

Board of Directors' Report on the financial results of 2020

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Respected shareholders / shareholders of Al-Omran Industries and Trade Company

Peace be upon you and the mercy of God,

The Board of Directors is pleased to present to the shareholders of Al-Omran Industry and Trade its annual report on the company's business and performance for the fiscal year ending 12/31/2020.

In addition, confirms that the year 2020 AD was difficult and different from the previous years, with its challenges and crises due to the Corona pandemic (COVID 19), and the company was able to overcome this crisis. Al-Omran Industry and Trade is looking forward to moving steadily towards a promising future and goals consistent with the vision of the Kingdom of Saudi Arabia 2030 in an effort to develop and localize industries and strive to achieve its ambitious plans and enhance its competitive capabilities.

Chairman of Board of Directors

Introduction:

Company vision:

Participating in advancing development in the Kingdom of Saudi Arabia, contributing to charitable and social work, raising labor standards in the industrial sector, and including new social and humanitarian concepts.

Providing qualified national cadres at the highest level of the Saudi market, working in accordance with sustainable environmental controls and full awareness of our social responsibility

Company's message:

We seek to be among the major companies that provide industry-leading solutions capable of implementing the largest and most complex projects.

We are working to have our clients' services as our own and an added feature.

The operation and rehabilitation of our national cadre and the advancement of Saudi industry in order to have a decent place in the region

First: The overall performance of Al-Omran Industry and Trade Co. during the year 2020

1- The company's performance during the fiscal year 2020

The company achieved sales of 139 million SAR during the year 2020, an increase from the sales achieved during the year 2019 of 115 million SAR.

The following table shows the results between 2020 and 2019:

(In thousands of SAR)

Statement	2020	2019	Changes + / (-)	Change ratio + / (-)
Sales	139,363	115,216	24,147	21 %
Sales Cost	109,296	94,319	14,977	16%
Gross income	30,067	20,897	9,170	44%
Major business expenses	25,239	17,538	7,701	44%
Revenue from operations	4,828	3,359	1,469	44%
Other operating revenues	3	323	-320	-99%
Other operating expenses	2,543	1,491	1,052	71%
Zakat	1,705	2,109	-404	-19%
Share of non-controlling parties	224	224	0	0%
Net Income	807	306	501	164%

• Differences in operating results

The following table shows the differences in the operating results for the year 2020 compared to 2019: (In thousands of SAR)

Statement	2020	2019	The change between the two years	
			Amount	Percentage
Gross income	30,067	20,897	9,170	44 %
Revenue from operations	4,828	3,359	1,469	44 %
Net Income	807	306	501	164 %

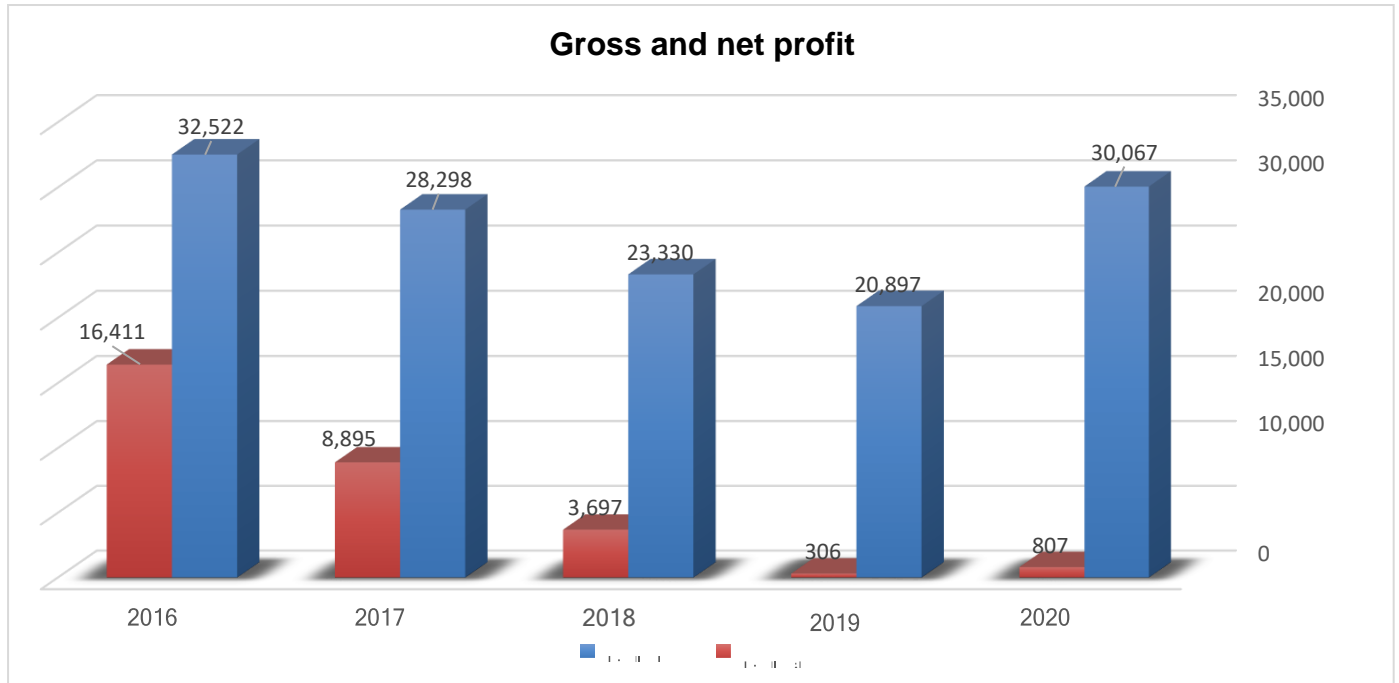
- Increase in total income by 44% from 21 million SAR to 30 million SAR. This is due to the increase in sales by 21% and a decrease in the ratio of cost of sales to sales.
- Increase in income from operations by 44% from 3 million SAR to 5 million SAR. The reason for this is the increase in sales.

- Net income increased by 164% from 306 thousand SAR to 807 thousand SAR due to the increase in sales, the provision for credit losses was increased by 4,335,409 SAR, and allocations for inventory were created in the amount of 1,668,834 SAR, which in turn affected the net income for this year.

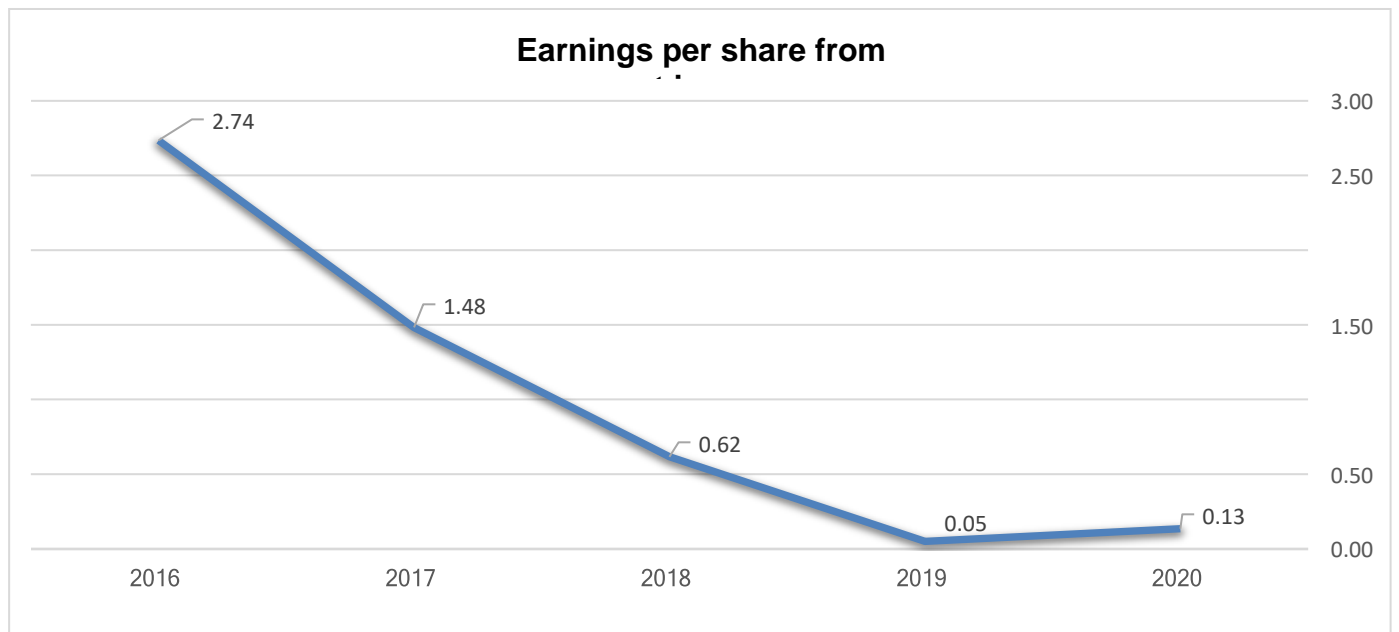
The following table shows the results of the company's business for the last five years (in thousands of SAR)

Statement	2020	2019	2018	2017	2016
Sales	139,363	115,216	116,046	122,253	137,091
Sales Cost	109,296	94,319	92,716	93,955	104,569
gross income	30,067	20,897	23,330	28,298	32,522
Major business expenses	25,239	17,538	16,792	17,191	14,815
Revenue from operations	4,828	3,359	6,538	11,107	17,708
Finance Costs	1,393	1,491	1,220	1,201	664
Provisional liability allowance expenses	1,150	0	0	0	0
Other income	3	323	424	456	911
Net income for the year before zakat	2,288	1,573	5,742	10,362	17,955
Zakat	1,705	2,109	2,147	1,517	1,436
Share of non-controlling parties	224	224	102	50	-108
Net Income	807	306	3,697	8,895	16,411

The following graph shows the total income and net income for the last five years (in thousands of SAR)



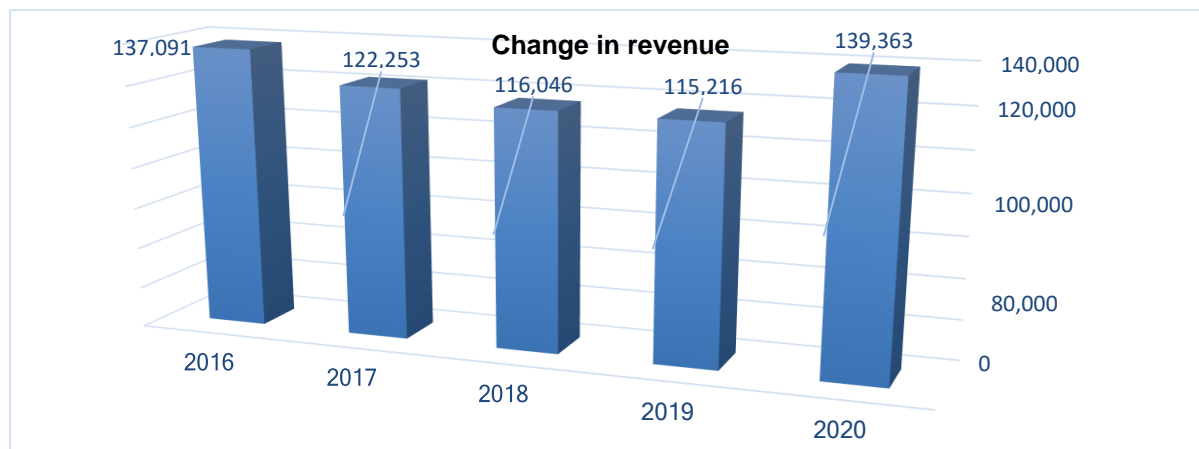
The following graph shows the earnings per share for the last five years (in SAR)



The following table shows the change in revenues for the last five years (in thousands of SAR)

Statement	Revenue	Change from the previous year	The percentage change from the previous year	The state of change from the previous year
2020	139,363	24,147	21%	Increase
2019	115,216	830	-0.72%	Decrease
2018	116,046	6,207	-5%	Decrease
2017	122,253	14,838	-11%	Decrease
2016	137,091	18,280	15%	Increase

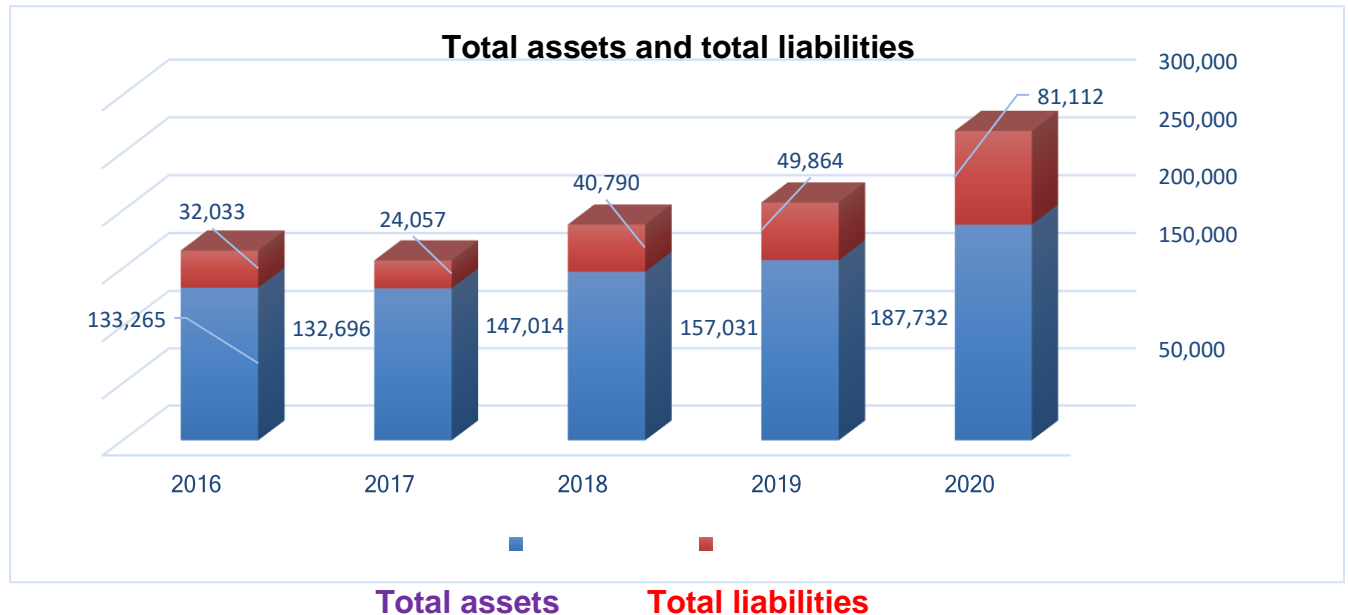
The following graph shows the change in revenues for the last five years (in thousands of SAR)



Summary of the company's financial position during the last five years (in thousands of SAR)

Statement	2020	2019	2018	2017	2016
Current assets	145,992	112,976	105,755	92,035	94,993
Non-current assets	41,740	44,055	41,259	40,661	38,272
Total assets	187,732	157,031	147,014	132,696	133,265
Current liabilities	72,445	43,579	35,952	21,204	27,475
Non-current liabilities	8,667	6,285	4,838	2,853	4,558
Total liabilities	81,112	49,864	40,790	24,057	32,033
Total shareholders' equity	107,029	107,370	106,223	108,438	100,980
Rights of the non-controlling parties	-409	-203	1	201	252
Total liabilities and rights	187,732	157,031	147,014	132,696	133,265

Chart of assets and liabilities (in thousands of SAR)



- **Investments and reserves of the company's employees:**

The company did not make any investments for the benefit of its employees. The following is a table showing the reserves that have been recorded for the benefit of the company's employees as on 12/31/2020:
(In thousands of SAR)

Statement	2020	2019
Provision for end of service indemnity	5,900	3999

The end of service indemnity provision has been amended in accordance with the Labor and Workers Law in the Kingdom of Saudi Arabia, after applying international accounting standards.

- **Total debts of the company:**

- Short-term financing.

The company obtained banking facilities compatible with Islamic law from local banks in the form of documentary credits in tawarruq. The facilities are subject to murabaha rates in line with the prevailing commercial rates and that these facilities are guaranteed by bonds to order.

The following table shows the facilities due from the company by the end of 2020:
(In SAR)

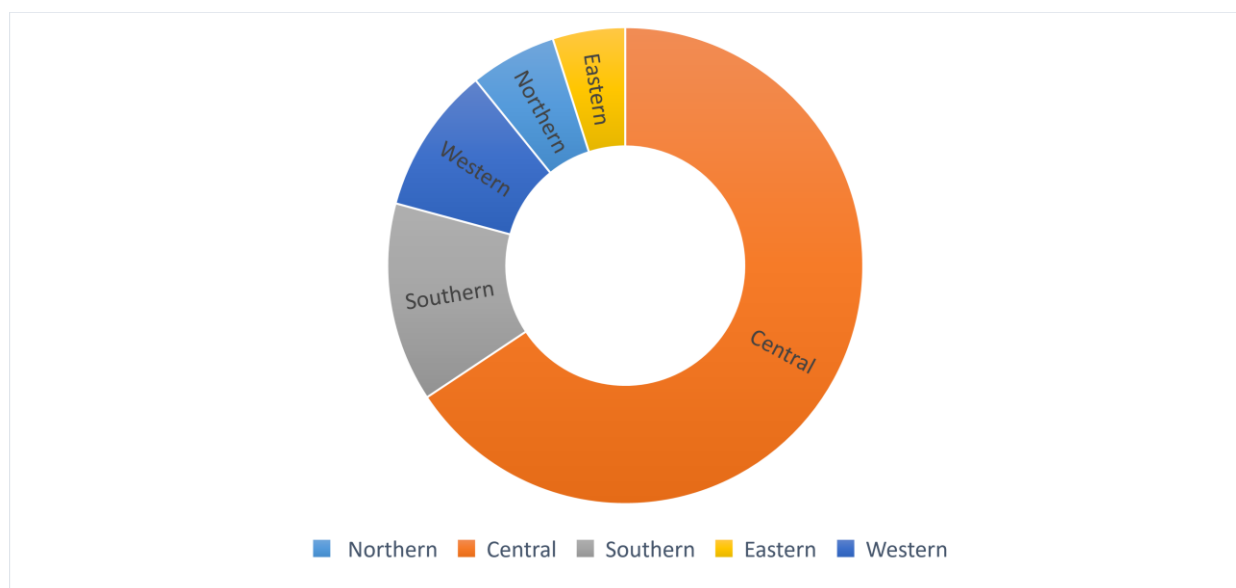
Sr.	Funding Agency	Balance at the beginning of the year	Additional balance during the year	Paid amounts / Payments	The end-of-year balance
1	RIYAD BANK	12,239,438	111,393,783	84,307,678	39,325,543
2	The Saudi Investment Bank	12,667,628	14,998,436	17,913,716	9,752,349
	Total	24,907,066	126,392,219	102,221,394	49,077,891

- **Geographical analysis of the company's total revenue**

The following table shows revenues by geographical location for the year 2020:
(In thousands of SAR)

Sr.	Area	Revenue	Percentage of total
1	The northern area	8,210	6 %
2	Central area	91,540	65 %
3	Southern area	18846	14 %
4	Eastern area	6,877	5 %
5	Western area	13,890	10 %
	Total	139,363	100 %

Geographical analysis of the company's total revenue



2- Company's activities and strategy:

Company activity

The company is engaged in the following:

- Production of household and electronic appliances, metal, plastic, paper and cardboard industries, as well as complementary and complementary works.
- Wholesale and retail trade in household and electronic appliances, plastic, paper and cardboard products, and spare parts.
- Buying lands for constructing buildings on them and investing them by selling or renting for the benefit of the company.
- Management, development and operation of real estate.
- The establishment of public buildings, hospitals, and recipes, and their management and maintenance.
- Import and export in household and electronic appliances, metal, plastic, paper and cardboard industries, spare parts and complementary and complementary works.

Company factories:

The company has many factories through which it produces its industrial products and they can be summarized as follows:

1- Al-Omran Factory for Shelves and Storage Systems:

This factory produces all kinds of shelves for various shops with modern designs and different sizes according to the needs of customers under the registered trademark (Al-Omran) as well as storage systems. The company deals with major companies in storage systems.

2- Air Conditioner Factory:

The factory produces evaporative air conditioners of all sizes and sizes with modern designs and different cards, and these air conditioners are manufactured under the names of registered trademarks (Al Reef-Unix-Max Cool). The factory also produces all types of water coolers in sizes and sizes from 70 liters to 1000 liters, and with different brands. Like Al Reef, UNIX and Max Cole.

3- Zawya Al Reef Factory for Display refrigerator and Freezers:

This factory produces all kinds of display refrigerators used in cooling sweets, cheese, fish, etc., and produces vertical refrigerators with different capacities and sizes (35 feet - 45 feet - 50 feet - 75 feet) in addition to open display refrigerators (for juices, refreshments, canned foods and drinks) In addition, the factory manufactures cold rooms for all purposes under registered trademarks such as Al-Reef, Al-Omran and Unix.

Commercial Section:

The company owns a group of special exhibitions to display and sell its products in addition to its authorized distributors spread throughout the Kingdom, and the company has a huge maintenance team that enables it to perform the after-sales service to the fullest, and the maintenance team reaches the customer wherever it is located and at the right time.

The company is considered one of the leading companies in the Kingdom of Saudi Arabia in the field of air conditioning, refrigeration, household appliances (split air conditioners and windows of all sizes), ovens, washing machines, household refrigerators and screens of all sizes and sizes under the registered trademarks (UNIX AND RANTIK).

The company's strategies regarding the development of its products:

Al-Omran Company is constantly searching for new products with high profitability and increasing demand in the market as it seeks to form a significant benefit from its leadership position in the various market sectors locally and globally.

The risks surrounding the company are low due to the diversity of the sectors in which the company operates and the diversity of customers resulting from the diversity of the products and activities of the company, and the company is always keen to appoint the best cadres with a high level of professionalism. Which will be reflected positively on the development of its financial and competitive performance for the company, and the company is developing carefully drawn plans to expand in all sectors, as it has set plans for all factories to increase production capacity and meet market requirements.

Aspects of strength and competitive advantages

The company relies in its work on developing some competitive advantages that it seeks to use extensively in order to improve its financial position and is in line with the set of objectives and principles set by the administration to enhance the company's activities:

- 1- Distinctive and powerful brands.
- 2- The presence of experienced and efficient workers.
- 3- Provide the required liquidity.
- 4- Wide distribution network.
- 5- The diversity of the company's activities

3- Subsidiary Companies

Below you will find the name of each subsidiary / associate, its capital, percentage of the company's ownership thereof, its main activity, and the main center of its operations and the country of its incorporation:

Company name	Capital	ownership percentage	Main Activity	The main store of the company's operations	State of incorporation
Al-Omran Plastic Industries Company	100 thousand SAR	70 %	Plastic products	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

4- Transactions with a related party:

Transactions with a related party			Balance 2019		Total transactions during the year		Balance 2020	
Interested party	Type of Relationship	Transaction type	Debit	Credit	Debit	Credit	Debit	Credit
Abaad Real Estate Investment Company	Subsidiary	Financial	1,356,079	0	3,788,094	5,887,880	0	743,706

During the year 2020, the company conducted transactions with a related party (Abaad Real Estate Investment Company) in which there was an interest for the following board members: Muhammad Omran Al-Omran, Nasser Muhammad bin Omran, and Abdul Rahman Muhammad bin Omran (and that all transactions and business are in the name of the Abaad Real Estate Investment Company, which are financing transactions during the year 2020 with an amount of 9,675,974 SAR and not in the name of any member of the board of directors concerned. These transactions were carried out on commercial basis and with the approval of the Board of Directors. The above balances are not subject to commission, and there are no specific terms for payment.

5- Risks

The most important operational and financing risks facing the company are as follows:

1- Raw Materials

Raw materials represent a large proportion of the cost components of the company's products. Consequently, the company may be exposed to the risks of fluctuations and fluctuations in the price of key raw materials. In order to reduce these risks, the company shall strive to minimize their effects by closely monitoring and monitoring the fluctuations in the price of iron in domestic and global markets.

2- Currency risk:

They are the risks arising from changing the value of financial instruments because of fluctuations in foreign exchange rates. The company's transactions are mostly in the Saudi riyal and the US dollar, and since the Saudi riyal is effectively linked with the US dollar, the exchange risk is effectively managed.

3- Credit risk

It is the risk of one party failing to fulfill its obligations, which leads to the other party incurring a financial loss.

Cash has been deposited with national and multinational banks with good credit ratings that show credit risk on receivables at principal amount after deducting provision for doubtful debts.

4- Liquidity risk:

It is the risk that the company will encounter difficulties in obtaining the necessary funds to meet the obligations associated with financial instruments.

Liquidity risk may result from an inability to sell financial assets quickly and at an amount close to their fair value.

The company's management monitors the liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any future liabilities.

Regular payments

A statement of the value of the statutory payments due with a brief description of it:

- Zakat: The Company is subject to the regulations of the General Authority of Zakat and Income in the Kingdom of Saudi Arabia.
- Tax: The Company is subject to the value-added tax regulations that have been applied in the Kingdom of Saudi Arabia from the beginning of 2018.
- Social Insurance: The Company is subject to the social insurance system, social insurance fees are recorded according to the accrual basis, and social insurance is paid monthly based on the due for the previous month.
- Labor Office Fee: These are the costs of obtaining a work permit and changing professions.

The following is a list of the most important statutory payments: (In SAR)

Statement	2020	
	Paid	Due
Department of Zakat and Income	1,665,580	3,864,888
Public Institution For Social Security	842,487	77,549
Labor office fees	1,115,390	-
Value Added Tax	7,611,552	571,911

6- Profit distribution policy

Dividend distributions and their amount depend on the net profits realized and the cash flows of the company in line with the distribution policy contained in the company's articles of association in Articles 45 to 47 according to the following:

The annual net profits of the company are distributed as follows:

- 1- (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to stop this deduction when the said reserve reaches 30% of the paid capital.

- 2- The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside (5%) of the net profits to form an agreement reserve to be allocated for a specific purpose or purposes.
- 3- The Ordinary General Assembly may decide to create other reserves, to the extent that it determines the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders, and the aforementioned assembly may also deduct from the net profits amounts for the establishment of social institutions for the company's employees or together with what is existing from these institutions.
- 4- From the remainder after that, a percentage representing (5%) of the paid-up capital of the company shall be distributed to the shareholders.
- 5- Subject to the provisions stipulated in Article (20) of this Law and Article (76) of the Companies Law, after the aforementioned a percentage (10%) of the remainder shall be allocated to the Board of Directors' remuneration, provided that the entitlement of this remuneration shall be in accordance with the regulations issued in this regard.
 - The shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard, the decision specifies the date of distribution, and the eligibility of the profits is for the shareholders registered in the shareholders' records at the end of the day specified for maturity.

7- Rewards and Allowances Policy:

The rewards and allowances policy was approved in the General Assembly meeting on 11/06/2020.

Allowances and bonuses for members of the Board of Directors:

- Each member of the Board of Directors is entitled to an amount of 2000 SAR as an attendance allowance for one session.
- An independent member of the board of directors is entitled to an amount of 40,000 SAR an annual bonus for the one financial year.
- The remaining members of the Board of Directors are entitled to an amount of 10% of the net profits, up to a maximum of 500,000 SAR as a bonus for one fiscal year.

Allowances and remuneration for the members of the Review Committee and the Remuneration and Nominations Committee:

- Each member of the Board of Directors is entitled to an amount of 1500 SAR as an attendance allowance for one session.
- An independent member of the board of directors is entitled to an amount of 15,000 SAR an annual bonus for the one financial year.

1- Corporate governance

The company has set written policies, and to ensure compliance with sound corporate governance rules and practices, the following have been adopted:

Article Paragraph	Article Provisions	Statement
60.b	The remuneration committee work list	The list of remuneration committee was approved in the minutes of the Ordinary General Assembly meeting on 6/11/2020
64.b	Bylaw of the Nominations Committee	The list of the Nominations Committee was approved in the minutes of the Ordinary General Assembly meeting on 6/11/2020
22/3	Policies, standards and procedures for membership in the Board of Directors	Policies, standards and procedures for membership in the Board of Directors were approved in the minutes of the Ordinary General Assembly meeting on 6/11/2020
43	Conflict of interest policy	The conflict of interest policy was approved in the minutes of the Ordinary General Assembly meeting on 6/11/2020
60	Remuneration policy	The remuneration policy was approved in the minutes of the Ordinary General Assembly on 6/11/2020
54.b	Appointing members of the audit committee to be independent and specialized in financial and accounting affairs. They do not occupy positions in the executive management of the company	The Audit Committee has been restructured to consist of three independent members to whom the aforementioned article applies.
73	Adoption of the internal control regulation	It has been approved by the Board of Directors

The company applies all the provisions mentioned in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the provisions below:

Article Paragraph	Article Provisions	Statement
95	The formation of the Corporate Governance Committee	The article is instructive
71	Formation of a risk committee	The article is instructive
83	A policy of professional conduct and ethical values	The article is instructive
85	A plan to motivate employees	The article is instructive
87	A plan for social responsibility	The article is instructive
88	A plan for social work initiatives	The article is instructive

Board of Directors:

The management of the company is undertaken by a board of directors composed of (five members) elected by the ordinary general assembly of shareholders for a period not exceeding three years.

Sr.	Name	Position
1	Mohammed Omran Al-Omran	Chairman of Board of Directors
2	Nasser Mohammed bin Omran	Deputy Chairman of the Board
3	Abdul Rahman Mohammed bin Omran	The Managing Director
4	Abdullah Abdul Aziz Al-Ghadeer	Member
5	Fahd Saad Abdullah Al-Hwaimel	Member

Composition of the Board of Directors and classification of its members:

Sr.	member name	Membership Category		
		Executive	Non-executive	Independent
1	Mohammed Omran Al-Omran		√	
2	Nasser Mohammed bin Omran		√	
3	Abdul Rahman Mohammed bin Omran	√		
4	Abdullah Abdul Aziz Al-Ghadeer			√
5	Fahd Saad Abdullah Al-Hwaimel			√

Experience:

Sr.	Name	Experience:
1	Mohammed Omran Al-Omran	43 years of experience in management, industry and production, in addition to membership in the boards of a number of companies
2	Nasser Mohammed bin Omran	20 years of experience in management, industry and production, in addition to membership in the boards of a number of companies
3	Abdul Rahman Mohammed bin Omran	18 years of experience in management, industry and production, in addition to membership in the boards of a number of companies
4	Abdullah Abdul Aziz Al-Ghadeer	24 years' experience in the financial affairs of Yamama Cement Company
5	Fahd Saad Abdullah Al-Hwaimel	22 years' experience in auditing as well as financial affairs in the Specialty Hospital in Riyadh

The participation of members of the Board of Directors in the membership of the boards of directors of other companies or their management according to the following schedule:

Sr.	Name	Current job	previous job	Qualifications
1	Mohammed Omran Al-Omran	Chairman of the Board of Directors of Al-Omran Industry and Trade Company	Chairman of the Board of Directors of Al-Omran Industry and Trade Company	Completion of the general education stages in the Kingdom
2	Nasser Mohammed bin Omran	Vice Chairman of the Board of Directors of Al-Omran Company for Industry and Commerce	Vice Chairman of the Board of Directors of Al-Omran Company for Industry and Commerce	Completion of the general education stages in the Kingdom
3	Abdul Rahman Mohammed bin Omran	Managing Director and CEO	Managing Director and CEO	Higher diploma in Accounting
4	Abdullah Abdul Aziz Al-Ghadeer	Chairman of the Board of Directors of Al-Omran Industry and Trade Company	Head of accounts at Yamama Cement Company	Bachelor's degree in Accounting, King Saud University
5	Fahd Saad Abdullah Al-Hwaimel	Chairman of the Board of Directors of Al-Omran Industry and Trade Company	Financial Manager at the Specialized Hospital in Riyadh	Bachelor of Accounting from the University of Toronto, Canada

Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current and previous boards of directors or of its managers.

member name	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Joint Stock / Unlisted Joint Stock / Limited Liability Company)	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their directors	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Joint Stock / Unlisted Joint Stock / Limited Liability Company)
Mohammed Omran Al-Omran	Al-Omran Industry and Trade Company	Inside the Kingdom	Listed joint stock company			
	Abaad Real Estate Investment Company	Inside the Kingdom	Unlisted joint stock company			
	Ibtecon Cable Company / Czech Republic	Outside the kingdom	Unlisted joint stock company			
Nasser Mohammed bin Omran	Al-Omran Industry and Trade Company	Inside the Kingdom	Listed joint stock company			
	Abaad Real Estate Investment Company	Inside the Kingdom	Unlisted joint stock company			
	Ibtecon Cable Company / Czech Republic	Outside the kingdom	Unlisted joint stock company			
Abdul Rahman Mohammed bin Omran	Al-Omran Industry and Trade Company	Inside the Kingdom	Listed joint stock company			
	Abaad Real Estate Investment Company	Inside the Kingdom	Unlisted joint stock company			
	Ibtecon Cable Company / Czech Republic	Outside the kingdom	Unlisted joint stock company			
Abdullah Abdul Aziz Al-Ghadeer	Al-Omran Industry and Trade Company	Inside the Kingdom	Listed joint stock company			
Fahd Saad Abdullah Al-Hwaimel	Al-Omran Industry and Trade Company	Inside the Kingdom	Listed joint stock company			

Executive Administration:

Names of the executive management, their current and previous positions, and their qualifications

Sr.	Name	Current job	Previous job	Qualifications
1	Abdul Rahman Mohammed bin Omran	Managing Director and CEO	Managing Director and CEO	Higher diploma in Accounting
2	Omran Mohammed Al-Omran	Deputy Managing Director for Technical Affairs	Administrative Director - Al-Omran Industry and Trade Company	Bachelor of Business Administration
3	Saber Mohamed Hegazy	Financial manager for Al-Omran Industry and Trade	Financial Manager of Falcon Industries Co.	Bachelor of Commerce, Accounting Division, 1979, Tanta University, Arab Republic of Egypt

Duties of the committees, their members and attendance record:

Review Committee:

The names of the members of the audit committee, their current and previous positions, and their qualifications

Sr.	Name	Position	Current job	previous job	Qualifications
1	Fahd Saad Abdullah Al-Hwaimel	Chairman of the Committee	Member of the Board of Directors of Al-Omran Company for Industry and Commerce	Financial Manager at the Specialized Hospital in Riyadh	Bachelor of Accounting from the University of Toronto In Canada
2	Youssef Mohammed Al-Omran	Member	Auditor at KBMG Al-Fawzan & Partners, Accountants and Auditors	Auditor at KBMG Al-Fawzan & Partners, Accountants and Auditors.	Bachelor of Accounting, King Saud University, and Master of Economics, Old Dominion University
3	Sami Muhammad Al-Shiha	Member	Accountant at Al-Seif Contracting Engineers Co., Ltd.	Accountant at the Saudi Authority for Industrial Estates and Technology Zones	Diploma in Accounting - College of Technology.

* The company announced on 06/21/2020 that it had accepted the resignation of Mr. Imran Muhammad Al-Omran from the membership of the Audit Committee to fulfill the requirements of the governance regulation. The Board of Directors also recommended the appointment of Mr. Muhammad Abdullah Al Hoshan as a member of the Audit Committee until the end of the current session of the Board and presented this to the Assembly General for approval.

** The Nominations and Remuneration Committee recommended on 09/02/2020 AD to appoint Professor Sami Muhammad Al-Shiha as a member of the Audit Committee instead of Mr. Muhammad Abdullah Al-Hoshan, who submitted his resignation on 09/02/2020 AD, and who will vacate the position until the end of the current session and will be completed Presenting the appointment to the first meeting of the next General Assembly for approval.

The duties and responsibilities of the audit committee:

- Supervising the internal control department to verify its effectiveness in carrying out the work and tasks set for it by the board of directors.
- Study the internal control system and draw up a written report on its opinion and recommendations regarding it.
- Study the internal audit reports and follow up on the implementation of corrective measures for the observations contained therein.
- Recommendation to the board of directors to appoint chartered accountants - after ensuring their independence - and to separate them and determine their fees.
- Following up on the work of the chartered accountants and approving any work outside the scope of the audit work, they are assigned to while they are performing the audit work.
- Study the audit plan with the chartered accountant and give the committee's comments on it.
- Study the chartered accountant's notes on the financial statements and follow up on what has been done about them.
- Study the interim and annual financial statements before submitting them to the Board of Directors, and express opinions and recommendations regarding them.
- Study the accounting policies used and give opinion and recommendation to the Board of Directors in their regard.

Results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control system.

During the fiscal year 2020, the company appointed the company's internal auditor according to what is planned by the audit committee. The effectiveness of internal control procedures was reviewed by the audit committee and by the Board of Directors to verify their adequacy and efficiency in protecting the company's assets, evaluating business risks and measuring the efficiency of performance. The charter of the internal audit manual by the Board of Directors on 1/5/2020. The committee believes that the company is moving in the right direction to develop its internal audit system and increase its effectiveness.

During the fiscal year ending 12/31/2020, the committee held two meetings before the end of the committee's session on 08/20/2020, as shown in the following table:

Member name	Position	First meeting 06/18/2020	The second meeting 20/08/2020
Abdullah Abdul Aziz Al-Ghadeer	Chairman of the Committee	√	√
Mohammed Abdullah Al Hoshan	Member	√	√
Youssef Mohammed Al-Omran	Member	√	√

The Audit Committee, after appointment for a new session, as of 08/21/2020, held one meeting as shown in the following table:

Member name	Position	The third meeting 11/8/2020
Fahd Saad Abdullah Al-Hwaimel	Chairman of the Committee	√
Youssef Mohammed Al-Omran	Member	√
Sami Muhammad Al-Shiha	Member	√

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee is responsible for reviewing the structure of the Board of Directors and the effectiveness and performance of its members, and submitting recommendations regarding the changes that can be made, identifying weaknesses and strengths, ensuring the independence and the absence of a conflict of interests for the member, and recommending the nomination of the member according to the required needs, and reviewing the remuneration and compensation for the Board committees, the Managing Director and senior management .

The number of meetings of the Nomination and Remuneration Committee during the year 2020 reached one meeting, and the committee consists of:

Member name	Position	First meeting 08/22/2020
Fahd Saad Abdullah Al-Hwaimel	Chairman of the Committee	√
Muhammad Imran Muhammad Al-Omran	Member	√
Nasser Mohammed bin Omran	Member	√

The work regulations of the Nomination and Remuneration Committee, its members and their remuneration were approved on 06/11/2020.

Remuneration and allowances paid to members of the Board of Directors and senior executives:

Remuneration and allowances for members of the Board of Directors and senior executives (in SAR):

Name	Position	Allowance to attend sessions	Bonuses	Grand Total
Mohammed Omran Al-Omran	Chairman of Board of Directors	-	-	-
Nasser Mohammed bin Omran	Deputy Chairman of the Board	-	-	-
Abdul Rahman Mohammed bin Omran	The Managing Director	12,000	-	12,000
Abdullah Abdul Aziz Al- Ghadeer	Member of the Board of Directors	12,000	40,000	52,000
Fahd Saad Abdullah Al- Hwaimel	Member of the Board of Directors	12,000	40,000	52,000
Total		36,000	80,000	116,000

Both Mr. / Chairman of the Board of Directors Muhammad Omran Al-Omran and Mr. / Vice Chairman of the Board of Directors Nasser Muhammad bin Omran waived the remuneration and allowances.

The remuneration was approved according to the remuneration policies of the Board of Directors approved by the General Assembly on 11/06/2020.

Rewards for senior executives (in SAR):

Senior executives who received the rewards and compensation of the Deputy Executive Director and the Financial Director	Salaries	Allowances	End of Service Benefit	Grand Total
Chief Executive Officer	480,000	220,008	40,000	740,008
Vice Executive chairman	420,000	74,544	35,000	529,544
Finance Manager	126,720	31,845	10,560	169,125
Total amounts paid	1,026,720	326,397	85,560	1,438,677

Remuneration for members of the committees (in SAR):

Sr.	Members of the Audit Committee Name	Fixed bonuses	Allowance to attend sessions	Total
1	Abdullah Abdul Aziz Al-Ghadeer	8,750	3,000	11,750
2	Omran Mohammed Al-Omran	8,750	3,000	11,750
3	Youssef Mohammed Al-Omran	15,000	4,500	19,500
4	Fahd Saad Al-Hwaimel	6,250	1,500	7,750
5	Sami Muhammad Al-Shiha	6,250	1,500	7,750
Total		45,000	13,500	58,500

Interests of Board Members and Senior Executives:

During the year 2020, there are some interests in shares belonging to some members of the Board of Directors and senior executives, as follows:

Sr.	Name	The beginning of the entry		end-of-year		Net change	Change ratio
		No. of shares	Debt instruments	No. of shares	Debt instruments		
1	Mohammed Omran Al-Omran	2400000	-	1333942	-	-	44 %
2	Nasser Mohammed bin Omran	240000	-	240000	-	-	0 %
3	Abdul Rahman Mohammed bin Omran	242937	-	242937	-	-	0 %

Board meetings and attendance record for each meeting:

Sr.	Name	Attendance Record - Number of Meetings (Six Meetings)					
		First meeting	Second meeting	Third meeting	Forth meeting	Fifth meeting	Sixth meeting
		05/01/2020	12/03/2020	01/05/2020	21/06/2020	22/08/2020	10/10/2020
1	Mohammed Omran Al-Omran	√	√	√	√	√	√
2	Nasser Mohammed bin Omran	√	√	√	√	√	√
3	Abdul Rahman Mohammed bin Omran	√	√	√	√	√	√
4	Abdullah Abdul Aziz Al-Ghadeer	√	√	√	√	√	√
5	Fahd Saad Abdullah Al-Hwaimel	√	√	√	√	√	√

A statement of the dates of the general assemblies of shareholders held during the year 2020 and the names of the board of directors attending these assemblies:

Sr.	Name	<u>Attendance Book</u> The first ordinary general assembly meeting on 06/11/2020
1	Mohammed Omran Al-Omran	√
2	Nasser Mohammed bin Omran	√
3	Abdul Rahman Mohammed bin Omran	√
4	Abdullah Abdul Aziz Al-Ghadeer	√
5	Fahd Saad Abdullah Al-Hwaimel	√

The company's requests for the record of shareholders:

Company's requests for shareholder register:	Request Date	Reasons for request
1	27/01/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
2	16/02/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
3	24/02/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
4	09/03/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
5	31/03/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
6	28/04/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
7	05/05/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
8	11/06/2020	The General Meeting
9	13/06/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
10	16/06/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
11	17/06/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
12	18/06/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
13	24/06/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
14	29/06/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
15	30/06/2020	Company procedures * to find out the number of shareholders as it is a requirement to move to the main market
16	30/09/2020	Company procedures * Request the external auditor
17	31/12/2020	Company procedures * Request the external auditor

Sanctions and penalties for the company

There are no penalties of material effect, precautionary restrictions, or other penalties imposed on Al Omran Industry and Commerce from a regulatory, supervisory or judicial authority for the fiscal year 2020

Declarations of the Board of Directors and the Company's management:

The Board of Directors and the Company's management confirm and approve the following.

- That the account records were prepared correctly
- The internal control system was prepared on a sound basis and was effectively implemented
- There is no doubt about the company's ability to continue its activity

Conclusion:

In conclusion, the Board of Directors extends sincere thanks and appreciation to our rational government for the support and assistance it provides to the private sector. The Board is also pleased to record thanks to the shareholders of the company for their support and to the company's customers for their confidence in the company and its products, as well as to the employees of the company for their sincere efforts in order to develop, improve performance and achieve the goals of the company.

God grants success,

Board of Directors