

## Annual Report

# 2023

بِسْمِ اللَّهِ  
الرَّحْمَنِ  
الرَّحِيمِ

**Board of Directors Annual Report**  
**Aldrees Petroleum & Transport Services Co. (Aldrees)**  
**& Closing Accounts for the Fiscal Year Ended on**  
**31 December 2023**



The Custodian of the Two Holy Mosques

**King Salman bin Abdulaziz Al Saud**



His Royal Highness

**Prince Mohammed bin Salman bin Abdulaziz Al Saud**

The Crown Prince, Prime Minister

## Content

Board of Directors Report	08
Diagram - Share Performance during 2023	10
Vision and mission	13
Mission	14
Core Values	15
Company Objective	18
Description of the company's activity, sectors and subsidiaries	19
▪ First: (Petroleum Services Division)	22
▪ Second: (Logistics and Transportation Division)	24
Description of Plans, Decisions and Future Expectations	26
Human Resources	30
Company Board of Directors recommends the following	34
Risk Management	36
Financial Results and Profits	62
Cash Flows	67
Operation Results	68
Subsidiaries	70
▪ Investment in joint ventures	70
▪ Investments in financial assets	71
Profit Distribution Policy Description	73
▪ Payment of Profits	74
Rewards of Board Directors	78
▪ Compensations and awards of members and executives	79
▪ Senior Executive Compensations	80

## Content

▪ Compensations Of Committees Members	81
Loans	82
Board of Directors Meetings	88
Record the Company's applications for the register of shareholders	90
list of the dates of the General Assembly of shareholders held during the fiscal year 2023	90
Table - Accrued Regular Payments	92
Acknowledgments	93
Corporate governance regulations	93
▪ A summary of the provisions that have been applied along with the provisions that have not been applied and reasons	94
Names of the companies inside or outside the Kingdom	94
Members of the Board of Directors	96
▪ First: Members Board of Directors	96
▪ Second: Members Committee	98
▪ Third: Executive Management	100
Board of Directors Composition and Classification of its Directors	102
Board of Directors Committees	103
▪ First: Executive Committee	103
▪ Second: Audit Committee	105
▪ Third: Nomination, Reward Committee	107
Annual audit of the efficiency of controlling procedures & results of auditing the internal control system	110
Auditors	111
Conclusion	112
Call us	113



## Board of Directors Report For The Fiscal Year Ended on 31 December 2023

**Shareholders of ALDREES Petroleum & Transport Services Co.**

**Dear Sirs,**

The Board of Directors is pleased to present the Annual Financial Report for the Fiscal Year (ended) **2023**. It includes the financial result, the company's various activities, and it's noteworthy the progressive approaches as reflected in the financial position in FY (ended) **31 December 2023**.

The company realized good results with total sales amounted to **(14,834.1) million Saudi Riyals** compared to **(12,356.1) million Saudi Riyals** of **FY 2022** an increase of **(20.1%)** and net profit amounted to **(280,8) Million Saudi Riyals, (241,8)** an increase of **(16.1%)** compared with **FY 2022**.

Our preservation of our leadership position, increasing market share, and reaching our goals, thanks be to ALLAH. And by implementing strategic plans and continuous expansions, covering more areas and development plans for all our stations, we reached a sizeable number of Service Stations to **(850)** spreading to all the cities and provinces of the Kingdom, in addition to the expansion of logistical services.

The company will continue working to achieve its goals by maximizing the return to its shareholders and continue to improve, innovate, and develop Human Resources to meet challenges.

Finally, we would like to express our deepest thanks for your confidence in Company Management, welcoming a new year with optimism to achieve more success during Y2024 and we hope to see you at the annual meeting of Shareholders General Assembly to answer your questions regarding the matters stated in this Report.

**Board of Directors**



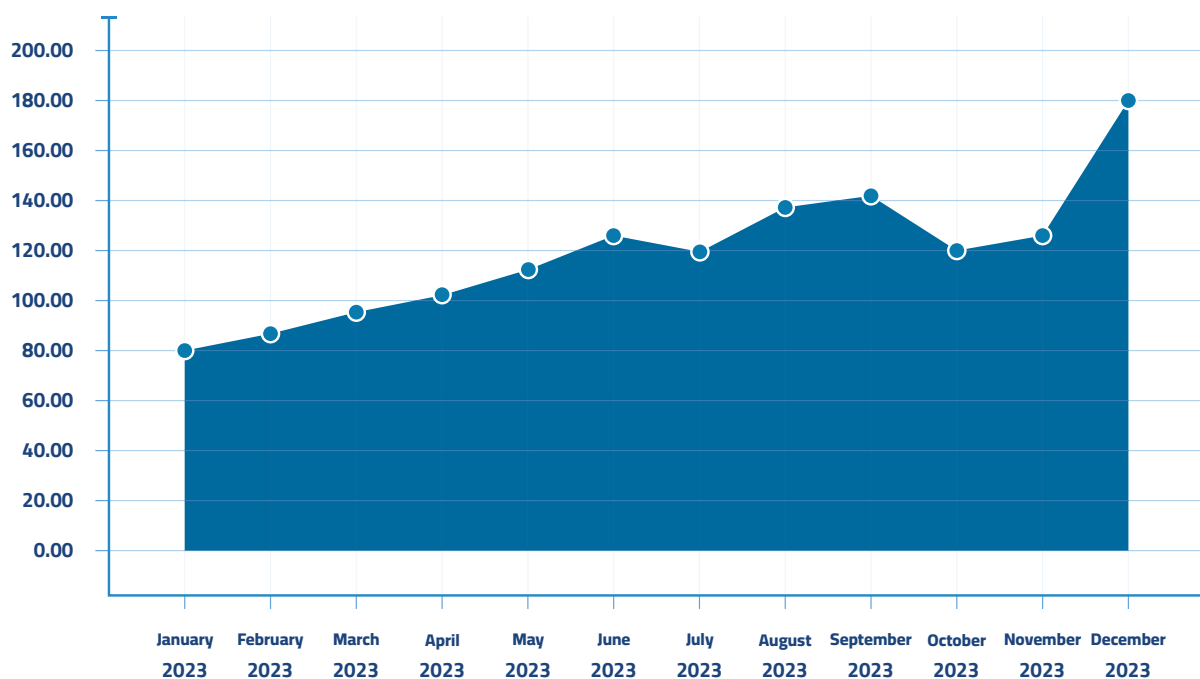




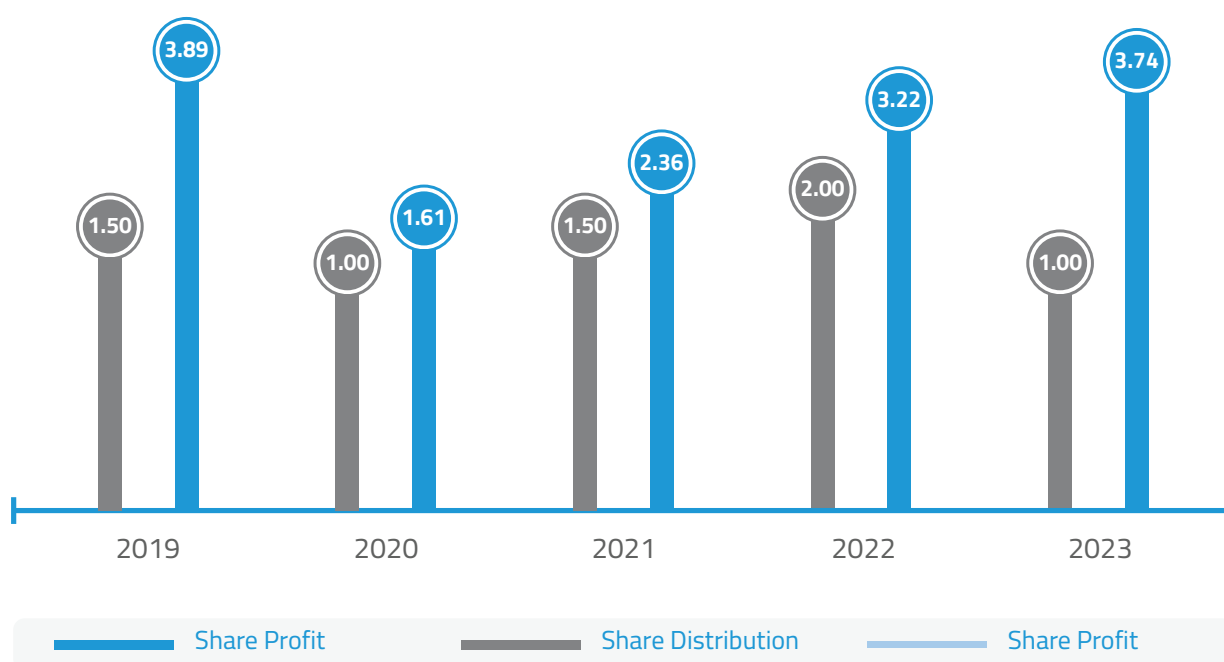


## Diagram - Share Performance during 2023

### Share Value



### Share Profit & Distribution (SR)



# AL DREES





# VISION AND MISSION





## VISION AND MISSION

As the company's management seeks to keep up with the Kingdom's Vision 2030 aiming at developing all fields in KSA, ALDREES Petroleum & Transport Services Company has developed future vision for the upcoming five years that would help to further its services, exert all necessary efforts to improve performance and develop the working environment to achieve KSA's future vision.

By looking forward and recognizing the main drivers that will shape our business in the future would make our long-term goals at gaining interests for us, our partners and the stakeholders.



## Vision

Our vision is to become the most efficient company in terms of managing and operating fuel stations and logistics services in addition to transporting various goods with the assistance of qualified personnel with the application of latest technologies.



## Mission

Our mission is to take advantage of every possible opportunity to fulfill our actions and decisions:

1

Provide the best services to our clients.

2

Continue training and developing the skills of our staff.

3

Use the latest world class methods in our operational processes.

4

Achieve the best returns to our shareholders.

5

Community services.



## The Message

Achieving a leading position for the company in the field of operating, managing and maintaining petrol stations, service centers, logistics and transportation, raising the level of quality, and achieving customers and shareholders satisfaction and stakeholders in accordance with our social responsibility.



## Our Responsibility

Our commitment to our social and environmental responsibilities is reflected through the integrated methodology on which our work scope is based, as we are constantly keen to contribute effectively to achieving real and positive development within the society in which we work to contribute, thus advancing development throughout the Kingdom.





## Core Values:

It is the innate values that our company prides itself with our partners, customers, employees, and community. These values are consistent with our decisions and actions and are the bases for our relationships and commitments. The qualities that we would like to be known by customers inside and outside the company.



## Quality

We are committed to quality and believe that it is the best way to develop our work and improve our performance and customer satisfaction.



## Safety

Safety comes first, and we take all preventive precautions against risks in our operations. Our goal is to completely avoid operational hazards.



## Community Service

We believe that we are part of the formation of the society in which we live and that we have a moral responsibility to support it, and that the development of society is the development of family of which we are part of.



## Commitment

We can fulfill our commitments toward our customers and our society and do what is required from us on time and in the right way.



## Honesty

Your service and goods are in safe hands. We take care your goods and fulfill our obligations.



## Professionalism

We work diligently to develop the skills and professional behavior of all our employees, to maintain the confidentiality and privacy of information, to carry out tasks in the correct manner and on time, and to evaluate what has been achieved.



## Innovation

We work to encourage creativity at all levels and take care of its elements and components.



## Teamwork

We unite our capabilities to achieve a common vision and together we can collectively succeed in any endeavors.



## Clarity and Transparency

We have an open-door policy and discourage barriers in the working environment. We reject methods that hinder communication in achieving the best service to our customers.



## Justice and Integrity

We value honesty and transparency in our business operations. Should negligence be in question in delivering services we disclose facts and always adhere to laws.







## Company Objective:

The company aims to achieve the best returns for shareholders, and to provide the best distinguished services to its customers through continuous development and raising the efficiency of human resources, as our business operations are supervised by a trained team of engineers, technicians and manpower, that guarantees the safety of trucks, devices, equipment and stations.





## Description of Company Activity, Sectors and Subsidiaries:

The company activities include, pursuant to the Commercial Registration thereof; Retail and wholesale trade of fuel, oil, gas, car spare parts, tires, batteries. Cargo services, hauling/ bulk transportation to all domestic routes in KSA and cross-borders of all kinds of goods and products, water, chemicals, etc. Land transport services, maritime and air passengers. Customs clearance of products and goods services, packaging, packing, and all Logistics and complementary services for all company purposes, inside and/or outside KSA by land, sea and air. Establishing workshop, mechanics, electricity, blacksmithing, painting, plumbing and car washrooms. Purchasing parcels of land and, build or develop and investment through sale or rent to company; Retail and wholesale trade of food products; establishing, managing, operating, renting, restaurants and fast food service centers (for hot and cold drinks and snacks). Subsistence services: Cooked and uncooked. Management, operating and maintenance of fuel stations, and carwash & polishing. Investment through purchasing commercial and residential buildings. Purchase, or owns medical centers for company. Import apparatus, equipment, spare parts, system automation, fuel pumps systems, tanks, and all the supplies needed to operate fuel stations. Building general contractor. Maintenance, cleaning, installation, restoration, demolition, gypsum, decoration, electrical and plumbing works roads, asphalt, lighting, extension of telephone networks, water, sanitation, carpentry, air conditioning and landscaping. The company carries out its activities in accordance with the established regulations and after obtaining the necessary licenses from the competent authorities, if any.





The below Report shows activity and revenue analyses of each sector separately as follows:

Description	2023	2022	2021	2020	2019
<b>Income statement (SR in thousand)</b>	SR	SR	SR	SR	SR
<b>Sales:</b>					
Petroleum	14,438,986	12,047,728	8,842,138	4,738,495	5,375,560
Transport	395,073	308,351	267,477	235,586	305,569
<b>Total</b>	<b>14,834,059</b>	<b>12,356,079</b>	<b>9,109,615</b>	<b>4,974,081</b>	<b>5,681,129</b>
<b>Sales Percentage:</b>					
Petroleum	%97.34	%97.50	%97.06	%95.26	%94.62
Transport	%2.66	%2.50	%2.94	%4.74	%5.38
<b>Growth Percentage:</b>					
Petroleum	%19.85	%36.25	%86.60	%11.85-	%9.03
Transport	%28.12	%15.28	%13.54	%22.90-	%24.08
<b>Total</b>	<b>%20.05</b>	<b>%35.64</b>	<b>%83.14</b>	<b>%12.45-</b>	<b>%9.75</b>







## First: (Petroleum Services Division):

The Company applies state of the art technology; quality and safety standards, continuous improvement and development of our employees abilities along with the best international and scientific methods to our operations, so as to provide good services. This led for the Ministry of Municipal and Rural Affairs to certify operations high standard and qualified to receive the (adjusted) profit margin for the certified companies. As a result of the new requirements by the Official Authorities (economic and regulatory changes regarding the fuel stations), the rehabilitation and development of the stations inside the cities and in the highways, necessitate long-term investments, with the aim to achieve and sustain the level of profitability, that resulted to a network of (850) stronghold Service Stations.





The following is a summary of the number of owned and leased service stations:

Description	2023	2022	2021	2020	2019
<b>Company owned</b>					
At start of year	19	17	17	16	16
Additions during the year	1	2	-	1	-
Exclusions	-	-	-	-	-
At the end of year	20	19	17	17	16
<b>Leased Rentals</b>					
At start of year	721	623	527	466	429
Additions during the year	121	110	108	73	58
Exclusions	12	12	12	12	21
At the end of Year	830	721	623	527	466
<b>Total stations</b>	<b>850</b>	<b>740</b>	<b>640</b>	<b>544</b>	<b>482</b>
<b>Growth Rate</b>	<b>%14.9</b>	<b>%15.6</b>	<b>%17.6</b>	<b>%12.9</b>	<b>%8.3</b>

# 850

## STATIONS



## Second: (Logistics and Transportation Division)

The company provides the best transportation fleet using modern trucks and maintenance methods employing only high-quality spare parts, and continuous training & development in human resources efficiency. Maintenance works are managed by a competent technical team under the supervision of highly efficient engineers to ensure safety of the drivers, trucks and equipment. The highly reputed operation of transport fleet is well-known across the Gulf Cooperation Council Countries (GCC) and some of the neighboring Arab countries. The company decides to acquire additional trucks and trailer heads to meet the rising demands of company's hauling contracts servicing, and Logistics expansions.







The following is the company's fleet summary (number of trucks and transportation units):

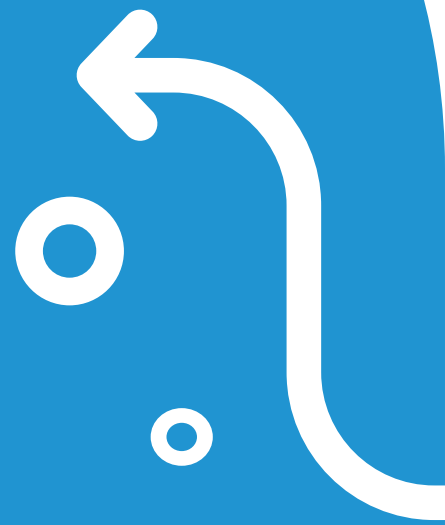
Description	2023	2022	2021	2020	2019
<b>Truck Head</b>					
Year start	1497	1265	1250	1255	1283
Additions during the year	439	363	92	100	-
Exclusions	342	131	77	105	28
Year end	1594	1497	1265	1250	1255
<b>Trailers</b>					
Year start	2651	2546	2444	2390	2437
Additions during the year	325	118	115	71	105
Exclusions	201	13	13	17	152
Year end	2775	2651	2546	2444	2390
<b>Total truck heads and trailers</b>	<b>4369</b>	<b>4148</b>	<b>3811</b>	<b>3694</b>	<b>3645</b>

# 4369

## truck heads and trailers



## Description of Plans, Decisions and Future Expectations:





## Petroleum Services Division Strategy:

- ◆ Planning to expand ownership of service stations.
- ◆ Establishment of modern integrated fuel stations equip with distinct services.
- ◆ Lease station facilities to highly reputed companies with registered trade mark.
- ◆ Expansion on mega service stations on highways as integrated service stations to serve visitors.
- ◆ Integration of technologies by fuel filling automations as well as all operational and administrative processes.
- ◆ Maximising non-fuel revenue (other than sale of fuel) to increase company revenue.
- ◆ Supporting efficient human resources particularly the local talents in order to improve the operational level and competitiveness.
- ◆ Strategic partnership with respect to the operation of other services associated with gasoline sale.



## Logistics and Transportation Division Strategy:

- ◆ Capitalize on current assets for maximum profitability, as per the demand of business operations.
- ◆ Expand our activities in Total Supply Chain.
- ◆ Onsite & offsite logistics services (New JV).
- ◆ Invest in warehousing business.
- ◆ Engage in Retail logistic services.
- ◆ Expand Material Mgmt., Manpower & Eqpt. (MRO & Chemicals onsite).
- ◆ Container Yard Storage ( shipping lines).
- ◆ Container Yard port Operations.
- ◆ Local petrol distribution expansions.





**The future plans aim in sustaining the company's growth and development in transport/hauling & logistics services taking the existing operations to new heights and higher profitability.**

## Human Resources:



Delivering the best services to customers is the primary goal of the company. For this purpose the company continues to train and develop the competency of its employees through in-house training center to raise the marketing and supervisory culture and awareness, and to promote skills in the area of Petroleum Services through (Petrol Training Centers) as well as the services provided to customers via Logistics and Transportation Division.

The company is one of the leading companies in achieving quality and safety standards at work, the company has sought in the last years to obtain international certificates in the quality, safety and the environment and was one of the first companies to obtain the recognition of international organizations in implementing the quality and safety standards.

The Company is the first ever in Saudi Arabia to get (ISO 9001: 2008) certificate of quality and the first to receive the latest version thereof. (SAI GLOBAL) awarded the company (ISO 9001: 2008) Quality Management System Certification on 25 February 2009, after complying with all the necessary certification's requirements. The said Certificate covers management services related to fuel stations and land transport services.

The quality certificate has been obtained with its new version (ISO 9001: 2015) for a period of three years until 18/02/2027, including periodical reviews to make sure of Company's adherence to the global standards it gained. This showed our continuous hard work towards competency and fair business practices that the valuable consuming public is well-deserved.



Given the weight on the the importance of Quality & Safety in our business and all aspects of life, the Management stressed the necessity of continuous development of safety system in line with work volume and integration of future expansion. Thus, compliance to secure international certifications ensures our commitment to all the required safety regulations in our business practices.

After the development of the safety system and work environment in conformity with the international standards of safety, we are awarded the coveted (ISO 45001:2018) Occupational Health and Safety Certificate. The company received the Occupational Health and Safety Certificate on 29 January 2010 without difficulty due to the strength of safety system that was in placed. The said certificate has been renewed until 25 January 2026.

The third certificate is Safety and Quality Assessment System (SQAS) awarded by (GPCA). This certificate proves the application of quality and safety standards by another global body. The said certificate has been renewed until 17 February 2024.

The company got a new certificate in Responsible Care (RC 14001:2015) in compliance of transporting and handling methods of hazardous chemicals. This certificate is valid until 21 October 2024. The company also obtained an Environmental Management System (ISO 14001: 2015) in its commitment to protect and care the environment, the certificate is valid until 21 October 2024.

The company got the coveted qualification certificate in Management, Operation and Maintenance of Gas Stations and Service Centers on Regional Highways. This was granted after the Ministry of Municipal and Rural Affairs facilitated the evaluations on company's file and application as per the provisions and standards of the list of fuel stations and service centers Ministry's rehabilitation approval. The certificate is valid until G: 02 August 2024.





The company's obtaining this certificate has a significant impact on obtaining new investment opportunities through the acquisition of new and distinctive service station sites.

The company has strong commitment in applying the highest environmental safety standard, parallel with global standard practices and in line with the Kingdom's Vision 2030.

The company is keen in Saudizing all jobs. At present, there are many technical positions occupied by citizens who are provided with theoretical and field training courses. The company employs strategic Human Resourcing processes to get the best cadres of talent pools among the locals to replace foreign employees.





## Company Board of Directors recommends the following:

- Distribution of dividends for FY 2023 amounting (75) Millions, SAR (1) per share equivalent to (10%) of shares eligible for dividends.
- The cash dividends shall be paid to eligible shareholders registered in Securities. The eligibility of the dividends shall be for shareholders owning shares by the end of trading day of the General Assembly meeting date (which will be announced later) and are registered at Depository Center at the end of the second trading day following the General Assembly Meeting date. The distribution date will be determined later.
- Increase the capital by granting shares as per the following:
  - Capital before increase (750) Millions SR, Capital after increase (1) Billion SR.
  - Percentage of Capital increase (33.33%).
  - Number of shares before Capital increase (75) Millions shares, Number of shares after Capital increase (100) Millions shares.
  - (1) bonus share for every (3) shares owned.
  - To commensurate with the size of the company's business and future expansions.
  - The increase in capitalization (250) Millions SR from the retained earnings.
  - The eligibility of the dividends shall be for shareholders owning shares by the end of trading day of the General Assembly meeting date (which will be announced later) and are registered at Depository Center at the end of the second trading day following the General Assembly Meeting date.
  - In the case of bonus shares fractions, the company will collect it in one portfolio then sell it at market price within (30 days) from finishing allocating the new shares to each shareholder.
  - The proposed grant is subject to obtaining necessary approvals from official authorities and Extraordinary general assembly meeting on the capital increase and number of granted shares.
- Distribution bonus of SAR (5.250) Million, the total fees of the BOD for the FY 2023, so that the total of rewards and benefits for the member of the board will be in accordance with the controls set by the Ministry of Trade and the Capital Market Authority.
- Distribution of bonus to the members of the (4) members of Audit Committee, each by the amount of (150) thousand riyals each for the year 2023.
- Allocation of a maximum amount of (3) Million SR to be disbursed during 2024 for community service and the delegation to the CEO of the company to disburse it according to practice.

- Approve the recommendation of the Audit Committee on in its meeting No. (1) of the seventh session regarding the selection of the External Auditor to audit the company's accounts from among the candidates, in order to examine, review and audit the financial statements for the year ending on 31/12/2024 AD and the 2nd , 3rd quarters of the FY 31/12/2024 AD and the 1st of the FY 2025 AD, and determining its fees, from among the offers submitted.
- Approval of the Board of Directors Report for the financial year ended 31 December 2023.
- Approval of the External Auditor report for the financial year ended 31 December 2023.
- Approval of the financial statements for the financial year ending on 31 December 2023.
- Clearance of the Chairman and members of the Board of Directors with respect to the management of the company for the year ended 31 December 2023.
- Approval of the contracts and businesses that took place between the company and the companies owned by some of the members of the Board of Directors as related parties and authorizing such transactions and contracts until the end of the fiscal year which ends on 31 December 2024 noting that the contracts do not have any preferential conditions and these transactions include the following:
  - Aldrees Industrial and Trading Company (ALITCO).
  - Seven Orbit Trading Co.
  - Hamad Mohammed Aldrees – owner of Al Manakh station.
  - Abdulmohsen Mohammed Aldrees - owner of Jizan Property that is being used for the workshop, office, and accommodation of Logistics and Transportation Division.
  - A hazardous waste management agreement contract was signed with the oil collection company to transport waste for a period of one calendar year, starting from the date of 14/12/2023 G. until the date of 13/12/2024, and it will be renewed automatically unless one of the other parties' delays (30) days before the end of the contract.
  - An operating agreement contract was signed with Al Sharif Technology and Innovation Company regarding the installation of electric vehicle charging stations at the company's commercial sites for a period of one calendar year starting from the date of receipt of the first site with the second party (the company) according to a receipt and delivery report. Renewal or extension will not take place until after obtaining Upon written approval from the company (the second party).



## RISK MANAGEMENT:

### POLICY:

To structure and formalize the risk management activities across the business units, the company has developed a risk management framework. The company business units are required to implement and use this common risk management framework.

The company treats risk inherent to its strategy to achieve its corporate and business units' objectives and to deliver superior shareholder returns. It is developing and implementing a common and systematic approach for managing risk across the company. This approach increases risk awareness, ensures the appropriate management of risk, and makes the business unit risk profiles transparent, thus enabling risk to be compared and aggregated and allowing one to take a portfolio approach to risk management.

The company business units are expected to actively anticipate and manage risk, taking advantage of opportunities and containing potential hazards in line with their risk tolerance. The external and internal risk facing the company business units are changing constantly and the business units are expected to proactively:



- Utilize experience through knowledge sharing.
- Deal with ambiguity, uncertainty and increasing complexity.
- Prioritize, make decisions, and implement solutions on a timely basis.
- Recognize and act on opportunities as they occur.
- Ensure results despite a changing business unit environment.





## Objectives of RM (Risk Management)

**The primary objectives of RM in the Company are:**

- “Keep the Company out of Trouble,” by ensuring effective and efficient management of risk and thereby, minimizing the likelihood of occurrence and the impact of risk incidents.
- “Make the Company’s Business Better,” by assisting the management in managing risk and leveraging risk opportunities.
- Foster a culture of risk awareness where management embraces Risk Management and accept ownership of risk and accountability for the management of those risks.
- Embed an efficient Risk Management process at the Company by optimizing the cost of managing business risk.
- Maintain a current and accurate assessment of all significant business risks at the company and ensure that appropriate risk treatment plans are in place.
- Provide required assurance to the Board and senior management with regards to the «Risk Management Process.”
- “Risk Management” is embedded in the management decision-making and strategic planning process.







## DEFINITIONS:

- Risk Management Policy - The present policy document summarizing the objectives and requirements for risk management.
- Risk Management Process - A common four-step process for identifying, assessing, responding to, and monitoring business unit risks.
- Roles and Responsibilities - Clearly defined responsibilities for managing and reporting on risks within line management and separately for supporting and auditing the risk management process.
- Risk Reporting - Common terminology, formats, and frequencies for reporting on key business unit risks.
- Risk Measurement - Common scales for measuring the likelihood and potential impact of risks.
- Risk Categorization - Common categories for risks, allowing risk consolidation and identification of key risk areas.
- Assurance Structure - An accompanying assurance structure, including a risk compliance auditor, which monitors and assures the application of the risk management framework within the business units.
- Support Structure - A dedicated support function (Risk Support Officer) and a set of common user-friendly tools that allow the business units to implement and apply the elements of the risk management framework.



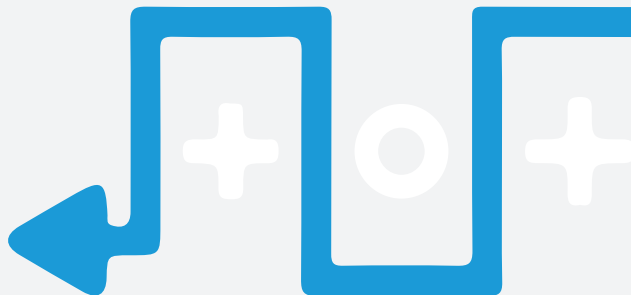
## PROCEDURES:

### Risk Strategy and Risk Tolerance

Risk is part of doing business and risk management is therefore part of day-to-day business management. The company aims to formalize risk management to the extent that business units will be able to apply best-practice techniques, to share knowledge and experience, and to make the key risks to the shareholders transparent.

The company aims to be risk aware, but not overly risk averse, and to actively manage business unit risks to protect and grow the business units. To achieve its business unit objectives, it recognizes that it will take on certain business unit risks.

It aims to take risks in an informed and proactive manner, such that the level of risk is consistent with the potential business unit rewards and that the company understands and can manage or absorb the impact of the risk if it materializes. The Management will establish such risk responses as required to achieve the business unit objectives in accordance with the acceptability of the risk. Quantified business unit risk tolerances will be formulated and regularly updated by management at group.





**Divisional and business-unit level, and likewise aim to actively avoid risks that could:**

- Negatively affect the safety of our employees or other stakeholders, such as customers.
- Negatively affect our reputation.
- Lead to laws or regulations being breached and legislation.
- Endanger the future existence of the company.





## Risk Management Requirements

To formalize risk management across company, and to set a common level of transparency and risk management performance, several requirements have been defined for the business units. The company group, divisions and business units are obliged to address the following requirements about risk management:

- Develop and review, at least annually, a statement on the risk tolerance of the group/division/business unit.
- Conduct a formalized risk assessment at least annually, this assessment to include the identification, prioritization, measurement, and categorization of all key risks that could potentially affect the business unit's objectives.
- Report annually on the key business unit risks as identified in company's risk reporting formats.
- Continuously monitor key risks and controls and implement appropriate risk responses where necessary.
- Formalize responsibilities for managing risk and for sustaining the company's risk management framework within the business unit.
- Monitor and review the application of the risk management framework.





## Assurance

The company has a corporate internal audit function that conducts a systematic program of operational and financial audits across the business units. Through the risk management process, the business units themselves are responsible for assessing their risks, for implementing appropriate controls, for monitoring risks and controls, and for gaining assurance that the risks are being managed as intended. Formalized assurance from a corporate level focuses on auditing how the business units apply the risk management framework. Operational and financial audits will be executed on a regular basis from corporate level. The outcome of the risk assessment process will be used as input for the audit planning by corporate audit.



## Risk Management Roles and Responsibilities

Risk management is primarily the responsibility of line management. Specific responsibilities for applying, supporting, and auditing the risk management processes are detailed in this section.





## Business Unit Management (Risk Management Officers of Divisions and HO Department)

Risk management is a normal part of day-to-day management practice. The specific responsibilities of business unit management with respect to structured risk management are to:

- Implement the risk management framework within the business unit.
- Develop and review the business unit's risk tolerance.
- Identify and assess the risks faced, and report material risk information annually as part of the budget and ad-hoc in the case of significant new risks arising.
- Manage the material risks within the business unit and ensure the actual risk profile is consistent with the risk tolerance.
- Develop and maintain an appropriate organization to facilitate the application of the risk management framework.





## Risk Management Committee

- Formulate and update the company's Risk Management Policy.
- Formulate the corporate risk tolerance; review and approve the business unit risk tolerance statements.
- Determine, communicate, and support the company's risk management approach to the business units.
- Review business unit risk reporting critically and provide feedback to the business units as part of the Three-year Planning process.
- Ensure that the appropriate structure, processes, and competences are in place across company to address the requirements set out in this policy.
- Report to the Supervisory Board and the Audit Committee on material risks.





## Audit Committee/Supervisory Board of Directors (BOD)

- Review and approve the risk management policy insofar as it is consistent with the company's corporate objectives.
- Review and approve the corporate risk tolerance (risk appetite).
- Be aware of the most significant risks across the business units and of whether management is responding appropriately.
- Review the portfolio of risks and consider it in the light of the corporate risk tolerance.
- Monitor and ensure the appropriate application of the risk management framework within the business units.



## Risk Support Officer

The Risk Support Officer is a dedicated part-time function at company level, which is filled by the Head of Internal Audit. The Risk Support Officer ensures that risk management is conducted in a structured, systematic, and continuous manner across the company business units.

**The Risk Support Officer's specific responsibilities are to:**

- Maintain company's risk management framework (tools and methodologies).
- Support business units in their use of these tools and methodologies.
- Maintain risk management communication within the company organization.
- If requested by a business unit, facilitate a risk assessment as part of the Three-year Plan and as part of support for key decisions.
- Provide an annual risk report for Company Holding, as well as a consolidated risk report.
- Coordinate and supply training in risk management.





## Risk Compliance Auditor

The Risk Compliance Auditor is responsible for reviewing and reporting on how well the business units are addressing the requirements set out in company's Risk Management Policy. The Risk Compliance Auditor is generally externally resourced and reports directly to the Audit and Compliance Committee.

**The Risk Compliance Auditor's specific responsibilities are to:**

- Evaluate and report on the compliance of the business units with company's Risk Management Policy.
- Evaluate controls in key risk areas on an ad-hoc basis.
- Evaluate compliance with other company policies on an ad-hoc basis.
- Review and report on the extent to which management has applied company's risk management framework.

Each one who has a desire for investment shall carefully study all information stated in this Report, including risk factors indicated below. The company activity, financial position, business results and cash flows may be adversely and materially affected in the event of occurrence of a risk factor that company management (Management) believes at.

The present time is important or any other risks that the Management could not identify or believes they are immaterial, or if the latter become significant. The occurrence of one or some of these risks may lead to a decline in the share price in the market; hence, the investor may lose the whole or part of its investment in company shares.



## **Risks related to Company Activity:**



## 1. Risks associated with legislations and regulations:

Petroleum and Transport services in Saudi Arabia shall be subject to specific instructions and rules to be complied with by the company, such as renewal of Transport License by the Ministry of Transport; a license to be regularly renewed before expiry thereof. Although the company renews the said license and did not previously face any obstacles in this regard, there is no guarantee for future renewal in the future, which may significantly influence the company's ability to continue transport activity.

A license must also be obtained for each station from the Ministry of Municipal and Rural Affairs and Civil Defense and the National Center for Environmental Compliance Monitoring to carry out the activity of fuel stations (each station separately), and the company's business may be affected if it is unable in the future to obtain these licenses for new stations or renew their existing ones.

A large number of the company's employees are non-Saudis (fuel station workers and trailer drivers). If more stringent requirements for Saudization are applied, the company may be adversely affected. It may be difficult to obtain visas for the purpose of labor recruitment. This will in turn cause inability to operate the stations and transport.

In general, any amendment to the regulations and instructions relating to company's business, including transport, loading, unloading and storage of petroleum products as well as hazardous and flammable substances, and to the requirements of environment protection and cafe licensing would materially increase the costs and burdens of the company, which may be negatively reflected on the company's financial position, business results and cash flows.

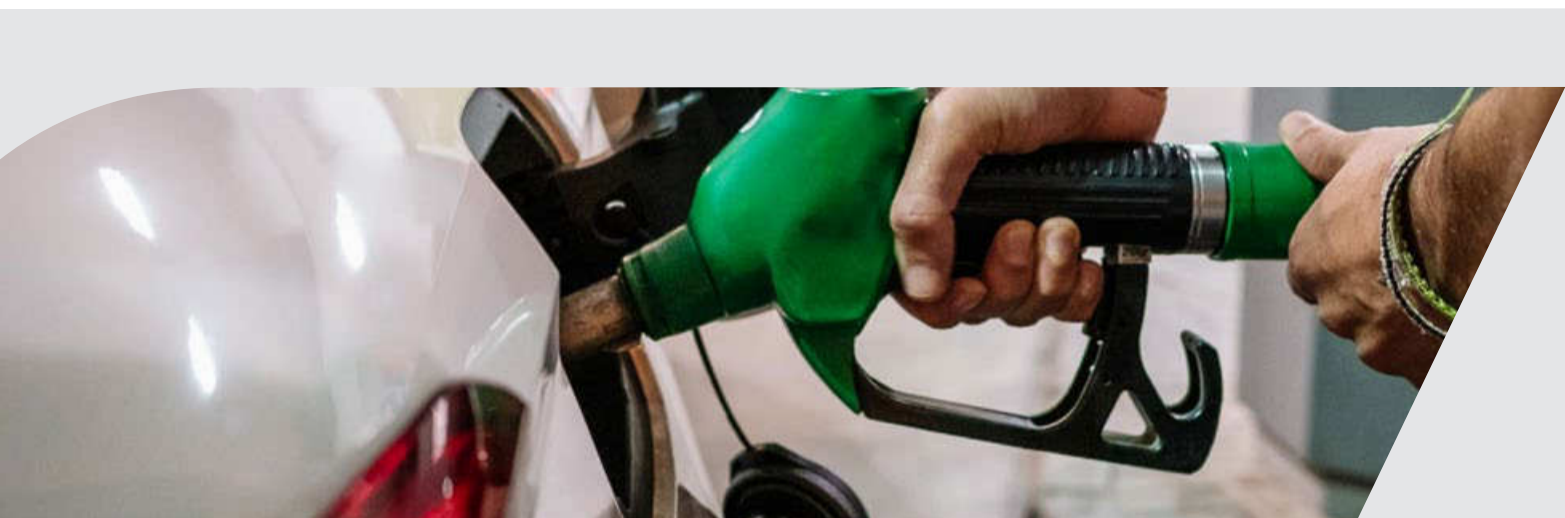
## 2. Reliance on Customers by Governmental Agencies and Companies:

The percentage of revenues earned from contracts signed with the amendment to the second line in 2023 is about 9.4% of the Petroleum Services total revenues, while Logistics and Transportation Division revenues depend on companies. Whereas the contracts are renewed through open tenders, but there is no guarantee that the same will be renewed in the future. In case of inability to renew these contracts, the company's financial position, business results and cash flows thereof may be adversely affected.

## 3. Risks associated with fuels availability and prices:

The company, like others engaged in the provision of petroleum services, relies on Saudi Aramco to obtain fuels. Therefore, any delay in the supplies received from Aramco or any change in the terms of contracts signed therewith in this regard may adversely affect the company's activity.

Any significant change in fuel prices by the official bodies will have a negative effect on profit margin and may adversely affect the company's main activities, business results and cash flows. Moreover, the company's financial position may be affected in general, in case of inability to keep up with any potential rise in fuel prices by increasing the prices of its services or reducing the operating costs.



#### 4. Risks associated with Insurance Coverage:

The company took all necessary measures to minimize any potential losses by purchasing insurance policies for Petroleum Services Division, covering public liability, vehicle accidents, fire and crime. The insurance policies for Logistics and Transportation Division cover vehicles, land transport services, liability against third party, fire and crime. The company net income, operation results and financial position may be affected as a result of any future losses pertaining to accidents or damages not covered by these policies or to accidents not covered by insurance such as terrorist acts and risks that may result from handling hazardous and toxic substances which may harm the environment or human beings.

#### 5. Reliance on Important Human Cadres:

The company depends on the efficiency and expertise of the Executive Management as well as important human cadres. It took several measures to reduce loss of such cadres or inability to find suitable alternatives in case of losing the same. The company does not guarantee the possibility to keep the working qualified human cadres or to find alternatives with the same degree of qualifications in case the same are lost; which may be negatively reflected on the company's revenues, business results and financial position.

## 6. Reliance on Certain Important Computer Programs:

The company relies effectively on Enterprise Resource Planning (ERP) System, which provides integrated results for the company's operations and facilitates information flow among departments. Any malfunction, failure or dispute regarding the property rights of this System may adversely affect the company's operations.

## 7. Risks associated with Market:

### A. Competitive Environment

There is no guarantee for the Company's ability to continue effective competition against existing or new companies in the market. Changes in the competitive environment may result in reduction of prices and profit margins as well as loss of the market share partially, which would adversely affect the company's profits.

### B. Excellence of Services

The provision of excellent services at reasonable prices is one of the most important factors that have made the company a strong competitor in the market. It cannot guarantee the inability of existing or potential competitors to provide services that might be better and more distinctive than those offered by the company, which may adversely affect the operating results.

### C. Mergers and Alliances

It is possible to merge or unite companies engaged in petroleum and transport services in order to constitute rapidly evolving competitive consortiums, which could enable the same to get a larger share in the market on the company's account.



## 8. Distribution of Profits:

The company's resolution on the distribution of any future profits depends on several factors, including profit realization, financial position, working capital requirements, distributable profits, credit limits available for company along with the general economic situation. It also relies on many other factors to be evaluated by the Board of Directors. Accordingly, the company does not assure the existing or prospective shareholders that any profits will be distributed in the future or confirm the amount of profits to be distributed in case of distribution approval.



## 9. Financial Risk:

Financial risk can occur if the company fails to provide adequate liquidity to meet the firm's obligations or manages financial risks in a manner that is inconsistent with the firm's business objectives. Its severity depends on several factors, which include the firm's size, industry, financial position (e.g., public/private, advantage, free cash flow to equity, etc.), and the direction of the market.

### 1-Price Risk:

The exposure of earnings or net worth to changes in market factors (e.g., interest rates, currency rates), which affect income, expense, or balance sheet value.

#### a. Interest Rate Risk

The risk that interest rates deviate from their expected value, resulting in lower-than-expected investment yields, higher-than-expected borrowing or product costs, or deterioration of the firm's competitive position in its industry.

#### b. Currency Risk

The exposure to fluctuations in exchange rates may arise as a result of business activity in foreign markets and investment in securities, which are issued by overseas entities or are denominated in a foreign currency.

#### c. Equity Risk

The exposure to fluctuations in the income stream and/or value of equity ownership in an incorporated entity.



#### d. Commodity Risk

This can be a financial market risk if a company chooses an investment as part of a diversification strategy for managing investment risk. From the industrial perspective, commodity risk is the exposure to fluctuations in prices of commodity-based materials or products (e.g., gold, energy, copper, coffee).

#### e. Financial Instrument Risk

Financial market risk can vary depending upon the particular segment of the market to which the holder of a financial instrument is exposed, or the way in which the exposure is structured.



## 2-Liquidity Risk:

The exposure to loss because of the inability to meet cash flow obligations in a timely and cost-effective manner. Liquidity risk often arises because of an investment portfolio with a cash flow and/or maturity profile, which differs from the underlying cash flows dictated by the company's operating requirements and other obligations.

### a.Cash Flow Risk

Actual losses incurred because of the inability to fund the operational or financial obligations of the business.

### b. Opportunity Cost Risk

The use of funds in a manner that leads to the loss of economic value, including time value losses, transaction costs due to inappropriate or inefficient management of cash flows, and other causes of loss of value.

### c. Concentration Risk

Exposure to loss because of the inability to access cash in a timely manner due to the inability to liquidate exposures without moving the market, unusual market conditions, use of "proprietary" financial products, or excessive reliance on a small number of funding sources.



### 3-Credit Risk:

The exposure to actual loss or opportunity cost because of default (or other failure to perform) by an economic or legal entity (the debtor) with which the company does business.

#### a. Default Risk

A counter party will be unable to fulfill its obligations.

#### b. Concentration Risk

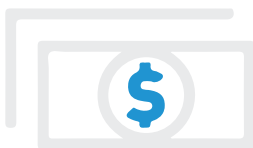
Inappropriate emphasis of sales volume or revenues on a single customer, industry sector, or other economic segment leads to exposure to excessive loss.

#### c. Settlement Risk

In financial terms, this risk arises when financial counterparties effect their payments to each other at different times or in different locations. In a non-financial context, settlement risk describes the risk of unexpected costs and/or administrative inconvenience, associated with the failure to deliver payment in the right place at the right time.

#### d. Collateral Risk

This is the risk that the value of an asset is provided as collateral for a loan, receivable, or commitment to perform may be partially or totally lost.



## 10- Information for Decision-Making Risk:

The risk that information used to support strategic, operational, and financial decisions is not relevant or reliable. This risk relates to the usability and timeliness of information that is either created or summarized by processes and application systems or a failure to understand information needs.

### 1-Operational Risk

- **Budget and Planning Risk:** Budgets and business plans are not realistic, based on appropriate assumptions, based on cost drivers and performance measures, accepted by key managers, or used as a monitoring tool.
- **Product/Service Pricing Risk:** The Company's price is more than customers are willing to pay or does not cover production and distribution costs.
- **Contract Commitment Risk:** The Company does not have information that effectively tracks contractual commitments outstanding at a point in time, so that the financial implications of decisions to enter to incremental commitments can be appropriately considered by decision-makers.
- **Measurement (Operations) Risk:** Process performance measures do not provide a reliable portrayal of operating performance and do not accurately reflect reality. The measures do not provide relevant information for decision-making because they are not informative, understandable, believable, actionable, or indicators of change.
- **Alignment Risk:** The objectives and performance measures of the company's business processes are not aligned with its overall business objectives and strategies. The objectives and measures do not focus people on the right things and lead to conflicting, uncoordinated activities.
- **Accounting Information Risk:** Financial accounting information used to manage business processes should be properly integrated with non-financial information focused on customer satisfaction, measuring quality, reducing cycle time, and increasing efficiency. To avoid myopic result, short-term fixation on manipulating the outputs of business processes to achieve financial targets, rather than fulfilling customer expectations by controlling and improving processes.



## 2-Public Reporting:

- **Financial Reporting Evaluation Risk:** Financial reports issued to existing and prospective investors and lenders include material misstatements or omit material facts, making them misleading.
- **Internal Control Evaluation Risk:** Failure to accumulate sufficient relevant and reliable information to assess the design and operating effectiveness of internal control over financial reporting, resulting in inaccurate assertions by management in the internal control report.
- **Executive Certification Risk:** Failure to accumulate sufficient, relevant, and reliable information to assess the design and operating effectiveness of disclosure controls and procedures, resulting in material information not being disclosed timely to certifying officers and in public reports.
- **Taxation Risk:** Significant transactions of the company have adverse tax consequences that could have been avoided had they been structured differently. Failure to comply with all tax regulations (e.g. payment and filing requirements) creates risks.
- **Regulatory Reporting Risk:** Reports of operating and financial information required by regulatory agencies are incomplete, inaccurate, or untimely, exposing the company to fines, penalties and sanctions.



### 3-Strategic Risk:

- **Environmental Scan Risk:** The failure to monitor and stay in touch with a rapidly changing environment, resulting in obsolete business strategies.
- **Business Model Risk:** The organization has an obsolete business model and does not recognize it and/or lacks the information needed to make an up-to-date assessment of its current model and build a compelling business case for modifying that model on a timely basis.
- **Business Portfolio Risk:** The risk that a firm will not maximize business performance by effectively prioritizing its products or balancing its businesses in a strategic context.
- **Investment Valuation/Evaluation Risk:** Management does not have sufficient financial information to make informed short-term and long-term investment decisions and link the risks accepted to the capital at risk. Management and key decision-makers are unable to reliably measure the value of a specific business or any of its significant segments in a strategic context.
- **Organization Structure Risk:** The Company's organizational structure does not support change or the company's business strategies.
- **Measurement (Strategy) Risk:** Occurs when overall organizational performance measures focus primarily on near-term financial results or are not consistent with and do not support business strategies.
- **Resource Allocation Risk:** The Company's resource allocation process does not establish and sustain competitive advantage or maximize returns for shareholders.
- **Planning Risk:** The Company's business strategies are not driven by creative and intuitive input or based on current assumptions about the external environment, resulting in strategies that are out-of-date and unfocused.

- **Lifecycle Risk:** An organization's approach to managing the movement of its product lines and evolution of its industry along the lifecycle (e.g., start-up, growth, maturity, and decline) threatens the ultimate success of its business strategies.
- **Compliance risk:** The objectives and performance procedures of the company's business operations are not consistent with the overall objectives and strategies. Objectives and actions do not focus on the right things and lead to inconsistent and conflicting activities.
- **Accounting information risk:** The financial accounting information used in managing business operations is not integrated with non-financial information focused on customer satisfaction, measuring quality, reducing cycle time, and increasing effectiveness. The result is a short look and a short-term fix in dealing with business process outputs to accomplish financial goals rather than meeting client expectations by controlling process improvement.





## Financial Results and Profits:

The following figures summarize the statement of financial position, statement of income, statement of cash flows for the fiscal years ended on 31 December 2023, 2022, 2021, 2020, 2019.



Table - Items of Assets, Liabilities and Equity

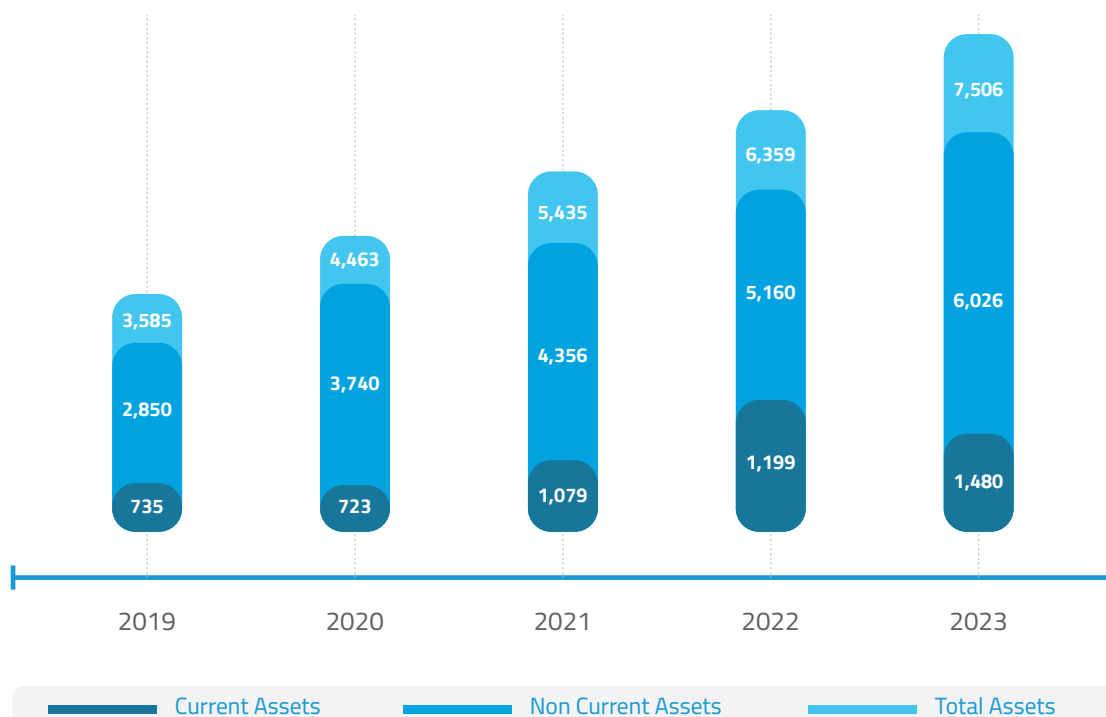
Statement	2023	2022	2021	2020	2019
Financial Position (In Thousand)	SR	SR	SR	SR	SR
Current asset	1,479,661	1,199,383	1,078,831	722,513	734,548
Current liabilities	2,606,881	2,227,618	1,702,400	1,248,406	1,160,452
Working capital	(1,127,220)	(1,028,235)	(623,569)	(525,893)	(425,904)
Other long-term assets	4,136,831	3,602,033	3,059,463	2,562,710	1,760,314
Fixed assets	1,889,638	1,557,278	1,297,099	1,177,530	1,090,358
Total assets	<b>7,506,130</b>	<b>6,358,694</b>	<b>5,435,393</b>	<b>4,462,753</b>	<b>3,585,220</b>
Current liabilities	2,606,881	2,227,618	1,702,400	1,248,406	1,160,452
Long-term loans	75,000	10,286	48,500	76,429	60,316
Other liabilities	3,588,329	3,011,446	2,689,343	2,245,436	1,489,685
Total liabilities	<b>6,270,210</b>	<b>5,249,350</b>	<b>4,440,243</b>	<b>3,570,271</b>	<b>2,710,453</b>
Paid capital	750,000	750,000	750,000	600,000	600,000
Reserves and retained earnings	485,920	359,344	245,150	292,482	274,767
Shareholders' equity	1,235,920	1,109,344	995,150	892,482	874,767
Total liabilities and shareholders' equity	<b>7,506,130</b>	<b>6,358,694</b>	<b>5,435,393</b>	<b>4,462,753</b>	<b>3,585,220</b>





Figure - Items of Assets, Liabilities and Equity.

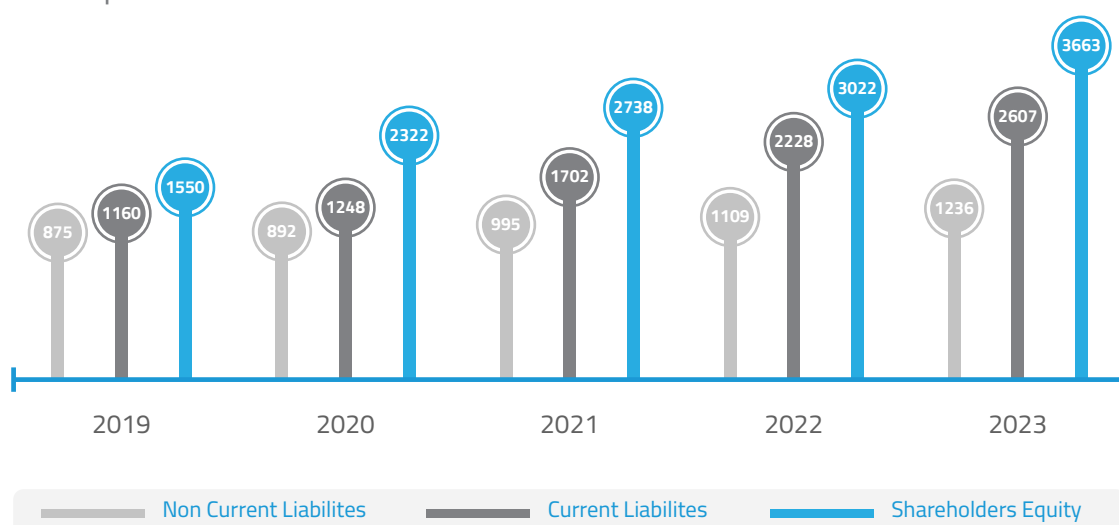
Growth of Total Current and Fixed Assets (In Million Riyals):



Company assets continued to grow through the past five years from 3,585 million Saudi riyals in 2019 to 7,506 million Saudi riyals in 2023.



Growth of Liabilities and Equity (in Million Riyals):



Equity also continued its growth during the past five years from 875 million Saudi riyals in 2019 to 1,236 million Saudi riyals in 2023.




**Table - Statement of Income**

Statement	2023	2022	2021	2020	2019
Income statement (in Thousands)	SR	SR	SR	SR	SR
Sales	14,834,059	12,356,079	9,109,615	4,974,081	5,681,129
Cost of sales	14,153,205	11,761,517	8,658,172	4,648,343	5,219,530
Total Profit	680,854	594,562	451,443	325,738	461,599
Sale expenses	4,981	7,417	4,897	3,308	5,113
General and administrative expenses	254,717	224,123	163,189	134,117	142,650
Income from main activities	421,156	363,022	283,357	188,313	313,836
Financing expenses	161,109	124,400	106,029	84,249	74,328
Provision For Contingent Liabilities	0.0	0.0	0.0	0.0	17,407
Other revenues	6,790	6,970	1,446	17,739	84,976
Profit (loss) of joint investment	975	1,477	3,911	4,527	917
Finance income	9,020	850	0.0	0.0	0.0
Interest income from investment at amortised cost	8,982	1,549	0.0	0.0	0.0
Income before Zakat	285,814	249,468	182,685	126,330	307,994
Zakat	5,000	7,641	5,880	5,247	16,250
Net income	280,814	241,827	176,806	121,083	291,744
(loss) Re-measurement for employees end of service	4,239	15,132	14,137	10,092	8,133
<b>Total Comprehensive Income</b>	<b>276,575</b>	<b>226,695</b>	<b>162,668</b>	<b>110,991</b>	<b>283,611</b>







Figure - Statement of Income (In Thousand riyals)

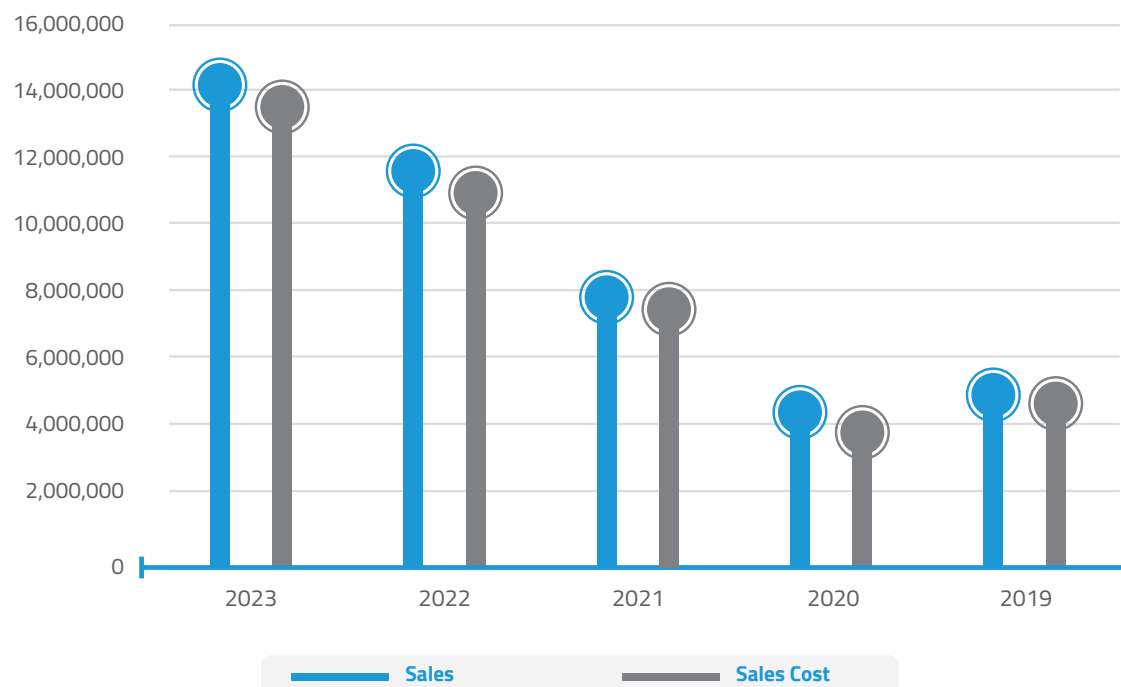


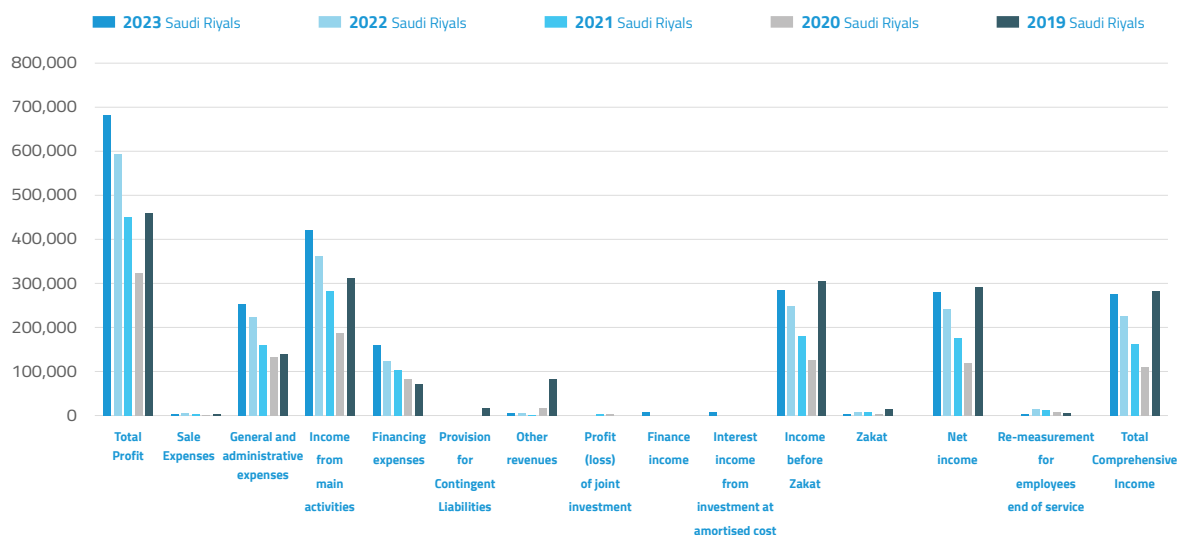


Table - Statement of Income as a percentage of Revenues

Statement	2023	2022	2021	2020	2019
Income statement (in Thousands)	SR	SR	SR	SR	SR
Sales	%100,00	%100,00	%100,00	%100,00	%100,00
Cost of sales	%95.41	%95.19	%95.04	%93.45	%91.87
Gross Profit	%4.59	%4.81	%4.96	%6.55	%8.13
Sale expenses	%0.03	%0.06	%0.05	%0.07	%0.09
General and administrative expenses	%1.72	%1.81	%1.79	%2.70	%2.51
Income From Operations	%2.84	%2.94	%3.11	%3.79	%5.52
Financing expenses	%1.09	%1.01	%1.16	%1.69	%1.31
Provision for Contingent Liabilities	%0.00	%0.00	%0,00	%0.00	%0.31
Other revenues	%0.05	%0.06	%0.02	%0.36	%1.50
Profit (loss) of joint investment	%0.01	%0.01	%0.04	%0.09	%0.02
Finance income	%0.06	%0.01	%0.00	%0.00	%0.00
Interest income from investment at amortised cost	%0.06	%0.01	%0.00	%0.00	%0.00
Income before Zakat	%1.93	%2.02	%2.01	%2.54	%5.42
Zakat	%0.03	%0.06	%0.06	%0.11	%0.29
Net income	%1.89	%1.96	%1.94	%2.43	%5.14
Re-measurement for employees end of service	%0.03	%0.12	%0.16	%0.20	%0.14
<b>Total Comprehensive Income</b>	<b>%1.86</b>	<b>%1.83</b>	<b>%1.79</b>	<b>%2.23</b>	<b>%4.99</b>



Figure - Statement of Income (In Thousand Riyals)





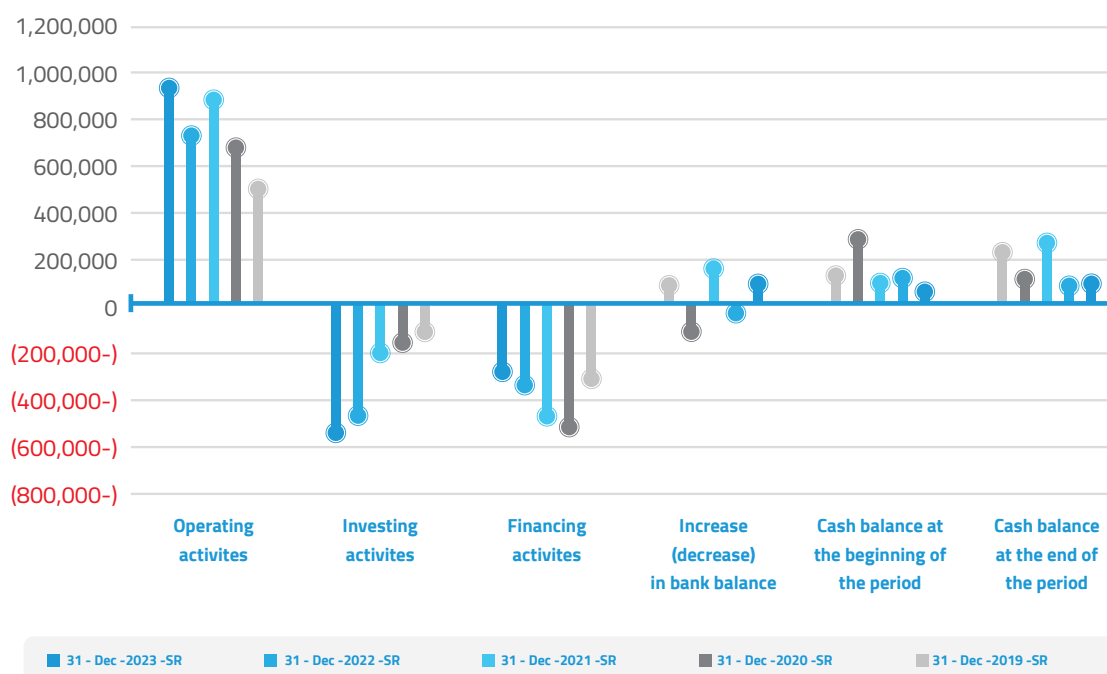
## Cash Flows:

Cash flows from operating activities are the main source for funding the company activities, profit distribution and capital expansions:

Cash flows	2023	2022	2021	2020	2019
Cash flows (In Thousands)	SR	SR	SR	SR	SR
Operating activities	974,086	772,759	899,288	710,818	525,657
Investing activities	(573,417)	(516,254)	(241,731)	(192,003)	(149,092)
financing activities	(316,985)	(382,302)	(460,552)	(540,003)	(324,480)
Increase (decrease) in bank balance	83,684	(125,797)	197,005	(21,188)	52,085
Cash balance at the beginning of the period	148,167	273,964	76,959	98,147	46,062
Cash balance at the end of the period	<b>231,851</b>	<b>148,167</b>	<b>273,964</b>	<b>76,959</b>	<b>98,147</b>



Figure - Cash Flows (Thousands Riyals)





## Total Geographical Analysis of Company Revenues and Subsidiaries

Year	Statement	Central Region	Eastern Region	Western Region	Qassim and Hail Region	Southern Region	Northern Region	Road Stations	Total
Geographical Analysis (In Million)		SR	SR	SR	SR	SR	SR	SR	SR
2023	Revenues								
	Fuel Sales	4,458.9	2,716.8	4,058.8	672.4	1,009.1	285.3	1,237.6	14,438.9
	Chemicals transport revenues	0.0	24.9	16.4	0.0	0.0	60.9	0.0	102.2
	Foodstuff transport revenues	13.7	43.4	72.6	0.0	0.0	21.7	0.0	151.4
	Revenues of fuel transport and others	22.4	38.7	39.2	6.3	8.5	26.5	0.0	141.6
	<b>Total</b>	<b>4,495.0</b>	<b>2,823.8</b>	<b>4,187.0</b>	<b>678.7</b>	<b>1,017.6</b>	<b>394.4</b>	<b>1,237.6</b>	<b>14,834.1</b>
2022	Revenues								
Geographical Analysis (In Million)		SR	SR	SR	SR	SR	SR	SR	SR
	Fuel Sales	3,769.3	2,466.2	3,339.7	525.4	718.5	334.6	894.1	12,047.8
	Chemicals transport revenues	0.0	34.5	12.9	0.0	0.0	45.8	0.0	93.2
	Foodstuff transport revenues	0.0	0.0	7.50	0.0	0.0	0.0	0.0	7.50
	Revenues of fuel transport and others	52.5	85.8	54.3	4.9	5.3	4.8	0.0	207.6
	<b>Total</b>	<b>3,821.8</b>	<b>2,586.5</b>	<b>3,414.4</b>	<b>530.3</b>	<b>723.8</b>	<b>385.2</b>	<b>894.1</b>	<b>12,356.1</b>



## Operation Results:

Statement	2023	2022	Changes (-) or (+)	Percentage change
Income statement (In Thousands)	SR	SR		
Sales	14,834,059	12,356,079	2,477,980	%20.1
Cost of sales	14,153,205	11,761,517	2,391,688	%20.3
Gross profit	680,854	594,562	86,292	%14.5
Financing expenses others	161,109	124,400	36,709	%29.5
Income from main activities	421,156	363,022	58,134	%16.0
Other revenues	25,767	10,846	14,921	%137.6

In the above income statement for the fiscal year ending December 31, 2023 compared to 2022 has increased, in 2023 the company achieved a revenue mounted to 14,834,1 million riyals compared with 12,356.1 million riyals in 2022, an increase of 20.1%. This is due to the increase in sales in the Petroleum & Transport Divisions. The revenues achieved by Petroleum Services Division and the Transportation Division represent 97.34% and 2.66% of the company's revenues for the year 2023, respectively. The operating profit generated from Company main business was 421.2 million Saudi riyals in 2023, while the same amounted to 363 million Saudi riyals in the previous year by the increase rate of 16%. Further, the net profit for 2023 was 280.8 million Saudi riyals while the same amounted to 241.8 million Saudi riyals in the previous year by the increase rate of 16.1%.

The reason for the increase of net profit for the current period compared with the same period of last year is due to the increase of Transport and Petrol Divisions sales, and the increase of deposit Income and the income from Sukuk investment, and decrease in Selling, Marketing, and Zakat expenses. Although there is an increase in General and administrative, and financial expenses, and a decrease in the investment profits in the joint venture and the other income.

The increase in total comprehensive income during the current period compared to the same period of the previous year, due to the decrease in the re-measurement losses of employees defined benefit obligations.

There is no difference to the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants - SOCPA.

Adjusting global income for the previous quarter and the difference resulting from the reclassification of other income Included in income before zakat.



# Subsidiaries:

## Investment in Joint Ventures:

On 21 Shaaban 1434 A.H. (corresponding to 30 June 2013), has extracted incorporation and commercial registration number 1010433172 Company concluded a joint venture agreement with Bertschi AG to establish a jointly managed firm with a capital of one million Saudi riyals owned equally by both companies, 50%- 50%, regarding the capital, investments, and profits. The new Company will be managed by an independent team comprising the two companies inside Saudi Arabia. Company will be engaged in providing services related to management of logistics and storage operations of chemical, industrial and service facilities as well as containers, and of chemicals transport tankers cleaning stations, taking into account that Bertschi is a Swiss Company engaged in the field of logistic and chemical transport services through land and sea tankers together with trains in Europe, China and Singapore.

On Rajab 10, 1436 H, 29 April 2015, the corporate memorandum of association completed and the issuance of Commercial Registration No. (1010433172) for Aldrees Bertschi limited Company for Logistics Services, with a capital of (one million) riyals equally between the two companies.

The apparent balance in the balance sheet for the period ended 31 December 2023 with an amount of (SR 2,390,899) (2021: 2,193,242) for (Al Drees Bertschi AG, the Swiss company).



The following is the movement in the investments account.

	Bertschi AG	Bertschi AG
	2023 SR	2022 SR
At the beginning of the period	15,693,748	14,216,933
Gain of joint venture	975,221	1,476,815
At 31 December	16,668,969	15,693,748



## INVESTMENT IN FINANCIAL ASSETS:

During 2023, the Company invested in sukuk inside the Kingdom of Saudi Arabia with an amount of SR 245 million (2022: 145 million), and these sukuk carry fixed interest returns of 5.25% , SIBOR + 1.25% , and 5.50% annually. The Company's management classified investments in sukuk at amortized cost as it passes solely payments of principal and interest (SPPI) based on the business model prepared by the Company's management.



Investments in financial assets consist of the following:

	2023	2022
	SR	SR
Investment at amortised cost:		
Investments in Sukuks Riyad Bank (fixed interest return of 5.25%)	100,000,000	100,000,000
Investments in Sukuks SAB (fixed interest return of SIBOR + 1.25%)	100,000,000	-
Investments in Sukuks Al-Rajhi Bank (fixed interest return of 5.50%)	45,000,000	45,000,000
Total investment at amortised cost	245,000,000	145,000,000
The movement in interest receivable from the investment was as follows:		
At the beginning of the year	1,548,958	-
Interest income earned during the year	8,982,166	1,548,958
Amounts received	(7,725,298)	-
At the end of the year (Note 14)	2,805,826	1,548,958



# 245

**Million Saudi  
Riyals**

## Profit Distribution Policy Description:

A description of any interest, contractual papers, and subscription rights belonging to members of the Board of Directors and their relatives In the company's shares or debt instruments.

Company annual net profits are distributed as follows:

1. Ten percent (10%) of the net profits shall be retained to form statutory reserve.
2. The Ordinary General Assembly may stop such retention when the said reserve reaches (30%) of the capital.
3. The Ordinary General Assembly may, upon the Board of Directors proposal, set aside a certain percentage of the net profits to form eventual reserve and assign the same for a certain purpose or purposes to the extent that it serves the interests of the Company or ensures the distribution of fixed profits - to the extent possible - to the shareholders.
4. The Ordinary General Assembly may decide to deduct amounts from the net profits for the establishment of social institutions for the employees of the company or to help the existing ones.
5. After that, a first payment, equivalent to (5%) of the paid capital, from the remaining profits shall be distributed to shareholders.
6. A percent not exceeding (10%) of the remaining profits shall be assigned to reward the Board of Directors, provided that the same shall not, in all cases, exceed the maximum limits allowed according to the decisions and instructions issued by the official authorities.

Already distributed cash dividends for the fiscal year 2022 with a total amount of (150) million Saudi Riyals, (2) Saudi Riyals per share. These distributed dividends represent (20%) of a share nominal value.

Recommendation of cash dividends for the fiscal year 2023 with a total amount of (75) million Saudi Riyals (1) Saudi Riyal per share shall be distributed. This will represent (10%) of a share nominal value.



## Payment of Profits:

The shareholder is entitled to his share of the profits according to the decision of the General Assembly issued in this regard. The eligibility of the dividends shall be for shareholders owning shares by the end of trading day of the General Assembly meeting date (which will be announced later) and are registered at Depository Center at the end of the second trading day following the General Assembly Meeting date. The distribution date to be announced accordingly.

The Board of Directors shall implement the resolution of the Ordinary General Assembly on the distribution of profits within the period specified for that purpose.

- There are no shares or debt instruments issued to each subsidiary.
- Description of any interest in voting shares of persons (other than directors and senior executives as well as their relatives) and any change in such rights during the fiscal year.

SR. No	Stakeholder Name	Beginning of Year		End of Year		Net Change	Change Ratio
		Number of shares	Debt instruments	Number of shares	Debt instruments		
			—		—		



- Description of any interest, contract papers, and underwriting rights belonging to members of the Board of Directors and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in those rights during the year.
- Description of any interest, contract papers, and underwriting rights belonging to members of the Board of Directors and their relatives in the shares or debt instruments of the company.

	Stakeholder Name	Beginning of Year		End of Year		Net Change	Change Ratio
		Number of shares	Debt instrument	Number of Shares	Debt instrument		
1	Mr. Hamad bin Mohammed Aldrees	2,835,060	–	2,835,060	–	–	–
2	Eng. Abdulmohsen bin Mohammed Aldrees	3,420	–	3,420	–	–	–
3	Mr. Eid bin Fali Alshamri	6,050	–	6,050	–	–	–
4	Mr. Adil bin Faris Alotaybi (former member)	–	–	–	–	–	–
5	Eng. Abdulelah bin Saad Aldrees	3,000	–	3,000	–	–	–
6	Mr. Shehail Abdulaziz Ahmed Al-Shehail (former member)	–	–	–	–	–	–
7	Mr. Salman Mohammed Suleiman Al-Sehebani (former member)	–	–	–	–	–	–
8	Mr. Mohamad Abdullatif Al-Omair	–	–	100	–	100	0.0001
9	Mr. Farraj Saad Al-Qabbani	–	–	100	–	100	0.0001
10	Mr. Basil Ali Al Faris	–	–	–	–	–	–
11	Mr. Mohamad Salem Ali Musa	–	–	–	–	–	–

- Description of any interest, contract papers, and underwriting rights of the senior executives and their relatives in the shares or debt instruments of the company.

	Stakeholder Name	Beginning of Year		End of Year		Net Change	Change Ratio
		Number of shares	Debt instrument	Number of Shares	Debt instrument		
1	Eng. Abdulelah Bin Saad Aldrees	3000	–	3000	–	–	–
2	Mr. Khalid Bin Abdulmohsen Aldrees	–	–	–	–	–	–
3	Mr. Khalid Bin Abdulrahman Al Saheim	–	–	–	–	–	–
4	Mr. Amro Mahmoud Abouelmaaty Siam	–	–	–	–	–	–
5	Mr. Salama Bin Mufreh Al-Daghish	–	–	–	–	–	–

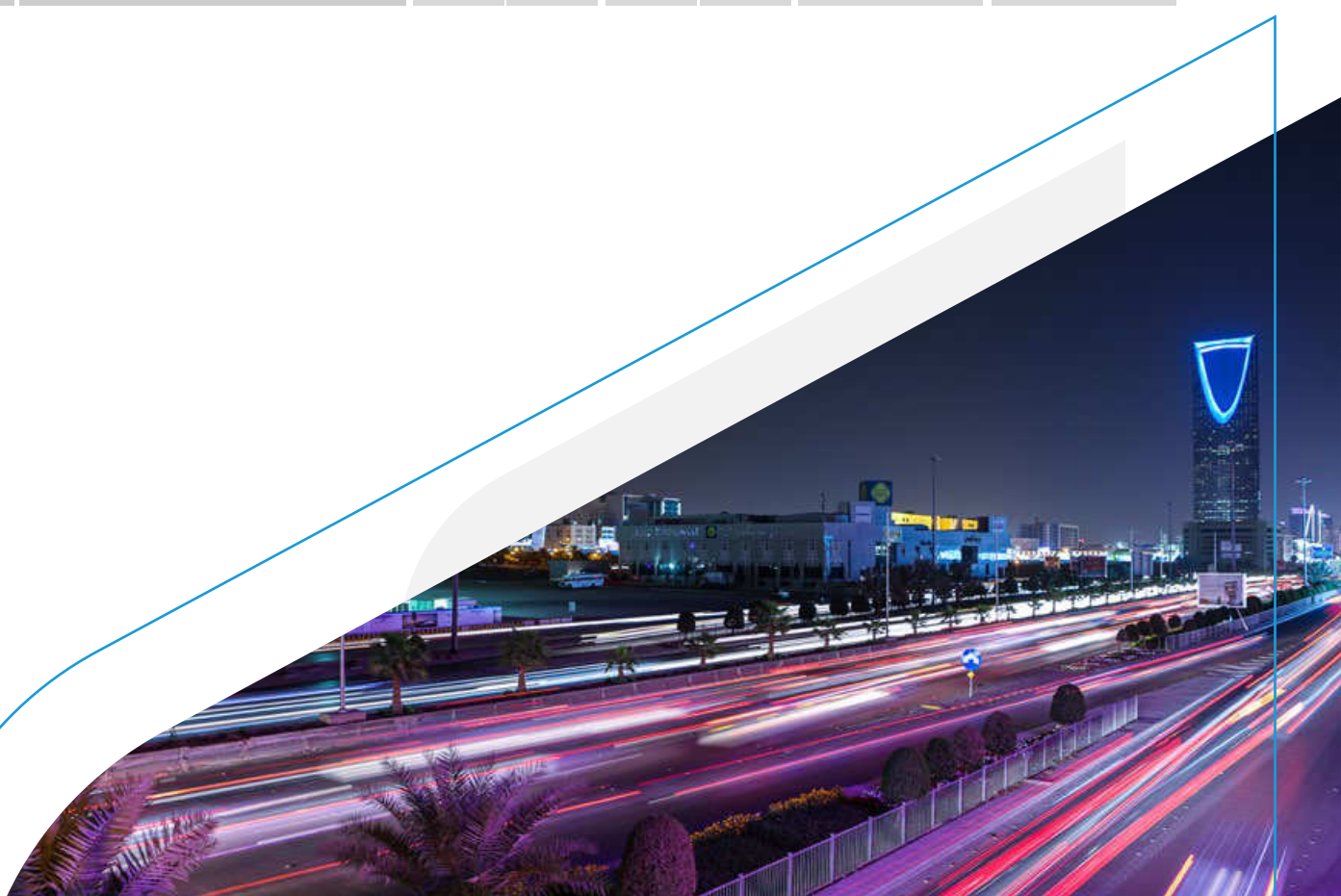


- There is no description of any interest, contract papers, and underwriting rights belonging to members of the Board of Directors and their relatives in the shares or debt instruments of the subsidiaries company.

	Stakeholder Name	Beginning of Year		End of Year		Net Change	Change Ratio
		Number of shares	Debt instrume	Number of Shares	Debt instrume		
1		–	–	–	–	–	–
2		–	–	–	–	–	–

- There is no description of any interest, contract papers, and underwriting rights of the senior executives and their relatives in the shares or debt instruments of the subsidiaries company.

	Stakeholder Name	Beginning of Year		End of Year		Net Change	Change Ratio
		Number of shares	Debt instrume	Number of Shares	Debt instrume		
1		–	–	–	–	–	–
2		–	–	–	–	–	–







Detailed table indicating ownership of directors, Senior executives as well as their spouses and minor children of Company shares

Name	Number of shares at the beginning of year	Ownership ratio at the beginning of year	Net change of shares number during the year	change ratio during the year	Total shares at the end of year	Total ownership ratio at the end of year
Mr. Hamad Mohammed Aldrees	2,835,060	3.7601	-	-	2,835,060	3.7801
Eng. Abdulmohsen bin Mohammed Aldrees	3,420	0.0046	-	-	3,420	0.0046
Mr. Eid bin Fali Alshamri	6,050	0.0081	-	-	6,050	0.0081
Eng. Abdulalah bin Saad Aldrees	3,000	0.0040	-	-	3,000	0.0040
Mr. Adil bin Faris Alotaybi (former member)	-	-	-	-	-	-
Mr. Shehail Abdulaziz Ahmed Al-Shehail (former member)	-	-	-	-	-	-
Mr. Salman Mohammed Suleiman Al-Sehebani (former member)	-	-	-	-	-	-
Mr. Mohamad Abdullatif Al-Omair	-	-	100	-	100	0.0001
Mr. Farraj Saad Al-Qabbani	-	-	100	-	100	0.0001
Mr. Basil Ali Al Faris	-	-	-	-	-	-
Mr. Mohamad Salem Ali Musa	-	-	-	-	-	-
Mr. Khalid bin Abdulmohsin Aldrees	-	-	-	-	-	-
Mr. Khalid Bin Abdulrahman Al Saheim	-	-	-	-	-	-
Mr. Amro Mahmoud Abouelmaaty Siam	-	-	-	-	-	-
Mr. Salama bin Mufreh Al-Daghish	-	-	-	-	-	-

- There is no description of categories and numbers of any transferable debt instruments and any contractual securities or memorandums of subscription right or similar rights issued or granted by Company during the current year. Moreover, there is no consideration obtained by Company against the same.
- There is no transfer or subscription rights under transferable debt instruments and any contractual securities or memorandums of subscription right or similar rights issued or granted by Company.
- There is no recovery, purchase, or cancellation on the part of Company regarding any recoverable debt instruments as well as the remaining securities value, provided that the listed securities purchased by Company shall be differentiated from those purchased by the subsidiaries thereof.
- There are no treasury shares held by the Company.

# Rewards of Board Directors

## Remuneration for Members of the Board Directors and Senior Executives for the Year 2023

The Nomination, Reward & Governance Committee has ongoing review of salaries, bonuses, and benefits of the members, in accordance with the official decisions and instructions issued in this regard and the main article of the company, and the achieved results in the performance of the operating company, then submit its recommendations to the BOD. The members are entitled to get attendance allowance in case the BOD decides to grant this allowance to all members who attend the meetings, and the BOD acknowledges based on the recommendations of the Nomination, Reward & Governance Committee the allowances earned by members of the Board for their services (as employees or administrators or technical works, or consultant).

There is no material deviation from the rewards awarded and the applicable remuneration policy.





## Compensations and awards of board members and executives (Present)

			Fixed Compensations							Senior Executive Compensations						End of service	Grand total	Expenses allowance
			Certain amount	Meeting attendance allowance	Total allowance for attending committees	In - kind benefits	Administrative officers or for technical administrative or consultancy services	Awards for chairman, CEO or secretary if from board member	Total	Percentage of profits	Periodic rewards	Short term incentive plans	Long term incentive plans	Granted shares, insert value	Total			
First: Independent members																		
1	MR. Mohammed Abdullatif Al Omair	-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	
2	MR. Faraj Saad Al-Gabani	-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	
3	MR. Basel Ali Ahmed Al-Faris	-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	
4	MR. Mohammed Salem Ali Mussa	-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	
Total		-	20,000	-	-	-	-	20,000	-	-	-	-	-	-	-	20,000	-	
Second: Non-executive members																		
1	Mr. Hamad bin Mohammed Aldrees	-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	
2	Eng. Abdulmohsen bin Mohammed Aldrees	-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	
3	Mr. Eid Fahih Alshamri	-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	
Total		-	15,000	-	-	-	-	15,000	-	-	-	-	-	-	-	15,000	-	
Third: Executive members																		
1	Eng. Abdullah bin Saad Aldrees	-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	
Total		-	5,000	-	-	-	-	5,000	-	-	-	-	-	-	-	5,000	-	



## Compensations and awards of board members and executives (previous)

		Fixed Compensations							Senior Executive Compensations						End of service	Grand total	Expenses allowance
		Certain amount	Meeting attendance allowance	Total allowance for attending committees	In - kind benefits	Administrative officers or for technical administrative or consultancy services	Awards for chairman, CEO or secretary if from board member	Total	Percentage of profits	Periodic rewards	Short term incentive plans	Long term incentive plans	Granted shares, insert value	Total			
First: Independent members																	
1	Mr. Adil bin Faris Alotaybi	-	28,000	39,000	-	-	-	67,000	-	750,000	-	-	-	750,000	-	817,000	-
2	Mr. Shahil Abdulaziz Ahmed Al-Shuhail	-	28,000	13,000	-	-	-	41,000	-	750,000	-	-	-	750,000	-	791,000	-
3	MR. Salman Mohammed Suleiman Al-Suhaibani	-	28,000	18,000	-	-	-	46,000	-	750,000	-	-	-	750,000	-	796,000	-
Total		-	84,000	70,000	-	-	-	154,000	-	2,250,000	-	-	-	2,250,000	-	2,404,000	-
Second: Non-executive members																	
1	Mr. Hamad bin Mohammed Aldrees	-	28,000	-	-	-	-	28,000	-	750,000	-	-	-	750,000	-	778,000	-
2	Eng. Abdulmohsen bin Mohammed Aldrees	-	28,000	18,000	-	-	-	46,000	-	750,000	-	-	-	750,000	-	796,000	-
3	Mr. Eid Fahih Alshamri	-	28,000	39,000	-	-	-	67,000	-	750,000	-	-	-	750,000	-	817,000	-
Total		-	84,000	57,000	-	-	-	141,000	-	2,250,000	-	-	-	2,250,000	-	2,391,000	-
Third: Executive members																	
1	Eng. Abdulilah bin Saad Aldrees	-	28,000	18,000	-	-	-	46,000	-	750,000	-	-	-	750,000	-	796,000	-
Total		-	28,000	18,000	-	-	-	46,000	-	750,000	-	-	-	750,000	-	796,000	-



## Senior Executive Compensations

Five of the senior executives who received the highest rewards and compensations plus the Chief Executive Officer and Chief Financial Officer	Fixed Compensations				Variable Compensations						End of service Award	Total compensations of executive members, if any	Gross
	Salaries	Allowances	In - kind benefits	Total	Periodic rewards	Percentage of profits	Short term incentive plans	Long term incentive plans	Granted shares insert value	Total			
	6,420,000	3,858,904	-	10,278,904	19,940,414	-	-	-	-	19,940,414	1,214,498	750,000	32,183,816





## Compensations Of Committees Members

		Fixed bonus Except attendance allowance	Allowance for attending Board Meetings	Total
<b>Members of Audit Committee</b>				
1.	Mr. Adil bin Faris Alotaybi	150,000	26,000	176,000
2.	Mr. Eid Falih Alshamri	150,000	26,000	176,000
3.	Mr. Khalid Mohammed Al Khuater	150,000	26,000	176,000
4.	Mr. Saad Hamad Aldrees	150,000	26,000	176,000
Total		600,000	104,000	704,000
<b>Member of Nomination, Reward &amp; Governance Committee</b>				
1.	Mr. Adil bin Faris Alotaybi	-	13,000	13,000
2.	Mr. Eid Falih Alshamri	-	13,000	13,000
3.	Mr. Shehail Abdulaziz Ahmed Al-Shehail	-	13,000	13,000
Total		-	39,000	39,000
<b>Member of Executive Committee</b>				
1.	Eng. Abdulmohsen Mohammed Aldrees	-	18,000	18,000
2.	Mr. Hussain bin Abdulrahman Alazel	-	18,000	18,000
3.	Eng. Abdulelah Saad Aldrees	-	18,000	18,000
4.	Mr. Salman Mohammed Suleiman Al-Sehebani	-	18,000	18,000
Total		-	72,000	72,000



## Loans





## Loans

Company obtains Islamic banking facilities from local banks on down payments in the current account as follows:



Table - Loans

Statement	2023	2022
Loan No. 1	10,285,714	30,857,143
Loan No. 2	-	220,000,000
Loan No. 3	100,000,000	-
Loan No. 4	100,000,000	-
Loan No. 5	200,000,000	-
Loan No. 6	60,000,000	-
<b>Total</b>	<b>470,285,714</b>	<b>250,857,143</b>



Loan Maturities

Statement	In Thousands Riyals	In Thousands Riyals
	2023	2022
Less than a year	395,285,714	240,571,429
From one to two years	25,000,000	10,285,714
From two to five years	50,000,000	-
More than five years	-	-
<b>Total</b>	<b>470,285,714</b>	<b>250,857,143</b>



Table - Movement of Loans for 2023 (In Million Riyals)

Donator	Principal	Loans	Duration	Balance at the beginning of the year	Amount paid during the year	Issue Date	Maturity Date
Samba Bank	72	Long term	48 months	30.9	20.6	9/6/2020	19/05/2024
Riyad Bank	100	Long term	48 months	0	0	12/27/2023	12/26/2027
Riyad Bank	80	Short term	10 days	0	80	7/30/2023	8/7/2023
Riyad Bank	100	Short term	8 days	0	0	12/27/2023	1/3/2024
National Bank	170	Short term	8 days	170	170	28/12/2022	1/4/2023
National Bank	75	Short term	12 days	0	75	1/29/2023	2/9/2023
National Bank	110	Short term	8 days	0	110	3/29/2023	4/5/2023
National Bank	200	Short term	12 days	0	200	4/30/2023	5/11/2023
National Bank	50	Short term	15 days	0	50	4/30/2023	5/14/2023
National Bank	20	Short term	8 days	0	20	5/11/2023	5/18/2023
National Bank	80	Short term	14 days	0	80	5/29/2023	6/11/2023
National Bank	200	Short term	8 days	0	200	5/29/2023	6/6/2023
National Bank	150	Short term	12 days	0	150	7/30/2023	8/10/2023
National Bank	150	Short term	17 days	0	150	7/30/2023	8/15/2023
National Bank	100	Short term	9 days	0	100	8/30/2023	9/7/2023
National Bank	100	Short term	8 days	0	100	9/27/2023	10/4/2023
National Bank	30	Short term	8 days	0	30	10/30/2023	11/6/2023
National Bank	35	Short term	8 days	0	35	10/29/2023	11/5/2023
National Bank	125	Short term	8 days	0	125	11/29/2023	12/6/2023
National Bank	60	Short term	14 days	0	0	12/27/2023	1/9/2024
SAB BANK	50	Short term	8 days	50	50	28/12/2022	1/4/2023
SAB BANK	200	Short term	9 days	0	200	1/29/2023	2/6/2023
SAB BANK	100	Short term	8 days	0	100	3/1/2023	3/8/2023
SAB BANK	100	Short term	8 days	0	100	4/27/2023	5/4/2023
SAB BANK	80	Short term	7 days	0	80	7/3/2023	7/10/2023

Donator	Principal	Loans	Duration	Balance at the beginning of the year	Amount paid during the year	Issue Date	Maturity Date
SAB BANK	200	Short term	16 days	0	200	8/29/2023	9/13/2023
SAB BANK	200	Short term	16 days	0	200	9/27/2023	10/12/2023
SAB BANK	200	Short term	8 days	0	200	10/29/2023	11/5/2023
SAB BANK	200	Short term	15 days	0	200	11/29/2023	12/13/2023
SAB BANK	200	Short term	13 days	0	0	12/27/2023	1/8/2024
EMIRATES BANK	150	Short term	10 days	0	150	2/28/2023	3/9/2023
EMIRATES BANK	100	Short term	13 days	0	100	3/28/2023	4/9/2023
EMIRATES BANK	50	Short term	11 days	0	50	4/27/2023	5/7/2023
EMIRATES BANK	150	Short term	18 days	0	150	5/29/2023	6/15/2023
EMIRATES BANK	150	Short term	7 days	0	150	7/3/2023	7/10/2023
EMIRATES BANK	150	Short term	8 days	0	150	7/27/2023	8/3/2023
EMIRATES BANK	150	Short term	8 days	0	150	8/29/2023	9/5/2023
EMIRATES BANK	150	Short term	12 days	0	150	9/27/2023	10/8/2023
EMIRATES BANK	150	Short term	12 days	0	150	10/29/2023	11/9/2023
EMIRATES BANK	150	Short term	12 days	0	150	11/29/2023	12/10/2023
Al Jazira Bank	50	Short term	12 days	0	50	2/28/2023	3/12/2023
Al Jazira Bank	50	Short term	8 days	0	50	3/28/2023	4/4/2023
Al Jazira Bank	50	Short term	16 days	0	50	5/29/2023	6/13/2023
Al Jazira Bank	50	Short term	11 days	0	50	7/3/2023	7/13/2023
Al Jazira Bank	50	Short term	11 days	0	50	7/27/2023	8/6/2023
Al Jazira Bank	50	Short term	10 days	0	50	8/29/2023	9/7/2023
Al Jazira Bank	50	Short term	9 days	0	50	9/27/2023	10/5/2023
Al Jazira Bank	50	Short term	12 days	0	50	10/29/2023	11/9/2023
Al Jazira Bank	50	Short term	8 days	0	50	11/29/2023	12/6/2023
<b>Total</b>	<b>5,337.00</b>	<b>-</b>	<b>-</b>	<b>250.9</b>	<b>4825.6</b>	<b>-</b>	<b>-</b>



Table - Movement of Loans for 2022 (In Million Riyals)

Donator	Principal	Loans	Duration	Balance at the beginning of the year	Amount paid during the year	Issue Date	Maturity Date
Albilad Bank	50	Long term	48 months	25	25	12/12/2019	12/12/2023
Riyad Bank	150	Long term	14 days	0	150	04/26/2022	09/05/2022
National Bank	70	Short term	20 day	0	70	07/27/2022	08/15/2022
National Bank	200	Short term	11 days	0	200	10/30/2022	11/10/2022
National Bank	150	Long term	8 days	0	150	11/29/2022	06/12/2022
Samba bank	72	Long term	48 months	56.6	25.7	06/09/2020	05/19/2024
Sabb Bank	75	Short term	8 days	0	75	01/03/2022	03/08/2022
Sabb Bank	100	Short term	8 days	0	100	03/29/2022	04/05/2022
Sabb Bank	150	Short term	17 days	0	150	04/26/2022	05/12/2022
Sabb Bank	150	Short term	9 days	0	150	05/29/2022	06/06/2022
Sabb Bank	80	Short term	9 days	0	80	06/29/2022	07/07/2022
Sabb Bank	50	Short term	15 days	0	50	06/29/2022	07/13/2022
Sabb Bank	100	Short term	8 days	0	100	07/28/2022	04/08/2022
Sabb Bank	100	Short term	15 days	0	100	07/27/2022	10/08/2022
Sabb Bank	150	Short term	8 days	0	150	08/29/2022	05/09/2022
Sabb Bank	200	Short term	9 days	0	200	09/28/2022	06/10/2022
Emirates bank	150	Short term	8 days	0	150	10/27/2022	03/11/2022
Emirates bank	150	Short term	7 days	0	150	11/28/2022	05/12/2022
Alrajhi Bank	50	Short term	7 days	0	50	06/29/2022	05/07/2022
Alrajhi Bank	90	Short term	11 days	0	90	08/29/2022	09/08/2022
Alrajhi Bank	60	Short term	12 days	0	60	09/28/2022	10/10/2022
<b>Total</b>	<b>2,347.00</b>	<b>-</b>	<b>-</b>	<b>81.6</b>	<b>2,275.7</b>	<b>-</b>	<b>-</b>





## Board of Directors Meetings







During the year 2023, the Board of Directors held SIX meetings. The following table includes the relevant attendance sheet

#### Board of Directors meetings (previous)

NO.	Name	Dates of the Board of Directors Meetings 2023					
		1/22	5/03	7/16	7/17	9/10	10/17
1.	Hamad bin Mohammed Aldrees	■	■	■	■	■	■
2.	Eng. Abdulmohsen bin Mohammed Aldrees	■	■	■	■	■	■
3.	Eng. Abdulelah bin Saad Aldress	■	■	■	■	■	■
4.	Eid bin Fali Alshamri	■	■	■	■	■	■
5.	Adel bin Faris Alotaybi	■	■	■	■	■	■
6.	Mr. Shahil Abdulaziz Ahmed Al-Shuhail	■	■	■	■	■	■
7.	MR. Salman Mohammed Suleiman Al-Suhaibani	■	■	■	■	■	■

■ Attendance in person ■ Attendance by proxy through another director ■ Apology

#### Board of Directors meetings (current)

NO.	Name	Dates of the Board of Directors Meetings 2023	
		24/12/2023	
1.	Hamad bin Mohammed Aldrees	■	
2.	Eng. Abdulmohsen bin Mohammed Aldrees	■	
3.	Eng. Abdulelah bin Saad Aldress	■	
4.	Eid bin Fali Alshamri	■	
5.	Eng. Mohamad Abdullatif Al-Omair	■	
6.	Mr. Farraj Saad Al-Qabbani	■	
7.	Mr. Basil Ali Al Faris	■	
8.	Mr. Mohamad Salem Ali Musa	■	

■ Attendance in person ■ Attendance by proxy through another director ■ Apology



Record the Company's applications for the register of shareholders, the dates of such applications, and their reasons

Number of the company's applications for the register of shareholders	The date of application	Reasons for the request
(1)	2023/01/17	Company procedures
(2)	2023/04/30	General Assembly
(3)	2023/05/09	General Assembly
(4)	2023/05/24	Other
(5)	2023/08/16	Other
(6)	2023/10/24	Company procedures
(7)	2023/11/06	General Assembly



list of the dates of the General Assembly of shareholders held during the fiscal year 2023 and the names of the members of the Board of Directors present those meetings

	Name	Attendance Record	
		Assembly meeting 01/05/2023	Assembly meeting 06/11/2023
1.	Hamad bin Mohammed Aldrees	■	■
2.	Eng. Abdulmohsen bin Mohammed Aldrees	■	■
3.	Eng. Abdulelah bin Saad Aldress	■	■
4.	Eid bin Falih Alshamri	■	■
5.	Adel bin Faris Alotaybi	■	■
6.	Mr. Shahil Abdulaziz Ahmed Al-Shuhail	■	■
7.	MR. Salman Mohammed Suleiman Al-Suhaibani	■	■

■ Attendance in person ■ Attendance by proxy through another director ■ Apology

**The Board of Directors acknowledges** that there are no competing businesses for the company's activity or its branches and which any member of the Board of Directors is or was engaged in.



Transactions with related parties during the FY2023 continued for some contracts in which Aldrees was a party and in which there was an interest for some members of the Board of Directors and some of these contracts were agreed upon from previous years and come as an extension of continuous relations and there is an interest in members of the Board of Directors in the company's private contracts:

	The name of the member / senior executive or any person related to any of them	Name of the related party	Terms of the contract	Nature of the contract	Duration of the contract	Contract value is in million riyals
1.	Engineer / Abdul-Mohsen bin Muhammad Al-Drees - Mr. Hussein bin Abdulrahman Al-Athel	Aldrees Industry and Trade Company (ALITCO) tools and equipment sector	There are no preferential conditions	Buying gasoline pumps, who is the agent of Dressroen pumps (American/Brazilian), noting that the prices are competitive during the year and there is no specific contract for a period of (renewable)	Annual	18,5
2.	Mr / Hamad bin Muhammad Al-Drees - Chairman of Board of Directors	Mr. Hamad bin Muhammad Al-Drees - Chairman of the Board of Directors	There are no preferential conditions	Al-Manakh station rent	16 years and the remaining 12 years	1,250
3.	- Mr. Hamad bin Muhammad Al-Drees / The Seven Orbits Engineer / Abdul-Mohsen bin Muhammad Al-Drees - Mr. Hussein bin Abdulrahman Al-Athel	Seven Orbits 50% investment with Aldrees Industry and Trade (ALITCO)	There are no preferential conditions	Rent Al-Noor station, Dhahran, in the Eastern Province	17 years remaining 12 years	0,650
4.	- Mr. Hamad bin Muhammad Al-Drees / The Seven Orbits Engineer / Abdul-Mohsen bin Muhammad Al-Drees - Mr. Hussein bin Abdulrahman Al-Athel	Seven Orbits 50% investment with Aldrees Industry and Trade (ALITCO)	There are no preferential conditions	Rent the modern light station in the eastern region	15 years The remaining 11 years	0,400
5.	Engineer / Abdul Mohsen bin Muhammad Al-Drees, Deputy Chairman of the Board of Directors	Engineer Abdul Mohsen bin Muhammad Al Drees - Vice Chairman of the Board of Directors	There are no preferential conditions There are no preferential conditions	Rent a site in Jizan for the conveyor sector as workshop, management and housing	Annual	0,200

Refer to the company's financial statements, note No. (16) on page (31&32), balances and transactions with related parties.

Note that these transactions with the relevant authorities were approved by the Board of Directors and a declaration of approval was obtained from the Eighth Ordinary General Assembly held on 01/05/2023 on these transactions, noting that there are no preferential conditions for these transactions.

The Board of Directors acknowledges that no such deal or contracts have been submitted.

A statement will be taken from the General Assembly on related transactions according to the approved conditions for the year 2024.

The Board of Directors acknowledges that there are no Deal or contracts that have not been submitted.

Permission will be obtained from the general assembly regarding the relevant transactions according to the conditions approved for the year 2023.

- There is no arrangement or agreement whereby a director or a senior executive waives any salary or compensation.
- There is no arrangement or agreement whereby a Company shareholder waives any rights pertaining to profits.



Table - Accrued Regular Payments:

Statement	2023		Description	Reasons
	Amount paid during the year	The end of the annual financial period has not yet been paid		
Zakat	7,788,338	9,092,497	Zakat is provided on accrual basis in accordance with the Regulations of the General Authority for Zakat and Income ("DZIT")	These are dues for the year and previous years
General Organization for Social Insurance	22,164,382	1,914,812	Social Insurance Dues for the month DEC 2023	December 2023 balance
Value-Added tax	96,914,988	(38,216,849)	Accordance with the Regulations of the General Authority for Zakat and Income ("DZIT") 15%	Due to the company
Exit reentry fees renewal visas	10,831,942	-	Costs of employment and exit, return and renewal visas	-
Labor office fees	90,686,921	-	Labor office fees	-
Customs	2,395,124	-	Customs duties for the company's imports	-

There are no investments or reserves established for the benefit of Company employees.

## We acknowledge the following:

- |   |  |   |
|---|--|---|
| 1   | 2  | 3   |
| The account records were properly prepared. | The internal control system was prepared according to sound bases and implemented effectively. | There is no doubt to be mentioned as to Company ability to continue the activity thereof. |

## Similarly, Company Board of Directors confirms the following:

All listed financial information was extracted from the audited financial statements of Company, without any material amendment thereto. The financial statements were also prepared and audited in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.

There is no material or negative change in the financial and commercial positions of Company during the year ended on 31 December 2023.

**The auditor's report does not include any reservations to the annual financial statements for the period ended 31/12/2023.**

**There is no recommendation from the Board of Directors to change the auditor before the end of the designated period.**

### Corporate Governance Regulation:

It has been approved and confirmed by General Assembly, which is not contrary to the guiding governance issued by the Capital Market Authority and the regulations in force, which the objectives of the company and how to achieve them and methods of monitoring performance.

Corporate Governance means the set of procedures, laws, standards, regulations, and decisions ensuring transparency and fairness with a view to realizing quality and excellent performance. This could be done through the rationalization of Management actions to explore the available economic resources in a manner realizing the best possible benefits for all interested parties by developing strategies, plans, policies, control, and follow-up regarding all works related to Company affairs. Interested parties include employees, suppliers, customers, banks, third party lenders, legislators, work climate and the entire community. On November 01, 2023, the General Assembly approved the update of the Company's Corporate Governance Regulation and Policies, which include the policies of the Company's Board of Directors, its remuneration, its committees, and the Audit Committee's Rules.

## The following is a summary of the provisions that have been applied along with the provisions that have not been applied and reasons, therefore.

Company adhered to all regulations of the governance.



The names of the companies inside or outside the Kingdom of which the board member is a member of its current and previous boards of directors or its director

Name of the member	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Contribution / Unlisted Contribution / Limited Liability / 000)	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Contribution / Unlisted Contribution / Limited Liability / 000)
Mr. Hamad bin Muhammad Al-Drees	Hamad Mohammed Al Drees & Partners Company for Industry and Mining	Inside the Kingdom	Joint stock company Unregistered	Hamad Mohammed Al Drees & Partners Company for Industry and Mining	Inside the Kingdom	Joint stock company Unregistered
Engineer. Abdul Mohsen bin Muhammad Al-Drees	Aldrees Industry and Trade Company (ALITCO)	Inside the Kingdom	Joint stock company Unregistered	Aldrees Industry and Trade Company (ALITCO)	Inside the Kingdom	Joint stock company Unregistered
Mr. Eid bin Faleh Al-Shamri	-	-	-	Ithraa Capital Company	Inside the Kingdom	Joint stock company Unregistered
Mr. Eid bin Faleh Al-Shamri	Al Hassan Ghazi Ibrahim Shaker Co.	Inside the Kingdom	Joint stock company	Al Hassan Ghazi Ibrahim Shaker Co.	Inside the Kingdom	Joint stock company
Mr. Eid bin Faleh Al-Shamri	-	-	-	Fawaz Abdulaziz Alhokair Co.	Inside the Kingdom	Joint stock company
Mr. Eid bin Faleh Al-Shamri	Almarai Co. Audit committee	Inside the Kingdom	Joint stock company	Almarai Co. Audit committee	Inside the Kingdom	Joint stock company
Mr. Eid bin Faleh Al-Shamri	Taiba Investments Co. Audit committee	Inside the Kingdom	Joint stock company	Taiba Investments Co. Audit committee	Inside the Kingdom	Joint stock company
Mr. Eid bin Faleh Al-Shamri	Riyad Bank - Audit committee member	Inside the Kingdom	Joint stock company	-	-	-
Mr. Eid bin Faleh Al-Shamri	Sports Boulevard Foundation - Audit committee member	Inside the Kingdom	Governmental institution	-	-	-
Mr. Eid bin Faleh Al-Shamri	King Salman Park Foundation - Audit committee member	Inside the Kingdom	Governmental institution	-	-	-
Engineer. Abdul Ilah bin Saad Al-Drees	Arab Club Company	Inside the Kingdom	Joint stock company Unregistered	Arab Club Company	Inside the Kingdom	Joint stock company Unregistered
Engineer. Abdul Ilah bin Saad Al-Drees	Food Gate Company	Inside the Kingdom	Nomu - Parallel Market	-	-	-
Mr. Salman bin Mohammed Al-Suhaibani (Former Member)	Saudi Industrial Export Co.	Inside the Kingdom	Joint stock company	Saudi Industrial Export Co.	Inside the Kingdom	Joint stock company
Mr. Salman bin Mohammed Al-Suhaibani (Former Member)	Morni Holding - Abu Dhabi	Outside Kingdom	Limited company	Morni Holding - Abu Dhabi	Outside Kingdom	Limited company
Mr. Salman bin Mohammed Al-Suhaibani (Former Member)	Global appreciation	Inside the Kingdom	Limited company	Global appreciation	Inside the Kingdom	Limited company
Mr. Salman bin Mohammed Al-Suhaibani (Former Member)	Saleh Al-Bazai Trading Company	Inside the Kingdom	Joint stock company Unregistered	Saleh Al-Bazai Trading Company	Inside the Kingdom	Joint stock company Unregistered
Engineer. Mohammed Abdullatif Al Omair	Rabigh Refining & Petrochemical Company Chairman of the Nominations and Remuneration Committee	Inside the Kingdom	Joint stock company	-	-	-
Engineer. Mohammed Abdullatif Al Omair	Rabigh Refining & Petrochemical Company - Audit committee member	Inside the Kingdom	Joint stock company	-	-	-
Mr. Faraj Saad Al-Gabani	National Medical Care Company Audit committee member	Inside the Kingdom	Joint stock company	-	-	-
Mr. Faraj Saad Al-Gabani	Watheer Real Estate Development Co. Audit committee member	Inside the Kingdom	Joint stock company Unregistered	-	-	-
Mr. Mohammed Salem Ali Mussa	Maarif Holding	Inside the Kingdom	LLC	-	-	-
Mr. Mohammed Salem Ali Mussa	Maarif Education	Inside the Kingdom	LLC	-	-	-







List of the Members of the Board of Directors, Members of the Committees, and the Executive Management. Their current and past positions, qualifications, and experience

### First: Members Board of Directors:

S	Member Name	Current position	Previous position	Qualifications	Experience
1	Mr. Hamad bin Mohammed Aldrees	Businessman - Chairman of the Board of Directors	Businessman - Chairman of the Board of Directors	----	<ul style="list-style-type: none"> <li>45 Chairman of Mohamed Saad Aldrees and Sons Company.</li> <li>18 yrs. as Chairman of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>3 yrs. as Chairman of the Board of Directors Aldrees Industrial &amp; Trading Company (ALITCO).</li> <li>30 Hamad M. Aldrees &amp; Partners Co.</li> </ul>
2	Eng. Abdulmohsen bin Mohammed Aldrees	Businessman - Chairman of the Board of Directors - Aldrees Industrial & Trading Company (ALITCO)	Businessman - Chairman of the Board of Directors - Aldrees Industrial & Trading Company (ALITCO)	Master of Mechanical Engineering	<ul style="list-style-type: none"> <li>45 yrs. as Deputy Chairman of the Board of Directors of Mohamed Saad Aldrees and Sons Company.</li> <li>18 yrs. as Deputy Chairman of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>18 yrs. as Chief of Executive Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>15 yrs. as Chief of Governance Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>12 yrs. as Chairman of the Board of Directors Aldrees Industrial &amp; Trading Company (ALITCO).</li> <li>13 yrs. as Chief of Governance Committee of Aldrees Industrial &amp; Trading Company (ALITCO).</li> </ul>
3	Mr. Eid bin Falih Alshamri	Businessman - Chief Executive Officer	Businessman - Chief Executive Officer	Bachelor of Science Management of the American Accountants Association CPA	<ul style="list-style-type: none"> <li>18 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>17 yrs. as Chief of Audit (Member) Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>18 yrs. as Member of Governance Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>9 yrs. as Member of the Board of Directors Aldrees Industrial &amp; Trading Company (ALITCO).</li> <li>9 yrs. as Chief of Audit Committee of Aldrees Industrial &amp; Trading Company (ALITCO).</li> <li>9 yrs. as Member of Governance Committee of Aldrees Industrial &amp; Trading Company (ALITCO).</li> </ul>
4	Eng. Abdulelah bin Saad Aldrees	Chief Executive Officer - Aldrees Petroleum &Transport Services Co.	Deputy General Manager of Mohamed Saad Al Drees and Sons Company	Bachelor of Civil Engineering	<ul style="list-style-type: none"> <li>29 yrs. Deputy Managing Director of Mohamed Saad Al Drees and Sons Company.</li> <li>18 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>18 yrs. as Member of Executive Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>19 yrs. as Chief Executive Officer (CEO) of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>
5	Mr. Adil bin Faris Alotaybi (Former Member)	Director of Operations Department - General Organization for Social Insurance	Director of Registration Department Organization for Social Insurance GOSI	Master of Science in Finance and Protection Policy	<ul style="list-style-type: none"> <li>9 yrs. Director of Registration and Contributions to the General Organization for Social Insurance (GOSI).</li> <li>7 yrs. Insurance Researcher at the General Organization for Social Insurance.</li> <li>2 yrs. Audited by the General Organization for Social Insurance.</li> <li>9 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>9 yrs. as Member of Chief of Audit (Member) Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>3 yrs. as Chief of Governance Committee of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>

S	Member Name	Current position	Previous position	Qualifications	Experience
6	Mr. Shehail Abdulaziz Ahmed Al-Shehail (Former Member)	Financial Advisor at the Tourism Development Fund	Acting Chief Financial Officer - Al-Athban Holding	Bachelor of Business Administration	<ul style="list-style-type: none"> <li>Director of Risk Management - National Company for Cooperative Insurance.</li> <li>Financial Director - Walaa Cooperative Insurance Company.</li> <li>Chief Financial Officer - Walaa Cooperative Insurance Company.</li> <li>Acting CEO for Financial Affairs - Al-Athban Holding.</li> <li>Financial Advisor - Tourism Development Fund.</li> <li>3 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>3 yrs. as Chief of Governance Committee of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>
7	Mr. Salman Mohammed Suleiman Al-Sehebani (Former Member)	General Manager of Labas Health Insurance Claims Settlement Company	CEO - Advanced Innovation Company (Morni)	Master of Business Administration	<ul style="list-style-type: none"> <li>Fraud Control Officer - Al-Rajhi Takaful Cooperative Insurance.</li> <li>Compliance Supervisor - Weqaya Takaful Insurance and Reinsurance Company.</li> <li>Head of Compliance and Anti-Money Laundering - Lazard Saudi Arabia.</li> <li>Founder and CEO - Advanced Innovation Company (Zayed - Morni - Taqdeer).</li> <li>General Manager of Labas Health Company for settlement of insurance claims.</li> <li>3 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>3 yrs. as Member of Executive Committee of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>
8	Eng. Mohamad Abdullatif Al-Omar	Retired	Retired	Bachelor of Civil Engineering	<ul style="list-style-type: none"> <li>1998 - 2001 President of Motor Oil Hellas Refinery and Avene Distribution Company in Greece.</li> <li>2001AD - 2008 AD President and Managing Director of Saudi Aramco Jubail Refinery Company (SASREF).</li> <li>2008-2012 Vice-President of the Refineries and Gas Liquids Fractionation Sector at Saudi Aramco.</li> <li>2012 - 2015 Vice President of Distribution and Piping Business at Saudi Aramco.</li> </ul>
9	Mr. Farraj Saad Al-Qabbani	Acting CEO - Saudi Medical Care Group	Head of Strategic Management Affairs - Saudi Medical Care Group	Master's Degree - Accounting - Information Technology	<ul style="list-style-type: none"> <li>1999 - 2008 Accounting Lecturer - College of Technology.</li> <li>2004 - 2007 Director of Financial and Administrative Affairs - Harf Information Technology Company.</li> <li>2007 - 2011 Director of Financial and Administrative Affairs - Riyadh Holding.</li> <li>2011 - 2016 Senior Vice President - Riyad Capital.</li> <li>2016 - 2019 Head of Operations Management Affairs - Riyad Capital.</li> <li>2019 - 2020 Head of the Executive Office - Ministry of Human Resources and Social Development.</li> <li>2020 - 2021 Head of Strategy Management Affairs - Saudi Medical Care Group.</li> <li>2021AD - now the acting CEO Saudi Medical Care Group.</li> </ul>
10	Mr. Basil Ali Al Faris	Director of Alternative Investments Department - Hassana Investment Company	Director of International Listed Markets - Hassana Investment Company	Bachelor of Finance	<ul style="list-style-type: none"> <li>2013 Researcher - General Organization for Social Insurance.</li> <li>2014 - 2016 Analyst - Hassana Investment Company.</li> <li>2016 - 2019 Senior Analyst - Hassana Investment Company.</li> <li>2019 - 2021 Director - Hassana Investment Company.</li> <li>2021 - 2022 Director of International Listed Markets - Hassana Investment Company.</li> <li>2022 - until now, Director of Alternative Investments Department - Hassana Investment Company.</li> </ul>
11	Mr. Mohamad Salem Ali Musa	Portfolio Manager - Hassana Investment Company	Senior analyst - Hassana Investment Company	Bachelor of Finance	<ul style="list-style-type: none"> <li>2017 - 2019 Analyst - Hassana Investment Company.</li> <li>2019 - 2021 Senior Analyst - Hassana Investment Company.</li> <li>2021 - until now, portfolio manager - Hassana Investment Company.</li> </ul>

## Second: Members Committee:

S	Member Name	Current position	Previous position	Qualifications	Experience
1	Eng. Abdulmohsen bin Mohammed Aldrees	Businessman - Chairman of the Board of Directors - Aldrees Industrial & Trading Company	Businessman - Chairman of the Board of Directors - Aldrees Industrial & Trading Company	Master of Mechanical Engineering	<ul style="list-style-type: none"> <li>45 yrs. as Deputy Chairman of the Board of Directors of Mohamed Saad Aldrees and Sons Company.</li> <li>18 yrs. as Deputy Chairman of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>18 yrs. as Chief of Executive Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>15 yrs. as Chief of Governance Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>12 yrs. as Chairman of the Board of Directors Aldrees Industrial &amp; Trading Company (ALITCO).</li> <li>13 yrs. as Chief of Governance Committee of Aldrees Industrial &amp; Trading Company (ALITCO).</li> </ul>
2	Mr. Hussain bin Abdulrahman Alazal (Former Member)	Businessman	Businessman - General Secretary of the Chamber of Commerce and Industry - Riyadh	Master of Business Management	<ul style="list-style-type: none"> <li>12 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>9 yrs. as Member of the Board of Directors Aldrees Industrial &amp; Trading Company (ALITCO).</li> <li>12 yrs. as Chief of Governance Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>3 yrs. as Member of Executive Committee of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>
3	Mr. Eid bin Fahih Alshamri	Businessman - Chief Executive Officer	Businessman - Chief Executive Officer	Bachelor of Science Management of the American Accountants Association CPA	<ul style="list-style-type: none"> <li>18 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>18 yrs. as Chief of Audit (Member) Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>18 yrs. as Member of Governance Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>9 yrs. as Member of the Board of Directors Aldrees Industrial &amp; Trading Company (ALITCO).</li> <li>9 yrs. as Chief of Audit Committee of Aldrees Industrial &amp; Trading Company (ALITCO).</li> <li>9 yrs. as Member of Governance Committee of Aldrees Industrial &amp; Trading Company (ALITCO).</li> </ul>
4	Eng. Abdulalah bin Saad Aldrees	Chief Executive Officer - Aldrees Petroleum &Transport Services Co.	Deputy General Manager of Mohamed Saad Aldrees and Sons Company	Bachelor of Civil Engineering	<ul style="list-style-type: none"> <li>29 yrs. Deputy Managing Director of Mohamed Saad Al Drees and Sons Company.</li> <li>18 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>18 yrs. as Member of Executive Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>19 yrs. as CEO of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>
5	Mr. Adil bin Faris Alotaybi (Former Member)	Director of Operations Department - General Organization for Social Insurance	Director of Registration Department Organization for Social Insurance GOSI	Master of Science in Finance and Protection Policy	<ul style="list-style-type: none"> <li>9 yrs. Director of Registration and Contributions to the General Organization for Social Insurance (GOSI).</li> <li>7 yrs. Insurance Researcher at the General Organization for Social Insurance.</li> <li>2 yrs. Audited by the General Organization for Social Insurance.</li> <li>9 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>9 yrs. as Member of Chief of Audit (Member) Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>3 yrs. as Chief of Governance Committee of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>
6	Mr. Shehail Abdulaziz Ahmed Al-Shehail (Former Member)	Financial advisor at the Tourism Development Fund	Acting Chief Financial Officer - Al-Athban Holding	Bachelor of Business Administration	<ul style="list-style-type: none"> <li>Director of Risk Management - National Company for Cooperative Insurance.</li> <li>Financial Director - Walaa Cooperative Insurance Company.</li> <li>Chief Financial Officer - Walaa Cooperative Insurance Company.</li> <li>Acting CEO for Financial Affairs - Al-Athban Holding.</li> <li>Financial Advisor - Tourism Development Fund.</li> <li>3 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>3 yrs. as Chief of Governance Committee of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>

S	Member Name	Current position	Previous position	Qualifications	Experience
7	Mr. Salman Mohammed Suleiman Al-Sehebani (Former Member)	General Manager of Labas Health Insurance Claims Settlement Company	CEO - Advanced Innovation Company (Morni)	Master of Business Administration	<ul style="list-style-type: none"> <li>Fraud Control Officer - Al-Rajhi Takaful Cooperative Insurance.</li> <li>Compliance Supervisor - Weqaya Takaful Insurance and Reinsurance Company.</li> <li>Head of Compliance and Anti-Money Laundering - Lazard Saudi Arabia.</li> <li>Founder and CEO - Advanced Innovation Company (Zayed - Morni - Taqdeer).</li> <li>General Manager of Labas Health Company for settlement of insurance claims.</li> <li>3 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>3 yrs. as Member of Executive Committee of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>
8	Khalid Mohammed Alkhawaiter	Chairman of the Professional Monitoring Committee - Saudi Organization for Certified Public Accountants	Finance Manager	Bachelor of Accounting - CPA	<ul style="list-style-type: none"> <li>Chairman of the Executive Committee for Accounting Standards.</li> <li>Deputy Chairman of the Executive Committee for Accounting Standards.</li> <li>Member of Audit Committee of STC.</li> <li>Member of the Board of Directors of Saudi Air Navigation Services.</li> <li>Chairman of the Advance Arabian Simulation Co (AASC).</li> <li>6 yrs. Member of Audit Committee of Aldrees Petroleum &amp;Transport Services Co. (currently).</li> </ul>
9	Saad Hamad Aldrees	General Manager Directors Hamad Muhammad Aldrees and Partners Company for Industry and Mining	General Manager Directors Hamad Muhammad Aldrees and Partners Company for Industry and Mining	Bachelor of Administrative Sciences - Marketing	<ul style="list-style-type: none"> <li>Several administrative and financial positions at Riyad Bank.</li> <li>Assistant Finance Manager of Mohammed Al-Saad Al-Drees &amp; Sons Company.</li> <li>6 yrs. Member of Audit Committee of Aldrees Petroleum &amp;Transport Services Co. (currently).</li> </ul>
10	Eng. Mohamad Abdullatif Al-Omar	Retired	Retired	Bachelor of Civil Engineering	<ul style="list-style-type: none"> <li>1998 - 2001 President of Motor Oil Hellas Refinery and Avene Distribution Company in Greece.</li> <li>2001AD - 2008 AD President and Managing Director of Saudi Aramco Jubail Refinery Company (SASREF).</li> <li>2008-2012 Vice-President of the Refineries and Gas Liquids Fractionation Sector at Saudi Aramco.</li> <li>2012 - 2015 Vice President of Distribution and Piping Business at Saudi Aramco.</li> </ul>
11	Mr. Farraj Saad Al-Qabbani	Acting CEO - Saudi Medical Care Group	Head of Strategic Management Affairs - Saudi Medical Care Group	Master's Degree - Accounting - Information Technology	<ul style="list-style-type: none"> <li>1999 - 2008 Accounting Lecturer - College of Technology.</li> <li>2004 - 2007 Director of Financial and Administrative Affairs - Harf Information Technology Company.</li> <li>2007 - 2011 Director of Financial and Administrative Affairs - Riyadh Holding.</li> <li>2011 - 2016 Senior Vice President - Riyadh Capital.</li> <li>2016 - 2019 Head of Operations Management Affairs - Riyadh Capital.</li> <li>2019 - 2020 Head of the Executive Office - Ministry of Human Resources and Social Development.</li> <li>2020 - 2021 Head of Strategy Management Affairs - Saudi Medical Care Group.</li> <li>2021AD - now the acting CEO.</li> <li>Saudi Medical Care Group.</li> </ul>
12	Mr. Basil Ali Al Faris	Director of Alternative Investments Department - Hassana Investment Company	Director of International Listed Markets - Hassana Investment Company	Bachelor of Finance	<ul style="list-style-type: none"> <li>2013 Researcher - General Organization for Social Insurance.</li> <li>2014 - 2016 Analyst - Hassana Investment Company.</li> <li>2016 - 2019 Senior Analyst - Hassana Investment Company.</li> <li>2019 - 2021 Director - Hassana Investment Company.</li> <li>2021 - 2022 Director of International Listed Markets - Hassana Investment Company.</li> <li>2022 - until now, Director of Alternative Investments Department - Hassana Investment Company.</li> </ul>
13	Mr. Mohamad Salem Ali Musa	Portfolio Manager - Hassana Investment Company	Senior analyst - Hassana Investment Company	Bachelor of Finance	<ul style="list-style-type: none"> <li>2017 - 2019 Analyst - Hassana Investment Company.</li> <li>2019 - 2021 Senior Analyst - Hassana Investment Company.</li> <li>2021 - until now, portfolio manager - Hassana Investment Company.</li> </ul>

### Third: Executive Management:

S	Member Name	Current position	Previous position	Qualifications	Experience
1	Eng. Abdullelah bin Saad Aldrees	Chief Executive Officer - Aldrees Petroleum &Transport Services Co.	Deputy General Manager of Mohamed Saad Al Drees and Sons Company	Bachelor of Civil Engineering	<ul style="list-style-type: none"> <li>29 yrs. Deputy Managing Director of Mohamed Saad Al Drees and Sons Company.</li> <li>18 yrs. as Member of the Board of Directors of Aldrees Petroleum &amp;Transport Services Co.</li> <li>18 yrs. as Member of Executive Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>19 yrs. as CEO of Aldrees Petroleum &amp;Transport Services Co.</li> </ul>
2	Khalid Abdulmohsen Aldrees	GM- Petroleum Division	Personnel Manager	Bachelor of Business Administration	<ul style="list-style-type: none"> <li>5 yrs. Admin in Mohammed Saad Aldrees &amp; Sons Company.</li> <li>4 yrs. Assistant Human Resources Manager.</li> <li>2 years as General Manager of Personnel Affairs.</li> <li>9 yrs. Human Resources Manager and Public relations.</li> <li>From 2004 to date Secretary of the Board of Directors of Aldrees Petroleum &amp; Transport Services Co.</li> <li>15 yrs. as Member of Executive Committee of Aldrees Petroleum &amp;Transport Services Co.</li> <li>5 yrs. general manager of a petroleum sector in Al-Drees Petroleum and Transport Services.</li> </ul>
3	Khalid Abdulrahman Bin Saheim	GM- Transport Division	Manager Global Sourcing and Contracting - SABIC	---	<ul style="list-style-type: none"> <li>27 yrs. experience in SABIC, which includes many positions and sections.</li> <li>6 yrs. general manager of a transport sector in Al-Drees Petroleum and Transport Services.</li> </ul>
4	Amro Mahmoud Abo El Maaty	CFO	GM- Finance Petrol Division	Bachelor of Accounting	<ul style="list-style-type: none"> <li>3 yrs Auditor of Aldrees Petroleum &amp;Transport Services Co.</li> <li>3 yrs Accountant – Petrol Division of Aldrees Petroleum &amp; Transport Services Co.</li> <li>4 yrs Senior Accountant – Petrol Division of Aldrees Petroleum &amp; Transport Services Co.</li> <li>6 yrs Chief Accountant – Petrol Division of Aldrees Petroleum &amp; Transport Services Co.</li> <li>4 yrs Member of the Management Committee of United Fuel Company (UNFCO)</li> <li>12 yrs Finance Manager– Petrol Division of Aldrees Petroleum &amp; Transport Services Co.</li> <li>From May 05, 2017 to date – Chief Financial Officer (CFO) of Aldrees Petroleum &amp; Transport Services Co.</li> </ul>
5	Salama bin Mufreh Al-Daghish	GM- Human Resources	Deputy GM- Human Resources	Master of Business Administration	<ul style="list-style-type: none"> <li>3 yrs, the Administrative Affairs Coordinator at Muhammad Saad Al Drees and Sons Company.</li> <li>3 yrs, Deputy Director of Special Projects for Muhammad Saad Al-Drees and Sons Company.</li> <li>16 yrs, Deputy General Manager for Human Resources at Aldrees Petroleum and Transport Services Company.</li> <li>4 yrs ,General Manager of Investor Relations at Aldrees Petroleum and Transport Services Company.</li> <li>5 yrs ,General Manager of Human Resources at Aldrees Petroleum and Transport Services Company.</li> </ul>





## Board of Directors Composition and Classification of its Directors

Composition of the Board of Directors and the classification of its members (previous):

S	Name	Position	Classification
1	Mr/ Hamad bin Muhammad Al-Drees	Chairman of Board of Directors	Non-executive
2	Engineer / Abdul Mohsen bin Muhammad Al-Drees	Deputy Chairman of the Board	Non-executive
3	Mr/ Eid bin Faleh Al-Shamri	Member of the Board of Directors	Non-executive
4	Engineer / Abdul Ilah bin Saad Al-Drees	Member of the Board of Directors and CEO	executive
5	Mr/ Adel bin Faris Al-Otaibi	Member of the Board of Directors	Independent
6	Mr/ Shahil bin Abdulaziz Al-Shuhail	Member of the Board of Directors	Independent
7	Mr. Salman bin Mohammed Al-Suhaibani	Member of the Board of Directors	Independent

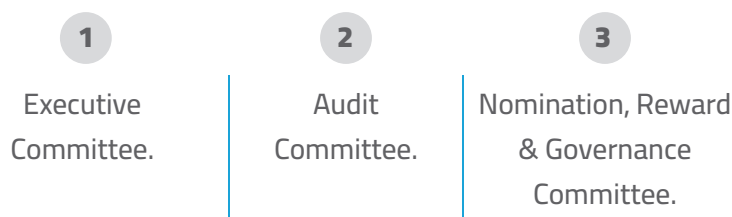
Actions taken by the Board of Directors to inform its members, especially non-executives of shareholders proposals and their remarks about the Company and its performance by including them in the agenda of the following Board Meeting after the Assembly, to discuss and take the proper position.

Board of Directors Members and classification of its members (Current):

S	Name	Position	Classification
1	Mr. Hamad Mohammed Aldrees	Chairman	Non – Executive
2	Engr. Abdulmohsen Mohammed Aldrees	Deputy Chairman	Non – Executive
3	Mr. Eid Faleh Al Shamari	Member	Non – Executive
4	Engr. Abdulelah Saad Aldrees	Member- CEO	Executive
5	Eng. Mohammed Abdullatif Al Omair	Member	Independent
6	Mr. Faraj Saad Al-Gabani	Member	Independent
7	Mr. Basel Ali Ahmed Al-Faris	Member	Independent
8	Mr. Mohammed Salem Ali Mussa	Member	Independent

# Board of Directors Committees:

Three committees emerge from the Board of Directors, namely:



The said committees comprise the directors, Board Secretary and members who are not Board Directors as per the regulating instructions and procedures. A description of each committee is provided for hereinafter:

## First: Executive Committee:

Responsibilities and tasks of the Executive Committee are as follows:



### The formation of the Executive Committee of four members (previous committee):

1. Eng. Abdul Mohsen bin Muhammad Al-Drees (Chairman)
2. Mr. Hussein bin Abdulrahman Al-Azel (Member)
3. Engr. Abdulelah bin Saad Al-Drees (Member)
4. Mr. Salman bin Muhammad Al-Suhaibani (Member)

### The Executive Committee for the new session was formed by four members:

1. Eng. Abdul Mohsen bin Muhammad Al-Drees (Chairman)
2. Engr. Abdulelah bin Saad Al-Drees (Member)
3. Eng. Mohammed Abdullatif Al Omair (Member)
4. Mr. Mohammed Salem Ali Mussa (Member)

The committee was formed and did not meet during the year.



The following table includes an attendance sheet of Executive Committee Meetings during 2023: (previous)

No.	Name	Dates of Executive Committee Meetings 2023			
		1/19	5/03	7/16	10/16
1.	Eng. Abdulmohsen Mohammed Aldrees (Chairman)	<span style="color: green;">■</span>	<span style="color: green;">■</span>	<span style="color: green;">■</span>	<span style="color: green;">■</span>
2.	Mr. Hussein bin Abdulrahman Al-Azel (Member)	<span style="color: green;">■</span>	<span style="color: green;">■</span>	<span style="color: green;">■</span>	<span style="color: green;">■</span>
3.	Eng. Abdulelah Saad Aldrees (Member)	<span style="color: green;">■</span>	<span style="color: green;">■</span>	<span style="color: green;">■</span>	<span style="color: green;">■</span>
4.	Mr. Salman bin Muhammad Al-Suhaibani (Member)	<span style="color: green;">■</span>	<span style="color: green;">■</span>	<span style="color: green;">■</span>	<span style="color: green;">■</span>

■ Attendance in person ■ Attendance by proxy through another Director ■ Apology

## Second: Audit Committee:

**Audit Committee assists the Company Board of Directors in undertaking its responsibility for supervising the following matters entrusted to the Audit Committee:**

1. Enabling the Board of Directors to conduct an annual audit of the work and referred to powers delegated to the Audit Committee and presenting its recommendations to Company Board of Directors for the purpose of ensuring that the said Committee properly and efficiently performs its duties.
2. Studying the effect of internal control system soundness on preparing financial reports and controlling the efficiency of the said systems.
3. Obtaining reports on the most important results, recommendations and corrective action plans that intended to be implemented by the management and checking the adequacy of the corrective procedures as to the findings of internal audit.
4. Submitting recommendations to the Board of Directors on appointing, retaining, and dismissing of the chartered accountants.
5. Exercising all the powers related to the recommendations of appointing the external auditor, determining the fees due thereto, and supervising the work of the said external audit.
6. Ensuring the independence of Internal Audit Department.
7. Following up the works of the chartered accountants and approving any work outside the scope of audit works entrusted to the said chartered accountants during audit works.
8. Reviewing the maintenance of coordination between the tasks entrusted to internal and external auditors.
9. Studying auditor's remarks on the financial statements and following up procedures taken regarding the same.
10. Auditing the annual revised financial reports and ensuring its quality together with auditing press statements issued in this regard and results of auditing Company fiscal year in coordination with the external auditors and appropriate representatives of the Management.
11. Studying all transactions of the related parties as determined by the applicable laws, rules and regulations.
12. Auditing Company policies and practices as related to the financial and accounting reports, including any significant changes to such policies and practices, and discussing the same with Company Chief Financial Officer and external auditor.
13. Studying, evaluating and reporting the efficiency of determining risks significant to Company activity and method therein Company manages such risks, and submitting suitable recommendations in this regard to the Board of Directors.
14. Assuming the responsibility for implementing any other tasks entrusted thereto by the Board of Directors, and submitting to the Board a periodical report on audits performed by Audit Committee and its recommendations regarding the same.

**The Ordinary General Assembly approved on 16 November 2020 the approval of the composition of the Audit Committee and its functions and controls and the remuneration of its members for the new session of the Council, which started on 22/12/2020 and for three years as follows:**

1. Mr. Adil bin Faris Alotaybi– Chairman
2. Mr. Eid bin Falih Alshamri - Member
3. Mr. Saad bin Hamad Aldrees - Member
4. Mr. Khalid Mohammed Alkhowaiter - Member



The following table includes an attendance sheet of Audit Committee meetings during 2023: (previous)

No.	Name	Dates of Audit Committee Meetings 2023					
		18/1	22/1	03/5	17/7	10/9	17/10
1.	Mr. Adil bin Faris Alotaybi	■	■	■	■	■	■
2.	Mr. Eid Falih Alshamri	■	■	■	■	■	■
3.	Mr. Khalid Mohammed Alkhowaiter	■	■	■	■	■	■
4.	Mr. Saad Hamad Aldrees	■	■	■	■	■	■

■ Attendance in person ■ Attendance by proxy through another Director ■ Apology

**The review committee for the current session was composed of four members: (The current committee)**

1. Mr. Eid bin Falih Al-Shammari as Chairman
2. Mr. Khalid bin Muhammad Al-Khowaiter
3. Mr. Saad bin Hamad Al-Drees
4. Mr. Faraj bin Saad Al-Qabbani

The committee was formed and did not meet during the year.



### Third: Nomination, Reward Committee:

**Nomination, Reward & Governance Committee performs its duties as a governance, reward, and nomination committee.**

**The purpose of Nomination, Reward & Governance Committee is to assist the Board of Directors in the following tasks entrusted to the said Committee:**

1. Looking for qualified individuals to elect them as Board directors for the purpose of ensuring that the Board includes members having appropriate skills and experience, selecting the said individuals based on the standards of membership set forth in the principles and rules of corporate governance, and making sure that any person previously convicted of a crime involving a breach of honor is not nominated for the membership of the Board.
2. Studying and evaluating the independency of each nominee for the Board membership, considering the instructions of Company on independency and standards determined by the «Capital Market Authority» by virtue of registration and listing rules.
3. Auditing the principles, policies and procedures of Company governance once annually at least, and submitting recommendations to the Board of Director so as for the Board to make any changes to the same, if appropriate.
4. Supervising the evaluation of Company Board of Directors and its organizational management in the light of the rules of corporate governance.
5. Submitting the recommendations of Governance Committee on the suitable composition of the Board and its efficiency in meeting its obligations towards Company and its shareholders.
6. Developing and applying Company policies and programs on rewards and salaries due to the chief executive officers and Board directors.
7. Auditing, approving and following up Company Professional and Ethical Code of Conduct.
8. Ensuring that there is no conflict of interests in case that a Board director serves as a member of the board of directors of another company.
9. Auditing the classification of each Board director as an independent director once annually at least. In order to determine whether the Board directors are qualified to be independent or not, each director shall fill in a questionnaire to be audited by the Governance Committee.

### The Award and Remuneration Committee was formed of three members: (previous)

1. Mr. Adel bin Faris Al-Otaibi - Chairman
2. Mr. Eid bin Faleh Al-Shamri - Member
3. Mr. Shehail bin Abdulaziz Al-Shehail - Member



The following table includes an attendance sheet of Audit Committee meetings during 2023: (previous)

No.	Name	Governance Committee Meetings 2023		
		18/1	16/7	10/9
1.	Mr. Adel bin Faris Al-Otaibi	■	■	■
2.	Mr. Eid bin Faleh Al-Shamri	■	■	■
3.	Mr. Shehail bin Abdulaziz Al-Shehail	■	■	■

■ Attendance in person   ■ Attendance by proxy through another Director   ■ Apology

### The Award and Remuneration Committee for the new session was formed of three members: (current)

1. Mr. Basel Ali Ahmed Al-Faris - Chairman
2. Mr. Eid bin Faleh Al-Shamri - Member
3. Mr. Adel bin Faris Al-Otaibi - Member

The committee was formed and did not meet during the year.

**Where the methods used by the Board of Directors to assess its performance and the performance of its committees and members and the external entity that has evaluated and its relationship with the Company (if any):**

The Board as a whole ensures periodic self-evaluation under the supervision of the award and remuneration committee.

#### **Details of the company's social contributions**

The maximum amount of SR 3 Million to be disbursed during the year to serve the community and the delegation of the CEO of the company to dispose them.



Sanction, penalty or reserve provision imposed on Company by Capital Market Authority (CMA) or any other supervisory, regulatory or judicial entity. Other than the below list:

Punishment / Penalty / Precautionary measure/ restriction the reserve	Reasons the offense	The signatory for offense	Ways to treat it and avoid it In the future
-	-	-	-



## Annual audit of the efficiency of controlling procedures & results of auditing the internal control system:

The company has an internal autonomous audit department directly reporting to the Board of Directors and Audit Committee. The Internal Audit Department performs its duties in accordance with the Audit Regulation approved by Company board of directors. In addition, Internal Audit Department provides autonomous advisory and substantive services for the purpose of assisting the Board of Directors, Audit Committee and Executive Management in performing their responsibilities. Furthermore, the Executive Management has no influence over the Internal Audit Department. Internal Audit Department is entitled to exercise the full unrestricted powers of accessing any documents in accordance with the requirements of its work. To perform its works, Internal Audit Department adopted a regular approach of evaluating and improving the efficiency of internal control system; enabling the company to achieve its goals and safeguard assets thereof. Internal Audit Department work scope included checking the efficiency and adequacy of company's bylaws for the purpose of verifying whether they (bylaws) are accurately applied, as necessary, and are as required for ensuring the realization of the company goals or not. There are no remarks or material events during the period of the annual audit performed to evaluate the efficiency of the internal control procedures. In addition, the work scope of Internal Control Department included the following:

1. Most of the company's divisions and departments are being checked and audited periodically, conditional on giving internal priority to the activities and functions of high risks.
2. Officers of different departments, whose works are being audited, are notified of findings discovered during the above-mentioned audit, and Management recommends in addressing such findings.
3. Review and evaluate the procedural frameworks by different departments for the purpose of addressing the concerns if any, evaluate and recommend if found that the taken procedures are not adequate. The same was discussed with the officers of different departments to ensure that taken procedures are adequate and efficient.

Audit Committee studied and followed up the implementation of the approved audit plan for 2023, in cooperation with Internal Audit Department, and further followed up the implementation of recommendations provided for in the reports of internal audit. The Audit Committee seeks to preserve the assets of the company and provide reasonable assurance of the safety of financial reports prepared from the records of accounting, and it examines the company's internal control system frequently to ensure its efficiency and effectiveness and to carry out financial and administrative and operational audits to evaluate the work of the company and this in coordination, and under the supervision of the Committee Review.

### Revisers & Auditors:

- As there is no conflict between the Audit Committee and the Board of Directors decisions regarding the appointment of the Company's auditor, its dismissal, the identification of its fees, the evaluation of its performance and the evaluation of the internal auditor. The new external auditor will be selected from among the candidates by the Audit Committee to review the company's financial statements for the fiscal year 2024 (quarterly and annually) financial statements and determine its fees as per regulation.



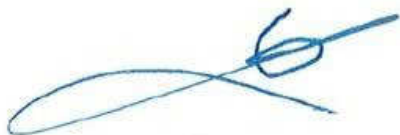
# Conclusion

## Management

Discussion and Analysis of Company Financial Position and Business Results was prepared by the Management and Audit Committee and approved by the Board of Directors. The Management attests that no changes (having material impact) on the financial statements or future expectations. In addition, Company Management shall be fully responsible for the accuracy and credibility of what provided information and financial analysis therein. Furthermore, Management confirms that it has taken all required procedures and fairly and fully disclosed such data, and there are no other documents or information whose omission may result in realizing financial data and information received as misleading in any way or whatsoever.

## Finally,

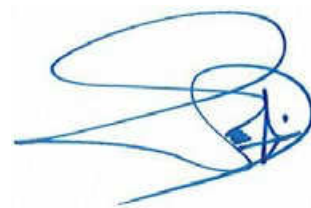
the Board of Directors of Aldrees Company would like to thank and show its appreciation to all the company's employees, shareholders, banks, and all the governmental authorities for their continued support and cooperation. The company is going to continue achieving its intended goals and future aimed plans. We confidently look forward to a new year and aspire to meet and exceed the expectations of the Company's shareholders during the coming year.



---

**Hamad bin Mohammed Aldrees**

Chairman Board of Directors



---

**Khalid Abdulmohsen Aldrees**

Secretary Board of Directors



Head Office: Riyadh

P. O. Box: 609 - Riyadh 11421

Kingdom of Saudi Arabia

Tel.: +966 11 235 5555

Fax: +966 11 236 6666

Unified No.: 920002667

Toll-free No.: 800 122 8800