



الشركة السعودية للطباعة والتغليف  
Saudi Printing & Packaging co.

# ANNUAL REPORT 2023

Dear shareholders

Saudi Printing and Packaging Company

May the peace, blessings, and mercy of God be upon you.

The Board of Directors, Saudi Printing and Packaging Company, is pleased to present to you the annual report for the fiscal year ending on 12/31/2023. Such report contains an overview of the company's performance, activities, substantial events and the most important achievements for the year 2023. Furthermore, it contains an analysis of financial performance and presentation of the company's attitudes, strategic goals, future plans and disclosure according to the requirements of corporate governance and the Capital Market Authority.

The Board also extends its thankfulness and gratitude to the company's shareholders, customers, employees and all public and private sectors that deal with it for their continuous support to the company in pursuing achievement of its intended goals.



The objectives of the Saudi Printing and Packaging Company in the Kingdom of Saudi Arabia follow the national directions and objectives specified by the Kingdom's vision 2030 which we share and accordingly we build our long-term goals and expectations based to exploit our strength and capabilities. Our strategy is therefore aligned with and reflects the national interest and trends, to which we contribute in serving the national economy by supporting the printing and packaging sectors

### OUR Mission

Providing innovative solutions to the various transforming and conversion industries by deploying creative human resources and building on distinguished relations with our customers and suppliers in maximizing shareholder returns in addition to enhancing the Company's contribution in social responsibility, and playing and active role to the development of the national economy.

### Our vision

Leaders in providing innovative and distinguished solutions in the fields of printing and packaging.

### OUR GOALS

- Achieve financial stability
- Building closer relationships with our customers.
- Upgrade our competitiveness and develop our products and work on finding modern products through research and development.
- Developing the returns of our shareholders by expanding into new markets.
- Ensure the application of quality systems in accordance with local and international standards.
- Commitment to supporting and developing the work team, soliciting and developing distinguished human cadres, and maintaining their continuity.

## CHAIRMAN'S Message

Dear honorable shareholders,

On behalf of my colleagues in the company's board of directors, I am pleased to present the annual report for the financial year 2023. It includes the performance and achievements of the company along with its various sectors during the year. Furthermore, the report includes our strategic approach in addition to financial indicators, governance mechanisms and related disclosures.

2023 was a very challenging year for the Saudi Printing and Packaging Company with various operational and market challenges impacting our financial performance. The company has taken a proactive approach to overcome these challenges, and, with the support of leading consultants, undertook a comprehensive review of our strategy, operations, and financial structure to identify areas for improvement.

On behalf of myself and on behalf of my fellow members of the Board of Directors, I extend my sincere thanks and appreciation to our rational government for its tireless efforts to achieve the prosperity and security of this country and for its continuous support and care for all sectors. I also extend my sincere thanks and appreciation to the shareholders for their trust, and support during the fiscal year 2023, and thanks to the executive management and all employees of the company for their efforts, and we invite them to continue giving during the coming years, as well as we thank our valued customers who are our partners for their confidence in the company's products and their permanent support for it. We hope that the company's business will contribute to maximizing the interests of shareholders, and moving forward towards further development and success.

Adel Marzouq Al Naser

Chairman

## THE COMPANY PROFILE AND ITS SUBSIDIARIES

### Saudi Printing & Packaging Company “SPPC”

The Saudi Printing and Packaging Company is a Saudi joint stock Company operates in the printing and packaging sectors. The Company is registered in the Kingdom of Saudi Arabia, with Commercial Registration No. 1010219709 issued in Riyadh on 1st Jumada Al-Ula, 1427 H (corresponding to 28 May 2006) by virtue of the decision of the Ministry of Commerce and Investment No. 104 /S on 20th Rabi` Al-Thani 1428 H (corresponding to 7 May 2007).

The Saudi Printing and Packaging Company was established in the name of Al-Madina Al-Munawarah Printing and Publishing Company in 1963 and during the year 2007 its name was changed to the Saudi Printing and Packaging Company and 30% of its shares were offered for public subscription during that year, noting that the Saudi Research and Media Group and its subsidiaries own 70% of the Company's shares.

The Company is a leader in its field and possesses advanced centers for printing newspapers in Riyadh, and Jeddah. The Company prints some of the most important newspapers such as Alsharq Alawast, Al-Eqtisadiyah, Al-Riyadhya, Arab News and others, in addition to periodic commercial publications. The company also works in the field of packaging and has factories in Riyadh, Jeddah, Al-Madina Al-Munawarah in the Kingdom of Saudi Arabia and in Sharjah, Abu Dhabi and Dubai in the United Arab Emirates.

SAUDI PRINTING AND PACKAGING COMPANY is committed to being an impactful business and supporting a greener, bluer planet. The Group uses renewable, recyclable, recycled and biodegradable materials to create sustainable printing and packaging solutions.

### Saudi Printing & Packaging Company's business is split in two main sectors:

#### First Sector (Printing):

Saudi Printing and Packaging Company is one of the largest printing companies in the Kingdom of Saudi Arabia, the Middle East and North Africa. It is distinguished by providing a wide range of integrated printing services, Huge production capacity through its distinguished group of subsidiaries, which are Al-Madina Al-Munawarah Printing and Publishing Company and Hala Press. The printing business mainly depends on printing newspapers and magazines targeting different sectors in the Arab world, in addition to bound books, commercial publications and packaging in different languages and styles.

The Company, through its subsidiaries, also prints many magazines for the Saudi Research and Publishing Company, the Saudi Company for Specialized Publishing and many other publishers, in addition to the Government Sector represented by the Ministry of Education and the Ministry of Islamic Affairs.

### **Al-Madina Printing & Publishing Company “MPPC”.**

During the year 2012, the Saudi Printing and Packaging Company transformed its branch registered under the Commercial Register No. 4030004369 in Jeddah - Al Ustaz District on 23rd Rajab, 1383H (corresponding to 9th December, 1963) under the license issued by the Ministry of Information No. 510 on Dhu al-Hijjah 1413 H (corresponding to 14th June, 1993) in the name of (Al-Madina Al-Munawarah for Printing and Publishing - Branch of the Saudi Printing and Packaging Company) into a limited liability Company with the same name in which Saudi Printing and Packaging Company owns 95% of the capital and Hala Press owns the remaining 5%. Al-Madina Al-Munawarah for Printing and Publishing has transferred its three branches to this new limited liability Company.

### **Hala Printing Company “HPC”**

Hala Printing Company is considered as one of the largest commercial printing centers in the Kingdom of Saudi Arabia and is always the first to deploy the latest printing technology in order to provide the highest levels of quality. Hala Printing Company is uniquely positioned and has the competitive advantage over its competitors by offering comprehensive range of services (one stop shop) whereby all printing stages are carried out in one place under the supervision of distinguished and well qualified technicians and professionals.

Hala Printing joined the Saudi Printing and Packaging Company in 2006 to become the main business arm of the Company signaling the start of a new stage of business development embracing the proud launch of innovation, achieving high technical quality, trustworthiness and continuous technical support. In order to continue developing the printing business, the Company increased its production capacity in 2008 throughout various stages of pre-press, printing and post-press works. In 2017, the Company increased its production capacity in the sector of carton printing (industrial printing) and entered into many investments to enhance and enrich the added value of both commercial and industrial printing products. These investments aimed at increasing the market share, maintain the excellence of the final product and fulfill customer requirements.

### **Second Sector (Packaging):**

Packaging is delivered through the Emirates National Factory for Plastic Industries and its subsidiaries (Taiba Printing and Packaging Company, Flexible Packaging Company, Al-Madina Packaging Company “City Pack”, Future Pack Factory, Future Plus for Plastics, United International Clear Packaging Ltd “UICP”, United Security Company, Commercial United Packaging Company “CUPCO”, Future Plast Industries Company).

The Emirates National Factory for Plastic Industries Company is one of the largest manufacturing and conversion groups for integrated packaging materials in the Arabian Gulf, which is renowned for its huge production capacity, and deploying the latest technologies in providing packaging solutions to its many clients, supported by the long experience of more than 20 years.

### **Future Industrial Investment Co. “FIIC”**

Saudi Printing and Packaging Company established the Future Industrial Investment Company during the year 2012 to serve as the parent Company for all the Company's packaging companies, including the Emirates National Factory for Plastic Industries. FIIC owns 99% of the Emirates National Factory for Plastic Industries and Saudi Printing and Packaging Company owns the remaining 1%.

### **Emirates National Factory for Plastic Industries LLC (Emirates Factory) “ENPI”**

Saudi Printing and Packaging Company acquired the Emirates National Factory for Plastic Industries (ENPI), a limited liability company during the year 2012. ENPI was established in 1995 in the Emirate of Sharjah, in the United Arab Emirates, through its two subsidiaries (the Future Industrial Investment Company and the Flexible Packaging Company). On 1-7- 2014, the flexible packaging company's shares were transferred to the Saudi Printing and Packaging Company.

The Emirates Factory operates in manufacturing and distribution of most types of packaging materials and has advanced factories and subsidiaries in Abu Dhabi, Dubai and Sharjah in UAE, in addition to companies in Riyadh, Jeddah and Almadinah Almunawarah in Kingdom of Saudi Arabia.

The Emirates Factory is considered one of the major integrated industrial groups in the countries of the Cooperation Council for the Arab States of the Gulf, where it is renowned for its high production capacity and deployment of the latest technology and techniques in the packaging sector, building on over 20 years experience to provide a wide range of packaging sectors for more than 20 years.

## Saudi Printing & Packaging Company and its Subsidiaries:

### Ownership of Subsidiaries

The Company's ownership in the subsidiaries is 100% directly or indirectly as follow:

Company	Incorporation Country	Location	Capital in SAR	Ownership	Percentage	Main Activity
<b>Al-Madina Printing &amp; Publishing Co.</b>	Kingdom of Saudi Arabia	Jeddah, Riyadh, and Dammam	1,000,000	1-Saudi Printing & Packaging Co. 2-Hala Printing Co.	95 % 5 %	Manufacturing printing & writing and computer paper.
<b>Hala Printing Co.</b>	Kingdom of Saudi Arabia	Riyadh	1,000,000	1-Saudi printing & Packaging Co. 2-Future Industrial Investment Co.	95 % 5 %	Printing specialized magazines, brochures, advertisements, posters, flyers, and forms.
<b>Future Industrial Investment Company "FIIC"</b>	Kingdom of Saudi Arabia	Riyadh	100,000	1-Saudi printing & Packaging Co. 2-Hala Printing Co.	95 % 5 %	Wholesale and retail trade in printing and packaging materials and machines and their tools, inks, paper, plastics and raw materials needed.
<b>Emirates National Factory for Plastic Industries "ENPI"</b>	United Arab Emirates	Abu Dhabi, Dubai, Sharjah, Riyadh & Jeddah, Almadinah Almunawarah	30,618,300	1-Future Industrial Investment Co. 2-Saudi printing & Packaging Co.	99 % 1 %	Manufacturing and trading in bags, sheets, packaging materials and related plastic.

Emirates National Factory for Plastic Industries LLC (Emirates Factory) "ENPI" & its subsidiaries:

Company Name	Country of Incorporation	Ownership Percentage
<b>Al-Madina Packaging Co. "City Pack"</b>	UAE	100%
<b>Future Pack Factory. Ltd</b>	UAE	100%
<b>Future Plus for Plastics Ltd*</b>	KSA	100%
<b>United International Clear Packaging Ltd "UICP"</b>	UAE	100%
<b>United Security Co. Ltd</b>	UAE	100%
<b>Commercial United Packaging Co. "CUPCO" **</b>	UAE	100%
<b>Future Plast Industries Ltd</b>	UAE	100%
<b>Taiba Printing &amp; Packaging Co. Ltd</b>	KSA	100%
<b>Flexible Packaging Co. Ltd</b>	KSA	100%



## STRATEGIC GOALS AND FUTURE PLANS

Saudi Printing and Packaging Company is one of the leading providers of packaging and printing solutions in the Middle East. The company's vision is to be the partner of choice that people trust for all their packaging and printing needs.

During the year 2023, the company collaborated with experienced consultants to conduct a comprehensive review of its strategies, operations, and financial structure in order to identify areas for improving operational and financial performance. The review focused on four key areas:

- Capacity, facility and operations upgrades.
- Strengthening and consolidation of its product portfolio, including sustainable printing and packaging solutions.
- Enhanced focus on priority markets.
- Strengthening business unit management, organisation structure and process capabilities.

Arising from review, the company has implemented management and operational changes which will enhance operational efficiency, maximize resource utilization, and seize emerging opportunities.

The company expects benefits from the restructuring to commence during 2024. The Company always strives to clearly set strategic goals; and set appropriate mechanisms for such matter by devising future plans that aim at achieving growth strategies in terms of profits and preserving shareholders' value in a way that enhances shareholders' confidence in the Company's position and strength as a leading Company in the field of printing and packaging in the Middle East, Africa and other export markets.

### The Main Events and the Most Important Achievements for the Year 2023

The Extraordinary General Assembly, held on 10/9/2023, approved the recommendation of the Board of Directors to utilize the full statutory reserve of SAR 78,639,385 to offset a portion of the accumulated losses of the company, amounting to SAR 105,834,776, which represents 17.64% of the capital, as shown in the financial statements for the period ending on 30/6/2023.

Furthermore, the Extraordinary General Assembly, held on 10/9/2023, approved the recommendation of the Board of Directors to utilize a portion of the voluntary reserve of SAR 30,105,326 to fully offset the remaining accumulated losses of the company, amounting to SAR 27,195,391 (after utilizing the full statutory reserve), as shown in the financial statements for the period ending on 30/6/2023.

The Saudi Printing and Packaging Company announced that the Board of Directors accepted, on 4/4/2023, the resignation of Mr. Fahad bin Ibrahim Al-Mufarraj (Executive Member) from the position of Managing Director, as well as his resignation from the Executive Committee, while remaining a member of the Board of Directors. The resignation was due to personal circumstances, and was effective from 5/4/2023. Mr. Francis Ferguson has been appointed as the CEO, effective from the same date.

## Human Resources

Saudi Printing and Packaging Company and its subsidiaries employ human cadre whose members are highly qualified and vastly experienced with a high level of performance. Moreover, the company enthusiastically interests in providing an attractive and healthy work environment in all respects. During the year 2023, a number of the company's employees received training courses and participated in conferences and seminars so that they could gain the necessary expertise to lead work teams, as the continuous business success comes from the company's continued investment in human capital with high capacity and efficiency, which will return to the employee and the company with the desired returns and achieve ambition very often.

Therefore, the company was keen to contribute effectively and pay attention to the effective development aspects by activating human resource development programs and job stability plans and building a job-safe environment for citizens as a leading national company in this field, and in return to participate in achieving the goals set by the state for everyone in the government and private sectors represented in the 2023 transformation plan And thus reaching the realization of the 2030 AD vision, and from here the company was keen to localize leadership positions, most of which were achieved in previous stages.

### Localization of jobs

Localizing jobs, attracting talents, and retaining and developing competencies is one of the basic responsibilities of the Human Resources Department. Through the implementation of the Saudization policy, the company plays an important role in advancing the growth and development of the national economy, and also contributes to enhancing the opportunities available to Saudi youth, in line with the objectives of the "Kingdom's Vision 2030."

This is what we have succeeded in achieving by Saudization of a large number of professional and technical jobs, attracting national cadres with high experience in the Saudi market, and creating a competitive market that encourages the recruitment of citizens of the homeland in a sign from the company that we must pursue the aspirations of our rational government regarding the growth of its economy and provide good solutions to build a bright future for the citizen of our country.

## FINANCIAL REPORT

### Consolidated Balance Sheet for Five Years

(Thousand Riyal)

Description	2023	2022	2021	2020	2019
Current Assets	470,899	604,585	539,114	482,487	560,713
Non-Current Assets	1,053,247	1,136,877	1,162,938	1,189,502	1,226,291
<b>Total Assets</b>	<b>1,524,146</b>	<b>1,741,462</b>	<b>1,702,052</b>	<b>1,671,989</b>	<b>1,787,003</b>
Current Liabilities	805,252	735,245	598,058	538,092	548,624
Non-Current Liabilities	39,796	35,973	45,748	44,134	42,681
Long Term Loans	177,653	332,303	416,499	387,023	471,795
<b>Total Liabilities</b>	<b>1,022,701</b>	<b>1,103,521</b>	<b>1,060,306</b>	<b>969,249</b>	<b>1,063,099</b>
Shareholders' Equity	501,445	637,940	641,746	702,740	723,904
<b>Total Liabilities and Equity</b>	<b>1,524,146</b>	<b>1,741,462</b>	<b>1,702,052</b>	<b>1,671,989</b>	<b>1,787,003</b>

### Consolidated Income Statement for Five Years

(Thousand Riyal)

Description	2023	2022	2021	2020	2019
Sales	779,158	1,000,094	783,639	767,687	924,344
Cost of Sales	(696,716)	(857,701)	(694,663)	(640,272)	(793,280)
<b>Gross Profit</b>	<b>82,442</b>	<b>142,393</b>	<b>88,976</b>	<b>127,415</b>	<b>131,064</b>
Selling and Marketing Expenses	(49,984)	(55,697)	(47,773)	(49,284)	(59,210)
General and Administrative Expenses	(69,768)	(66,983)	(64,389)	(64,175)	(64,903)
<b>Income (Loss) from main Operations</b>	<b>(37,310)</b>	<b>19,713</b>	<b>(23,186)</b>	<b>13,956</b>	<b>6,951</b>
(Loss) reflects the decrease in the value of property, plant and equipment					
Loss of goodwill	(35,000)				
Other Income (Expenses), net	4,809	5,977	3,727	9,793	15,437
Financial Charges	(61,303)	(31,415)	(36,489)	(40,982)	(58,101)
<b>Loss before Extraordinary Losses &amp; Zakat</b>	<b>(128,804)</b>	<b>(5,725)</b>	<b>(55,948)</b>	<b>(17,233)</b>	<b>(35,713)</b>
Extraordinary Losses					
<b>Loss before Zakat &amp; Minority Interest</b>	<b>(128,804)</b>	<b>(5,725)</b>	<b>(55,948)</b>	<b>(17,233)</b>	<b>(35,713)</b>
Zakat	(3,500)	(3,494)	(3,349)	(3,312)	(3,047)
<b>Loss for the Year</b>	<b>(132,304)</b>	<b>(9,219)</b>	<b>(59,297)</b>	<b>(20,545)</b>	<b>(38,760)</b>

### Statement of Cash flows for Five Years

(Thousand Riyal)

Description	2023	2022	2021	2020	2019
Net cash flows from operating activities	116,162	71,143	11,690	94,141	196,142
Net cash flows used in investing activities	(11,944)	(17,821)	(15,636)	(16,896)	(9,615)
Net cash flows used in financing activities	(106,639)	(47,533)	(366)	(93,269)	(190,928)
<b>Net change in cash and cash equivalents</b>	<b>(2,421)</b>	<b>5,789</b>	<b>(4,312)</b>	<b>(16,025)</b>	<b>(4,122)</b>
Cash and cash equivalent as of 1st January	28,988	23,196	33,250	34,916	37,654
<b>Cash and cash equivalent as of 31st December</b>	<b>26,559</b>	<b>28,988</b>	<b>23,196</b>	<b>33,250</b>	<b>34,916</b>

## Geographical analysis of sales and total profits

The following table shows the company's sales and profits by geographic areas for the years 2023 and 2022:

(Thousand Riyal)

Description	KSA	MENA	Africa Except NA	Asia	Europe	Total
<b>2023</b>						
Total Sales	305,920	413,905	53,479	4,212	1,643	779,158
Total Goss Profits	32,369	43,795	5,659	446	174	82,442
<b>2022</b>						
Total Sales	398,022	530,567	62,503	6,861	2,141	1,000,094
Total Goss Profits	56,670	75,542	8,899	977	305	142,393

Clarification of the material differences in the operating results for the two years ended December 31, 2023, and 2022.

(Thousand Riyal)

Description	2023	2022	Changes	Diff %
Sales	779,158	1,000,094	-220,936.00	-22.09%
Cost of Sales	(696,716)	(857,701)	160,985.00	-18.77%
Gross Profit	82,442	142,393	-59,951.00	-42.10%
SG&A Expenses	(119,752)	(122,680)	2,928.00	-2.39%
Income (Loss) from main Operations	(72,310)	19,713	-92,023.00	-466.81%
Loss for the Year	(132,304)	(9,219)	-123,085.00	1335.12%

- Revenues amounted to 779 million riyals for the year 2023 compared to 1,000 million riyals for the year 2022, which represents an decrease of 22.09%. The decrease in revenue was caused mainly by lower selling prices (a factor of lower raw material market prices), and by market challenges.
- The Gross profit amounted to 82.4 million riyals for the year 2023 compared to 142.39 million riyals for the year 2022, which represents an decrease of 18.77%.
- Operating (loss)/profit amounted to -72.3 million Saudi riyals for the year 2023, compared to an operating profit of 19.7 million Saudi riyals for the year 2022, which represents an decrease of 466.81%. The main reason for the decrease in operating profit is due to the decrease in sales during the current year compared to the previous year.
- The net loss amounted to -132.5 million Saudi riyals for the year 2023, compared to a net loss of 9.21 million Saudi riyals for the year 2022, which represents a increase of 1337.21%. The main reasons for the higher loss in 2023 was the decrease in operating profit, impairment of Goodwill, and higher finance costs (caused by increased interest rates)
- The total comprehensive loss during the current period amounted to 136.49 million Saudi riyals, compared to a total comprehensive loss of 3.81 million Saudi riyals for the previous year, with a decrease of 97.20%.
- Total shareholders' equity (no minority rights) during the current period amounted to 501.44 million Saudi riyals, compared to 637.94 million Saudi riyals for the same period of the previous year, a decrease of 21.39%.
- The accumulated losses amounted to 101.05 million Saudi riyals, which represents 16.84% of the capital.

## Sectorial information

The company consists of the following major business sectors:

Printing sector	Packaging sector	Others & Investment activities
<p>This sector includes the following:</p> <ul style="list-style-type: none"> <li>• Newspaper printing</li> <li>• Printing books and textbooks.</li> <li>• Various commercial printing and magazines.</li> <li>• Carton printing and packing.</li> </ul>	<p>This sector includes the following:</p> <ul style="list-style-type: none"> <li>• Printing on plastic and commercial labels.</li> <li>• Manufacture of plastic products and packaging materials.</li> <li>• Manufacture of paper and plastic cups.</li> <li>• Manufacture of plastic bottles and caps.</li> </ul>	<p>It includes the head office, public administration activities, investment activities, and others.</p>

The business results for the two years ending on December 31, 2023 and 2022 for the above-mentioned operating sectors consist of the following:

(Thousand Riyal)

	Printing Sector	Packaging Sector	Others & Investment Activities	Total
<b>2023</b>				
Sales	96,442	682,716		779,158
Net loss	(25,864)	(58,624)	(47,815)	(132,303)
Depreciation and amortization	19,352	38,271	73	57,696
Properties, machinery & Equipment, net.	197,185	476,160	78	673,423
Intangible assets	10,217	325,415		335,632
Net stock	55,905	135,531		191,436
Total Assets	301,029	1,216,622	6,495	1,524,146
Total Liabilities	(21,590)	(629,951)	(371,161)	1,022,701
<b>2022</b>				
Sales	144,930	855,164		1,000,094
Net profit (loss)	(1,495)	27.7	(7,752)	(9,219)
Depreciation and amortization	20,587	36,234	96	56,917
Properties, machinery & Equipment, net.	227,209	490,133	123	717,465
Intangible assets	10,217	360,619	-	370,836
Net stock	78,439	187,349	-	265,788
Total Assets	392,953	1,347,454	1,054	1,741,461
Total Liabilities	(35,397)	(674,035)	( 394,090)	(1,103,522)

## Information Related to Murabaha & Loans

The following table shows the information related to the company's consolidated loans and its movements during the year 2023:

(Thousand Riyal)

Description	Loan amount	Year opening balance	Additional amount during the year	Loan payments	Yearend balance	Loan period (years)	Lending associations
Long term loans	489,269	404,912		32,810	372,102	4-7 YEARS	Several associations
Short term loans	413,861	413,861	1,237,196	1,249,745	401,311	1 YEAR	Several associations
<b>Total</b>		<b>818,772</b>	<b>1,237,196</b>	<b>1,282,555</b>	<b>773,413</b>		

The balance at the end of 2023 in the internal and external banks is summarized as follows:

(Thousand Riyal)

Description		Percentage %	Granting Bank
Local banks (KSA)	313,046	40.48%	Alinma Bank, Banque Saudi Fransi, and Saudi National Bank
Foreign banks (UAE)	460,367	59.52%	Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates Islamic Bank, First Abu Dhabi Bank, Commercial Bank of Dubai, and Commercial Bank of Dubai
<b>Total</b>	<b>773,413</b>	<b>100%</b>	

The movement of Murabaha and company loans used for the purposes of operational and investment activities, is summarized as follows:

(Thousand Riyal)

Description	2023	2022
Opening balance	818,772	825,755
Received during the year	1,237,196	1,385,707
Paid during the year	1,282,555	1,392,690
<b>Closing balance</b>	<b>773,413</b>	<b>818,772</b>

The total of the Murabaha and loans are as follows:

Loan Dues:

(Thousand Riyal)

Description	2023	2022
less than one year	595,760	486,470
From 1 to 2 years	35,850	72,435
From 2 to 5 years	141,803	192,224
More than 5 years		67,644
<b>Total</b>	<b>773,413</b>	<b>818,772</b>

## Stocks and Debt Instruments:

The company does not have any debt instruments issued by it, and none of its subsidiaries have debt instruments issued by it either.

## Transactions with Related Parties

The company and its subsidiaries, during their normal business cycle, deal with the Saudi Research & Media Group and its subsidiaries and sister companies, in which the Chairman Mr. Mr. Adel Marzouq Al Nasser and Board member Dr. Turki Omar Saleh Buqshan have an indirect interest, and the following statement shows the substantial transactions that took place with the related parties:

(Thousand Riyal)

Description	2023	2022
Sales	48,357	51,637
Rental income	915	974
Executive Board Members remuneration	26	100
Allowances paid to members of the Board of Director	162	207

Furthermore, there is and there was no material interest for any member of the company's Board of Directors, the Managing Director, the Financial Manager, or any person related to any of them in any contract in which the Company is a party.

## Related Parties Balances

The required balances from related parties, as on December 31, 2023, consist of the following, taking into consideration that these works were agreed upon years ago and come as an extension of ongoing relationships that started before the fiscal year 2023.

(Thousand Riyal)

Description	2023	2022
Saudi Research & Media Group (Holding Company)	(40,577)	(61,187)
<b>TOTAL</b>	<b>(40,577)</b>	<b>(61,187)</b>

## Report of the Board of Directors and its Committees

### Board Of Directors

#### Mr. Adel Marzouq Al Nasser

##### Chairman “Independent Member”

Mr. Adel Marzouq Al Nasser held a number of leadership positions in banking institutions and a number of banks, including Deputy Managing Director of the Saudi British Bank SABB. Mr. Adel Al-Nasser holds a diploma from the Institute of Bankers in London in 1986. He also attended many administrative and financial training courses, and others. He has held a number of senior positions, and he is currently a member of the Board of Directors of the Saudi Research and Media Group and Al-Ettifaq Iron and Steel Company.



#### Dr. Mohammad Amin Dawood Kashqari

##### Deputy Chairman of the Board “Non-Executive Member”

Dr. Muhammad Amin bin Dawood Kashgari has long and distinguished experiences. He held a number of scientific positions, including Professor and Head of the Chemical Engineering Department at the College of Engineering, King Abdulaziz University. For thirty years, he has held a number of leadership positions in the Savola Group. For his degree in Chemical Engineering, he went to King Fahd University of Petroleum and Minerals where he graduated in 1974. He is also a holder of Master’s and PhD degrees from Stanford University, USA, in 1976 and 1982.



#### Mr. Fahad Ibrahim Al-Mufarrij

##### Board Member- “Executive Member”

Mr. Fahad Ibrahim Al-Mufarrij has long and distinguished experience in the field of financial control in addition to training with many international bodies such as Harvard University, the International Monetary Fund, the World Bank, the Irish Management Institute, the British Financial Services Authority, the Singapore Monetary Agency, and others. Mr. Fahd Al-Mufarrej holds a Bachelor's degree in Administrative Sciences - King Abdul Aziz University in 1986 AD and holds many courses in financial control. He is also a member of the Board of Directors of Yaqeen Financial Company.





**Mr. Saleh Hussain Al Dowais**

**Board Member – “Non-Executive Member”**

Mr. Saleh bin Hussein Al Dwais has long experience in corporate management. He ranked in leadership positions within the Saudi Research and Media Group over a period of 18 years including all the group companies. Mr. Saleh Al Dwais holds a bachelor's degree in translation; he has received several administrative, financial, and digital platforms courses.



**Dr. Turki Omar Saleh Buqshan**

**Board Member- “Independent Member”**

Dr. Turki Omar Saleh Buqshan has many practical experiences since 1998 in the field of higher education and consulting. He also held a number of positions, including vice deanships and university colleges in the Kingdom of Saudi Arabia. Dr. Turki Bugshan holds a Ph.D. from the Department of Accounting at Bond University, Australia. He is currently a member of the Board of Directors of the Saudi Research and Media Group.



**Mr. Khalid Mohammed Alhuqail**

**Board Member- “Independent Member”**

Mr. Khalid Mohammed Alhuqail has long and distinguished experiences in the field of petrochemical industry and marketing, risk management and company incorporation. For 30 years, he held a number of leadership positions in SABIC, including Deputy General Manager (America) and Director of Risk and Insurance Department (Saudi Arabia). Mr. Khaled holds a Bachelor's degree in Business Administration - Hamlin University - USA in 1985. He has many courses in the field of petrochemicals, insurance, marketing and money management, in addition to training at the international institutes in London in the science of risk management.



**Mr. Mohammed Zamil Allaboon**

**Board Member “Independent Member”**

Mr. Mohammed Zamil Al Laabon has a long and distinguished experience in the packaging and plastics industry through his previous work as general manager of Al-Rowad National Plastic Company and former Chairman of the board of directors of Al Rowad International for Packaging and Al Rowad International for Industrial Films for 16 years. Mr. Muhammad Al Laabon holds a master’s degree in organic chemistry from the University of California, USA in 1982 and a bachelor’s degree in chemistry from King Saud University in 1977.



**Mr. Mohammed Mutlaq Al Amaj**

**Board Member “Independent Member”**

Mr. Mohammed Mutlaq Al-Amaj has long and distinguished experience. He worked for 23 years in the credit sector, corporate banking services and financial management. He held several leadership positions in the Saudi British Bank, Arab National Bank and Saudi Telecom. Mr. Muhammad bin Mutlaq bin Al-Amaj holds a bachelor’s degree from Western Washington University.



**Mr. Mohammed Abdulfatah Nazer**

**Board Member “Non-Executive Member”**

Mr. Mohammed Abdulfatah Nazer is the Chief Financial Officer at SRMG, with responsibility for the finance and investments departments. Prior to joining SRMG, he served as Executive Director at Goldman Sachs Saudi Arabia, and prior to that was part of J.P. Morgan’s Mergers and Acquisitions team in New York. His other roles include positions at Jadwa Investment, Barclays Capital and Proctor & Gamble. Mr. Nazer sits on the Boards of Argaam Investment Company and Thmanyah Company for Publishing and Distribution. Mr. Mohammed Abdulfatah Nazer holds a master’s degree in Finance from Wharton University, and a bachelor’s degree from New York University.



### Executive Management:

Name	Position	Expertise
<b>Mr. Francis (Frank) Ferguson</b>	CEO	Frank is an Irish Chartered Accountant and has over 40 years' experience in senior management and finance roles in the Middle East, Europe, and Africa. Prior to becoming CEO of SAUDI PRINTING AND PACKAGING COMPANY he served as SAUDI PRINTING AND PACKAGING COMPANY Chief Financial Officer. Other past roles include senior positions at Astra Industrial Group and Al Rostamani Group.

### Board of Directors

Names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager:

Name	Position	category	Listed and unlisted Companies the member is part of its Board of Directors	
			Listed company	Unlisted company
Mr. Adel Marzouq Al Nasser	Chairman	Independent	Saudi Research & Media Group	Alittefaq Steel Products Co Absal Steel Co.
Dr. Mohammad Amin Dawood Kashqari	Deputy Chairman	Non- executive		
Mr. Khalid Mohammed Alhugail	Board Member	Independent		Societe Generale Finance Ashmore Financial Funds
Mr. Saleh Hussain Al Dowais	Board Member	Non- executive		
Dr. Turki Omar Saleh Buqshan	Board Member	Independent	Saudi Research & Media Group	
Mr. Fahad Ibrahim Al-Mufarrij	Managing Director	Executive		Yaqeen Financial Company
Mr. Mohammed Zamil Allaboon	Board Member	Independent		WADI ALRIYADH CO The National Committee for the Care of Prisoners and Released Prisoners and their Families
Mr. Mohammed Mutlaq Al Amaj	Member	Independent		
Mr. Mohammed Abdulfatah Nazer	Member	Non - Executive		Arqaam Investment Company Thmanyah Company for Publishing and Distribution

The Chairman of the board of directors informs the members, especially the non-executives, at the first meeting of the shareholders' proposals and comments regarding the company and its performance.

## Board of Directors Meetings

The Board has convened two meetings during the fiscal year 2023 as follows:

Member's Name	2023/03/22	2023/5/10	2023/11/13	2023/12/11	Times of Attendance
Mr. Adel Marzouq Al Nasser	√	√	√	√	4
Dr. Mohammed Amin Kashgari	√	√	√	√	4
Mr. Fahd Ibrahim Al-Mufarraj	√	√	√	xx	3
Mr. Khalid Mohammed Alhugail	√	√	√	√	4
Mr. Saleh Hussain Al Dowais	√	√	√	√	4
Dr. Turki Omar Saleh Buqshan	√	√	√	√	4
Mr. Mohammed Zamil Al Laabon	√	√	√	√	4
Mr. Mohammed Mutlaq Al Amaj	√	√	√	√	4
Mr. Mohammed Abdulfatah Nazer	√	√	√	√	4

√ - in person

x - by proxy

xx - Non-attendance

## Ownership of the Members of the Board of Directors:

The following table shows the ownership movement of the members of the current Board of Directors or the ownership of their representatives as of 12/31/2023:

Name	Remarks	No. of shares at year beginning	Property ratio at year beginning	Net change in shares during year	Change ratio during year	No. of shares at year end	Property ratio at year end
Mr. Adel Marzouq Al Nasser	His shares	-	-	-	-	-	-
Mr. Khalid Mohammed Alhugail	His shares	3,300	-	-	-	3,300	0,0055000 %
Dr. Mohammed Amin Kashgari	His shares	-	-	-	-	-	-
Mr. Saleh Hussain Al Dowais	His shares	1,200	-	-	-	1,200	0,0020000%
Dr. Turki Omar Saleh Buqshan	His shares	-	-	-	-	-	-
Mr. Fahd Ibrahim Al-Mufarraj	His shares	1,000	-	-	-	1,000	0,0016666%
Mr. Mohammed Zamil Al Laabon	His shares	1,000	-	-	-	1,000	0,0016666%
Mr. Mohammed Mutlaq Al Amaj	His shares	-	-	-	-	-	-
Mr. Mohammed Abdulfatah Nazer	His shares	-	-	-	-	-	-

There is no ownership by the spouses and minor children of the board members and senior executives, and neither they nor the board members have any option rights or subscription rights in the company's shares.

## Board of Directors' Committees

The board of directors formed sub-committees to supervise the main fields of work in the company as on 31st December, 2023, as follows:

### Executive Committee

The Executive Committee consists of five board members. The Main tasks of the Committee are as follows:

- Discussing any topic that falls within the competencies of the board without exception, taking appropriate recommendations in this regard, and submitting these recommendations to the board of directors.
- Making appropriate decisions on all topics that the board delegates to the committee to review and discuss them and make appropriate decisions regarding them.
- Submitting recommendations to the board of directors regarding the nominee for membership of the committee in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a crime against honor or trust.
- Follow up on the implementation of the committee's recommendations and decisions approved by the board of directors.
- Preparing an annual report for the board of directors on the work achieved by the committee.

The following table shows the names of the members of the Executive Committee as on 31st December 2023:

Member's Name	Position
Mr. Adel Marzouq Al Nasser	Chairman of the Committee
Dr. Mohammed Amin Kashgari	Committee Member
Mr. Fahd Ibrahim Al-Mufarraj *	Committee Member (Managing Director)
Mr. Saleh Hussain Al Dowais	Committee Member
Mr. Mohammed Abdulfatah Nazer	Committee Member

\*Mr. Fahad bin Ibrahim Al-Mufarraj resigned from the committee on 04-04-2023, and the reason for the resignation is personal reasons.

### Executive Committee Meetings

The executive committee members held Four meetings during the fiscal year of 2023 as follows:

Member Name	2023/08/09	2023/11/13	No. of attendances
Mr. Adel Marzouq Al Nasser	√	√	2
Dr. Mohammed Amin Kashgari	√	√	2
Mr. Saleh Hussain Al Dowais	√	√	2
Mr. Mohammed Abdulfatah Nazer	√	√	2

√ -in person

x -by proxy

xx -Non-attendance

## Nomination & Remuneration Committee

The Nominations and Remunerations Committee consists of four board members, and its tasks are: recommending candidacy for membership of the board of directors in accordance with the approved criteria, annual review of the required skills for board membership, reviewing the organization of the board, and providing recommendations regarding applicable changes.

The Committee is also responsible for identifying weaknesses and the strength in the board and the proposals for remedy, and to ensure the independence of the independent members on an annual basis. As well as the tasks of the committee: Developing clear policies for the compensations and rewards of the members of the board of directors and senior executives in the company.

The following table shows the names of the members of the Nomination and Remuneration Committee as of December 31, 2023:

Member Name	Description
Mr.Khalid Mohammed Alhugail	Chairman of the Committee
Dr. Mohammed Amin Kashgari	Committee member
Mr. Mohammed Zamil Al Laabon	Committee member
Mr. Mohammed Mutlaq Al Amaj	Committee member

The means which the board followed to evaluate its performance and the performance of its committees and the external entity which performed the evaluation and its relationship with the company.

The Nominations and Remunerations Committee determines the weaknesses and strengths of the board and recommendations for remedy in accordance with the company's interest. The Committee evaluates the board members, but the Nominations and Remunerations Committee is evaluated by the Chairman.

## Nomination & Remuneration Committee Meetings

The Nominations and Remunerations Committee held two meetings during the fiscal year 2023 as follows:

Member Name	2023/11/12	10/12/2023	No. of attendances
Mr. Khalid Mohammed Alhugail	√	×	1
Dr. Mohammed Amin Kashgari	√	√	2
Mr. Mohammed Zamil Al Laabon	√	√	2
* Mr. Mohammed Mutlaq Al Amaj	√	√	2

\*Mr. Khaled Alhugail, the Chairman of the Committee, apologized and delegated Dr. Mohammed Amin Kashgari, a committee member, to chair the meeting and discuss all the topics presented to the committee and make appropriate decisions regarding them.

√ -in person

× -by proxy

×× -Non-attendance

## Audit Committee

The Audit Committee consists of four members, including an independent member from the Board of Directors, and three members from outside the Board specialized in financial and accounting affairs, internal auditing and information technology.

The tasks and responsibilities of this committee include studying the internal control system, and supervising the internal audit department of the company in order to verify its effectiveness in carrying out the tasks set by the Board of Directors. As well as studying the internal audit reports, following up on the implementation of corrective actions for the observations contained therein, recommending to the Board of Directors a recommendation to the Ordinary General Assembly to appoint chartered accountants, dismiss them, determine their fees, ensure their independence, and follow up on their work, while studying and reviewing the audit plan with the chartered accountant, as well as studying his observations on The preliminary and annual financial statements before presenting them to the Board of Directors, and expressing an opinion and recommendation in their regard.

The committee also studies the financial and accounting policies followed, expresses an opinion and recommends them, and evaluates the effectiveness of the company's assessment of important risks and the steps taken by the company's management to monitor and confront these risks.

The Audit Committee was also elected in the new session that started from May 7, 2021 until May 6, 2024, by a decision of the Ordinary General Assembly on 04/28/2021, to become one of the following members, and there is no change in the members of the committee:

Name	Position	Expertise
Dr. Turki Omar Saleh Bugshan	Chairman	Dr. Turki Omar Saleh Bugshan has many practical experiences in the field of higher education and consultancy since 1998. He also held several positions, including vice dean in some university colleges in the Kingdom of Saudi Arabia. He holds a PhD from the Department of Accounting at Bond University, Australia. He is currently a member of the Board of Directors of the Saudi Research and Media Group.
Dr. Khalid Abdul Aziz Al-Arfaj	Member	Dr. Al-Arfaj has many practical experiences since 1994 in the field of industrial, real estate, and information & communication technology. He also held a number of positions, including Chairman of for Hanmi Project Management, CEO of the Information Technology Complex of the Leading Investment Company, Director of Communications and Information Technology at the Ministry of Foreign Affairs and a former board member at STC and National Commercial Bank. He holds a PhD in Informatics from Bradford University in the United Kingdom.
Mr. Wahid Mohamed Nababteh	Member	Mr.Nababteh has many practical experiences since 1997 in the field of internal auditing and financial affairs. He also held a number of positions, including the General Director of Internal Auditing in the Saudi Research and Media Group, the Financial Director in Mohammed Abdul Aziz Al-Rajhi and Sons Holding Group and the Financial Controller in Astra Group. He holds a bachelor's degree in accounting & CPA certificate from USA
Mr. Bashar Ali Abdulrahman	Member	Mr. Bashar has many practical experiences since 1999 in the field of internal auditing and financial affairs. He also held a number of positions, including CEO of Al Majal Al Arabi Holding Company, Managing Director of Kafaat Energy Company, and CEO of Samama Group. He holds a bachelor's degree in Accounting.

## Audit Committee Meetings

The Audit Committee held four meetings during the fiscal year 2023 as follows:

Name	2023/03/21	2023/05/14	2023/07/30	2023/10/31	No. of attendances
Dr. Turki Omar Buqshan	√	√	√	√	4
Dr. Khalid Alarfaj	√	√	√	√	4
Mr. Wahid Nababtah	√	√	√	√	4
Mr. Bashar Ali Abdulrahman	×	√	√	√	3

Mr. Bashar bin Ali Abdulrahman apologized for his non-attendance and delegated Dr. Turki bin Omar Saleh Baqshan to represent him in discussing all the topics presented to the committee and making appropriate decisions regarding them.

√ -in person

× -by proxy

×× -Non-attendance

There are no recommendations made by the Audit Committee that conflict with the decisions of the Board of Directors, or that the Board refused to implement regarding the appointment and removal of the company's auditor, determining his fees, evaluating his performance, or appointing the internal auditor.

### Remuneration Policy for Board Members and Executive Management:

The company aims through the remuneration policy for members of the Board of Directors and its sub-committees to organize remunerations to attract members of the Board and committees with scientific and technical competence and appropriate experience, so that they can perform their tasks and duties professionally and efficiently, taking into account the sector in which the company operates and the necessary skills to manage it.

### Remuneration Policy for Board Members and its Committees:

- Board members are entitled to an annual remuneration of (200) thousand Saudi riyal after distributing dividends to shareholders of no less than (5%) of the paid-up capital.
- Members of the sub-committees are entitled to an annual bonus of (100) thousand Saudi riyal, which is disbursed quarterly at the end of each quarter according to the fiscal year that the company follows.
- Each member of the board, and the committees deriving from it is entitled to an amount of (3,000) Saudi riyals for each meeting he attends.
- Each member of the Board and its committees and the secretary is entitled to an amount of (3,000) Saudi riyal for each night if the meeting is outside their place of residence, without the need to submit bills of expenses, and in the event of bills being submitted, the amount should not exceed (5,000) Saudi Riyal.
- Each member of the Board, is entitled to an amount of (2,000) Saudi riyals per night for meetings held in the Gulf, Asia and Africa, in addition to compensation for the value of a business class return ticket from the member's residence to the meeting place, based on the price of the of meeting day.
- Each member of the Board is entitled to an amount of (5,000) Saudi riyal for meetings held in America and Europe in addition to compensation for the value of a business class return ticket from the member's residence to the meeting place based on the price of the meeting day.



• In the event that the member is outside his place of residence, which results in an increase in flight costs, the prior approval of the Chairman must be obtained to exclude the company from bearing the additional costs and to assess the importance of the member's attendance at the meeting.

### Executive Management Remuneration Policy:

The Remuneration and Nomination Committee continuously reviews and approves the salary scale set for all employees and senior executives, based on a recommendation from the executive management according to the following criteria:

- The rewards and compensations to be in compliance with the company's strategic goals, and a factor to motivate the executive management to achieve those goals.
- To be appropriate to the nature of the company's business, activity, size, and the required skills and experience.
- To enable the company to attract executive management with the capabilities, skills and qualifications necessary to enable the company to achieve its goals.
- Taking into account the practices of other companies in determining remuneration.

### Remunerations of Board of Directors and committee Members

There is no material deviation between the bonuses awarded and the applicable bonus policy.

### Remuneration of the members of the Board of Directors and five senior executives

The company pays the expenses and bonuses for attending sessions to members of the Board of Directors and members of the committees in accordance with the decisions of the Board of Directors, and pays salaries, bonuses and compensations to senior executives according to the contracts signed with them, and the following are the details of the expenses, bonuses and salaries paid to members of the Board of Directors and five senior executives in the company, including the managing director of The Saudi Printing and Packaging Company and the Vice-Presidents for the year 2023:

(Thousand Riyal)

Description	Executive Board Members	Non-Executives/ Independent Board Members	Five executives received the highest remunerations and compensations including CEO& CFO	Total
Salaries & Compensations			5,183	5,183
Allowances & Travel Allowances	9	153		162
Periodical & Annual Remunerations	26	900		926
Total	35	1,053	5,183	6,271



## Committee Member's Remunerations

(Thousand Riyal)

Description	Fixed rewards except for meeting allowances	Meeting allowances	Total
<b>Audit Committee members</b>			
1- Dr. Turki Omar Saleh Buqshan	100,000	12,000	112,000
2- Dr. Khalid Abdulaziz Alarfaj	100,000	12,000	112,000
3- Mr. Wahid Mohamed Nababtah	100,000	12,000	112,000
4- Mr. Bashar Ali Abdulrahman	100,000	9,000	109,000
<b>Total</b>	<b>400,000</b>	<b>45,000</b>	<b>445,000</b>
<b>Nomination &amp; Remuneration Committee Members</b>			
1- Dr. Mohammad Amin Dawood Kashqari	100,000	6,000	106,000
2- Mr. Mohamed Zamil Allaboon	100,000	6,000	106,000
3- Mr. Khalid Mohammed Alhuqail	100,000	3,000	103,000
4-Mr. Mohammed Mutlaq Al Amaj	100,000	6,000	106,000
<b>Total</b>	<b>400,000</b>	<b>21,000</b>	<b>421,000</b>
<b>Executive Committee Members</b>			
1- Mr. Adel Marzouq Al Nasser	100,000	6,000	106,000
2- Dr. Mohammad Amin Dawood Kashqari	100,000	6,000	106,000
3- Mr. Fahd Ibrahim Al-Mufarrij	26,111	0	26,111
4- Mr. Saleh Hussain Al Dowais	100,000	6,000	106,000
5- Mr. Mohammed Abdulfatah Nazer	100,000	6,000	106,000
<b>Total</b>	<b>426,111</b>	<b>24,000</b>	<b>450,111</b>
<b>Grand Total</b>	<b>1,226,111</b>	<b>90,000</b>	<b>1,316,111</b>

## Board Member's Remunerations

(Thousand Riyal)

Fixed remunerations									Changeable remunerations							
	Fixed amount	Board Meeting Allowances	Committee meeting total	Physical	Remuneration of technical, administrative	rewards for chairman, managing director,	Total	Percentage	Periodical	Short-term	Long-term	Granted shares (share)	Total	End of	Grand total	Expense
<b>First: Dependent Members</b>																
Mr. Adel Marzouq Al Nasser	100,000	12,000	6,000	--	--	--	118,000	-	-	--	--	--	--	--	118,000	-
Mr. Khalid Mohammed Alhuqail	100,000	12,000	3,000	--	--	--	115,000	-	-	--	--	--	--	--	115,000	-
Dr. Turki Omar Saleh Buqshan	100,000	12,000	12,000	--	--	--	124,000	-	-	--	--	--	--	--	121,000	-
Mr. Mohamed Zamil Allaboon	100,000	12,000	6,000	--	--	--	118,000	-	-	--	--	--	--	--	115,000	-
Mr. Mohammed Mutlaq Al Amaj	100,000	12,000	6,000	--	--	--	118,000	-	-	--	--	--	--	--	115,000	-
<b>Total</b>	500,000	60,000	33,000	--	--	--	593,000	-	-	--	--	--	--	--	593,000	-
<b>Second: Non-executive members</b>																
Mr. Saleh Hussain Al Dowais	100,000	12,000	6,000	--	--	--	118,000	-	-	--	--	--	--	--	118,000	-
Dr. Mohammad Amin Dawood Kashqari	200,000	12,000	12,000	--	--	--	224,000	-	-	--	--	--	--	--	224,000	-
Mr. Mohammed Abdulfatah Nazer	100,000	12,000	6,000	--	--	--	118,000	-	-	--	--	--	--	--	118,000	-
<b>Total</b>	400,000	36,000	24,000	--	--	--	460,000	-	-	--	--	--	--	--	460,000	-
<b>Third: Executive members</b>																
Mr. Fahad Ibrahim Al-Mufarrij	26,111	9,000	0	--	--	--	35,111	-	-	--	--	--	--	--	35,111	-
<b>Total</b>	26,111	9,000	0	--	--	--	35,111	-	-	--	--	--	--	--	35,111	-
<b>Grand Total</b>	926,111	105,000	57,000	--	--	--	1,088,111	-	-	--	--	--	--	--	1,088,111	-

## General Assembly

The Saudi Printing and Packaging Company held two General Assembly meetings during the year 2023:

**The General Assembly meeting was held on Wednesday 20-10-1444H corresponding to 10-05-2023 at 08:30 pm via modern technology means. All members of the Board of Directors attended and the following are their names:**

Name	Position
1   Mr.Adel Marzouq Al Nasser	Chairman of Board and the executive committee
2   Dr. Mohammed Amin Kashgari	Vice Chairman
3   Mr. Fahd Ibrahim Al-Mufarraj	Managing Director
4   Mr.Khalid Mohammed Alhugail	Chairman Nominations and Remunerations Committee
5   Mr. saleh Hussain Al Dowais	member
6   Dr. Turki Omar Saleh Buqshan	Chairman of Audit Committee
7   Mr. Mohammed Zamil Al Laabon	member
8   Mr. Mohammed Abdulfatah Nazer	member
9   Mr. Mohammed Mutlaq Al Amaj	member

**The Extraordinary General Assembly meeting was held on Sunday 25-02-1445H corresponding to 10-09-2023 at 08:00 pm via modern technology means. All members of the Board of Directors attended and the following are their names:**

Name	Position
1   Mr.Adel Marzouq Al Nasser	Chairman of Board and the executive committee
2   Dr. Mohammed Amin Kashgari	Vice Chairman
3   Mr. Fahd Ibrahim Al-Mufarraj	Managing Director
4   Mr.Khalid Mohammed Alhugail	Chairman Nominations and Remunerations Committee
5   Mr. saleh Hussain Al Dowais	member
6   Dr. Turki Omar Saleh Buqshan	Chairman of Audit Committee
7   Mr. Mohammed Zamil Al Laabon	member
8   Mr. Mohammed Abdulfatah Nazer	member
9   Mr. Mohammed Mutlaq Al Amaj	member

There are no requests from the company to the shareholder record.

## CORPORATE GOVERNANCE REPORT AND RELATED DISCLOSURES

### Corporate Governance

The Saudi Printing and Packaging Company is committed to comply with Corporate Governance Regulations issued by the Board of the Capital Market Authority with the exception of some of the following indicative provisions:

Article No	Article	Partially implemented	Not implemented.	Reasons & Details
Article 37:	Training		√	The article is guiding
Article 39:	Evaluation		√	The article is guiding
Article 51:	Formation of internal audit Committee (C), (D)		√	The article is guiding
Article 67:	Formation of Risk Management Committee		√	
Article 68:	Responsibilities of the Risk Management Committee		√	The article is guiding
Article 69:	Risk Management Committee meetings		√	The article is guiding
Article 82:	Incentive of employees, Paragraph (2), (3)		√	The article is guiding
Article 84:	Social Liability		√	The article is guiding
Article 85	Social Work Initiatives		√	The article is guiding

### Annual Review Outcomes for the Effectiveness of the Internal Control Procedures

During 2023, the Audit Committee followed up on the implementation of the internal audit plan approved for the same year for the Company and its subsidiaries, taking into account the audit priorities according to the results of the comprehensive analysis and evaluation of risks and internal control procedures in the company and its subsidiaries, which the Internal Audit Department updates regularly in line with the developments and updates that affect the management and business of the company and its subsidiaries, which is also reviewed by the Audit Committee.

This follow up included assessment of the internal audit reports and reviewing the results of its work, in order to ensure the extent of commitment to implementing all recommendations by the company's management and its subsidiaries. The Audit Committee also receives feedback on the compliance with the matrix of financial and administrative authorities of the Company and its subsidiaries. Also, during the year 2023, the committee reviewed updates on some of the financial and operational policies and procedures in the company and its subsidiaries in order to ensure that the effectiveness of internal control procedures as stipulated in the updated policies is adequate.

Based on the results of the audit tasks that the Internal Audit Department implemented during the year 2023 on the Company and its subsidiaries, the Audit Committee is reasonably satisfied of the effectiveness of the internal control procedures for achieving the necessary safeguards for the company's assets, the efficiency and effectiveness of operations and compliance with regulations to achieve the desired goals, and that there are no fundamental remarks that need to be disclosed and that it has been agreed with the executive management of the Company and its subsidiaries to implement the recommendations contained in the internal audit reports within a specific time frame to enhance and support internal control procedures, which the Audit Committee monitors periodically through the Internal Audit Department.

## Dividend Policy

The company's board of directors adopts best practices to maximize the interests of the shareholders. The board, according to the company's financial position, capital requirements, cash available in the company, economic conditions and other factors each year shall determine the appropriate amount for distribution to shareholders from net profits or non-distribution, by recommending to the General Assembly for approval. The company's articles of association states the distribution of the company's annual net profits after deducting all general expenses and other costs as follows:

- (10%) of the net profits shall be retained to form a legislative reserve, and the Ordinary General Assembly may stop this deduction when the said retention reaches 30% of the said capital.
- The Ordinary General Assembly may, based on the proposal of the Board of Directors may retains a percentage not exceeding (20%) of the net profits to form a consensual reserve and to assign it for a specific purpose or purposes.
- The Ordinary General Assembly, when determining the share in the net profits, may decide to create other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct sums from the net profits to establish social institutions for the company's employees or to use them to grant the company's employees shares in the company as a reward for them.
- A down payment to shareholders equal to (5%) of the paid-up capital shall be distributed from the remaining amounts.
- Taking into account the provisions stipulated in Article (21) of the company's articles of association, and Article 76 of the Companies Law, after the above, a percentage not exceeding 10% of the remaining net profits shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration is relative to the number of sessions held attended by the member.

## **A clarification of any difference from the accounting standards approved by the Saudi Authority for Certified Public Accountants:**

The consolidated financial statements of the company and the separate financial statements of the company's subsidiaries have been prepared in full accordance with international standards for financial reporting and the guidelines issued by the Saudi Authority for Certified Public Accountants. All these financial statements have been audited in accordance with international standards on auditing, with reference to full compliance with international financial reporting standards.

## ZAKAT, Governmental Payments, Others

The Company and its subsidiaries are subject to the regulations of the General Authority of Zakat and Income in the Kingdom of Saudi Arabia, as the zakat advisor reviews the calculation of the zakat base, and accordingly retains the zakat amount. He also submits the zakat declaration to the General Authority of Zakat, responds to their inquiries and settles the suspensions. Accordingly, the company pays the imposed zakat according to the zakat declaration and pays the differences after settling the final suspensions.

The following table shows the regular payments that were paid during the years 2023 and 2022:

(Thousand Riyal)

Description	2023	2022
Custom fees	3,386	3,216
Paid Zakat	1,312	3,248
Social Insurance	3,214	2,912
Visas & Passports	577	767
Fines	-	113
VAT	23,828	21,420
Others*	526	739
<b>Total</b>	<b>32,843</b>	<b>32,415</b>

\*The other payments are as follows: amounts paid to the Saudi Cities Authority (cities - rent), Chamber of Commerce subscriptions and commercial registration fees. Payments to the Chamber of Commerce in addition to trademark fees, subscription fees for Tamm service, Muqem service renewal fees, Saudi Post, renewal of driving licenses, and export documents expenses.

## Quality Policy

The company obtained an ISO 9001 certificate for Hala Comapny and Al-Madina Al-Munawwarah Printing and Publishing Company, which indicates commitment to local and international quality standards, development of workers' performance, increasing their efficiency and effectiveness, continuous development and improvement of production lines, and meeting the needs of the company's customers, which contributes to increasing the company's market and sales share, raising the quality of the company's publications and providing them on time, and promoting the company's name locally and globally.

## Risk Management

The Company's management seeks to mitigate any potential challenges and risks which may affect its activity and financial position. The Company's management exploits its extensive experience in the printing and packaging industry to identify related business and market risks and deal with them. The company's management believes that the most important risks are related to the following:

### Credit Risks:

The inability of one party to fulfill its obligations, which leads to the other party incurring a financial loss. The Company does not have a significant concentration of credit risk, except for related party and government agency receivables. Cash is deposited in local banks with high credit ratings. Accounts receivable appear after deducting the amount for doubtful debts.

The risks of non-collection of the company's sales and receivables with related parties and government agencies are very limited.. The following table shows the details of these transactions and balances as in the two years ending on December 31, 2023 and 2022:

(Thousand Riyal)

Description	2023	2022
Sales to related parties	48,357	51,637
Percentage of sales to related parties of total sales	6%	5%
Sales to government authorities	3,646	36,739
Percentage of governmental sales of the total sales	0.5%	4%
Government authorities' receivables accounts	1,018	22,357
Percentage of governmental receivables from the total receivables	0.3%	6%

### Foreign Currencies Exchange Rate Risk:

It is the risk of changes in the value of financial instruments due to changes in foreign currencies exchange rates. The Company's principal transactions are in Saudi Riyal, US Dollar and Euro. Management also monitors variations in currency exchange rates and believes that the currency risk is not essential.

### Liquidity Risks:

It is the risk of the company's inability to meet its financing requirements, especially loan commitments. The company has sufficient financing to meet these obligations when they become due and works to manage liquidity risk by maintaining sufficient balances of cash and cash equivalents. The restructuring of loans from short-term to long-term has reduced the liquidity risk of the company.

### Revenue Concentration Risks:

The company is striving to expand its revenue base so that it is not exposed to over dependence on any particular customer, market, or product range.

### Raw material price variation Risks:

The previous years witnessed a remarkable rise in the prices of raw materials in all forms, and those increases included the prices of paper, petrochemical and plastic products in different proportions. The company has successfully implemented a plan to reduce inventory quantities to match the volume of production and contracts with customers, so that the average value of the inventory is closer to the current prices in order to reduce exposure to the risks of price variations in the global market.

### Declarations of Board of Directors

#### The Board of Directors declares.

- The accounting records were properly prepared.
- The internal control system was prepared on a sound basis and efficiently implemented.
- There is no doubt that the source can continue its activity.



**Riyadh: 0112032022**

### **Communication with Shareholders**

The Saudi Printing and Packaging Company assigns great importance to communicating with shareholders. Several measures have been taken to ensure the rights of shareholders to obtain information through the "Tadawul" website and the company's website [www.sppc.com.sa](http://www.sppc.com.sa), through which the company provides comprehensive information about its activities, business, and annual reports.

The company is keen to communicate with its shareholders and respond to all their inquiries and provide them with the required information in a timely manner through the Company's Shareholder Relations Department.