

**Board of Directors' Report for the Shareholders of Kingdom Holding Company**

**For the Fiscal Year ended on 31/12/2020**

## **Curriculum Vitae of the Members of the Board of Directors:**

### **His Royal Highness Prince Al-Waleed bin Talal bin Abdulaziz (Chairman of the Board of Directors)**

Prince Al-Waleed bin Talal holds a Bachelor's Degree in Administrative and Economic Sciences from Menlo College in the United States of America in 1979. His Highness also holds a Master's Degree in Social Sciences from Syracuse University in the United States of America in 1985. His entire practical experience was in the Kingdom Company.

### **Engineer Talal Al-Maiman:**

Mr. Talal Ibrahim Al- Maiman is currently the Chief Executive Officer of the Kingdom Holding Company after leading the Local Development and Investments Division in the Group for many years.

Since joining the company in 1996, Engineer Talal has assumed the responsibility for supervising the investments and operations of the company, as well as identifying future private and public investment opportunities locally, regionally and internationally.

In addition to being a Member of the Board of Directors of the Kingdom Holding Company and a member of the Investment Committee in all the local subsidiaries, he is also a member of the Board of Directors and member of the Executive Committee of the National Industrialization Company, which is a diverse investment chemicals company listed on the market with several Billion Dollars. He is also a member of the Board of Directors and a member of the Executive Committee of NAS Holding, which is a leading aviation company that owns NAS JET and Flynas, which are one of the leading companies in the field of low-cost regional transport and Deputy Chairman of Banque Saudi Fransi and Chairman of the Board of Directors of Saudi Fransi Capital Company.

Engineer Talal held the position of the Chairman of the Board of Directors of the Kingdom Real Estate Investment Company, which is the local subsidiary of the

Kingdom Holding Company, and Chairman of the Board of Directors of the Kingdom Investment and Development Company, which is a newly established closed joint stock company. Al- Maiman is also the Chairman of the Board of Directors of the Five Capital Fund, which is a recently established private equity fund with key sponsors, Kingdom Holding Company and the French Sovereign Wealth Fund and CDC International Capital, in addition to being a member of the Board of Directors of Five Capital Advisors (DIFC), which structured investment advisory company jointly owned by CDC.

Al- Maiman was previously a member of the Board of Directors of Savola Group, which is a commercial and industrial company listed on the stock exchange with several Billions, in addition to his membership in the Board of Directors of the Saudi Research and Marketing Group, which is a leading media company in the Middle East and North Africa.

Before joining the Kingdom Holding Company, Al- Maiman held the position of the Director of Information Systems at the Saudi Arabian Monetary Authority from (1986 to 1996) and the Director of Operations and Maintenance in the Saudi Ministry of Interior from (1979 to 1986).

**Mr. Sarmad Zok:**

Mr. Sarmad Zok is the Chief Executive Officer and Executive Manager of the Kingdom Hotel Investments Company (KHI) which is a world leading company in the acquisition and development of hotels and resorts. The activities and business thereof are concentrated in the rapidly growing emerging markets. Mr. Zok founded Kingdom Hotel Investments in 2001 and launched the initial public offering with the amount of USD 1.6 Billion in 2006. In 2010, all of the shares of Kingdom Hotel Investments Company (KHI) were acquired and fully owned by Kingdom Holding Company (KHC). Furthermore, Mr. Zok is a member of the Board of Directors of Kingdom Holding Company and a member of the Investment Committee of the company, whereas he is responsible for strategic leadership and development of the global hotel investments of Kingdom Holding Company. These

interests include hotel management companies such as Four Seasons Hotels and Resorts, Accor Hotels, in addition to international properties, including George V Hotel in Paris and Savoy Hotel in London.

Mr. Zok is also a member of the Board of Directors of Four Seasons Hotels and Resorts, Accor Hotels and Black Trust Investment Private Company Ltd. Mr. Sarmad holds a Bachelor's Degree in Hotel Management from University of Surrey and Master's Degree in property assessment and law from City Business University in London. He is fluent in English, French and Arabic.

**Adel Abdulaziz Al-Abdulsalam:**

Adel Al-Abdulsalam is the Executive Director of the Financial and Administrative Affairs and a member of the Board of Directors of the company. He is a holder of Bachelor's degree in Accounting and Master's Degree in Business Administration with honors. He has various experiences in financial management, corporate governance, strategic management and business development and a record of many accomplishments during his career of twenty years during which he worked in major local and international companies.

**Dr. Khaled Abdullah Al-Suhaim:**

Independent Member of the Board of Directors and Deputy Chairman of the Board of Directors

Dr. Khaled Al-Suhaim is a member of the Board of Directors of the company. He holds a PhD in Human Resources Management from the University of Wales (Cardiff Business School) in the United Kingdom in 1996. in addition to a high diploma in scientific research methods from the same university in 1993 and a Bachelor's Degree with honors in media discipline from King Saud University and Master's Degree in the same discipline in 1986. Before being a member of the Board of Directors of the company, Al-Suhaim held several leadership positions in Saudi Telecom Company, including the General Manager of Recruitment, the General Manager of manpower organization and planning, the General Manager of

Human Resources Services and the General Manager of Human Resources Development. He is currently working as a full-time Human Resources and Organization consultant.

**Engineer Taher Muhammad Omar Aqeel:**

Independent Member of the Board of Directors

Engineer Taher Aqeel is a member of the Board of Directors of the company. He holds a Bachelor's and Master's Degrees in industrial engineering from the University of Texas in the United States of America (he obtained the master's degree in 1984). He occupied several positions, including the Executive Member of the Board of Directors and the Financial Advisor of the National Air Services Company (NAS). Before joining the company, he occupied several positions including the Chief Executive officer of the Financial Services Company (Deutsche Al Azizia) for two years and Head of the structured Finance Department in the National Commercial Bank in addition to several important positions in the Saudi Industrial Development Fund. Engineer Taher also held the position of a Member of the Industrial Committee of the Chamber of Commerce and industry in Jeddah. Engineer Taher trained at Chase Manhattan Bank in New York. He attended advanced development programs in the international institutions such as Harvard, Oxford and INSEAD.

**Hisham Sulaiman Al Habib:**

Independent Member of the Board of Directors

Hisham is an Executive Member of the Board of Directors of Dr. Suleiman Al Habib Medical Group and the Deputy Chief Executive Officer of the Medical Group Development. Mr. Hisham is also the General Manager of Dr. Suleiman Al Habib Commercial Investment Company. He is also a member of the Board of Directors of Hamat Holding Company. Hisham has a Bachelor's degree in Financial Sciences in Business Administration from the American University in Sharjah.

### **The principal activities of the company:**

The purposes of the company are carrying out the following activities:

1. Managing its subsidiaries or participating in the management of other companies, in which it contributes, and providing the necessary support thereto.
2. Investing its fund in stocks and other securities.
3. Possessing properties and movables necessary for practicing the activities thereof.
4. Possessing, using and renting industrial property rights including patents, trademarks, industrial brands and franchise rights and other moral rights and leasing such to its subsidiaries or others.
5. Any other legal and legitimate purpose consistent with the nature of the company.

### **Subsidiaries:**

The company practices its international activities through the following subsidiaries:

#### **A) Kingdom 5 – KR – 11 Limited (KR – 11)**

KR – 11 is a limited liability company incorporated in the Cayman Islands. The principal activity of the company is possessing investments in international quoted securities through its wholly owned subsidiaries.

#### **B) Kingdom 5 – KR – 100 Limited (KR – 100)**

KR – 100 is a limited liability company incorporated in the Cayman Islands. The principal activity of the company is possession and management of investment funds through its equity-accounted investees.

**C) Kingdom 5 – KR – 132 Limited (KR – 132)**

KR – 132 is a limited liability company incorporated in the Cayman Islands. The principal activity of the company includes holding investments in the following subsidiaries and equity-accounted investees that practice the hotel activity:

| Name of Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Actual Ownership Percentage % |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2020                          | 2019  |
| <b>Kingdom 5 KR 35 Group (George V)</b><br>It was founded as a limited liability company with a capital of 5,218,200 Euros. It is established in the Cayman Islands, which owns George V Hotel in France. (Direct and indirect ownership through Kingdom Hotel Investments Company)                                                                                                                                                                                                                                                                                                                      | 100.0                         | 100.0 |
| <b>Kingdom Hotel Investments (KHI)</b><br>The company was established in the Cayman Islands as a limited liability company with a capital of USD 843 Million in May 2000, to acquire and develop high quality hotels in various regions around the world. The company also manages its hotel activities in four geographical regions: the Middle East, Africa, Asia and Europe. The company does not directly manage any of the hotels. Whereas Four Seasons Hotels and Resorts, Fairmont Hotels and Resorts and Movenpick Hotels and Resorts were selected to directly manage on behalf of the company. | 100.0                         | 100.0 |
| <b>Breezeroad Limited (Savoy) United Kingdom</b><br>It was established as a limited liability company with a capital of USD 187,977,994 owned by the Kingdom 5KR – 114 Limited (KR – 114) in the Cayman Islands.<br>It owns the landmark Savoy Hotel in London, which is operated by Fairmont Company.                                                                                                                                                                                                                                                                                                   | 58.9                          | 58.9  |

## Subsidiaries (Continued)

Kingdom Holding Company owns shares in the following local and regional subsidiaries:

| Name of Company                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Actual Ownership Percentage % |       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2020                          | 2019  |
| <b>Kingdom Real Estate Development – Kingdom of Saudi Arabia</b><br><br>It was established as a limited liability company with a capital of SAR 1,000,000 in 2012. It owns Kingdom Investment and Development Company by 89.9 %, in addition to possessing the lands of East Riyadh in Dammam Highway.                                                                                                                                                                  | 100.0                         | 100.0 |
| <b>Kingdom Investment and Development Company – Kingdom of Saudi Arabia</b><br><br>It was established as a closed joint stock company with a capital of SAR 2,093,322,010 in 2015. It owns controlling majority shares of the following companies (Trade Centre Company Limited, Real Estate Investment Company Limited and Care Shield Holding Company and Kingdom Schools Company Limited and Fashion Village Trading Company Limited and part of East Riyadh lands). | 89.9                          | 89.9  |
| <b>Real Estate Investment Company – Kingdom of Saudi Arabia</b><br><br>It was established as a limited liability company with a capital of SAR 180,000,000 in 1997. It owns and manages a luxury residential complex in a distinguished location in Riyadh City.                                                                                                                                                                                                        | 69.4                          | 69.4  |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                     |      |      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
| <p><b>Kingdom Schools Company Limited – Kingdom of Saudi Arabia</b></p> <p>The Kingdom Schools Company was established in 1998 as a limited liability company with a capital of SAR 254,000,000. It operates in Riyadh. It owns and manages the schools of the Kingdom.</p>                                                                                                                                                                         | 47.0 | 47.0 |
| <p><b>Fashion Village Trading Company Limited – Kingdom of Saudi Arabia</b></p> <p>It was established as a limited liability company with a capital of SAR 119,876,867 in 2000. The company manages retail stores in Riyadh and displays the most prominent international brands.</p>                                                                                                                                                               | 71.8 | 71.8 |
| <p><b>Care Shield Holding Company – Kingdom of Saudi Arabia</b></p> <p>It was established as a limited liability company in 2013. It was converted into a closed joint stock company in 2016 with a capital of SAR 125,000,000. It owns controlling majority shares in the following companies (Medical Projects Services Company Limited – Kingdom Hospital by 100 %, Consulting Clinics Company by 100 % and Modern Pharmacy Company by 99 %)</p> | 0.00 | 41.4 |
| <p><b>Consulting Clinics – Beirut SAL (Clinics) – Lebanon</b></p> <p>It was established and operates in Lebanon to provide medical services as a limited liability company with a capital of USD 20,000,000.</p>                                                                                                                                                                                                                                    | 50.4 | 50.4 |

**Associate Companies:**

Kingdom Holding Company owns shares in the following international associate companies:

| Name of Company                                                                                                                                                                                                                                                                                                                                                                                               | Actual Ownership Percentage % |      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------|
|                                                                                                                                                                                                                                                                                                                                                                                                               | 2020                          | 2019 |
| <b>Four Seasons Hotels Holding (FSH Inc.) Canada</b> – owned by Kingdom Company 5 – KR – 132 Limited (KR – 132) and established in the Cayman Islands with capital of USD 2,411,984,000. Four Seasons is a leading global company that owns a group of hotels around the world and operates under the umbrella of Four Seasons Hotel. The company also operates and manages private luxury residential units. | 47.5                          | 47.5 |
| <b>Accor – Owned by Kingdom Hotels Company (Europe)</b><br>Accor is a leading global company owning a group of hotels around the world with a capital of Euros 854,000,000.                                                                                                                                                                                                                                   | 6.3                           | 6.1  |

Kingdom Holding Company owns shares in the following local and regional associate companies:

| Name of Company                                                                                                                                                                                                                 | Actual Ownership Percentage % |       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------|
|                                                                                                                                                                                                                                 | 2020                          | 2019  |
| <b>Jeddah Economic Company Limited</b> – Kingdom of Saudi Arabia<br>It was established as a limited liability company with a capital of SAR 8,521,512,800 in 2008. It owns and manages the Kingdom City Project in Jeddah.      | 33.35                         | 33.35 |
| <b>Nas Holding Company</b> – Kingdom of Saudi Arabia<br>It was established as a closed joint stock company with a capital of SAR 3,827,677,250. It owns and manages the economic airline license in the Kingdom of Saudi Arabia | 37.08                         | 37.08 |
| <b>Banque Saudi Fransi</b> – Kingdom of Saudi Arabia<br>Public Joint Stock Company                                                                                                                                              | 16.2                          | 16.2  |

### **Company's Plans and Future Expectations:**

In light of the global challenges and difficulties facing the global economy due to the Corona pandemic, the group has managed to overcome the negative effects of the Corona pandemic (Coved 19) by rearranging its priorities to preserve the value of assets. Although the world's markets have been affected by the pandemic as a result of closures that have taken place in all parts of the globe.

The company will continue to implement its strategic plans considering any risks that may affect the company's independent performance.

### **The Most Prominent Events of 2020:**

#### **Real Estate and Local Investments Sector:**

- Kingdom Investment and Development Company, which is a subsidiary, has completed the swap transaction for the shares that owned in its subsidiary Care Shield Company for shares in Dallah Healthcare Company in addition to a cash consideration.

### **Dividend Policy:**

The distribution of profits to shareholders is subject to certain restrictions stipulated in the articles of association of the company. Whereas the company is required to transfer 10 % of the net profits thereof after deducting Zakat; this amount is to be allocated to the statutory reserve. The Ordinary General Assembly may cease this allocation, whenever the indicated reserve reaches thirty percent (30 %) of the paid-up capital.

The dividend policy is subject to the financial position of the company, market conditions and economic conditions in general, in addition to other factors such as analysis of investment opportunities, reinvestment needs, monetary and capital needs, business expectations and the impact of these profits proposed to be distributed to the company, in addition to other regulatory considerations.

The Board of Directors of the Kingdom Holding Company decided in its meeting held on Monday 06/08/1441 A.H, corresponding to 30/03/2020, to distribute quarterly cash profits from the retained dividends at a rate of 1.25 % (5 % for the entire year) of the nominal value of the share by 12.5 Halalas quarterly for each issued share, so that the total would become 0.50 Riyals for the entire year, with a total of 163.9 Million Riyals for each quarter, so that the total of the special dividends for the whole year would become 655.9 Million Riyals, after the Chairman of the Board of Directors His Royal Highness Prince Al-Waleed bin Talal bin Abdulaziz Al Saud assigned and waived 34 Halalas per share or the equivalent of 1197 Million Saudi Riyals of his share of the proposed cash dividend for the whole

year by 8.50 Halalas per share or the equivalent of 299.2 Million Saudi Riyals from his share of quarterly earnings.

Noting that the profits shall be made on payments as follows:

First Payment: The shareholders registered in the Company's records shall be entitled to profits at the end of trading on 07/08/1441 A.H corresponding to 31/03/2020, provided that the exchange shall be made within ten working days after the second trading day following the due date.

Second Payment: The shareholders registered in the Company's records shall be entitled to profits at the end of trading on 09/11/1441 A.H corresponding to 30/06/2020, provided that the exchange shall be made within ten working days after the second trading day following the due date.

Third Payment: The shareholders registered in the Company's records shall be entitled to profits at the end of trading on 13/02/1442 A.H corresponding to 30/09/2020, provided that the exchange shall be made within ten working days after the second trading day following the due date.

Fourth Payment: The shareholders registered in the Company's records shall be entitled to profits at the end of trading on 16/05/1442 A.H corresponding to 31/12/2020, provided that the exchange shall be made within ten working days after the second trading day following the due date.

## Summary of the Financial Statements:

### Income Statement:

**All amounts in Saudi Riyals Thousands**

| <b>Description</b>                                | <b>2020</b>        | <b>2019</b>      | <b>2018</b>      | <b>2017</b>      | <b>2016</b>    |
|---------------------------------------------------|--------------------|------------------|------------------|------------------|----------------|
| Total Revenues                                    | 1,029,479          | 2,231,819        | 2,578,138        | 2,355,977        | 2,869,996      |
| Total Costs and Expenses                          | (553,316)          | (1,110,059)      | (1,342,330)      | (1,282,236)      | (1,524,032)    |
| Losses / Gains from Selling Investments and Other | 233,838            | (80,772)         | (461,447)        | 682,382          | (145,410)      |
| <b>Income from Main Activities</b>                | <b>(930,512)</b>   | <b>1,265,679</b> | <b>1,561,190</b> | <b>1,464,256</b> | <b>989,592</b> |
| Financial Burdens and Charges, Net                | (459,578)          | (614,409)        | (522,753)        | (431,823)        | (392,649)      |
| Minority Rights                                   | (58,343)           | 34,146           | 19,169           | (32,852)         | (19,834)       |
| <b>Income before Zakat and Tax</b>                | <b>(1,390,090)</b> | <b>651,270</b>   | <b>1,038,437</b> | <b>1,032,433</b> | <b>577,109</b> |
| Zakat and Tax                                     | (144,313)          | (196,956)        | (337,635)        | (401,716)        | (67,232)       |
| <b>Net Income of the Year</b>                     | <b>(1,466,800)</b> | <b>420,168</b>   | <b>681,633</b>   | <b>663,569</b>   | <b>509,877</b> |

The reasons of decrease in net income for the year compared with same period last year is due to the decrease in share of results from equity-accounted investees, decrease in hotel and other operating revenues, impairment of equity-accounted

investees, decrease in gains from investments, increase in impairment of financial assets, decrease in profit from discontinued operation, and increase in zakat expense, despite decrease in hotel and other operating costs, gain on sale of a subsidiary, increase in dividends income, decrease in financial charges, income tax expense and other losses, in addition to decrease in general and administrative and marketing expenses.

**Statement of the Financial Position:**

**All amounts in Saudi Riyals Thousands**

| Description                                                  | 2020               | 2019             | 2018               | 2017             | 2016             |
|--------------------------------------------------------------|--------------------|------------------|--------------------|------------------|------------------|
| Current Assets                                               | 3,155,740          | 2,452,137        | 1,815,325          | 2,661,542        | 5,561,361        |
| Current Liabilities                                          | (6,242,610)        | (3,133,881)      | (5,258,776)        | (5,414,463)      | (1,378,357)      |
| <b>Working Capital</b>                                       | <b>(3,086,870)</b> | <b>(681,744)</b> | <b>(3,443,451)</b> | <b>1,215,188</b> | <b>4,183,004</b> |
|                                                              |                    |                  |                    |                  |                  |
| Current Assets                                               | 3,155,740          | 2,452,137        | 1,815,325          | 2,661,542        | 5,561,361        |
| Investments at fair value through other comprehensive income | 13,997,579         | 11,502,427       | 7,873,434          | 11,211,596       | 9,833,920        |
| Equity-accounted Investees                                   | 18,654,797         | 19,562,668       | 19,158,568         | 19,230,889       | 14,192,081       |
| Real Estate Investments                                      | 4,231,963          | 4,253,279        | 4,198,664          | 4,219,808        | 2,094,448        |
| Properties and Equipment                                     | 6,949,410          | 6,855,011        | 7,114,581          | 7,964,079        | 7,925,862        |
| Intangible Assets                                            | 2,025,936          | 1,931,628        | 1,938,330          | 2,394,212        | 1,710,371        |

|                                                                                     |                   |                   |                   |                   |                   |
|-------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Other Long-Term Assets                                                              | 436,203           | 596,240           | 165,698           | 138,565           | 471,424           |
| <b>Total Assets</b>                                                                 | <b>49,665,153</b> | <b>48,370,443</b> | <b>44,870,696</b> | <b>48,776,200</b> | <b>41,789,467</b> |
|                                                                                     |                   |                   |                   |                   |                   |
| Current Liabilities                                                                 | 6,242,610         | 3,133,881         | 5,258,776         | 1,446,354         | 1,378,357         |
| Long Term Loans                                                                     | 10,575,557        | 11,397,219        | 9,255,415         | 13,213,247        | 10,621,807        |
| Other Long-Term Liabilities                                                         | 45,302            | 50,993            | 27,990            | 61,448            | 363,520           |
| <b>Total Liabilities</b>                                                            | <b>17,298,697</b> | <b>15,027,214</b> | <b>15,021,625</b> | <b>15,091,837</b> | <b>12,363,684</b> |
| Paid Up Capital                                                                     | 37,058,823        | 37,058,823        | 37,058,823        | 37,058,823        | 37,058,823        |
| Reserves and retained earnings                                                      | 2,397,191         | 1,720,610         | 2,005,570         | 1,979,483         | 1,935,597         |
| Unrealized losses from investments at fair value through other comprehensive income | (9,130,047)       | (7,420,869)       | (11,045,965)      | (7,778,557)       | (10,237,238)      |
| Other Reserves                                                                      | 472,609           | 118,562           | (68,019)          | 263,116           | (426,563)         |
| <b>Equity attributable to shareholders</b>                                          | <b>30,798,576</b> | <b>31,477,126</b> | <b>27,950,409</b> | <b>31,522,865</b> | <b>28,330,619</b> |
| Minority Rights                                                                     | 1,567,880         | 1,866,103         | 1,898,662         | 2,151,498         | 1,095,164         |
| <b>Total equity</b>                                                                 | <b>32,366,456</b> | <b>33,343,229</b> | <b>29,849,071</b> | <b>33,674,363</b> | <b>29,425,783</b> |
| <b>Total liabilities and Equity of shareholders</b>                                 | <b>49,665,153</b> | <b>48,370,443</b> | <b>44,870,696</b> | <b>48,766,200</b> | <b>41,789,467</b> |

For further details, kindly refer to the financial statements and attached notes.

### **Approximate Analysis of the Total Source Revenues according to the Geographical Distribution:**

The Administration believes that it is not feasible to follow up its revenues around the world on a geographical basis, whereas the company classifies its activities on the basis of sectors. However, it is necessary to adhere to the Corporate Governance Requirements issued by the Capital Market Authority, thus the following has been prepared:

#### **All amounts in Saudi Riyals Thousands**

| <b>2020</b>       | <b>Kingdom of Saudi Arabia</b> | <b>Asia</b> | <b>North America and Europe</b> | <b>Total</b>       |
|-------------------|--------------------------------|-------------|---------------------------------|--------------------|
| Total Assets      | 44,067,830                     | 1,096,351   | 4,500,972                       | <b>49,665,153</b>  |
| Total Liabilities | 13,315,739                     | 99,493      | 3,883,465                       | <b>17,298,697</b>  |
| Total Revenues    | 831,016                        | 27,641      | 170,822                         | <b>1,029,479</b>   |
| Net Income (Loss) | (1,246,777)                    | (21,638)    | (198,385)                       | <b>(1,466,800)</b> |

Subsidiaries are often concentrated in the Kingdom of Saudi Arabia. Their revenues come geographically from the Kingdom. There are also two subsidiaries in Europe, which are George V and Savoy. Their revenues come geographically from Europe.

#### **All amounts in Saudi Riyals Thousands**

| <b>2019</b>       | <b>Kingdom of Saudi Arabia</b> | <b>Asia</b> | <b>Africa</b> | <b>Total</b>      |
|-------------------|--------------------------------|-------------|---------------|-------------------|
| Total Assets      | 41,961,446                     | 532,594     | 5,876,403     | <b>48,370,443</b> |
| Total Liabilities | 11,607,166                     | 92,179      | 3,327,869     | <b>15,027,214</b> |
| Total Revenues    | 1,340,053                      | 62,902      | 828,864       | <b>2,231,819</b>  |
| Net Income (Loss) | 488,221                        | (66,305)    | (1,748)       | <b>420,168</b>    |

**Analysis of the Total Source Revenues according to the Main Sectors:**

**All amounts in Saudi Riyals Thousands**

| 2020              | Sectors     |           |                                           | Total              |
|-------------------|-------------|-----------|-------------------------------------------|--------------------|
|                   | Shares      | Hotels    | Real Estate, Local Investments and Others |                    |
| Total Assets      | 34,466,245  | 6,395,476 | 6,803,432                                 | <b>49,665,153</b>  |
| Net Income (loss) | (1,396,255) | (273,738) | 203,193                                   | <b>(1,466,800)</b> |

**All amounts in Saudi Riyals Thousands**

| 2019         | Sectors    |           |                                           | Total             |
|--------------|------------|-----------|-------------------------------------------|-------------------|
|              | Shares     | Hotels    | Real Estate, Local Investments and others |                   |
| Total Assets | 34,660,928 | 6,408,997 | 7,300,518                                 | <b>48,370,443</b> |
| Net Income   | 353,687    | (87,707)  | 154,188                                   | <b>420,168</b>    |

**Loan Details of Kingdom Holding Company and its subsidiaries:**

**All amounts in Saudi Riyals Thousands**

| <b>Description</b>                            | <b>2020</b>       | <b>2019</b>       | <b>2018</b>       | <b>2017</b>       | <b>2016</b>       |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                               | Saudi Riyal       | Saudi Riyal       | Saudi Riyal       | Saudi Riyal       | Saudi Riyal       |
| Kingdom Holding Company                       | 8,543,760         | 5,762,653         | 4,502,545         | 4,303,123         | 4,280,089         |
| Kingdom 5 –<br>KR – 11<br>Limited             | 3,375,000         | 4,125,000         | 5,245,591         | 5,057,763         | 3,049,144         |
| Kingdom 5 –<br>KR – 114<br>Limited<br>(Savoy) | 1,416,042         | 1,318,019         | 1,269,472         | 1,610,661         | 1,445,744         |
| Kingdom 5 –<br>KR – 35 Group<br>(George V)    | 1,609,672         | 1,464,051         | 1,494,095         | 1,551,054         | 1,430,233         |
| Others                                        | 655,185           | 713,590           | 765,222           | 1,100,504         | 929,131           |
| <b>Total</b>                                  | <b>15,599,659</b> | <b>13,383,313</b> | <b>13,276,925</b> | <b>13,623,105</b> | <b>11,134,341</b> |

**Loan Details of All the Above Companies:**

**- Kingdom Holding Company**

**All amounts in Saudi Riyals Thousands**

| Description                                                   | Loan Origin      | Paid During the Year | Outstanding Balance | Term of Loan    | Due Date        |
|---------------------------------------------------------------|------------------|----------------------|---------------------|-----------------|-----------------|
| Banque Saudi Fransi                                           | 0                | -                    | 652,000             | Carried Forward | Carried Forward |
| Samba Financial Group                                         | 375,000          | -                    | 375,000             | 4 Years         | November 2023   |
| National Commercial Bank                                      | 133,330          | -                    | 1,487,000           | 5 Years         | March 2024      |
| Natixis                                                       | 281,250          | (281,250)            | -                   | -               | -               |
| Crédit Agricole                                               | 843,750          | (281,250)            | 549,639             | 3 Years         | October 2023    |
| Syndicated Loan from several International and Regional Banks | 2,638,747        | (626)                | 2,638,121           | 3 Years         | July 2022       |
| Syndicated Loan from several International Banks              | 1,490,576        | (430,076)            | 1,060,500           | 4 Years         | April 2023      |
| Samba Financial Group                                         | 0                | -                    | 731,500             | 5 Years         | March 2025      |
| Crédit Agricole                                               | 0                | -                    | 700,000             | 2 Years         | April 2022      |
| Samba Financial Group KIDC                                    | 0                | -                    | 350,000             | 10 Years        | September 2030  |
| <b>Total</b>                                                  | <b>5,762,653</b> | <b>(993,202)</b>     | <b>8,543,760</b>    |                 |                 |

The loans assume borrowing costs according to the prevailing commission rates between banks in the Kingdom of Saudi Arabia (SIBOR) and the prevailing commission between banks in London (LIBOR), plus a certain profit margin. They are guaranteed through some investments by the company. The bank loan agreements mainly include financial undertakings, including the necessary to maintain a certain equity balance, commission coverage ratio, and specific loan ratios to the market value of the collateral provided. Whereas the above indicated loans are by their nature subject to review and amendment according to the needs of the company, thus some agreements and the terms of the above mentioned loans have been amended according to the last amendment made to these agreements.

**- Kingdom 5 – KR – 11 Limited**

**All amounts in Saudi Riyals Thousands**

| Description                      | Loan Origin      | Paid During the Year | Outstanding Balance | Term of Loan | Due Date      |
|----------------------------------|------------------|----------------------|---------------------|--------------|---------------|
| Crédit Agricole – France         | 1,312,500        | -                    | 1,312,500           | 2 Years      | July 2021     |
| Société Générale – France        | 2,062,500        | -                    | 2,062,500           | 3 Years      | December 2022 |
| Bank of America – United Kingdom | 750,000          | (750,000)            | -                   | -            | -             |
| <b>Total</b>                     | <b>4,125,000</b> | <b>(750,000)</b>     | <b>3,375,000</b>    |              |               |

The loans assume a floating rate commission that is calculated on the basis of the main commission rate (according to the prevailing commission rates between

banks in London) plus a certain margin in the loan currency. The facilities are guaranteed by some investments available for sale and other investments. The main currency of these loans is the US Dollar. Whereas the above indicated loans are by their nature subject to review and amendment according to the needs of the company, thus some agreements and the terms of the above-mentioned loans have been amended according to the last amendment made to these agreements.

- **Kingdom KR – 114 Limited (Savoy)**

**All amounts in Saudi Riyals Thousands**

| Description     | Loan Origin | Paid During the Year | Outstanding Balance | Term of Loan | Due Date      |
|-----------------|-------------|----------------------|---------------------|--------------|---------------|
| Syndicated Loan | 1,318,019   | -                    | 1,416,042           | 5 Years      | November 2023 |

- **Kingdom 5 – KR – 35 Group (George V)**

**All amounts in Saudi Riyals Thousands**

| Description                     | Loan Origin    |                  | Paid During the Year |          | Outstanding Balance |                  | Term of Loan | Due Date     |
|---------------------------------|----------------|------------------|----------------------|----------|---------------------|------------------|--------------|--------------|
|                                 | In Euro        | In Riyal         | In Euro              | In Riyal | In Euro             | In Riyal         |              |              |
| Crédit Agricole Investment Bank | 350,000        | 1,464,051        | -                    | -        | 350,000             | 1,609,672        | 5 Years      | October 2023 |
| <b>Total</b>                    | <b>350,000</b> | <b>1,464,051</b> | <b>-</b>             | <b>-</b> | <b>350,000</b>      | <b>1,464,051</b> |              |              |

The loans are guaranteed by mortgaging the properties of George V Hotel. The loan agreements include some financial undertakings that require maintaining debt service coverage rate, maintaining the asset value coverage rate and maintaining a cash collateral insurance. The loans carry a floating rate commission (according to the prevailing commission rates between the banks in London for three months.

The main currency of these loans is Euro. Whereas the above indicated loans are by their nature subject to review and amendment according to the needs of the company, thus some agreements and the terms of the above-mentioned loans have been amended according to the last amendment made to these agreements.

**- Others:**

**All amounts in Saudi Riyals Thousands**

| Description                     | Loan Grantor              | Loan Origin    | Paid During the Year | Outstanding Balance | Term of Loan | Due Date      |
|---------------------------------|---------------------------|----------------|----------------------|---------------------|--------------|---------------|
| Kingdom Schools Company Limited | Ministry of Finance       | 773            | 773                  | -                   | -            | -             |
|                                 | Bank Muscat               | 50,451         | 26,688               | 23,763              | 5 Years      | October 2021  |
| Trade Centre Company Limited    | Samba Financial Group     | 624,017        | 23,850               | 592,185             | 8 Years      | December 2026 |
| Kingdom Hotel Investments       | Abu Dhabi Commercial Bank | 38,349         | -                    | 38,648              | 6 Years      | July 2021     |
| <b>Total</b>                    |                           | <b>675,241</b> | <b>134,765</b>       | <b>655,185</b>      |              |               |

Whereas the above indicated loans are by their nature subject to review and amendment according to the needs of the company, thus some agreements and the terms of the above-mentioned loans have been amended according to the last amendment made to these agreements.

**Details of Transactions related to Kingdom Holding Company, its subsidiaries and shareholders:**

**- Liabilities Due from Relevant Entities:**

These transactions arose as a result of the normal and principal activity of the group. These transactions are carried out in accordance with the terms and conditions for dealing with third parties. The details of these transactions are as follows:

**All amounts in Saudi Riyals Thousands**

| <b>Name of Company</b>                  | <b>Nature of Transaction</b>             | <b>Amount</b>  |
|-----------------------------------------|------------------------------------------|----------------|
| Al Azizia Commercial Investment Company | Liabilities due from Associate Companies | 114,207        |
| Care Shield Holding Company             | Liabilities due from Associate Companies | 93,693         |
| Other                                   | Liabilities due from Associate Companies | 11,907         |
| <b>Total</b>                            |                                          | <b>219,807</b> |

**- Liabilities Due to Relevant Entities:**

These transactions arose as a result of the normal and principal activity of the group. These transactions are carried out in accordance with the terms and conditions for dealing with third parties. The details of these transactions are as follows:

**All amounts in Saudi Riyals Thousands**

| <b>Name of Company</b> | <b>Nature of Transaction</b>          | <b>Amount</b>  |
|------------------------|---------------------------------------|----------------|
| Kingdom Oasis          | Liabilities due to Associate Entities | 100,000        |
| Other                  | Liabilities due to Associate Entities | 16,508         |
| <b>Total</b>           |                                       | <b>116,508</b> |

### **Risk Management**

The Group's activities expose it to various financial risks. These risks include: market risks (including currency risks, fair value risks and cash flows of the commission rate and price risks), credit risks and liquidity risks. The general risk management program of the Group focuses on the unpredictability of the financial market conditions and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by senior management in accordance with the policies approved by the Board of Directors. The most important types of risks are credit risk, currency risk, market risk, fair value risk and commission rate cash flow risks.

The financial instruments presented in the financial position statement include cash and cash equivalents, investments, accounts receivable, some other assets, bank borrowings, term loans, accounts payable and some other liabilities. The registration methods applied for these items are disclosed in the accounting policy for each one of them.

Clearing is carried out between the financial assets and liabilities. The net is to be stated and disclosed in the financial statements, when the Group has a legal right to conduct clearing and the intention to settle either on a net basis or register the assets and liabilities at the same time

### **Fair Value and Commission Rate Flow Risks**

The fair value and commission rate cash flow risks are the exposures of various risks related to the effect of fluctuations in commission rates in the market on the financial position and cash flows of the Group. The group is exposed to commission rate risk in terms of its assets and liabilities related to the commission including loans, bank borrowings and term deposits that are associated with a floating commission.

The impact on income / expenses is the influence of the assumed changes in commission rates on the net results of the Group for one year based on the financial assets and liabilities associated with floating commission and existing as on December 31, 2020 and 2019.

### **Stock Rate Risk**

The stock rate risk is the risk of the fair value decrease as a result of the change in the level of the stock indices and the individual value of each share. The Group's investments available for sale and those acquired for trading purposes are subject to price risks, whereas they consist of investments in equity shares. The Group diversifies its investment portfolio to the possible extent in order to manage the share price risks arising from its investment in equity shares.

### **Credit Risk**

Credit risk is the inability and failure of one party to fulfill the obligations thereof related to the financial instruments, which leads the other party to incur a financial loss. The Group manages its credit risk with respect to the customers by setting a credit limit for each customer and monitoring the outstanding receivables.

The table below represents the maximum credit risk to which the most important items in the financial position statement are exposed:

**All amounts in Saudi Riyals Thousands**

|                                                                  | <b>2020</b>      | <b>2019</b>      |
|------------------------------------------------------------------|------------------|------------------|
| Balances in Banks and Short-Term Deposits                        | 2,387,431        | 1,637,560        |
| Receivables                                                      | 123,773          | 492,064          |
| Other Current Assets (required from Sister Companies and Others) | 219,807          | 98,436           |
| <b>Total</b>                                                     | <b>2,731,011</b> | <b>2,228,060</b> |

### **Liquidity Risk**

Liquidity risk is the risk that an enterprise would encounter difficulties in securing the necessary liquidity to fulfill the obligations and liabilities related to financial instruments. Liquidity risk may result from an inability to sell a financial asset rapidly at an amount close to its fair value. Liquidity risk is managed by periodically ensuring that sufficient liquidity is available through credit facilities to fulfill any future obligations. The sale terms and conditions of the Group require that the amounts must be paid within 30 days from the sale date. Commercial accounts payable are usually paid within 60 days from the purchase date.

### **Currency Risk**

Currency risk is the risk arising from the financial instrument value fluctuation due to changes in foreign exchange rates. The Group monitors the fluctuations in foreign exchange rates and manages its impact in the consolidated financial statements accordingly.

For further details, kindly refer to the attached notes to the financial statements.

### **Due Regulatory Payments:**

The due regulatory payments in the consolidated financial position statement consist of the following: -

**All amounts in Saudi Riyals Thousands**

| Description                                             | 2020           | 2019           |
|---------------------------------------------------------|----------------|----------------|
| Zakat Provision of the Year – Kingdom Holding Company * | 182,890        | 120,691        |
| Income Tax Provision – Foreign Subsidiaries *           | 10,588         | 10,313         |
| <b>Total</b>                                            | <b>193,478</b> | <b>131,004</b> |

\* Zakat of the period is the Zakat due on the Company and its local subsidiaries. The subsidiaries of the Group registered outside the Kingdom of Saudi Arabia are subject to the Tax Regulations in the Countries, in which these companies operate. The foreign profit distributions are subject to withholding tax.

For further details, kindly refer to the financial statements and the attached notes.

### **Social Responsibility:**

Kingdom Holding Company hosted an integrated work team from the Ministry of Health during the year 2020 at the Four Seasons Hotel in Riyadh, as an expression of the group to fully stand and support the huge efforts to address the Corona epidemic (Covid 19)

## **Assemblies of Shareholders:**

### **Ordinary General Assembly**

(A) Kingdom Holding Company held its Ordinary General Assembly on Tuesday 09/11/1441 A.H corresponding to 30/06/2020 remotely based on the CMA's circular dated 16/03/2020 stating that all General Assemblies of all companies are suspended till further notice and should held through modern technical tools. The legal quorum was fulfilled by the attendance percentage reached 96.84 % whereas the results of the voting on the agenda of the Assembly were as follows: -

- (1) Approving the content of the report of the Board of Directors for the fiscal year ending on 31/12/2019
- (2) Approving the auditor's report for the fiscal year ending on 31/12/2019
- (3) Approving the financial statements of the company for the fiscal year ending on 31/12/2019
- (4) Approving acquitting and discharging the Members of the Board of Directors from their liability for the fiscal year ending on 31/12/2019
- (5) Approving the appointment of Pricewaterhouse Coopers Certified Public Accountants from among the candidates by the Audit Committee to examine, review and audit the financial statements for the second, third quarter and annual of 2020 and the first quarter of 2021 and determining their fees.
- (6) Approving the decision of the Board of Directors regarding the profits distributed during 2019 by 50 Halalas per share at 5 % of the company's capital.
- (7) Approving the disbursement of a remuneration to the independent members of the Board of Directors of the company with the amount of (600,000) Six Hundred Thousand Riyals for the fiscal year ending on 31/12/2019 by (200,000) Two Hundred Thousand Riyals for each one of them.

- (8) Approving the authorization of the Board of Directors to distribute interim cash dividends in a semi-annual or quarterly manner for the fiscal year 2020, and to determine the due and disbursement dates in accordance with the Regulatory Controls and Procedures issued in execution of the Companies Law in a manner commensurate with the financial position, cash flows and expansion and investment plans of the company.

**The Company's General Assembly Meetings and the Names of the Attending Members of the Board of Directors:**

| <b>Name of Member</b>                                               | <b>Date of Meeting<br/>30/06/2020</b> |
|---------------------------------------------------------------------|---------------------------------------|
| His Royal Highness Prince Al-Waleed bin Talal bin Abdulaziz Al Saud | √                                     |
| Engineer Talal Ibrahim Al- Maiman                                   | √                                     |
| Mr. Sarmad Nabil Zok                                                | √                                     |
| Engineer Taher Muhammad Aqeel                                       | √                                     |
| Dr. Khaled Abdullah Al-Suhaim                                       | √                                     |
| Mr. Hisham Sulaiman Al Habib                                        | √                                     |
| Mr. Adel Abdulaziz Al-Abdulsalam                                    | √                                     |

### Meetings of the Board of Directors:

The number of Board of Directors meetings during the year was (6). The number of sessions attended by each member is as follows:

| Name of Member                                       | Membership Type | Date of Meeting |               |               |                 |                   |                   |
|------------------------------------------------------|-----------------|-----------------|---------------|---------------|-----------------|-------------------|-------------------|
|                                                      |                 | March 30, 2020  | June 21, 2020 | July 30, 2020 | August 25, 2020 | November 11, 2020 | December 22, 2020 |
| HRH Prince Al-Waleed bin Talal bin Abdulaziz Al Saud | Non-Executive   | √               | √             | √             | √               | √                 | √                 |
| Eng. Talal Ibrahim Al-Maiman                         | Executive       | √               | √             | √             | √               | √                 | √                 |
| Mr. Sarmad Nabil Zok                                 | Executive       | √               | √             | √             | √               | √                 | √                 |
| Mr. Adel Abdulaziz Al-Abdulsalam                     | Executive       | √               | √             | √             | √               | √                 | √                 |
| Eng. Taher Muhammad Aqeel                            | Independent     | √               | √             | √             | √               | √                 | √                 |
| Dr. Khaled Abdullah Al-Suhaim                        | Independent     | √               | √             | √             | √               | √                 | √                 |
| Mr. Hisham Sulaiman Al Habib                         | Independent     | √               | √             | √             | √               | √                 | √                 |

**Shares owned by Members of the Board of Directors, Senior Executives, their Wives and minor Children and Stakeholders:**

| Name of Member                                                      | Membership Type                                         | Listed and Closed Joint Stock Companies, which membership is occupied by the Members of the Board                                                                                | Number of Owned Shares |               |
|---------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------|
|                                                                     |                                                         |                                                                                                                                                                                  | 2020                   | 2019          |
| His Royal Highness Prince Al-Waleed bin Talal bin Abdulaziz Al Saud | Chairman of the Board of Directors<br><br>Non-Executive | None                                                                                                                                                                             | 3,520,588,235          | 3,520,588,235 |
| Engineer Talal Ibrahim Al-Maiman                                    | Chief Executive Officer                                 | Member of the Board of Directors:<br><br>- National Industrialization Company<br>- National Air Services Company (NAS)<br>- Banque Saudi Fransi<br>- Care Shield Holding Company | 10,433,014             | 5,554,938     |

|                                  |                                            |                                                                                                                                                                                                                                    |       |       |
|----------------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|
|                                  |                                            | <ul style="list-style-type: none"> <li>- Kingdom Investment and Development Company</li> <li>- Saudi Fransi Capital Company</li> </ul>                                                                                             |       |       |
| Mr. Sarmad Nabil Zok             | Executive Member of the Board of Directors | None                                                                                                                                                                                                                               | 1,000 | 1,000 |
| Mr. Adel Abdulaziz Al-Abdulsalam | Executive                                  | Member of the Board of Directors:<br>Helicopter Company                                                                                                                                                                            | -     | -     |
| Engineer Taher Muhammad Aqeel    | Independent                                | Member of the Board of Directors: <ul style="list-style-type: none"> <li>- Merrill Lynch Company – Kingdom of Saudi Arabia</li> <li>- Gulf General Cooperative Insurance Company</li> <li>- Bedaya Home Finance Company</li> </ul> | 1,000 | 1,000 |

|                               |                                                           |                                                                                                                                                                                                                                  |       |       |
|-------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|
|                               |                                                           | - Red Sea International Company                                                                                                                                                                                                  |       |       |
| Dr. Khaled Abdullah Al-Suhaim | Independent and Deputy Chairman of the Board of Directors | None                                                                                                                                                                                                                             | 1,000 | 1,000 |
| Mr. Hisham Sulaiman Al Habib  | Independent                                               | <p>Member of the Board of Directors:</p> <ul style="list-style-type: none"> <li>- Dr. Suleiman Al Habib Medical Group</li> <li>- Dr. Suleiman Al Habib Commercial Investment Company</li> <li>- Hamat Holding Company</li> </ul> | -     | -     |

**Remunerations and allowances were paid to Five Senior Executives, including the Chief Executive Officer and Chief Financial Officer:**

| Remunerations of Senior Executives |            |                        |        |                         |            |
|------------------------------------|------------|------------------------|--------|-------------------------|------------|
| Fixed Remunerations                |            | Variable Remunerations |        | End of Service Gratuity | Total      |
| Salaries                           | Allowances | Bonus                  | Shares | End of Service Bonus    | Total      |
| 10,148,576                         | 1,487,500  | 14,320,833             | -      | -                       | 25,956,909 |

Remunerations are determined according the Remunerations Policy approved by the General Assembly. There has not been any significant and essential deviation from this policy. Three of the Executives are members of the Board of Directors, Engineer Talal Al- Maiman, Mr. Sarmad Zok and Mr. Adel Al-Abdulsalam. The remuneration, which they received for their executive work in the company, is as follows: -

| Fixed Remunerations |            | Variable Remunerations |        | End of Service Gratuity | Total      |
|---------------------|------------|------------------------|--------|-------------------------|------------|
| Salaries            | Allowances | Bonus                  | Shares |                         |            |
| 7,956,588           | 937,500    | 11,687,500             | -      | -                       | 20,581,588 |

## **Board of Directors' Committees:**

### **Investment Committee**

The Committee undertakes general supervision of the company's investments. The Committee is charged with approving the main investment decisions on behalf of the Board of Directors (provided that it must be subsequently approved by the

Board of Directors) and reviewing the performance and purchase of investments.  
The number of Committee's meetings held during the year reached (38) meetings.  
The Committee consists of the members, whose names are as follows:

| Name of Member                                                      | Membership Type | February 10, 2020 | March 24,26,29,31 2020 | April 1,2,5,6,7,8,9,30 2020 | May 3,5,7,10,13,17 2020 | June 1,3,6 2020 | Notes |
|---------------------------------------------------------------------|-----------------|-------------------|------------------------|-----------------------------|-------------------------|-----------------|-------|
| His Royal Highness Prince Al-Waleed bin Talal bin Abdulaziz Al Saud | Non-Executive   | ✓                 | ✓                      | ✓                           | ✓                       | ✓               |       |
| Engineer Talal Ibrahim Al-Maiman                                    | Executive       | ✓                 | ✓                      | ✓                           | ✓                       | ✓               |       |
| Mr. Sarmad Nabil Zok                                                | Executive       | ✓                 | ✓                      | ✓                           | ✓                       | ✓               |       |
| Mr. Adel Abdulaziz Al-Abdulsalam                                    | Executive       | ✓                 | ✓                      | ✓                           | ✓                       | ✓               |       |

| Name of Member                                                      | Membership Type | July 9,15,19 2020 | August 25 2020 | September 8,9,10,13 2020 | October 21,25,29 2020 | November 12,16,18 2020 | December 13, 20 2020 | Note |
|---------------------------------------------------------------------|-----------------|-------------------|----------------|--------------------------|-----------------------|------------------------|----------------------|------|
| His Royal Highness Prince Al-Waleed bin Talal bin Abdulaziz Al Saud | Non-Executive   | ✓                 | ✓              | ✓                        | ✓                     | ✓                      | ✓                    |      |
| Engineer Talal Ibrahim Al-Maiman                                    | Executive       | ✓                 | ✓              | ✓                        | ✓                     | ✓                      | ✓                    |      |
| Mr. Sarmad Nabil Zok                                                | Executive       | ✓                 | ✓              | ✓                        | ✓                     | ✓                      | ✓                    |      |
| Mr. Adel Abdulaziz Al-Abdulsalam                                    | Executive       | ✓                 | ✓              | ✓                        | ✓                     | ✓                      | ✓                    |      |

### **Audit Committee**

The Committee supervises the assessment of risks, administrative procedures, internal control, operations, financial reports and auditing the financial statements of the company. The Committee also monitors and approves the financial results of the company and determines compliance policies with regulations and policies and examines internal control procedures. The number of Committee's meetings

held during the year reached (4) meetings. The Committee consists of the members, whose names are as follows:

| Name of Member                 | Membership Type | Date of Meeting |               |                 |                   | Notes |
|--------------------------------|-----------------|-----------------|---------------|-----------------|-------------------|-------|
|                                |                 | March 30, 2020  | June 21, 2020 | August 24, 2020 | November 10, 2020 |       |
| Eng. Taher Muhammad Aqeel      | Independent     | ✓               | ✓             | ✓               | ✓                 |       |
| Dr. Khaled Abdullah Al-Suhaim  | Independent     | ✓               | ✓             | ✓               | ✓                 |       |
| * Mr. Hisham Sulaiman Al Habib | Independent     | ✓               | ✓             | ✓               | ✓                 |       |

During this year the committee, through the work and meetings thereof with the auditors, verified the effectiveness of the internal control system in protecting the company's assets, assessing business risks and measuring performance efficiency as part of the task thereof for auditing the final financial statements of the company. There were no significant weakness results for the internal control system of the company.

### **Nomination and Remuneration Committee**

The Committee is responsible for nominating members of the Board of Directors and assisting the Board in setting, reviewing and approving plans and policies concerning compensation. The number of Committee's meetings held during the year reached one meeting. The Committee consists of the members, whose names are as follows:

| Name of Member                 | Membership Type | Date of Meeting | Notes |
|--------------------------------|-----------------|-----------------|-------|
|                                |                 | March 30, 2020  |       |
| Eng. Taher Muhammad Aqeel      | Independent     | √               |       |
| Dr. Khaled Abdullah Al-Suhaim  | Independent     | √               |       |
| * Mr. Hisham Sulaiman Al Habib | Independent     | √               |       |

Members, particularly Non-Executives, are informed of shareholders' proposals and notes regarding the company and its performance during the periodic meetings of the Board. They also view a part thereof directly during the meeting of the General Assemblies of the company.

### **Company's Requests of the Shareholder Register:**

The company has requested the shareholder register under 8 requests as follows:

| Date               | Purpose          |
|--------------------|------------------|
| January 1, 2020    | Profits File     |
| April 5, 2020      | Profits File     |
| June 29, 2020      | General Assembly |
| July 8, 2020       | Profits File     |
| August 31, 2020    | Other            |
| September 6, 2020  | Other            |
| September 8, 2020  | Other            |
| September 29, 2020 | Profits File     |

### **Board of Directors' Declarations for the Governance System Requirements:**

According to the Regulations issued by the Capital Market Authority concerning the Registration and Listing System and the Corporate Governance Regulation regarding the necessity of disclosing all the regulatory requirements mentioned in the above indicated Regulations in the annual report of the Board of Directors, thus the Board acknowledges the following:

- The company did not receive any notices from its shareholders regarding any change in their ownership percentage during 2020.

- There is currently no system of stock option plans. There are no transferable debt instruments of shares for any entity whatsoever.
- There is no redemption, purchase or cancellation by the company or any of its subsidiaries regarding any callable bonds and the value of the remaining securities.
- The company does not have franchise shares or shares that have a special priority in voting, whether for shareholders, members of the Board of Directors or its employees. All the shares of the company are ordinary shares of equal nominal value and equal in voting rights and other rights according to the law.
- There is no contract that the company was a party therein, in which there is or has been a fundamental and essential interest for any member of the company's Board of Directors, the Chief Executive Officer, or the Chief Financial Officer, or for any person related to any of them other than what was mentioned in the disclosure of the relevant parties.
- The Board of Directors declares that the three independent members received bonuses and remunerations amounting to Two Hundred Thousand Riyals for each member in consideration of their membership in the Board of Directors, upon which it was voted by approval at the General Assembly Meeting. They did not receive, in addition to the other members of the Board of Directors, any allowances, travel expenses, transportation, or any other allowances regarding 2020 up to the date of this report.
- The Chairman of the Board of Directors, His Royal Highness Prince Al-Waleed bin Talal bin Abdulaziz Al Saud, has waived 8.50 Halalas per share of his quota of the quarterly profits by 34 Halalas per share of his quota of the proposed cash dividends for the whole year with the amount of 299.2 Million Riyals quarterly and 1197 Million Riyals For the entire year.
- There have been no investments or reserves made for the interest or benefit of the company's employees except for the end of service gratuity provision.
- The consolidated financial statements of the company have been prepared as of December 31, 2020, in accordance with the international accounting standards approved by the Saudi Organization for Certified Public Accountants

and in a manner that fairly presents the financial position of the company. There is also no difference from the application of the Accounting Standards approved by the Saudi Organization for Certified Public Accountants. Note that the report of the Chartered Accountant did not include any reservations to the annual financial statements.

- The account records have been correctly prepared.
- There is no doubt about the ability of the issuer to continue its activity.
- The Audit Committee is fulfilling its entrusted role to verify the integrity and effectiveness of the internal control system through the internal audit reports filed thereto. Therefore, positive confirmation can be given on the systems and effectiveness of the company's internal control.
- No penalty, sanction, or precautionary attachment was imposed on the company by the Capital Market Authority or any other Supervisory, Regulatory or Judicial Authority.
- The company would like also to clarify that the company has complied with all the requirements of the Corporate Governance Regulation issued by the Capital Market Authority except for Article Ninety-Five regarding the formation of a Governance Committee; whereas Governance is managed by a Central Committee, in which the Senior Executives of the Company participate.

In conclusion, His Royal Highness, the Chairman and all Members of the Board of Directors extend thanks and gratitude to the Custodian of the Two Holy Mosques, His Highness the faithful Crown Prince, and to the Good Government for the continuous care, concern and support for the welfare and security of the homeland and the citizen. We thank the shareholders of the company for their precious trust and continuous support. The Board of Directors also takes this opportunity to express its sincere thanks and appreciation to all employees in the Company's Departments and Subsidiaries for their sincere efforts during 2020 and wishes more prosperity and progress in the coming years.

Allah is the Arbiter of Success,