



*In the name of Allah,  
the most Merciful, the Ever Merciful*

**Annual Report 2022**  
**Report of Board of Directors of Saudi Company for Hardware (SACO)**  
**for the fiscal year ended 31/12/2022**

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## Board Members as on 31/12/2022

Name	Position	Classification
Mr. Sameer Mohammed Al-Hamidi***	Chairman	Non-executive
Mr. Sameer Omar Baeisa	Vice-Chairman	Independent
Mr. Haytham Al-Hamidi	Member - CEO	Executive
Mr. Khalid Al-Hamidi	Member	Non-executive
Mr. Talal Mohammed Bakhsh	Member	Non-executive
Mr.Faisal Abdullah Al-Fohaid*	Member	Independent
Mr. Bandar Khalid AL Turki	Member	Non-executive
Mr. Fahad Malaeka	Member	Independent
Mr. Mohammed A Alqatari **	Member	Non-executive

\* Mr.Faisal Abdullah Al-Fohaid has been appointed on 16-05-2022 instead of the resigned member Mr. Abdul Rahman Jawa .

\*\* Mr. Mohammed A Alqatari has been appointed on 22-12-2022 instead of the resigned member Mr. Ahmed Al Sary.

\*\*\*Mr. Sameer Al Hamidi has been appointed as Chairman of the Board of Directors on 03-11-2022, Changing the classification of his membership to “Non - Executive” and Abolish the post of Managing director in the company starting 03-11-2022

## An Overview of the Company’s History and Capital:

Saudi Company for Hardware-SACO is a Saudi Joint Stock company, established pursuant to HE Minister of Commerce and Industry Resolution No. (178/Q) dated on 26/5/1432H, corresponding to 30/4/2011, under commercial registration No. 1010056595, dated on 26/2/1405H, corresponding to 19/11/1984. Originally, SACO was incorporated as a limited liability company, registered in Riyadh city with a capital of (10,000,000) Ten million Saudi Riyals. In 1990 the capital was raised to (16,000,000) Sixteen million Saudi Riyals. On 26/5/1432H corresponding to 30/4/2011, the company was transferred to a closed Joint Stock Company. On 27/7/1432H corresponding to 26/5/2014, the company capital was raised from (16,000,000) Sixteen million Saudi Riyals to (240,000,000) Two Hundred and Forty million Saudi Riyals, through the capitalization of retained earnings. The Capital Market Authority approved on 25/3/2015 to list 30% of the company’s shares for public subscription and as a result the company was listed on The Saudi Stock Market (Tadawul) on 12/5/2015.

On 17/12/2018, the General Assembly of Shareholders was approved to increase company's capital according to recommendation of BOD to be ( 360,000,000 ) three hundred and sixty Million Saudi Riyals by granting bonus shares to shareholders. With percentage increase of ( 50% ) to become the number of shares ( 36 Million ).

Capital increasing to enhance the share capital being compatible with the size of the company’s total assets, and the increasing has been done by granting One bonus share for every Two owned shares with implemented through capitalization of (SAR 62,298,561) from the statutory reserve and (SAR 57,701,439) from the retained earnings.

As 31/12/2020 ,the company capital amounts to (360,000,000) three Hundred and sixty million Saudi Riyals, divided into (36,000,000) thirty six million Saudi Riyals ordinary shares and paid in full at a nominal value per share equal to (10) Ten Saudi Riyals.

## The Company Activity:

SACO is one of the largest companies that offer household improvement products in the Kingdom. As on 31/12/2022, the company owns 34 Stores in 18 cities, including 5 large SACO World stores and the area of the stores range between 2.000 up to more than 24.500 sq. meters. These stores offer 45.000 different products in each store.

The company aims to become the first destination in the retail sector in the Kingdom of Saudi Arabia by providing all customers' needs and namely hardware, tools, products and household improvement solutions, in competitive prices and suitable shopping environment for the customers. The Company also aims to:

- Understand customer's needs, and to provide products and appropriate household solutions.
- Provide an appropriate shopping environment for customers through the provision of wide range of products under one roof and at competitive prices.
- Enhance customers trust by providing them with appropriate services.
- SACO aims to become a regional leader in the field of household improvement products through expanding its presence in the Gulf States and other Arab States.

## Subsidiaries

Medscan Terminal Company: a Saudi Limited Liability Company specializing in transporting goods, logistics, and warehousing, located in Eastern Area, and has been acquired in 23/11/2016.

During the 2018 the Company completed the acquisition of full share of Medscan , to become the ownership percentage 100% after it was 99% on 22/07/2018

Name of Subsidiary	Establishment and Activity Location	Capital	Activity Type	Percentage of Property
Medscan Terminal Company Ltd.	Kingdom of Saudi Arabia	5,500,000	Transporting Goods, Logistics, and Warehousing	100%

## Facts about SACO:

The company was established in 1985 and became a leading company in retail trade of hardware and tools and the one of the largest specialized shopping center in household improvement solutions in the Kingdom of Saudi Arabia.

**Stores:** 34 stores with an area ranging from 2000 to 24500 sqm, as on 31/12/2022

**Market Coverage:** Located in 18 main cities in the Kingdom of Saudi Arabia, as on 31/12/2021

**Products Range:** More than 45,000 products under one roof.

**Warehouses:** Warehouses in the strategic and vital area in Central and Eastern regions.

**Maintenance Centers:** Three maintenance centers in Central, Eastern, and Western regions.

**Operation System:** Advanced SAP system for resources planning.

### **Vision:**

The Company aims to become the “first destination” in the retail sector in the KSA, by securing all of its customers’ needs for hardware tools, products and home improvement solutions at competitive prices and in a convenient shopping environment.

### **Mission:**

- Understanding customer’s needs and provide them with products and home solutions appropriate to them.
- Provide a suitable shopping environment for customers by offering a wide variety of products in one location at competitive prices.
- Enhance customer confidence by providing appropriate services.
- To become the regional leader in the field of home improvement products.

## Departments

### • Departments



الخدوات  
Hardware



حلول لتقوم  
بها بنفسك  
DIY Tools



ادوات  
كهربائية  
Electrical &  
Power Supplies



ادوات والأجهزة  
الرياضية  
Sports  
Equipment



العاب الأطفال  
Toys



الدهانات  
وأدواتها  
Paint  
& Sundries



مواد البناء  
Building  
Materials



ادوات السباكة  
Plumbing  
Supplies



أدوات وعدد  
السيارات  
Automotive



لوازم التخزين  
والتنظيم  
Storage &  
Organization



ادوات منزلية  
Housewares



أجهزة منزلية  
كهربائية  
Electrical  
Appliances



مفروشات  
داخلية  
Indoor  
Furniture



لوازم ومعدات  
الحديقة  
Lawn  
& Garden



مفروشات  
خارجية  
Outdoor  
Living



الإضاءة  
Lightings



المفارش ولوازم  
الحمام  
Bed & Bath

**Household Solutions:** SACO offers a variety of household solutions:

### • Solutions

الغسيل والكي  
Washing & Ironing



عدة السيارات  
Car Travel



التخزين  
Storage



الغبار  
Dust



الماء  
Water



النقل  
Moving



### • الحلول

الدهان  
Paint



الأرضيات والجدران  
Floor & Wall



مستلزمات الحمام  
Bathroom Accessories



الكهرباء  
Power



حافظ على جمال حديقتك  
Keep Your Garden Beautiful



حامل أجهزة كهربائية  
Electrical Device Holder



## The Important Achievements During 2022

### Opening of new Stores:

During 2022, SACO opened two Stores, according to what was published on Tadawul website.

	Store Name	City	Area	Opening Date
1	SACO Makkah	Makkah	4,732 sqm	16/01/2022
2	SACO Yanbu*	Yanbu	6,300 sqm	25/04/2022

\*This store has been opened instead of the previous store in the same city with area of (3,374) sqm, in distinguished location in Remas mall.

The store in Riyadh City which located in Atayaf Mall has been closed as of 26-12-2022, and its area (3,374 sqm) and SACO store which is located in Alhamra district – Khalid Iben Alwalid street will serve the customers of this area.

And therefore, the number of SACO stores by 31/12/2022 became 34 stores with total area of (212,475) sqm.

### The Fire Incident in Mall of Dhahran

The company announced that a partial fire broke out at " Mall of Dhahran " which is managed by Arabian Centers Company ("ACC") on the morning of Friday, 13 May 2022.

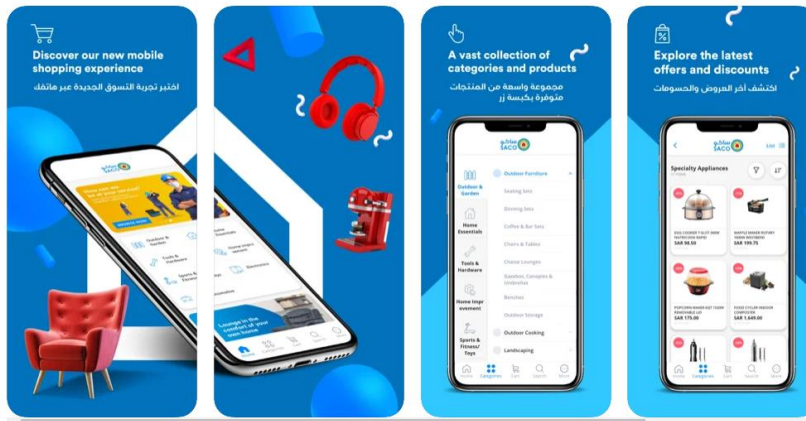
According to ACC, the fire broke out during the early hours of the morning, before the official opening timing of the mall, and was put out promptly without any casualties or injuries. ACC also stated that the fire only affected a limited area of the mall and expected to reopen it within weeks due to the limited impact of the fire.

The company (SACO ) reports that the fire did not reach its store and will accurately assess the financial impact of the accident and closing the mall later. SACO continues to serve its customers in its other branches in the Eastern Province.

Later, SACO announced the opening Its store "SACO world" has reopened its doors on Tuesday 07 June 2022 and with regards to the financial impact of the incident on the financial statements, , The company is still calculating the financial impact, which will be announced later..

### Development of online sales platforms

During 2022, the company continued to develop its new electronic platforms (www.saco.sa) , as well as SACO's mobile application, each of them provides with a new and special online shopping journey for SACO's Customers, and with the goal of increasing the market share of digital sales, based on unique and privacy of company's products and company's solutions .



## Moving to new warehouses and Development of Logistics System:

During 2022, the company has been completed of movement to the new warehouses Which announced its purchase in 2021, as well as operating warehouses in the eastern region and continued the developing of technical systems for logistics and warehouse systems in line with the requirements of digital selling and the technical connection between stores and warehouses.

## The Company's Strategy, plans, important decisions, and future prospects:

During 2022, the company did not announce a new strategic plan, and the company has previously worked on implementing its strategic plan, which aims to support the company's status, diversity, and expansion in KSA , Based on SACO's leading position, the strategy will reconfirm and reinforce the economic position of the company.

The main strategy plan which previous announced :

1. Continue the focus on growing our chain by adding 7 stores in 2019 and 2021 to increase the number of stores in the end of 2021 to (40) stores In addition to increasing the sales area by an additional 40,000 sqm, to be the total stores space 227,070 sqm.
2. Adding new categories to continue our customer satisfaction and expectation on our variety.



3. Additional new services for our customers.

4. Greater focus on Ecommerce and additional sales channels to reinforce our position in the market.

By the end of 2022 the numbers of stores increased to 34 , so the total area were (212,475 sqm ) and this is achievement of 93% from the targeted areas in company's strategy which outstanding of (227,070 sqm ),

The previous strategy has already financed from the operating cash flow, as well as taking advantage of other Sharia-compliant finance resources, and the company confirms that there are no structural changes during 2022 not announced, or stop of business.

## Human Resources

### **Saudization and Development:**

The total employees of the company in 12/31/2022 AD, are 1791 employees, including 772 Saudi employees, as the company was able to achieve a Saudization rate of 43.1% of the total workforce.

Diversity in employment is important to enhance the outstanding performance of the company and maintain the principles and values of sustainability. SACO is widely known for being a pioneer in Saudization initiatives and empower women in proper work, as the company received honors and several certificates of gratitude from the Ministry of Human Resources, the Chamber of Commerce, and the Human Resources Development Fund (Haddaf) for its initiatives in the field of Saudization. The company sought for, through the human resource department, to encounter the challenges related to work of women and find practical solutions for them, and submitted a set of comprehensive programs and training plans to ensure that the employee possesses the required skills and knowledge and to achieve her continuity at work.

The company creates a (questionnaire) for employees in the stores, which is an open and written dialogue, through which ideas, perspectives, goals and aspirations are exchanged, in order to reach a greater and deeper common understanding between employees and management, which helped in improving communication and strengthening relations, to evaluate Their experiences and listening to their opinions, and collecting their suggestions on improving the work environment to become more suitable.

### **Training and Development:**

In the field of training and development, SACO continued of development the internal training platform to provide courses that would develop SACO employees in all works fields.



## Financial Performance:

### Key Business Sectors

**Retail & Services  
Sector**

**Transportation  
& Logistics  
Sector**

Description	Revenue		Cost of Revenue		Net Profit		Gross Profit Margin	
	2022	2021	2022	2021	2022	2021	2022	2021
Retail Sector	1,108.3	1,245.7	(1,042.0)	(1,060.7)	(142.5)	(28.5)	6.0%	14.9%
Transport Sector	55.1	115.9	(53.9)	(108.2)	(1.8)	4.4	2.3%	6.7%
Settlements	(26.9)	(89.1)	26.9	89.1	1.8	(4.4)	0.0%	0.0%
Total	1,136.5	1,272.5	(1,068.9)	(1,079.8)	(142.5)	(28.5)	5.9%	15.1%

All Amounts are in Millions

- ❖ Inter-company transactions are eliminated.
- ❖ SACO acquired Medscan Terminal Company on November 23, 2016.

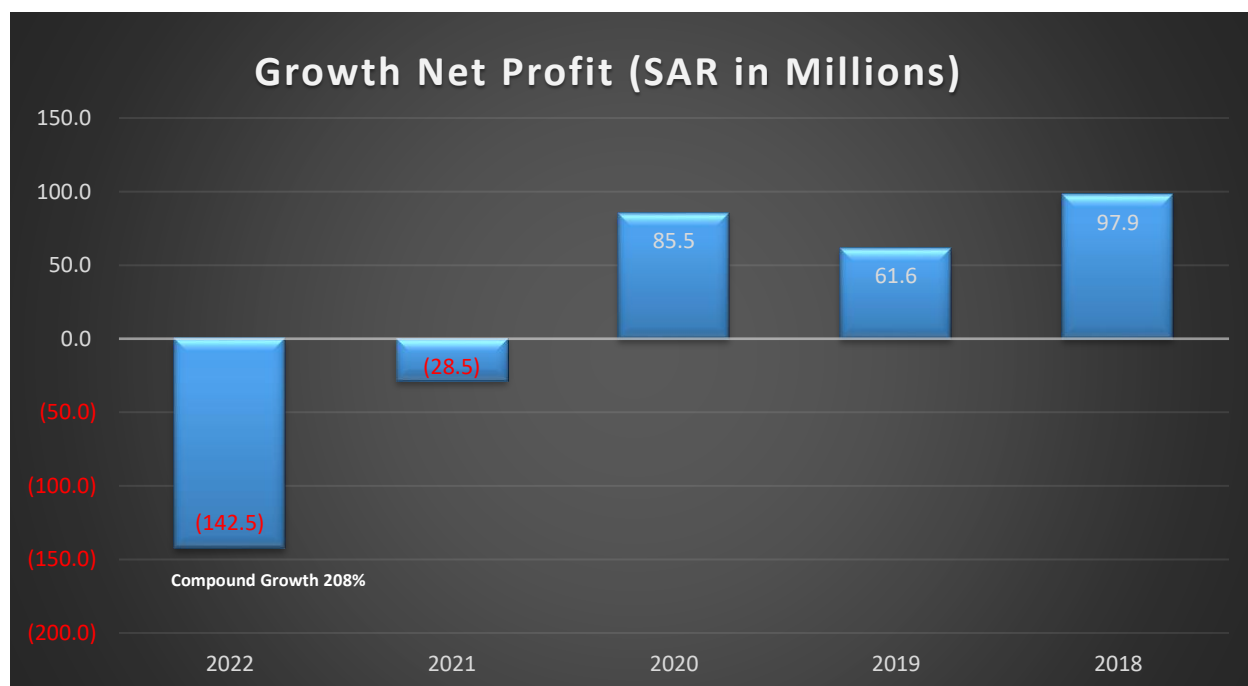
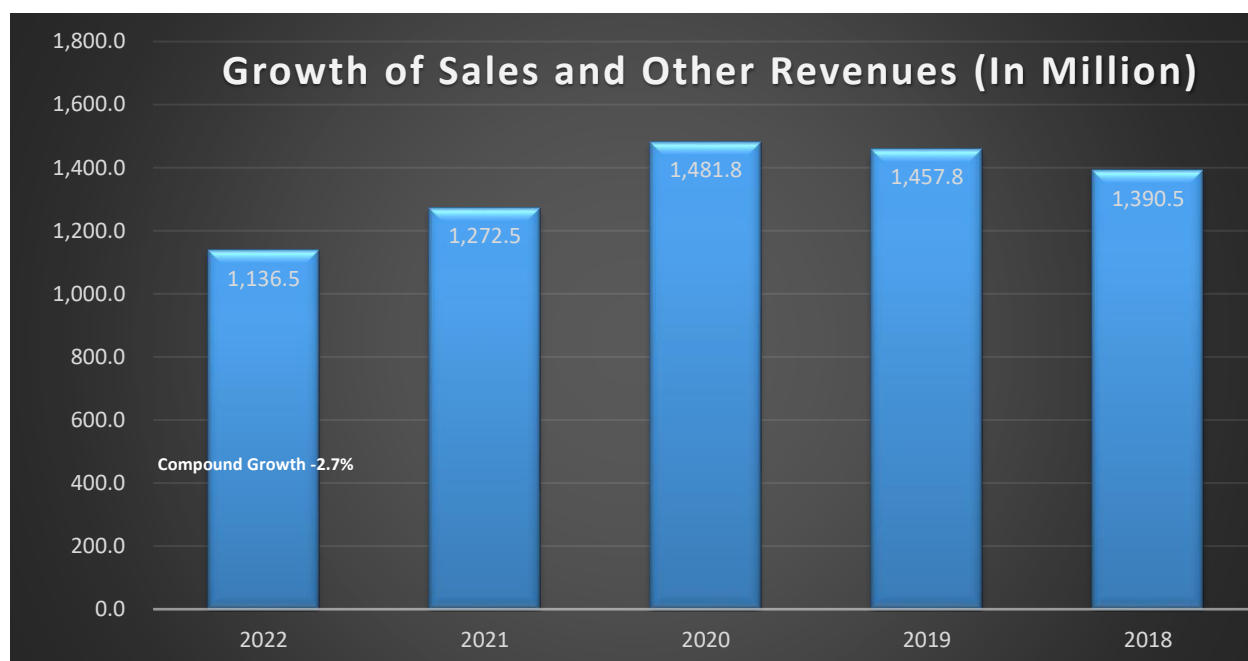
## Summary of Operations Results

<i>Results of Operations and Net Profit (In millions)</i>					
<i>Description</i>	<i>2022</i>	<i>Revenue %</i>	<i>2021</i>	<i>Revenue %</i>	<i>Change %</i>
Revenue	1,136.5		1,272.5		-11%
Cost of Revenue	(1,068.9)	94%	(1,079.8)	85%	-1%
<b>Gross Profit</b>	<b>67.6</b>	<b>-6%</b>	<b>192.7</b>	<b>-15%</b>	<b>-65%</b>
Operating Expenses	(175.4)	15%	(179.0)	14%	-2%
<b>Operating Profit</b>	<b>(107.8)</b>	<b>9%</b>	<b>13.7</b>	<b>-1%</b>	<b>-887%</b>
Net Profit before Zakat	(129.5)	11%	(17.0)	1%	663%
<b>Net Profit (Loss)</b>	<b>(142.5)</b>	<b>13%</b>	<b>(28.5)</b>	<b>2%</b>	<b>400%</b>

- ❖ Revenue decreased in 2022 by 11% compared with the 2021.
- ❖ Medscan revenue in 2022 were totaled SAR 55.1M of which SAR 26.9 was eliminated due to intercompany transactions with SACO, and the net loss for the same period was SAR (1.8M).
- ❖ Medscan is a specialized company in transportation, storage, and logistics activities and SACO aimed to diversify its sources of income and reduce expenses by utilizing Medscan's expertise instead of dealing directly with local vendors.

<i>Description</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
<i>Income Statement (In millions)</i>	<i>SAR</i>	<i>SAR</i>	<i>SAR</i>	<i>SAR</i>	<i>SAR</i>
Revenue	1,136.5	1,272.5	1,481.8	1,457.8	1,390.5
Cost of Revenue	(1,068.9)	(1,079.8)	(1,185.3)	(1,176.1)	(1,140.6)
<b>Gross Profit</b>	<b>67.6</b>	<b>192.7</b>	<b>296.4</b>	<b>281.7</b>	<b>249.9</b>
Operating & Finance Expenses	(208.0)	(216.0)	(198.6)	(212.9)	(143.9)
<b>Other Income</b>	<b>10.9</b>	<b>6.3</b>	<b>4.1</b>	<b>4.3</b>	<b>3.4</b>
Zakat	(13.0)	(11.5)	(16.4)	(11.5)	(11.5)
<b>Net Profit (Loss)</b>	<b>(142.5)</b>	<b>(28.5)</b>	<b>85.5</b>	<b>61.6</b>	<b>97.9</b>

- ❖ The reason for resulting loss during this year was mainly due to the following:
  - Decrease in sales by 11% during this year compared to the previous year.
  - Booking of impairment loss on non-financial assets amounting to SAR 29.7M
  - Increase in inventory provision by SAR 38.5M.

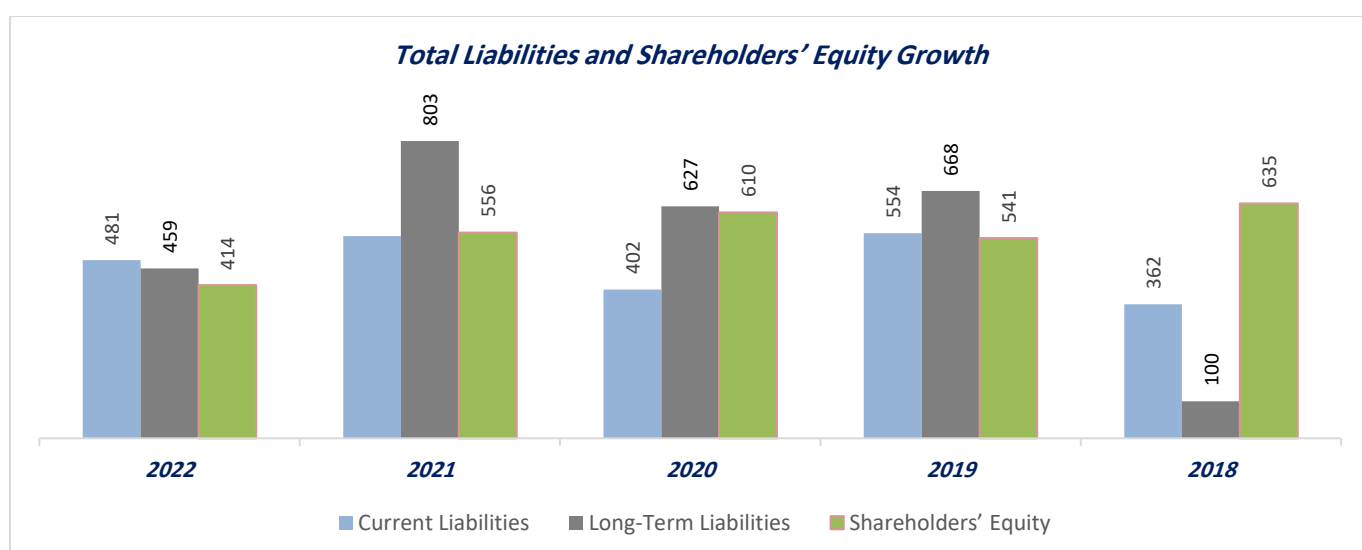
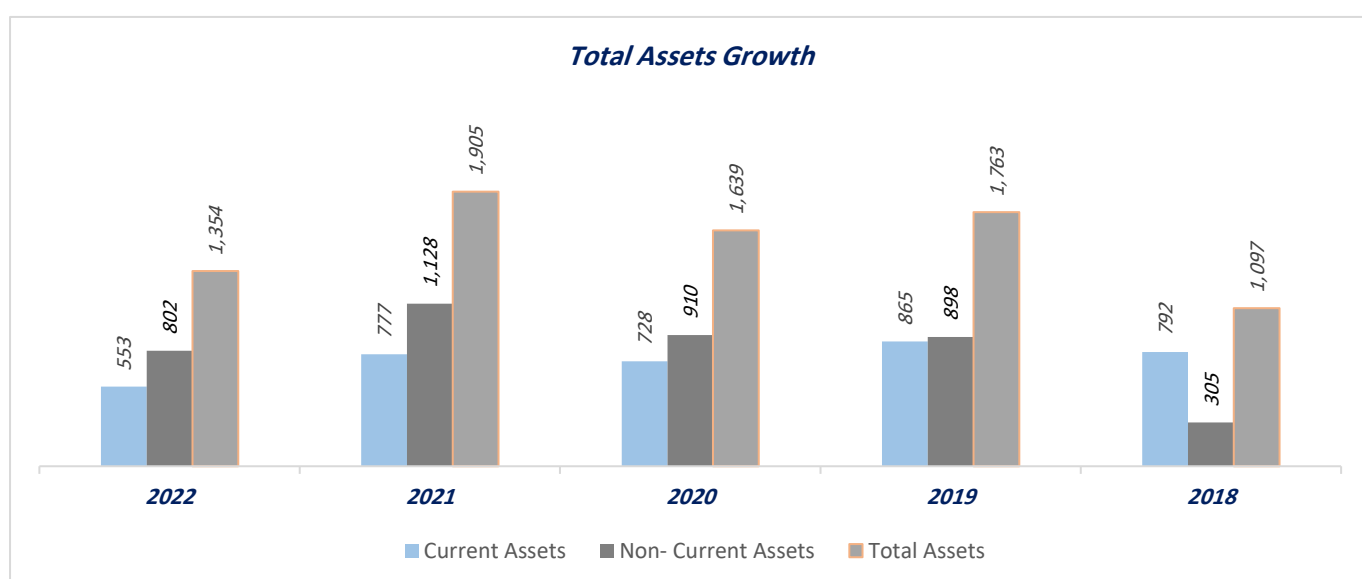


## Financial Position

Description	2022	2021	2020	2019	2018
Financial Position	SAR	SAR	SAR	SAR	SAR
Current Assets	553	777	728	865	792
Non- Current Assets	802	1,128	910	898	305
<b>Total Assets</b>	<b>1,354</b>	<b>1,905</b>	<b>1,639</b>	<b>1,763</b>	<b>1,097</b>
Current Liabilities	481	546	402	554	362
Long-Term Loans	459	803	627	668	100
Shareholders' Equity	414	556	610	541	635
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,354</b>	<b>1,905</b>	<b>1,639</b>	<b>1,763</b>	<b>1,097</b>

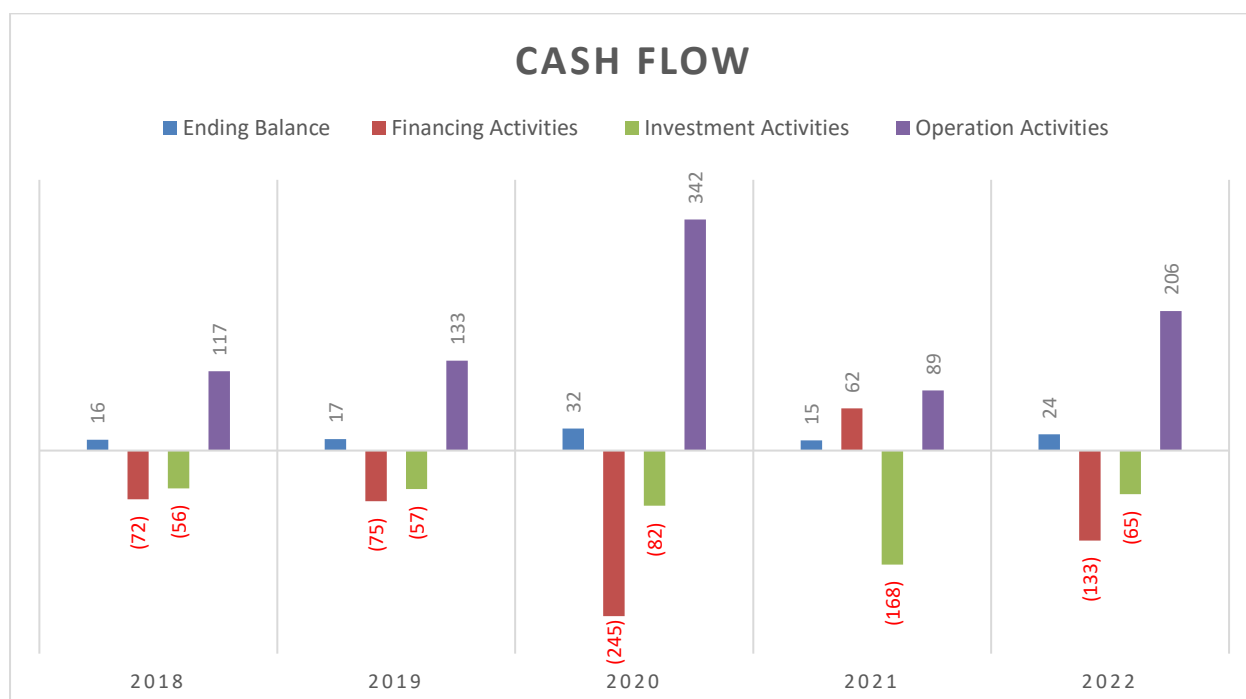
The "Right-of-Use Assets" reported in the financial statement, as a result of the adoption of IFRS16, was SAR 344M in 2022.

The "Lease Liabilities" reported in the financial statement, as a result of the adoption of IFRS16, was SAR 448M in 2022.



## Cash Generated from the Company's Activities

Period/Year (In Million)	Opening Balance	Operation Activities	Investment Activities	Financing Activities	Ending Balance
2018	27	117	(56)	(72)	16
2019	16	133	(57)	(75)	17
2020	17	342	(82)	(245)	32
2021	32	89	(168)	62	15
2022	15	206	(65)	(133)	24



## Geographical Analysis of the Company's Activity

- ❖ Up to 31/12/22, the company has no activity outside the Kingdom of Saudi Arabia.
- ❖ The following table shows the sales and net profit of the company's activity and its subsidiaries in the Kingdom of Saudi Arabia (SAR in Millions).

### Geographical Analysis of SACO's Total Revenues

Geographical area	2022		2021	
	Revenue	Net Profit (Loss)	Revenue	Net Profit (Loss)
Kingdom of Saudi Arabia	1,108.3	(142.5)	1,245.7	(28.5)
Other areas	0	0	0	0

### Geographical Analysis of Total Revenues of the subsidiary (Medscan)

Geographical area	2022		2021	
	Revenue	Net Profit (Loss)	Revenue	Net Profit (Loss)
Kingdom of Saudi Arabia	55.1	(1.8)	115.9	4.4
Other areas	0	0	0	0

### Summary of Net Results of Operations

significant difference in operational results comparing to the last year Clarification for any				
Description (In Million)	2022	2021	Change (+) (-)	% Change
Revenue	1,136.5	1,272.5	(136.0)	-10.7%
Costs of Revenue	(1,068.9)	(1,079.8)	10.8	-1.0%
<b>Gross Profit</b>	<b>67.6</b>	<b>192.7</b>	<b>(125.1)</b>	<b>-64.9%</b>
Operating Expenses	(175.4)	(179.0)	3.7	-2.1%
<b>Operating Income</b>	<b>(107.8)</b>	<b>13.7</b>	<b>(121.4)</b>	<b>-886.8%</b>
Net Profit Before Zakat	(129.5)	(17.0)	(112.5)	663.5%
<b>Net Profit (Loss)</b>	<b>(142.5)</b>	<b>(28.5)</b>	<b>(114.0)</b>	<b>400.2%</b>

## Borrowing

The following table shows the outstanding loan balances as of 12/31/2022 (in millions).

Bank's	Statement	Opening Balance	Addition	Settled	Ending Balance
SABB	*Long Term Loan	80	0	(15)	65
GIB + SABB	Short Term Loan – Working Capital	100	0	(43)	58

\* Long-term loans - to finance the expansion project of the company, specifically the purchase of central warehouses in the Riyadh city

- The outstanding balance of these loans at the end of 2022 amounted to SAR (123) M
- In addition, the company acknowledges that there are no loans or debt on the subsidiary's "Medscan" accounts until 31/12/2022.

## Zakat and Tax payments

The following is a statement of the amounts due to the General Organization for Social Insurance as of 31/12/2022 and Zakat charges booked during 2022.

Statement	2022	2021
Zakat, Tax and Customs Authority	13,049,280	11,530,964
The Public Institution For Social Security	911,216	959,733

## Risk Management:

The company's results might be affected by potential risks which can be classified into two categories: risks related to the company's operation and risks related to market and the sector, as follows:

### A) Risks related to the company's operation:

1. Epidemics and what results from it on restrictions and closures and business interruptions.
2. The global shipping crisis, the delay in the arrival of products with high costs.
3. Unsuccessful expansion strategy.
4. More modern products being provided by competitors.
5. Competition from online shopping.
6. Failure of products to comply with specifications and regulations.
7. Poor inventory management.
8. Termination of or failure to renew leases contracts or the lack of suitable properties for lease.
9. Construction works that may occur in the current stores area, which may affect the appearance of the current stores and the ability of customers to access them.
10. Obstacles arising from franchise agreements and noncompliance with the provisions thereof.
11. Reliance on supply and support system and informatics solutions and risks of breakdown.
12. Operational risks and unexpected downtime of operations.
13. Inadequacy of insurance coverage.
14. Non-availability of additional financing in the future.
15. Expiration or non-renewal of the Company's licenses.
16. Increase in operational expenses.
17. Reliance on trademarks and intellectual property rights laws.
18. Accidents and injuries resulting from the Company's operations.
19. Risks associated with non-compliance with laws and regulations.

### B) Market and sector-related risks:

1. The competitive environment.
2. Political and economic risks.
3. Risks relating to import and export regulations and future changes thereto, as well as risks related to exchanges in currency exchange rates.



The Company's policy in managing and controlling these risks is that there is a clear internal structure and plans to deal with these risks according to their nature, by the Board of Directors, its committees, executive management and the committees emanating from it, and to ensure continuity of the company's operations at different levels.

The Company believes that an effective risk management framework requires fixed and consistent procedures to assess, monitor and report on risk issues across all company departments. It is essential to ensure that this process is in line with the Company's direction and objectives, particularly strategic planning and annual business planning.

The Company reviewed and approved the Risk Management Framework Regulations. This framework aims to define a formal risk management methodology with the following characteristics:

1. Responding to the requirements of the executive management regarding the provision of risk information and the development of corporate governance systems.
2. The ability to monitor, control, manage and prioritize complex risks on an ongoing basis.
3. The key risk management process should be carried out effectively to serve the stakeholders involved.

### **Dividend Distribution Policy:**

The Board of Directors shall recommend declaring and payment of any profits before getting the approval by the shareholders at the meeting of the General Assembly. The company distributes interim dividends to its shareholders in order to enhance the value of their investments.

Any recommendation to distribute profits to shareholders is based on a number of factors, including: the profits made by the company previously, projected profits, cash flows, capital requirements, market data, and economic factors in general and Zakat, as well as legal, regulatory and other considerations and factors.

The distribution of dividends is subject to certain limitations contained in the Company's By-Laws and the New Companies Act. After deducting all general expenses and other costs, the Company's annual net profits, if any, shall be allocated (in Saudi Riyals) as follows:

1. Ten percent (10%) of net profit shall be set aside to form a statutory reserves. The General Assembly may decide to discontinue such reserve when the said reserve amounts to (30%) of the paid-up share capital.
2. The Ordinary General Assembly may, upon request of the Board of Directors, set aside a (20%) of the net profits to form a Contractual reserve to be allocated towards one or more specific purposes.
3. The Ordinary General Assembly may set aside any additional 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 Said Assembly may also deduct amounts from the net profits for establishment of social institutions for the company's employees or to assist the existing institutions.
4. The balance shall be distributed as a first payment in the amount of five percent (5%) of paid-up capital to the Shareholders.
5. Subject to the provisions stipulated in Article (Board Members' Compensation) of the Articles of Association of the Company, and Article 76 of the Companies Law, after the above, a percentage of (10%) of the balance shall be allocated to remunerate the Board of

Directors, provided that the remuneration is commensurate with the number of meetings Attended by the member.

6. The balance shall be distributed among Shareholders as an additional share of the dividends.

On 18/05/2022, the General Assembly of Shareholders approved to authorize the Board of Directors to not distribute cash dividend to its shareholders for the year of 2021,

On 20/03/2023, the Board of Directors of Saudi Company for Hardware (SACO) recommended to not distribute cash dividend to its shareholders for the year of 2022.

The Board of Directors' action will be presented to the General Assembly for approval. Moreover, approval to delegate BOD to distribute Interim dividends to shareholders during 2023, specifying the date of eligibility and distribution, taking into account the related regulations and guidelines.

There is no arrangement or agreement whereby any of the Company's shareholders waives any rights in profits.

## The Company's Management:

### A. Membership of the Board of Directors:

The Board of Directors of the company consists of (9) members, whereas the General Assembly held on 20/05/2020 elected the members of the Board of Directors for the term started on 20/07/2020 for three years.

Therefore, SACO' Board Members during 2022 are as in the below table, including New Members, the composition of the Board of Directors, the classification of its members, and date of membership:

Name	Position	Classification	Date of Membership
Mr. Abdel Rahman Amin Jawa	Chairman	Independent	Re-elected by the General Assembly of Shareholders on 20/05/2020 for the term started on 20/07/2020 He submitted his resignation on -11-02 2022 for personal reasons..
Mr. Khalid Mohammed Al-Hamidi	Member	Non-executive	Re-elected by the General Assembly of Shareholders on 20/05/2020 for the term started on 20/07/2020.
** Mr. Sameer Mohammed Al-Hamidi	Managing Director	Executive	Re-elected by the General Assembly of Shareholders on 20/05/2020 for the term started on 20/07/2020.
Mr. Haytham Mohammed Al-Hamidi	CEO / Member	Executive	Re-elected by the General Assembly of Shareholders on 20/05/2020 for the term started on 20/07/2020.
Mr. Talal Mohammed Bakhsh	Member	Non-executive	Re-elected by the General Assembly of Shareholders on 20/05/2020 for the term started on 20/07/2020.

Mr. Bandar Khalid AL Turki	Member	Non-executive	Re-elected by the General Assembly of Shareholders on 20/05/2020 for the term started on 20/07/2020.
Mr. Ahmed Mohammed Al Sari	Vice-Chairman	Independent	Re-elected by the General Assembly of Shareholders on 20/05/2020 for the term started on 20/07/2020. He submitted his resignation on 23/04/2022 for personal reasons
Mr. Sameer Omar Baeisa	Member	Independent	Re-elected by the General Assembly of Shareholders on 20/05/2020 for the term started on 20/07/2020.
Mr. Fahad Malaeka	Member	Independent	Re-elected by the General Assembly of Shareholders on 20/05/2020 for the term started on 20/07/2020.
Mr. Mohammed A Al Qatari	Member	Non-executive	He was appointed by the Board of Directors on 16/05/2022, to fill the vacant seat in the Board, to complete its term that ends on 19-07-2023 .
Mr. Faisal Abdullah Al-Fohaid	Member	Independent	He was appointed by the Board of Directors on 04/12/2022, to fill the vacant seat in the Board, to complete its term that ends on 19-07-2023

\*\* Mr. Sameer Al Hamidi has been appointed as Chairman of the Board of Directors on 03-11-2022, Changing the classification of his membership to “Non - Executive” and Abolish the post of Managing director in the company starting 03-11-2022

## Names of Board Members, Committees Members, Executive Management, and clarification of their current and previous positions, qualifications, and experiences.

Sr.	Name	Position	Current Jobs	Previous Jobs	Qualifications	Experiences
1	Mr. Abdel Rahman Amin Jawa	Chairman	Board Member of Riyadh Bank	Business Development Consultant - Riyadh Bank Chairman - Saudi Travellers Cheques Company. Chairman of Banque Bemo Saudi Fransi. Vice Chairman - Saudi Fransi Capital	Advanced Management Program - Business Administration - Harvard University - USA (Training Program)  Bachelor in International Business - Ohio University - USA	Experience in strategic management, financial investments, banking, retail, insurance and tourism.

				Board Member - Allianz Saudi Fransi		
				Board Member - Cam Saudi Fransi Company.		
				Board Member - Fransi Tadawul Company.		
				Board Member - Sofinco Company.		
				Board Member - Saudi Insurance Company.		
				Board Member - Al- Amthal Owning Company		
				Board Member - Saudi Fransi Bank		
				Deputy Managing Director - Saudi Fransi Bank		
				Regional Director for the Central Region - Banque Saudi Fransi.		
				Deputy Director of the Main Branch in Riyadh - Banque Saudi Fransi.		

				General Manager - Hisham Trading Corporation.  Assistant Manager - The Saudi Investment Bank.  Assistant Manager - First National City Bank – Riyadh		
2	Mr. Khalid Mohammed Al-Hamidi	Board Member – Non-Executive	CEO / ALHAMIDI Contracting Est.Co	Project Manager / Site Engineer - Al Hamidi Contracting Establishment Company  Site Engineer - HP Zachary United States	Bachelor's Degree in Engineering, in 1979 from Southern Methodist University, Dallas, USA	Experience in management, human resources and project management
3	Mr. Sameer Mohammed Al-Hamidi	Managing Director – Executive	Board member at Al Hamidi Contracting Establishment Co.  Board member at ACE International Ltd.  Board member at Deutsche Securities Saudi Arabia	General Manager / SACO  CEO / SACO*  Board Member of Allianz Saudi Fransi Cooperative Insurance Company.  Board member at Astra Industrial Group	Bachelor's Degree in Economics and Business Administration in 1980 from Southern Methodist University, Dallas, USA	Experience in executive and strategic management in retail, industry and insurance.
4	Mr. Haytham Mohammed Al-Hamidi	CEO / Board Member – Executive	Chairman of Rana Investment Company  Board Member at Thob AL Aseel Company  Board member at Al Hamidi Contracting Establishment Co.	Global Investment Officer – Riyadh Bank  Head of securities portfolio - Saudi Arabian Monetary Authority	Bachelor's Degree in Economics in 1987 from Southern Methodist University, Dallas, USA  Master's degree in Business Administration	Experience in sales and marketing management and investment sectors, financial services and petrochemical sector

				Board member at National Petrochemical Company "Petrochem"	in 1989 from the University of Dallas, USA	
				COO of SACO		
5	Mr. Talal Mohammed Bakhsh	Board Member – Audit * Committee Member	Chairman of Ritaj Investment Co. Ltd.  Chairman of Distinguished Pioneers Financial Advisory	Special Accounts Manager – National Commercial Bank (NCB)	Master in Financial Management in 1992 from George Washington University, Washington, USA	Experience in banking, administrative and accounting
6	Mr. Bandar Khalid AL Turki	Board Member /Board of Nomination & Remuneration Committee	CEO of Bandar al Turki Trading Co.  Board Member at Jeddah Urban Development Company  Board Member at Jeddah Economic City Co.  Board Member at Al Nahla Trading and Contracting Company	Marketing Consultant - Saudi Arabian Marketing and Agencies Company Ltd. (SAMACO)  Director General of the Central Region - Saudi Arabian Marketing and Agencies Company Ltd. (SAMACO)  Chairman of Al-Turki Medical Group AMG - LLC	Bachelor's Degree in Business Administration in 1994 from King Saud University, Riyadh, Saudi Arabia  MBA in Marketing in 1998 from George Washington University - Washington - USA	Experience in executive management, retail, marketing, investment and real estate sectors
7	Mr. Ahmed Mohammed Al Sari	Vice Chairman  Chairman of Audit Committee*  Chairman of Nomination & Remuneration Committee	Chairman of Malaz Capital Company.  Chairman of Malaz Capital Company  Chairman of Malaz Company for technology and communication  Chairman of tareem for investment Co .	Systems and IT management officer at King Fahd University of Petroleum and Minerals  Director of Al-Khaleej Computers and Electronic Systems	Bachelor's Degree in Chemical Engineering in 1970 from the University of Texas-Austin- USA	Experience in information systems and corporate governance, establishment and management of investment funds and risk management

8	Mr. Sameer Omar Baeisa	Board Member / Member at Audit Committee	Board Member at Bank Albilad	<p>Consultant for development of banking businesses - Riyadh Bank</p> <p>General Manager of Branch Network in KSA - Banque Saudi Fransi.</p> <p>Regional Director – Western Area – NCB bank</p>	<p>Master of Business Administration California State University, USA 1987</p> <p>Bachelor of Business Administration. King Abdulaziz University, Kingdom of Saudi Arabia 1982</p>	Experience in banking Field & strategic transformation and business development
9	Fahed Seraj Malaeka	Board Member/ Member of Audit Committee	<p>Founder and CEO Distinguished Pioneers Financial Advisory</p> <p>Founder and CEO Distinguished Developers for Real Estate.</p>	<p>Head of Investments at Dallah Albaraka Holding Company.</p> <p>Head of Capital Markets at Swicorp</p>	Bachelors in Computer Engineering from King Saud University (1996); MBA from Oxford University (2006).	Experience in investment banking, private equity and real estate development
10	Lutfi Gasim Shahada	<p>Chairman of Audit Committee</p> <p>Member of Nominations and Remuneration Committee</p>	<p>Financial advisor and consultant for family wealth</p> <p>Audit Committee Member at Alkhorayef Group</p> <p>Audit Committee Member at Al Khaleej Training and Education Co.</p>	<p>Audit Committee Member at Malaz Capital Company</p> <p>Senior Partner at Ernst &amp; Young and Director of the Family Business Center</p> <p>Partner at Arthur Andersen Consulting Services</p> <p>Director of Audit and Taxation at PWS</p>	Bachelor degree in Business Administration and Accounting from the American University of Beirut in 1973 Accounting studies in accounting from the University of Houston in 1979, USA	Experience in financial consulting, auditing, accounting and governance
11	Mohammed A Al Qatari	Board Member-SACO	Chief Executive Officer of Abrar International Ltd.		Hold a Bachelor of sciences in environmental	Experience in management, strategy, business



					science, king Abdulaziz University (KAU), Jeddah , KSA	development and finance
12	Faisal Abdullah Al-Fohaid	Board Member-SACO	Chief Information Technology Officer at Alkhorayef Group		holds a bachelor's degree in Computer Engineering from King Saud University	Experience in Information Technology, Management, Strategies, and Digital Transformation and industry

**Companies inside or outside KSA in which Board Members have membership in its current or previous BODs, or being of its Directors:**

Name	Membership in Saudi Arabian Companies BODs and its legal nature	Previous Memberships	Memberships outside KSA	Qualifications
Abdel Rahman Amin Jawa	Board Member of Riyadh Bank – Joint Stock. BOD Chairman at Saudi Company for Hardware (SACO) – Joint Stock Company	Board Member - Banque Saudi Fransi (BSF)  Board Member – SFI  Board Member - Allianz Saudi Fransi Cooperative Insurance Company  Board Member – Al-Amthal Financing  Board Member – CSF  Board Member - Fransi Tadawul Co.  Board Member - Allianz Saudi Fransi Cooperative Insurance Company	-	Advanced Management Program - Business Administration - Harvard University - USA (Training Program)  Bachelor in International Business - Ohio University - USA
Sameer Mohammed Al-Hamidi	Managing Director of Saudi Company for Hardware (SACO) - Joint Stock Company  Board Member of Deutsche Securities Saudi Arabia - closed joint stock	Board Member of Astra Industrial Group (AIG)  Board Member of Allianz Saudi Fransi Cooperative Insurance Company – public joint stock	Board Member of ACE International Limited LLC	Bachelor's Degree in Economics and Business Administration in 1980 from Southern Methodist University, Dallas, Texas, USA

	<p>Board Member of Al Hamidi Contracting Establishment Company LLC</p> <p>Board Member of Mohammed Abdulaziz Al Hamidi Sons Holding Company LLC</p>			
Haytham Mohammed Al-Hamidi	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock</p> <p>Board Member of Rana Investment Company</p> <p>Board Member of Al Hamidi Contracting Establishment Company LLC</p> <p>Board Member of Mohammed Abdulaziz Al Hamidi Sons Holding Company LLC</p>	<p>Board Member of the National Petrochemical Company (Petrochem) - joint stock</p> <p>Board Member at Thob AL Aseel Company Joint Stock</p>	-	<p>Bachelor's Degree in Economics in 1987 from Southern Methodist University, Dallas, USA</p> <p>Master's degree in Business Administration in 1989 from the University of Dallas, USA</p>
Bandar Khalid AL Turki	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock</p> <p>Board Member of Jeddah Urban Development Company</p> <p>Board Member of Jeddah Economic City Co.</p> <p>Board Member of Al Nahla Trading and Contracting Company – LLC</p> <p>Chairman of Al-Turki Medical Group AMG – LLC ????</p>	<p>Board Member of Saudi Arabian Motor Federation - Governmental institution</p>	-	<p>Bachelor's Degree in Business Administration in 1994 from King Saud University, Riyadh, Saudi Arabia</p> <p>MBA in Marketing in 1998 from George Washington University - Washington – USA</p>
Ahmed Mohammed Al Sari	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock</p> <p>Board Member of Al Falak Electronic Equipment &amp; Supplies Company – LLC</p>	<p>Board Member of Banque Saudi Fransi (BSF) – Public Joint Stock</p> <p>Board Member of Al Khaleej Computer &amp; Electronic Equipment Company</p>	-	<p>Bachelor's Degree in Chemical Engineering in 1970 from the University of Texas-Austin-USA</p>

	Board Member of Alenaya Company for Medical Sciences and Services – LLC  Chairman of Malaz Capital			
Sameer Omar Baeisa	Board Member of Saudi Company for Hardware (SACO) – joint stock  Board Member at Bank Albilad	-	-	Master of Business Administration California State University, USA 1987  Bachelor of Business Administration. King Abdulaziz University, Kingdom of Saudi Arabia 1982
Talal Mohammed Bakhsh	Board Member of Saudi Company for Hardware (SACO) – joint stock  Board Member of Abrar International Holding Co. - LLC  Chairman of Retaaj Al Moutamiza Investment Company Ltd.	-	-	Master in Financial Management in 1992 from George Washington University, Washington, USA
Khalid Mohammed Al-Hamidi	Board Member of Saudi Company for Hardware (SACO) – joint stock  Board Member of Al Yamamah Press Establishment	-	-	Bachelor's Degree in Engineering, in 1979 from Southern Methodist University, Dallas, USA
Fahed Seraj Malaeka	Board Member of Saudi Company for Hardware (SACO) – joint stock  Board Member of TasHeel Holding Company Closed joint stock .  Board Member of Riyadh Capital Closed joint stock	Board Member at Dallah Healthcare Joint Stock Company.	Board Member at Dallah Eastbridge Private Equity LLC in South Korea. Board Member at Al-Tawfeeq Investments LLC in Lebanon	Bachelors in Computer Engineering from King Saud University (1996); MBA from Oxford University (2006).
Mohammed A Al Qatari	Board Member of Saudi Company for Hardware (SACO) – joint stock  CEO of Abrar International Ltd..			He holds a CFA certificate from the American Institute of Chartered Financial Analysts. He holds a master's degree in Business Administration from

				King Fahd University of Petroleum and Minerals He holds a Bachelor's degree in Environmental Sciences with honors from King Abdulaziz University
Faisal Abdullah Al-Fohaid	Board Member of Saudi Company for Hardware (SACO) – joint stock Chief Information Technology Officer at Alkhorayef Group			holds a bachelor's degree in Computer Engineering from King Saud University

## B. Board of Director's Meetings:

The Board of Directors held seven (7) meetings during 2022. The attendance of the members was as follows:

Name	Date of Meetings During 2021							Total
	06-02-2022	24-02-2022	08-03-2022	22-04-2022	18-05-2022	10-08-2022	03-11-2022	
<b>Abdel Rahman Amin Jawa**</b>	√	√	√	√	×	√	-	5/6
<b>Khalid Mohammed Al-Hamidi</b>	√	√	√	√	√	√	√	7/7
<b>Sameer Mohammed Al-Hamidi</b>	√	√	√	√	√	√	√	7/7
<b>Haytham Mohammed Al-Hamidi</b>	√	√	√	√	√	√	√	7/7
<b>Bandar Khalid AL Turki</b>	√	√	√	×	√	×	√	5/7
<b>Ahmed Mohammed Al Sari*</b>	√	√	√	√	-	-	-	4/4
<b>Sameer Omar Baeisa</b>	√	√	√	√	√	√	√	7/7
<b>Talal Mohammed Bakhsh</b>	√	√	√	√	√	√	×	6/7

<b>Fahad Malaeka</b>	√	√	√	√	√	√	√	7/7
<b>Mohammed A Al Qatari</b>	-	-	-	-	√	√	√	3/3
<b>Faisal Abdullah Al-Fohaid</b>	-	-	-	-	-	-	-	-

\* Mr. Ahmed Mohammed Al Sari submitted his resignation from the Board of Directors, as of 04-24-2022 .

\*\* Mr. Abdel Rahman Amin Jawa submitted his resignation from the Board of Directors, as of 02-11-2022

\*\*\* Mr. Mohammed A Al Qatari has been appointed as board member instead of the resigned member, Mr. Ahmed Mohammed Al Sari on 16-05-2022

\*\*\*\* Mr. Faisal Abdullah Al-Fohaid has been appointed as board member instead of the resigned member Mr. Abdel Rahman Amin Jawa on 22-12/2022

## Fees and Remuneration paid to the Board Members, Senior Executives, and Committees Members during 2022:

Board Members received annual remuneration amounting to (SR 1,800,000), for the fiscal year ended on 31/12/2022, in addition to allowances of attending the meetings of the Audit Committee and the Nominations and Remuneration Committee during 2022.

## Board Members Remunerations

Members		Fixed Remunerations							Variable Remunerations						Grand Total	Expenditure Allowance
		Fixed Amount	Attendance Allowance for Board Meetings	Total Attendance Allowance for Committees Meetings	Benefits in kind	Statement of Payments to Board Members as Workers or administrators or against Technical, administrative or consulting work	Remuneration of Chairman, Managing Director, Secretary if he/she is a Member	Total	% of dividend	Periodic Remunerations	Short - term incentive plans	Long - term incentive plans	Shares awarded (Value)	Total		
Independent Members																
1	Abdel Rahman Amin Jawa	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	200,000	0
2	Ahmed Mohammed Al Sari	200,000	0	6,000	0	0	0	206,000	0	0	0	0	0	0	206,000	0
3	Sameer Omar Baeisa	275,000	0	21,000	0	0	0	296,000	0	0	0	0	0	0	296,000	0
4	Fahad Maleka	200,000	0	15,000	0	0	0	215,000	0	0	0	0	0	0	215,000	0
5	Faisal Al Fohiad	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		875,000	0	42,000	0	0	0	917,000	0	0	0	0	0	0	917,000	0
Non-executive Members																
1	Talal Mohammed Bakhsh	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	200,000	0
2	Bandar Khalid AL Turki	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	200,000	0
3	Khalid Mohammed Al-Hamidi	275,000	0	0	0	0	0	275,000	0	0	0	0	0	0	275,000	0
4	Mohammed A Al Qatari	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		675,000	0	0	0	0	0	675,000	0	0	0	0	0	0	675,000	0
Executive Members																
1	Sameer Mohammed Al-Hamidi	200,000	0		0	0	0	200,000	0	0	0	0	0	0	200,000	0
2	Haytham Mohammed Al-Hamidi	200,000	0		0	0	0	200,000	0	0	0	0	0	0	200,000	0
Total		400,000	0		0	0	0	400,000	0	0	0	0	0	0	400,000	0

## Senior Executives Remunerations

Senior Executives	Fixed Remunerations				Variable Remunerations						End of Service Award	Total Executives Remunerations against Board (if any)	Grand Total
	Salaries	Allowances	Benefits in kind	Total	Dividend	Short-term incentive plans	Long-term incentive plans	Shares awarded (Value)	Shares awarded (Value)	Total			
Managing Director	463,466.00	54,671.00	110,236.00	628,373.00	-	-	-	-	-	-	2,200,500.00	200,000	3,028,873
CEO	999,900.00	92,500.00	102,062.00	1,194,462.00	-	-	-	-	-	-	104,535.00	200,000	1,498,997
CFO	732,300.00	0.00	0.00	732,300.00	-	156,000	-	-	-	156,000	37,560.00	-	925,860
CHRO	605,892.00	239,500.00	0.00	845,392.00	-	-	-	-	-	-	61,153.00	-	906,545
CIO	534,300.00	207,432.00	0.00	741,732.00	-	-	-	-	-	-	54,000.00	-	795,732
Total	3,335,858	594,103	212,298	4,142,259	-	156,000	-	-	-	156,000	2,457,748	400,000	7,156,007

## Committees Members Remunerations

	Fixed Remunerations (except Meetings Attendance Allowance)	Meetings Attendance Allowance	Total
<b>Audit Committee Members</b>			
1. Lutfi Gasim Shahada	85,000	15,000	100,000
2. Fahad Malaeka	-	15,000	15,000
3. Sameer Omar Baeisa	-	12,000	12,000
Total	85,000	42,000	127,000
<b>Nomination and Remunerations Committee Members</b>			
1. Ahmed Mohammed Al Sari	-	6,000	6,000
2. Lutfi Gasim Shahada	65,000	12,000	77,000
3. Abdul Rahman AL Triqi	65,000	12,000	77,000
4. Bandar Al Turki	-	6,000	6,000
Total	130,000	36,000	166,000
<b>Executive Committee Members</b>			
1. Khalid Al Hamidi	75,000	-	75,000
2. Hautham AL Hamidi	-	-	-
3. Sameer Baeisa	75,000	-	75,000
4. Amer Omar	-	-	-
Total	150,000	-	150,000

There are no amounts or financial/in kind benefits, against any administrative, technical or administrative work or positions, paid to Board Members other than the above mentioned Schedule.

BOD recommended, upon recommendation of the Nominations and Remuneration Committee, to pay off the remuneration of Board Members for 2022 for total amount of SAR 1,800,000

In this regard, SACO confirms that:

1. There is no arrangement or agreement whereby a Board Member or a Senior Executive waives any salary or compensation.

2. There is no arrangement or agreement whereby a SACO Shareholder waives any rights related to profits.
3. There are no other investments or reserves created for the Company's employees.

## C. Equity Ownership Ratio and the Change in it during the fiscal year 2022:

### 1. Equity ownership ratios, debt instruments, and changes during the fiscal year 2022 for the members of the Board of Directors and Senior executives:

The below table shows the shareholding and ownership of the Board of Directors, Senior Executive, their spouses, and their dependent children in the company shares, changes in ownership, and debt instruments during 2022:

No.	Name	Position	Nationality	Classification	No. of shares at the beginning of 2022	No. of shares at the end of 2022	% of change	Ownership of spouses and dependent children	% of change	Debt Instruments	Date of membership
1	Abdel Rahman Amin Jawa	Chairman	Saudi	Independent	1,000*	1,000*	0%	-	-	-	20/07/2020
2	Khalid Mohammed Al-Hamidi	Member	Saudi	Non-Executive	1,501,043	1,501,043	0%	-	-	-	20/07/2020
3	Sameer Mohammed Al-Hamidi	Managing Director	Saudi	Executive	1,947,600	1,947,600	0%	-	-	-	20/07/2020
4	Haytham Mohammed Al-Hamidi	CEO	Saudi	Executive	126,000	126,000	0%	-	-	-	20/07/2020
5	Talal Mohammed Bakhsh	Member	Saudi	Non-Executive	1,000*	1,000*	0%	-	-	-	20/07/2020
6	Bandar Khalid AL Turki	Member	Saudi	Non-Executive	1,000*	1,000*	0%	-	-	-	20/07/2020
7	Ahmad Mohammed AL Sari	Member	Saudi	Independent	1,000*	1,000*	0%	-	-	-	20/07/2020
8	Fahad Seraj Malaeka	Member	Saudi	Independent	0	0	0%	-	-	-	20/07/2020
9	Sameer Omar Baeisa	Member	Saudi	Independent	0	0	0%	-	-	-	20/07/2020
10	Mohammed A Al Qatari	Member	Saudi	Non-Executive	24	24	0%	-	-	-	16/05/2022
11	Faisal Al Fohiad	Member	Saudi	Independent	0	0	0%	-	-	-	22/12/2022

\* The allocation of qualifying shares is to ensure that the intended Board Member will be responsible.



### Change in Equity Ownership for the Major shareholders during fiscal year 2022:

The below table shows the equity ownership ratio and changes during fiscal year 2022, for the major shareholders who own 5% of the company's capital.

Shareholders who own 5% or more of the company's capital	At the beginning of 2022		At the end of 2022		% change
	Number of shares	%	Number of shares	%	
Al-Hamidi Contracting Co.	4,342,518	%12.06	4,342,518	%12.06	0 %
Abrar International Holding Co.	6,426,000	%17.85	6,426,000	%17.85	0 %
Abdel Rahman Hassan Sharbatly	6,426,000	%17.85	6,426,000	%17.85	0 %
Sameer Mohammed Al- Hamidi	1,947,600	%5.41	1,947,600	%5.41	0 %

- Except as stated, there are no interests, securities, contractual or subscription rights attributable to Board of Directors' members or senior executives or their relatives in the shares or debt instruments of the Company or its subsidiaries, or any change of these rights during 2022.
- There are no shares or debt instruments issued for the subsidiaries.
- There is no interest in the category of voting shares belonging to persons (other than Board Members and senior executives and their relatives) who have notified the Company of these rights under Article 45 of the Rules of Registration and Listing or any change in those rights during the fiscal year 2022.
- There are no convertible debt instruments, contractual securities, rights warrants, or similar rights issued or granted by the Company during the fiscal year 2022. There is no compensation received by SACO in exchange for that.
- There are no rights to transfer or subscribe under convertible debt instruments, contractual securities, rights warrants, or similar rights issued or granted by the Company during 2022.
- There is no redemption, purchase or cancellation by the Company, or its subsidiary of any redeemable debt instruments made during 2022.
- SACO does not have privileged shares or shares with advantage in special voting priority, whether for shareholders or members of the board of directors, and that all SACO shares are ordinary shares of equal nominal value and equal in voting rights and other rights according to the rules.
- SACO does not hold treasury shares during the year 2022.

## Dates of General Assembly of Shareholders meetings held during 2022 and the names of Board Members attended these meetings.

Sr.	Name	Attendance Record
		Meeting on 18/05/2022 – Ordinary General Assembly
1	Abdel Rahman Amin Jawa Chairman	x
2	Khalid Mohammed Al-Hamidi	√
3	Sameer Mohammed Al-Hamidi	√
4	Haytham Mohammed Al-Hamidi	√
5	Talal Mohammed Bakhsh	√
6	Bandar Khalid AL Turki	√
7	Sameer Omar Baeisa	√
8	Fahad Malaeka	√
9	Lutfi Gasim Shahada -Member from outside of the Board Chairman of Audit Committee	√

## Number of Company requests for Shareholders and dates of these requests.

Number of Company requests for Shareholders	Request Date	Request Reason
1	29-11-2022	Company procedures

## Board of Directors Committees:

### Audit Committee

The Audit Committee aims to assist the Board of Directors by playing an independent supervisory role on the Company's governance, risk management and internal control practices, and to provide advice and guidance on the adequacy and effectiveness of those practices.

In compliance with the regulations of the Capital Market Authority and the Companies Law, the Company's General Assembly issued the amended Charter for the Audit Committee on 18/5/2022, which includes the rules and procedures for the activities, duties, and responsibilities of the Committee to monitor the Company's business and verify the integrity of the reports, financial statements, and internal control systems through the followings:

- Reviewing the company's interim and annual financial statements and discussing them with the external auditor before presenting them to the Board and providing its opinion and recommendations thereon.
- Reviewing the accounting policies and the financial reporting standards adopted by the company and ensuring that they are updated in accordance with the International Financial Reporting Standards as endorsed in the Kingdom.

- Reviewing the accounting estimates of the material matters included in the financial statements.
- Meeting with the external auditor periodically before issuing their reports to discuss the financial standards, internal control procedures, and general transactions and balances.
- Reviewing the external auditor's reports and his comments on the financial statements and following up the procedures taken in connection therewith.
- Providing recommendations to the Board to nominate external auditors and determine their remunerations in accordance with specific criteria that includes financial and technical analysis after verifying their independence and that there are no restrictions on their work.
- Monitoring and overseeing the performance and activities of the internal audit department of the company to ensure their effectiveness in performing the assigned activities and duties.
- Reviewing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- Reviewing and following-up any outstanding significant legal issues.
- Reviewing the transactions with related parties and ensuring that they have been properly disclosed in the financial statements.
- Evaluating the internal control systems by analyzing the internal audit reports, the management report of the external auditor, and the report of observations on the company's IT systems and reviewing the results of their work to verify the integrity of the control systems, and following up with management to ensure their commitment to implement the corrective actions.

In addition to the above, the Audit Committee carried out the following during the year 2022:

- Review and update the Charter of the Audit Committee, which was approved by the General Assembly in its previous meeting.
- Review and approve the Internal Audit Plan considering the audit priorities according to the results of the updated comprehensive risks assessment.
- Reviewing the significant unusual provisions and accruals recorded this year. Also reviewing the results of the impairment test of non-financial assets and discussed it in detail with the management and the external auditor.
- Review the Zakat status of the Company and the related consultant's reports.

The current Audit Committee started its work on 20/07/2020 based on the General Assembly's decision dated 20/5/2020 to form the committee from expertise in financial, administration and internal controls from the following gentlemen:

	Name	Position
1	Loutfi Echhade	Chairman, Independent Member from outside the Board
2	Sameer Baeisa	Independent Member from the Board
3	Fahad Malaikah	Independent Member from the Board

During 2022 the Audit Committee held five meetings. The table below shows the record of attendance:

Name	Meeting date					Total
	19/1/2022	8/3/2022	17/5/2022	10/8/2022	2/11/2022	
1 Loutfi Echhade	✓	✓	✓	✓	✓	5/5
2 Sameer Baeisa	x	✓	✓	✓	✓	4/5
3 Fahad Malaikah	✓	✓	✓	✓	✓	5/5

In light of the above-mentioned works during 2022, the Audit Committee believes that the Company's internal control, financial, and risk management systems need to be strengthened and developed in order to improve their efficiency and effectiveness, which will contribute to the achievement of the Company's objectives.

There was no contradiction between the recommendations of the Audit Committee and the Board's decisions or rejection of its recommendations. Further, the Audit Committee did not propose to dismiss the external auditor in 2022.

## 2. Nomination & Remuneration Committee:

The Nominations and Remuneration Committee undertakes the following responsibilities:

- A. Developing clear policies regarding the indemnities and remunerations of the Directors, Board committees' members and senior executives, in accordance with the Company's By-laws by following the standards related to performance, and submitting it to the Board for consideration in preparation for their adoption by the General Assembly, taking into account that these policies follow the criteria related to performance, disclosure and verification of their implementation.
- B. Clarify the relationship between the remunerations awarded and the applicable remunerations policy and indicate any material deviation from this policy.
- C. Periodic review of the remuneration policy, evaluation of its effectiveness in achieving its objectives; and recommending to the Board of Directors the remuneration of Board Members, its committees and senior executives in accordance with the approved policy.
- D. Annual review of the required skills requirements for Board membership and preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determination of the time required to be assigned by the member to the work of the Board of Directors.
- E. Reviewing the structure of the Board and making recommendations regarding the possible changes to the Board.
- F. Determining the points of strength and weakness in the Board of Directors and recommending remedies that are compatible with the Company's interest.
- G. Ensuring, on an annual basis the independence of the independent members and the presence or absence of any conflict of interests in case a Board member also acts as a member of the Board of Directors of another company.
- H. Propose clear policies and criteria for membership in the Board of Directors and Executive Management.
- I. Recommending to the Board of Directors the nomination and re-nomination of members in accordance with the approved policies and standards, taking into account not to re-nominate any person who has already been convicted of immoral crime.
- J. Develop a description for the abilities and qualifications required for Board membership as well as Executive management positions.

- K. Develop a functional description of executive members, non-executive members, independent members and senior executives and determine the time a member should devote to the work of the Board of Directors.
- L. Determining special procedures to be taken in the event of the vacancy of the position of a Board Member or Senior Executives.
- M. Ensure the preparation of an annual report detailing the remuneration and compensation paid to directors and senior executives for inclusion in the company's annual report.

## Remuneration Policies and Identification Mechanism

The Committee shall take into account Terms of Reference, duties, and responsibilities of members, in addition to the results achieved, as well as the activity of the company. Accordingly, the recommendation to pay remuneration to Board Members is based on performance, knowing that the proposal of the remuneration of independent members should not, directly or indirectly, be based on profitability of the company. On 24/12/2017, the General Assembly of shareholders approved the policy of remuneration of the Board of Directors and its committees and executive management. Any remuneration paid to the Board of Directors or its committees or executive management was based on the remuneration policy and there was no deviation from it.

The Board of Directors, on 10/02/2022, appointed and structured the Nominations and Remuneration Committee as follows:

Name		Position
1	Ahmad Mohammed AL Sari	Chairman
2	Abdul Rahman Al Triqi	Member from outside the Board
3	Loutfi Echhade	Member from outside the Board

The Board of Directors, on 10/08/2022, re-appointed and structured the Nominations and Remuneration Committee as follows:

Name		Position
Sameer Baeisa		Chairman
Abdul Rahman Al Triqi		Member from outside the Board
Loutfi Echhade		Member from outside the Board

During 2022, the Committee held four (4) meetings. The table below shows the names of members and the attendance record:

Name		Meeting Date				Total attendance
		16/02/2022	13/06/2022	22/11/2022	28/11/2022	
1	Ahmad Mohammed AL Sari	√	√	-	-	2/2
2	Loutfi Echhade	√	√	√	√	4/4

3	Abdul Rahman Al Triqi	√	√	√	√	4/4
4	Sameer Baeisa*	-	-	√	√	2/2

\*Mr. Sameer Baeisa has been appointed as member and Chairman of Nominations and Remuneration Committee instead of Mr. Ahmed Al Sari on 10/08/2022

### 3. Executive Committee.

The Board of Directors agreed on 22-12-2021 to reactivate the executive committee in the company and delegating it with work and powers in accordance with the Executive Committee's regulations which approved by the Board of Directors and instruct the Nominations and Remunerations Committee to propose their rewards and compensations and to appoint its chairman and members from 22-12-2022 until the date of the end of the current session of the board of Directors.

#### The Executive Committee's responsibilities include the following:

- The Executive Committee reviews and recommends to the Board of Directors the following:
  - Organizational and functional structure / reorganization / restructuring of the company.
  - The company's work policies, except of the policies pertaining to other committees of the Board of Directors, which include financial and accounting policies, compensation and rewards policies, and the internal audit guide.
  - Company strategies and business plans
  - The company's annual budget and related work plans.
  - Joint ventures, mergers, and acquisitions according to the company's plans
  - Selling the company's lands and real estate
  - Dividend distribution (cash or shares)
  - Renewing or canceling credit facilities agreements with banks.
  - Reviewing and recommending write-off of clients' receivables
  - Carrying out any other duties that may be assigned to it by the company's board of directors.

The Executive Committee consists of four (4) members appointed by the Board of Directors on 22-12-2021 until the end of the current Board term as follows:

Name	Position
Khalid Al Hamidi	Chairman
Haytham AL Hamidi	Member
Sameer Baeisa	Member
Amer Omar	CFO

On 19-11-2022, The Board of Directors issued a decision to freeze the business of the Executive Committee until the end of January of the year 2023.

During the year 2022, the Committee held sixteen meetings. The following is a list of the members' names and attendance record:

Name																		Total
		2022-12-30	2022-08-29	2022-08-15	2022-07-18	2022-07-04	2022-06-21	2022-05-15	2022-05-02	2022-04-18	2022-03-28	2022-03-20	2022-01-23	2022-01-20	2022-01-11	04-01-2022	03-01-2022	
Khalid Al Hamidi		√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	16/16
Haytham AL Hamidi		×	×	×	×	×	×	×	×	×	×	×	×	×	√	√	√	03/16
Sameer Baeisa		√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	16/16
Amer Omar		√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	16/16

### Transactions with Related Parties:

During 2022, the company dealt with related parties through two lease contracts for two stores and a land investment contract owned by Tilal Jeddah Real Estate Co. owned by Mr. Samoal Taha Bakhsh, one of the owners of Abrar International Holding Company, and by a board member Mr. Talal Bakhsh.

The contracts and transactions mentioned in the table below were presented and licensed for a next year and were approved in the general assembly that was held on 19/05/2022, and it is worth noting that the transactions between the company and the related parties will be presented to be approved annually at the next general assemblies. With the exception of what is mentioned in the table below, during 2022, there were no businesses or contracts in which the company was a party or in which there was an interest for a board member, senior executives, or any related party.

**The below table shows the details of conventions made between the Company and the related parties during 2022.**

Transaction No. 3 related to investment land was terminated during the second quarter of the year 2022, according to what was announced on Tadawul on 15-5-2022, and according to the cancellation contract, SACO obtains the amount of (6,433,678) riyals, six million, four hundred and thirty-three thousand and six hundred Seventy-eight riyals for rent and other expenses.



No.	First Party	Seco nd Party	Subject	Services and products offered under conventi ons	Date of Conventions	Duration	Value * (SAR)																								
1	One of the heirs of Abdullah Taha Bakhsh	SACO	Rent Agreemen t	SACO company rents a store from the first party in Jeddah (Andalus Street)	28/02/2009	5 Years, and renewed on 27/02/2020 AD until 26/02/2025 AD <table><tr><th>Duration</th><th>Value (SAR)</th></tr><tr><td>27/02/2020 to 26/02/2021</td><td>2,000,000</td></tr><tr><td>27/02/2021 to 26/02/2022</td><td>2,000,000</td></tr><tr><td>27/02/2202 to 26 /02/2023</td><td>2,000,000</td></tr><tr><td>27/02/2023 To 26/02/ 2024</td><td>2,000,000</td></tr><tr><td>27/02/2024 To 26/02/2025</td><td>2,000,000</td></tr></table>	Duration	Value (SAR)	27/02/2020 to 26/02/2021	2,000,000	27/02/2021 to 26/02/2022	2,000,000	27/02/2202 to 26 /02/2023	2,000,000	27/02/2023 To 26/02/ 2024	2,000,000	27/02/2024 To 26/02/2025	2,000,000	2,000,000 Saudi riyals during 2021												
Duration	Value (SAR)																														
27/02/2020 to 26/02/2021	2,000,000																														
27/02/2021 to 26/02/2022	2,000,000																														
27/02/2202 to 26 /02/2023	2,000,000																														
27/02/2023 To 26/02/ 2024	2,000,000																														
27/02/2024 To 26/02/2025	2,000,000																														
2	One of the heirs of Abdullah Taha Bakhsh	SACO	Rent Agreemen t	SACO company rents a store from the first party in Jeddah (Althalia)	06/ 04/2017	From 06/04/2017 to 31/12/2030 Details: <table><tr><th>Duration</th><th>Value (SAR)</th></tr><tr><td>01-01-2020 to 31-12-2020</td><td>1,985,000</td></tr><tr><td>01-01-2021 to 31-12-2021</td><td>1,985,000</td></tr><tr><td>01-01-2022 to 31-12- 2022</td><td>1,985,000</td></tr><tr><td>01-01-2023 to 31-12-2023</td><td>2,084,250</td></tr><tr><td>01-01-2024 to 31-12-2024</td><td>2,084,250</td></tr><tr><td>01-01-2025 to 31-12- 2025</td><td>2,084,250</td></tr><tr><td>01-01-2026 to 31-12-2026</td><td>2,084,250</td></tr><tr><td>01-01-2027 to 31-12-2027</td><td>2,084,250</td></tr><tr><td>01-01-2028 to 31-12- 2028</td><td>2,188,463</td></tr><tr><td>01-01-2029 to 31-12- 2029</td><td>2,188,463</td></tr><tr><td>01-01-2030 to 31-12-2030</td><td>2,188,463</td></tr></table>	Duration	Value (SAR)	01-01-2020 to 31-12-2020	1,985,000	01-01-2021 to 31-12-2021	1,985,000	01-01-2022 to 31-12- 2022	1,985,000	01-01-2023 to 31-12-2023	2,084,250	01-01-2024 to 31-12-2024	2,084,250	01-01-2025 to 31-12- 2025	2,084,250	01-01-2026 to 31-12-2026	2,084,250	01-01-2027 to 31-12-2027	2,084,250	01-01-2028 to 31-12- 2028	2,188,463	01-01-2029 to 31-12- 2029	2,188,463	01-01-2030 to 31-12-2030	2,188,463	1,985,000 Saudi riyals during 2021
Duration	Value (SAR)																														
01-01-2020 to 31-12-2020	1,985,000																														
01-01-2021 to 31-12-2021	1,985,000																														
01-01-2022 to 31-12- 2022	1,985,000																														
01-01-2023 to 31-12-2023	2,084,250																														
01-01-2024 to 31-12-2024	2,084,250																														
01-01-2025 to 31-12- 2025	2,084,250																														
01-01-2026 to 31-12-2026	2,084,250																														
01-01-2027 to 31-12-2027	2,084,250																														
01-01-2028 to 31-12- 2028	2,188,463																														
01-01-2029 to 31-12- 2029	2,188,463																														
01-01-2030 to 31-12-2030	2,188,463																														
3	Tilal Jeddah Co.  owned by one of Inheritors of Abdullah Taha Bakhsh, and by a board member	SACO	Land investment agreement - lease	SACO company rents a land from the first party in Jeddah (Althalia)	2-3-2020 Details of the contract from 01- 04-2020 AD to 01/04-2041 AD	The duration of the contract is from 01-04-2020AD to 01-04-2041AD <table><tr><th>Duration</th><th>Value (SAR)</th></tr><tr><td>01-04-2020 to 31- 03-2021</td><td>2,250,000</td></tr><tr><td>01-04-2021 to 31- 03-2022</td><td>2,250,000</td></tr></table>	Duration	Value (SAR)	01-04-2020 to 31- 03-2021	2,250,000	01-04-2021 to 31- 03-2022	2,250,000	The agreement was canceled during the second quarter of the year																		
Duration	Value (SAR)																														
01-04-2020 to 31- 03-2021	2,250,000																														
01-04-2021 to 31- 03-2022	2,250,000																														

No.	First Party	Second Party	Subject	Services and products offered under conventions	Date of Conventions	Duration		Value * (SAR)
	Mr. Talal Bakhsh					01-04-2022 to 31-03-2023	6,750,000	2022, according to what was announced on Tadawul on 15-5-2022 According to the cancellation contract, SACO obtains an amount of (6,433,678) riyals, the value of rents and other expenses.
						01-04-2023 to 31-03-2024	6,750,000	
						01-04-2024 to 31-03-2025	9,000,000	
						01-04-2025 to 31-03-2026	9,000,000	
						01-04-2026 to 31-03-2027	9,000,000	
						01-04-2027 to 31-03-2028	9,450,000	
						01-04-2028 to 31-03-2029	9,450,000	
						01-04-2029 to 31-03-2030	9,450,000	
						01-04-2030 to 31-03-2031	9,450,000	
						01-04-2031 to 31-03-2032	9,450,000	
						01-04-2032 to 31-03-2033	9,925,000	
						01-04-2033 to 31-03-2034	9,925,000	
						01-04-2034 to 31-03-2035	9,925,000	
						01-04-2035 to 31-03-2036	9,925,000	
						01-04-2036 to 31-03-2037	9,925,000	
						01-04-2037 to 31-03-2038	10,425,000	
						01-04-2038 to 31-03-2039	10,425,000	
						01-04-2039 to 31-03-2040	10,425,000	
						01-04-2040 to 31-03-2041	10,425,000	

## Obligation to Corporate governance Regulations:

Based on the guiding regulations listed in the Corporate Governance Regulations issued by the Capital Market Authority on 13/02/2017, the Company approved the governance regulations as in the below table:

No.	Regulations	Approved by the Board	Approved by the General Assembly	Approval Date
1	Policy of Trade with Related Parties	✓		26/12/2017
2	Shareholders' Directory	✓		26/12/2017
3	Risk Management structure	✓		26/12/2017
4	Disclosure and Transparency Policy	✓		26/12/2017
5	Board of Directors directory	✓		26/12/2017

6	Executive Committee Regulation	✓		26/12/2017
7	Code of Ethics	✓		26/12/2017
8	General Framework for Corporate Governance	✓		26/12/2017
9	General Framework of Internal Control System	✓		26/12/2017
10	Compliance Policies and Procedures Manual	✓		26/12/2017
11	Stakeholder management policy	✓		26/12/2017
12	The company's internal, administrative and financial policies and regulations, including investment and financing mechanisms	✓		26/12/2017
13	Dividend Distribution Policy	✓		26/12/2017
14	Conflict of Interest Policy	✓		26/12/2017
15	Audit Committee Regulation		✓	24/12/2017
16	Nomination and Remuneration Committee Regulation		✓	24/12/2017
17	Standards and Policies for the membership of the Board of Directors		✓	24/12/2017
18	Remuneration Policy for Board and its Committees and Executive Management		✓	24/12/2017

- The Company complied with all Articles of Corporate Governance Regulations issued by the Capital Market Authority on 13/02/2017, except the guidance Article number 70 related to formation of the Risk Committee, because Audit Committee took responsibility for this rule as stipulates in its regulation that the Audit Committee shall carry out the duties and functions of the Risk Committee until an independent committee is appointed in this respect.

Also, the guidance Article 95 of the Corporate Governance Regulations relating to the formation of the Governance Committee has not been complied with, as the Audit Committee is taking tasks of monitoring the application of the Rules and updating them in accordance with the statutory requirements. On 26/12/2017, the Board of Directors approved the general corporate governance framework.

Regarding the actions of Board of Directors taken to inform members, and in particular non-executive directors about the shareholders' proposals and their remarks about the company and its performance, in the case of these proposals, the management will include them in the presentations presented to the Board during its meetings, as well as during the members' attendance to the meetings of the General Assemblies of the shareholders, and reviewing shareholders' suggestions and comments; the company has also assigned an e-mail mentioned at company's website on Tadawul (investors@saco-ksa.com) to receive questions and suggestions from shareholders.

As for the means adopted by the Board of Directors in evaluating its performance and performance of its members, the Nominations and Remuneration Committee took into consideration competence, the duties and responsibilities they carry, in addition to the results achieved and the company's activities. Therefore, the proposal for the remuneration of independent directors should not be directly or indirectly based on the profitability of the company. There were no external evaluators.

## **The Board of Directors Declarations:**

### **The Board of Directors declares that:**

- The accounting records are properly prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants and with no differences.
- The internal control system is well established and executed effectively.
- There is no any doubt on the company's ability to continue its activity.
- The auditor has no reservations on the annual financial statements.
- No recommendation made by the Board of Directors to change the auditor during year 2022 throughout the period of his assignment.
- There are no investments or reserves established for the benefit of the company's employees.
- There is no penalty or a fine or restrictions imposed on the company by the Capital Market Authority or any other supervisory, regulatory or judicial authority.
- There is no undisclosed conflict of interests.
- The Company did not receive a request from the Auditor to call the General Assembly to be held during 2022.
- The Company has not received from shareholders holding 5% of the capital or more any request to call the General Assembly to be held during 2022.
- There are no material events affecting the integrity of the Company's financial position beyond the end of 2022 that require disclosure, except as available and announced.
- The Company has not provided loans or credit facilities to any member of the Board of Directors.

**Finally, the Board of Directors would like to extend their gratitude to the Government of the Custodian of the Two Holy Mosques, for the continuous support of the retail sector. We would like also to thank the shareholders for their constant support.**

**Allah grants success  
The Board of Directors**

**Audited financial statements as on 31/12/2021**