

فيبيكو
FIPCO

FPC
FABRIC PERFORMANCE COMPOSITE



BOARD OF DIRECTORS REPORT 2025



Banorte stadium in Mexico, one of the host stadiums for the 2026 world cup



جائزة المحتوى المحلي
Local Content Award



Filling & Packing Materials MFG.
Co. (FIPCO)

سُبْحَانَ اللَّهِ
وَعَالَمِ
الْآزْمِينِ





2025



MY first goal is for our country to be a successful and leading model in the world in all areas, and I will work with you to achieve this.

We are determined to continue economic reforms and ensure the achievement of the vision's goals.

Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud

God bless him



We possess all the ingredients to achieve a competitive and sustainable industrial economy. With ambitious young talents, a distinguished geographical location, abundant natural resources, and leading national industrial companies, the Kingdom will become a leading industrial power, contributing to securing global supply chains and exporting high-tech products to the world. Through the national industrial strategy and partnership with the private sector, this vision will become a reality

HRH

**Prince Mohammed bin Salman bin Abdulaziz Al Saud
The Crown Prince and Prime Minister
God bless him**

Introduction

Dear Shareholders & Partners of FIPCO
Greetings of peace, mercy, & blessings
of God be upon you

we are with great pleasure that the Board of Directors of Filling & Packing Materials MFG. Co. (FIPCO) presents to you the Annual Report for the year 2024, which has been prepared for presentation and discussion at the company's General Assembly during its annual meeting. This report proudly showcases our achievements during the fiscal year 2024. It highlights the important steps we have taken towards achieving our vision and strengthening our position in our operating segments, which include the manufacturing of packaging and wrapping materials and the manufacturing of technical textiles, It also clearly indicates our success in overcoming the many challenges we have faced over the past years, which has enabled us to provide increasing value to our shareholders and all stakeholders in the company, both inside and outside the Kingdom.

In this report, you will find a detailed presentation of the activities of FIPCO and its subsidiaries, with an explanation of the key developments and strategic updates that we have witnessed, We also highlight our ongoing efforts to implement the highest standards of corporate governance, and provide a comprehensive overview of the Board of Directors, its committees, and the executive management team. It also sheds light on the most prominent risks facing the company's business and the company's philosophy in dealing with them, as well as the achieved and targeted sustainable development initiatives, the company's social responsibility, and our future expectations.

Our commitment to transparency and excellence is embodied in this report. The information provided regarding the events of the fiscal year 2024 and beyond is what the Board of Directors believes to be accurate and represents the culmination of our previous efforts. With regard to our future vision and expectations for 2025, we are committed to setting realistic and achievable targets based on accurate analysis and well-considered strategic insights based on current data, which may be significantly affected positively or negatively by the volatility of global economic and geopolitical conditions and market dynamics.

We would like to highlight that this report has been prepared in accordance with the highest standards of governance and compliance, and in line with the laws and regulations issued by the Capital Market Authority and the applicable regulations of all stakeholders. It also adheres to the best global practices in the field of governance, with a focus on providing a high level of disclosure and transparency to empower all stakeholders to make informed decisions.

At FIPCO, we look forward to continued growth and development, supported by the trust and support of our shareholders and partners. We reaffirm our unwavering commitment to delivering sustainable and added value to all stakeholders.

We thank you for your continuous trust and unwavering support. Please accept our utmost respect and appreciation.

Board Of Directors

Board of Directors' Message

Dear Esteemed Shareholders,
Greetings of peace, mercy, and blessings of God be upon you

On behalf of the Board of Directors, I welcome you to the 2025 annual report of (Fibco). Throughout this year, the board has continued to exercise its supervisory and strategic role to ensure the company's sustainability amid changing global economic conditions.

Our commitment to the principles of good governance and transparency has been the driving force behind our strategic decisions, foremost among them supporting the anti-dumping file which was successfully concluded, and working to maximize local content, culminating in our receiving the gold label "Made in Saudi Arabia."

Although the financial results for 2025 were affected by increased operating costs, the Board of Directors is confident that the strategic measures taken will gradually contribute to improving performance and enhancing the company's ability to achieve sustainable growth in the near future. We will also continue our efforts to enhance transparency and implement best governance practices to ensure the interests of our valued shareholders.

It is a source of pride that Vibco continued to receive local and international recognition and appreciation this year, having earned the gold category of the "Made in Saudi Arabia" mark, the Excellence Award in Local Content for the second consecutive time, the Governance Award from King Faisal University, and the bronze medal from UNIDO and WPO for sustainable packaging. These honors affirm our commitment to the highest standards of quality, governance, and sustainability.

In conclusion, I extend my thanks to the Custodian of the Two Holy Mosques and His Royal Highness the Crown Prince for their continuous support of the industrial sector. I also thank you, our shareholders, clients, and partners in success, for your valuable trust.



Board Of Directors

CEO ' S SPEECH

Dear Shareholders of Filling & Packing Materials MFG. Co. (FIPCO),
Greetings of peace, mercy, and blessings of God be upon you

Measured expansion

The past year witnessed significant transformations in the company's journey, with the group recording a net loss of 19.1 million Saudi Riyals, compared to a net profit of 0.9 million Riyals in the previous year. These results were influenced by several factors, most notably the increase in cost of revenues, higher general and administrative expenses, the establishment of additional provisions for expected credit losses, and rising financing costs. The subsidiary's results were also affected by a decline in demand for some key products and ongoing challenges in global supply chains.

However, this year was also distinguished by strategic qualitative steps that we believe will shape the future features of fibco in the coming years. We have completed the signing of the binding acquisition agreement for all shares of Bena Industrial Investments Holding Company, a pivotal step that enhances our integration in the industrial value chain, diversifies our revenue sources, and opens promising horizons in the construction, ready-mix concrete, and advanced building products sectors. This deal will result in a 98% increase in the company's capital, reaching approximately 227.7 million Saudi Riyals.

On the revenue front, the company achieved a growth of 2.4% to reach 251.6 million riyals compared to 245.7 million riyals in the previous year, reflecting our ability to maintain our market share despite operational challenges.

We are proud that Vibco has continued to receive recognition and excellence this year, being awarded the Excellence in Local Content for Large Establishments for the second consecutive time. It also received the gold category of the "Made in Saudi Arabia" mark, one of only seven companies nationwide. Additionally, the company won the Excellence in Corporate Governance award from the Corporate Governance Center at King Faisal University for the second consecutive time, as well as the bronze medal from the Sustainable Product Design Award presented by the United Nations Industrial Development Organization (UNIDO) and the World Packaging Organization (WPO).

We have also been keen to strengthen our financial structure by signing two credit facility agreements: one with Al Rajhi Bank for 50 million riyals, and another with the Saudi Export-Import Bank for 19 million riyals to support our export activities.

On the operational level, the company continued to invest in research and development and adopt artificial intelligence and Internet of Things technologies in monitoring and analysis processes, alongside implementing lean manufacturing principles and increasing the use of recycled materials, while obtaining five international ISO certifications that confirm our commitment to the highest standards of quality, safety, and sustainability.

In the coming year, God willing, we look forward to completing the acquisition deal and fulfilling its regulatory requirements, which will provide Vibco with a diversified growth platform beyond the boundaries of our traditional sector. We also aspire to improve our operational and financial performance, and enhance our competitive capabilities locally and internationally, thereby achieving sustainable value for our shareholders and all stakeholders.

Finally, I extend my sincere thanks and appreciation to our valued shareholders for their precious trust and patience, to the Board of Directors for their wise guidance, and to our dedicated employees, numbering over 1,000, for their efforts and dedication in supporting the company's journey.



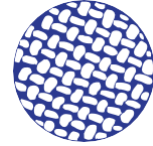
Abdullah Mohammed Al-Harbi

Contents

1

FIPCO

A35- years industrial legacy



2

**Operational
Performance**



3

**FPC
Industries Co.**

FPC

4

**Financial
Performance**



5

**Environmental,
Social, & Corpor**

ESG

ate

Governance

1

FIPCO

A35- years industrial legacy

1

Establishment

2

Activity

3

Vision & Mission

4

Strategic Pillars

5

Key Highlights of 2025

6

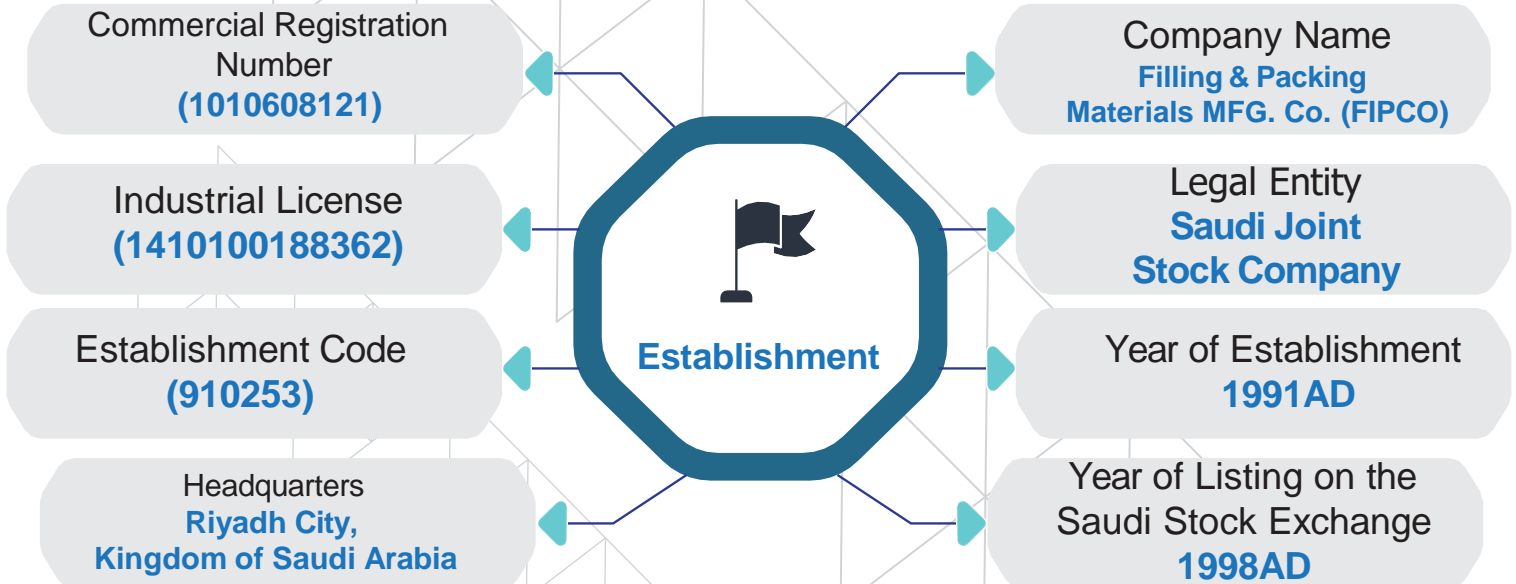
Significant Material Developments
(Acquisition of Bena Holding Group)

7

Strengths & Competitive Advantages

8

Recognition & Excellence



Since its inception in the early 1990s, FIPCO has solidified its presence in the downstream industries sector through gradual, disciplined growth centered on product development, operational efficiency improvement, & the enhancement of quality standards. Over more than three decades, FIPCO has adopted an integrated approach that balances innovation, sustainability, & maximizing value for its partners. This approach has enabled the company to build a stable business foundation & achieve continuous expansion prospects within its markets. Furthermore, the company has reshaped its business model to keep pace with market & technological advancements, reaching the stage of industrial empowerment & maximizing sustainable value for its partners



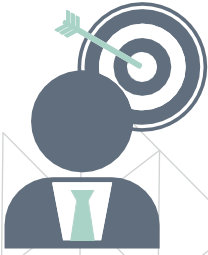


Activities

Within the framework of its Bylaws and the industrial licenses granted to it, FIPCO operates in the downstream industries sector, with a primary focus on producing polypropylene-based industrial packaging solutions. Its product range includes woven polypropylene bags (lined and unlined for heavy-duty use), jumbo bags (FIBCs), block bottom valve cement bags, plastic tarpaulins, strapping bands, plastic cable fillers, woven yarns and fabrics, and polyethylene liners, in addition to plastic waste recycling activities within the company's industrial integration system. FIPCO's statutory purposes—as per its Bylaws—extend to include the management of subsidiaries, participation in other companies, investment in related industrial and technical activities, acquisition of industrial technologies, and the establishment of entities necessary to execute its projects, as well as investing surplus funds in statutory investment instruments. The activities stipulated in its Bylaws include the following:

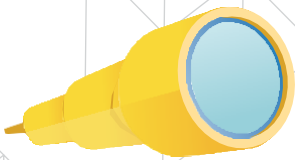
- 1 Managing its subsidiaries or participating in the management of other companies in which it holds shares and providing the necessary support for them.
- 2 Investing in the downstream industries sector in all its forms, as well as investing in technical infrastructure, automation initiatives, digital transformation, artificial intelligence (AI) technologies, clean energy, & sustainability solutions & their related industries.
- 3 Investing funds in shares, other securities, & debt instruments.
- 4 Establishing companies of various forms to execute industrial or service projects & assisting in their execution or management.
- 5 Managing factories & developing self-capabilities to serve the national industrial sector in general.
- 6 Acquiring industrial technology through purchase or in cooperation with its owners or developers.
- 7 Any other legitimate purpose consistent with the company's nature.





Our Mission

To enhance our local & international presence by developing high-efficiency industrial solutions, backed by operational excellence & effective marketing, to achieve sustainable value for shareholders & all stakeholders.



Our Vision

To position ourselves as a regional industrial leader with a global impact, driven by efficiency, innovation, & long-term value maximization.

Strategic Pillars

First: Consolidating & Strengthening Our Industrial Position

- Expanding local and international market share by developing sales and targeting higher value-added sectors and markets.
- Raising operational efficiency through developing production processes, improving productivity, and reducing waste.
- Enhancing the sustainability of human capital by improving the work environment and attracting and retaining top talent.

Second: Maximizing Value Through Investment & Integrated Growth

- Supporting and empowering subsidiaries, led by FPC Industrial Co., to enhance industrial integration and boost the Group's regional and international competitiveness.
- Diversifying income sources through effective liquidity management and engaging in well-studied investments that support long-term sustainable growth.
- Exploring expansion opportunities in complementary activities that enhance the Group's business integration and industrial value chain, thereby consolidating its position and strengthening its competitive edge.

Third: Industrial Transformation & Sustainability

- Developing the operational model by adopting modern technologies and automation solutions that enhance efficiency and quality.
- Integrating sustainability principles into industrial operations, including improving resource efficiency and promoting recycling activities.
Building a more resilient industrial ecosystem capable of adapting to
- market shifts and regulatory requirements.

Key Highlights of 2025

January

- Appointment of the Chairman, Vice-Chairman, and Secretary of the Board of Directors, formation of Board-subcommittees, and appointment of Company representatives for the new term (2025-2028-AD).
- FIPCO signed a Sharia-compliant credit facility agreement with Al Rajhi Bank worth SAR 50 million to finance working capital.

May

- FIPCO was awarded the Local Content Excellence Award for large enterprises for the second consecutive time, in recognition of its ongoing efforts to increase local content, support the national economy by maximizing purchasing power, and contribute to the goals of Saudi Vision 2030AD.
- Signing a non-binding Memorandum of Understanding (MoU) with Bena Industrial Investments Holding Company to acquire 100% of its owners' shares, and appointing "Alkhair Capital" as the financial advisor for the potential acquisition.

September

- FIPCO signed a credit facility agreement with the Saudi Export-Import Bank (Saudi EXIM) worth SAR 19 million, consisting of revolving facilities to finance working capital and support export activities.

November

- FIPCO was honored by the Corporate Governance Center at Alfaisal University as one of the top-performing non-financial listed companies in corporate governance on Tadawul, based on the Alfaisal Corporate Governance Index (Alfaisal CGI) for the fiscal year 2024AD.

December

- FIPCO was recognized among the (Gold Category) companies of the "Saudi Made" program, for its significant role in developing local content and enhancing the presence of national products with leading quality standards.
- FIPCO signed a binding acquisition agreement to acquire all shares of Bena Industrial Investments Holding Company through a capital increase by issuing consideration shares to Bena's shareholders.
- The General Authority for Competition (GAC) issued a "No-Objection" certificate for the economic concentration resulting from the proposed acquisition of all shares in Bena Industrial Investments Holding Company (Approval was obtained on January 14, 2026 AD).

Significant Material Developments (Acquisition of Bena Holding Group)

In 2025 AD, FIPCO took tangible strategic steps to strengthen its industrial position and expand its business scope by shifting towards complementary industrial activities with high added value. This is evident through the following path:

1 Signing the Memorandum of Understanding (May 2025 AD)

In line with a deliberate pursuit to enhance integration within the industrial value chain, FIPCO announced the signing of a non-binding Memorandum of Understanding (MoU) with Bena Industrial Investments Holding Company which was announced on Tadawul website on May. 29, 2025. Under this MoU, both parties agreed to commence discussions regarding FIPCO's acquisition of 100% of the owners' shares in Bena. The MoU became effective from its signing date for a period of (180) days, renewable upon mutual agreement, leading either to the signing of a binding Share Purchase Agreement (SPA) or the conclusion of negotiations without a result. This process followed the course of negotiations, discussions of preliminary mutual rights and obligations regarding the potential transaction, the conduct of financial and legal due diligence, and the performance of share valuation.

The MoU established a general framework for the negotiations and each party's obligations to reach a final agreement for the potential transaction. It also included standard clauses governing information confidentiality, exclusivity, and restrictions on certain material business activities. It was emphasized that the completion of the potential transaction remains subject to several conditions, including obtaining the necessary regulatory approvals in accordance with relevant laws and regulations.

The MOU also disclosed the existence of related party transactions, as will be stated in details in the coming pages. FIPCO affirmed its commitment to taking all necessary statutory procedures regarding transactions with related parties, in accordance with applicable laws and regulations.

2 Appointment of the Financial Advisor (June 2025 AD)

FIPCO announced the appointment of "Alkhair Capital" as the financial advisor for the potential acquisition transaction with Bena Industrial Investments Holding Company which was announced on Tadawul website on Jun. 04, 2025

3- Signing the Binding Acquisition Agreement (December 2025 AD)

FIPCO signed a binding acquisition agreement to purchase 100% of the shares of Bena Industrial Investments Holding Company on 031447/07/ AH, corresponding to 232025/12/ AD, with the sellers who own the entire shares in Bena Company, namely:

Abdul Qadir Al Muhaidib & Sons Co. – A Closed Joint Stock Company.

- Ibrahim Abdullah Al Faris & Partners Investment Co. – A Single-Person Company.
- Mr. Ahmed Mohammed Ahmed Al-Osaimi.

This is in exchange for issuing new shares (Consideration Shares) to the selling shareholders in Filling & Packing Materials Manufacturing Co. (FIPCO). FIPCO's capital will be increased based on the Share Swap Ratio, after obtaining all relevant regulatory approvals.

According to the estimates of the Financial Advisor (Alkhair Capital), Bena's valuation stood at SAR 364,463,361 (Three hundred sixty-four million, four hundred sixty-three thousand, three hundred sixty-one Saudi Riyals). FIPCO's value for the purpose of the transaction was calculated using the Volume Weighted Average Price (VWAP) of FIPCO's shares during the thirty (30) trading days from October 28, 2025 AD, to December 08, 2025 AD. Accordingly, FIPCO's share price was estimated at SAR 32.3326 (Thirty-two Saudi Riyals and thirty-three Halalas), equivalent to SAR 371,825,506 (Three hundred seventy-one million, eight hundred twenty-five thousand, five hundred and six Saudi Riyals) to ensure fairness in determining the shares' market value. It was agreed between FIPCO and the selling shareholders that the fair value of the new shares (Consideration Shares) is estimated at SAR 364,463,361 (Three hundred sixty-four million, four hundred sixty-three thousand, three hundred sixty-one Saudi Riyals.)

Accordingly, the capital structure is as follows:

Item	Description
Capital Before Increase	115,000,000 (One hundred fifteen million Saudi Riyals).
Number of Shares Before Increase	11,500,000 Shares.
Capital Increase Amount	112,723,000 (One hundred twelve million, seven hundred twenty-three thousand Saudi Riyals).
Capital Increase Percentage	98.02%
Capital After Increase	227,723,000 (Two hundred twenty-seven million, seven hundred twenty-three thousand Saudi Riyals).
Number of Shares After Increase	22,772,300 Shares.

The share swap ratio is 0.9802 new ordinary shares in FIPCO for every (1) one FIPCO share held prior to completion. For the purpose of distributing the newly issued shares among the sellers, the parties agreed that the new shares would be allocated on the basis of issuing (161.0329) new ordinary shares to the selling shareholders for every (1) one share sold in Bena, based on Bena's outstanding shares as of the effective date (totaling 70,000 shares). The new shares issued to the selling shareholders represent 49.50% of FIPCO's capital upon completion of the acquisition and the capital increase, while FIPCO's current shareholders will retain 50.50% of the capital after completion. Consequently, upon completion of the acquisition, the ownership percentage of current FIPCO shareholders will decrease, resulting in a reduction of their voting power and their ability to influence decisions requiring shareholder approval. Nevertheless, the Board of Directors believes that this financing structure—via share issuance instead of cash—will preserve the company's financial position while ensuring the participation of both current and future shareholders in the future value arising from this integration.

It is worth noting that the completion of the acquisition is subject to a number of conditions precedent (CPs) specified in the Acquisition Agreement. These include conditions related to the target company's contracts, business, contractual and governmental obligations, and other conditions specified by both parties. The agreement also included representations, warranties, covenants, and indemnities provided by the sellers and the target company in favor of FIPCO in the event of a breach. The agreement will terminate if any of the conditions precedent related to the material transaction are not met within a maximum of (270) days from the effective date, unless the parties agree in writing to an extension.

The termination conditions of the agreement included the following:

- If any of the conditions precedent related to the material transaction are not met within a maximum of (270) days from the effective date, unless the parties agree in writing to an extension.
- If any law, regulation, or decision is issued by a competent governmental authority that makes the execution of the transaction or any of its obligations illegal or impossible.
- If a final judicial or regulatory judgment or order is issued by a competent authority preventing the parties from completing the transaction or executing any provisions of this agreement.
- If any party commits a material breach of any of its fundamental obligations set forth in this agreement and fails to remedy such breach within (30) days from the date of receiving a written notice from the aggrieved party demanding remediation.

The completion of the acquisition transaction is subject to several regulatory approvals, including:

- 1 Obtaining the approval of the Capital Market Authority (CMA) regarding the capital increase through the acquisition and the publication of the Shareholders' Circular.
- 2 Obtaining the approval of the Saudi Exchange (Tadawul) for listing the new shares resulting from the capital increase.
- 3 Obtaining the approval of the Company's Extraordinary General Assembly (EGM), in accordance with the Companies Law and the Rules on the Offer of Securities and Continuing Obligations.
- 4 Obtaining approval or a "No-Objection" letter for the acquisition transaction from the General Authority for Competition (GAC).
- 5 Obtaining any other necessary or appropriate approvals related to the acquisition transaction.

Regarding Related Party Transactions:

FIPCO confirms that the acquisition transaction involves related parties associated with this transaction. It has been previously disclosed that Eng. Ahmed Abdul Latif Al-Barrak serves as the Chairman of FIPCO (Non-Executive), while concurrently holding the position of Chief Executive Officer of Bina Industrial Investment Holding Company. He also holds a direct ownership stake of 70% in Bina Saudi Engineering Consultancy Company, which is an indirect subsidiary of Bina Holding

Upon completion of the legal due diligence process, Board member Mr. Badr Ali Al-Rubaiah submitted a disclosure to the Board of Directors. Based on the facts and preliminary assessment contained therein, the Chairman, Mr. Ahmed Al-Barrak, referred the matter to the Governance and Risk Management Committee to review the content of the disclosure and its supporting documents, and to provide its recommendation to the Board. Accordingly, the Governance and Risk Management Committee undertook its regulatory responsibilities in examining the case by reviewing the submitted disclosure letter and verifying its compliance with disclosure requirements stipulated under applicable laws and regulations. These included the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations issued by the Capital Market Authority, as well as the Conflict of Interest Policy and the Related Party Transactions Policy, both approved by the Board of Directors. The Committee also reviewed the clarifications provided regarding the existing contractual relationship between a real estate development company affiliated with the Public Investment Fund (PIF)—in which Mr. Badr Ali Al-Rubaiah serves as Chief Executive Officer—and Bina Saudi Engineering Consultancy Company (a subsidiary of the target company). This relationship consists of engineering design and consultancy contracts between the two parties.

The Committee discussed the nature of this relationship, noting that it falls under ordinary operational contractual relations and existed prior to the commencement of the acquisition discussions. Furthermore, it is unrelated to the acquisition decision, its terms, valuation, or pricing, and it does not include any preferential advantages or non-market conditions.

The Committee then examined whether this relationship amounted to an actual, material, or potential conflict of interest by discussing the "Impact" criterion rather than mere "Existence," in line with established governance practices. This was done while taking into account the covenants provided in the disclosure letter, particularly the abstention from voting on any decision related to the transaction and the commitment to updating the disclosure upon any material change. The Board of Directors approved the Committee's recommendation during its meeting No. 5 of 2025 AD.

Accordingly, FIPCO has taken all regulatory procedures related to Related Party transactions, in accordance with applicable laws and regulations. It is noted that the two referred Board members abstained from voting on the acquisition decision.

4- FIPCO Obtains General Authority for Competition (GAC) No-Objection (January 2026 AD)

On January 15, 2026 AD, FIPCO announced the receipt of a No-Objection Certificate from the General Authority for Competition (GAC) for the completion of the acquisition. This was in accordance with the Authority's certificate No. 1754, dated 251447/07/ AH (corresponding to 142026/01/ AD), regarding the Economic Concentration resulting from the potential acquisition. Obtaining this approval enhances the transaction's credibility and mitigates regulatory risks associated with major acquisitions in the Saudi market, thereby supporting the company's operational and strategic stability post-completion.

Strategic Dimensions of the Potential Acquisition:

The Board of Directors views this transaction as a fundamental pillar in FIPCO's journey toward industrial transformation, for several key reasons, including:

- **Enhancing Value Chain Integration:** The target company operates in ready-mix concrete, advanced construction, and other construction-related industrial solutions. These sectors complement the industrial operations of FIPCO and its subsidiary, "FPC Industrial Co.," creating opportunities to provide integrated industrial solutions ranging from packaging, technical textiles, and structural tension materials to advanced construction materials.
- **Diversifying Profitability Sources & Mitigating Operational Risks:** Entering this strategic field provides FIPCO with diversified income sources, reduces reliance on a single sector, and eliminates risks associated with demand fluctuations in the packaging sector alone. Investing in other sectors, such as construction and ready-mix concrete, enhances financial stability and creates a balance across multiple activities, supporting hedging against a slowdown in any single sector.
- **Alignment with Saudi Vision 2030:** Demand for construction solutions and materials in Saudi Arabia is witnessing strong growth driven by massive national projects (Giga-projects). Therefore, the local market for ready-mix concrete and advanced construction products is expected to grow steadily in the coming years due to urban expansion, developmental housing projects, infrastructure investments, and increasing real estate development projects. This makes FIPCO's entry into this field consistent with the significant opportunities in the local and regional markets.

Accordingly, and from a strategic and operational perspective:

- Market size and revenues generated from multiple activities are expected to increase, with the potential to expand into construction services and advanced industrial materials.
- Integration between activities is expected to reflect on raising cost efficiency and improving profit margins by providing higher value-added solutions.
- Business integration enhances by unifying certain supply chains and procurement, exchanging technical and engineering expertise, improving the utilization of assets and operational capacities, and expanding the customer base through providing interconnected industrial solutions, thereby boosting the company's competitiveness in local and regional markets.
- This direction represents practical support for the company's industrial vision and establishes a sustainable growth path that transcends the boundaries of the traditional sector.

Board of Directors Recommendation:

The Board of Directors believes that the transaction represents a natural extension of the industrial transformation path adopted by the Group and aligns with its strategy aimed at building a more integrated and diversified business ecosystem. The opportunity has been studied on financial, operational, and legal bases, with the assistance of specialized consultants to ensure an objective valuation that reflects the long-term interests of the shareholders.

The Board emphasizes that the completion of the transaction—upon fulfilling its regulatory requirements—would enhance the Group's ability to achieve sustainable growth and consolidate its competitive position in strategic industrial sectors, while maintaining a disciplined approach to risk and financial resource management.

The Board reaffirms its commitment to continuing the disclosure of any relevant material developments in accordance with the related laws and instructions, ensuring sufficient transparency to enable shareholders to stay informed of all updates in a timely manner.

FIPCO will publish a Shareholders' Circular regarding the material transaction, which will include available information related to the expected impacts, strategic motives, risk factors, and the financial and regulatory aspects associated with it, in accordance with applicable laws and regulations. This aims to achieve an appropriate level of transparency without prejudice to regulatory obligations or relevant confidentiality considerations. The current disclosure has taken into account not addressing any other details until the approval of the competent authorities is obtained to proceed with the statutory procedures for publishing the Shareholders' Circular.



Strengths and Competitive Advantages

Institutional Overview

- 1 Established 35 years ago.
- 2 A prestigious brand name in local, regional, and international markets.
- 3 Listed on the Saudi Exchange (Tadawul) since 1998 AD.
- 4 The only listed company in the packaging materials manufacturing sector.
- 5 Member of the Authorized Economic Operator (AEO) program.
- 6
- 7 A Strategic Account with the Saudi Export Development Authority.
- 8 Member of the "Made in Saudi" program – Gold Category.

Industrial Capabilities

- 1 Production capacity of approximately 2,500 tons per month.
- 2 Industrial facilities covering an area of 75,000 m².
- 3 Full compliance with the requirements of MODON and relevant regulatory authorities.
- 4 Implementation of internationally certified quality standards.

Market Reach & Presence

- 1 Exporting to more than 20 countries.
- 2 Presence across 5 continents.
- 3 Exports represent approximately one-third of total sales.
- 4 A diversified customer base across multiple sectors.

Human Capital

- 1 More than 1,000 employees.
- 2 13 nationalities.
- 3 High Saudization rates in technical and administrative fields.
- 4 Continuous investment in competency development.

Sustainability & Local Content

- 1 Ranked first in Local Content excellence (Large Enterprises category) for the second year respectively.
- 2 Full compliance with the requirements of the National Center for Environmental Compliance (NCEC).
- 3 Investments in sustainability initiatives & clean energy solutions.
- 4 Well-studied investment diversification into complementary activities.



Recognition & Excellence

1. FIPCO Obtains the Gold Category of the "Saudi Made" Mark among 7 Companies during the Local Content Forum 2025 AD.

FIPCO was honored with the Gold Category of the "Saudi Made" mark as a national company supporting local content. FIPCO was among only seven national companies to receive this recognition, which took place during the second edition of the Local Content Forum, held in December 2025 AD in Riyadh.

صناعة
سعودية



The Gold Category of the "Saudi Made" mark is a prestigious award granted to national companies that excel in developing local content. This category was developed by the Local Content and Government Procurement Authority (LCGPA) in cooperation with the "Saudi Made" program, an initiative of the Saudi Export Development Authority. The goal is to encourage companies to enhance their contribution to the national economy, aligning with the objectives of the National Industrial Strategy and Saudi Vision 2030AD.

FIPCO will continue to support mechanisms and initiatives that increase the local content percentage by continuing to attract and develop national talent and enhancing investment in research and development (R&D) to ensure the sustainability of this excellence and achieve added value for the national economy.

2. FIPCO Awarded the Local Content Excellence Award for Large Enterprises for the Second Consecutive Year

This achievement for the second year in a row is a continuation of FIPCO's efforts to increase the local content percentage and enhance its contribution to supporting the national economy. This stems from the strategy approved by the Board of Directors, through which the company has dedicated all its capabilities to maximizing national purchasing power and increasing added value within the Kingdom, in line with the goals of Saudi Vision 2030AD.

FIPCO has distinguished itself by achieving advanced local content percentages compared to companies operating in the industrial and mining sectors. This strengthens its market position and supports its clients by providing them with competitive advantages, most notably the Price Preference in government tenders and increasing the added value of their projects.

It is worth noting that FIPCO was selected from among several Large Enterprises in the industrial and mining sectors after passing all approved evaluation & qualification methodologies, which were prepared by independent specialized experts & arbitrators, confirming its well-deserved entitlement to this honor.



3. FIPCO Wins Excellence Award from the Corporate Governance Center at Alfaisal University for the Second Consecutive Year



FIPCO was honored among the top-performing non-financial companies listed on the Saudi Exchange (Tadawul), according to the Corporate Governance Index (CGI) issued by the Corporate Governance Center at Alfaisal University for the fiscal year under review.

This recognition reflects FIPCO's commitment to implementing best practices in governance and regulatory compliance, and its keenness to enhance the principles of transparency, disclosure, and accountability. This ensures a balance between the interests of shareholders and other stakeholders and supports the long-term sustainability and growth of the company's business.

This achievement confirms the efforts of the Board of Directors and the Executive Management in establishing an effective governance system that aligns with applicable laws and regulations, as well as the best practices adopted locally and internationally.

4. FIPCO Awarded the Bronze Medal for Sustainable Product Design from UNIDO and the World Packaging Organisation (WPO)



FIPCO received the Bronze Medal in the "SusPackagingtailable Packaging Product Design" award, presented by the United Nations Industrial Development Organization (UNIDO) and the World Organisation (WPO). This took place during the "Food Africa" and "Pack Process" exhibitions held in Cairo from December 3 to 5, 2024 AD, where the company participated within the Saudi Export Development Authority pavilion.

FIPCO is proud to be among the distinguished companies providing sustainable packaging solutions that comply with international standards and are recognized by prestigious international organizations such as the WPO and UNIDO.

This honor reflects the company's commitment to developing products that adhere to sustainability principles throughout their life cycle, through the use of sustainable materials, enhancing energy efficiency—including renewable energy projects—and reducing environmental impact through innovative and responsible solutions.

This achievement underscores FIPCO's approach to integrating sustainability into its operational processes and research and development (R&D) investments, strengthening its competitive position and supporting its drive toward sustainable industrial growth at both regional and international levels.



2

Operational Performance



1

FIPCO in Figures

2

FIPCO Products

3

Operations & Process Management

(Production Dept. - R&D Dept. - Quality Control Dept. - Maintenance Dept.)

4

Sales and Marketing Management

5

Procurement Management

6

Information Technology (IT) Management

فيكو فيرأ قام



Small Bags
100,000,000
MT Annually



Other Products
10,500,000
Kg annually



H Fabric
7,800,000
Kg Annually



JUMBO Bags
3,300,000
Bag annually



Cement Bags
100,000,000
Bag annually



The Countries we reach
+20 Countries



Workforce
+1000
HUMAN RESOURCES





FIPCO Products

FIPCO manufactures more than 20 different products, each with its own specific uses and purposes. FIPCO also tailors its products to meet its customers' expectations, in addition to suggesting the most suitable products and providing recommendations that help them meet their needs while reducing costs.

Our core activity is the production and manufacturing of Woven Polypropylene bags. These bags combine high strength, light weight, and resistance to water and environmental changes, making them an ideal solution for packaging challenges. Furthermore, they are perfect for heavy, sharp, or liquid items, as well as chemicals with various physical properties. These bags are easily recyclable, reusable, and available in three different sizes with fastening tools designed to meet customer expectations.

Examples of our key products include:



Jumbo Bags

Large woven bags made of polypropylene with high volume and capacity, ranging from 500 kg to over 2,000 kg.

These bags are used in numerous fields, including but not limited to: (Construction and building, food and grain industries, petrochemicals, chemical industries, and mining).

In terms of design and types, there are many designs available depending on the purpose of use.



AD*STAR Cement Bags

These are side-valve packaging bags that represent a major breakthrough in the field of packaging. They are specifically manufactured for packing construction materials, including all types of cement, lime gypsum, adhesives, and more. However, they have rapidly gained popularity in other sectors such as organic compounds, chemicals, and petrochemicals.

The primary reason most industries are transitioning from paper bags to these bags is the significant reduction in production and transportation wastage. Unlike paper bags, which are known to be easily damaged and lack resistance to moisture or rain, these specialized bags offer superior durability, which has led the majority of consumers to prefer them.

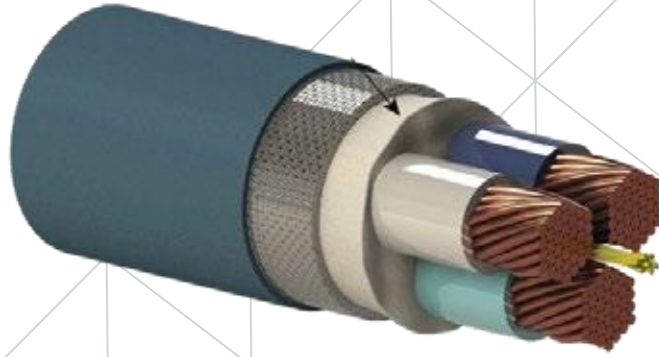
Furthermore, some countries mandate that exported materials be packed in this type of bag, as they are recognized as eco-friendly.



Small Bags

Woven bags made of polypropylene, these are the most widely distributed products due to their versatile applications. They are used for packing food items such as rice, flour, semolina, sugar, salt, and others. Additionally, they are used for animal feed, chemicals, petrochemicals, recycled materials, and in the construction sector.

There are various types available depending on the filling capacity and the nature of the materials packed inside. Some types feature an internal plastic liner or a laminated outer polyethylene layer to prevent air or water leakage and preserve the products. FIPCO also complies with the instructions of the Saudi Standards, Metrology and Quality Organization (SASO) regarding Saudi standard specifications for producing bags made of biodegradable materials to protect the environment. These bags are available in all sizes and colors, with capacities ranging from 5 kg to 100 kg.



Cable Fillers

This product is used in the electrical cable industry to ensure the safety and integrity of internal wires. These fillers are manufactured with precise and varied dimensions to suit different types of cables, whether high, medium, or low voltage.

The product is wound onto paper, wooden, or plastic reels depending on the filler size, and is then externally wrapped with thermoplastic material.

To meet customer requirements, FIPCO has produced cable fillers without using a twist unit, a pioneering step that has led to widespread adoption by major local and regional cable manufacturers



Strapping Band

Plastic strapping bands used for securing goods and sealing cardboard boxes, such as those for electrical and electronic appliances. They are also used to secure pallets and concrete blocks to prevent slipping or leakage during shipping, which helps reduce transportation losses.

This product is divided into two types: the first is made of Polyethylene Terephthalate (PET), and the second is made of Polypropylene (PP). The material type and strap dimensions vary based on the items being secured and the type of strapping machinery used (whether automatic or manual). These bands are manufactured in various densities according to customer specifications.



Agri Twins

FIPCO provides a wide range of products, including all types of twines used for agriculture, baling, and sewing. These products are available in various densities, colors, and weights. Additionally, they contain a high percentage of UV-resistant materials to withstand the environmental factors they may be exposed to during use.



Container liner

These are woven liners used as a protective layer inside shipping containers. They secure the materials during transport and prevent leakage outside the container, thereby preserving the product's value from the country of origin until discharge and consumption. These products are used to transport liquid goods (such as petrochemicals) as well as food items, including grains and granular or powdered materials, regardless of their type.

These liners come in two standard sizes: 40-foot and 20-foot, depending on the container's capacity. This product is also characterized by saving the time and effort required to complete the loading process, as the operation is performed automatically by pumping materials into the liner inside the container, allowing it to be fully filled within a few minutes.



Operations Management & processes

The Operations and Process Management at FIPCO is the primary driver of the company's business. It is responsible for managing and executing all operational and production processes, ensuring the transformation of raw materials into high-quality finished products that comply with technical specifications and customer requirements, thereby supporting operational efficiency and business continuity.

Throughout the year 2025 AD, operational processes faced several operational and economic challenges, including supply chain fluctuations, changing demand levels for certain products, and operational cost pressures. This necessitated enhancing operational flexibility and reviewing work mechanisms to adapt to the surrounding variables.

In this context, the Operations Management took a series of corrective and preventive actions, including improving the efficiency of production processes, controlling operational expenses, and restructuring certain operational procedures. This was coupled with the continued implementation of preventive maintenance programs, process development, and commitment to the highest quality standards, which contributed to mitigating the impact of those challenges and supporting the sustainability of operational performance.

The Operations and Process Management continues its efforts to achieve operational excellence, enhance resource efficiency, and support sustainable growth plans in line with the company's strategy and to achieve added value for all stakeholders. These initiatives and their details will be discussed extensively in a dedicated section of this report.

The management operates through an integrated operational system that includes the production, R&D, quality control, and maintenance departments. These departments integrate to raise production efficiency, improve operational reliability, and enhance the company's competitiveness in local and global markets. The operational details are as follows:

First: Production Department

This department is concerned with all stages of converting raw materials into finished products according to the specific specifications of each customer. It focuses on improving workflow, increasing the efficiency of operational processes, and utilizing modern technologies to increase production rates and ensure waste reduction.

Under this department, there are several sub-categories, each specialized in manufacturing different products in terms of size, capacity, and use, allowing for greater flexibility in meeting customer requirements and diversifying market needs.

In this regard, during the period covered by the report, several partial automation projects were completed, and lean manufacturing practices were implemented in some production stages. These aim to improve process flow, enhance resource efficiency, and increase operational flexibility, contributing to the sustainability of performance and achieving the required operational efficiency.



Second: Research & Development (R&D) Department

In light of the intense competition among local and regional companies operating in this field, it has become essential to focus on R&D initiatives. The goal is to reach a standardized operating mechanism that increases production capacity and improves production rates through an ideal Flexible Manufacturing strategy. This is achieved by adopting the best global technologies to enhance production processes, elevate product quality, innovate new products, and provide creative solutions that align with customers' expectations and desires.

Over the past five years, the role of R&D has not been limited to a specialized team; rather, an R&D culture has become deeply rooted across all company departments. Employees from various divisions work side-by-side in task forces dedicated to new initiatives and innovation. This contributes to enriching the production process, achieving Digital Transformation, and promoting environmental sustainability.

Looking at the performance of FIPCO's R&D department in recent years, it has witnessed significant development through a series of achievements aimed at raising production efficiency and improving product quality, alongside adopting the latest digital technologies to enhance competitive advantage. Below are the key achievements:

1 Improving and Developing Production Processes: By adopting Lean Manufacturing principles to reduce waste and improve production rates. This has led to developing new methods to meet market needs with the highest quality and at a lower cost, in addition to conducting successful trials such as printer tests and anti-slip experiments to develop technical solutions that meet customer requirements.

2 Enhancing the Use of Recycled Materials: Integrating recycled materials into intermediate production stages, which contributed to cost reduction without affecting product quality, while supporting environmental sustainability initiatives.

Digital Transformation and Integration of Smart Technologies: The team has begun implementing Artificial Intelligence (AI) and the Internet of Things (IoT) in monitoring and analysis processes. This enabled management to obtain real-time reports and improve operational decision-making, with a continuous pursuit to enhance these tools in the future.

3 International Cooperation and Knowledge Exchange: Collaborating with suppliers, machinery manufacturers, production line developers, and international institutions. This involves stimulating industrial thinking by introducing the latest systems in this field, staying constantly updated on all technical and operational developments, increasing operational efficiency, reducing waste in the production process, raising preventive maintenance standards, and introducing new products within the company's business scope.

4 FIPCO's Ongoing Commitment to Circular Economy Principles: Intensifying efforts to participate in initiatives and programs launched by relevant governmental and regulatory authorities, aimed at increasing resource efficiency, reducing waste, and maximizing the utilization of raw materials.

Third: Quality Control Department

The Quality Control Department is one of the fundamental components of FIPCO's operational system and represents a pivotal pillar in supporting institutional performance and ensuring the sustainability of operational excellence. The department plays a leading role in ensuring the quality of products and processes, verifying their compliance with customer requirements and approved local and international specifications and standards.

The Quality Control Department specializes in implementing advanced monitoring systems and conducting periodic, systematic inspection and audit programs. These cover raw materials, production processes, storage, shipping, and supplier audits. This ensures adherence to quality requirements, protects the product, and prevents any potential risks that might affect its safety or quality, thereby enhancing customer satisfaction and maintaining the company's reputation as a reliable provider of high-quality products in both local and global markets. FIPCO also adopts a clear and organized methodology for managing customer complaints, starting with a meticulous analysis of the feedback received, followed by comprehensive re-inspection and auditing, and then implementing the necessary Corrective and Preventive Actions (CAPA). Suitable solutions are put in place to ensure non-recurrence in the future, reflecting the company's continuous commitment to improvement and development.

Driven by the company's keenness to strengthen relationships with its customers and increase their satisfaction levels, focus has been placed on increasing periodic and field visits to clients. This is in addition to maintaining an integrated system of certified ISO certificates and implementing specialized training programs aimed at developing the efficiency of human resources and embedding a culture of quality and continuous improvement across the company.

During the past year, the Quality Control Department executed a package of workshops and training programs under the supervision of accredited bodies related to the certifications the company sought to obtain. These efforts included awareness sessions on ISO certification requirements in their various versions and Halal standards, as well as a specialized program in internal auditing. Five training courses were provided, with more than (25) trainees participating.

These programs contributed to raising the level of institutional readiness for external accreditation by aligning policies and procedures with international specification requirements and enhancing the operational teams' understanding of compliance standards, documentation, and control mechanisms. This enabled the company to efficiently handle audit visits and pass periodic reviews with confidence and systematic discipline, reducing observations and improving opportunities to obtain targeted accreditations according to the planned schedule.



Key Certifications Obtained by FIPCO During 2025 AD:

**ISO 14001 Certificate
Environmental Management
System (EMS).**



**ISO 22000 Certificate
Food Safety Management
System (FSMS).**



**ISO 9001 Certificate
Quality Management
System (QMS).**



**ISO 50001 Certificate
Energy Management
System (EnMS).**



**ISO 45001 Certificate
Occupational Health & Safety
Management System (OH&S).**



Migration Test: Verifying the Non-Transfer of Chemicals from Bags to Foodstuffs



Obtaining Third-Party Certifications Attesting to the Quality of FIPCO Products



HALAL Certification for Food Products



Membership in the European Flexible Intermediate Bulk Container Association (EFIBCA)



Environmental Product Declaration (EPD) in accordance with EN +15804A2 and ISO 14025



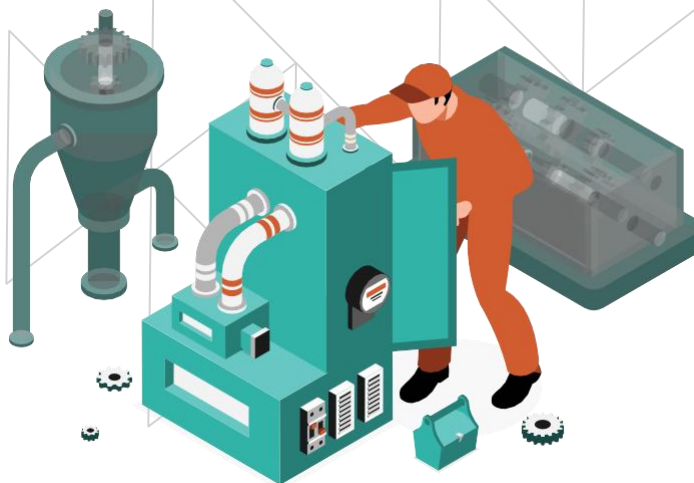
Fourth: Maintenance Department

This department aims to maintain production continuity by implementing effective preventive and corrective maintenance programs. It also relies on data analysis methods to monitor the performance of machinery and equipment, which contributes to reducing unplanned downtime and lowering operating costs.

The department comprises a team of specialized engineers and technicians who provide the necessary technical support for machinery and production lines. This ensures business continuity and the manufacturing of required products according to their specified schedules. The department has adopted a new policy aimed at reducing spare parts consumption and working on developments and modifications that limit energy consumption, in line with the measures taken by FIPCO to reduce energy costs.

As a result of ongoing efforts in re-engineering certain machines to restore them to their original condition and achieve maximum production rates—in addition to modernizing several production lines by replacing and renewing some machinery to improve productivity—there has been a positive impact on energy costs and labor ratios. Furthermore, the continued implementation of internal repairs on spare parts instead of purchasing them from abroad, while keeping technicians informed of the value of these parts to increase care, has resulted in tangible savings.

On another note, the Maintenance Department contributes to executing various contracting, renovation, and civil works related to all company departments and facilities, as well as insulation works and HVAC solutions (heating, ventilation, and air conditioning), utilizing their technical capabilities and expertise instead of relying on external contractors for every task.



Achievements of the Operations and Production Department during 2025 AD:

In continuation of FIPCO's approach to enhancing its competitive position and consolidating the foundations of sustainable growth, the Operations and Production Department continued during 2025 AD to implement a set of strategic initiatives aimed at raising operational efficiency, improving product quality, and enhancing digital transformation, in line with the strategic directions approved by the Board of Directors, as follows:

First: Raising Operational Efficiency and Developing Production Processes

- 1 Increasing the production capacity of small bags to 324 million bags annually, including fabric production.
- 2 Increasing the production capacity of Jumbo bags by 3,300,000 bags annually.
- 3 Expanding production line for small bags and fabric by 20%
- 4 Expanding production line for jumbo bags by 22%,

FIPCO worked on modernizing production lines and adopting advanced automation solutions to increase production rates, improve process stability, and reduce loss and waste. Lean Manufacturing methodologies were also implemented under the supervision of a consulting firm with high expertise and qualifications in modern industrial methodologies. This contributed to enhancing production efficiency, improving the use of raw materials, reducing operational costs, and maximizing the utilization of available production capacity.

Second: Product Development and Strengthening the Quality System

The company continued its efforts to develop new products and improve existing ones by introducing modern technologies and updated designs that align with customer needs and market requirements. Furthermore, commitment to international quality standards was strengthened, which resulted in reduced operational error rates, improved process efficiency, and ensured production continuity according to the highest reliability standards.

Third: Digital and Technical Transformation

As part of implementing the digital transformation strategy, the company updated its Enterprise Resource Planning (ERP) system, in addition to initiating the application of Artificial Intelligence (AI) and Internet of Things (IoT) technologies to improve the monitoring of operational processes, raise data accuracy, enhance decision-making efficiency, & reduce reliance on manual intervention. This achieves greater integration between operational & administrative systems, as will be detailed in the following pages of the report.

Fourth: Sustainability and Energy Efficiency

Driven by FIPCO's commitment to sustainability and environmental responsibility principles, the department collaborated with the Strategic Planning Department to implement initiatives aimed at improving energy consumption efficiency and enhancing environmental solutions within operational processes. This limits environmental impact and enhances long-term operational performance. A separate section will be dedicated later in the report to further explain these initiatives.

Fifth: Managing Economic Challenges and Supply Chains

In light of fluctuations in raw material prices and global economic variables, the company adopted flexible policies in inventory and supply chain management. This ensures production continuity and efficiently meets market needs while maintaining cost stability and operational liquidity.

Sixth: Human Capital Development and Organizational Structure Alignment

The management conducted periodic reviews of workforce needs, optimizing staff numbers to align with actual operational requirements. This included redistributing qualified competencies across various production departments. Furthermore, advanced technical expertise was recruited to strengthen operational capabilities, while utilizing outsourced labor for non-technical roles, which contributed to reducing labor costs and improving overall productivity.

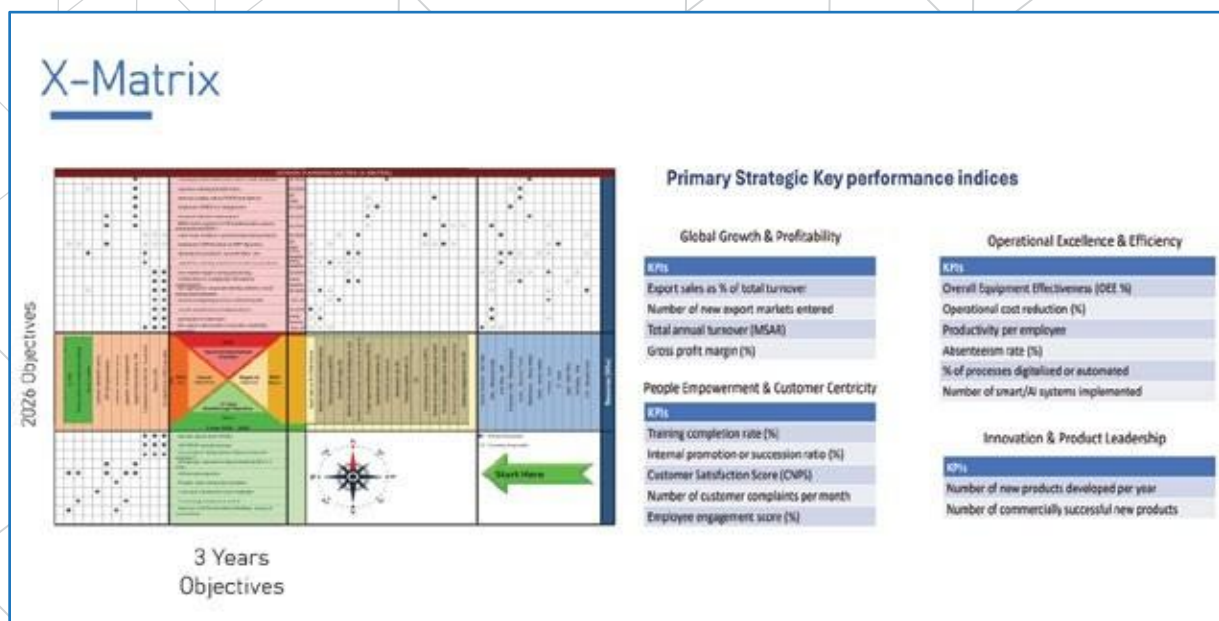
Within the framework of supporting Saudization and empowering national talent, FIPCO expanded the recruitment of female national technical cadres across various production departments. This included refurbishing the work environment to ensure the integration and effective participation of women in all manufacturing stages.

Seventh: Future Studies for Automation and Logistical Integration

FIPCO continues to conduct technical studies in collaboration with specialized entities to develop integrated solutions for automation and digital transformation within the production and warehousing stages. This aims to enhance the efficiency of logistical operations and raise the level of integration between operating systems, in preparation for phased implementation based on well-studied plans.

To this end, the outcomes of these development plans, conducted with a specialized consulting firm to date, can be summarized as follows:

1. Strategy and Execution Alignment: Developing a three-year operational roadmap using the X-Matrix model. This included identifying (40) initiatives directly linked to strategic objectives, with a periodic monitoring mechanism at the senior management level. This has contributed to transforming general directions into measurable and accountable executive plans.



2. Capability Building and Promoting a "Lean" Culture through:

- Training more than (220) operators and supervisors on the 8 Wastes of Lean and problem-solving techniques.
- Developing (6) internal trainers to ensure knowledge sustainability.
- Developing a Skill Matrix for production and quality to enhance workforce distribution flexibility.
- Collecting (128) improvement ideas from task forces.

Capability Building

1. Basic Lean Training-8 Wastes.
2. Problem Solving Techniques
3. Skill matrix Training.
4. Advanced Excel training

4 Trainings in 6 sessions
 36 Participants

Actions done:

1. Conducted in-house training for over 220 operators regarding 8 waste.
2. Gathered improvement ideas and suggestions from operators and staff.



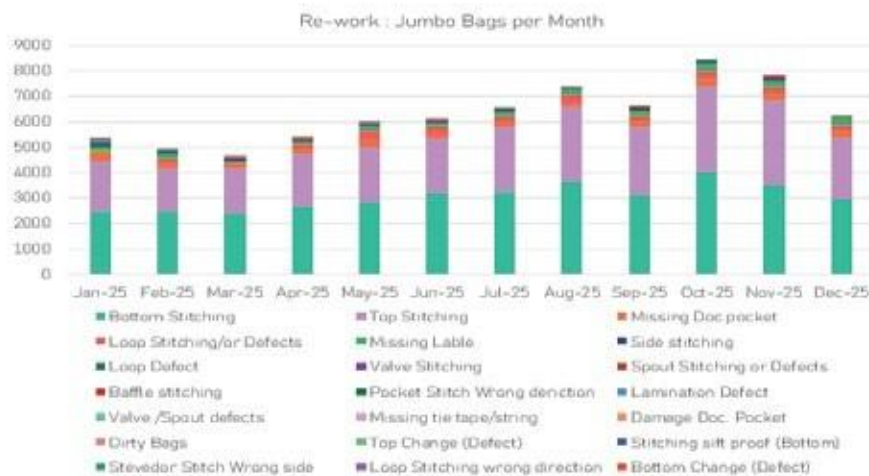
Foundation:

- Lean culture penetration; 220 trained operators and supervisors
- 6 trainers from FIPCO
- 128 IDEA and identified opportunities by teams

3. Improving Quality and Reducing Waste in the Jumbo Bag Segment:

A Root Cause Analysis (RCA) was conducted for issues related to re-work, leading to a reduction in the defect rate from 3.6% to 3.2% within a single month. The goal is to sustain this improvement through targeted training and linking performance to incentive mechanisms. This will reflect in reduced raw material waste and man-hours, gradually improving the Gross Profit Margin.

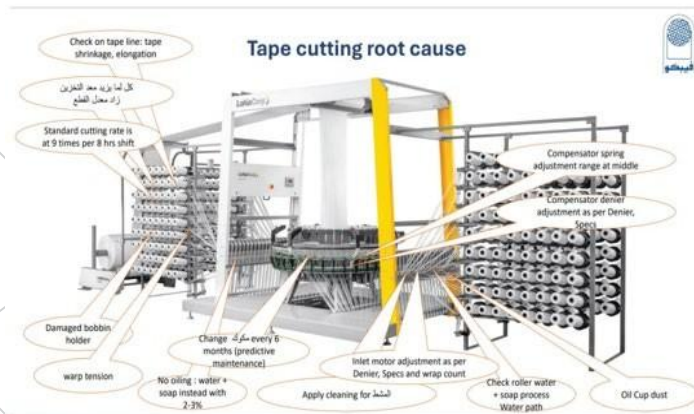
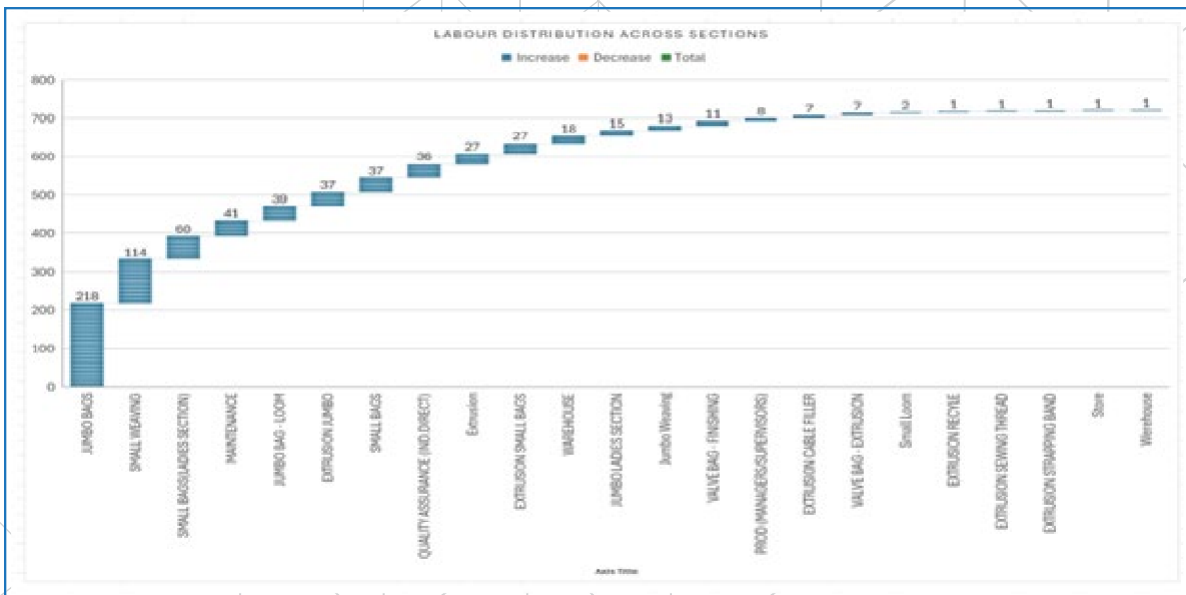
Re-work Jumbo bag defected report



4. Improving Equipment Stability and Implementing Autonomous Maintenance Plans for several machines in the Weaving Department. This included adopting standardized daily checklists and transferring basic care responsibilities to operators, which led to a reduction in recurring breakdowns and unplanned downtime. This established a foundation for improving the Overall Equipment Effectiveness (OEE) index, positively impacting available production capacity.



5. Managing Productivity and Workforce by introducing a productivity metric based on production volume versus actual man-hours. This involved analyzing absenteeism rates in coordination with the Human Resources Department and developing an incentive plan to mitigate it, ultimately increasing worker productivity, improving resource allocation efficiency, and controlling the unit cost of produced items.



6. Implementing Low-Cost Automation (LCA) operational improvements, which included reducing filter changeover time for certain equipment, improving material handling, and initiating the implementation of 5S in several departments. These efforts resulted in quick operational gains without requiring significant capital expenditures.

Proposed Operations and Production Development Plan for 2026 AD:

FIPCO continues its commitment to achieving operational excellence by modernizing its operational system, focusing on digital transformation, environmental sustainability, and fostering a work environment that supports innovation. The 2026 plan represents an extension of the operational transformation journey initiated by the company in previous years. It focuses on converting incremental improvements into long-term structural gains, thereby supporting profitability targets, enhancing competitiveness, and consolidating FIPCO's position as an advanced national industrial company aligned with the objectives of Saudi Vision 2030AD, through the following:

1 Modernizing and developing production lines by investing in robotics and automation systems and updating the digital infrastructure using an advanced ERP system to enhance performance monitoring and generate real-time reports that support accurate decision-making.

2 Moving forward with the implementation of Lean Manufacturing principles to achieve greater production flexibility and reduce waste levels, leading to improved efficiency and cost reduction.

3 Continuing efforts to reduce scrap rates to acceptable levels, maintaining the lowest possible percentages within this industry.

4 Expanding Research and Development (R&D) efforts to introduce new value-added products that meet changing customer needs, while improving the qualitative and technical characteristics of current products.

5 Continuing to establish strategic partnerships with research centers and leading technology companies to exchange expertise and foster innovation, contributing to accelerating the pace of technical and technological development.

6 Adopting and periodically updating the latest quality control systems to ensure products continuously meet the highest international standards, while implementing continuous improvement mechanisms based on data and precise analysis.

7 Developing a comprehensive preventive maintenance system based on data analysis & predictive maintenance to anticipate equipment failures, while continuing scheduled periodic maintenance to ensure business continuity and reduce repair costs.

8 Adopting clean energy solutions and recycling systems to improve energy efficiency & reduce carbon emissions. This includes obtaining specialized certifications in carbon footprint reduction, measuring environmental impact, committing to sustainable development standards, & contributing to the development of products aligned with Circular Economy principles in accordance with Saudi Vision 2030AD.

9 Implementing advanced inventory management systems to improve planning &

procurement.
and improving
prices and ensuring
This also involves continuing to
supply terms through negotiation
strengthen raw material quality, thereby
relationships
strategies

10 Continuing the implementation of digital transformation plans by utilizing with key
achieving aimed
under the supervision of specialized technical partners. This is achieved by activating the benefits
of government digital transformation programs to enable FIPCO to keep pace with the Fourth
Industrial Revolution (Industry 4.0)—one of the objectives of Saudi Vision 2030AD in industrial
& transformation programs aimed at raising the efficiency of Saudi factories.

mitigating the impact of economic fluctuations on supply chains.



Sales & Marketing Department

FIPCO manages its marketing and distribution operations through a specialized team with diverse industrial and commercial expertise, including multi-national cadres. This enables a deeper understanding of the needs of local, regional, and international markets, and enhances FIPCO's ability to serve its customer base across various sectors.

The sales and marketing strategy is based on several key pillars, most notably:

- Enhancing geographic presence through active involvement across five continents, which supports market diversification and reduces risks associated with relying on a single market.
- Building long-term relationships with key customers through a commitment to quality, supply stability, and rapid response to technical requirements.
- Developing the Sales Mix by offering customized solutions that suit customers' industrial needs, thereby enhancing competitiveness and improving profitability margins.
- Leveraging specialized exhibitions and conferences to open new markets and strengthen brand presence at the regional and international levels.

FIPCO relies on the quality of its products, its commitment to international standards, and the certifications and documentation it has obtained from major relevant authorities, in addition to the technical efficiency of its commercial team. This has enabled it to consolidate its position as a trusted supplier in local, regional, and global markets, supporting export growth in line with Saudi Vision 2030AD objectives to increase the share of non-oil exports.

Achievements of the Sales and Marketing Department during 2025 AD

First: Expanding the Customer Base and Strengthening Strategic Relationships

During 2025 AD, FIPCO continued to strengthen its position as a trusted strategic supplier, drawing on relationships spanning over twenty years with governmental and semi-governmental entities, and major international companies. The company also successfully established new contractual relationships with local and international firms in the food, petrochemicals, cement, mining, and construction materials sectors. Furthermore, it expanded its presence in the African continent and re-activated negotiations with former customers in the United States, Canada, and the United Kingdom. This reflects the success of the market diversification strategy and the reduction of reliance on a specific geographic scope.

Second: Enhancing Geographic Presence and Activating International Sales Channels

FIPCO has appointed exclusive agents in several global markets, which contributed to expanding the international customer base, accelerating negotiations, concluding international contracts, and strengthening institutional presence in high-growth markets. Sales efforts focused on high-demand and value-added products, primarily Jumbo Bags, small bags, side-valve cement bags, and cable fillers.

Third: Leveraging Sustainability Initiatives and Downstream Industries in Collaboration with Government and Semi-Government Entities

FIPCO worked on developing and transitioning cement bags for the local market from paper to plastic. This achieves full local value-added and supports downstream industries related to the energy sector. Procedures are currently underway to sign supply agreements with several targeted companies within the framework of supporting local content and industrial demand sustainability.

Fourth: Presence and Participation in Specialized Trade Exhibitions & Relevant International Forums

FIPCO participated in and visited several specialized exhibitions in the Kingdom of Saudi Arabia, Egypt, the United Arab Emirates, Turkey, Germany, Italy, Iraq, and the United States. This is part of implementing the geographic expansion and export increase strategy. This international presence aims to strengthen the relationship network with strategic customers, explore new opportunities in promising growth markets, and support the company's objectives in distributing sales over a wider geographic scope, in line with the government's direction to increase the share of non-oil exports and benefit from related support programs.



Outlook of 2026 Initiatives

In 2026 AD, FIPCO is launching a set of ambitious initiatives to strengthen its position in both local and global markets. Through these renewed efforts and future initiatives, FIPCO reaffirms its commitment to expanding its customer base and achieving sustainable growth, relying on modern technology and advanced marketing strategies that ensure excellence in local and international markets. The most prominent of these initiatives include:

1

Developing data-driven digital marketing and launching targeted digital campaigns that utilize market analysis tools and Artificial Intelligence (AI) to target new segments in emerging markets, while measuring the Return on Marketing Investment (ROMI) and improving lead generation efficiency.

2

Enhancing presence on international trade platforms and raising institutional visibility on professional and specialized trade platforms. This supports penetration into new markets and improves access to targeted industrial customers.

3

Improving customer experience and after-sales services by developing field and digital technical support mechanisms, & accelerating response times to inquiries & complaints. This enhances customer satisfaction & raises retention rates for strategic accounts

4

Expanding the international distribution network & establishing partnerships with distributors & agents in high-growth markets, & activating additional distribution channels to increase the export ratio & diversify geographic coverage.

5

Diversifying Markets and Reducing Geographical Concentration by targeting new markets in Africa, Europe, and the Americas. This aims to reduce reliance on a specific geographic scope and achieve a better balance in sales distribution.

6

Enhancing Sales Team Efficiency by implementing specialized training programs in international negotiation and Key Account Management (KAM). Additionally, developing the use of Customer Relationship Management (CRM) systems to improve follow-up quality and achieve higher closing rates.

7

Attracting Marketing Expertise in Target Markets and strengthening local presence in certain countries through cadres with market experience to support expansion & achieve a deeper understanding of customer needs.

8

Leveraging Government Support Programs to stimulate exports & support Local Content. This enhances the company's competitiveness in foreign markets, in coordination with success partners, solution & service providers, & support programs from government sectors that share common goals with FIPCO.

"Supporting Entities "Success Partners

وزارة الصناعة
والثروة المعدنية
Ministry of Industry and Mineral Resources



برنامج تطوير الصناعة
الوطنية والخدمات
اللوجستية



هيئة المحتوى المحلي
والمشتريات الحكومية
Local Content & Government
Procurement Authority



SAUDI EXIM
بنك التصدير والاستيراد السعودي

البنك الصناعي
صندوق التنمية الصناعية السعودي
SAUDI INDUSTRIAL DEVELOPMENT FUND

مصانع
المستقبل

الهيئة السعودية للملكية الفكرية
Saudi Authority for Intellectual Property



المواصفات السعودية
Saudi Standards



SAUDI
MADE

SEDA
هيئة تنمية الصادرات السعودية
Saudi Export Development Authority

مدن
MODON



Procurement Department

Key Figures for 2025 AD for FIPCO & its Subsidiary

Total Local Purchases
108.48M

Total
153.69M

Total Imports
45.19M

Purchases of Major Raw Materials
126.81M

Number of New Suppliers
91

Processed Purchase Orders (POs)
2138

Customs Exemption Rate for Resources Imported from Outside the Kingdom
%95

Additional Achievements of the Procurement Department during 2025 AD:

TAX FREE

Obtaining a -5-year customs exemption for FIPCO's major raw materials.



Renewing customs exemptions for FIPCO to include spare parts.



Conducting periodic inventory reviews and tracking: While reducing the safety stock level for each material based on its sensitivity.

المشغل الاقتصادي المتمد
Authorized Economic Operator
اولوية
SAUDI AEO

Leveraging the Authorized Economic Operator (SAUDI AEO) Program: To facilitate clearance procedures, expedite the release of goods, and ensure the recovery of customs duties without delay.



Information Technology (IT) Department

Dynamics 365 Project – FIPCO

FIPCO continues to implement the Microsoft Dynamics 365 transformation project as part of enhancing the technical infrastructure and developing business systems. During 2025 AD, the creation of the new company on the system was completed. Additionally, the Accounts Receivable (AR), Accounts Payable (AP), and General Ledger (GL) systems were set up with updated financial codes that comply with the company's regulatory and operational requirements.

Work is currently underway to customize the system to align with the nature of production operations, create new item codes, and organize warehouse settings. This is in addition to preparing the costing system and document templates, and developing customized reports that meet management needs. Furthermore, enhancements and reports for the subsidiary—FPC Industrial Co.—have been activated within FIPCO's system.

The transition to the Parallel Run phase, User Acceptance Testing (UAT), and the review of financial processes and transactions is planned, leading up to the actual system launch by the end of March 2026 AD.

Dynamics 365 Project – Subsidiary (FPC Industrial Co.)

The creation of the company on the system and the preparation of core financial systems—including Accounts Receivable, Accounts Payable, and the General Ledger—have been completed. Work is also ongoing to customize the system to suit production operations, prepare item and warehouse codes, the costing system, and document templates, as well as developing customized reports to support management requirements.

The Parallel Run phase, User Acceptance Testing (UAT), and financial process reviews are scheduled for implementation, leading up to the official system launch in synchronization with FIPCO by the end of March 2026 AD.

AI, Business Intelligence (BI), and Automation Initiatives

As part of FIPCO's digital transformation strategy, an agreement was signed with a specialized entity to develop Business Intelligence (BI) systems and interactive dashboards. This is in addition to designing and activating AI Agents to support decision-making and improve operational efficiency.

The company also intends to implement internal automation initiatives following the completion of the Dynamics 365 project at FIPCO, which will enhance system integration and raise operational performance efficiency.

Human Resources (HR) Systems – Payroll and Self-Service

The Payroll system and the Employee Self-Service (ESS) system are currently being tested at FPC Industrial Co. (subsidiary). Meanwhile, the preparation of the payroll system for FIPCO has been completed in anticipation of its launch.

It is planned to complete the full integration of the HR Self-Service cycle during the next phase. This will contribute to improving the employee experience and enhancing the efficiency of administrative procedures.



3

**FPC
Industries Co.****FPC****1**

Project Concept, Vision, and Mission

2

Competitive Advantages and Strategic Goals

3

Basic Company Information

4

Production Process Stages

5

Production Capacity and Quality Levels

6

Quality Certificates and International Accreditations

7

Product Range and Applications

8

International Exhibitions and Events 2025 AD

9

Key Reference Projects 2025 AD

10

Anti-dumping Complaint – 2025 AD Updates

11

Strategic Executive Statement

12

Development Plans and Target Projects



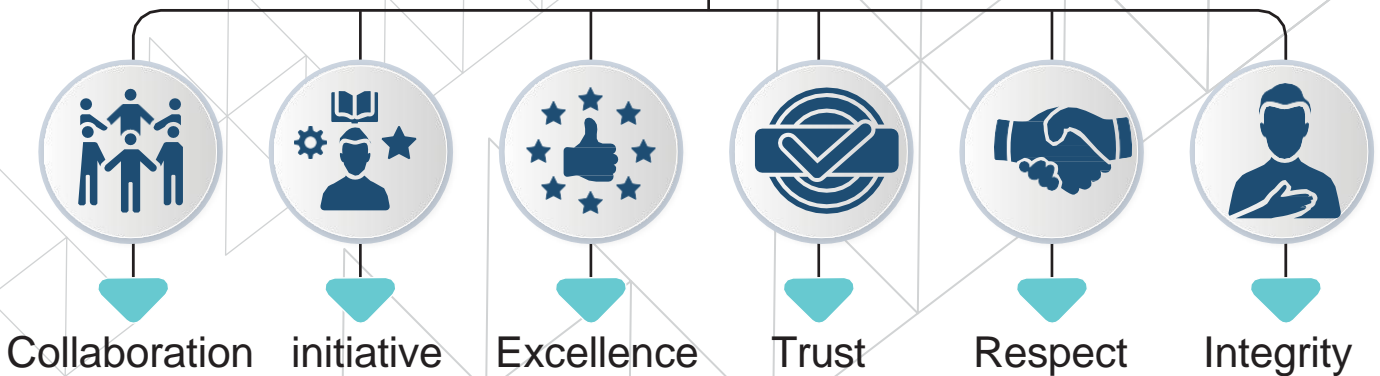
Project Concept

The business operations of FPC Industrial Co. are based on the manufacturing of high-performance industrial and technical fabrics and textiles. These are made from woven polyester yarns or glass fibers, which are then coated and treated with specialized materials such as Polyvinyl Chloride (PVC) or Polytetrafluoroethylene (PTFE), depending on the application requirements.

These products are utilized in various applications, including architectural umbrellas, tensile structures, tents, truck covers, architectural facades, and environmental and industrial solutions.

FPC Industrial Co. is considered one of the most prominent companies specialized in this field within the region, combining advanced European production technologies with accumulated technical expertise to ensure the delivery of products that comply with the highest technical standards and international quality.

Company Values



Mission

To meet our customers' needs with the highest quality and best price, and to build long-term relationships of trust worldwide from the heart of the Kingdom of Saudi Arabia.

vision

We plan to become the leaders of the technical textile industry in local, regional, and global markets.

المزايا التنافسية



Industrial capabilities

The first plant of its kind in the Middle East in terms of production technology, meeting the local demand from both public and private sectors, and localizing the manufacturing of technical textiles as a substitute for imports.

Advanced Smart Factory

Most manufacturing processes are automated, relying on a minimal workforce. The production lines are the most advanced in their field, featuring the latest European technologies.

Professional Team

A multi-skilled and highly experienced professional team gathered from across the globe in this specialized field.

Multi-Application Production Lines

Production lines are specifically designed to manufacture versatile products for a wide range of applications.

Third Globally

The factory ranks third globally in terms of production capacity and product diversity.

Continuous Research & Development (R&D)

We invest in Research and Development to manufacture value-added products and provide unconventional, innovative solutions.

Saudi Quality Mark

The first Saudi factory to obtain the Saudi Quality Mark for technical fabrics from the Saudi Standards, Metrology & Quality Organization (SASO).

Government Support

Leveraging programs and initiatives launched by the state to support Local Content & localize government procurement.

Further involvement in specialized downstream industries, leveraging its accumulated expertise spanning over 30 years in the textile industry.

1

A launchpad for investment diversification & risk mitigation.

2

Increasing investment returns for shareholders & creating value-added for all stakeholders.

3

Achieving sustainable growth and localizing industry in line with the goals of Saudi Vision 2030.

4

Targeting the export of at least 60% of products, in alignment with the Kingdom's plans to increase the share of non-oil exports.

5

Meeting the needs of the regional market and opening broad export horizons to penetrate global markets.

6

FIPCO's Objectives for the Project

Basic Information of Subsidiaries

Subsidiary Name	FPC Industries Co.
Legal entity	Closed Joint Stock Company
Main Activity	Downstream Industries and its branches
Sub-activity	Manufacturing of textiles with technical and industrial characteristics made from high-density yarns, coated with Polyvinyl Chloride (PVC), Silicone, or Teflon, abbreviated as (CTF)
capital	SAR 70,000,000
Year of Establishment	2017 AD
Country of Incorporation	Kingdom of Saudi Arabia
Country of Operations	Kingdom of Saudi Arabia
FIPCO's Ownership (Direct)	100%
Shareholders & Ownership Percentage	N/A
Total Revenue for 2025 AD	SAR 56.5 Million

Basic Information of Subsidiaries

Subsidiary Name	Dana Shades
Legal entity	A Sole Proprietorship
Main Activity	Manufacturing of textiles with technical and industrial characteristics made from high-density yarns, coated with Polyvinyl Chloride (PVC), Silicone, or Teflon, abbreviated as (CTF)
Sub-activity	Manufacturing and installation of shades and tents
capital	SAR 1,000,000
Year of Establishment	2025 AD
Country of Incorporation	Kingdom of Saudi Arabia
Country of Operations	Kingdom of Saudi Arabia
FIPCO's Ownership (Direct)	100%
Shareholders & Ownership Percentage	N/A
Total Revenue for 2025 AD	SAR 1.2 Million

Production Process Stages

FPC Industrial Co. products pass through six integrated production stages that ensure the highest standards of quality and manufacturing precision, utilizing the latest specialized European technologies in the coated technical textiles industry.

1

Stage One: Warping



Ready-to-arrange yarn creels.



Arranging fiber yarns on spools.

2

Stage Two: Weaving



Large ready-to-use weaving beam.



Advanced automated weaving line.



Operator on an industrial loom.

3

Stage Three: Coating



4

Stage Four: Quality Assurance & Quality Control (QA & QC)



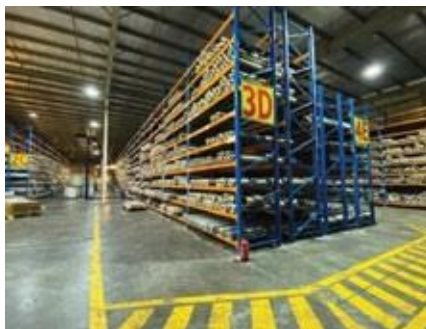
5

Stage Five: Final Inspection



6

Stage Six: Warehousing



Quality Certificates and International Accreditations

FPC Industrial Co. maintains a distinguished position in the field of quality and international accreditations, holding a wide range of certificates that reflect its commitment to the highest standards of quality, safety, and environmental sustainability.

Saudi Quality Marks



المواصفات السعودية
Saudi Standards



مطابقة
MOTABAQAH
الشركة السعودية للمختبرات الخاصة
Saudi Specialized Laboratories Co.

International Management & Quality Certificates



Quality Management System (QMS)



Environmental Management



Occupational Health & Safety



Management Systems

Sustainability & Environment Certificates



Environmental Disclosure (EPD)



Chemical Compliance (REACH)



Flame Retardant Fabric



Total Quality Assured

Research & Advisory Partners



Environmental Disclosure Platform



International Consultancy



University of Duisburg-Essen (UDE)
Research Partner



Strategic Partner

Business Partners

The Business Partners section features a grid of logos for various organizations:

- Ministry of Hajj and Umrah (وزارة الحج والعمرة)
- KIDANA
- Riyadh Region Municipality (أمانة منطقة الرياض)
- NEOM
- Public Investment Fund (صندوق الاستثمارات العامة)
- General Entertainment Authority (الهيئة العامة للترفيه)
- Ministry of Housing (وزارة الإسكان)
- GACA (General Authority of Civil Aviation)
- Saudi Commission for Tourism & National Heritage (الهيئة العامة للسياحة والتراث الوطني)
- Transport Ministry (وزارة النقل)
- THE RED SEA (البحر الأحمر)
- Makkah Region Development Authority (هيئة تطوير منطقة مكة المكرمة)
- Qiddiya (القدية)
- dar
- SAUDI BINLADIN GROUP (مجموعة بن لادن السعودية)
- SAR (Saudi Railway Company) (الشركة السعودية للخطوط الحديدية)
- Nesma & Partners (نسما وشركاهم)
- Ministry of Defense (وزارة الدفاع)
- TBC
- Saudi Aramco (إرامكو السعودية)

Exhibitions & Events in During 2025

Throughout 2025AD, FPC Industrial Co. was keen to strengthen its international presence through active participation in prominent specialized local and international exhibitions and events. This strategic engagement aimed to bolster its market presence, explore the latest innovations and technical solutions within its field of operations, and build strategic relationships with clients and partners.

These exhibitions provided an ideal platform for exchanging expertise, showcasing our products and projects, and tracking industry developments, thereby supporting the company's objectives for sustainable growth, expanding its customer base, and reinforcing its leading position in the market.

1



SNP 2025



Highlights from our participation in SNP Expo, Kuwait



2



Big 5 Construct Saudi



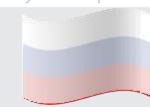
Highlights from our participation in Big 5 Construct Saudi, Riyadh



3



MosBuild 2025



Highlights from our participation in MosBuild, Moscow, Russia



4



Roof India 2025

Highlights from our participation in Roof India Exhibition, India.



5

Coliseum 2025



Highlights from our participation in the World Stadiums Summit in Riyadh.



6



Big 5 Construct South Africa 2025

Highlights from our participation in Big 5 Construct South Africa.



7



CINTE Techtextil 2024

Highlights from our participation in CINTE Techtextil & SIGN CHINA, Shanghai, China.



8



The Showman's Show 2025

Highlights from our participation in The Showman's Show, United Kingdom.



9



Zak World of Façades London مؤتمر

Highlights from our participation in the Zak World of Façades Conference, UK.



10



Big 5 Global

Highlights from our participation in Big 5 Global, Dubai.



11



AMA TensoTalk 2025 قبة



Highlights from our participation in the AMA Tenso Talk event, Riyadh.



Product Range and Applications

FPC Industrial Co. offers a diverse range of high-performance technical products covering a wide spectrum of architectural, industrial, and infrastructure applications.

Signage Fabrics - Billboards and Banners

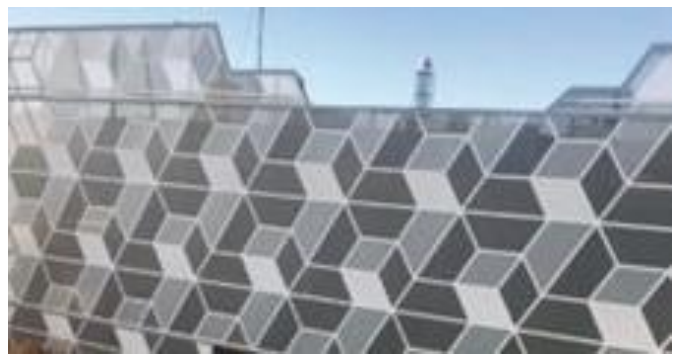


Truck Covers - Side Curtains for Transport Trailers

PVC Insulation - Waterproofing Membranes for Roofs



**PTFE Fabrics –
Versatile Architectural
Structures**



**Building Façades –
Modern External
Cladding**

Shade Fabrics



**PVC Fabrics –
Collapsible Water Tanks
– Flexible Tanks**

Key Reference Projects 2025 AD

Driven by technical credibility, independent verification, and a structured specification framework, FPC Industrial Co. has deliberately targeted projects that were previously considered beyond its realistic scope. These projects have redefined the market's perception of FPC; the company is no longer seen as an emerging manufacturer seeking entry, but has rather become a certified entity capable of delivering complex architectural solutions.

السلامة أولاً

Selected Local Projects

Qiddiya Project – Welcome Center



King Fahd International Stadium

The Red Sea Projects



Selected Local Projects

Namira Mosque – Makkah



Al-Khandaq Mosque – Madinah



Hajj Pathways

Kudai Project – Makkah



Selected International Projects

Kharkiv Region – Ukraine



Mina Zayed – Dubai



Estadio Azteca – Mexico City, Mexico

One of the participating stadiums in the FIFA World Cup 2026



Livestock Farming – Russia



Shopping Center – Mexico



Railway Station – Berlin



Tennis Club – Russia





Anti-Dumping Complaint – 2025 Updates

Anti-Dumping File – PVC Coated Fabric Products

In line with FPC Industrial Co.'s efforts to protect national industry and promote fair competition within the local market, the company filed a formal complaint with the General Authority for Foreign Trade (GAFT) regarding imports of fabrics and PVC-coated fabrics originating from or exported by the People's Republic of China and the Republic of Korea. This action was taken in response to injurious trade practices, specifically dumping, which directly impacted the competitiveness of national products and the local industrial market, potentially leading to significant economic damage to the national industrial sector.

It is noteworthy that this step represents a strategic commitment by the company to safeguard its interests and the national fabric industry. The company succeeded in preparing a comprehensive legal file supported by precise technical and commercial evidence, strengthening its legal standing before the relevant authorities. This underscores the company's dedication to compliance with applicable laws and regulations while protecting the industry from practices that may destabilize the local market or threaten the competitiveness of national products.

Issuance of the Final Decision

Following a thorough review of all submitted evidence and documentation, His Excellency the Minister of Commerce and Chairman of the Board of the General Authority for Foreign Trade issued Decision No. (2) dated 111446/06/ AH (corresponding to 122024/12/ AD), imposing definitive anti-dumping duties on the investigated imports. This decision is a vital regulatory step in protecting national industry from harmful practices and reflects the strength of the company's legal position and the clarity of the evidence provided during the investigation.

The issuance of this decision marks a milestone in anti-dumping efforts, enhancing the state's ability to enforce effective protection systems against dumped imports. This ensures a fair market environment, protects national products from unfair competition, and guarantees the company's continued competitiveness and standing in both local and regional markets.

Implementation and Challenges

Despite the final decision, the company continues to monitor its practical implementation in coordination with the relevant authorities—primarily the Ministry of Industry and Mineral Resources, the General Authority for Foreign Trade, and the Zakat, Tax and Customs Authority (ZATCA)—to ensure the full and effective application of duties on all subject imports. Certain challenges have been identified regarding implementation mechanisms for specific shipments and customs headings, necessitating intensified efforts to ensure full compliance and prevent any attempts to circumvent or bypass customs regulations.

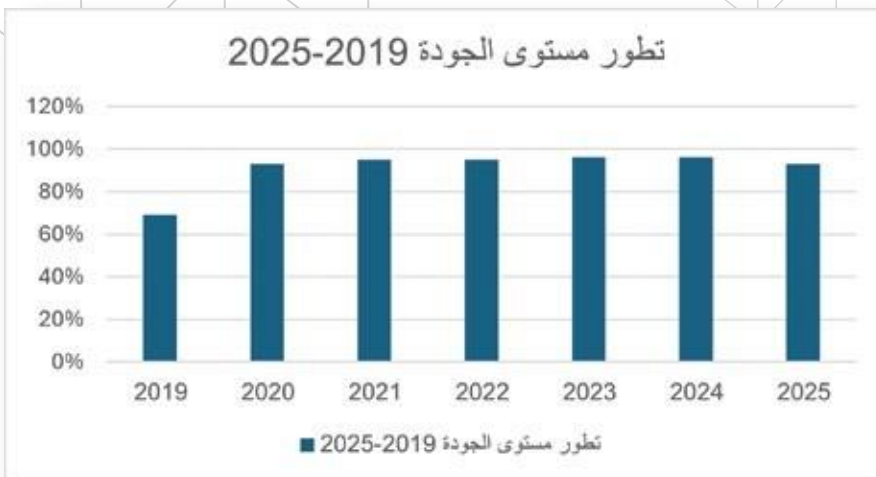
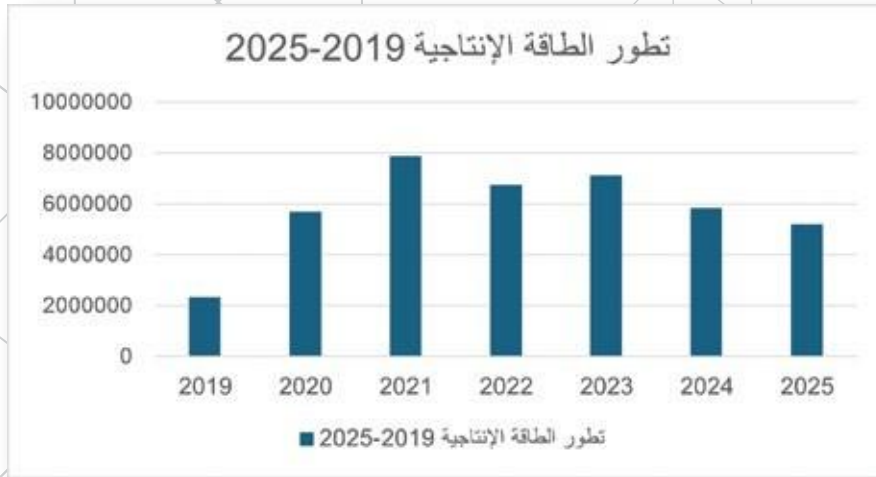
In this context, the company emphasizes the importance of ongoing coordination with regulatory bodies to ensure adherence to official decisions and to monitor any practices aimed at evading the imposed duties. This ensures fair competition and guarantees that the positive outcomes of the final decision are tangibly felt on the ground, benefiting the national industry.

Continued Monitoring and Strategic Commitment

The anti-dumping file remains an active strategic matter, managed at the highest executive level. The company maintains rigorous oversight to ensure the full application of duties and to protect national products from any irregular practices or non-compliant re-exportation. Furthermore, the company is continuously enhancing its monitoring mechanisms and coordinating with official authorities to ensure sustainable competitiveness and strengthen the position of national products in both local and regional markets.

The company reaffirms its ongoing commitment to keeping the Board of Directors and shareholders informed of any material developments regarding this matter. This reflects the high level of transparency and professionalism in managing strategic files and safeguarding the interests of the national industry in accordance with applicable laws and regulations.

Production Capacity Trends and Quality Levels (Previous Years)





Key Business Highlights of 2025

From Industrial Potential to Institutional Strength: Building Technical and Strategic Foundations for Saudi Industrial Leadership

2025AD marks the year FPC transitioned from potential to institutional strength. We have activated the strategic value of Saudi manufacturing, built engineering credibility, integrated sustainability, won reference projects, enhanced operational discipline, & expanded internationally. We are now positioned to compete confidently against major global manufacturers while maintaining our Saudi industrial identity.

Since the second quarter of 2025AD, the company successfully recruited a strong and qualified sales team. The management restructured several internal departments and divisions to realign the corporate "compass" and lay the preliminary foundations for achieving profitability and operational targets from 2026AD onwards. To this end, the sales and marketing team collaborated with management to achieve the following:

First: Activating the True Value of "Saudi Made" & Enhancing Local Content Mechanisms

One of the most significant achievements of 2025AD was elevating the Saudi industrial identity, transforming it from a marketing advantage into a practical technical advantage within project specifications. This directly impacted the company's presence in government projects, where the total area of projects executed or underway for government entities exceeded 2 million square meters of technical textiles in recent years.

Through this shift, the "Saudi Made" label has become a certified technical element in tender documents and specifications, bolstering the company's competitiveness in major national projects and establishing its position as a strategic industrial supplier for government sectors.

Second: Anchoring Engineering Credibility & Building an Institutional Technical Framework

We have strengthened our technical infrastructure through collaboration with internationally recognized laboratories, including the University of Duisburg-Essen in Germany. This involved developing the PTFE architectural product line through advanced verification testing, structural performance analysis, and engineering compensation logic based on actual results. Consequently, our dialogue with architects and consultants has shifted from price-based discussions to those focused on performance, long-term value, and engineering reliability.

UNIVERSITÄT
DUISBURG
ESSEN

Third: Documenting Sustainability & Implementing EPD Certifications

In 2025AD, sustainability became a strategic enabler rather than just a moral commitment. The completion and finalization of Environmental Product Declarations (EPD) have qualified us for major projects that mandate environmental transparency. Sustainability is now an integrated element of our technical and commercial positioning, not an optional add-on.

Fourth: Transitioning from "Alternative Vendor" to Strategic Specification Positioning

Today, we are engaging in high-level specification discussions across multiple markets. Including FPC as an alternative vendor within project documents enables us to enter protective specification environments, perform systematic performance comparisons, and position ourselves within consultant evaluation frameworks. Our clear objective is to transition from being relied upon as an alternative vendor to being integrated as a Primary Vendor within standard project specifications.

Fifth: International Expansion & Building a Future Project Pipeline

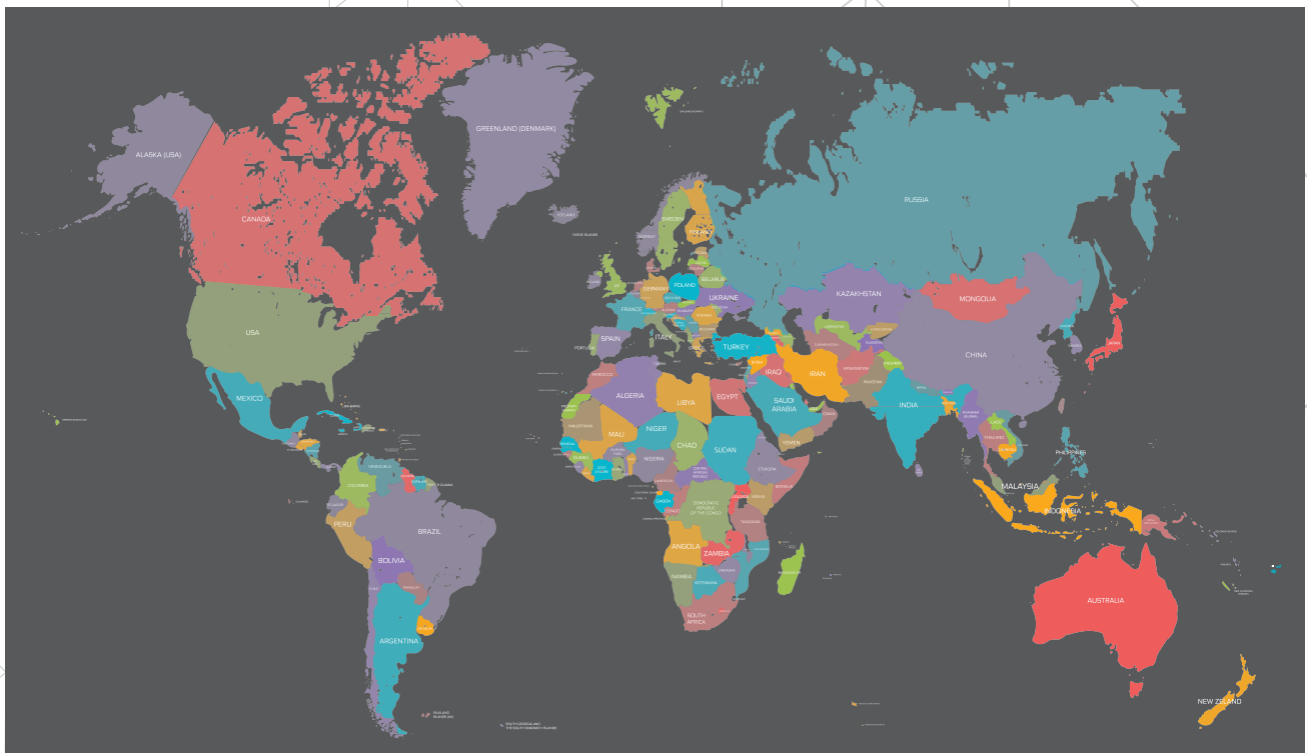
2025AD witnessed significant international expansion, with active operations in: Italy, Spain, Chile, Peru, Mexico, Portugal, Germany, England, Kuwait, UAE, Bahrain, Qatar, India, Oman, and others. Furthermore, a promising project pipeline has been established for 2026 in: the United States, the United Kingdom, Spain, Mexico, India, China, UAE, Kuwait, Turkey, Uzbekistan, Egypt, and more.



Development Plans and Targeted Projects for 2026AD & Beyond

Building on the achievements of 2025 and the established strategic foundations, FPC Industrial Co. looks forward to a new phase of accelerated growth and international expansion throughout 2026AD and beyond.

Target Markets for International Expansion in 2026AD



UAE	Kuwait	USA	United Kingdom	Spain	Mexico
Other Countries	Turkey	Uzbekistan	Egypt	India	China

Strategic Development Pillars

Strengthening the Architectural PTFE Line

Continued development of Architectural PTFE products and expanding the client base in European and American markets.

Integration into Standard Specifications

Transitioning from "Alternative Vendor" status to being a primary inclusion in the standard specifications of major projects.

Development of [®] iconweave Product

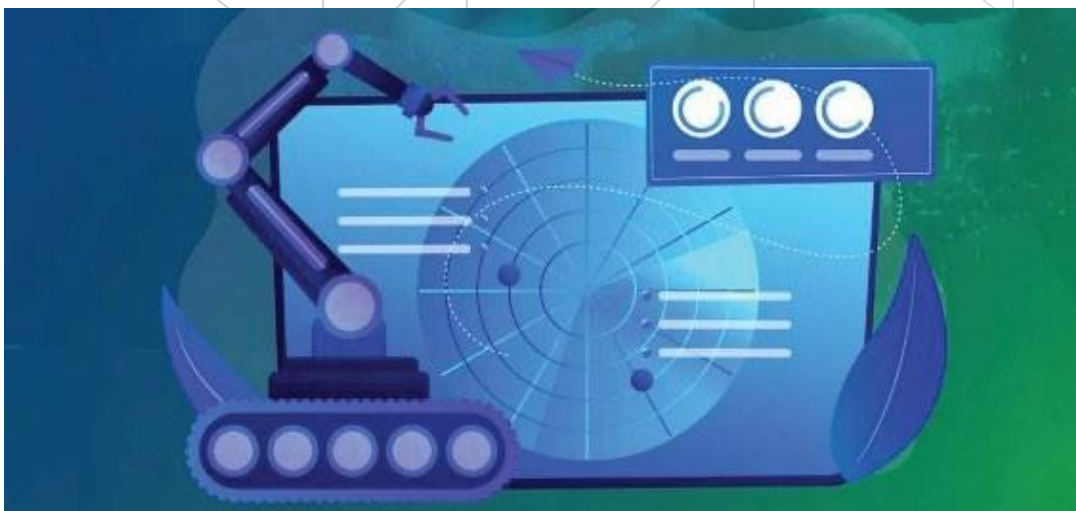
Launching the next generation of advanced engineered meshes featuring diamond geometry for architectural façade applications.

Enhancing R&D Partnerships

Expanding collaboration with the University of Duisburg-Essen in Germany and other international laboratories to develop new products.

Improving Financial Performance

Recovering margins and enhancing revenue quality through the growth of Architectural PTFE and strengthening the contracted project backlog.



4

Financial Performance



- 1** Company Sales
- 2** Performance of Each Business Segment
- 3** Operating Profit
- 4** Net Profit
- 5** Earnings per Share (SAR)
- 6** Asset Growth Development
- 7** Assets vs. Liabilities
- 8** Liabilities vs. Equity
- 9** Changes in Equity
- 10** Liquidity Ratios and Indicators
- 11** Geographical Analysis of FIPCO's Revenues
- 12** Loans
- 13** Statutory Payments
- 14** Zakat & VAT Disclosure
- 15** Penalties
- 16** Deviation from Applicable Accounting Standards

First: Company Sales

FIPCO's net sales reached SAR 251.6 million for the fiscal year ended 31 December 2025, compared to SAR 245.7 million in 2024, representing an increase of 2.42%. This growth in sales is primarily attributed to higher sales volumes of certain key products at FIPCO and its subsidiary, FPC Industries Company. The table below illustrates net sales, cost of sales, and net profit over the past five years.

2021	2022	2023	2024	2025	
222.6	260.7	258.2	245.7	251.6	Net Sales
193.6	218.5	207.9	202.8	213.8	Cost of Sales
28.9	42.2	50.3	42.9	37.8	Gross Profit
-9.1	9.8	12	0.9	-19.1	Net Profit

Second: Performance by Business

1. Jumbo Bags

Revenue Contribution %	Percentage Change	2024 Sales	2025 Sales
22.69%	9.39%	52.2 Million Riyal	57.1 Million Riyal

2. Fabric and other types of bags

Revenue Contribution %	Percentage Change	2024 Sales	2025 Sales
46.54%	2.81%	113.9 Million Riyal	117.1 Million Riyal

3. Twisted Products

Revenue Contribution %	Percentage Change	2024 Sales	2025 Sales
8.78%	-9.43%	24.4 Million Riyal	22.1 Million Riyal

4. Subsidiary Contribution (FPC Industries Company) to Total Business Activities

Revenue Contribution %	Percentage Change	2024 Sales	2025 Sales
22.14%	1%	55.2 Million Riyal	55.7 Million Riyal

Third: Operating Income

Operating losses for the year 2025 amounted to SAR 23.2 million, compared to an operating profit of SAR 2.4 million in 2024. This decline is primarily attributed to a decrease in gross profit due to higher costs, in addition to increased selling and marketing expenses, higher general and administrative expenses, and an increase in expected credit loss provisions in line with IFRS 9.

Fourth: Net Income

FIPCO has achieved net loss of SR 19.1 million for the fiscal year 2025 compared to the net profit of SR 0.9 million in the previous year 2024, the reasons lie mainly behind the following:

1- The decline in gross profit of the subsidiary was primarily driven by lower sales volumes, product mix variance, and fluctuating profit margins, impacted by the continued dumping practices of Chinese and Korean products in the local market. These effects are expected to gradually diminish as the Company continues its coordination with the relevant government authorities to strengthen oversight on imports from those countries, noting that anti-dumping duties have been imposed for a period of five years following the Company's successful case, resulting in the application of varying duties on such imports

.2-Increase in S&D expenses arising from higher labor costs, increased participation of the subsidiary in specialized trade exhibitions, and higher freight expenses.

3 Increase in G&A expenses because of settling the financial and legal due diligence paid to the specialized advisors that relates to the acquisition of Bina Industrial Investment Holding Co. full equity interests in the company as previously announced on Tadawul Website dated Jun. 04, 2025, in addition to the increased employees' provisions and higher recruitment costs.

4 Expected credit losses provision has been increased in accordance with IFRS 9, because of delayed collections from some major customers.

5 Increase in banking charges because of higher loans.

These results were achieved despite the following:

1 Decrease in Zakat provision.

2 Increase in other incomes.

3 Re-evaluating the contingent liability against non-controlling interest acquisition.

Contribution %

It should also be noted as follows :

- The gross profit in the parent company (Packaging Sector) reached SAR 39.3 million in 2025, compared to SAR 37.6 million in 2024, representing an increase of 4%. Meanwhile, the subsidiary (Technical Textiles Sector) recorded a gross loss of SAR 1.7 million in 2025, compared to a gross profit of SAR 5.1 million in 2024

- It is worth to mention that the non-recurring expenses – as estimated by management – which led to a significant increase in losses mainly include consultancy fees amounting to SAR 2 million for the appointment of specialized advisors to conduct financial and legal due diligence in connection with FIPCO's proposed acquisition of %100 of the shareholders' stakes in Bina Industrial Investments Holding Company, in addition to the recognition of an exceptional provision for expected credit losses amounting to SAR 13 million, resulting from certain non-recurring settlements with major customers.

The reason for the change in comprehensive income is due to the remeasurement of employees' end-of-service benefits during the year 2025.

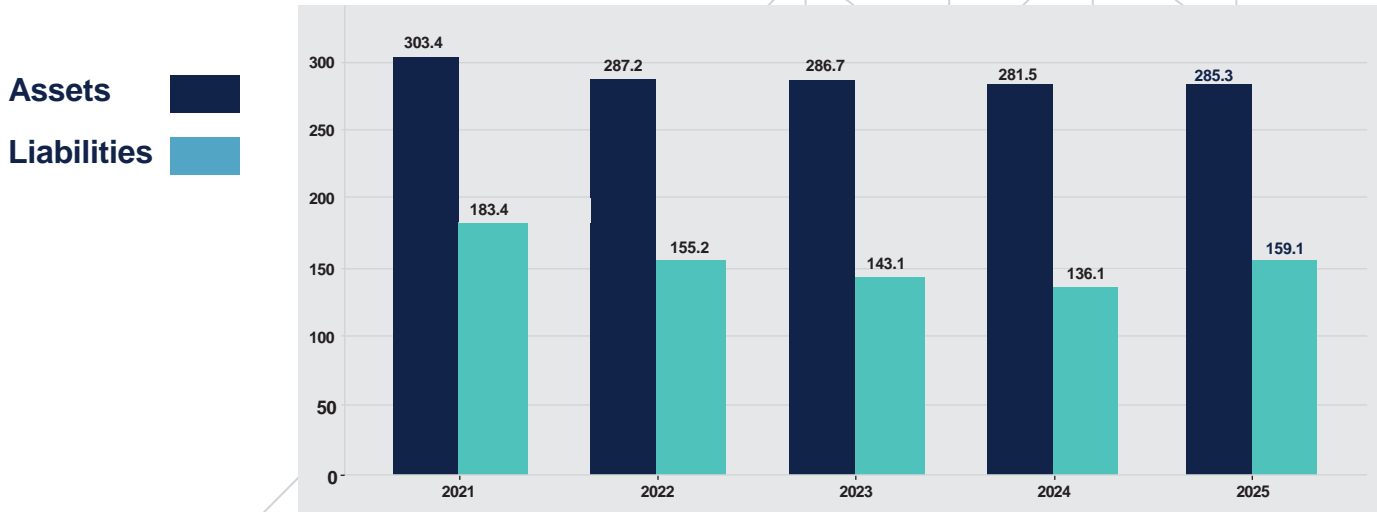
Fifth: Earnings per Share (SAR)

Earnings per share (EPS) for 2025 amounted to SAR (1.66), compared to SAR 0.08 in 2024

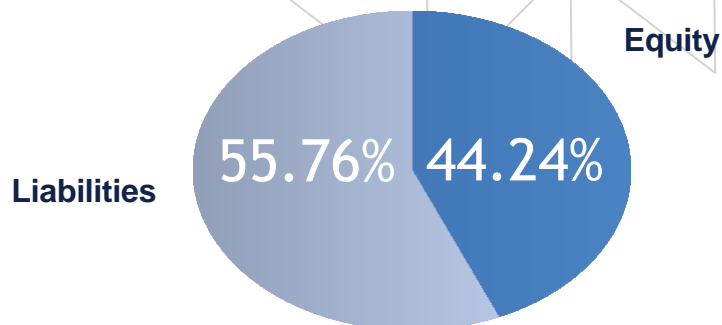
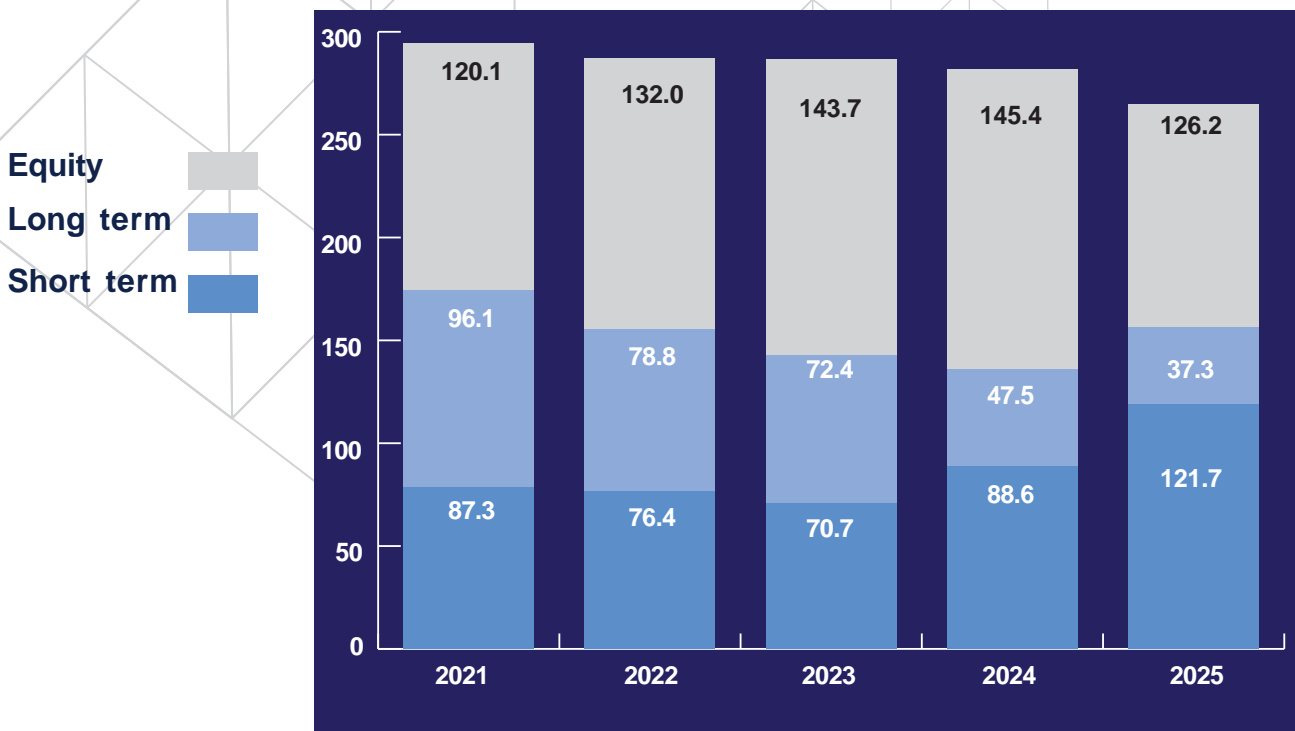
Sixth: Growth in Assets (SAR Million)

2021	2022	2023	2024	2025	
147.9	131.7	132.4	136.4	142.0	Current Assets
155.5	155.5	154.3	145.1	143.2	Non –Current Assets
303.4	287.2	286.7	281.5	285.3	Total Assets
87.3	76.4	70.7	88.6	121.7	Current Liabilities
96.1	78.8	72.4	47.5	37.3	Long-term Liabilities
183.4	155.2	143.1	136.1	159.1	Total Liabilities
120.1	132.0	143.7	145.4	126.2	Shareholders' Equity
0	0	0	0	0	Non-Controlling Interests
120.1	132.0	143.7	145.4	126.2	Total Equity
303.4	287.2	286.7	281.5	285.3	Total Liabilities Equity &

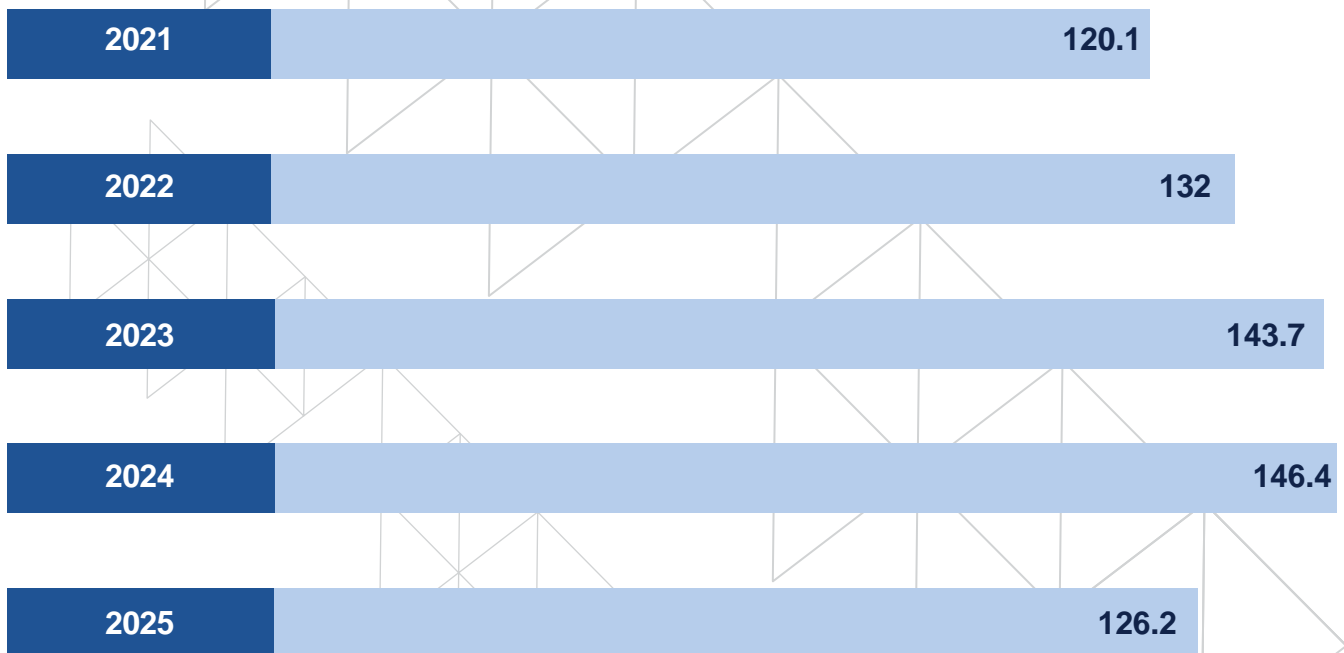
(Seventh: Total Assets and Liabilities (SAR Million



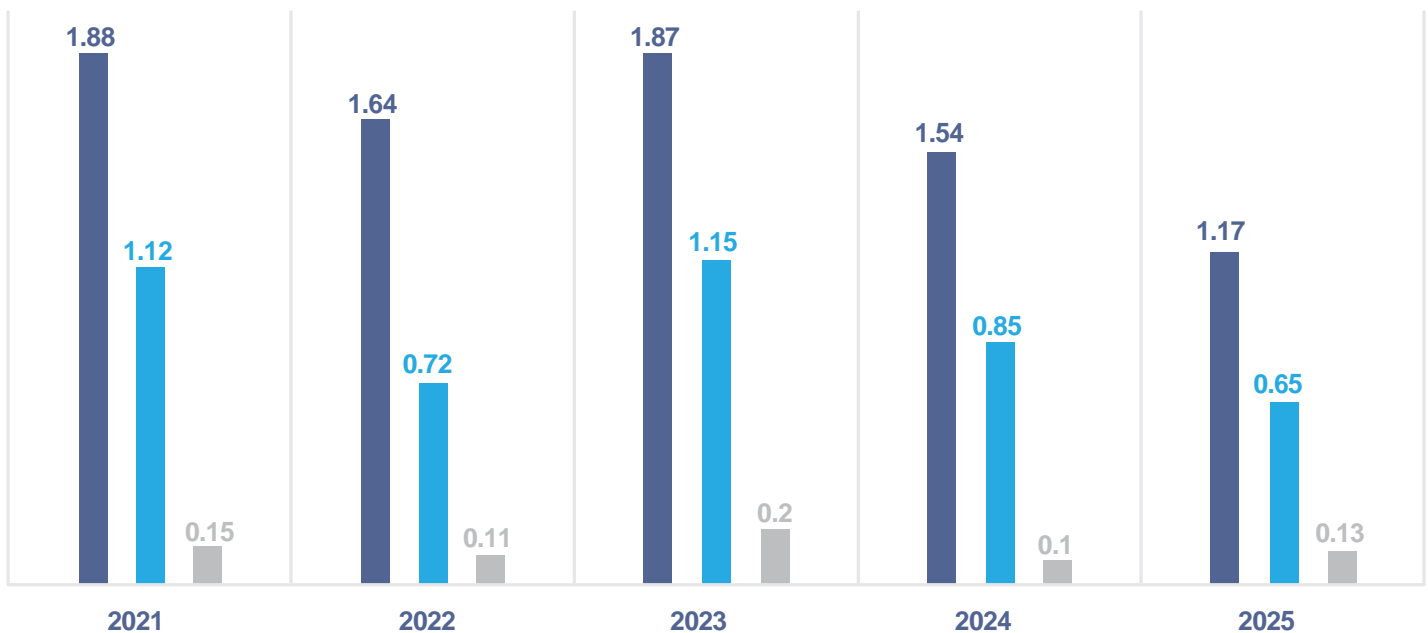
(Eighth: Changes in Liabilities and Equity (SAR Million



Ninth: Changes in Equity (SAR Million)



Tenth: Liquidity Ratios

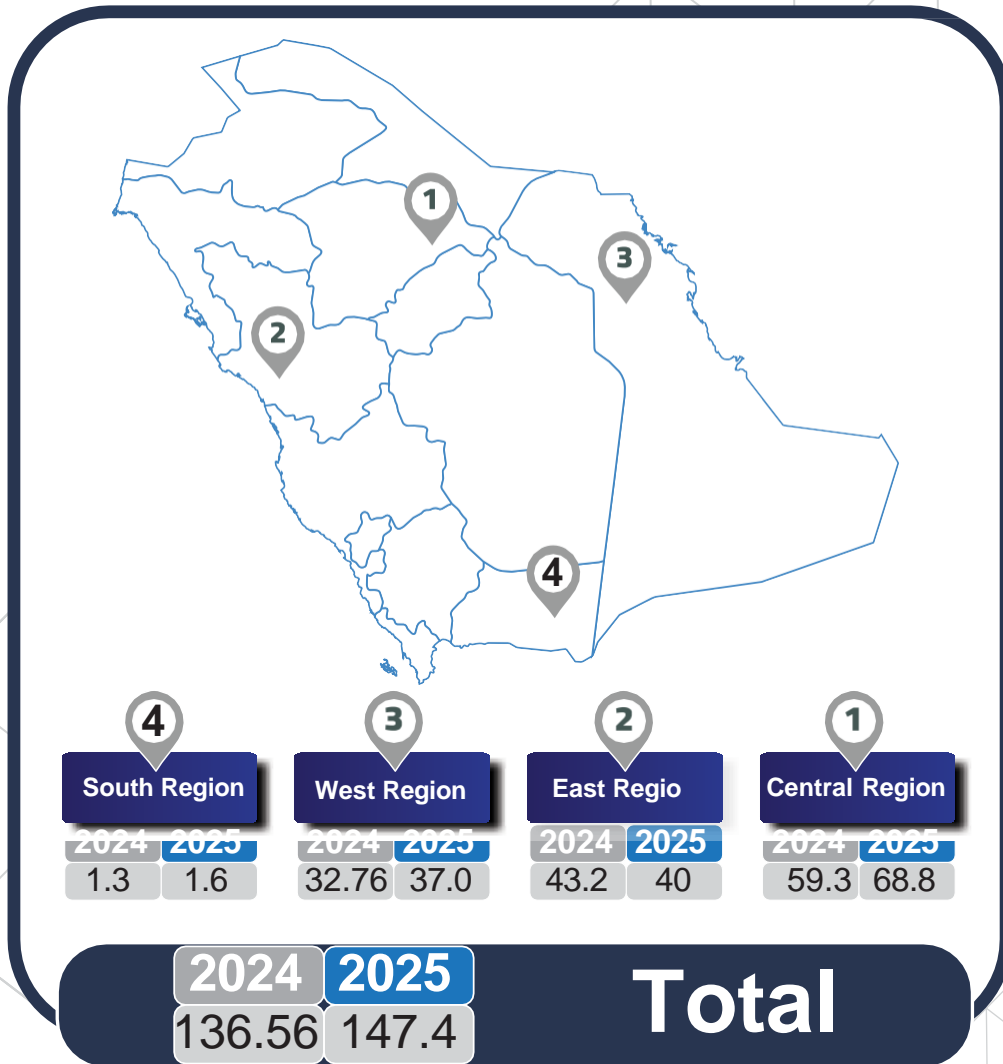


Current Ratio

Quick Ratio

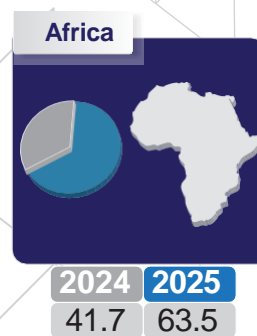
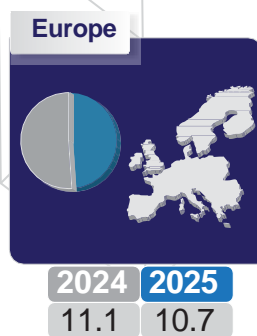
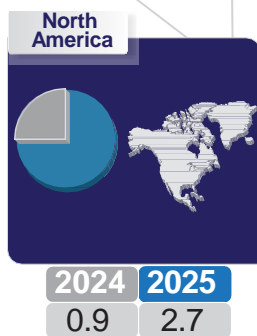
Cash Ratio

Eleventh: Geographic Sales Analysis



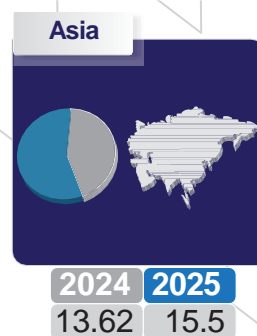
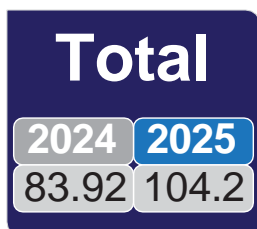
Sales Inside KSA

All Numbers in Million SAR



Sales outside KSA

All Numbers in Million SAR



Twelfth: Borrowings

طريقة السداد	الرصيد أخرا السنة	Repayments	Additions During the Year	Opening Balance	Purpose	Principal Amount	Type of Loan	Lender
Semi-annual unequal installments from 1430/04/15H to 1451/02/14H	10.1	2.50	0.00	12.6	Financing the expansion of production lines at FIPCO	53.4	Long term	Saudi Industrial Development Fund (SIDF)
Semi-annual unequal installments from 1442/08/15 to 1447/02/15	0	10.6	0.00	10.6	Financing the subsidiary's project (FPC Industries Company)	35.3	Long term	صندا قولتامية الصناعية لسعود
Equal semi-annual installments from May 2019 to July 2027	1.4	14.2	0.00	15.6		38	Long term	بنكا لرياض
Revolving loan with a maximum tenor of 12 months	24.5	3.2	24.5	3.2		33.3	Short term	بنكا لرياض
Revolving loan with a maximum tenor of 4 months	19	37.3	52.5	3.8	Financing the purchase of raw materials for export sales	19	Short term	التصدير بنك او لاستيراد
Revolving loan with a maximum tenor of 9 months	26.2	13.9	40.1	0	Working capital financing	50	Short term	بنكا لراجحي
-	81.2	81.7	117.1	45.8	-	229	-	الإجمالي

* The repayment schedules of certain loans were revised in line with the government initiatives launched by the Kingdom (represented by the Saudi Central Bank) to mitigate the economic impact of the COVID-19 pandemic.

73.3

Current Portion of Loans

7.9

Non-Current Portion of Loans

81.2

Total

Thirteenth: Regulatory Payments

This includes all amounts paid or payable by the Company to regulatory authorities, whether related to the Company's own operations or those of its subsidiary

Reasons	Description	Outstanding as at 31 December 2025 & unpaid	2024	2025	Item
The outstanding amount is settled after submitting the Zakat returns and obtaining approval from the Zakat, Tax and Customs Authority (ZATCA).	Payment of Zakat	635,997	2,897,465	1,408,459	Zakat
Government Fees	Employees' social insurance & pension contributions in accordance with GOSI regulations	285,157	3,725,379	3,705,176	Social Insurance (GOSI)
Government Fees	Payment of taxes due in accordance with ZATCA regulations	227,974	6,112,908	3,087,567	Value Added Tax (VAT)
The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, as required under the applicable tax regulations. Withholding tax related to foreign payments is recorded as a liability.	Payment of taxes due in accordance with ZATCA regulations	9,608	28,002	140,858	Withholding Tax (WHT)
Government Fees	Statutory costs for non-Saudi employees		689,445	2,460,000	Passports Department & Ministry of Human Resources (Labor Office)
The loan is repaid in accordance with the terms specified in the loan schedule as per the agreement.	Loan installment repayments & related charges		11,553,750	13,399,100	Saudi Industrial Development Fund (SIDF)
Statutory fees	Trading service fees & report request charges		261,205	257,035	Saudi Stock Exchange (Tadawul)
Statutory fees	Customs duties on imports		3,401,005	1,968,475	Customs Duties

Fourteen: Zakat & Tax

Zakat

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). Zakat expense is recognized in the consolidated statement of profit or loss and other comprehensive income. Any differences, if any, upon finalization of Zakat assessments are accounted for when such amounts are determined, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors as endorsed in the Kingdom of Saudi Arabia.

Zakat charged for the year ended 31 December 2025 amounted to SAR 541,148, compared to SAR 1,412,653 for the year ended 31 December 2024.

A provision for Zakat is recognized and charged to the consolidated statement of profit or loss and other comprehensive income based on a return prepared in accordance with the Zakat collection regulations. Any differences arising from the final Zakat computation, if any, are adjusted at year-end.

The Group has submitted its Zakat returns to the Zakat, Tax and Customs Authority for all years up to 2024, has obtained final Zakat assessments up to 2024, and has settled the Zakat liabilities accordingly.

Value Added Tax "VAT"

Revenue, expenses, and assets are recognized net of value-added tax (VAT), except where the VAT incurred on the purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority. In such cases, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as appropriate.

Receivables and payables are recognized inclusive of VAT, and the net amount of VAT recoverable from, or payable to, the Zakat, Tax and Customs Authority is included as part of receivables or payables in the consolidated statement of financial position.

Withholding Tax

The Group withholds tax on transactions with non-resident parties in accordance with the regulations of the Zakat, Tax and Customs Authority. Such amounts are not recognized as expenses, as they represent obligations of the counterparty for which the Group acts as a withholding agent.

Fifteen: Fines

:During 2025, FIPCO and its subsidiary incurred limited fines and violations as follows:

- Fines imposed by the General Directorate of Passports amounting to SAR 1,500, due to delays in renewing the residency permits (Iqama) of certain employees.
- Traffic violations on company vehicles issued by the General Department of Traffic amounting to SAR 1,900.
- Customs-related fines imposed by the Zakat, Tax and Customs Authority amounting to SAR 27,350, resulting from demurrage charges due to delays in clearing certain imports during holiday periods and/or incomplete clearance documentation.

Most of these fines arose from exceptional and non-recurring operational circumstances. The Company has also filed objections against certain cases it considers unjustified, while proceeding with settlement to ensure business continuity, pending final decisions from the competent authorities.

In this regard, precautionary action plans have been implemented to enhance compliance and prevent recurrence, including directing the relevant departments and enforcing appropriate regulatory measures in cases of non-compliance.

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

Sixteenth: Deviation from the Application of Applicable Accounting Standards

:FIPCO complies with the accounting standards issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and there have been no deviations in the application of such standards.

The Board of Directors is committed to providing the Capital Market Authority with any additional information it may request in the event that the external auditor expresses any qualifications on the annual financial statements.



5

Environmental, Social, & Corporate Governance

ESG

1

Risks

2

Sustainability Concept

3

FIPCO Programs for Sustainable Development

4

Environmental Commitment

5

Social Impact

6

Future Outlook

7

Governance Practices



Risks

Risk Management Concept at FPC

Risk Management at FIPCO is defined as a systematic process aimed at identifying, measuring, and assessing potential risks that may face the company's activities, and working to develop appropriate strategies and mechanisms to manage and handle them effectively. This includes adopting a proactive approach focused on the early detection of potential risks and challenges, allowing the company to respond in a timely manner and mitigate their negative impacts on operational operations, financial performance, and business sustainability.

Furthermore, FIPCO seeks through its risk management system to enhance its ability to make informed decisions that support the achievement of its strategic objectives, ensure business continuity, and safeguard the interests of shareholders and all stakeholders.

The company's risk management system is integrated with governance and internal control practices, where risks are monitored and followed up periodically by the executive management and specialized committees emanating from the Board of Directors. This enhances a culture of risk awareness throughout the company and supports the achievement of sustainable growth.



Why FPC Prioritizes Risk Management

FPC attaches great importance to risk management as one of the fundamental pillars supporting the sustainability of its business and enhancing its ability to achieve strategic objectives in a business environment characterized by rapid change and challenges. The key drivers behind the company's commitment to adopting an effective risk management methodology include:

- Tightening Control and Oversight of Risks associated with FIPCO's activities and its operational and financial operations, contributing to the mitigation of their potential impacts on business stability.
- Identifying Appropriate Treatments for Each Type of Risk by analyzing their nature and sources, which allows for the design of preventive solutions and procedures tailored to each potential risk.
- Minimizing Potential Losses to the Lowest Possible Level by implementing proactive measures and risk management plans, thereby limiting negative impacts that may arise from various operational or economic conditions.
- Enhancing Stakeholder Confidence, including shareholders, creditors, customers, and suppliers, by strengthening the company's ability to continue generating added value and maintaining stable financial performance even in the face of unforeseen challenges or circumstances.
- Supporting the Decision-Making Process within the company by providing a clear vision of potential risks and their impact levels, enabling management to make strategic decisions based on a balanced assessment of opportunities and risks.



Risk Management Framework and Methodology at FIPCO

FIPCO believes that risks are an inherent part of the business environment, particularly in the industrial sector, which is characterized by numerous operational and economic variables. Accordingly, the company views risk management as an integrated administrative system aimed at supporting business continuity and enhancing the capacity for sustainable growth, rather than merely a means to limit potential threats.

Based on this vision, FIPCO adopts a comprehensive approach to risk management centered on the early identification, analysis, measurement, and assessment of impact levels and the probability of occurrence. This enables the company to develop proactive strategies to manage risks and mitigate their potential effects on its operational and financial activities. Furthermore, this approach relies on achieving a balance between risk management and seizing opportunities, thereby supporting informed strategic decision-making and enhancing long-term performance sustainability.

To ensure a systematic handling of risks, FIPCO employs a clear classification approach in its treatment, allowing for the selection of the most appropriate method for each potential risk through four key mechanisms:

- 1 Risk Avoidance:** This involves refraining from activities or decisions that may lead to high-impact risks. This is achieved through the preliminary analysis of operational processes and investments to ensure their alignment with company policies and approved risk management standards.
- 2 Risk Mitigation:** This is conducted by taking measures aimed at reducing the probability of risk occurrence or minimizing its potential impacts, such as reducing the investment volume associated with the risk or distributing it through strategic partnerships and the diversification of suppliers and sourcing.
- 3 Risk Transfer:** This includes utilizing contractual and regulatory tools that contribute to limiting the impact of risks, such as appropriate insurance coverage or legal agreements that define responsibilities and obligations between different parties.
- 4 Risk Acceptance In certain cases:** It may be more appropriate to accept specific risks with limited impact when the costs of avoidance or mitigation exceed their potential effects, provided that these risks remain within acceptable thresholds that do not affect the company's financial and operational stability.



Through this integrated framework, FIPCO is committed to instilling an institutional culture based on risk awareness and proactive management. This includes the periodic review and update of the Risk Register to align with changes in the business environment, thereby strengthening the company's ability to face challenges and achieve its strategic objectives.

Summary of Key Risks Facing FIPCO and its Subsidiaries (collectively referred to as "FIPCO"):

1 - Global Economic Fluctuations and Financial Crises

FIPCO and its subsidiaries are affected by various economic variables at both regional and global levels. The impact of the economic environment is not limited to the local market but extends to international markets where the company operates or exports its products. Global economic fluctuations or periodic financial crises may lead to decreased demand or reduced spending among current or potential customers, which could impact sales volumes and profit margins. Furthermore, FPC's diverse international customer base exposes it to various economic changes in those markets, such as rising inflation rates, currency exchange rate fluctuations, or slowing economic growth in importing countries. These factors may affect demand levels or the purchasing power of specific target sectors.

Additionally, global economic volatility may affect the financial sector and banking institutions the company deals with, potentially impacting trade finance costs, interest rates, and credit availability, which may complicate financial planning and liquidity management.

FIPCO works to mitigate these risks by diversifying its export markets and strengthening its customer base across multiple sectors, alongside continuous monitoring of global economic developments to take appropriate measures to maintain business stability and financial performance sustainability.

2 - Regional Political and Economic Conditions

The activities of FIPCO and its subsidiaries may be affected by political and economic variables in certain regions where the company operates or targets within its expansion plans.

Geopolitical tensions and regional or global conflicts can impact the economic environment in many markets, affecting energy markets, international trade movement, capital flows, and global supply chains.

Given FIPCO's presence in several regional and international markets, any political or economic instability in those areas may affect the company's ability to reach certain customers or expand into new markets. This could impact one of FPC's strategic objectives: revenue stream diversification and strengthening its global market presence.

The key factors that may arise from these fluctuations include:

- Energy Market Volatility:** Which may contribute to increased production, transport, and shipping costs.
- Currency Exchange Rate Fluctuations:** Which could impact import and export costs and affect profit margins for international operations.
- Supply Chain Disruptions:** Resulting from trade restrictions or the closure of certain ports and border crossings, potentially leading to delays in supply or distribution processes.
- Cash Flow and Liquidity Restrictions:** Which may result from sanctions or emergency economic policies in some countries, potentially affecting the smooth execution of financial transactions.
- Market Contraction in Certain Target Regions:** Due to economic or trade restrictions, which may limit expansion opportunities in those markets in the short term.

FIPCO continuously monitors political and economic developments in the markets where it operates. It also relies on diversifying markets, customers, and sourcing, which contributes to mitigating the impact of these variables on the company's business stability and sustainable growth.

3 - Economic Performance of the Kingdom of Saudi Arabia

FIPCO operates in an economic environment closely linked to the performance of the national economy in the Kingdom of Saudi Arabia. Despite the significant progress witnessed by the Kingdom under Saudi Vision 2030AD, which aims to diversify income sources and strengthen non-oil sectors through economic and financial transformation programs, the local economy is still affected to some extent by global oil price volatility. These fluctuations may reflect on several economic sectors, including the industrial sector, which depends in some of its components on raw materials linked to petrochemical industries or petroleum derivatives. Furthermore, changes in oil prices may affect the costs of certain industrial inputs or the levels of economic activity in sectors related to the company's business.

Additionally, oil price fluctuations may influence government fiscal policies and public spending levels, including spending on industrial and infrastructure projects, which in turn may affect demand levels in the local market for certain products related to the construction and industrial sectors. FIPCO works to keep pace with the economic transformations in the Kingdom, leveraging national initiatives supporting the industrial sector and enhancing local content, alongside diversifying its customer base and markets to strengthen its ability to adapt to economic variables and maintain stable operational and financial performance.

4 - Competitive Environment

FIPCO's growth and profit maximization largely depend on its competitiveness in the markets where it operates. This competitiveness is built on several factors, most notably product quality, continuous innovation, development of industrial solutions, and expansion into target markets. However, the nature of the industrial sector in which the company operates is witnessing increasing levels of competition at both local and international levels. This presents challenges that require effective strategies to maintain market share and enhance the company's competitive position.

The impacts of the competitive environment may extend to several operational and commercial aspects, including:

- **Pricing Pressures:** In some cases, the company may be forced to offer price incentives or trade discounts to maintain its customer base or enhance its market share, which may affect profit margins during certain periods.
- **Accelerated Innovation by Competitors:** The introduction of new production technologies or the development of alternative products in the market may increase competition, requiring the company to continue investing in innovation and product improvement.
- **Geographical Expansion of Competitors:** The entry of regional or international companies into new markets may create a more intense competitive environment in some regions targeted by the company within its expansion plans.
- **Production Cost Variance:** Some competitors may enjoy comparative advantages in production costs due to various factors such as government support or proximity to raw material sources, which may grant them greater flexibility in pricing policies.

FIPCO seeks to enhance its competitiveness by continuously developing its products, improving the efficiency of its operational processes, and expanding its presence in local and international markets, alongside building long-term relationships with its customers.

5 - Key Suppliers

The continuity of raw material supply is a fundamental factor in ensuring the stability of FIPCO's operational processes. Reliance on a single key supplier for certain raw materials used in manufacturing processes may represent a potential operational risk, given its direct impact on production continuity and operating costs in the event of any disruption in supply operations.

If the supply chain faces any unexpected interruption or delay, it may reflect on FIPCO's ability to adhere to the production and supply schedules agreed upon with its customers. Key challenges associated with this type of risk include:

- Supply Disruption or Stoppage:** Any failure in the primary supplier's operations or its associated supply chains may disrupt production processes or delay product delivery to customers.
- Raw Material Pricing Risks:** In cases of limited suppliers for certain raw materials, there may be a greater impact on price levels, which could affect production costs and profit margins.
- Difficulties in Obtaining Suitable Alternatives:** The company may face challenges when attempting to import alternative raw materials from global markets due to factors such as customs duties, transport and storage costs, or regulatory restrictions in some markets.
- Import Regulatory Requirements:** In some cases, importing raw materials available in the local market may require additional regulatory approvals or permits, which may limit the speed of diversifying supply sources.

FIPCO works to manage these risks by enhancing supply chain resilience and diversifying supply sources as much as possible, in addition to building long-term relationships with key suppliers to support production stability and mitigate any potential impacts on business continuity.

6 - Key Customers and Reputational Risks

FIPCO's success depends on its commercial reputation and the trust of its customers. Reputational risks include all negative impacts on FIPCO's reputation or brand value, leading to financial losses or a decline in customer confidence. Reputational risks can arise from negative events, public perception, unethical behavior, or failure to meet customer expectations. Therefore, reliance on key customers for large-scale purchases is one of the most significant risks that FIPCO prioritizes. To address this, FIPCO consistently works on expanding its customer base and diversifying the types of goods sold to reduce dependency on major local or international customers, thereby avoiding constant price fluctuations and pressure on profit margins.

7 - Energy Product and Raw Material Prices

FIPCO's profitability is highly dependent on energy costs and the prices of raw materials used in manufacturing processes, which are influenced by several economic and regulatory factors, including global oil price volatility or changes in pricing policies related to energy products. Since many raw materials used in the industry are linked to petroleum derivatives, fluctuations in oil prices can lead to volatility in production costs.

Furthermore, changes in energy or raw material prices may reflect on the company's operational cost levels, which may pose challenges in maintaining profit margins, especially in cases where it is difficult to pass on cost increases to customers through selling price adjustments.

FIPCO seeks to manage this type of risk by improving the efficiency of its operational processes, enhancing cost management, and periodically reviewing pricing policies to align with changes in energy and raw material markets, thereby supporting the stability of the company's financial performance.

8 - Operational Disruptions and Sudden Stoppages

Operational risks include those resulting from operational, technical, or human failures that may affect business continuity, such as technical malfunctions in equipment or systems, human errors, as well as risks associated with regulatory compliance, cyberattacks, or other unforeseen events.

FIPCO operates according to an operational system based on work organization and the distribution of tasks among operational personnel to ensure production continuity around the clock, seven days a week. However, operational processes may be exposed to certain risks that could affect operational efficiency, such as natural disasters, sudden equipment or technical system failures, incidents involving key personnel, power or water supply interruptions, or extreme weather conditions, which may lead to temporary operational stoppages or increased operating costs in some cases.

Although FIPCO implements continuous periodic and preventive maintenance programs and adheres to approved safety and operational standards to mitigate the likelihood of such failures, the possibility of some operational disturbances beyond full control cannot be entirely ruled out.

9 FIPCO Enterprise Resource Planning (ERP) System

FIPCO's various departments rely fundamentally on technical systems to manage assets and monitor operational and financial activities. Foremost among these is the Enterprise Resource Planning (ERP) system, which is utilized to manage financial, administrative, and operational processes, ensuring data integration across all company departments.

Given the importance of this system in supporting work efficiency and the seamlessness of operations, any technical or operational malfunction, delays in updates or license renewals, or disputes regarding usage rights—in addition to technical failures, server downtime, or update and upgrade complexities—could negatively impact the company's operational and administrative workflows.

To mitigate these risks, FIPCO is committed to performing periodic system updates in collaboration with specialized consultants. Furthermore, the company contracts with specialized technical entities for data backup, while strengthening information security controls and implementing contingency plans to ensure business continuity and system recovery in the event of any technical emergency.

10 - Currency Exchange Rates and Interest Rates

In its international commercial operations, FIPCO deals with several foreign currencies, primarily the US Dollar and the Euro, as a portion of its imports and exports is linked to global markets. Although the Saudi Riyal is pegged to the US Dollar, fluctuations in the exchange rates of other currencies may impact import costs or export revenues in certain markets, potentially affecting profitability levels in international operations.

Furthermore, changes in interest rates—whether locally through the Saudi Arabian Interbank Offered Rate (SAIBOR) or globally—may affect financing and borrowing costs associated with commercial operations or future expansions, which could, in some cases, impact business results.

To mitigate these risks, FIPCO prioritizes concluding the majority of its international commercial contracts in major currencies such as the US Dollar or the Euro whenever possible, thereby contributing to the reduction of currency fluctuation impacts. In limited cases, other currencies may be used depending on the nature of the target markets.

The company also remains committed to implementing best financial and regulatory practices in managing its cash transactions in compliance with applicable laws and instructions, while ensuring the implementation of necessary procedures to mitigate the risks of Money Laundering and Terrorism Financing (ML/TF) and ensure the integrity of financial transactions.



11 - Insurance Coverage

Insurance coverage is a vital tool within FIPCO's operational risk management framework. The company is committed to maintaining insurance policies that cover various risks associated with its industrial and operational activities, including risks related to plants, equipment, operational liabilities, and other hazards inherent in the manufacturing industries.

However, the nature of industrial activities and potential economic or operational market shifts may render certain risks outside the scope of traditional insurance coverage. Available coverage may also be affected by factors such as rising insurance premiums, high deductibles, terms and conditions specified in insurance policies, or, in some instances, the slow processing of claims. Additionally, changes in the global insurance market or major catastrophes could lead to the repricing of insurance policies or a reduction in their coverage scope.

As part of its commitment to effective risk management, FIPCO management continuously reviews and develops its insurance programs to align with the nature of its industrial activities and associated risk levels. The company also collaborates with local insurance providers and international reinsurers to explore and develop specialized insurance solutions that meet the needs of the industrial sector and provide more comprehensive levels of protection.

FIPCO's efforts in this regard include ongoing negotiations with insurance companies to improve coverage terms, expand the scope of protection, and obtain customized insurance solutions tailored to the operational and industrial risks facing the company. Management also ensures periodic reviews of insurance coverage limits to assess their adequacy relative to asset size and operational volume, thereby strengthening the company's ability to manage risks and mitigate potential financial impacts.

12 - Human Resources

FIPCO relies heavily on human capital to manage and operate its industrial processes, given the nature of the manufacturing industries which require specialized technical and operational skills. Consequently, human resource stability and the recruitment of qualified talent are critical factors in supporting production continuity and maintaining operational efficiency. FIPCO may face several human resource challenges, most notably:

- **Rising Wage Costs:** Resulting from increased demand for skilled labor or regulatory changes in the labor market.
- **Labor Turnover Rates:** Which may lead to the loss of operational expertise and increased recruitment and training costs.
- **Relative Dependency on Manual Labor:** In production processes, which may increase the impact of qualified personnel shortages on operational efficiency.
- **Limited Availability of Skilled Technical Labor:** In certain specializations, intensifying competition for talent acquisition.
- **Regulatory Requirements Related to Labor Laws:** And the resulting additional obligations regarding human resource management.

To mitigate the impact of these challenges, FIPCO is dedicated to enhancing the work environment and developing incentive programs and employee benefits, including bonuses, health insurance, and professional training and development, to support job stability and talent retention. FIPCO also continues to automate certain production processes to enhance operational efficiency and reduce dependency on manual labor in specific stages. Additionally, the company implements talent management practices, develops internal competencies, and periodically monitors labor market trends to support its recruitment and professional development policies.

13 - Legislative and Regulatory Environment

FIPCO operates in a legislative and regulatory environment characterized by continuous development. It is subject to the rules and regulations of the competent authorities in the Kingdom of Saudi Arabia. Its commitment to regulatory requirements also extends to the countries where the company or its subsidiaries conduct their commercial or industrial activities.

Amendments may occur in certain regulations or policies related to industrial, commercial, environmental, or labor activities, which may reflect on the nature of the company's operational processes or its regulatory compliance requirements. In some cases, this may require adjustments to products or operational processes to comply with new regulatory mandates.

To mitigate the potential impacts of such changes, FIPCO is dedicated to the continuous monitoring of legislative and regulatory developments in the markets where it operates. The company studies their potential effects on business, subsequently taking appropriate measures to ensure compliance with applicable laws and minimizing any resulting operational or financial impacts, while seeking to capitalize on opportunities that may arise from these regulatory shifts.

14 - Labor Laws, Regulations, and Localization Requirements

FIPCO complies with the applicable rules and regulations in the Kingdom of Saudi Arabia regarding job localization, including the requirements of the Nitaqat Program. This program aims to enhance the participation of national talent in the labor market by achieving specific employment percentages for Saudi citizens within a company's total workforce.

FIPCO has succeeded in achieving the required ratios according to the program's requirements. It continues to work on increasing the localization rate across several roles, particularly in administrative and technical fields, aligning with its expansion plans and operational needs.

However, the company may face certain challenges related to implementing localization requirements given the nature of the industrial sector, which requires specific operational and technical skills in certain specializations. Additionally, periodic amendments to Nitaqat program ratios and requirements may occur, potentially leading to increased labor costs or challenges in attracting specialized talent.

In this context, FIPCO is committed to investing in the development and qualification of national competencies through professional training and development programs. The company strives to provide an attractive work environment that supports the stability of national personnel and enhances their contribution across various company activities.



15 - Risks Related to the Suspension or Termination of Government Incentives Supporting Industrial Development

FIPCO has benefited from several initiatives and incentives provided by the Government of the Kingdom of Saudi Arabia to support the industrial sector and enhance its competitiveness, within the framework of policies aimed at developing national industry and diversifying income sources in accordance with Saudi Vision 2030AD. These incentives include the provision of integrated infrastructure in industrial cities, the availability of industrial lands, and essential services such as energy and water at competitive prices, in addition to several financing and regulatory programs supporting industrial investment.

One of the most prominent initiatives—which has long been a primary risk in previous years—is the Council of Ministers' decision issued in December 2025AD regarding the cancellation of the financial fees (Expat Levy) imposed on expatriate labor in licensed industrial facilities. This decision reflects continued government support for the industrial sector and aims to enhance the competitiveness of national factories, support their sustainable growth, and increase their ability to expand in local and global markets.

Given the company's utilization of these initiatives and incentives, any future changes in industrial support programs or incentives may lead to an increase in certain operational costs, which could impact the company's business results should they occur.

Conversely, FIPCO continues to work on improving its operational efficiency and strengthening its competitive capabilities to enable it to adapt to any potential changes in the environment of incentives and policies supporting the industrial sector.

16 - Environment, Health, and Safety (HSE)

FIPCO is committed to adhering to the highest standards of Environment, Health, and Safety (HSE) across all its industrial operations, stemming from its responsibility to protect its employees and maintain the safety of its operational facilities and the surrounding environment. In this context, FIPCO adopts advanced preventive policies and procedures aimed at enhancing safety levels in the work environment and mitigating potential risks associated with industrial operations.

The implementation of these advanced standards may involve incurring additional costs related to developing safety systems, providing Personal Protective Equipment (PPE), and updating operational procedures to align with local and international best practices, which may, in some cases, reflect on the company's operating costs.

Furthermore, industrial operations may inherently be exposed to potential risks when handling industrial materials or due to operational accidents during production processes. Such incidents could lead to financial losses or material damage should they occur, particularly in cases that may not be covered by insurance or exceed the limits of such coverage.

Nevertheless, FIPCO considers the safety of its employees and the protection of its human and material resources as strategic priorities. Its operational facilities are subject to rigorous monitoring programs and safety procedures that comply with approved local and international standards. The company also strives to foster a culture of occupational safety and implements continuous training and awareness programs to ensure a safe and sustainable work environment.



17 – Financial Results of Subsidiaries (FPC Industrial & Thilal Al-Dana)

FIPCO's subsidiaries—primarily FPC Industrial, in which FIPCO holds 100% of the shares, alongside Thilal Al-Dana—constitute a vital part of the Group's business ecosystem and expansion strategy. The financial and operational performance of these subsidiaries directly reflects on FIPCO's business results and financial position.

Although commercial operations commenced gradually in the second quarter of 2019, the company continues to face certain operational and commercial challenges relative to its targets. These require constant close monitoring and precise management to ensure their success and sustainability.

Among the most prominent challenges that may affect the project are financing and investment burdens. FIPCO relies on a mix of self-financing, funding from the Saudi Industrial Development Fund (SIDF), and bank facilities. Should the project falter for any reason, the company would face significant financial pressure due to obligations arising from outstanding financing and loans, which could impact its ability to expand or execute future growth plans.

Furthermore, the ability of FPC Industrial's products to penetrate the market is a decisive factor in the project's success. Any marketing obstacles or weak demand for products may lead to inventory accumulation and difficulty in achieving expected returns, negatively impacting the company's revenue and operating profits. Intense market competition may also increase the difficulty of achieving widespread product distribution, necessitating a robust marketing strategy to secure the target market share.

On the operational front, technical and logistical challenges can significantly impact production stability. Technical malfunctions, supply chain disruptions, or raw material shortages may lead to production stoppages or increased operating costs, placing additional pressure on resource management and the company's operational efficiency. Moreover, any sudden production halt could severely impact the company's reputation and its relationships with customers, potentially leading to long-term losses.

Additionally, global economic fluctuations may play a role in the project's stability. Volatility in raw material prices, exchange rate fluctuations, or financial market disturbances could lead to increased production costs and reduced competitive advantage.

While FIPCO continuously works to improve production, quality, and operational efficiency, these risks remain present and require proactive strategies to mitigate their impacts. Consequently, project management and precise financial planning remain among the company's top priorities to maintain sustainable growth and achieve maximum success.



18 – Risks Related to Disease Outbreaks



FIPCO, like other industrial companies, may face risks associated with the outbreak of pandemics or infectious diseases that could potentially impact the business environment and operational activities. Although the acute effects of the COVID-19 pandemic have subsided, the possibility of new variants emerging or the spread of future pandemics may prompt certain countries to implement precautionary measures. These could include travel and movement restrictions or limitations on specific economic activities.

Should such measures occur, they may lead to supply chain disruptions, procurement delays, or a decline in demand levels in certain markets, thereby affecting the company's production or commercial operations. Furthermore, potential restrictions on international trade or transport movements could impact the availability of raw materials or the efficiency of global supply chains.

The magnitude of the potential impact depends on several factors, including the extent of the disease spread and the precautionary measures taken by competent authorities, as well as their effect on local and global economic activity. In this context, FIPCO monitors relevant health and economic developments, taking appropriate measures to ensure business continuity and mitigate any potential impacts on its operational processes and supply chains.

19 – Risks of Conflicts and Wars

Amid escalating geopolitical tensions, FIPCO—like other industrial companies involved in regional and international trade—faces potential risks arising from conflicts and wars. These result in disruptions to global trade, supply chains, energy markets, insurance, and shipping. These risks have intensified in the current period due to the broadening scope of military confrontations and the resulting direct disturbances to maritime navigation and energy movements in the region.

The most prominent potential impacts of these developments on FIPCO's business include the complication of supply chains; wars or maritime and aerial restrictions may delay the arrival of raw materials or increase their costs. Additionally, port closures or the disruption of vital trade routes could slow down shipping and delivery processes, affecting operational efficiency and the company's ability to fulfill its obligations to customers.

Furthermore, rising shipping and insurance costs represent significant operational pressures during times of conflict. Markets have recently witnessed sharp increases in marine fuel prices and difficulties in bunkering at certain Asian ports. This is compounded by escalating maritime risks related to the targeting of tankers and commercial vessels in the region, which has prompted shipping lines to suspend or cancel some or all of their services, directly impacting the cost of importing raw materials and exporting finished products.

Specifically, the military escalation currently witnessed in the region between the United States and Israel on one hand, and Iran on the other, has cast a shadow over the security of navigation in the Arabian Gulf and the Strait of Hormuz. Reports indicate that the conflict has led to severe disruptions in the passage of oil and gas through the strait, compounded by the deployment of naval mines and attacks on tankers, energy infrastructure, and transport. This has brought the risks of closing or disrupting this vital strategic corridor back to the forefront. The Strait of Hormuz serves as a transit channel for approximately 20% of global oil and gas trade; consequently, any prolonged disruption would quickly reflect on international trade and energy prices.

In light of this, FIPCO is committed to exercising prudence and caution in its commercial and operational dealings, continuously monitoring geopolitical and economic developments. The company works to diversify its markets, supply sources, and shipping and insurance providers whenever possible, thereby enhancing its ability to mitigate the potential impacts of these disturbances on its business and operational continuity.

20 – Cybersecurity Risks



Amid rapid technical development and increasing reliance on digital systems to manage industrial and commercial operations, cybersecurity risks have become one of the challenges facing industrial companies, including FIPCO. With the expanded use of technical systems and the automation of operational processes, the level of potential exposure to cyber threats—which may target the company’s information systems or operational data—increases.

FIPCO relies on several digital systems for production management, resource management, supply chains, and financial and administrative systems. While this contributes to enhancing operational efficiency and improving performance levels, it may also entail potential risks in the event of cyberattacks, such as hacking attempts, ransomware, or the targeting of data and Industrial Control Systems (ICS). In some cases, this could lead to temporary system failures or impact the continuity of operational processes.

Furthermore, certain entities, employees, or unauthorized parties may attempt to target the company’s information systems to obtain sensitive operational information or data. If this occurs, it could impact data integrity or the trust of customers and partners.

To mitigate these risks, FIPCO is dedicated to strengthening its cybersecurity framework by implementing advanced technical protection policies and procedures. These include periodic security system updates, implementing security controls on systems and networks, and activating monitoring and early threat detection systems. FIPCO also works to raise employee awareness regarding digital security practices and implements best technical practices to ensure the protection of digital infrastructure and business continuity.

21 – Risks Related to the Acquisition of Bina Industrial Investment Holding Group

At the end of 2025AD, FIPCO announced the signing of a binding acquisition agreement to purchase 100% of the shares of Bina Industrial Investment Holding Company in exchange for issuing new shares to the selling shareholders. This followed several preliminary stages, including the signing of a non-binding Memorandum of Understanding (MoU), the appointment of an independent financial advisor, and the completion of financial, legal, and operational due diligence, in addition to obtaining certain relevant regulatory approvals. Nevertheless, the completion of the transaction remains subject to several conditions precedent and regulatory approvals (including the approval of the Extraordinary General Assembly of the company's shareholders) that may not be met. This could lead to the non-completion or delay of the transaction, potentially resulting in the failure to realize the expected strategic benefits.

The success of the transaction also depends on the accuracy of the assumptions and estimates upon which the valuation of both FIPCO and the target company was based. The transaction value was determined based on financial valuations prepared by the financial advisor using approved valuation methodologies, in addition to calculating FIPCO's share value based on the Volume Weighted Average Price (VWAP) over a specific period. However, these valuations inherently rely on a set of assumptions regarding future operational performance and economic and sectoral conditions, which may differ from actual future results, potentially leading to a variance between the expected returns from the transaction and the initial estimates.

Furthermore, the issuance of new shares to finance the transaction will lead to an increase in FIPCO's capital and a dilution of the ownership percentage of current shareholders, which may result in a decrease in their relative voting power following the completion of the transaction. Although the Board of Directors believes that the current financing structure based on a share swap contributes to maintaining the company's liquidity and financial position, shareholders may be affected by the change in ownership structure or the future performance of the shares post-completion.

Additionally, FIPCO may face post-acquisition challenges, such as integrating operational and administrative processes between the different entities, unifying policies, and merging governance systems, operational systems, and supply chains to achieve the expected synergies between various industrial activities. Should the expected levels of integration and efficiency not be realized, or should unforeseen liabilities or operational challenges emerge within the target company, this could negatively impact the desired strategic and financial returns from the transaction.

The transaction also involves related party transactions. The company has taken the necessary regulatory measures to address this matter in accordance with relevant laws and regulations, including disclosure and abstention from voting by the concerned members. However, such transactions may always be subject to further regulatory or shareholder scrutiny, which may impose additional requirements or prolong the completion procedures.

Accordingly, no guarantees can be provided that the transaction will be completed within the expected timeframe, or that its future operational and financial results will fully align with the estimates or targets set at the time of the acquisition decision, which may affect the company's financial or strategic performance if those assumptions do not materialize.



"The risks mentioned above also apply to FIPCO's subsidiaries and other business units. We have attempted to identify all risks surrounding the company's activities based on the information and expertise available to us; however, this does not provide absolute assurance that other risks will not emerge, currently or in the future."

Sustainability Concept

How FIPCO Views Sustainability



Filling & Packing Materials Manufacturing Co. (FIPCO) recognizes that sustainability is no longer merely a regulatory obligation or a social initiative; rather, it has become one of the core pillars for ensuring business continuity and enhancing long-term competitiveness. Stemming from the nature of its industrial activity, the company seeks to achieve an integrated balance between economic growth, the preservation of environmental resources, and the enhancement of its social responsibility, in alignment with global best practices in sustainability fields.

In this context, FIPCO works on integrating sustainability principles into its operational and investment strategies. This is achieved by developing industrial practices that are more resource-efficient, fostering a safe and motivating work environment for employees, and adhering to the highest standards of governance and regulatory compliance. Furthermore, the company is keen on aligning its directions with Sustainable Development Goals (SDGs) and with national trends in the Kingdom of Saudi Arabia that support sustainable industrial development and enhance resource efficiency.

FIPCO believes that achieving sustainability requires adopting an integrated approach encompassing environmental, social, and institutional (governance) aspects. Therefore, the company works on developing policies and procedures that support the responsible use of energy and natural resources, provide a safe and stable work environment for employees, and enhance transparency and compliance with relevant rules and regulations.

Based on this approach, FIPCO reviews in this section its most prominent sustainability practices and initiatives, presented within three main pillars: Environmental Sustainability, Social Sustainability, and Sustainability-Related Governance. This reflects the company's commitment to continuously developing its business in a responsible and sustainable manner that achieves long-term value for shareholders and stakeholders.

The Relationship Between Sustainability and ESG Practices



FIPCO views sustainability and Environmental, Social, and Governance (ESG) practices as an integrated and interconnected system. Sustainability represents the broader framework that guides the company's policies and initiatives in the fields of environment, social responsibility, and good governance. The company believes that achieving long-term sustainability cannot be realized without a commitment to the principles of transparency and accountability, reducing environmental impact, and promoting responsible social practices, thereby ensuring business continuity in a manner that creates sustainable value for shareholders and all stakeholders.

In this context, FIPCO is committed to following international best practices and developing its strategy and framework for sustainability and ESG. This is achieved through analyzing relevant data, developing measurement and evaluation methodologies, and enhancing transparent disclosure of related practices and initiatives, reflecting the actual impact of these policies on the company's sustainability, operational efficiency, and competitive position.

FIPCO emphasizes that excellence in sustainability is not limited to meeting regulatory requirements or merely adhering to standards; rather, it represents a strategic approach that contributes to raising operational efficiency, maximizing long-term economic value, and anchoring the company's responsibility toward the environment, society, and the foundations of good governance.

FIPCO's Sustainability Strategy

FIPCO's sustainability strategy undergoes periodic review to ensure its continued effectiveness and to enhance its positive impact on environmental, social, and economic aspects. In this regard, FIPCO works on developing its business model to keep pace with modern industrial transformations, particularly through expanding digitization and process automation, and benefiting from national programs and initiatives linked to Saudi Vision 2030. This supports raising operational efficiency, rationalizing resource consumption, improving product quality, and enhancing supply chain resilience.

FIPCO and its subsidiary have previously benefited from several national programs related to industrial transformation and productivity, through cooperation with government entities and specialized technical partners to analyze operational processes and propose appropriate development initiatives. FIPCO aims to continue this journey by joining the Future Factories Program after conducting the necessary technical assessment according to approved methodologies, with the goal of raising technical readiness, enhancing industrial competitiveness, improving product quality, and reducing operational costs.

FIPCO believes that leadership in sustainability at local, regional, and international levels requires the optimal direction of company resources and making sustainability a primary goal within its high-level strategy—an approach adopted and supported by the Board of Directors within the company's long-term orientations.

FIPCO's Sustainable Development Programs

1- Solar Energy (Alternative Energy)

As part of its efforts to enhance environmental sustainability, FIPCO has moved towards activating the use of solar panels in its factories. This transition is aimed not only at cost reduction but also at adopting clean energy solutions and mitigating the environmental impact of operational processes. This initiative aligns with the company's sustainability goals and Saudi Vision 2030AD regarding the transition towards a green economy and renewable energy.

FIPCO has completed the first phase of its solar energy project with a capacity of 0.5 MW (500 kW/h). This project was structured across several phases to leverage continuous developments in solar technology and keep pace with expected cost reductions. Initially, the company was working on plans for subsequent phases in collaboration with leading specialized firms. However, it later shifted its strategy toward entering a strategic partnership with an energy investment firm to maximize the benefit from solar solutions. This project is currently in the study phase, following the receipt of several proposals from specialized companies. FIPCO is currently coordinating with government entities and finalizing technical aspects and relevant engineering studies, followed by seeking a No-Objection Certificate (NOC) from regulatory authorities prior to signing the contract and commencing implementation.

By shifting this strategy, FIPCO aims to:

- Enhance environmental sustainability and reduce its carbon footprint.
- Decrease reliance on traditional energy sources.
- Support operational efficiency by integrating clean energy into production.
- Contribute to achieving Saudi Vision 2030AD targets related to renewable energy.

Over its estimated lifespan, the project is expected to achieve a tangible environmental impact by increasing clean energy production, reducing carbon emissions, and supporting ecological balance.



This will support FIPCO's direction toward participating in sustainability programs backed by Vision 2030AD through the following:

-Reducing Carbon Emissions: By avoiding the emission of 74,108 metric tons of carbon dioxide (CO₂), which helps improve air quality and mitigate the harmful environmental impacts resulting from the use of fossil fuels.

-Enhancing Vegetation Cover: As part of FIPCO's efforts to support ecological balance, it will have successfully planted 1,235,137 tree seedlings over a 10-year period, contributing to biodiversity enhancement and sequestering more carbon emissions from the atmosphere.

-Reducing Vehicle-Related Pollution: FIPCO will be able to achieve a reduction equivalent to removing 15,972 cars from the road, thereby improving air quality and reducing the negative impacts of land transport on the environment.

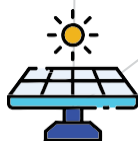


Accordingly, FIPCO's objectives for investing in solar energy can be summarized as follows:

- Enhancing environmental sustainability by reducing carbon emissions and negative environmental impact.
- Decreasing reliance on traditional energy sources by adopting renewable energy solutions.
- Improving operational efficiency by integrating clean energy sources into production processes.
- Contributing to the achievement of Saudi Vision 2030AD goals related to the transition toward a green economy and renewable energy.

Through these initiatives, FIPCO reaffirms its commitment to enhancing environmental sustainability and mitigating harmful environmental impacts, strengthening its position as one of the leading companies in sustainable industry and clean energy.

**Net Zero
by 2060**



**SAUDI
GREEN
INITIATIVE**

رؤية
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

2- Research and Development (R&D) as a Tool to Enhance Industrial Sustainability



FIPCO places great importance on Research and Development (R&D) as it is one of the most critical pillars of sustainability and industrial innovation. In this context, the company increased its investments in this field during 2025 to approximately SAR 5.5 million, reflecting its commitment to developing more efficient and sustainable manufacturing solutions.

Research and Development efforts included:

- Machinery Re-engineering to raise operational efficiency, reduce energy consumption, and minimize raw material waste.
- Collaborating with suppliers to develop eco-friendly intermediates. Developing innovative industrial blends that comply with international environmental standards.
- Enhancing integration with subsidiaries to develop new value-added products.
- Expanding the adoption of Circular Economy practices and recycling.
- Increasing participation in exhibitions and events that support sustainable industrial trends, leveraging the company's status as a "Strategic Account" with the Saudi Export Development Authority (SAUDI EXPORTS).
- Collaborating with several international academic and consultancy bodies, including Essen University and various specialized expertise houses, to develop industrial products and enhance compliance with global environmental specifications.

This approach represents part of a broader strategy aimed at Green Manufacturing and further aligning the company's operations with ESG standards.

3- Environmental Commitment & Product Quality

FIPCO is consistently committed to environmental standards and Health, Safety, Security, and Environmental (HSSE) requirements, in line with its values, objectives, and annual Key Performance Indicators (KPIs). Since 2019AD, FPC has successfully passed biodegradable plastic testing for several of its products conducted by the Saudi Standards, Metrology and Quality Organization (SASO) and has obtained official licensing, with these certifications being renewed annually. Furthermore, the subsidiary's products have successfully passed tests by international research centers regarding their suitability for global environmental and health considerations, thereby expanding the company's export horizons. Recently, the subsidiary was awarded the Saudi Quality Mark, becoming the first factory to receive this mark in the field of technical textiles for nine of the company's core products.

In early 2026AD, the company's products passed migration tests related to product safety. These tests aim to ensure that chemical substances do not migrate from the product into the surrounding environment or the materials used with it beyond the limits permitted by international health standards.

At the subsidiary level, its products have also successfully passed evaluations by several international research centers concerning environmental and health requirements. This contributes to enhancing product reliability and expanding their reach in international markets.

Efforts continue with legislative bodies to raise product quality levels in local markets and to mandate the inclusion of new environmental, health, and preventive elements that serve public health and support the Kingdom's orientation toward sustainable development.



4- Environmental and Technical Certifications & Accreditations

As part of its commitment to enhancing sustainability practices and implementing the best international standards in the fields of quality, environment, and safety, FIPCO has obtained several international certifications and accreditations. These reflect the company's commitment to adopting advanced management systems and improving operational efficiency.

Key certifications include:

ISO 22000: Food Safety Management System.

ISO 14001: Environmental Management System.

ISO 50001: Energy Management System.

ISO 45001: Occupational Health and Safety Management System.

These certifications reflect the company's commitment to an integrated system for quality management, environmental sustainability, and occupational safety. This contributes to reducing the environmental impact of industrial operations, enhancing workplace safety, and improving resource efficiency.

Additionally, the subsidiary has obtained several international certifications and accreditations that support the expansion of its products in global markets, most notably:

-Environmental Product Declaration (EPD): Issued by environmental disclosure organizations, reflecting transparency in measuring the environmental impact of the Product Life Cycle.

-REACH Certifications: Regarding chemical compliance, which is a critical regulatory requirement for products entering European markets. It confirms the products' adherence to regulations concerning the safe use of chemical substances

To further product development and elevate technical compliance, FIPCO and its subsidiary collaborate with several specialized international consultants and academic and research bodies. This includes the partnership with Essen University and other global expertise houses, aiming to develop industrial products, enhance compliance with international specifications, and adopt technical solutions that support sustainability.

Quality Certificates & International Accreditations

FPC Industrial Co. maintains a distinguished position in the field of quality and international accreditations, holding a wide range of certificates that reflect its commitment to the highest standards of quality, safety, and environmental sustainability.

Saudi Quality Marks



المواصفات السعودية
Saudi Standards



مطابقة
MOTABAQAH
الشركة السعودية للمختبرات الخاصة
Saudi Specialized Laboratories Co.

International Management & Quality Certificates



Quality Management System (QMS)



Environmental Management



Occupational Health & Safety



Management Systems

Sustainability & Environment Certificates



Environmental Disclosure (EPD)



Chemical Compliance (REACH)



Flame Retardant Fabric

Research & Advisory Partners



Environmental Disclosure Platform



THOMAS BELL-WRIGHT
INTERNATIONAL CONSULTANTS

International Consultancy



University of Duisburg-Essen (UDE)
Research Partner



Strategic Partner



Total Quality Assured

5- Environmental Measurements & Emissions



The results of monitoring gas and dust concentrations in the work and surrounding environments, as well as noise levels—conducted by a qualified and independent laboratory—indicate that gas emission rates fall within the permissible limits set by the Occupational Safety and Health Administration (OSHA). These results also align with the guided limits specified in the Executive Regulations of the National Center for Environmental Compliance (NCEC). Concentration levels for all gases at the site did not exceed the permissible limits for the surrounding environment as mandated by the NCEC.

Furthermore, no values for inhalable Suspended Particulate Matter (SPM) exceeded the permissible limits outside the site boundaries, in accordance with the Executive Regulations of the Environmental Work System. Emitted gases were measured to determine air quality within the company's facilities and industrial units. Monitoring and comparing these readings with the NCEC standards revealed the following:

- No deviations in Sulfur Dioxide (SO₂) results.
- No deviations in Nitrogen Dioxide (NO₂) results.
- No deviations in Carbon Monoxide (CO) results.
- No deviations in Hydrogen Sulfide (H₂S) results.
- No deviations in Ozone (O₃) results.
- No deviations in results for Particulate Matter with aerodynamic diameters less than 10 microns (PM₁₀) and less than 2.5 microns (PM_{2.5}).



Accordingly, the necessary environmental permits for operation have been issued.

بيئة نحيها

المركز الوطني
للمراقبة على الالتزام البيئي
National Center for Environmental Compliance
المملكة العربية السعودية



تصريح بيئي

0541145082	هاتف	شركة فبك للصناعة	اسم المنشأة
0	فاكس	EPOPP-2024-007246	رقم الطلب
0	الرمز البريدي		العنوان
		قص وتفصيل الخيام والأشعة	النشاط
	صندوق البريد	1010468446	السجل التجاري
	المدينة الرياض	الرياض	مصدره
20/10/2027	تاريخ الإنتهاء	20/10/2024	تاريخ الاصدار
	حالة المشروع التشغيل	2	فئة المشروع

بيئة نحيها

المركز الوطني
للمراقبة على الالتزام البيئي
National Center for Environmental Compliance
المملكة العربية السعودية



تصريح بيئي

0541145082	هاتف	شركة تصنيع مواد التعبئة والتغليف	اسم المنشأة
0112651275	فاكس	EPOPP-2024-018638	رقم الطلب
0	الرمز البريدي		العنوان
		صناعة الأكياس من اللدائن, صناعة البلاستيك (اللدائن) في أشكالها الأولية	النشاط
	صندوق البريد	1010084155	السجل التجاري
	المدينة الرياض	الرياض	مصدره
24/02/2028	تاريخ الإنتهاء	24/02/2025	تاريخ الاصدار
	حالة المشروع التشغيل	2	فئة المشروع

6- Hazardous Waste Management

To mitigate the impacts of hazardous waste, FIPCO is committed to monitoring and tracking contracted companies responsible for the disposal of solid and liquid waste. The factory ensures the receipt of certified copies confirming the proper disposal of such waste in compliance with the requirements of the National Center for Environmental Compliance (NCEC). These documents are maintained in the Environmental Record, and the quality and nature of the waste, as well as storage locations for solid and hazardous materials, are monitored until they are handed over to specialized firms. This ensures no tampering occurs, preventing potential health and environmental risks. The company is already contracted with an entity qualified by the National Center for Waste Management (MWAN) for the safe disposal of both liquid and solid hazardous waste.

MWAN **موان**
المركز الوطني لإدارة النفايات
National Center for Waste Management



The team is regularly trained to ensure compliance with the following:

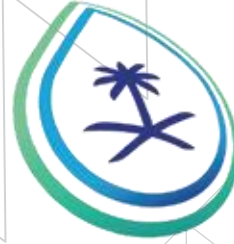
- Segregation:** Hazardous waste is separated from non-hazardous waste to facilitate reuse, recycling, or treatment processes.
- Compatibility:** Non-compatible or inconsistent waste materials are not mixed to prevent dangerous chemical reactions.
- Safe Storage:** Storage sites are located in secure areas not exposed to rainwater, temperature fluctuations, or humidity, and access is restricted to authorized personnel only.
- Containment:** Containers are stored in confined areas designed for spill containment in the event of a leak.



7- Developing More Sustainable Products

OSP

برنامج استدامة الطلب على البترول
Oil Sustainability Program



FIPCO collaborates with several private sector companies and R&D entities to create eco-friendly polymer and plastic products that serve various industries. Furthermore, the company continues its collaboration with the Oil Sustainability Program (OSP) and several cement companies to study the transition of cement bags from paper to plastic. This transition is based on qualitative specifications aimed at reducing costs, supporting sustainability, and limiting the dependency on paper and its derivatives.



8- Sustainable Product Design Award



In an achievement that reflects the company's commitment to sustainability and innovation, FIPCO was awarded the Bronze Category in the Sustainable Packaging Product Design Award. This recognition was presented by the United Nations Industrial Development Organization (UNIDO) and the World Packaging Organisation (WPO), in appreciation of the company's efforts to develop sustainable manufacturing solutions that reduce environmental impact and enhance resource efficiency.



This milestone highlights FIPCO's strategic direction toward integrating sustainability standards into all production stages, reinforcing its position as a leading company in the Saudi industrial sector. The company has adopted a clear strategy aimed at minimizing the environmental footprint of its products by utilizing recycled and biodegradable materials, which contributes to reducing industrial waste and improving the efficiency of natural resources.



FIPCO's receipt of this award is part of UNIDO's ongoing efforts to encourage companies to adopt sustainable manufacturing solutions that improve the economic and social environments of nations. UNIDO is one of the most prominent global organizations working to promote sustainable industrial development in developing countries through initiatives that encourage companies to reduce resource consumption and enhance production efficiency.

The World Packaging Organisation (WPO) is a non-profit organization dedicated to improving international packaging standards and promoting the exchange of knowledge and expertise in this field. The organization plays a vital role in supporting innovations that contribute to waste reduction and enhance the sustainability of packaging products worldwide.

9- Patents and Industrial Innovation



The patents that FIPCO seeks to register represent a significant milestone in its journey toward industrial innovation and technical development. FIPCO has submitted patent applications for certain products of its subsidiary, FPC Industrial Co., to the Saudi Authority for Intellectual Property (SAIP). This stems from FIPCO's commitment to protecting its intellectual property rights, enhancing its competitive edge, ensuring industrial excellence, and strengthening its presence in both local and international markets, as well as supporting the Saudi industrial sector with further innovative solutions.

Given the importance of these innovations and their potential market impact, the nature of the submitted patents cannot currently be disclosed due to confidentiality and competitive reasons. However, FIPCO confirms that these innovations will constitute a qualitative leap in the technical textiles sector and will contribute to providing industrial solutions that are more efficient, reliable, aesthetic, and sustainable.

Once officially revealed, these innovations are expected to have a significant positive impact on the Saudi industrial sector, reinforcing the Kingdom's position as an advanced industrial hub in the region and the world.

الهيئة السعودية للملكية الفكرية
Saudi Authority for Intellectual Property



Social Practices and Community Impact

FIPCO believes that the role of industrial companies is not limited to achieving economic growth alone, but also extends to contributing to social development and enhancing the well-being of the communities in which they operate.

Based on this concept, the company is keen to integrate Social Responsibility into its corporate strategy, ensuring the creation of sustainable value for society alongside the achievement of its operational goals.

In this context, FIPCO adopts an integrated approach to managing social practices, focusing on developing human capital, promoting a safe and attractive work environment, supporting community initiatives, and empowering women and people with disabilities, in addition to contributing to the development of national talent. This aligns with national directions that support social development and the empowerment of national cadres across various economic sectors.

FIPCO adopts several initiatives aimed at strengthening its societal role and contributing to sustainable development by supporting programs that benefit both society and the environment. Within this framework, the company implements a range of community initiatives, most notably:

- Supporting recycling initiatives and reducing industrial waste, contributing to the reduction of environmental impact and fostering a -culture of sustainability.
- Collaborating with several government and semi-government entities to implement initiatives related to sustainability and industrial development.
- Assigning certain tasks and services to charitable organizations instead of contracting with commercial companies, achieving mutual economic and social benefits.
- Supporting scientific research and joint development programs in cooperation with universities and research centers in the Kingdom.
- Maintaining continuous communication with customers and strategic partners, listening to their suggestions and feedback to develop products and enhance service quality.

Through these initiatives, the company seeks to reinforce its role as an active partner in economic and social development, supporting the sustainability of local communities.

To focus on the initiatives that Fibco has undertaken in this regard, the following is highlighted:



1- Investment in Human Capital

FIPCO places a strategic priority on developing human capital as one of the fundamental pillars for business sustainability and enhancing operational efficiency. In this framework, the company works on building a stimulating work environment that supports continuous learning and the development of professional and technical skills for employees, contributing to increased productivity and the achievement of corporate goals

During 2025AD, the company continued to strengthen its efforts in training and development, exceeding the training targets approved by regulatory bodies. The training rate at FIPCO reached 15% of the total number of employees, compared to a target of 12%. Meanwhile, the subsidiary (FPC Industrial Co.) achieved a training rate of 23%, reflecting the Group's commitment to developing its employees' capabilities beyond formal regulatory requirements.

Training programs covered a diverse range of technical and administrative fields, with 104 male and female employees participating in programs including:

- Multi-tasking and prioritization.
- Time management and effective communication skills.
- Occupational Health and Safety (OHS) systems.
- Developing English language skills in the workplace.

The company also worked on developing the corporate training system by:

- Updating and approving the Training and Development Regulations.
- Developing a Leadership Development Program.
- Designing clear career paths that support professional planning and job stability.

Furthermore, the company supported employees in obtaining professional certifications by nominating them for accredited programs and providing appropriate training opportunities, contributing to enhanced performance and professional capabilities.

During 2025AD, FIPCO updated its training and development policies, attracted new development programs, and allocated a dedicated budget for these initiatives, which was approved with all terms and conditions by the Board of Directors.



2- National Talent Development & Job Localization

Based on our firm belief that the private sector is a permanent partner in the success of any growing economy, FIPCO has contributed to creating national cadres and competencies through its partnerships with the Human Resources Development Fund (HADAF) and the Higher Institute for Plastics Fabrication (HIPF). These partnerships aim to train national talent to obtain diplomas and ambitious career path plans, elevating these competencies to leadership positions. This is in addition to enhancing their job performance quality by providing information that helps them achieve both their personal and the company's goals, developing their skills and capabilities. This also has a positive impact on behavior and attitudes, as individuals acquire ideas that help shift their professional behavior for the better, benefiting their technical, intellectual, and behavioral skills in various situations.

Furthermore, FIPCO has continued to work with its strategic partners, such as the Higher Institute for Plastics Fabrication (HIPF) and the Saudi Logistics Academy (SLA), to activate training-to-employment programs. These initiatives encourage citizens to enter industrial fields at all operational stages, targeting the following:

- Providing specialized training programs linked to work requirements.
- Implementing training-to-employment programs.
- Supporting the supply chain sector.
- Qualifying national cadres capable of meeting operational requirements.

FIPCO also invests in its existing national talent by promoting several national cadres who have been trained and refined with the necessary expertise to hold leadership positions within the Group (FIPCO and its subsidiaries). The recruitment rate of Saudis in leadership and administrative positions across the Group has reached approximately 70%.



3- Work Environment & Employee Wellbein

FIPCO is committed to providing a healthy and attractive work environment that enhances employee satisfaction and solidifies a corporate culture based on cooperation and participation. The company works on fostering effective communication between management and employees, contributing to an improved workplace atmosphere and higher institutional performance.

In this context, the company was an early joiner of the National Committee for Labor Committees, becoming one of the first companies to participate. It has actively engaged in its activities and workshops, reflecting its commitment to enhancing institutional dialogue and empowering the "voice of the employee."

The company has also established a specialized committee to address behavioral misconduct in the workplace, aiming to:

- Protect employee rights.
- Handle grievances with strict confidentiality.
- Apply approved rules and regulations with justice and transparency.

To strengthen corporate belonging, the company is keen on implementing several internal initiatives, such as:

- Celebrating national occasions, such as National Day and Founding Day.
- Organizing social events for employees, such as Ramadan Iftar gatherings and recreational activities.
- Honoring employees upon the completion of their service in appreciation of their contributions

These initiatives contribute to fostering a positive work environment and embedding a culture of appreciation and respect within the organization.



4- Women's Empowerment

Saudi women have demonstrated remarkable and tangible excellence across various scientific and practical fields. Through their diligence, they have secured a prominent position at the forefront. From this honorable standpoint, FIPCO has been keen to ensure that women hold a significant place within its organization as it progresses toward success. We strive for women to be key partners in decision-making, formulating missions and goals, and supporting the organization in achieving all its aspirations.

Historical data indicates that since its inception, FIPCO has utilized female talent in sewing operations and certain production tasks. However, since 2021AD, the company has adopted a new strategy aimed at elevating the level of women's empowerment within the organization. This has resulted in an increase in the number of Saudi female employees in production departments, moving beyond traditional sewing tasks to operating machinery and production lines. Furthermore, the company has attracted administrative talent across other departments. Currently, the number of Saudi female workers stands at 165, representing 52% of FIPCO's total Saudi workforce.

During 2025AD, FIPCO successfully hired 72 female employees across various departments, including 4 employees with special needs, highlighting our commitment to inclusivity and providing equal opportunities for all.

FIPCO believes that its role in empowering women is a reflection of the Saudi government's profound interest in women and their future. The Kingdom's leadership—may Allah support them—is dedicated to ensuring women have a presence in all fields and positions by establishing laws and regulations that guarantee their rights in education and career choices. Accordingly, FIPCO aspires to be a pioneering company in creating professional opportunities that befit the aspirations of Saudi women, supporting and helping them invest their exceptional talents in alignment with Saudi Vision 2030AD.



5- Empowerment & Inclusion of People with Disabilities

Driven by our belief in the importance of integrating people with disabilities into the work environment and the necessity of developing the workplace to be suitable for them—thereby supporting their job stability—FIPCO has consolidated the principle of supporting the employment of people with disabilities within the corporate culture by facilitating their functional integration and creating an environment conducive to their success.

This initiative aims to create opportunities for them and support our community by increasing their employment rate. We have implemented all the standards of the "Mowaamah" Program—specialized in developing work environments to suit people with disabilities—which qualified FIPCO and its subsidiary (FPC Industrial Co.) to obtain the Mowaamah Certificate (Bronze Category) from the Ministry of Human Resources during 2025. This certificate recognizes the company as a supportive work environment for People of Determination. FIPCO has maintained these certifications following the adaptation of its work environment from 2021AD to date.



Sustainability-Related Governance



1 Integrating Sustainability into the Company's Strategic Direction

FIPCO treats sustainability as an inherent part of its strategic direction, rather than merely separate initiatives. Therefore, the company works on integrating sustainability dimensions into its operational and investment decisions by periodically reviewing the strategy and linking it to targets for operational efficiency, industrial transformation, digitalization, product quality, and resource management.

2 Measurement, Disclosure, and Transparency

FIPCO is committed to developing measurement and evaluation methodologies related to Environmental, Social, and Governance (ESG) practices, enhancing the ability to transparently disclose initiatives, results, and achieved impact. This comes within the framework of the company's keenness to establish principles of transparency and accountability, providing a clear picture to stakeholders regarding its direction in this field.

3 Industry Localization, Knowledge Transfer, and Enhancing Local Content

FIPCO benefits from national initiatives aimed at localizing products, enhancing local content, and transferring knowledge, thereby confirming its role as an industrial partner in the Kingdom's economic development. This direction has been reflected in:

- Expanding local production and reducing reliance on imports.
- Entering into strategic partnerships with local research and academic entities.
- Increasing local content percentages in manufacturing.
- Investing in the localization of specialized industries through the subsidiary (FPC Industrial Co.).
- Winning First Place for Excellence in Local Content for large enterprises in the Industry and Mining sector.

4- "Made in Saudi" Program and Strengthening Corporate Presence

FIPCO and its subsidiary joined the "Made in Saudi" Program after meeting its requirements, supporting the presence of its products in local and international markets and enhancing customer confidence. This path culminated in the company receiving the Gold Category of the "Made in Saudi" mark among only seven national factories, reflecting its contribution to supporting the national economy and enhancing the competitiveness of Saudi products.



5- Operational Governance for Health, Safety, and Environment (HSE)



FIPCO continues to develop an integrated system for occupational health, safety, and environment, based on institutional foundations and scientific methodologies aligned with the requirements of regulatory bodies and industrial best practices. This ensures a safe and sustainable work environment for all its employees, enhancing the efficiency and continuity of operational processes.

During 2025AD, the total number of employees in the company and its subsidiaries reached 1,122, with total working hours exceeding 4.8 million hours, of which more than 4.8 million were safe man-hours. This reflects an advanced level of efficiency in the safety systems & preventive measures implemented across various worksites.

Safety indicators for the year showed the following:

- Recording 12 Lost Time Injuries (LTI) and 6 Non-LTI cases.
- Recording 546 first aid cases and 3,302 clinic visits.

Despite their limited scale compared to the volume of operations, these indicators reflect the importance of continuing to develop prevention programs and promoting safe behaviors to reduce injuries, particularly minor and repetitive ones.

Promoting a Culture of Safety and Prevention

As part of embedding a safety culture, the company continued to implement awareness and qualification programs, resulting in:

- Conducting 230 Induction programs.
- Holding 1,221 Toolbox Talks.

This reflects FIPCO's commitment to raising preventive awareness and promoting safe practices in the work environment.

Furthermore, Work Permit indicators showed a high level of discipline, with 30 work permits issued without any recorded violations, confirming the effectiveness of the approved control systems and procedures.

Regarding the management of Safety Observations (NCR), 267 observations were recorded, 212 of which were closed during the year as part of a continuous approach to addressing risks and improving the work environment.

The total number of violations and fines reached 272 cases. The most prominent reasons were non-compliance with Personal Protective Equipment (PPE) and some unsafe practices, which indicates the need to strengthen field supervision and intensify behavioral awareness programs.



Safety Infrastructure Development



Building upon the institutional efforts adopted in previous years, FIPCO has continued to strengthen its industrial safety system by developing protection and prevention systems. These initiatives included:

Completing the installation of advanced carbon dioxide ((CO₂) fire suppression systems in vital locations.

Installing automatic foam fire suppression systems in high-risk material storage areas.

Upgrading fire-fighting systems and replacing extinguishers to ensure operational readiness.

Implementing early warning systems and automatic sprinkler systems covering all production areas.

The company is also committed to conducting periodic preventive maintenance programs for all safety systems in cooperation with certified entities to ensure their readiness and continuous effectiveness.

Emergency Preparedness & Crisis Management

Within the framework of enhancing operational readiness, the company conducted a mock evacuation drill in cooperation with relevant authorities, most notably MODON (Saudi Authority for Industrial Cities and Technology Zones) and the Saudi Industrial Development Fund (SIDF). During the drill, the entire site was evacuated within 4 minutes and 42 seconds, reflecting an advanced level of efficiency in emergency and response plans. This initiative is part of a proactive approach based on:

- Periodically testing evacuation plans.
- Assessing and addressing weaknesses.
- Raising employee readiness to handle emergency situations

Attached: A live photo simulation of the implemented evacuation plan.



Occupational Health and Environment



FIPCO continues to strengthen its occupational health programs through:

- Providing internal medical clinics to monitor employee health conditions.
- Promoting health awareness and fostering preventive practices.
- Ensuring a healthy work environment through proper ventilation and air filtration systems.

Furthermore, FIPCO is committed to environmental compliance by:

- Conducting periodic environmental measurements (air, noise, and water).
- Managing industrial and chemical waste in accordance with regulatory requirements.
- Adhering to the requirements of the National Center for Environmental Compliance (NCEC).

Governance & Occupational Health & Safety Risk Management

FIPCO adopts a systematic approach to managing health and safety risks, which includes:

- Preparing and periodically updating risk registers.
- Conducting inspection tours and regular audits based on risk classification.
- Reviewing and updating policies and procedures on an annual basis.
- Monitoring high-impact risks and continuously re-evaluating them.

Accordingly, the results of 2025AD reflect the ongoing development of the Health, Safety, and Environment (HSE) system at FIPCO, across infrastructure, operational practices, and safety culture. However, there are clear indicators of the need to strengthen certain operational aspects, particularly regarding compliance with Personal Protective Equipment (PPE) and the reduction of minor accidents.

FIPCO continues to operate under a continuous improvement approach aimed at:

- Achieving low accident rates.
- Promoting a culture of prevention.
- Enhancing risk management efficiency.
- Ensuring a safe and sustainable work environment that supports business continuity.



Future Outlook in Alignment with Saudi Vision 2030AD



FIPCO is entering the upcoming phase within an operating environment characterized by high levels of complexity and uncertainty, driven by escalating geopolitical tensions in the region. These tensions may lead to disruptions in global supply chains, fluctuations in shipping and energy costs, and shifts in international trade patterns..

In this context, achieving growth is no longer solely tied to operational efficiency or market expansion; it has become contingent upon the company's ability to adapt quickly, manage risks effectively, and build a more resilient and sustainable operating model.

Accordingly, FIPCO is adopting a balanced strategic approach that combines targets for expansion and growth with enhanced operational readiness and risk management. This approach considers the potential continuation or escalation of regional tensions and their direct impact on trade movement and vital logistics corridors, as well as the resulting challenges to supply continuity and cost stability.

In light of these factors, the company is working on reshaping its supply chains to be more diverse and flexible by reducing reliance on specific sources, developing multiple logistical alternatives, and building strategic stockpiles of critical raw materials. This ensures the continuity of operational processes and minimizes exposure to external risks.

The company is also reviewing its contracting and pricing models to reflect changes in input costs and logistical services, thereby maintaining the stability of operating margins.

In parallel, FIPCO is proceeding with a qualitative transformation of its industrial model, focusing on automation and smart manufacturing as a decisive factor in enhancing efficiency and flexibility. The company is working on integrating Artificial Intelligence (AI) and the Internet of Things (IoT) into its production processes, developing digital planning and analysis systems, and reducing reliance on human intervention in sensitive stages. This improves production accuracy, limits operational errors, and enhances the company's ability to respond rapidly to changes in demand or supply.



The company also focuses on expanding into high value-added specialized products, such as cleanroom products and container liners. Additionally, it is developing innovative products supported by patents, facilitating entry into new markets and enhancing competitiveness in advanced industrial sectors, while reducing reliance on traditional low-margin products.

To ensure sustainable growth, FIPCO continues to build local and international strategic partnerships that contribute to knowledge and technology transfer, improve supply chain efficiency, and support Research and Development (R&D). This strengthens its capacity to expand into diverse markets and mitigate the impact of regional fluctuations.

The development of human capital remains a core pillar of the company's strategy. FIPCO invests in developing national talent, attracting specialized skills in manufacturing and advanced technologies, promoting women's empowerment, and providing a motivating work environment that supports innovation and sustainability, keeping pace with industrial and technical transformation requirements.

These directions are fully aligned with the objectives of Saudi Vision 2030 by enhancing local content, increasing non-oil exports, and raising the competitiveness of the industrial sector. The company also benefits from government initiatives supporting industrial transformation and energy efficiency.

Accordingly, FIPCO is adopting a future operating model based on flexibility, diversity, and technical transformation, enabling it to navigate a changing and complex environment while maintaining its ability to achieve growth and enhance added value. The company's ability to execute this strategy will depend on its speed in adapting to variables, efficient risk management, and continuous investment in technology and personnel. This ensures the sustainability of its business and strengthens its competitive position locally and internationally, even under the most challenging scenarios.

Corporate Governance at FIPCO



First: FIPCO's Governance Philosophy

Corporate Governance is defined as "the optimal system through which a company is directed and controlled." This encompasses relationships, structures, processes, information flows, controls, decision-making mechanisms, and accountability at the highest levels within FIPCO.

FIPCO adopts an integrated institutional framework for corporate governance, aimed at directing and monitoring the company's operations through a system that includes organizational structures, institutional relationships, decision-making mechanisms, internal control systems, and information flows. This ensures operational efficiency and enhances accountability across all levels. This framework is based on compliance with relevant laws and regulations, primarily the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations, and the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (CMA), in addition to being guided by international best practices in governance to align the company's practices with local and global standards.

The Board of Directors of FIPCO is committed to embedding the principles of sound governance—most notably transparency, accountability, responsibility, and fairness—by developing relevant policies and procedures and reviewing their effectiveness periodically. This supports the quality of financial and non-financial disclosure and enhances the efficiency of internal control systems and risk management.

Furthermore, the company adopts a clear methodology in the segregation of duties and responsibilities between the Board of Directors and the Executive Management. This ensures the independence of oversight, the effectiveness of decision-making, limits conflicts of interest, and enhances the efficiency of resource management and investment direction.

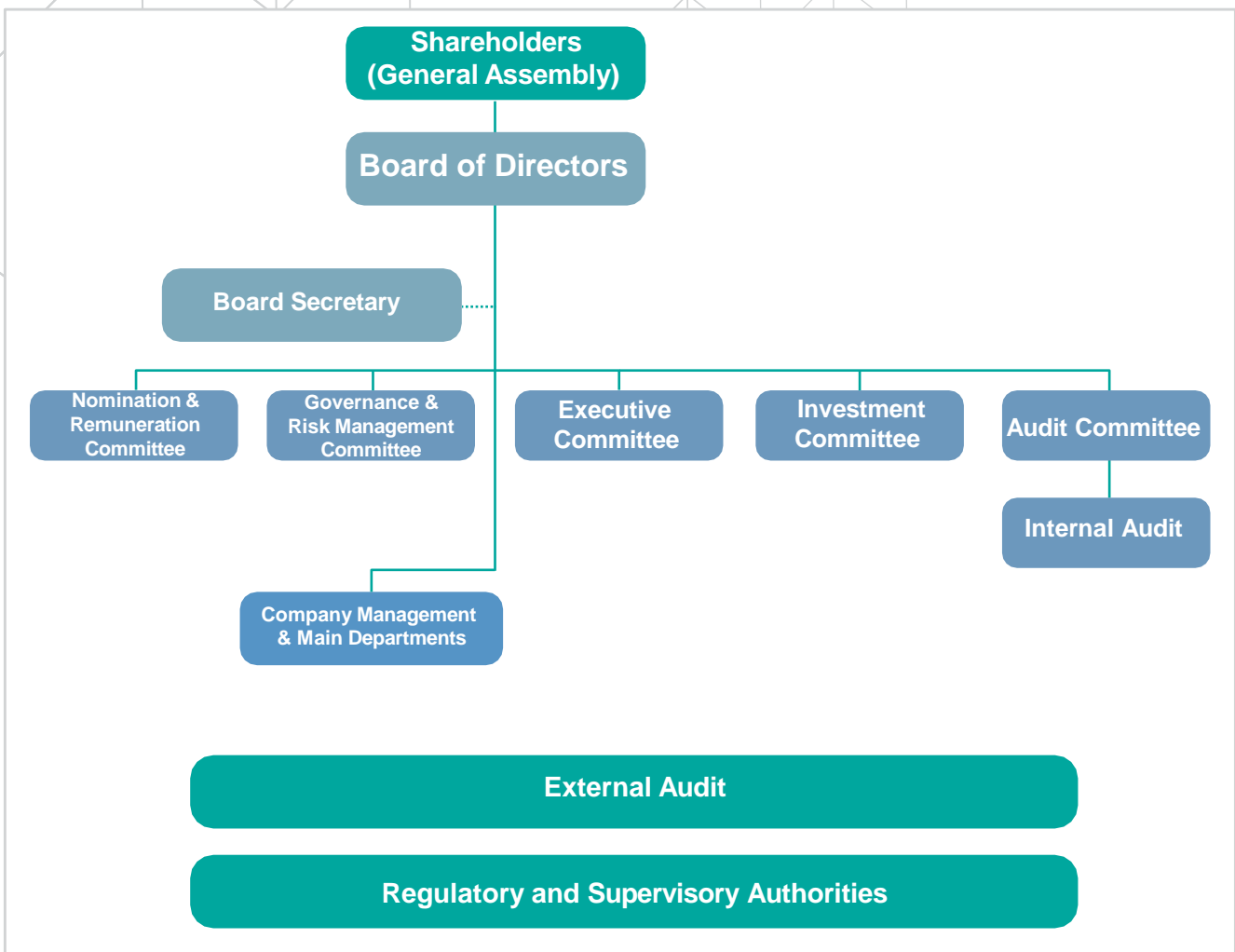
FIPCO views governance as a strategic tool for risk management and sustainability enhancement. Effective governance practices contribute to mitigating operational, financial, and regulatory risks, thereby boosting the confidence of investors and stakeholders.

Within this framework, the company continues to instill a culture of governance within its ecosystem by transforming it from a mere regulatory compliance requirement into a deep-rooted institutional practice. This practice is based on promoting transparency and disclosure, protecting the rights of shareholders and stakeholders, and applying the highest standards of integrity across all its operations, extending this approach to include its subsidiaries to ensure the unification of governance standards at the group level.

Second: Governance Structure at FIPCO



The governance structure defines the distribution of powers and responsibilities among the various participants in the company, such as board members, managers, shareholders, and other parties. It also clarifies the rules and procedures for decision-making regarding all company affairs.



Third: Duties and Responsibilities of the Board of Directors

The Board of Directors of FIPCO is the supreme management authority of the company, elected by the Ordinary General Assembly in accordance with applicable laws and regulations. Without prejudice to the Capital Market Law, the Companies Law, relevant regulations, the company's Articles of Association, and internal governance bylaws, the Board is responsible for the strategic direction and oversight of the company's business. This includes setting general orientations, supporting local growth within the Kingdom of Saudi Arabia and internationally, evaluating opportunities, challenges, and risks associated with its activities, and overseeing internal controls, compliance frameworks, and risk management.

The Board's responsibilities focus on steering the company to achieve its long-term interests by establishing strategic directions, issuing necessary instructions to the Executive Management, determining delegated authorities, and setting the policies and standards within which it operates, ensuring efficiency and effective control.

This is achieved through the following:

- 1 Developing a comprehensive strategy for the company, key business plans, and policy-related risk management, while reviewing and updating these policies periodically.
- 2 Determining the most appropriate capital structure for the company, approving its annual budgets, and overseeing capital expenditures (CAPEX), as well as the acquisition and disposal of assets.
- 3 Defining business objectives to be achieved, overseeing their implementation, and monitoring the overall performance of the company in general.
- 4 Periodically reviewing and approving the company's organizational and functional structures.
- 5 Establishing the necessary rules for internal control systems and supervising these systems.
- 6 Drafting a written policy to regulate Conflicts of Interest and addressing any potential cases of conflict for Board members, Executive Management, and shareholders. This includes the misuse of company assets and facilities, and misconduct resulting from Related Party Transactions.
- 7 Ensuring the integrity of financial and accounting procedures, including those related to the preparation of financial reports.
- 8 Ensuring the implementation of appropriate control procedures for risk management by forecasting the risks the company may face and disclosing them transparently.
- 9 Conducting an annual review of the effectiveness of the Internal Control Systems.

- 10 Drafting the company’s corporate governance rules & regulations—ensuring they do not conflict with the provisions of applicable laws and regulations—and monitoring the overall effectiveness of these rules, amending them as necessary.
- 11 Establishing policies, standards, and procedures for Board Membership, and putting them into effect following approval by the General Assembly.
- 12 Formulating a written policy to regulate relationships with Related Parties in order to protect the rights of all stakeholders.
- 13 Setting a Code of Professional Conduct for the company’s managers and employees in alignment with proper professional and ethical standards.
- 14 Developing policies and procedures that ensure the company’s compliance with laws and regulations, as well as its commitment to disclosing Material Information to shareholders, creditors, and other parties.
- 15 Preparing the Financial Statements and the Annual Report regarding the company's activities and financial position for the preceding fiscal year, including the proposed method for dividend distribution.
- 16 Recommending to the General Assembly the appointment or dismissal of External Auditors and determining their fees.



Fourth: Board of Directors Composition & Membership Classification

According to the company's Articles of Association, "FIPCO is managed by a Board of Directors consisting of five members appointed by the Ordinary General Assembly." The following table provides a statement of the Board members and their membership status as of the end of 2025AD:

Membership Status	Position	Name of Member	
Non-executive	Chairman of the Board of Directors	Ahmed Abdul latif Al-Barrak	1
Executive	Vice Chairman & Managing Director	Faisal Mohammed Al-Harbi	2
Independent	Member of the Board of Directors	Bader Ali Rabia	3
Independent	Member of the Board of Directors	Nimr Nasser Alharbi	4
Executive	Board Member and CEO	Abdullah Mohammed Al-Harbi	5

The current term of the Board of Directors commenced on January 01, 2025, and will continue for a period of 4 years, ending on December 31, 2028. This follows the amendment of the company's Articles of Association in alignment with the revised Companies Law, during the 39th Ordinary General Assembly meeting held on November 25, 2024. Following the election of the Board for the new term (2025-2028), the Board held its first meeting on January 01, 2025, to appoint the Chairman, Vice Chairman, and Managing Director, and to form its committees as per the composition shown in the table above.

Fifth: Qualifications and Experience of Board Members

Professional Experience	Educational Qualifications	Previous Positions	Current Positions	Membership Status	Name	
<ul style="list-style-type: none"> -Experience in engineering consultancy -Experience in executive management -Experience in board of directors 	<ul style="list-style-type: none"> -Bachelor of Engineering in Systems from King Fahd University of Petroleum and Minerals (KFUPM) - Dhahran -Master of Business Administration (MBA) from KFUPM 	<ul style="list-style-type: none"> -Operations Manager at Bina Factory for Advanced Concrete Products -General Manager of Bina Saudi Arabia for Engineering Consultancy -Vice Chairman of the Board and Managing Director at FIPCO 	<ul style="list-style-type: none"> -Chairman of the Board of Directors at FIPCO -Member of the Board of Directors at FPC Industries Co. -Member of the Board of Directors at Budget Saudi Arabia -CEO of Bina Holding Group 	Non-Executive	Ahmed Abdullatif Al-Barrak	1
<ul style="list-style-type: none"> - Entrepreneurial & investment experience in a number of companies 	<ul style="list-style-type: none"> -Bachelor of Business Administration in Marketing -Master of Business Administration(MBA) 	<ul style="list-style-type: none"> -General Manager of Faba Saudi Company -General Manager of Safana International Trading Company -Chairman of the Board at FIPCO 	<ul style="list-style-type: none"> -Vice Chairman of the Board and Managing Director at FIPCO -Member of the Board of Directors at FPC Industries Co. 	Executive	Faisal Mohammed Al-Harbi	2
<ul style="list-style-type: none"> Diverse practical experience in business and company formation 	<ul style="list-style-type: none"> High School Commercial Diploma Office Business Specialization 	<ul style="list-style-type: none"> General Manager of Nafe Global Company 	<ul style="list-style-type: none"> General Manager of the Business Climate Institution 	Independent	Nimr Nasser Alharbi	3
<ul style="list-style-type: none"> Diverse professional experience in business and economic journalism Management Consultancy. Governance and Risk Management. Business Administration. 	<ul style="list-style-type: none"> Bachelor of Business Administration, Marketing Major MBA with Honors Certificate in Corporate Directorship and Governance from the Corporate Governance Center (CGC) of the Public Investment Fund (PIF). 	<ul style="list-style-type: none"> Economic Journalist Risk Management Director at FIPCO Member of the Governance and Risk Management Committee at Budget Saudi Arabia Investment Manager at FAYA Saudi Arabia 	<ul style="list-style-type: none"> CEO of FIPCO Board Member of FPC Industries Co Board Member of the Arab Pipes Company Board Member, Tabuk Agricultural Development Company Co-founder of Makamen for Management Consulting 	Executive	Abdullah Mohammed Al-Harbi	4
<ul style="list-style-type: none"> Investment Asset Management. Project Management. Business Administration. Real Estate Development. 	<ul style="list-style-type: none"> B.Sc. in Mechanical Engineering, California State University, USA. Project Management Professional (PMP) Certification, Project Management Institute (PMI), USA. M.Sc. in Project Management, Boston University, USA. Executive MBA, Prince Mohammed Bin Salman College (MBSC), Saudi Arabia. 	<ul style="list-style-type: none"> Chief Executive Officer (CEO), Baa Non-Profit Foundation, specializing in environmental and cultural fields and supporting national initiatives. Vice President of Projects, Public Investment Fund (PIF), Special Projects Department. Executive Director, Royal Commission for AIUla, His Highness the Governor's Executive Office. Investment Asset Manager, Saudi Aramco, Partnerships and Investments Department. Founding Partner, Noor Al Mustaqbal Foundation, Restaurants, Cafes, Franchising, and Catering Services. 	<ul style="list-style-type: none"> Chief Executive Officer (CEO), Real Estate Development Company, a subsidiary of the Public Investment Fund (PIF), specializing in real estate development, coastal, tourism, and cultural destinations. 	Independent	Badr Ali Al Rabiah	5

Sixth: Names of companies inside or outside the Kingdom in which a Board Member of the Company is a member of their current or previous Board of Directors or one of their managers

Headquarters	Legal Entity	Companies in which the Board Member was previously a board member or a manager	Headquarters	Legal Entity	Companies in which the Board Member is currently a board member or a manager	Member Name	
Kingdom of Saudi Arabia	- Public Joint Stock Co.	- Tourism Enterprise Co. (Shams)	Kingdom of Saudi Arabia	- Closed Joint Stock Co.	FPC Industries Co.	Ahmed Abdullatif Al-Barrak	
			Kingdom of Saudi Arabia	- Public Joint Stock Co.	Budget Saudi Company		
Kingdom of Saudi Arabia	- LLC	- Overseas Development Co.	Kingdom of Saudi Arabia	- Closed Joint Stock Co.	Allure for Entertainment Events	1	
			Kingdom of Saudi Arabia	- LLC	Zilal Al Dana for Tents		
Kingdom of Saudi Arabia	- LLC	Safana International Trading Company	Kingdom of Saudi Arabia	- Closed Joint Stock Co.	FPC Industries Co.	Faisal Mohammed Al-Harbi	
Kingdom of Saudi Arabia	- Public Joint Stock Co.	- Arabian Pipes Co.	Kingdom of Saudi Arabia	- LLC	- Zilal Al Dana for Tents		
Kingdom of Saudi Arabia	- Public Joint Stock Co.	- Tourism Enterprise Co. (Shams)					
—			—			Nimr Nasser Alharbi	3
Kingdom of Saudi Arabia	Public Joint Stock Company	- Tabuk Agricultural Development Co.	Kingdom of Saudi Arabia	Closed Joint Stock Company	FPC Industries Co.	Abdullah Mohammed Al-Harbi	
			Kingdom of Saudi Arabia	- LLC	- Zilal Al Dana for Tents		
			Kingdom of Saudi Arabia	- Public Joint Stock Co.	- Arabian Pipes Co.		
Kingdom of Saudi Arabia	- LLC	- Noor Al-Mustaqbal Co.	Kingdom of Saudi Arabia	- Government-owned Co.	- Real Estate Development Co.	Badr Ali Al-Rabiah	
Kingdom of Saudi Arabia	- Government Entity	- Public Investment Fund (PIF)	Kingdom of Saudi Arabia	- Non-profit Organizations	- Non-profit Organizations & Advisory Committees		
Kingdom of Saudi Arabia	- Government Entity	- Royal Commission for AIUla	Kingdom of Saudi Arabia	- Public Joint Stock Co.	- National Medical Care Co.		
Kingdom of Saudi Arabia	- Non-profit Organization	- "Baa" Non-profit Foundation	Kingdom of Saudi Arabia	- Public Joint Stock Co.	- Saudi Advanced Industries Co.		
Kingdom of Saudi Arabia			Kingdom of Saudi Arabia	- Public Joint Stock Co.	- Gulf Insurance Group		
—			—				5

Seventh: Executive Management

Current Positions	Previous Positions	Experience	Qualifications	Name
Previously mentioned in the Board of Directors section		Previously mentioned in the Board of Directors section		Faisal Mohammed Al-
				Abdullah Mohammed Al-Harbi
Director of Strategic Planning	<p>CFO, Nimr Chemical Group (Pakistan & UAE)</p> <p>CFO, American Breeze Middle East</p> <p>GM, International Rubber Co. - Dubai</p> <p>Sector Head, Obeikan Investment Group.</p> <p>CFO, AGC Obeikan Glass - Yanbu</p> <p>CFO, Obeikan Industrial Holding.</p> <p>CFO, Pharma for Pharmaceutical Industries.</p>	24 years of experience in financial management, cash management, Initial Public Offerings (IPOs), and digital transformation.	B.Sc. in Accounting from University of the Punjab. Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and ACCA member.	Ansar Mahmoud
General Manager of the Subsidiary (FPC Industries Co.)	<p>Plant Manager, Convertex for Plastics and Printing (Lebanon & Romania)</p> <p>Held several managerial and leadership positions in plastics companies, including: National Plastic, Al-Sharq Flexible Packaging, Saudi Industrial & Packaging Co., and Al-Murbati Industrial Group.</p>	32 years in the plastics and defense industries across France, Belgium, Romania, and Saudi Arabia.	B.Sc. in Mechanical Engineering, followed by a Master's degree in International Plastics Industries from Grenoble University, France.	Karim Marquis
Vice President for Strategic Planning and Board Secretary	<ul style="list-style-type: none"> - Financial Analysis & Market Research Dept., Citytrade Securities - Egypt. - Consultancy & Technical Analysis Dept., Citytrade Financial Consulting - Egypt. - Assistant to Directors/Consultants and Board Secretary, Jarir Marketing Co. - Assistant to CFO for Governance Affairs, Saudi Ground Services Co. (SASCO). 	Diverse experience in governance, compliance, business administration, and board/committee secretariat for nearly 17 years.	<ul style="list-style-type: none"> - B.A. in Languages and Translation, Al-Azhar University, Egypt. - Certified Corporate Governance Officer (CCGO) from London School of Business & Management. - Completion of the Board Secretarial program. - Successfully passed the "Disclosure" certificate exam per Tadawul requirements at the Financial Academy, Riyadh. 	Salah Sabry

Eighth: Record of Board of Directors & General Assembly Meetings Attendance during the Fiscal Year 2025AD

During the year 2025AD, one General Assembly meeting was held (the 40th Ordinary General Assembly). During this meeting, the Company's annual financial statements and the Board of Directors' report for the fiscal year 2024AD were reviewed. The External Auditor's report for 2024AD was approved, and the External Auditor was appointed to audit the accounts for the fiscal year 2025 and the first quarter (Q1) of 2026AD, and their fees were determined.

During the fiscal year 2025AD, the Board of Directors held 5 meetings. Additionally, 5 resolutions were issued by circulation regarding urgent matters. The following is a statement of the dates of those meetings, the attendance of the Board members, and their participation rates:

Board of Directors Meeting Dates held during 2025AD						One Ordinary General Assembly Meeting May 08,	Name	
Total Attendance	Dec 23	Sep 10	May 26	Mar 19	Jan 01			
6	√	√	√	√	√	√	Ahmed Abdullatif Al-Barrak	1
6	√	√	√	√	√	√	Faisal Mohammed Al-Harbi	2
6	√	√	√	√	√	√	Nimr Nasser Al-Harbi	3
6	√	√	√	√	√	√	Abdullah Mohammed Al-Harbi	4
6	√	√	√	√	√	√	Badr Ali Al-Rabiah	5

Accordingly, the attendance rate for all members in the Board meetings and the General Assembly meeting was 100%.

Ninth: Capital and Ownership Disclosures

1 - Capital Information

The following table shows FIPCO's capital information and number of shares as of 31/2025/12/AD

Capital	
Value	Description
115,000,000	authorized capital (SAR)
115,000,000	Paid-up Capital (SAR)
11,500,000	Number of Issued Shares*
11,500,000	Number of Free Float Shares**
10	Nominal Value per Share (SAR)
10	Paid-up Value per Share (SAR)
Saudi Stock Exchange (Tadawul)	Stock Market in which the stock trades
Main Market	Market Type
Basic Materials	Main Sector
2180	Share symbol
SA0007879352	International symbol

All of FIPCO's issued shares are ordinary shares, and it has no preferred shares.

** The number of free float shares varies from one period to another according to the trading movement of FIPCO's stock.

2 - Share Data

The following table shows the trading information of the Company's share during the fiscal year 2025AD

Capital	
Value	Description
45.05	Share price as of 012025/01/AD
30.46	Share price as of 312025/12/AD
46.55 (Recorded on January 20, 2025)	Highest share price during 2025AD
29.70 (Recorded on December 02, 2025)	Lowest share price during 2025AD

Source: Historical performance data on the Saudi Exchange (Tadawul) website

3 - Comparative chart of FIPCO's share performance against the Sector Index and the Market Index

- FIPCO Index
- Market Index
- Sector Index



4 - Investment Restrictions

There are no restrictions on the Company's shares as per the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities and the Instructions Related to Foreign Strategic Investors' Ownership of Strategic Shares in Listed Companies, in accordance with the Company's Bylaws and the instructions issued by the supervisory and regulatory authorities to which the Company is subject.

5 - Ownership Structure for Individuals & Institutions as of year-end 2025AD

Foreign ownership

%49	Maximum limit for foreign investors' ownership
%3.82	Actual ownership of foreign investors
0	Foreign Strategic Investor Ownership

Investors by Nationality

8,642 Saudi investors owning 10,422,544.451 shares, representing an ownership percentage of %89.17	Saudi Investors
1,282 non-Saudi investors owning 1,245,549 shares, representing an ownership percentage of %10.83	Non-Saudi Investors
9,924 investors owning 11,500,000 shares, representing an ownership percentage of %100	Total

6 - List of Substantial Shareholders & Changes in Ownership Stakes

FIPCO does not have any substantial shareholders who own 5% or more according to the shareholders' register as of 31/2025/12/. Furthermore, FIPCO has not been notified of any material changes in ownership by Board members, Audit Committee members, or Senior Executives during the year 2025AD.

7 - Share Ownership Percentage & its Change for Board Members, Audit Committee Members, & Senior Executives

Board Members, their spouses, and minor children:

Debt instruments & financing instruments	Number of FIPCO shares owned & in which they have an interest				Name	
	Percentage Change %	Change during the year	End of 2025	Beginning of 2025		
N/A	0	0	1050	1050	Ahmed Abdul Latif Al-Barak	1
	0	0	19	19	Faisal Mohammed Helal Al-Harbi	2
	0	0	10	10	Badr Ali Al-Rabiah	3
	0	0	5	5	Nimr Nasser Alharbi	4
	0	0	400	400	Abdullah Mohammed Helal Al Harbi	5

Audit Committee Members, their Spouses, and Minor Children

Debt instruments & financing instruments	Number of FIPCO shares owned & in which they have an interest.				Name	
	Percentage Change %	Change during the year	End of 2025	Beginning of 2025		
N/A	0	0	0	0	Khaled Ali Aten	1
	0	0	0	0	Osama Saleh Al-Hadithi	2
	0	0	5	5	Nimr Nasser Al-Harbi	3

Senior Executives, their spouses, and minor children:

Debt instruments & financing instruments	Number of FIPCO shares owned & in which they have an interest.				Name	
	Percentage Change %	Change during the year	End of 2025	Beginning of 2025		
N/A	0	0	19	19	Faisal Mohammed Helal Al-Harbi	1
	0	0	400	400	Abdullah Mohammed Helal Al Harbi	2
	0	0	0	0	Karim Marquis	3
	0	0	0	0	Ansar Mahmoud	4
	0	0	0	0	Salah Sabry	5

Tenth: Committees emanating from the Board Of Directors.

Driven by the requirements of sound governance and in line with FIPCO's nature of business and scale of operations, the Board of Directors has formed several specialized committees. These committees aim to support effective oversight and enhance the quality of decision-making, in accordance with the Company's Bylaws, the Companies Law, and the Corporate Governance Regulations issued by the Capital Market Authority (CMA). These committees were established based on a Board-approved regulatory framework that clearly defines each committee's scope of work, powers, operating mechanisms, and term of membership, as well as the Board's oversight and follow-up mechanisms. The Board periodically reviews the work of these committees, including their recommendations and reports, to ensure performance efficiency and alignment with the Company's strategic objectives.

The Board maintains the necessary flexibility to restructure committees or amend their scope of work (excluding mandatory committees) to align with operational changes and strategic initiatives, whether in the short or long term, thereby enhancing governance efficiency and supporting the achievement of the Company's targets.

In forming these committees, the Board ensured compliance with the Corporate Governance Regulations and their updates, while adopting professional best practices. This was achieved by ensuring appropriate representation of non-executive and independent members, particularly in committees related to tasks that may involve conflicts of interest—such as reviewing financial and non-financial reports, overseeing related-party transactions, leading nominations and appointments, and determining remuneration policies.

Within the framework of the new Board term (2025-2028), the Board has restructured its committees since the beginning of 2025. It reviewed and approved their internal charters and work policies to comply with regulatory requirements and best practices, enhancing the clarity of roles and responsibilities. The Chairmen and members of the committees are committed to the highest standards of professional conduct, including integrity, objectivity, loyalty, and professional care, ensuring that the interests of the Company and its shareholders prevail over any personal considerations. The committee structure includes:

- Audit Committee
- Nomination and Remuneration Committee
- Executive Committee
- Investment Committee
- Governance and Risk Management Committee

The term of these committees ends with the conclusion of the current Board cycle on December 31, 2028, with their charters updated periodically to reflect relevant

regulatory requirements and best practices. Below is a summary description of the committees, their members, responsibilities, and meetings held throughout 2025:

1. Audit Committee:

In accordance with the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations issued by the CMA, and the corresponding provisions in the Company's Bylaws and Governance Manual, the Audit Committee was previously formed by a resolution of the 35th Ordinary General Assembly held on February 17, 2022. The committee was formed for a three-year term (2022-2025), consisting of three non-executive Board members, including specialists in financial and accounting affairs. The committee's charter, which regulates its work procedures and member remuneration, was also approved. During that period, the committee's charter was updated to reflect relevant regulatory amendments and was approved by the 37th Ordinary General Assembly on June 1, 2023.

Within the framework of the new Board term (2025-2028), and based on the Board of Directors' resolutions issued in its meeting No. (1) for the year 2025, held on January 1, 2025, the Audit Committee was restructured for a four-year term ending on December 31, 2028, as detailed in the table below.

The Committee unanimously approved this formation, including the appointment of its Chairman in accordance with the Board's resolution. Based on the Board's decisions regarding committee charters, the Audit Committee, during its meeting No. (1) for 2025 held on March 17, 2025, reviewed its charter. It considered the necessity of aligning it with modern professional standards and recommended its submission for approval without amendments at the current stage, with the possibility of future updates based on any regulatory or professional changes.

Accordingly, the Committee continues to perform its duties within an updated governance framework that observes regulatory requirements and professional best practices, thereby enhancing the efficiency of internal control and the quality of financial and non-financial reporting within the Company. The formation of the Committee during the fiscal year 2025 was as follows:

Hathal Safar Al-Otaib (Independent Board Member)	Osama Saleh Al-Hadithi (Independent from outside the Board)	Khaled Ali Attin (Independent from outside the Board)	Name
Member	Member	Chairman	Membership Status
One of the Board Members Previously Mentioned.	Head of Internal Audit - Royal Commission for Riyadh City. Audit Committee Member at: Al Rajhi Bank, Itmam Investment Co., Alawwal Invest, Saudi Investment Recycling Company (SIRC), King Faisal Specialist Hospital & Research Centre, Darin and Tarout Foundation, Tharwah Co., Miral Co., and PGM Co. Board Member at: Business Gate, Miral Co., and Itmam Investment Co.	work in the field of legal review Zakat and tax consultations And administrative Managing Partner at HLB International Accountants Board Member of the Animation Association Chairman of the Audit Committee for Tharwah Human Resources Company	Current jobs
	- Senior Auditor at Ernst & Young (EY). - Internal Audit and Quality Manager at Al Faisalah Group. - Internal Audit and Compliance Director - Capital Market Authority (CMA). - Head of Internal Audit - Medgulf Insurance. - Head of Internal Audit - Tawuniya Insurance. - Head of Internal Audit - Human Resources Development Fund (HRDF). - Head of Internal Audit - SALIC (a Public Investment Fund (PIF) company).	Progressive roles in statutory audit up to Partner at Ernst & Young (EY) -Owner of Al-Rai Al-Mehani Consulting Center. -Worked at Saudi Chevron on specialized assignments. - Former Audit Committee member at Saudi Airlines Catering	previous jobs
	Bachelor's in Accounting - King Khalid University, Saudi Arabia. - Master's in Computer Science and Information Systems - University of Detroit, USA. - Global Credit Program - Chase, USA.	Bachelor's in Accounting - King Saud University. - Fellowship of the Saudi Organization for Chartered and Professional Accountants (SOCPA). - Fellowship of the Institute of Certified Management Accountants (CMA) - Australia. - Fellowship of the Association of Certified Fraud Examiners (CFE) - USA.	Academic qualifications
	Extensive experience in internal audit and audit committee functions across various legal entities in the government, financial, and investment sectors.	Professional experience in financial and administrative consulting, auditing, zakat, tax, and accounting in the private sector for nearly 30 years.	Practical experiences

The Audit Committee's duties specifically include the following:

A. Financial Reporting

- Studying the interim and annual financial statements before presenting them to the Board of Directors and providing opinions and recommendations thereon.
- Providing a technical opinion—upon the Board's request—on whether the Board's report and the Company's financial statements are fair, balanced, understandable, and include information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Studying any significant or unusual matters contained in the financial reports.
- Thoroughly investigating any issues raised by the Chief Financial Officer (CFO), the acting CFO, the Compliance Officer, or the External Auditor.
- Verifying accounting estimates in material matters mentioned in the financial reports.
- Studying the accounting policies adopted and providing opinions and recommendations to the Board of Directors in this regard.

B. Internal Audit

- Studying and monitoring the internal and financial control and risk management systems in FIPCO.
- Studying internal audit reports and following up on the implementation of corrective actions for the observations contained therein.
- Monitoring and supervising the performance and activities of the Internal Audit Department in FIPCO to ensure the availability and effectiveness of the necessary resources for performing the assigned tasks and duties, while verifying its independence.

C. External Auditor

- Recommending to the Board the nomination, dismissal, and remuneration of external auditors, and evaluating their performance after verifying their independence and reviewing their scope of work and contract terms.
- Verifying the external auditor's independence, objectivity, and fairness, as well as the effectiveness of the audit work, taking into account relevant rules and standards.
- Reviewing the external auditor's plan and work, and ensuring they do not provide technical or administrative services beyond the scope of audit work, and providing opinions in this regard.
- Answering the external auditor's inquiries.
- Studying the external auditor's report and observations on the financial statements and following up on the actions taken regarding them.

C. External Auditor

- Reviewing the results of reports from regulatory authorities and verifying that the Company has taken the necessary actions in this regard.
- Verifying the Company's compliance with relevant laws, regulations, policies, and instructions.
- Reviewing contracts and proposed transactions between the Company and related parties, and providing opinions thereon to the Board of Directors.
- Reporting to the Board of Directors on matters it deems necessary for action, and providing recommendations on the procedures to be taken.

Furthermore, the Committee supervises investigation processes related to fraud or errors occurring within FIPCO, or any other matters the Committee deems necessary to investigate. To this end, the Committee has established a (Whistleblowing Policy), which includes a clear mechanism for reporting observations regarding any violations in financial reports or otherwise, with full confidentiality. This is facilitated through a dedicated email address and a physical suggestion/complaint box at the Company. Such observations are reviewed, and their materiality is determined by the Company's Internal Auditor, who then submits a report to the Audit Committee. In turn, the Committee verifies the correct implementation of this mechanism, conducts independent investigations proportional to the scale of the error or violation, and adopts appropriate follow-up procedures. The Committee ensures these matters are followed up on a quarterly basis.

Five meetings of the Audit Committee were held during 2025AD. The following is a statement of the members' names and attendance record:

Attendance percentage	Attendance Times	Attendance Record of Audit Committee Meetings during 2025AD					position	Name
		26 December	30 October	31 July	12 May	13 March		
100%	5	√	√	√	√	√	Chairman	Khaled Ali Attin
100%	5	√	√	√	√	√	Member	Osama Saleh Al-Hadithi
100%	5	√	√	√	√	√	وضف	Nimr Nasser Al-Harbi

2 - Annual Audit Results of the Effectiveness of Internal Control Procedures in FIPCO

The Internal Audit Unit at FIPCO plays a pivotal role in supporting the governance framework by providing independent and objective assurance and consulting services aimed at adding value and improving operational efficiency, thereby enhancing the Company's ability to achieve its strategic goals. In performing its duties, the Unit adopts a Risk-Based Internal Audit methodology, ensuring that audit efforts are directed toward activities and operations with higher relative importance and risk, in alignment with international best practices and professional standards.

The scope of the Internal Audit Unit's work covers all activities and operations of the Company and its subsidiaries, including reviewing the effectiveness of internal control systems, risk management procedures, governance frameworks, and information systems, in addition to contributing to the enhancement of mechanisms for preventing and early detecting cases of fraud, deception, and embezzlement.

During the fiscal year 2025AD, the Internal Audit Unit implemented the audit plan approved by the Audit Committee, which included several periodic and targeted audit assignments focusing on vital operations and high-risk activities. These tasks were executed as planned and in alignment with the strategic audit plan, providing a reasonable level of assurance regarding the effectiveness and efficiency of the internal control and risk management systems within the Company.

The audit results generally indicated the existence of an effective control framework, with a limited number of operational observations that do not materially affect the integrity of the control system. These observations were addressed through specific corrective action plans followed up in coordination with the relevant departments within a framework of continuous improvement and development.

Driven by the Board of Directors' recognition of the importance of the internal control system as a fundamental pillar for protecting the Company's assets and enhancing operational efficiency, the Board pays continuous attention to this aspect. It annually reviews the effectiveness of the internal control systems based on reports from the Audit Committee and the Internal Audit Unit, while issuing necessary directives to address any developmental areas and strengthen compliance and control levels.

Based on the above, the Board of Directors believes that FIPCO's internal control system possesses an appropriate degree of effectiveness and efficiency, keeping pace with the nature and scale of the Company's activities, while work continues on developing it to align with the latest best practices and evolving regulatory requirements.

3. Audit Committee's Opinion on the Adequacy of FIPCO's Internal Control System

Based on the foregoing, and in light of the examination and audit work performed by the External Auditor until the end of the fiscal year 2025, as well as the internal audit assignments carried out by the Internal Audit Department during 2025—and taking into account that any internal control system, regardless of its design integrity and implementation procedures, cannot provide absolute assurance regarding the effectiveness of the applied internal control systems—the Audit Committee has not identified any material weakness in the Company's internal control system. The Audit Committee continues to recommend that the Company's management maintain continuous follow-up to develop and improve the efficiency and effectiveness of the applied internal controls, ensure the ongoing update of Company policies and procedures, and implement the Committee's recommendations regarding internal audit reports in line with the nature of the Company's business. This includes conducting continuous assessments of all subsidiary activities across operational, financial, compliance, and risk management aspects, especially in light of the expansion of the Company and its subsidiaries' operations and the growing operational and financial challenges.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members:

- 1 Nimr Nasser Al-Harbi (Independent Board Member) – Chairman of the Committee.
- 2 Abdulaziz Jameel Al-Azman (Independent from outside the Board) – Member of the Committee.
- 3 Ahmed Abdullatif Al-Barrak (Non-Executive Board Member) – Member of the Committee.

Since all committee members are non-executive and independent Board members, their current and previous positions, academic qualifications, and practical experiences were previously detailed in the section related to the Board of Directors.

Additionally, the Committee includes a member from outside the Board, whose information is provided in the following table:

Name	Academic Qualifications	Experience	Previous Positions	Current Positions
Abdulaziz Jameel Al-Azman	Diploma in Management Information Systems (MIS) – King Faisal University	Over 20 years of experience in developing and implementing growth strategies, training managers and employees, and evaluating performance and productivity.	<ul style="list-style-type: none"> - Personnel Manager: Dana Frozen Products Est. - Personnel Manager: Saudi Development and Export Services Company 	General Manager of Dorar Al Sharqiya Co.

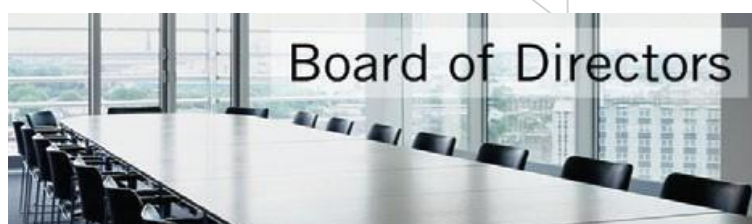
The Committee's duties and responsibilities are summarized as follows:

Regarding Remuneration:

- Preparing a clear policy for the remuneration of Board members, Board committees, and the Executive Management, and submitting it to the Board for approval by the General Assembly, ensuring that performance-related criteria are used when establishing such policies.
- Clarifying the relationship between the awarded remuneration and the applicable remuneration policy, and highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving the intended objectives.
- Recommending to the Board the remuneration for Board members, its committees, and senior executives in accordance with the approved policy.

Regarding Nominations:

- Proposing clear policies and criteria for membership in the Board of Directors and the Executive Management.
- Recommending to the Board the nomination and re-nomination of its members in accordance with approved policies and standards, ensuring that no person convicted of a crime involving breach of trust or integrity is nominated.
- Preparing a description of the capabilities and qualifications required for Board membership and Executive Management positions.
- Determining the time that a member must dedicate to the work of the Board.
- Conducting an annual review of the required skills or expertise for Board membership and Executive Management functions.
- Reviewing the structure of the Board and Executive Management and providing recommendations regarding possible changes.
- Annually verifying the independence of independent members and ensuring there are no conflicts of interest if a member sits on the board of another company.
- Developing job descriptions for executive, non-executive, independent members, and senior executives.
- Establishing procedures in the event of a vacancy in the position of a Board member or senior executive (Succession Planning Policy).
- Identifying strengths and weaknesses within the Board and proposing solutions to address them in the best interest of the Company.



Three meetings of the Nomination and Remuneration Committee were held during 2025AD, as follows:

Meeting Dates during 2025AD					position	Name
Attendance %	Attendance Times	Sep 06	Apr 25	Mar 16		
100%	3	√	√	√	Chairman	Nimr Nasser Alharbi
100%	3	√	√	√	Member	Abdulaziz Jameel Al-Azman
100%	3	√	√	√	Member	Ahmed Abdul Latif Al-Barak

5. Executive Committee

Within the framework of FIPCO Board's keenness to enhance decision-making efficiency and increase operational flexibility, and to organize its work in line with current requirements and business developments, the Board formed the Executive Committee consisting of three members. The Committee was delegated several powers and tasks requiring rapid processing and in-depth study, contributing to supporting the Board's work and enabling it to focus on strategic issues.

The Executive Committee plays an integrated role with the Board of Directors, dedicating more time and effort to studying operational, investment, and financial matters in detail. This enhances the quality of recommendations and contributes to accelerating the pace of decision-making within the approved regulatory frameworks.

The most prominent tasks of the Executive Committee include:

- Reviewing periodic management reports, evaluating overall performance, studying new investments or the restructuring of existing ones, and endorsing them before submission to the Board for approval.
- Reviewing annual budgets and plans, analyzing material variances—if any—and ensuring their justifications before presentation to the Board of Directors.
- Monitoring the implementation of strategic projects and major expansion activities, and receiving periodic reports on completion rates and associated challenges.
- Continuously monitoring the Company's performance and requesting necessary explanations for any deviations from approved plans, budgets, or operational forecasts.
- Supporting the Board of Directors in fulfilling its responsibilities, especially in cases where time is a critical factor for taking urgent decisions within the delegated powers.
- Receiving and reviewing periodic reports related to risk management, including risk assessment, corrective actions, and mitigation and follow-up plans.
- Ensuring the effectiveness of internal administrative committees—if any—and their compliance with approved policies and procedures.

- Receiving periodic reports from the Executive Management, through the CEO, regarding the Company's performance, and discussing and analyzing them before submission to the Board of Directors—when necessary.
- Supporting the Company's efforts in building and enhancing its institutional relationships by communicating—within regulatory frameworks—with senior officials in government entities and the private sector, contributing to overcoming challenges that may face the Company's business and supporting the implementation of its strategic programs and initiatives.

Through these roles, the Executive Committee contributes to achieving an effective balance between sound governance and rapid response to operational and investment changes, thereby supporting FIPCO's business sustainability and enhancing its competitive advantage. The Committee consists of three members whose qualifications and experience were previously detailed in the section on Board members. The Executive Committee held two meetings during 2025AD, as shown in the following table:

Meeting Dates during 2025AD					position	Name
Attendance percentage	Attendance Times	Oct 30	Mar 16			
100%	2	√	√	Chairman	Faisal Mohammed Al-Harbi	
100%	2	√	√	Member	Ahmed Abdullatif Al-Barrak	
100%	2	√	√	Member	Abdullah Mohammed Al-Harbi	

6. Governance and Risk Management Committee

Driven by FIPCO Board's conviction that sound governance is the fundamental pillar for ensuring business sustainability and maximizing value for shareholders and stakeholders, the Board took the initiative—despite it not being a regulatory requirement—to form the Governance and Risk Management Committee. This aims to add further institutional depth to governance practices and enhance the effectiveness of the control and risk management framework.

The formation of this committee reflects FIPCO's strategic direction toward transitioning from mere regulatory compliance to adopting governance as a tool for performance and risk management and enhancing competitiveness. This contributes to achieving advanced levels in governance indices issued by specialized local and international entities.

The Committee is responsible for a set of core tasks covering the pillars of governance, compliance, and risk management, most notably:

- Verifying the Company's compliance with laws, regulations, and instructions issued by the Ministry of Commerce, the Capital Market Authority (CMA), and relevant regulatory and supervisory bodies.
- Reviewing and updating internal policies and regulations to align with regulatory requirements and globally recognized best professional practices.
- Recommending amendments to the Company's Bylaws when necessary to enhance the efficiency of the legal and governance framework.
- Reviewing and developing the Code of Professional Conduct and internal policies to reflect the Company's values and elevate the corporate work environment.
- Keeping Board members continuously informed of the latest developments in corporate governance and related professional practices.
- Reviewing and updating the comprehensive Risk Register and developing risk management methodologies to cover operational and strategic activities.
- Establishing a comprehensive risk management framework that includes policies, procedures, and standards, and monitoring its implementation and updates in light of internal and external variables.
- Determining the Risk Appetite level and ensuring the Company's commitment to not exceeding it.
- Assessing the Going Concern status of the Company and identifying potential risks that may affect its ability to continue operations over the next twelve months.
- Supervising the risk management system, evaluating the effectiveness of risk identification, measurement, and monitoring tools, and working to address any deficiencies.
- Periodically reassessing the Company's risk tolerance in light of changes in the operational and economic environment.
- Preparing periodic risk reports and submitting them to the Board of Directors, including necessary recommendations to enhance management and mitigation efficiency.
- Reviewing risk management-related matters referred by the Audit Committee, aligning the Risk Register with internal audit plans, and ensuring the integration of roles between the two committees.

Over the past few years, the Committee has played a pivotal role in leading efforts to align the governance framework with the New Companies Law and its Implementing Regulations, as well as regulations and instructions issued by the CMA. It conducted a comprehensive review of internal policies and regulations and proposed necessary amendments, thereby enhancing compliance and elevating the level of institutional maturity at FIPCO.

The Governance and Risk Management Committee consists of four members, including two Board members and one senior executive who is not a Board member—all of whom have had their qualifications and experience previously detailed—in addition to a fourth independent member from outside the Board, whose details are as follows:

Independent Member from Outside the Board:

Name	Academic Qualifications	Experience	Previous Positions	Current Positions
Abdulkarim Al-Harbi	<ul style="list-style-type: none"> - Bachelor of Languages and Translation, King Saud University - SHRM-ACHRM Certification in Human Resources Management 	Payroll and benefits management and human resources functions.	<ul style="list-style-type: none"> - Payroll Specialist – stc bank. - Senior HR Operations and Payroll Officer – Al Rajhi Capital. - Payroll and Payments Officer – Bank Albilad 	Senior Payroll Specialist at New Murabba Company

The Governance and Risk Management Committee held four meetings during the fiscal year 2025AD, as detailed in the following table:

Attendance %	Attendance Times	Meeting Dates during 2025AD				position	Name
		Dec 22	Sep 06	Jul 12	Mar 15		
100%	4	√	√	√	√	Chairman	Ahmed Abdullatif Al-Barrak
100%	4	√	√	√	√	Member	Abdullah Mohammed Al-Harbi
100%	4	√	√	√	√	Member	Salah Mohammed Sabry
100%	4	√	√	√	√	Member	Abdulkarim Mohammed Al-Harbi

7. Investment Committee

Within the framework of supporting FIPCO's investment orientation, enhancing capital management efficiency, and diversifying income sources, the Board of Directors formed the Investment Committee for the current term (2025–2028). The Committee is tasked with overseeing investment opportunities and studying their feasibility in line with the Company's general strategy and approved investment policy, thereby promoting sustainable growth and increasing shareholder returns.

The Committee operates within an organized governance framework that defines its powers, responsibilities, and work mechanisms. This ensures the integration of its roles with the Board of Directors and Executive Management and enhances the quality of investment decisions through in-depth study and professional analysis.

The Investment Committee is responsible for a set of core tasks, most notably:

- Studying and evaluating proposed investment opportunities, whether direct or indirect, and ensuring their alignment with the activities specified in the Company's Bylaws and approved strategic directions.
- Reviewing plans for investing surplus cash, including participation in subscriptions and Initial Public Offerings (IPOs), and providing recommendations thereon before submission to the Board of Directors for approval.
- Overseeing Mergers and Acquisitions (M&A) opportunities, studying their feasibility from financial, legal, and operational perspectives, and ensuring that due diligence requirements are met before recommending them.
- Verifying the alignment of investments with the risk appetite level approved by the Board of Directors, while maintaining a balance between risk and return.
- Periodically evaluating existing investments, reviewing their financial and operational performance, and submitting recommendations regarding continuation or partial/full divestment (exit).
- Reviewing business models and feasibility studies for proposed investments, ensuring the availability of success factors, including management competence, financial solvency, and a clear governance structure.
- Recommending investment structuring, including determining participation percentages, financing options, and entry/exit mechanisms to achieve the best possible return.
- Seeking specialized consultancy expertise—when necessary—to support the technical, financial, and legal evaluation processes of investments.
- Monitoring investment performance post-implementation, in coordination with the Executive Management, to verify the achievement of targeted strategic and financial objectives.
- Ensuring compliance with the principles of transparency, disclosure, and sound governance throughout all stages of the investment process.

The Committee bases its work on the approved Investment Policy, which was updated and supplemented with additional tasks and re-approved during Board Meeting No. 5 of 2025, held on December 23, 2025. This policy was prepared in light of the Companies Law, Corporate Governance Regulations, and professional best practices to ensure a clear framework for investment decision-making and the definition of related responsibilities and powers.

Through these roles, the Investment Committee contributes to enabling FIPCO to build a balanced investment portfolio, enhancing its ability to seize high-quality opportunities, and supporting its expansion strategy in local and international markets.

The Committee consists of three members whose qualifications and experience were previously detailed in the Board members' section. The Investment Committee held three meetings during 2025AD, as shown in the following table:

Attendance %	Attendance Times	Meeting Dates during 2025AD			position	Name
		Dec 06	Sep 10	Feb 05		
100%	3	√	√	√	Chairman	Badr Ali Al-Rabiah
100%	3	√	√	√	Member	Faisal Mohammed Al-Harbi
100%	3	√	√	√	Member	Abdullah Mohammed Al-Harbi

Eleventh: Procedures taken by the Board of Directors to inform its members—especially Non-Executives—of shareholders' proposals and remarks regarding FIPCO and its performance

Based on FIPCO Board of Directors' keenness to enable its members—particularly non-executive and independent members—to perform their oversight role effectively, a set of organized procedures has been adopted. These procedures ensure that shareholders' views and proposals are communicated to the Board systematically, thereby supporting the quality of discussion and decision-making.

In this context, FIPCO adopts a clear institutional mechanism for collecting and analyzing shareholder remarks. The relevant departments within the company (including the Investor Relations Unit) are responsible for consolidating all inquiries and remarks received through various channels, classifying them by nature and importance, and subsequently preparing periodic and objective reports to be submitted to the Board. These reports highlight material or recurring issues that require the Board's attention or strategic intervention.

Furthermore, impactful shareholder views are included within the materials provided to Board members prior to meetings. This ensures that non-executive members are briefed in advance, enabling them to discuss these matters and request necessary clarifications from the Executive Management during Board or relevant committee meetings.

Material issues raised by shareholders, whether through direct channels or during General Assembly meetings, are presented under a dedicated item on the Board's agendas—when necessary—allowing for organized discussion and the taking of required actions.

FIPCO also ensures the documentation of all shareholder inquiries and interventions during General Assembly meetings, preparing analytical summaries of the main topics raised and submitting them to the Board. This enhances the non-executive members' awareness of shareholder trends and their expectations regarding the Company's performance.

Regarding the channels for reporting non-compliant practices or material remarks, all submissions received through these channels are handled with strict confidentiality and neutrality. Significant cases are escalated to the Chairman of the Board, and subsequently to the Board or relevant committees—depending on their nature—ensuring that non-executive members are briefed within regulatory frameworks.

Furthermore, the Board of Directors is periodically provided with qualitative analyses regarding shareholder trends, satisfaction levels, and key issues raised. This supports the role of non-executive members in evaluating the performance of the Executive Management and enhancing the effectiveness of governance and oversight.

These procedures reflect FIPCO's commitment to ensuring an organized and transparent flow of shareholder-related information to the Board, strengthening the non-executive members' ability to exercise their roles with independence and objectivity, and achieving a balance between the interests of all stakeholders.

Twelfth: Means relied upon by the Board to evaluate its performance and the performance of its committees and members, and the external party that conducted the evaluation (if any)

FIPCO's Board of Directors is keen on adopting systematic practices to evaluate its performance and the performance of its committees and members, in alignment with the guiding articles of the Corporate Governance Regulations issued by the Capital Market Authority (CMA). This enhances the Board's effectiveness and its ability to fulfill its supervisory and strategic responsibilities efficiently.

In this context, the Chairman of the Board places special importance on fostering effective communication channels within the Board by listening to members' views—particularly non-executives—regarding the performance of the Company and the Executive Management. Periodic meetings are also held among non-executive members without the Chairman's presence, aiming to provide an independent space for exchanging views and evaluating the Chairman's performance. Additionally, meetings are held among the Board members excluding executive members to measure the extent to which everyone is performing their assigned duties and responsibilities.

FIPCO has also adopted an integrated self-assessment model for Board members, based on objective and systematic mechanisms aimed at measuring performance levels and identifying areas for improvement. This evaluation includes each member assessing their individual performance, as well as the performance of their peers and the Board as a whole, while providing the opportunity to offer practical views and proposals that contribute to developing the Board's effectiveness and enhancing the quality of its performance.

The scope of the evaluation extends to include Board committees, where dedicated evaluation forms have been prepared for each committee. These forms measure the efficiency of their performance and their commitment to the duties and responsibilities specified in their respective charters, ensuring integration between the committees' work and their role in supporting the Board.

FIPCO continuously reviews and develops its evaluation tools and mechanisms to keep pace with professional best practices and developments in corporate governance, enhancing the accuracy of evaluation outcomes and their effectiveness in supporting decision-making.

It is worth noting that during the period covered by the report, no independent external party was engaged to evaluate the performance of the Board or its committees. This may be considered in the future if the need arises, based on the recommendation of the Nomination and Remuneration Committee and the approval of the Board, to achieve a balance between self-assessment and the assistance of specialized consultancy firms when necessary.

Thirteenth: Dividend Distribution Policy

Dividend distribution at FIPCO is based on realized net profits, cash flows, and future projections for major investments. The policy takes into account the importance of maintaining a strong financial position to address any general changes or hedge against supply chain disruptions resulting from current regional conflicts. It also considers dramatic shifts in global financial conditions or any material changes impacting market status and the economic climate locally, regionally, and globally.

The Company balances providing a rewarding return to shareholders with ensuring sustainable growth and financing investment opportunities to enhance long-term value. While FIPCO strives to maximize returns for all stakeholders, there are no guarantees for current cash dividends or future distribution values. The policy may change based on financial performance, the Board's vision, capital requirements, and expansion plans.

Key Statutory Provisions (Article 43):

Based on Article 43 of FIPCO's amended Bylaws, approved on November 16, 2023, the distribution policy is as follows:

- The General Assembly determines the percentage of net profits to be distributed after deducting any reserves.
- Shareholders are entitled to their share per the General Assembly's resolution or a Board resolution under its delegated authority.
- Dividends belong to shareholders registered in the records at the end of the specified eligibility day.
- Regulations define the maximum period for the Board to implement the distribution resolution.

Interim Dividends and Reserves:

- Annual, semi-annual, or interim dividends may be distributed from distributable profits according to official controls.
- The Ordinary General Assembly may decide to form reserves to serve the Company's interest or ensure stable dividend distribution.
- In case of distribution in violation of the aforementioned rules, creditors may claim them, and the Company can require shareholders—even those in good faith—to return the payments.
- Shareholders are not required to return dividends distributed according to these rules even if the Company incurs subsequent losses.

- Regulations shall determine the necessary controls to implement the provisions of this Article.
- The Board of Directors shall include in its annual report submitted to the General Assembly the percentages of dividends distributed to shareholders during various periods of the current year, in addition to the proposed dividend percentage at the end of the fiscal year and the total amount of such dividends.
- Zakat regulations and any other applicable tax regulations in the Kingdom of Saudi Arabia shall apply.
- Cash dividends scheduled for distribution to shareholders shall be deposited into the accounts linked to their investment portfolios, and bonus shares shall be deposited into shareholders' investment portfolios after being announced on the Saudi Exchange (Tadawul) website.

It is worth noting that FIPCO's Board of Directors issued a resolution by circulation on March 26, 2026, recommending to the General Assembly not to distribute cash dividends for the fiscal year 2025. This decision aims to support the financial position of FIPCO and its currently 100%-owned subsidiary, and to fund future expansions which primarily aim to diversify its products in line with the Company's goals and investors' aspirations.

Fourteenth: Remuneration Policy for Board Members, Sub-committees, and Senior Executives, and Statement of Any Material Deviations

In its method of paying remunerations to Board members, sub-committees, and senior executives, FIPCO has relied on the organizing policy approved by the 37th Ordinary General Assembly held on June 01, 2023, and the corresponding provisions in the Company's Bylaws. The criteria are as follows:

- The remuneration policy must be consistent with the Company's strategy and objectives.
- The purpose of providing remunerations is to incentivize Board members and Executive Management toward the success and long-term growth of the Company.
- Remunerations are determined based on the job level, the assigned tasks and responsibilities, the incumbent's academic and professional qualifications, performance levels, and achieved accomplishments.
- The remuneration policy must be consistent with the size and nature of risks surrounding the Company and must not result in a conflict of interest.
- The Company's internal regulations and policies must comply with the remuneration policy.
- Consideration should be given to the sector in which the Company operates and the practices of other companies in determining remunerations, while avoiding any unjustified increase in remunerations and compensations.
- The remuneration policy aims to attract, retain, and motivate professional talents without exaggeration, ensuring that remunerations are reasonably sufficient to achieve this.
- The remuneration policy shall be applied to any new appointments in coordination with the Nomination and Remuneration Committee and the Company's Executive Management.
- Provision for suspending or reclaiming remuneration payments (Clawback) if it is found that they were based on inaccurate or misleading information provided by the person concerned, to prevent the exploitation of official positions to obtain underserved remunerations.
- The remuneration policy permits—in accordance with regulations—granting Company shares to Board members and Executive Management, whether they are a new issuance or shares purchased by the Company.
- Remunerations shall be fair and proportionate to the member's competencies and the activities and responsibilities performed, without overlooking other objectives set by the Board for each fiscal year.
- These remunerations shall be based on the recommendation of the Nomination and Remuneration Committee.

The remuneration of Board members and its committees is subject to the following:

- Board members' remuneration may consist of a specific amount, attendance fees for meetings, in-kind benefits, or a certain percentage of net profits. Two or more of these benefits may be combined.
- The amount of remuneration for members may vary to reflect their experience, specialization, assigned tasks, independence, the number of meetings attended, and any other considerations at the Board's discretion.
- The Board's annual report to the Ordinary General Assembly must include a comprehensive statement of all remunerations, attendance fees, expense allowances, and other benefits received or entitled to be received by each Board member during the fiscal year. It must also disclose amounts received by members in their capacity as employees or executives, or in exchange for technical, administrative, or consultancy services, along with the number of Board meetings and the attendance record of each member.
- A Board member may receive remuneration for membership in the Audit Committee formed by the Board, or for any additional work, executive, technical, administrative, or consultancy positions (a professional license is required for consultancy services) assigned within the Company. This is in addition to the remuneration they receive as a member of the Board and its committees in accordance with the Companies Law and the Company's Bylaws.
- The remuneration of independent Board members must not be a percentage of the profits realized by the Company, nor should it be directly or indirectly based on the Company's profitability.
- Board members are not permitted to vote on the Board and sub-committees' remuneration item during the General Assembly meeting.
- Remuneration entitlement must be proportionate to the number of meetings attended by the member; any assessment to the contrary shall be considered void.
- Reimbursements for expenses such as travel and accommodation shall be paid based on actual and reasonable attendance costs incurred by members to attend meetings. These expenses and allowances are excluded from the annual remuneration amount.
- Upon request and subject to Board approval, a Board member is entitled to appropriate medical insurance for themselves, their family members, or parents—as deemed appropriate by the Board.
- Remuneration payments shall be suspended or reclaimed if it is found that they were decided based on inaccurate information provided by a member of the Board, a committee, or the Executive Management. This is to prevent the abuse of authority to obtain underserved remunerations. The Board's decision in this regard may involve suspending the payment if not yet disbursed or reclaiming it partially or fully, depending on the circumstances of the case.
- If the General Assembly decides to terminate the membership of a Board member due to absence from three consecutive meetings or five separate meetings during their term without a legitimate excuse accepted by the Board, the member shall not be entitled to any remunerations or benefits for the period following the last meeting attended and must return all remunerations paid for that period.
- The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, may grant additional remunerations to the Chairman, the Managing Director, or the CEO (if they are a Board member).
- The Nomination and Remuneration Committee determines the upper limits for the remunerations of Board members, sub-committees, and senior executives. It recommends the granting of annual remunerations according to its assessment and Board approval, provided they do not exceed the maximum limits included in this policy.

In accordance with the aforementioned provisions, the maximum limits for the remuneration of Board members and sub-committees are as follows:

Description	Maximum Remuneration Limit
Chairman of the Board of Directors	SAR 250,000
Board Member	SAR 200,000
Committee Member (from the Board of Directors)	SAR 100,000
Committee Member (not from the Board of Directors)	SAR 125,000
Secretary of the Board (from the Board of Directors)	SAR 50,000
Secretary of a Committee (from the Board of Directors)	SAR 25,000

During the year 2025, based on the recommendation of the Nomination and Remuneration Committee in its meeting No. 2 of 2026 held on March 25, 2026, and the Board of Directors' resolution No. 1 of 2026 issued by circulation on March 26, 2026, the following was approved:

1- Payment of remunerations to Independent Board Members for their Board membership for the fiscal year 2025AD as follows:

- An amount of SAR 100,000 to the Board member, Mr. Badr Ali Al-Rabiah.
- An amount of SAR 100,000 to the Board member, Mr. Nimr Nasser Al-Harbi.

2- Payment of remunerations to Committee Members (from Board members) for their membership in some sub-committees as shown in the following table:

Committee Member Name (from the Board of Directors)	Remuneration Amount (SAR)	Annual Remuneration for Membership in:
Ahmed Abdullatif Al-Barrak	75,000 75,000 75,000	Nomination and Remuneration Committee Governance and Risk Management Committee Executive Committee
Faisal Mohammed Al-Harbi	100,000 100,000	Investment Committee Executive Committee
Nimr Nasser Al-Harbi	100,000 50,000	Nomination and Remuneration Committee Audit Committee
Badr Ali Al-Rabiah	100,000	Investment Committee
Abdullah Mohammed Al-Harbi	75,000 75,000 50,000	Executive Committee Investment Committee Governance and Risk Management Committee

3- Payment of remunerations to Committee Members (Non-Board Members) for their membership in some sub-committees as follows:

- An amount of SAR 125,000 to the Audit Committee member, Mr. Khalid Ali Aten.
- An amount of SAR 75,000 to the Audit Committee member, Mr. Osama Saleh Al-Hadithi.
- An amount of SAR 50,000 to the Nomination and Remuneration Committee member, Mr. Abdulaziz Jameel Al-Azman.
- An amount of SAR 50,000 to the Governance and Risk Management Committee member, Mr. Abdulkarim Mohammed Al-Harbi.
- An amount of SAR 50,000 to the Governance and Risk Management Committee member, Mr. Salah Mohammed Sabry.

Regarding the remunerations of the Executive Management, they are subject to the following:

- Policies adopted by the Company in this regard must be considered when approving Executive Management remunerations, ensuring the achievement of set targets.
- The approved remuneration for each Executive Management employee may vary according to the results achieved during the year under evaluation.
- When approving remunerations, the practices of companies operating in the same sector and in the Saudi market should be taken into account.
- The upper limit for Executive Management remunerations may be reviewed annually, and any proposed amendments shall be submitted to the Board. This policy must align with the Company's strategy, objectives, and the applicable performance and evaluation policy.
- If the approved remuneration for the Executive Management is based on inaccurate or misleading information—regardless of the motive—the case shall be reported to the Board to take appropriate action.
- The Board's decision in the previous paragraph may involve either suspending the remuneration payment (if not yet disbursed) or reclaiming it partially or fully, depending on the circumstances of the case.

FIPCO believes that remunerations during the fiscal year 2025AD were distributed in accordance with the approved policy, and there are no material deviations from it.



Fifteenth: Remunerations of Board Members, Committee Members, and Senior Executives

1 - Board Members' Remunerations

Executive Members		Non-executive members	Independent members		Nature of membership
Abdullah Mohammed Al-Harbi	Faisal Mohammed Al-Harbi	Ahmed Abdul Latif Al-Barrak	Badr Ali Al-Rabiah	Nimer Nasser Al Harbi	Member's Name
Fixed Remunerations					
—	—	*720,000	100,000	100,000	Specific Amount
15,000	15,000	15,000	15,000	15,000	Board Meeting Attendance Fees
27,000	15,000	27,000	9,000	24,000	Committee Meeting Attendance Fees
—	—	—	—	—	In-kind Benefits
—	—	—	—	—	Technical, Administrative, and Consultancy Remuneration
—	—	—	—	—	Remuneration for Chairman, MD, or Secretary (if a member)
42,000	30,000	762,000	124,000	139,000	Total
Variable Remunerations					
—	—	—	—	—	Percentage of Profits
—	—	—	—	—	Periodic Remunerations
—	—	—	—	—	Short-term Incentive Plans
—	—	—	—	—	Long-term Incentive Plans
—	—	—	—	—	Shares awarded
—	—	—	—	—	Total
—	—	—	—	—	End of Service Benefit
—	—	—	—	—	Expense Allowance
42,000	30,000	762,000	124,000	139,000	Grand Total

*FIPCO has adopted the remuneration policy for Board members, sub-committees, and senior executives approved by the 37th Ordinary General Assembly held on June 01, 2023AD, and the corresponding provisions in the Company's Bylaws. Accordingly, a monthly lump-sum payment of SAR 60,000 has been approved for the Chairman of the Board. This is in recognition of the exceptional efforts exerted by the Chairman in managing several files related to the business of the Company and its subsidiary, thereby strengthening its strategic relationships.

2 - Committees' Remunerations

Total	Attendance Fees	Fixed Remunerations (Excluding Attendance Fees)	Committee
Audit Committee Members			
140,000	15,000	125,000	Khaled Ali Attin
90,000	15,000	75,000	Osama Saleh Al-Hadithi
65,000	15,000	50,000	Nimr Nasser Al-Harbi
Nomination and Remuneration Committee Members			
109,000	9,000	100,000	Nimer Nasser Al-Harbi
59,000	9,000	50,000	Abdulaziz Jameel Al-Azman
84,000	9,000	75,000	Ahmed Abdul Latif Al-Barrak
Executive Committee Members			
81,000	6,000	75,000	Ahmed Abdul Latif Al-Barrak
81,000	6,000	75,000	Abdullah Mohammed AlHarbi
106,000	6,000	100,000	Faisal Mohammed Al-Harbi
Governance and Risk Management Committee Members			
62,000	12,000	50,000	Abdullah Mohammed AlHarbi
87,000	12,000	75,000	Ahmed Abdul Latif Al-Barrak
*68,000	*18,000	50,000	Salah Mohamed Sabry
62,000	12,000	50,000	Abdulkarim Mohammed Al-Harbi
Investment Committee Members			
109,000	9,000	100,000	Badr Ali Al-Rabiah
109,000	9,000	100,000	Faisal Mohammed Al-Harbi
84,000	9,000	75,000	Abdullah Mohammed Al-Harbi

* The amount includes attendance fees of SAR 12,000, plus SAR 6,000 for performing the duties of the Committee Secretary.

3 - Senior Executives' Remunerations

The table below illustrates the total amounts earned by five senior executives who received the highest remunerations and compensation, including the Managing Director, Chief Executive Officer (CEO), and Chief Financial Officer (CFO), in addition to the General Manager of the subsidiary and FIPCO Sales Manager, as follows:

Five Senior Executives	
Fixed Remunerations	
3,244,729	Salaries
1,171,787	Allowances
—	In-kind benefits
4,416,516	Total
Variable Remunerations	
700,000	Periodic remunerations
-	Profits
-	Short-term incentive plans
-	Long-term incentive plans
-	Shares awarded
700,000	Total
-	End of service benefit
-	Total Executive remunerations from the Board*
5,116,516	Grand Total

In this regard, FIPCO emphasizes the following:

- There are no arrangements or agreements under which a member of the Board of Directors or a senior executive waived any remunerations, salaries, or compensation during the fiscal year 2024AD.
- There are no arrangements or agreements under which a FIPCO shareholder waived any rights to profits during the fiscal year 2024AD.
- No other investments or reserves were established for the benefit of FIPCO employees or any of its subsidiaries during 2024AD, other than the end-of-service benefits in accordance with the regulations issued by the competent authorities.

Sixteenth: Related Party Transactions

FIPCO confirms its full commitment to the statutory requirements for disclosing related party transactions, in accordance with the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority (CMA), ensuring the highest levels of transparency and the protection of shareholders' rights.

During the fiscal year 2025AD, the Company did not enter into any contracts, deals, or transactions in which FIPCO or any of its subsidiaries was a party, and in which any member of the Board of Directors, the Managing Director, the CEO, the CFO, any senior executive of the Company or its subsidiaries, or any person related to them had a direct or indirect interest, with the exception of the acquisition deal referred to under the "Material Developments" section in Chapter One of this report.

As an exception to the above, the procedures for FIPCO's acquisition of owners' shares in Bena Industrial Investments Holding Group (which was previously disclosed via the Company's announcements on the Tadawul website and in the Material Developments section in Chapter One of this report) involved related party transactions concerning the Chairman, Mr. Ahmed Al-Barrak, and Board Member, Mr. Badr Al-Rabiah, by virtue of their direct or indirect association with the party involved in the deal.

These transactions were conducted within the approved regulatory frameworks, as:

- They were clearly disclosed.
- They were presented to the Governance and Risk Management Committee for study and to verify their fairness and the absence of any material conflict of interest.
- The related members committed to abstaining from voting on relevant decisions within the Board of Directors or its sub-committees.
- The full details of the deal will be presented to the General Assembly of shareholders through a Shareholders' Circular to obtain the necessary approval in accordance with relevant laws and regulations, following the approval of the Capital Market Authority.

FIPCO confirms that all transactions with related parties in this context were conducted on an arm's length basis (fair commercial terms) without any preferential terms, and without prejudice to the interests of the Company or its shareholders.

FIPCO continues its commitment to implementing clear and organized policies for dealing with related parties, ensuring full disclosure, transparency, and compliance with statutory requirements, thereby enhancing the confidence of shareholders and stakeholders.

Furthermore, no member of the Board of Directors, Board committee members, senior executives, or any person related to them, has engaged in any business that competes with the Company or its branches.

Seventeenth: Results of Governance Practices during 2025AD

FIPCO believes that during the fiscal year 2025, all mandatory provisions and rules stipulated in the Corporate Governance Regulations were complied with, and no material cases of non-compliance were recorded. Furthermore, the Company continued to enhance the implementation of guiding articles and elevate its governance practices in line with the best professional practices applicable to listed companies, recognizing the role of governance in supporting sustainability and boosting investor confidence.

In this context, FIPCO implemented several initiatives and procedures reflecting the maturity and development of its governance system, most notably:

- **Enhancing Disclosure and Transparency:** By developing disclosure policies and updating communication mechanisms with shareholders, ensuring that the market and investors are provided with material information in a timely and equitable manner, in accordance with regulatory requirements.
- **Developing the Corporate Governance Structure:** By establishing the Governance Committee and subsequently merging risk management functions into its mandates to become the "Governance and Risk Management Committee." This strengthens the integration between governance and risk management and increases the efficiency of corporate oversight, with the adoption of updated internal regulations reflecting statutory requirements and best practices.
- **Strengthening Board Independence:** By holding periodic meetings for non-executive members without the presence of executives, in addition to independent meetings to evaluate the Chairman's performance, thereby supporting neutrality and objectivity in assessment.
- **Activating Institutional Evaluation Mechanisms:** By implementing annual evaluation models that include assessing the performance of the Board as a whole, individual members (self-assessment and peer-to-peer assessment), and Board sub-committees, while linking evaluation outcomes to improvement and development programs.
- **Increasing Committee Efficiency:** By preparing Checklists to monitor the execution of committee mandates according to their approved regulations and reviewing them periodically to ensure performance efficiency and commitment to the scope of authority.
- **Developing Board and Executive Management Capabilities:** By implementing continuous training and development programs, including participation in conferences and specialized workshops in governance, risk, and executive management, in addition to building internal programs to develop leadership and managerial competencies.
- **Promoting Risk and Compliance Culture:** By developing the risk management framework and linking it to decision-making processes, and activating the role of the Governance and Risk Management Committee in overseeing the identification, measurement, and monitoring of risks.
- **Supporting Institutional and Digital Transformation in Governance:** By developing internal work mechanisms and relying on organizational and procedural tools that contribute to improving reporting efficiency and the quality of information provided to the Board and committees.
- **Commitment to Social Responsibility and Sustainability:** By implementing qualitative initiatives in social responsibility and including them in the Board of Directors' report, reflecting the Company's commitment to its role toward society and stakeholders.

Collectively, these practices reflect FIPCO's direction toward consolidating an advanced governance model that is not limited to compliance but extends to being an effective tool in supporting corporate performance, managing risks, and enhancing competitiveness, in line with the Company's aspirations and long-term strategy.

Eighteenth: Disclosure and Transparency Policies

Disclosure and transparency policies at FIPCO are considered fundamental pillars of the approved governance framework. This stems from the Company's commitment to enabling shareholders and stakeholders to access accurate, reliable, and timely information, which supports informed investment decisions and ensures equal opportunities and non-discrimination in the provision of information.

In this context, FIPCO adopts an integrated disclosure system based on statutory requirements issued by regulatory authorities, enhanced by additional practices aimed at raising the level of transparency and the quality of disclosed content, most notably:

- Commitment to disclosing quarterly and annual financial results via the Saudi Exchange (Tadawul) platform within the statutory deadlines, while making them available through the Company's website and official channels.
- Immediate disclosure of any material developments or events that may affect the financial position or operational performance of FIPCO or its subsidiaries, whether positive or negative, without delay and in accordance with regulatory guidelines.
- Diversifying disclosure channels to ensure easy access to information for all stakeholders through the website, periodic reports, and other official channels.
- Continuous development of disclosure content in terms of depth, quality, and timing, reflecting the Company's shift toward proactive disclosure rather than merely complying with the minimum statutory requirements.

In this regard, FIPCO attaches special importance to the Annual Report as the primary and most comprehensive disclosure tool. FIPCO ensures it includes all material information related to its activities, operations, financial and operational performance, as well as the activities of its subsidiaries, providing shareholders with an integrated and transparent view of the Company's status.

The role of the Annual Report is not limited to presenting financial data; it extends to providing a detailed explanation of operational developments, performance analysis, and reasons for changes in results. It also clarifies the background of strategic decisions taken by the Board of Directors and Executive Management, as well as disclosing material events occurring before or after the end of the fiscal year.

Through this approach, FIPCO seeks to use the Annual Report as a comprehensive disclosure platform that exceeds statutory requirements, aiming to keep shareholders and stakeholders fully informed of all details of the Company's business and directions, thereby enhancing transparency and accountability and supporting long-term trust-building with investors.

Nineteenth: Board of Directors' Declarations

The Board of Directors declares the following:

- Account records have been correctly prepared.
- The internal control system was prepared on sound foundations and effectively implemented.
- There is no doubt about FIPCO's ability to continue its operations (Going Concern).



Twentieth: Board of Directors' Confirmations

In line with the Corporate Governance Regulations issued by the Capital Market Authority (CMA) and FIPCO's Internal Governance Regulations, the Board of Directors confirms the following:

- FIPCO is committed to protecting shareholders' rights and ensuring non-discrimination between shareholders of the same class of shares, and does not withhold any rights from them, ensuring fair treatment for all.
- FIPCO has not received any requests from major shareholders (holding 5% or more) to convene a General Assembly meeting during the ended fiscal year that was not held.
- FIPCO has not received any requests from major shareholders to add one or more items to the General Assembly agenda during its preparation.
- FIPCO has not placed any procedures that may hinder a shareholder from exercising their right to vote.
- FIPCO has not provided any cash loans of any kind to any of its Board members, nor has it guaranteed any loan contracted by a Board member with a third party.
- No loans with terms exceeding three years were contracted, and no real estate owned by FIPCO was sold or mortgaged, except for what has been disclosed in this report.
- A discharge of certain debtors of FIPCO and its subsidiaries was granted during 2025 to write off those amounts from the accounts. Most of these amounts have been outstanding for over a year due to various reasons, including quality issues with supplies manufactured at the beginning of a subsidiary's commercial operations, or billing disputes during the early stages of VAT implementation, in addition to writing off stagnant inventory and granting discounts to permanent customers during 2025AD.
- Neither FIPCO nor any of its subsidiaries issued any shares or debt instruments during 2025AD.
- FIPCO was not notified by any person (other than Board members, senior executives, and their relatives) of any interest or rights in the class of shares with voting rights during 2025AD.
- There are no interests, contractual securities, or subscription rights belonging to Board members or senior executives in the shares or debt instruments of FIPCO or any of its subsidiaries during 2025AD.
- Neither FIPCO nor its subsidiaries have any convertible debt instruments, contractual securities, subscription right warrants, or similar rights issued or granted by FIPCO or its subsidiaries during 2025AD.
- There are no conversion or subscription rights under convertible debt instruments, contractual securities, or subscription right warrants issued or granted by FIPCO or its subsidiaries during 2025AD.
- There has been no redemption, purchase, or cancellation by FIPCO or its subsidiaries of any redeemable debt instruments during 2025AD.
- FIPCO does not have any preferred shares or shares with special priority in voting, whether for shareholders or Board members. All FIPCO shares are ordinary shares of equal par value and equal voting and other rights as per the law.
- The external auditor did not provide any services of a consultancy nature to the company during the fiscal year 2025AD and did not receive any fees in this regard.

- The external auditor’s report does not contain any qualifications or "emphasis of matter" on the annual financial statements for the fiscal year 2025AD
- FIPCO has not received any request from the external auditor to convene a General Assembly during the ended fiscal year, and no such meeting was held.
- No recommendation was issued by the Board of Directors to replace the external auditor before the end of the period for which they were appointed.
- There is no conflict between the Board of Directors' decisions and the Audit Committee's recommendations.
- There are no recommendations from the Audit Committee regarding the appointment, dismissal, fees, or performance evaluation of the external auditor that the Board refused to adopt.
- The Board of Directors has reviewed the reports and recommendations of its sub-committees, and all of them were adopted.
- FIPCO adopts an internal matrix for classifying material information and defining approval levels, responsibilities, and escalation speed prior to disclosure, ensuring disclosure quality, consistency, and adherence to statutory deadlines.
- FIPCO ensures the unification of messages and information disclosed across all official channels, with the Tadawul platform serving as the primary statutory channel, while supporting copies are published on the Company’s website and official social media pages without conflict or time precedence over the statutory disclosure.
- FIPCO does not maintain any off-balance sheet arrangements that could materially affect its financial position.
- There are no legal cases filed by or against FIPCO with a value exceeding 5% of its net assets during 2025AD.
- FIPCO does not hold any treasury shares during the fiscal year 2025AD or any previous years.
- There are no material subsequent events affecting the integrity of FIPCO’s financial position and results of operations that occurred after the year-end and were not clarified, other than what is included in this report.
- Outstanding dividends previously approved for distribution to shareholders by the General Assembly, which remained unclaimed as of December 31, 2025AD, due to outdated data, amounted to SAR 5,148,109.

Twenty-First: Requests for FIPCO Shareholders’ Records During 2025

Reason for Request	Request Date
Updating the shareholders’ register and ownership data for Board members, senior executives, their spouses, and minor children for the purpose of preparing the annual report for the fiscal year 2024AD.	January 02
Corporate Actions	April 17
Corporate Actions	May 04
List of shareholders entitled to vote in the General Assembly meeting	May 08
Corporate Actions	September 01
Corporate Actions	November 27
Updating the shareholders’ register and ownership data for Board members, senior executives, their spouses, and minor children for the purpose of preparing the annual report for the fiscal year 2025AD.	December 31

Twenty-Second: Shareholders' Rights and Communication Mechanisms

Based on FIPCO's commitment to its shareholders' rights, and the Board of Directors' recognition of its responsibilities toward them to achieve communication based on a mutual understanding of FIPCO's strategic goals and interests, the Company has incorporated all shareholder and stakeholder rights into its Articles of Association. These rights are detailed in the Shareholders' Guide, and all such documents can be accessed on FIPCO's website: www.fipco.com.sa.

Furthermore, FIPCO has a dedicated department to follow up on shareholder affairs, performing its duties through continuous communication, responding to inquiries, and addressing any potential issues shareholders may face regarding dividend distribution or other matters. The Investor Relations (IR) department can be reached via email at fir@fipco.com.sa or by calling directly at 011/2652299 – Ext. 770.

In its pursuit to protect the rights of its shareholders and all stakeholders, FIPCO has launched a dedicated email address: secret@fipco.com.sa, announced on its official website, for the purpose of reporting any misleading transactions, suspected fraud, or other irregularities. Such cases are handled directly by FIPCO's Senior Management.



Fipco Company



@fipco



@fipcoksa



fipco.com.sa

Disclaimer



This annual report and all information contained herein have been prepared by FIPCO. The purpose of this information is to provide an introductory overview of the Company's activities and operational details. FIPCO believes that all information provided in the report is correct as of its publication date; however, it is subject to change without prior notice. The Company solely bears responsibility for the content of this report, and no regulatory or supervisory authority has reviewed its content or endorsed its accuracy.

This report contains publicly available financial information related to the Company's business, projects, and assets. Not all such financial information may have been subjected to auditing, review, or verification by an independent accounting firm. The inclusion of such financial information in this report, or any other related report, shall not be construed as a representation or warranty by the Company, any of its subsidiaries, advisors, representatives, or any other person regarding the accuracy or completeness of such information in representing the Company's financial position or the results of its operations or the operations of its subsidiaries and affiliates.

All information related to the industry, market, and competitive position—to the extent available—is derived from official or external sources believed to be reliable, but without any guarantees as to its accuracy or completeness. Additionally, certain information regarding the industry, market, and competitive position is derived from the Company's internal research and assessments based on the management's knowledge and experience in the markets where the Company operates. While the Company believes, for reasonable grounds, that such research and assessments are reasonable and reliable, the methodology followed and the assumptions presented therein have not been verified by any independent source to ascertain their accuracy and completeness, and they are subject to change from time to time. Accordingly, no reliance should be placed on any information related to the industry, market, or competitive position contained herein.

This information may include "Forward-Looking Statements" based on current expectations regarding future events. Such statements may include words preceded or followed by specific terms, including but not limited to: "aims," "believes," "expects," "plans," "intends," "can," "is expected," "estimates," "targets," "projects," "will," "may," "likely," "should," "potentially," and other similar terms or their negative forms. These statements are subject to risks, uncertainties, and assumptions regarding the Company, its subsidiaries, and its investments, including but not limited to: business development, financial position, growth, strategies, prevailing industry trends, and macroeconomic developments in the Kingdom of Saudi Arabia and other countries where the Company operates. The majority of these risks and uncertainties relate to factors beyond the Company's ability to control or accurately assess, such as future market conditions, exchange rate fluctuations, the behavior of other market players, actions by regulatory authorities, and changes in government regulations or policies.

In light of these risks, uncertainties, and assumptions, many of the events mentioned in the forward-looking statements may not occur. Past performance should not be taken as a guarantee of future results, and there is no guarantee that any of the items mentioned in the forward-looking statements will be realized. No party undertakes to perform any update, supplement, amendment, or revision to any of these forward-looking statements.



FPC
Coated Technical Textiles

**BOARD
OF
DIRECTORS
REPORT**

2025



Kingdome of Saudi Arabia
Second Industrial City - Riyadh



 info@fipco.com.sa

 00966112652299

 www.fipco.com.sa