



**SADR** سدر  
Logistics Services للخدمات اللوجستية



**ANNUAL REPORT 2025**







### Custodian of the Two Holy Mosques

## King Salman bin Abdelaziz Al Saud

We have confidence in the capabilities of the Saudi citizen, and we, after Allah, have high hopes in building their nation and feeling responsible towards it. Every citizen in the world and every part of our beloved country is of great importance and receives my attention and care. We look forward to everyone's contribution in serving the nation.



### His Royal Highness

## Prince Mohammed bin Salman bin Abdulaziz Al Saud

Our ambition is to build a more prosperous nation where every citizen finds what they aspire to. The future of our nation, which we are building together, will only be accepted if we place it at the forefront of world countries in education and qualification, with opportunities available to everyone and advanced services.

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# 1. Introduction



## 1.1 Chairman of the Board Statement



**Mohammed Abdullah Al-Samaani**  
Chairman of the Board of Directors

**Dear Shareholders of Sadr Logistics Services Company, Respected.**

It is my pleasure to present to you, on my own behalf and on behalf of the members of the Board of Directors, the annual report of Sadr Logistics Services Company, which serves as an important reference highlighting the Company's overall performance and achievements during the fiscal year ended 31 December 2025, in addition to shedding light on its financial position and the key developments witnessed during that period.

This report provides a comprehensive overview of the financial results, the progress of operational activities, and the projects successfully executed. It also addresses the challenges faced by the Company and the mechanisms adopted to address them. Furthermore, the report outlines the strategic directions and future plans adopted by the Company, aimed at enhancing its competitiveness and achieving sustainable growth that supports shareholders' interests over the long term.

As we present this report to you, we hope it contributes to providing a clear and comprehensive picture of the Company's performance and future aspirations. We always welcome your constructive feedback and suggestions, which we value and rely on in our future journey.

**Please accept our highest respect and appreciation.**



**Bandar Mohammed Al-Samaani**  
Vice Chairman and Managing  
Director



## 1.2 Vice Chairman and Managing Director Statement

In light of the comprehensive economic transformation witnessed by the Kingdom of Saudi Arabia, and with direct support from the objectives of Saudi Vision 2030, the logistics sector has become one of the most promising sectors in terms of growth and investment, and a key driver in enhancing supply chain efficiency and opening new business horizons. From this dynamic perspective, Sadr Logistics Services Company continues confidently towards strengthening its position as an integrated logistics platform with high investment value.

The year 2025 represented a strategic turning point in the Company's journey, as we achieved tangible progress at both operational and financial levels, supported by a well-planned expansion in warehousing activities, enhanced efficiency of operational assets, and the adoption of flexible and scalable operating models. This has strengthened our ability to capture opportunities in regional markets and position the Company for growth in global markets, supporting revenue sustainability and achieving rewarding returns over the medium and long term.

This annual report highlights the key achievements and qualitative initiatives implemented during the year, reflecting the clarity of our investment strategy, our commitment to diversifying income sources, optimizing capital efficiency, and building an operational structure capable of supporting accelerated growth and withstanding market fluctuations.

We look to the future with optimism and confidence, supported by a strong operational base, a professional team, and a clear vision focused on expansion, innovation, and strategic partnerships, enhancing the Company's attractiveness to both existing and potential investors.

In conclusion, I extend my sincere thanks and appreciation to the Chairman and members of the Board of Directors, the executive management, and all employees of Sadr Logistics Services Company for their efforts, which had a direct impact on achieving these results, after the grace of Allah Almighty and with the support of our wise leadership. I also extend my gratitude to the Company's shareholders for their trust, reaffirming our commitment to continue working towards maximizing the Company's market value and achieving sustainable growth and competitive investment returns in the coming years, God willing.



**Majed Abdullah Al-issa**  
chief executive officer

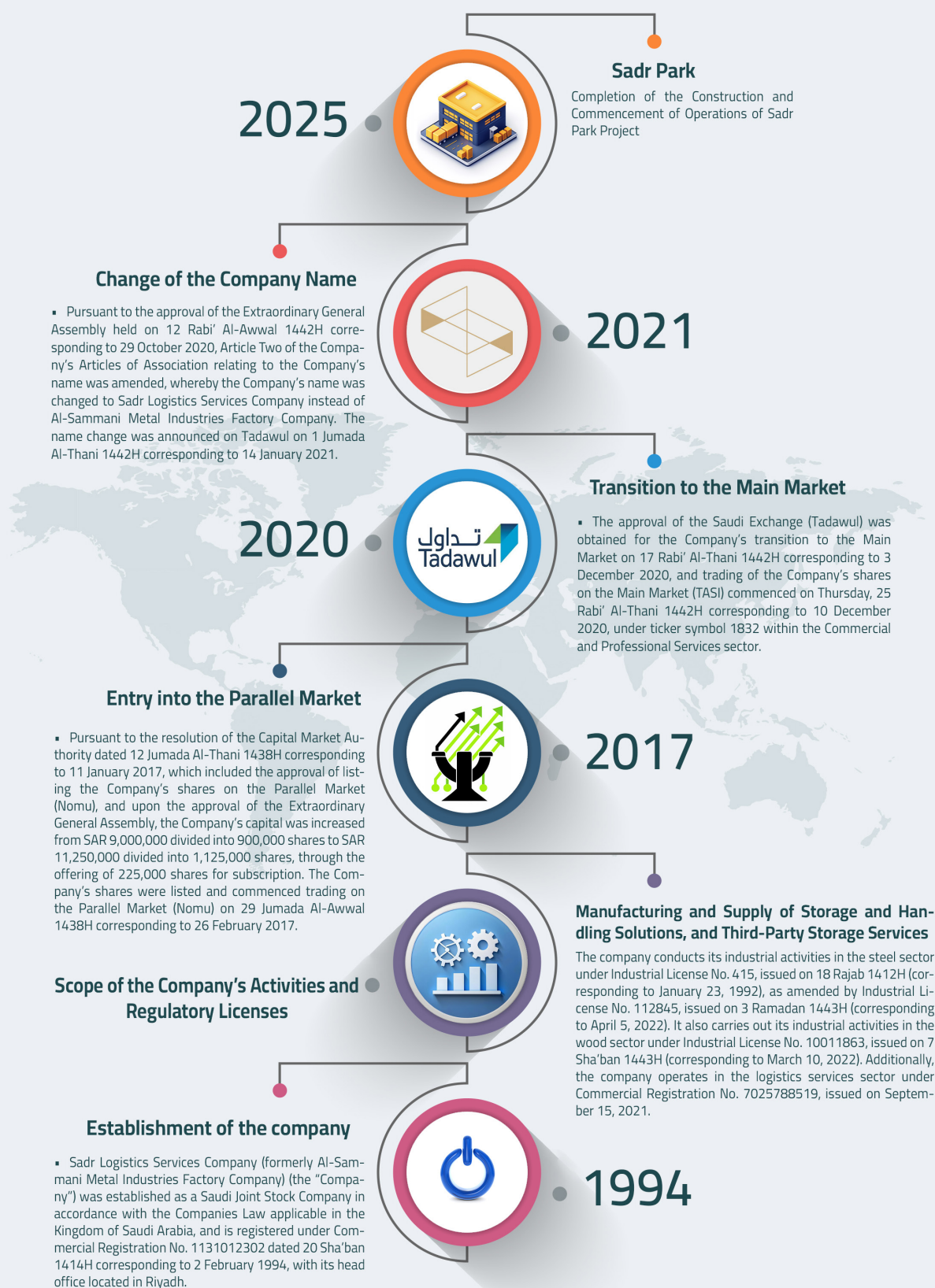


### 1.3 Chief Executive Officer Statement

I am pleased to present this report, which reflects the journey of Sadr Logistics Services Company and the progress it has achieved in its operations, as part of its continuous efforts towards institutional development, enhancing sustainability, and strengthening its position in the logistics services sector. During this phase, the Company has focused on developing its operational framework, improving performance efficiency, and enhancing the quality of services provided, in line with the expectations of our customers and strengthening the confidence of our partners and shareholders, while adhering to the highest standards of governance, transparency, and compliance with applicable laws and regulations. This report highlights the Company's key achievements and progress in executing its operational plans, in addition to its future strategic directions aimed at expanding our business scope, enhancing competitiveness, and building a sustainable business model that supports long-term growth continuity. I express my pride in the team of Sadr Logistics Services Company for their commitment, high professionalism, and collaborative spirit, which directly contributed to achieving these accomplishments. I also extend my sincere thanks to our partners, customers, and shareholders for their continued trust and support.



## 2. Company Overview



## 2.2 Company Activities

| Registration  | Commercial Registration No. | City     | Purpose  |
|---|-----------------------------|----------|--|
| Main Registration –<br>Sadr Logistics Services<br>Company | 1131012302                  | Buraidah | Wholesale of wooden, cork, and plastic products – Wholesale of office furniture – Wholesale of all types of wood – Retail sale of metal scrap and carpentry and blacksmith tools and equipment – Sale of metal, iron, wooden boxes and caravans – Land transportation of goods – Light transport – Operation of storage facilities for all types of goods except food products – General cargo shipping and handling services – Refrigerated food warehouses – Frozen food warehouses – General warehouses including a variety of goods – Dry food warehouses – Logistics services – Management and leasing of self-storage warehouses – Integrated administrative office services activities – Sawing and cutting of raw wood – Production of various types of sawdust – Manufacture of wooden containers including packing boxes, crates and wooden shipping containers – Manufacture of wooden cable reels – Manufacture of wooden pallets – Manufacture of prefabricated steel structure units – Manufacture of finished and semi-finished metal products by forging, pressing, casting and rolling – Manufacture of furniture for all purposes from plastics and polymers |
| Branch of Sadr Logistics Services Company                 | 1010947309                  | Riyadh   | Manufacture of wooden containers, including (packing boxes, crates and wooden shipping containers), manufacture of wooden pallets  |
| Branch of Sadr Logistics Services Company                 | 1010742525                  | Riyadh   | Land transportation of goods – Light transport – Operation of storage facilities for all types of goods except food products – General cargo shipping and handling services – Frozen food warehouses – Refrigerated food warehouses – General warehouses including a variety of goods – Dry food warehouses – Logistics services – Management and leasing of self-storage warehouses   |
| Branch of Sadr Logistics Services Company                 | 050115434 2                 | Dammam   | Sawing and cutting of wood – Manufacture of wooden containers including packing boxes, crates and wooden shipping containers   |

## 2.3

### Development of the Company's Share Capital

The Company's share capital was increased in stages after listing, upon the approval of the General Assembly of shareholders, as follows:



| Date      | Announcement Title  |
|-----------|---|
| 23-Mar-25 | Announcement of Sadr Logistics Services Company regarding the annual financial results for the period .ending on 31-12-2024   |
| 11-May-25 | The Board of Directors of Sadr Logistics Services Company invites the shareholders to attend the Ordinary General Assembly meeting (First Meeting) via modern technology means            |
| 14-May-25 | Announcement of Sadr Logistics Services Company regarding the interim financial results for the period .(ending on 31-03-2025 (Three Months   |
| 3-Jun-25  | Announcement of Sadr Logistics Services Company regarding the results of the Ordinary General Assembly meeting (First Meeting   |
| 29-Jun-25 | Announcement of Sadr Logistics Services Company regarding the latest developments on the approval .(and commencement of the establishment of SADR Park project (start of trial operations |
| 17-Jul-25 | Announcement of Sadr Logistics Services Company regarding the signing of a contract with the National .Center for Palms and Dates   |
| 10-Aug-25 | Announcement of Sadr Logistics Services Company regarding the interim financial results for the period .(ending on 30-06-2025 (Six Months   |
| 20-Aug-25 | Announcement of Sadr Logistics Services Company regarding the signing of a logistics services contract .(for SADR Park project with Starlinks Support Services Company (Starlinks         |
| 16-Nov-25 | Announcement of Sadr Logistics Services Company regarding the interim financial results for the period .(ending on 30-09-2025 (Nine Months  |
| 31-Dec-25 | Announcement of Sadr Logistics Services Company regarding the resignation and appointment of a .Board member  |
| 31-Dec-25 | Announcement of Sadr Logistics Services Company regarding the resignation and appointment of an .Audit Committee member   |

## 2.5

# Overview of the Company's Business and Products

Sadr Logistics Services Company represents an integrated system combining metal industries, wood products, and logistics services, providing comprehensive solutions in manufacturing, processing, storage, transportation, and material handling, serving various business sectors across all stages of the supply chain. The Company has dedicated its efforts to delivering high-quality products and services in accordance with best standards, while achieving operational efficiency and cost control.

**The Company's main activities and products are as follows:**

01

Metal racking systems and their accessories, metal storage and material handling systems, warehouse and cold storage racking, pallets, cages, containers, and metal boxes.

02

Logistics services (third-party storage – transportation for others – procurement for others) 2PL – 3PL – 4PL.

03

Wooden pallets, boxes, and containers.

04

Plastic pallets.

05

Forklifts and storage equipment, as well as loading, unloading, and packaging machinery.



## 2.6

### Description of the Company's Main Activities

The Company's activities generally consist of providing logistics services and manufacturing and supplying storage and material handling solutions through several sectors:



- Metal sector, which includes manufacturing, supplying, and installing metal storage solutions and systems (warehouse and cold storage racking, pallets, cages, containers, and metal boxes).



- Logistics services sector, which includes supply chain services, storage, transportation, and procurement for others 2PL – 3PL – 4PL.



- Other sectors represented by storage equipment, including the supply of light and heavy forklifts, various storage, loading, unloading, and packaging machinery, as well as supplying diversified storage solutions such as plastic pallets and other storage-related products and supplies, in addition to providing warehouse and cold storage setup services.



- Wood sector, which includes manufacturing and supplying wooden pallets and storage and shipping boxes, as well as timber trading.



The impact of these activities and main operating sectors on the Company's business volume and revenues is as follows:

| Activity Type      | 2025 Operating Revenue | Percentage  |
|--------------------|------------------------|-------------|
| Metal              | 67,944,506             | 47%         |
| Logistics Services | 39,627,823             | 28%         |
| Wood               | 32,317,662             | 23%         |
| Other              | 3,534,375              | 2%          |
| <b>Total</b>       | <b>143,424,366</b>     | <b>100%</b> |

During 2025, the Company faced a number of operational, financial, and potential market risks. The Company works to manage and mitigate their impact through approved policies and procedures, as follows:

### **First: Operational Risks**

The main operational risks are represented by the Company's reliance on key raw materials, including iron and wood, in addition to dependence on major suppliers of these materials, including SABIC with respect to iron. The Company seeks to mitigate these risks by diversifying its supplier base locally and internationally, and by adopting procurement policies that ensure the availability of the raw materials required for production in a timely manner, with a focus on local sources to enhance local content. The Company also faces other operational risks represented by the increase in government fees related to labor and operational activities. Government initiatives supporting the industrial sector have contributed to reducing these risks and burdens on the Company.

### **Second: Financial Risks**

Financial risks are represented by credit risk arising from the possibility that a counterparty may fail to meet its financial obligations. The Company manages these risks through the application of approved credit policies when granting credit, and by recognizing appropriate provisions for expected credit losses. Financial risks also include risks related to loans and banking facilities associated with agreements to finance operating activities, which may impose a burden on the Company in terms of financing costs or its ability to meet obligations when such facilities are utilized. The Company's management works to use such facilities only to the necessary extent, while scheduling the related obligations through effective cash management.

### **Third: Market Risks**

Market risks are represented by increased competition and fluctuations in raw material prices. The Company's management works to mitigate the impact of competition by focusing on product and service quality, enhancing customer satisfaction, and developing solutions in line with market needs.

The Company also continuously monitors and studies market prices and raw material prices to forecast price trends and adopts appropriate procurement policies that enable it to address risks arising from fluctuations in raw material prices.





## 2.8 Chief Financial Officer's Statemen



**Ahmed Mostafa Kortam**  
Chief Financial Officer

We are pleased to present, through this annual report, the financial results of Sadr Logistics Services Company, which reflect a continued improvement in the Company's financial and operational performance, alongside ongoing efforts to address challenges and enhance operational efficiency. The year under review represented an important phase in the Company's journey toward restoring financial balance and strengthening the efficiency of resource management.

The Company recorded a gradual improvement in key financial performance indicators, supported by revenue growth and improved operating margins, in addition to continuous efforts to control costs and enhance spending efficiency. This improvement is the result of the progress achieved over recent years across all pillars of the Company's comprehensive development plan, leveraging such progress through a focused approach to improving operational performance across all business segments, efficiently managing cash flows, and maximizing the utilization of available financing to support both operational and investment activities, while maintaining prudent levels of financial risk.

The current performance trajectory reflects tangible steps toward improving financial results in the coming periods, driving revenue growth and enhancing profitability as planned and anticipated, thereby supporting the achievement of sustainable returns under favorable conditions that meet shareholders' expectations.

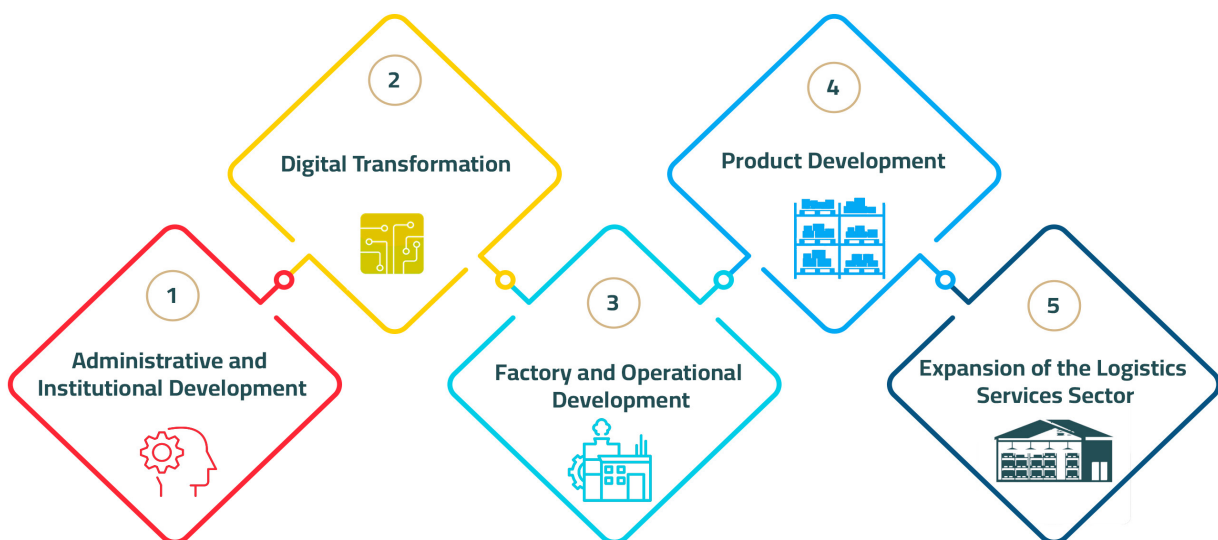
In closing, I would like to extend my sincere appreciation to our valued shareholders for their continued trust and support, as well as to the Board of Directors, the executive management, the finance team, and all employees of the Company for their dedication and commitment.

## 2.9 Company Plans

During 2025 and the preceding years, the Company's management has pursued the implementation of a comprehensive strategic plan, supported by the capital increase executed in 2021 and further reinforced by obtaining additional financing, which contributed to advancing the Company's progress toward completing the execution of its strategic plans. These plans included the development of the steel factory, the establishment of a wood factory, in addition to the development of an integrated logistics services complex providing diversified storage solutions, including dry, refrigerated, and frozen storage, in order to meet the various operational requirements of customers.

The successful execution of the strategic plan is expected to enhance sales growth and improve profit margins in the coming years. This places a responsibility on the Company's management to optimize the utilization of available resources and production and operational capacities to their maximum potential, through the implementation of additional initiatives aimed at reducing operating costs, improving the quality of products and services, diversifying the product portfolio, introducing advanced and innovative solutions in storage and logistics services, expanding into new markets, broadening the customer base, and capitalizing on investment opportunities that contribute to expanding the scope of the Company's activities, particularly within the logistics services sector and other related sectors.

In general, during 2026, the Company will continue to implement, enhance, and update its comprehensive development plan across various sectors and activities, focusing on key pillars including administrative and institutional development, digital transformation, factory and operational development, product development, and the expansion of the logistics services sector, with the aim of achieving sustainable growth.



### **1. Administrative and Institutional Development:**

The Company has achieved advanced stages in its development plan in this area during 2025 and prior years. During 2026, it seeks to adopt and approve updated internal administrative and financial policies based on the re-engineering of operational processes and in line with best practices. The Company also focuses on attracting talent and improving employee performance through the development of performance evaluation indicators, the implementation of incentive and reward schemes, and the design of training programs aimed at enhancing human capital efficiency. Furthermore, the Company continues to update its policies and procedures to strengthen governance practices and sound management.

### **2. Digital Transformation:**

The Company has made significant progress in this area and has obtained the ISO 27001 certification. During 2026, it will continue implementing its digital transformation plan and automating operations through the rollout of additional phases of Enterprise Resource Planning (ERP) systems. This is expected to enhance the Company's performance and operational efficiency in line with approved policies, procedures, and governance frameworks. The Company also focuses on developing the necessary infrastructure to support digital systems in compliance with cybersecurity requirements, as well as obtaining the required certifications and accreditations. In addition, several training programs have been implemented to enhance employee capabilities in automation and data analysis, alongside attracting specialized talent in these fields.

### **3. Factory and Operational Development:**

The Company has completed the majority of its factory development plan, benefiting from increased production capacity and improved quality, which has been positively reflected in sales growth and gradual improvement in operating profitability. During 2026, the Company will focus on improving efficiency, increasing production capacity utilization, achieving cost efficiencies, and continuing capital expenditures to support and automate operational and production processes.

### **4. Product Development:**

The Company has worked on developing its products, particularly storage systems and metal racking solutions, as well as other storage and material handling solutions, through enhanced engineering designs, product testing, and certification.

The products have been approved by the Saudi Standards, Metrology and Quality Organization (SASO), through compliance with the British standards for the design and manufacture of racking systems (EN 15512), in addition to ISO 9001 certification.

**Accordingly, the Company positions itself among leading local companies in this industry by offering national products with international specifications, along with engineering and consultancy solutions in this field.**

### 5. Expansion of the Logistics Services Sector:

During the reporting period, the logistics services sector witnessed substantial and progressive development in both its performance and operational standing within the Company's sectors. The SADR Park logistics complex project received support from the Agricultural Development Fund, and in this context, representatives of the Fund visited the project to review its operational readiness and stages of implementation and operation. This support has enhanced the confidence of financing entities and supported the continuity of project execution in line with approved plans, reflecting the important role played by the Fund in enabling strategic projects with economic impact. The Board of Directors expresses its appreciation for the support provided by the Fund and its efforts in supporting national projects and developing the infrastructure of the logistics services sector.

Following the completion of construction and preparation phases, the Company commenced the operational launch of the SADR Park complex under the Second-Party Logistics (2PL) model, reflecting the high level of operational readiness of the infrastructure and the efficiency of warehouse and inventory management systems. The complex provides integrated storage solutions, including dry, refrigerated, and frozen storage, in accordance with advanced operational standards and with significant storage capacity, contributing to meeting customer operational requirements and enhancing service quality.

In line with the commencement of operations and the optimization of project utilization, the Company entered into a long-term logistics services agreement for a period of ten years for the SADR Park project with Starlink Company. This contributed to achieving early occupancy of the full operational capacity, ensuring stable and long-term cash flows, and enhancing the contribution of the logistics services segment to the Company's financial results.





Building on these achievements, the plans of the logistics services segment for the year 2026 focus on continuing sustainable growth and well-planned expansion of operational capacities, through the development of additional logistics facilities and enhancing infrastructure readiness to accommodate advanced and specialized storage solutions. The Company is also studying the future development of new logistics services projects, with the aim of supporting expansion in storage capacity, accommodating the expected growth in demand, and diversifying revenue streams, in alignment with its strategic direction and the objectives of Saudi Vision 2030.

## Capital Expenditures and Additions

Below is a summary of the capital expenditures and additions during the year 2025, as well as the targeted expenditures for the year 2026, across all Company sectors and the development and expansion plan pillars previously presented, as follows:



## 2.10 Future Outlook

The Company, based on its deep expertise and well-established values, seeks to strengthen its market position and enhance its brand to achieve leadership in its sector by offering innovative products and integrated solutions that meet the needs of its customers in storage and material handling systems and solutions, as well as logistics services. The Company is committed to delivering the highest levels of quality and service, with a focus on localizing industry and enhancing the competitiveness of national products by registering its products as national products in accordance with internationally recognized standards. The Company is working to increase the proportion of local content in its products, with the aim of supporting the national economy and enhancing industrial sustainability. Through intellectual innovation and the provision of advanced solutions, the Company seeks to improve the quality of its products and services, which contributes to creating growing demand for its products in both local and international markets. This anticipated growth in demand is expected to lead to increased revenues and enhanced profitability across all Company sectors, which represents a key objective reflecting the outcomes of the current development and expansion phase the Company is undergoing.

The Company is implementing comprehensive strategies focused on improving operational efficiency, increasing production capacity, and optimizing costs, while continuing to strengthen stability and performance across the markets in which it operates. It also seeks to optimally utilize available resources through innovation and the adoption of the latest technologies in storage and material handling solutions





and logistics services. In addition, the Company continues to develop its logistics services sector during 2026, enhance infrastructure readiness, accommodate the expected growth in demand, and explore expansion into additional logistics facilities and services to support sustainable growth and diversify revenue streams.

Furthermore, the Company believes that investment in quality and innovation is the key to achieving sustainable growth. Accordingly, it focuses on developing its products and services in line with the highest international standards. It also seeks to expand its presence in existing markets and explore new markets, thereby strengthening its position as one of the leading companies at both the national and regional levels.

The Company aspires to become a leader in its field, fulfilling the expectations of investors and all stakeholders, by building a strong brand that reflects its commitment to quality, excellence, and innovation. The Company also strives to enhance its role as a key driver in supporting the national economy and contributing to the development of local industry and logistics services, which will positively impact revenue and profitability growth and ensure the achievement of its strategic objectives in both the short and long term.

Through this ambitious vision, the Company continues its commitment to excellence across all aspects of its operations, with a focus on creating sustainable value for all stakeholders and strengthening its position among leading national companies, in a manner that fulfills the aspirations of investors and all parties dealing with the Company.



### 3- Results of Performance

## 3.1

## Assets, Liabilities and Results of Operations

| Statement   | 31-12-2021  | 31-12-2022  | 31-12-2023  | 31-12-2024  | 31-12-2025  |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Non-current Assets</b>                         | 31,227,391  | 61,987,332  | 92,095,381  | 142,235,012 | 173,581,673 |
| <b>Current Assets</b>                             | 215,934,327 | 170,332,560 | 147,825,623 | 127,211,910 | 116,376,079 |
| <b>Total Assets</b>                               | 247,161,718 | 232,319,892 | 239,921,004 | 269,446,922 | 289,957,752 |
| <b>Total Shareholders' Equity</b>                 | 182,869,696 | 176,231,630 | 171,730,529 | 167,510,933 | 163,800,161 |
| <b>Non-current Liabilities</b>                    | 13,222,032  | 9,665,301   | 23,117,979  | 58,557,710  | 72,221,754  |
| <b>Current Liabilities</b>                        | 51,069,990  | 46,422,961  | 45,072,496  | 43,378,279  | 53,935,837  |
| <b>Total Liabilities</b>                          | 64,292,022  | 56,088,262  | 68,190,475  | 101,935,989 | 126,157,591 |
| <b>Total Liabilities and Shareholders' Equity</b> | 247,161,718 | 232,319,892 | 239,921,004 | 269,446,922 | 289,957,752 |

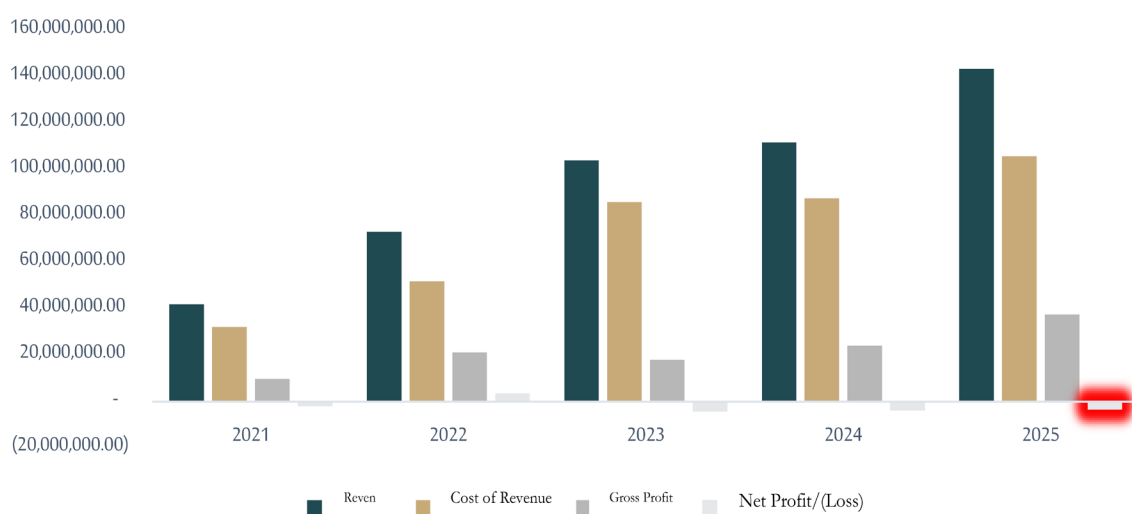
## Chart of the Statement of Financial Position



## 3.2 Income Statement

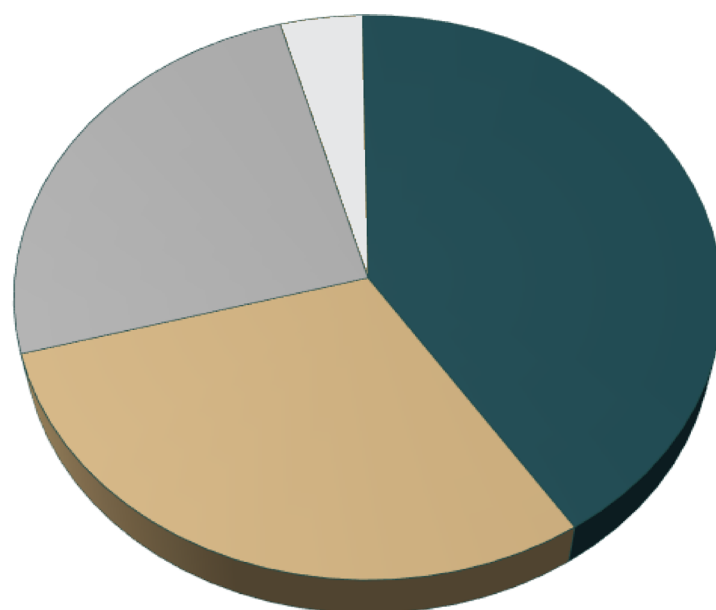
| Description                       | 31-12-2025    | 31-12-2024   | 31-12-2023   | 31-12-2022   | 31-12-2021   |
|-----------------------------------|---------------|--------------|--------------|--------------|--------------|
| Revenue                           | 143,424,366   | 111,836,550  | 104,037,424  | 110,822,28   | 73,228,811   |
| Cost of Revenue                   | (105,815,358) | (87,670,266) | (86,020,944) | (95,311,196) | (51,887,050) |
| Gross Profit                      | 37,609,008    | 24,166,284   | 18,016,480   | 15,511,092   | 21,341,761   |
| Net Profit (Loss)                 | (3,379,079)   | (7,215,933)  | (4,245,445)  | (7,215,933)  | 3,599,087    |
| Total Comprehensive Income (Loss) | (3,710,771)   | (4,219,596)  | (4,501,101)  | (6,638,066)  | 3,439,282    |

### Chart of the Income Statement



### 3.3 Geographical Analysis of the Company's Revenues

| Region                | 2025               | Percentage  |
|-----------------------|--------------------|-------------|
| Central Region        | 78,995,754         | 55%         |
| Western Region        | 33,014,882         | 23%         |
| Eastern Region        | 27,966,870         | 19%         |
| GCC                   | 3,446,861          | 2%          |
| <b>Total Revenues</b> | <b>143,424,366</b> | <b>100%</b> |



Western Region
  Central Region
  Eastern Region
  GCC

### 3.4

## Comparison of Material Variances in Operating Results Compared to the Previous Year

| Item   | 2025    | 2024    | Change (+ / -) | Change % |
|--|---------|---------|----------------|----------|
| Sales / Revenue  | 143,424 | 111,853 | 31,571         | 0.28     |
| Gross Profit (Loss)  | 37,609  | 24,113  | 13,496         | 0.56     |
| Operating Profit (Loss)  | 11,012  | 453     | 10,559         | 23.31    |
| Net Profit (Loss) after Zakat and Tax                            | (3,379) | (3,753) | 374            | (0.10)   |
| Total Comprehensive Income                                       | (3,710) | (4,219) | 509            | (0.12)   |
| Total Shareholders' Equity (excluding non-controlling interests) | 163,800 | 167,511 | (3,711)        | (0.02)   |
| Profit (Loss) per Share  | (0.020) | (0.021) | 0.0010         | (0.05)   |

.Figures are in thousands of Saudi Riyals

**The Company achieved profits during the third quarter amounting to SAR 2 million, and during the fourth quarter amounting to SAR 1.7 million, which contributed to reducing the net loss for the current year by 10% compared to the previous year. This is mainly attributable to the following:**

An increase in revenue by 28%, compared to an increase in cost of revenue by 21%, which led to improved margins and an increase in gross profit by 56%.

A decrease in Zakat provision by 35%.

An increase in other income.

This was despite an increase in selling and marketing expenses by 7%, general and administrative expenses by 18%, as well as an increase in expected credit loss provision and financing costs by 26%, in addition to a decrease in investment income by 92%.

The losses are mainly attributable to the recognition of an expected credit loss provision amounting to SAR 8.8 million, in addition to the recognition of impairment losses amounting to SAR 1 million during the period, which negatively impacted operating profit and net profit. Excluding the impact of these two items, the Company would have achieved a net profit of SAR 6.1 million during the current year 2025.

### 3.5

## Explanation of any deviation from the accounting standards issued by the Saudi Organization for Chartered and Professional Accountants

The Company's financial statements for the financial year ended 31 December 2025 have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and there are no material deviations from these standards



Pursuant to the requirements of the Corporate Governance Regulations set out in Articles (45) and (46), and in compliance with the Company's dividend distribution policy, and in accordance with the new Companies Law issued by Royal Decree No. (R/132) dated 1 Dhu Al-Hijjah 1443H, as well as the Listing Rules, the dividend distribution policy of Sadr Logistics Services Company has been prepared, relating to the calculation and determination of dividends, the mechanism for announcing them, and the timing and method of their distribution, as follows:

#### **First: Authority for Dividend Distribution**

Dividend distribution falls within the authority of the Ordinary General Assembly, based on a recommendation from the Board of Directors.

#### **Second: Announcement of Dividend Distribution**

The Company announces dividend distributions based on the annual or interim financial results.

The dividend distribution item is included as a separate item within the agenda of the General Assembly when announcing its convening through Tadawul.

The amount of distributed dividends is determined based on the recommendation of the Board of Directors upon approving the preliminary distribution of the Company's net profit for the financial year or interim period.

The Company informs shareholders of the dividend distribution procedures by publishing the relevant information on the Saudi Exchange (Tadawul) website and the Company's website.

#### **Third: Sources and Amount of Dividend Distribution**

The General Assembly determines the percentage of net profits to be distributed to shareholders after deducting reserves, if any.

The General Assembly may decide to form additional reserves to the extent that serves the Company's interest or ensures stable dividend distributions as much as possible.

A shareholder shall be entitled to their share of dividends in accordance with the resolution of the General Assembly, provided that the resolution specifies the eligibility date and distribution date, and entitlement shall be for shareholders registered in the shareholders' register at the end of the eligibility date.

The Board of Directors may distribute annual dividends for the financial year or interim dividends on a quarterly basis, provided that the total distributed dividends do not exceed 50% of the retained earnings balance for the period subject to distribution.

The Board of Directors may decide not to recommend the distribution of annual or interim dividends in order to support the Company's financial position.

## Dividend Distribution Policy

The Company has distributed dividends over the past years, and the following is a statement of such distributions:

| Year of Dividend Distribution | % of Nominal Value per Share | Dividend per Share | Total Dividends Distributed | Distribution Date |
|-------------------------------|------------------------------|--------------------|-----------------------------|-------------------|
| 2017                          | 15%                          | 1.5                | 1,687,500                   | 29/04/2018        |
| 2018                          | 15%                          | 1.5                | 2,250,000                   | 18/06/2019        |
| 2019                          | 5%                           | 0.5                | 750,000                     | 16/07/2020        |
| 2020                          | 5%                           | 0.5                | 1,250,000                   | 20/05/2021        |

### Proposed Cash Dividends for the Year 2025:

The Board of Directors of Sadr Logistics Services Company did not recommend the distribution of cash dividends to shareholders for the fiscal year ended 31 December 2025, in order to support the Company's financial position and finance its operating activities, and this will be presented to the General Assembly of shareholders.



## 3.7

### Waiver of Dividends

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



## 4 - Corporate Governance

## 4.0 Corporate Governance

The Company's management seeks to implement Corporate Governance in accordance with best practices and to continuously develop such practices and their application, in compliance with the Corporate Governance Regulations, the Companies Law, and the relevant rules and policies, as follows:

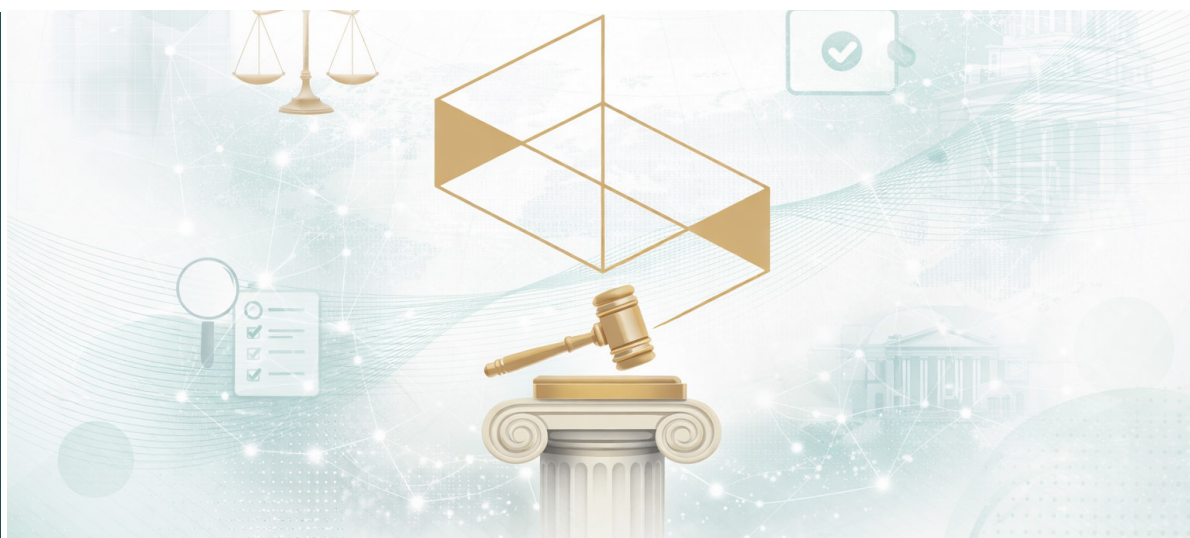
### 4.1 Approved Policies and Regulations

The Company has developed written policies and regulations to organize its operations, and the Human Resources Policy was approved by the Board of Directors on 14 May 2025.



The Company applies all provisions of the Corporate Governance Regulations issued by the Capital Market Authority, except for the following: -

| No.      | Regulation   | Description  |
|----------|--|--|
| 37       | The Company shall give due attention to training and qualifying members of the Board of Directors and Executive Management.  | Indicative   |
| 39       | The Board of Directors shall, based on the Nomination Committee's proposal, establish the necessary mechanisms to annually evaluate the performance of the Board, its members, its committees, and Executive Management. | Indicative, and the Nomination and Remuneration Committee applies best practice standards for evaluation.              |
| 67/68/69 | The Board of Directors shall form a committee named (Risk Management Committee) by its resolution.   | Indicative   |
| 82       | The Company shall establish programs to develop and motivate employee participation and performance.   | Indicative   |
| 85/84    | Social responsibility and social initiatives.  | Indicative   |
| 92       | Formation of a Corporate Governance Committee.   | Indicative, and the Board of Directors continuously monitors the Company's compliance with all governance regulations. |



## 4.3

# Board of Directors, Committees, and Executive Management



Based on the resolution of the Ordinary General Assembly held on Wednesday, 24 Safar 1446H corresponding to 28 August 2024, the members of the Board of Directors were elected for the current term, which commenced on 16 September 2024 and will continue for a period of four years, ending on 15 September 2028. Accordingly, the current members of the Board of Directors are as follows:

| No. | Name  | Position/Membership Classification                                |
|-----|---|---|
| 1   | Mr. Mohammed Abdullah Abdulkarim Al-Sumaani | Chairman of the Board – Non-Executive Member                      |
| 2   | Mr. Bandar Mohammed Abdullah Al-Sumaani     | Vice Chairman of the Board – Managing Director – Executive Member |
| 3   | Eng. Majed Abdullah Sulaiman Al-Essa        | Executive Member  |
| 4   | Eng. Khaled Sulaiman Abdullah Al-Mudaifer   | Independent Member  |
| 5   | Eng. Khaled Abdulaziz Al-Bakri              | Independent Member  |

Furthermore, on 16 September 2024, and with the commencement of the current Board term, **Mr. Hussein Ahmed Hussein Abdulhaq** was appointed as Board Secretary, as well as Secretary to both the Nomination and Remuneration Committee and the Audit Committee, for the duration of the current Board term ending on 15 September 2028.

It is also worth noting that the Board of Directors approved the resignation of Board member **Eng. Khalid bin Sulaiman Al-Mudaifer** (Independent Member) on 31 December 2025, due to the length of his tenure on the Board and the resulting loss of independence status and the occurrence of one of the independence impairments, which may affect the minimum required level of Board independence, in accordance with the relevant regulatory requirements. The Chairman and members of the Board of Directors expressed their sincere appreciation and gratitude to Eng. Khalid bin Sulaiman Al-Mudaifer for his valuable efforts and contributions during his tenure on the Board.

Accordingly, the Board of Directors resolved to appoint **Mr. Yazid bin Hossam Abdullah Al-Hiyaf** as a member of the Board of Directors, to complete the Board composition in accordance with the applicable laws and regulations, provided that the appointment is presented to the next General Assembly of the Company.

## Audit Committee

Pursuant to the resolution of the Board of Directors dated 16 September 2024, the Audit Committee was formed for the current term, commencing from the date of the Board resolution and continuing until the end of the current Board term on 15 September 2028. Accordingly, the current Committee consists of three members as follows:

| No. | Name                             | Position   |
|-----|----------------------------------|--|
| 1   | Mr. Sultan Ahmed Al-Shubaili     | Committee Chairman – Independent Financial Member (Non-Board Member) |
| 2   | Mr. Yazid Hussam Al-Hayaf        | Committee Member   |
| 3   | Eng. Khalid Suleiman Al-Mudayfir | Committee Member   |

On 31 December 2025, the Board of Directors approved the resignation of **Eng. Khalid bin Sulaiman Al-Mudaifer** from the membership of the Audit Committee due to his work commitments. Accordingly, the Board of Directors decided to appoint **Eng. Khalid Abdulaziz Al-Bakri** as a member of the Audit Committee, in accordance with the relevant laws and regulations and to complete the Committee's formation.

## Nomination and Remuneration Committee

Pursuant to the Board of Directors' resolution dated 16 September 2024, the Nomination and Remuneration Committee was formed, with its term commencing from the date of the Board resolution until the end of the current Board term on 15 September 2028. The Committee consists of three members as follows:

| No. | Name                           | Position   |
|-----|--------------------------------|--|
| 1   | Eng. Khaled Abdulaziz Al-Bakri | Chairman of the Committee – Independent Board Member |
| 2   | Mr. Yazid Hussam Al-Hayaf      | Committee Member – Independent Board Member          |
| 3   | Mr. Khaled Mohammed Ghandoura  | Committee Member – Independent Board Member          |

## Corporate Governance Officers in the Company

Company Representatives before the Capital Market Authority:

The Company is represented before the Capital Market Authority and Tadawul by:

- 1- **Mr. Majed Abdullah Alissa**  
Board Member and Chief Executive Officer
- 2- **Mr. Ahmed Mostafa Kortam**  
Chief Financial Officer

Disclosure System Officers and Liaison Officers:

- 1- **Mr. Ahmed Mostafa Kortam**  
(Supervisor).
- 2- **Ms. Alanoud Abdulrahman Albanami**  
(Data Entry).

Investor Relations Manager:

- 1- **Mr. Hussein Ahmed Abdulhaq**

## Executive Management:

The following are five members of the executive management who received the highest compensation during the year 2025, including the Chief Executive Officer and the Chief Financial Officer, in accordance with the following table:

| No. | Name                       | Position                                 |
|-----|----------------------------|--|
| 1   | Eng. Majed Abdullah Alissa | Board Member and Chief Executive Officer |
| 2   | Mr. Ahmed Mostafa Qartam   | Chief Financial Officer                  |
| 3   | Mr. Haitham Farouk         | Iron Sector Operations Manager           |
| 4   | Mr. Tamer Mohsen Nossier   | Wood Sector Manager                      |
| 5   | Mr. Ahmed Abdel Latif      | Sales Manager                            |

#### 4.4

**Names of companies inside or outside the Kingdom in which a member of the Board of Directors is currently or previously a board member or part of their management:**

#### 4.5

**Current and Previous Positions, Qualifications, and Experience of the Members of the Board of Directors, Committees, and Executive Management:**

### A- Board of Directors

#### **Mr. Mohammed Abdullah Abdulkarim Al-Suma'ani**

##### **Qualifications:**

Bachelor's Degree in Business Administration.

##### **Current Positions:**

Chairman of the Board of Directors, Sadr Logistics Services Company.

##### **Previous Positions:**

- General Manager, Safa International Investments Company - General Manager, Al-Suma'ani Metal Industries Factory.

##### **Current Memberships:**

Chairman of the Board, Sadr Logistics Services Company

#### **Mr. Bandar Mohammed Abdullah Al-Samaani**

##### **Qualifications:**

Master of Business Administration (MBA).

##### **Current Positions:**

Vice Chairman and Managing Director, Sadr Logistics Services Company.

##### **Previous Positions:**

- Chief Executive Officer, Sadr Logistics Services Company.

##### **Current Memberships:**

Vice Chairman, Sadr Logistics Services Company

#### **Eng. Majed Abdullah Suleiman Al-Essa**

##### **Qualifications:**

- Certified Mergers & Acquisitions Advisor (CM&AA), Alliance of M&A Advisors, USA

- Certified Management Accountant (CMA), Institute of Management Accountants, USA

- Master's Degree in Industrial Management, University of Cambridge - Bachelor's Degree in Chemical Engineering, King Saud University.

##### **Current Positions:**

- Chief Executive Officer, Sadr Logistics Services Company.

##### **Previous Positions:**

- Chief Executive Officer and Board Member, Saudi Ceramics Company

- Chief Executive Officer and Board Member, Batic Investment and Logistics Company

- Chief Executive Officer and Board Member, National Gypsum Company - Director of Opportunity Development and Investment (Mergers & Acquisitions), SABIC

- Team Leader, Saudi Industrial Development Fund.

##### **Current Memberships:**

- Saudi Ceramics Company - Non-Executive Member of the Executive Committee

- Gas Distribution Company - Independent Member of the Nomination Committee

- Mishari Al-Shathri Engineering Consultancy Company - Vice Chairman - Saudi Ceramics Pipes Company - Chairman of the Board

##### **Previous Memberships:**

- Jazan Energy and Development Company

- BATIC Investment and Logistics Company

#### **Eng. Khalid Suleiman Abdullah Al-Mudaifer**

##### **Qualifications:**

- Bachelor's Degree in Chemical Engineering.

##### **Current Positions:**

- General Manager, Al-Obeikan Digital Solutions Company.

##### **Previous Positions:**

- Managing Director, Riyadh Food Company

- Executive Vice President, Al-Othaim Markets Company

- General Manager of Manufacturing, Logistics, and Procurement, Al-Othaim Markets Company - General Manager, Al-Obeikan Industrial Company

- Deputy General Manager, Al-Obeikan Industrial Company

- Production Manager, Saudi Pharmaceutical Industries Company.

##### **Current Memberships:**

- Sahl Al-Madar Company (Closed Joint Stock Company) - Independent Board

##### **MemberPrevious Memberships:**

- Abdullah Al Othaim Markets Company (Listed Joint Stock Company)

- Deputy Chief Executive Officer

- Riyadh Food Industries Company (Closed Joint Stock Company)

- Board Member - Al-Obeikan Company (Closed Joint Stock Company)

- General Manager - Diala Company

#### **Mr. Khalid Abdulaziz Al-Bakri**

##### **Qualifications:**

- Master of Business Administration (MBA)

##### **Current Positions:**

- Partner, Founder, and Chairman of the Board, Madaya Concept Company

- Deputy Minister of Communications and Information Technology for Postal and Logistics Services.

##### **Previous Positions:**

- Leader of Strategic Transformation and Privatization for the ICT and Postal Sector - Chief Executive Officer, Bas International Group

- Chief Executive Officer, ARASCO Logistics Company

- Vice President of Transport Sector, ARASCO - General Manager of Logistics Sector, Agricultural Development Company (Al-Dabbagh Group) - Production Unit Manager, Almarai Company

- Production Unit Manager, Almarai Company

- Nutrition Department Supervisor, North Florida Food Company, USA.

##### **Current Memberships:**

Madaya Concept - Executive Committee Chairman

- Lajlak Private Sector Company - Executive Committee Chairman

##### **Previous Positions:**

- Saudi Company for Digital Information Exchange (Tabadul)

- Board Member and Member of the Nomination and Remuneration Committee

- Asharqia Chamber

- Member of the Logistics Committee - Arab Union for Land Transport Committee

- Amman, Jordan - Committee Member - Council of Saudi Chambers - Member of the National Logistics Committee - Saudi Logistics Academy (Government Entity)

- Executive Committee Chairman - Saudi Post (Government Company)

- Chairman of the Executive Committee and Nomination and Remuneration Committee - E-Commerce Council

- Board Member - National Industrial Development and Logistics Program

- Member of the Executive and Advisory Logistics Committees

- Cross Border Company - Board Member - King Fahd University of Petroleum and Minerals

- Member of the Advisory Committee for the Supply Chain Management Program

- Yanbu International College - Member of the Advisory Committee for Supply Chain

## B. Committees:

### Mr. Yazeed bin Hossam Al-Hayaf

- (Audit Committee Member)

#### Qualifications:

- Master's Degree in Accounting- Master of Business Administration (MBA)
- Certified Public Accountant (CPA)- SOCPA Fellow (Saudi Organization for Chartered and Professional Accountants)
- iiBV Certified Business Valuator
- ASA Certified Business Valuator- CME1
- Capital Market Authority Regulations- CMA Disclosure Certification

#### Current Positions:

- Chief Financial Officer of Rasan Company (listed on the Main Market)
- General Manager of Yazeed Al-Hayaf Certified Public Accountants Office- General Manager of Malaa Business Valuation Office

#### Previous Positions:

- Chief Financial Officer of Takamol Digital Payments Company
- Finance Manager of Abunayyan Holding Group
- Finance Manager and Financial Operations Manager at Al-Olayan Group (Xerox Company and Al-Olayan Food Company)
- Finance Manager at WorleyParsons- External Auditor at Ernst & Young (EY)- Cost Analyst at UTCM Company in Utah, USA
- Financial Officer for a charitable center (Al-Hikmah Center) in Utah, USA
- Worked in the government education sector

### Mr. Sultan Ahmed Al-Shubaili

(Chairman of the Audit Committee)

#### Qualifications:

- Executive Program in Equity Investment Management, London Business School
- Executive Leadership Development Program for High-Performance Teams, University of Southern California – Marshall School of Business
- Bachelor's Degree in Accounting, King Saud University, Saudi Arabia- SOCPA Fellow
- IFRS Certificate
- Association of Chartered Certified Accountants (ACCA)

#### Current Positions:

Founder of Sultan Ahmed Al-Shubaili Certified Public Accountants (Member of Al-linial International)

#### Previous Positions:

- Partner, Head of Technical Committee and Training Committee at PKF Al-Bassam & Co. Certified Public Accountants
- Accounting Team Leader at Thiqa Business Services Company
- Senior Auditor at Ernst & Young

### Mr. Khaled Mohammed Ghandoura

(Nomination and Remuneration Committee Member)

#### Qualifications:

- Bachelor's Degree in Media and Public Relations, King Saud University

#### Current Positions:

Chief Executive Officer of Saeed Ghadar Group

#### Previous Positions:

- Chief Human Resources Officer at ARASCO
- Chief Executive Officer of EHCC- Chief Executive Officer of Al-Jeri Company
- Chief Human Resources Officer and Board Member at Al-Khorayef Group
- Deputy Head of Human Resources and Shared Services at Al-Toukhi Group
- HR and Administration Manager at Al-Ojo Group
- Recruitment and Workforce Planning Manager at Al-Olayan Group
- HR and Administration Manager at Al-Jeel Medical Company
- Operations Manager at Banque Saudi Fransi

### Mr. Hussein Ahmed Abdulhaq

(Board Secretary)

#### Qualifications:

- Bachelor's Degree in Commerce

#### Current Positions:

Administrative Affairs Manager, Board Secretary and Committees Secretary, and Investor Relations Manager at Sadr Logistics Services Company

#### Previous Positions:

- Executive Office Manager at Jiad Al-Qassim Coffee Company
- Administrative Affairs Officer at Amco Foods Company
- Administrative Affairs Officer at Abdulaziz Al-Hadithi Company

## C. Senior Executives:

### Mr. Ahmed Mostafa Qartam

#### Qualifications:

- Bachelor's Degree in Accounting- SOCPA Fellow (Saudi Organization for Chartered and Professional Accountants)

#### Current Positions:

Chief Financial Officer of Sadr Logistics Services Company.

#### Previous Positions:

- 1- Finance Manager at Al-Sammani Metal Industries Factory (currently Sadr Logistics Services Company)
- 2- Chief Accountant at Al-Rashed Contracting Company
- 3- Accountant and Financial Auditor at Al-Qafari Investment Development Company
- 4- Accountant and Legal Auditor in the Arab Republic of Egypt

### Mr. Tamer Mohsen Naseer

#### Qualifications:

- Bachelor's Degree in Law – Diploma in Commercial Law
- Diploma in Marketing – Diploma in Supply Chain and Logistics

#### Current Positions:

Wood Sector Manager (Sadr Logistics Services Company)

#### Previous Positions:

- Management and operation of factories specialized in the production of wooden pallets and décor at (Enmaa Wooden Pallets Manufacturing Company – Al-Turki Holding Group – Al-Qaryan Holding Group)

### Mr. Haitham Farouk

#### Qualifications:

- Bachelor's Degree in Social Work
- Diploma in Research and Marketing
- Diploma in Marketing Skills
- Diploma in Administrative Marketing Skills

#### Current Positions:

- Marketing Manager at International Group Company from 2004 to 2009

#### Previous Positions:

- Bachelor's Degree in Social Work
- Diploma in Research and Marketing
- Diploma in Marketing Skills
- Diploma in Administrative Marketing Skills

### Mr. Ahmed Abdel Latif

#### Qualifications:

- Bachelor's Degree in Social Work

#### Current Positions:

Sales and Marketing Manager, Sadr Logistics Services Company.

#### Previous Positions:

- 1- Sales Representative at Nova Pharm Pharmaceuticals Company, Cairo Area Supervisor and Deputy Sales Manager
- 2- Sales Representative and Sales Supervisor at Al-Sammani Metal Industries Factory and Deputy Marketing Manager

### ● **Audit Committee:**

**The Committee is responsible for overseeing the Company's operations and verifying the integrity and fairness of its reports, financial statements, and internal control systems. The Committee's duties and responsibilities include, in particular, the following:**

#### ● **1. Financial Reporting:**

- Reviewing the Company's interim and annual financial statements before submission to the Board, providing its opinion and recommendations to ensure their integrity, fairness, and transparency.
- Providing a technical opinion, upon request of the Board, on whether the Board's report and the Company's financial statements are fair, balanced, understandable, and include information that enables shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Reviewing any significant or unusual matters contained in the financial reports.
- Carefully examining any issues raised by the Company's Chief Financial Officer, or any person assuming his duties, or the compliance officer, or the external auditor.
- Verifying the accounting estimates in material matters included in the financial reports.
- Reviewing the accounting policies adopted by the Company and providing opinion and recommendations to the Board in this regard.

#### ● **2. Internal Audit:**

- Reviewing and assessing the Company's internal control, financial control, and risk management systems.
- Reviewing internal audit reports and following up on the implementation of corrective actions for the observations contained therein.
- Supervising and monitoring the performance and activities of the internal audit function in the Company to ensure the availability of necessary resources and their effectiveness in performing assigned duties and responsibilities.
- Recommending to the Board the appointment of the Head of Internal Audit or the internal auditor and proposing their remuneration.
- Approving the internal audit policies and procedures manual and any amendments thereto.

#### ● **3. External Auditor:**

- Recommending to the Board the nomination and removal of external auditors, determining their fees, and evaluating their performance, after verifying their independence and reviewing the scope of their work and terms of engagement.
- Verifying the independence, objectivity, and fairness of the external auditor, and the effectiveness of audit work, taking into consideration relevant rules and standards.
- Reviewing the external auditor's audit plan and work, and ensuring that no technical or administrative services are provided beyond the scope of audit work, and providing observations in this regard.
- Responding to inquiries of the Company's external auditor.
- Reviewing the external auditor's reports and observations on the financial statements, providing comments thereon if any, and following up on actions taken in this regard.

#### ● **4. Compliance Assurance:**

- Reviewing the results of reports issued by regulatory authorities and ensuring that the Company has taken the necessary actions in response thereto.
- Verifying the Company's compliance with relevant laws, regulations, policies, and instructions.
- Reviewing contracts and proposed related party transactions and providing its views thereon to the Board.
- Reporting to the Board any matters that require action and providing recommendations on the actions to be taken

## 4.6

### Committees' Duties, Members, and Attendance Record

The Committee held five meetings during the financial year ended 31 December 2025, as shown in the following table:

| Committee Members/<br>Attendance Record  | Mr. Sultan Ahmed<br>Al-Shubaili | Mr. Yazeed bin<br>Hossam Al-Hayaf | Eng. Khaled Suleiman<br>Al-Mudayfer |
|--|---------------------------------|-----------------------------------|-------------------------------------|
| Membership Status                        | Chairman of the<br>Committee    | Member                            | Member                              |
| <b>First Meeting</b><br>17 February 2025 | √                               | √                                 | √                                   |
| <b>Second Meeting</b><br>March 2025 20   | √                               | √                                 | √                                   |
| Third Meeting<br>May 2025 12             | √                               | √                                 | √                                   |
| Fourth Meeting<br>August 2025 9          | √                               | √                                 | √                                   |
| Fifth Meeting<br>November 2025 5         | √                               | √                                 | √                                   |
| <b>Total</b>                             | <b>5</b>                        | <b>5</b>                          | <b>5</b>                            |



## Nomination and Remuneration Committee

The Committee is responsible for duties and responsibilities related to two aspects: remuneration and nominations. The Committee's duties and responsibilities include, in particular, the following:

### 1. Remuneration

- Preparing a clear remuneration policy for the Board members, committees emanating from the Board, and management, and submitting it to the Board for consideration in preparation for its approval by the General Assembly, taking into account performance-related standards, disclosure thereof, and ensuring its implementation.
- Clarifying the relationship between the granted remuneration and the applicable remuneration policy, and explaining any material deviation from such policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its intended objectives.
- Recommending to the Board the remuneration of Board members, Board committees, and senior executives in accordance with the approved policy.

### 2. Nominations

- Proposing clear policies and criteria for membership of the Board and management.
- Recommending to the Board the nomination and re-nomination of its members in accordance with the approved policies and criteria, taking into account that no person previously convicted of a crime involving dishonesty shall be nominated.
- Preparing a description of the capabilities and qualifications required for Board membership and executive positions.
- Determining the time required for a member to devote to Board activities.
- Conducting an annual review of the required skills or expertise needed for Board membership and executive positions.
- Reviewing the structure of the Board and management and providing recommendations regarding potential changes.
- Verifying annually the independence of independent members and ensuring the absence of any conflict of interest if a member serves on the board of another company.
- Establishing job descriptions for executive members, non-executive members, independent members, and senior executives.
- Setting procedures in the event of a vacancy in the position of a Board member or senior executive.
- Identifying strengths and weaknesses within the Board and proposing solutions to address them in the best interest of the Company.

The Nomination and Remuneration Committee held one meeting during the financial year ended 31-12-2024, as shown in the following table:

| Committee Members / Attendance Record | Eng. Khaled Abdulaziz Al-Bakri | Mr. Yazeed bin Hossam Al-Hayaf | Mr. Khaled bin Mohammed Ghandoura |
|---------------------------------------|--------------------------------|--------------------------------|-----------------------------------|
| Membership Status                     | Chairman of the Committee      | Member                         | Member                            |
| First Meeting<br>29 January 2025      | √                              | √                              | √                                 |
| <b>Total</b>                          | <b>1</b>                       | <b>1</b>                       | <b>1</b>                          |

### 1. Remuneration and Attendance Allowances for Board Members:

- The Chairman of the Board and each Board member shall be entitled to an annual remuneration of one hundred thirty thousand (130,000) Saudi Riyals for each fiscal year.
- Each Board member residing in the city of the Company's headquarters (Riyadh – meeting location) shall be entitled to an attendance allowance of three thousand (3,000) Saudi Riyals for each Board meeting attended. A Board member residing permanently outside the city where the meeting is held shall be entitled to compensation for travel expenses for attending the meeting, as follows:  
First-class travel ticket (round trip) from his place of residence to the meeting location.  
A per diem allowance of two thousand five hundred (2,500) Saudi Riyals inclusive of all expenses.
- In determining the annual remuneration of Board members, performance-related criteria shall be considered, whereby the remuneration or part thereof may be linked to the member's performance, such as attendance at meetings.
- In all cases, the total annual remuneration and attendance allowances shall not exceed one hundred fifty-one thousand (151,000) Saudi Riyals.
- A portion of the annual remuneration shall be deducted from any member who is absent without excuse from more than 50% of the total annual meetings held, in proportion to the number of absences relative to the total number of meetings held.

### 2. Remuneration and Attendance Allowances for Committee Members:

- The Chairman of the Audit Committee shall be entitled to an annual remuneration of forty thousand (40,000) Saudi Riyals for each fiscal year.
- Each member of the Audit Committee shall be entitled to an annual remuneration of thirty thousand (30,000) Saudi Riyals for each fiscal year.
- The Chairman and each member of the Nomination and Remuneration Committee shall be entitled to an annual remuneration of ten thousand (10,000) Saudi Riyals for each fiscal year.
- Each committee member residing in the city of the Company's headquarters (Riyadh – meeting location) shall be entitled to an attendance allowance of one thousand five hundred (1,500) Saudi Riyals for each committee meeting attended. A committee member residing permanently outside the city where the meeting is held shall be entitled to compensation for travel expenses for attending the meeting, as follows:  
First-class travel ticket (round trip) from his place of residence to the meeting location.  
Two thousand five hundred (2,500) Saudi Riyals inclusive of all expenses.
- In determining the annual remuneration of committee members, performance-related criteria shall be considered, whereby the remuneration or part thereof may be linked to the member's performance, such as attendance at meetings.
- In all cases, the total annual remuneration and attendance allowances for the Chairman of the Audit Committee shall not exceed fifty-two thousand (52,000) Saudi Riyals.

- In all cases, the total annual remuneration and attendance allowances for members of the Audit Committee shall not exceed forty-two thousand (42,000) Saudi Riyals.
- In all cases, the total annual remuneration and attendance allowances for members of the Nomination and Remuneration Committee shall not exceed sixteen thousand (16,000) Saudi Riyals.
- A portion of the annual remuneration shall be deducted from any member who is absent without excuse from more than 50% of the total annual meetings held, in proportion to the number of absences relative to the total number of meetings held.

### 3. Remuneration of the Board and Committee Secretary:

- The Board Secretary shall be entitled to an annual remuneration of ten thousand (10,000) Saudi Riyals for each fiscal year.
- The Secretary of the Audit Committee shall be entitled to an annual remuneration of ten thousand (10,000) Saudi Riyals for each fiscal year.
- The Secretary of the Nomination and Remuneration Committee shall be entitled to an annual remuneration of five thousand (5,000) Saudi Riyals for each fiscal year.

### 4. Management Remuneration:

The Committee reviews and approves the salary scale for all employees and senior executives, as well as incentive programs and plans on an ongoing basis, based on recommendations from management. Management remuneration includes the following:

- Basic salary (paid monthly at the end of each calendar month).
- Allowances including, but not limited to, housing allowance, transportation allowance, education allowance for children, and telephone allowance.
- Medical insurance benefits for the employee and his family.
- Life insurance policy (covering work injuries, partial and total disability, and death during employment).
- Annual bonus.
- Short-term incentive plans and long-term incentive plans such as stock option programs.
- Other benefits including, but not limited to, annual leave, annual travel tickets, executive airport services, and end-of-service benefits in accordance with the Labor Law and the Company's approved Human Resources policy.
- General plans and programs for senior executive remuneration are approved by the Committee.
- Any other remuneration or allowances are approved by the Committee.

The Chief Executive Officer implements the remuneration policy for employees and senior executives in line with the plans, programs, and general guidelines approved by the Committee.

## 4.8

## Remuneration Granted to the Members of the Board of Directors and Executive Management

The following table presents the remuneration, allowances, and salaries of the members of the Board of Directors, its committees, and senior executives, which were paid or accrued during the financial year ended 31 December 2025

### 1. Remuneration of the Board of Directors Members:

| Description                             | Salaries and Allowances | Periodic and Annual Bonuses | Fees for Technical Works or Consultancy | Board Meeting Attendance Allowance | Other Expenses | Incentive Plans | In-kind Benefits | Total          |
|---|-------------------------|-----------------------------|---|------------------------------------|----------------|-----------------|------------------|----------------|
| <b>First: Non-Executive Members:</b>    |                         |                             |   |                                    |                |                 |                  |                |
| 1- Mr. Mohammed Abdullah Al-Sammani     | -                       | 130,000                     | -                                       | 21,000                             | -              | -               | -                | 151,000        |
| <b>Second: Executive Members:</b>       |                         |                             |   |                                    |                |                 |                  |                |
| 1- Mr. Bandar Mohammed Al-Sammani       | -                       | 130,000                     | -                                       | 21,000                             | -              | -               | -                | 151,000        |
| 2- Eng. Majed Al-Eissa                  | -                       | 130,000                     | -                                       | 21,000                             | -              | -               | -                | 151,000        |
| <b>Total Executive Members</b>          | -                       | <b>260,000</b>              | -                                       | <b>42,000</b>                      | -              | -               | -                | <b>302,000</b> |
| <b>Third: Independent Members:</b>      |                         |                             |   |                                    |                |                 |                  |                |
| 1- Eng. Khaled Suleiman Al-Mudayfir     | -                       | 130,000                     | -                                       | 18,000                             | -              | -               | -                | 148,000        |
| 2- Mr. Khaled Al-Bakri                  | -                       | 130,000                     | -                                       | 21,000                             | -              | -               | -                | 151,000        |
| <b>Total Independent Members</b>        | -                       | <b>260,000</b>              | -                                       | <b>39,000</b>                      | -              | -               | -                | <b>299,000</b> |
| <b>Fourth: Board Secretary</b>          |                         |                             |   |                                    |                |                 |                  |                |
| Mr. Hussein Ahmed Hussein Abdulhaq      | -                       | 10,000                      | -                                       | -                                  | -              | -               | -                | 10,000         |
| <b>Total for the Board of Directors</b> | -                       | <b>660,000</b>              | -                                       | <b>102,000</b>                     | -              | -               | -                | <b>762,000</b> |

## 2. Committee Members' Remuneration

| Description  | Fixed Remuneration (Excluding Attendance Allowance) | Meeting Attendance Allowance | Total          |
|--|---|------------------------------|----------------|
| <b>A- Audit Committee Members:</b>                       |   |                              |                |
| Mr. Sultan Al-Shibli                                     | 40,000  | 7,500                        | 47,500         |
| Mr. Yazeed bin Hossam Al-Hayaf                           | 30,000  | 7,500                        | 37,500         |
| Eng. Khalid Sulaiman Al-Mudayfir                         | 30,000  | 7,500                        | 37,500         |
| Board Secretary / Hussein Ahmed Hussein Abdulhaq         | 10,000  | -                            | 10,000         |
| <b>Total Audit Committee</b>                             | <b>110,000</b>                                      | <b>22,500</b>                | <b>132,500</b> |
| <b>B- Nomination and Remuneration Committee Members:</b> |   |                              |                |
| Mr. Khalid Abdulaziz Al-Bakri                            | 10,000  | 1,500                        | 11,500         |
| Mr. Yazeed bin Hossam Al-Hayaf                           | 10,000  | 1,500                        | 11,500         |
| Mr. Khalid bin Mohammed Ghandoura                        | 10,000  | 1,500                        | 11,500         |
| Board Secretary / Hussein Ahmed Hussein Abdulhaq         | 5,000   | -                            | 5,000          |
| <b>Total Nomination and Remuneration Committee</b>       | <b>35,000</b>                                       | <b>4,500</b>                 | <b>39,500</b>  |
| <b>Total Committees</b>                                  | <b>166,288</b>                                      | <b>25,500</b>                | <b>172,000</b> |

## 3. Senior Executives' Remuneration

The Company's senior executives who received the highest salaries and remuneration during the year 2025 include the Chief Executive Officer, the Chief Financial Officer, the Iron Sector Operations Manager, the Wood Sector Manager, and the Sales Manager. Their salaries, remuneration, and allowances were as follows:

| Description  | Salaries and Allowances | Periodic and Annual Bonuses and Commissions | End-of-Service Benefits | Others | Benefits in Kind | Total            |
|--------------|-------------------------|---|-------------------------|--------|------------------|------------------|
| <b>Total</b> | <b>3,299,907</b>        | <b>938,288</b>                              | <b>354,548</b>          |        | <b>-</b>         | <b>4,592,743</b> |

## 4.9

### Resolution on Waiver of Remuneration for Members of the Board of Directors, Committees, or any Senior Executives:

None of the members of the Board of Directors, committees, or senior executives waived their remuneration for the year 2025, and the remuneration of the Board members and committees will be presented to the General Assembly for approval.

## 4.10

### Dates of General Assemblies of Shareholders and Attendance Record of Board Members for Each Meeting

The following table shows the attendance of the members of the Board of Directors at the General Assemblies of shareholders held remotely through modern technology means.

One General Assembly was held during the year 2025

| NO. | Name  | Meeting Date | Total |
|-----|---|--------------|-------|
|     |   | 2 June 2025  |       |
| 1   | Mr. Mohammed Abdullah Abdulkarim Al-Sammani | √            | 1     |
| 2   | Mr. Bandar Mohammed Abdullah Al-Sammani     | √            | 1     |
| 3   | Eng. Khalid Suleiman Abdullah Al-Mudaifer   | √            | 1     |
| 4   | Mr. Khalid Abdulaziz Al-Bakri               | √            | 1     |
| 5   | Eng. Majed Abdullah Al-Essa                 | √            | 1     |

## 4.11

### Changes in Share Ownership for Persons Other than Members of the Board of Directors and Senior Executives

The Company did not receive any notification from shareholders regarding any changes in share ownership during the financial year ended 31 December 2025.

## 4.12

### Interests of Members of the Board of Directors and Senior Executives

No changes occurred during the year 2025 in the existing interests in the Company's shares held by certain members of the Board of Directors, senior executives, and their relatives, as shown below:

| No. | Name                            | Beginning of the Year |                  | End of the Year  |                  | Net Change | Change % |
|-----|---------------------------------|-----------------------|------------------|------------------|------------------|------------|----------|
|     |                                 | Number of Shares      | Debt Instruments | Number of Shares | Debt Instruments |            |          |
| 1   | Ilma Holding Investment Company | -                     | 35,000,000       | -                | 35,000,000       | 0          | 0%       |

## 4.13

### Board of Directors' Meetings and Attendance Record for Each Meeting

|  | Eng. Khaled Abdulaziz Al-Bakri | Eng. Khaled Suleiman Al-Mudaifer | Eng. Majed Abdullah Al-Essa | Mr. Bandar Mohammed Al-Suma'ani | Mr. Mohammed Abdullah Al-Suma'ani | Committee Members/ Attendance Record |
|--|--------------------------------|----------------------------------|-----------------------------|---------------------------------|-----------------------------------|--------------------------------------|
| <b>First Meeting</b><br>22 March 2025      | √                              | √                                | √                           | √                               | √                                 | √                                    |
| <b>Second Meeting</b><br>14 May 2025       | √                              | √                                | √                           | √                               | √                                 | √                                    |
| <b>Third Meeting</b><br>22 July 2025       | √                              | √                                | √                           | √                               | √                                 | √                                    |
| <b>Fourth Meeting</b><br>9 August 2025     | √                              | √                                | √                           | √                               | √                                 | √                                    |
| <b>Fifth Meeting</b><br>19 August 2025     | √                              | √                                | √                           | √                               | √                                 | √                                    |
| <b>Sixth Meeting</b><br>6 November 2025    | √                              | √                                | √                           | √                               | √                                 | √                                    |
| <b>Seventh Meeting</b><br>22 December 2025 | √                              | X                                | √                           | √                               | √                                 | √                                    |
| <b>Total</b>                               | 7                              | 6                                | 7                           | 7                               | 7                                 | 7                                    |



## 5. Penalties and Sanctions Imposed on the Company:

There are no penalties or sanctions imposed on the Company.

## 6. Results of the Annual Review of the Effectiveness of Internal Control System Procedures:

The effectiveness of the Company's internal control procedures was reviewed by the Audit Committee, and the Board of Directors was regularly and periodically informed of the results of this review. This process aimed to verify the adequacy, efficiency, and effectiveness of internal control procedures in safeguarding the Company's assets, assessing risks associated with operations, and measuring performance efficiency across various functions and departments.

It is worth noting that internal audit activities are carried out under the supervision of the Audit Committee and are performed by a specialized internal audit firm, carefully selected and appointed by the Audit Committee to ensure independence and professionalism in performance. This specialized firm conducts a comprehensive review of all the Company's departments, divisions, and operations, including operational, financial, and administrative activities, and submits periodic and detailed reports to the Audit Committee, which in turn follows up on the findings and presents them to the Board of Directors to take appropriate decisions.

The review results indicated that the Company's internal control system is adequate and effective, and the internal audit activities did not reveal any material weaknesses in the internal control system. This reflects the Company's commitment to applying the highest standards of governance and quality control across all its operations. Despite the positive results, the Audit Committee recommends the need for continuous improvement of internal control systems. This includes regularly updating procedures, enhancing control mechanisms in line with international best practices, and ensuring that systems effectively respond to changes in the business environment and market requirements. These recommendations aim to further strengthen the protection of the Company's assets, reduce operational risks, and improve performance efficiency across various sectors, thereby contributing to achieving the Company's strategic objectives and enhancing its value for shareholders and customers alike.

The Audit Committee emphasizes the importance of continuing this path of improvement and development to ensure that the Company remains at the forefront of companies committed to the highest standards of internal control and governance, thereby enhancing its competitiveness and supporting the achievement of its long-term objectives.

## 7. Means Adopted by the Board to Evaluate Its Performance:

The Board relied on several evaluation criteria, including the number of Board and committee meetings, attendance rates during the year, attendance rates at General Assemblies, and the significant and material decisions of the Board during the year. In general, the Board's performance is linked to the Company's activities, the achievement of annual sales and profit targets, as well as the development and follow-up of the Company's strategic plans. The Company also seeks to further develop the methods and criteria for evaluating the performance of the Board and its committees, including the potential appointment of an external entity to conduct the performance evaluation.

## 8. Audit Committee Recommendation Regarding the Need to Appoint an Internal Auditor:

The Audit Committee recommended the appointment of an internal auditor, and the internal auditor was appointed based on the recommendation and decision of the Audit Committee and under its direct supervision.

## 9. Information Related to the Company's Loans:

The Company has a long-term loan agreement with the Agricultural Development Fund, in accordance with the Fund's lending rules and regulations, to finance the logistics services project and the Company's working capital requirements, as well as to finance assets and equipment related to the Company's activities and projects. This loan is recorded under finance costs in accordance with the relevant agreement at a fixed annual interest rate. A grace period of two years has been granted, with the first installment due on 11 August 2027. The loan has been fully disbursed in the amount of SAR 74,586,799.

The following table shows the movement of the loan, its interest, amounts paid, and outstanding balances, as follows:

| Entity                        | Loan Amount   | Loan Balance at the Beginning of 2025 | Loan Utilized | Loan Tenor | Amount Repaid | Interest for the Year 2025 | Government Grant Income (Subsidized Loan Cost Difference) | Outstanding at the End of 2025 |
|-------------------------------|---------------|---------------------------------------|---------------|------------|---------------|----------------------------|---|--------------------------------|
| Agricultural Development Fund | 74,586,799.00 | 41,300,715.00                         | 31,342,622.00 | 10 years   | -             | 3,671,542.00               | 17,593,474.00   | 58,721,405.00                  |

## 10. Description of Debt Instruments:

There are no debt instruments convertible into shares, nor any option rights, warrants, or similar rights issued or granted by the Company during the financial year. There are also no conversion or subscription rights under debt instruments convertible into shares, nor any option rights or similar rights certificates issued or granted by the Company during the financial year. Furthermore, there has been no redemption, purchase, or cancellation by the Company of any redeemable instruments.

## 11. The Company's Requests for the Shareholders Register:

| Number of Requests for the Shareholders Register | Request Date During 2025 | Reason for the Request |
|--|--------------------------|------------------------|
| 1 file   | 02/06/2025               | General Assembly.      |
| 1 file   | 01/06/2025               | Corporate Actions.     |

## 12. Statutory Payments Paid and Payable:

| Description  | 2024             |                   |
|--|------------------|-------------------|
|  | Paid             | Payable           |
| Zakat, Tax and Customs Authority (Zakat)           | 1,682,930        | 3,245,070         |
| Zakat, Tax and Customs Authority (Value Added Tax) | -                | 5,935,808         |
| Zakat, Tax and Customs Authority (Customs Duties)  | -                | 1,142,201         |
| General Organization for Social Insurance          | 93,732           | 1,092,647         |
| Labor Office, Passports Fees and Others            | -                | 423,314           |
| Other Government Fees                              | -                | 517,194           |
| <b>Total</b>                                       | <b>1,776,662</b> | <b>12,356,233</b> |



### 13. Declaration of No Transactions with Related Parties:

There are no businesses or contracts in which the Company was a party, nor in which any member of the Board of Directors, senior executives, or any related party had an interest, except for the remuneration and attendance allowances of Board and committee members, and the salaries and remuneration of the Executive Management, as previously disclosed.

### 14. Provisions for the Benefit of the Company's Employees:

The following table presents the Company's long-term employee benefits provisions as at 31 December 2025, which are calculated in accordance with the Saudi Labor Law and are subject to actuarial valuation by a qualified actuary, in compliance with the requirements of the relevant international standards.

| Item                               | Amount    |
|------------------------------------|-----------|
| Employees' End of Service Benefits | 6,009,906 |

**There are no other investments or reserves established by the Company for its employees.**

### 15. Board of Directors' Declarations:

1. That the accounting records have been properly prepared.
2. That the internal control system has been established on sound bases and has been effectively implemented.
3. That there is no doubt whatsoever regarding the Company's ability to continue as a going concern.

### 16. External Auditor's Report and Financial Statements:

The external auditor has issued an unmodified opinion, and the auditor's report indicates that the financial statements are free from any material misstatements and contain no reservations. Furthermore, no recommendation has been made by the Board of Directors to replace the external auditor appointed by the Company's General Assembly.



## Closing Statement

The Board of Directors expresses its appreciation for the efforts of the Executive Management and all Company employees, whose commitment and professionalism have contributed to achieving the Company's objectives. The Board also values the trust of the Company's shareholders and their continued support, and looks forward to continuing the journey of growth and enhancing the Company's performance in the coming periods, God willing.

**Allah is the guarantor of success.**

**Board of Directors**