

Annual Report of the Board of Directors  
for the fiscal year ending 31/12/2025

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**Respected Ladies and Gentlemen****Shareholders of Wafrah for Industry and Development Company,**

You now have in your hands the Annual Report of Wafrah for Industry and Development Company for the financial year ended on December 31, 2025. In it, the Board of Directors of Wafrah for Industry and Development records, with high transparency, the year's events and the efforts of the Board and the company's employees to steer the ship of Wafrah through a sea of challenges to deliver the best performance that the company's shareholders deserve.

The report has been prepared in compliance with the Corporate Governance Regulations and the Rules on the Offer of Securities issued by the Saudi Capital Market Authority. This aims to inform shareholders about matters related to the company's overall performance, business developments, financial and operational performance, and strategic directions during the financial year ended on December 31, 2025, along with a summary of the audited and approved financial statements - according to International Accounting Standards - by the company's auditor.

The company faced some losses in its annual financial statements, despite efforts to avoid them. This poses further challenges to return to the path of profitability by achieving the best results.

Among the most important events during the year, we record the following:

- Following the modernization of the meat factory to produce many new products desired in the markets, demand for the new meat products increased. The name Wafrah became associated with distinct products that were not previously on its list, which facilitated contracting for private manufacturing for some large distribution companies.
- The installation of the new highly automated pasta lines (Spaghetti line and Vermicelli Nests line) was completed, qualifying the factory to begin commercial production.
- Private production was expanded, which helps in the optimal utilization of the factories' production capacities.

We hope that these steps will be a means to deliver the company's products to every table in the Kingdom, as well as to achieve the company's vision within the framework of the blessed steps to achieve the goals of Vision (2020-2030). I ask God to perpetuate the blessing of security, safety, and stability upon the Land of the Two Holy Mosques, and that goodness prevails under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, and his trustworthy Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, for all their great efforts and unlimited support to stimulate the business environment in the private sector and develop the nation's economy.

**May God grant us success,,,**

**Saad Sulaib Mutlaq Al-Otaibi**

**Chairman of the Board of Directors**

## **2. Overview of the Company and its Activities**

Wafrah for Industry and Development Company was established as a Saudi joint-stock company (under the name of Food Products Company) in accordance with the provisions of the Companies Law issued by Royal Decree No. (M/6) dated 22/3/1385 AH, which was amended by the issuance of the new Companies Law by Royal Decree No. (M/3) dated 28/1/1437 AH and its implementing regulations, and based on the Council of Ministers Resolution No. (403) dated 24/7/1439 AH. According to this law, it was established as a listed Saudi joint-stock company, with a capital of 200 million Saudi Riyals divided into 20 million shares, with a nominal value of 10 Riyals each, all of which are ordinary shares.

A capital reduction occurred pursuant to the resolution of the Extraordinary General Assembly dated 15 Shaaban 1441 AH corresponding to April 8, 2020, based on the Board of Directors' recommendation to reduce the capital to amortize accumulated losses. The company's capital was reduced from 200,000,000 Saudi Riyals to 77,170,350 Riyals, and the number of shares from 20,000,000 shares to 7,717,035 shares, with a nominal value of 10 Saudi Riyals each.

Thereafter, the company initiated capital increase procedures to implement its plans to elevate the company by offering priority rights shares amounting to 154,340,700 Riyals. The Extraordinary General Assembly approved on 14/06/2022 the Board of Directors' recommendation to increase the capital to become 231,511,050 Riyals, increasing the number of the company's shares to 23,151,105 shares.

### **Objectives of the Company**

The amendment to the company's objectives began in 2022 to arrange them according to the National Classification of Economic Activities derived from the International Standard Industrial Classification of All Economic Activities - Revision 4 (ISIC4).

The objectives have been detailed under the following headings:

1. Manufacturing industries
2. Agriculture, forestry, and fishing
3. Transportation and storage
4. Administrative and support services
5. Wholesale and retail trade
6. Agricultural production and seed multiplication.

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

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

The company is considered one of the leading companies in the food industries and has an extended legacy in this field.

The company has four operating factories utilizing multiple production lines that heavily use raw materials produced within the Kingdom of Saudi Arabia. This is to produce, distribute, and market numerous varieties of high-quality food products that are offered to the company's customers in central markets, wholesale, retail, and catering markets throughout the Kingdom. The four operating factories are located in the Industrial City in the second and third phases in Riyadh: the Vegetable Products Factory, the Wafrah Macaroni and Vermicelli Factory, the Ready Meals (Meat) Factory, and the Breakfast Cereals Factory.

Following the company's capital increase in 2022, and as part of the increase programs, the company embarked on modernization projects for the lines in the various factories. This included producing new products in the meat factory, upgrading the automation level to the highest degrees, and raising the production capacities for many lines, particularly in the macaroni factory.

There is also a fifth factory for date manufacturing industries in the city of Al-Kharj.

### **3- Contributions of Each Factory to the Company's Revenues for 2025.**

#### **First: Vegetable Products Factory**

The main line is the frozen potato chips production line, where half-fried frozen potatoes are packaged under various names, using potatoes of excellent quality and specifications produced by major Saudi agricultural companies.

The company entered the field of purchasing and multiplying potato seeds, and entering into partnerships with major agricultural companies and large farmers by providing them with industrial samples of potato seeds and purchasing the product from them and using it for manufacturing. However, the program did not continue in the latter part of the year.

As for the company's products of frozen potatoes, thanks to the high quality we maintain and thanks to the balanced price, our main brand (Wafrah) has become one of the best names in the Saudi potato chips market, arguably competing with famous international companies in this sector, followed in quality and demand by our other brands in the field of frozen potatoes.

The sales of the vegetable products factory during 2025 reached 59,033,431 Riyals, representing 45% of the company's revenues for the concerned year.

### Second: Wafrah Macaroni and Vermicelli Factory (Pasta)

The pasta factory is one of two factories that account for the largest return on sales in Wafrah for Industry and Development Company, thanks to the production flexibility that enabled the company to distribute products and packaging under the brand names Wafrah, Saudi Gardens, Caprini, and Aghsan. The secret to the quality is the accumulated experience over the years, as commercial pasta production began at Wafrah in 1994, and the use of quantities of the finest types of durum wheat semolina, which produces the best pasta. Saudi wheat flour, which is naturally hard, is also used.

The factory consists of four production lines:

- Two for producing short pasta of various types (one of which was installed in 2014).
- Two for producing long pasta (spaghetti), one of which entered into production at the end of 2025, and it has a larger capacity than its predecessor.
- Two for producing vermicelli, one of which also recently entered the production cycle as it is part of the expansion that accompanied the capital increase, where automation reached higher horizons to create a qualitative leap in the quantities and quality of macaroni and vermicelli products. It is worth noting that the lines are manufactured by the venerable Italian company Pavan, which has become a subsidiary of the German industrial giant (GEA).

The pasta factory's sales during 2025 amounted to 43,573,602 Riyals, representing 33.6% of the company's revenues for the year.

### Third: Ready Meals Factory (Meat)

The factory consists of multi-purpose production units for manufacturing high-value frozen meat products, which include burgers, kebabs, sausages, and cooked meat slices like mortadella and others, with flexibility in producing more varieties and different packaging of meat and chicken products. These products are marketed under the Wafrah brand.

The year 2025 witnessed the completion of the factory's expansion, an increase in product varieties, and the modernization and automation of lines, which is one of the capital increase projects. The new lines were manufactured by one of the largest food factory equipment companies in Europe (the German company GEA). The new lines are highly efficient and automated, and thanks to this, the company is able to produce meat products that were not previously on its list, such as (packaged beef and chicken burgers...

breaded), (beef kebab), (beef meatballs), (chicken zinger), (chicken strips), (smoked chicken breasts), (meatballs), (chicken nuggets), (chicken popcorn), (crispy chicken pieces), and other products.

The sales of the meat factory during 2025 amounted to 31,395,904 Riyals, representing 24.2% of the company's revenues for the year.

#### **Fourth: Breakfast Cereals and Nuts Factory**

This factory has two lines. The first produces various toasted corn flakes breakfast cereals (corn flakes, sweetened corn flakes, bran flakes, rice puffs, chocolate puffs, choco bever balls, and choco crispies), among others. Additions were introduced to the factory to achieve automation, especially in the packaging processes.

Despite the weak performance of this factory, there was a surge in sales volume and the number of customers.

As previously done, the peanut and nuts production lines were transferred from the vegetable products factory site to the breakfast cereals factory, where these lines primarily produce peanut butter and salted peanuts. Contracting has recently begun to supply peanut butter in large containers to be used as a supplement in other industries. Despite this effort, the sales of the breakfast cereals factory and nuts lines remained modest for years compared to the company's other factories. However, efforts have begun to bear fruit after contracting with various parties to produce their own private label breakfast cereals and nuts, as signs of increased demand for the products have appeared. The company is also keen on raising quality, modernizing products, and innovating new sales methods.

The sales of the breakfast cereals factory during 2025 amounted to 5,714,666 Riyals, representing 4.4% of the company's revenues for the year.

#### **Fifth: Dates Factory in Al-Kharj**

There was no change regarding the operation of this factory, as the factory has remained a continuous source of losses for the company. The factory was designed to manufacture processed date products such as date paste, date molasses, vinegar, and the production of animal feed from date waste during the date season. The factory also includes a line for producing jam from dates and other fruits. Date packaging was not among them. These processed products were unable to enter the markets as planned, and manufacturing has been suspended for years except at certain times when production was carried out for third parties.

#### 4- Future Plans and Expectations for Wafrah for Industry and Development

Referring to the new production lines that entered service during the year as part of the capital increase projects, the company expects an increase in production capacity, an increase in local sales, the resumption of external sales, and a reduction in product costs, especially in the vegetable, pasta, and meat factories.

The company has developed a Business Plan, which became the axis for the plans presented to the shareholders and the Capital Market Authority within the framework of the capital increase request procedures during the year. The plan focused on rehabilitating the factories by reducing reliance on manual operations through the purchase of highly automated lines, as well as focusing on new sales policies by increasing the number of customers across the Kingdom to increase sales and expand in the central markets and large stores sector (supermarkets and hypermarkets), increasing market and sales share, and paying attention to food quality and safety. Since 2025 witnessed the completion of most lines, it is expected that 2026 will witness a leap in production after the completion of commercial operation.

The company attaches great importance to manufacturing distinguished and high-quality products. According to its strategic directions, the company manufactures many of its products as private labels for other establishments and companies.

#### 5- Potential Financial and Operational Risks to the Company's Business

Wafrah for Industry and Development Company, like any economic entity, is exposed to some risks through the nature of its industrial activity as a company operating in a highly competitive field due to its dealing in basic commodities and foods. Therefore, the Board of Directors has attached great importance to monitoring, reviewing, and evaluating the risk management policy to verify the existence of effective control systems to monitor these risks. The company is keen on following them up, especially operational risks, including, for example, securing raw materials, packaging materials, and spare parts necessary to ensure continuous operation. The Executive Committee has been entrusted with the follow-up and decision-making on matters requiring urgent decisions:

##### 5-1 Risks of Providing and Storing Raw Materials:

To face these risks, the company is keen on expanding its supplier base to ensure meeting its needs for these materials. To avoid price fluctuations, the company has signed binding contracts with some suppliers with good reputations and responsible dealings.

The company had prepared for this matter by increasing its storage capacity, establishing chilled and frozen warehouses to preserve basic raw materials (potatoes and meat) due to their seasonality and to purchase them when their prices drop. It also keeps the option of renting chilled warehouses when needed.

In the field of flour and semolina, the company utilized the large storage capacity it had previously established by building new silos to benefit from the additional quotas of flour provided by the new milling companies that emerged as an alternative to the General Organization for Grain Silos and Flour Mills after its privatization in the Kingdom.

Regarding spare parts, the company deals directly with factory suppliers and authorized agents, especially for large spare parts, to ensure obtaining original parts and to avoid any emergency stoppages. The company also keeps the necessary spare parts for periodic maintenance of the factories in the spare parts warehouse. However, this does not negate the risks of unexpected stoppages for urgent maintenance work, and periodic preventive maintenance of the lines reduces these risks.

### **(5-2) Financial Instruments**

The financial instruments listed in the statement of financial position mainly include cash on hand and at banks, receivables, other assets, investments, payables, accrued liabilities, loans, and non-current liabilities. The company also recognizes financial assets and liabilities in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

### **(5-3) Competition and Market Risks**

The food manufacturing and sales sector is characterized by intense competition. Therefore, the company has resorted to multiple and diverse means to meet and keep pace with this competition. Among these means are expanding private manufacturing and selling under comprehensive agreements and signing contracts with the largest sales outlets in the Kingdom of Saudi Arabia, namely hypermarkets, supermarkets, and others. This is to ensure its products reach the largest possible number of consumers. This also necessitates offering attractive promotional offers, especially during seasons, and reducing the prices of some slow-moving products, especially those nearing expiration and perishable ones, to avoid their expiration. The company also seeks to maintain its market share and open new markets according to well-studied plans that include modernizing the distribution fleet, supporting sales management with highly experienced and competent salesmen, and adding new products.

The company has also increased the efficiency of cash vans for direct entry into retail outlets in neighborhoods and reaching the largest number of consumers.

**(5-4) Credit Risks**

These are among the important risks that require effort and attention, starting from the sales process and continuing through the after-sales services and collection phase.

Credit risks may result in the company being exposed to a financial loss due to the failure of a customer or a counterparty dealing with the company in a financial instrument to meet their contractual obligations. These risks arise primarily from its bank balances, trade receivables, and other receivables.

The extent of the company's exposure to credit risk is primarily affected by the specific characteristics of each customer. Moreover, the demographic nature of the company's customers, including the default risk of the industry and the country in which the customer operates, has less impact on credit risk. The company has recently established a legal department, in addition to contracting with law firms, to face these risks and safeguard the company's rights, starting from guarantees and account opening procedures for new customers, and subsequent follow-up.

**(5-5) Currency Risks**

The company is not significantly exposed to these risks as most of the company's financial assets and liabilities are in Saudi Riyals, and most of the company's transactions are generally conducted in Saudi Riyals and US Dollars. Given that the exchange rate of the US Dollar against the Saudi Riyal is stable, the company's management believes that it is not materially exposed to exchange rate fluctuation risks, except with respect to purchasing in other currencies.

**(5-6) Liquidity Risks**

Liquidity risks are the risks arising from the company's inability to meet its financial obligations when they become due, which are associated with its financial liabilities that are settled by delivering cash or other financial assets. The company's management's approach to handling liquidity risk lies in ensuring, as much as possible, that the company maintains sufficient liquidity to meet its obligations when they become due under normal and emergency conditions, without incurring unacceptable losses or risks that may affect the company's reputation. The company has faced some difficulties in this regard, but modifying sales policies and changing credit limits upon purchasing helps in overcoming such problems.

The company is also keen to ensure it has a sufficient amount of cash available to cover expected operational expenses, including the coverage of financial obligations, but without incorporating any potential impact of severe conditions that are difficult to predict, such as natural disasters. Furthermore, the company is keen on tying short-term deposits with the available liquidity in banks that enjoy strong financial positions, good credit ratings, and rewarding returns.

#### (5-7) Fair Value

Fair value represents the amount for which an asset could be exchanged, or a liability settled, between willing parties under fair transaction terms. Since the company's financial statements are prepared in accordance with the historical cost principle, differences may arise between the book value and the estimated fair value. The company evaluated the assets (the company's assets) through an accredited valuer, and the result of the valuation was an impairment in the value of the company's assets by 72,985 Riyals. As for the company's financial liabilities, they do not differ significantly from their book values.

#### 6- Compliance of the Company's Financial Positions with International Financial Reporting Standards (IFRS)

The company committed to applying and preparing the quarterly financial statements, the annual financial statements, and its financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

#### 7- Company's Business Results Over the Last Five Years

##### Summary of the Income Statement for the last five years (in Riyals)

Statement	2021	2022 Adjusted	2023	2024 Adjusted	2025
Sales	64,967,601	130,516,485	161,631,425	156,952,907	123,168,376
Cost of Sales	(53,474,887)	(86,553,631)	(111,043,586)	(110,770,693)	(113,628,649)
Gross Profit	11,492,714	43,962,854	50,587,839	46,182,214	9,539,727
Total Expenses	(23,400,746)	(29,403,045)	(43,034,200)	(42,407,276)	(59,435,551)
Net (Loss) Profit from Operations	(11,908,032)	14,559,809	7,553,639	3,774,908	(49,895,824)
Provision for loan guarantee (related party)	0	0	0		0

Fair value investment losses - profit/loss	0	0	15,018,528	1,318,812	3,519,442
Profit/loss from impairment in the value of investment properties	0	0			
Provision for expected credit losses	(269,529)	(760,338)	(3,282,241)	(2,191,613)	(8,335,312)
Impairment of property, plant, and equipment	(468,578)	444,577			
Reversal of provision no longer required	761,698	482,112			
Provision for impairment in inventory value	0	0			
Provision for slow-moving inventory	0	0	(1,767,624)	(149,785.99)	(3,377,223)
Financing expenses	(420,000)	0			
Finance costs	(168,898)	(888,227)	(669,584)	(1,610,533)	(1,205,091)
Currency translation losses					
Other revenues	3,528,801	1,995,567	7,894,365	4,094,058.13	1,898,394
Net profit (loss) before Zakat	<b>(8,944,538)</b>	<b>15,883,500</b>	<b>24,747,083</b>	<b>3,774,908</b>	<b>(45,105,936)</b>
Estimated Zakat and Zakat differences	(1,986,049)	(2,016,377)	(3,783,484)	(2,653,239)	(1,656,538)
Net profit (loss) for the year	<b>(10,930,587)</b>	<b>13,817,123</b>	<b>20,963,599</b>	<b>4,707,765</b>	<b>(46,762,474)</b>
Items of comprehensive income:					
Change in fair value of investment	50,615	(285,769)	(37,435)	(2,637)	(31,481)
Actuarial losses on employee benefit obligations	1,394,803	733,719	(1,312,294)	1,475,489	(761,757)
Total comprehensive income	<b>1,445,418</b>	<b>447,950</b>	<b>(1,349,729)</b>	<b>1,472,853</b>	<b>(793,238)</b>
Total comprehensive profit (loss) for the year	<b>(9,485,169)</b>	<b>14,265,073</b>	<b>19,613,870</b>	<b>6,180,619</b>	<b>(47,555,712)</b>

The summary of the income statement reveals the following:

- Gross profit for the year 2025 amounted to SAR 9,539,727, compared to SAR 46,182,214 in 2024, representing a decrease of SAR 36,642,487 (approximately 79.3%).
- Total comprehensive income for the year 2025 amounted to SAR (793,238), compared to SAR 1,472,853 in 2024.
- Sales for the year 2025 amounted to SAR 123,168,376, whereas they were SAR 156,952,907 in 2024, recording a decrease of 21.5%.
- Total expenses increased by SAR 17,028,275 compared to the previous year.

**Main reasons for the decrease in profits:**

- Performance was affected by the decrease in sales compared to the previous year.
- Increase in operational expenses during the year, which reflected on the operational results.
- Increase in financing costs during the year.
- Decrease in other revenues compared to the previous year.

**8- Statement of the Company's Assets and Liabilities Over the Last Five Years****Summary of the Statement of Financial Position for the last five years (in Riyals)**

Statement	2021 Adjusted	2022 Adjusted	2023	2024	2025
<b>Current Assets</b>	50,586,707	224,118,243	149,911,267	155,968,297	148,896,087
<b>Current Liabilities</b>	73,048,894	84,655,645	75,337,950	81,438,076	116,425,953
<b>Working Capital</b>	(22,135,187)	139,462,598	74,573,317	74,530,221	29,399,634
<b>Other Long-Term Assets</b>	4,132,782	4,609,500	95,121,619	115,812,730	28,681,869
<b>Fixed Assets</b>	92,459,731	80,661,742	76,952,353	73,203,213	155,101,602
<b>Total Assets</b>	<b>143,046,268</b>	<b>309,389,485</b>	<b>321,985,239</b>	<b>329,609,058</b>	<b>342,984,238</b>
<b>Long-Term Loans</b>	6,000,000	0	0	7,027,598	7,027,598
<b>Other Liabilities</b>	14,013,906	11,878,806	14,178,385	97,307,117	131,487,649
<b>Total Liabilities</b>	<b>93,062,800</b>	<b>96,534,451</b>	<b>89,516,335</b>	<b>104,334,715</b>	<b>138,515,247</b>
<b>Paid-up Capital</b>	77,170,350	231,511,050	231,511,050	231,511,050	231,511,050
<b>Reserves and Retained Earnings</b>	(27,988,190)	(18,656,016)	957,854	7,138,473	(40,417,239)
<b>Shareholders' Equity</b>	<b>52,859,160</b>	<b>212,855,034</b>	<b>232,468,904</b>	<b>238,981,731</b>	<b>191,093,811</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>142,244,960</b>	<b>309,389,485</b>	<b>321,985,239</b>	<b>342,984,238</b>	<b>329,609,058</b>

**We conclude from the Statement of Financial Position as of 31/12/2025 the following:**

- Total assets amounted to SAR 329,609,058 as of 31-12-2025, compared to SAR 342,984,238 as of 31-12-2024, representing a decrease of 3.9%.
- Total liabilities amounted to SAR 138,515,247 as of 31-12-2025, compared to SAR 104,334,715 as of 31-12-2024, representing an increase of 32.8%.
- Shareholders' equity decreased from SAR 238,649,523 to SAR 191,093,811, representing a decrease of 19.9%.
- Working capital amounted to SAR 29,399,634 as of 31-12-2025, compared to SAR 74,530,221 as of 31-12-2024.

**9- Comparison of Operational Results for 2025 with the Previous Year 2024 (in Riyals)**

Statement	2024	2025	Change Amount + or (-)	Change Percentage (%)
Sales	156,952,907	123,168,376	(33,784,531)	-21.5%
Cost of Sales	(110,770,693)	(113,628,649)	(2,857,956)	-2.58%
Gross Profit from Operations	46,182,214	9,539,727	(36,642,487)	-79.3%
Total Expenses	(42,407,276)	(59,435,551)	(17,028,275)	40.1%
Net Profit (Loss) from Operations	3,774,908	(49,895,824)	(53,670,732)	-1421.68%
Reversal of loan guarantee provision - related party				
Currency differences	(621,683.00)	0	(621,683.00)	100%
Provision for expected credit losses	(2,191,613.00)	(8,335,312)	(6,143,699)	280 %
Investment profit from financial instruments	1,318,812.00	3,519,442	2,200,630	166.85%
Provision for slow-moving inventory	(149,786.00)	(3,377,223)	(3,227,437)	2154.9%
Financing costs	(952,188.00)	(1,863,436)	(405,442)	33.6%

<b>Other revenues</b>	4,094,058.13	1,898,394	2,195,664	-53.63%
<b>Estimated Zakat</b>	(2,653,239.00)	(1,656,538)	996,701	-37.57%
<b>Net profit (loss)</b>	4,707,474	(46,762,474)	(51,470,239)	-1093.8%
<b>Items of comprehensive income:</b>				
<b>Change in fair value of investment</b>	(2,637)	(31,481)	(28,844)	-1093.84%
<b>Actuarial gains (losses) for end of service benefits</b>	1,475,489	(761,757)	(2,237,246)	-151.62%
<b>Total comprehensive income</b>	<b>1,472,853</b>	<b>(793,238)</b>	<b>(2,266,091)</b>	<b>-153.86%</b>
<b>Total comprehensive profit (loss) for the year</b>	<b>6,180,619</b>	<b>(47,555,712)</b>	<b>(53,736,331)</b>	<b>-869.4%</b>
<b>Loss per share</b>				

The comparison of the operational results for the year 2025 with the previous year 2024 reveals the following:

- Sales decreased in 2025 compared to 2024 by 21.5%.
- Cost of sales increased in 2025 by SAR 2,857,956 compared to 2024.
- Loss from operating activities for 2025 amounted to SAR (49,895,824), compared to SAR 3,774,908 in 2024.
- Total comprehensive income for 2025 amounted to SAR (47,555,824), compared to SAR 6,180,619 in 2024.
- Expenses increased in 2025 compared to 2024 by 40%.
- Net profit (loss) for 2025 amounted to SAR (46,762,474), compared to SAR 4,707,765 in 2024.

#### 10 - Reasons for variances in operating results

1. Decrease in sales.
2. Increase in general and administrative expenses.
3. Increase in selling and marketing expenses.

**11- Geographical Analysis of Wafrah for Industry and Development's Sales (in Riyals)**

Year	Statement	Inside the Kingdom	Outside the Kingdom	Total
2024	Sales	160,239,288.74	1,379,350.00	161,618,638.74
2025	Sales	120,997,147	2,171,228	123,168,376

**12 - Value Added Tax**

Based on the Gulf Cooperation Council (GCC) agreement to implement the Value Added Tax as one of the important economic reforms in the GCC countries, the company has committed to the regulations and legislations in applying this tax since the beginning of 2018.

The company has paid the full amounts due from it according to the tax returns during the year 2025.

**13 - Shareholders' Equity****Dividend Distribution Policy as Clarified by the Company's Bylaws****Article Thirty-Three: Formation of Reserves**

1. The Ordinary General Assembly - when determining the share of shares in the net profits - may decide to form reserves, to the extent that achieves the company's interest or ensures the distribution of fixed profits - as much as possible - to the shareholders. The aforementioned Assembly may also deduct amounts from the net profits to achieve social purposes for the company's employees.
2. The General Assembly determines the percentage that must be distributed to the shareholders from the net profits after deducting reserves, if any.

**Article Thirty-Four: Entitlement to Dividends**

1. The shareholder is entitled to their share in the profits in accordance with the General Assembly's resolution issued in this regard. The resolution shall specify the entitlement date and the distribution date. The eligibility for dividends shall be for the owners of shares registered in the shareholders' records at the end of the day specified for entitlement. The Board of Directors must execute the General Assembly's resolution regarding the distribution of profits to the shareholders.

## 14- Board of Directors Meetings

### Board of Directors (13th Term)

The Board of Directors' term began on 14/01/2024 and ends on 13/01/2027.

The Board of Directors consists of the following names:

1-	Saad Sulaib Al-Otaibi	Chairman of the Board of Directors
2-	Mohammed Yaqoub Al-Makhdhab	Vice Chairman of the Board of Directors
3-	Mohammed Hindi Al-Otaibi	Member
4-	Eyad Abdulrahman Al-Bunyan	Member
5-	Bader Adnan Al-Fadda	Member
6-	Mohammed Kamal Al-Mazaal	Member
7-	Majed Misfir Al-Ghafili	Member

### Board of Directors Meetings:

Based on the company's bylaws and the Companies Law, the Board of Directors must meet at least four times a year (one meeting every three months) upon an invitation from the Chairman of the Board of Directors. The Chairman must also invite the Board to a meeting whenever requested to do so by two of the members.

The number of Board of Directors meetings during the year 2025 amounted to five meetings.

### Record of attendance of Board of Directors members for Board meetings during the year 2025

## Attendance Record of Board Members for 2025

Board Members	03/09 2025	03/17 2025	06/25 2025	07/22 2025	12/16 2025	Total	Percentage
Saad Sulaib Al-Otaibi	√	√	X	√	√	4	80%
Mohammed Yaqoub Al-Makhdhab	√	√	√	√	√	5	100%
Mohammed Hindi Al-Otaibi	√	√	√	√	√	5	100%
Eyad Abdulrahman Al-Bunyan	√	√	√	√	√	5	100%
Bader Adnan Al-Fadda	√	√	√	√	√	5	100%
Mohammed Kamal Al-Mazaal	√	√	√	√	√	5	100%
Majed Misfir Al-Ghafili	√	√	√	√	√	5	100%

## 15- Board Members, Their Current and Previous Positions, Qualifications, and Experience

Name	Qualifications	Current Position	Previous Position	Experience
<b>Saad Sulaib Al-Otaibi*</b>	Bachelor of Education	Chairman of the Board of Directors of Saad Bin Sulaib Al-Otaibi & Sons Holding Co.	Chairman of the Board of Directors of Saad Bin Sulaib Al-Otaibi & Sons Holding Co.	Business establishment and management.
<b>Mr. Mohammed Yaqoub Al-Makhdhab</b>	Bachelor of Economics and Guidance	CEO of Ansab Contracting Company.	Stock broker and Trading Team Leader at Bank AlJazira.	- Contracting field - Stock market field - Sales field.
<b>Mr. Mohammed Hindi Al-Otaibi</b>	Bachelor of Law (Systems)	Lawyer and Legal Consultant.	Lawyer	Field of advocacy and legal consultations.

<b>Mr. Eyad Abdulrahman Al-Bunyan</b>	Bachelor of Architecture	Managing Director and CEO of Argan Projects Company	Al-Rashid Trading & Contracting	Real estate investment, development of residential complexes and commercial centers.
<b>Mr. Bader Adnan Al-Fadda</b>	Bachelor of Business Administration and Information Systems	Vice President at the Public Investment Fund (PIF)	Senior Consultant at the Shura Council	Specialized in investment and financial consultancy.
<b>Mr. Mohammed Kamal Al-Mazaal</b>	Bachelor of Financial Management	Vice President for Treasury and Investment at Saad Sulaib Al-Otaibi & Sons Holding Co.	Assistant Vice President for Corporate Banking – Riyad Bank	Finance and investment.
<b>Mr. Majed Misfir Al-Ghafili Al-Otaibi</b>	Bachelor of Fundamentals of Religion - Diploma in Executive Management	Senior Consultant – Government Relations – Aramco Company	Program Planning Consultant – Aramco Company	Planning and development.

## 16- Committee Members, Their Current and Previous Positions, Qualifications, and Experience

## Audit Committee Members

Name	Qualifications	Current Position	Previous Position	Experience
<b>Mr. Mohammed Hindi Al-Otaibi*</b>	Bachelor of Law (Systems)	Lawyer and Legal Consultant	Lawyer	Advocacy and legal consultations field.
<b>Mr. Mohammed Kamal Al-Mazaal**</b>	Bachelor of Financial Management	Vice President for Treasury and Investment - Saad Sulaib Al-Otaibi & Sons Holding Co., Managing Director at (Wafrah)	Assistant Vice President for Corporate Banking – Riyadh Bank	Finance and investment.
<b>Mr. Bader Adnan Al-Fadda*</b>	Bachelor of Business Administration and Information Systems	Vice President at the Public Investment Fund (PIF)	Senior Consultant at the Shura Council	Specialized in investment and financial consultancy.
<b>Mr. Saad Muhanna Al-Sunaidi**</b>	Fellowship of Chartered Accountants	Internal Audit Manager – Public Sector	Internal Audit Manager – Public Sector	Auditing and inspection.
<b>Mr. Abdullah Habib Abdullah Hamoud</b>	Master of Business Administration (MBA)	CEO of a Financial Consultancy Office	CEO of a Financial Consultancy Office	Auditing.

\* Joined the committee upon its reconstitution on 22/07/2025.

\*\* Left the committee upon its reconstitution on 22/07/2025.

## Remuneration and Nomination Committee Members

Name	Qualifications	Position (Current/Primary)	Previous Position	Experience
<b>Mr. Majed Misfir Al-Ghafili</b>	Bachelor of Fundamentals of Religion - Diploma in Executive Management	Senior Consultant – Government Relations – Aramco Company	Program Planning Consultant – Aramco Company	Planning and development.
<b>Mr. Mohammed Hindi Al-Otaibi*</b>	Bachelor of Law (Systems)	Lawyer and Legal Consultant	Lawyer	Advocacy and legal consultations field.
<b>Mr. Bader Adnan Al-Fadda</b>	Bachelor of Business Administration and Information Systems	Vice President at the Public Investment Fund (PIF)	Senior Consultant at the Shura Council	Specialized in investment and financial consultancy.
<b>Mr. Mohammed Kamal Al-Mazaal**</b>	Bachelor of Financial Management	Vice President for Treasury and Investment - Saad Sulaib Al-Otaibi & Sons Holding Co.	Assistant Vice President for Corporate Banking – Riyadh Bank	Finance and investment.

\*\*\* Joined the committee upon its reconstitution on 22/07/2025.\*\*

\*\*\*\* Left the committee upon its reconstitution on 22/07/2025.\*\*

## Executive Committee Members

Name	Qualifications	Current Position	Previous Position	Experience
<b>Saad Sulaib Al-Otaibi**</b>	Bachelor of Education	Chairman of the Board of Directors of Saad Bin Sulaib Al-Otaibi & Sons Holding Co.	Chairman of the Board of Directors of Saad Bin Sulaib Al-Otaibi & Sons Holding Co.	Business establishment and management.
<b>Mr. Mohammed Yaqoub Al-Makhdhab</b>	Bachelor of Economics and Guidance	CEO of Ansab Contracting Company	Stock broker and Trading Team Leader at Bank AlJazira	- Contracting field - Stock market field - Sales field.

<b>Mr. Eyad Abdulrahman Al-Bunyan</b>	- Bachelor of Architecture	- Managing Director and CEO of Alargan Projects Co.	- Al Rashed Trading & Contracting	- Real estate investment, developing residential complexes, and commercial centers
<b>Mr. Mohammed Hindi Al-Otaibi*</b>	- Bachelor of Law (Systems)	Lawyer and Legal Advisor	Lawyer	Legal profession and legal consulting

\* Joined the committee membership upon its restructuring on 2025/07/22

\*\* Left the committee membership upon its restructuring on 2025/07/22

#### Investment Committee Members (The committee was cancelled on 2025/07/22 and its powers were transferred to the Executive Committee)

Name	Qualifications	Current Position	Previous Position	Experience
<b>Mr. Majid Misfir Al-Ghafily Al-Otaibi</b>	- Bachelor of Fundamentals of Religion - Executive Management Diploma	Senior Advisor - Government Relations - Aramco	Programs Planning Advisor - Aramco	Planning and Development
<b>Mr. Mohammed Kamal Ahmed Al-Muz'al</b>	Bachelor of Financial Management	VP of Treasury and Investment - Saad Sulaib Al-Otaibi and Sons Holding Co.	Assistant VP Corporate Banking - Riyadh Bank	Finance and Investment
<b>Dr. Hashim Farid Asaad Abu Al-Rub</b> (External Member)	PhD in Business Administration	CEO of Basateen Tabuk Trading Co.	General Manager of Tabuk Agricultural Development Co.	Sales and Strategy

## 17- Executive Management, their current and previous positions, qualifications, and experience

Name	Qualifications	Position	Previous Position	Experience
<b>Eng. Rayan Mohammed Al-Mansour **</b>	Master of Business Administration	CEO of Wafrah for Industry and Development Co.  (Since April 2024)	CEO - Riyadh Food Industries Company	- Executive Management field.  - Operations Management.
<b>Mr. Mohammed Mansour Al-Areef</b>	Bachelor's  SOCPA  US CPA	Chief Financial Officer (CFO)	Audit Manager - Financial Manager - Financial Controller	- Accounting field.  - Finance field.
<b>Mr. Abdullah Mohammed Abdullah Al-Shehri ***</b>	Bachelor's	Acting CEO	Shared Services Manager	- Human Resources field.
<b>Mr. Mohammed Faisal Al-Mohammed</b>	Diploma in Network Technology	Kingdom Sales Manager - Wafrah	Purchasing Manager	- Purchasing field.  - Sales field.
<b>Mr. Mohammed Ibrahim Al-Sayed Abu Ismail</b>	Bachelor of Commerce	Financial Manager	Financial Auditor - Chief Accountant	- Accounting field.  - Finance field.

\*\* Left the position on 2025/01/30

\*\*\* Continued in the position by assignment (acting) from 2025/02/01 to 2025/07/22

## 18 - Board of Directors Composition and Classification of its Members as Executive, Non-Executive, or Independent

Member Name	Capacity	Executive	Non-Executive	Independent
<b>Saad Sulaib Al-Otaibi</b>	Chairman of the Board		√	
<b>Mr. Mohammed Yacoub Al-Makhadhib</b>	Vice Chairman of the Board			√
<b>Mohammed Kamal Al-Muz'al *</b>	Managing Director	√		
<b>Mohammed Hindi Al-Otaibi</b>	Board Member			√

<b>Eyad Abdulrahman Al-Bunyan</b>	Board Member			√
<b>Bader Adnan Mohammed Al-Fadda</b>	Board Member			√
<b>Majid Misfir Al-Ghafily Al-Otaibi</b>	Board Member			√

\* Appointed as Managing Director on 2025/07/22

**19 - Companies inside or outside the Kingdom in which a member of the Company's Board of Directors is a member of their current and previous boards of directors or one of their managers**

Member Name	Current Companies Names	Inside / Outside the Kingdom	Legal Form of the Company	Previous Companies Names	Inside / Outside the Kingdom	Legal Form of the Company
<b>Mr. Saad Sulaib Al-Otaibi</b>	- Saad bin Sulaib Al-Otaibi and Sons Holding Co.	Inside the Kingdom	Holding Limited Liability	-	-	-
	- Ansab General Contracting Co.	" "	Limited Liability	-	-	-
	- Meras Al Sharqia Investment Co.	" "	Limited Liability	-	-	-
	- Arabian Transformers Co.	" "	Limited Liability	-	-	-
	- Communication Space for Information Technology Co.	" "	Limited Liability	-	-	-
	- Sky Five Arabia Co.	" "	Limited Liability	-	-	-
<b>Mr. Mohammed Yacoub Al-Makhadhib</b>	- Ansab General Contracting	Inside the Kingdom	Limited Liability	- Bank AlJazira	Inside the Kingdom	Listed
	- Ansab Real Estate	" "	" "	- Al Muhaidib	" "	Al Muhaidib
	- Yusr Land Transport	" "	" "	Food	" "	Group

<b>Mr. Mohammed Hindi Al-Otaibi</b>	- Mohammed bin Hindi Al-Otaibi Law Firm	Inside the Kingdom	Individual (Sole Proprietorship)	-	-	-
<b>Mr. Eyad Abdulrahman Al-Bunyan</b>	- Alargan Projects Co.	Inside the Kingdom	Closed Joint Stock	- Al Rashed Trading & Contracting	Inside the Kingdom	Closed
	- Al Hokair Group Co.	" "	Listed Joint Stock	-	-	-
	- Al-Ittihad Insurance Co.	" "	Listed Joint Stock	-	-	-
<b>Mohammed Kamal Al-Muz'al</b>	- Saad bin Sulaib Al-Otaibi and Sons Holding Co.	Inside the Kingdom	Holding	- Riyadh Bank - Alawwal Bank - Samba	Inside the Kingdom " " " "	Listed " " " "
<b>Bader Adnan Al-Fadda</b>	- Public Investment Fund (PIF)	Inside the Kingdom	Government Fund	- Saudi Hollandi Bank	Inside the Kingdom	Listed
<b>Majid Misfir Al-Ghafily</b>	- Saad bin Sulaib Al-Otaibi and Sons Holding Co.	Inside the Kingdom	Holding	- Saudi Aramco	Inside the Kingdom	Listed

20 - Actions taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and remarks regarding the Company and its performance.

Shareholders' proposals and remarks had been presented during the Ordinary General Assembly meeting on 2025/06/01. The minutes of the aforementioned assemblies were also published on the Company's electronic website for the review of the shareholders, Board of Directors members, and others.

## 21 - Communication with Shareholders and Investors

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

- Publishing the quarterly financial statements and the final accounts for the fiscal year 2025 on the Tadawul website, and publishing them within the period specified by the regulations.
- Adhering to the announcements format specified by the Capital Market Authority and the Saudi Tadawul Company.
- Preparing the Board of Directors' report according to the disclosure requirements contained in the Corporate Governance Regulations.
- All Company shareholders - without exception - can view the minutes of the Company's General Assemblies, any annual reports, and any Board of Directors' announcements on the Tadawul website and the Company's website on the Internet.
- The Company, through the Investor Relations Department, responds to shareholders' inquiries regarding their shares and past profits, and explains any developments in the Company or changes that affect them financially, and other matters such as those following an increase in capital, their respective priority rights, compensation for priority rights, and so on.

## 22 - Ownership of Board of Directors Members in the Company's Shares

A description of any interest, contractual securities, and subscription rights belonging to the members of the Board of Directors and their relatives in the shares or debt instruments of the Company or any of its subsidiaries, or any change in that interest or those rights during the fiscal year 2025.

No.	Name	Beginning of the Year: Number of Shares	Beginning of the Year: Debt Instruments	End of the Year: Number of Shares	End of the Year: Debt Instruments	Net Change	Percentage of Change
1	Mr. Saad Sulaib Al-Otaibi *	1,080,845	0	1,080,845		0	0%
2	Mr. Mohammed Yacoub Al-Makhadhib	6,538	0	6,538	0	0	0%
3	Eng. Eyad Abdulrahman Al-Bunyan	45,500	0	45,500	0	0	0%

4	Mr. Mohammed Hindi Al-Otaibi	1	0	0	0	1	100%
5	Mr. Bader Adnan Mohammed Al-Fadda	1,782	0	1,782	0	0	0%
6	Mr. Mohammed Kamal Al-Muz'al	1,000	0	1,000	0	0	0%
7	Mr. Majid Misfir Al-Otaibi	-	0	0	0	0	0%

\* Mr. Saad Sulaib Al-Otaibi is the owner of Meras Al Sharq Investment Co., which is a single-member company that owns 25.568% of the Company's shares, and there has been no change to it during the year.

### 23 - Ownership of Senior Executives in the Company's Shares

A description of any interest, contractual securities, and subscription rights belonging to the senior executives and their relatives in the shares or debt instruments of the Company or any of its subsidiaries, or any change in that interest or those rights during the fiscal year 2025.

Name	Position	Beginning of the Year: Number of Shares	Beginning of the Year: Debt Instruments	End of the Year: Number of Shares	End of the Year: Debt Instruments	Net Change	Percentage of Change
Mr. Abdullah Mohammed Al-Shehri	CEO (1)	0	0	0	0	0	0%
Eng. Rayan Mohammed Al-Mansour	CEO (2)	0	0	0	0	0	0%
Mr. Mohammed Ibrahim Al-Sayed	CFO (1)	0	0	0	0	0	0%
Mr. Mohammed Mansour Al-Areef	CFO (2)	0	0	0	0	0	0%
Mr. Mohammed Faisal Al-Mohammed	Sales Manager (1)	0	0	0	0	0	0%
Mr. Mohammed Tawfiq Fareeq	Sales Manager (2)	0	0	0	0	0	0%
Eng. Omar Abdulkarim Naqdallah	Operations Manager (1)	0	0	0	0	0	0%
Mr. Alaa Abdulaziz Hindi	Operations Manager (2)	0	0	0	0	0	0%

All executive positions shown in the table were held by more than one employee during the year 2025.

**24 - Statement of the dates of the General Assemblies of shareholders and the names of the Board of Directors members who attended during the year 2025**

Date of Assemblies	Type of Assembly	Members Attending this Assembly	Description
2025/06/01	Ordinary General Assembly	Mr. Saad Sulaib Mutlaq Al-Otaibi	Chairman of the Board
		Mr. Mohammed Yacoub Al-Makhadhib	Vice Chairman of the Board
		Mr. Mohammed Kamal Al-Muz'al	Member
		Mr. Mohammed Hindi Al-Otaibi	Member
		Eng. Eyad Abdulrahman Al-Bunyan	Member
		Mr. Bader Adnan Al-Fadda	Member
		Mr. Majid Misfir Al-Ghafily	Member

**25 - Statement of the number of Board meetings and the number of meetings attended by each member from the date of the last General Assembly meeting during the year 2025**

Member	2025/06/25	2025/07/22	2025/12/16	Total	Percentage
Mr. Saad Sulaib Al-Otaibi	X	√	√	2	67%
Mr. Mohammed Yacoub Al-Makhadhib	√	√	√	3	100%
Eng. Eyad Abdulrahman Al-Bunyan	√	√	√	3	100%
Mr. Mohammed Hindi Al-Otaibi	√	√	√	3	100%

Mr. Bader Adnan Al-Fadda	√	√	√	3	100%
Mr. Mohammed Kamal Al-Muz'al	√	√	√	3	100%
Mr. Majid Misfir Al-Otaibi	√	√	√	3	100%

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

No evaluation of the performance of the Board and its members was conducted.

#### 27 - Number of the Company's requests for the shareholders register, dates of the requests, and their reasons

The shareholders register was requested twice as detailed below:

Number of the Company's requests for the shareholders register	Date of Request	Reasons for Request
(1)	2024/06/01	Ordinary General Assembly
(2)	2025/07/16	Company Procedures

#### 28 - Electronic Voting

In accordance with the regulations, the Company allowed registered shareholders to vote remotely in the General Assembly held in the year 2025 through the electronic website of the Tadawulaty service affiliated with the Saudi Tadawul Company. This service is available free of charge to all shareholders to participate in remote electronic voting on the agenda items of the General Assemblies according to the meeting invitation, should they choose this path.

#### 29 - Reservations of the Company's auditor on the annual financial statements

No reservations were received from the auditor on the annual financial statements.

### 30 - Remuneration Policy for Board Members and Executive Management

No amendment has been made to the remuneration policy for the members of the Board, Committees, and Executive Management since its approval by the Ordinary General Assembly on 2024/05/29. The policy includes the following:

#### Remuneration of Board of Directors Members:

1. The remuneration of the Board of Directors members consists of a specific annual amount of (350,000) Riyals as an annual remuneration, and the Board has the right to propose an amendment, in addition to an attendance allowance for meetings and other remunerations as explained below. It is permissible to combine two or more of these remunerations and benefits.
2. The Remuneration and Nominations Committee determines the remuneration, its type, and amount, and raises a recommendation to the Board of Directors. Upon approval by the Board of Directors, it is disbursed directly as specified in these regulations.

#### Meeting Attendance Remuneration:

1. Committee members are granted a meeting attendance remuneration of 3,000 Riyals for each meeting.

#### Other Remunerations:

Based on what is stated in the Company's Bylaws, it is permissible - based on the recommendation of the Remuneration and Nominations Committee and the approval of the Board of Directors - to disburse the following remunerations in addition to the established remuneration for the Board of Directors members:

1. Granting the Chairman of the Board of Directors an additional special remuneration. (No remuneration was allocated to the Chairman of the Board in the year 2025).
2. Granting the Managing Director a monthly salary or special remuneration. (A Managing Director was appointed, and a monthly remuneration was allocated to him).
3. It is permissible - based on the recommendation of the Remuneration and Nominations Committee and the approval of the Board of Directors - to grant a member of the Board of Directors amounts in exchange for technical, administrative, or advisory work assigned to him. (No Board member was assigned works under this item).

#### Article Four: Remuneration of Committee Members:

1. Committee members are granted an annual remuneration of 100,000 Riyals for membership in one committee, and this amount is not exceeded regardless of the number of committees.

#### Article Five: Executive Management Remuneration

**First:** Incentives that apply to all or large segments of the employees.

The Remuneration and Nominations Committee reviews the salary scale specified for all employees and senior executives, as well as the incentive programs and plans that apply to large segments of the employees, when necessary, and approves them based on a recommendation from the Executive Management. The Board of Directors - based on the recommendation of the Remuneration and Nominations Committee - approves the following:

1. Reviewing the salary scale and general remunerations that apply to large segments of the employees.
2. Determining the remunerations of senior executives according to the targeted performance of the Company.
3. Linking remunerations to performance indicators.

**Second:** Remunerations and incentives that apply to individuals or limited groups of employees.

The Executive Management, the Managing Director (if any), or the CEO is authorized to recommend specific remunerations for work falling outside the scope of daily work or outside working hours, based on the recommendation of the relevant department manager, and to submit it to the Remuneration and Nominations Committee for approval.

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

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

**32 - Remunerations and Compensations for Board of Directors Members**

The Company disbursed remunerations and meeting attendance allowance expenses to the members of the Board of Directors and the members of the committees emanating from the Board, in accordance with the Company's Bylaws and the Remuneration Regulations containing the Remuneration Policy approved by the General Assembly of Shareholders. The disbursement of the annual remunerations for the members of the Board of Directors and the committees for the year 2025 was postponed to the following year, as 50% of the prescribed remuneration was disbursed in January 2025, provided that the other (50%) will be disbursed in the second half of the year 2026. A provision for the full value of the Board and committees' remunerations had been made before the end of the year 2025. No other remunerations were disbursed to the members of the Board of Directors.

Expense allowance	Total	End-of-service bonus		variable reward					Fixed reward							
			Total	Granted shares	Long-term incentive plans	Short-term incentive plans	Periodic reward	percentage of profits	Total	Remuneration of the Chairman of the Board, the Managing Director, or	Rewards for artistic, administrative, and	In-kind advantages	Instead of attending committee meetings		Instead of attending council sessions	a certain amount
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	First: Independent Members
-	473000						450000					7000	16000	-		Mr. Mohammed Yacoub Yousef Al-Makhadhib
-	479070						450000					17070	12000	-		Mr. Mohammed Hindi Shuja Al-Otaibi
-	465000						450000					3000	12000	-		Eng. Eyad Abdulrahman Al-Bunyan
-	483000						450000					21000	12000	-		Mr. Bader Adnan Al-Fadda
	485000						450000					19000	16000	-		Mr. Majid Misfir Al-Otaibi
	2385070						2250000					67070	68000	-		Total
-														-		Second: Non-Executive Members
	459000						450000					-	9000	-		Mr. Saad Mutlaq Al-Otaibi
-	459000						450000						9000	-		Total
-														-		Third: Executive Members
	4923258						450000					26325	16000	-		Mr. Mohammed Kamal Al-Muz'al
-	4923258						450000					26325	16000	-		Total
	3336395						3150000					93395	93000			Grand Total

**33 - Remunerations and compensations for five of the senior executives who received the highest remunerations and compensations, noting that the CEO and CFO are among them**

Total	variable reward				Fixed reward				4	
	Total	Long-term incentive plans	Short-term incentive plans	earnings	Transportation	Total	In-kind advantages	Allowances		salaries
400,000						400,000			400,000	Managing Director
401,770						401,770		81,170	320,600	CEO
<u>284,838</u>					13,389	271,449		103,779	167,670	CFO
<u>316,541</u>			-			316,541		77,183	239,358	Sales Manager
<u>276,720</u>						276,720		54,356	222,364	Operations Manager
1,679,869					13,389	1,666,480		316,488	1,349,992	Total

**34 - Board of Directors Committees and their Tasks**

**Description of the Board of Directors Committees and their tasks**

The Board of Directors formed at the beginning of the term the Remuneration and Nominations Committee from three members, where the Remuneration Committee and the Nominations Committee were merged into one committee. All its members are independent. The Remuneration and Nominations Committee was restructured on 2025/07/22. The Board also formed the Audit Committee from one Board member and two members from outside the Board, but the Audit Committee was restructured on 2025/07/22 such that one of the external members left and was replaced by a Board member. Also, on 2025/07/22, the Investment Committee was cancelled, and its works were included within the works of the Executive Committee, which continued its operations.

**(34-1) – Audit Committee****Tasks:**

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

- (1) Reviewing the Company's interim and annual financial statements before presenting them to the Board of Directors, expressing its opinion, and recommending them to ensure their integrity, fairness, and transparency.
- (2) Providing a technical opinion – at the request of the Board of Directors – on whether the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- (3) Reviewing any important or unusual issues contained in the financial reports.
- (4) Carefully researching any issues raised by the Company's Chief Financial Officer (CFO) or whoever assumes his duties, the Company's Compliance Officer, or the Auditor.
- (5) Verifying the accounting estimates in the material issues contained in the financial reports.
- (6) Studying the accounting policies followed in the Company and expressing an opinion and recommendation to the Board of Directors regarding them.
- (7) Studying and reviewing the Company's internal and financial control systems and risk management.
- (8) Studying the internal audit reports and following up on the implementation of corrective actions for the remarks contained therein.
- (9) Controlling and supervising the performance and activities of the internal audit in the Company to verify the availability of the necessary resources and their effectiveness in performing the works and tasks assigned to them.
- (10) Preparing and reciting the annual report of the Audit Committee before the General Assembly of shareholders in its annual meeting.
- (11) Recommending to the Board of Directors the nomination, dismissal, determination of fees, and evaluation of the performance of the auditors after verifying their independence and reviewing the scope of their work and the terms of contracting with them.
- (12) Verifying the independence, objectivity, and fairness of the auditor, and the effectiveness of the audit work, taking into account the relevant rules and standards.
- (13) Reviewing the plan and works of the Company's auditor, verifying that he does not provide technical or administrative works that fall outside the scope of audit work, and expressing its views in this regard.
- (14) Responding to the inquiries of the Company's auditor.
- (15) Studying the auditor's report and his remarks on the financial statements and the actions taken regarding them.

- (16) Reviewing the results of the reports of regulatory authorities and verifying that the Company has taken the necessary actions regarding them.
- (17) Verifying the Company's compliance with relevant laws, regulations, policies, and instructions.
- (18) Reviewing the contracts and transactions proposed to be conducted by the Company with related parties, and submitting its views regarding this to the Board of Directors.
- (19) Raising the issues it deems necessary to take action on to the Board of Directors, and expressing its recommendations regarding the actions to be taken.
- (20) The Audit Committee meets periodically, provided that its meetings are not less than four meetings during the Company's fiscal year.
- (21) The Audit Committee meets periodically with the Company's auditor and the Company's internal auditor.
- (22) The auditor may request a meeting with the Audit Committee whenever the need arises.
- (23) The Audit Committee has the right to access the Company's records and documents.
- (24) The Audit Committee has the right to request any clarification or statement from the members of the Board of Directors or Executive Management.
- (25) The Audit Committee has the right to request the Board of Directors to invite the Company's General Assembly to convene if the Board of Directors hinders its work or if the Company suffers severe damage or losses.
- (26) For the Audit Committee meeting to be valid, the attendance of the majority of its members is required, and its decisions are issued by the majority of the votes of those present. In case of a tie, the side with which the chairman of the meeting voted shall prevail.
- (27) The remunerations of the Committee members for attending meetings shall be equal to the remunerations of the Board of Directors members for attending Board meetings.

- The Audit Committee held (07) meetings during the year 2025, in which it evaluated the financial statements and exercised various supervisory tasks over the executive and financial performance of the Company.

#### Audit Committee Meetings

Meetings	Mr. Mohammed Al-Muz'al *	Mr. Abdullah Al-Humoud	Mr. Saad Al-Sunaidi **	Mr. Mohammed Hindi Al-Otaibi ***	Bader Adnan Al-Fadda ****
Meeting (10): 2025/02/03	√	√	√	-	-

Meeting (11): 2025/03/11	√	√	√	-	-
Meeting (12): 2025/03/19	√	√	√	-	-
Meeting (13): 2025/04/15	√	√	√	-	-
Meeting (14): 2025/05/07	√	√	√	-	-
Meeting (15): 2025/07/16	√	√	√	-	-
Meeting (16): 2025/11/06	-	√	-	√	√
<b>Total</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>1</b>
<b>Attendance Percentage</b>	<b>83%</b>	<b>100%</b>	<b>83%</b>	<b>17%</b>	<b>17%</b>

\* His membership ended on 2025/07/22

\*\* His membership ended on 2025/07/22

\*\*\* His membership started (as Committee Chairman) on 2025/07/22

\*\*\*\* His membership started (as a Committee Member) on 2025/07/22

#### **(34-2) – Remuneration and Nominations Committee**

##### **Tasks and responsibilities of the Remuneration and Nominations Committee**

The following tasks were stated in the Committee's regulations:

- **1** - Preparing a clear policy for the remuneration of the members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and raising it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that such policy takes into account following performance-linked standards, disclosing them, and verifying their implementation.
- **2** - Clarifying the relationship between the granted remunerations and the applicable remuneration policy, and stating any material deviation from this policy.
- **3** - Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving its intended objectives.

- **4** - Recommending to the Board of Directors the remuneration of the members of the Board of Directors, the committees emanating from it, and the senior executives of the Company in accordance with the approved policy.
- **5** - Proposing clear policies and standards for membership in the Board of Directors and the Executive Management.
- **6** - Recommending to the Board of Directors the nomination of members to it and their re-nomination in accordance with the approved policies and standards, taking into account not nominating any person previously convicted of a crime involving a breach of trust.
- **7** - Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and holding Executive Management positions.
- **8** - Determining the time that a member should allocate to the works of the Board of Directors.
- **9** - Annual review of the necessary needs of suitable skills or experience for membership in the Board of Directors and Executive Management positions.
- **10** - Reviewing the structure of the Board of Directors and the Executive Management and submitting recommendations regarding the changes that can be made.
- **11** - Verifying annually the independence of the members and the absence of any conflict of interest if the member holds membership in the board of directors of another company.
- **12** - Establishing special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.
- **13** - Identifying the strengths and weaknesses in the Board of Directors and proposing solutions to address them in a manner consistent with the Company's interest.
- The Remuneration and Nominations Committee held (5) meetings during the year 2025, and the attendance of the meetings was as follows:

#### Remuneration and Nominations Committee Meetings

Meetings	Mohammed bin Hindi Al-Otaibi	Mohammed Kamal Al-Muz'al *	Bader Adnan Al-Fadda	Majid Misfir Al-Ghafily **
Meeting (7) - 2025/03/01	√	√	√	---
Meeting (8) - 2025/04/02	√	√	√	---
Meeting (9) - 2025/07/16	√	√	√	---
Meeting (10) - 2025/08/04	√	--	√	√
Meeting (11) - 2025/12/15	√	--	√	√
<b>Total</b>	5 meetings	3 meetings	5 meetings	2 meetings
<b>Attendance Percentage for each member</b>	100%	60%	100%	40%

\* His membership in the Committee ended on 2025/07/22

\*\* His membership in the Committee started on 2025/07/22

### (34-3) – Executive Committee:

The Executive Committee was formed at the beginning of the term to assist the Board of Directors in its work, conduct studies, and issue recommendations or decisions.

The Committee's tasks are as follows:

1. Participating in and supervising the development of the Company's strategic plan, evaluating the proposals submitted by the Executive Management concerning the Company's vision and mission, strategic axes, objectives, and strategic and financial initiatives, and raising them to the Board for approval.
2. Ensuring the implementation of the Company's general strategy and the extent of its effectiveness in achieving the desired goals.
3. Supervising the preparation of the Company's annual budget, reviewing the proposals submitted by the Executive Management, and raising recommendations to the Board to approve the annual budget.
4. Reviewing the financial and strategic performance reports related to following up on the implementation of strategic plans, strategies, and initiatives, and raising whatever recommendations the Committee deems appropriate to the Board.
5. Studying strategic and important topics and projects with a significant financial impact and raising them to the Board for approval.
6. Reviewing social work initiative programs, if any.
7. Approving the policies for nominating board members and managers for subsidiary and sister companies, including the mechanisms for selecting board members and managers for those companies.
8. Raising recommendations regarding the appointment of board members and managers for subsidiary and sister companies to the Board for approval.
9. Representing the Board of Directors in the General Assemblies of subsidiary and sister companies, and it has the right to nominate any member of the Executive Management to attend.

#### Executive Committee Meetings:

Meetings	Mr. Mohammed Yacoub Al-Makhadhib(Committee Chairman)	Eyad Abdulrahman Al-Bunyan(Member)	Majid Misfir Al-Ghafily(Member)
Meeting (01), dated 2025/09/10	√	√	√

<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Attendance Percentage for each member</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Investment Committee Meetings**

**(34-4) Investment Committee:**

10. The Investment Committee was formed by a decision of the Board of Directors to study the Company's investment opportunities.

The Committee's tasks are as follows:

11. Working with the Executive Management to develop an investment strategy and policy in the Company, commensurate with the nature of its business, the activities it practices, and the risks it faces, and making recommendations regarding them.
12. Periodically reviewing the investment strategy and policy to ensure their suitability to changes that may occur in the external environment, the legislations regulating its business, or its strategic objectives, and recommending to the Board of Directors regarding the proposed changes to this policy.
13. General supervision of the Company's investment activities and establishing appropriate procedures to measure and evaluate investment performance.
14. Studying and evaluating the investment opportunities proposed by the Company's management.
15. Studying the financing possibilities for the transactions mentioned above.
16. Ensuring the compliance of the proposed investment opportunities with the relevant laws, regulations, and instructions.
17. Determining and prioritizing the proposed investment offers.
18. Studying the periodic reports from the Executive Management on the progress of the approved investment opportunities.

**Merging the tasks of the Investment Committee with the tasks of the Executive Committee**

On 2025/07/22, the Board of Directors took a decision to cancel the Investment Committee and merge its tasks with the tasks of the Executive Committee.

**Investment Committee meetings :**

Meetings	Mr. Majid Misfir Al-Otaibi(Committee Chairman)	Mr. Bader Adnan Al-Fadda(Member)	Dr. Hashim Abu Al-Rub(External Member)
Meeting (03), dated 2025/03/13	√	√	√
Meeting (04), dated 2025/05/06	√	√	√
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Attendance Percentage for each member</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## 35 - Remuneration of Committee Members

Committee Members	Annual Remunerations(Riyals)	Meeting Attendance Allowance(Riyals)	Total(Riyals)
<b>Audit Committee Members</b>			
Mr. Mohammed Kamal Al-Muz'al (until 2025/07/22)	55,617	18,000	73,617
Mr. Abdullah Habib Al-Humoud	100,000	21,000	121,000
Mr. Saad Muhanna Al-Sunaidi (until 2025/07/22)	55,617	18,000	73,617
Mr. Mohammed Hindi Al-Otaibi (starting from 2025/07/22)	0	3,000	3,000
Mr. Bader Adnan Al-Fadda (starting from 2025/07/22)	0	3,000	3,000
<b>Total</b>	<b>211,234</b>	<b>63,000</b>	<b>274,234</b>
<b>Remuneration and Nominations Committee Members</b>			
Mr. Mohammed Hindi Al-Otaibi	100,000	14,070	114,070
Mr. Bader Adnan Al-Fadda	100,000	12,000	112,000
Mr. Mohammed Kamal Al-Muz'al (until 2025/07/22)	44,383	8,325	52,708
Mr. Majid Misfir Al-Otaibi (starting from 2025/07/22)	44,383	6,000	50,383
<b>Total</b>	<b>288,766</b>	<b>40,395</b>	<b>329,161</b>
<b>Executive Committee Members</b>			
Mr. Saad Sulaib Al-Otaibi (until 2025/07/22)	55,617	0	55,617
Mr. Mohammed Yacoub Al-Makhadhib	100,000	7,000	107,000
Eng. Eyad Abdulrahman Al-Bunyan	100,000	3,000	103,000
Mr. Majid Misfir Al-Otaibi (starting from 2025/07/22)	0	7,000	7,000
<b>Total</b>	<b>255,617</b>	<b>17,000</b>	<b>272,617</b>
<b>Investment Committee Members</b>			
Mr. Majid Misfir Al-Otaibi (until 2025/07/22)	55,617	6,000	61,617
Mr. Bader Adnan Al-Fadda (until 2025/07/22)	0	6,000	6,000

Dr. Hashim Abu Al-Rub (until 2025/07/22)	55,617	6,000	61,617
<b>Total</b>	<b>111,234</b>	<b>18,000</b>	<b>129,234</b>

\*\* The annual remunerations were split to be 50% at the beginning of the following year and 50% in the middle of the following year for the members of the Board and committees.

### 36 - Statement of Loan Movement

#### Financing Contract Obligations

	2025/12/31	2024/12/31
Bank facilities - Murabaha	15.275.717	8,000,000
Present value of obligations	<b>15.275.717</b>	<b>8,000,000</b>

#### 36/2 - Bank facilities - Murabaha

	2025/12/31	2024/12/31
Balance at the beginning of the year	8,000,000	-
Collected during the year	25,000,000	8,000,000
Charged to finance costs	540.065	
Less: Paid during the year	(18.264.348)	-
Present value of obligations	<b>15.275.717</b>	<b>8,000,000</b>

\* Under the facilities agreement concluded with local banks, the Company obtained short-term credit facilities for the purpose of financing the operating cycle, under guarantees represented by promissory notes.

### 37 - Statement of the value of statutory payments paid and due for the payment of any Zakat, taxes, fees, or any other dues that have not been paid until the end of the annual financial period 2025

Statement	Value (in Riyals)
Due Sharia Zakat	1,613,694
Value Added Tax (VAT)	752,498
Withholding Tax	-
Due Social Insurance	170,850
<b>Total</b>	<b>2,537,042</b>

**A. Zakat Status**

The Company has submitted its returns to the Zakat, Tax and Customs Authority ("the Authority") up to the year ended December 31, 2024, and the Company obtained a certificate from the Authority valid until Dhu al-Qi'dah 13, 1447 AH, corresponding to April 30, 2026 (According to the certificate from the Authority).

- **The financial year ended December 31, 2022:**

The Authority approved the Zakat assessment for the financial year ended December 31, 2022.

- **The financial year ended December 31, 2023:**

The Authority issued a Zakat assessment amounting to 3,656,585.35 Saudi Riyals, while the Company's due return was 3,226,513.39 Saudi Riyals. Therefore, the Company did not agree to the difference amounting to 430,071.96 Saudi Riyals, and it was objected to at the General Secretariat of Zakat and Tax Committees. The Secretariat accepted the objection, and the appeal stage remains.

- **The financial year ended December 31, 2024:**

The inspection process began during the year 2025 and is still ongoing.

**B. Movement of Zakat Provision**

Movement of Zakat Provision	2025/12/31	2024/12/31
Balance at the beginning of the year	4,185,792	5,881,171
Paid during the year	(4,247,307)	(4,348,618)
Zakat for the year	1,656,538	2,653,239
Zakat differences	-	-

	2025/12/31	2024/12/31
<b>Provided for the year</b>	1,656,538	2,653,239
<b>Balance at the end of the year</b>	<b>1,595,023</b>	<b>4,185,792</b>

### 38 - Reserves for the benefit of employees

The Company forms a provision for end-of-service benefits for all its employees in accordance with the Saudi Labor Law, which is disbursed to them at the end of their services according to the regulations. Its total statement is as follows:

Statement	Amount (Riyals)
End-of-service benefits provision	8,009,444 Riyals

### 39 - Board of Directors Declarations:

The Company's Board of Directors declares the following:

1. That the accounting records were prepared correctly.
2. That the internal control system was established on a sound basis and implemented effectively.
3. That there is no significant doubt concerning the Company's ability to continue its activity.

### 40 - Board of Directors' recommendation to replace the statutory auditor

There is no recommendation to change the statutory auditor before the end of the period for which they were appointed.

**41 - Disclosure in the Board of Directors' report of the provisions of the Corporate Governance Regulations that have been applied and those that have not been applied**

The Company is keen to comply with the rules and regulations related to corporate governance stipulated in the Companies Law issued by the Ministry of Commerce and Investment and the regulations of the Capital Market Authority related to shareholders' rights, and the commitment to transparency and continuous disclosure. Accordingly, the Company has applied all the provisions stipulated in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the following:

Article Number	Article / Paragraph Text	Reasons for Non-Application
Thirty-Seventh	<p><b>Training:</b> The Company must pay sufficient attention to the training and qualification of the members of the Board of Directors, the members of the committees, and the Executive Management, and establish the necessary programs for that.</p>	The amended article is still a guiding (non-mandatory) article.
Thirty-Ninth	<p><b>Assessment:</b></p> <p>30. The Board of Directors shall – based on the proposal of the Nominations Committee – establish the necessary mechanisms to annually assess the performance of the Board, its members, its committees, and the Executive Management, through appropriate measurement indicators linked to the extent of achieving the Company's strategic objectives, the quality of risk management, and the adequacy of internal control systems, among others, provided that strengths and weaknesses are identified and proposals are made to address them in line with the Company's interest.</p> <p>(b) The performance assessment procedures must be written and clear and disclosed to the Board of Directors members and the persons concerned with the assessment.</p>	The article is a guiding (non-mandatory) article.

	<p>(c) The performance assessment must include the skills and experiences possessed by the Board, and identify its strengths and weaknesses, while working to address the weaknesses through possible means such as nominating professional competencies capable of developing the Board's performance. The performance assessment must also include an assessment of the working mechanisms of the Board in general.</p> <p>(d) The individual assessment of the Board members shall take into account the extent of the member's effective participation and commitment to performing their duties and responsibilities, including attending the Board and committee meetings and dedicating the necessary time to them.</p> <p>(e) The Board of Directors shall make the necessary arrangements to obtain an assessment of its performance by a competent external entity every three years.</p> <p>(f) Non-executive Board members shall conduct a periodic assessment of the performance of the Chairman of the Board after taking the views of the executive members - without the Chairman of the Board attending the discussion designated for this purpose - provided that strengths and weaknesses are identified and proposals are made to address them in line with the Company's interest.</p>	
<p><b>Fifty-Seventh, Fifty-Eighth, Fifty-Ninth, and Article Sixty</b></p>	<p>(a) A committee named the (Remuneration Committee) shall be formed by a decision of the Company's Board of Directors from non-executive Board members, provided that there is at least one independent member among them.</p> <p>(b) The Company's General Assembly - based on a proposal from the Board of Directors - shall issue the work regulations of the Remuneration Committee, provided that these regulations include the controls and procedures for the Committee's work.</p>	<p>The Remuneration Committee and the Nominations Committee were merged into one committee named the Remuneration and Nominations Committee.</p>

	<p>and its duties, the rules for selecting its members, the term of their membership, and their remunerations.</p> <p>- Competencies of the Remuneration Committee - Remuneration Policy -</p> <p>Meetings of the Remuneration Committee</p>	
<p><b>Sixty-first</b></p> <p><b>Sixty-second</b></p> <p><b>Sixty-third</b></p> <p><b>Sixty-fourth</b></p>	<p>a. A committee named the (Nomination Committee) shall be formed by a resolution of the Company's Board of Directors from among the non-executive Board members, provided that there is at least one independent member among them.</p> <p>b. The Company's General Assembly shall issue, upon a proposal from the Board of Directors, the Nomination Committee's charter, provided that this charter includes the controls and procedures for the Committee's work, its duties, the rules for selecting its members, the term of their membership, and their remunerations.</p> <p>- Competencies of the Nomination Committee - Nomination Procedures -</p> <p>Meetings of the Nomination Committee</p>	<p>Not applicable as the Company merged the Remuneration and Nomination Committees into a single committee.</p>
<p><b>Sixty-seventh</b></p> <p><b>Sixty-eighth</b></p> <p><b>Sixty-ninth</b></p>	<p>A committee named the (Risk Management Committee) shall be formed by a resolution of the Company's Board of Directors, whose chairman and the majority of its members shall be from the non-executive Board members. Its members are required to have an adequate level of knowledge in risk management and financial affairs.</p> <p>- Competencies of the Risk Management Committee - Meetings of the Risk Management Committee</p>	<p>Guiding articles</p>

<b>Eighty-second</b>	<b>Motivating Employees:</b> The Company shall establish programs to develop and motivate participation and performance within the Company.	Guiding Article
<b>Eighty-fourth</b>	<b>Social Responsibility:</b> The Ordinary General Assembly shall establish - based on a proposal from the Board of Directors - a policy that ensures a balance between its objectives and the objectives that society aspires to achieve, for the purpose of developing the social and economic conditions of the community.	Guiding Article
<b>Eighty-fifth</b>	<b>Social Work Initiatives:</b> The Board of Directors shall establish the programs and determine the necessary means to propose the Company's initiatives in the field of social work.	Guiding Article
<b>Ninety-second</b>	Formation of a Corporate Governance Committee.	Guiding Article

**42 - The annual review results of the effectiveness of the Company's internal control procedures and the Audit Committee's opinion on the adequacy of the Company's internal control system.**

Following the termination of the contract with the specialized audit firm, the Audit Committee appointed a resident internal auditor at the Company. On date 09/12/2025 , the Audit Committee supported the department with a second internal auditor. It is worth noting that the Audit Committee operates completely independently from the Board of Directors.

and Executive Management, and it has broad authority to access all documents and data necessary to ensure the efficient performance of its duties. The auditor performed their required role under the supervision of the Audit Committee, providing it with reports covering the internal audit activities.

The Audit Committee continues to monitor and evaluate administrative, operational, and financial risks, and works to ensure the implementation of internal regulations and procedures in a manner that enhances the effectiveness of the Company's internal control system. The Committee also continuously supervises the performance of the internal auditor through periodic meetings and reviewing the reports they prepare regarding the internal audit. Furthermore, the Audit Committee approves the internal audit plan developed by the internal auditor.

In light of the audit results, the Audit Committee confirms the adequacy of the Company's internal control system, as no material observations or weaknesses were recorded that affect its effectiveness or require disclosure. The evaluation also shows that the system operates effectively in detecting and addressing financial, administrative, and operational risks, and enhances transparency and accountability within the Company.

**43 - Audit Committee recommendations that conflict with Board of Directors' resolutions, or those the Board refused to adopt regarding the appointment, dismissal, remuneration determination, and performance evaluation of the Company's external auditor, or the appointment of the internal auditor:**

There is no conflict between the recommendations of the Audit Committee and the resolutions of the Board of Directors regarding the appointment of the Company's external auditor, their dismissal, determination of their remuneration, evaluation of their performance, or the appointment of the internal auditor. All recommendations presented by the Audit Committee were accepted by the Board of Directors and implemented in accordance with best practices and applicable standards.

**44 - Audit Committee recommendation to appoint an internal auditor in the Company, if it recommended such appointment during the last financial year:**

On date 09/12/2025 a second internal auditor was appointed in the Company to support the completion of internal audit duties, based on the recommendation of the Audit Committee. It was also ensured that the Internal Audit Department performs its duties with high efficiency, which contributes to enhancing the effectiveness of the Company's internal control system.

**45 - The Company's External Auditor**

The Company's external auditor is appointed by the Ordinary General Assembly based on the recommendation of the Audit Committee, which is adopted by the Board of Directors. In the nominations worked on by the Audit Committee, it was considered that the external auditor must be licensed to audit the accounts of joint-stock companies and fulfill the conditions specified by the competent authorities. Furthermore, their interests should not conflict with the Company's interests, and they must possess the necessary experience, competence, and integrity to perform their duties efficiently and professionally.

**46 - Accounting Standards Applied in Wafrah for Industry and Development Company:**

Wafrah Company applies the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia, in addition to other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), emphasizing that there is no difference in the accounting standards applied within the Company.

**47 - The name of each subsidiary company, its capital, the Company's ownership percentage in it, its main activity, the country of its principal place of operations, and its country of incorporation.**

Not applicable.

**48 - Details of shares and debt instruments issued for each subsidiary company.**

Not applicable.

**49 - A description of any interest in a class of voting shares held by persons (other than the Company's Board members, Senior Executives, and their relatives) who have notified the Company of their holdings pursuant to Article 85 of the Rules on the Offer of Securities and Continuing Obligations, and any change in such rights during the last financial year.**

There are no voting shares, and the Company did not receive any notification.

**50 - A description of the classes and numbers of any convertible debt instruments, contractual securities, preemptive right memorandums, or similar rights issued or granted by the Company during the financial year, with an explanation of any compensation received by the Company in return.**

Not applicable.

**51 - A description of any conversion or subscription rights under convertible debt instruments, contractual securities, preemptive right memorandums, or similar rights issued or granted by the Company.**

Not applicable.

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

Not applicable.

**53 - A statement of any arrangements or agreements under which a member of the Company's Board of Directors or a Senior Executive has waived any remuneration.**

None.

**54 - A statement of any arrangements or agreements under which a shareholder of the Company has waived any rights to dividends.**

There are no arrangements or agreements under which any shareholder of the Company has waived any rights to dividends.

**55 - A statement of the value of any investments or reserves created for the benefit of the Company's employees.**

Not applicable.

**56 - A description of any transaction between the Company and a related party.**

There is a relationship between the Company and a related party, which is Rakhaa for Agricultural Investment and Development Company (an associate company), and the amount due from the related party as of 31/12/2025 is 967,409.16 Saudi Riyals.

**57 - Contracts concluded between the Company and other parties.**

The Company confirms that there are no contracts related to businesses or transactions to which the Company is a party, or in which there is an interest for any member of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, or any related person.

**58 - Information relating to any competing businesses with the Company or any of its branches of activity that any member of the Board of Directors is engaging in or was engaging in, including the names of those involved in the competing businesses, and the nature and conditions of such businesses:**

The Company declares that there are none of the above.

## 59 - Penalties and Sanctions Applied to the Company

No penalties, sanctions, or precautionary restrictions were imposed on the Company by the Capital Market Authority or by any other supervisory, regulatory, or judicial authority during the year 2025.

## 60 - Social Responsibility

### Employee Participation in Events and Celebrations:

Several official and awareness events and occasions were organized, which contributed to enhancing the work environment and engagement among all employees:

- Foundation Day
- National Day
- Collective celebration of the month of Ramadan
- Eid Holidays (Eid al-Fitr, Eid al-Adha)
- **Implementation of the Human Resources System (Jisr):**

The Jisr system was activated for all human resources procedures, including attendance and departure, leaves, and payroll, and linking it with the fingerprint biometric system, which contributed to increasing data accuracy and improving the speed and efficiency of procedures.

- **Development of Training and Development Programs:**

A targeted training plan was implemented for the beginning of 2025, from which 13% of the total employees benefited. This contributed to raising employee competence and improving performance and productivity levels, reflecting the trend towards developing competencies and enhancing professional readiness.

- **Restructuring of Medical Insurance:**

Medical insurance was reviewed and linked to job grades, along with improving benefits and reducing costs, which enhanced internal equity and raised spending efficiency without affecting the quality of services.

- **Organizing and Scheduling Leaves:**

Leaves were rescheduled to balance business needs, reduce travel costs, ensure business continuity, and achieve operational effectiveness.

- **Wage Protection and Maintaining Saudization (Tawteen):**

- **Raising the Facility's Evaluation in the Mudad System (Wage Protection):**

The facility's evaluation was raised to 100% in the Mudad system, allowing full benefit from the weekly Nitaqat update and enhancing compliance with wage protection regulations.

- **Maintaining the Saudization Rate:**

The Saudization rate was maintained at 31.5% within the Medium Green zone, reflecting the commitment to national employment policies and supporting the Company's strategy in enhancing local competencies.

- **Organizational Procedures and Maintenance of Workers' Housing:**

Organizational and renovation works were implemented in the workers' housing, including the proper evaluation and arrangement of rooms, which contributed to improving the living environment and raising the level of comfort and safety.

- **Evaluating and Monitoring Leased Labor:**

The performance of leased labor was periodically monitored and evaluated, with their numbers reduced when not genuinely needed. This contributed to rationalizing costs and achieving operational efficiency without affecting the workflow.

**Training University Students:**

- **Field Visits to the Company's Factory:** The Company provides university students the opportunity to visit the factories as part of their academic courses, where students receive practical training related to the course content from King Saud University and King Abdulaziz University.

- The Company provides opportunities for final-year students to conduct graduation research in the Company's factories while contributing to the technical/academic supervision thereof, as well as providing training and qualification opportunities for graduates.

#### Total Quality:

- Renewal of the ISO 22000:2018 system certification for the four factories.
- Receipt of the GFSI: FSSC 22000 certificate for food safety issued by the Global Food Safety Initiative.
- Continuation of the contract with Reza Hygiene for cleaning solutions to target the implementation of best practices in the food factories.
- Adoption of a plan to analyze products in accredited external laboratories in accordance with the requirements of the Saudi Food and Drug Authority (SFDA).
- Focusing on preventive rather than corrective quality control.
- Passing inspection tests for the food safety systems of private label customers, whether contracted or prospective.
- Paying attention to proper storage procedures for raw materials and the Company's products.
- Raising the awareness of employees by providing internal training on food handling procedures and food safety.
- Establishing policies and procedures for handling customer returns in cooperation with the Financial Department and the Sales Department.
- Organizing procedures for handling customer complaints in terms of conducting surveys at customer sites, customer compensation, internal investigations, and corrective actions.
- Working on automating the tests of quality controllers and linking them with the warehouse and procurement system to implement the holding, release, acceptance, and rejection of materials.

#### Performance Improvement for Departments:

##### Business Development Department:

- Introducing an automated system for issuing sales invoices and tracking goods delivery procedures.
- Building a daily follow-up system for pending tasks and measuring the completion rate, along with taking the necessary actions and recommendations.
- Introducing a mechanism for calculating incentives and additional bonuses for the sales team, factoring in invoice collection and delivery, while focusing on the most profitable and most available items.
- Reducing deviations in production targets in coordination with sales targets and increasing production accuracy.
- Introducing a daily follow-up mechanism and weekly reports for distances traveled.

- Introducing a mechanism to measure the performance of the sales team in detail, building a monthly incentive system for outstanding performers, following up with the lowest performers, and providing recommendations to the concerned departments.
- Introducing a daily sales follow-up system for each representative and establishing a dedicated department to communicate with the least productive ones on a daily basis, focusing on the van sales team to hear the root causes and work on development and resolution.
- Following up on inventory movement on a daily basis, coordinating with production and procurement, identifying at-risk items, and working on establishing plans and targets to reduce overstocking and expired goods.

**Employee Development and Training:**

- **Training Plans for 2025:** A comprehensive training plan for the year 2025 has been established, aiming to:
  - Raise productivity and develop employees' skills.
  - Identify employees' needs, analyze the strengths and weaknesses of each department, and develop the skills necessary to enhance leadership and innovation in the work environment.
- **Targeted Departments for Training:**
  - Quality Department
  - Operations Department
  - Human Resources Department
  - Finance Department
  - Governance Department

- **Security and Safety Department**

**Total Training:** Approximately 12% of the employees in each factory were trained for the year 2025.

- **Continuing to employ individuals with special needs:** The Company is keen to employ citizens with special needs in positions that are commensurate with their abilities.
- **Rewards and Allowances:** The Company provides rewards and allowances to employees based on performance, in addition to special commission programs for the Sales Department.

**Employee Health and Safety:**

- **Healthcare:** The Company provides healthcare for all employees and their families.
- **Safety Measures:** Functional support was provided to the department, developing the Safety Department and introducing automated monitoring and surveillance programs.
- The Company also commits to providing safety measures during the performance of work, along with providing security tools to ensure the safety and protection of employees.

**Summary of 2025 Achievements:**

- Continuous development in human resources, with a focus on employing Saudis, especially Saudi women.
- Enhancing effective participation among employees by organizing various events and occasions.
- Continuing training for students and employees with the aim of raising productivity and developing skills.
- Excellence of the Business Development Department in monitoring sales.
- Achieving outstanding evaluations in the field of quality.
- Enhancing healthcare and safety for all employees in a safe work environment.

**61 - Key Events During the Financial Year Ended on 31/12/2025**

- An increase in the number of the Company's product varieties as a result of operating new production lines, which enhanced the diversity of products available in the market. This was especially notable in the meat factory, where new products were highly popular; new packages weighing less than 1 kg were introduced in boxes for use by hypermarkets, hotels, and hospitality outlets (HORECA).
- Completion of the expansion in the pastry factory, which helped in improving the quality of the factory's products, keeping pace with demand, and introducing new varieties (Fettuccine). Additionally, there was a diversification of the breakfast cereal factory products under the (Saudi Gardens) brand, which was previously limited to (Corn Flakes) only.
- Introduction of meat thawing technology using Radio Frequency (RADIO FREQUENCY) to reduce thawing loss and shorten its time, thereby increasing the production capacity of the lines.
- Signing a number of strategic agreements with major companies for private label manufacturing, which supports expansion in offering products bearing the Company's brand and the partners' private labels.
- Officially relying on participation in international forums and exhibitions in partnership with the Export Development Authority, in order to enhance the Company's presence in foreign markets and open new channels for growth.
- Continuing efforts in exporting the Company's products and signing exclusive distribution agencies for many Gulf countries, as well as opening markets in Iraq, which constitutes a major step towards regional expansion and enhancing the spread of our products.

**Closing Remarks**

In concluding the Board of Directors' Annual Report for the year 2025, we must note that we look forward to a new year bringing more opportunities and achievements. We pray to the Almighty that the Company continues to achieve sustainable progress and enhance its values, fulfilling the aspirations of its esteemed shareholders and providing them with rewarding returns.

Here, it is imperative to point out that the Company is striving diligently to improve production channels and introduce new technologies. In 2025, it commenced studies and experiments to extract starch from potato waste during the frozen potato manufacturing process.

Furthermore, the Company adopted the introduction of meat thawing technology using Radio Frequency (RADIO FREQUENCY) to reduce the thawing loss of frozen meat and shorten its duration. This is one of the initial steps in the meat manufacturing processes, thereby increasing the production capacity of the lines.

The Company also began in 2025—in commitment to the directives of our wise leadership and the Kingdom's Vision 2030—the transition to utilizing clean energy (using natural gas instead of diesel), under the supervision and encouragement of the Ministry of Industry.

The Company's Board of Directors and all its employees extend their deepest thanks and gratitude to the Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince, and their wise Government, for their continuous support. This support contributes to empowering the private sector, particularly companies listed on the financial market, and enhances the investment environment in the Kingdom. We promise everyone that we will strive to achieve the (Kingdom's Vision 2030) in a manner that benefits all parties.

We also extend our sincere thanks and appreciation to our shareholders who have placed their trust in the Board of Directors, providing support and valuable feedback that have contributed to developing the Company's strategies and achieving its goals. We assure them that their continuous support is the source of our strength in moving forward towards realizing a better future for our Company.

We would also like to express our profound thanks and gratitude to all the Company's employees for their dedication and sincere efforts in driving the wheel of growth and development. Their loyalty and hard work have been the cornerstone of our continuous success. We are confident that the Company, by the grace of God first, and then through their efforts, is capable of overcoming any challenges and advancing confidently towards promising horizons.

We pray to God Almighty to grant us all success in what is good and righteous, to perpetuate the blessings of security and stability upon our beloved homeland, and to assist us in achieving further milestones in the near future.

**Saad Sulaib Al-Otaibi**

Chairman of the Board of Directors