

Saudi Printing and Packaging Company



الشركة السعودية للطباعة والتغليف
Saudi Printing & Packaging co.

ANNUAL REPORT 2021

In the Name of Allah The Most Merciful, The Compassionate

Dear Shareholders,

Saudi Printing & Packaging Company

Greetings,

The Board of Directors of the Saudi Printing and Packaging Company is pleased to present the annual report for the year ended 31 December 2021, which includes a summary and analyses of the company's financial performance, key activities, events, achievements, and an outline of Company's future strategic goals and plans. The annual report includes all disclosures required by the Capital Market Authority in compliance with the requirements of Corporate Governance.

The Board wish to thank and express gratitude to the Company's shareholders, employees, customers, suppliers and all public and private entities that the Company deals with for their contribution and support that helps the Company achieve its objectives.



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

OUR Mission

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

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

OUR GOALS

- Building strategic partnership alliance with our customers.
- Promoting industrial competitiveness, developing existing products and developing new products through research and development.
- Growing returns for our shareholders through expansion and entering new investment markets.
- Ensuring the implementation of quality systems in accordance with local and international standards.
- Commitment to support and develop the work force, attract and develop distinguished human talent and ensure staff retention.

CHAIRMAN'S Message

Dear honorable shareholders,

On behalf of my fellow Board members; I am pleased to present the annual report for the year ended 31 December 2021 which sets out the performance and achievements of the Company in the various sectors in which it operates in addition to the strategic direction, financial performance indicators, governance framework and related disclosures.

In spite of the great global challenges due to the emergence of Corona Virus (COVID-19) pandemic, the Saudi Printing and Packaging Company has worked hard to improve the business performance and develop its operational efficiency as well as reaching high levels of protection, security and safety of its infrastructure assets and human resources. We will continue (God willing) to focus on improving and developing our products to increase our geographical presence in new markets and to ensure providing the best products to our customers and achieve sustainable growth and better results for our valued shareholders.

On behalf of Board members and myself; I extend sincere thanks and appreciation of our wise Government for its constant efforts to achieve the welfare and security of this Country and for its continuous support and taking care of all economic sectors. I would like to also extend my sincere thanks and appreciation to the shareholders for their trust and support during the year 2021. Our thanks also to the executive management and all Company's employees for their efforts and hard work in whom we trust to continue supporting the Company in the coming years. We also extend our thanks to our customers for their trust in the company's products and their continuous support and business. We are full of confidence that the Company's business will continue to contribute in maximizing the interests of shareholders and moving towards further development and success.

Adel Marzouq Al Naser

Chairman

THE COMPANY PROFILE AND ITS SUBSIDIARIES

Saudi Printing & Packaging Company “SPPC”

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

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

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

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

First Sector (Printing):

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

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

Al-Madina Printing & Publishing Company “MPPC”.

During the year 2012, the Saudi Printing and Packaging Company transformed its branch registered under the Commercial Register No. 4030004369 in to Jeddah - Al Ustaz District on 23rd Rajab, 1383H (corresponding to 9th

December, 1963) under the license issued by the Ministry of Information No. 510 on Dhu al-Hijjah 1413 H (corresponding to 14th June, 1993) in the name of (Al-Madina Al-Munawarah for Printing and Publishing - Branch of the Saudi Printing and Packaging Company) into a limited liability Company with the same name in which Saudi Printing and Packaging Company owns 95% of the capital and Hala Press owns the remaining 5%. Al-Madina Al-Munawarah for Printing and Publishing has transferred its three branches to this new limited liability Company.

Hala Printing Company “HPC”

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

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

Second Sector (Packaging):

Packaging is delivered through the Emirates National Factory for Plastic Industries and its subsidiaries (Tiba Printing and Packaging Company, Flexible Packaging Company, Al-Madina Packaging Company “City Pack”, Future Factory for Packaging, Future Plastic Company, International Union Company for Transparent Packaging, United Security Company, United Trading Corporation for Packaging “CAPCO”, Future Plast Industries Company).

The Emirates National Factory for Plastic Industries Company is one of the largest manufacturing and conversion groups for plastics and integrated packaging materials in the Arabian Gulf, which is re-nowned for its huge production capacity, and deploying the latest technologies in plastics conversion and packaging materials supported by the long experience of more than 20 years. The Company is also well known for manufacturing a complete range of plastic products and packaging materials which places it at the forefront of its competitors in the field of plastic and various packaging materials industry.

Future Industrial Investment Co. “FIIC”

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

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

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

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

The Emirates Factory is considered one of the major integrated industrial groups in the countries of the Cooperation Council for the Arab States of the Gulf, where it is re-nowned for its high production capacity and deployment of the latest technology and techniques in the plastic industry and packaging materials building on sound and long experience for more than 20 years. The Company is also recognized for manufacturing and conversion of a wide range of plastic products and packaging materials placing it at the forefront of competition in the field of plastic industry and multi-material packaging.

Saudi Printing & Packaging Company and its Subsidiaries:

Ownership of Subsidiaries

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

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

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

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

STRATEGIC GOALS AND FUTURE PLANS

The Company's vision is to become the leading company in the field of printing, packaging and plastics manufacturing industry, hence the acquisitions in this line of business. The Company's vision is to become a leading company in the field of printing, packaging, and plastics manufacturing industry, hence the acquisitions of the Flexible Packaging Company during the year 2008 and ENPI during the year 2012 are considered as some of the most important strategic steps for the Company in enhancing its capabilities in the field of packaging and the plastics industry.

Accordingly, the Company has prepared a plan, through the Emirates Factory, based on building high-quality human competencies, acquiring the latest technologies for manufacturing in the field of packaging and the plastics industry, and building a strong customer base, which helps in providing a wide range of production options to its customers.

The company is always on the look out for investment opportunities to reach its strategic objectives of achieving good returns and continuing to diversify its sources of revenue. The Company always strives to clearly set strategic goals, and set appropriate mechanisms for that through preparing future plans aiming at achieving growth strategies in terms of profits and preserving shareholders' value in a way that enhances shareholders' confidence in the Company's position and strength as a leading Company in the field of printing and packaging in the Middle East, Africa and other export markets.

The Company's strategic plan in the field of printing focuses on increasing the volume of operations supported by obtaining the latest printing technologies as well as its influence in the main markets in order to benefit from the synergies resulting from merging certain operations as well as providing wide range of various products in order to enhance its leading position in the market.

The Company's strategic objectives and future plans include:

- Increasing competitiveness.
- More specialization.
- Optimum utilization of the available resources.

The Main Events and the Most Important Achievements for the Year 2021

On 27 January 2021 the Saudi Printing and Packaging Company announced that one of its wholly owned subsidiaries in the United Arab Emirates (Emirates National Factory for Plastic Industries) signed a bank facility agreement (in compliance with the provisions of Islamic Sharia) with Commercial Bank of Dubai with a total amount of 475 million UAE Dirham detailed below:

1. Long-term financing of 375 million UAE Dirham, to be paid over 8 years.
2. Short-term financing of 100 million UAE Dirham.

The utilization of funds will be as follows:

- (a) Long-term facilities will be applied for the early repayment of existing facilities with other banks in the United Arab Emirates, amounting to 275 million Dirham and the remaining 100 million Dirhams for financing capital projects.
- (b) Short-term facilities will be used for the purpose of financing the working capital.

Human Resources

The Saudi Printing and Packaging Company and its subsidiaries employ highly qualified and experienced human resources, in addition to the company's providing an attractive and healthy work environment in all respects. During the year 2021, several employees were trained, attended conferences and seminars in order to maintain the necessary skills and expertise to lead the work teams. The continuous business success depends on the company's sustained investment in manpower coupled with maintaining high production capacity and efficiency which delivers job satisfaction and financial returns for both of employee and the Company.

The Company is always keen to make effective development of all aspects of human resources through development programs and job stability plans and building a functionally safe environment for Citizens as a leading national Company in this field to participate in achieving the goals set by the Kingdom for public and private sectors indicated by the 2021 transformation plan thus achieving the 2030 vision and to that end the Company was keen to localize leadership positions and most of which were achieved in the past.

localization of jobs

Localizing jobs, attracting talent, retaining and developing competencies, are the primary responsibilities of the Human Resources Department. Implementation of the Saudization policy ensured that the Company plays an important role in advancing the growth and development of the national economy and contributes to enhancing the opportunities available to Saudi youth, in line with the objectives of the "Kingdom's Vision 2030."

This is what we have succeeded in achieving for the Saudization of a large number of professional and technical jobs, to attract highly experienced national teams in the Saudi market, and to create a competitive market that encourages the recruitment of the citizens of the country. This sends a clear message by the Company that it is necessary to align with the ambitions of our wise Government direction for economic growth and provide proper solutions to build a bright future for the country's youth.

FINANCIAL REPORT

Consolidated Balance Sheet for Five Years

(Thousand Riyal)

Description	2021	2020	2019	2018	2017
Current Assets	539,114	482,487	560,713	709,684	645,504
Non-Current Assets	1,163,938	1,189,502	1,226,291	1,281,456	1,336,421
Total Assets	1,703,052	1,671,989	1,787,003	1,991,140	1,981,925
Current Liabilities	595,877	538,092	548,624	674,717	605,972
Non-Current Liabilities	45,748	44,134	42,681	42,394	47,635
Long Term Loans	418,681	387,023	471,795	518,915	507,065
Total Liabilities	1,060,306	969,249	1,063,099	1,236,025	1,160,672
Shareholders' Equity	641,746	702,740	723,904	755,114	821,253
Total Liabilities and Equity	1,702,052	1,671,989	1,787,003	1,991,140	1,981,925

Consolidated Income Statement for Five Years

(Thousand Riyal)

Description	2021	2020	2019	2018	2017
Sales	783,639	767,687	924,344	1,018,489	991,681
Cost of Sales	694,663	(640,272)	(793,280)	(894,579)	(834,389)
Gross Profit	88,976	127,415	131,64	123,910	157,292
Selling and Marketing Expenses	(49,944)	(49,284)	(59,210)	(60,226)	(66,604)
General and Administrative Expenses	(62,218)	(64,175)	(64,903)	(66,576)	(84,276)
Income from main Operations	(23,186)	13,956	6,951	(2,892)	6,412
(Loss) reflects the decrease in the value of property, plant and equipment				-	(10,167)
Loss of goodwill				-	(20,306)
Other Income (Expenses), net	3,727	9,793	15,437	6,312	8,907
Financial Charges	(36,490)	(40,982)	(58,101)	(55,884)	(44,885)
Income before Extraordinary Losses & Zakat	(55,949)	(17,233)	(35,713)	(52,464)	(60,040)
Extraordinary Losses				-	-
Income before Zakat & Minority Interest	(55,949)	(17,233)	(35,713)	(52,464)	(60,040)
Zakat	(3,349)	(3,312)	(3,047)	(1,903)	(9,415)
Net profit (Loss) for the Year	(59,298)	(20,545)	(38,760)	(54,367)	(69,454)

Statement of Cash flows for Five Years

(Thousand Riyal)

Description	2021	2020	2019	2018	2017
Net cash flow from operations	11,690	94,141	196,142	(31,487)	107,979
Net cash used in investing activities	(15,636)	(16,896)	(9,615)	(23,680)	(48,028)
Net cash used for financing operations	(366)	(93,269)	(190,928)	5,784	(54,395)
Net change in cash and cash equivalents	(4,312)	(16,025)	(4,122)	(49,070)	5,694
Cash and cash equivalent as of 1st January	33,250	34,916	37,654	106,749	101,556
Cash and cash equivalent as of 31st December	23,196	33,250	34,916	37,654	106,749

Geographical analysis of sales and total profits

The following table shows the company's sales and profits by geographic areas for the years 2021 and 2020:

(Thousand Riyal)

Description	KSA	MENA	Africa Except NA	Asia	Europe	Total
2021						
Total Sales	246,225	453,740	77,382	5,971	321	783,639
Total Profits	27,947	51,500	8,783	678	37	88,945
2020						
Total Sales	271,161	426,714	66,362	2,965	485	767,687
Total Profits	45,005	70,823	11,014	492	81	127,415

Clarification of the material differences in the operating results for the two years ended December 31, 2021, and 2020.

(Thousand Riyal)

Description	2021	2020	Diff + or (-)	Diff %
Sales	783,639	767,687	15,952.00	2%
Cost of Sales	(694,663)	(640,272)	-54,391.00	8%
Gross Profit	88,976	127,415	-38,439.00	-30%
SG&A Expenses	(112,162)	(113,459)	1,297.00	-1%
Income from main Operations (Loss)	(23,186)	13,956	-37,142.00	-266%
Net profit (Loss) for the Year	(59,298)	(20,545)	-38,753.00	189%

- Revenue amounted to 783.64 million Saudi riyals for 2021 compared to 767.69 million Saudi riyals for 2020, which represents an increase of 2%.
- The total gross profit amounted to 88.98 million riyals for the year 2021 compared to 127.4 million riyals for the year 2020, which represents a decrease of 30%.
- Operating loss amounted to 23.19 million Saudi riyals for the year 2021 compared to a profit of 13.6 million Saudi riyals for the year 2020, representing an decrease of 266%.
- The net loss was SAR 59.3 million for the year 2021 against the net loss of SAR 20.5 million for the year 2020 representing a decrease 189%.
- The main reason for the decrease in operating profit is the increase in raw material cost during the current year compared to the previous year.
- Other Comprehensive loss amounted to 61 million Saudi riyals compared to 21.16 million Saudi riyals in 2020 which represent an increase of 188.
- Total shareholders' equity (no minority rights) during the current period amounted to 641.75 million Saudi riyals, compared to 702.74 million Saudi riyals for the same period in the previous year, which represent a decrease of 8.7%
- The accumulated loss amounted to 66.6 million Saudi riyals, which represents 11% of the capital.

Sectorial information

The company consists of the following major business sectors:

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

The business results for the two years ending on December 31, 2021 and 2020 for the above-mentioned operating sectors consist of the following:

(Thousand Riyal)

2021	Printing Sector	Packaging Sector	Others & Investment Activities	Total
Sales	72,425	711,214		783,639
Net profit (loss)	(28,312)	(6,596)	(24,390)	(59,298)
Depreciation and amortization	15,438	35,140	94	50,672
Properties, machinery & Equipment, net.	247,420	507,732	140	755,292
Intangible assets	10,217	359,979		370,196
Net stock	63,723	151,976		215,699
Total Assets	379,137	1,321,953	962	1,702,052
Total Liabilities	(26,508)	(640,611)	(393,187)	(1,060,306)
2020				
Sales	137,142	630,546		767,688
Net profit (loss)	6,534	6,343	7,668	20,545
Depreciation	19,942	37,169	106	57,217
Properties, machinery & Equipment, net.	262,513	523,188	218	785,919
Intangible assets	10,216	359,919	---	370,135
Net stock	55,794	112,738	---	168,532
Total Assets	391,222	1,260,761	20,007	1,671,990
Total Liabilities	(27,237)	(546,470)	(395,542)	(969,249)

Information Related to Murabaha & Loans

The following table shows the information related to the company's consolidated loans and its movements during the year 2021:

(Thousand Riyal)

Description	Loan amount	Year start balance	Additional amount during the year	Loan payments	Yearend balance	Loan period (years)	Lending associations
Long term loans	778,830	515,528	282,708	(288,023)	510,213	4-7 years	Several associations
Short term loans	446,080	274,006	927,636	(886,101)	315,541	1 years	Several associations
Total	1,224,910	789,534	1,210,344	(1,174,124)	825,754		

The balance at the end of 2021 in the internal and external banks is summarized as follows:

(Thousand Riyal)

Description		Percentage %	Granting Bank
Local banks (KSA)	383,044	%46,39	Alinma Bank, Banque Saudi Fransi, Saudi British Bank, Riyad Bank
Foreign banks (UAE)	442,710	%53,61	Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates Islamic Bank, First Abu Dhabi Bank, Commercial Bank of Dubai, Commercial Bank of Dubai
Total	825,754	%100	

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

(Thousand Riyal)

Description	2021	2020
Opening balance	789,534	843,419
Received during the year	1,210,344	384,515
Paid during the year	1,174,124	438,400
Closing balance	825,754	789,534

The total of the Murabaha and loans are as follows:

(Thousand Riyal)

Description	2021	2020
Short-term loans	315,541	274,006
Long-term loans / investment financing	510,213	515,528
Total	825,754	789,534

Loan Dues:

(Thousand Riyal)

Description	2021	2020
less than one year	407,074	402,510
From 1 to 2 years	144,817	181,085
From 2 to 5 years	131,443	205,939
More than 5 years	142,420	-
Total	825,754	789,534

Stocks and Debt Instruments:

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

Transactions with Related Parties

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

(Thousand Riyal)

Description	2021	2020
Sales	22,697	18,554
Rental income		-
Executive Board Members remuneration	100	100
Allowances paid to members of the Board of Director	201	218

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

Related Parties Balances

The required balances from related parties, as on December 31, 2021, consist of the following, taking into consideration that these works were agreed upon years ago and come as an extension of ongoing relationships that started before the fiscal year 2021.

(Thousand Riyal)

Description	2021	2020
Saudi Research and Publishing Co.	5,406	6,913
Saudi Specialized Publishing Company	67	171
<u>Saudi Distribution Company</u>	0.6	-
Al-Khaleejiah Advertising & Public Relations Company Ltd.	54	8
Saudi Research & Marketing Group (Holding Company)	52	32
Taoq Research	173	-
TOTAL	5,753	7,124

Report of the Board of Directors and its Committees

Election of the board of directors

The company is managed by a board of directors consisting of nine (9) members elected by the ordinary general assembly of shareholders for a period not exceeding three (3) years. The members of the board of directors were also elected for the fifth term, which starts from 07-05-2021, until 06-05-2024 from among the applicants in the ordinary general assembly meeting held on 28-04-2021. The following members were elected:

#	Member's Name	Membership
1	Mr. Adel Marzouq Al Nasser	Independent
2	Dr. Mohammed Amin Kashgari	Non-Executive
3	Mr. Fahd Ibrahim Al-Mufarraj	Executive
4	Mr. Khalid Mohammed Alhugail	Independent
5	Mr. Saleh Hussain Al Dowais	Non- Executive
6	Dr. Turki Omar Saleh Buqshan	Independent
7	Mr. Mohammed Zamil Al Laabon	Independent
8	Mr. Mohammed Mutlaq Al Amaj	Independent
9	Mr. Mohammed Abdulfatah Nazer	Non - Executive

His Excellency Mr. Adel Marzouq Al Nasser was elected as Chairman of the Board of Directors and Dr. Mohammed Amin Kashgari as Vice Chairman by the Board resolution on 07-05-2021.

Board Of Directors

Mr. Adel Marzouq Al Nasser

Chairman "Independent Member"

Mr. Adel Marzouq Al Nasser held a number of leadership positions in banking institutions and a number of banks, including the deputy managing director of the Saudi British Bank (SAB). Mr. Adel Al Nasser holds a diploma from the Institute of Bankers in London in 1986. He also attended many administrative and financial training courses. He has held several senior positions and is currently a member of the board of directors of the Saudi Research and Media Group and Al-Ittefaq Steel Company. He was also appointed as Chairman of the board of directors for the new term, upon the board decision on 07/05/2021.



Dr. Mohammad Amin Dawood Kashqari

Deputy Chairman of the Board "Non-Executive Member"

Dr. Mohammed Amin Kashgari has long and eminent experience and has held several scientific positions, including Professor and head of the Chemical Engineering Department, College of Engineering, King Abdulaziz University. Over the past 30 years, he held several leadership positions in the Savola Group. Dr. Mohammed Kashgari holds a bachelor's degree in Chemical Engineering - King Fahd University of Petroleum and Minerals in 1974 and got a master's and Ph.D. degree from Stanford University, USA, during the years 1976 and 1982. He was appointed as Vice Chairman of the Board of Directors for the new term, upon the Board decision on 07/05/2021.



Mr. Fahad Ibrahim Al-Mufarrij

Board Member- "Executive Member"

Mr. Fahd Ibrahim Al-Mufarraj has long and distinguished experience in the field of financial control, in addition to training with many international bodies such as Harvard University, the International Monetary Fund, the World Bank, the Irish Management Institute, the British Financial Services Authority, the Singapore Monetary Agency and others. Mr. Fahd Al-Mufarraj holds a bachelor's degree in Administrative Sciences - King Abdul Aziz University in 1986 and holds several courses in financial control. He is also a member of the board of directors of Falcom Financial Company. He was appointed as managing director for the new term upon the board decision on 07/05/2021.



Mr. Saleh Hussain Al Dowais

Board Member – “Non-Executive Member”

Mr. Saleh Hussain Al Dowais has a long experience in managing companies listed in the Saudi Research and Media Group over a group of 11 companies. Mr. Saleh Al Dowais holds a bachelor's degree in translation, and has several administrative and financial courses, and courses in digital platforms.



Dr. Turki Omar Saleh Buqshan

Board Member- “Independent Member”

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



Mr. Khalid Mohammed Alhugail

Board Member- “Independent Member”

Khalid Mohammed Alhugail has a long and distinguished experience in the field of petrochemical manufacturing and marketing, risk management and company's establishment. Over the past 30 years, he held several leadership positions in SABIC, including Deputy General Manager (USA) and Director of Risk and Insurance Department (Saudi Arabia). Mr. Khalid Alhugail holds a bachelor's degree in business administration - Hamlin University - USA in 1985, and has many courses in the fields of petrochemicals, insurance, marketing, and financial management, in addition to training at international institutes in London in of risk management science.



Mr. Mohammed Zamil Allaboon

Board Member “Independent Member”

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



Mr. Mohammed Mutlaq Al Amaj

Board Member “Independent Member”

Mr. Mohammed Mutlaq Al-Amaj has a long and distinguished experience. He worked for 23 years in the credit sector, corporate banking, and financial management. He held several leadership positions in the Saudi British Bank, Arab National Bank and Saudi Telecom.

Mr. Mohammed Mutlaq Al Amaj holds a BA from Western Washington University.



Mr. Mohammed Abdulfatah Nazer

Board Member “Non-Executive Member”

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



Executive Management:

Name	Position	Expertise
Mr. Fahd Ibrahim Al-Mufarrij	MD	Has a long and distinguished experience in the field of financial control, in addition to training with many international bodies such as Harvard University, the International Monetary Fund, the World Bank, the Irish Management Institute, the British Financial Services Authority, the Singapore Monetary Agency and others. Holds a bachelor's degree in Administrative Sciences - King Abdul Aziz University in 1986 and holds several courses in financial control. He is also a member of the board of directors of several joint stock companies, including Samba Financial Group and Falcom Financial Company.
Mr. Frank Ferguson	CFO	Has several experiences for more than 30 years in the commercial funding in Ireland, Africa and The Middle East. He worked for several specialized companies such as Astra Group and Al Rostamani Group. He has a membership certificate from the Institute of Chartered Accountants, Ireland.
Mr. Tilman Fritz Ehret	CEO (ENPI)	Has several experiences for more than 30 years in the field of business development in Chemical industries in Europe, USA, Africa, and The Middle East. He worked for several companies such as CEO of Astra Polymers. He holds several management accreditations from Wharton and INSEAD business schools.

Board of Directors

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

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

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

Board of Directors Meetings

The Board has convened three meetings during the fiscal year 2021 as follows:

Member's Name	8/7/2021	27/12/2021	Times of Attendance
Mr. Adel Marzouq Al Nasser	√	√	2
Dr. Mohammed Amin Kashgari	√	√	2
Mr. Fahd Ibrahim Al-Mufarraj	√	√	2
Mr. Khalid Mohammed Alhugail	√	√	2
Mr. Saleh Hussain Al Dowais	√	√	2
Dr. Turki Omar Saleh Buqshan	√	√	2
Mr. Mohammed Zamil Al Laabon	√	√	2
Mr. Mohammed Mutlaq Al Amaj	NA	NA	1
Mr. Mohammed Abdulfatah Nazer	NA	NA	1

√ - in person

x - by proxy

xx - absence

- Mr. Mohammed Mutlaq Al Amaj was elected as a member of the Board of Directors for the new term, which started from 7th May, 2021 until 6th May, 2024.
- Mr. Mohammed Abdulfatah Nazer was elected as a member of the board of directors for the new term, which started from 7th May, 2021 until 6th May, 2024.

Ownership of the Members of the Board of Directors:

The following table shows the ownership movement of the members of the current Board of Directors or the ownership of their representatives as of 12/31/2021:

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

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

Board of Directors' Committees

The board of directors formed sub-committees to supervise the main fields of work in the company as on 31st December, 2021, as follows:

Executive Committee

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

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

The following table shows the names of the members of the Executive Committee as on 31st December 2021:

The following table shows the executive committee members' names as of 31/12/2021:

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

• The Executive Committee was also re-formed in its new session, which started from May 7, 2021 until May 6, 2024, by a resolution of the board on 05/07/2021, and Mr. Mohammed Abdulfatah Nazer was appointed as a member in the committee and there is no change in the remaining members.

Executive Committee Meetings

The executive committee members held two meetings during the fiscal year of 2021 as follows:

Member Name	19/9/2021	28/4/2021	No. of attendances
Mr. Adel Marzouq Al Nasser	√	√	2
Dr. Mohammed Amin Kashgari	√	√	2
Mr. Fahd Ibrahim Al-Mufarraj	√	√	2
Mr. Saleh Hussain Al Dowais	√	√	2
*Mr. Mohammed Abdulfatah Nazer	NA	√	1

√ -in person

× -by proxy

×× -Absence

*Mr. Mohammed Abdulfatah Nazer was appointed as a member of the committee by the board decision on 7/5/2021.

Nomination & Remuneration Committee

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

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

The following table shows the names of the members of the Nominations and Remunerations Committee before the end of the previous session on 06-05-2021:

Member Name	Description
Dr. Mohammed Amin Kashgari	Chairman of the Committee
Mr. saleh Hussain Al Dowais	Committee member
Mr. Mohammed Zamil Al Laabon	Committee member
Mr.Khalid Mohammed Alhugail	Committee member

The Nominations and Remunerations Committee was also re-formed in its new session, which started from May 7, 2021 until May 6, 2024, by Board resolution on 05/07/2021, to be of the following members:

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

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

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

Nomination & Remuneration Committee Meetings

The Nominations and Remunerations Committee held two meetings during the fiscal year 2021 as follows:

Member Name	21/4/2021	28/2/2021	No. of attendances
Dr. Mohammed Amin Kashgari	√	√	2
Mr. saleh Hussain Al Dowais	√	√	2
Mr. Mohammed Zamil Al Laabon	√	√	2
Mr.Khalid Mohammed Alhugail	√	√	2
Mr. Mohammed Mutlaq Al Amaj	NA	NA	-

√ -in person

x -by proxy

xx -Absence

Mr. Mohammed Mutlaq Al Amaj was appointed as a member in the Nominations and Remunerations Committee by board resolution on 7/5/2021.

Audit Committee

The Audit Committee consists of four members and include an independent board member and three other members from outside the board specialized in diverse areas of finance, accounting, internal audit and information technology.

The duties and responsibilities of this committee include consideration of the effectiveness of overall internal controls and the oversight of the internal audit department to verify its effectiveness and in carrying out the mandate set by the board, the audit committee considers internal audit reports, progress on implementation of corrective measures and audit recommendations. Other audit committee responsibilities include, recommendation of appointment, removal of external auditors, setting their fees at the Ordinary General Assembly and safeguard external auditors' independence. Other tasks include following up with external auditors work, reviewing the audit plan as well as considering external auditors observations on the draft and final annual financial statements before presenting them to the board and expressing opinions and recommendations in this regard.

The committee also considers the implemented financial and accounting policies, expresses opinions and recommendations regarding thereon and evaluates the effectiveness of the company's assessment of important risks and the steps taken by the company's management to monitor and mitigate these risks.

The Audit Committee was also elected for a new term that starts from 7 May 2021 until 6 May 2024 by a resolution of the Ordinary General Assembly on 28 April 2021. There are no changes in the members of the Committee and they remain:

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

Mr. Bashar Ali Abdulrahman	Committee member	Mr. Bashar has many practical experiences since 1999 in the field of internal auditing and financial affairs. He also held a number of positions, including CEO of Al Majal Al Arabi Holding Company, Managing Director of Kafaat Energy Company, and CEO of Samama Group. He holds a bachelor's degree in Accounting.
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Audit Committee Meetings

The audit committee has convened eight meetings during the fiscal year of 2021 as follows:

Name	27-1- 2021	21-2- 2021	22-3- 2021	14-4- 2021	2-5- 2021	11-8- 2021	2-11- 2021	8-11- 2021	No. of attendances
Dr. Turki Omar Buqshan	√	√	√	√	√	√	√	√	8
Dr. Khalid Alarfaj	√	√	√	√	√	√	√	√	8
Mr. Wahid Nababtah	√	√	√	√	√	√	√	√	8
Mr. Bashar Ali Abdulrahman	√	√	√	√	√	√	√	√	8

√ -in person

× -by proxy

×× -Absence

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

Remuneration Policy for Board Members and Executive Management:

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

Remuneration Policy for Board Members and its Committees:

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

- Each member of the Board is entitled to an amount of (5,000) Saudi riyal for meetings held in America and Europe in addition to compensation for the value of a business class return ticket from the member's residence to the meeting place based on the price of the meeting day.
- In the event that the member is outside his place of residence, which results in an increase in flight costs, the prior approval of the Chairman must be obtained to exclude the company from bearing the additional costs and to assess the importance of the member's attendance at the meeting.

Executive Management Remuneration Policy:

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

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

Remunerations of Board of Directors and committee Members

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

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

The company pays the expenses and bonuses for attending sessions to members of the Board of Directors and members of the committees in accordance with the decisions of the Board of Directors, and pays salaries, bonuses and compensations to senior executives according to the contracts signed with them, and the following are the details of the expenses, bonuses and salaries paid to members of the Board of Directors and five senior executives in the company, including the managing director of The Saudi Printing and Packaging Company and the Vice-Presidents for the year 2021:

(Thousand Riyal)

Description	Executive Board Members	Non-Executives/ Independent Board Members	Five executives received the highest remunerations and compensations including CEO & CFO	Total
Salaries & Compensations	1,944		5,791	7,735
Allowances & Travel Allowances	12	117		129
Periodical & Annual Remunerations	100	865	605	1,570
Total	2,056	982	6,396	9,434

Committee Member's Remunerations

(Thousand Riyal)

Description	Fixed rewards except for meeting allowances	Meeting allowances	Total
Audit Committee members			
1- Dr. Turki Omar Saleh Buqshan	100,000	24,000	124,000
2- Dr. Khalid Abdulaziz Alarfaj	100,000	24,000	124,000
3- Mr. Wahid Mohamed Nababtah	100,000	24,000	124,000
4- Mr. Bashar Ali Abdulrahman	100,000	24,000	124,000
Total	400,000	96,000	496,000
Nomination & Remuneration Committee Members			
1- Dr. Mohammad Amin Dawood Kashqari	100,000	6,000	106,000
2- Mr. Saleh Hussain Al Dowais	35,092	6,000	41,092
3- Mr. Mohamed Zamil Allaboon	100,000	6,000	106,000
4- Mr. Khalid Mohammed Alhuqail	100,000	6,000	106,000
5- Mr. Mohammed Mutlaq Al Amaj	64,908	0	64,908
Total	400,000	24,000	424,000
Executive Committee Members			
1- Mr. Adel Marzouq Al Nasser	100,000	6,000	106,000
2- Dr. Mohammad Amin Dawood Kashqari	100,000	6,000	106,000
3- Mr. Saleh Hussain Al Dowais	100,000	6,000	106,000
4- Mr. Fahd Ibrahim Al-Mufarrij	100,000	6,000	106,000
5- Mr. Mohammed Abdulfatah Nazer	64,908	3,000	67,908
Total	464,908	27,000	491,908
Grand Total	1,264,908	147,000	1,411,908

Board Member's Remunerations

(Thousand Riyal)

[illegible]

General Assembly

The Saudi Printing and Packaging Company held the General Assembly meeting during the year 2021 at exactly 11:00 PM on Wednesday 16-09-1442 corresponding to 28-04-2021 through modern technology means. All members of the Board of Directors attended and the following are their names:

Name	Position
Mr. Adel Marzouq Al Nasser	Chairman of Board and the executive committee
Dr. Mohammed Amin Kashgari	Vice Chairman and head of Nominations and Remunerations Committee
Mr. Fahd Ibrahim Al-Mufarraj	Managing Director
Mr. Khalid Mohammed Alhugail	Member
Mr. Saleh Hussain Al Dowais	Member
Dr. Turki Omar Saleh Buqshan	Head of Audit Committee
Mr. Mohammed Zamil Al Laabon	Member

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

CORPORATE GOVERNANCE REPORT AND RELATED DISCLOSURES

Corporate Governance

The Saudi Printing and Packaging Company is committed to comply with Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution (8-16-2017) dated 05/16/1438. The Board of Directors approved the Company's Governance Regulations on 10-30-2017, and the Board also adopted all policies emanating from the Corporate Governance Regulations, to protect the rights of shareholders and stakeholders

The company follows the corporate governance requirements set out in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of some of the following indicative provisions:

Article No	Article	Partially implemented	Not implemented.	Reasons & Details
Article 32	Board Meetings, Paragraph (B)		✓	The article is guiding
Article 39	Training, Paragraph (2)		✓	The article is guiding
Article 41	Evaluation, Paragraph (A), (B), (C), (D), (E)		✓	The article is guiding
Article 70	Formation of Risk Management Committee	✓		The Board of Directors decided to cancel the Risk Committee on 07/05/2018 and transfer all its duties, responsibilities, powers and work to the Audit Committee.
Article 78:	Internal Audit Report, paragraph (A) , (B)	✓		The Internal Audit Department presents all its reports to the Audit Committee, and the head of the Audit Committee presents the most important results of the reports to the Board.
Article 85:	Incentive of employees, Paragraph (1), (2), (3)		✓	The article is guiding
Article 87:	Social Liability		✓	The article is guiding
Article 88:	Social Work Initiatives		✓	The article is guiding
Article 95:	Formation of Corporate Governance Committee	✓		The Audit Committee monitors the implementation of governance and updates its requirements. In the event that the article becomes bending, the company will implement it.

Annual Review Outcomes for the Effectiveness of the Internal Control Procedures

During 2021, the Audit Committee followed up on the implementation of the internal audit plan approved for the same year for the Company and its subsidiaries, taking into account the audit priorities according to the results of the comprehensive analysis and evaluation of risks and internal control procedures in the company and its subsidiaries, which the Internal Audit Department updates regularly in line with the developments and updates that affect the management and business of the company and its subsidiaries, which is also reviewed by the Audit Committee.

This follow up included assessment of the internal audit reports and reviewing the results of its work, in order to ensure the extent of commitment to implementing all recommendations by the company's management and its subsidiaries. The Audit Committee also receives feedback on the compliance with the matrix of financial and administrative authorities of the Company and its subsidiaries. Also, during the year 2021, the committee reviewed updates on some of the financial and operational policies and procedures in the company and its subsidiaries in order to ensure that the effectiveness of internal control procedures as stipulated in the updated policies is adequate.

Based on the results of the audit tasks that the Internal Audit Department implemented during the year 2021 on the Company and its subsidiaries, the Audit Committee is reasonably satisfied of the effectiveness of the internal control procedures for achieving the necessary safeguards for the company's assets, the efficiency and effectiveness of operations and compliance with regulations to achieve the desired goals, and that there are no fundamental remarks that need to be disclosed and that it has been agreed with the executive management of the Company and its subsidiaries to implement the recommendations contained in the internal audit reports within a specific time frame to enhance and support internal control procedures, which the Audit Committee monitors periodically through the Internal Audit Department.

Dividend Policy

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

- (10%) of the net profits shall be retained to form a legislative reserve, and the Ordinary General Assembly may stop this deduction when the said retention reaches 30% of the said capital.
- The Ordinary General Assembly may, based on the proposal of the Board of Directors may retains a percentage not exceeding (20%) of the net profits to form a consensual reserve and to assign it for a specific purpose or purposes.
- The Ordinary General Assembly, when determining the share in the net profits, may decide to create other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct sums from the net profits to establish social institutions for the company's employees or to use them to grant the company's employees shares in the company as a reward for them.
- A down payment to shareholders equal to (5%) of the paid-up capital shall be distributed from the remaining amounts.

- Taking into account the provisions stipulated in Article (21) of the company's articles of association, and Article 76 of the Companies Law, after the above, a percentage not exceeding 10% of the remaining net profits shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration is relative to the number of sessions held attended by the member.

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

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

ZAKAT, Governmental Payments, Others

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

The following table shows the regular payments that were paid during the years 2021 and 2020:

(Thousand Riyal)

Description	2021	2020
Custom fees	3,203	4,909
Paid Zakat	8,063	5,574
Social Insurance	3,213	1,905
Visas & Passports	679	1567.9
Fines	36	644.8
Others*	345	215.9
Total	15,539	9,817.1

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

Quality Policy

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

Risk Management

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

Credit Risks:

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

The company's sales and receivables are concentrated with related parties and government agencies, and the risks of their collection are very limited. The following table shows the details of these transactions and balances as in the two years ending on December 31, 2021 and 2020:

(Thousand Riyal)

Description	2021	2020
Sales to related parties	22,697	17,853
Percentage of sales to related parties of total sales	3%	2%
Sales to government authorities	-	88,659
Percentage of sales to government authorities of total sales	-	-
Government authorities' receivables accounts	-	12,370
Percentage Accounts Receivable from Government Agencies to Total Receivables	-	-

Foreign Currencies Exchange Rate Risk:

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

Liquidity Risks:

It is the risk of the company's inability to meet its financing requirements, especially loan commitments. The company has sufficient financing to meet these obligations when they become due and works to manage liquidity risk by

maintaining sufficient balances of cash and cash equivalents. The restructuring of loans from short-term to long-term has reduced the liquidity risk of the company.

Revenue Concentration Risks:

The company is striving to expand its revenue base so that it is not limited to newspapers, but rather expanded to include school books and commercial printing and extended to packaging during the year 2008 by acquiring the Flexible Packaging Company and during 2012 by acquiring the Emirates National Factory for Plastic Industries and its subsidiaries.

Raw material price variation Risks:

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

Coronavirus (Covid-19)

The new epidemic of Corona (Covid-19) declared as a pandemic by the World Health Organization at the beginning of March 2020 is still continuing to develop, and it is currently difficult to predict the full extent of the impact of this epidemic on the company's sectors, except for paper printing, where the sector has suffered in an extraordinary way from the consequences of Covid 19 due to the precautionary measures. Therefore, the company has taken multiple measures to reduce the impact of the pandemic on its business.

Declarations of Board of Directors

The Board of Directors declares

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

Riyadh: 0112032022

Communication with Shareholders

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

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