



Aseer

Trading, Tourism, Manufacturing
Agriculture, Real Estate and Contracting

Annual Report 2020

Kingdom of Saudi Arabia

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Annual Report of the Board of Directors 2020

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M/s. Shareholders of Aseer

Trading, Tourism, Manufacturing, Agriculture, Real Estate and Contracting

After greetings,

The Board of Directors of Aseer Trading, Tourism, Manufacturing, Agriculture, Real Estate and Contracting, "the Company", is pleased to present the annual Board report for 2020. Such report reviews the Company's general position and financial performance during the fiscal year. Further, the report reviews the Company's future directions, main strategies, and the factors affecting its operations.

Company Overview:

Aseer Trading, Tourism, Manufacturing, Agriculture, Real Estate and Contracting is a Saudi joint-stock company listed on the Stock Exchange in the Kingdom of Saudi Arabia, under No. 4080 within the Investment and Financing Sector.

The Company was established according to Royal Decree No. M/78, dated 7/11/1395 A.H., corresponding to 11/11/1975 A.D. The Company started its business after announcing its incorporation and issuing its commercial register under No. 5850000276 dated 15/01/1397 A.H., corresponding to 05/01/1977 A.D. The Company's headquarters is located in Abha, and the Company conducts its operations in its office in Riyadh. Since its incorporation, the Company has gone through various stages of development; the nature of its business transformed from a company that practises multiple operations and activities to an investment holding company with a capital of SAR 1,263,888,890, and 126,388,889 issued shares with a nominal value of SAR 10 per share, fully paid at the end of 2020. There was no change compared to 2019.

Company's Fiscal Year:

According to the Company's Articles of Association, the fiscal year starts on the first of January and ends at the end of December of each year according to the Gregorian calendar.

Company' Auditor:

The Company's accounts were audited by Dr. Mohamed Al-Amri & Co. (BDO) based on the resolution of the forty-ninth Ordinary General Assembly, held on 13/05/2020 A.D., to appoint them as an auditor for the Company, in order to examine, review and audit the financial statements for the second, third and final quarters of the fiscal year 2020 and the first quarter of the fiscal year 2021.

Internal Audit:

Baker Tilly MKM & Co. undertook the duties and works of internal audit and evaluated the Company's internal control system during the fiscal year 2020.

Zakat Advisor:

The Company's Zakat advisory work is undertaken by PricewaterhouseCoopers.

General Position of the Company During the Fiscal Year 2020:

During the fiscal year 2020, the Company approved its general strategy after carrying out a comprehensive review of all aspects of its business model that constitute its business as an investment holding company. This is intended to focus on maximizing the shareholders' and stakeholders' interests by establishing flexible channels that enable it to adapt to the changes in the business environment; to increase the performance efficiency; explore growth opportunities; and enhance its competitiveness to enable it to promptly face challenges, in particular the fact the dynamics of economic and social variables begun to accelerate and in turn need clear plans and procedures to deal with them using skills that differ from traditional capabilities.

Accordingly, the Company, since late 2019 and during this year, reviewed and updated its various policies and procedures, including its financial and operational operations, to enable it to develop and improve its operational tools to efficiently achieve its strategic goals and to reflect this on its financial and operational performance.

Company's Performance During 2020:

The Company, its subsidiaries and investments experienced a difficult phase during 2020, wherein the Company faced multiple challenges due to the unexpected circumstances and developments of (COVID-19) pandemic, as well as a number of other economic and social factors that had an impact on the performance of the Company as a whole.

The losses incurred by the Company during the year amounted to SAR 49 million compared to losses amounting to SAR 23 million in the previous year, due to the decrease in total profit by 12.5% from SAR 514 million in the previous year to SAR 450 million during this year, due to the fact that the consolidated net sales sharply decreased in amount of SAR 314 million. During 2020, the net sales amounted to SAR 1570 million compared to SAR 1884 million in the previous year, which is a decrease by 17%, that affected the total sales profit, with a decrease of SAR 64 million. This was because the subsidiary, Al Rabie Saudi Food Co., that mainly operates in the juice sector, was affected by a decrease in its performance due to several factors, especially the high local taxes and the impact of precautionary measures taken against the (COVID-19) pandemic during the year.

It is worth noting that the Company, in its previous few years, was suffering from the reflection of losses arising from the poor performance of the sister company, Al Essa Industries; however, the efforts made to improve the performance of this company were successful during 2020, as the company moved to profitability and began to improve its conditions and performance. Further, during 2020, the subsidiary company, Halwani Bros, achieved more impressive results, after its success due to changes in its business model.

During 2020, the Company modified its investment position in one of the investment funds wherein it invests, including equity instruments and debt instruments, and reflected its fair value through the consolidated income statement for 2019 and 2020, instead of the comprehensive income statement, in order to be in line with international standards.

The Company is working on reviewing the structure of the investment portfolio by evaluating and distributing its investments in strategic sectors in order to raise the efficiency of the performance of its investment assets through its strategic directions so as to increase the returns of some investments; selling some low-return and non-viable investments; exiting from some investments that do not fall within the specific strategic sectors or high-risk investments; and achieving cash flows to enable the Company to make new feasible investments with the aim of generating better returns from its investments and enhancing growth opportunities. This is expected to have a positive impact on the book value of the share and the performance of its market value; accordingly, the Company's market value will increase.

The Company believes that its growth and development will positively reflect on maximizing the interests of shareholders and other stakeholders, including workers, creditors, customers and suppliers, and enabling it to play an effective role towards society as a whole.

In accordance with the business strategy included in this report, the Company is looking forward to achieving better outcomes in the coming years to enhance its position and financial position in order to achieve continuous growth rates.

Company's Vision, Mission and Business Strategy:

Given the ever-dynamic and stimulating nature of the business environment, organisations need to review their strategy periodically in order to maintain their competitiveness, increase performance efficiency, and explore new opportunities for growth and profitability. Therefore, Aseer Company conducted a comprehensive review of its business and strategy during the first quarter of 2020. Accordingly, the Company developed an updated strategic plan that deals with the existing challenges and takes advantage of the available opportunities.

Strategic Direction:

The Company is a holding investment company with a long-term sustainable perspective. It is an active owner involved in managing its investments through strategic support and financial oversight

Role/Value Added:

The Company believes that it is important that the companies in which it invests are highly autonomous in managing their operations as independent corporations led by professional management. Therefore, the Company strategically plays its role by activating corporate governance and applying best practices of governance. Further, the Company is keen on launching distinct and carefully studied investment opportunities and efficiently implementing them in order to steadily grow the investment portfolio; and thus makes these valuable investments accessible to individuals and institutions.

The Company also understands the shareholders' needs for growing their equity and achieving regular and balanced-risk returns. Therefore, the Company seeks to be a safe option for prosperous shares that retain value in the face of economic crises, taking into account its mission aimed at developing the society and achieving its prosperity through responsible investment, social development and legal compliance, while facilitating participation in the ownership of these investment opportunities via quality partnerships and the stock market.

Thus, we reformulated our mission, vision and values to reflect this direction of the Company since it was incorporated.

Mission:

"For the prosperity of societies, we nourish and ease access to sustainable investments."

Vision:

"THE pioneers in unleashing and leading valuable investment opportunities."

Values:

- Proactive: We lead forward-looking initiatives and empower ourselves to take matters into our hands.
- Reliable: We are responsible for achieving the interests of stakeholders and hold ourselves accountable to utmost quality.
- Integrity: We comply with no compromise, taking governance and transparency to the heart.
- Dynamic: We are the innovation catalyst, passionately learn from experiences, and continually evolve to reshape the future.
- Endurance: We are ambitious to grow and determined to endure the test of time, turning hardship into success.

Perspectives of Balanced Performance:

To achieve a balanced performance, the Company applies its strategy through four perspectives, as follows:

- Maximising value of shareholders equity by achieving sustainable profitable growth while controlling the operating cost.
- Building a distinguished brand that enhances investor confidence in its sustainable returns and positive impact on society and establishing a balanced investment portfolio that is constantly evolving and leading the investment market.
- Granting independence to the investees to efficiently manage their operations while applying the best practices of governance and risk management and encouraging them to engage in strategic cooperation. Creating an organised work environment that is committed to procedures, regulations and policies, characterised by transparency and flexibility, and technically well-supported to achieve efficiency and effectiveness.
- Attracting talent to establish a professional, empowered and dynamic team, upholding the Company's identity, within an attractive work environment and a value-based corporate culture.

Strategic Initiatives:

The Company is working on achieving a number of strategic initiatives, wherein it adopts a rigorous project management system to accomplish the strategy and periodically measure the performance. The most important initiatives are:

- Searching for promising investment opportunities and studying them carefully.
- Working with subsidiaries and sister companies to develop their strategies and operations.
- Exiting from investments that are out of purpose or not feasible.
- Applying best practices in governance, compliance and risk management.
- Updating and developing all operational policies and procedures.
- Improving recruitment, training and performance management systems.
- Creating a value-based institutionalised work environment.

Business Strategy:

The Company works to achieve its mission through a strategy to diversify its investments in sectors and industries characterised by growth and broad investment prospects that the Company considers to be the drivers of economic growth in the Kingdom of Saudi Arabia. Such sectors are as follows:

- Preserved Food Industry Sector.
- Real Estate Development Sector.
- Building and Construction Materials Industry Sector.
- Electrical and Electronic Home Appliances Industry Sector.
- Specialised Services and Retail Sector.

The Company works to evaluate its investments existing in such sectors; conducts a comprehensive review of the dynamism of the local and regional economic environment with the aim of finding and taking advantage of possible opportunities in the specified strategic sectors and their new investment opportunities; and distributes its investment portfolio in a way that achieves growth in its returns to be in line with maximising the Company's value and the interests of shareholders.

This strategy aims to achieve a balanced mix of risks that leads to an increase in investment returns for the Company's shareholders, as the Company enjoys competitive advantages that enable it to enhance its business and face the potential risks. The most important advantages are:

- The diversification of its investments in economically promising strategic sectors.
- The ability to develop and improve the performance of its investments.
- The ability to recycle its investments and take new viable investment opportunities

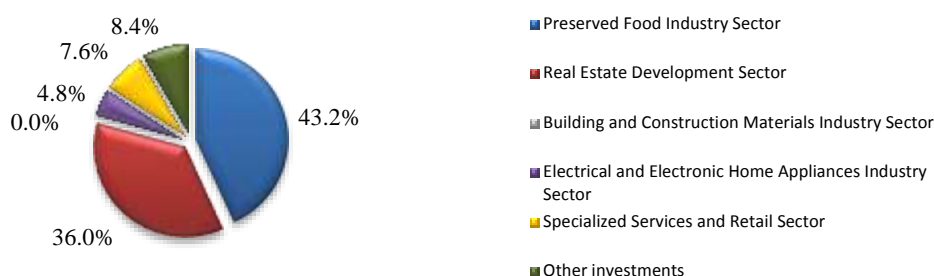
This strategy, the competitive advantages, and the considerable experiences of the Company's Board of Directors and Executive Management enhance the Company's opportunities and future capabilities to achieve a qualitative and quantitative leap in the performance and growth of its revenues and cash flows through the performance of subsidiaries and sister companies; other investment revenues resulting from their returns generated from dividends and capital profits achieved from selling any of its available-for-sale investments; and the periodic evaluation of the fair values of its current and non-current available-for-sale investments and investment funds.

Company's Main Operations and Business Sectors:

Company's Main Operations:

The Company's operations are focused on managing a diversified investment portfolio in the strategic sectors identified in the business strategy by raising the efficiency of the performance of existing investments, developing the value of the investment portfolio and enhancing its growth opportunities, and recycling some investments by selling them to achieve capital profits reflecting in its business outcomes and to achieve cash flows that enhance the Company's position and opportunities to realise viable alternative investments. For this purpose, the Company may resort to borrowing to finance equity and foster its capital structure whenever viable investment opportunities are needed.

The figure below shows the relative distribution of investments as they exist in the strategic sectors at the end of the fiscal year 2020, in addition to other investments outside the main sectors.

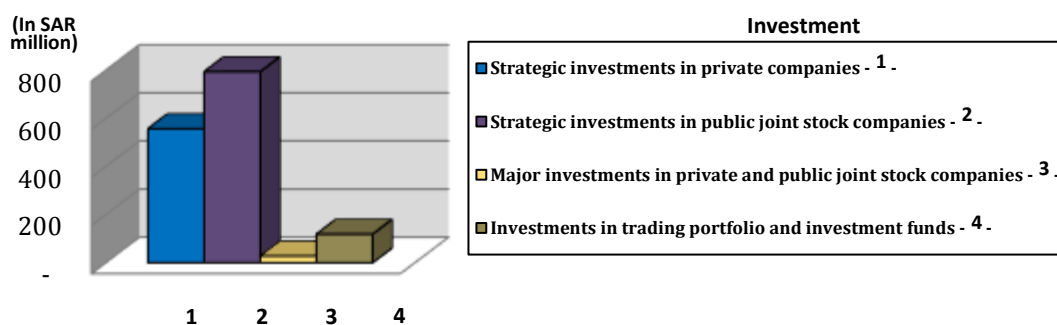


(The value of the investment portfolio is SAR 1498 million)

The company classifies the ownership of its investments in strategic sectors into four main investment categories, according to the nature and type of each investment, as follows:

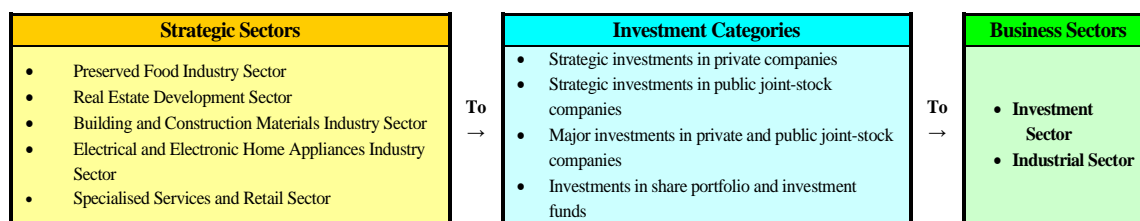
- 1- Strategic investments in private companies.
- 2- Strategic investments in public joint-stock companies.
- 3- Major investments in private and public joint-stock companies.
- 4- Investments in traded share portfolio and investment funds.

The figure below shows the distribution of investments according to the classification of investment categories at the end of the fiscal year 2020:



Business Sectors:

In implementation of the business strategy, the Company practised its activities during 2020 through two main business sectors, namely the investment and industrial sectors.

**Investment Sector:**

The Company practises its activity in the investment sector through a group of special purpose companies wholly owned thereby; its direct investments in private and public joint-stock companies whose activities are concentrated in the strategic sectors of the Company and in which the Company owns less than 50% of the capital; and its investments in diversified securities of traded shares of companies listed on the Saudi Stock Exchange and investment funds, with the exception of the Company's industrial investments in private and public joint-stock companies - that fall under the industrial sector - controlled thereby and with which the Company consolidates its financial statements.

Industrial Sector:

The Company practises its activity in the industrial sector through its investments in a group of private and public joint-stock companies owned thereby at 50% or more, and whose financial statements are consolidated with the Company's financial statements in accordance with international standards approved in the Kingdom of Saudi Arabia. The Company's activity in such sector is concentrated in the fields of the preserved food industry, and the textile and readymade garments industry.

The table below shows the distribution of the Company's activities among the business sectors that constitute the main operations of the Company, and the impact of each sector on the volume of the Company's business and its contribution to the outcomes during the fiscal year 2020, as compared to 2019:

Year	Description (in SAR million)	Investment Sector	Industrial Sector	Total
2020	Total assets	1125	1843	2968
	Total liabilities and non-controlling equity	372	1215	1587
	Net sales and investment revenues	(1)	1570	1569
	Gross profit	(1)	451	450
	Depreciations	1	108	109
	Property, machinery, equipment and projects in progress	4	942	946
	Capital expenditures	2	41	43
2019	Total assets	1148	1957	3105
	Total liabilities and non-controlling equity	396	1307	1704
	Net sales and investment revenues	(33)	1884	1851
	Gross profit	(33)	547	514
	Depreciations	0	98	98
	Property, machinery, equipment and projects in progress	2	996	999
	Capital expenditures	8	107	115

The Company's assets and the main markets of the activities conducted by the Company and its subsidiaries are concentrated in the Kingdom of Saudi Arabia, with the exception of the activity of Halwani Bros Egypt, whose activity is concentrated in the Arab Republic of Egypt, which is a subsidiary of Halwani Bros, a subsidiary of the Aseer Al Arabia for Industrial Investment Company Ltd., which is wholly owned by the Company.

Geographical Analysis of Total Consolidated Revenues:

The Company's total consolidated revenues consist of the total sales revenues in the industrial sector and the investment sector revenues that constitute the Company's main operations.

During the year, the total sales revenues amounted to SAR 1570 million, compared to SAR 1884 million in the previous year, which is a 17% decrease. During the year, the Company achieved losses in the investment sector amounting to SAR one million, compared to SAR 33 million in the previous year.

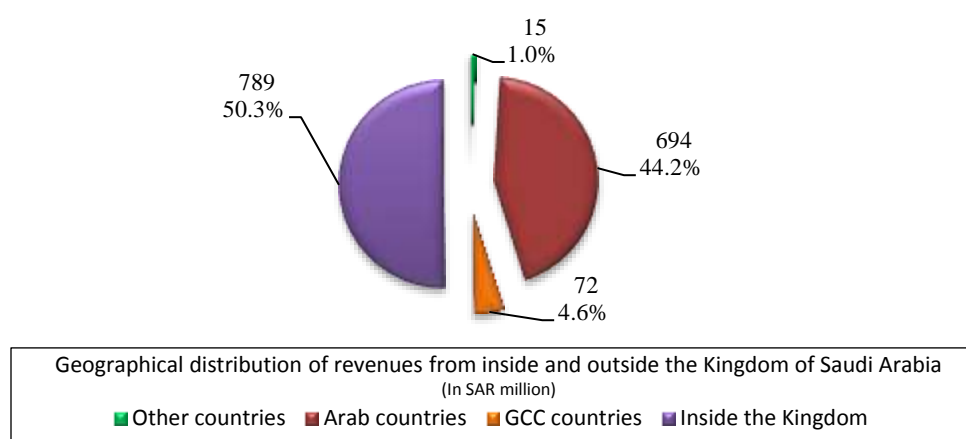
Regarding the geographical distribution of total sales revenues during the current year 2020, the revenues generated inside the Kingdom amounted to SAR 789 million, which constitutes 50.2% of the total sales revenues, and revenues generated outside the Kingdom amounted to SAR 781 million, which constitutes 49.8% of the total revenues.

Revenues generated outside the Kingdom are represented by revenues generated by Halwani Bros (Egypt) affiliated to Halwani Bros, and revenues generated from export operations conducted by subsidiaries, in the industrial sector, to GCC countries, Arab countries and a group of other countries.

The table below shows the geographical distribution of the Company's revenues from inside and outside the Kingdom:

Year	Geographical Analysis of Total Consolidated Revenues (in SAR million)				
	Total revenues	Inside the Kingdom	GCC countries	Arab countries	Other countries
2020	1570	789	72	694	15

The figure below shows the geographical distribution of the Company's revenues from inside and outside the Kingdom:

**Future Plans, Decisions and Directions:****• Important Decisions During 2020:****1. The Board of Directors decided to voluntarily liquidate three subsidiaries (100% owned):**

On 30/09/2020, the Board of Directors decided to voluntarily liquidate three subsidiaries wholly owned by the Company and previously incorporated for the purposes of its investments, as follows:

1. Al Ostool Al Arabia for Real Estate Development Company Ltd. (one-person limited liability company) is 100% owned, with a paid-up capital of SAR 500 thousand.
2. Al Nossarah International for Real Estate Development Company Ltd. (one-person limited liability company) is 100% owned, with a paid-up capital of SAR 500 thousand.
3. Regional Tilal Investment Company (one-person limited liability company) is 100% owned, with a paid-up capital of SAR 500 thousand.

Such voluntary liquidation occurred due to the restructuring of the ownership of one of the Company's investments, as the investment registered in Al Ostool Al Arabia for Real Estate Development Company Ltd. and Al Nossarah International for Real Estate Development Company Ltd. was transferred to the

parent company, Aseer Company and such two companies were no longer needed. Regional Tilal Investment Company was liquidated because it did not carry out any activity and was no longer needed. There is no financial impact resulting from the voluntary liquidation for these companies.

2. **The land owned by the Company in the north of Riyadh:**

In addition to the announcement made during 2019 regarding the land owned by the Company in the north of Riyadh, the Company announced, on November 9, 2020, the latest updates regarding the lawsuit filed against the seller of north Riyadh land, demanding such seller to return an amount of SAR 202 million to the Company as a result of revoking the instrument. Further, the Company indicated that a first instance judgment was issued in its favour on 08/11/2020, as follows:

Firstly: Rescinding the sale contract, and appendices thereof, concluded between Aseer Trading, Tourism, Manufacturing, Agriculture, Real Estate and Contracting (the plaintiff) and the defendant (the land seller), dated 01/12/1429 A.H.

Secondly: Obliging the defendant (the land seller) to pay an amount of SAR 202 million to the plaintiff (Aseer Trading, Tourism, Manufacturing, Agriculture, Real Estate and Contracting).

The period of objection to the judgment issued by way of appeal shall be thirty days starting from the date the judgment wording is made (22-03-1442 A.H.) and if the defendant does not submit an objection during the aforementioned period, the defendant's right to appeal shall be forfeited and the judgment shall be final based on the Law of Procedure before Sharia Courts.

On December 27, 2020, the Company also announced that its lawyer informed that the judgment issued in favour of the Company became final and binding because the period specified for objection was passed and thus such judgment became enforceable, and that the Company will take the necessary measures in this regard. In such announcement, the Company indicated that there is no financial impact at the present time due to the fact that such judgment was issued in its favour, and that the Company will announce any substantial updates in this regard in a timely manner.

• **Strategic Plans and Directions:**

The Company's investments are concentrated in the main strategic sectors in addition to some other diversified investments, and are divided into strategic and main investments through private and public joint-stock companies, in addition to investments made in investment portfolios and funds. The Company intends to implement its strategic directions and future investment plans as follows:

▪ **Strategic investments in private companies:**

These investments are made in limited liability and closed joint-stock companies that carry on their business in the Company's strategic sectors. The Company expects to achieve returns from the profits and dividends of such investments, and realise capital profits upon offering part of its share in such investments to public subscription whenever possible. Moreover, the Company may resort to selling some investments whenever there are feasible opportunities to do so, and to recycling the cash flows resulting from such selling in financing other investments to strengthen the equity and achieve growth in its business outcomes.

▪ **Strategic investments in public joint-stock companies:**

These investments are made in public joint-stock companies that operate in the Company's strategic sectors, and the Company expects to achieve continuous returns from such investments. Whenever there are feasible opportunities that achieve the interests of the Company and its shareholders, the Company may consider selling any or part of these investments to achieve capital gains and corresponding cash flows to finance other feasible new investments that are in line with the Company's strategy and achieve a positive reflection on the growth of the Company's business outcomes and financial position.

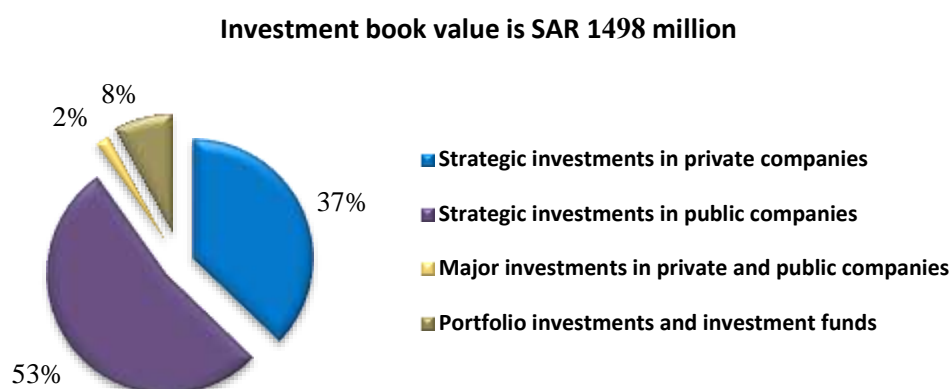
▪ **Major investments in private and public joint-stock companies:**

These investments are made in companies that carry out their activities in various sectors and seek to grow their business by expanding into new markets or by working on expansion through mergers or acquisitions, in the event that such opportunities are available, to increase its share and market value. The Company may resort to selling any of its investments in this category whenever appropriate, or after developing such investments, raising their fair value if possible, and providing cash flows that contribute to enhancing equity and dividends for shareholders or financing new investment opportunities.

▪ **Investments in investment portfolios and funds:**

These investments consist of investments made in investment funds and the trading portfolio of shares traded on the Saudi Stock Exchange, and are of a special nature. Such investments are managed by specialised, licensed and independent bodies. The Company expects to generate returns from dividends of such investments, and to achieve capital gains whenever it sees that it is feasible to exit from such investments by selling all or part thereof to achieve cash flows to finance the development of existing investments or to take new investment opportunities or cash dividends for shareholders.

The figure below shows the relative distribution of the Company's investments according to investment categories:



▪ **Human resource development plans:**

The Company believes that the implementation of its strategy and business plans depends on the efficiency and adequacy of human resources that play a vital role in developing its business and raising the performance of its investments. The Company works within the strategy of continuous development of its operations to raise the leadership, administrative and technical skills and capabilities of its employees at all functional levels of the Company and those of its subsidiaries, by working on plans and programmes for internal and external training as well as on-the-job training plans, which is a main priority, and attracting specialised competencies according to the Company's future needs. The plans for the gradual replacement of Saudi cadres are of particular importance, as such plans and programmes resulted in maintaining good levels of Saudi cadres. The Company achieved a high percentage of the Saudization of its jobs. In addition, the Company is aware of the importance of having incentive plans and programmes such as savings and investments programmes for the benefit of its employees, and share ownership programmes for workers, as part of its future development directions.

▪ **Continuous development plans and programmes:**

The Company works in its direction to implement its strategies and plans to achieve its principal mission as an investment holding company, and it works on the continuous development and improvement of its operations to be in line with the nature of the Company's business and development, in cooperation with specialized consultants for the continuous development of its organizational and functional structure,

bylaws and regulations; for updating information technology programmes for administrative and financial systems and internal control systems; and for conducting evaluating reviews of the Company's investment performance in strategic sectors. This is expected to have a positive impact on the Company's overall performance and future outcomes.

▪ **Impact of future investment plans and directions on business outcomes:**

The Company sees that implementing its strategic plans and future directions; developing the performance of its existing investments or expansion plans in such investments; conducting any acquisitions of new and feasible investments; merging some of the companies in which it invests; or working to restructure and develop some investments or exclude other poor-performing investments will play a role in developing its sources of revenues through the expected profits of its subsidiaries, dividends and capital gains from its investments, and providing the necessary cash flows. Further, the plans and programmes for continuous development and human resource development will enable the Company to achieve growth in its business outcomes and enhance its financial position, which will have a positive reflection and impact on its shareholders, other stakeholders and society as a whole.

Factors of Risks Facing the Company and Potential Risks:

The Company and its subsidiaries, as is the case for any economic entity, face a set of risks, including operational and financial risks related to the Company's operations, risks related to the market and sectors in which the Company invests, as well as the effects of the macroeconomic factors affecting the growth rates of the strategic sectors within which the Company invests, risks of the decreased fair value of the Company's investments or the decreased value of the intangible assets specified in the goodwill value of some companies in which the Company invests, and other risks that may not be known to the Company, which may result from the repercussions of financial and economic crises, fluctuations of political and social factors, and changes in legislation, laws and regulations in force. The main risks are concentrated in the following:

- The risks of affecting the revenues of the industrial sector, especially the Preserved Food Industry Sector, as a result of competition from companies operating in the same activity, or as a result of the availability level of raw materials or their high prices, and the risks of foreign exchange rates against the Saudi Riyal.
- The risks of liquidity, which are represented by the Company's inability to meet its obligations related to financial liabilities when they are due; the risks of not meeting the terms of credit facilities agreements; and the risks of inability to secure adequate or additional financing through credit facilities in a timely manner and according to acceptable terms to meet any capital obligations, or guarantees and potential commitments.
- The risks of commission rates, which are represented by the risk of fluctuation in the value of financial instruments due to commission fluctuations and the possibility that future profitability or fair value of financial instruments will affect the Company's assets and liabilities, including short-term deposits and the finance of long-term Murabaha (cost-plus financing).
- Capital risk management, whereby the Company manages its capital to ensure its viability, and determines its capital structure and its ability to obtain funds to meet any obligations as they arise or to take new investment opportunities.
- Risks related to unforeseen disruption of financial, administrative and operational technical systems.
- The risks of fluctuations in the private and public equity pricing markets and their impact on the Company's outcomes, financial position, and ability to generate cash flows.
- The credit risks of customers, their inability to fulfil their obligations to the Company and its subsidiaries, and the negative impact on cash flows.
- Risks related to political and economic conditions and the growth rates of strategic sectors that may affect the performance of the Company's investments.
- The risks of legislation, laws and regulations related to the Company's operations, activities and obligations.

To face, manage and control such risks, the Company works on avoiding high risks if possible, reducing their impact, or transferring them to other parties such as insurance companies by taking a number of measures and precautions necessary in order to be able to conduct its operations as usual; continuously monitoring the risks affecting the Company's operations and needs for cash liquidity and the procedures for amending its capital structure to enhance its ability to obtain funds to meet its emerging and future obligations; developing bylaws and regulations; strengthening internal control systems; following a balanced-risk policy by diversifying the investments and sectors in which the Company operates; periodically evaluating the Company's investments in private and public equity and related risks; taking necessary procedures for facing such risks; applying a methodology for taking new investment opportunities; recycling some of the Company's investments by selling them; and employing the returns of such selling in better investment opportunities whenever possible. Further, the Company avoids risks by developing and improving the outcomes of its investment operations according to the type and nature of the investment and sector in order to develop its returns through increasing the fair value of investments, enhancing equity, and working to increase their productive efficiency to raise the level of profitability and cash flows, fulfil their liabilities and dividends for their shareholders, and achieve an increase in their investment returns.

Company's Consolidated Financial Position:

Assets:

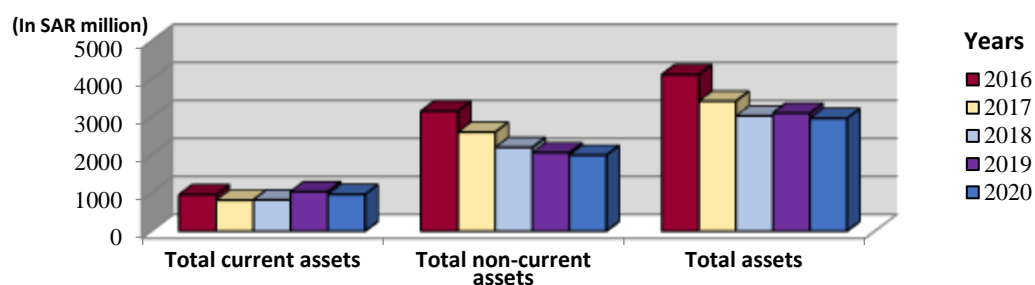
At the end of the year, the total assets decreased by 4.4% compared to the previous year, reaching SAR 2968 million, compared to SAR 3105 million in the previous year, mainly due to an decrease in the Trade receivables; Inventory, Advance payments, debit balances and related parties ,the property, machinery, equipment and projects in progress item, and the right-of-use assets item.

The table below shows a summary of the assets' items for five fiscal years:

Items of assets in the financial position:

Description (in SAR million)	2020	2019	2018	2017	2016
Current assets					
Cash and cash equivalents items	178	134	92	111	201
Investments held for the purpose of trading	-	-	-	14	45
Trade receivables, net	183	255	269	285	247
Inventory, net	367	382	379	334	388
Advance payments, debit balances and related parties	240	270	86	66	82
Assets held for sale	-	-	-	5	-
Total current assets	968	1041	826	815	963
Non-current assets					
Investments and financial assets	841	841	873	1279	1766
Real estate investments	7	7	188	188	227
Property, machinery, equipment and projects in progress	946	999	967	954	972
Intangible assets	158	161	163	162	157
Other long-term assets	-	-	13	25	36
Right-of-use assets	48	56	-	-	-
Total non-current assets	2000	2064	2204	2608	3158
Total Assets	2968	3105	3030	3423	4121

The figure below shows a comparison between current and non-current assets and total assets for five fiscal years:



Liabilities:

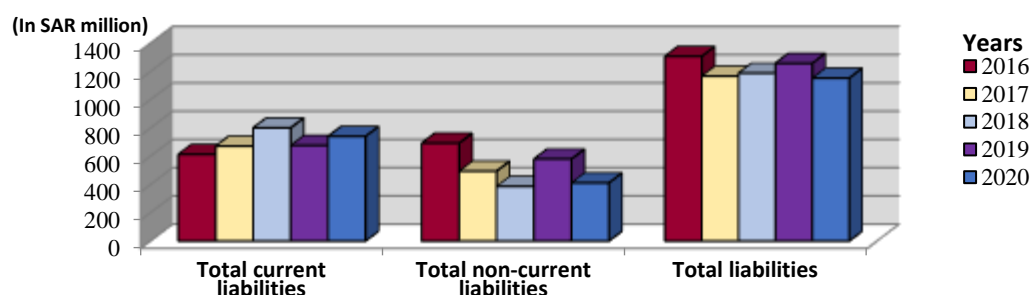
At the end of the year, the total liabilities decreased by 8.3% compared to the previous year, reaching SAR 1153 million, compared to SAR 1258 million in the previous year. This is due to the decrease in Financing long-term Murabaha and loans and obligations under lease.

The table below shows a summary of the liabilities items for five fiscal years:

Items of liabilities in the financial position:

Description (in SAR million)	2020	2019	2018	2017	2016
Current liabilities					
Short-term Murabaha financing and current instalments	343	329	492	410	371
Accounts payable, accruals and other liabilities	306	264	267	217	212
Dividends payable	14	14	15	15	15
Obligations under lease contracts of current portion of liabilities	13	13	-	-	-
Provision for zakat and tax	65	57	25	25	15
Receivables of financing lease contracts - current portion of liabilities	-	-	2	2	1
Liabilities related to assets held for sale	-	-	-	3	-
Total current liabilities	741	677	801	672	614
Non-current liabilities					
Financing long-term Murabaha and loans	260	423	271	378	568
Receivables of financing lease contracts	0	-	1	3	5
Deferred tax	-	1	2	2	2
Provision for end-of-severance gratuity	120	119	113	112	118
Obligations under lease contracts of current portion of liabilities	32	38	-	-	-
Total non-current liabilities	412	581	387	495	693
Total liabilities	1153	1258	1188	1167	1307

The figure below shows a comparison between current and non-current liabilities and total liabilities for five fiscal years:



Shareholders' Equity in the Company:

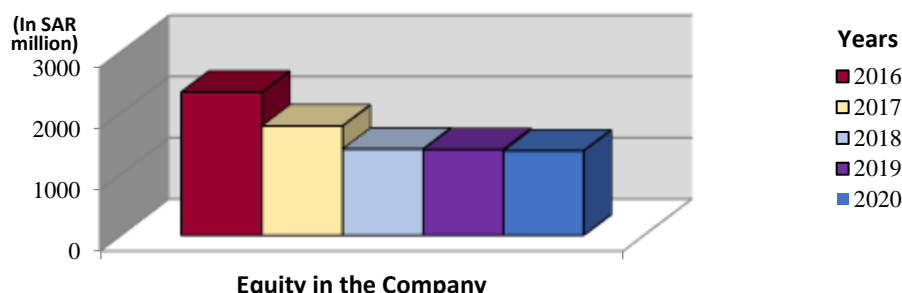
At the end of the year, the shareholders' equity decreased by 1.7% compared to the previous year, reaching SAR 1381 million, compared to SAR 1402 million in the previous year.

The table below shows a summary of equity and shareholders' equity for five fiscal years:

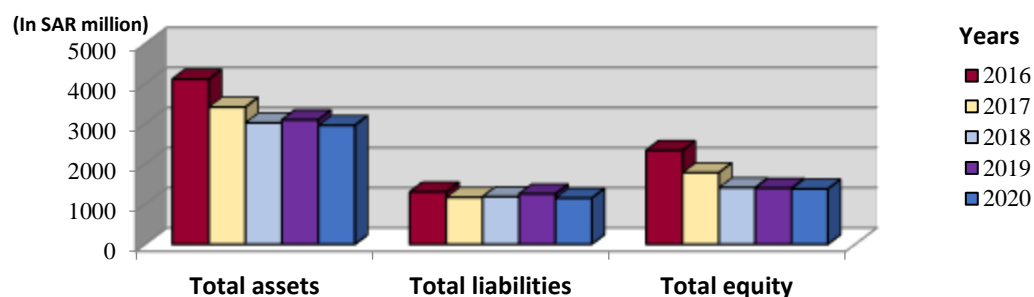
Items of equity and shareholders' equity in the financial position:

Description (in SAR million)	2020	2019	2018	2017	2016
Equity					
Shareholders' equity					
Capital	1264	1264	1264	1264	1264
Statutory reserve	312	312	406	632	632
(Losses)/Retained Earnings	(64)	(18)	(84)	(203)	249
Net unrealised gains from revaluation of equity instruments at fair value	(51)	(74)	(86)	183	285
Differences in foreign exchange	(80)	(82)	(88)	(88)	(88)
Shareholders' equity in the Company	1381	1402	1412	1788	2342
Non-controlling (minority) equity	434	445	430	467	472
Total equity	1815	1847	1842	2255	2814

The figure below shows a comparison of shareholders' equity in the Company for five fiscal years:



The figure below shows a comparison between total assets, liabilities and shareholders' equity for five fiscal years:

**Company's Consolidated Business Outcomes:**

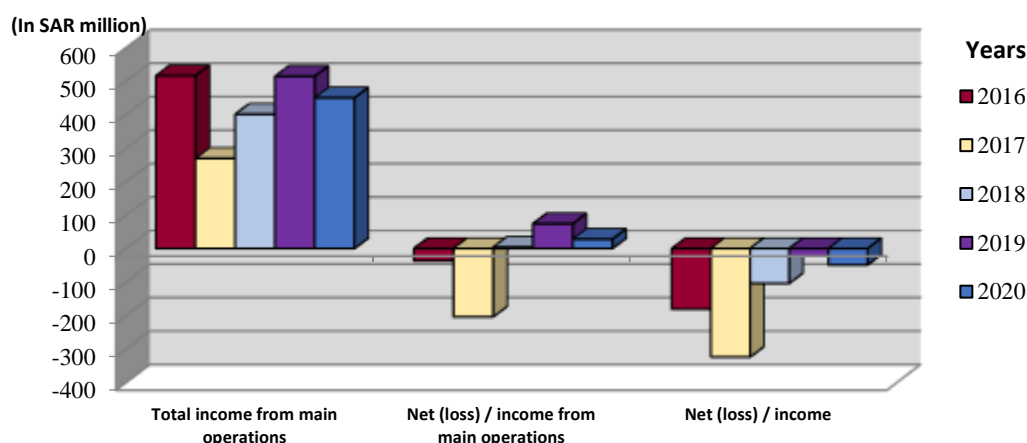
During 2020, the Company achieved a net loss amounting to SAR 49 million compared to a net loss amounting to SAR 23 million during the previous year, as a result of a 12% decrease in the total income generated from the main operations, reaching SAR 450 million, compared to SAR 514 million during the previous year, which is decrease amounting to SAR 64 million. Such decrease mainly resulted from decrease in the total sales profits, which amounted to SAR 451 million, compared to SAR 547 million during the previous year, in addition to decrease in other income.

The table below shows a summary of the income statement items compared to five fiscal years:

Income statement items:

Description (in SAR million)	2020	2019	2018	2017	2016
Net sales	1570	1884	1798	1888	2083
Total sales income	451	547	529	616	668
Total (loss)/income from investments	(1)	(33)	(128)	(347)	(152)
Total income from main operations	450	514	401	269	516
Selling and distribution expenses	(241)	(260)	(253)	(336)	(370)
General and administrative expenses	(184)	(181)	(153)	(143)	(181)
Other operating revenues/(expenses)	3	1	9	6	(1)
Total expenses	(422)	(440)	(397)	(473)	(552)
Net (loss)/income from main operations	28	74	4	(204)	(36)
Net (expenses) /other revenues	(1)	39	4	1	1
Financing expenses	(27)	(38)	(37)	(38)	(30)
(Loss)/profit of foreign currency differences	-	-	-	(1)	(75)
(Loss)/income from continuing operations before zakat, tax and non-controlling interests	0	75	(29)	(242)	(140)
Income from discontinued operations	-	-	-	(1)	(1)
Zakat and income tax	(45)	(57)	(24)	(28)	(14)
Non-controlling interests	(4)	(41)	(51)	(53)	(26)
Net (loss)/income	(49)	(23)	(104)	(324)	(181)
(Loss)/earnings per share from net (loss)/income	(0.38)	(0.18)	(0.82)	(2.56)	(1.42)

The figure below shows a comparison of business outcomes for five fiscal years:

**Subsidiaries:**

The Company carries out its main activities and operations either directly or through its subsidiaries, in addition to through companies wholly owned and established thereby for the purposes of its investments, according to the nature of the business sector and the classification of each investment. The table below shows the subsidiaries, during 2020, in which the Company owns 30% or more of their capital.

Company name, type and capital	Ownership percentage	Country of incorporation	Country of operations	Main activity
(1) Aseer Al Arabia for Industrial Investment Company Ltd. (one-person limited liability company) Capital (SAR 300,000,000)	100% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Its activity is focused on establishing or participating in industrial projects.

Company name, type and capital	Ownership percentage	Country of incorporation	Country of operations	Main activity
(1/1) Halwani Bros (public joint-stock company) A subsidiary of Aseer Al Arabia for Industrial Investment Company Ltd. Capital (SAR 314,285,730)	55.51% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Manufacturing and packaging of foodstuffs and products, especially tahini, halva, maamoul, meat and cheese products, and the Company exports part of its products to more than 32 countries worldwide.
(1/1/1) Halwani Bros (Egypt) (closed joint-stock company) (a subsidiary of Halwani Bros) Capital (EGP 60,000,000)	100% owned	Arab Republic of Egypt	Arab Republic of Egypt	Manufacturing and packaging of foodstuffs and products, especially tahini, halva, maamoul and meat products, and some of its products are exported to other Arab countries.
(1/2) Al Rabie Saudi Food Co. Ltd. "Al Rabie" (A limited liability company) A subsidiary of Aseer Al Arabia for Industrial Investment Company Ltd. Capital (SAR 110,000,000)	57.3% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Manufacture of food products, especially juices, dairy and ice cream. The Company exports part of its products to the GCC countries, Arab countries and other countries worldwide.
(1/3) Textile and Readymade Garments Company "Saudi Thobe" (A limited liability company) A subsidiary of Aseer Al Arabia for Industrial Investment Company Ltd. Capital (SAR 10,000,000)	62.3% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Its activity is concentrated in the production of clothes, and its main products include Saudi garments and formal and uniform suits for institutions, hospitals, schools and universities.
(2) Al Khawatem for Trading & Contracting Co. (one-person limited liability company) Capital (SAR 1,000,000)	100% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Its main activity is general construction contracting, buildings and related activities.
(3) Al Nossarah International for Real Estate Development Company Ltd. (one-person limited liability company) Capital (SAR 500,000) * See note below	100% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Its main activity is the purchasing of and investing in lands by sale or purchase, the general contracting of buildings and related activities.
(4) Al Ostool Al Arabia for Real Estate Development Company Ltd. (one-person limited liability company) Capital (SAR 500,000) * See note below	100% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Its main activity is the purchasing of and investing in lands by sale or purchase, the general contracting of buildings, and related activities.
(5) Al Mawajed International for Real Estate Development Company (one-person limited liability company) Capital (SAR 500,000)	100% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Its main activity is the purchasing of and investing in lands by sale or purchase, the general contracting of buildings, and related activities.

Company name, type and capital	Ownership percentage	Country of incorporation	Country of operations	Main activity
(6) Regional Tilal Investment Company (one-person limited liability company) Capital (SAR 500,000) * See note below	100% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Its main activity is the purchasing of and investing in lands by sale or purchase, the general contracting of buildings, and related activities.
(7) Al Essa Industries (closed joint-stock company) Capital (SAR 750,000,000)	38% owned	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Manufacturing, importing and distributing of electrical and electronic home appliances (air conditioners, refrigerators, freezers, etc.)

*** Note:** According to the decision of the Board of Directors of Aseer Company on September 30, 2020 AD, it was decided to liquidate the Arab Ostool Company for Development and Real Estate Development Ltd. (one person company) and Al-Nusra International Company for Development and Real Estate Development Ltd. (one person company) and a company Al-Tilal Regional Investments (one person company). This is because there is no need to continue with it. This liquidation did not have an impact on the group, as the assets and liabilities of these companies were transferred to the Aseer Company and consequently the assets and liabilities of these companies that were liquidated within the group remained.

Shares of Each Subsidiary:

Regarding shares issued to subsidiaries (listed and unlisted joint-stock companies) in which the Company owns 30% or more, and which are represented by the end of 2020 in Halwani Bros, its subsidiary Halwani Bros (Egypt) registered in the Arab Republic of Egypt, and Al Essa Industries, they are as follows:

Halwani Bros:

It is a Saudi joint-stock company listed on the Saudi Stock Exchange under No. (6001) within the food production sector, and the number of its issued shares is 31,428,573 ordinary shares until the end of 2020. The nominal value per share is SAR 10 fully paid, and its capital is SAR 314,285,730.

Halwani Bros is a subsidiary of Aseer Al Arabia for Industrial Investment Company Ltd., which owns 55.51% of the capital of Halwani Bros, with 17,446,000 shares out of its total issued shares. There was no change in the ownership of Aseer Al Arabia for Industrial Investment Company Ltd. in Halwani Bros compared to the end of the fiscal year 2019.

Halwani Bros is affiliated with its subsidiary in the Arab Republic of Egypt, which is Halwani Bros (Egypt), which is a closed Egyptian joint-stock company (unlisted) 100% owned by Halwani Bros, and its issued capital amounts to EGP 60 million distributed among 300 million issued ordinary shares with a paid nominal value of EGP 0.20 (twenty piasters) per share at the end of 2020.

Al Essa Industries:

It is a closed Saudi joint-stock company (unlisted) and the number of its issued shares is 75 million ordinary shares, the nominal value per share is SAR 10 fully paid, and its capital is SAR 750 million. The Company owns 38% of the capital of Al Essa Industries, with 28,500,000 shares of the total issued shares at the end of 2020.

The Company and any of its subsidiaries did not issue any debt instruments up to the end of 2020.

Company's Loans and Total Debt with its Subsidiaries:

Company's Loans:

The Company concluded a long-term Islamic Murabaha financing agreement with Samba Financial Group, in an amount of SAR 631 million, in order to finance the acquisition of 38% of the capital of Al Essa Industries and to increase its capital during 2013. The Company provided a promissory note as a guarantee for this loan, and signed the necessary bank documents. The loan is repaid in instalments over seven years with the flexibility of early repayment. During 2019, the Company signed a rescheduling agreement for the Murabaha to be paid in unequal instalments over five years, and an amount of SAR

428.6 million was repaid up to 31/12/2020, and the remaining amount of the loan was SAR 202.4 million at the end of 2020, in addition to an amount of SAR 1.1 million as financing expenses.

(In SAR million)

Donor	Amount of principal loan	Repayment period	Amount paid up to 31/12/2019	Amount paid during 2019	Remaining amount of loan
Samba Financial Group	631	5 years	398.6	30	202.4

The Company also concluded short-term Islamic Murabaha (Tawarruq) facilities contracts with a local bank in the Kingdom of Saudi Arabia, with a total amount of SAR 140 million to be paid within a six-month period, and the Company pays financing expenses according to the exchange rate prevailing between the Saudi banks (SAIBOR) plus a fixed commission rate. On December 31, 2020, the outstanding balance of such contracts amounted to SAR 85.8 million, and such contracts are guaranteed against a pledge of shares.

Loans Due on Subsidiaries:

The subsidiaries that consolidated their financial statements with the Company obtained loans and facilities as follows:

Halwani Bros:

- Saudi Industrial Development Fund loan up to 31/12/2020:

(In SAR million)

Value of principal loan	Deducted administrative expenses	Amount of loan paid up to 31/12/2019	Amount paid during 2020	Remaining amount of loan
165.2	5	123	37	-

In 2010, Halwani Bros obtained a loan of a total amount of SAR 165.2 million to finance the construction of new factories of Halwani Bros in Jeddah. All property, machinery and equipment of the new factories being built on the project land were pledged as collateral for the loan. The Company withdrew the entire loan amount, minus the administrative expenses, and it repaid SAR 160 million up to the end of the year. Such loan is repaid in semi-annual instalments ending in 2020.

- Banque Saudi Fransi Loan:

(In SAR million)

Value of principal loan	Amount of loan paid up to 31/12/2019	Amount paid during 2020	Remaining amount of loan
150	19	37	94

During 2019, Halwani Bros signed a financing agreement with Banque Saudi Fransi in the amount of SAR 150 million, and the financing balance was completely withdrawn by the Company in accordance with the terms of such agreement. The loan is repayable in quarterly instalments, and the last instalment is due on June 30, 2023. Such financing entails financing fees, and the loan is secured by promissory notes issued in favour of the bank.

- Halwani Bros also concluded short-term Islamic Murabaha (Tawarruq) contracts with local banks in the Kingdom of Saudi Arabia, with a total amount of SAR 205 million to be paid within three to six months, and the Company pays financing expenses according to the exchange rate prevailing between the Saudi banks (SAIBOR) plus a fixed commission rate. On December 31, 2020, the outstanding balance of such contracts amounted to SAR 80 million, and such contracts are guaranteed against promissory notes.
- Halwani Bros (Egypt), a subsidiary of Halwani Bros, concluded short-term Islamic Murabaha contracts with banks in the Arab Republic of Egypt to purchase goods used in production, and the Company pays fixed financing expenses. On December 31, 2020, the outstanding balance of such contracts amounted to SAR 13.3 million.

Al Rabie Saudi Food Co. Ltd.:

- Saudi British Bank (SABB) Loan:

(In SAR million)

Value of principal loan	Amount of loan paid up to 31/12/2019	Amount paid during 2020	Remaining amount of loan
138.9	-	32	106.9

- During 2015, Al Rabie Saudi Food Co. Ltd. signed a long-term loan agreement with the Saudi British Bank, in an amount of SAR 200 million, to finance capital expenditures for modernising and replacing the production lines of its factories in Riyadh. Such loan is repaid in instalments over five years with a one-year grace period for the amount of each withdrawal. An amount of SAR 106.9 million was withdrawn up to 2020, and a promissory note was provided in exchange for the loan. Further, the necessary bank documents were signed.
- The Company also concluded short-term Islamic Murabaha (Tawarruq) facilities contracts with a local bank in the Kingdom of Saudi Arabia, to be paid within a 12-month period, and the Company pays financing expenses according to the exchange rate prevailing between the Saudi banks (SAIBOR) plus a fixed commission rate. On December 31, 2020, the outstanding balance of such contracts amounted to SAR 20 million, and such contracts are guaranteed against a promissory note

Total Debt of the Company and its Subsidiaries:

The total debt of the Company and the subsidiaries with which the Company consolidates its financial statements, including Murabaha, loans, capital lease, accounts payable, liabilities, due dividends, and statutory provisions up to the end of 2020, amounted to SAR 1153 million, compared to SAR 1258 million in the previous year, according to the table below:

Description (in SAR million)	2020	2019
Financing short-term Murabaha and loans	186	202
Current instalments of financing long-term Murabaha and loans	157	127
Financing long-term Murabaha and loans	260	423
Receivables of capital lease contracts	-	0
Total Murabaha, loans and lease capital	603	752
Accounts payable and other accrued liabilities	306	264
Dividends payable	14	14
Provision for zakat, tax and deferred tax	65	58
Provision for employees' end-of -everance gratuity	120	119
Obligations under lease contracts	45	51
Total	550	506
Total liabilities	1153	1258

Value of the Due Statutory Payments:

The Company settled its zakat status for the year ending on December 31, 2008, and obtained an unrestricted zakat certificate for that year. The Company submitted its zakat returns for the year ending on December 31, 2009 up to 2018 and obtained a restricted zakat certificate for such years,. The Authority issued initial zakat assessment regarding the zakat returns submitted for the years from 2009 to 2018, according to which the Authority requested additional zakat differences in an amount of SAR 180,105,610, and the Company submitted an objection to the abovementioned initial zakat assessment. Accordingly, the Authority issued the amended zakat assessment, according to which the Authority requested the Company to pay zakat differences for the years from 2009 to 2018, with a total amount of SAR 96,885,968. The Company's Management believes that the Authority did not consider the zakat paid based on the zakat returns submitted by the Company, with a total amount of SAR 26,534,285 for the years ending on December 31, 2009 up to 2014. The Company followed up with the Authority to prove the amounts paid, and the Authority included the abovementioned amount in the Company's account with the Authority, so that the zakat difference due on the Company became a total amount of SAR 70,351,683 instead of a total amount of SAR 96,885,968. The company objected to the Zakat assessment, and therefore the objection was escalated to the committee for adjudication of violations and tax disputes. The company also submitted a settlement request to the Dispute Settlement Committee, and after the committee studied the company's request, the committee's apologized to consider the settlement request Further, the Company recorded a provision for the zakat difference, in an amount of SAR 21,585,478, based on the opinion of the Company's zakat advisor, in whose ability to reduce the zakat claims the Company is confident.

A consolidated zakat return was submitted to Aseer Trading, Tourism, Manufacturing, Agriculture, Real Estate and Contracting and its subsidiaries for the years ending on December 31, 2013 until 2019. Such zakat return included all the subsidiaries, and a restricted zakat certificate was obtained for such years.

The zakat provisions of the Company and its subsidiaries, with which the Company consolidates its financial statements, amounted to SAR 39.5 million during the fiscal year 2020. The zakat is paid after completing the procedures for submitting zakat returns by the zakat advisor of the Company and its subsidiaries to the General Authority of Zakat and Tax.

An income tax of SAR 25 million in the Arab Republic of Egypt is owed by the Company's subsidiary, Halwani Bros up to the end of 2020, for its subsidiary in the Arab Republic of Egypt, Halwani Bros (Egypt), in addition to a deferred income tax amounting to SAR 0.5 million at the end of the year. The Company pays the taxes owed thereby after submitting its tax returns according to the Egyptian Tax Law. During 2020, the Company paid its fees and other statutory dues on a regular basis.

The table below shows the value of the statutory payments due on the Company and its subsidiaries, with which the Company consolidates its financial statements, at the end of 2020:

Description (in SAR thousand)	2020		Brief description	Reasons
	Repaid amount	Due and outstanding amount up to the end of 2020		
Zakat	12,843	39,491	Amount paid or charged for the year in accordance with the provisions and regulations of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia	Zakat is paid after completing the procedures for submitting zakat returns
Tax	258,850	58,418	Amount paid or charged for the year in accordance with the relevant provisions and regulations	Tax is paid after completing the procedures for submitting tax returns
General Organisation for Social Insurance	15,539	1,278	Amount paid or charged for the year in accordance with the provisions and regulations of the General Organization for Social Insurance in the Kingdom of Saudi Arabia	The amounts due will be paid during 2020 according to the statutory deadline
Visa and passport costs	1,655	-	Amount paid during the year in accordance with the relevant provisions and regulations	-
Labour office fees	6,695	-	Amount paid during the year in accordance with the relevant provisions and regulations	-

The Company clarifies that when the General Authority for Zakat and Income opened zakat assessments of subsidiaries for previous years, this resulted in claims for zakat differences in an amount of SAR 3.2 million. Objections were submitted and such claims were not registered within the claims due in the financial statements because the subsidiaries' departments and the zakat advisor decided that such objections were valid.

Company's Dividend Policy:

According to the Company's approved dividend policy, the Company adheres to the policies governing and regulating the protection and maximisation of its shareholders' interests in all aspects with the aim of increasing their investments in the Company. In any period, such dividends depend on the Company's profits, financial position, market conditions, the general economic climate, investment opportunity factors, the Company's interests to reinvest, monetary and capital requirements, and legal and regulatory considerations. Further, the Company can not guarantee dividends for any year.

Any dividends proposed by the Board of Directors requires the approval of the General Assembly of shareholders. According to the Company's Articles of Association, the Company's annual net dividends after deducting all general expenses and other costs, and after retaining the statutory reserve and other reserves, are conducted as follows:

1. (10%) of the net profits shall be retained to form a statutory reserve, and the Ordinary General Assembly may cease such retention if the said reserve reaches 30% of the paid capital.
2. Upon proposal from the Board of Directors, the Ordinary General Assembly may retain a percentage not exceeding (10%) of the net profits to form a consensual reserve to be allocated for a particular purpose/purposes.
3. The Ordinary General Assembly may decide to form other reserves, to the extent that this achieves the

Company's interest or ensures that fixed dividends are distributed to the shareholders, whenever possible. Further, the aforementioned Assembly may deduct amounts from the net profits to establish social institutions for the Company's employees or to provide support for the existing institutions.

4. Upon the proposal of the Board of Directors, the General Assembly may distribute the remaining profits to the shareholders in a percentage not less than (5%) of the Company's paid-up capital.
5. Subject to the provisions stipulated in Article Twenty-One (Remuneration of Board of Directors) of the Company's Articles of Association, and Article Seventy-Six of the Companies Law, after the foregoing, a percentage not exceeding ten percent (10%) of the remaining profits shall be allocated to the remuneration of the Board of Directors, provided that such remuneration shall be proportional to the number of sessions attended by the Board member.

The Company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis after fulfilling the requirements and regulatory controls in this regard.

The shareholders who own shares and are registered in the Company's shareholders' register at the Securities Depository Centre are entitled to dividends at the end of the second trading day following the maturity date, in line with market rules and procedures for amending the period specified for settling listed securities deals (T+2), and after the Assembly approves the dividends proposed by the Board of Directors. Such dividends are paid to shareholders within 15 business days from the maturity date of such dividends, as specified in the resolution of the General Assembly.

▪ **Dividends during previous years:**

During 2016, the Company distributed cash dividends to shareholders totalling SAR 126 million, and no dividends were made during 2017, 2018, and 2019. Further, the Board of Directors did not recommend, during 2020, dividends to shareholders. The table below shows the dividends during previous years:

Description	2020	2019	2018	2017	2016
Dividends per share (SAR)	The Board did not recommend dividends	The Board did not recommend dividends	The Board did not recommend dividends	The Board did not recommend dividends	1
Ratio of dividends to capital					10%
Total dividends (in SAR million)					126
General Assembly's approval date (Eligibility date)					23/04/2017
Distribution date					09/05/2017

Interest in Voting Shares:

During the fiscal year 2020, the Company was not informed of any interests in individual voting shares (except for members of the Board of Directors, senior executives and their relatives), and no individual has significant ownership in the Company's shares, except for Dallah Albaraka Holding Company. The table below shows ownership and interest of Dallah Albaraka Holding Company in the voting shares during 2020:

Name	Number of shares at the beginning of the year	Ownership percentage at the beginning of the year	Net change during the year	Percentage of change during the year	Number of shares at the end of the year	Ownership rate at the end of the year
Dallah Albaraka Holding Company	67,225,431	53.2%	-	-	67,225,431	53.2%
Saleh Abdullah Kamel	1,500,000	1.2%	-	-	1,500,000	1.2%
Total ownership and interest of Dallah Albaraka Holding Company	68,725,431	54.4%	-	-	68,725,431	54.4%

Names, Current and Previous Positions, Qualifications and Experiences of the Board Members and Members of the Committees and Executive Management:

1. Board of Directors:

	Name	Current positions	Previous positions	Qualifications and experiences
1	Abdullah Saleh Kamel (Chairman of Board of Directors)	Chairman of the Board of Directors - Dallah Albaraka Holding Company	CEO - Dallah Albaraka Holding Company	He studied economics in the University of Southern California in the United States of America, and began his career in 1988. He held many leadership positions in Dallah Albaraka Group and held board memberships of local and international companies in various sectors (financial, investment, industrial, contracting, real estate, maintenance, operation, food, catering and media), in addition to his membership in non-profit organisations.
2	Abdulaziz Muhammed Abdo Yamani (Deputy Chairman of the Board) (Chairman of the Investment and Finance Committee)	CEO - Dallah Albaraka Group	Executive Vice President - Dallah Albaraka Group	He holds a Bachelor's degree in Industrial Engineering from King Abdulaziz University, and began his career in 1995. He held many leadership positions in a number of companies and held board memberships of local and international companies in various sectors (commercial, industrial and agricultural investment, media, business and real estate investment).
3	Hussein Ali Shobokshi (Member of the Board of Directors) (Member of the Remuneration and Nomination Committee) (Member of the Investment and Finance Committee)	CEO - Shobokshi Development and Trading Company	General Manager - Wareeq Paper Company General Manager - Shobokshi Agencies Company	He holds a Bachelor's degree in Arts of Political Science and Management from the University of Tulsa in the United States of America, and began his career in 1977. He held many leadership positions in Shobokshi Group, and held board memberships of local and international companies, and press organisations. He participated as a speaker in a number of local and international conferences.
4	Suleiman Ibrahim Al Hadithi (Member of the Board of Directors) (Chairman of the Audit Committee)	-	Managing Director and CEO - Saudi Research and Marketing Group	He holds a Bachelor's degree in Structural Engineering from Arizona State University in the United States of America, and began his career in 1982. He held many positions in a number of companies and held board memberships of companies in various sectors (printing and publishing, investment banks, investment companies, biotechnology, investment and real estate development).
5	Abdullah Ibrahim Al Hwaish (Managing Director and CEO) (Member of the Investment and Finance Committee)	Managing Director and CEO - Aseer Company	Managing Director - Amlak International	He holds a Bachelor's degree in Economics from King Abdulaziz University, KSA, and began his career in 1985. He held many leadership positions in a number of banks and companies, and held memberships of boards and committees of local and international companies in various sectors (banks, finance, investment, transportation, trade and manufacturing).
6	Mansour Abdulaziz Al Busaili (Member of the Board of Directors) (Chairman of the Remuneration and Nomination Committee)	Businessman	Senior Legal Affairs Manager and Secretary General at Saudi British Bank	He holds a Bachelor's degree in Law and Regulations from King Saud University, KSA, and began his career in 1985. He held many leadership positions in a number of banks, and held memberships of boards and committees of companies in various sectors (banks, finance, insurance, investment, transportation, trade and real estate investment).
7	Omar Abdullah Jafri (Member of the Board of Directors) (Member of the Audit Committee)	Advisor to the Minister of Transport	Senior Advisor to the General Manager - Saudi Arabian Airlines	He holds a doctorate in Marketing from the University of Alabama, a master's in Business Administration and a Bachelor's degree in Industrial Management from King Fahd University of Petroleum and Minerals. He began his career in 1990. He held many leadership positions in a number of companies, and held memberships of boards and committees of local and international companies in various sectors (air transport and information technology).

	Name	Current positions	Previous positions	Qualifications and experiences
8	Faisal Muhammed Shaker (Member of the Board of Directors) (Member of the Investment and Finance Committee)	CEO - Modern Food Company	CEO and Head of Wealth and Investment Department - Audi Capital	He holds a master's in Economics from Old Dominion University, Norfolk in the United States of America, and a Bachelor's degree in Business Administration and Marketing from King Saud University, KSA. He began his career in 1999. He held many leadership positions in a number of banks, companies and held memberships of boards and committees of companies in various sectors (development and management of investment platforms, investment banking services, asset management, wealth management, corporate banking services, commercial banking services, business development, pharmaceutical industry, food sector, investment and real estate development).
9	Amr Mohammed Kamel (Member of the Board of Directors) (Member of the Remuneration and Nomination Committee)	Executive Vice President - Dallah Albaraka Company	CEO - Dallah Albaraka Company, Central Region	He holds a Bachelor's degree in Business Administration, Financial Management, from King Saud University, KSA. He began his career in 2001 and held many leadership positions in a number of companies and held memberships of boards and committees of companies in various sectors (commercial, investment, communications, real estate finance and real estate investment).

2. Committee Members from Outside the Board of Directors:

	Name	Current positions	Previous positions	Qualifications and experiences
1	Nasser Sahaj Al Shaibani (Member of the Audit Committee)	Financial and management consultant	Lecturer at the Riyadh College of Technology	He holds a master's in Accounting and Information Systems from the University of Denver in the United States of America and a Bachelor's degree from King Saud University. He is a member of the Saudi Organisation for Certified Public Accountants and began his career in 1994. He is experienced in accounting, application, implementation and analysis of financial systems, the preparation of financial and administrative policies and procedures, corporate structuring, and analysing the strengths and weaknesses of the financial system.

3. Executive Management:

	Name	Current positions	Previous positions	Qualifications and experiences
1	Abdullah Ibrahim Al Howaish	Managing Director and CEO	Managing Director - Amlak International	He holds a Bachelor's degree in Economics from King Abdulaziz University, KSA, and began his career in 1985. He held many leadership positions in a number of banks and companies, and held memberships of boards and committees of local and international companies in various sectors (banks, finance, investment, transportation, trade and manufacturing).
2	Abdulkhalek Abdulrahman Al Shafei	Company advisor	Advisor to a number of companies	He holds a professional board membership certificate from the Institute of Executives and is accredited by the International Finance Corporation (IFC). He also holds a diploma in Corporate Governance from the College of Law at Tulane University in the United States of America, a certificate in sales and a certificate in marketing from the Legal Marketing Academy in Britain, and a Bachelor's degree in Statistics from Kuwait University. He has a considerable experience of more than 35 years, held leadership positions in companies, undertook corporate governance development projects, acquisitions and merger, held board memberships, and attended a number of courses, including administrative leadership, strategic management, crisis management, change management, finance,etc.

	Name	Current positions	Previous positions	Qualifications and experiences
3	Emad Muhammed Othman	CFO	CFO - Kudu	He holds a master's degree in Business Administration, Finance and Banking Services, from Maastricht University in the Netherlands and a Bachelor's degree in Commerce from Ain Shams University, Cairo. He began his career in 1995 and worked in many international companies (Bristol Myers Squibb, Johnson & Johnson, Siemens, Baker Hughes, Al Faisaliah and Kudu). He began working in the Company as a CFO in September 2019.
4	Ahmed Sanad Al Sanad	Executive Director of Governance and Compliance and Secretary of the Board and Committees	Director of Administration and Shareholder Affairs	He holds a master's in Financial Management from Alfaisal University and a Bachelor's in International Business Administration from King Abdulaziz University. He holds a certificate of Certified Compliance Officer (CCO) from the Financial Institute, a certificate of Conformity, Compliance, Anti-Money Laundering and Counter-Terrorist Financing (CME2) and the General Securities Qualifications Certificate (CME1). He began his career in 2003 and worked in several departments of the Company, wherein he held various positions until he came to hold the position of Executive Director of Governance and Compliance.
5	Muhammed Ibrahim Muhammed Suleiman	Financial Auditor	Senior Audit Manager - Ernst & Young & Co.	He holds a Bachelor's degree in Commerce from Cairo University. He is a fellow of the Institute of Management Accountants in the United States of America, and a fellow of the New Hampshire Society of Certified Public Accountants in the United States of America. He began his career in 2004, and worked in auditing at Ernst & Young and Deloitte, wherein he held various positions until he came to hold the position of senior manager and started working in the Company as a financial auditor from July 2016.

Current and Previous Membership of Board Members Inside and Outside the Kingdom:

During 2020, some members of the Company's Board of Directors held board membership in other companies, as follows:

Name of Board Member	Current companies wherein he is a board member	Previous companies wherein he is a board member
	Company name - legal entity - inside/outside KSA	Company name - legal entity - inside/outside KSA
Abdullah Saleh Kamel	Umm Alqura for Development and Construction (unlisted JSC) - KSA	Bank AlJazira (listed JSC) - KSA
	Al Baraka Banking Group (listed JSC) - Bahrain	Amlak International (unlisted JSC) - KSA
	Dallah Albaraka Holding Company BSCC (unlisted JSC) - Bahrain	Halwani Bros (listed JSC) - KSA
	Dallah International Holding Company (unlisted JSC) - Egypt	Saudi Research and Marketing Group (listed JSC) - KSA
	Almaza Real Estate Development (unlisted JSC) - Egypt	Al Tawfiq Financial Group (unlisted JSC) - KSA
	Dallah Real Estate Investment Company (unlisted JSC) - Egypt	Samala and Alam Al Roum For Urban Development (unlisted JSC) - Egypt
		Samala for Hotels and Resorts (unlisted JSC) - Egypt
		Al Tawfeek Development House Holding Co. (unlisted JSC) - Bahrain
Abdulaziz Muhammed Abdo Yamani		Emaar The Economic City (listed JSC) - KSA
	Halwani Bros (listed JSC) - KSA	Dallah Dowail Bitumen Co. (LLC) - KSA
	Itqan Capital (unlisted JSC) - KSA	Food Services Group Company (unlisted JSC) - KSA
	Dallah Albaraka Holding Company (unlisted JSC) - KSA	Al Rabie Saudi Food Co. (LLC) - KSA
	Dallah Holding Company (LLC) - KSA	Textile and Readymade Garments Company (LLC) - KSA
	Foras International Investment Company (under liquidation) (unlisted JSC) - KSA	National Petrochemical Industrial Co. (unlisted JSC) - KSA
	Al-Thuraya Real Estate Development (LLC) - KSA	Swicorp (unlisted JSC) - KSA
	Generous Sweets Trading Company Ltd. (LLC) - KSA	Saudi Foras (unlisted JSC) - KSA
	Dallah Technology & Alternative Energy Company (LLC) - KSA	Al Shara Arabia (LLC) - KSA
	Dallah Trading (LLC) - KSA	Alujain Corporation (listed JSC) - KSA
	Food Manufacturers Co. (LLC) - KSA	Investor for Securities Company (unlisted JSC) - KSA
	Al Tawfeek Development House Co. (LLC) - KSA	Al Samaha Commercial Business Company (LLC) - KSA
	International Biscuits Co. (LLC) - KSA	Umm Alqura for Development and Construction (unlisted JSC) - KSA
	Al-Manakha Urban Project Development Company (LLC) - KSA	WJ Development and Investment Company Ltd. (LLC) - KSA
	Benefit Sharing Real Estate Company (LLC) - KSA	A.T. Lease (unlisted JSC) - Egypt
	Buruj Al Olah Investment Company (LLC) - KSA	
	Maad International Construction & Development Company (LLC) - KSA	Al Tawfeek Leasing Company (unlisted JSC) - Egypt

Name of Board Member	Current companies wherein he is a board member	Previous companies wherein he is a board member
	Company name - legal entity - inside/outside KSA	Company name - legal entity - inside/outside KSA
	Albaraka Investment and Development Company (limited partnership) - KSA	Arab Company for Real Estate and Tourism Investment (unlisted JSC) - Egypt
	GODIVA INVESTMENT (GDV)(Private Limited Company) – Britain	Egyptian Saudi Finance Bank (unlisted JSC) - Egypt
	Pladis (Trading name of united biscuits (U.K) limited) – Britain	Al Tawfiq Financial Group (under liquidation) (unlisted JSC) - Egypt
	UI Egypt (private limited company) - Egypt	Tunisian Company for the Development of the Dairy Industry (SOTUDIL) (LLC) - Cayman
	Arab Moltaka Investments (listed JSC) - Egypt	Al Sawary Investment Company Ltd. (OFFSHORE) (LLC) - Cayman
	Al Baraka Bank (listed JSC) - Egypt	Kawamel For Trading and Contracting (OFFSHORE) (LLC) - Cayman
	Al Tawfeek Securitization Company (unlisted JSC) - Egypt	
	Al Baraka Financial Investment Company (unlisted JSC) - Egypt	
	Ismailia Egypt Poultry Company (listed JSC) - Egypt	
	Dallah Real Estate Investment Company (unlisted JSC) - Egypt	
	Almaza Real Estate Development (unlisted JSC) - Egypt	
	Samala and Alam Al Roum For Urban Development (unlisted JSC) - Egypt	
	Ismailia Development And Real Estate (listed JSC) - Egypt	
	Halwani Bros (unlisted JSC) - Egypt	
	Dallah International Holding Company (unlisted JSC) - Egypt	
	Arabia for Technological Investments and Development (unlisted JSC) - Egypt	
	Samala for Hotels and Resorts (Costa De Samala) (unlisted JSC) - Egypt	
	Al Mushrif Company (unlisted JSC) - Lebanon	
	Al Mushrif Club (unlisted JSC) - Lebanon	
	Al Tawfeeq for Development and Investment - ADCO (unlisted JSC) - Lebanon	
	Al Tawfeek Development House Holding Co. (unlisted JSC) - Bahrain	
	Al Tawfeeq Company for Investment Funds (unlisted JSC) - Cayman	
Hussein Ali Shobokshi	Shobokshi Development & Trading Co. (LLC) - KSA	
	NAEEM Holding for Investments (listed JSC) - Egypt	
Suleiman Ibrahim Al Hadithi	Saudi Specialized Laboratories Co. (unlisted JSC) - KSA	Saudi Research and Marketing Group (listed JSC) - KSA
	Madaen Star Group Company (unlisted JSC) - KSA	Saudi Printing and Packaging Co. (listed JSC) - KSA
		Venture Capital Investment Company (unlisted JSC) - KSA
Abdullah Ibrahim Al Howaish	Amlak International (listed JSC) - KSA	Standard Chartered Capital Saudi Arabia (unlisted JSC) - KSA
	Halwani Bros (listed JSC) - KSA	
	Al Essa Industries (unlisted JSC) - KSA	Saudi Ground Services (listed JSC) - KSA
	SEDCO Capital (unlisted JSC) - KSA	Saudi Amad for Airport Services and Transport Support (unlisted JSC) - KSA
	Al Ittefaq Steel (unlisted JSC) - KSA	
	Halwani Bros (unlisted JSC) - Egypt	Riyadh Airports Company (unlisted JSC) - KSA
	Emaar The Economic City (listed JSC) - KSA	SABB Takaful (listed JSC) - KSA
		Al Tawfiq Financial Group (currently Itqan Capital) (unlisted JSC) - KSA
Mansour Abdulaziz Al Busaili	Saudi Ground Services (listed JSC) - KSA	Fawaz Abdulaziz Alhokair and Co. (listed JSC) - KSA
	United Electronics Company (listed JSC) - KSA	Saudi Credit Bureau (SIMAH) (unlisted JSC) - KSA
	Amlak International (listed JSC) - KSA	Saudi Reinsurance Company (Re) (listed JSC) - KSA
	HSBC Saudi Arabia (unlisted JSC) - KSA	
	Saudi White Cement Company (unlisted JSC) - KSA	
Omar Abdullah Jafri	Gas Arabian Services (unlisted JSC) - KSA	
	Saudi Ground Services (listed JSC) - KSA	National Air Service (NAS) (unlisted JSC) - KSA
	SITA (unlisted JSC) - Belgium	
Faisal Muhammed Shaker	Yemenia (government joint company) - Yemen	
	Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO) (listed JSC) - KSA	Falcon Plastic Products Company (LLC) - KSA
	Al Qassim Medical Services Company (unlisted JSC) - KSA	
	NBK Wealth Management (unlisted JSC) - KSA	
	Arak Company (LLC) - KSA	
	Modern Food Company Ltd. (LLC) - KSA	
	SPIMACO (unlisted JSC) - Egypt	
Amr Mohammed Kamel	SPIMACO (unlisted JSC) - Morocco	
	Dallah Health (listed JSC) - KSA	Be'ah International Company (LLC) - KSA
	Amlak International (listed JSC) - KSA	
	Al Khozama Management Company (unlisted JSC) - KSA	
	Maad International Construction & Development Company (LLC) - KSA	
	Shams Union Company (LLC) - KSA	

During 2020, no Board member has a board membership in more than five listed joint-stock companies.

Formation of the Board of Directors and Classification of Membership:

The Company's Board of Directors consists of nine members according to the Company's Articles of Association. The fourteenth Extraordinary General Assembly, held on 23/10/2019, appointed the Board members for a period of three calendar years starting from 27/10/2019, and no change was made during

2020 in this regard. Accordingly, the Board consists of eight non-executive members, including three independent members in addition to an executive member.

The table below shows the formation of the Board and the membership classification for 2020:

Name of Board Member	Position in the Board	Membership classification
Abdullah Saleh Kamel	Chairman of Board of Directors	Non-executive
Abdulaziz Muhammed Abdo Yamani	Deputy Chairman of the Board	Non-executive
Hussein Ali Shobokshi	Member of the Board of Directors	Non-executive
Suleiman Ibrahim Al Hadithi	Member of the Board of Directors	Non-executive
Abdullah Ibrahim Al Howaish	Managing Director of the Board of Directors	Executive
Mansour Abdulaziz Al Busaili	Member of the Board of Directors	Independent
Omar Abdullah Jafri	Member of the Board of Directors	Independent
Faisal Muhammed Shaker	Member of the Board of Directors	Independent
Amr Mohammed Kamel	Member of the Board of Directors	Non-executive

Board Meetings and the Attendance Record of Members During 2020:

The Company's Board of Directors held four meetings during the fiscal year 2020, and the Board of Directors passed a number of resolutions between the dates of its meetings during 2020, according to the Company's needs and requirements, especially the resolutions to approve the quarterly and annual financial statements, after such statements were audited by the Audit Committee and it submitted its recommendations to the Board. The record of the Board's meetings during 2020 was as follows:

Name of Board Member	Attendance record of Board meetings 2020				Attendees/ number of meetings
	First meeting 06/05/2020	Second meeting 09/08/2020	Third meeting 08/11/2020	Fourth meeting 31/12/2020	
Abdullah Saleh Kamel	✓	✓	✓	✓	4/4
Abdulaziz Muhammed Abdo Yamani	✓	✓	✓	✓	4/4
Hussein Ali Shobokshi	✓	✓	✓	✓	4/4
Suleiman Ibrahim Al Hadithi	✓	✓	✓	✓	4/4
Abdullah Ibrahim Al Howaish	✓	✓	✓	✓	4/4
Mansour Abdulaziz Al Busaili	✓	✓	✓	✓	4/4
Omar Abdullah Jafri	✓	✓	✓	✓	4/4
Faisal Muhammed Shaker	✓	✓	✓	✓	4/4
Amr Mohammed Kamel	✓	✓	✓	✓	4/4

Date of the last meeting of the General Assembly on 13/05/2020

Number of Board Meetings and Attendance of Board Members During the Board Session:

Since the Board of Directors was appointment by the fourteenth Extraordinary General Assembly held on 23/10/2019, it held (5) meetings up to the end of 2020. The table below shows the meeting attendance of Board members during the current session:

Name of Board Member	The (15) session of the Board of Directors started on 27/10/2019 and ends on 26/10/2020		
	Number of meetings	Attendees	Attendance percentage
Abdullah Saleh Kamel	5	5	100%
Abdulaziz Muhammed Abdo Yamani	5	4	80%
Hussein Ali Shobokshi	5	5	100%
Suleiman Ibrahim Al Hadithi	5	5	100%
Abdullah Ibrahim Al Howaish	5	5	100%
Mansour Abdulaziz Al Busaili	5	5	100%
Omar Abdullah Jafri	5	4	80%
Faisal Muhammed Shaker	5	5	100%
Amr Mohammed Kamel	5	5	100%

Company's Main Committees:

Within the framework of the Company's corporate governance rules and based on the needs, circumstances and nature of the Company's business, the Board of Directors formed three main committees for assisting the Board in performing its duties and responsibilities, effectively conducting its work, and improving supervision, control and decision-making controls in the Company. Such committees are the Audit Committee, the Remuneration and Nomination Committee, and the Investment and Finance Committee, and the Board of Directors supervises their work. Further, the Committees periodically present the outcomes of their work and recommendations to the Board. The Committees' terms of reference, duties, formation, chairmen, members, the number of their meetings, dates of meeting, and attendance information of members for each meeting held during 2020 are summarised as follows:

▪ **Audit Committee:**

The (46) General Assembly held on 31/12/2017 approved the work regulations of the Audit Committee, which includes the Committee's formation, duties, work controls, and the remuneration of its members in accordance with the Corporate Governance Regulations. The Audit Committee is concerned with monitoring the Company's business and verifying the integrity of reports, financial statements and internal control systems. The duties of such Committee include, in particular, such duties as listed below, in addition to any other duties and responsibilities assigned thereto by the Board of Directors:

Firstly: Financial Reports

1. Studying the Company's initial and annual financial statements before submitting them to the Board of Directors and expressing its opinion and making recommendation in this regard, to ensure its fairness, integrity and transparency.
2. Expressing a professional opinion - upon the request of the Board of Directors - on whether the report of the Board of Directors and the Company's financial statements are fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
3. Studying any important or unusual issues included in the financial reports.
4. Carefully considering any issues raised by the Company's CFO, deputy, the Company's compliance officer, or the auditor.
5. Verifying the accounting estimates of the material issues set forth in the financial reports.
6. Studying the accounting policies applied in the Company and giving opinion and recommendation to the Board of Directors in this regard.

Secondly: Internal Audit

1. Studying and reviewing the Company's internal, financial and risk management control systems.
2. Examining the internal audit reports and following up on the implementation of corrective actions for the observations set forth therein.
3. Controlling and supervising the performance and activities of the internal auditor or (the Company's internal audit department, if any), in order for the Audit Committee to verify that the necessary resources are available and effective in performing its work and duties. If the Company does not have an internal auditor, the Committee shall submit its recommendation to the Board regarding the need to appoint one.
4. Recommending to the Board of Directors to appoint a director of the internal audit unit or department or an internal auditor, and suggesting their remuneration.
5. The Committee periodically meets with the Company's internal auditor at least twice a year.

Thirdly: Auditor

1. Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.
2. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of audits, taking into account the relevant rules and standards.
3. Reviewing the Company's auditor's plan and work, ensuring that the auditor does not provide any technical or administrative work outside the scope of the audit work, and expressing its views in this regard.
4. Responding to the inquiries of the Company's auditor.
5. Studying the auditor's report and notes on the financial statements and following up on procedures taken in their regard.
6. The Committee periodically meets with the Company's auditor at least twice a year.

Fourthly: Compliance Guarantee

1. Reviewing the results of the reports submitted by the regulatory authorities and verifying that the Company takes the necessary actions in this regard.
2. Verifying that the Company complies with the relevant laws, regulations, policies and instructions.
3. Reviewing the contracts and transactions proposed to be conducted by the Company with related parties, and submitting its opinions to the Board of Directors in this regard.
4. Submitting the necessary issues that require measures to Board of Directors, and making recommendations on the measures to be taken.

A committee was formed by a resolution of the Company's fourteenth Extraordinary General Assembly, held on 23/10/2019, for three years starting from the beginning of the Board session on 27/10/2019. Such committee is composed of three non-executive Board members, namely Eng. Suleiman Ibrahim Al Hadithi, Chairman of the committee and a non-executive Board member; Dr. Omar Abdullah Jafri, an independent Board member; and Mr. Nasser Sahaj Al Shaibani, an independent external member specialising in financial and accounting affairs.

The table below shows the committee's chairman, members, the number and dates of its meetings, and attendance information of members for each meeting held during 2020, as follows:

Name	Membership type	The committee performed its duties by holding (6) meetings during 2020					
		First meeting 25/3/2020	Second meeting 13/04/2020	Third meeting 03/05/2020	Fourth meeting 30/06/2020	Fifth meeting 11/08/2020	Sixth meeting 04/11/2020
Suleiman Ibrahim Al Hadithi	Chairman	✓	✓	✓	✓	✓	✓
Omar Abdullah Jafri	Member	✓	✓	✓	✓	✓	✓
Nasser Sahaj Al Shaibani	Member *	✓	✓	✓	✓	✓	✓

* An independent external member specialising in financial and accounting affairs.

▪ Remuneration and Nomination Committee:

In line with the Corporate Governance Regulations, the Board of Directors decided to merge the Remuneration Committee and Nomination Committee into one committee called the Remuneration and Nomination Committee, which undertakes all the functions and duties performed by such two committees as mentioned in the Corporate Governance Regulations. Accordingly, the (46) General Assembly held on 31/12/2017 approved the work regulations of the Remuneration and Nomination Committee, which include the Committee's formation, duties, work controls, and the remuneration of its members in accordance with the Corporate Governance Regulations. The Remuneration and Nomination Committee is concerned with duties related to the remuneration of the Board's members and sub-committees, remuneration of the Executive Management, the nominations for membership of the Board and the

Executive Management, as set forth below, and any other duties and responsibilities assigned thereto by the Board of Directors:

Firstly: With Regard to Remuneration in the Company:

1. Preparing a clear remuneration policy and submitting it to the Board of Directors for consideration in preparation for approval by the Company's General Assembly, provided that this policy shall include:
 - a. Remuneration of the Board Members.
 - b. Remuneration of the Board sub-committees.
 - c. Remuneration of the Executive Management.
 Such policy shall take into account the adoption of performance-related standards, disclosure of such standards, and verification of their implementation.
2. Clarifying the relationship between the remuneration awarded and the applicable remuneration policy, and demonstrating any material deviation from such policy.
3. Periodically reviewing the remuneration policy, and evaluating its effectiveness in achieving the objectives envisaged.
4. Recommending to the Board of Directors, in accordance with the policy approved by the Assembly, the following:
 - a. Remuneration of the Board members.
 - b. Remuneration of the Board sub-committees.
 - c. Remuneration for senior executives.

Secondly: With Regard to Nominations for Membership of the Board and the Executive Management:

The Committee's terms of reference regarding nominations are as follows:

1. Proposing clear policies and standards for membership in the Board of Directors and Executive Management.
2. Recommending to the Board of Directors to nominate members therein, and re-nominating them in accordance with the approved policies and standards, taking into account not to nominate any individual previously convicted of a breach of trust.
3. Preparing a description of the capabilities and qualifications required for membership in the Board of Directors, and appointing individuals in the executive management positions.
4. Determining the time that the member shall allocate to perform the work of the Board.
5. Annually reviewing the necessary needs of skills or experience appropriate for Board membership and executive management positions.
6. Reviewing the structure of the Board of Directors and Executive Management, and making recommendations for procedures taken in this regard.
7. Annually verifying that independent members are still independent, and that there is no conflict of interest if they are members of the board of directors of another company.
8. Establishing job descriptions for executive members, non-executive members, independent members and senior executives.
9. Setting up special procedures if the position of a Board member or a senior executive becomes vacant.
10. Identifying weaknesses and strengths in the Board of Directors, and proposing solutions to address them in line with the Company's interest.

The Remuneration and Nomination Committee was formed by a resolution of the Board of Directors for three years starting from the beginning of the Board session on 27/10/2019. Such Committee consists of three non-executive Board members, namely Mr. Mansour Abdulaziz Al Busaili, Committee Chairman and an independent Board member; Mr. Hussein Ali Shobokshi; and Mr. Amr Mohammed Kamel, who are non-executive Board members.

The table below shows the Committee's chairman, members, membership description and type, the number and dates of its meetings, and attendance information of members for each meeting held during 2020, as follows:

Name	Membership type	The Committee performed its duties by holding (5) meetings during 2020				
		First meeting 18/02/2020	Second meeting 23/07/2020	Third meeting 16/09/2020	Fourth meeting 25/11/2020	Fifth meeting 22/12/2020
Mansour Abdulaziz Al Busaili	Chairman	✓	✓	✓	✓	✓
Hussein Ali Shobokshi	Member	✓	✓	✓	✓	✓
Amr Mohammed Kamel	Member	✓	✓	✓	✓	✓

▪ **Investment and Finance Committee:**

The Board of Directors, in its meeting held on 19/12/2019, approved the work regulations of the Investment and Finance Committee, which include the Committee's formation, duties, work controls, the remuneration of its members, in order to assist the Board of Directors in performing its duties and responsibilities related to the functions, duties and responsibilities below, and any other duties and responsibilities assigned thereto by the Board of Directors.

The Investment and Finance Committee's Terms of Reference, Duties and Responsibilities:

1. Developing and periodically reviewing investment strategies and policies, and submitting recommendations thereon to the Board of Directors.
2. Conducting approvals and investments according to the powers delegated to the Committee by the Board of Directors.
3. Studying new investment opportunities and submitting recommendations thereon to the Board of Directors.
4. Studying and periodically evaluating the performance of investments, and submitting recommendations thereon to the Board of Directors.
5. Supervising and controlling the implementation of investment policies, strategies and projects, and submitting recommendations thereon to the Board of Directors.
6. Studying and evaluating the investment opportunities proposed by the Management in relation to the following transactions, and submitting recommendations thereon:
 - a. Conducting merger or acquisition of companies
 - b. Exiting, selling, or transferring of the ownership of the Company's investments, and conducting other forms of disposal of investments
 - c. Studying new investment opportunities and submitting recommendations thereon to the Board of Directors
 - d. Studying the financing sources necessary for the various investments offered to the Company or recommended by Management
7. Ensuring that the administrative and financial procedures regarding the management of the Company's investments are in line with the legal requirements and administrative controls.
8. Proposing, studying and reviewing the appropriate financing structure of the Company, and its proportionality with the volume of the existing and future investments of the Company, and submitting recommendations thereon to the Board of Directors.
9. Approving and contracting loans, powers of attorney, banking facilities, and bills of exchange within the limits delegated by the Company's Board of Directors.
10. Selecting and determining the scope and fees of financial advisors to conduct acquisitions, mergers, or sale of investments and the like.
11. The Committee may recommend to the Board of Directors to delegate some of its duties and powers to the Executive Management.
12. Preparing periodic and annual reports on the Committee's work, and the annual disclosure report, and submitting them to the Board of Directors.

The Investment and Finance Committee was formed by a resolution of the Board of Directors for three years starting from the beginning of the Board session on 27/10/2019. Such Committee consists of four Board

members, namely Eng. Abdulaziz Muhammed Abdo Yamani, Committee Chairman and a non-executive Board member; Mr. Hussein Ali Shobokshi, a non-executive Board member; Mr. Abdullah Ibrahim Al Howaish, an executive Board member; and Faisal Muhammed Shaker, an independent Board member.

The table below shows the Committee's chairman, members, membership type, the number and dates of its meetings, and attendance information of members for each meeting held during 2020, as follows:

Name	Membership type	The Committee performed its duties by holding (9) meetings during 2020								
		First meeting 26/02	Second meeting 22/04	Third meeting 17/05	Fourth meeting 24/06	Fifth meeting 12/07	Sixth meeting 26/08	Seventh meeting 24/09	Eighth meeting 28/10	Ninth meeting 17/12
Abdulaziz Muhammed Abdo Yamani	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hussein Ali Shobokshi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
Abdullah Ibrahim Al Howaish	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓
Faisal Muhammed Shaker	Member	✓	✓	✓	✓	✓	✓	✓	×	✓

Interest of the Board Members and Senior Executives in the Shares of the Company and its Subsidiaries:

• Interest in the Company's Shares:

The table below shows the interest of the Board members in the Company's shares during the fiscal year 2020, and there is no interest in the shares of the Company or its subsidiaries for their relatives (wives and minor children). Further, there is no interest in the shares of the Company or its subsidiaries for any of the senior executives and their relatives, and the Company or its subsidiaries have no debt instruments.

Name of the member having the interest	At the beginning of the year		At the end of the year		Net change in the number of shares	Percentage of change
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Abdullah Saleh Kamel *	67,903,932	-	67,903,932	-	-	-
Abdulaziz Muhammed Abdo Yamani	2,022	-	2,022	-	-	-
Hussein Ali Shobokshi	1,000	-	1,000	-	-	-
Suleiman Ibrahim Al Hadithi	1,000	-	1,000	-	-	-
Abdullah Ibrahim Al Howaish	100	-	100	-	-	-
Mansour Abdulaziz Al Busaili	1,000	-	1,000	-	-	-
Omar Abdullah Jafri	50	-	50	-	-	-
Faisal Muhammed Shaker	258	-	258	-	-	-
Amr Mohammed Kamel	1,000	-	1,000	-	-	-

Note * The number of 67,225,431 shares owned by Dallah Albaraka Holding Company were indirectly added in favour of Mr. Abdullah Saleh Kamel for his administrative control over Dallah Albaraka Holding Company, in addition to 678,501 shares directly owned by him.

• Interest in the Subsidiaries' Shares:

Halwani Bros:

The table below shows the interest of some Board members in the shares of Halwani Bros (Listed JSC), a subsidiary of the Company, through Aseer Al Arabia for Industrial Investment Company Ltd., which is wholly owned by the Company during the fiscal year 2020, as follows:

Name of the member having the interest	At the beginning of the year		At the end of the year		Net change	Percentage of change
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Abdullah Saleh Kamel	1,100	-	1,100	-	-	-
Abdulaziz Muhammed Abdo Yamani	1,100	-	1,100	-	-	-
Abdullah Ibrahim Al Howaish	8	-	8	-	-	-

Al Essa Industries:

There is no interest for the Board members in the shares of Al Essa Industries, which is 38% owned by the Company during the fiscal year 2020.

Remuneration of Board Members, Sub-committees and Executive Management:

The (46) Ordinary General Assembly, held on 31/12/2017, approved the remuneration policy for Board members, sub-committees and the Executive Management, which aims to define clear criteria for the remuneration of Board members, sub-committees and the Company's senior executives, in light of the requirements of the Companies Law and the laws and regulations of the Capital Market Authority. Such policy also aims to attract qualified, competent and talented individuals to work in the Board of Directors, committees and Executive Management, by adopting plans and programmes stimulating remuneration and are linked to performance, which contributes to improving the Company's performance and achieving the interests of its shareholders.

Firstly: Remuneration of Board Members

1. According to Article (21) of the Company's Articles of Association, the remuneration of Board members shall be a certain amount, an attendance allowance, in-kind benefits, or a certain percentage of net profits. Two or more of such benefits may be combined in accordance with the relevant provisions of the Companies Law, the Corporate Governance Regulations, and the rules and standards set by the Capital Market Authority.
2. If the remuneration is a certain percentage of the Company's profits, such percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the Companies Law and the Company's Articles of Association, and after distributing dividends of no less than (5%) of the Company's paid-up capital, provided that the entitlement to such remuneration shall be proportional to the number of sessions attended by the Board member, and all estimates to the contrary shall be void.
3. In all cases, the total remuneration, financial or in-kind benefits obtained by the Board member shall not exceed an amount of five hundred thousand Saudi riyals annually, according to the controls laid down by the competent authority.
4. The report submitted by the Board to the Ordinary General Assembly shall include a comprehensive statement of all remuneration, expenses allowances and other benefits obtained by the Board members during the fiscal year. Further, it shall include a statement of remuneration received by the Board members as employees or administrators or received thereby in return for technical, administrative or consultancy works. It shall also include a statement of the number of Board sessions and the sessions attended by each member from the date of the last meeting of the General Assembly.
5. The remuneration of the Board members may vary to reflect the member's experience, competencies, duties entrusted thereto, independence, the number of sessions attended thereby, and other considerations.
6. The remuneration of independent Board members shall not be a percentage of the Company's profits, or be directly or indirectly based on the Company's profitability.

The table below shows the Board members' remuneration and compensation paid during the 2020:

		Fixed remuneration							Variable remuneration							End-of-severance gratuity	Gross total	Expenses allowance
		A certain amount	Board attendance allowance	Total committee attendance allowance	In-kind benefits	Remuneration for technical, administrative or consultancy works	Remuneration for the Board Chairman, Managing Director or the Secretary, if the Secretary is a Board	Total	Percentage of profits	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares	Total				
Firstly: Independent Members:																		
1	Mansour Abdulaziz Al Busaili	153,333	14,000	17,500	-	-	-	184,833	-	-	-	-	-	0	-	184,833	-	
2	Omar Abdullah Jafri	133,333	14,000	21,000	-	-	-	168,333	-	-	-	-	-	0	-	168,333	-	
3	Faisal Muhammed Shaker	122,222	14,000	28,000	-	-	-	164,222	-	-	-	-	-	0	-	164,222	-	
	Total	408,888	42,000	66,500	0	0	0	517,388	0	0	0	0	0	0	0	517,388	0	
Secondly: Non-Executive Members:																		
1	Abdullah Saleh Kamel	200,000	14,000	-	-	-	-	214,000	-	-	-	-	-	0	-	214,000	-	
2	Abdulaziz Muhammed Abdo Yamani	320,000	14,000	31,500	-	-	-	365,500	-	-	-	-	-	0	-	365,500	-	
3	Hussein Ali Shobokshi	400,000	14,000	49,000	-	-	-	463,000	-	-	-	-	-	0	-	463,000	-	
4	Suleiman Ibrahim Al Hadithi	320,000	14,000	21,000	-	-	-	355,000	-	-	-	-	-	0	-	355,000	-	
5	Amr Mohammed Kamel	133,333	14,000	17,500	-	-	-	164,833	-	-	-	-	-	0	-	164,833	-	
	Total	1,373,333	70,000	119,000	0	0	0	1,562,333	0	0	0	0	0	0	0	1,562,333	0	
Thirdly: Executive Members:																		
1	Abdullah Ibrahim Al Howaish	300,000	14,000	31,500	-	-	-	345,500	-	-	-	-	-	0	-	345,500	-	
Total		300,000	14,000	31,500	0	0	0	345,500	0	0	0	0	0	0	0	345,500	0	
Gross total		2,082,221	126,000	217,000	0	0	0	2,425,221	0	0	0	0	0	0	0	2,425,221	0	

* The forty-ninth Ordinary General Assembly, held on 13/05/2020, agreed to disburse an amount of SAR 1,800,000 as a remuneration for the Board members for the fiscal year ending on 31/12/2019, as follows:

Name of Board Member	Remuneration amount for 2019
Abdullah Saleh Kamel	SAR 200,000
Abdulaziz Muhammed Abdo Yamani	SAR 200,000
Hussein Ali Shobokshi	SAR 200,000
Suleiman Ibrahim Al Hadithi	SAR 200,000
Abdullah Ibrahim Al Howaish	SAR 200,000
Mansour Abdulaziz Al Busaili (his membership started on 27/10/2019)	SAR 33,333
Omar Abdullah Jafri (his membership started on 27/10/2019)	SAR 33,333
Faisal Muhammed Shaker (his membership started on 27/10/2019)	SAR 33,333
Amr Mohammed Kamel (his membership started on 27/10/2019)	SAR 33,333
Tariq Othman Al Qasabi (his membership expired on 26/10/2019)	SAR 166,667
Abdullah Saeed Al Mubti (his membership expired on 26/10/2019)	SAR 166,667
Mazen Muhammed Al Saeed (his membership expired on 26/10/2019)	SAR 166,667
Khaled Abdullah Al Melhem (his membership expired on 26/10/2019)	SAR 166,667

Secondly: Remuneration of Committee Members:

The work regulations of both the Audit Committee and the Remuneration and Nomination Committee approved by the General Assembly, and the work regulations of the Investment and Finance Committee approved by the Board of Directors included the remuneration of their members, which is an annual remuneration of SAR 120,000 (one hundred and twenty thousand) for the committee Chairman and SAR 100,000 (one hundred thousand) for each of the other members, provided that the entitlement to such remuneration is proportional to the number of meetings attended by the member during the year.

The table below shows the remuneration and compensation paid during 2020 to the Committees' members:

	Fixed remuneration (except for the attendance allowance)	Attendance allowance	Total
Audit Committee Members:			
Suleiman Ibrahim Al Hadithi	120,000	21,000	141,000
Nasser Sahaj Al Shaibani	100,000	21,000	121,000
Omar Abdullah Jaffi	100,000	21,000	121,000
Total	320,000	63,000	383,000
Members of the Remuneration and Nomination Committee:			
Mansour Abdulaziz Al Busaili	120,000	17,500	137,500
Hussein Ali Shobokshi	100,000	17,500	117,500
Amr Mohammed Kamel	100,000	17,500	117,500
Total	320,000	52,500	372,500
Members of the Investment and Finance Committee:			
Abdulaziz Muhammed Abdo Yamani	120,000	31,500	151,500
Hussein Ali Shobokshi	100,000	31,500	131,500
Abdullah Ibrahim Al Howaish	100,000	31,500	131,500
Faisal Muhammed Shaker	88,889	28,000	116,889
Total	408,889	122,500	531,389

Thirdly: Executive Management Reward:

Upon the recommendation of the Remuneration and Nomination Committee, the Board of Directors determines the remuneration of the senior executives, as follows:

1. A fixed amount paid as salary and allowances. Such allowances include housing allowance, transportation allowance and annual, as proposed by the Remuneration and Nomination Committee and approved by the Board of Directors.
2. An annual remuneration based on performance indicators according to the annual appraisal.
3. The plans, policy and types of remuneration for employees and senior executives are approved by the Board of Directors, upon the recommendation of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee shall supervise the implementation of the remuneration policy for employees and senior executives in light of the general plans, programmes and guidelines approved by the Board.

The table below shows the highest remuneration and compensation paid to five senior executives during 2020:

	Fixed remuneration				Variable remuneration						End-of-severance gratuity	Total remuneration for board executives, if any	Gross total
	Salaries	Allowances	In-kind benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
Total 2020	5,550,000	2,186,500	-	7,736,500	470,000	-	-	-	-	470,000	-	214,000	8,420,500

There is no arrangement or agreement under which a Board member or a senior executive waived any remuneration.

Means Adopted by the Board in Evaluating its Performance and the Performance of its Committees and Members:

The Board of Directors approved a form for evaluating the Board performance based on the proposal of the Remuneration and Nomination Committee and in line with the requirements of the Corporate Governance Regulations. Such form was prepared for assisting in evaluating the effectiveness of the Board, and it includes the Board's structure, operations, role and responsibilities, and role and responsibilities of Board Chairman.

Further, the Board of Directors also approved a form for evaluating the performance of each Board committee. Such form was prepared to contribute to verifying the performance of the committees according to their approved work regulations governing the controls and procedures of their work, duties, and the rules governing the selection of their members. The verification elements include the committees' formation, meetings, terms of reference, duties and responsibilities.

The aim of such form is to find out the weaknesses and strengths in the performance of the Board and committees to enhance strengths and improve deficiencies.

Business and Contracts Wherein Any of the Board Members or Senior Executives has an Interest:

The Company acknowledges that there are no business or contracts during the 2020, wherein the Company is a party, or wherein there was an interest for a Board member, senior executives, or any related party.

Transactions with Related Parties:

Some subsidiaries, within their normal commercial activities, carried out transactions with each other and with related parties within their normal activity and under the same conditions, principles and transaction rates followed with others. The table below shows a summary of the important transactions conducted with related parties at the end of the year, according to note (21) of this year's financial statements:

Amounts Due on Related Parties				
Related party	Nature of relationship	Nature of the transaction	Transaction amounts	Balance
Other commercial companies	Affiliates	Sales	1,185,644	841,721
Provision for doubtful debts	-	-	-	(621,962)
Balance				219,759

Amounts Due to Related Parties				
Related party	Nature of relationship	Nature of the transaction	Transaction amounts	Balance
Dallah Trading Company	An affiliate owned by one of the major shareholders	Purchasing finished goods	615,817	-
Ismailia Egypt Poultry Company	An affiliate owned by one of the major shareholders	Purchasing raw materials	3,979,803	641,957
Others	Affiliates	Purchases and services	239,901	402,528
Balance				1,044,485

Annual Audit of the Effectiveness of Internal Control Procedures:

An independent authority carries out the tasks of the internal audit, evaluates and examines the internal control systems and their effectiveness in the company and submits its reports to the audit committee after discussion with the company's management. Internal control, and the internal audit work is according to an annual plan that is reviewed periodically, and the tasks of the internal audit include the evaluation of the internal control system and the effectiveness of its procedures and recommendations for improvement and development under the supervision of the audit committee. With the aim of improving and developing control systems, and the absence of significant and significant observations and risks, with the recommendation to continue the processes of developing the control system, internal control procedures and related activities by working on the continuous improvement of systems, regulations and operational processes procedures.

Opinion of the Audit Committee:

Based on the committee's follow-up of its duties, the internal auditor's reports, the follow-up with the chartered accountant, the corrective actions taken by the executive management of the company for continuous development and improvement, and the executive management's assurances that there were no material observations when preparing the annual consolidated financial statements for the year 2020 and the preliminary financial statements for the quarterly periods during the year 2020 and processing all The observations made

by the chartered accountant during the audit work for the year 2020 and he does not have any reservations or material notes that have not been addressed, the absence of material notes by the committee when studying these lists, the absence of substantial notes from the Board of Directors and their approval of these financial statements, and the management's assurances about the internal control system and the effectiveness of its procedures. Signed on 03/28/2020, the financial statements have been examined and reviewed by the independent certified auditor who has the right to view all the books and records, the minutes of the Board of Directors and its committees and the minutes of the General Assembly of shareholders, and as no material note has been received from the chartered accountant on the internal control and control systems. Based on the annual internal control report that is concerned with evaluating the effectiveness of the design of the internal control system and the methodology carried out by the internal auditor and his conclusion that the design of the internal control system is effective, appropriate and sufficient while working on continuous development and improvement and that the committee, in light of the above, does not have major observations on the internal control system in The company believes that the internal control system affirms to a reasonable degree that it has been prepared on a sound basis with the importance for the executive management to continue developing and improving the internal control system and developing the control mechanism over the company's operations and activities

Company's Declarations:

- 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 performing its activity.

Applied and Unapplied Provisions of the Corporate Governance Regulations and the Reasons in Each Case:

The Company is working to apply the Corporate Governance Regulations issued by the Capital Market Authority, through a system of corporate governance principles and rules, the Articles of Association, the statutory laws and regulations related to the business and activity of the Company, the internal work regulations and procedures, and the regulations, policies and procedures related to the Board of Directors and the Board Committees.

The Board of Directors also approved the rules of Corporate Governance guided by the KSA Corporate Governance Regulations issued by the Capital Market Authority, in order for such rules to be in line with the provisions and objectives of such Regulations in a manner consistent with the mandatory provisions, with the exception of some articles:

Article number	Paragraph number	Article/Paragraph	Reasons for not applying
(39)	-	Training (training of Board members and Executive Management)	The article is indicative, and the Company's Management considers it as needed.
(70)	-	Forming a risk management committee	The article is indicative, and the Board of Directors assigned the terms of reference of the Risk Management Committee to the Audit Committee, taking into consideration that the Company is constantly reviewing its policies related to risk management and submits a report thereon to the Board of Directors on an annual basis.
(72)	-	Meetings of the Risk Management Committee	
(76)		Forming an internal audit unit or department	The article is indicative, and the Company relies on external parties to perform internal control duties, which in turn develop an internal audit plan and its reports are submitted to the Audit Committee.
(85)		Motivating employees	Indicative article

Article number	Paragraph number	Article/Paragraph	Reasons for not applying
(89) Disclosure Policies and Procedures	3	The Company's website shall include all the information required to be disclosed, and any other data or information published through other means of disclosure.	The paragraph is indicative, and the Company publishes any information and data required to be disclosed in accordance with the laws and regulations required by law.
(95)	-	Formation of the Corporate Governance Committee	The article is indicative, and the Board of Directors assigned the terms of reference of the Governance Committee to the Remuneration and Nomination Committee to develop, apply and amend the governance rules when needed.

The Company does not have any penalty, sanction, precautionary measure, and precautionary attachment imposed by the Authority or any other supervisory, regulatory or judicial authority.

Procedures Taken by the Board of Directors to Inform its Members of Shareholders' Recommendations and Comments about the Company and its Performance:

The Company's Articles of Association grant shareholders all rights related to the shares, and shareholders have the right to inquire and request information in a manner which is not detrimental to the interests of the Company and in line with the Financial Market Law and its executive regulations. The Company receives all recommendations and notes of its shareholders by e-mail or phone and through the General Assembly Meeting. The Board of Directors is notified of a summary of such recommendations or notes, if any.

Selecting the Company's Chartered Accountant:

The forty-ninth Ordinary General Assembly, held on 13/05/2020, decided to nominate and select Dr. Mohamed Al-Amri & Co. (BDO) from among the nominated offices, based on the recommendation of the Audit Committee, to be an auditor for the Company in order to examine, review and audit the financial statements for the second, third and final quarters of the fiscal year 2020 and the first quarter of the fiscal year 2021.

The Ordinary General Assembly, in its meeting held during 2021, will review the recommendation of the Audit Committee to nominate an auditor for the Company in order to examine, review and audit the financial statements for the second, third and final quarters of the fiscal year 2021, and the first quarter of the fiscal year 2022. The General Assembly may approve such recommendation or appoint one or more auditors.

Accounting Standards Applied in the Company:

The consolidated financial statements of the Group and the independent financial statements of the subsidiaries were prepared in accordance with the International Financial Reporting Standards and the guidelines issued by the Saudi Organisation for Certified Public Accountants. All these financial statements were audited in accordance with international auditing standards. The auditor expressed an unqualified opinion on each of such financial statements, referring that statements wholly comply with the International Financial Reporting Standards.

General Assemblies of Shareholders During 2020:

During 2020, the Company held one General Assembly as follows:

1. **The (49) Ordinary General Assembly held on 13/05/2020:**

It is the General Assembly which approved the report of the Company's auditor for the fiscal year 2019; the financial statements for the fiscal year 2019; the report of the Board of Directors for the fiscal year 2019; the disbursement of an amount of SAR 1,800,000 as remuneration for the Board members for the fiscal year 2019; the discharge of the Board members from their responsibility for managing the Company during the fiscal year 2019; the appointment and remuneration of Dr. Mohamed Al-Amri & Co. (BDO) as an auditor of the Company from among the candidates based

on the recommendation of the Audit Committee, in order to examine, review and audit the financial statements for the second, third and final quarters of the fiscal year 2020, and the first quarter of the fiscal year 2021.

Names of the Board members attending the General Assemblies during 2020:

Sr.	Name of Board Member	Attendance Record
		The (49) Ordinary General Assembly meeting held on 13/05/2020:
1	Abdullah Saleh Kamel	✓
2	Abdulaziz Muhammed Abdo Yamani	✓
3	Hussein Ali Shobokshi	✓
4	Suleiman Ibrahim Al Hadithi	✓
5	Abdullah Ibrahim Al Howaish	✓
6	Mansour Abdulaziz Al Busaili	✓
7	Omar Abdullah Jafri	✓
8	Faisal Muhammed Shaker	✓
9	Amr Mohammed Kamel	✓

Number, Dates and Reasons of the Company's Requests for Shareholders' Register:

The Company's requests for the shareholders' register	Date of request	Reasons for request
1	12/02/2020	Company's procedures
2	13/05/2020	Attending the (49) Ordinary General Assembly
3	11/10/2020	Company's procedures
4	18/10/2020	Company's procedures
5	06/12/2020	Company's procedures
6	13/12/2020	Company's procedures

Company's Social Contributions:

In line with the Company's social responsibility policy and based on the Company's role in participating in the initiatives launched in the society, the Company supported, during 2020, the medical and educational services programme provided by the Disabled Children's Association, with a total amount of twenty-five thousand Saudi riyals.

Acknowledgment of the Board of Directors:

The Chairman and Board members extend their thanks and appreciation to all the Company's shareholders, customers, suppliers and advisors for their efforts and cooperation. The Board also expresses its appreciation to the employees of the Company, its subsidiaries, and all related parties for their efforts and constructive cooperation with the Company during the fiscal year 2020. The Board looks forward to improving the Company's performance during the next year or the coming years to achieve the aspirations of its shareholders.

Best of luck

Board of Directors