establish - based on a proposal from the Board of Directors - a policy that ensures the establishment of a balance between its objectives and the objectives that the community aspires to achieve, with the aim of developing the social and economic conditions of the community.	Indicative article
Article No. (85):	Social work initiatives	Indicative article
Article No. (94):	Formation of the Corporate Governance Committee	Indicative article

**42-The results of the annual review of the effectiveness of the company's internal control procedures. The audit committee considered the adequacy of the company's internal control system.**

Wafra Company for Industry and Development has contracted with a specialized accounting office, which is (RSM) to carry out internal auditing tasks for the company. It is an accredited office and performs its role with high efficiency.





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The consulting office was chosen by the audit committee on the basis of competence, and the board of directors accepted the office, noting that the audit committee is not subject to any influence by the company's board of directors or the executive management, and it has full powers to access any documents it deems necessary and helps to complete its work in the best way, as the Audit Committee seeks to monitor and review all administrative, operational and financial risks and seeks to implement internal regulations and procedures for the purpose of internal control in the company. The Audit Committee also supervises and meets with RSM, which is based on internal audit work. The company continuously reviews periodic reports prepared by the office on internal audit. The Audit Committee also approves RSM's internal audit plan.

In addition, the audit committee did not find any material weaknesses that affect the adequacy of the internal control system or any material observations that require disclosure.

**43-Recommendations of the Audit Committee that conflict with the decisions of the Board of Directors, or which the Board refused to take into consideration regarding the appointment of the company's auditor, dismissing him, determining his fees, evaluating his performance, or appointing the internal auditor.**

There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors

**44-Recommendation of the Audit Committee regarding the need to appoint an internal auditor in the company in the absence of one.**

The company contracted with the (RSM) office to carry out internal auditing tasks for the company, which is an accredited office and performs its role with high efficiency.

**45-Company Auditor**

The Company's auditor shall be appointed by the Ordinary General Assembly upon the nomination of the Board of Directors, taking into account that the recommendation for his nomination shall be from the Audit Committee, and that he shall be licensed to audit the accounts of joint stock companies, and shall meet the conditions prescribed by the competent authority, and that his interests shall not conflict with the interests of the Company, and that he shall have experience, competence and honesty.

**46-The accounting standards applied in Wafra Company for Industry and Development**







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There is no difference in the accounting standards applied in Wafra Company for Industry and Development, which are the International Financial Reporting Standards in the Kingdom of Saudi Arabia, and other standards and versions approved by the Saudi Organization for Certified Public Accountants.

**47-Company subsidiaries**

There are no subsidiaries of Wafra Company for Industry and Development.

**48-Stocks and debt instruments in subsidiaries**

There are no shares and debt instruments in subsidiaries.

**49-A description of any interest in the class of voting shares**

There are no voting shares and there is no notification of them.

**50-A description of the categories and numbers of any convertible debt instruments and any contractual securities or memorandums of subscription rights or similar rights issued or granted by the company during the year.**

NIL

**51-A description of any transfer or subscription rights under convertible debt instruments, contractual securities, memorandums of subscription rights or similar rights issued or granted by the company**

NIL

**52-A description of any redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.**

NIL

**53-A description of any interest in the voting class of shares belonging to persons (other than members of the Company's Board of Directors, senior executives and their relatives) who have notified the Company of such rights under Article Forty-Five of the Registration and Listing Rules, and any change in such rights during the last financial year.**





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NIL

**54-Treasury shares held by the Company and details of the uses of these shares.**

NIL

**55-A description of any capacity between the company and a related party**

There is a relationship between the company and a related party, which is Rakhaa Agricultural Investment and Development Company (sister company), and the related party is required on 31/12/2022 A. D, an amount of 1,280,576 Saudi riyaIs.

**56-Contracts concluded between the company and other parties**

The company acknowledges that there are no contracts related to any business or contracts to which the company is a party or in which a member of the board of directors, CEO, financial manager, or any related person has an interest.

**57-A statement of any arrangements or agreement under which a member of the Board of Directors or a senior executive waived any salary or compensation**

- There are no arrangements or agreements under which a member of the Board of Directors or a senior executive waived any salary or compensation.

**58-A statement of any arrangements or agreement to assign any rights to profits to one of the company's shareholders**

There are no arrangements or agreements under which a shareholder of the company waives any rights to profits.

**59-Disciplinary rules and penalties applied to the company**

No penalties, penalties or precautionary restrictions imposed by the Capital Market Authority or any other supervisory, regulatory or judicial authority were applied to the company during the year 2022 A. D.

**60-Social Responsibility**

**(60-1) Human Resources**

The company has developed human resources and the company has maintained its record of employing distinguished Saudi cadres and focusing on employing Saudis. The women's





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section has also developed by appointing a larger number of Saudi female employees to work in the administrative field, procurement and accounting, as well as on production lines.

The company also offers bonuses, bonuses, and sales commission programs.

#### **(60-2) University Student Training:**

The company trains King Saud University students with two types of training:

- 1- Field visits to factories as part of the academic courses so that those enrolled in the course receive practical training related to the content of the course.
- 2- Provide the opportunity for some postgraduate students to research projects related to the company and supervise the technical side of the research.

#### **(60-3) Comprehensive Quality**

The company's management seeks to maintain the highest levels of quality of its products and keep pace with the requirements of international standards in order to achieve the highest levels of customer satisfaction, ensuring that the consumer obtains high quality products. Work continues to develop management of quality, food safety, occupational health and environmental safety. These efforts culminated in the company obtaining the British food safety (BRC) certificate for the vegetable factory in December 2022, which enables the company to deal with international companies.

On the other hand, the company's factories were evaluated by the Saudi Food and Drug Authority as follows:

- Raising the evaluation of the food facility for the pasta and vermicelli factory from 92% on 14/08/2022 A. D to 93.35% on 30/11/2022 A. D.
- Raising the evaluation of the food facility for the breakfast cereals factory from 86.15% on 09/08/2022 A. D to 94% on 14/10/2022 A. D.
- Obtaining an evaluation of a food facility for the ready-to-eat factory of 92.09% on 10/10/2022 A. D.
- Obtaining an evaluation of a food facility for the vegetable factory, 89% on 06/09/2022 A. D.

#### **(60-4) Developing and developing employees and appreciating their achievements**

The company motivates employees, holds regular periodic meetings to listen to employees and discuss topics related to work, and has also taken care of training and qualifying its







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cadres. The company maintains citizens with special needs in jobs that are compatible with their abilities and the nature of their disability.

#### **(60-5) Health and safety of employees**

The company provides health care for workers and their families. It is also concerned with safety means while performing work and providing security tools in order to preserve the lives and safety of workers.

#### **61- The most important events during the fiscal year ending on 31/12/2022 A. D**

##### **-Increasing the company's capital:**

- On April 4, 2022 A. D, the Capital Market Authority approved the company's request to increase its capital by offering rights issue at a value of 154,340,700 Saudi riyals.
- On June 14, 2022 A. D, the Extraordinary General Assembly approved the recommendation of the Board of Directors of the company regarding increasing the company's capital by an increase of 200% by granting priority rights at the rate of two rights shares for each share owned, and thus the number of shares after the increase becomes 23,151,105 shares at an amount of 231,511,050 Saudi riyals This is after offering 15,434,070 ordinary shares, with a nominal value of 10 Saudi riyals per share, at an offer price of 10 Saudi riyals, and a total offering value of 154,340,700 Saudi riyals. The costs of issuing priority rights amounted to 4,932,899 Saudi riyals, which were added to the accumulated losses as of September 30, 2022. The reasons for the capital increase are due to the expansion of the company's activities, the completion of production lines, and the optimal utilization of the spread of the company's trademark to cover all regions of the Kingdom.
- On August 10, 2022 A. D, the proceeds of the capital increase were received and deposited in the company's bank account by the issuer.
- The company's authorized, issued and fully paid up capital as of December 31, 2022 A. D, is 231,511,050 Saudi riyals divided into 23,151,105 shares of a share value of 10 Saudi riyals (December 31, 2021 A. D, an amount of 77,170,350 Saudi riyals divided into 7,717,035 shares of a share value of 10 Saudi riyals).

#### **Expansion and modernization of factories:**

The projects that were put forward when the company's capital was increased are the expansion and modernization of production lines. A number of European factories were commissioned to manufacture some lines in the meat factory and the pastry factory.





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Discussions about the rest of the factories began. The German Gia Company and the Italian Lavan Company have already been baptized.

## 62-Closing Remarks

Based on the principle of transparency and clarification of what the Board of Directors of the Company has done during the year 2022 and in compliance with the directives of the regulatory authorities, the Board of Directors issues this annual report to shareholders explaining the work carried out by the Board and the challenges faced by the Company during the financial year ended 31/12/2022 A. D.

We also promise shareholders that the new year will be better than the previous one, and we hope that the company will continue to march for the better after the circumstances dictated by local, regional and international circumstances in previous years.

In conclusion, the company's board of directors and employees extend their deepest thanks and appreciation to the Custodian of the Two Holy Mosques, his Crown Prince, his wise government and its institutions for the unlimited support to the private sector, especially listed public companies.

We also extend our thanks and gratitude to the valued shareholders who placed their trust in the Board of Directors and supported the Board and supported it with their ideas and suggestions, and they look forward to a better future for the company, which began to be heralded by the grace of Allah.

We thank the company's employees for their sincerity and dedication to work for the advancement and advancement of the company, and we are now more confident and optimistic to overcome obstacles and move to wider horizons in the near future, Allah willing.

We ask Allah Almighty for success and payment,,,

**Saad Salib Mutlaq Al-Otaibi**  
Chairman of Board of Directors

