



Board of Directors report

Naqi Water company

About the company's activities and performance

2024





Annual Report

2024



خَادِمُ الْحَرَمَيْنِ الشَّرِيفَيْنِ
الْمَلِكِ وَسَيِّدِ الْمَلِكِ بْنِ عَبْدِ الْعَزِيزِ السَّعُودِ



صاحب السمو الملكي الأمير

محمد بن سلمان بن عبدالعزيز آل سعود

ولي العهد ورئيس مجلس الوزراء



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Naqi Water Company is one of the leading companies in the food production sector in the Kingdom of Saudi Arabia and the only bottled drinking water producer listed on the main stock exchange (TASI). Established in 2014, Naqi Water commenced its operations in 2016 at its current headquarters in Unayzah, located in the Qassim region. The company leverages its strategic geographic location to extract groundwater from its privately owned wells and reprocess it in accordance with the highest global standards for bottled drinking water production. This is achieved through the expertise of a highly qualified workforce and the use of state-of-the-art technologies available worldwide. At the end of 2023, Naqi Water expanded its core business operations by entering the table egg production sector through its poultry farm. This strategic move aims to maximise revenue streams and reduce dependency on a single line of business.

Over the past years, Naqi Water has consistently pursued a strategy of steady expansion, positioning itself as one of the most prominent Saudi producers of bottled drinking water. The company serves customers across various regions of the Kingdom of Saudi Arabia as well as neighboring countries.

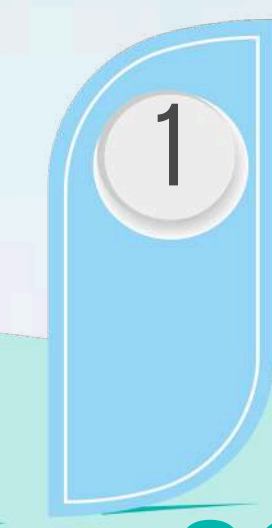
Guided by its slogan and vision, Naqi has emphasized the importance of continuous improvement across all areas of its operations. The company has placed a strong focus on research and development and enhancing institutional performance strategies. This ensures the consistent delivery of products that meet the needs of diverse consumer segments while adhering to the highest health and safety standards.





2016

Addition of a production line with a capacity of 24,000 units per hour



2014

Establishment of the company as a sole proprietorship under the name "Naqi Water Establishment"

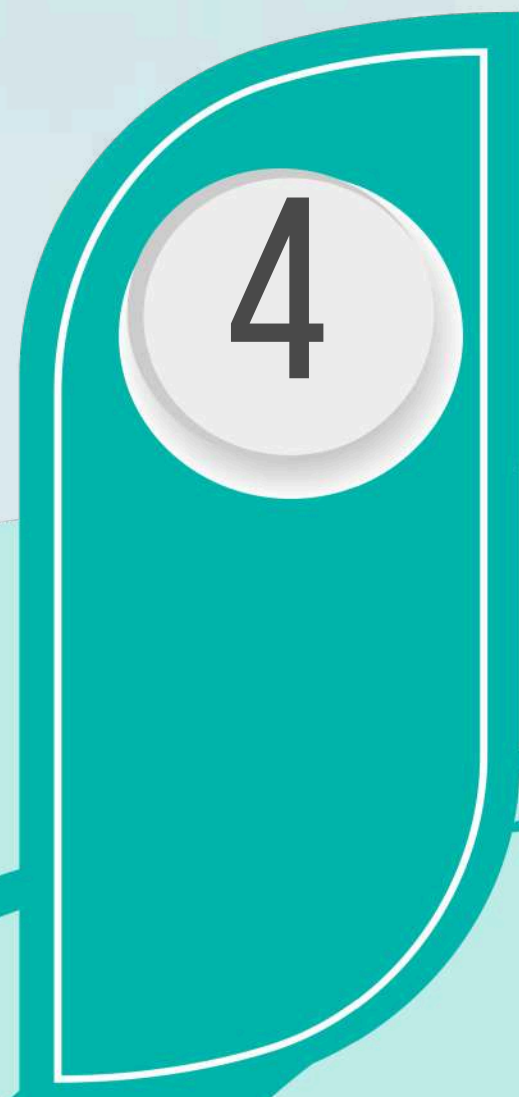


2017

Addition of a production line with a capacity of 40,000 units per hour

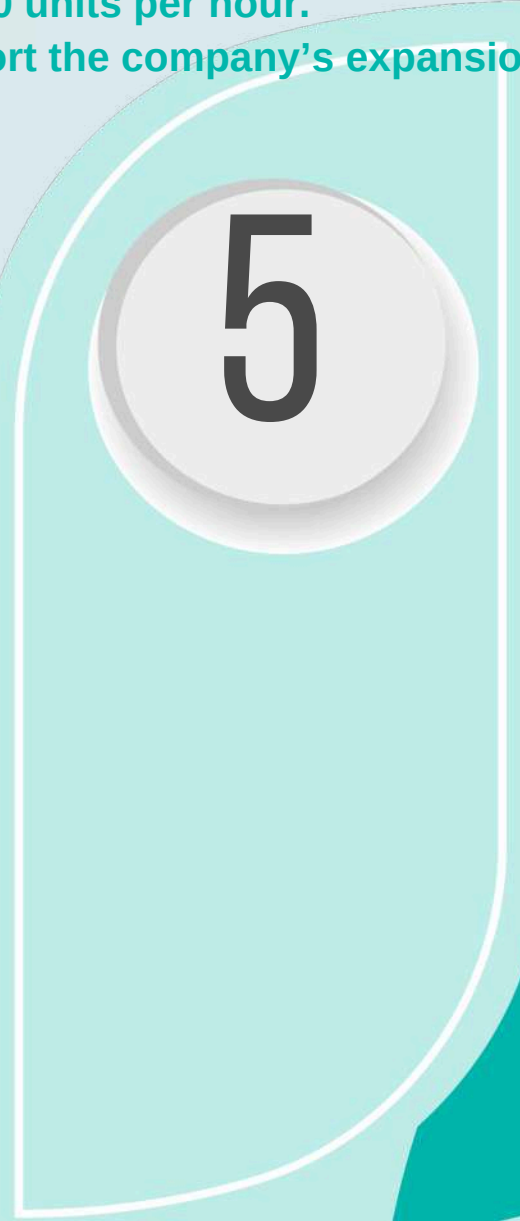
2018

Establishment of two production lines with a total capacity of 80,000 units per hour under a joint investment agreement



2019

Operation of a new water purification plant at the company's factory in Unaizah.
Acquisition of the two production lines established under the joint investment agreement with a total capacity of 80,000 units per hour.
Acquisition of a 45,173.5 square meter land to support the company's expansion plans.



2023

Acquiring a poultry farm for table egg production

Operating a new production line with a production capacity of 48,000 units per hour
Acquiring land with an area of 44,448.5 square meters to strengthen the company's expansion plans

2021

2024

Investment for industrial expansion in the Riyadh area
Launching the table egg production sector expansion project
Contracting to purchase a production line for bottled drinking water with a capacity of 52,000 bottles per hour in various sizes and packaging

10

9

8

7

6

2020

2022

On August 15, 2022, the company was listed on the main stock market

Adding and operating a new production line with a production capacity of 48,000 units per hour
Acquiring the production line established under the joint investment agreement with a production capacity of 40,000 units per hour
Acquiring Naqi Trading Company with its two branches in Riyadh and Qassim, in line with the growing demand for the company's products from retail sector customers
Purchasing 50 trucks to support the company's operations
Acquiring land with an area of 72,672.6 square meters to strengthen the company's expansion plans



Vision

To be a leader in the food production sectors across the Kingdom of Saudi Arabia, the Gulf region, and the Middle East and North Africa (MENA) by developing its brand to become the best in its field. Naqi focuses on quality, customer service, and strengthening and expanding its commercial relationships while relying on the best human resources by attracting, developing, and retaining talent.



Mission

Naqi strives to develop a modern business model in its fields of operation by offering a wide range of food products in various sizes and weights, adhering to the highest quality and value standards, and at competitive prices. Naqi aims to sustainably meet the needs of its partners and customers by employing research and development to create added and sustainable value for its shareholders. The company encourages active and constructive participation to meet the expectations of its shareholders and stakeholders



Core Values

- Excellence
- Authenticity
- Responsibility
- Innovation
- Flexibility

Branches

Riyadh - Qassim - Jeddah - Hail - Eastern Region

Distributors Inside the Kingdom

Al-Muzahimiyah - Tabuk - Hafar Al-Batin - Al-Majma'ah - Khamis Mushait - Afif - Yanbu - Al-Halifah - Rumah - Sharurah - Badr - Al-Kharj - Al-Qurayyat - Wadi Ad-Dawasir - Al-Dawadmi - Bisha - Taif - Al-Khafji - Najran - Rafha - Al-Rayn - Al-Batra - Al-Asyah - Al-Aqiq - Arar - Jazan - Rabigh - Al-Baha - Sakaka

Distributors Outside the Kingdom

Oman - Kuwait - Jordan

Geographic Presence



Emirates Quality Mark: It reflects the manufacturers' commitment to quality and the implementation of effective production management systems, enhancing product reliability in both local and international markets.



علامة الجودة الإماراتية
Emirates Quality Mark

Saudi Quality Mark: Awarded by the Saudi Standards, Metrology, and Quality Organization (SASO) to products that comply with approved Saudi specifications and standards.



HACCP Certification (Hazard Analysis and Critical Control Points): A scientific approach to ensuring food safety. This certification helps companies improve food safety, facilitate exports, and strengthen competitiveness in global markets.



GMP Certification : This international standard represents a set of guidelines and regulations established by regulatory bodies to minimize risks associated with manufacturing and ensure the quality and safety of products.



Superior Taste Award: Granted to food and beverage products of exceptional taste quality. Naqi Water's receipt of this award confirms the superior quality and purity of its products.



Certification from the Emirates Authority for Standardization and Metrology (ESMA): Awarded to products and services that meet the highest quality standards. This certification underscores Naqi Water's commitment to adhering to approved specifications. Products bearing this mark undergo regular monitoring to ensure their quality and compliance with the authority's standards.





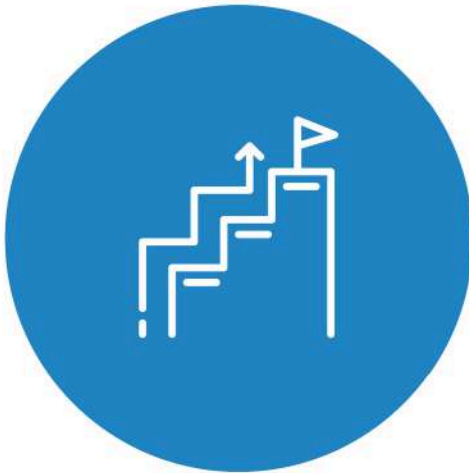
Naqi Water's current CSR practices are built on a commitment to the communities in which it operates. The company focuses on long-term developmental projects and initiatives, offering direct and indirect support to sports, charitable, social, and developmental organizations. Naqi actively contributes to education, healthcare, and the creation of employment opportunities for all segments of the community, aiming to improve the standard of living for individuals in its operating environment

Naqi Water Company is committed to addressing the needs of the local community as part of its CSR strategy. The company's flexible review of its strategy has enabled it to identify additional areas to enhance its initiatives toward sustainability and societal impact. This aligns with Naqi's vision of adopting sustainable environmental and social concepts while strengthening governance practices.

05

Economic Development

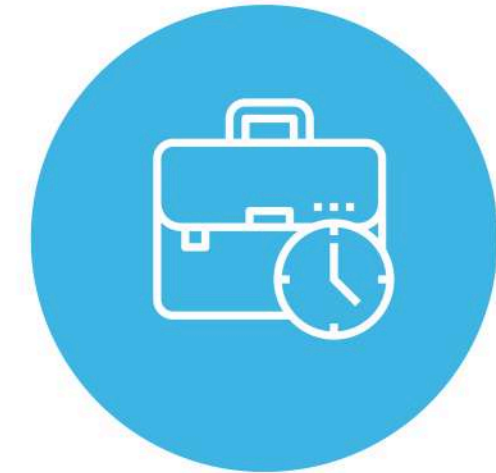
1.Naqi contributes to economic growth by supporting the labor market through four initiatives aimed at creating job opportunities for different societal groups. The company collaborates with organizations that specialize in employing individuals with special needs, supports training and employment programs, and participates in job fairs and events that connect job seekers with suitable opportunities.



04

Healthcare Support

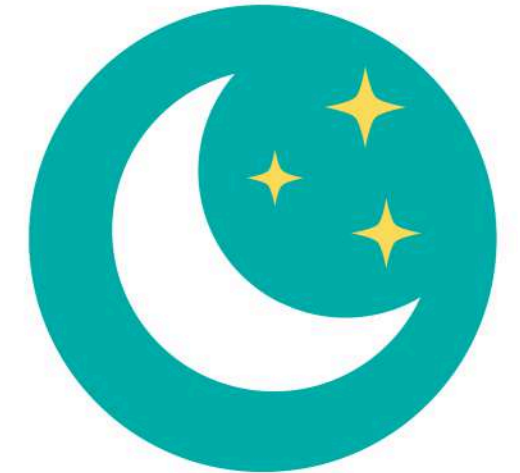
The company places significant focus on the healthcare sector, considering it a core aspect of its CSR strategy. Naqi supports hospitals and healthcare facilities, participates in awareness campaigns, and collaborates with specialized entities to provide healthcare services for its employees. These efforts contribute to promoting public health and ensuring food security by delivering products that adhere to the highest health standards



03

Ramadan Initiatives

During the holy month of Ramadan, Naqi intensifies its efforts to support various initiatives aimed at fostering social cohesion. These initiatives include distributing Iftar meals to the public and supporting its employees throughout the month to uphold the values of solidarity and generosity.



02

Healthcare Support

The company places significant focus on the healthcare sector, considering it a core aspect of its CSR strategy. Naqi supports hospitals and healthcare facilities, participates in awareness campaigns, and collaborates with specialized entities to provide healthcare services for its employees. These efforts contribute to promoting public health and ensuring food security by delivering products that adhere to the highest health standards



01

Product Support for Governmental and Community Initiatives

Naqi ensures the provision of its products to support governmental entities and community initiatives. The company supported 13 organizations across various sectors through initiatives aimed at reinforcing its national and humanitarian role. This commitment stems from Naqi's dedication to contributing to societal development and fostering collaboration among entities to achieve a lasting positive impact





Strategic Report

Dear Esteemed Shareholders

In 2024, Naqi Water Company's business model was anchored in its vision and aligned with global best practices in food production. Staying true to its motto, "The Best is Yet to Come," the company remains committed to delivering safe and healthy products that adhere to the highest industry standards. The year 2024 marked Naqi's dedication to fulfilling its promise to shareholders and society, with its strategy centered on meeting end-consumer needs by offering products that align with its core business model while prioritizing social objectives, particularly creating added value for investors.

During 2024, Naqi continued to execute its strategy, strengthen its business model, and enhance its financial resources. The company invested in expansion, particularly in the poultry sector, as a key contributor to food security in the Kingdom. Additionally, it pursued operational plans to boost its retail market share in the bottled drinking water segment. Naqi reinforced its commitment to local content by sourcing over 90% of its suppliers domestically. The company also maintained its role as a leading employer in its headquarters' region, in line with its social responsibility.

Naqi's future strategy focuses on driving demand through new retail branches, expanding its poultry and bottled water segments, and maintaining a strong emphasis on quality assurance. The company aims to continuously review its strategic plans with a flexible approach, adapting to market fluctuations and mitigating risks in the bottled water production sector.

In closing, I extend my deepest gratitude to our wise government, which has prioritized strengthening various business sectors to achieve the ambitious goals of Vision 2030, a transformative milestone for our beloved nation. I also thank our valued shareholders for their unwavering trust, my fellow board members and committees for their diligent efforts and wise guidance, and the executive management and employees for their dedication to the company's goals even under challenging circumstances, while upholding its values and demonstrating the highest levels of loyalty and commitment.

Best Regards,

A. Amin bin Abdullah Al-Mallah

Chairman of the Board



Dear Naqi's Shareholders,

In 2024, Naqi Company continued its commitment to its strategic focus on delivering food products that adhere to the best local and global practices. This commitment is based on a comprehensive review of its future strategy for the next five years, which focuses on strengthening its business model, leveraging its accumulated expertise in the food sector, and assessing the risks and sustainability of its operations.

Naqi's strategy emphasized the implementation of sustainable production practices, benefiting from its automated systems in operations and strengthening the integration between departments, improving operational efficiency. Despite the market challenges, particular attention was given to enhancing its sales plan, enabling the company to achieve sales exceeding 219 million Saudi Riyals in 2024.

During the year, Naqi managed to maintain outstanding performance indicators, despite the decline in profit margins. Both equity and total assets showed growth by the end of the year compared to the previous one. The company also maintained low debt levels, with the debt-to-equity ratio at 13%. It invested its cash flows in short-term Islamic deposits with highly rated local banks. Additionally, higher sales efficiency led to an increase in cash flow from operations, exceeding 45 million Riyals, enabling the company to cover its short-term liabilities with its current assets by more than five times.

Aligned with its future plan, Naqi focuses on three main pillars: diversifying revenue sources, enhancing profit margins through developing sales channels, and investing in technology to improve operational efficiency and ensure sustainable growth.

In conclusion, I would like to express my sincere gratitude to the Board of Directors and the subcommittees for their continuous support and trust. I also appreciate the efforts of my colleagues at Naqi, whose dedication has contributed to achieving the company's objectives and pushing it toward more success. We will continue to implement our ambitious strategies and strengthen our market position in pursuit of a brighter future, God willing.

Abdulaziz Yousef Al-Sayegh
Managing Director & CEO





Naqi's Strategy

In 2024, Naqi's management relied on the outcomes of the flexible review of its strategy. The company established key strategic objectives based on its strengths and available market opportunities that align with its vision and mission. These objectives include enhancing its leadership position in the food production sector by developing business strategies, expanding its customer base, and growing its operations in new markets within the Kingdom, GCC, and the Middle East. The company also aims to improve production operations, manufacturing capacity, working capital efficiency, and team competencies, while enhancing corporate governance



Our Business Model Foundations

Naqi works on enhancing its business model to fulfill its promise to customers, aligning with its slogan “The Best is Yet to Come,” through a focus on continuous improvement and innovation in its processes and products. The company’s flexible review of its strategy led to the adoption of updated strategic targets based on market data, growth opportunities, and expected operational risks. The company identified inputs and outputs for its business model to meet its commitments by directing company operations toward specific goals shared by all departments. This approach ensures alignment of operations and teamwork to execute tasks and drive business activity within a structured and efficient organizational framework. This focus led to enhanced growth and expansion capacity in operational processes and better achievement of strategic objectives.



Inputs and Operations

Production Inputs

- Diverse suppliers for production inputs.
- Efficient, low-risk production.
- Seven lines for bottled drinking water production, equipped to the highest global standards.
- Two separate factories for bottled water production at the company's headquarters, reducing risks associated with production concentration.
- Four water desalination stations.
- Sixteen warehouses for production and sales.
- An integrated project for producing and selling table eggs, meeting biosecurity and quality standards.



Innovation and Quality Control

- A specialized laboratories equipped according to the best global practices.
- Agreements with specialized bodies to ensure quality guarantees from independent parties.
- Alignment of the company's values with quality control mechanisms and adoption of ISO 22000, HACCP, and GMP standards.
- Ongoing processes to deliver innovative products based on end-consumer needs.



Outstanding Financial Position

- Remarkably low debt levels.
- High levels of invested cash.
- Meticulous control over spending and precise capital expenditure direction.
- An outstanding financial management team capable of controlling costs and improving return on assets and equity.



Enhancing Value Proposition

- Flexible management and operational direction.
- Rapid response to external changes.
- Development of the traditional organizational structure to focus on work units and business drivers.
- Strengthening interdepartmental collaboration for profitability and sales process integration.
- Developing concepts and applications for supporting departments to ensure sustainable production and sales operations.
- Creating demand for company products through a flexible strategy to meet consumer needs.



04

Safety and Quality in Operational Focus

- Strengthening product safety control through continuous inspection mechanisms to ensure safe products.
- Ongoing care and maintenance of production equipment in bottled water and table egg production sectors.
- Maintaining a high turnover rate for finished product inventory according to optimal health and safety standards.
- Continuous development of employee qualifications and competencies in line with local and global quality standards.



05

Customer Communication

- Round-the-clock communication with various customer segments.
- A dedicated team focusing on customer feedback to improve quality and customer satisfaction.
- Building mechanisms to enhance customer and consumer trust.

06



Outstanding Logistics Services

- A fully owned transport and distribution fleet.
- Partnerships with specialized logistics providers to enhance transport efficiency and support the company's fleet.
- Distribution of products across all regions of the Kingdom.
- Excellent performance in transport timing and delivery to various regions in the Kingdom and neighboring countries.

07



Value Creation for Shareholders

- The company has maintained a distinguished financial position in the Saudi market over the past years, including the current year.
- Commitment to enhancing shareholder value.
- Maintaining low debt levels and strong cash positions.

01

02

- Widespread sales points across the Kingdom.
- Constant access to diverse customer segments.
- Offering a wide range of products to meet various expected needs.
- Delivering safe and healthy products according to best practices in food production.
- Building customer relationship management to enhance communication and partnership concepts.

Meeting Consumer and Customer Needs

Community

- Implementing environmental sustainability practices.
- Partnering with non-profit organizations to enhance the company's social impact.
- Continuous presence in community events and activities to strengthen partnership and community impact.
- Implementing cooperative training programs for students in educational and university institutions.

03

04

- Naqi Water Company has conducted a flexible review of its strategic plan in response to the changes witnessed in the industry. The strategic review focused on the concept of value creation for shareholders and stakeholders, while also considering the rapid developments in the bottled drinking water sector in the Kingdom during 2023 and 2024. Some of the effects of this review are reflected in the company's response and achievements towards the current strategic plan.

Strategic Direction



- 1**  **First: Expansion in the Bottled Drinking Water Production Sector**
- 2**  **Second: Diversifying Key Operational Sectors**
- 3**  **Third: Strengthening the Retail Sales Sector**

As part of this flexible review, Naqi Water Company identified expansion targets in key operational sectors. Based on an analysis of the opportunities and risks of expansion in the food production sector, the company set the following key targets:



First: Expansion in the Bottled Drinking Water Production Sector

The bottled drinking water production sector in the Kingdom enjoys a promising market, benefiting from national programs aimed at improving the quality of life, as well as the steady increase in the population, especially in key regions of the Kingdom. Additionally, the rapid changes in consumer and social lifestyles are boosting sales in the food production sector. The company expects continuous growth in the local consumption of bottled drinking water over the next five years. However, this sector faces ongoing competition due to the opportunities it presents to many investors and companies in the food production industry. This requires companies to leverage their expertise to navigate the continuous changes in this sector.

Based on the company's strategic review, the decision was made to expand in the bottled drinking water production sector, relying on its accumulated expertise in this field. The expansion strategy includes spreading across various regions of the Kingdom, which will help the company achieve a sustainable competitive advantage. The expansion plan aims to establish new factories outside the Qassim region, thereby increasing production capacity compared to the current capacity. The company plans to build factories utilizing modern production technologies to ensure cost-effective product delivery to multiple regions across the Kingdom.

The expansion plan was built based on demographic and industrial growth data in the Kingdom, with careful consideration given to the flexibility of supply chains in the target expansion areas. The company's expansion strategy relies on a self-financing structure, using operational cash flows to finance the expansion of bottled water production projects, ensuring the continued maintenance of a strong financial position and optimal capital structure while considering prevailing interest rates

Second: Diversifying Key Operational Sectors

In 2024, the company continued its expansion projects within the poultry sector as part of its food production activities. Through an analysis of available opportunities, the company targeted the table egg production sector to complement the bottled water production sector in diversifying operational revenues. The company made the decision to acquire an existing laying poultry project, which was completed in 2023. This acquisition resulted in the full transfer of the project's assets to Naqi Water Company, as well as the acquisition of technical and managerial expertise associated with the project.

Experimental production in the table egg sector began in Q4 of 2023. By the end of 2024, the company will initiate expansion projects within the poultry sector, planning to operate breeding and production barns, which will increase production capacity by 450%, reaching approximately 165 million eggs annually by the end of the project. The financial impact of this project is expected to begin in Q4 of 2025.

The company's current expansion plans for the table egg production sector are funded entirely through self-financing from net operational cash flows, contributing to the maintenance of the company's financial strength and optimal capital structure.

Third: Strengthening the Retail Sales Sector

Naqi Water Company's sales are dependent on both the wholesale and retail sectors. The wholesale sector involves the company's sales to distribution agents across various regions of the Kingdom, while the retail sector includes sales to supermarkets, HoReCa (Hotels, Restaurants, and Catering), and end consumers, which are reached through the company's fully managed distribution branches.

This structure ensures that Naqi Water's products continue to reach various regions of the Kingdom, contributing to enhancing production efficiency and profitability.

In 2024, based on a study of sales areas across the Kingdom, the company decided to accelerate expansion in the retail sales sector, which will enhance the company's product reach to all regions of the Kingdom. As a result of this strategic direction, the retail sales sector has been strengthened in different regions, with the addition of new distribution branches staffed with qualified personnel and equipped with suitable resources to support retail sales. In 2024, the company opened retail sales branches in the Eastern and Hail regions, which are currently aimed at enhancing the presence of the company's products in these areas, achieving sustainable growth in retail sales, generating sustainable financial returns, and improving the company's ability to reach and serve customers in accordance with the service standards managed by the customer service department.



Naqi Water Company is engaged in the production and distribution of food products, focusing on meeting the local market's needs with the highest standards of quality and efficiency. The company produces bottled drinking water and table eggs using the latest technologies. In addition, we provide specialized transportation services to enhance operational efficiency and ensure that our products are delivered safely and promptly to customers across the Kingdom. At Naqi Water Company, we are committed to supporting the food security system in alignment with Saudi Arabia's Vision 2030 by providing healthy and safe products that meet consumer expectations and contribute to enhancing food sustainability. We always strive to be partners in the development of the food production sector, relying on innovation and quality in everything we offer.



Bottled Drinking Water and Logistic Services

Our production lines operate according to a well-planned annual schedule that accounts for both preventive and corrective maintenance periods, as well as seasonal production variations, contributing to maintaining high production efficiency. In 2024, our production lines achieved an average production efficiency by operating continuously for 275 days.

Water is produced according to the highest quality standards through two fully equipped desalination plants that ensure the production of safe drinking water. The production capacity of these desalination plants exceeds the capacity of the production lines, which represents a key pillar for the company's future expansion.

The company owns seven storage warehouses for finished products and raw materials at its production facility, located in strategic locations on company-owned land. This setup improves operational efficiency and reduces waste during handling and transportation to nearly zero levels. These seven warehouses are located within the company's headquarters in the city of Unayzah in the Qassim region and do not include warehouses for the company's branches. All of our warehouses are equipped with advanced safety and protection systems to maintain the quality and security of products, minimizing inventory risks. Additionally, our warehouses in Riyadh, Qassim, Jeddah, Hail, and the Eastern Province play a significant role in ensuring easy access to a large number of customers across the Kingdom.

The Quality Management and Production Control departments provide continuous and real-time support for all production operations. The company's products undergo comprehensive monitoring to ensure their safety and compliance with all health standards. Furthermore, the Quality Management department oversees all production inputs, such as raw materials, to inspect and verify them before use, thereby enhancing the reliability of the final product's quality and safety. Our team uses the latest technologies to perform regular inspections, ensuring the safety of our products.

The Quality and Production Control team works according to ISO 22000, HACCP, and GMP standards to activate a collaborative work strategy with the Production Department, ensuring the integration of production processes and the achievement of health control targets. To maintain sustainability in quality-related operations, Naqi has contracted specialized laboratories for microbiological and chemical analysis to enhance the reliability of its product quality and verify our commitment to providing safe and healthy products.

The company's sales model is divided into two main sectors: the first is the wholesale sector, where products are sold directly from the company's warehouses to distribution agents; the second is the retail sales sector, through which our products are distributed to local markets and directly to end consumers. The bottled drinking water sector also involves using the company's own transportation fleet to provide logistics services for water products to both the company's sales branches across the Kingdom and distribution agents in all regions.

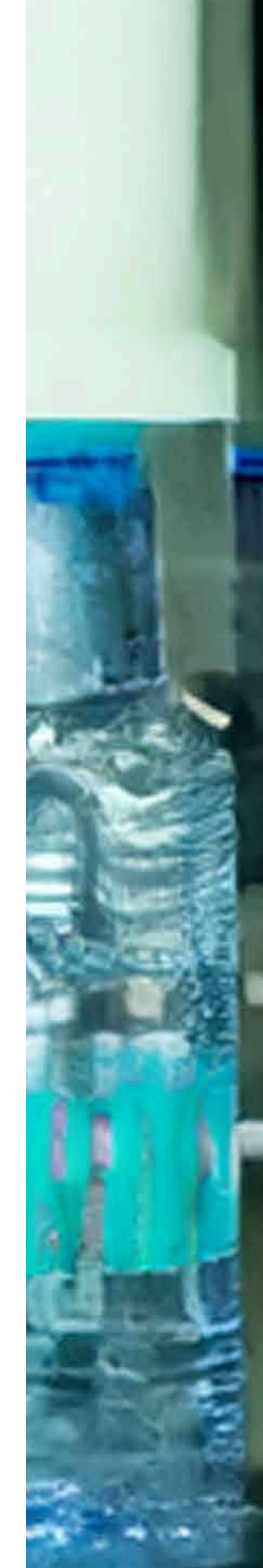
Poultry Sector

The core business model of the company in the table egg production sector is based on raising poultry until they are capable of commercial production. Once the poultry reaches production age, they are moved from the breeding barns to the production barns. All poultry barns are located within the poultry farm, which operates with an integrated approach to production and operational processes. Table egg production began in October 2023, with the company investing in purchasing poultry that were capable of egg production. A number of poultry flocks were purchased during 2023 and 2024 to accelerate the operational and production process and enhance the production cycle. It is worth noting that the company has completed all contracts related to the implementation of an integrated expansion project within the poultry sector, which will significantly increase the production capacity of this sector.

Currently, the poultry sector's production in 2024 and before is still in its early stages, and its contribution to the company's total sales is approximately 4%, due to the ongoing work on the current expansion project and the fact that the expansion will not be fully operational until it is completed.

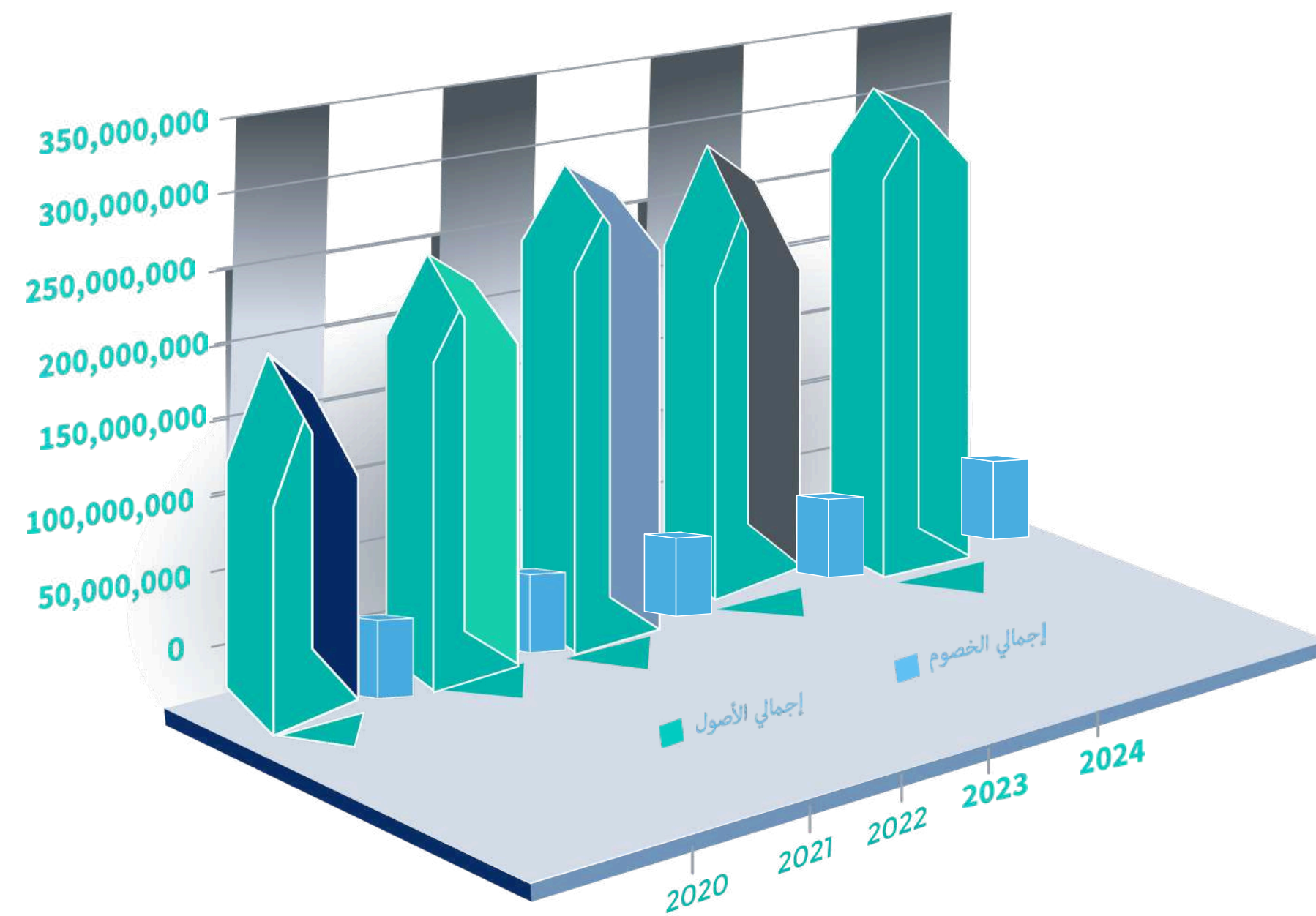
The table below provides a detailed overview of the main activities and their impact on the company's business volume and results as follows:

Sector	Revenue	Percent
Bottled Drinking Water and Logistic Services	210,036,682	96%
Poultry Sector	9,303,451	4%
Total	219,340,133	100%





Financial Performance Summary



The following graph explains a historical comparison of assets and liabilities and shows the continuous decline in total liabilities to reach only SAR35 million by the end of 2024.

Item	2020	2021	2022	2023	2024
Current Assets	56,956,119	82,789,090	139,420,786	135,662,061	148,841,115
Non-Current Assets	148,297,530	165,319,932	151,694,650	156,840,838	160,176,540
Total Assets	205,253,649	248,109,022	291,115,436	292,502,899	309,017,655
Current Liabilities	22,223,312	25,237,573	27,907,402	27,759,333	28,088,130
Non-Current Liabilities	18,767,569	14,937,504	13,726,648	11,611,814	7,006,014
Total Liabilities	40,990,881	40,175,077	41,634,050	39,371,147	35,094,144

Summary of Financial Performance

Financial Position:

The company was able to maintain a strong financial position by the end of 2024, despite the strategic expansions being implemented in both the bottled drinking water sector and the poultry sector. The company successfully sustained high liquidity levels, exceeding 82 million Saudi Riyals, which represents approximately 27% of total assets as of the end of the 2024 financial year. This reflects a 5% increase compared to the previous year, despite the cash outflows for investment activities amounting to nearly 30 million Saudi Riyals, in addition to dividend distributions totaling 10 million Saudi Riyals during the year.

The company relies on diversifying the use of available cash across operational activities, covering investment projects, investing in a stock portfolio in the Saudi financial market, and investing surpluses in short-term Islamic Murabaha deposits with highly rated banks.

Furthermore, the company succeeded in increasing its current assets by 10% compared to 2023, while non-current assets rose by 2%, despite depreciation expenses. This led to an overall increase of 6% in total assets compared to the previous year. At the same time, the company managed to fulfill all of its obligations and fully repay the non-current portion of its loan, which contributed to reducing non-current liabilities by 40% compared to 2023.

Regarding current liabilities, the company maintained a stable ratio, which is mainly composed of operational liabilities and mutual obligations with its suppliers. Liabilities as of the end of 2024 accounted for 11% of total assets, with the majority being in the form of current liabilities, employee end-of-service benefits, and leasing obligations related to sales and distribution branch rentals.

This policy of managing the financial position resulted in a 10% increase in shareholders' equity compared to the previous year, exceeding 273 million Saudi Riyals by the end of 2024.



Financial Performance

Sector	2023	2024	Variance
Bottled Drinking Water			
Retail Sales	120,717,709	133,409,049	11%
Wholesales	104,402,605	67,700,988	-35%
Export Sales	5,054,303	3,187,189	-37%
Poultry			
Retail Sales- Table Eggs	--	7,336,700	
Wholesales- Table Eggs	1,412,371	1,966,751	39%
Logistics			
Transportation Sales	7,235,639	5,739,456	-21%
	238,822,627	219,340,133	-8%

The company's total revenues declined by approximately 8% in 2024 compared to the previous year. This decrease was primarily due to increased competition in the bottled drinking water sector, which was impacted by the entry of many low-cost products relying on pricing-based marketing strategies. Additionally, the company's shift toward focusing on expanding its presence in various regions of the Kingdom, with the aim of increasing its retail sector share in future sales, also had an impact on the total value of bottled drinking water sales. The company invested in opening new branches in the Eastern Province and the Ha'il region during the year, while reducing reliance on wholesale sales to distributors.

The table below shows the breakdown of the company's revenues from its different sectors. The company successfully executed its strategy of expanding retail sales in the bottled drinking water sector, which saw an increase of 11% in 2024 compared to the previous year. On the other hand, wholesale sales in the bottled water sector decreased by 35%, which directly contributed to the drop in overall sales. This also affected the revenues from the logistics services sector, which relies on wholesale sales.

Regarding the poultry sector, the total sales of table eggs across both retail and wholesale sectors increased by approximately 550% compared to 2023, despite the poultry sector expansion project not being fully completed or operational.

As for the geographical distribution of the company's revenues, the table above highlights the geographic distribution of the company's revenues in 2024. The central region accounted for more than 151 million Saudi Riyals of the company's revenues. This concentration is due to the lower revenues from geographical areas far from the factory's location in the Al-Qassim Province, resulting from high transportation costs, which were affected by the increase in fuel prices (diesel) that began in early 2024. It should be noted that the company expanded its sales capabilities in the Riyadh region, and table egg sales in the poultry sector

Year	Geographical Distribution of Naqi's Revenue							
	Total Revenue	Central Region	Western Region	Norther Region	Eastern Region	Southern Region	Other Regions	Export
2024	219,340,133	151,052,836	24,440,364	13,404,217	17,220,674	4,295,397	5,739,456	3,187,189
2023	238,822,627	161,748,463	24,427,535	20,143,569	12,763,336	7,449,781	7,235,639	5,054,304

	2023	2024	Change (+) or (-)	Change Percent
Revenue	238,822,627	219,340,133	-19,482,494	-8%
Cost of Revenue	153,663,556	142,693,365	-10,970,191	-7%
Gross Profit	85,159,071	76,646,768	-8,512,303	-10%
Other Operating Revenue	565,070	139,880	-425,190	-75%
Operating Expenses	42,733,345	51,099,795	8,366,450	20%
Operating Profit	42,990,796	25,686,853	-17,303,943	-40%

Regarding the company's performance, despite the 8% decline in revenues compared to 2023, the company was able to maintain a comparable decrease in its revenue costs, with the cost of revenue decreasing by more than 7%. This allowed the company to maintain the cost-to-revenue ratio from total sales at a level similar to 2023, at approximately 65%. The company achieved this by maintaining smooth supply chain operations, negotiating favorable financing terms with key suppliers, and controlling the cost of raw materials. The company also strengthened the use of its own transport fleet for moving raw materials to the company's premises, which enhanced fleet performance and its revenue, with a decline rate lower than that of wholesale sales. As for the gross profit, despite a 10% decline in 2024 compared to the previous year, the company maintained a gross margin of approximately 35% of total sales. This reflects the company's ability to efficiently control its costs during the year.

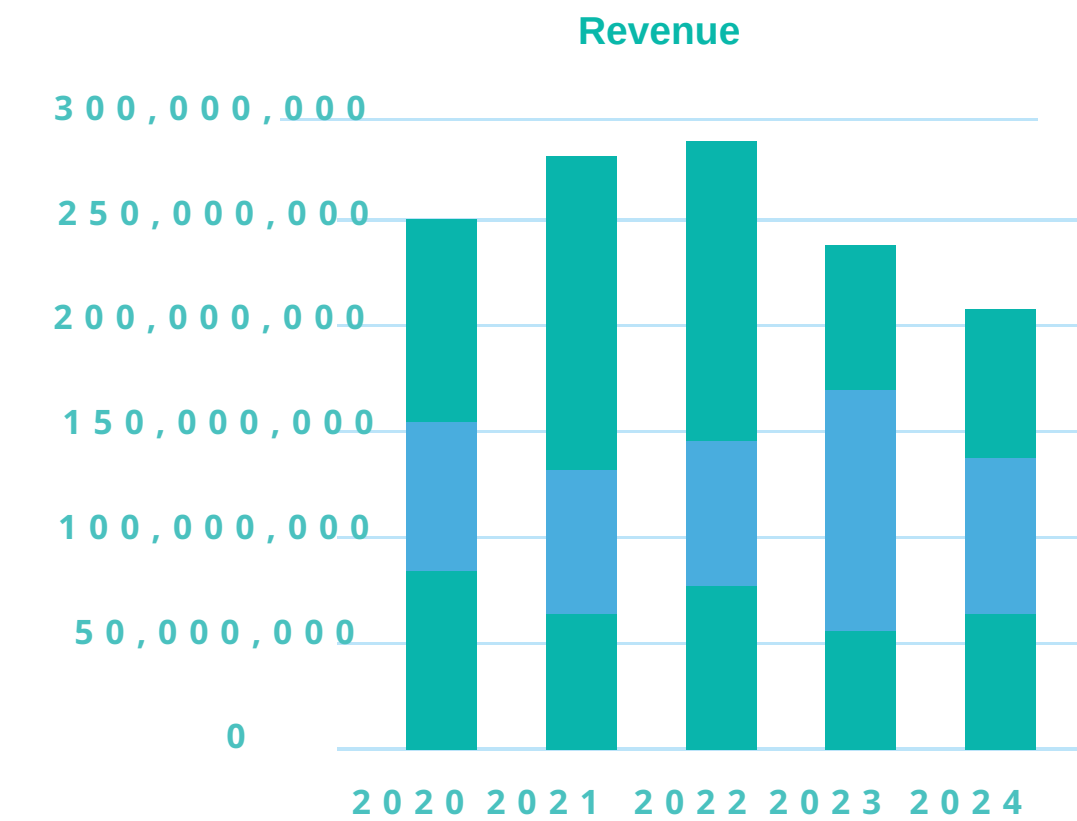
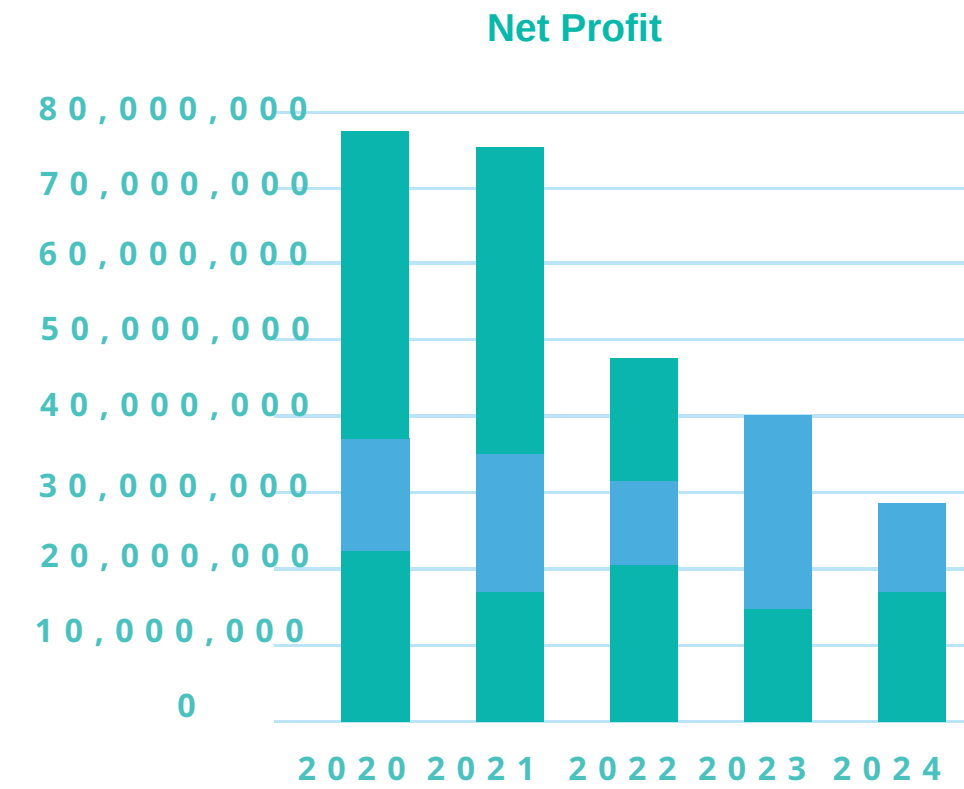
The decline in the company's net profit in 2024 was due to an increase in selling and distribution expenses, as well as the overall reduction in revenues. Selling and distribution expenses rose by about 26% due to the company's expansion into new branches in the Eastern Province and Ha'il region, along with the expansion of its sales team in the Riyadh region. The table below shows a detailed comparison of the operational performance for 2024 compared to the previous year.

	2020	2021	2022	2023	2024
Revenue	264,514,045	277,823,065	284,290,176	238,822,627	219,340,133
Cost of Revenue	160,493,074	164,868,568	194,252,724	153,663,556	142,693,365
Gross Profit	104,020,971	112,954,497	90,037,452	85,159,071	76,646,768
Net Profit	77,954,815	77,275,987	48,707,066	42,950,121	30,184,860

Company Loans:

In 2020, Naqi obtained a long-term loan from Riyadh Bank to finance the purchase of trucks and enhance its local transport fleet for distributing its products across the Kingdom. The loan was structured as an Islamic Murabaha financing arrangement, allowing the company to avoid additional interest expenses despite rising interest rates. The loan balance at the beginning of 2024 was SAR 8,913,639, with the final installment due on October 7, 2025. The company adhered to its repayment schedule, and no additional interest beyond the agreed-upon terms was incurred. The loan details for 2024 were as follows:

Creditor	Loan Amount	Duration	Paid During 2024	Remaining portion of the loan	Total Loans
Riyad Bank	20,500,000	5 Years	4,259,170	4,654,469	4,654,469



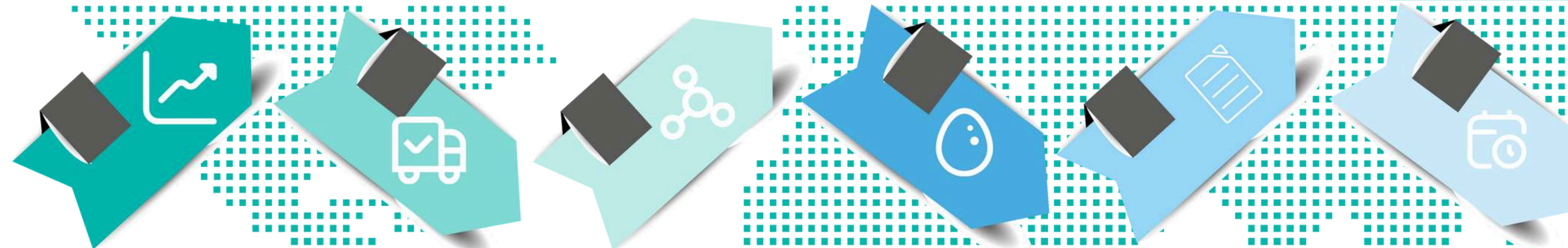
The company exercised due professional care to ensure its compliance with the accounting standards approved by the Saudi Organization for Certified Public Accountants. The financial statements for the year 2024 include confirmation of classifying revenues from Islamic Murabaha deposits in local banks outside of operational income, and classifying revenues from the logistics services sector under revenues, ensuring fairness in financial reporting.

Company's Dividend Policy

During the year 2024, the company distributed cash dividends for the year 2023 at a rate of SAR 0.50 per share, representing 5% of the nominal value of each share, totaling SAR 10 million. This was in accordance with the resolution passed by the General Assembly on June 27, 2024, to distribute dividends for the second half of 2023. It should be noted that no proposal or approval for dividend distribution for the year 2024 has been made as of the date of this report

Paid Dividends During 2024			
	Paid During 2024	Percent of recommended Dividends	Total Paid Dividends 2024
Percent of Nominal Value	5%	-	
Total	10,000,000	%	5%





Naqi Water Company continued to implement its strategic plan in 2024, focusing on expanding its reach to as many customers as possible, leveraging the company's prime geographical location which enables it to reach various regions of the Kingdom at a reasonable cost structure. Throughout the year, the company continued to expand and diversify its sales channels by strengthening its relationships with a network of distribution agents across the Kingdom. Additionally, the company worked on expanding its retail sales channels, with a particular emphasis on deepening its presence in the central region to meet the needs of the largest possible share of retail customers. The company's strategy involves increasing the share of retail sales in line with the profitability margins achieved by the sector, while maintaining strong, sustainable relationships with wholesale sales agents.

Naqi's products currently reach all regions of the Kingdom with varying concentrations, and the company aims to increase its focus on densely populated areas to support its market share and enhance product distribution. Furthermore, the company is open to exporting to Kuwait, Bahrain, Oman, and Jordan.

Despite the poultry sector's production still being in its early stages in 2024, it contributed about 4% of the company's total sales. The sales of table eggs in the poultry sector were initially limited to the Al-Qassim and Western regions as a first step, due to the ongoing expansion project, which has not yet been completed. However, overall sales of table eggs increased by approximately 550% in both retail and wholesale sectors compared to 2023.

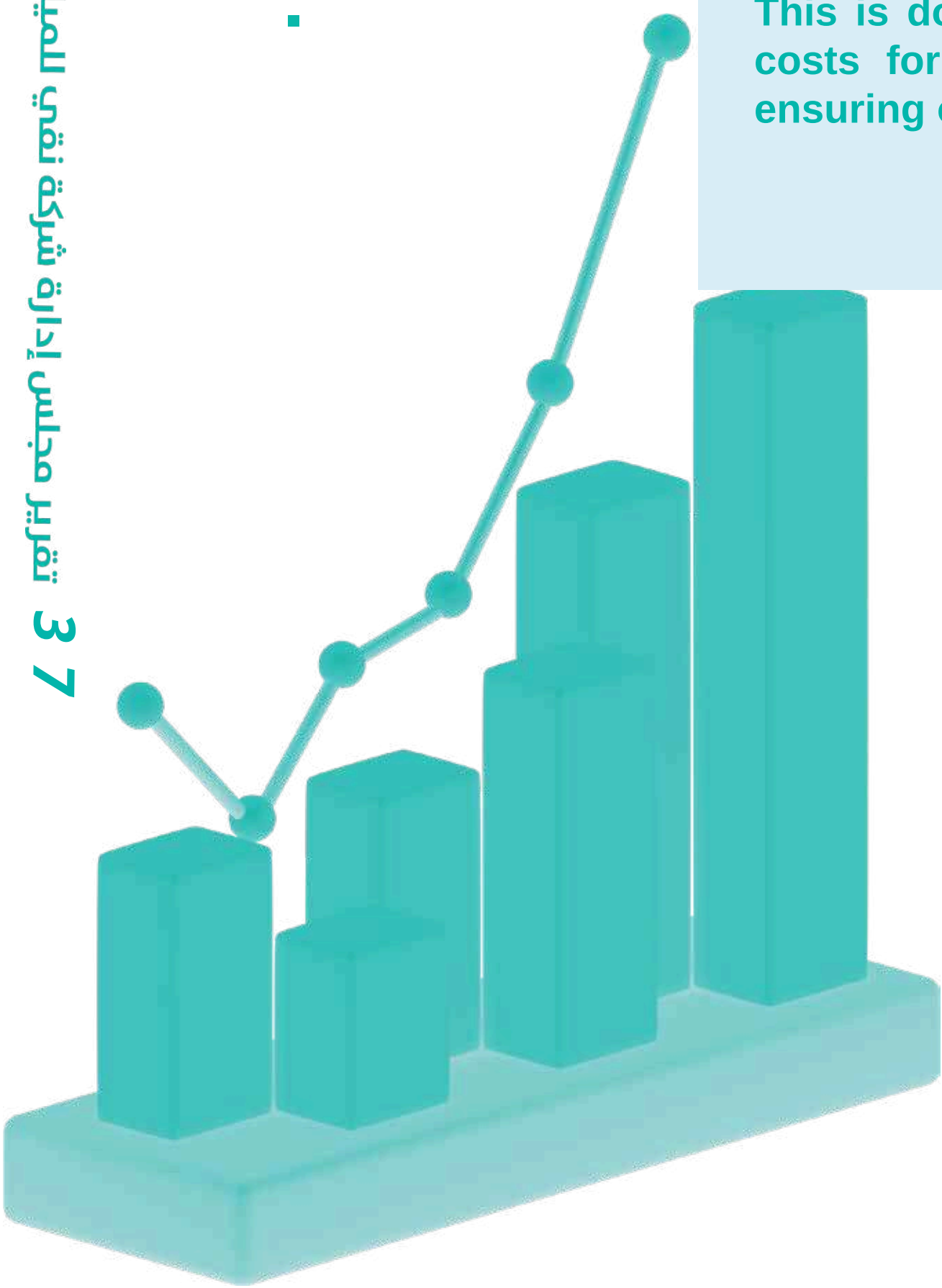
Distributors

Naqi's products are available through 32 distributors across the Kingdom. The company targets expansion with major retail distributors in areas with lower competition to enhance product visibility through local distributors who can respond to the varied needs of bottled water products in their regions. Naqi's strategy for dealing with distributors, who represent the wholesale sales sector, focuses on strengthening communication and enhancing their sales capabilities in their regions. This is done through a cost-effective structure that avoids additional costs for distributing and selling products in these regions while ensuring operational efficiency in its factories.

Sales Channels

Retail Sales

In 2024, Naqi worked to fulfill its strategic commitments by expanding retail sales in the highest population density areas across the Kingdom due to the higher profitability margins in retail compared to wholesale. The company supported this by opening new branches in the Eastern region and the Hail region, as well as in existing locations in Riyadh, Al-Qassim, and Makkah. These expansions aim to enhance retail sales and increase the company's share of total sales. The new branches help broaden the customer base across various regions by enhancing direct access to end consumers.



Export:

The company has opened up export operations to three neighboring countries: Kuwait, Oman, and Jordan, contributing to improving the competitiveness of local products and achieving competitive profit margins. Naqi is also aiming to expand its export market to the Gulf Cooperation Council (GCC) countries, neighboring states, and North Africa in line with its expansion strategy.



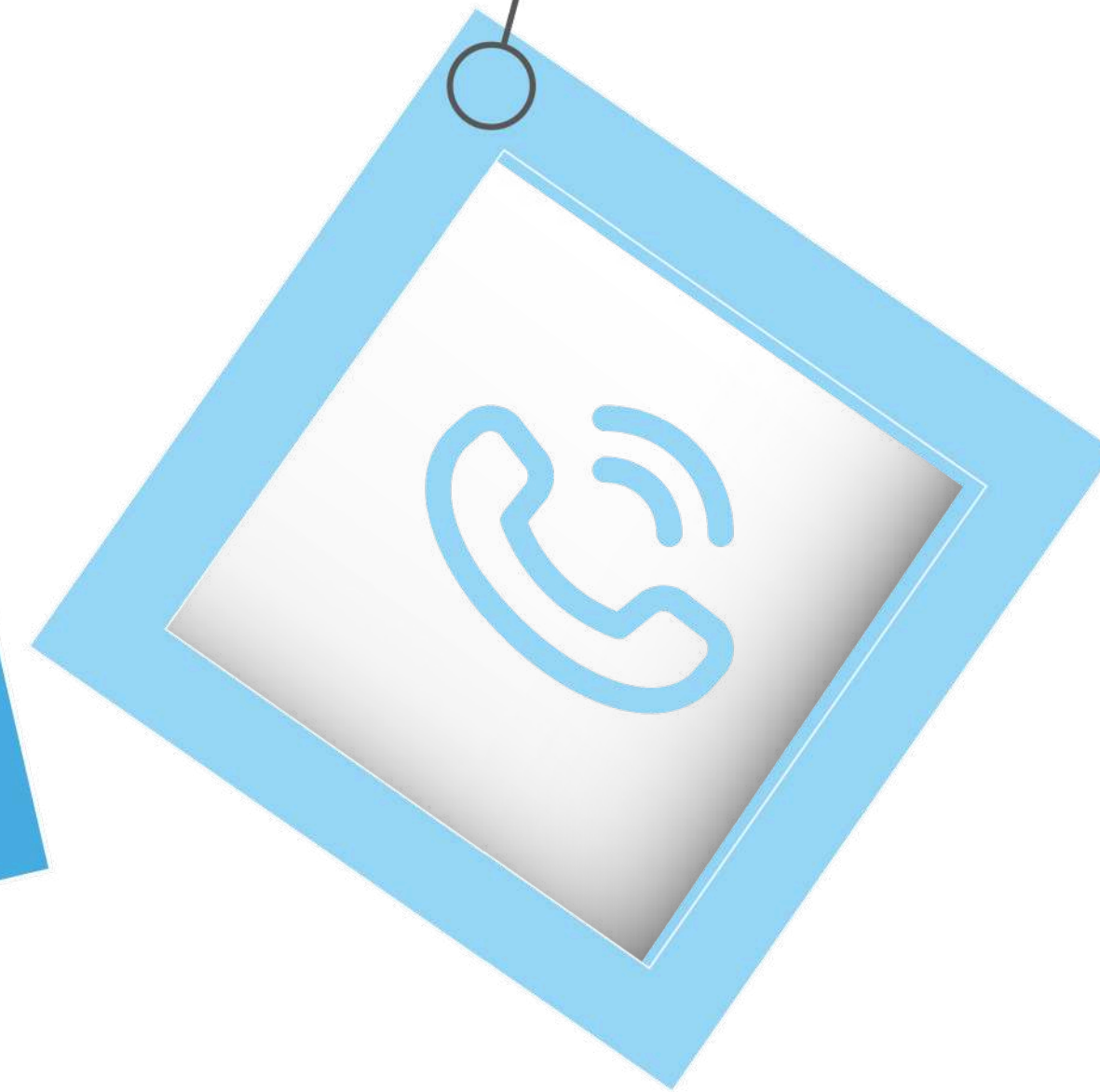
Naqi Application and Website:

Naqi enables its customers to directly access its products through its website and mobile app, with a maximum delivery period of 48 hours. In 2024, the company focused on expanding its e-commerce capabilities and improving the use of modern, sustainable technological solutions. Sales through the app and website directly contribute to the enhancement of both wholesale and retail sales in alignment with the company's strategic plan



Unified Number Service:

Naqi has established a dedicated and highly trained team to manage customer inquiries, complaints, and service requests. The team is committed to promptly executing requests and ensuring direct delivery to customers' locations.



Geographical Analysis of Total Revenues



The geographical distribution of the company's revenues highlights the concentration in the central region, where the company has strengthened its retail presence. It also indicates the reliance on wholesale operations, particularly in areas that are closer to the company's manufacturing plant in Unaizah, where logistics costs have a significant impact on revenue distribution.

Year	Geographical Distribution of Naqi's Revenue							
	Total Revenue	Central Region	Western Region	Norther Region	Eastern Region	Southern Region	Other Regions	Export
2024	219,340,133	151,052,836	24,440,364	13,404,217	17,220,674	4,295,397	5,739,456	3,187,189
2023	238,822,627	161,748,463	24,427,535	20,143,569	12,763,336	7,449,781	7,235,639	5,054,304



Systematic Payments Settled and Due:

The company has made all the necessary systematic payments due during the year 2024, except for the zakat payment for the year 2024, which will be paid within the stipulated legal timeframe. The table below details the systematic payments made during the year, along with those due for payment.

	2024م		Reasons
	paid	Due and not yet paid	
Zakat	3,148,110	2,955,969	Paid as per regulations
VAT	16,860,215		
Social Security	2,151,719		
Visas	13,044		
Labor Fees	117,975		

Company Loans:

In 2020, Naqi obtained a long-term loan from Riyadh Bank to finance the purchase of trucks and enhance its local transport fleet for distributing its products across the Kingdom. The loan was structured as an Islamic Murabaha financing arrangement, allowing the company to avoid additional interest expenses despite rising interest rates. The loan balance at the beginning of 2024 was SAR 8,913,639, with the final installment due on October 7, 2025. The company adhered to its repayment schedule, and no additional interest beyond the agreed-upon terms was incurred. The loan details for 2024 were as follows:

Creditor	Loan Amount	Duration	Paid During 2024	Remaining portion of the loan	Total Loans
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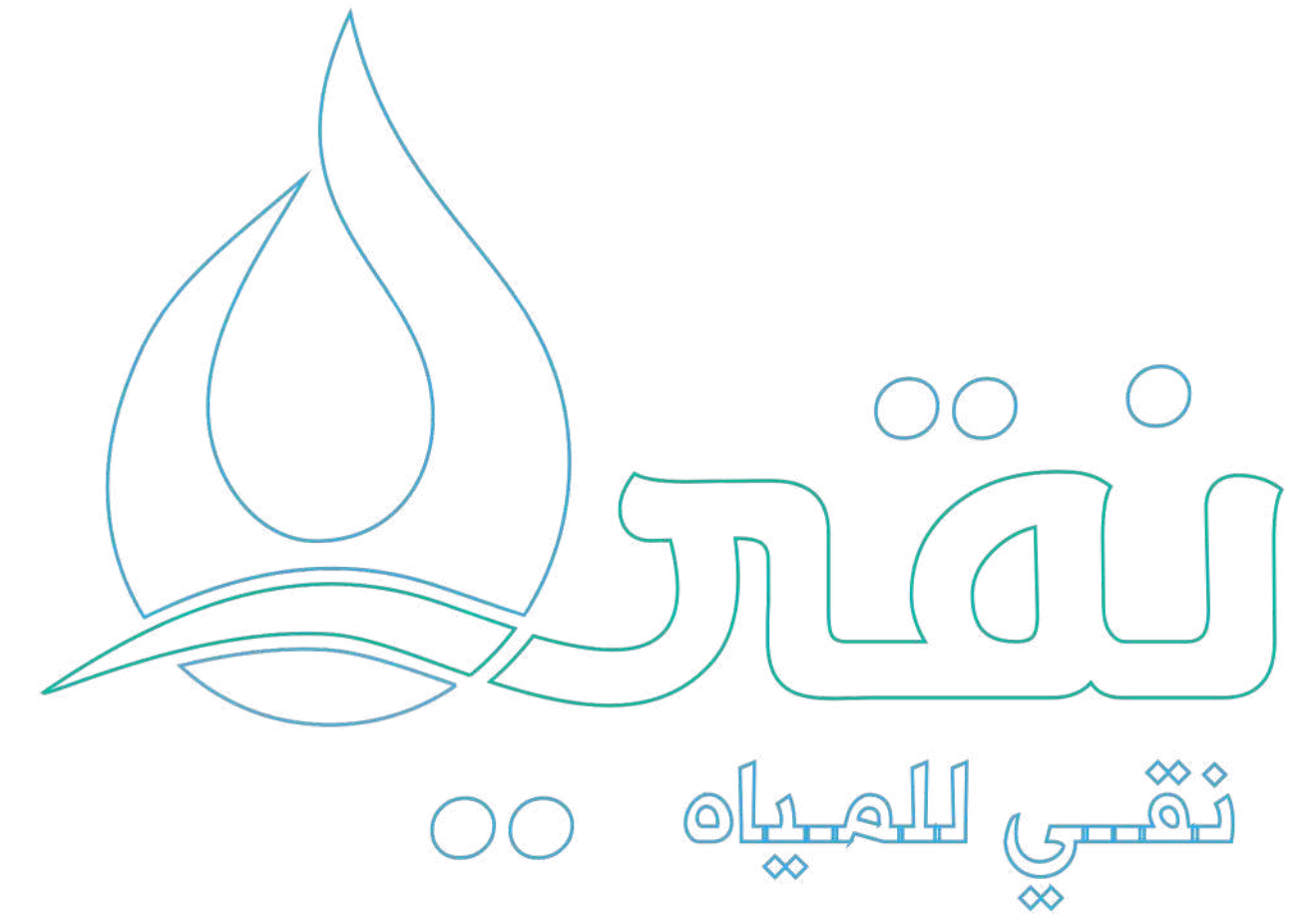
Penalties, Sanctions, Precautionary Measures, or Provisional Restrictions Imposed on the Company:

Naqi Water Company has not been subject to any penalties or sanctions by any supervisory, regulatory, or judicial authority during the year 2024. The company has adhered to the applicable laws and regulations, and no precautionary measures or provisional restrictions were imposed by the concerned authorities.



Auditor's Report

The external auditor issued an unqualified report stating that the attached financial statements fairly present, in all material respects, the financial position of Naqi Water Company as of December 31, 2024, and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other applicable standards and guidelines issued by the Saudi Organization for Certified Public Accountants (SOCPA).





Governance & Transparency and Disclosure

Compliance with the Corporate Governance Regulations

Article/Clause Number	Article/Clause Text	Reason for Non-Application
36	Secretary's Requirements	Guiding Provision
39	Evaluation	Guiding Provision
37	Training	Guiding Provision
67	Formation of the Risk Management Committee	Guiding Provision
68	Responsibilities of the Risk Management Committee	Guiding Provision
69	Meetings of the Risk Management Committee	Guiding Provision
82	Employee Incentives	Guiding Provision
85	Social Work Initiatives	Guiding Provision
92	Formation of the Corporate Governance Committee	Guiding Provision



Board of Directors

*Appointed as a Board Member on December 4, 2024.

**Resigned from the Board on December 4, 2024.

***Resigned from the Board on December 4, 2024.

Name	Current Positions	Previous Positions	Qualifications and Experience
Amin Abdullah Al-Mallah Chairman of the Board	<ul style="list-style-type: none"> Chairman of the Company's Board of Directors since 2021. Chairman of Al-Arabi Club's Board of Directors since 2019. 	<ul style="list-style-type: none"> Chairman of Naqi Leasing Company from 2010 to 2018. Architectural Draftsman at the Ministry of Municipal, Rural Affairs, and Housing from 1998 to 2010. Vice-Chairman of the Unaizah Chamber of Commerce and Industry from 2019 to 2023. 	<ul style="list-style-type: none"> High School Diploma in 1997.
Yousef Mohammed Al-Qafari Vice-Chairman of the Board	<ul style="list-style-type: none"> Board Member of the Company since 2021. Chairman of the Nomination and Remuneration Committee since 2021. Board Member of Abdullah Saad Abu Moati for Bookstores Company since 2013. Chairman of InnoVest Real Estate Development Company since 2020. Chairman of Miqdar Investment Company since 2020. Chairman of Blue Sky Aviation Training Company since 2022. Founder and Chairman of Sammam Holding for Safety since November 2022. Chairman of Atlas Elevators General Trading and Contracting Company since 2020. Chairman of the Board of Directors of Wusool Al-Oula for Technology and Information Systems (Closed Joint Stock Company) since Dec 2023. Member of the Board of Directors of Madfooh (Closed Joint Stock Company) since Jan 2024. 	<ul style="list-style-type: none"> Board Member at Maharah Human Resources Company from 2018 to 2020. CEO at Maharah Human Resources Company from 2018 to 2020. Managing Director at Abu Moati Bookstores from 2017 to 2018. Board Member at Al-Wasata Food Industries Company from 2015 to 2017. Board Member at Riyadh Food Industries Company from 2013 to 2017. Advisor to the Chairman of Al-Othaim Holding Company (Closed Joint Stock Company) from 2021 to 2022. Board Member at Al-Othaim Investment Company from 2006 to 2016. CEO at Al-Othaim Markets Company from 2006 to 2017. Deputy CEO at Lazurde Jewelry Company from 2005 to 2006. Deputy Assistant Secretary-General at the Saudi Commission for Tourism (Secondment from Samba) from 2000 to 2004. HR Manager at Al-Rajhi Bank from 1991 to 1994. Chairman of Maeen Human Resources Company from 2015 to 2017. Chairman of Saudi Advanced Industries Company from 2022 to February 2023. Board Member at Al-Othaim Markets Company from 2006 to 2017. 	<ul style="list-style-type: none"> General Secondary Education from Al-Asimah Model Institute in 2002.
Abdulaziz Alsayegh Managing Director	<ul style="list-style-type: none"> Managing Director since March 12, 2023. CEO since 2020. Board Member at Al-Arabi Club in Unaizah since 2022. 	<ul style="list-style-type: none"> Saudi Ceramic Company. Marketing and Public Relations Manager at Suleiman Al-Rajhi University from 2016 to 2017. General Manager of Sales and Marketing at Naqi Water Company from 2017 to 2020. 	<ul style="list-style-type: none"> Executive Master's in Business Administration (EMBA) from Suleiman Al-Rajhi University. Bachelor's degree in Business Administration from Qassim University.
Mustafa Hasaballah Al-Hofi Board Member	<ul style="list-style-type: none"> Board Member since 2021. Member of the Audit Committee from 2021 until April 2024. Chairman of the Audit Committee since April 2024. Chairman of the Audit Committee at Al-Itihadat Al-Dawliah Trading Company – a public listed company on Nomu Market since May 2024. 	<ul style="list-style-type: none"> Chief Financial Officer at Suqia United Holding Group from December 2022 to May 2024. Chief Financial Officer and Investment Officer at Madar Investment Company, a closed joint-stock company specializing in investment and real estate development, from August 2021 to November 2022. Deputy CEO for Financial Affairs at Suqia Holding Group from 2019 to 2021. Deputy CEO for Financial Affairs at Packaging Products Company from 2018 to 2019. Deputy CEO for Financial and Administrative Affairs at Saudi Plastic Factory from 2016 to 2018. Deputy CEO for Financial Affairs and Head of Support Services from 2014 to 2016. Financial Manager at Niyara Company from 2007 to 2013. Financial Manager at Zahran Holding Company from 2005 to 2006. Internal Audit Manager at Saleh Al-Mudayfer Holding Group from 2002 to 2004. Financial Manager at Al-Batrji Holding Company, a closed joint-stock company, from 1999 to 2002. Accountant at Al-Batrji Holding Company from 1992 to 1998. Accountant at Arab Contractors Company from 1990 to 1991. 	<ul style="list-style-type: none"> Certified Public Accountant (CPA), USA – 2009. Certified Internal Auditor (CIA), USA – 2007. Certified Management Accountant (CMA), USA – 2005. Certified Financial Manager (CFM), USA – 2005. Bachelor's Degree in Commerce from Alexandria University – 1990.
*Obaid Saad Al-Mutairi Board Member	<ul style="list-style-type: none"> Vice President of Al Yamamah University for Graduate Studies, Research, and Scientific Affairs since November 2024. Audit Committee Member at Emkan Finance Company since 2018. Audit Committee Member at NewLeap (FinTech) since 2018. Audit Committee Member at Naqi Water Company since April 2023. Nomination and Remuneration Committee Member at Naqi Water Company since April 2023. 	<ul style="list-style-type: none"> Teaching Assistant at King Saud University and a scholarship recipient for graduate studies, 1990 – 2000. Faculty Member at King Saud University, 2000 – 2004. Advisor at the Saudi Commission for Tourism and Antiquities, 2005 – 2010. Faculty Member at Qassim University, 2010 – 2016. Dean of the Economics and Management College at Qassim University, 2012 – 2016. Dean of the Business Administration College at Suleiman Al-Rajhi University, 2016 – 2024. Board Member at Al-Watania Poultry Company, 2018 – 2021. Chairman of the Audit Committee at Al-Watania Poultry Company, 2018 – 2021. 	<ul style="list-style-type: none"> PhD in Accounting and Auditing from the University of Essex, UK. Master Degree of Accounting from Colorado State University, USA. Bachelor Degree of Accounting from King Saud University.
**Zaid Nahad Al-Nazir Board Member	<ul style="list-style-type: none"> Board Member of the company since 2021. Member of the Remuneration and Nominations Committee since 2021. Deputy CEO at Middle East factory for Machines Co. Ltd. since 2016. 	<ul style="list-style-type: none"> General Manager at Al Sharq Machines Co. Ltd. from 2015 to 2016. General Manager at Takween Advanced Industries (Takween) from 2007 to 2013. General Manager at Arab Paper Products Company from 1998 to 2007. Board Member of the company from 2021 to 2024. Member of the Remuneration and Nominations Committee of the company from 2021 to 2024. Deputy CEO at Middle East factory for Machines Co. Ltd. from 2016 to 2024. 	<ul style="list-style-type: none"> Bachelor Degree in Business Administration from Jackson State University, Mississippi, in 1998.
***Abdullah Abdulrahman Al-Rabdi Board Member	<ul style="list-style-type: none"> Board Member at Suleiman Bin Saleh Al-Muheelib & Sons Holding Company since 2021. Managing Director and CEO of Rasana Financial Company since 2022. 	<ul style="list-style-type: none"> CEO of Al-Othaim Holding Company, a publicly traded investment company, 2018 – 2019. General Manager of Saudi Paper Manufacturing Company, a publicly traded company in the industrial and basic materials sector, 2013 – 2015. Board Member of the company, 2021 – 2024. Head of administration Funds at Middle East Financial Investment Company (MEFIC Capital), a closed joint-stock company in financial services and investment, 2010 – 2012. Research Analyst and Equity Fund Manager at NBK Capital from 2006 to 2010. Supervisor and Trader in the Corporate and Currency Departments at Arab National Bank from 1999 to 2005. CEO of Care International from 2017 to 2018. 	<ul style="list-style-type: none"> Master Degree of International Management from the University of Salford, 2022. Diploma of Business Administration from the University of Cumbria, Carlisle, UK, 2017. CME-1 Certification of Securities Trading from the Capital Market Authority, 2009. Diploma of Electronics Engineering from the Technical College, 1996.

Board Committees

Audit Committee Members

- 1- **Mustafa Hasballah Al-Houfi**
Chairman of the Audit Committee. For further details regarding his memberships, experience, qualifications, and current and past positions, please refer to the Board Membership section.
- 2- **Obaid Saad Al-Mutairi**
Audit Committee Member. For more details about his memberships, experience, qualifications, and current and past positions, please refer to the Board Membership section.
- 3- **Abdullah Abdulrahman Al-Rubdi**
Audit Committee Member, resigned on December 4, 2024. For additional information regarding his memberships, experience, qualifications, and current and past positions, please refer to the Board Membership section.

Name	Current Positions	Previous Positions	Qualifications and Experience
* Nawaf Yusuf Al-Qafari	Accounts Manager at Zenshen Company	Assistant Procurement Manager at Amazon	<ul style="list-style-type: none"> • Bachelor Degree in Finance and Investment with Honors CME-1 Certification • Forecasting for Retail Certification • MENA Retail Selection Certification

*Appointed as an Audit Committee Member on May 19, 2024.

Nomination and Remuneration Committee Members

- 1- **Yousef Mohammed Al-Qafari**, Chairman of the Nomination and Remuneration Committee. Please refer to the Board Memberships section for more details on his experience, qualifications, and current and previous positions.
- 2- **Obaid Saad Al-Mutairi**, Member of the Nomination and Remuneration Committee. Please refer to the Board Memberships section for more details on his experience, qualifications, and current and previous positions.
- 3- **Zaid Nihad Al-Nazir**, Former Member of the Nomination and Remuneration Committee (resigned on December 4, 2024). Please refer to the Board Memberships section for more details on his experience, qualifications, and current and previous positions.

Name	Current Positions	Previous Positions	Qualifications and Experience
*Abdullah Omar Al-Hussaini	<ul style="list-style-type: none"> • Director of the Family Business Center, MBA Program Director, and Assistant Professor at Al Yamamah University. • Part-time Consultant at the Institute of Research and Studies, Saudi Electronic University. 	<ul style="list-style-type: none"> • Assistant Professor and Master of Finance Program Director at Qassim University. • Associate Fellow at the Banking and Economy Research Association, University of Oxford. • Banking Inspector at the Central Bank. 	<ul style="list-style-type: none"> • PhD, University of Southampton. • Master's in Finance, University of North Texas. • Bachelor's in Finance, Qassim University.

*Appointed as a Nomination and Remuneration Committee Member on December 4, 2024.



Executive Management

Name	Current Positions	Previous Positions	Qualifications and Experience
<p>Abdulaziz Alsayegh CEO & Managing Director</p>	<ul style="list-style-type: none"> Managing Director since March 12, 2023. CEO since 2020. Board Member at Al-Arabi Club in Unaizah since 2022. 	<ul style="list-style-type: none"> Saudi Ceramic Company. Marketing and Public Relations Manager at Suleiman Al-Rajhi University from 2016 to 2017. General Manager of Sales and Marketing at Naqi Water Company from 2017 to 2020. 	<ul style="list-style-type: none"> Executive Master's in Business Administration (EMBA) from Suleiman Al-Rajhi University. Bachelor's degree in Business Administration from Qassim University.
<p>Qasim Zureigat</p>	<ul style="list-style-type: none"> Chief Financial Officer (CFO) 	<ul style="list-style-type: none"> Chief Financial Officer at Sawa Financial Investments, 2007 – 2008. Assistant Dean and University Professor, 2003 – 2022. Founder of Al-Ikhwa Trading Company for Food Products, Jordan, 2009. Head of Budgeting and Financial Planning at Jerash Private University, 2003 – 2006. Member and Team Leader, Investment Committee of Suleiman Bin Abdulaziz Al-Rajhi Education and Development, 2020 – 2022. Governance, Restructuring, and Strategy Development Consultant for various companies. Financial and Accounting Planning Consultant for multiple companies. Founding Member of Business School Establishment Teams in Saudi Arabia. Qualification Member in UNESCO Creative Cities Network Teams. 	<ul style="list-style-type: none"> Holds a Bachelor's and Master's degree in Accounting. Holds a Ph.D. in Accounting and Auditing. Holds a Ph.D. in Responsible Leadership. Member of the American Accounting Association (AAA). Member of the Information Systems Audit and Control Association (ISACA). Certified Local Expert for the Association to Advance Collegiate Schools of Business (AACSB). Holds a Professorship in Accounting and Auditing.
<p>Asem Alhatlany</p>	<ul style="list-style-type: none"> General Manager of Sales and Marketing from December 2023. General Manager of Support Services at the company since 2020. 	<ul style="list-style-type: none"> Executive Director at the company from December 2016 to 2020. Executive Director at Naqi Installments Establishment from 2013 to 2016. Administrator at Adel Al-Hatlani Establishment from 2006 to 2013. Customer Service Representative at Saudi Telecom Company (STC) from 2001 to 2002 	<ul style="list-style-type: none"> Diploma in Computer Science in 2001.



Names of companies inside or outside the Kingdom where the company board member is currently or has previously been a member of their boards of directors or managers

*Resigned from the Board of Directors on December 4, 2024.
 **Resigned from the Board of Directors on December 4, 2024.
 ***Appointed as a Board Member on December 4, 2024.

Member Name	Current Companies	Inside the Kingdom / Outside the Kingdom	Legal Entity	Previous Companies' Names	Inside/O outside the Kingdom	Legal Entity
Amin Abdullah Al-Mallah	<ul style="list-style-type: none"> Naqi Water Company 	Inside	<ul style="list-style-type: none"> Listed 	<ul style="list-style-type: none"> Naqi Installment Company 	Inside	LLC
Yousef Mohammed Al-Qafari	<ul style="list-style-type: none"> Naqi Water Company Saad Abu Moati Libraries International Human Resources Company Miqdar Investment Company Blue Sky Aviation Training Company Safety Valve Holding Company 	Inside	<ul style="list-style-type: none"> Listed Listed Listed Closed Joint-Stock Company Limited Liability Company Closed Joint-Stock Company 	<ul style="list-style-type: none"> Maharah Human Resources Company Al-Wosta Food Industries Company Riyadh Food Industries Company Al Othaim Holding Company Al Othaim Investment Company Al Othaim Markets Company 	Inside	Listed Company Listed Company Listed Company Closed Joint Stock Company Listed Company Closed Joint Stock Company
Abdulaziz Alsayegh	<ul style="list-style-type: none"> Naqi Water Company 	Inside	<ul style="list-style-type: none"> Listed 	<ul style="list-style-type: none"> Suleiman Al-Rajhi University 	Inside	Limited Liability Company
Mustafa Hasballah Al-Houfi	<ul style="list-style-type: none"> Naqi Water Company International Federation Trading Company 	Inside	<ul style="list-style-type: none"> Listed Listed 	<ul style="list-style-type: none"> Madr Investment Company Packaging Products Company Neyara Company Zahrn Holding Company Salah Al-Mudayfer Holding Group Al-Burtaji Holding Company Saqqa United Company Lamal Holding Group Najmat Al-Madaen Group Saudi Plastic Factory 	Inside	Closed Joint-Stock Company Limited Liability Company
*Abdullah Abdulrahman Al-Rubdi	<ul style="list-style-type: none"> Rasana Financial Company 	Inside	<ul style="list-style-type: none"> Closed Joint Stock Company 	<ul style="list-style-type: none"> Al-Othaim Holding Company Care International Saudi Paper Manufacturing Company Middle East Financial Investment Company (Mefk Capital) Al-Arabi Investment Company Arab National Investment Bank Naqi Water Company . 	Inside	Closed Inside Inside Inside Inside Inside Inside
**Zaid Nihad Al-Nazir	-	-	-	<ul style="list-style-type: none"> akween Advanced Industries Company Arab Paper Products Company Naqi Water Company Middle East Machinery Factory Limited . 	Inside	Inside Limited Liability Inside Limited Liability
***Obaid Saad Al-Mutairi	<ul style="list-style-type: none"> Emkan Finance Company NewLeap (FinTech) 	Inside	<ul style="list-style-type: none"> Closed Joint Stock Company Closed Joint Stock Company 	<ul style="list-style-type: none"> Al-Watania Poultry Company 	Inside	Closed Joint Stock Company



Meetings

A) General Assembly Meetings of Shareholders and the Attendance Record of Members at the Meetings.

Name	First General Assembly Meeting May 16, 2024.
Amin Abdullah Al-Mallah	✓
Yousef Mohammed Al-Qafari	✓
Abdulaziz Alsayegh	✓
Mustafa Hasballah Al-Houfi	✓
Abdullah Abdulrahman Al-Rubdi	X
Zaid Nihad Al-Nazir	X
Obaid Saad Al-Mutairi	X

The Board of Directors is always keen on having the majority of its members, especially the non-executive members, attend the general assembly meetings. The Corporate Governance Regulations also include procedures for the Board of Directors' work, which place special emphasis on listening to shareholders' questions and suggestions regarding the company and its performance responding to them, and documenting them in the minutes of the general assemblies. Additionally, the company provides the members with the minutes of the assembly meetings, which include any inquiries from shareholders, if any, and notifies the members of any queries or questions received by the company through various communication channels.

B) Board of Directors.

Name	Membership	First Meeting: 29/02/2024	Second Meeting: 27/06/2024	Third Meeting: 30/09/2024	Fourth Meeting: 31/12/2024 4o mini	Total
Amin Al-Mallah	Non-Executive	✓	✓	✓	✓	4
Yousef Al-Qafari	Independent	✓	✓	✓	✓	4
Abdulaziz Alsayegh	Executive	✓	✓	✓	✓	4
Mustafa Al-Houfi	Non-Executive	✓	✓	✓	✓	4
***Abdullah Al-Rubdi	Independent	X	-	-	-	0
**Zaid Al-Nazir	Non-Executive	✓	✓	✓	-	3
*Obaid Al-Mutairi	Independent	-	-	-	✓	1

*Appointed as a Board Member on December 4.
 **Resigned from the Board on December 4, 2024
 ***Resigned from the Board on May 19, 2024.

D) Audit Committee

The Audit Committee consists of three members. To enhance its role in assisting the Board of Directors in performing its duties effectively and based on the committee's work regulations, the committee held seven meetings in 2024. The duties and responsibilities of the Audit Committee include, but are not limited to, overseeing the internal audit management of the company, studying the internal control system and internal audit reports, recommending the appointment of external auditors, determining their fees, monitoring their work, reviewing the audit plan and the auditor's observations, reviewing the interim and annual financial statements before presenting them to the Board of Directors, studying the accounting policies followed to ensure compliance with applicable accounting standards and recommending them to the Board of Directors, reviewing the external auditor's plan and their work, assessing the results of reports from regulatory authorities and ensuring that the company has taken the necessary actions in response, and verifying the company's compliance with relevant laws, regulations, policies, and instructions and providing feedback on them to the Board of Directors.

C) The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members. To enhance its role in assisting the Board of Directors in performing its duties effectively and based on the committee's work regulations, the committee held one meeting in 2024. The duties and responsibilities of the Nomination and Remuneration Committee include, but are not limited to, recommending candidates for Board membership to the Board of Directors, proposing clear policies and criteria for membership in the Board and the executive management, reviewing the structure of the Board of Directors and the executive management, and making recommendations regarding potential changes, identifying strengths and weaknesses within the Board and suggesting solutions to address them for the benefit of the company, ensuring the annual independence of independent members, preparing and updating the necessary policies for the remuneration of Board members, subcommittees, and executive management, conducting periodic reviews of these policies, and evaluating their effectiveness in achieving the objectives, as well as clarifying the relationship between the granted remuneration and the applicable remuneration policy.

Name	Membership	First General Assembly Meeting May 13, 2024.
Yousef Al-Qafari	Committee Chairman	✓
Obaid Al-Mutairi	Member	✓
**Zaid Al-Nazir	Member	✓
**Abdullah Omar Al-Hussaini	Member	-

*Appointed on December 4, 2024
 **Resigned on December 4, 2024



D) Audit Committee Meeting

Name	Membership	Jan 21, 2024	Feb 27, 2024	Apr 4, 2024	May 16, 2024	Jun 4, 2024	Aug 1, 2024	Nov 7, 2024	Attendances	Attendance Percentage
*Abdullah Al-Rubdi	Previous Committee Chair	✓	✓	✓	✓	X	X	X	4	57%
**Mustafa Al-Houfi	Chairman	✓	✓	✓	✓	✓	✓	✓	7	100%
Obaid Al-Mutairi	Member	✓	✓	✓	✓	✓	✓	✓	7	100%
*** Nawaf Al-Qafari	Member	X	X	X	X	✓	✓	✓	3	43%

On 12th of Dhu al-Qi'dah 1445 AH, corresponding to 20th May 2024, the Board of Directors approved (by circulation) the following decisions:

*Acceptance of the resignation of Board Member and Chairman of the Audit Committee, Mr. Abdullah bin Abdul Rahman Al-Rubdi (Independent Member), due to personal circumstances.

**Appointment of Board Member and current Audit Committee Member, Mr. Mustafa Hasballah Al-Hofi, as Chairman of the Audit Committee, replacing the resigned Chairman.

***Appointment of Mr. Nawaf bin Yusuf Al-Qafari (Independent Member) as a member of the Audit Committee.

4o mini



Evaluation

As part of its continuous efforts to enhance its performance in line with evolving corporate regulations and governance frameworks, Naqi Water Company is committed to implementing appropriate measures to assess the performance of its Board of Directors and committees. This assessment falls under the responsibilities of the Nomination and Remuneration Committee and is conducted based on recognized performance indicators and established standards.

Always Full Satisfaction	Above Average	Sometimes Average	Occasionally Below Average	Rarely Poor	Standards
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Member Skills: The board member possesses the appropriate skills and expertise for their role.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Understanding the Company and Its Business: The board member makes the necessary effort to understand the company and its operations.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sufficient Time for Responsibilities: The board member dedicates adequate time to fulfilling their duties.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Flexibility: The board member anticipates and embraces change while promoting its positive aspects to others.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Personal Influence: The board member communicates effectively, seeks to understand others' perspectives, and engages in negotiation or persuasion as appropriate.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Demonstrating Business Acumen: The board member makes sound decisions and exercises good judgment when discussing the board's agenda.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Professional Development: The board member takes responsibility for continuously developing their professional skills.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Fostering Relationships with Management: The board member maintains open communication with company management and other stakeholders as needed.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Building Relationships with External Parties: The board member engages with major shareholders and other stakeholders as appropriate to their role.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Coordination with the Company Secretary: The board member makes appropriate use of the company secretary's support.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Coordination with the Senior Independent Director: The board member consults and communicates with the senior independent director as necessary or as the situation requires.

Always Full Satisfaction	Above Average	Sometimes Average	Occasionally Below Average	Rarely Poor	Standards
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strategic Planning: The board member clearly understands the company's core business and participates in setting its strategic objectives.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Performance Success: The board member ensures the availability of the necessary human resources to achieve the company's goals.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Defining and Implementing Support: The board member upholds the company's standards and values, enabling performance control at the highest organizational level.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Demonstrating Courage and Integrity: The board member is willing to stand by their position, oppose constructively, and serve as a role model in ethical conduct.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Board Meeting Attendance: The board member attends meetings regularly.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meeting Preparation: The board member prepares thoroughly before meetings.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Active Participation: The board member actively engages in challenging and insightful discussions between board meetings.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Personal Accountability: The board member demonstrates accountability in driving the company's success.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Risk and Control Frameworks: The board member adopts an open and inquisitive approach to evaluating company risks.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Response to Negative News: The board member responds positively and constructively to negative news, encouraging transparency and openness in information sharing.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Understanding Individual Contributions: The Chairman and CEO work well together, with their differing skills and expertise complementing each other.



Remuneration of Board Members, Their Sub-Committees, and Executive Management

A) Board of Directors' Compensation

* Organizing the remuneration of the executive management

The Remuneration and Nomination Committee continuously reviews and approves the salary scale for all employees, including senior executives, and the incentive program and plans, based on a recommendation from the executive management.

1. A basic salary to be paid at the end of each Gregorian month on a monthly basis in accordance with an employment contract and in accordance with the applicable labor law.
2. Allowances including, but not limited to, housing allowance, transportation allowance, education allowance for children, and telephone allowance.
3. Medical insurance benefits for him and his family in accordance with the company's human resources policy.
4. Life insurance policy (including work injuries, partial and total disability and death at work) according to the human resources policy.
5. An annual remuneration linked to performance indicators according to the annual evaluation carried out in this regard, provided that it is approved by the Remuneration and Nomination Committee on an annual basis.
6. Executive management remuneration may include short-term incentive plans associated with exceptional performance, and long-term incentive plans such as stock options programs.
7. Other benefits include, but are not limited to, annual leave, annual travel tickets, and end of service gratuity as per the work system and human resources policy approved by the company.
8. General plans, programs and guidelines for senior executive remuneration are approved by the Remuneration and Nomination Committee.
9. The CEO shall implement the remuneration policy for employees and senior executives in light of the plans, programs and general guidelines approved by the Remuneration and Nomination Committee.

B) Executive Compensation

In accordance with the remuneration policy of the Board of Directors, its committees and the executive management approved by the General Assembly on June 22, 2023

* Details of the remuneration of the members of the Board of Directors /

1. The Chairman of the Board of Directors shall be entitled to a remuneration for chairing the Board of 200,000 Saudi Riyals.
2. An independent member of the Board of Directors of Naqi Company shall be entitled to a lump sum fixed remuneration for his work on the Board of SAR 30,000.
3. The Vice Chairman shall be entitled to a fixed lump sum remuneration for his position as Vice Chairman in the amount of SAR 70,000 in addition to the lump sum remuneration for his membership.
4. Non-independent members of the Board of Directors, with the exception of the Chairman of the Board, shall not be entitled to any fixed lump sum remuneration for their membership in the Board.
5. The members of the Board are entitled to a remuneration in the form of attendance allowance per session (in attendance) of SAR 5,000.
6. The members of the Board are entitled to a reward in the form of attendance allowance per session (remotely) of SAR 2,000.
7. The members of the Board shall be entitled to a remuneration in the form of attendance allowance per session (decisions by circulation) of 1,000 Saudi riyals.

B) Committee Members' Compensation

In accordance with the remuneration policy of the Board of Directors, its committees and the executive management approved by the General Assembly on June 22, 2023

* Details of the remuneration of the members of the committees emanating from the Board of Directors/

1. Members of the committees emanating from the Board of Directors shall be entitled to a remuneration for attending sessions of SAR 5,000 per session (in person).
2. The members of the committees emanating from the Board shall not be entitled to any lump sum remuneration for their membership in the committees.
3. A member of the Committee shall be entitled to a travel and transportation allowance to attend the sessions held (in person) at the company's headquarters in the city of Unaizah in Qassim, amounting to 3,000 Saudi riyals per session.
4. Members of the committees are entitled to an attendance allowance of SAR 2,000 per session (remotely).
5. Members of the committees are entitled to an attendance allowance per session (decisions by passing) of 1,000 Saudi riyals.

Rewards



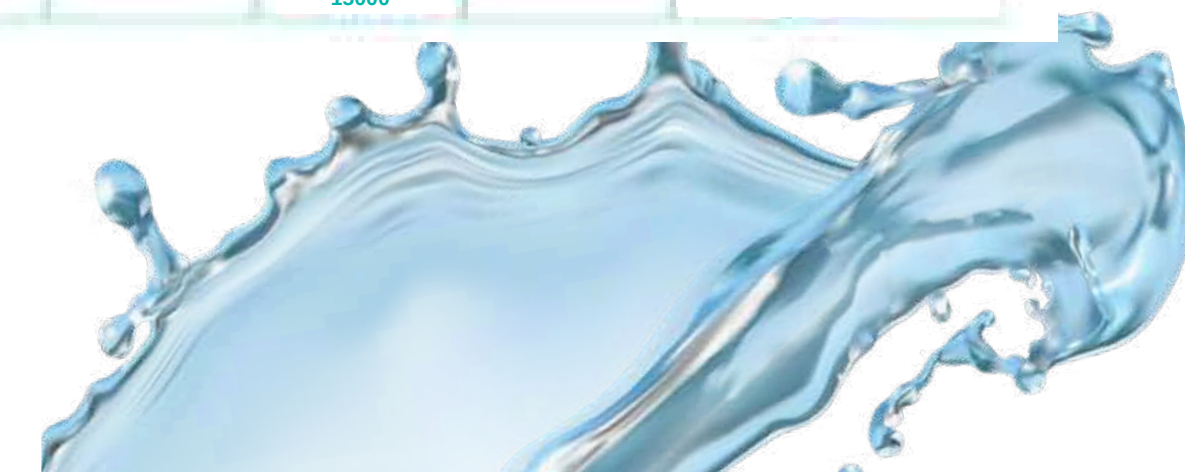
Board of Directors', Committee Membership



Expense allowance	Gross Total	End of Service Gratuity	Senior Executives' rewards					Senior Executives' rewards				A certain amount	
			Shares Granted (Value Entered)	Long-term incentive plans	Short-term incentive plans	Periodic bonuses	Percentage of profits	Total	In-kind advantages	Total attendance allowance for committees	Allowance for attending Council meetings		
1. Independent Members													
	117000							117000		2000	15000	100000	1- Yousef Mohammed Al-Qafari
	26500							26500		16000	3000	7500	2- Obaid Saad Al-Mutairi **
	25000							25000		8000	2000	15000	3- Abdullah Abdulrahman Al-Rabdi ***
	168500							168500		26000	20000	122500	Total
2. Non-Executive Members													
	156000							156000			6000	150000	* 1- Amin Abdullah Al-Mallah
	29000							29000		14000	15000		2- Mustafa Hassab Allah Al-Hofi
	13000							13000		2000	11000		3- Zaid Nihad Al-Nazer *
	198000							198000		16000	32000	150000	Total
3. Executive Members													
	15000							15000			15000		Abdulaziz Yousef Alsayegh
	15000							15000			15000		Total

*. Resignation from the Board of Directors on 4 December 2024 ** Appointed as a Board Member on 4 December 2024 *** Resignation from the Board of Directors on 19 May 2024

- The Chairman of the Board has waived part of his fixed remuneration for the fourth quarter in the amount of SAR 50,000.
- The Chairman of the Board has waived part of his attendance allowance in the amount of SAR 9,000.



Committee members

Total	Allowance for attending sessions	Fixed Bonuses	Audit Committee Members
8000	8000	-	1- Abdullah Abdulrahman Al-Rabdi *
14000	14000	-	2. Mustafa Hassaballah Al-Hofi (Chairman of the Committee)
14000	14000	-	3. Obaid Saad Al-Mutairi
6000	6000	-	4- Nawaf Yousef Al-Qafari **
42000	42000	-	Total
			Members of the Nomination and Remuneration Committee
2000	2000	-	1- Yousef Mohammed Al-Qafari (Chairman of the Committee)
2000	2000	-	2- Zaid Nihad Al-Nazer ***
2000	2000	-	3- Obaid Saad Al-Mutairi
0	0	-	4- Abdullah Omar Al-Hussaini ****
6000	6000	-	Total

. *Resignation from the Audit Committee on May 19, 2024 ** Appointed as a member of the Audit Committee on May 19, 2024 ***Resignation from the Nomination and Remuneration Committee on December 4, 2024 ****Appointed Member of the Nomination and Remuneration Committee on December 4, 2024

Senior Executives' rewards

Senior Executives' Remuneration (Including the CEO and CFO)											
Audit Committee Members				Variable Remuneration						End-of-Service Award	Grand Total
Salaries	Allowances	In-Kind Benefits	Total	Periodic Bonuses	Profits	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares – (Value to be entered)	Total		
1,520,408	630,847	-	2,151,255	-	-	-	-	-	-	126,901.50	2,278,156.50



Audit Committee's Opinion:

The management of the company is responsible for creating a comprehensive and effective control system that fits the level of risks the company might encounter, at a reasonable cost, providing reasonable assurance to avoid material errors and losses that may arise from these risks. The adequacy and effectiveness of internal control systems may change depending on surrounding conditions. Implementing and developing controls, along with evaluating the feasibility of improvements, is the responsibility of the executive management, which must assess their costs and the expected benefits before implementation. The internal control system is also designed to evaluate policies and procedures and implement the principles of governance rules adopted by the company, ensuring compliance with relevant regulations and laws.

The Audit Committee oversees the internal audit activities to ensure the overall adequacy and effectiveness of the internal control system, particularly the fairness of financial statements and reports, and addresses any findings that may arise. Based on this, the Audit Committee, within the scope of its work, and through its regular meetings with the internal audit department and the external auditor, and based on the internal audit department's findings and the independent auditor's reports, as well as the information provided by the company's management, found no significant weaknesses in the internal control system that would require disclosure or affect the fairness of the financial statements. Additionally, the internal control system has shown significant improvements, and the company continues to operate under the monitoring of the internal audit department with periodic oversight from the Audit Committee to ensure the achievement of objectives, improve operational efficiency, and ensure compliance with applicable laws and regulations. There are no conflicts between the recommendations and decisions of the Audit Committee and the Board of Directors.



Results of the Annual Review of the Effectiveness of Internal Control Procedures, and the Opinion of the Audit Committee on the Adequacy of the Company's Internal Control System control

The company's management is responsible for establishing a comprehensive and effective control system that aligns with the level of risks the company may face. Control procedures and their effectiveness are critical to protecting the company's assets and play a vital role in supporting the achievement of the company's objectives and strategy. The internal control system was developed on solid foundations through the establishment of an internal audit department, with its effectiveness supported by the Audit Committee. This ensures the application of best practices related to control. Throughout 2024, the Audit Committee supported the internal audit department by engaging in various activities aimed at reviewing and examining the company's internal control systems effectively. The goal was to verify and ensure the adequacy and effectiveness of the company's internal control system and procedures.

Risks Related to Competition and Market Share

The bottled water production sector in Saudi Arabia faces intense competition, with factors such as price, water purity, brand recognition, geographical presence, innovation, and customer service being key competitive factors. Additionally, the bottled water sector faces indirect competition from companies providing home water purification solutions, which may affect the demand for bottled water products. This competition primarily puts pressure on prices and market share for many bottled water companies.

The company has developed a long-term strategic plan to address these risks, focusing on maintaining high-quality product standards that meet the needs of a wide customer base, thus enhancing the reputation of Naqi Water products as high-quality products that meet all health standards. Furthermore, the company restructured its customer service management and established a Customer Relations Department to enhance continuous communication with various customer segments and end consumers. The company also developed a clear plan to increase its geographical presence and market share across Saudi Arabia, enabling it to reach more target consumers.

Additionally, the company diversified its main operating sectors by adding a poultry division for egg production to diversify revenue sources and reduce the risks associated with relying on a single operational sector.

Risks Related to Interest Rate Changes:

The cost of financing is significantly affected by interest rates, which are highly sensitive to several external factors beyond the company's control, including government, monetary, and tax policies, as well as local and global economic and political conditions. This may lead to an increase in financing costs, which could impact the company's profitability and cash flows.

Risks of Fluctuations in the Industrial Sector and Production Inputs:

The industrial sector is associated with the process of converting raw materials into finished products ready for sale and distribution through the company's various sales channels. Changes in the cost of production inputs significantly impact the overall costs the company bears in its operational activities. The food retail sector, similar to other industrial sectors, is affected by changes in the general economic and financial conditions. Macroeconomic conditions affect production costs, sales volumes, and values, thus influencing the company's profit margins. The company's profits depend on several factors, the most important of which are the prices of raw materials such as plastic preforms, plastic caps, cartons, and feed, which are subject to price fluctuations based on prevailing prices in local and global markets driven by supply and demand.

The company has developed a risk management plan based on periodic inventory management and dealing with local and global fluctuations in raw material prices, achieving flexible inventory targets based on these forecasts. The company has also improved its raw material supply mechanisms by utilizing its own transportation fleet to reduce transportation costs and minimize the volume of forward purchases, thereby reducing direct costs. Additionally, the company has developed supply contracts for some raw materials to benefit from economies of scale in reducing costs, which currently helps control costs and reduce the risks of industry fluctuations

Risk Management and :Analysis

The company continuously works on identifying and analyzing risks related to all its activities to ensure the continued management of these risks within acceptable levels, guaranteeing the sustainability of operational processes and continuously improving financial performance. Below are the key risks the company addresses

Business Continuity Risks

The company consistently evaluates business continuity risks based on its business continuity plans, focusing primarily on ensuring the sustainability of production operations, water supply, electricity, and fuel. The company has contracts with major local suppliers for continuous fuel supply and owns electricity generation mechanisms to ensure operational continuity. Furthermore, the company has established three water desalination and sterilization plants to ensure business continuity sustainably.

Information Security Risks

The company places great importance on ensuring the security, confidentiality, and integrity of its data and the data of its customers. The company has identified information security risks in collaboration with specialized parties and has worked to establish a comprehensive infrastructure under the supervision of its IT department, following best local and global practices. The company has created specialized data rooms for backup copies of its data and has equipped its infrastructure with specialized systems to protect data security and ensure it is not accessed by unauthorized parties.

Inflation and Cost Increases Risks:

The company is exposed to inflation risks and the rising costs of operating various activities, excluding raw material costs. Rising wages, transportation costs, and maintenance input costs represent the key risk factors related to inflation. The company continuously develops plans to manage these risks, including building its own transportation fleet to reduce shipping and transportation costs for finished products and raw materials. The company has also developed a staff development plan to enhance employee retention and reduce turnover, while increasing the retention of national talent. Additionally, the company has built a dedicated maintenance team that works with scheduled plans to ensure operational energy sustainability and reduce the costs of machine and production line maintenance.

Risks Related to Production Lines and Assets

The company's management is committed to maintaining the efficiency and sustainability of its assets, ensuring continuity and resilience against fire risks and natural disasters that may affect operations, production, and sales. The company continuously implements control measures for its assets, including insuring all company assets, including production lines, logistics services, and the transportation fleet. The company also ensures the sustainability of safety and fire systems in all its facilities according to best practices and regulatory requirements. Additionally, the company is innovatively working with specialized suppliers to develop monitoring systems for production and product movement.

Liquidity Risks:

Liquidity risks refer to the challenges the company may face in raising funds to meet its financial obligations. Effective management of liquidity risk is crucial to ensuring the company's working capital and cash flow are managed continuously and efficiently. The company continuously evaluates its cash assets to ensure their adequacy to meet its contracted obligations. As of December 31, 2024, the total cash holdings amounted to [insert amount]. The company ensures it deals with high-credit rating banks to minimize cash risks.

Risks Related to Foreign Currency Fluctuations:

Currency fluctuations involve differences arising from transactions in foreign currencies other than the Saudi Riyal, which may result in differences in the settlement of payables or receivables in foreign currencies. The company maintains its accounts in Saudi Riyals and converts foreign currency transactions into Riyals at prevailing exchange rates at the time of the transaction. The company monitors foreign currency transactions to assess their materiality and takes appropriate hedging measures against non-material fluctuations. Given the company's policy of promoting local content and relying almost entirely on transactions with local suppliers, there are no significant forward transactions with foreign currency suppliers. Major foreign currency transactions are primarily conducted in UAE Dirhams, which, along with the Saudi Riyal, have a fixed exchange rate against the US Dollar. Therefore, the risks from foreign exchange rate fluctuations are limited.

Description of the Company's Dividend Distribution Policy

Under Article 110 of the Companies Law, each shareholder is entitled to all rights related to shares, particularly the right to receive a portion of the profits designated for distribution. The Board of Directors recommends all dividends before they are approved by the shareholders at the General Assembly meeting. The company is not obligated to announce any dividends, and any decision to distribute dividends is based on several factors, including past and expected profits, cash flows, financing and capital requirements, market conditions, economic factors, zakat, and other legal and regulatory considerations. Dividend distribution is subject to restrictions outlined in financing agreements with lenders and the company's Articles of Association, with dividends distributed in Saudi Riyals.

The company follows a policy for distributing its annual net profits in accordance with Article 47 of its Articles of Association after deducting all general expenses and other costs as follows:

1. Ten percent (10%) of net profits is allocated to the statutory reserve, which may be stopped by the General Assembly once the reserve reaches thirty percent (30%) of the paid-up capital.
2. The General Assembly may decide to form other reserves in the interest of the company or to ensure consistent dividend distribution.
3. Based on the Board's proposal, the General Assembly may allocate five percent (5%) of the net profits to create a contractual reserve for specific purposes.

Paid Dividends During 2024					
Statement	Total Distribution	Dividend per Share	Announcement Date	Record Date	Distribution Date
Cash dividends for the year 2023 at half a riyal per share, representing 5% of the nominal value of the share, with a total of 10 million Saudi Riyals.	10,000,000	0.50	26/03/2024	16/05/2024	06/06/2024



Shareholders' Register

Dates and reasons for shaquiring areholders' register

Number of the company's requests for the shareholders register	Date of request	Reasons for the request
1	01/05/2024	Company procedures
2	16/05/2024	General Assembly
3	11/07/2024	Company procedures
4	24/10/2024	Company procedures



Transactions with Related Parties

Related Parties	Nature of Relationship	Nature of Transaction	Duration	Value
Saqaa United Group	A shareholder owning 35% of the company's shares	Purchase of raw materials and other expenses	Year	63,402,948
Zulal Water Factory Company	Sister Company	Other Expenses	Year	2,341
Middle East Machinery Manufacturing Company Limited (MEMCO)	Sister Company	urchase of property, machinery, spare parts, maintenance services, and other expenses.	Year	20,914,397



Shareholders' Register

Disclosure Regarding Transactions or Contracts in Which the Company is a Party, and Where a Member of the Board of Directors, Senior Executives, or any Related Party has an Interest

Member's name.	Nature of the work.	Amount	Duration	Terms of work or contract.
Mustafa Al-Houfi, Board Member.	Purchase of Raw Materials for Production Inputs, Other Expenses, and Returns from Seqa Group – A Shareholder Holding 35% of the Company's Shares:	63,402,948	Year	The Same Terms and Conditions as Those Followed by the Company with Other Contractors and Business Partners
*Zaid Nahid Al-Nazir.	Purchase of Assets, Machinery, Spare Parts, Maintenance Services, Other Expenses, and Returns from Middle East Machinery Company Limited (MEMCO)	20,914,397	Year	The Same Terms and Conditions as Those Followed by the Company with Other Contractors and Business Partners

*Resigned from the Board of Directors on December 4, 2024.





Board of Directors' Declarations

Management Declarations

The necessary professional care has been taken in preparing the company's financial statements in accordance with the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA), and in a manner that ensures the accuracy and integrity of the financial data. All operations within the company have adhered to the principles of internal controls and governance according to the policies and procedures approved by regulatory and legislative bodies, and in line with the company's internal policies. The internal control system has been established on sound principles, and the company's management has implemented the internal control system requirements in accordance with the approved procedures and policies.

The internal control system is monitored through the Internal Audit Department, which is linked to the Audit Committee in compliance with governance regulations. The Audit Committee coordinates with the Internal Audit Department to prepare periodic reports aimed at ensuring the effectiveness of the internal control procedures and their proper implementation. Throughout the year, no shortcomings have been observed in the internal control procedures or their execution.

The company enjoys a strong financial position and sustainable cash flows in the foreseeable future. There are no circumstances that affect the management's estimates regarding the company's continuity. The management reliably expects that the company will be able to meet its obligations and continue generating profits and sustainable cash flows.

Declarations by the Board of Directors of Naqi Water Company:

- üThe company's account records have been properly prepared.

- üThe internal control system was established on sound principles and effectively implemented.

- üThere is no doubt regarding Naqi Water Company's ability to continue its activities.

- üThere is no interest in the voting shares category held by individuals other than the members of the Board of Directors, senior executives, and their relatives, nor have they informed the company of such rights. Additionally, no changes in these rights occurred during the last financial year.

- üNo interest, securities, contractual rights, or subscription rights are held by members of the Board of Directors, senior executives, or their relatives in the company's shares or debt instruments.

- üNo shares or debt instruments are owned by subsidiary companies.

- üThe company has not issued any convertible debt instruments, securities, subscription rights, or similar rights, nor has the company received compensation for these.

- üNo material conflicts of interest have occurred during the year 2024 except as disclosed.

- üThe company did not receive any request from external auditors to convene the General Assembly during the year 2024.

- üThere are no actions that could hinder shareholders' voting rights.

- üThe company did not receive any requests from shareholders holding 5% or more of the company's capital to convene the General Assembly during the year 2024.

- üNo material events have occurred after the end of the fiscal year 2024 that would require disclosure, other than the available and publicly disclosed information.

- üThe company has not granted loans or credit facilities to any member of the Board of Directors.

- üNo competing business activities have been conducted by any member of the Board of Directors.

- üThe external auditor's report does not contain any reservations on the annual financial statements for 2024.

- üThe Board of Directors has not recommended changing the external auditor before the end of the designated period.

- üNo treasury shares have been retained.

- üThere are no investments or reserves created for the benefit of the company's employees.

Recommendations for the General Assembly

After reviewing the key operational and financial activities for the fiscal year 2024, we are pleased to attach the annual financial statements along with the independent auditor's report. We recommend that the General Assembly approve the Board of Directors' report the annual financial statements, and the auditor's report. The date, time, and location of the General Assembly meeting, along with any other agenda items, will be announced at a later time.

Shareholders' Rights and Communication Mechanisms

In line with the company's commitment to protecting the rights of its shareholders and stakeholders, and the Board of Directors' awareness of its responsibilities towards shareholders, the company ensures effective communication based on mutual understanding of its goals, strategies, aspirations, and interests, as well as important developments. All shareholders' rights are included in the company's Articles of Association and Governance Regulations.

The company publishes financial reports, announcements, and material information through the Saudi Stock Exchange (Tadawul) website, the company's website, and shareholder general assemblies. The company also places a high priority on communicating with its shareholders and responding to their inquiries by providing direct communication channels. Shareholders can easily contact the company through the Investor Relations Department.

Shareholder Relations Officer

Name: Abdulaziz Khalid Al-Muhimid

Email: investor.relations@naqiwater.com



Naqi Water Company Announcements on Tadawul for the Year 2024

Naqi Water Company Announcements on Tadawul for the Year 2024		
	Announcement Date	Announcement Details
1	04/02/24	Naqi Water Company announces the opening of its new branch in the Eastern Region.
2	12/02/24	Naqi Water Company announces the signing of a contract for the purchase of egg-producing poultry.
3	29/02/24	Naqi Water Co. announces its Annual Financial results for the period ending on 2023-12-31
4	10/03/24	Naqi Water Company announces an update on the start of constructing a new factory in Riyadh and signing of a contract to acquire industrial property
5	26/03/24	Naqi Water Co. announces the board of director's recommendation to distribute cash dividends for Second half of 2023
6	24/04/24	Naqi Water Co. Board invites its shareholders to attend the Ordinary General Assembly Meeting the (First Meeting)
7	09/05/24	Naqi Water Company Announces to its Shareholders the date of the Voting on the Agenda Items of the Ordinary General Assembly Meeting (The First Meeting):
8	16/05/24	Addendum Announcement from Naqi Water Co. in regards to the signing of a contract to transfer the right of rent a land that belongs to the Saudi Authority for Industrial Cities and Technology Zones (MODON).
9	16/05/24	Naqi Water Co. announces its Interim Financial results for the Period Ending on 2024-03-31 (Three Months)
10	19/05/24	Naqi Water Co. Announces the Results of the Ordinary General Assembly Meeting, (First Meeting)

Naqi Water Company Announcements on Tadawul for the Year 2024		
	Announcement Date	Announcement Details
11	20/05/24	Addendum Announcement from Naqi Water Co. in regards to the results of the Ordinary General Meeting (First Meeting)
12	20/05/24	Naqi Water Company Announces the Boards Approval of the Resignation of a Board Member Chairman of the Audit Committee and change current member of the Audit Committee to replace the Resigned Chairman.
13	20/05/24	Naqi Water Co. Announces Appointment Audit Committee Member
14	23/05/24	Naqi Water Co. Announces Contract Sign Off with Saudi Authority for Industrial Cities and Technology Zones (MODON)
15	10/06/24	Naqi Water Co. Announces the Purchasing of Machinery the Poultry Sector in the amount of 14,219,000 SAR
16	30/07/24	Naqi Water Co. Announces the Purchasing of A production line for producing bottled drinking water in various sizes and packaging. in the amount of 20,125,000 Saudi Riyals
17	01/08/24	Naqi Water Co. announces its Interim Financial results for the Period Ending on 2024-06-30 (Six Months)
18	07/11/24	Naqi Water Co. announces its Interim Financial results for the Period Ending on 2024-09-30 (Nine Months)
19	05/12/24	Naqi Water Co. Announces Resignation and Appointment of a Board Member
20	22/12/24	Naqi Water Co. Announces Signing a contract to initiate the project to construct poultry houses at Naqi poultry sector

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