

Board of Directors' Report on the Financial Results for 2021

Report

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Address by Chairman

Dear shareholders,

Peace, mercy and blessings of God ...““

It is a pleasure for us to meet together and meet again in our annual meeting to complete our journey together with full confidence and steadfastness, relying on your continued support and confidence in our leadership, to be proud of the progress we have made towards the past years. With God's permission, we will do our best to present the best results in the coming years to strengthen confidence and steadfastness in the interests of Al-Omran Industries & Trading Co, in a manner that is resolutely and resolutely in line with the goals and vision of the Kingdom of Saudi Arabia 2030 and the firm steps of the development process in our dear homeland.

On behalf of the Board of Directors of Al-Omran Industries & Trading Co and all the employees of the company, I would like to review with you the company's work and achievements, especially in light of the challenges, competition and the new economic environment during the year ending 31/12/2021 and the consequences of the corona virus pandemic which has contributed to the decline in a number of economic fields and its severe impact on all levels. We thank God that under the Government of the Custodian of the Two Holy Mosques and His Highness the Crown Prince, who had May God's patronage, the primary role in promoting the economy and maintaining its balance so that it remains a model from which all countries of the world can learn in economic aspects. In this year, Al-Omran Industries & Trading Co. and Board and Board of Commerce and all its employees is keen to ensure that during 2021 results are positive results in the interest to provide customers and meeting the expectations of our fellow shareholders. We renew our pledge and our commitment to you that, God willing, we will continue to apply our plans and ambitions with determination to increase our production capacity and market share, which is in line with the vision and ambition approved

by the Kingdom of Saudi Arabia and in the face of all that hinders development and growth, taking all possible measures to maintain the efficiency of the diverse company.

Accordingly, the financial results for 2021 resulted in revenues of 135,241,000 SAR, total profit of 36,847,000 SAR and operational profit of 15,614,000 SAR, which contributed a net profit of 9,935,000 SAR in 2012, despite the pressures of the company's in all sectors, which contributed to the activities of which made it work in a position to be distinguished in all sectors The factors that contributed to the 2021 net profit were the 10% drop in the cost of sales and the 44% drop in the cost of public and administrative expenses.

In conclusion

On behalf of my colleagues on the Board of Directors, I extend my thanks and appreciation to all the distinguished shareholders who have provided us with support and have given us their trust. We pledge to all, God willing, to be faithful to this trust. We ask the Almighty to uphold the position of Custodian of the Two Holy Mosques and Crown Prince and his wise Government, so that it may be of benefit and health, and to grant our precious homeland greater prosperity.

"May Allah Cause Success"

Chairman

Mohammed Omran Al-Omran



Introduction:

Company vision:

Participation in promoting development in the Kingdom of Saudi Arabia, contributing to charitable and social work, raising labor standards in the industrial sector and incorporating new social and humanitarian concepts.

providing qualified national cadres at the highest level to the Saudi market, working in accordance with sustainable environmental controls and full awareness of our social responsibility

Company message:

We want to be among the companies that provide industry-leading solutions and are capable of delivering the largest and most complex projects.

We want our customer services to be our own and to be added to our features.

employ and qualify our national cadres and advance the Saudi industry to have a place suitable for it in the region.

First: Al-Omran Industries & Trading Co General Performance in 2021

1- Performance during 2021

During 2021, the company generated sales of SAR 135 million, down from SAR 4 million in 2020.

**The following table shows the results between 2021 and 2020:
(SAR 1,000)**

| Statement | 2021 | 2020 | Changes + /(-) | year change + / (-) |
|----------------------------------|---------|---------|----------------|---------------------|
| Sales | 135,241 | 139,363 | -(4) | (3%) |
| Cost of sales | -(98) | -(109) | -(11) | (10%) |
| Total income | 36,847 | 30,067 | 6,780 | 23% |
| Main Business expenses | -(21) | -(25) | -(4) | (16%) |
| Revenue from operations | 15,614 | 4,828 | 10,786 | 223% |
| Other operating income | 27 | 3 | 24 | 800% |
| Other operating expenses | -(3) | -(3) | 521 | 20% |
| Zakat | -(3) | -(2) | (1) | 60% |
| share of non-controlling parties | 94 | 224 | (0) | (58%) |
| net income | 9,935 | 807 | 9,128 | 1131% |

▪ Operational results difference:

The following table shows the differences in operational results for 2021 compared to 2020: (SAR 1,000)

| Statement | 2021 | 2020 | Change in years | |
|-------------------------|--------|--------|-----------------|--------------|
| | | | Amount | Ratio |
| Gross income | 36,847 | 30,067 | 6,780 | 23% |
| Revenue from operations | 15,614 | 4,828 | 10,786 | 223% |
| net income | 9,935 | 807 | 9,128 | 1131% |

- Total income rises 23% from SAR 30 million to SAR 36.8 million due to a 10% drop in sales cost.

- 223% increase in operational income from SAR 4.8 million to SAR 15.6 million due to a 10% decrease in sales cost and a 44% decrease in administrative expenses as an allocation of SAR 6 million was formed in 2020.
- Net income rose by 1131 % from 807,000 SAR to 9.935 million SAR due to a 44% decrease in administrative expenses, as an allocation of 6 million SAR was formed in 2020, and a 10% decrease in the cost of sales.

The following table shows the results of the company's work for the last five years (SAR 1,000)

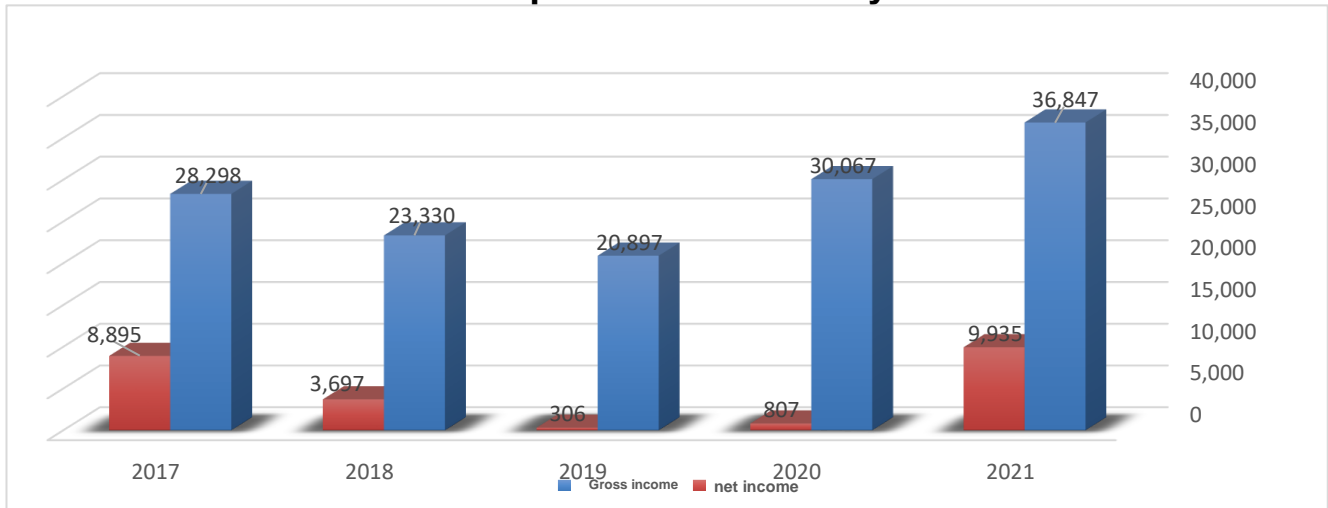
| Statement | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|----------|-----------|----------|----------|----------|
| Sales | 135,241 | 139,363 | 115,216 | 116,046 | 122,253 |
| Cost of sales | 98,394) | (109,296) | 94,319) | 92,716) | 93,955) |
| Gross income | 36,847 | 30,067 | 20,897 | 23,330 | 28,298 |
| Main Business expenses | (21,233) | (25,239) | (17,538) | (16,792) | (17,191) |
| Revenue from operations | 15,614 | 4,828 | 3,359 | 6,538 | 11,107 |
| financing costs | (2,067) | (1,393) | (1,491) | (1,220) | (1,201) |
| Expected Liabilities Provision Expense | (997) | (1,150) | 0 | 0 | 0 |
| other income | 27 | 3 | 323 | 424 | 456 |
| Net income of the year before zakat | 12,577 | 2,288 | 2,190 | 5,742 | 10,362 |
| Zakat | (2736) | (1,705) | (2,109) | (2,147) | (1,517) |
| share of non-controlling parties | 94 | 224 | 224 | 102 | 50 |
| net income | 9,935 | 807 | 306 | 3,697 | 8,895 |



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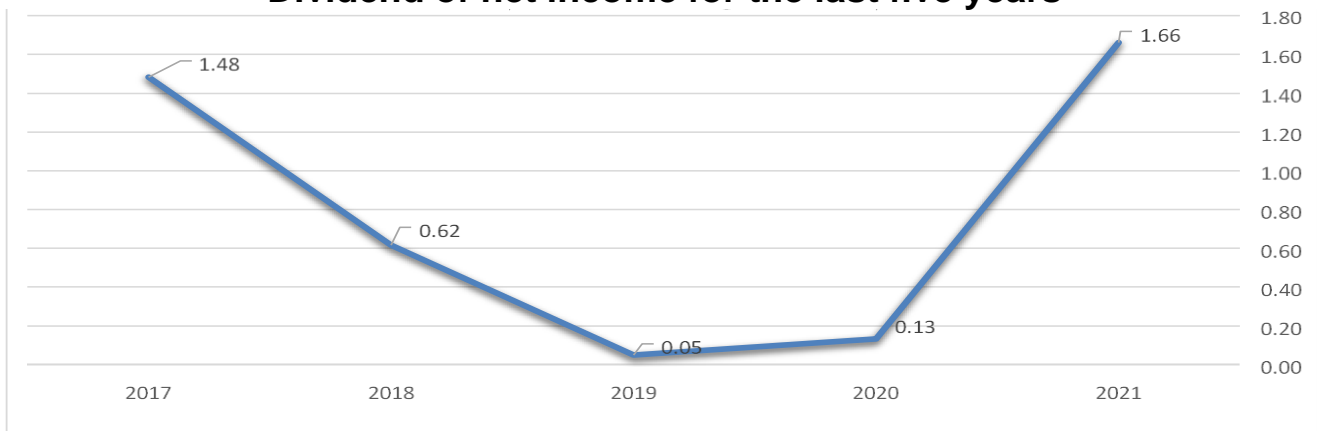
The following chart shows the total income and net income for the last five years (SAR 1,000)

Total net profit for the last 5 years



The following chart shows the share's profitability for the last five years (SAR)

Dividend of net income for the last five years

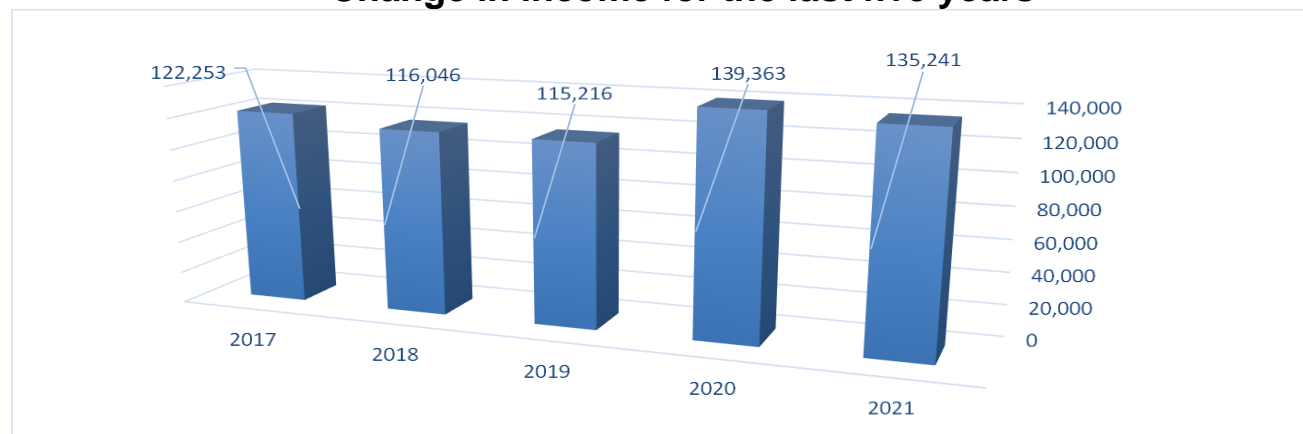


The following table shows the change in revenues for the last five years (SAR 1,000)

| Year | Revenue | change over previous year | Ratio of change over previous year | Status change over previous year |
|------|---------|---------------------------|------------------------------------|----------------------------------|
| 2021 | 135,241 | -4,122 | -3% | Decrease |
| 2020 | 139,363 | 24,147 | 21% | Increase |
| 2019 | 115,216 | -830 | -0.72% | Decrease |
| 2018 | 116,046 | -6,207 | -5% | Decrease |
| 2017 | 122,253 | -14,838 | -11% | Decrease |

The following chart shows the change in revenue for the last five years (SAR 1,000)

Change in income for the last five years



Summary of the financial position of the company during the last five years (SAR 1,000)

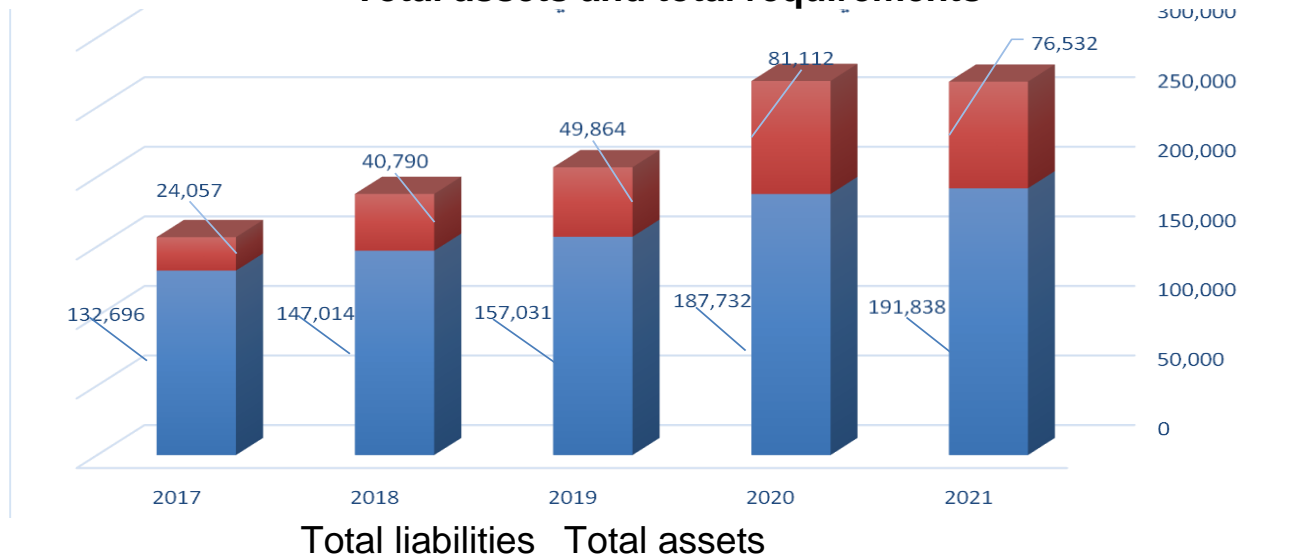
| Statement | 2021 | 2020 | 2019 | 2018 | 2017 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Current assets | 152,246 | 145,992 | 112,976 | 105,755 | 92,035 |
| Non-current assets | 39,592 | 41,740 | 44,055 | 41,259 | 40,661 |
| Total assets | 191,838 | 187,732 | 157,031 | 147,014 | 132,696 |
| Current liabilities | 67,312 | 72,445 | 43,579 | 35,952 | 21,204 |
| Non-current liabilities | 9,220 | 8,667 | 6,285 | 4,838 | 2,853 |
| Total Liabilities | 76,532 | 81,112 | 49,864 | 40,790 | 24,057 |
| Total equity | 115,783 | 107,029 | 107,370 | 106,223 | 108,438 |
| Equity of non-controlling parties | -477 | -409 | -203 | 1 | 201 |
| Total Liabilities and equity | 191,838 | 187,732 | 157,031 | 147,014 | 132,696 |



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Chart of assets and liabilities (SAR 1,000)

Total assets and total requirements



▪ Investments and reserves of company employees:

The company has not made any investments for its employees. The following table shows the reserves that have been recorded for the company's employees as at 31/12/2021: (SAR 1,000)

| Statement | 2021 | 2020 |
|--|--------------|--------------|
| End of service benefits Provision | 6,942 | 5,900 |

The provision for end-of-service indemnity has been adjusted in line with the Labor and Workers Regulations of the Kingdom of Saudi Arabia following the application of the International Accounting Standards.

- Total debts:
 - short-term funding.

The company obtained Islamic Shariah-compliant banking facilities from local banks in the form of paper credits that are subject to profitable ratios consistent with prevailing commercial rates and that these facilities are guaranteed by order bonds.

The following table shows the facilities due from the company at the end of 2021: (SAR)

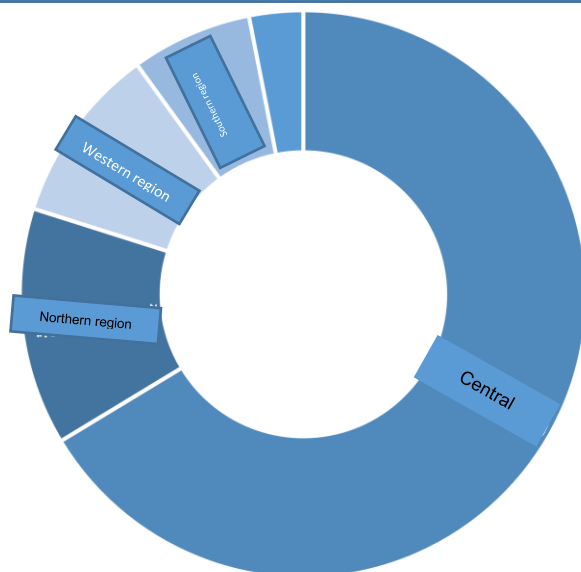
| SN. | The providing body | The Balance of the beginning of the year | Additional balance during the year | Amounts paid | end-of-year balance |
|-----|---------------------------|--|------------------------------------|--------------|---------------------|
| 1 | Riyad Bank | 39,325,543 | 80,417,081 | 84,721,558 | 35,021,066 |
| 2 | The Saudi Investment Bank | 9,752,349 | 7,306,547 | 16,009,863 | 1,049,033 |
| 2 | Alinma Bank | 0 | 9,637,177 | 0 | 9,637,177 |
| | Total | 49,077,892 | 97,360,805 | 100,731,421 | 45,707,276 |

Geographical analysis of total company revenue

The following table shows income by geographical location for the year 2021: (SAR 1,000)

| SN. | Area | Revenues | Percentage of total |
|-----|------------------|----------------|---------------------|
| 1 | Southern region | 18,303 | %14 |
| 2 | Central region | 89,729 | %66 |
| 3 | Northern region | 4,174 | %3 |
| 4 | Eastern province | 9,342 | %7 |
| 5 | Western region | 13,693 | %10 |
| | Total | 135,241 | |

Geographical Analysis Of Total Company Revenue



2. Company activities and strategy:

Company activity

The company's activities include the production of household appliances, electronics, metal, plastic, paper and cardboard industries, supplementary and complementary works for them, the import, export, wholesale and retail trade in household and electronic appliances, plastic, paper and cardboard products, and spare parts, and the purchase of land for building construction, investment for the company, and the administration and operation of real estate for the company.

Company factories:

The company has a number of factories through which it produces its industrial products and can be summarized as follows:

1- Al-Omran Metal Kitchen Factory:

This factory produces all kinds of store-specific shelves of a variety of modern designs and measurements according to customers' needs under the Registered Trademark (Architecture) as well as storage systems, refrigerator and display freezers. The company handles major companies in storage systems and is a leader in the storage, refrigerator and market processing systems.

2- Air conditioner factory:

The factory produces desert air conditioners of all sizes and sizes in modern designs and different cards. These air conditioners are manufactured under the registered trademarks names (El-Reif-Unix-Max Cool). The factory also produces all types of water coolers in sizes and sizes from 70 to 1,000 liters, with different trademarks such as El-Reif, Unix and Max Cool.

Commercial Department:

The company has a number of special exhibitions to showcase and sell their products, as well as authorized distributors throughout the kingdom. The company also has a large maintenance team to perform the after-sales service to the fullest extent, and the maintenance team arrives at the customer wherever they are located and at the right time.

The company is one of the specialized companies in Saudi Arabia in the field of air conditioning, refrigeration, household appliances (Asplit air conditioners and nets of all sizes and scales), ovens, washing machines, refrigerators and monitors of all sizes and sizes under registered trademarks (Unix-Rantic).

Company strategies for product development:

Omran is continually searching for new products with high profitability and growing market demand as it seeks to significantly tap into its position as a leader in various market sectors locally and globally.

The company's risks are low because of the variety of sectors it operates in and the variety of customers that results from the company's products and activities. The company always assigns the best cadres with a high level of professionalism; This will have a positive impact on the company's financial and competitive performance. The company is developing carefully-planned plans to expand all sectors, as it has drawn up plans for all factories to increase production capacity and meet market demands.

Strengths and competitive advantages

In its work, the company relies on the development of certain competitive advantages which it seeks to use intensively to improve its financial situation.

These advantages are in line with the set of goals and principles set by the management to strengthen the company's activities:

- 1- Strong brands.
- 2- Presence of experienced and competent labor.
- 3- liquidity requirement.
- 4- wide area network.
- 5- Variety of company activities.

3. Affiliates:

Below you will find the name, capital, ownership ratio, main activity, center of operations, and country of incorporation of each subsidiary/associates:

| Company name | Capital | Ratio ownership | Main activity | company operations lead store | State of incorporation |
|--------------------------------|-------------|-----------------|------------------|-------------------------------|------------------------|
| AL-Omran Plastic Industries Co | 100,000 SAR | %70 | Plastic Products | Saudi Arabia | Saudi Arabia |

4. Transactions with a related party: (SAR)

| the owner of the relationship | Relationship type | Term | Contract term | type of Transaction | Transaction size |
|--------------------------------------|--------------------|------------------------------|---|---------------------|------------------|
| Abaad Real Estate Investment Company | Affiliated company | interactions during the year | In contracting with the parties concerned, the company follows the same conditions as it does with others | Funding from Abaad | 667,000 |
| | | | | Expenses by proxy | 1,764,948 |
| | | | | Rents | 895,000 |



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All such transactions are presented to the regular General Assembly on an annual basis, and do not include any loans or balances payable after more than one financial year, all of which are considered current balances.

5. Risks:

The most significant operational and funding risks facing the company are:

1- Raw materials:

The raw materials represent a large percentage of the cost components of the company's products. Consequently, the company may be exposed to the risks of fluctuations and fluctuations in the prices of the main raw materials. To reduce these risks, the company strives to reduce their effects by closely monitoring and following the fluctuations of iron prices in local and international markets.

2- Currency Risk

The risks stemming from the change in the value of financial instruments as a result of the fluctuations in the exchange rates of foreign currencies are that the company's transactions are mostly in Saudi Riyals and the US dollar. Since the Saudi Riyal is effectively linked to the US dollar, the exchange risks are also effectively managed.

3- Credit Risk

The risk is that one party will not be able to meet its obligations, resulting in a financial loss to the other.

Cash was deposited with national and multinational banks with good credit ratings showing credit risk on debtor of the original amount after deducting the doubtful debt stock.

4- **Liquidity Risk:**

the company's risk of having difficulty obtaining funds to meet obligations related to financial instruments.

Liquidity risks may result from the inability to sell assets quickly and at near-fair value.

The company's management monitors liquidity requirements on an orderly basis and ensures sufficient funds are available to meet any future obligations.

6- **Statutory payments**

Statement and summary description of the value of regular payments due:

- Zakat: The company is regulated by the General Authority for Zakat and Income in Saudi Arabia.
- Taxes: The company is subject to the value-added tax (VAT) regulations that have been in place in Saudi Arabia since the beginning of 2018.
- Social insurance: The company is subject to the social insurance system and social insurance fees are recorded according to the accrual basis. Social insurance is paid monthly on the basis of the previous month's benefit.
- Labor office fee: It's the costs of getting a work permit and changing jobs.

The main statutory payments are as follows: (SAR)

| Statement | 2021 | | |
|--------------------------------------|------------|--|-----------|
| | Paid | | Due |
| Zakat and Income Authority | 3,773,582 | | 2,776,661 |
| General Social Insurance Institution | 1,219,865 | | 105,203 |
| Labor office fee | 375,366 | | 0 |
| VAT | 15,013,172 | | 876,705 |

7- Dividend policy:

The distribution and amount of profits shall be based on the net realized profits and cash flows of the company in accordance with the distribution policy set out in the Company's Regulations in Articles 45 to 47. The annual net profits of the company shall be distributed as follows:

1. A net profit shall be set aside (10%) for the formation of the firm's statutory reserve. The ordinary General Assembly may decide to discontinue such a set-off when the said reserve reaches (30%) of the paid capital.
 2. The ordinary General Assembly may, on the proposal of the Board of Directors, avoid (5%) the net profit to form an agreement reserve to be allocated for a particular purpose.
 3. The ordinary General Assembly may decide to establish other reserves, to the extent that it is in the interest of the company or to ensure that fixed profits are distributed as far as possible to the shareholders. The said Assembly may also deduct from the net profits sums for the establishment of social enterprises for the company's employees or to aid existing ones.
 4. The remainder shall then be distributed to shareholders with a minimum of 5% of the paid capital of the company.
 5. Subject to the provisions stipulated in Article (20) of this law and Article(76) of the Companies Law, 10% of the remainder shall be allocated to reward the board of directors, provided that the entitlement to such reward shall be in accordance with the regulations issued in this regard.
- The shareholder shall be entitled to its share of the dividend in accordance with the relevant General Assembly resolution. The decision shall state the

due date and the date of distribution. The dividend shall be payable to the shareholders registered in the shareholders' registers at the end of the day specified for the benefit.

– Second: Board of Directors and Subcommittees:

1- **company Governance**

The company has developed written policies and, in order to ensure adherence to good governance rules and practices, the following have been adopted:

| Article/paragraph | Article/paragraph Context | Statement |
|-------------------|---|---|
| 60/B | Work List of the Awards and Nominations Committee | The regulation of the Rewards and Nominations Committee was adopted in the minutes of the ordinary General Assembly meeting on 11/06/2020 |
| 3/ 22 | Policies, standards and procedures for membership in the Board of Directors and executive management and their rewards. | The policies, criteria and procedures for membership in the Board of Directors were adopted in the minutes of the ordinary General Assembly meeting on 11 / 6 / 2020. The regulation was amended and will be presented to the next General Assembly |
| 73 | Adoption of the Regulation on Internal Oversight | Approved by the Board |

The company applies all the provisions of the Corporate Governance Regulation issued by the Financial Market Authority except the following:

| Article/paragraph | Article/paragraph Context | Reasons for not applying |
|-------------------|---|--------------------------|
| 95 | Formation of corporate governance committee | Guidance material |
| 71 | Members of the Risk Committee | Guidance material |
| 83 | a policy of professional conduct and ethical values | Guidance material |
| 85 | incentive scheme | Guidance material |
| 87 | social responsibility plan | Guidance material |
| 88 | social action initiative plan | Guidance material |

Board of Directors

The company is managed by a board of directors composed of five members, who are elected by the ordinary general assembly of shareholders for a term not exceeding three years.

| SN. | Name | Position |
|-----|----------------------------------|-------------------|
| 1 | Mohammed Omran Al-Omran | Chairman |
| 2 | Nasir Muhammad Omran | Vice Chairman |
| 3 | Abd El-Rahman Mohammed Omran | Managing director |
| 4 | Abdullah Abd El-Aziz Al-Ghadir | Member |
| 5 | Fahad Saad Abd Allah Al-Huweimil | Member |

Composition of the Board and classification of its members:

| SN. | Member Name | Membership classification | | |
|-----|----------------------------------|---------------------------|---------------|-------------|
| | | Executive | Non-Executive | Independent |
| 1 | Mohammed Omran Al-Omran | | √ | |
| 2 | Nasir Muhammad Omran | | √ | |
| 3 | Abd El-Rahman Mohammed Omran | √ | | |
| 4 | Abdullah Abd El-Aziz Al-Ghadir | | | √ |
| 5 | Fahad Saad Abd Allah Al-Huweimil | | | √ |

EXPERIENCE

| SN. | Name | EXPERIENCE |
|-----|----------------------------------|---|
| 1 | Mohammed Omran Al-Omran | 43 years of experience in administration, industry and production, as well as membership of the boards of a number of companies |
| 2 | Nasir Muhammad Omran | 20 years of experience in administration, industry and production, as well as membership of the boards of a number of companies |
| 3 | Abd El-Rahman Mohammed Omran | 18 years of experience in administration, industry and production, as well as being on the boards of a number of companies |
| 4 | Abdullah Abd El-Aziz Al-Ghadir | 24 years of financial experience at Al-Yamamah Cement Company |
| 5 | Fahad Saad Abd Allah Al-Huweimil | 22 years of experience in auditing, as well as finance affairs at the specialist hospital in Riyadh |

The participation of board members in the membership of the boards of directors of other companies or their management according to the following table:

| SN. | Name | Current Position | previous Position | Qualifications |
|-----|----------------------------------|--|--|---|
| 1 | Mohammed Omran Al-Omran | Chairman of the Board of Directors of Al-Omran Industries & Trading Co | Chairman of the Board of Directors of Al-Omran Industries & Trading Co | Completion of general education in the Kingdom |
| 2 | Nasir Muhammad Omran | Vice -Chairman of the Board of Directors of Al-Omran Industries & Trading Co | Vice -Chairman of the Board of Directors of Al-Omran Industries & Trading Co | Completion of general education in the Kingdom |
| 3 | Abd El-Rahman Mohammed Omran | Managing director | Managing director | Accounting diploma |
| 4 | Abdullah Abd El-Aziz Al-Ghadir | Member of the board of Directors of Al-Omran Industries & Trading Co | Head of accounts at Al Yamama cement company | Bachelor of accounting King Saud University |
| 5 | Fahad Saad Abd Allah Al-Huweimil | Member of the board of Directors of Al-Omran Industries & Trading Co | A Financial Manager at the specialist hospital in Riyadh | Bachelor of Accounting, University of Toronto Toronto, Canada |



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The names of companies inside or outside the Kingdom of Saudi Arabia of which a member of the Board of Directors is a member of the current and previous Boards of Directors.

| Member Name | Names of companies for which a member of the board of directors is a member of their previous boards or directors. | Inside KSA / Outside KSA | (Listed Joint Stock/ unlisted Joint Stock/ limited liability | Names of companies for which a member of the board of directors is a member of their previous boards or directors. | Inside KSA / Outside KSA | Legal entity (contribution included/contribution not included/limited liability) |
|----------------------------------|--|--------------------------|---|--|--------------------------|--|
| Mohammed Omran Al-Omran | Al-Omran Industries & Trading Co | Inside KSA | listed Joint Stock Company | - | - | - |
| | Abaad Real Estate Investment Company | Inside KSA | un-listed Joint Stock Company | | | |
| | Upcon Cable / Czech Republic | Outside KSA | un-listed Joint Stock Company | | | |
| Nasir Muhammad Omran | Al-Omran Industries & Trading Co | Inside KSA | listed Joint Stock Company | - | - | - |
| | Abaad Real Estate Investment Company | Inside KSA | un-listed Joint Stock Company | | | |
| | Upcon Cable / Czech Republic | Outside KSA | un-listed Joint Stock Company | | | |
| Abd El-Rahman Mohammed Omran | Al-Omran Industries & Trading Co | Inside KSA | listed Joint Stock Company | - | - | - |
| | Abaad Real Estate Investment Company | Inside KSA | un-listed Joint Stock Company | | | |
| | Upcon Cable / Czech Republic | Outside KSA | un-listed Joint Stock Company | | | |
| Abdullah Abd El-Aziz Al-Ghadir | Al-Omran Industries & Trading Co | Inside KSA | listed Joint Stock Company | - | - | - |
| Fahad Saad Abd Allah Al-Huweimil | Al-Omran Industries & Trading Co | Inside KSA | listed Joint Stock Company | - | - | - |

Executive management:

Names of executive management and their current and previous jobs and qualifications

| | Name | Current Position | previous Position | Qualifications |
|---|------------------------------|--------------------------|---|--|
| 1 | Abd El-Rahman Mohammed Omran | Managing director | Managing director | Accounting diploma |
| 2 | Omran Mohammed Al Omran | Deputy Managing Director | Managing director- Al-Omran Industries & Trading Co | Bachelor of Business Administration |
| 3 | Saber Mohammed Hijaz | CFO | Finance manager Falcon industries | Bachelor of Commerce Accounting Department in 1979 Tanta University Arab Republic of Egypt |

Committee functions, members and attendance record:

Audit committee:

The names of the members of the audit committee, their current and previous positions and qualifications

| SN. | Name | Position | Current Position | previous Position | Qualifications |
|-----|----------------------------------|---------------------------|--|---|--|
| 1 | Fahad Saad Abd Allah Al-Huweimil | chairman of the committee | Member of the board of Directors of Al-Omran Industries & Trading Co | Director of Payroll Department at King Faisal Specialist Hospital in Riyadh | Bachelor of Accounting, University of Toronto, Canada |
| 2 | Yousef Mohammed Al-Omran | Member | Auditor of KPMG Al-Fawzan Associates Accountants and auditors | Auditor of KPMG Al-Fawzan & co. accountants and auditors N. | BA in Accounting, King Saud University, and MA in Economics at old dominion university |
| 3 | Sami Mohammed Al Shiha | Member | Accountant at Al Seef contractors engineers Ltd | Accountant in the Saudi authority for industrial cities and technical areas | Diploma of accounting – Technical College . |

Functions and responsibilities of the audit committee:

- Supervise the internal control department to verify its effectiveness in the implementation of the work and tasks set for it by the board of directors.
- Study the internal control system and prepare a written report on its opinion and recommendations thereon.
- Study internal audit reports and follow up on the implementation of corrective actions for the observations contained therein.
- Recommend to the board of directors the appointment of Chartered Accountants – after confirming their independence-and dismiss them and determine their fees.
- Follow up on the work of the Certified Public Accountants and approve any work outside the scope of the audit work assigned to them while carrying out the audit work.
- Study the audit plan with the chartered accountant and make the committee's comments on it.
- Study the notes of the chartered accountant on the financial statements and follow up on what has been done in this regard.
- Study the initial and annual financial statements before presenting them to the board of directors and give an opinion and recommendation thereon.
- Study the accounting policies followed and give an opinion and recommendation to the board of directors.

The results of the annual review of the effectiveness of the company's internal control procedures in addition to the audit committee's opinion on the adequacy of the company's internal control system.

During the financial year 2021, the company appointed the internal auditor of the company according to what is planned by the Audit Committee and the effectiveness of internal control procedures was reviewed by the Audit Committee and by the board of directors to verify their adequacy and efficiency in protecting the company's assets, assessing business risks and measuring the efficiency of

performance. the Charter of the internal audit guide was adopted by the board of directors on 1/5/2020. The committee believes that the company is moving in the right direction to develop its internal audit system and increase its effectiveness.

During the financial year ended 31/12/2021, the committee held four meetings as shown in the following table:

| Member Name | Position | First meeting 31/03/ 2021 | Second meeting 2021/05/19 G | Third meeting 11/08/2021 | Forth meeting 2021/11/06 G |
|----------------------------------|---------------------------|------------------------------|--------------------------------|-----------------------------|-------------------------------|
| Fahad Saad Abd Allah Al-Huweimil | chairman of the committee | √ | √ | √ | √ |
| Yousef Mohammed Al-Omran | Member | √ | √ | √ | √ |
| Sami Mohammed Al Shiha | Member | √ | √ | √ | Absent |

Nomination and Remuneration Committee:

The nomination and Remuneration Committee shall review the structure of the board of directors and the effectiveness and performance of its members, make recommendations regarding changes that can be made, identify weaknesses and strengths, ensure the independence and absence of conflicts of interest for the member, recommend the nomination of the member according to the Required Needs, and review the remuneration and compensation of the committees of the board, the managing director and senior management.

The number of nominations and remuneration committee meetings during 2021 reached two meetings as shown in the following table:

| Member Name | Position | First meeting 19/09/2021 | Second meeting 2021/11/07 |
|----------------------------------|---------------------------|-----------------------------|------------------------------|
| Fahad Saad Abd Allah Al-Huweimil | chairman of the committee | √ | √ |
| Mohammed Omran Al-Omran | Member | √ | √ |
| Nasir Muhammad Omran | Member | √ | √ |

The work list of the nominations and awards committee and its members and awards was adopted on 11/06/2020.

Bonuses and allowances paid to board members and senior executives:

Bonuses and allowances of board members and senior executives (SAR):

| Name | Position | meeting attendance allowance | Bonus | Grand total |
|----------------------------------|-------------------|------------------------------------|---------------|----------------|
| Mohammed Omran Al-Omran | Chairman | 16,000 | - | 16,000 |
| Nasir Muhammad Omran | Vice Chairman | 16,000 | - | 16,000 |
| Abd El-Rahman Mohammed Omran | Managing director | 16,000 | - | 16,000 |
| Abdullah Abd El-Aziz Al-Ghadir | Board member | 16,000 | 40,000 | 56,000 |
| Fahad Saad Abd Allah Al-Huweimil | Board member | 16,000 | 40,000 | 56,000 |
| Total | | 80,000 | 80,000 | 160,000 |

The remuneration was approved according to the board of directors ' remuneration policies approved by the General Assembly on 11/06/2020

Executive bonuses (SAR):

The following is a breakdown of the bonuses paid to three senior executives who received the highest bonuses, including the managing director and CFO during the fiscal year 2021.

| Statement | Fixed rewards | | | Variable rewards | | End-of-service benefit | Total Executive Remuneration for the Board | Total |
|-----------|---------------|------------|-----------|----------------------------|---------------------------|------------------------|--|-----------|
| | Salaries | Allowances | Total | Short-term incentive plans | Long-term incentive plans | | | |
| Total | 1,026,720 | 338,552 | 1,365,272 | 10,560 | 500,000 | 101,325 | 16,000 | 1,993,157 |

Al-Omran Industries & Trading Co has committed to disclose the bonuses granted to senior executives in aggregate in accordance with the statutory requirements contained in sub-paragraph (4/B) of Paragraph (A) of Article No. 93 of the corporate governance regulation, without disclosing them separately, to protect the interests of the company because of the damage that may be caused to the company if mentioned in detail is to create a climate of competition and job instability, which reflects on the performance of the company and therefore on shareholders.

Rewards for committee members (SAR):

| SN. | Audit committee members | Fixed rewards | Meeting attendance allowance | Total |
|-----|----------------------------------|---------------|------------------------------|--------|
| 1 | Fahad Saad Abd Allah Al-Huweimil | 15,000 | 6,000 | 21,000 |
| 2 | Yousef Mohammed Al-Omran | 15,000 | 6,000 | 21,000 |
| 3 | Sami Mohammed Al Shiha | 11,250 | 4,500 | 15,750 |
| | Total | 41,250 | 16,500 | 57,750 |

| SN. | Nominations and rewards committee members | Fixed rewards | Meeting attendance allowance | Total |
|-----|---|---------------|------------------------------|--------|
| 1 | Fahad Saad Abd Allah Al-Huweimil | 15,000 | 3,000 | 18,000 |
| 2 | Mohammed Omran Al-Omran | 15,000 | 3,000 | 18,000 |
| 3 | Nasir Muhammad Omran | 15,000 | 3,000 | 18,000 |
| | Total | 45,000 | 9,000 | 54,000 |

Interests of board members and senior executives:

During 2021 there are some interests in shares belonging to some members of the board of directors and senior executives, as follows:

| SN. | Name | End of year | | Beginning of insertion | | Net Change | Ratio Change |
|-----|------------------------------|------------------|------------------|------------------------|------------------|------------|--------------|
| | | Number of shares | Debt instruments | Number of shares | Debt instruments | | |
| 1 | Mohammed Omran Al-Omran | - | 1,333,942 | - | 2,400,000 | - | (%44) |
| 2 | Nasir Muhammad Omran | - | 240,000 | - | 240,000 | - | %0 |
| 3 | Abd El-Rahman Mohammed Omran | - | 242,937 | - | 242,937 | - | %0 |

Board meetings and attendance record for each meeting:

| SN. | Name | Attendance record - number of meetings (eight) | | | | | | | |
|-----|----------------------------------|--|----------------|---------------|---------------|---------------|---------------|-----------------|----------------|
| | | First meeting | Second meeting | Third meeting | Forth meeting | Fifth meeting | Sixth meeting | Seventh meeting | Eighth meeting |
| | | | | | | | | | |
| 1 | Mohammed Omran Al-Omran | √ | √ | √ | √ | √ | √ | √ | √ |
| 2 | Nasir Muhammad Omran | √ | √ | √ | √ | √ | √ | √ | √ |
| 3 | Abd El-Rahman Mohammed Omran | √ | √ | √ | √ | √ | √ | √ | √ |
| 4 | Abdullah Abd El-Aziz Al-Ghadir | √ | √ | √ | √ | √ | √ | √ | √ |
| 5 | Fahad Saad Abd Allah Al-Huweimil | √ | √ | √ | √ | √ | √ | √ | √ |

A statement of the dates of the General Assemblies of Shareholders held during 2021 and the names of the board of directors present for these assemblies:

| SN. | Name | Attendance register |
|-----|----------------------------------|---|
| | | Ordinary General Assembly meeting first meeting on 15/06/2021 |
| 1 | Mohammed Omran Al-Omran | √ |
| 2 | Nasir Muhammad Omran | absent |
| 3 | Abd El-Rahman Mohammed Omran | √ |
| 4 | Abdullah Abd El-Aziz Al-Ghadir | √ |
| 5 | Fahad Saad Abd Allah Al-Huweimil | √ |

Company requests for shareholder record:

| The number of the company's requests to the shareholders register | Request date | Request Reasons |
|---|--------------|------------------|
| 1 | 2021/01/24 | External Auditor |
| 2 | 2021/04/18 | External Auditor |
| 3 | 2021/06/15 | General Assembly |

Sanctions and penalties against the company:

There are no penalties of substantial effect, reserve restrictions or other sanctions imposed on Al-Omran Industries & Trading Co. by a regulatory, supervisory or judicial authority for the financial year 2021 the board of directors and management of the company:

The board of directors and the management of the Company shall Confirm and approve the following. The records of the accounts were prepared in the correct form.

- The system of internal control had been well established and effectively implemented
- There is little doubt that the Company is capable of continuing its activity

Conclusion

In conclusion, the board of directors extends its sincere thanks and appreciation to our wise government for its support and support to the private sector. the board is also pleased to register its thanks to the shareholders of the company for their support and to the customers of the company for their trust in the company and its products, as well as to the employees of the company for their sincere efforts to develop and improve performance and achieve the company's goals.

"May Allah Cause Success"

BOARD OF DIRECTORS