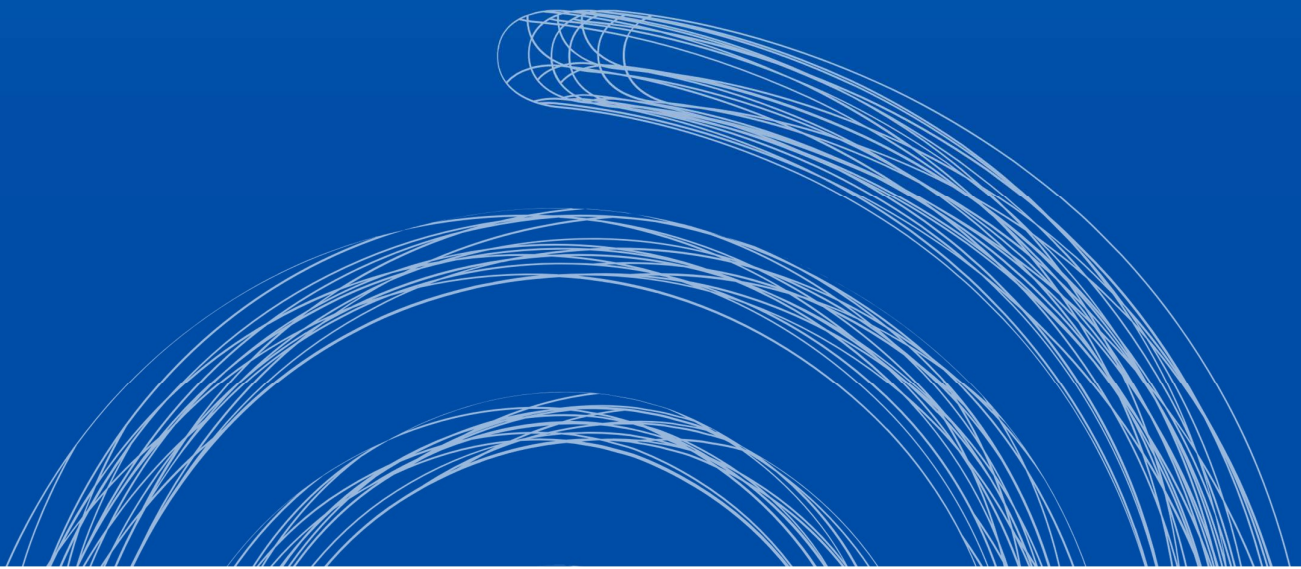




A Long-Standing Cultural Legacy

**Report of the Board of Directors Issued
to the Ordinary General Assembly**

**About the Company's Business For the
Fiscal Year 2022-2023**



Attention:

M/S Tihama Advertising, Public Relations and Marketing JSC,

Greetings,

The Board of Director (BOD) of Tihama Advertising, Public Relations and Marketing Company is pleased to present to you the annual report of the BOD for the period from 01/ 04/ 2022 to 31/ 03/ 2023 with the balance sheet of the Company, statements of profit or loss, cash flows and changes in shareholders equity.

The report includes a comprehensive presentation of the performance of the achieved works, outcomes and decisions made throughout the last year.

The report includes a comprehensive overview for the mechanisms of companies' governance and compliance with the regulations of Capital Market Authority (CMA).

Vision

To be the leading and pioneering company in the Kingdom and the region, within the fields in which it operates, to make it the most developed and in line with the technology of the times, and to be the first and best choice for its customers and partners.

Mission

Pursuing innovative ideas and advanced modern technology in our fields wherever they are and investing in promising new and innovative opportunities to consolidate our leadership in the market, and provide added values to our partners and shareholders.

Strategy

The company strategy is to transform achievement into role models, credibility into global brands, experience into knowledge, trust into commitment, need for technology, vision into innovation, partnership into pride, passion into growth, and ideas into a promising future.

Our Values:

At Tihama, we strive to bring new and different perspectives to every facet of how our business operates across all disciplines and industry sectors. It is a multi-faceted approach with creative problem solving at its very core.

Leadership:

Leaders take risks and are not afraid to admit when they are wrong. That is the very DNA of how we work and the key to our ongoing status as a front-runner in our markets.

As a business, we love a challenge. That's what drives us on, every day. Our determination, inspired by our founders' pioneering spirit, to find solutions that grow our business is relentless.

Confidence:

Confidence is all about trust. Over the years, we have built long-term, mutually beneficial relationships, both internally and externally, based on delivering on our promises. Our people, partners and stakeholders have confidence in us. As we do in them.

Openness:

We have a culture of constant learning. We are always open to game-changing ideas and technologies, quick to adopt and adapt to new approaches in our industry.

Our Goals:

- provide world-class solutions to a diverse range of clients.
- To enhance our commercial value through the maximization of Tihama's extensive networks and resources across our four key operational sectors – media, education, production, and retail.
- To be a responsible employer and a leading contributor to the nation's sustainability and development goals.

Contents:

I- Characteristics of the Business

- 1- Description of the main activities, their impact on business size and contribution to results
- 2- The guidelines and main strategy of the Board to support and develop the Company
- 3- Subsidiaries and associates
 - 1/3 Tihama International Advertising Co.
 - 3/2 Tihama Modern Bookstores
 - 3/3 Tihama Distribution
 - 3/4 Tihama Holding for Commercial Investment
 - 3/5 Estidama Real Estate Co.
 - 3/6 Tihama Education Company
 - 3/7 Fast Advertising Company
 - 3/8 Integrated Production Company for Audio and Visual Media Production
 - 3/9 Aventus Global Trading
 - 3/10 Imagination Weave Company for Audio and Visual Media Production
 - 3/11 International Advertising Services Co Ltd
 - 3/12 Tihama New Media Company
 - 3/13 International Advertising Services Co Ltd
 - 3/14 United Advertising Co Ltd
 - 3/15 United Journalists Co Ltd
 - 3/16 J Walter Thompson MENA EC
 - 3/17 Gulf Tech Company
 - 3/18 Tihama Global Dubai
 - 3/19 Renewable Technology Co.
 - 3/20 Qutrob Company for Production

2- Company's Financial Results

- 1- Most significant achievements and decisions
- 2- Company's business-related future risks
- 3- Company's performance summary, analysis and consolidated financial results
 - 3/1 Financial Results
 - 3/2 Impact of Main Activity on Business Results
 - 3/3 Geographical Distribution of the achieved revenues
 - 3/4 Financial Statements
 - 3/5 Statement of Financial Position
 - 3/6 Profit & Loss Account
 - 3/7 Statement of Equity
 - 3/8 Payments to Governmental bodies
 - 3/9 Accounting Standards
 - 3/10 Discontinued operations
 - 3/11 Restatements and Comparative figures
 - 3/12 Material subsequent events

3- Zakat Status

4- Loans

5- Contingent Liabilities

6- Social Responsibility

7- Company's Governance Regulations

- 1- Communication with shareholders
- 2- Dividend Policy
- 3- Board of Directors and Membership Classification
- 4- Senior Executives
- 5- BOD Meeting Attendance Sheet
- 6- Policy for the remuneration of Board members, Board Committees and the Executive Management Compensation and Remuneration
- 7- Statement and Change of Director Interests
- 8- Assignment of Salaries, Compensation and Profits
- 9- BOD Committees
 - 9/1 Internal Audit Committee
 - 9/2 Nomination and Remuneration Committee
 - 9/3 Executive Committee
- 10- Results of annual review of the effectiveness of internal control procedures
- 11- Related-Party Transactions
- 12- CMA Penalties
- 13- Future and Ambitions
- 14- Financial Instruments and Risk Management
- 15- Description of Debt Instruments Activities
- 16- Description of Stock Interests and Debt Instruments
- 17- Acknowledgments of BOD
- 18- Recommendations of BOD

8- External Auditor's Report

I: Characteristics of the Business

1- Description of the main activities, their impact on business size and contribution to results.

Tihama is one of the largest groups in KSA, specialized in the field of advertisement, public relations, marketing, media services, production, retail and education. Tihama started its business as a limited liability company in 1974, then transferred to a Saudi joint-stock company according to Companies Law in KSA, subject to Ministerial Decree No. 1397 dated Jumada Al Thani 29, 1403 H, corresponding to April 13, 1983 G issued by the Ministry of Commerce. The Company exercises its business under the license from the Ministry of Culture and Media No. 23232, with a paid up capital of SAR 50 million divided into 5 million shares.

Tihama manages its business through its registered office located in Riyadh (The Extraordinary General Meeting of Shareholders held on October 16, 2016 agreed to transfer registered office to Riyadh City from Jeddah), with branches and sister companies in the Kingdom of Saudi Arabia and GCC countries.

During its journey, Tihama succeeded in creating the trust as the pioneer in advertising and marketing as it gained the exclusive partnership rights for a distinct group of advertising media business, international newspapers and magazines as well as several Arab satellite channels and strategic global partnerships.

Tihama is the parent company from which other companies in the business of advertising and marketing (journals, magazines and satellite channels) have emerged, on both the local and regional level.

The Distribution business was used as a vehicle from which Tihama has successfully developed its Education sector.

Tihama began its retail business via bookstores which were opened as outlets to distribute the publications of Arabic authors. In recent years the retail sector has been expanded to cover travel retail and Food & Beverages.

Since 2019 Tihama has developed its media presence with investments in the audio-visual and commercial Advertising production sector.

2- The guidelines and main strategy of the BOD to support and develop the Company.

The company proceeds in its basic strategy adopted by the Board of Directors since the beginning of its session, which is based on expansion and diversification of the company's investments and mergers with other companies that have some new projects that the market needs and strives to raise work efficiency and invest existing resources and complete its journey with mergers, improve focus on strategy and increase Competitiveness.

The company's strategy is also based on benefiting from its position in the advertising industry, science, knowledge and libraries, by developing investment opportunities in the field of advertising industry and developing new sectors such as production and retail, in addition to developing the partnership between Tihama and the Education Technology Company - Houghton Mifflin Harcourt, which is carried out by Tihama Distribution Company (a subsidiary) to manage and operate the agreements with it.

3- Controlling Subsidiaries and activities

Subsidiaries are the businesses, where the holding company has control (usually by owning more than half of the voting shares) and is able to direct the financial and operational policies to obtain economic benefits.

3/1 Tihama International Advertising Co.

Tihama International Advertising Company is a Saudi limited liability company established on November 9, 2010 with a capital of 500,000 Saudi riyals, for the purpose of separating the advertising sector into an independent company in accordance with the strategy set at that time. The company has not yet commenced operations.

3/2 Tihama Modern Bookstores

With the establishment of Tihama Modern Bookstores, its initial aim was to raise awareness and culture in the domestic market, 1976 saw the publication of the first-of-a kind book (Introduction to VIPs in KSA) in English. The publications continued and a distinguished series of books was published. The company sought to improve and upgrade its business and participated in various local and global exhibitions taking national books from the local to global level. Over time a change of reading habits and the latest online developments, has led to the decline in the demand of printed books meaning the publication and bookstores sector has faced significant challenges leading to rising losses.

3/3 Tihama Distribution

The company is currently managing and operating the exclusive distribution contract for the products of Houghton Mifflin Harcourt "HMH" a leading global provider of K-12 curriculum solution. Tihama has renewed its agreement with learning technology company as the exclusive distributor of HMH products in the Kingdom of Saudi Arabia. The agreement runs through December 2023 and includes the possibility of further extension through December 2025.

HMH and Tihama have had a successful partnership since 2010, serving over 170 schools across the Kingdom. Tihama continues to develop its full service offering to its customers including training and professional development.

HMH is investing in continuing innovation in the K-12 market segment and is deeply focused on a digital first approach to curriculum design and delivery, leveraging online platforms and the latest in education technology developments.

Its new "Into Learning" product range (including, Into Reading, Into Social Studies, Into Math, etc.) has already received the highest of accolades from leading educators in the USA and Tihama will be promoting key "Into Learning" programs for the next school year.

Covid-19 has had a devastating impact on the world, and schools have had to pivot quickly to remote teaching environments. HMH's "Into Learning" solutions are ideal, offering a fully integrated curriculum with rich content that can be delivered remotely and that connects educators with the right tools to monitor and improve student performance.

The Group has worked during the last few years on restructuring the distribution sector from one employee serving 20 schools. Tihama's new educational services with a team of 20 employees serves more than 170 schools in KSA, focusing on the significance of the growing education sector which now represents 8% of the global gross national product.

The company currently owns a 8.4% share in the ownership of Watania Combined Distribution Company (Al Watania Distribution), which is a limited liability company registered in KSA.

3/4 Tihama Holding for Commercial Investment

Founded in 1999, based on Tihama's aim of investing in companies running the same business was to enhance profits through horizontal expansion and achieve the strategic policy to maintain a certain share of advertising spending budgets. It has over the years participated in incorporating many companies.

3/5 Estidama Real Estate Co.

The Company was incorporated in 2010 for the purpose of developing and investing in real estate with a modern concept, noting that the company has not started any activity yet.

3/6 Tihama Education Ltd

Tihama established Tihama Education Company, a limited liability company with a capital of 200,000 Saudi riyals, for the purpose of providing educational training and development services, the Company activities were subsequently amended into retail trading. During the fiscal year ending on March 31, 2021 G, the parent company acquired additional shares from Tihama Education Company representing 51% of the company's capital, to take the ownership percentage to 100% of the subsidiary's capital.

The company owns the exclusive rights to distribute the products of the globally known brand WH Smith in the Kingdom of Saudi Arabia, and its subsidiary company (Aventus Global General Trading Company) owns the exclusive rights to distribute the products in the United Arab Emirates.

Our mission in the retail sector is to transform the customer journey from a mere shopping experience to a leisure lifestyle by providing high quality innovative products and services across all retail platforms. In partnership with WH Smith, the company is adopting a new strategy to develop its offerings to reflect changing consumer needs through redesigned stores, new marketing channels and an enhanced management team.

During the year ended 31 March 2023 Tihama Education (a subsidiary) has signed lease contracts for 14 retail units in airports operated by Custer 2 Airports Company.

The 14 retail branches will be operated by Tihama Education Company under the WH Smith brand across the airports operated by Cluster 2 airports Company in the Kingdom of Saudi Arabia, with lease contracts for a period of three years.

The opening of the new unit will contribute to developing the existing successful partnership between Tihama and WH Smith and expanding the range of operating units under the WH Smith brand franchise, which also includes retail units at King Abdulaziz International Airport in Jeddah and King Khaled International Airport in Riyadh in addition to the unites in prime hospitals in KSA.

3/7 Fast Advertising SPC

During the year, the company incorporated Fast Advertising SPC - a limited liability company 100% owned, with a capital of SAR 25,000, with the aim to support the Group's advertising business. The company has not started activities yet.

8 /3 Integrated Production Company

Tihama believes that the local production sector will grow significantly during the coming periods, in line with the Kingdom's 2030 vision.

Tihama has recently entered into the sector of movie production, commercial and awareness advertising campaigns and documentaries, by participating in the incorporation of the Integrated Media Production Company for Audiovisual Production (a subsidiary company)

The Integrated Production Company is specialized in producing visual content in 3 main areas:

1. the production of television programs, series, and movies.
2. the production of commercial advertisements and promotional movies.
3. the production of visual materials designated for use in social media.

The Integrated Production Company succeeded during its first year in making a distinguished name for itself in the field of advertisement and awareness production,

The fact that Integrated Production has made positive returns since inception confirms the validity of the Tihama approach to entering into a partnership with companies that have experience, existing contracts and a network of clients in order to produce early profits.

The Company has won number of international and local awards.

During the fiscal year ending on March 31, 2021, the parent company acquired additional shares representing 35% of the capital of the integrated production company with an value of 7,250,000 Saudi riyals.

3/8 Aventus Global Trading LLC

- In July 2019, Tihama, through one of its subsidiaries, acquired the Aventus Global Trading Company, which has the franchise to use the trademark "WH Smith" in UAE.
- On 9 May 2022 An agreement was signed between Aventus Global Trading a 100% owned subsidiary, operating in the United Arab Emirates and Nextbite Trading (a Company registered in the UAE) to sell various assets and transfer various obligations related to the transfer of the business operations on an ongoing basis of Aventus.
- - The transaction represents the transfer of assets and liabilities related to the business operations of Aventus Global Trading, which operates in the retail sector in the United Arab Emirates and operates branches in Dubai, Abu Dhabi and Sharjah for the sale of books, stationery, magazines, newspapers, entertainment products, confectionery and accessories.
- On October,4 2022, the necessary approvals from stakeholders and related bodies were obtained to complete the process of transferring concession rights and lease contracts, accordingly, the subsidiary company transferred the franchise agreements, property and equipment for branches, projects under construction and inventory, as well as the transfer of future obligations for branch leases and the dues to contractors for assets under construction as well as employees benefits obligations.

3/9 Imagination Weave Company for Audio and Visual Media Production

During the year ending on March 31, 2020G, the parent company participated in establishing Imagination Weaving Company for Audiovisual Media Production - a limited liability company with a capital of SAR 100,000, 50%-owned.

Tihama has invested in a partnership with Myrkott Company to produce the movie Masameer, which had a great success and was at the top of the box office in cinemas at the time of its release. The investment is in line with Tihama's objectives of empowering national businesses. This work was 100%-Saudi created in terms of production and content.

Tihama has a great belief that the production sector will significantly grow during the period in line with the plans under the Saudi 2030 vision.

3/10 International Advertising Services Co (InterMarkets)

Established in 1981 in partnership with a Lebanese company specialized in advertising, under a license from the Foreign Investment Committee at the Ministry of Industry. Tihama owns 51% of the company's capital.

Most of its customers reduced the amount of advertising spending, which affected the company's ability to continue trading which led the company's BOD at that time to take a decision to suspend the company's activities in order to assess the situation and decide whether or not to continue the operations.

The partners in the International Company for Advertising Services Ltd. - Intermarkets decided on November 16, 2011 to suspend the company's activity for a period of six months, subject to renewal, and not to do any new business during the period in order to avoid additional losses

Tihama inability to use its legal right to manage this company as a result of the company's cessation of activity since November 16, 2011 combined with the company's inability to obtain any financial data and information that would enable it to consolidate the company's results, together with the expiration of the commercial registry and the necessary licenses for the company to perform its work, has led has the parent company's loss of control over the investee company.

Accordingly, the parent company decided to stop consolidating the financial statements of the International Advertising Services Company - Intermarkets within the Group's consolidated financial statements.

During the period ended March 31,2022, the partners in the International Company for Advertising Services Limited – Intermarkets have issued resolutions to liquidate the company and appointed a liquidator to undertake the legal procedures in this regard.

3/12 Tihama New Media Company

During the year ended as of March 31, 2018 G, the company contributed to the establishment of Tihama New Media Company, which works in the field of digital advertising and marketing on behalf of others, with a capital of 100,000 Saudi riyals. The equity share of the company was 48% (directly and indirectly owned) as on March 31, 2020 G. During the year ending on March 31, 2021 G, the parent company acquired all of the partner's shares in Tihama New Media Company (previously an associate company), accordingly, the ownership became 100% of the company's capital and it became a subsidiary company as of March 31, 2021. Tihama aspires to expand in this field to keep pace with market requirements.

Associated Companies

Associated companies are companies that the group has significant influence over, but without control. Usually, this is accompanied by ownership of 20% or more of the voting rights.

3/13 Saudi Advertising Material Co Ltd

The company started its activity since 1995 G and Tihama owns 42.5% of the capital of the company, 42.5% by Kasab International company, and 15% by Sheikh Ibrahim bin Mohammed Al-Issa Co.

The partners in Saudi Company for Signs Supply Ltd. decided during the year ended March 31, 2012 to start liquidating the company, due to its operational losses for successive years and its inability to continue its activities. The legal procedures for this decision have not been completed until March 31, 2023. The company's share in the net equity of the partners in this associate as at March 31, 2023 is nil and March 31, 2022 is nil.

3/14 United Advertising Co Ltd

The company was incorporated in 1976, Tihama Advertising holds 50% of the Company shares. On 30 June 2021 the Parent Company has agreed with WPP (UK) Limited to the creation of a new company in KSA to be called ICG Saudi Arabia, WPP will own 70% of the joint venture holding company and Tihama will own 30%.

During the year ended March 31, 2023, the backstop date for the completion of the transfer of legal ownership and all other required regulatory approvals was extended to be before June 30, 2023, as the structure of the agreement was amended so that the United Advertising Company becomes the new holding company. WPP Group will transfer some of its owned operations to the United Advertising Company and Tihama will concede 20% of its ownership in the United Advertising Company to the WPP Group. Tihama's ownership in the United Advertising Company after the completion of all regulatory procedures shall be 30%.

Any financial impact arising from the transaction will be booked on completion of the transaction, based on the assets and liabilities at that date, the potential impact cannot be reliably estimated at this time.

The shareholders' agreement between WPP (UK) Limited and Tihama includes an unconditional and irrevocable option for WPP to require Tihama to transfer all of its shares (the "Call Option") at any time after the fifth year of completing the legal title transfer and all other regulatory approvals to incorporate the new company.

The agreement also includes an unconditional and irrevocable option for Tihama to require WPP (UK) Limited to purchase all of its shares (the "Put Option") at any time after the fifth year of completing the legal title transfers and all other regulatory approvals to incorporate the new company.

The Call option or the Put option may be exercised at any time between January 1 and March 31 in any year after the fifth year after the completion of the transfers of legal title and all other regulatory approvals for incorporation of the new company (the "Option Execution Period"). Exercise of the Put or Call option is contingent upon WPP (UK) Limited or Tihama (as the case may be) giving written notice to the other party within the option window ("Notice of Exercise").

The Call option may only be exercised if the Put option has not been used and vice versa. Once notice of exercise has been given, it may not be rescinded without the written consent of the receiving party.

The consideration payable to Tihama for the Put or Call ("Option Consideration") is calculated as follows:

(a) In the case of a Call option, at the discretion of the Tihama, either on a multiple of sales revenue or a multiple of average profits (based on annual audited accounts), to be chosen at Tihama's discretion.

(b) in the case of a Put option, on a multiple of average profits based on annual audited accounts.

3/15 United Journalists Co. Ltd

Tihama owns 50% of the capital. It has participated in this company since 1990 with the aim of obtaining the advertising franchise for "Kul Al Nas" magazine, whose editor-in-chief was Mr. Imad El Din Adeeb, The company's investment in United Journalists Company Ltd. was recorded at a value of zero as at March 31 ,2023 and March 31,2022, as the accumulated losses of this associate exceeded its capital, and the company does not intend to provide it with financial support that exceeds its share in its capital, as it is a limited liability company and accordingly it has not recorded the parent company's share of the associate's losses for the two periods ended March 31,2023 and 2022. The last balance sheet obtained by the company was 31 December 2009.

3/16 J. Walter Thompson MENA EC

J. Walter Thompson Middle East and North Africa Company, which was incorporated in the Kingdom of Bahrain in 2000. Tihama's share at incorporation was 81%, following Tihama's sale of a share representing 51% to J. Walter Thompson America. accordingly, Tihama's share became 30% in the company at that date.

This company represents one of the sources of good profits for Tihama because of its distinguished activity around MENA region. The company's offices are located in many countries with the aim of providing advertising services to international clients throughout the region.

On 30 June 2021 the Parent Company agreed with WPP plc to the merger of the J Walter Thompson MENA (an associate to Tihama) business with the Wunderman MENA business to create Wunderman Thompson MENA EC (a Bahraini based holding Group), the agreement will bring together the existing Wunderman and JWT operations across the MENA region to create Wunderman Thompson MENA. On completion of the transfer of legal ownerships and all other required regulatory

Subsequent to the financial position date on May 31, 2023, the backstop date for completion of the transfer of legal ownerships and all other required regulatory approvals were extended to be before June 30, 2023. Any financial impact arising from the transaction will be booked on completion, based on the assets and liabilities at that date any potential impact cannot be reliably estimated at this time.

During the year ended March 31, 2023, J. Walter Thompson MENA (an associate company) acquired a portion of non-controlling equity interests in a subsidiary of the associate company, as this transaction relates to the acquisition of an additional stake in a subsidiary of the associate without a change in control. The associate company recorded it as an equity transaction and the increase in consideration over the book value of the non-controlling interest was recognized in the equity.

During the year ended March 31, 2023, the Parent company share in the change in the net assets of J. Walter Thompson MENA (an associate company) was adjusted as a result of the associate company adjusting the opening balance of its accumulated profits as at January 1, 2020. The group's share of the restatement amounting to 1,879,942 SR has been recorded as an adjustment to the opening balance of accumulated losses as at March 31, 2021, with the amendment of investment in associates using equity method opening balance.

3/17 Gulf Development Systems Company

The company became a partner through one of its subsidiaries (Tihama for Commercial Investment) in establishing Gulf Development Systems Company, and the partners therein are as follows: Tihama for Commercial Investment Company 30%, Dar Al Mustawred (owned by the previous Chairman of the Board) 30%, Zakha Contracting Corporation (owned by Dr. Abdulaziz Al-Muzaini, a previous director) 40%. It has not carried out any activities nor achieved any revenues since its incorporation in 2010 G to date. During the year ended March 31, 2017 G, the company recorded impairment losses against the total value of the investment in the company in the consolidated balance sheet, amounting to SAR 19,476,281.

3/18 Tihama Global Dubai Company

In January 2014, Tihama Advertising, Public Relations and Marketing Company transformed its Dubai branch into a limited liability company registered in the United Arab Emirates under the name of Tihama Global Free Zone Company. The share of Tihama is currently 40%. During the year ending on March 31, 2022, the parent company registered a compensation claim against the former manager of the company and the partner in the associate company in the United Arab Emirates, and a final judgment was issued in favor of the company by the Dubai Courts of Appeal after rejecting the appeal and cassation submitted against the judgment by and against the former manager of the company. The judgment issued in favor of the company has become final and enforceable.

3/19 Renewable Technology Company

The company entered as a partner in establishing Renewable Technology Company, and the partners therein are as follows: Tihama Advertising and Public Relations Company 30%, Dar Al Mustawred (owned by the previous Chairman of the Board) 30%, Zakha Contracting Corporation (owned by Dr. Abdulaziz Al-Muzaini, a previous director) 40%. It has not carried out any activities nor achieved any revenues since its incorporation in 2010 G. During the year ended as of March 31, 2017, the company recorded impairment losses to the value of the investment in the company in the group consolidated balance sheet, amounting to SAR 150,000.

3/20 Qutrob audio visula Production Company

During the year ended March 31, 2022, the Group, through its subsidiary (the Integrated Production Company), contributed to the incorporation of Qutrob Audio-Visual Media Production Company with a capital of 10,000 SR. Subsequent to the date of the financial position and on May 2, 2023, Integrated Production Company for Audiovisual Media Production (a subsidiary) sold its stake in Qutrob for Audiovisual Media Production (an associate company) for 1,195,000 SR.

The ownership position of subsidiary and associate companies can be summarized as follows:

Company name	Equity	Capital Saudi riyals	Place of incorporation	Principal place of business	Main activity
Tihama for Commercial Investment Company	100%	500,000	Saudi Arabia	Saudi Arabia	Commercial investment
Tihama Modern Bookstores Company	100%	81,671,977	Saudi Arabia	Saudi Arabia	Publishing and Bookstores
Estidama Real Estate Company	100%	500,000	Saudi Arabia	Saudi Arabia	Real Estate Investment
Tihama International Advertising Co.	100%	500,000	Saudi Arabia	Saudi Arabia	Advertising
Tihama Distribution Company	100%	3,500,000	Saudi Arabia	Saudi Arabia	Distribution of educational materials
Tihama Education Company	100%	200,000	Saudi Arabia	Saudi Arabia	Retail
Fast Advertising SPC	100%	25,000	Saudi Arabia	Saudi Arabia	Advertisement
Integrated Production Company	70%	10,000	Saudi Arabia	Saudi Arabia	Production of Films and programs
Aventus Global Trading Company	100%	616,409	United Arab Emirates	United Arab Emirates	Retail

Imagination Weave Company for Audio and Visual Media Production	50%	100,000	Saudi Arabia	Saudi Arabia	Production of movies
International Advertising Services Company (unconsolidated)	51%	1,000,000	Saudi Arabia	Saudi Arabia	Advertising
Tihama New Media Company	100%	100,000	Saudi Arabia	Saudi Arabia	Media and research
Tihama Global Dubai Company	40%	51,000	United Arab Emirates	United Arab Emirates	Advertising and marketing
United Journalists Co.	50%	440	United Kingdom	Middle East	Publishing house
United Advertising Co.	50%	500,000	Saudi Arabia	Saudi Arabia	Advertising
Saudi Advertising Material Co.	42.5%	1,000,000	Saudi Arabia	Saudi Arabia	Advertising
J Walter Thompson Co. - Mena	30%	3,750,000	Kingdom of Bahrain	Middle East and North Africa (MENA)	Advertising and public relations
Gulf Development Systems Company	30%	500,000	Saudi Arabia	Saudi Arabia	Financial Solutions Technology
Renewable Technology Co.	30%	500,000	Saudi Arabia	Saudi Arabia	Financial Solutions Technology
Qurob Company	35%	10,000	Saudi Arabia	Saudi Arabia	Production of Films and programs

2- : Significant events on financial outcome and performance of the company

1- Most significant achievements and decisions

On October 6, 2022, the parent company submitted an application to open a financial reorganization procedure to the competent court, in accordance with the decision of the parent company's board of directors on the same date.

It should be noted that the entry of the application for the opening of the financial reorganization procedure - as mentioned above - exempts the company from applying the provisions of the Companies Law with regard to the accumulated losses reaching more than 50% of the capital.

On December 7, 2022, the Commercial Court in Riyadh issued a ruling accepting the parent company's request to open a financial reorganization procedure, appointing Mr.

Osama Al-Sudais as secretary for the procedure and granting the company a period of one hundred and fifty days from the date of opening the procedure to prepare a proposal to pay creditors.

According to the financial reorganization procedures, all claims against the company are suspended for a period of one hundred and fifty days from the date of registering the application for the opening or opening of the procedure. Execution requests and orders issued against the company by its creditors.

Subsequent to the date of the financial position, and on April 2, 2023, the extraordinary general assembly of shareholders approved the recommendation of the parent company's board of directors to increase the company's capital by an amount of 350 million Saudi riyals by issuing rights issue, and on May 4, 2023, the subscription process was completed and the unsubscribed shares were sold. by the full value of the increase approved by the assembly until the full value of the new shares is paid in cash

Subsequent to the date of the financial position, and on June 14, 2023, a decision was issued by the competent department of the Commercial Court approving the extension of the deadline for preparing a proposal to pay creditors according to the financial reorganization procedures of the parent company for a period of 150 days.

The group continues to manage its commercial activities and supply chain and collect its receivables. It also works to restructure some of its subsidiaries and continues to expand the operations of the retail sector and the production sector to increase revenues sufficiently to cover its expenses and achieve operating profits during the subsequent years. The group expects an improvement in its commercial activities and revenue growth during the next year, driven by the full operation of new branches in the retail sector, the development of distribution sector operations, and the austerity plans that have been initiated to reduce expenses and raise profit margins, especially in the production sector. Moreover, the group's ability to meet its obligations when due includes enhancing its results, cash flows and continuous improvements in its working capital.

The preparation of the strategy and investment and business plans for the group during the future years has also been completed, which were prepared by an independent external consultant, which will focus on expanding in the current main activity sectors and exiting from companies that realize losses. Part of this plan has begun to be implemented through Sale of assets and liabilities of business operations to Aventus Global Trading Company - a subsidiary, and later to the date of the financial position, the group's investment in Qatarb Media Production Company - an associate company was sold.

The plan includes using part of the proceeds of the proposed capital increase in settling the obligations owed by the group companies, especially those for which final judgments have been issued that are binding on the group companies.

On June 30, 2021, the parent company signed an agreement with the WPP Group to establish a new company in the Kingdom of Saudi Arabia under the name of ICG Saudi Arabia, and WPP will own 70% of the new holding company and the share of Tihama Company 30%.

During the year ending on March 31, 2023, the period for completing the transfer of legal ownership and all other required regulatory approvals was extended to be before June 30, 2023, as the agreement structure was amended so that the United Advertising Company becomes the new holding company, where the WPP Group will transfer some commercial operations owned by the United Advertising Company, and Tihama will assign 20% of its ownership in the United Advertising Company to the WPP Group, to become Tihama's ownership in the United Advertising Company after the completion of all related official procedures, 30%.

On June 30, 2021, the parent company signed an agreement with WPP to merge J. Walter Thomson Middle East and North Africa (an associate company of Tihama) with Wanderman Middle East and North Africa to establish Wanderman Thomson Middle East and North Africa (a holding group in the Kingdom of Bahrain), The agreement provides for

the merger of J Walter Thomson ("JWT") Middle East and North Africa and Wanderman Middle East and North Africa, to be united into Wanderman Thomson Middle East and North Africa. Tihama will own 25% of Wanderman Thomson MENA after the completion of the transfer of shares and all relevant official procedures.

Subsequent to the date of the financial position and on May 31, 2023, the period for completing the transfer of legal ownership and all other required regulatory approvals has been extended to be before June 30, 2023.

During the fiscal year ending on March 31, 2023, (Tihama Education Company) signed lease agreements for 14 retail units at airports managed by the Second Airports Cluster Company.

Tihama will operate the 14 retail units under the WH Smith brand at airports operated by the Second Airports Cluster Company in Saudi Arabia.

With lease contracts for a period of three years

The opening of the new units will contribute to the development of the successful partnership between Tihama and WH Smith and the expansion of the operating units under the WH Smith brand franchise, which also includes retail units at King Abdulaziz International Airport in Jeddah and King Khalid International Airport in Riyadh.

During the fiscal year ending on March 31, 2023.

➤ Capital

On February 23, 2022, the Extraordinary General Assembly, based on the recommendation of the Board of Directors at its meeting held on February 7, 2022, approved to reduce the company's capital by 125,000,000 SR by cancelling 12,500,000 shares in order to extinguish part of the company's accumulated losses in the amount of 125,000,000 SR.

The Board of Directors, in its meeting held on February 7, 2022, issued a recommendation to the extraordinary general assembly of shareholders to increase the company's capital by an amount of 350 million SR, in order to finance the company's expansion plans and future investments, in addition to supporting working capital requirements and paying financial obligations.

On October 5, 2022, the Capital Market Authority approved the company's request to increase the capital by an amount of 350 million SR through the issuance of rights issue shares.

Subsequent to the date of the financial position on April 2, 2023, the extraordinary general assembly of shareholders approved the recommendation of the Parent company's board of directors to increase the company's capital by an amount of 350 million SR by issuing rights issue. On May 4, 2023, the subscription process was completed and the unsubscribed shares were sold in the full. The company completed the legal procedures to amend the articles of association and the commercial register to reflect the new capital after the increase, amounting to 400 million SR divided into 40 million ordinary shares, and the full value of the new shares was collected in cash.

2- Company's business-related future risks:

The activities of the company are subject to various risks; for example, in the field of advertising which is one of the fastest markets in terms of changes, emergence of modern advertising technologies. The dependency of advertising to government bids subject to municipal and governmental regulations, the risk of losing one of the auctions (whether by strong competition or expiration of the contract), authorities deciding not to re-tender, or the increase in advertising site lease pricing are significant possibilities.

Similar issues apply to the retail sector, travel restrictions and closure of locations as well as competition in the education sector. The company monitors and evaluates these risks and deals with them on an ongoing basis, sometimes resorting to use of consulting firms with expertise in the field of risk management and assessment.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to manage liquidity to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations as they fall due under both normal and abnormal conditions. Where the Group:

- The Group's accumulated losses amounted to SR 82.8 million as of March 31, 2023, which is 166% of the company's capital as of March 31, 2023 (March 31, 2022: SR 26.5 million which is 53% of the company's share capital).
- The Group's current liabilities exceeded its current assets by approximately SR 86.7 million as of March 31, 2023 (March 31, 2022: SR 50.3 million).
- The Group also has negative cash flows from operating activities in the amount of SR 11.9 million as of March 31, 2023 (March 31, 2022: SR 18.4 million).

Thus, the accumulated losses exceeded half of the company's capital, and according to the text of Article 132 of the Companies Law, if the joint-stock company's losses amounted to half of the issued capital, the Board of Directors must disclose that and its recommendations regarding those losses within Sixty days from the date of his knowledge that it has reached this amount, to invite the Extraordinary General Assembly to a meeting within one hundred and eighty days from the date of knowledge of this to consider the continuation of the company while taking any of the necessary measures to treat or resolve these losses.

On October 6, 2022, the Parent company submitted a request to open the financial reorganization procedure to the competent court, in accordance with the decision of the parent company's board of directors on the same date.

It is worth noting that the registration of the application for the opening of the financial reorganization procedure - as previously mentioned - exempts the company from applying the provisions of the Companies Law with regard to the cumulative losses reaching more than 50% of the capital.

On December 7, 2022, the Commercial Court in Riyadh issued a ruling accepting the parent company's request to open a financial reorganization procedure and appointing Mr. Osamah Al-Sudais as trustee for the procedure and granting the company a period of one hundred and fifty days from the date of opening the procedure to prepare a proposal to pay creditors.

According to the financial reorganization procedures, all claims against the company are suspended for a period of one hundred and eighty days from the date of recording the application for the opening or opening of the procedure. All execution requests and orders issued against the company by its creditors.

Subsequent to the date of the financial position on April 2, 2023, the extraordinary general assembly of shareholders approved the recommendation of the parent company's Board of Directors to increase the company's capital by an amount of SR 350 million by way of rights issue, and on May 4, 2023, the subscription process was completed and the unsubscribed shares were sold for the entire increase that was approved by the general assembly.

- Subsequent to the date of the financial position, and on June 14, 2023, a decision was issued by the competent department of the Commercial Court approving the extension of the deadline for preparing a proposal to pay creditors according to the financial reorganization procedures of the parent company, for a period of 150 days.

The Group continues to manage its commercial and supply chain activities and collect receivables. It is also working on restructuring some of its subsidiaries and expanding the operations of the retail sector and production sector to increase revenues sufficient to cover its expenses and achieve operating profits during subsequent years. The Group expects an improvement in its commercial activities and revenue growth over the next year, driven by the full operation of new branches in the retail sector, the development of operations in the distribution sector, and the austerity plans that have been initiated to reduce expenses and raise the profit margin, especially in the production sector. In addition, the Group's ability to meet its obligations when they fall due depends on its ability to manage the current downturn in expenditures, enhance its results and cash flows, continuous improvements in its working capital, and to renew or refinance the cash facilities in subsequent periods.

The Group finalized preparation of the strategy and investment and business plans for the upcoming years, which will be based on expanding in the current main activity sectors and exiting from companies that realize losses. Part of this plan has been implemented by disposing the assets and liabilities of commercial operations to Aventus Global Trading - a subsidiary (Note 30), and subsequent to the financial position date, the Group's investment in Qutrob Media Production Company - an associate company was disposed of.

The plan includes using part of the proceeds of the proposed capital increase in settling the obligations owed by the group companies, especially those for which final judgments have been issued that are binding on the group companies.

The Board has also reviewed the base case plans for future years along with a comparison of the budget with actual results for the current year. In the ordinary course of business, considering that:

A- The group's cash banking facilities are secured by cash coverage or assets in excess of the value of the facilities.

B- The current liabilities include a provision for zakat of approximately 36 million Saudi riyals, part of which is still not definitively owed by the group, as until the date of approval of these consolidated financial statements, no final decisions have been issued in this regard by the General Secretariat of the Zakat, Tax and Customs Committees. The company has objected to the amendments of the Zakat, Income and Customs Authority before it

C- The plan to use the proceeds of the company's capital increase by 350 million SR includes using part of the proceeds to pay current obligations of the group, including the obligations issued by final binding court rulings on the group's companies.

D- Completion of the capital increase process by an amount of 350 million Saudi riyals, subsequent to the date of the financial position.

E - The company's submission to financial reorganization procedures, which includes suspending claims against the company.

In view of the above, cash flow projections and certain business initiatives such as higher sales forecasts, profit margin improvement, working capital improvements and cost reduction initiatives, the Group expects to meet its obligations as they fall due in the normal course of operation. Based on the above factors, the Group has a reasonable expectation that it will be able to continue in business for the foreseeable future. Accordingly, the accompanying consolidated financial statements have been prepared on the going concern basis.

3- Company's performance summary, analysis and consolidated financial outcome

1/3 Financial Outcome:

The net loss amounted to 57.5 million riyals compared to a net loss of 37.7 million riyals in the previous year, an increase of 52.5%, and the loss per share attributable to the shareholders of the parent company was 11.27 riyals, compared to a loss per share of 7.1 riyals in the previous year, an increase of 59%. The total profit from continuing operations amounted to 31.6 million riyals, compared to a total profit from continuing operations of 15.2 million riyals over the previous year, an increase of 108%. The loss from continuing operations amounted to 55.1 million riyals, compared to a loss from continuing operations of 36.3 million riyals last year, an increase of 52 %.

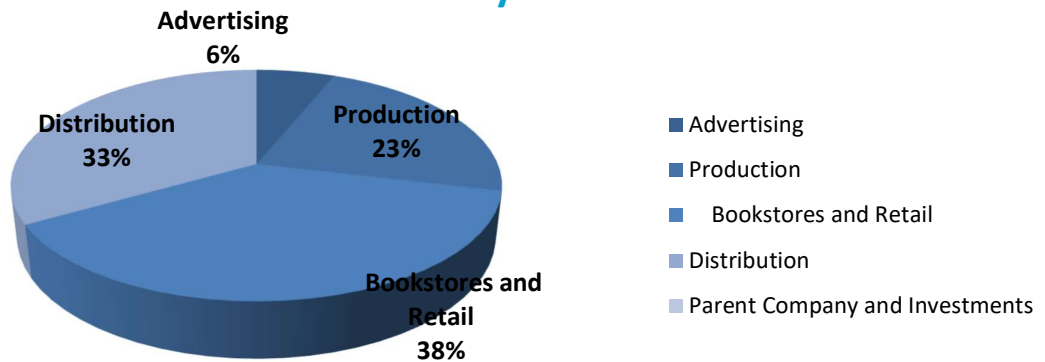
2/3 Impact of Main Activities on Business Results:

The advertising sector achieved revenues of 5 million riyals compared to revenues of 6.3 million riyals for the previous year, a decrease of 21%, and achieved a net loss of 8.6 million riyals compared to a net loss of 3.9 million riyals for the previous year, representing an increase of 121%..

Production sector revenues amounted to 18.4 million riyals, compared to 23.9 million riyals last year, a decrease of 23%. The net loss of the sector decreased from 7.4 riyals last year to 3.8 million riyals, a decrease of 49%. The bookstore and retail sector achieved revenues amounting to 31.2 million riyals, compared to 23.2 million riyals for the previous year, an increase of 34% over the previous year. The net loss of the sector amounted to 29 million riyals, compared to a net loss for the previous year of 12.7 million riyals, an increase of 128%. The distribution sector achieved revenues amounting to 27.2 million riyals, compared to 23 million riyals in the previous year, an increase of 18%. The net loss of the sector amounted to 4.1 million riyals, compared to a net loss of 4.3 million riyals for the previous year, a decrease of 5%. The net loss of the parent company and the investment sector amounted to 13.4 million riyals, compared to a loss of 3.5 million riyals for the previous year, an increase of 283%.

Sector	Revenue in millions	Gross Profit / (loss) in millions	Net loss in millions
Advertising	5.0	2.6	(8.6)
Production	18.4	1.4	(3.8)
Bookstores and Retail	31.2	16.9	(29.0)
Distribution	27.2	10.8	(4.1)
Parent Company and Investments	-	-	(13.4)
Discounted operations	-	-	1.4
Total	81.9	31.6	(57.5)

Revenues by Sector

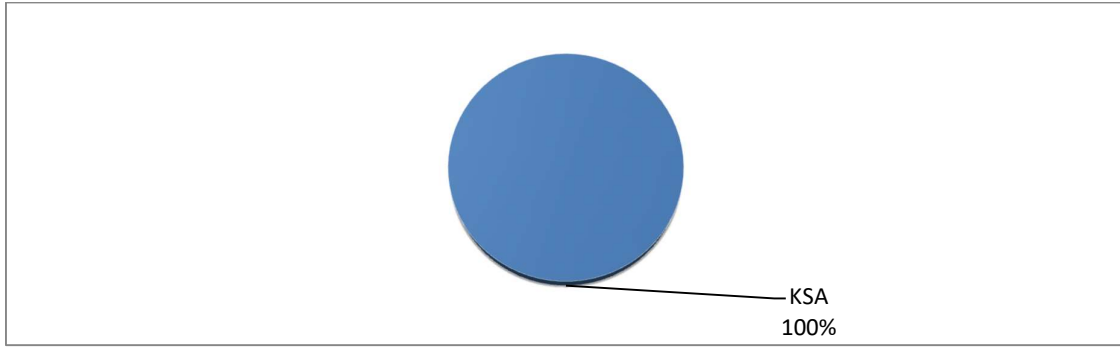


3/3 Geographical distribution of the realized revenues:

A) Geographical distribution by country:

All the group's revenues were achieved from continuous operations amounting to 81.9 million riyals in the Kingdom of Saudi Arabia

Country	Amount in millions	Ratio
KSA	81.9	100%
Total Revenues	81.9	100%

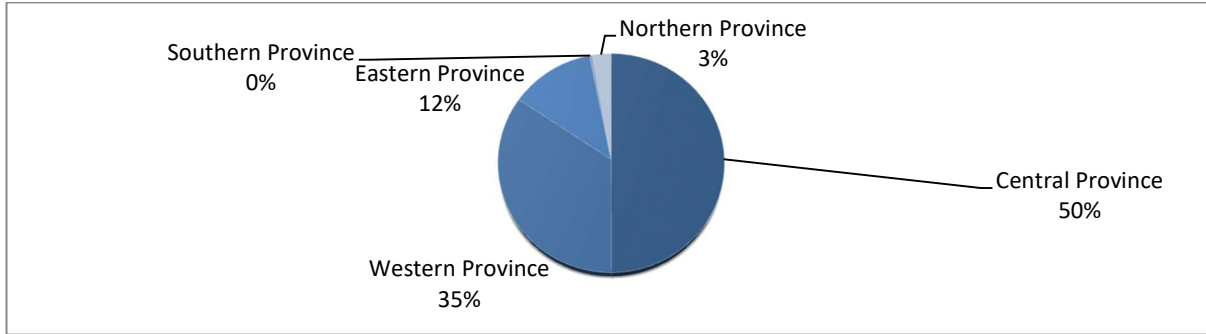


Revenues achieved by associates inside the Kingdom (United Advertising Company), amounted to 39.5 million Saudi riyals (Tihama Stake in the company is 50%), and revenues achieved by associates outside the Kingdom (J Walter Thompson MENA) were around 160.9 million Saudi riyals, Tihama holds a 30% stake in JWT MENA.

B) Geographical distribution of the revenues realized within KSA by regions:

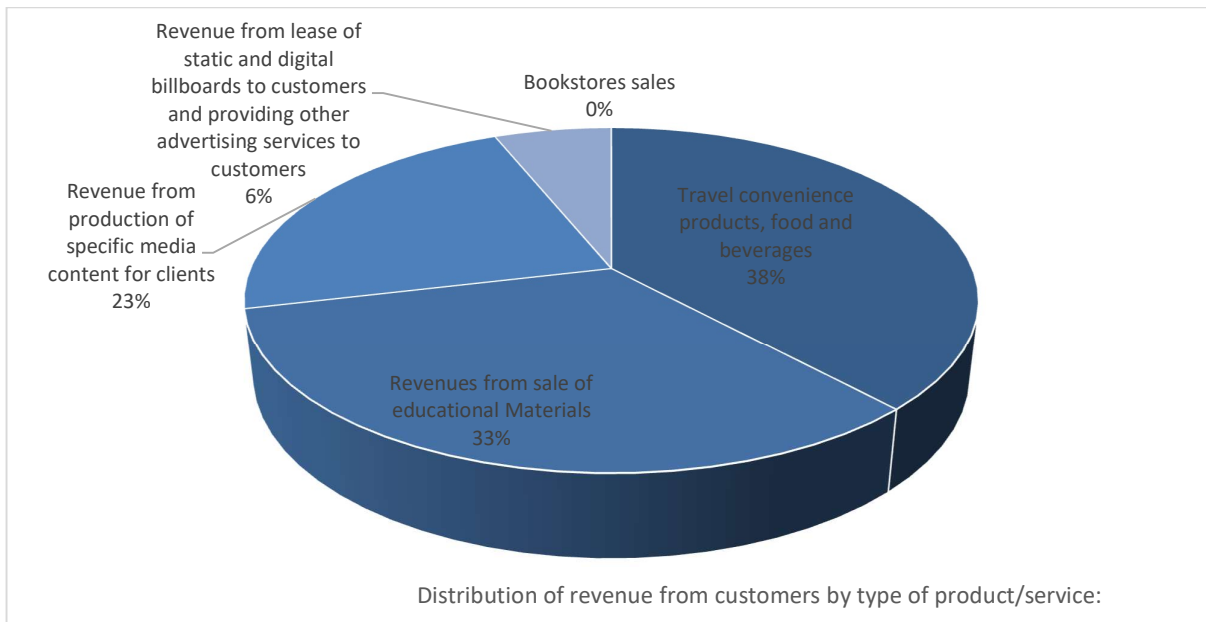
The revenues generated from the activity in the central region amounted to 50% of the total revenues generated in the Kingdom, where there are a number of widespread retail stores and production sector activities, in addition to the concentration of most of the distribution company's revenues in the central region. The revenues generated from the activity in the western region amounted to 34.4% of the total revenues generated in the Kingdom, which represents retail stores in the western region and the distribution company's clients from international schools in the western region. Revenues generated in the eastern region amounted to 12.4% of the total revenues achieved in the Kingdom, and represent the revenues of road advertising and the revenues of the distribution company in the eastern region and the retail store in the city of Dammam, while the revenues from the southern region amounted to 0.4% of the total revenues achieved in the Kingdom, which represents the revenues of the distribution company in the southern region. The revenues of the northern region amounted to 2.8% of the total revenues generated in the Kingdom, which represents the revenues of the distribution company's customers in the region.

Region	Amount in millions	Percentage
Central Province	40.9	50.0%
Western Province	28.2	34.4%
Eastern Province	10.2	12.4%
Southern Province	0.3	0.4%
Northern Province	2.3	2.8%
Total revenues inside KSA	81.9	100%



C) Revenues by type of product or service:

Distribution of revenue from customers by type of product/service:	Amount in SAR million
Travel convenience products, food and beverages	31.16
Revenues from sale of educational Materials	27.20
Revenue from production of specific media content for clients	18.44
Revenue from lease of static and digital billboards to customers and providing other advertising services to customers	5.04
Bookstores sales	0.01
Total revenue from contracts with customers from continued operations	81.85



3/4 Financial Statements:

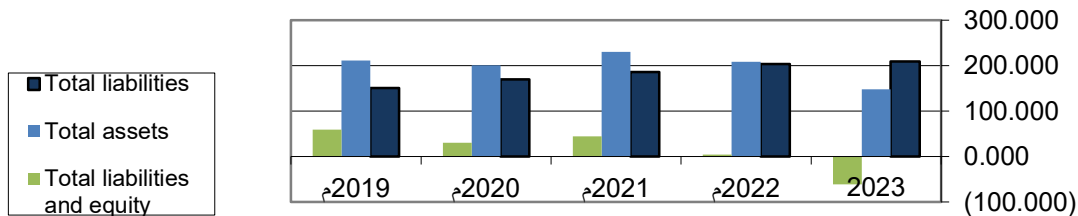
- The net loss during the twelve months amounted to 57.5 million riyals, compared to a net loss of 37.7 million riyals for the same period of the previous year, an increase of 52.5%.
- The loss per share during the twelve months amounted to 11.27 riyals, compared to a loss per share of 7.1 riyals for the same period of the previous year, an increase of 58.7%.

- The total profit during the twelve months amounted to 31.6 million riyals, compared to a total profit of 15.2 million riyals for the same period of the previous year, an increase of 108%.
- Loss from operating during the twelve months amounted to 55.1 million riyals, compared to a loss from operating 36.3 million riyals for the same period of the previous year, an increase of 51.8%.

5/3 Statement of Financial Position:

The following is a summary of the statement of financial position (for the past five years) in thousand as of 31 March of each year:

Item	2023	2022	2021	2020	2019
Assets					
Current assets	88.209	117.369	142.284	95.682	116.988
Non-current assets	60.298	91.522	88.325	105.098	94.155
Total assets	148.507	208.891	230.609	200.780	211.143
Liabilities and Equity					
Current liabilities	174.891	167.625	154.072	147.740	125.297
Non-current liabilities	34.219	36.782	31.928	22.475	26.059
Total liabilities	209.110	204.407	186.000	170.215	151.356
Equity	(60.602)	4.484	44.609	30.565	59.787
Total liabilities and equity	148.507	208.891	230.609	200.780	211.143



6/3 Profit & Loss Account:

The reason for the increase in losses during the current year compared to the previous year is mainly due to:

-An increase in General and administrative expenses by approximately 24.1 million SR as,

The provision for slow moving inventory increased compared to the previous year by approximately 18.6 million SR.

During the current year, losses from claims of nearly 4.3 million SR was recorded against in the net book value of the outdoor advertising billboards, after the issuance of a judgment dismissing the company's lawsuit in its appeal submitted on the preliminary judgment issued by the Administrative Court for the company's lawsuit claiming compensation from Riyadh Municipality for damages caused to the advertising billboards owned by the company, which were removed by the defendant in a way that led to the occurrence of damage.

Recording of losses from legal cases amounting to 0.5 million SR.

During the current year, financial reorganization expenses were recorded at approximately 1.5 million SR.

- Impairment losses in trade receivables and other debit balances increased by approximately 4.3 million SR compared to the previous year.

-An increase in selling expenses by approximately 5.5 million SR, mainly as a result of the expansion of retail sector operations.

-The group's share of the results of the associate companies decreased by approximately 1.9 million SR, and the Zakat provisions increased by approximately 7.5 million SR compared to the previous year.

This increase in losses was partly offset by:

-The increase in gross profit from continuing operations by approximately 16.4 million SR as,

The gross profit of the retail sector increased by approximately 5.2 million SR after opening new branches resulting in growth in sector revenues,

Advertising sector gross profit increased by approximately 3.4 million SR as a result of the decrease in the cost of revenues,

Gross profit of distribution sector increased by approximately 3.4 million SR as a result of the growth in the sector's revenues,

Gross profit of the production sector increased by approximately 4.4 million SR due to the decrease in the cost of revenues.

- The discontinued operations (Aventus Global Trading Company - a subsidiary company), where the assets were sold and the liabilities related to its commercial operations transferred to the buyer, made profits during the current year of approximately 1.4 million SR, compared to losses during the previous year of approximately 5.9 million SR.

- The Group's financial results for the year ending on March 31, 2023 were affected by a few factors that led to an increase in losses for the year as follows:

Recording provision for slow moving inventory of approximately 22.6 million SR.

Recording of losses from claims of nearly 4.3 million SR after the issuance of a judgment dismissing the company's lawsuit in its appeal submitted on the company's lawsuit claiming compensation from Riyadh Municipality for damages caused to the advertising billboards owned by the company.

Recording of losses from legal cases amounting to 0.5 million SR.

Financial reorganization expenses were recorded at approximately 1.5 million SR.

Impairment losses in trade receivables and other debit balances increased by approximately 5.3 million SR.

Zakat provisions increased by approximately 7.5 million SR compared to the previous year.

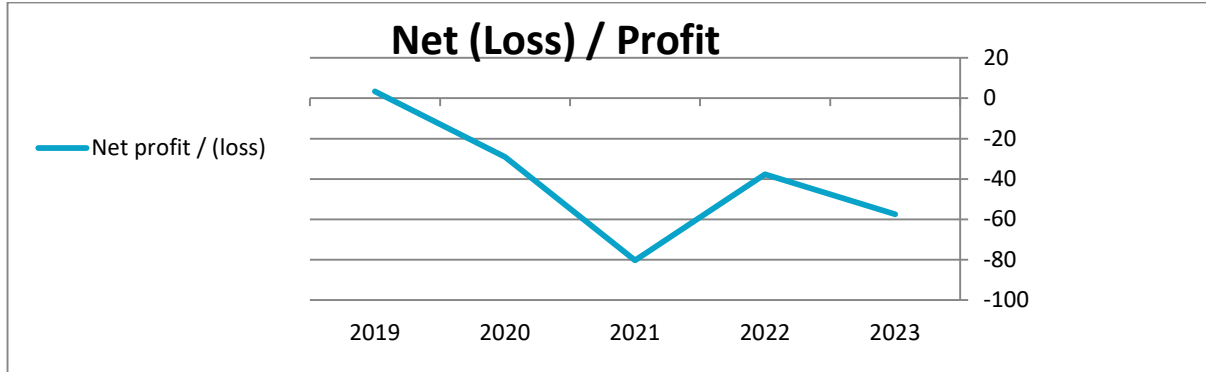
The combined effect of these items on the consolidated statement of profit or loss for the fiscal year ending on March 31, 2023 is approximately 41.7 million SR.

Despite the growth of the Group's revenues from continuing operations by approximately 5.5 million SR, and the increase in gross profit from continuing operations by approximately 16.4 million SR, as follows:

The gross profit of the retail sector increased by approximately 5.2 million SR after opening new branches resulting in growth in sector revenues,
Advertising sector gross profit increased by approximately 3.4 million SR as a result of the decrease in the cost of revenues,
Gross profit of distribution sector increased by approximately 3.4 million SR as a result of the growth in the sector's revenues,
Gross profit of the production sector increased by approximately 4.4 million SR due to the decrease in the cost of revenues.

The following is a summary of the statement of profits and losses (for the past five years) as of 31 March: (In million)

Item / Year	2023	2022	2021	2020	2019
Revenues	81.85	76.38	73.25	96.81	80.65
Other revenues	6.84	8.21	6.07	9.72	17.94
Share of profits from associates	6.16	8.11	(6.51)	7.04	1.51
Cost and expenses	(145.90)	(124.17)	(143.07)	(140.56)	(94.89)
Net profit / (loss) before Zakat	(51.05)	(31.47)	(70.26)	(26.99)	5.21
Zakat	(7.87)	(0.35)	(10.08)	(2.13)	(1.78)
Net profit / (loss)	1.41	(5.90)	0.00	0.00	0.00



COMPARISON OF THE STATEMENT OF PROFIT AND LOSS FOR THE TWO FISCAL YEARS ENDED ON 31 MARCH (IN MILLION)

	31-Mar-23	31-Mar-22	change	Percentage
Revenues from continued operations	81.85	76.38	5.47	7.2%
Cost of revenues	(50.21)	(61.15)	10.94	-17.9%
Gross profit	31.64	15.23	16.40	107.7%
Operating Expenses				
Selling and marketing expenses	(36.21)	(30.71)	(5.50)	17.9%
General and administrative expenses	(52.08)	(27.99)	(24.09)	86.0%
Impairment in trade receivables and other debit balances	(5.29)	(1.00)	(4.29)	429.2%
Other income, net	6.84	8.21	(1.37)	-16.7%
Loss from continued operations for the year	(55.11)	(36.26)	(18.84)	52.0%
Non-operating (expenses)/revenues				
Finance cost	(2.11)	(3.31)	1.21	-36.5%
Share of results from associate companies	6.16	8.11	(1.95)	-24.0%
Loss from continued operations for the year before zakat	(51.05)	(31.47)	(19.58)	62.2%
Zakat	(7.87)	(0.35)	(7.53)	2162.8%
Net loss from continued operations for the year	(58.92)	(31.82)	(27.11)	85.2%
Discontinued operations				
Gain / (Loss) from discontinued operations for the year	1.41	(5.90)	7.32	-123.9%
year Net loss for the	(57.51)	(37.72)	(19.79)	52.5%

7/3 Statement of Shareholders' Rights:

The following is a statement of shareholders' Equity (in million)

Equity Shareholders	2023	2022	Net change
Capital	50.0	50.0	0.0
losses Accumulated	(82.8)	(26.5)	(56.3)
defined benefit Employees measurement reserve	(2.1)	(1.9)	(0.2)
Other reserves	(22.7)	(15.2)	(7.5)
Owners' Equity Attribute to Total Shareholder in Parent Company	(57.6)	6.4	(63.9)
interest Non-controlling	(3.0)	(1.9)	(1.2)
Owners' Equity Total	(60.6)	4.5	(65.1)

3/8 Payments to Government Agencies

The following is a statement of the amounts due to government agencies and the amounts paid to the same during the year ended on March 31, 2023: (In thousands)

Statement	Balance as of March 31, 2022	Accrued during the period	Paid during the period	Adjustments	Balance as of March 31, 2023
General Authority of Zakat and Income	29,906	7,873	(1,169)	-	36,610
General Organization for Social Insurance	155	2,075	(1,221)	-	1,009
Municipalities and other government agencies	69,959	5,879	(2,108)	-	73,730
Total amounts due to government agencies	100,020	15,827	(4,498)	-	111,349

9/3 Accounting Standards

- The consolidated financial statements were prepared in accordance with the international financial reporting standards approved by the Saudi Organization for Certified Public Accountants and applicable in KSA, as well as other standards and interpretations approved by the Saudi Organization for Certified Public Accountants.

10/3 Discontinued operations

On 9 May 2022 An agreement was signed between Aventus Global Trading a 100% owned subsidiary, operating in the United Arab Emirates and Nextbite Trading (a Company registered in the UAE) to sell various assets and transfer various obligations related to the transfer of the business operations on an ongoing basis of Aventus.

- The transaction represents the transfer of assets and liabilities related to the business operations of Aventus Global Trading, which operates in the retail sector in the United Arab

Emirates and operates branches in Dubai, Abu Dhabi and Sharjah for the sale of books, stationery, magazines, newspapers, entertainment products, confectionery and accessories.

On October,4 2022, the necessary approvals from stakeholders and related bodies were obtained to complete the process of transferring concession rights and lease contracts (note 3/1/4), accordingly, the subsidiary company transferred the franchise agreements, property and equipment for branches, projects under construction and inventory, as well as the transfer of future obligations for branch leases and the dues to contractors for assets under construction as well as employees benefits obligations.

The total fair value of the agreed consideration for the transaction amounted to 4,637,726 SR, of which 2,451,226 SR were received, and the net remaining 2,186,500 SR was included in trade receivables and other debit balances, net. According to the sale agreement, the remainder of the agreed consideration amount will be paid in two instalments.

11/3 restatements and Comparative figures

RESTATEMENT OF PRIOR YEARS

Prior years' adjustments relate to the parent company's share in the change in the net assets of J. Walter Thompson MENA (an associate company) as a result of the associate company adjusting the opening balance of its retained earnings as of January 1, 2020, and accordingly, the group's share of this adjustment amounting to 1,879,942 SR was recorded by adjusting the opening balance of investments in associate companies using equity method, and the opening balance of accumulated losses as of March 31, 2021, with the adjustment of the comparative information of the consolidated statement of financial position as of March 31, 2022. There is no effect of this adjustment on the consolidated statement of profit or loss and the consolidated statement of cash flows for the years ended on March 31, 2023 and March 31, 2022.

COMPARTIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation of the current period and in accordance with the requirements of International Financial Reporting Standard No. "5", non-current assets held for sale and discontinued operations.

12/3 Material subsequent events

Subsequent to the date of the financial position on April 2, 2023, the extraordinary general assembly of shareholders approved the recommendation of the Parent company's Board of Directors to increase the company's capital by an amount of 350 million SR by way of a rights issue. On May 4, 2023, the subscription process was completed, and the unsubscribed shares were sold in full. The company completed the legal procedures to amend the articles of association and the commercial register to reflect the new capital after the increase, amounting to 400 million SR divided into 40 million ordinary shares. Where the total value of the new shares was subscribed in cash.

Subsequent to the date of the financial position and on May 2, 2023, Integrated Production Company for Audiovisual Media Production (a subsidiary) sold its stake in Qutrob for Audiovisual Media Production (an associate company) for 1,195,000 SR, and the total book value of the shares in the company was The associate as at the date of disposal amounted to 116,572 SR, and a profit was achieved from the disposal of the associate in the amount of 1,078,428 SR

The total costs related to increasing the company's capital by 350,000,000 SR by issuing priority rights shares, which were approved by the extraordinary general assembly of shareholders, and completing the subscription thereto later to the date of the financial position (note 13), amounted to 26,384,139 SR, of which an amount of 3,021,594 SR incurred during the fiscal year ending on March 31, 2023 were in prepayments and other receivables. As these costs are related to an equity transaction, the full costs amounting to 26,384,139 SR will be recorded during the first quarter of the fiscal year ending on March 31, 2024 directly as a deduction from the equity attributable to the shareholders of the parent company.

Subsequent to the date of the financial position, and on June 14, 2023, a decision was issued by the competent department of the Commercial Court approving the extension of the deadline for preparing a proposal to pay creditors according to the financial reorganization procedures of the parent company for a period of 150 days.

Subsequent to the date of the financial position, the parent company's management received a letter from shareholders who own 10% of the Company's capital requesting a general assembly of shareholders be held, in order to vote on dismissing all members of the parent company's Board of Directors in its current session and opening the door for candidacy for membership of the Board of Directors. The Board of Directors of the parent company is to take regulatory required action in this regard, and the parent company's management does not expect any material impact of demand on the Group's operations.

III: Zakat Status:

Zakat for the parent company and its subsidiaries was calculated in accordance with the regulations issued by the Zakat, Income and Customs Authority in the Kingdom of Saudi Arabia.

Parent company

- The parent company received the adjusted Zakat assessments from the Zakat, Income and Customs Authority for the years ended on March 31, 2015 until March 31, 2020. The parent company recorded a liability against zakat differences as per revised assessment. The parent company also objected to those assessments before the General Secretariat of the Zakat, Tax and Customs Committees after the company's objection was rejected by the Zakat, Income and Customs Authority.
- During the year ended on March 31, 2022, the General Secretariat of Zakat, Tax and Customs issued a decision to revoke Zakat, Income and Customs Authority revised assessment to amend the company's declaration for the financial year ended on March 31, 2015. Accordingly, the company reversed the provision booked against the adjusted assessment for the year, which amounted to 2,096,038 SR in the consolidated statement of profit or loss for the fiscal year ended on March 31, 2022. During the year ended 31 March 2023, the General Secretariat of the Zakat, Tax and Customs Committees rejected the appeal submitted by the Zakat, Income and Customs Authority against the decision, accordingly the verdict became enforceable in favor of the company.
- During the year ended March 31, 2023, the General Secretariat of Zakat, Tax and Customs rejected the company's objection to the adjusted assessments for the years ended on March 31, 2016 until March 31, 2019 and the Company has submitted an appeal against the decision.

Subsequent to the financial position date the General Secretariat of the Zakat, Tax and Customs Committees rejected the company appeal on the adjusted assessments for the years ended on March 31, 2017, until March 31, 2019, accordingly the verdict became enforceable against of the company. No resolution has been issued on the Company appeal to the adjusted assessments for the years ended on March 31, 2016, until the date of approval of these consolidated financial statements.

- During the fiscal year ending on March 31, 2023, the company appealed the decision of the General Secretariat of the Zakat, Tax and Customs Committees with partial acceptance of the company's objection to the amended assessment for the fiscal year ending on March 31, 2020 before the Appeal Committee for Tax Violations and Disputes. No decision was issued regarding the company's appeal until the date of approval of these consolidated financial statements.

Material subsidiaries that are subject to the regulations issued by the Zakat, Income and Customs Authority:

Tihama Modern Bookstores Company

- Tihama Modern Bookstores Company has not submitted its zakat returns since its establishment, knowing that the management of the subsidiary company calculated zakat provisions annually, during the period the company received zakat assessments from the Zakat, Income and Customs Authority for the years ended on December 31, 2011, until December 31, 2019. The total value of the differences based on the adjusted assessments for the provision recorded in the books amounted to SR 3,540,123 , and a provision against it has been recorded in the consolidated statement of profit or loss for the fiscal year ended March 31, 2021, and the company has also objected to these assessments before the General Secretariat of the Tax Committees after the company's objection was rejected by the Zakat, Income and Customs Authority.
- During the year ended on March 31, 2022, a decision was issued by the General Secretariat of the Zakat, Tax and Customs Committees rejecting the company's objection to the amended assessment for the years ended on December 31, 2017, 2018. During the year ended March 31, 2023, the General Secretariat of the Zakat, Tax and Customs Committees rejected the appeal submitted by the company against the committee's decision. Accordingly, the revised assessments became enforceable against the company.
- During the year ended March 31, 2023, a decision was issued by the General Secretariat of the Zakat, Tax and Customs Committees rejecting the company's objection to the amended assessments for the years ending on December 31, 2011 until 2016, and the financial year ending on December 31, 2019, and the company submitted an appeal against the decision before the Secretariat General for Zakat, Tax and Customs Committees. No decision was issued regarding the company's appeal until the date of approval of these consolidated financial statements.

During the fiscal year ending on March 31, 2023, the Zakat, Income and Customs Authority issued an assessment for the year ending on December 31, 2020, including an additional Zakat obligation of 991,799 SR. The company submitted an appeal against the decision before the

Secretariat General for Zakat, Tax and Customs Committees. No decision was issued regarding the company's appeal until the date of approval of these consolidated financial statements.

- During the fiscal year ending on March 31, 2023, the Zakat, Income and Customs Authority issued an assessment for the fiscal year ending on December 31, 2021, including an additional zakat obligation in the amount of 877,413 SR. The company has made a provision for the full value of the differences based on the revised assessment. The company as well objected on the decision before the Zakat, Income and Customs Authority, and no decision was issued regarding the company's objection until the date of approval of these consolidated financial statements.

Tihama Distribution Company:

The company submitted its zakat returns until the fiscal year ended on December 31, 2021 to the Zakat, Tax and Customs Authority and paid the zakat due based on its zakat returns.

- During the fiscal year ended on March 31, 2022, Tihama Distribution Company received the revised Zakat assessment by the Zakat, Tax and Customs Authority for the year ended December 31, 2015. The total value of the differences based on the revised assessment amounted to 357,242 SR, and a provision for it has been recorded in the consolidated statement of profit or loss for the year ended on March 31, 2021. The company also objected to the assessment before the General Secretariat of the Zakat, Tax and Customs Committees after the company's objection was rejected by the Zakat, Tax and Customs Authority.

- During the year ended March 31, 2023, the company's filled an appeal after the rejection of the objection by the General Secretariat of the Zakat, Tax and Customs Committees, and no decision was issued on the appeal until the date of approval of these consolidated financial statements.

- During the year ended on March 31, 2022, Tihama Distribution Company received the amended Zakat assessment from the Zakat, Tax and Customs Authority for the years ended on December 31, 2016, 2017. The total value of the differences based on the revised assessment amounted to 564,653 SR, and a provision against it has been recorded in the consolidated statement of profit or loss for the year ended March 31, 2022. The company also objected to these assessments before the General Secretariat of the Zakat, Tax and Customs Committees after the company's objection was rejected by the Zakat, Tax and Customs Authority. During the year ended March 2023, the company's filled an appeal after the rejection of the objection by the General Secretariat of the Zakat, Tax and Customs Committees, and no decision was issued on the appeal until the date of approval of these consolidated financial statements.

Tihama Education Company

The company submitted the zakat declaration for the years since its establishment until December 31, 2021 and paid the zakat due based on Zakat returns submitted by the company. The company received the Zakat certificate for the fiscal year ending on December 31, 2021, and the Zakat, Income and Customs Authority did not issue any amended assessments on the company up to the date of approval of these consolidated financial statements.

Integrated Production Company for Audio-visual Media Production

The company submitted the Zakat declaration for the years since its establishment until December 31, 2022, and paid the due Zakat from the reality of the Zakat declaration submitted by the company. The company received Zakat certificates for these years. The Zakat, Income and Customs Authority has not issued any modified assessments on the company until the date of approval of these consolidated financial statements.

The movement in Zakat provision for the year is as follows:

	31 March 2023	31 March 2022
Balance at the beginning of the year	29,905,822	30,259,701
Provided during the year	7,873,500	347,952
Paid during the year	(1,168,711)	(701,831)
Balance at the end of the year	36,610,611	29,905,822

IV: Loans.

The Group has cash and non-cash credit facilities with local banks in Saudi Riyals. These facilities were obtained for the purpose of restructuring the financial obligations of the parent company and providing non-cash facilities to issue guarantees and finance the purchase of cars. These facilities bear financing fees in accordance with the relevant agreements. These agreements are subject to the terms and conditions of bank facilities that apply to all types of facilities offered by banks to their clients. Some of these agreements are secured against promissory notes, pledge of Group assets, and other guarantees.

During the year ended on March 31, 2022, the parent company signed a renewal and amendment of the bank facilities agreement with the Saudi National Bank for a period of one year, amounting to 20 million SR as a general limit that can be used for several sub-limits in accordance with the provisions of Islamic Sharia.

The financing charges are paid with the original financing on the due date, and the above facilities bear financial expenses according to the rates prevailing in the Kingdom of Saudi Arabia plus the agreed upon margin.

During the year ended on March 31, 2022, the parent company signed a non-cash bank facility agreement with Riyadh Bank for a period of three years, amounting to 591,000 SR, to issue guarantees and letters of credit.

- During the year ended on March 31, 2023, the subsidiary company (Aventus Global Trading) settled financing obtained from an external bank to purchase vehicles. Accordingly, the mortgage on the subsidiary company's vehicles in favor of the bank was lifted.

- During the year ended on March 31, 2023, the bank facilities obtained from the Saudi National Bank became due, with a total value of 20,751,481 SR, as of March 31, 2023. The company did

not pay the facility on a due date, as the maturity date for the facility was after the issuance of the court ruling accepting the company's request to open financial reorganization procedures, which requires the suspension of all claims against the company..

- During the year ended on March 31, 2023, the subsidiary company (Aventus Global Trading) agreed with Ras Al Khaimah Bank to terminate the non-cash facility agreement for issuing letters of guarantee, and accordingly, during the same period, all conditions and guarantees that were included in the agreement were cancelled and the mortgage was lifted on The group's assets that were mortgaged against the facility (administrative unit within the item of property and equipment, real estate investments and the inventory of the subsidiary company), as part of the procedures agreed upon in the agreement to transfer assets and liabilities for the commercial operations of the subsidiary company.

Contingent liabilities and pledged assets as collateral and insurance:

The guarantees provided by the company under the facility agreement with the Saudi National Bank are as follows:

- Promissory note worth 22,000,000 SR.
- Cash margin of 20,751,481 SR with the Saudi National Bank

The guarantees provided by the company under the agreement with Riyadh Bank are as follows:

- Promissory note of 591,000 SR.
- A cash margin with the bank of 88,704 SR at Riyadh Bank

The following table summarizes the collateral and assets pledged or restricted as collateral against the above facilities:

	Promissory notes	Cash and cash equivalents	Trade receivables and other debit balances	Property and equipment	Inventory	Investment Property
As of 31 March 2023						
Saudi National Bank Loan	22,000,000	20,751,481	-	-	-	-
Riyadh Bank Loan	591,000	-	88,704	-	-	-
Emirates NBD loan	-	-	-	-	-	-
RAK Bank	-	-	-	-	-	-
Total	22,591,000	20,751,481	88,704	-	-	-
As of 31 March 2022						
Saudi National Bank Loan	22,000,000	20,000,000	-	-	-	-
Riyadh Bank Loan	591,000	-	88,704	-	-	-
Emirates NBD loan	-	-	-	232,988	-	-
RAK Bank	4,935,053	2,031,255	-	540,180	1,461,042	2,809,227
Total	27,526,053	22,031,255	88,704	773,168	1,461,042	2,809,227

Other terms

- The company has an amount of 20,751,481 SR as of March 31, 2023 (nil as of March 31, 2022) included in cash at local and international banks and held with the Saudi National Bank and restricted for use under the facility agreement with the bank.

- The agreement with Riyadh Bank includes a condition allowing the bank to deduct any amounts held by the company with the bank in fulfilment of the non-cash facility. The value of the balances maintained by the company with the bank amounted to 4,204,225 SR as on March 31, 2023 (40,791 SR: as on March 31, 2022). These balances are included in cash and its equivalent without offsetting. In addition to 88,704 Saudi riyals as on March 31, 2023 (88,704 SR: as on March 31, 2022), these balances appear within trade and other receivables, net without offsetting.

Below the existing bank loans as of :

<u>-Cash loans</u>	31 March 2022	31 March 2022
Short term loans – Saudi National Bank	20,751,481	20,222,331
Long term loans – ENBD	-	194,438
Total cash loans	20,751,481	20,416,769
Less: Current portion	(20,751,481)	(20,378,311)
Non-current portion of long term loans	-	38,458

Below the movement in cash loans during the year as of:

	31 March 2023	31 March 2022
Balance as of 1 April	20,416,769	20,345,223
Proceeds from loans during the year	-	3,000,000
Payments of loans during the year	(194,438)	(3,150,785)
Accrued cost during the year	835,711	1,092,771
Finance cost paid during the year	(306,561)	(870,440)
Balances at the end of year	20,751,481	20,416,769

Non-cash facilities to issue letter of guarantee

	31 March 2023	31 March 2022
Non-cash facility from RAK	-	4,935,053
Non-cash facility from Riyadh Bank	591,160	591,160
Total non-cash facilities	591,160	5,526,213

Fifth: Contingent commitments, liabilities and assets

CONTINGENT COMMITMENTS

Letter of Guarantees

The contingent commitments outstanding on the Group from letter of guarantees as at March 31, 2023, March 31, 2022 comprise the following:

	31 March 2023	31 March 2022
Letters of guarantee *	11,670,972	15,104,020

* Cash margin for letters of guarantee as at March 31, 2023, amounting to SAR 11,517,685 is included in trade receivables and other debit balances (March 31, 2022 amounting to SAR 9,757,161).

-The Cash Margin for letters of guarantee include a cash margin with a local bank of SAR 88,704 as on March 31, 2023 (SAR 88,704 as at March 31 ,2022), as part of a non-cash facilities agreement to issue guarantees and credits.

-The above letters of guarantee include letters of guarantee issued under non-cash bank facility agreements amounting to SAR 591,160 as at March 31, 2023 (SAR 5,526,213 as at March 31, 2022)

CONTINGENT LIABILITIES

Contingent legal claims

There are some cases filed against the parent company and some of the Group's subsidiaries, during the normal course of business and are currently being litigated.

There is a lawsuit filed by a service supplier in which the company is required to pay an amount of 893,705 SR for a service provision agreement, and no decision has been issued in the lawsuit until the date of approving these consolidated financial statements.

There is a labor lawsuit filed against the company to claim due salaries, end-of-service benefits, and compensation. The total value of the claim is 1,137,125 SR. A liability of 511,363 SR was recorded against it.

During the year ended on March 31, 2022, a lawsuit was registered by the General Authority for Competition, which included accusing the company of violating the competition law before the Committee for Adjudication of Competition Law Violations against Tihama Company for Advertising, Public Relations and Marketing to demand a fine not exceeding 10% of the total sales, or at least SR 10 million when it is impossible to estimate sales. The General Secretariat of the Committee for Adjudication of Competition Law Violations issued a verdict to dismiss the lawsuit of the Public Prosecutor of the General Authority for Competition filed against the defendant, Tihama Advertising, Public Relations and Marketing Company as a result as it was not proven that the defendant committed this violation.

During the year ending on March 31, 2023, a verdict was issued by the Administrative Court of Appeal in Riyadh to uphold the decision of the Committee for Adjudication of Competition Law Violations and to reject the appeal submitted by the General Authority for Competition. The management of the group did not record any provision against the registered case based on the approval of the Court of Appeal of the decision of the Committee for Adjudication of Competition Law Violations by dismissing the case because it was not proven that the parent company committed this violation.

CONTINGENT ASSETS

Material lawsuits filed by the Parent Company

During the year ended March 31, 2022, the parent company filed a compensation claim against the former company manager and partner in the associate company in the United Arab Emirates (Tihama Global), and a preliminary ruling was issued in favor of the company by the Dubai Courts of First Instance to obligate Mr. Nasser bin Saleh Al Sarami to pay to the Parent Company an amount of AED 3,825,733 in addition to the legal interest at the rate of 5% from the date of the judicial claim until full payment, and obligating Kenaen General Trading Company to pay to the Parent Company an amount of AED 1,217,925 in addition to the legal interest of 5% from the date of the legal claim until full payment. A final judgment was issued in favor of the company by the Dubai Courts after the appeal and cassation submitted against the judgment by the company's former manager was rejected after the appeal was rejected. Accordingly, the judgment issued in favor of the company became final and enforceable.

- No contingent assets have been recorded in these consolidated financial statements against the lawsuits filed by the company, as it is not reliably possible and because there is no practical way to estimate the financial impact that may result from them.

VI: Social Responsibility

Through a wide participation in covering awareness, national and social campaigns, the company is continues to engage in social responsibility by providing free banner advertisements.

The company also continues to provide free banners for educational and social events, as Tihama considers the concept of social responsibility as a true investment in society and not simply a charitable act limited to the support and financial donations provided by some companies.

Tihama was among the first companies to contribute to the spread of science and knowledge in the Saudi society, through Tihama bookstores across KSA's regions. Tihama was also among the first to print and publish thousands of intellectual and literary books authored by Saudi writers, contributing to the promotion and raising of culture-awareness in Saudi Society.

Staff and training

- ❖ The company has HR policies and procedures for each business sector, including a statement of the rights and duties of the employee towards the company, in order to ensure employee performance is at its most efficient.
- ❖ The company has maintained Saudi employee levels as much as possible in its employee rehabilitation program, which reflects its keenness to keep and engage local competencies in the business process.
- ❖ The company will also seek to establish a provident fund for employees, aiming at assisting junior employees and their dependents who may face the urgent issues and problems.

General Assemblies of Shareholders:

During the fiscal year ending on March 31, 2023, the following general assemblies were held:

A)

Member name	Ordinary General Assembly meeting held on 21/09/2022
Mr. Sultan Salah al-Din bin Qasem AlAbdulatheem (Chairman).	X
Mr. Ibrahim Mohammed Ibrahim Al-Shabib (Vice Chairman).	X
Mr. Salman bin Mohammed Bin Nasser Al-Asmari	X
Dr. AlMutasmbilla Bin Zaki Bin Mohammed Abduljawad Allam	X
Mr. Abdulaziz bin Njib Bin Abdulaziz Alsuwalim	X
Eng. Sari Ibrahim AlMaayouf	X

- B) The Extraordinary General Assembly meeting was held on 04/02/2023 AD, in which it was approved to increase the company's capital by issuing priority rights shares at a value of 350 million Saudi riyals, so that the capital after the increase becomes 400 million Saudi riyals.

- The number, dates and reasons of the company's requests for the shareholders' register:

<u>#</u>	<u>Request Date</u>	<u>Request Reason</u>
1	15/08/2022	Company's procedures
2	07/09/2022	Company's procedures
3	21/09/2022	General Assembly
4	07/12/2022	Company's procedures
5	10/01/2023	Company's procedures
6	09/02/2023	General Assembly
7	21/02/2023	General Assembly
8	23/02/2023	General Assembly
9	12/03/2023	General Assembly
10	28/03/2023	General Assembly

VI: Company's Governance Regulations.

The company is guided by the provisions of the corporate governance regulations issued by the Capital Market Authority, as well as in accordance with the company's Articles of Association and the Companies Law.

Procedures are maintained ensuring that the company respects laws and regulations, including compliance with the requirements for disclosure of material information, adhering to the requirements of conflict-of-interest regulations for the Board of Directors and company's employees, as well as the policies for regulating the relationship with stakeholders and the mechanisms for resolving disputes between stakeholders and the company .

The company, in line with the Corporate Governance Regulations and the new Companies Law, maintains the following documents:

- Charter for the Audit Committee.
- Charter for Remuneration and Nominations Committee.
- Code of Conduct Policy.
- Conflict of Interest Policy.
- Confidentiality Policy.

- Risk Management Policy.
- Disclosure and Transparency Policy.
- Stakeholder Relations Policy.
- Confidentiality Policy.
- Commitment to abide by the conflict-of-interest policy.
- Acknowledgment of the rights of shareholders and stakeholders.
- Commitment to the Policy of Stakeholders.
- Policy and criteria for membership in the Board of Directors.
- Policy of succession of members of the Board of Directors.
- Executive management succession policy.

1- Communication with Shareholders

Tihama pays close attention to implementing the Corporate Governance Regulations which enhance its relationship with its shareholders and stakeholders, pursuant to the principles of disclosure and transparency. Tihama informs the shareholders about its performance and activities over the year through its quarterly reporting and the annual Board report. Any significant developments that may arise and have an impact on the business and its financial are reported through the Tadawul website and other means of communication such as on the company website, It also maintains a specific email address for effective communication with shareholders.

The company by law guarantee the general rights of the shareholders, including all rights related to the shares, including the right to dispose of the shares, the right to obtain a share of the profits to be distributed, the right to obtain a share of the company's assets on liquidation, the right to attend shareholder assemblies and vote on their decisions, and the right to monitor the work of the company. The Board of Directors has the right to inquire and request information in a manner that does not harm the interest of the company or conflict with the Capital Market Law and its implementing regulations. The company has a shareholder relations unit whose main objective is to ensure that the company implements the mechanisms and requirements for communication with shareholders.

2- Dividend Policy.

In accordance with Article 71 of the Company's Articles of Association, the company's annual net profits are distributed as follows:

1- (10%) of the net profits shall be set aside to form the company's statutory reserve. The Ordinary General Assembly may decide to stop this set aside when the aforementioned reserve reaches (30%) of the paid-up capital.

2- The Ordinary General Assembly may decide to form other reserves to the extent that serves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned association may also deduct from the net profits amounts to establish social institutions for the company's employees or to assist the existing ones.

3- The Ordinary General Assembly may decide to distribute the remainder to the shareholders, representing (5%) of the company's paid-up capital.

4- The Ordinary General Assembly, after observing the provisions stipulated in the Articles of Association and Article (76) of the seventy-sixth of the Companies Law, may allocate (10%) of the remainder, after the foregoing, to remunerate the Board of Directors, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.

3- Board of Directors and Classification of Membership.

The Company's BOD shall be formed of 7 members appointed by the Shareholders in General Assembly for a term of no more than 3 years.

The new Board of the company was elected by the General Assembly of Shareholders held on 03/10/2021G for the new session, which starts from 14/10/2021G and ends on 13/10/2024G.

An independent member is a non-executive board member with complete independence in their position and decisions, and on which none of the independence restrictions as stipulated in the Corporate Governance Regulations issued by CMA shall apply. Tihama obliges the independent member to adhere to the following regarding their terms:

- 1) An independent BOD member shall be able to exercise their duties, express their opinions, and vote on decisions objectively and impartially, to help the BOD to make the right decisions that contribute to achieving the company's best interests.
- 2) The BOD shall conduct an annual assessment of the extent to which the independence of the member has been achieved and to ensure that there are no relationships or circumstances that effect or could affect them.
- 3) Tihama requires, in order to fulfill the conditions of independence for an independent BOD member include, but not limited to, the following:—:
 - a. They shall not hold 5% or more of the company's shares, or of another company in its group, or hold a relationship with whoever owns more than this percentage.
 - b. They shall not be a representative of a legal person who owns 5% or more of the company's shares or another company from its group.
 - c. They shall not be a relative of any of the BOD members in the company or in another company of its group.
 - d. They shall not be a relative of any of the senior executives in the company or in another company of its group.
 - e. They shall not be a BOD member of another company within the same company's group.
 - f. They shall not work or have been working as an employee of the company during the past two years or for any party dealing with it or another company from its group such as auditors and major suppliers, or to be the owner of controlling shares with any of those parties during the past two years.
 - g. They shall not have a direct or indirect interest in the business and contracts that are made with the company.
 - h. They shall not receive any funds from the company in addition to remuneration for BOD membership or any of its committees that exceeds SAR 200 thousand or 50% of their remuneration in the previous year for BOD membership or any of its committees, whichever is the lower.

- i. They shall not participate in a business that would compete with the company, or trade in one of the branches of activities that the company is engaged in.
- j. They shall not spend more than 9 years continuously or separately in the company's BOD.

Executive Member is a BOD member who is a full-time executive of the company and participates in the running of the day-to-day business.

A non-executive member is a BOD Member who is not a full-time manager of the company and does not participate in the day-to-day business.

Functions of the Board of Directors:

Based on the terms of references as determined by the General Assembly, the main functions of BOD are focused on developing and supervising on the strategic direction and objectives, internal control regulations and rules and approving key budgets, financial policies and policies that regulate relationship with shareholders in a way that serves the interests of the company and its investors, in addition to all other functions given in the company's Articles of Association.

The following are the names of BOD Members and their classifications:

- a) Board of Directors for the period from 1/4/2022 until the end of the session on 31/03/2023

	Member Name	Function	Classification	Membership of BODs of other joint stock companies during the fiscal year	Qualifications & Experiences
1	Mr. Sultan Salah al-Din bin Qasem AlAbdulatheem	Chairman of the Board	Independan t		Working in the banking sector, especially with Samba Financial Group, for 10 years, during which he held many leadership positions. He has complete knowledge in marketing and advertising through his participation in the establishment of One Up Advertising Agency, and he was leading the development and marketing department in it, until he resigned from it in 2020. He devotes himself to family business. Mr. Sultan holds a Bachelor's degree from King Abdulaziz University in Jeddah in Business Administration.
2	Mr. Ibrahim Mohammed Ibrahim Al-Shabib *	Vice chairman	Non Executive		He holds a BA and MA in media and public relations with honors from King Saud University. He has many forums in various fields, including general management of environmental projects, customer management, program management, supervision of the establishment, management and development of companies, in addition to the field of environmental communication, quality management systems, and environmental management. financial and logistical management. Moreover, he is a member of the Saudi Society for Media and Communication.
3	Mr.Salman bin Mohammed Bin Nasser Al-Asmari	Board Memeber	Non-Executive		Holder of a Bachelor's degree in Management Information Systems (Management Information Systems) from King Fahd University of Petroleum and Minerals, refined by more than 10 years of experience in the banking and financial industry. His professional journey was marked

					by knowledge and enrichment of experience. Mr. Salman has participated in many successful projects during his career in banking, telecommunications, e-commerce, real estate investment and financial industries. Mr. Salman has been the CEO of Adeem Financial since 2012.
٤	Dr. AlMutasmbilla Bin Zaki Bin Mohammed Abduljawad Allam	Board Memeber	Independent	Board Member in Tabuk Agricultural Development Company	He holds a Ph.D. in Banking and Finance from Bangor University - Wales, Britain. He is an Assistant Professor at the Institute of Islamic Economics. In addition to the doctor's membership in the Board of Directors, he is the Chairman of the Audit Committee of Tihama Company.
٥	Mr. Abdulaziz bin Najeeb Bin Abdulaziz Alsuwailem **	Board Memeber	Executive		Member of the Board of Directors of the Integrated Production Company and worked in the executive management in the field of advertising and production for more than 10 years. Executive Producer since 2007. He obtained a course in filmmaking in Los Angeles. He obtained a BA from Imam Muhammad University in Media and Marketing Communication, and an MBA from Bayes College of Business has also worked with high profile clients from brands and the government sectors.
٦	Mr. Sari Ibrahim AlMaayouf ****	Board Memeber	Independent		Member of the Board of Directors of Motabaqa Company, International Sources Company for Environment and Quality Systems, and Saudi Private Laboratories Company. He held the position of wealth manager at the Middle East Financial Investment Company "MEFIC" between 2007 and 2013, director of corporate financial relations at "ING London Company" between 2008 and 2009, and an engineering consultant at "ICB Riyadh" between 2004 and 2007. He holds a Bachelor's degree in Electrical Engineering in 2004 from the University of Southern California, USA.

* On 01-09-2022 AD, the Board of Directors approved the extension of the Acting Managing Director, Mr. Ibrahim Al-Shabib, for a period of 3 months, starting from 03-07-2022.

** On 27-09-2022, the Board of Directors approved the resignation of Mr. Ibrahim Al-Shabib from the position of Acting Managing Director, and appointed Mr. Abdulaziz Alsuwailem as Managing Director of the company, starting from 03-10-2022.

*** On May 29, 2023, the Board of Directors approved the appointment of Mr. Reda mohamed Al-Haidar as an independent member of the Board of Directors.

**** On 06-06-2023, the Board of Directors approved the resignation of Mr. Sari Ibrahim Al-Mayouf from the membership of the Board of Directors.

4- Senior Executives

S	Name	Current Job	Previous Job	
1-	Abdulaziz Najeeb Alsuwailem	Managing Director	Member of the Board of Directors of the Integrated Production Company	Holds a bachelor's degree in marketing and communications from Imam Ibn Saud University - and previously worked as CEO of a number of companies in the field of media production and has experience as a director and producer in the media production sector
2-	Ibrahim Mohammed Ibrahim Al-Shabib *	Board Member	Acting Managing Director	He holds a BA and MA in media and public relations with honors from King Saud University. He has many forums in various fields, including general management of environmental projects, customer management, program management, supervision of the establishment, management and development of companies, in addition to the field of environmental communication, quality management systems, and environmental management. financial and logistical management. Moreover, he is a member of the Saudi Society for Media and Communication.
3-	Mazen Mohamed Al Asmari ****	Chief Executive Officer	Acting Chief Executive Officer	Mazen began his working career in Public Relations at the Royal Clinic before joining Standard Chartered Bank as Head of HR and PR. He headed up HR and Government Relations in international engineering consultancy groups before joining Tihama. Mazen Joined Tihama on 2015 and the last position held before being appointed was Executive Vice President.

4-	James Grahame Murray	Senior Executive Vice President	Chief Operating officer	Grahame has held senior finance and operational positions internationally within a number of blue-chip groups including, Pearson and Time Warner, as well as having worked for private equity owned businesses in the Middle East. He is a founder of a new free school in London, the Fulham Boys School. Education: BA Economics, University of Leeds. Chartered Accountant (ICAEW).
5-	Ayman Mohamed Soliman	Financial Director	Financial Director	Ayman has 22 years' work experience starting his career in 2000 in Deloitte (Egypt and Kuwait) as an external auditor and worked there till 2005. In 2005 he joined Investment Dar Company (Kuwait) as Assistant Internal Audit Manager becoming Senior Financial Controller in 2008. Education: Bachelor's Degree from faculty of Commerce and Business Administration from Cairo University in Egypt and Certified Internal Auditor (CIA).
6-	Abdulkarim Ibrahim Alamaayouf	General supervisor of international partnerships in the media sector	Managing Director	He holds a BSc with Honors in Electrical Engineering and a Masters degree in Engineering Management from the University of Southern California. He held several positions at Saudi Pina Puri Company Limited, Riyadh, including Business Development Manager and Board Member. Previously, he was a member of the Board of Directors of Bank Aljazira He served as a member of the Board of Directors of Tihama Advertising, Public Relations and Marketing Company for the period from 10-14-2015 to 10-13-2021. He held the position of Managing Director of Tihama Advertising, Public Relations and Marketing Company for the period from 08-12-2015 to 10-13-2021.
7-	Ehab Omar Rajab **	Vice president	Vice president support	Ehab has 30 years of experience in the field of business, 20 years in a private company working in international brands of home appliances, 6 years as a Human Resources Manager in Electro Electronics Retail and Tihama Holding Company in addition to 4 years as Vice President for Support Academic qualifications: Bachelor's degree in Business Administration from King Abdulaziz University

8-	Naif Ahmed Alghamdi ***	Secretary of the Board of Directors and Head of Compliance	Secretary of the Board of Directors and Head of Compliance	He holds a Bachelor of Business Administration from King Faisal University. He held several positions, including Compliance Officer and AML/CFT, Head of Brokerage Department at Aloula Geojit Capital, Brokers Supervisor at MEFIC Capital, and Broker for Asset Management and Treasury at Falcom Financial Services.
----	----------------------------	--	--	---

* On 27-09-2022 AD, the Board of Directors approved the resignation of Mr. Ibrahim Al-Shabib from the position of Acting Managing Director, and appointed Mr. Abdulaziz Alsuwailem as Managing Director of the company, starting from 03-10-2022.

** On 18-12-2022, the dismissal of the Deputy CEO, Mr. Ehab Omar Ragab, was issued.

*** On 07-02-2023, the Board of Directors approved the resignation submitted by the Secretary of the Board of Directors and Head of Compliance, Mr. Nayef Ahmed Al-Ghamdi.

**** On 07-06-2023, the Board of Directors approved the start of legal procedures to end the services of the Chief Executive Officer, Mr. Mazen Muhammad Al-Asmari.

5- BOD Meeting Attendance Record during the fiscal year from 01/04/2022 to 03/31/2023

The company's board of directors, for the fiscal year 01/04/2022 to 31/03/2023, held (9) meetings.

... The table below shows the attendance record of the members of the Board of Directors at the Board meeting

Member Name	Meeting 1 held on 17/04/2022	Meeting 2 held on 29/06/2022	Meeting 3 held on 08/08/2022	Meeting 4 held on 24/08/2022	Meeting 5 held on 27/09/2022	Meeting 6 held on 05/10/2022	Meeting 7 held on 08/11/2022	Meeting 8 held on 15/12/2022	Meeting 9 held on 07/02/2023
Mr. Sultan Salah al-Din bin Qasem AlAbdulatheem (Chairman).	X	X	X	X	X	X	X	X	X
Mr. Ibrahim Mohammed Ibrahim Al-Shabib (Vice Chairman).	X	X	X	X	X	X	X	X	X

Mr. Salman bin Mohammed Bin Nasser Al-Asmari	X	X	X	X	X	X	X	X	X
Dr. AlMutasmilla Bin Zaki Bin Mohammed Abduljawad Allam	X		X	X	X	X	X	X	X
Mr. Abdulaziz bin Njib Bin Abdulaziz Alsuwalim	X	X	X	X	X	X	X	X	X
Eng. Sari Ibrahim AlMaayouf	X	X	X	X	X	X	X	X	X

6- Policy for the remuneration of Board members, Board Committees and the Executive Management and details of the Compensation and Remuneration

1. Introduction

The company Articles of association determines the number of the Board of Directors' members, on that it shall not exceed (7) members and shall not be less than (5) members on a continuous basis. Remunerations' Policy of directors, sub-committees' members, and the executive management in Tihama Company was developed, pursuant to Clause (1) of Article (61) of Corporate Governance Regulation issued by The Capital Market Authority (CMA) Board, stipulating that among the terms of reference of Remunerations & Nominations Committee is "developing a clear Remunerations' Policy of directors, sub-committees' members, and the executive management and referring it to the Board of Directors for discussing it to be approved by the General Assembly".

2. Remunerations' Policy

- 2.1 With no prejudice to the provisions of Companies Law and the Capital Market Authority (CMA) Law and the executive regulations thereof, the following shall be considered in Remunerations' Policy:-
- 2.1.1. It shall be consistent with the company strategy and objectives.
 - 2.1.2. Remunerations shall be provided for urging the Directors and the executive management to make the company successful and develop it in the long run, such as linking the variable part of remunerations to long-term performance.
 - 2.1.3. Remunerations shall be determined upon the job level, duties and responsibilities assigned to the person occupying it, scientific qualifications, practical experiences, skills and performance level.

- 2.1.4. It shall be consistent with the amount, nature and degree of the company risks.
- 2.1.5. Taking into consideration the practices of the other companies in determining remunerations, and avoiding any unjustifiable increase of remunerations and compensations resulting from that.
- 2.1.6. It shall aim at attracting the professional competencies, maintaining and motivating it, with no exaggeration.
- 2.1.7. It shall be prepared on new appointments.
- 2.1.8. The cases of suspending or refunding remunerations: if it is pointed out that it was decided upon inaccurate information provided by a member of the Board of Directors and the executive management, in order to prevent exploiting the position status for getting undue remunerations.
- 2.1.9. Organizing granting the company shares to the members of the Board of Directors and the executive management, whether it is a newly-issued share or shares purchased by the company.

3. Directors' Remunerations

In general, the Directors' Remunerations shall be subject to the approval of the General Assembly

- 3.1 The Directors' Remunerations in Tihama Company consist of a certain amount and allowance for attending sessions, expenses, in-kind allowance, or a percent from profits. It shall be permissible to give two or more of these allowances, provided that it shall not exceed what was stipulated under Companies Law. The Board of Directors shall annually determine its members' remunerations upon the recommendation of Remunerations & Nominations Committee, pursuant to the provisions mentioned in the company Articles of association or any other laws issued by the competent authorities.
- 3.2 The board member shall be paid an allowance for attending each meeting of the Board of Directors meetings equals an amount of SAR (5000), in addition to an allowance for the expenses of travelling, stay, air-tickets and transportation of the members outside the city where the company head office is located.
- 3.3 Upon a recommendation of the Remunerations Committee, the Board of Directors shall determine additional cash and in-kind remunerations, as it views proper, whereas the minimum recommendation of the board member shall be SAR (150000) per annum, according to the restrictions set out by the competent authority.
- 3.4 the Board Chairman shall be paid an annual remuneration of SAR (60,000) and a monthly remuneration of SAR (10,000), against running and directing the affairs and works of the board and verifying his performance of his duties and responsibilities in the company Articles of association.
- 3.5 the Board of Directors shall approve the payment of the remuneration to the board members and committees, no need to refer to the General Assembly, on that all amounts paid to the board members shall be explained in the Board of Directors Annual Report which is submitted to

the General Assembly, under the clause referred to in the Board of Directors Report, upon the instructions of The Capital Market Authority (CMA).

- 3.6 the Board of Directors member shall be permissible to get a remuneration against his membership in the auditing committee, or against works or executive, technical, administrative or consultative positions (as per a professional license), in addition to the remuneration of the membership of the Board and the Sub-Committees' thereof.
- 3.7 The remuneration of the independent members of the Board of Directors shall not be paid from the profits achieved by the company or to be based directly or indirectly on the company profitability.
- 3.8 the Board of Directors Report submitted to the General Assembly shall include a complete statement of all amounts paid to the Board of Directors members during the fiscal year, including remunerations, expenses allowances, and other allowances.
- 3.9 Also, it shall include a statement of the amounts paid to the board members, as employees and administrative and the amounts paid to them against technical, administrative or consultations works, as well as it shall include a statement of the board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.
- 3.10 Upon a recommendation issued by Remunerations Committee, the Board of Directors shall determine a remuneration of the Board Secretary

4. The Remunerations of the Members of The Committees "the Board Sub-Committees"

- 4.1 Upon a recommendation issued by Remunerations Committee, the Board of Directors shall approve the remunerations of the memberships of the sub-committees, and the attendance allowances, as well as other dues, no need to refer to the General Assembly, on that all amounts paid to the board members shall be explained in the Board of Directors Annual Report which is submitted to the General Assembly, under the clause referred to in the Board of Directors Report, upon the instructions of The Capital Market Authority (CMA).
- 4.2 The remunerations of the memberships of the board sub-committees shall consist of an annual remuneration of SAR (130,000) for each member and an additional amount to the committee chairman of SAR (60.000) for the committees' chairmen.
- 4.3 The member shall be paid an allowance for attending each session of the sub-committees sessions equals an amount of SAR (2500)., in addition to an allowance for the expenses of travelling, stay, air-tickets and transportation of the members outside the city where the company head office is located.
- 4.4 On constituting the memberships of the board sub-committees, the number of committees in which the member can hold its membership shall be considered.

5. The Executive Management Salaries, Allowances & Remunerations:

- 5.1 Remunerations and Nominations Committee, shall execute periodical auditing, once per annum, of the salaries, allowances and remunerations of the senior executive officers, and the incentives programs and plans and issuing a recommendation regarding it to the Board of Directors.
- 5.2 The company shall grant the senior executive officers therein, according to the procedures and criteria approved by the Board of Directors, certain financial allowances upon the salaries' scale of the company senior executive officers and its Policy approved in this regard, the remunerations of the Executive Management shall include the following:
- 5.2.1. Basic Salary – to be paid monthly.
- 5.2.2. Allowances, including but not limited to : housing allowance, transport allowance, telephone allowance, and children education allowance.
- 5.2.3. Medical Insurance for them and their families, . .
- 5.2.4. Short-Term Incentive Plans related to the individual and company performance and Long-Term Incentive Plans, such as shares' options Plans and otherwise.
- 5.2.5. Other allowances, including but not limited to: annual vacation, Air-tickets, travelling allowance, and Service-End Reward.
- 5.2.6. Any other remunerations & allowances against their works to be approved by the

6. The Table of the Board of Directors, the Sub-Committees & The Senior Executive Officers:

- 6.1. The following table shows the details of the remuneration type and the recommended one.

Table of Remunerations & Nominations of the Board of Directors Members & Its Sub-Committees	
Remuneration Type	The Recommended
Allowance of attending the Board sessions	the Board Member and the board secretary or the representatives thereof shall be paid an allowance of (5000) S.R. for each session of the board sessions and the allowance shall be paid to the invited members
Allowance of attending the Board Sub-Committees' sessions	The Committee Member and the Committee secretary or the representatives thereof shall be paid an attendance allowance of SAR (2500) , for each session of the Committee sessions paid

An Annual Remuneration of the Board Member	<p>- An annual remuneration of the member shall be paid as minimally SAR (15000), One Hundred Fifty Thousand S.R., based on the number of the sessions attended by the board member and the total sessions held by the board during the relevant fiscal year.</p> <p>- the Board Chairman shall be paid an additional annual remuneration of SAR (60,000).</p>
Housing, Transport & Pocket money Allowance for attending meetings and job tasks, if the member place of residence is outside the city where the meeting is held	<p>- the Board / Committee Member and the board secretary or the representatives thereof shall be paid Transport Allowance equals the value of business class air-ticket, if his place of residence is outside the city where the meeting is held.</p> <p>- the Board / Committee Member and the board secretary or the representatives thereof shall be paid Daily Allowance equals SAR (3000), as a lump sum to be paid when attending outside the city where the meeting is held or job tasks or training and development courses in the Kingdom.</p> <p>- the Board / Committee Member and the board secretary or the representatives thereof shall be paid a daily allowance, including housing, transport & other pocket money allowance for attending meetings equals an amount of (15000) S.R., One Hundred Fifty Thousand S.R., if the meeting or the job tasks or the training and development courses is abroad, and One Day shall be added for travelling inside the Kingdom, and Two Days for abroad.</p> <p>- Providing travelling facilitations service for the Board / Committee Member, according to the company applicable Policy.</p>
Participation / Attendance by the Board / Sub-Committee Member, if he is invited to discuss a certain subject, attending a Symposium requiring his participation, or a meeting of the company/ the Board /Committee Member, within his specialization to discuss a certain subject, or attending a Symposium	the Board /Committee Member shall be paid an attendance allowance of (2500) S.R., for each session of the Board / Committee sessions if he is invited to discuss a certain subject, attending a Symposium requiring his participation, or a meeting of the company/ the Board /Committee Member, within his specialization as approved, and it shall be established in the minutes of the meetings
Undertaking or executing technical, administrative or consultative works for the company or the Board /Committee, within his specialization, upon the request or approval of the board	the Board /Committee Member shall be paid an attendance allowance of SAR (5000). for each working day against executing administrative or consultative works for the company or the Board /Committee, within his specialization, upon the request or approval of the board, as well as the Board Chairman authorizing the power of approving tasks, not exceeding (25) Days, on that the

	remuneration per task shall not exceed SAR (50,000) Fifty Thousand, and maximally per annum the remuneration shall not exceed SAR (250,000) per member.
Health Services for the Board Members	Health Services shall be provided to the Board Member, his family and parents "optional for the member", within the allowed limit under Article (76) of Companies Law.
An Annual Remuneration for the membership of the Auditing Committee for those who are not members of the board	An Annual Remuneration shall be paid to the Auditing Committee member who is not a member of the board equals SAR (100,000) One Hundred Thousand S.R., and the Annual Remuneration shall be divided between two members in case of appointing an alternative member, according to the number of sessions attended by each member.
An Annual Remuneration for the members of the Board Subcommittees	An Annual Remuneration equals SAR (130.000) One Hundred Thirty Thousand shall be paid to each member who is not a member of the Board Subcommittees. As well, 130.000) One Hundred Thirty Thousand S.R. shall be paid for the membership in another committee of the board committees, and the Board Chairman shall be paid an additional annual remuneration of (60.000) S.R. Sixty Thousand S.R. and the Annual Remuneration shall be divided between two members in case of appointing an alternative member, according to the number of sessions attended by each member.
Dates of Paying The Annual Remuneration for the Memberships of the Board & its Committees	The Annual Remuneration for the Memberships of the Board & its Committees shall be paid to the members on a quarterly basis.
Date of Applying the Policy of Compensations & Allowances to the members of the Board & its Committees	The Policy of Compensations & Allowances to the members of the Board & its Committees shall be applied, effective from the starting date of the membership.

6.2. The following table shows the details of the remuneration type and the recommended one.

Table of Remunerations & Allowances of The Senior Executives	
Remuneration Type	The Recommended
Basic Salary – Allowances – Medical Insurance – Other Allowances	It shall be paid per the work contract, and under the laws and regulations of the regulatory authorities.
Short-Term Incentive Plans	It shall be paid upon a decision by the Board of Directors or by the Board Chairman, solely.

Long-Term Incentive Plans, such as shares' options and otherwise	
Other Remunerations & Allowances against their works not included in their work contract	It shall be paid upon a decision by the Board of Directors or by the Board Chairman, solely.

6.3. the Board of Directors shall authorize the Board Chairman to approve the above table.

7. The Authority Competent With Control or Supervision of this Policy :

Remunerations & Nominations Committee shall be competent with the periodical review and auditing of this Policy and evaluating its effectiveness in achieving its objectives, and this policy is deemed a document subject to updating and revising for coping with the changes occurred in the labor market and for achieving the company development and expansion.

8. General Provisions:

These policies and criteria shall be enforceable from the date of approval by the General Assembly and it shall replace the policies and criteria of the procedures of the Board membership which the General Assembly approves.

9. Application & Interpretation

These clauses of these policies shall be applied and interpreted in no contradiction to the Articles of Association, as well as any other regulations or policies approved by the Board, under Companies Law and The Capital Market Authority (CMA) laws and its executive regulations.

The words and terms mentioned in this plan and procedures shall mean the meanings indicated in the list of Terminology used in the Capital Market Authority (CMA) regulations and rules and the regulations of Corporate Governance issued by the Capital Market Authority (CMA) Board.

The following are details of salaries, compensation and related expenses for the Board of Directors and Senior executives during the year ending 31 March 2023:

Board Remuneration

a) Board Remuneration for the period from start of Board session on 1 April 2022 to 31 March 2023:

	fixed remunerations							Variable remunerations							End-of-service award	Aggregate amount	expenses Allowance
	specific amount	Allowance for attending Board meetings**	Total Allowance for attending committee meetings committee	In-Kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, is a Board member	Total	Percentage of the profits	Periodic remunerations	short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total				
First : independent directors																	
1	Sultan Saladin Abdul Azim	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,916
2	Al-Mu'tasim Billah Zaki Allam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,424
3	Sari Ibrahim Al Maayouf	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52,376
	Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	213,717
Second : Non-executive Directors																	
1	Salman Mohammed Nasser Al-Asmari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,683
2	Ibrahim Muhammad Ibrahim Al-Shabib	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,683

Third : Executive Directors																	
1	Abdul Aziz Najib Al-Suwailem	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	363,944
	Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	363,944
	Grand total																591,343

* On 09-03-2023, the Board of Directors issued a decision approving the remuneration policy for members of the Board of Directors, its committees, and the executive management, and recommending presenting the policy to the General Assembly of Shareholders for approval.

** On 09-03-2023 , the same decision was issued by the Board of Directors to include in the agenda of the Extraordinary General Assembly the vote on the adoption of remuneration policies for members of the Board of Directors, its committees and the executive management.

*** On 02-04-2023, the Ordinary General Assembly refused to approve the remuneration policy for members of the Board of Directors, its committees, and the executive management.

Committee Members' Remuneration for the period from 01/04/2022 to 31/03/2023

		Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
Audit Committee members				
1-	Al-Mu'tasim Billah Zaki Allam	-	-	-
2-	Abdulaziz Awgan Al Rashidi	-	-	-
3-	Karim Abdulaziz Cheniour	-	-	-
4-	Abdulsalam Maged Abulsalam			
Total		-	-	-
Nomination and Remuneration Committee members				

1-	Sari bin Ibrahim Al Maayouf	-	-	-
2-	Sultan Saladin Abdul Azim	-	-	-
3-	Salman Mohammed Nasser Al-Asmari	-	-	-
Total		-	-	-
Executive Committee members				
1-	Sari bin Ibrahim Al Maayouf	-	-	-
2-	Salman Mohammed Nasser Al-Asmari	-	-	-
3-	Al-Mu'tasim Billah Zaki Allam	-	-	-
Total		-	-	-

*The Ordinary General Assembly, in its meeting held on 26/02/1443 AH (corresponding to 03/10/2021), approved the formation of the Audit Committee, defining its tasks, working controls, and remunerations for its members for the new term starting from 14/10/2021 until the end of the session on 13/10/2024

** On 06-09-2022, the Board of Directors approved the resignation of Mr. Abdulsalam Majed Abdulsalam from the membership of the Audit Committee, provided that it is effective as of 07-09-2022.

*** On 09-03-2023, the Board of Directors of the company approved the Nomination and Remuneration Committee Charter.

**** On 09-03-2023, the same decision was issued by the Board of Directors to include in the agenda of the Extraordinary General Assembly the vote on amending the Nomination and Remuneration Committee Charter.

***** On 02-04-2023, the Extraordinary General Assembly approved to amend the Nominations and Remuneration Committee Charter. The Ordinary General Assembly of Shareholders, in its meeting held on 26/02/1443 AH (corresponding to 03/10/2021), approved the formation of the Audit Committee, defining its tasks, working controls, and remunerations for its members for the new term starting from 14/10/2021 until the end of the session on 13/10/2024.

*****The Ordinary General Assembly of Shareholders, in its meeting held on 08/07/1443 AH (corresponding to 02/09/2022), approved the decision of the Board of Directors to appoint (Mr. Al-Mutasim Billah Zaki Allam, membership capacity is independent) as a member of the Audit Committee, starting from 17/10/2021 and until the end of the work period of the current committee on 13/10/2024, in place of the previous committee member (Mr. Sultan Salahuddin Abdel-Azim, the membership capacity is independent), provided that the appointment takes effect starting from the date of the decision issued on 17-10-2021, and this appointment comes in accordance with The work of the audit committee.

Remuneration of Senior Executives

		Fixed remuneration				Variable remuneration						End-of-service award	Total remuneration for Board executives, if any	Aggregate amount
		Salaries	Allowance	In-Kind benefits	Total	Periodic remuneration**	Profits	short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
1-	Managing Director	708,740	118,123	107,218	934,081	0	0	0	0	0	0	34,521	0	968,602
2-	Previous Managing Director	758,333	0	63,333	821,667	0	0	0	0	0	0	31,678	0	853,345
3-	Chief Executive Officer	1,200,000	298,000	214,356	1,712,356	0	0	0	0	0	0	120,000	0	1,832,356
4-	General Sup. International partnerships in Media Sector *****	1,519,725	0	164,242	1,683,967	3,551,313	0	0	0	0	3,551,313	63,148	0	5,298,428
5-	Senior Executive Vice President	660,000	231,000	130,762	1,021,762	0	0	0	0	0	0	81,000	0	1,102,762
6-	Vice President	108,000	27,000	56,275	191,275	0	0	0	0	0	0	11,219	0	202,494
7-	Financial Director	438,271	153,396	103,281	694,948	0	0	0	0	0	0	50,000	0	744,948
8-	Board Secretary and Head of Compliance	124,310	58,986	48,171	231,467	0	0	0	0	0	0	0	0	231,467
	Total	5,517,379	886,505	887,638	7,291,522	3,551,313	-	0	0	0	3,551,313	391,566	0	11,234,402

* On 01-09-2022, the Board of Directors approved the extension of the assignment of the Managing Director, Mr. Ibrahim Al-Shabib, for a period of 3 months, starting from 03-07-2022.

** On 27-09-2022, the Board of Directors approved the resignation of Mr. Ibrahim Al-Shabib from the position of Acting Managing Director, and appointed Mr. Abdulaziz Al-Suwailem as Managing Director of the company, starting from 03-10-2022.

*** On 07-06-2022, the dismissal of the Deputy CEO, Mr. Ehab Omar Ragab, was issued.

**** On 07-02-2023, the Board of Directors approved the resignation submitted by the Secretary of the Board of Directors and Head of Compliance, Mr. Nayef Ahmed Al-Ghamdi.

***** On 07-06-2023, the Board of Directors approved the start of legal procedures to end the services of the Chief Executive Officer, Mr. Mazen Muhammad Al-Asmari.

***** Represent provisions made during the financial year ended March 31, 2023, and not paid they provisions are in accordance with the policy of remuneration and compensation for members of the Board of Directors and senior executives, which will be presented to the General Assembly of shareholders for approval.

***** International partnerships in the media sector are represented by J. Walter Thompson Middle East and North Africa, and ICG Saudi Arabia and its subsidiaries.

The shareholdings of the Board of Directors and its change during the fiscal year ending on March 31, 2023:

Name	Shares					Debt Instruments		
	Number of shares at the beginning of the period	Net variation	Number of shares at the end of the year	Shareholdings % at the end of the year	Percentage of variation	Beginning of the year	End of the year	Variation
Mr. Sultan Salah al-Din bin Qasem AlAbdulatheem (Chairman).	-	-	-	0.00%	-	-	-	-
Mr. Ibrahim Mohammed Ibrahim Al-Shabib (Vice Chairman).	-	-	-	000%	-	-	-	-

Mr.Salman bin Mohammed Bin Nasser Al-Asmari	-	-	-	0.00%	-	-	-	-
Dr. AlMutasmbilla Bin Zaki Bin Mohammed Abduljawad Allam	-	-	-	00.0%	-	-	-	-
Mr. Abdulaziz bin Njib Bin Abdulaziz Alsuwalim								
Eng. Sari Ibrahim AlMaayouf	-	-	-	00.0%	-	-	-	-

Shareholdings of first-degree relatives or BOD members and its variation during the fiscal year ending on March 31, 2023:

Name	Shares					Debt Instruments		
	Number of shares at the beginning of the year	Net variation	Number of shares at the end of the year	shareholdings % at the end of the year	Percentage of variation	Beginning of the year	End of the year	variation
Mr. Sultan Salah al-Din bin Qasem AlAbdulatheem (Chairman).	-	-	-	-	-	-	-	-

Mr. Ibrahim Mohammed Ibrahim Al-Shabib (Vice Chairman).	-	-	-	-	-	-	-	-
Mr.Salman bin Mohammed Bin Nasser Al-Asmari	-	-	-	-	-	-	-	-
Dr. AlMutasmbilla Bin Zaki Bin Mohammed Abduljawad Allam	-	-	-	-	-	-	-	-
Mr. Abdulaziz bin Njib Bin Abdulaziz Alsuwalim	-	-	-	-	-	-	-	-
Eng. Sari Ibrahim AlMaayouf	-	-	-	-	-	-	-	-

A statement of the interests and relevant change of senior executives and their first-degree relatives during the fiscal year ending on March 31, 2023:

	Executive Name	Number of shares at the beginning of the year	Number of shares at the end of 2023	Net variation in the number of shares during the year	Cash dividends for the year 2023	shareholdings and its variation of first-class relatives
١	Abdulaziz Najeeb Alsuwalim	0	0	0	0	0
٢	Ibrahim Mohamed Al-Shabib	0	0	0	0	0
٣	Abdulkarim Ibrahim Almaayouf	0	0	0	0	0
٤	Naif Ahmed Alghamdi	0	0	0	0	0
٥	Mazen Mohamed Al Asmari	0	0	0	0	0

6	James Grahame Murray	0	0	0	0	0
7	Ehab Abdullah Rajab	0	0	0	0	0
8	Ayman Mohamed Soliman	0	0	0	0	0

7- Waiver of salaries, compensation, and profits:

There are no arrangements or agreements under which a BOD member or a senior executive waived any salaries or compensation received
There are no arrangements or agreement under which a shareholder of the company waived his rights to profits.

8- BOD Committees:

BOD committees were formed by BOD members, external and executive members with suitable expertise and competences. Their objectives, functions and general framework are given in the approved Articles of Association of the company. These committees have regulations approved by BOD and the General Assembly of shareholders determining their powers and work procedures, as follows.

8/1 Audit Committee

- The Ordinary General Assembly of Shareholders, in its meeting held on 26/02/1443 AH (corresponding to 03/10/2021), approved the formation of the Audit Committee, defining its tasks, working controls, and remunerations for its members for the new term starting from 14/10/2021 until the end of the session on 13/10/2024.
- The Ordinary General Assembly of Shareholders, in its meeting held on 08/07/1443 AH (corresponding to 02/09/2022), approved the decision of the Board of Directors to appoint (Mr. Al-Mutasim Billah Zaki Allam, membership capacity is independent) as a member of the Audit Committee, starting from 17/10/2021 and until the end of the work period of the current committee on 13/10/2024, in place of the previous committee member (Mr. Sultan Salahuddin Abdel-Azim, the membership capacity is independent), provided that the appointment takes effect starting from the date of the decision issued on 17-10-2021, and this appointment comes in accordance with The work of the audit committee.

Below are the current Audit Committee members for the fiscal year ending on March 31, 2023

Name	Title	Current Job	Previous Job	Qualifications and Experience
Al-Mu'tasim Billah Zaki Allam	Chairman – Member from the Board	Assistant Professor at the Institute of Islamic Economics	Lecturer at the Institute of Islamic Economics	<p>Dr. Almutasmbillah holds BSc Business Administration - Financial 2007 King Abdul-Aziz University Pass with Honors, Dissertation: The Real Estate investments in Saudi.</p> <p>Dr. Almutasmbillah holds as well PhD Banking & Finance from University of Bangor MSc Islamic Banking & Finance from University of Bangor.</p> <p>MSc Financial Economics from University of Essex</p> <p>He is a Board Member Tabuk Agriculture Company (Joint Stock Company) and member of the Audit Committee.</p> <p>He is working as Assistant professor at the Islamic Economics Institute. he is the Chairman of the Audit Committee at Tihama Company</p>
Abdulaziz Awgan Al Rashidi	Member from outside of the Board	Chief financial officer for Ladun Investment Company	Assistant finance Manager – National Finance Company	<p>Abulaziz Holds BA in accounting from King Saud University and he is Certified Management Accountant (CMA) from the Institute of Management accountants and certified member from SOCPA and CME-1.</p> <p>Abdulaziz has 25 years experience in Finance, Accounting and Risk Management and in number of finance and investment company.</p>

				Currently he is the Chief financial officer for Ladun Investment Company (A company listed in the Saudi Exchange's Nomu – Parallel Market).
Karim Abdulaziz Cheniour	Member from outside of the Board	Head of Internal Audit in the Saudi specialized laboratories Company (Motabacah)	Internal Audit services in Private professional services office	Karim has BA in accounting from Faculty of Economic Sciences and Master in Bussines Administration (MBA), he carries more than 22 years experience in number of international audit firms and has worked as financial advisor for number of companies in finace and restructuring
Abdulsalam Maged Abulsalam	Member from outside of the Board	Financial controller in Al-Masader International for Environment & Quality System Co. (AMAD)	Cief Financial Officer for Al Argaan Company	Abdulsalam Holds BA in accounting and carries more than 25 years of experience in Accounting and finance in number of companies in Egypt and Gulf Region

* On 06-09-2022, the Board of Directors approved the resignation of Mr. Abdul Salam Majed Abdul Salam from the membership of the Audit Committee, provided that it is effective as of 07-09-2022.

** On 15-06-2023, the Board of Directors approved the resignation of Mr. Abdulaziz Aujan Al-Rashidi from the membership of the Audit Committee, provided that it is effective as of 15-06-2023.

Purpose

The purpose of the Audit Committee of the company's BOD is to assist the board in achieving its supervisory duties regarding the following:

- ❖ Audits, accounting, and financial reports of the company in general.
- ❖ Internal Controls Systems in the company with regard to finance, accounting, legal compliance, and ethical behavior.
- ❖ The company's financial statements and other financial information that the company provides to shareholders, the public, etc.
- ❖ Performance of the company's internal audit department and the independent auditors.

The committee while performing its functions, maintains effective work relationships with BOD, Executive Management as well as with the Internal and External Auditor functions. Each member shall understand the detailed responsibilities of the committee membership as well as the company's business, operations, and risks in order to effectively play their role.

Although the committee has the powers and responsibilities stipulated in this Committee Charter, it shall perform a monitoring role. The committee members are not employees of the company and may or may not be accountants or auditors or experts in the fields of accounting or audit. In all cases, they are not required to perform such tasks. Accordingly, it is not the committee's duty to conduct audits or to determine that the company's financial statements and disclosures are complete and accurate according to all applicable rules and regulations. These responsibilities are undertaken by the executive management and independent auditors.

Duties and responsibilities

To fulfil their responsibilities and duties, the audit committee shall do the following:

1- Regarding the independent auditors

The committee shall be directly responsible for appointing and determining the fees and supervising the work of the independent auditors (including resolving disputes between the management and the independent auditors arising in relation to the financial reports) for the purpose of preparing the audit report or the report for other related work.

Reviewing the scope and plan of work followed by the independent auditors for each fiscal year based on the independent auditors' recommendation.

The committee shall also have the absolute power to review and approve the following:

- ❖ All audit services provided by independent auditors.
 - ❖ Approve fees and other work conditions related to the work of independent auditors.
- The committee shall also review and approve the required disclosures for inclusion in the financial statements in accordance with the regulatory requirements.
- The committee shall also ensure the independence of the external auditors.

2- Regarding the financial statements

Review and discussion of the quarterly and annual financial statements of the Company with the management, the internal audit department and the independent auditors (including the disclosures included within "the Company's management business activity report", and independent auditors' review of the financial statements) before presenting them to the shareholders, any governmental entity, the stock market or the public.

Periodic and ongoing review with the executive management, the independent auditors and the internal audit department of the following separate matters:

- ❖ Any disagreement between the executive management and the independent auditors or the internal audit department arising in relation to the preparation of the financial statements.
- ❖ Any problems encountered during the review process (including any limitations on the scope of work or the obtainment of required information).
- ❖ The management's response to the above matters.
- ❖ Consideration and approval, as necessary, of urgent changes to the accounting principles and financial disclosure practices in the company, under the recommendations of the independent auditors, the executive management or the internal audit department.
- ❖ Review with the executive management, independent auditors, the internal audit department and the company's legal department including any legal, regulatory or compliance issues that could have a significant impact on the financial statements of the Company, including significant changes in accounting standards or rules.
- ❖ Periodic Discussion of with the independent auditors (without the presence of the executive management) on the following:

- Their opinions on the quality, appropriateness and acceptability of the accounting principles for the Company and financial disclosure practices, as applied in its financial reports.
- ❖ Completeness and accuracy of the financial statements of the Company.

3- Regarding the internal audit department and internal control systems

- ❖ Approval of the appointment and/or replacement of the Director of the internal audit department.
- ❖ Review of the performance of the internal audit department on an annual basis.
- ❖ Review of the scope and plan of work that shall be performed by the internal audit department, under the recommendation of the independent auditors and the internal audit director.

In consultation with the independent auditors and the internal audit department, the committee shall:

- ❖ Review the adequacy of the company's internal control system and the procedures designed to ensure compliance with applicable laws and regulations.
- ❖ Discuss responsibilities, budget and employee needs in the internal audit department.
- ❖ Managing the internal audit projects implemented by auditors from outside the company.

4- Other Matters

- ❖ Reviewing and approving all related party transactions.
- ❖ Reviewing and approving any change made by Board members or executive directors regarding the code of conduct and business ethics.
- ❖ Reviewing and evaluating the adequacy of this Charter on an annual basis, and recommending any change deemed appropriate by the committee to the Board.
- ❖ Annually evaluating its performance and submitting a report on the evaluation results to the Board. This evaluation shall also include an assessment of the commitment and performance of each member of the committee in terms of performing their assigned duties and responsibilities.
- ❖ Performing any tasks or responsibilities assigned by the BOD from time to time, within the scope of the objectives of the General Committee.

Authorities

The Board shall give the Audit Committee the authority (within the scope of its responsibilities) to perform the following:

- ❖ Nominating external auditors to the BOD for the approval of the General Assembly.

- ❖ Checking the scope of the proposed audit to be carried out and the effectiveness and adequacy thereof to deal with the company-related problems.
- ❖ Reviewing audit results with external auditors and discussing financial statements.
- ❖ Reviewing the adequacy of the internal, financial and operational controls of the Company with the director and/or employees of the internal audit department and the external auditors, and keeping the Board informed of the relevant updates.
- ❖ Obtaining legal or external professional advice when needed.
- ❖ The committee may form and delegate its powers to sub-committees when necessary.

Organization of the Committee

The current Audit Committee consists of four members.

a) The Committee held 8 meetings during fiscal year ending on March 31, 2023

The following is a list of the names of the Committee members and the record of attendance and number of meetings.

#	Name of member	First Meeting 26/06/2022	Second Meeting 15/08/2022	Third Meeting 23/08/2022	Fourth Meeting 11/10/2022	Fifth Meeting 18/10/2022	Sixth Meeting 03/11/2022	Seventh Meeting 22/01/2023	Eighth Meeting 05/02/2023
1	Al-Mu'tasim Billah Zaki Allam	X	X	X	X	X	X	X	X
2	Abdulaziz Awgan Al Rashidi	X	X	X	X	X	X	X	X
3	Karim Abdulaziz Cheniour	X	X	X	X	X	X	X	X
4	Abdulsalam Maged Abulsalam	X	X	X					

* On 06-09-2022, the Board of Directors approved the resignation of Mr. Abdul Salam Majid Abdul Salam from the membership of the Audit Committee, provided that it is effective as of 07-09-2022.

** On 15-06-2023, the Board of Directors approved the resignation of Mr. Abdulaziz Aujan Al-Rashidi from the membership of the Audit Committee, provided that it is effective as of 15-06-2023.

*** The Ordinary General Assembly of Shareholders, in its meeting held on 26/02/1443 AH (corresponding to 03/10/2021), approved the formation of the Audit Committee, defining its tasks, working controls, and remunerations for its members for the new term starting from 14/10/2021 until the end of the session on 13/10/2024.

**** The Ordinary General Assembly of Shareholders, in its meeting held on 08/07/1443 AH (corresponding to 02/09/2022), approved the decision of the Board of Directors to appoint (Mr. Al-Mutasim Billah Zaki Allam, membership capacity is independent) as a member of the Audit Committee, starting from 17/10/2021 and until the end of the work period of the current committee on 13/10/2024, in place of the previous committee member (Mr. Sultan Salahuddin Abdel-Azim, the membership capacity is independent), provided that the appointment takes effect starting from the date of the decision issued on 17-10-2021, and this appointment comes in accordance with The work of the audit committee.

2/8 Remuneration and Nomination Committee:

The BOD decided to form the Nomination Committee and the Remuneration Committee, and decided they should be merged to form the Remuneration and Nomination Committee, as follows:

Below are the Remuneration and Nomination Committee members during the fiscal year ending on March 31, 2023

Name	Title	Current Job	Previous Job	Qualifications and Experience
Sari bin Ibrahim Al Maayouf	Chairman – Member from the Board	Board Member in Tihama Advertising	Chairman of Board of Directors – Tihama Advertising – Managing Director of Thimar Development Company	Bachelor's degree of Electrical Engineering, California State University 15 years of experience in senior positions in KSA and internationally, including 7 years in the financial services sector after working for ING MSc Financial Economics from University of Essex
Sultan Saladin Abdul Azim	Member - Chairman of Board	Director - One Up Advertising Agency	Samba Financial Group	Sultan holds BA in Business Administration from King Abdulaziz Universtay and has an experience

				in Advertising and Marketing - he has also worked for Samba Financial Group for 10 years .
Salman Mohammed Nasser Al-Asmari	Member	Chief Executive Officer – Adeem Capital	Vice president – Al Mashreq Real Estate	He holds a Bachelor's degree in Management Information Systems from King Fahd University of Petroleum, and has extensive experience that has completed for more than 19 years in working with financial institutions, managing portfolios and investment funds, and is currently working as CEO of Adeem Financial Company, and previously worked as Vice President in Al-Mashreq Real Estate Company And Director of Business Development at The Investor Securities Company and Vice President of the Saudi Federation of Arrows from 2016 to 2020

* The Nominations and Remuneration Committee Charter was approved by the Board of Directors of the company on 09-03-2023.

** On 09-03-2023, the same decision was issued by the Board of Directors to include in the agenda of the Extraordinary General Assembly the vote on amending the Nominations and Remuneration Committee's Charter,

*** On 02-04-2023, the Extraordinary General Assembly approved the amendment of the Nominations and Remunerations Committee's Charter, which include its tasks and work controls.

**** The Nominations and Remunerations Committee was reconstituted according to the Board of Directors' decision on 09/05/2023, so that Mr. Ibrahim Muhammad Al-Shabib will be the Chairman of the Nominations and Remunerations Committee, Mr. Reda Muhammad Al-Haidar a member of the Nominations and Remunerations Committee, and Mr. Turki Ali Bakhit a member of the Nominations and Remunerations Committee.

Purpose

The purpose of the Remuneration and Nomination Committee shall be in assisting the Board in achieving its duties regarding the following:

- Nominating qualified individuals to become members of the BOD and recommending them to the Board for the purpose of presenting their nominations to the shareholders for approval during the annual meeting of the shareholders.
- Recommending nominees to the Board for each committee affiliated to the Board.
- Monitoring all matters related to the remuneration of Board members, Committees, and Executive Directors.
- Preparing and publishing an annual report of the Committee, incorporating the remuneration of Board members, committees and Executive Directors, as well as any other matters that may be required under the applicable laws and regulations in force.

- Human Resources issues relating to the recruitment, evaluation, remuneration, and succession of the Board, its committees, senior management and employees.

Duties and Responsibilities

The following duties shall constitute the general and recurring activities of the Committee These duties shall be considered a general guide, bearing in mind that the Committee may perform additional tasks in light of the regulations and business changes, as deemed appropriate by the Board. The Committee shall also perform any duties or responsibilities assigned to it by the BOD from time to time within the scope of the objectives of the General Committee.

- ❖ Determining the qualifications of nominees as members of the BOD and recommending them to the Board for the purpose of presenting their nominations to the shareholders for approval during the shareholders' annual meeting or during a shareholders' special meeting, if needed (in case there is a vacant seat in the BOD, including vacant seats resulting from an increase in the number of board members). The Committee shall make a recommendation to the Board to fill vacancies by appointing nominees to the Board, so that a decision on their membership can be made by the shareholders at the next annual meeting. The committee shall take into account all the factors it deems appropriate when nominating individuals for membership in the Board, including the ability to provide the required time, appropriate technical knowledge, diversity and experience as well as to the extent to which the nominee shall be a desirable addition to the Board or any of its committees. The Committee may also consider the nominees proposed by the shareholders, the Board, or the management at its discretion.
- ❖ Reviewing the appropriate skill requirements for the Board membership on an annual basis and preparing descriptions of the capabilities and qualifications required for that membership, including the appropriate estimate of the time expected to be needed by the member to carry out their duties and responsibilities as a board member.
- ❖ Reviewing the structure and formation of the Board and making its suggestions thereon as required.
- ❖ Identifying the strengths and weaknesses of the BOD and recommending any reforms consistent with the interest of the Company. This may be achieved by conducting an annual evaluation of the achievements and performance of the Board.
- ❖ Ensuring the independence of the Board members and independent committees on an annual basis and ensuring that all members have no conflict of interest, especially with regard to the membership of Board members on the Boards of Directors of other companies.
- ❖ Reviewing the formation of all Board committees and submitting their recommendations thereon to the Board regarding the number and duties of the committees. The Committee shall select qualified nominees for membership in all the committees of the Board, taking into account all the applicable laws and regulations in this regard, to be then submitted to the Board in order to select members of the committees from the nominees.
- ❖ Assisting the Board in selecting, evaluating, and developing potential nominees for executive positions, including the Executive Director, and supervising the development of succession plans for executive positions.
- ❖ Preparing qualification programs for new members of the Board and organizing ongoing development programs for all members.
- ❖ Reviewing and approving the objectives of the Company relevant to the CEO remuneration, evaluating his performance in light of these objectives, as well as determining and approving the CEO annual remuneration, based on this evaluation. When evaluating any incentives given to the CEO, the Committee shall take into account the performance of the Company, the return on shareholders' equity, and the value of similar incentives given to Executive Directors in similar companies.

- ❖ Reviewing and approving the decisions made by the CEO regarding the annual performance evaluation and the level of remuneration given to the company's executives. The definition of senior executives shall include the persons charged with managing the day-to-day operations of the Company and proposing and implementing strategic decisions, such as the CEO, his deputies and the Chief Financial Officer (CFO).
- ❖ Submitting its recommendations to the Board regarding the remuneration of Board members (under the applicable laws and regulations), Committee members and senior executives, as well as the incentive and allowance plans, including option-based incentives.
- ❖ Reviewing the standards followed when evaluating the performance of employees of the Company and other managers other than the CEO, including ensuring that these standards are consistent with the company's human resources strategy.
- ❖ Reviewing the remuneration policies adopted by the Company (including incentives and allowances), pension and benefit policies and plans developed for other lower-level employees as compared to the executives and managers. This shall include ensuring that these policies are in line with the company's human resources strategy.
- ❖ Carrying periodic reviews of recruitment, development, promotion, and retention programs. This shall include ensuring that these programs are in line with the company's human resources strategy.
- ❖ Preparing and publishing the annual report of the Committee on the remuneration of board members, its committees and senior executives.
- ❖ Reviewing and re-evaluating this Charter and recommending to the Board any improvements it deems necessary.
- ❖ Evaluating its annual performance and a report on the evaluation results shall be submitted to the Board. This evaluation shall also include an assessment of the commitment and performance of each member of the Committee in terms of performing their assigned duties and responsibilities.
- ❖ The Committee may form and delegate all or part of its powers to sub-committees.
- ❖ Ensuring the independence of the independent members of the BOD on an annual basis.
- ❖ Annually verifying that managers have no conflicts of interests due to their association with the Boards of Directors of other companies.

All committee members shall fulfil the independence and expertise requirements under the applicable laws and regulations. The Board shall also annually determine whether each member of the Committee shall be independent in accordance with the abovementioned requirements. Any decisions or actions taken by the committee shall not be nullified due to the absence of any of the required membership conditions at the time the decision was made.

Organization of the Committee

The committee shall consist of (3) members, all of them shall be board members.

- a) The Committee held 1 meeting¹ during the fiscal year ending on March 31, 2023

The following is a list of the names of the Committee members and the record of attendance and number of meetings.

#	Name of member	First meeting on 06/03/2023
1	Sari bin Ibrahim Al Maayouf	X
2	Sultan Saladin Abdul Azim	X
3	Salman Mohammed Nasser Al-Asmari	X

2/8 Executive Committee:

On October 17-2021, the Board of Directors decided to form the Executive Committee, the Committee has not held any meetings since formation and has not recommended a committee charter for the Board to approve yet.

The Committee consists of 3 Board members .

Below are the current executive Committee members during the fiscal year ending on March 31, 2023:

Name	Title	Current Job	Previous Job	Qualifications and Experience
Sari bin Ibrahim Al Maayouf	Chairman – Member from the Board	Board Member in Tihama Advertising	Chairman of Board of Directors – Tihama Advertising – Managing Director of Thimar Development Company	Bachelor's degree of Electrical Engineering, California State University 15 years of experience in senior positions in KSA and internationally, including 7 years in the financial services sector after working for ING MSc Financial Economics from University of Essex

<p>Al-Mu'tasim Billah Zaki Allam</p>	<p>Chairman – Member from the Board</p>	<p>Assistant Professor t the Institute of Islamic Economics</p>	<p>Lecturer at the Institute of Islamic Economics</p>	<p>Dr. Almutasmbillah holds BSc Business Administration - Financial 2007 King Abdul-Aziz University Pass with Honors, Dissertation: The Real Estate investments in Saudi.</p> <p>Dr. Almutasmbillah holds as well PhD Banking & Finance from University of Bangor MSc Islamic Banking & Finance from University of Bangor. MSc Financial Economics from University of Essex. He is a Board Member Tabuk Agriculture Company (Joint Stock Company) and member of the Audit Committee.</p> <p>He is working as Assistant professor at the Islamic Economics Institute.he is the Chairman of the Audit Committee at Tihama Company</p>
<p>Salman Mohammed Nasser Al- Asmari</p>	<p>Member</p>	<p>Chief Executive Officer – Adeem Capital</p>	<p>Vice president – Al Mashreq Real Estate</p>	<p>He holds a Bachelor's degree in Management Information Systems from King Fahd University of Petroleum, and has extensive experience that has completed for more than 19 years in working with financial institutions, managing portfolios and investment funds, and is currently working as CEO of Adeem Financial Company, and previously worked as Vice President in Al-Mashreq Real Estate Company And Director of Business Development at The Investor Securities Company and Vice President of the Saudi Federation of Arrows from 2016 to 2020</p>

9- Results of annual review of the effectiveness of internal control procedures:

The internal audits aim to ensure the effectiveness of the internal control systems that are carried out through the company's internal audit department under the supervision and follow-up of the Audit Committee. With the aim of protecting the company's assets and achieving effective business risk management, which is carried out in a periodic and continuous manner through the internal auditor, who submits periodic reports to the Audit Committee on the performance of various departments.

A specialized office for internal auditing was contracted. The office began preparing and implementing an internal audit plan in the second half of the past fiscal year, given the company's circumstances and its involvement in financial regulation. The Internal Audit Office coordinated the Audit Committee on the work of the Internal Audit Charter and Manual. An organizational structure for the internal audit department was also worked out, as well as job descriptions in the department. During the fiscal year ending 31/03/2023, the company's operations underwent work risk assessments and measured the adequacy of performance in each of the Legal Affairs Department, Compliance and Governance Department, Human Resources and Administrative Affairs Department, Information Technology Department, and the Advertising Sector. The risk assessment processes, according to the Audit Committee's opinion, revealed weaknesses in the internal control system. The Audit Committee commends the interaction of the new executive management of the company and its cooperation with the Committee to complete the risk assessment processes. The committee is currently coordinating with the executive management of the company to prepare a plan to develop the internal control system in these departments.

During the fiscal year ending on 31/03/2023, the company's operations were subject to audits by the audit committee aimed at verifying the effectiveness of the internal control systems in protecting the assets and rights of the company, communicating with the executive management and financial management, and discussing the quarterly and final financial statements for the fiscal year ending on 31/03/2023 and ensure the integrity of the financial reports and their fulfillment of the requirements in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia and then submit its recommendations to the Board of Directors in this regard.

10- Related-Party Transactions:

Related parties to the Group consist of companies in which the shareholders and key management personnel have control, joint control or significant influence.

Salaries, compensation and related expenses for the Board of Directors and Senior Executives:

The following are details of salaries, compensation and related expenses for the Board of Directors and Senior executives during the year ended March 31, 2023 and 2022:

	<u>31 March 2023</u>	<u>31 March 2022</u>
Salaries	5,517,379	4,187,328
Bonus*	3,551,313	-
Allowances	886,505	807,949
Compensation and other benefits	1,279,204	1,806,204
Board of Directors and committees' expenses	591,343	140,264
	<u>11,825,744</u>	<u>6,941,745</u>

* Represent provisions made during the financial year ended March 31, 2023, and not paid they provisions are in accordance with the policy of remuneration and compensation for members of the Board of Directors and senior executives, which will be presented to the General Assembly of shareholders for approval.

Related party transactions

During the year, some transactions were conducted with related parties in accordance with the terms and commercial principles followed with third parties. Pricing policies and terms of these transactions are approved by the Group's management.

The following are details of the significant transactions with related parties during the two years ending March 31:

	Nature of relation	Nature of transaction	Net amount of transactions	
			31 March 2023	31 March 2022
Qutrob Company for Production	Associate	Current account	-	387,058
Qutrob Company for Production	Associate	Production services	76,300	-
J Walter Thompson MENA	Associate	Production Contracts	1,429,324	717,654
United Advertising Company	Associate	Current account	3,970	3,315,164
United Advertising Company	Associate	Settlement with dividends	4,385,179	-
Due from related parties			31 March 2023	31 March 2022
Qutrob Company for Production			137,503	299,322
United Advertising Company			3,970	-
J Walter Thompson MENA			-	717,654
			141,473	1,016,976
Due to a related party			31 March 2023	31 March 2022

United Advertising Company

-	4,385,179
-	4,385,179

Transactions involving an indirect personal interest of a board member.

The following is a statement of the transactions that took place during the fiscal year ending on March 31, 2023, between Tihama Advertising, Public Relations and Marketing Company and the Integrated Production Company for Audiovisual Media Production (a subsidiary) in which a member of the Board of Directors, Mr. Abdulaziz Najeeb Al-Suwailem, owns 30% of its capital.

Transactions	Amount (SAR)
Refund of a letter of guarantee issued by Tihama Advertising, Public Relations and Marketing Company on behalf of the Integrated Production Company for Audiovisual Media Production	٨٣,٩٥٠
An invoice for the provision of advertising and administrative services by the Integrated Production Company for Audiovisual Media Production in favor of Tihama Advertising, Public Relations and Marketing Company	١١٥,٢٤٥
Financing to issue a letter of guarantee issued by Tihama Advertising, Public Relations and Marketing Company on behalf of the Integrated Production Company for Audiovisual Media Production	٢٩٣,٦٥٣
Financing to issue a letter of guarantee issued by Tihama Advertising, Public Relations and Marketing Company on behalf of the Integrated Production Company for Audiovisual Media Production	٩٨,٤٩٨
Payment of a batch of funding granted by Tihama Advertising, Public Relations and Marketing Company to the Integrated Production Company for Audiovisual Media Production	٥,٠٠٠
Transfer to issue bank checks by Integrated Production Company for Audiovisual Media Production on behalf of Tihama Education Company (subsidiary)	١,٦٤٧,٩٠٠
The balance of funding granted by Tihama Company for Advertising, Public Relations and Marketing to the Integrated Production Company for Audiovisual Media Production as of March 31, 2023 - Operations since 2021 preceded the entry of a board member into the board and are still ongoing.	١٥,٦٠٦,٠٥٨

BOD Declarations as per the regulations of CMA and the results of applying the Governance List for the year 2022/2023 G

The company's board of directors would like to point out that the company has disclosed in this report the requirements that apply to it and implemented them from the Corporate Governance Regulations, and the following are the non-implemented articles of the Corporate Governance Regulations and the reasons for non-application:

On 09-03-2023 AD, the updated Nomination and Remuneration Committee Charter was approved by the Board, and the remuneration policy for the members of the Board of Directors, the sub-committees and the executive management was approved. The General Assembly has approved the updated Nomination and Remuneration Committee Charter but refused to approve and the remuneration policy for the members of the Board of Directors, the sub-committees and the executive management, decisions were made in its meeting held on 11-09-1444 H corresponding to 02-04-2023.

The Nominations and Remunerations Committee Charter approved by the Company's General Assembly on 02-04-2023, did not include the remunerations of its members, and the General Assembly did not approve the remuneration policy for the Board of Directors, the sub-committees and the Executive Management; Violating some of the requirements of Paragraph (B) of Article Sixty, Paragraph (B) of Article Sixty-four, and Paragraph (1) of Article Sixty-first of the Corporate Governance Regulations.

Article No.	Text of Non-applicable Article	Reasons for non-application
58 – Para A	The Company's General Assembly, as per the Board recommendation, issues a regulation for the remuneration committee including its procedure, duties and rules for selecting its members, the term of their membership and their remunerations	On 09-03-2023, the updated Nominations and Remunerations Committee Charter was approved by the Board, and the remuneration policy for members of the Board of Directors, sub-committees and executive management was approved. The updated Nominations and Remunerations Committee Charter was approved by the Extraordinary General Assembly on 02-04-2023 And the Extraordinary General Assembly refused to approve the remuneration policy for members of the Board of Directors, sub-committees and executive management during its meeting held on 11-09-1444 AH, corresponding to 02-04-2023.
57- Para B	The competences of the remuneration committee are: 1) preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked	On 09-03-2023, the updated Nominations and Remunerations Committee Charter was approved by the Board, and the remuneration policy for members of the Board of Directors, sub-committees and executive management was approved. The updated Nominations and Remunerations Committee Charter was approved by the Extraordinary

	to performance, and disclosing and ensuring the implementation of such policy;	General Assembly on 02-04-2023 And the Extraordinary General Assembly refused to approve the remuneration policy for members of the Board of Directors, sub-committees and executive management during its meeting held on 11-09-1444, corresponding to 02-04-2023.
61 – Para B	The Company's General Assembly, as per the Board recommendation, issues a regulation for the nomination committee including its procedures, duties and rules for selecting its members, the term of their membership and their remunerations	On 09-03-2023, the updated Nominations and Remunerations Committee Charter was approved by the Board, and the remuneration policy for members of the Board of Directors, sub-committees and executive management was approved. The updated Nominations and Remunerations Committee Charter was approved by the Extraordinary General Assembly on 02-04-2023 And the Extraordinary General Assembly refused to approve the remuneration policy for members of the Board of Directors, sub-committees and executive management during its meeting held on 11-09-1444, corresponding to 02-04-2023.
37	<p>The company shall pay sufficient attention to training and qualifying BOD members and the Executive Management, and developing the necessary programs, taking into account the following: The company's strategy and objectives.</p> <p>Financial and operational aspects of the company's activities.</p> <p>Board members' obligations, duties, responsibilities and rights.</p> <p>The duties and terms of reference of the company's committees.</p> <p>Developing the necessary mechanisms for the BOD members and the Executive Management to obtain ongoing training programs and courses; in order to develop their skills and knowledge in areas related to the company's business activities.</p>	It's being studied by the company Board.
39 (A,B,C,D,E,F)	According to the proposal of the Nomination Committee, the BOD shall set the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management, using appropriate performance	The BOD has adopted various methods that enable it to evaluate the performance of its members and committees, and the organization of the mechanism for evaluating the performance of the Board and its

	measurement indicators related to achieving the company's strategic objectives, the quality of risk management, the adequacy of internal control systems, etc, provided that the strengths and weaknesses shall be identified and proposed to be addressed in accordance with the interest of the company.	committees is being examined in accordance with best practices.
67	Under a decision by the company's BOD, a committee called (Risk Management Committee) shall be formed. Its chairman and the majority of its members shall be non-executive board members, provided that its members shall have an adequate level of knowledge in risk management and financial affairs.	The company's various business activities are not considered to be of high risk, such as those of banking sector. However, the company's BOD is currently examining the appropriateness of forming this committee and the benefits that might brought to the company.
68	Terms of reference of Risk Management Committee The Risk Management Committee shall be competent to: Developing a comprehensive risk management strategy and policies that comply with the nature and size of the company's business activities, verifying their implementation, reviewing and updating them according to the internal and external changes of the company.	The company's various business activities are not considered to be of high risk, such as those of banking sector. However, the company's BOD is currently examining the appropriateness of forming this committee and the benefits that might brought to the company.
69	The Risk Management Committee shall periodically meet at least every 6 months and whenever needed.	The company's various activities are not considered to be of high risk, such as those of banking sector. However, the company's BOD is currently examining the appropriateness of forming this committee and the benefits that might brought to the company.
82	The company shall set programs to develop and motivate the participation and performance of the company's employees, provided that it shall include the following in particular: Forming committees or specialized workshops to listen to and discuss the views of company's employees. Programs granting employees shares in the company or a share of profits and retirement programs. Establishing social institutions for the company's employees.	The company's BOD is studying this matter and taking the necessary procedures to implement them, for its positive impact on the employees.

84	According to a proposal from the BOD, the Ordinary General Assembly shall set a policy that ensures a balance between its objectives and the objectives that the society aspires to achieve in order to develop the social and economic conditions of the society.	The company's BOD is studying it, since it is a noble objective.
85	Social Work Initiatives.	The company's BOD is studying it, since it is a noble objective
86/3	The company's website shall include all the information required for disclosure, and any data or other information published through other means of disclosure.	The website is being updated for disclosure of important information
92	Formation of the Corporate Governance Committee: In the event that the BOD forms a Corporate Governance Committee, it shall delegate to it the authorities stipulated under Article 94 of this Regulations. This Committee shall follow up any topics relating to governance applications and provide the BOD with at least the annual reports and recommendations it made.	The company's BOD is currently studying the possibility of forming this committee in order to ensure compliance with the corporate governance and applying the highest quality standards thereto.

11- CMA Penalties:

During the fiscal year ending on March 31, 2023, no fines were issued against the company by the Capital Market Authority.

12- Future and Ambitions:

Expansion and restructuring of the retail sector in the company:

- The company seeks to complete expansion operations in the retail sector, as the company has the right to use the trademark "WH Smith"
- Benefiting from the growth of health sector operations by opening a number of branches in health facilities and hospitals.
- Benefit from the development in the tourism sector within the vision program, as the company intends to open a number of branches in hotels and adopt modern technologies in retail.

Expansion in the education sector:

- The company intends to expand in the education sector and distribute and develop educational materials through the development of educational materials for the private education sector and schools that offer the British curriculum.

- Develop educational programs with publishers in the field of non-core subjects.
- In addition to developing the current operations of the sector by focusing on increasing the company's market share from the main customers in the sector.
- Investing in modern technology and artificial intelligence in education and analyzing student data.
-

Expansion of the production sector:

- The company seeks to establish a new company in its production sector, specializing in photographic equipment and the production of media materials.
- Creating new revenue streams and contributing to reducing production costs.
- Enhancing the working capital of the production sector and financing sector projects in the company.
- Tihama has a great opportunity to be a leader in this sector because there is no major player in the sector.

Advertising expansion:

- The company seeks to strengthen its position in the road advertising sector, as the company will expand the network of advertising sites
- Providing a larger network for its customers and ensuring a larger operating capacity, which will reflect positively on the development of the sector's revenues.

13- Financial Instruments – Fair value and Risk Management

Financial assets are measured at amortized cost, or fair value through other comprehensive income ("FVOCI"). The decision to classify these financial assets into appropriate categories depends on:

- The business model for managing the financial assets.
- the contractual cash flow characteristics of the financial asset.

All financial assets owned by the Group are measured at amortized cost, with the fair values being not materially different from their carrying amounts due to their short-term nature.

	<u>31 March 2023</u>	<u>31 March 2022</u>
Financial assets		

Financial assets designated at fair value through other comprehensive income	-	428,363
--	---	---------

Loans and accounts receivable

Trade receivables and other debit balances		
	27,814,049	36,296,463
Due from related parties		
	141,473	1,016,976
	27,955,522	37,741,802
Cash and cash equivalents		
	29,997,918	34,570,382
Total	57,953,440	72,312,184

Financial liabilities

The fair values of financial liabilities are not materially different from their carrying amounts, since the interest payable on those liabilities is either close to current market rates or the liabilities are of a short-term nature.

	<u>31 March 2023</u>	<u>31 March 2022</u>
Financial liability		
Loans		
	20,751,481	20,416,769
Due to related parties		
	-	4,385,179
Trade payable and other credit balances		
	104,362,923	93,084,730
Zakat accrued		
	36,610,611	29,905,822
Total	161,725,015	147,792,500

Financial instruments – Risk Management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk.
- Market risk; and
- Liquidity risk.

Risk management framework

- The Parent Company's Board of Directors is responsible for developing and monitoring the Group's risk management framework. The Board of Directors is responsible for developing and monitoring the Group's risk management policies.
- The Group's overall risk management program focuses on the unexpected financial market fluctuations and the search for possibilities to minimize potential negative effects on the Group's consolidated financial performance.
- Risk management is carried out by senior management in accordance with policies approved by the Board of Directors. Senior management identifies and assesses financial risks in close cooperation with the company's operating units.

Credit risk

The Group is exposed to credit risk as a result of the counterparty's failure to meet its contractual obligations when due, in respect of:

- Trade receivables and other debit balances
- Cash and cash equivalents

In monitoring customer credit risk, customers are Grouped according to their credit characteristic existence of previous financial difficulties.

The Group is closely monitoring the economic environment in taking actions to limit its exposure to customers in industry experiencing particular economic volatility. Purchase limits are monitored, all Group customers dealing with credit are operating in Kingdom of Saudi Arabia, the Group's experience has a role in monitoring economic volatility.

Credit risk is the risk that the Group will incur a financial loss as a result of the failure of the customer or counterparty to a financial instrument to fulfil its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. Impairment losses on financial assets recognized in consolidated statement of profit or loss and other comprehensive income amounted to 5,288,322 SR (March 31, 2022: 999,333 SR).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. management also considers the factors that may influence the credit risk of its customers base, including the default risk of the industry.

For accounts receivable, the Group has developed a policy according to which customers who wish to deal in credit are analysed before presenting the basic terms and conditions of payment and delivery to the Group.. The Group limits its exposure to credit risk by providing credit terms that do not usually exceed three months on average, except in limited cases.

The carrying amount of financial assets represents the maximum value that financial assets may be exposed to credit risk as on the financial position date on March 31, and it is as follows:

	31 March 2023	31 March 2022
Trade receivable and other debit balances	27,814,049	36,296,463
Due from related parties	141,473	1,016,976
Cash and cash equivalents	29,997,918	34,570,382
Total	57,953,440	71,883,821

- Receivables are short-term and usually less than 12 months, so the provision for credit loss is calculated in a way that does not differ from the 12-month period, which is the expected life of the receivables
- The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

- The Group uses past and historical experiences and loss rates based on the basis of the past 36 months, where historical loss rates are adjusted to reflect information on current conditions and future expectations of future economic conditions. The loss rates differ based on the age of the receivables and are usually higher the older the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as of 31 March 2023:

Aging of trade Receivables	Weighted-average loss rate	Gross carrying amount	Impairment allowance	loss
1-90 days	6.15%	3,079,007		189,456
91-180 days	11.76%	2,011,145		236,449
181-360 days	31.84%	1,925,409		612,970
Above 360 days	98.06%	16,034,050		15,722,882
Total		23,049,611		16,761,757

The following table provides information about the exposure to credit risk and ECLs for trade receivables as of 31 March 2022:

Aging of trade receivables	Weighted-average loss rate	Gross carrying amount	Impairment allowance	loss
1-90 days	0.004%	193,982		8
91-180 days	0.02%	2,717,722		544
181-360 days	3.29%	5,428,276		178,590
Above 360 days	78.9%	14,302,046		11,294,293
Total		22,642,026		11,473,435

Factors impacting ECL model

- 1- Trade receivables collections.
- 2- Forward looking information of the economic conditions of the customers business industry

Sensitivity

- The following table shows the sensitivity of the impairment of trade receivables to reasonable possible changes in future default rates, with all other variables held constant:

	31 March 2023	31 March 2022
Increase by 100 basis point	(268,249)	(35,249)
Decrease by 100 basis point	268,249	35,249

The Group has assessed other receivables as underperforming receivables and as the expected lifetime of related financial assets for less than 12 months the Group has applied the expected loss measurement over the life of the assets. The expected losses of other receivables as at March 31, 2023 are 1,159,215 SR (March 31,2022: 1,159,215 SR).

The Group has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as of March 31, 2023 is insignificant (March 31, 2022: insignificant).

Market risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates, commission rates and goods prices, will affect the Group 's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

- Currency risk is the risk that the value of a financial instrument is subject to fluctuations as a result of changes in foreign exchange rates. The Group's business transactions are mainly in the currencies of Saudi Riyal, UAE Dirham and US Dollar.
- The Group also has investments in foreign associate companies where its net assets are exposed to currency conversion risk. These risks are currently mainly related to the movement of the conversion rate between the Saudi Riyal against the UAE dirham. The impact of these exposures is recorded in a separate item in the shareholders' equity in the accompanying consolidated financial statements. The Group's management monitors fluctuations in the foreign exchange rate and believes that these risks are insignificant as the exchange currencies are regularly fixed in Saudi Riyals.

Managing fair value and cash flow commission rate risks

Fair value and cash flow commission rate risks are different exposures related to the effect of fluctuations in commission rates prevailing in the market on the consolidated financial position and consolidated cash flows of the Group. Commission rate risk to the Group arises mainly from short-term deposits and bank borrowings. The Group does not use hedging contracts, but management monitors changes in commission rates and believes that this risk is not significant.

As at the date of the financial position, the Group's loans carried interest rates were as follows:

	<u>31 March 2023</u>	<u>31 March 2022</u>
Loans – instruments with interest	20,751,481	20,416,769
	<u>20,751,481</u>	<u>20,416,769</u>

Price risk management

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its source, or factors affecting all instruments traded in the market. The Group is exposed to price risk in relation to equity investments held by the Group and classified as financial assets designated at fair value through comprehensive income in the consolidated statement of financial position. The Group diversifies its investment portfolio to manage the price risk arising from its equity investments.

For the year ended March 31,2023	<i>Value</i>	<i>Level (1)</i>	<i>Level (2)</i>	<i>Level (3)</i>
Financial assets designated at fair value through other comprehensive income	-	-	-	-

For the year ended March 31,2022	<i>Value</i>	<i>Level (1)</i>	<i>Level (2)</i>	<i>Level (3)</i>
Financial assets designated at fair value through other comprehensive income	428,363	-	-	428,363

Liquidity risk

- Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, The Group's approach to managing liquidity by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group seeks continuously to comply with its legal obligations, including any, relating to its financing agreements.
- Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments.
- The management monitors the rolling forecasts of liquidity and expected cash flows at the Group level. In addition, the liquidity management policy of the Group includes forecasting cash flows and considering the level of liquid assets necessary to meet them, monitoring liquidity rates in the financial position and debt financing plans.

The following are the contractual maturities of the financial liabilities at the end of the reporting period. Amounts are shown in total and not discounted:

As of 31 March 2023	Less than 3 months	More than 3 months – less than year	1-2 years	2-5 years	Total	Carrying amount
Loans	20,751,481	-	-	-	20,751,481	20,751,481
Zakat Accrued	2,557,416	34,053,195	-	-	36,610,611	36,610,611
Trade payables and other credit balances	36,291,012	68,071,911	-	-	104,362,923	104,362,923
	59,599,909	102,125,106	-	-	161,725,015	161,725,015
As of 31 March 2022						
Loans	37,696	20,894,826	38,458	-	20,970,980	20,416,769
Zakat Accrued	-	29,905,822	-	-	29,905,822	29,905,822
Trade payables and other credit balances	47,012,386	46,072,344	-	-	93,084,730	93,084,730
Due to Related parties	-	4,385,179	-	-	4,385,179	4,385,179
	47,050,082	101,258,171	38,458	-	148,346,711	147,792,500

Lease liabilities:

The below table shows the Group's undiscounted lease liabilities based on the contractual due date:

	31 March 2023	31 March 2022
During a year	30,793,579	32,791,793
More than 1 year and less than 5 years	14,434,029	20,788,979
Total lease liabilities	45,227,608	53,580,772

The Group's current liabilities exceeded its current assets by approximately SR 86.7 million as of March 31, 2023 (March 31, 2022: SR 50.3 million).

The Group also has negative cash flows from operating activities in the amount of SR 11.9 million as of March 31, 2023 (March 31, 2022: SR 18.4 million).

On October 6, 2022, the Parent company submitted a request to open the financial reorganization procedure to the competent court, in accordance with the decision of the parent company's board of directors on the same date.

On December 7, 2022, the Commercial Court in Riyadh issued a ruling accepting the parent company's request to open a financial reorganization procedure and appointing Mr. Osamah Al-Sudais as custodian for the procedure and granting the company a period of one hundred and fifty days from the date of opening the procedure to prepare a proposal to pay creditors.

According to the financial reorganization procedures, all claims against the company are suspended for a period of one hundred and eighty days from the date of recording the application for the opening or opening of the procedure. All execution requests and orders issued against the company by its creditors.

Subsequent to the date of the financial position on April 2, 2023, the extraordinary general assembly of shareholders approved the recommendation of the parent company's Board of Directors to increase the company's capital by an amount of SR 350 million by issuing rights issue, and on May 4, 2023, the subscription process was completed and the unsubscribed shares were sold for the entire increase that was approved by the general assembly .

The plan includes using part of the proceeds of the proposed capital increase in settling the obligations owed by the group companies, especially those for which final judgments have been issued that are binding on the group companies.

The Board has also reviewed the base case plans for future years along with a comparison of the budget with actual results for the current year. In the ordinary course of business, considering that:

A- The group's cash banking facilities are secured by cash coverage or assets in excess of the value of the facilities .

B- The current liabilities include a provision for zakat of approximately 36 million Saudi Riyals, part of which is still not definitively owed by the group, as until the date of approval of these consolidated financial statements, no final decisions have been issued in this regard by the General Secretariat of the Zakat, Tax and Customs Committees by which the company objected to the amendments of the Zakat, Income and Customs Authority before it .

C- The plan to use the proceeds of the company's capital increase by 350 million Saudi Riyals includes using part of the proceeds to pay current obligations of the group, including the obligations issued by final binding court rulings on the group's companies.

D- Completion of the capital increase process by an amount of 350 million Saudi Riyals, subsequent to the date of the financial position.

E - The company's submission to financial reorganization procedures, which includes suspending claims against the company.

In view of the above, cash flow projections and certain business initiatives such as higher sales forecasts, profit margin improvement, actual working capital improvements and cost reduction initiatives, the Group expects to meet its obligations as they fall due in the normal course of operation. Based on the above factors, the Group has a reasonable expectation that it will be able to continue in business for the foreseeable future. Accordingly, the accompanying consolidated financial statements have been prepared on the going concern basis

Capital management

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position,

The Group monitors capital using a ratio of adjusted net debt' to 'adjusted equity". For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash, and cash equivalents. Adjusted equity comprises all components of equity attributable to shareholders of parent company.

-13 Description of Debt Instruments Activities:

1. Convertible debt instruments:

There are no debt instruments that may be converted into shares, subscription rights or similar rights issued or granted by the company or its affiliates during the fiscal year.

2. Conversion or subscription rights under debt instruments:

In addition, there are no conversion or subscription rights under debt instruments convertible to shares, option rights or similar title certificates issued or granted by the company or its affiliates during the fiscal year.

3. Recoverable debt instruments:

The company or its affiliates have not recovered, purchased or canceled any recoverable debt instruments, in addition, there are no shares or instruments issued by the company to any of its affiliates.

-14 Description of Stock Interests and Debt Instruments:

- 1- There is no interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the company of their holdings pursuant to Article 67 of the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during the last fiscal year
- 2- There is no interest in a class of voting shares and subscription rights are issued to the BOD members, senior executives, their spouses and their children in the company's shares or debt instruments or any of its affiliates. There is no change during the last fiscal year.

15. Acknowledgments of BOD:

- That the company's records have been duly prepared.
- That the internal control system has been based on sound basis and effectively implemented.
- That there is no doubt regarding the ability of the issuer to continue its activity

The BOD shall acknowledge that:

- The consolidated financial statements have been fully prepared for the fiscal year ending March 31 2023G, in accordance with the international financial reporting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA) and applicable in KSA, as well as other standards and interpretations approved by SOCPA, in a manner showing its appropriate financial position.
- The company has the ability and the resources necessary to continue its activity and business in the future.
- The internal control system has been based on sound basis and effectively implemented.
- There are no loans granted to any member of BOD.
- No penalties or sanctions have been imposed on the company by any supervisory, regulatory, judicial entity or the CMA except as disclosed.
- The BOD shall acknowledge that there are no loans due on the company, except for those mentioned within the company's financial statements for the fiscal year ending March 31, 2023G, and disclosed in its report submitted to the shareholders.
- No one has informed the company of any interest in the share category with voting rights.
- The report of the auditor shall appear that the financial statements are clear and free of any fundamental mistakes.

The auditor's report was issued containing a qualified opinion as follows:

As shown in note (6/1) about the attached consolidated financial statements for investments in associate companies using the equity method in the attached consolidated financial statements, which indicates that the group's investment in J Walter Thompson MENA, an associate company acquired in The previous years, which were accounted for using the equity method based on financial statements prepared by the company's management, amounted to 20,043,000 Saudi riyals in the group's consolidated statement of financial position as of March 31, 2023, and the group's share of the company's comprehensive income was included above based on the financial statements prepared By the company's management, amounting to a profit of 3,841,875 Saudi riyals in the group's consolidated statement of profit or loss for the year ending on that date, and amounting to other comprehensive loss in the amount of 242,933 Saudi riyals in the group's consolidated statement of other comprehensive income for the year ending on that date. We were unable to obtain sufficient audit evidence, directly or through alternative audit procedures, regarding the Group's investment balances in the above company as at 31 March 2023, as well as the Group's share of the net comprehensive loss of the above company for the same period, and accordingly we were not able to determine whether It is necessary to make any adjustments to these amounts.

As shown in note (6/1) about the attached consolidated financial statements for investments in associate company using the equity method in the attached consolidated financial statements, which indicates that the group's investment in J Walter Thompson MENA, an associate company that was acquired in previous years, which was accounted for using the equity method based on financial statements prepared by the company's management in the amount of 20,043,000 SAR in the group's consolidated statement of financial position as at March 31, 2023, and the group's share of the company's comprehensive income was included above based on financial statements Prepared by the company's management, amounting to a profit of 3,841,875 SAR in the group's consolidated statement of profit or loss for the year ending on that date, and amounting to other comprehensive loss 242,933 SAR in the group's consolidated statement of other comprehensive income for the year ending on that date. We were unable to obtain sufficient audit evidence directly or through alternative audit procedures regarding the Group's investment balance in the above company as at 31 March 2023, as well as the Group's share of the net comprehensive loss of the above company for the same period, and accordingly we were not able to determine whether It is necessary to make any adjustments to these amounts.

Material uncertainty relating to going concern:

We draw attention to note (2/4) on the attached consolidated financial statements, which indicates that the group has accumulated losses in the amount of 82.8 million Saudi riyals, or 166% of the company's capital as on March 31, 2023 (31 March 2022: 26.5 million Saudi riyals, including It represents 53% of the company's capital). The group's current liabilities exceeded its current assets by an amount of 86.7 million Saudi riyals as on March 31, 2023 (31 March 2022 AD: 50.3 million Saudi riyals). The group also has negative cash flows from activities operations of SR 11.9 million as of March 31, 2023 (SR 18.4 million as of March 31, 2022), these circumstances indicate the existence of a material uncertainty that may cast significant doubts about the Group's ability to continue as a going concern. As indicated in note (2/4), the management has made an assessment

of the group's ability to continue operating in accordance with the going concern principle, and accordingly, the accompanying consolidated financial statements have been prepared on the basis of the going concern principle. Our opinion has not been modified in respect of this matter.

16. Recommendations of BOD:

After reviewing with you the balance sheet and final accounts for the period as at 01/04/22 until 31/03/2023, the Board recommends the following to your esteemed association:

- 1- Approval of the report of BOD for the fiscal year ending 31/03/2023.
- 2- Approval of the financial statements for the fiscal year ending 31/03/2023.
- 3- Approval of the auditor's report for the fiscal year ending 31/03/2023.
- 4- Approval of absolving the BOD from liability for the fiscal year ending 31/03/2023.
- 5- Approval of the appointment of the company's auditor from among the candidates based on the recommendation of the audit committee, to examine, review and audit the financial statements for the second, third and year end of the fiscal year ending 31/03/2024, and the first quarter of the following fiscal year; as well as determining his/her fees.

Acknowledgment

The BOD of the Tihama Advertising, Public Relations and Marketing Company (Tihama) is pleased to thank God, the Almighty for the results achieved by the company, even if they are below the expected outcome. The Board is also pleased to thank and appreciate the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz – may God bless him – and HRH Crown Prince Muhammad Bin Salman – may God bless him – for their wise contribution to promote the status of the nation and the citizens spreading the welfare throughout the Kingdom for more blessed development. The Board would also thank the company's shareholders for their trust and sincere support, in addition to the company's administration and its employees for their sincere efforts and great performance during the difficult fiscal year 2022/2023.

God Bless,,,

Company's Board of Directors