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# Board of Directors' Report on the Financial Results for 2023

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## CEO message

Dear shareholders,

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

It gives me great pleasure to meet with you again at our annual meeting to continue our journey together with full confidence and steadfastness, relying on your continuous support and trust in our leadership, so that we can take pride in the progress we have made towards betterment over the past years. God willing, we will do our utmost in the coming years to present the best results, enhance trust and stability in the interest of Al Omran Industrial and Trading Company, and move steadily with all determination and perseverance towards the goals and vision of the Kingdom of Saudi Arabia 2030 and the steady steps of development in our beloved country.

On behalf of the Board of Directors of Al Omran Industrial and Trading Company and all employees, I would like to review with you the company's business and achievements, especially in light of the challenges, competition and new economic environment during the year ending 31/12/2023, and what the economy has suffered as a result of the coronavirus pandemic, which contributed to the decline of a number of economic sectors and its profound impact at all levels. We praise Almighty Allah that we are blessed under the government of the Custodian of the Two Holy Mosques and Crown Prince, may God protect them, who played the primary role in boosting the economy and maintaining its balances to remain a model for all countries of the world in economic aspects. From this standpoint, the Board of Directors of Al Omran Industrial and Trading Company and all its affiliates were keen that the results during this year 2023 be positive, in the public interest, and that all its cadres maintain development to provide competitive high quality products and solutions to satisfy all customers and meet the expectations of the dear shareholders. We renew our pledge and commitment to you that we will continue, God willing, with all determination and strength to implement our plans and ambitions to increase our production capacity and market share in line with the

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vision and ambition adopted by the Kingdom of Saudi Arabia, confronting everything that hinders development and growth, taking all possible measures to maintain the company's diverse efficiency.

**In conclusion...**

On my own behalf and on behalf of my colleagues, members of the Board of Directors, I extend my thanks and appreciation to all the esteemed shareholders who give us support, entrust us with confidence, and promise everyone, God willing, to be faithful to this trust. We ask the Almighty to protect the Custodian of the Two Holy Mosques and his Crown Prince, and their wise government for the good, health and wellness, and to bestow further prosperity and growth upon our beloved country.

"May Allah Cause Success"

**Chairman**

**Mohammed Omran Al-Omran**

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## **Introduction:**

### **Our Vision:**

- Participating in driving development in the Kingdom of Saudi Arabia and contributing to charitable, social work, elevating industry standards with new social and humanitarian concepts.
- Providing highly qualified national cadres for the Saudi market, working within sustainable environmental standards and full awareness of our social responsibility.

### **Our Mission:**

- We strive to be among the companies that provide pioneering solutions in the industry and are able to execute the largest and most complex projects.
- We work to make our client services special to us and an added value to our advantages.
- Operating and qualifying our national cadres and advancing Saudi industry to reach a position befitting it in the region.

## First: Al-Omran Industries & Trading Co General Performance in 2023

### 1- Performance during 2023

During 2023, the company generated sales of SAR 130 million, with 3 million more than 2022.

The following table shows the results between 2022 and 2023: (SAR 000)

Statement	2023	2022	Variation + /(-)	Annual variation + / (-)
Sales	130,439	126,933	3,506	3%
Cost of sales	(110,904)	(92,249)	18,655	20%
Total income	19,535	34,684	(15,149)	(44%)
Main Business expenses	(25,111)	(22,470)	2,641	12%
Revenue from operations	(5,576)	12,214	(17,790)	(146%)
Other operating income	158	87	71	82%
Other operating expenses	(6,574)	(3,685)	2,889	78%
Zakat	(2,158)	(2,884)	(726)	(25%)
share of non-controlling parties	244	59	(185)	-314%
net income	(13,906)	5,791	(19,697)	(340%)

#### - Operational Results Difference:

The following table shows the differences in operational results for 2023 compared to 2022: (SAR 000)

Statement	2023	2022	Change in years	
			Amount	Ratio
Gross income	19,535	34,684	(15,149)	(44%)
Revenue from operations	(5,576)	12,214	(17,790)	(146%)
net income	(13,906)	5,791	(19,697)	(340%)

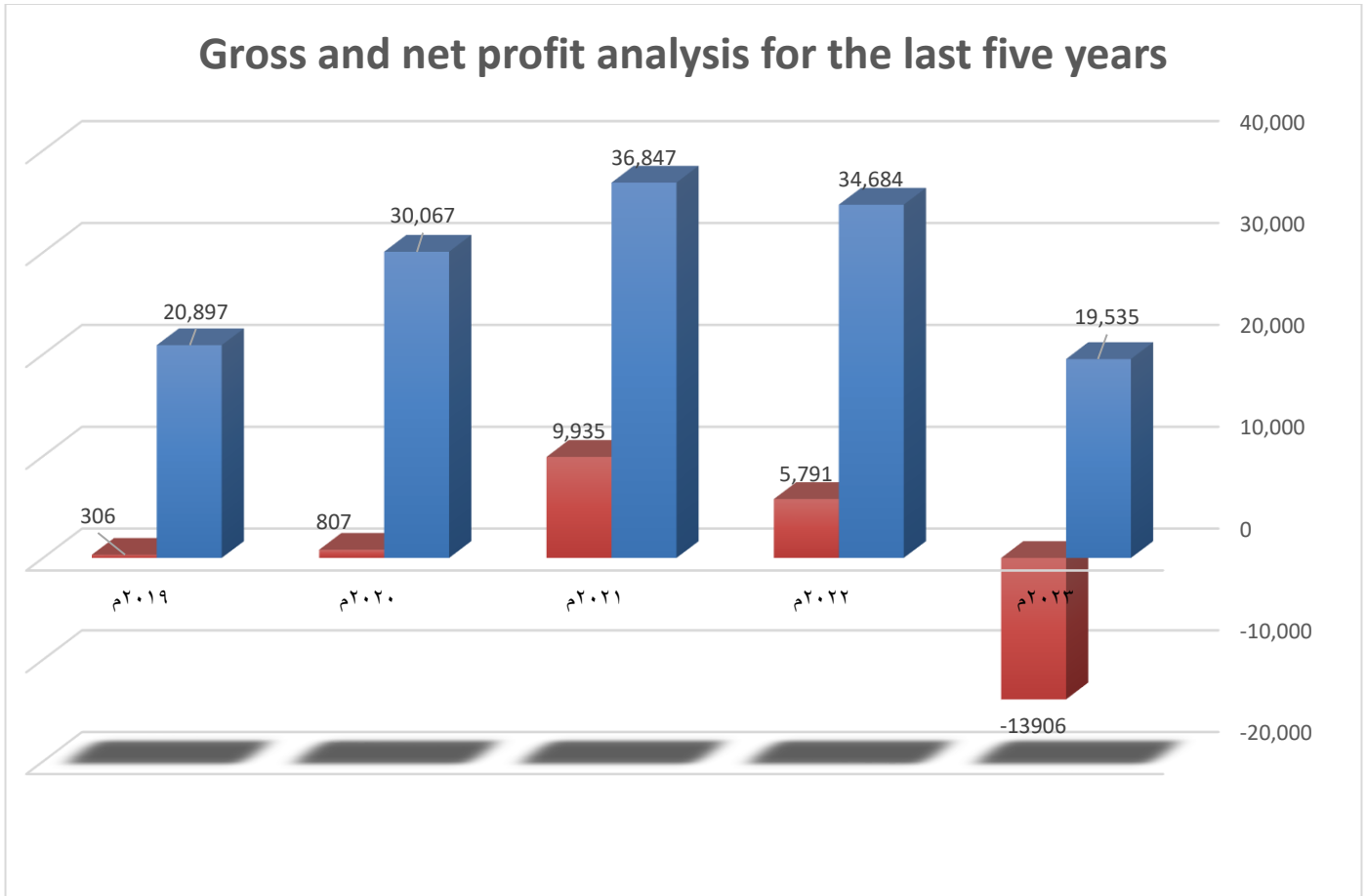
- Gross income decreased by 44% from 34.7 million Saudi Riyals in 2022 to 19.5 million Saudi Riyals in 2023 due to the increase in the cost of sales to sales ratio by 12% as a result of the significant decrease in product profit margins due to increased supply and intense market competition.
- Operating income decreased by 146% from 12.2 million Saudi Riyals in 2022 to (5.8) million Saudi Riyals in 2023, due to the increase in the cost of sales to sales ratio by 12%, and the increase in general and administrative expenses by 45%, as provisions of 6.4 million Riyals were made during the year.
- Net income decreased by 340% from 5.8 million Saudi Riyals to (13.9) million Saudi Riyals due to the increase in the cost of sales to sales ratio by 12%, the increase in general and administrative expenses by 45%, as provisions of 6.4 million Riyals were made during the year, and the increase in financing costs by 94% which amounted to 6.6 million Riyals during the year.

**The following table shows the company's results of operations for the past five years:** **(SAR 000)**

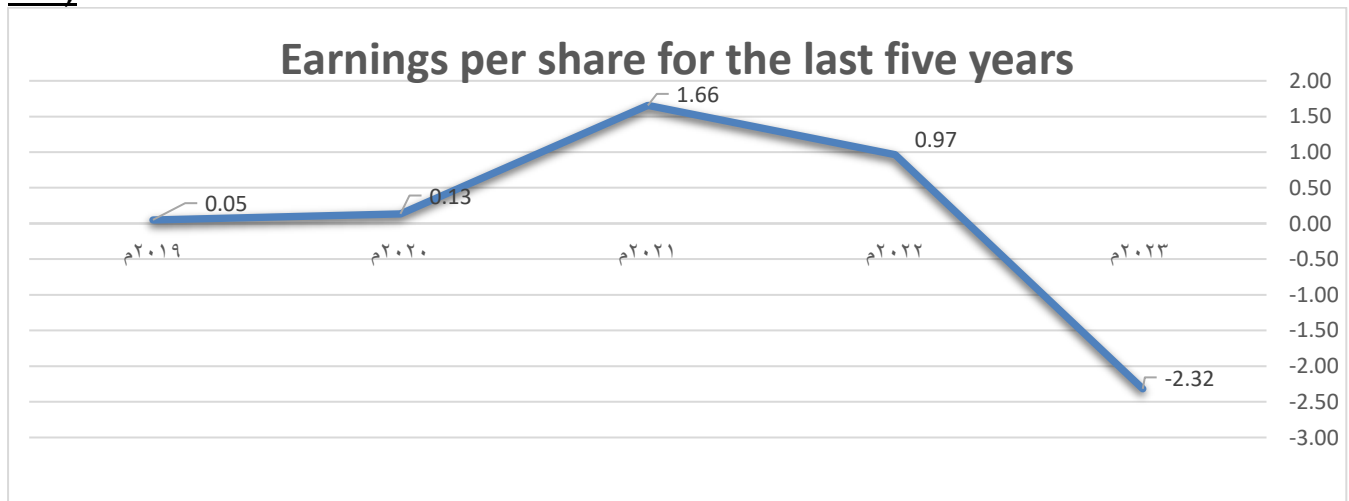
Statement	2023	2022	2021	2020	2019
Sales	130,439	126,933	135,241	139,363	115,216
Cost of sales	(110,904)	(92,103)	98,394)	(109,296)	(94,319)
Gross income	19,535	34,830	36,847	30,067	20,897
Main Business expenses	(25,111)	(22,738)	(21,233)	(25,239)	(17,538)
Revenue from operations	(5,576)	12,092	15,614	4,828	3,359
financing costs	(6,574)	(3,262)	(2,067)	(1,393)	(1,491)
Expected Liabilities Provision Expense	0	(300)	(997)	(1,150)	0
other income	158	87	27	3	323
Net income of the year before zakat	(11,992)	8,617	12,577	2,288	2,190
Zakat	(2,158)	(2,884)	(2736)	(1,705)	(2,109)
share of non-controlling parties	244	59	94	224	224
net income	(13,906)	5,791	9935	807	306



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



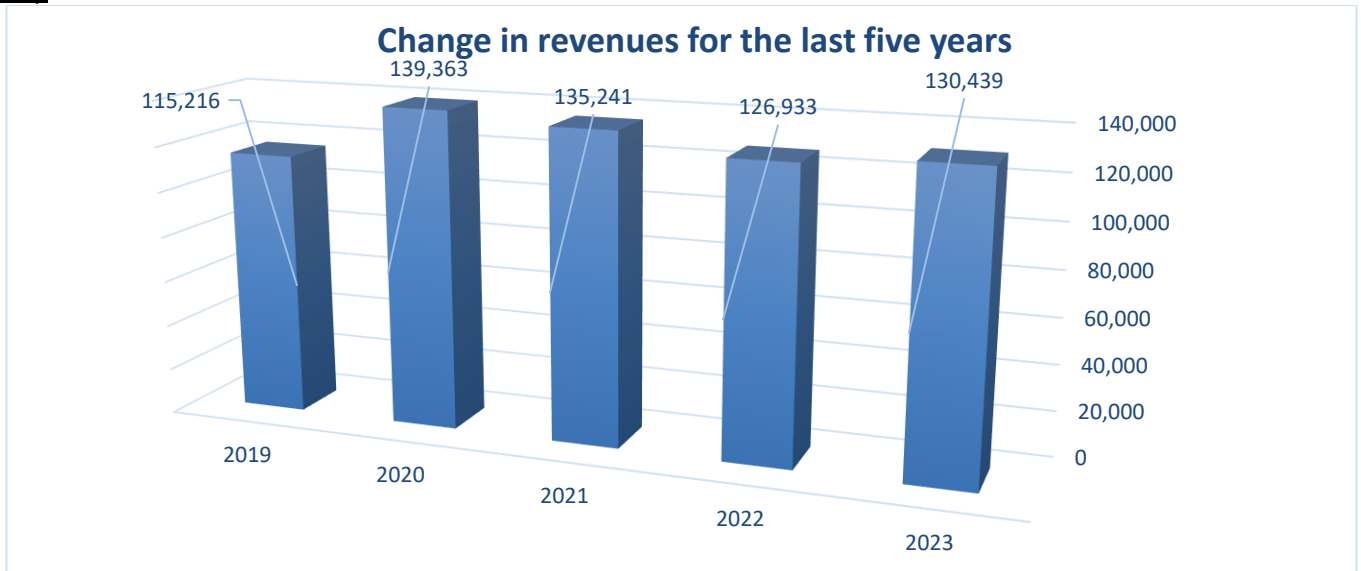
**The following chart shows the share's profitability for the last five years (SAR 000)**



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

Year	Revenue	change over previous year	Ratio of change over previous year	Status change over previous year
2023	130,439	3,506	3%	Increase
2022	126,933	(8,308)	(6%)	Decrease
2021	135,241	(4,122)	(3%)	Decrease
2020	139,363	24,147	21%	Increase
2019	115,216	(830)	(0.72%)	Decrease

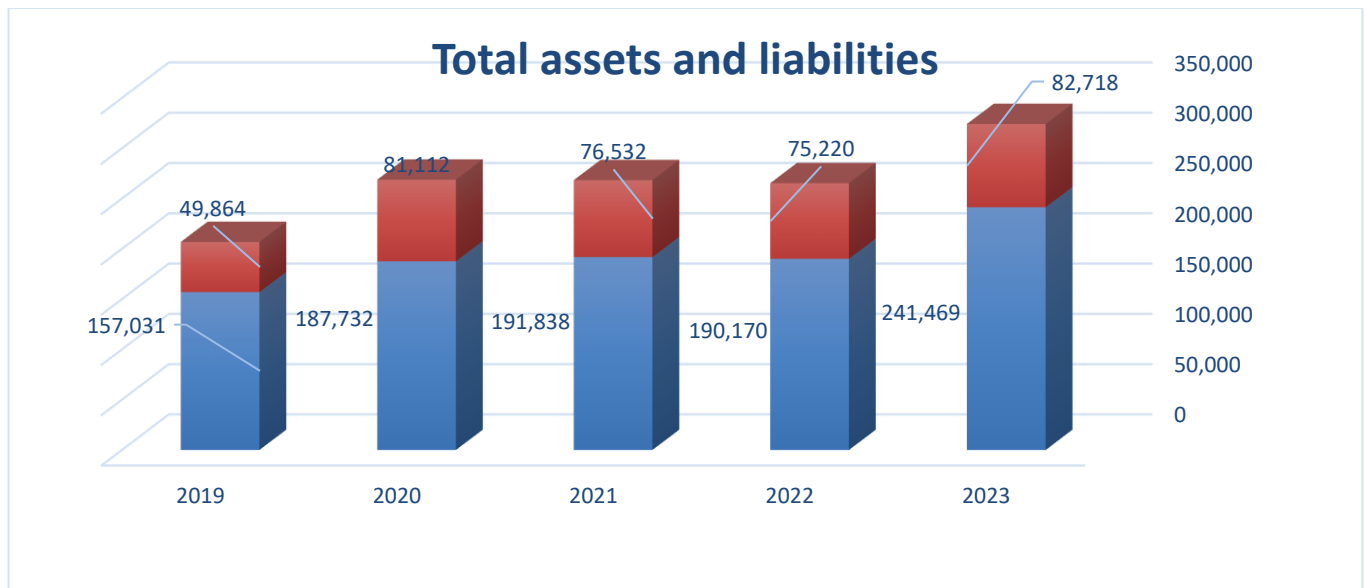
**The following chart shows the change in revenue for the last five years (SAR 000)**



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

Statement	2023	2022	2021	2020	2019
Current assets	199,122	153,307	152,246	145,992	112,976
Non-current assets	42,347	36,863	39,592	41,740	44,055
<b>Total assets</b>	<b>241,469</b>	<b>190,170</b>	<b>191,838</b>	<b>187,732</b>	<b>157,031</b>
Current liabilities	64,291	65,534	67,312	72,445	43,579
Non-current liabilities	18,427	9,686	9,960	8,667	6,285
<b>Total Liabilities</b>	<b>82,718</b>	<b>75,220</b>	<b>76,532</b>	<b>81,112</b>	<b>49,864</b>
<b>Total equity</b>	<b>159,544</b>	<b>115,463</b>	<b>115,783</b>	<b>107,029</b>	<b>107,370</b>
Equity of non-controlling parties	(793)	(513)	(477)	(409)	(203)
<b>Total Liabilities and equity</b>	<b>241,469</b>	<b>190,170</b>	<b>191,838</b>	<b>187,732</b>	<b>157,031</b>

**Chart of assets and liabilities (SAR 000)**



Total liabilities

Total assets

• **Employees Benefit Obligations:**

The company did not make any investments for the benefit of its employees. The following is a table showing employee benefit obligations as of 12/31/2023: (SAR 000)

Statement	2023	2022
<u>Employees Benefit Obligations</u>	10,264	7,741

Employee benefit obligations have been recognized in accordance with the Labor Law in the Kingdom of Saudi Arabia after applying International Accounting Standards.

- Total liabilities of the company:
- Short-term loans:

The company has obtained Sharia-compliant banking facilities from local banks in the form of Murabaha financing subject to profit margins in line with prevailing commercial rates. These facilities are secured by a pledge of a land owned by the company in addition to guarantees in the form of promissory notes.

The following table shows the facilities due from the company at the end of 2022: (SAR)

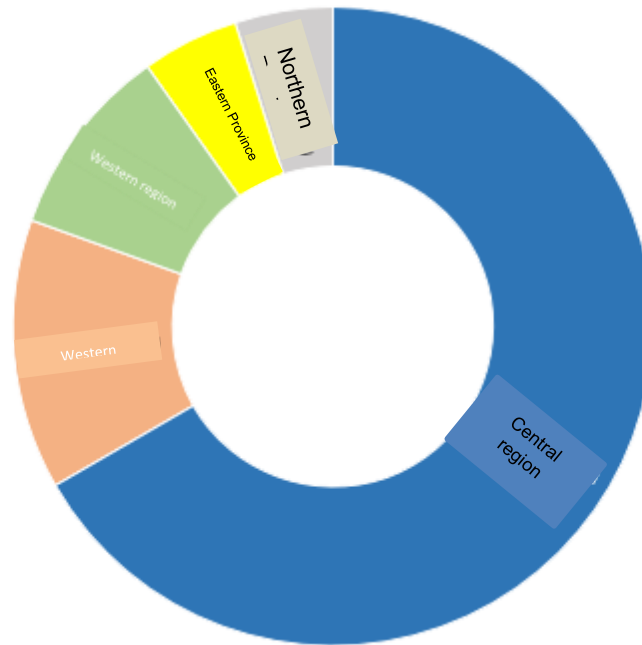
SN.	The providing body	The Balance of the beginning of the year	Additional balance during the year	Amounts paid	end-of-year balance
1	Riyad Bank	34,200,236	171,517,719	163,727,622	41,990,333
2	The Saudi Investment Bank	8,625,605	19,662,925	28,282,631	5,899
2	Alinma Bank	1,528,417	12,435,585	13,964,002	0
	Total	44,354,258	203,616,229	205,974,255	41,996,232

- Geographical analysis of the company's total revenue

**Geographical Analysis Of Total Company Revenue for 2023 (SAR 000)**

Sn.	Region	Revenues	% of Total
1	Southern region	78,469	60%
2	Central region	22,458	17%
3	Northern region	9,175	7%
4	Eastern province	8,128	6%
5	Western region	12,209	9%
	<b>Total</b>	<b>130,439</b>	

## Geographical Analysis Of Total Company Revenue



## 2- Company Activities and Strategy:

### Company Activities:

The company is engaged in the production of household and electronic appliances, metal, plastic, paper and cardboard industries, complementary and supplementary works, and the import, export, wholesale and retail trading of household and electronic appliances, plastic, paper and cardboard products, spare parts, purchasing lands to construct buildings and invest them for the company's benefit, and real estate management and operation for the company.

### Company Factories:

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

#### 1- Al Omran Metal Kitchens Factory:

This factory produces all types of shelves for various commercial shops with modern designs and different sizes according to customer needs, as well as storage systems, display refrigerators and freezers. The company deals with major companies in

storage systems and is a leader in the manufacture of storage systems, display refrigerators and equipping major markets.

## **2- Air Conditioners Factory:**

The factory produces desert air conditioners in all sizes with modern designs and different capacities, manufactured under registered trademarks (Al Reef - UNIX - Max Cool). It also produces all types of water coolers ranging from 70 liters to 1000 liters, under different brands such as Al Reef, UNIX and Max Cool.

## **Commercial Department:**

The company owns a number of showrooms to display and sell its products in addition to its authorized distributors spread across the Kingdom. It also has a large maintenance team that enables it to provide complete after-sales service. The maintenance team reaches the customer wherever their location is and in a timely manner.

The company is one of the specialized companies in the Kingdom of Saudi Arabia in the field of air conditioning, refrigeration and household appliances (split air conditioners and windows of all sizes), ovens, washing machines, household refrigerators and screens of all sizes under the registered trademarks (UNIX - Rantic).

## **Company Strategy for Developing its Products:**

Al Omran Company constantly searches for new high-profit and high-demand products in the market, seeking to greatly benefit from its leading position in various domestic and global market sectors.

The risks surrounding the company are low due to the diversity of sectors in which the company operates and the diversity of customers resulting from the diversity of products and activities. The company always strives to appoint the best cadres with a high level of professionalism, which positively reflects on developing its financial and competitive performance. The company develops carefully planned schemes to

expand in all sectors, having developed plans for all factories to increase production capacity and meet market requirements.

### Strengths and Competitive Advantages:

The company relies in its work on developing some competitive advantages that it seeks to use extensively in order to improve its financial position. These are aligned with the set of objectives and principles set by the management to enhance the company's activities:

- 1- Distinct and strong brands.
- 2- Availability of experienced and competent labor.
- 1. 3 - Providing the required liquidity.
- 3- Extensive distribution network.
- 4- Diversity of company activities.

### 3- Subsidiaries:

Below is the name of each subsidiary/ associate, its capital, the company's ownership percentage, its main activity, headquarters, and country of incorporation:

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

### 4- Transactions with a related party: (SAR 000)



Related Party	Type of Relationship	Term	Contracting Terms	Type of Transaction	Transaction Size
Abaad Real Estate Investment Company	Affiliate	Related party transactions during the year	The company follows the same terms applied with third parties when contracting with related parties	Financing	382,000
				Expenses on behalf	34,206
				Rentals	(1,179,800)
Abdulrahman Mohammed Nasser Al Omran	Shareholder and Board Member			Financing	(800,000)
Nasser Mohammed Nasser Al Omran	Shareholder and Chairman Deputy	Purchase of assets	166,783		
Omran Mohammed Al Omran	MD Deputy	Purchase of assets	115,900		

All these transactions are presented to the ordinary general assembly annually. These transactions do not include any loans or balances due after more than one fiscal year, and are all considered current balances.

#### 5- Risks:

The most important operational and financial risks facing the company are:

## **1. Raw Materials:**

Raw materials represent a significant percentage of the cost components of the company's products, and therefore the company may be exposed to risks of fluctuations and volatility in the prices of key raw materials. To mitigate these risks, the company works hard to reduce their impact through close monitoring of fluctuations in iron prices in local and global markets.

## **2. Currency Risks:**

These are the risks arising from changes in the value of financial instruments due to fluctuations in foreign currency exchange rates. The company's transactions are mostly in Saudi Riyals and US Dollars, and since the Saudi Riyal is effectively pegged to the US Dollar, currency risks are also effectively managed.

## **3. Credit Risks:**

These are the risks of a party's failure to fulfill its obligations, leading to the other party incurring a financial loss. Cash has been deposited with national and multinational banks with good credit ratings. Credit risks on accounts receivable are shown at the original amount net of allowance for doubtful debts.

## **4. Liquidity Risks:**

These are the risks that the company will encounter difficulties in obtaining the necessary funds to meet the obligations associated with financial instruments. Liquidity risks may arise from the inability to sell financial assets quickly at a value close to their fair value.

The company management monitors liquidity requirements on an organized basis and ensures the availability of sufficient funds to meet any future obligations.

## **6- Statutory Payments:**

A statement of the value of statutory payments due with a brief description thereof:

**Zakat:** The company is subject to the regulations of the General Authority for Zakat and Income in Saudi Arabia.

**Tax:** The company is subject to the Value Added Tax regulations implemented in Saudi Arabia from the beginning of 2018.

**Social Insurance:** The company is subject to the Social Insurance system, and social insurance fees are recorded on an accrual basis while social insurance is paid monthly based on the amount due for the previous month.

**Labor Office Fees:** These are the costs of obtaining work licenses and changing professions.

Statement	2023	
	Paid	Due
ZATCA	2,715,669	3,641,846
GOSI	1,981,741	158,007
Ministry of Human Resources and Social Development	377,300	0
VAT	15,650,656	543,560

## 7- Dividend Distribution Policy:

Dividend distributions and amounts depend on net profits achieved and company cash flows in line with the distribution policy contained in Articles 45 to 47 of the company's Articles of Association, with the company's annual net profits distributed as follows:

- (10%) of net profit shall be set aside to form the company's statutory reserve. The ordinary general assembly may decide to stop this deduction once the said reserve reaches (30%) of paid-up capital.
- The ordinary general assembly, based on the Board of Directors' proposal, may set aside (5%) of net profit to form an optional reserve allocated for a specific purpose or purposes.

3. The ordinary general assembly may decide to establish other reserves to the extent it deems serves the company's interest, or ensures steady dividends distribution to shareholders as much as possible. The said assembly may also deduct amounts from net profit to establish social institutions for company employees or to support existing institutions.
  4. The remainder is then distributed to shareholders at a rate representing (5%) of paid-up capital.
  5. Subject to the provisions of Article (20) of the company's Articles of Association and Article (76) of the Companies Law, (10%) of the remainder shall be allocated as remuneration for the Board of Directors, provided that entitlement to this remuneration is in accordance with the relevant regulations.
- A shareholder shall be entitled to his share of the profits in accordance with the general assembly resolution issued in this regard, stating the distribution date. Entitlement to dividends rests with shareholders registered in the shareholders register at the end of the day specified for entitlement.

**Second: The Board of Directors and Related Committees:**

**1. Corporate Governance:**

The company has set written policies and, to ensure compliance with proper governance rules and practices, the following have been approved:

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
22/3	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 article
71	Members of the Risk Committee	Guidance article
83	A policy of professional conduct and ethical values	Guidance article
85	Incentive scheme	Guidance article
87	Social responsibility plan	Guidance article
88	Social action initiative plan	Guidance article

### **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 (3) years.

SN.	Name	Position
1	Mohammed Omran Al-Omran	Chairman
2	Naser Mohammed Omran	Vice Chairman
3	Abdulrahman Mohammed Omran	Managing director
4	Abdullah Abdulaziz Al-Ghadir	Member
5	Fahad Saad Abdullah Al-Howaimel	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	Naser Mohammed Omran		√	
3	Abdulrahman Mohammed Omran	√		
4	Abdullah Abdulaziz Al-Ghadir			√
5	Fahad Saad Abdullah Al-Howaimel			√

### EXPERIENCE

SN.	Name	EXPERIENCE
1	Mohammed Omran Al-Omran	49 years of experience in administration, industry and production, as well as membership of the boards of a number of companies
2	Naser Mohammed Omran	33 years of experience in administration, industry and production, as well as membership of the boards of a number of companies
3	Abdulrahman Mohammed Omran	30 years of experience in administration, industry and production, as well as being on the boards of a number of companies
4	Abdullah Abdulaziz Al-Ghadir	25 years of financial experience at Al-Yamamah Cement Company
5	Fahad Saad Abdullah Al-Howaimel	23 years of experience in auditing, as well as finance affairs at the specialist hospital in Riyadh

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	Naser Mohammed 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	Abdulrahman Mohammed Omran	Managing director	Managing director	Accounting diploma
4	Abdullah Abdulaziz 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 Abdullah 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

**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	Naser Mohammed 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	Abdulrahman Mohammed Omran	Managing director	Managing director	Accounting diploma
4	Abdullah Abdulaziz 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 Abdullah 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

**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	Legal entity (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			
Naser 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			
Abdulrahman 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 Abdulaziz Al-Ghadir	Al-Omran Industries & Trading Co	Inside KSA	listed Joint Stock Company	-	-	-
Fahad Saad Abdullah Al-Howaimel	Al-Omran Industries & Trading Co	Inside KSA	listed Joint Stock Company	-	-	-

## Responsibilities, Members and Attendance Record of Committees:

The Board of Directors' committees and subcommittees were approved for the board term starting on 18-09-2022 and ending on 17-09-2025 by the Extraordinary General Assembly resolution on 07-09-2022. Accordingly, the Audit Committee, Nominations and Remuneration Committee and Executive Committee were formed by a Board resolution.

### Audit Committee:

Names of Audit Committee members, their current and previous positions and qualifications:

Sn	Name	Position	Current Position	Old Position	Qualification
1	Fahad Saad Abdullah Al-Huweimil	Chairman	Board Member of Al Omran Industrial and Trading Company	Payroll Manager at King Faisal Specialist Hospital in Riyadh	Bachelor's in Accounting from the University of Toronto, Canada
2	Yousef Mohammed Al-Omran	Member	Auditor at KPMG Al Fozan & Partners, Certified Public Accountants	Auditor at KPMG Al Fozan & Partners, Certified Public Accountants	Bachelor's in Accounting from King Saud University and Master's in Economics from Old Dominion University
٣	Saleh Abdullah Almuneef	Member	Chief Accountant at King	General Accountant at Al Mashreq	Bachelor's in Accounting from the

			Faisal Specialist Hospital and Research Center	Contracting Company	University of Southern New Hampshire and Master's in Business Administration from William Paterson University
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**Audit Committee Responsibilities:**

- Overseeing internal control management to verify its effectiveness in implementing the tasks assigned to it by the Board of Directors.
- Reviewing the internal control system and issuing a written opinion and recommendations thereon.
- Reviewing internal audit reports and following up on implementing corrective procedures for the observations stated therein.
- Recommending to the Board of Directors the appointment of statutory auditors, after verifying their independence, and their dismissal and determining their fees.
- Monitoring the work of statutory auditors and approving any work outside the scope of their assigned audit work while conducting the audit.
- Reviewing the audit plan with the statutory auditor and providing the committee’s notes thereon.
- Reviewing the statutory auditor’s notes on the financial statements and following up on actions taken in their regard.
- Reviewing the interim and annual financial statements before presenting them to the Board of Directors and expressing an opinion and recommendations thereon.

- Reviewing the applied accounting policies and providing an opinion and recommendations to the Board of Directors in their regard.

**Annual review results of internal control procedures effectiveness in the company in addition to the Audit Committee's opinion on the adequacy of the internal control system in the company.**

Based on the company’s internal audit work, the Board of Directors contracted with Saad Abdulrahman Al Mutarib Office to conduct internal audit work for the company in 2023 based on the Audit Committee’s recommendation to enhance internal control procedures by the Audit Committee and Board of Directors. The office submitted its report on the company's performance to the Audit Committee, which found no observations with a significant impact in 2023.

The committee held five meetings during the fiscal year ending 31/12/2023 as shown in the following table:

Member Name	Position	First Meeting 28/03/2023 3	Second Meeting 21/05/2023 3	Third Meeting 10/08/2023 3	Fourth Meeting 08/11/2023 3	Fifth Meeting 25/12/2023 3
Fahad Saad Abdullah Al-Howaimel	Chairman	√	√	√	√	√
Yousef Mohammed Al-Omran	Member	√	√	√	√	√
Saleh Abdullah Almuneer	Member	√	√	√	√	√

**Nominations and Remuneration Committee:**

The Nominations and Remuneration Committee is responsible for reviewing the structure of the Board of Directors and the effectiveness and performance of its members, making recommendations regarding potential changes, identifying strengths, weaknesses, and ensuring independence and absence of conflict of interest

of the member, recommending nomination of the member according to required needs, and reviewing remuneration and compensation for board committees, managing director and senior management.

The Nominations and Remuneration Committee held two meetings during 2023 as shown in the following table:

Member Name	Position	First Meeting ٢٠٢٣/٠٣/٢٩	Second Meeting ٢٠٢٣/٠٥/٢٢
<b>Fahad Saad Abdullah Al-Howaimel</b>	<b>Chairman</b>	√	√
<b>Mohammed Omran Al-Omran</b>	<b>Member</b>	√	<b>Absent</b>
<b>Naser Mohammed Omran</b>	<b>Member</b>	√	√

The Nominations and Remuneration Committee Charter, members and remuneration were approved on 11/06/2020.

**Executive Committee:**

Names of Executive Committee members, their current and previous positions and qualifications:

Sn	Name	Current Position	Old Position	Qualification
1	Abdul Rahman Mohammed bin Omran	Managing Director	MD	Bachelor in Commerce
2	Omran Mohammed Al-Omran	MD Deputy	Director in Al-Omran Industry and Trading	BA Bachelor
3	Mostafa Shaalan	CFO	Financial Manager, Damietta City Furniture Company, Bachelor of Commerce Accounting, Mansoura University	Bachelor of Commerce Accounting, Mansoura University
٤	Amer Anwar Ibrahim Saleh	Director of Operations Department	Production and engineering operations manager, Saudi Modern Factory	Bachelor's degree in Industrial Engineering from the Hashemite University of Jordan
٥	Mohammed Al-Mamoon Mohammed Abdullah	Director of External Procurements	Sales Director of the Southern Region, Al Jazeera Home Appliances Company	Bachelor of BA from Alnelain University

During 2023, the Executive Committee held Four (4) meetings as follows:

Member Name	Position	First Meeting 26/02/2023	Second Meeting 03/05/2023	Third Meeting 29/08/2023	Fourth Meeting 16/11/2023	Fifth Meeting 20/12/2023
Abdul Rahman Mohammed bin Omran	Chairman	√	√	√	√	√
Omran Mohammed Al-Omran	Member	√	√	Absent	√	√
Saber Mohamed Hegazy	Member	√	Absent	√	√	Was not a member at that time
Mostafa Shaalan	Member	Was not a member at that time				√
Adeeb Mahmoud poured milk	Member	√	√	√	Was not a member at that time	
Amer Anwar Ibrahim Saleh	Member	Was not a member at that time				√
Mohammed Al-Mamoon Mohammed Abdullah	Member	√	√	√	√	Absent



**Remunerations and Bonus paid to members of the Board of Directors and Senior Executives:**

Name	Position	Attendance Allowance	Rewards	Total
Mohammed Omran Al-Omran	BoD Chairman	8,000		8,000
Nasser Mohammed bin Omran	Chairman Deputy	8,000		8,000
Abdul Rahman Mohammed bin Omran	MD	8,000		8,000
Abdullah Abdul Aziz Al Ghadeer	Board Member	8,000	40,000	48,000
Fahad Saad Abdullah Al-Huwaimel	Board Member	8,000	40,000	48,000
<b>Total</b>		<b>40,000</b>	<b>80,000</b>	<b>120,000</b>

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

### **Senior Executives 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 2022.

State ment	Fixed rewards			Variable rewards		End -of- serv ice ben efit	Total Executi ve Remun eration for the Board	To tal
	Sala ries	Allow ances	To tal	Short-term incentive plans	Long-term incentive plans			
<b>Total</b>	<b>1,844,850</b>	<b>564,095</b>	<b>2,408,945</b>	<b>300,000</b>	<b>-</b>	<b>137,000</b>	<b>8,000</b>	<b>2,853,945</b>

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 Remuneration	Attendance Allowance	Total
<b>1</b>	Fahad Saad Abdullah Al-Howaimel	15,000	7,500	22,500
<b>2</b>	Yousef Mohammed Al-Omran	15,000	7,500	22,500
<b>3</b>	Saleh Abdullah Almuneer	12,000	6,000	18,000
	<b>Total</b>	<b>42,000</b>	<b>21,000</b>	<b>63,000</b>

Sn.	Nominations and rewards committee members		Fixed Remuneration	Attendance Allowance	Total
١	Fahad Abdullah Howaimel	Saad Al-	15,000	3,000	18,000
٢	Mohammed Omran Al-Omran		7,500	1,500	9,000
3	Naser Mohammed Omran		15,000	3,000	18,000
<b>Total</b>			<b>37,500</b>	<b>7,500</b>	<b>45,000</b>

### Interests of board members and senior executives:

During 2023, there are some interests in shares belonging to some members of the board of directors and senior executives, as follows:

Sn.	Name	Start of Listing		End of Year		Net Change	Change %
		No. of Shares	Debt Inst.	No. of Shares	Debt Inst.		
1	Mohammed Omran Al-Omran	2,400,000	-	2,267,884	-	-	(6%)
2	Naser Mohammed Omran	240,000	-	762,584	-	-	218%
3	Abdulrahman Mohammed Omran	242,937	-	768,458	-	-	216%

S n.	Name	Attendance record - number of meetings (4)			
		First Meeting	Second Meeting	Third Meeting	Fourth Meeting
		29/03/2023	22/05/2023	12/08/2023	08/11/2023
1	Mohammed Omran Al-Omran	√	√	√	√
2	Naser Mohammed Omran	√	√	√	√
3	Abdulrahman Mohammed Omran	√	√	√	√
4	Abdullah Abdulaziz Al-Ghadir	√	√	√	√
5	Fahad Saad Abdullah Al-Howaimel	√	√	√	√

Board of Directors meetings and attendance record for each meeting:

Dates of the General Assemblies of Shareholders held during 2023, and names of present members:

Sn.	Name	Second ordinary general assembly meeting on 14/06/2023	Extraordinary General Assembly Second Meeting on 08/11/2023
		Attendance Sheet	Attendance Sheet
1	Mohammed Omran Al-Omran	√	√
2	Naser Mohammed Omran	√	√
3	Abdulrahman Mohammed Omran	√	√
4	Abdullah Abdulaziz Al-Ghadir	√	√
5	Fahad Saad Abdullah Al-Howaimel	√	√

### Company requests for shareholder record

Company's Request for Shareholders' Register	Request date	Request Reasons
١	15/02/2023	Company Procedures
٢	30/04/2023	Company Procedures
٣	15/06/2023	General Assembly
٤	06/11/2023	General Assembly
٥	21/12/2023	Company Procedures

### Sanctions and Penalties on the Company:

There are no substantial sanctions, precautionary restrictions or other penalties imposed on Al Omran Industrial and Trading Company by any regulatory, supervisory or judicial authority for the 2023 fiscal year.

### Affirmations of the Board of Directors and Company Management:

The Board of Directors and Company Management affirm the following:

- The accounting records have been properly prepared.
- The internal control system has been established on sound bases and implemented effectively.
- There is no doubt about the company's ability to continue its activity.

### Conclusion:

In conclusion, the Board of Directors extends its sincere gratitude and appreciation to our wise government for its support and backing of the private sector. The Board is also pleased to express its gratitude to the company's shareholders for their support, its customers for their trust in the company and its products, and the

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company's employees for their dedicated efforts towards development, improving performance and achieving the company's objectives.

Thank You,,,,,

Board of Directors