



سلطان البقمي للترجمة المعتمدة
Sultan Al baqami for Certified Translation
الترجمة المعتمدة الفورية لجميع اللغات
ترخيص رقم : 469422 - رقم العضوية 399946 Mem. No.: 469422 C.R. No.:

خبرة عريقة في مجال ترجمة جميع اللغات
مكاتبنا منتشرة في جميع انحاء المملكة

Annual report
Al-Dawaa Medical Services Company
for the year 2021





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Chairman's Statement

To the Shareholders of Al-Dawaa Medical Services Company

Greetings,

On behalf of the Board of Directors, I am pleased to welcome you to attend the third Ordinary General Assembly Meeting, and to present a summary of the company's annual report for the fiscal year ending December 31, 2021, which contains the consolidated annual financial statements and financial performance. The report also contains information on the company's Social Responsibilities and Human Resources activities. This report has been prepared in line with the Capital Market Authority's Corporate Governance Regulations in terms of social responsibility and human resources operations.

On this occasion, we congratulate our esteemed shareholders and also the company's staff on the company's stock market listing on 11/08/1443 equivalent to 14/03/2022, which confirms the company's standing as well as its capacity to compete and aim to be the leader in its sector within the Saudi market.

I also further express my thanks and gratitude to my colleagues on the Board of Directors, Executive management, and the company's staff for their contributions and efforts in implementing the company's business plan. I also want to express my gratitude to our shareholders for their trust and support, which motivate us to put in even more effort and hard work to improve the company's position in the Kingdom of Saudi Arabia.

The Board of Directors affirm its commitment to carrying out its responsibilities and achieving the company's and shareholders' common interests, In line with the Kingdom's Vision 2030 and prays to Almighty God to protect our country's King and leader, the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, and his trusted Crown Prince, HRH Prince Muhammad bin Salman bin Abdulaziz, and to guide our government to do what is best for the country and its citizens.

SAMIR M. ABDUHADI

Chairman of the Board of Directors





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About company

Incorporation:

Al-Dawaa Medical Services Company is a closed Saudi joint stock company transformed by Ministerial Resolution No. 361 dated 10/27/1442 (corresponding to 08/06/2021), registered in the Commercial Register No. 2051025701 dated 23/09/1422 AH (corresponding to 12/08/2001) issued from the city of Al-Khobar in the Kingdom, and its registered address is P.O. 4326, Al-Khobar City, 31952. The march of Al-Dawaa pharmacies started in 1993 in the city of Al-Khobar, and today it has expanded to include the Al-Dawaa pharmacies network, which includes nearly (900) pharmacies spread in various regions of the Kingdom. The company is one of the largest leading companies in the Kingdom in the sector of selling medicines and preparations Retail medical, where its main objective is to provide the best health services to the local market in line with the aspirations of Vision 2030

Company message:

The company's mission is to build a leading multi-channel pharmacy chain based on a model infrastructure supported by the latest technologies and equipment, under the supervision and management of professional competencies with proven experience, to provide value products, services, and consulting that meet international standards in order to improve the quality of life and achieve the Kingdom's vision of vibrant societies.

Vision:

The company's mission is to be the company leader in the pharmacy network and to provide the finest services and goods to consumers in the Kingdom.

Strategy:

The group adopted its strategy in order to implement its vision, mission and strategic axes mentioned above, as follows:

- ❖ Strategic alignment of the business, including developing a differentiated competitive advantage and supporting a marketing communications strategy.
- ❖ Increasing the company's market share through multiple communication channels, enhancing digital transformation, and raising the efficiency of supply chains.
- ❖ Increase return on Relationships and leverage the value driver from existing business partners and strategic partnerships.
- ❖ Maintain the company's distinct competitive advantages by ensuring the efficiency of the work team and the management team.

The main activity:

- ❖ Retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores and pharmaceutical sales agents. and wholesale of pharmaceutical goods. And trade in special and healthy foods. and pharmacy activities. and drug store activities. And retail sale of medical devices, equipment and supplies. Providing delivery services via electronic platforms and providing marketing services on behalf of others.





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Al-Dawaa Pharmacies

The company has established a network of pharmacies in the Kingdom that includes nearly 900 branches distributed throughout the Kingdom. The following is the chronology of the establishment and opening of pharmacies.

- 1993- Journey is started by Mr. Mohamed Alfarraj
- 1994- Opening the first pharmacy in khobar
- 2000- Opening the first branch in Jubail.
- 2004 - Expansion the operations with regional offices.
- 2005- Opening the branch no 100 in Jubail.
- 2010- Opening the branch no 200 in Riyadh.
- 2011- Opening the branch no 300. In khobar
- 2013 - Opening the branch no 400 in Riyadh.
- 2015 - Opening the branch no 500 in Sakaka.
- 2016- Opening the branch no 600 in Jeddah.
- 2017- Opening the branch no 700 in Jeddah.
- 2018- Opening the branch no 800 in Jubail + e commerce platform.
- 2021- Opening the branch no 895 (retail pharmacy) + call center service
- 2025- The company's goal is to reach 1065 pharmacies for retail sale

Pharmacy network

- ❖ Al-Dawaa pharmacies consists of a chain of pharmacies operating in the Kingdom that follows recognized international standards, and its main objective is to provide the best health services to the local market. The march of Al-Dawaa pharmacies started in 1994 in the city of Al-Khobar, and today it has expanded to include a network of over (900) pharmacies in the Kingdom to be closer to its customers. Al-Dawaa pharmacies serve more than 72 million customers per a year and provide more than 27000. of products including medicines, pharmaceuticals and cosmetics.
- ❖ The firm is proud of having, highly qualified pharmacists who are able to give pharmacological advice in order to deliver the greatest and most up-to-date standards of health care to its consumers. From this perspective, the company has developed several program that assist and complement which the work of the pharmacist, focusing on providing unrestricted care to improve the quality of life of its customers, such as the "DAWAOK" program and the FAMILY PROFILE, which includes drug dose monitoring, particularly for those with chronic diseases, and preventing the beneficiary from taking conflicting medications at the same time.

Geographical distribution

- ❖ In an effort to be the closest and the first choice to its customers in preference and location, the company has opened over (900) pharmacies spread in various regions of the Kingdom by the end of 2021

Region	The number of pharmacies as on December 31, 2021
Eastern	372
Central	269
North	120
Western	81
Southern	58
Total	900





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Al-Dawaa Pharmaceutical Products

- ❖ The company selects the finest products from the best partnerships to display them in Al-Dawaa pharmacies. The company is proud of its strategic business partnerships that it has established with international names and high-quality brands from around the world, and other products that meet the highest international quality standards.
- ❖ The products offered by the company through Al-Dawaa pharmacies include medicines and treatments licensed in the Kingdom, medicines for colds, coughs, allergies, stomach and colon medicines, dermatological medicines, medicines, nutritional supplements, vitamins, health food products, nutritional products for athletes, medical supplies and devices, personal care products and beauty care products.

Services provided by pharmacies

- ❖ The company provides a number of value-added services to its clients, which include a number of clinics and medical consultations.

Primary care clinics

The company started the project of primary care clinics in pharmacies, starting in March 2020. These services consisted of measuring glucose - measuring weight - and body fat - measuring pressure.

Virtual clinics

In line with digital transformation and Vision 2030, to add new dimensions to the provision of health care services through digital channels and using the latest technical means.

Telemedicine

Al-Dawaa pharmacies have begun the process of activating and launching telemedicine, which allows community members to obtain a variety of health services (such as blood pressure, diabetes, cholesterol, and other blood tests) in one location with ease and in a matter of minutes, with the same quality and accuracy as traditional services.

Appointment booking system for services

Al-Dawaa pharmacies have activated the most up-to-date technical systems for booking appointments for clinics, services, and various events, assisting in the organisation of the process of obtaining the service in a simple and clear manner for the customer through the Al-Dawaa pharmacies application and ensuring the appropriate use of various resources.

Seasonal Vaccination Service

Since December 2017, Al-Dawaa pharmacies have been offering seasonal influenza vaccinations in pharmacies across the Kingdom, with all of the necessary equipment and health requirements, and under the supervision of a qualified pharmacist cadre with the highest level of training approved by the Ministry of Health, and Al-Dawaa pharmacies recently launched in March 2021 in partnership with the Ministry of Health. To support and enhance the Kingdom's pioneering role in community service, raise health awareness and community immunity, and continue the Kingdom's efforts to combat the emerging corona virus (Covid-19) at various levels, the Corona Vaccines (Covid-19) vaccination service was first introduced in community pharmacies in several locations in various regions of the Kingdom since the beginning of the crisis as we served more than 120000 (one hundred thousand and twenty doses).





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Medical file

The company maintains an integrated medical file for its clients that includes the client's medical history with the company, which will be linked to the data obtained from the consultations provided through telemedicine and telehealth services. And the medical file (Telehealth) is working. To standardize the health data of the company's customers, allowing the company to provide better and more accurate pharmaceutical and medical services to its customers.

The performance and activities of the company during the fiscal year 2021

1- The company's plans and decisions, structural changes and future expectations.

❖ Structural changes

On 10/14/1442 AH (corresponding to 05/26/2021 AD) Muhammad bin Saad bin Butti Al-Farraj Al-Subaie waived ninety-nine thousand nine hundred and ninety-nine (99,999) a share of the shares registered in his name in the company, which represents 49.995% of the company's capital to Al Mawarid Holding Company,

On 14/10/1442 (corresponding to 26/05/2021 AD), the company's capital was increased from ten million (10,000,000) Saudi riyals to eight hundred and fifty million (850,000,000) Saudi riyals paid in full divided to eighty-five million (85,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share, and the increase of eight hundred and forty million (840,000,000) Saudi riyals was met through

1) Capitalization of the amount of seven hundred and eighty-eight million five hundred thousand (788,500,000) Saudi riyals from the retained earnings account;

2) Transferring an amount of fifty-one million five hundred thousand (51,500,000) Saudi riyals from the account of the proposed capital increase

On 27/10/1442 AH (corresponding to 06/08/2021 AD), and the company was transformed from a limited liability company to a closed joint stock company in the name of « Al-Dawaa Medical Services Company» with a capital of eight hundred and fifty million (850,000,000) Saudi riyals fully paid, divided into eighty-five million (85,000,000) ordinary shares with a fully paid nominal value of ten (10) Saudi riyals per share.

❖ The following is a statement of the shareholders' shares in the capital before the transformation into a closed joint stock company:

Shareholder's name	Number of shares	The value of one share is in Saudi riyals	The total is in Saudi riyals	Share %
PRINCE / TURKI BIN MUHAMMAD BIN FAHD BIN ABDULAZIZ AL SAUD	48,000	50	2,400,000	24.0000%
MR. MOHAMMAD BIN SAAD BIN BUTTI AL-FARRAJ AL-SUBAIE	118,498	50	5,924,900	59.2490%
MR. WALEED BIN MOHAMMAD BIN ABDULLAH AL-JAAFARI	5,000	50	250,000	2.5000%
MRS. HUSSA SAAD BIN BUTTI AL-FARAJ AL-SUBAIE	5,000	50	250,000	2.5000%
MRS. NOUF SAAD BIN BUTTI AL-FARRAJ AL-SUBAIE	5,000	50	250,000	2.5000%
MR. ABDULLAH BIN SAAD BIN BUTTI AL-FARRAJ AL-SUBAIE	18,500	50	925,000	9.2500%
MR. SULTAN BIN MAHDI BIN SHALASH AL-ANZI	1	50	50	0.0005%
MR. ALI BIN SALEM BIN ABOUD AL-QUFAIL	1	50	50	0.0005%
Total	200,000	-	10,000,000	100%

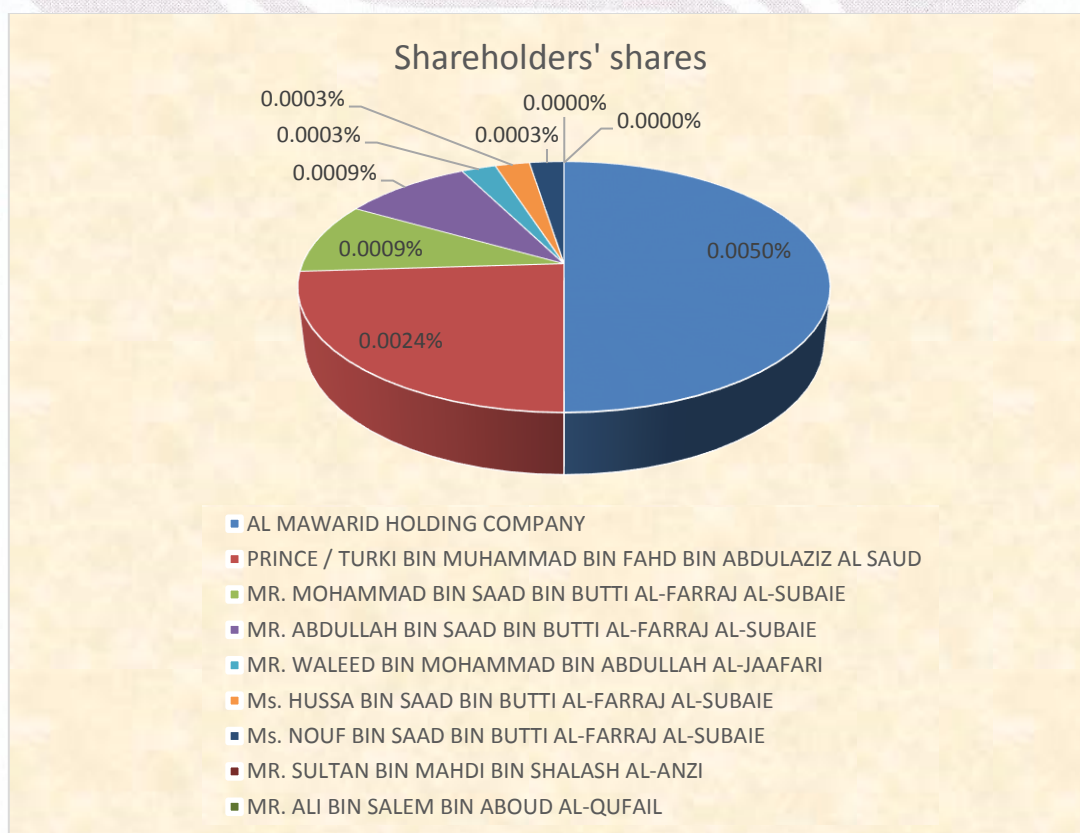


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- ❖ The following is a statement of the shareholders' shares in the capital after the transformation into a closed joint stock company:

Shareholder's name	Number of shares	The value of one share is in Saudi riyals	The total is in Saudi riyals	Share %
AL MAWARID HOLDING COMPANY	42,499,575	10	424,995,750	49.9995%
PRINCE / TURKI BIN MUHAMMAD BIN FAHD BIN ABDULAZIZ AL SAUD	20,400,000	10	204,000,000	24.0000%
MR. MOHAMMAD BIN SAAD BIN BUTTI AL-FARRAJ AL-SUBAIE	7,862,075	10	78,620,750	9.2495%
MR. ABDULLAH BIN SAAD BIN BUTTI AL-FARRAJ AL-SUBAIE	7,862,500	10	78,625,000	9.2500%
MR. WALEED BIN MOHAMMAD BIN ABDULLAH AL-JAAFARI	2,125,000	10	21,250,000	2.5000%
MRS. HUSSA BIN SAAD BIN BUTTI AL-FARRAJ AL-SUBAIE	2,125,000	10	21,250,000	2.5000%
MRS. NOUF BIN SAAD BIN BUTTI AL-FARRAJ AL-SUBAIE	2,125,000	10	21,250,000	2.5000%
MR. SULTAN BIN MAHDI BIN SHALASH AL-ANZI	425	10	4,250	0.0005%
MR. ALI BIN SALEM BIN ABOUD AL-QUFAIL	425	10	4,250	0.0005%
Total	850,000,000	-	85,000,000	100%





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❖ **1-2 The most important achievements in the company's activities during the year 2021**

1. Wassfati program sales expanded, which amounted to about 576 million SR (342.50 million) in year 2020).
2. The automation project has been completed in the main warehouse in Sudair, which cost about 49.5 million Saudi riyals
3. Adopting Al-Dawaa pharmacies as the first community pharmacies to provide the Corona vaccine in its pharmacy, where the number of doses reached 120,000 doses.
4. A number of 90 branches of Al-Dawaa pharmacies were opened in all regions of the Kingdom, where most of the openings were during the last quarter of 2021
5. The inauguration of the new Aldawaa identity and the opening of the first branch in Khobar town the field of providing health services in the Kingdom.

1-3 Future aspirations

- The geographical expansion of the company by opening 60 branches in 2022 in various regions of the Kingdom.
- The opening of the factory in 2023, which represents a major shift for the company towards manufacturing.
- Increasing the space and storage capacity of warehouses is one of the main actions that are taken to meet the expectations and future strategic demand.
- Focus on potential government tenders on blood products and take advantage of the company's advanced logistics infrastructure.
- Working closely with government associations such as the Ministry of Health and partners such as STC on sustainable health projects.
- Activating e-commerce tools and smart expansion of smart applications through digital health platforms

2- The risks that the company faces (operational risks - financing risks - market risks) and their management policy.

Market risk, credit risk, and liquidity risk all affect the company. The risk management is overseen by the company's Executive management. Board of Directors give guidance on financial hazards and the proper framework for controlling the company's financial risks to the company's EXECUTIVE management. The company's executive management has assurance from the Board of Directors that the company's financial risk activities are governed by appropriate policies and procedures, and that financial risks are identified, measured, managed, and reviewed in accordance with the company's policies and risk management objectives.

- ❖ **Market risk:** Market risk is the fluctuation in the fair value of a financial instrument or its future cash flows as a result of changes in market prices. Market risk consists of three types of risk: interest rate risk, currency risk and other price risk such as equity price risk. Short-term loans, accounts payable and equity investments are among the financial instruments affected by market risks.
- ❖ **Interest rate risk:** The interest rate risk is the fluctuation in the fair value of a financial instrument or its cash flows as a result of changes in market interest rates. The risks of changes in market interest rates to which the company is exposed mainly relate to the company's own loans, which expose it to the risk of cash flow interest rates.
- ❖ **Foreign currency risk:** Foreign currency risk is the fluctuation in the fair value of the risk or its future cash flows as a result of changes in foreign exchange rates. The risks of changes in foreign exchange rates to which the company is exposed mainly relate to the operating activities of the company (when the revenues or expenses are recorded in a foreign currency). The company did not conduct significant transactions in currencies other than the Saudi riyal





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and the US dollar. Since the exchange rate of the Saudi riyal is fixed against the US dollar, balances in US dollars do not pose a significant currency risk. With regard to other monetary assets and liabilities denominated in foreign currencies, the company ensures that its net risk is fixed at an acceptable level by buying or selling foreign currencies at spot rates when necessary in order to address short-term imbalances.

- ❖ **Equity price risk:** The Company's listed equity investments are exposed to market price risk arising from uncertainty about the future values of the investment securities. The Company manages equity price risk through diversification of investments and setting limits on individual and aggregate equity instruments. Reports are submitted periodically on the stock portfolio to the company's senior management. The company's board of directors reviews and approves all stock investment decisions.
- ❖ **Credit risk:** Credit risk is the failure of a party to fulfill its obligations under a financial instrument or customer contract, resulting in a financial loss. The Company is exposed to credit risks arising from its operating activities (which are mainly represented in accounts receivable).
- ❖ **Liquidity risk:** The company's liquidity risk represents difficulty in raising funds to meet its obligations associated with financial instruments. Liquidity risk may arise from the inability to sell financial assets quickly at an amount close to their fair value. The company manages liquidity risk by monitoring working capital requirements and cash flows regularly and requesting the support of partners, when needed, and ensuring that it always has sufficient cash to meet its obligations when they fall due, under normal and difficult circumstances, without incurring unacceptable losses or being exposed to risks that damage the company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operating expenses, including servicing financial obligations, and this does not include the potential impact of difficult circumstances that cannot be reasonably predicted such as natural disasters.

3-1- The company's business results for the years from 2017 to 2021

Item	2017	2018	2019	2020	2021
	The numbers are in thousands of Saudi riyals				
Revenues	3,375,626	3,797,197	3,962,427	4,962,077	5,034,382
Cost of revenues	(2,064,643)	(2,318,516)	(2,375,472)	(3,080,817)	(3,139,978)
Gross profit	1,310,983	1,478,682	1,586,955	1,881,260	1,894,404
Selling and distribution expenses	(1,039,336)	(1,092,568)	(1,195,854)	(1,381,235)	(1,510,096)
General and administrative expenses	(70,538)	(92,588)	(95,183)	(107,123)	(118,060)
operating profit	201,109	293,525	295,918	392,902	266,248
Fair value gain/(loss) on derivative swap liabilities	991	(5,661)	(15,647)	(94,948)	63,422
Financing costs - other	(67,917)	(67,195)	(65,894)	(60,269)	(82,771)
Other (expenses) /income, net	9,034	8,971	29,598	23,408	(880)
Profit before zakat	143,217	229,640	243,975	261,094	246,018
Zakat	(22,321)	(1,310)	(10,771)	(14,658)	(6,873)
Net profit	120,896	228,331	233,204	246,435	239,145

Please note that the numbers shown in the tables of this section are in Saudi riyals and are shown in thousands. Therefore, calculating the numbers in the tables may not give an exact match with the sum numbers in the tables.

Basic and diluted earnings per share for the year	12,090	22,833	1,166	1,232	2.81
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The difference in annual earnings per share is due to the average number of shares at the end of each fiscal year

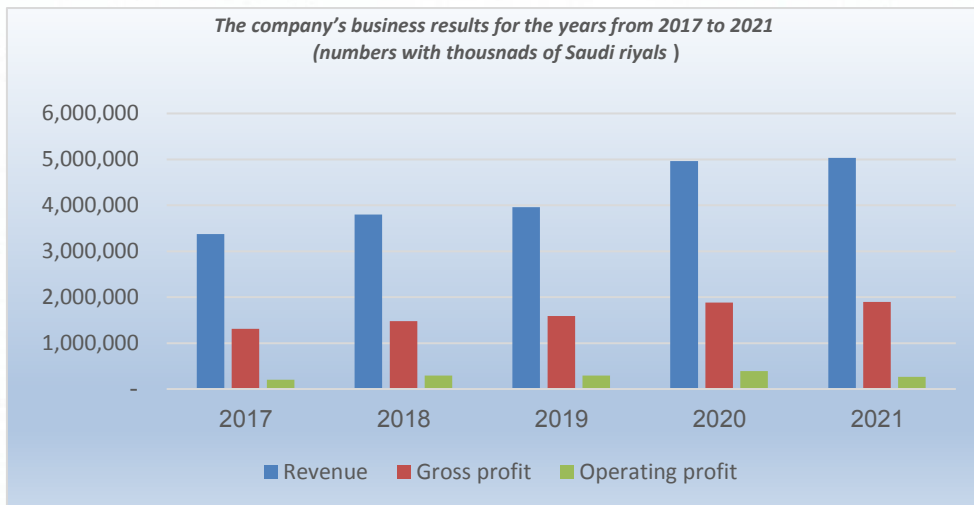




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The company's business results for the years from 2017 to 2021





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3-2 Results for the years 2017 to 2021

Comprehensive income statement

Years	2017	2018	2019	2020	2021
Net profit	120,896	228,331	233,204	246,435	239,145
Other comprehensive income					
Other comprehensive income that is not intended to be reclassified to profit or loss in subsequent periods:					
Remeasurement gains on employees' defined benefit liabilities	(93)	4,055	4,506	3,157	292
Fair value (loss) / gain on equity instruments designated at FVOCI	-	-	7,443	44,866	(11,746)
Other comprehensive income for the year	(93)	4,055	11,949	48,023	(11,455)
Total comprehensive income	120,803	232,386	245,152	294,458	227,690

Please note that the numbers shown in the tables of this section are in Saudi riyals and are shown in thousands. Therefore, calculating the numbers in the tables may not give an exact match with the sum numbers in the tables

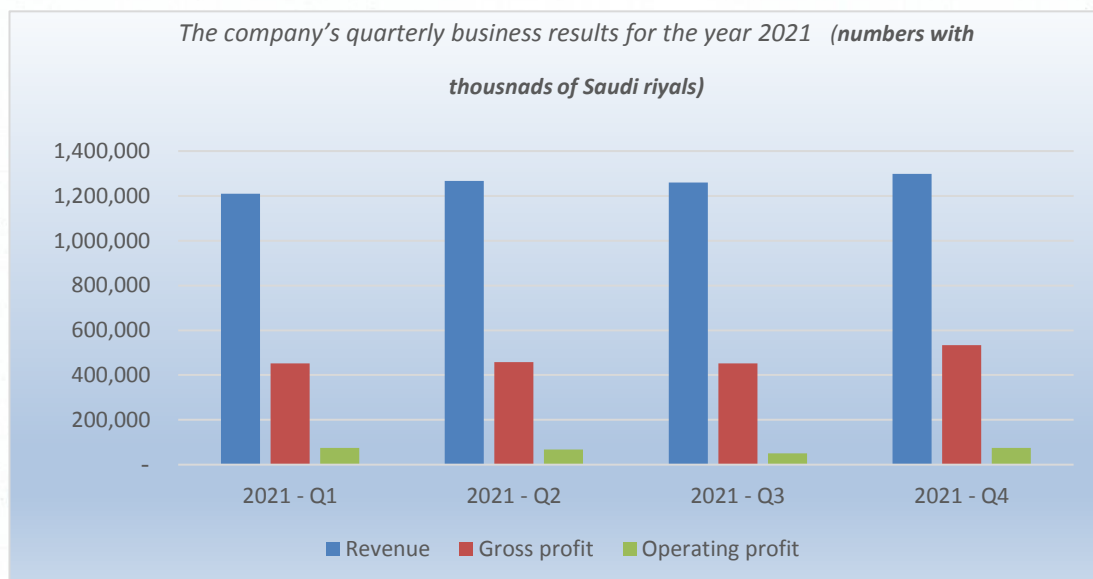
3-3- The company's quarterly business results during 2021

Item	First Quarter 2021	Second Quarter 2021	Third quarter 2021	fourth quarter 2021	Total 2021
The numbers are in thousands of Saudi riyals					
Revenues	1,209,715	1,266,768	1,259,558	1,298,341	5,034,382
Cost of revenues	(757,758)	(808,790)	(808,172)	(765,257)	(3,139,978)
Gross profit	451,956	457,977	451,386	533,084	1,894,404
Selling and distribution expenses	(351,534)	(354,379)	(364,681)	(439,503)	(1,510,096)
General and administrative expenses	(26,072)	(36,686)	(35,898)	(19,403)	(118,060)
operating profit	74,351	66,911	50,807	74,178	266,248
Fair value gain/(loss) on derivative swap liabilities	21,490	5,841	9,852	26,239	63,422
Financing costs - other	(15,980)	(18,873)	(20,844)	(27,074)	(82,771)
Other (expenses) /income, net	1,976	2,560	979	(6,395)	(880)
Profit before zakat	81,837	56,439	40,794	66,948	246,018
Zakat	(3,000)	(3,500)	(2,500)	2,127	(6,873)
Net profit	78,837	52,939	38,294	69,075	239,145
There is no fundamental change between the net profit for the years 2020-2021, as there was an increase in revenues offset by an increase in expenses during the year 2021					

Please note that the numbers shown in the tables of this section are in Saudi riyals and are shown in thousands. Therefore, calculating the numbers in the tables may not give an exact match with the sum numbers in the tables



2- The company's quarterly business results for the year 2021 – (continued)

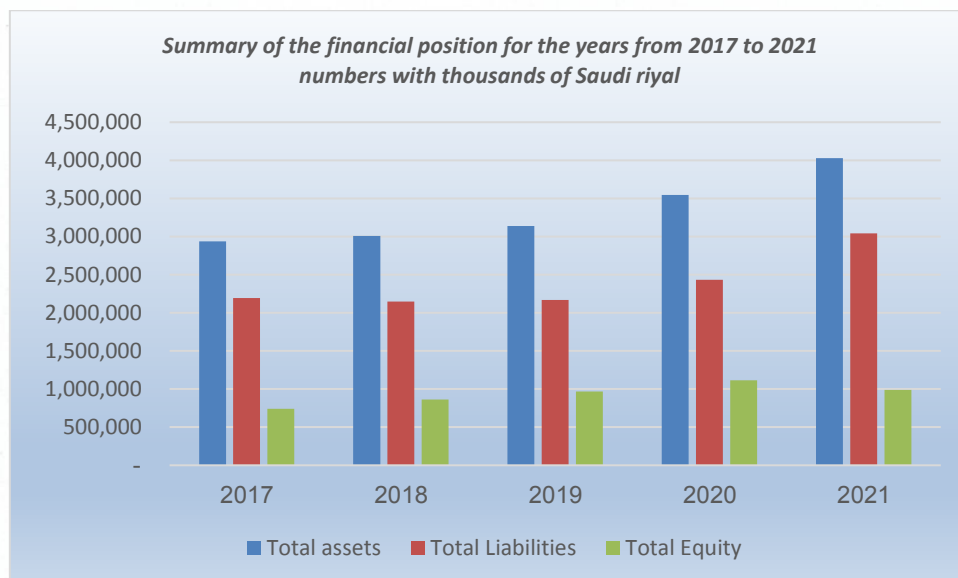


3-4 - the financial position for the years from 2017 to 2021

Item	2017	2018	2019	2020	2021
The numbers are in thousands of Saudi riyaIs					
Assets					
Total non-current assets	1,415,751	1,359,935	1,442,544	1,651,018	2,155,690
Total current assets	1,521,099	1,649,120	1,696,602	1,893,498	1,875,369
Total assets	2,936,850	3,009,055	3,139,147	3,544,516	4,031,060
Liabilities and Equity					
Capital	10,000	10,000	10,000	10,000	850,000
Proposed increase in capital	51,500	51,500	51,500	51,500	-
Statuary reserve	5,000	5,000	5,000	5,000	28,914
Retained earnings	675,334	796,719	895,429	994,021	71,158
Fair value reserve of equity instruments designated at fair value through other comprehensive income	-	-	7,443	52,309	39,114
Total Equity	741,834	863,219	969,372	1,112,830	989,186
Liabilities					
Total non-current liabilities	722,575	661,899	650,123	680,083	937,655
Total current liabilities	1,472,442	1,483,936	1,519,652	1,751,603	2,104,219
Total Liabilities	2,195,017	2,145,835	2,169,775	2,431,686	3,041,874
Total Liabilities and Equity	2,936,850	3,009,055	3,139,147	3,544,516	4,031,060

Please note that the numbers shown in the tables of this section are in Saudi riyaIs and are shown in thousands. Therefore, calculating the numbers in the tables may not give an exact match with the sum numbers in the tables.

Summary of the financial position for the years from 2017 to 2021 - (continued)



5-3 - Summary of the quarterly financial position during the year 2021

Item	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
The numbers are in thousands of Saudi riyals				
Assets				
Total non-current assets	1,743,537	1,931,794	2,032,882	2,155,690
Total current assets	2,012,690	1,795,197	1,919,523	1,875,369
Total assets	3,756,227	3,726,991	3,952,405	4,031,060
Liabilities and Equity				
Capital	10,000	850,000	850,000	850,000
Proposed increase in capital	840,000	-	-	-
Statutory reserve	5,000	5,000	5,000	28,914
Retained earnings	249,615	257,797	124,849	71,158
Fair value reserve of equity instruments designated at fair value through other comprehensive income	62,931	140,504	79,430	39,114
Total Equity	1,167,547	1,253,302	1,059,279	989,186
Liabilities				
Total non-current liabilities	739,356	805,598	918,138	937,655
Total current liabilities	1,849,324	1,668,092	1,974,988	2,104,219
Total Liabilities	2,588,680	2,473,690	2,893,127	3,041,874
Total Liabilities and Equity	3,756,227	3,726,991	3,952,405	4,031,060

Please note that the numbers shown in the tables of this section are in Saudi riyals and are shown in thousands. Therefore, calculating the numbers in the tables may not give an exact match with the sum numbers in the tables.



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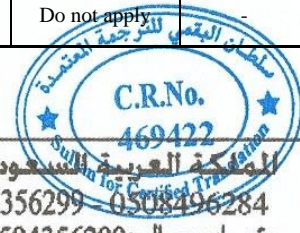
4- Changes in operational results compared to the year 2021-2020

Description	2021	2020	Change value	% changes	Reasons for changes
	The numbers are in thousands of Saudi riyals				
Revenues	5,034,382	4,962,077	72,305	1.5%	The increase in the sales of Wassati program and insurance companies.
Cost of revenues	(3,139,978)	(3,080,817)	(59,161)	1.9%	The percentage of increase in the cost of revenues is in line with the increase in the percentage of revenues during the year
Gross profit	1,894,404	1,881,260	13,144	0.7%	
Selling and distribution expenses	(1,510,096)	(1,381,235)	(128,861)	9.3%	The increase is due to the appointment and training of pharmacists and employees during the year to cover the plan of opening new branches.
General and administrative expenses	(118,060)	(107,123)	(10,937)	10.2%	There are no significant changes between the two years
operating profit	266,248	392,902	(126,654)	-32.2%	Decrease in operating profit as a result of the aforementioned increase in selling and distribution expenses
Fair value gain/(loss) on derivative swap liabilities	63,422	(94,948)	158,370	-166.8%	The increase in the interest rate in 2021 compared to 2020 led to an increase in the valuation of swap contracts derivatives
Financing costs - other	(82,771)	(60,269)	(22,503)	37.3%	The increase in financing costs as a result of the increase in loans used to cover working capital and other obligations
Other (expenses) /income, net	(880)	23,408	(24,289)	-103.8%	Most of the decrease in the profits made for swap contracts and the increase in currency valuation rates
Profit before zakat	246,018	261,094	(15,076)	-5.8%	
Zakat	(6,873)	(14,658)	7,786	-53.1%	Changes in equity and the increase in assets led to a decrease in the calculation of zakat for the year 2021
Net profit	239,145	246,435	(7,290)		There was not any significant change in the net profit between the years 2021 and 2020

Please note that the figures shown in the tables for this section are in Saudi Riyals, unless otherwise stated, and the percentages are rounded to the nearest decimal number. Therefore, calculating the percentage rise/decrease using the numbers in the tables (shown in thousands) may not give a match Exactly with the percentages mentioned in the tables.

5- Summary of the movement of credit facilities granted to the company during the year 2021

Item	Saudi National Bank	Al Rajhi Bank	SABB Bank	Gulf International Bank	Alinma bank	NBD Bank	Banque Saudi Fransi	Samba Financial Group	Total
	The numbers are in thousands of Saudi riyals								
Short Term Facility Limit	400,000	300,000	250,000	248,750	250,000	100,000	200,000	-	1,748,750
Term of short-term loans - days	up to 180	up to 270	up to 180	up to 180	up to 180	up to 180	up to 180	up to 180	-
Balance of short-term loans on 31-12-2020	190,000	225,000	20,000	75,000	145,000	75,000	70,000	50,000	850,000
User during 2021	458,000	588,000	269,000	220,000	488,000	108,000	252,000	-	2,383,000
Payable during 2021	388,000	623,000	140,000	210,000	403,000	127,000	192,000	50,000	2,133,000
Balance of short-term loans on 31-12-2021	260,000	190,000	149,000	85,000	230,000	56,000	130,000	-	1,100,000
Facilities Expiry	2022/12/31	2022/04/20	2022/08/31	2022/07/22	2022/02/28	2022/08/01	2022/08/01	Do not apply	-
Guarantees	Promissory Note	Promissory Note	Promissory Note	Promissory Note	Promissory Note	Promissory Note	Promissory Note	Do not apply	-



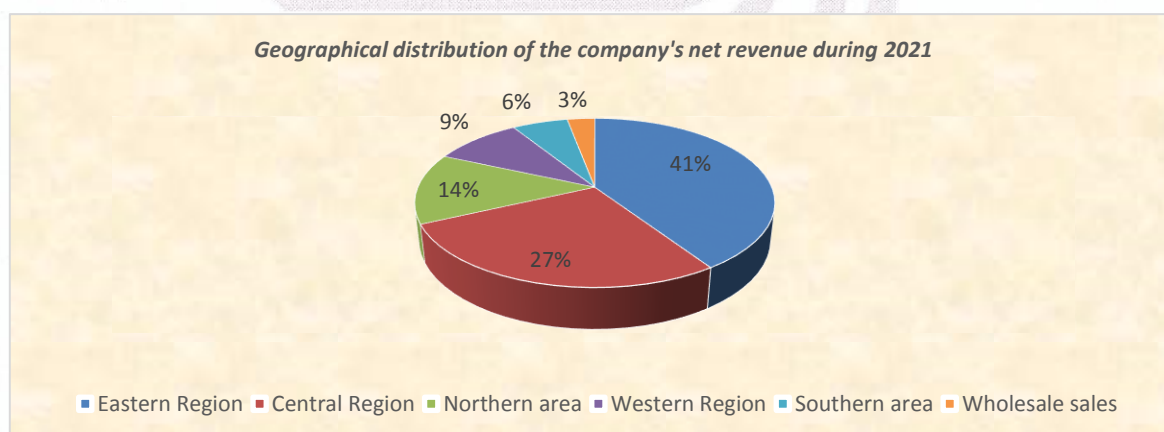
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6- Regular payments made and due to pay any zakat, taxes, fees, or any other entitlements that have not been paid until the end of 2021

Item	Paid	Due until the end of the financial period	Brief description	Reasons
	Numbers with thousands of Saudi riyals			
Zakat	13,138	13,991	Zakat on income	Mandatory
Value added tax	47,152	28,939	Tax	Mandatory
General Organization for Social Insurance	30,941	3,998	Subscriptions	Mandatory
Government payments	17,915	-	Subscriptions, licenses, renewals, visa fees and endorsements	Mandatory

7- Geographical distribution of the company's net revenue during 2021

Regions	Net revenue	Sales percentage
	The numbers are in thousands of Saudi riya	%
Eastern Region	2,047,271	41%
Central Region	1,381,426	27%
Northern area	682,087	14%
Western Region	475,304	9%
Southern area	299,901	6%
Wholesale sales	148,393	3%
Total	5,034,382	100%



8- A description of the main types of activity of the company and its subsidiaries. If two or more types of activity are described, a statement must be attached to each activity and its impact on the company's business volume and its contribution to results.

- ❖ The company operates in one activity which is (retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores and agents selling in medicines. Wholesale of pharmaceutical goods. Trading of special and health foods. Pharmacies activities. Pharmaceutical warehouse activities. Retail sale of devices and equipment Providing delivery services via electronic platforms and providing marketing services on behalf of others.



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9- A statement of the value of investments or reserves established for the benefit of the company's employees.

- ❖ There are no investments created for the benefit of the company's employees

10- Details of the shares and debt instruments issued for each subsidiary company.

- There are no debt instruments issued for each subsidiary company.

11- A statement of any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants.

- There is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants.

12- A description of any interest in the class of voting shares belonging to persons (other than the members of the company's board of directors, senior executives and their relatives who informed the company of those rights under Article seven and years of the rules on the offering of securities and continuing obligations, and any change in those rights during the last fiscal year

- There is no interest in the class of shares.

13- A description of the categories and numbers of any convertible debt instruments and any contractual securities, memoranda of depression or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation obtained by the company in exchange for that.

- There are no convertible debt instruments, no contractual securities or memorandums of right-of-depression

14 - A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company

- There are no transfer or subscription rights under debt instruments.

15- A description of any redemption, purchase or cancellation by the company of any redeemable debt instruments, and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.

- There is no refund, purchase or cancellation by the company of any recoverable debt instruments.

16- A description of any interest, contractual securities and subscription rights belonging to the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the last fiscal year.

- There is no interest, contractual securities or subscription rights.





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16 The company's policy in distributing dividends

First - Dividends from ordinary shares:

The company's annual net profits are distributed according to the following:

1. (10%) of the net profits shall be set aside to form a statutory reserve for the company, and the Ordinary General Assembly may discontinue this deduction when the said reserve reaches (30%) of the paid-up capital.
2. The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside a certain percentage of the net profits to form a consensual reserve and allocate it for a specific purpose or purposes.
3. The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct sums from the net profits for the establishment of social institutions for the company's employees or to assist the existing such institutions.
4. After that, a percentage of no less than 3% of the paid-up capital shall be distributed to the shareholders.
5. The remuneration of the Board of Directors shall be paid in accordance with the provisions stipulated in Article Twenty-Three of the Bylaw and Article Seventy Six of the Companies Law.
6. The rest is then distributed to the shareholders as an additional share of the profits.
7. When proposing the distribution of profits, the Board of Directors shall take into account the following factors:
 - A. The amount of distributable net profit.
 - B. Amount of retained earnings, consensual reserve and other reserves.
 - C. The amount of cash available.
 - D. The amount of cash the company needs to fund commitments, expansion plans, and future investments.
1. The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis after meeting the statutory requirements.
2. Profits are distributed through the banks according to agreements concluded by the executive management with the banks.

Second: Preferred Stock Dividends:

8. Without prejudice to what is stated in Paragraph (A) of this Article, the dividends for Preferred Shares shall be distributed according to the following:
9. In the event that no dividends are distributed for any financial year, no dividends may be distributed for the following years except after paying the percentage specified in accordance with the provisions of Article 114 of the Companies Law for Preferred Shareholders for that year.
10. If the company fails to pay the specified percentage in accordance with the provisions of Article one hundred and fourteen of the Companies Law for a period of three consecutive years, the Special Assembly of the owners of these shares, convened in accordance with the provisions of Article 89 of the Companies Law, may decide either that they attend the meetings of the Assembly The company's general assembly and participation in voting, or appointing their representatives to the board of directors in proportion to the value of their shares in the capital, until the company is able to pay all the priority dividends allocated to the owners of these shares for the previous years.





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17. Names of affiliate companies

The names of the subsidiaries, their activities, their capital, the percentage of the company's ownership therein, the country where their operations are principally located, and the country where they are incorporated. The company has five (5) subsidiaries, and the following table shows the details of the subsidiaries and the company's ownership in them

SN	Subsidiaries	Country of incorporation	Company ownership percentage	Other partners (if any)	Activity	Capital
1	Al Dawaa Medical Services Company - Dubai	UAE	%100	N/A	Marketing activities	One hundred thousand (100,000) UAE dirhams
2	Glanzin Free Zone Company (L.L.C),	UAE	%100	50% for Runzac Company - 50% for Hollins Company	Marketing activities and health care management consulting activities	One hundred thousand (100,000) UAE dirhams
3	The first advanced factory company for the manufacture of medical devices, single-person medical devices	KSA	%100	N/A	Manufacture of single-use medical products and consumables, manufacture of medical examination tables and surgical furniture, manufacture of beds with mechanical motion additives, manufacture of medical thermometers, manufacture of respirators and medical anesthesia	And the amount of five hundred thousand (500,000) Saudi riyals
4	Hollins GmbH	Germany	%100	N/A	Granting marketing licenses for pharmaceutical products, consumer goods and food products	Twenty-five thousand (25,000) euros
5	Ronzac GmbH	Germany	%100	N/A	Granting marketing licenses for pharmaceutical products, consumer goods and food products	Twenty-five thousand (25,000) euros

18- Social responsibility and strategic partnerships

The company's sense of social responsibility stems from its interest in life. Since its establishment, Al-Dawaa has been keen to make community service one of its pillars And its interest by devoting our scientific and professional expertise to support health, community and other activities in our country Dear, in line with Vision 2030 In support of the development process in the Kingdom, we have endeavored to draw up an ambitious strategic plan

It is based on several pillars, the most important of which are: health care, social and community development, and concern for the environment in addition to our participation

Continuing in community initiatives and health campaigns with many government agencies and charities such as the Ministry of Health

The Ministry of Human Resources and Social Development and others, and we have taken many initiatives with the aim of promoting the concept of responsibility community and volunteering among our employees by involving them in initiatives and programmes. We also always seek to establish new and effective partnerships, take advantage of the points of convergence with our strategic partners, and unify efforts to raise awareness and benefit from resources and expertise. With the government or private and non-profit sectors and keep pace with changes rapid in various fields and harnessed to create a conscious society.





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The achievements

We made many achievements in 2021,

- 1- one of the most important was Adopting Al-Dawaa pharmacies as the first pharmacies that contributed to providing the Corona vaccine in cooperation with the Ministry of Health.
- 2- The start of the Tawakkalna application with the health of Medina and the health of the Eastern Province.
- 3- A campaign (relying on you) to raise awareness of the importance of adhering to the precautionary measures in cooperation with the Ministry of Health.
- 4- The first pharmacy to activate the “Know Your Numbers” campaign with the Ministry of Health, which aims to raise awareness of the importance of continuous detection of sugar levels, blood pressure and body weight for a better healthy life.
- 5- Al-Dawaa pharmacies are always interested in educating the community about health, as global health days are activated annually in pharmacies, schools, universities and governmental and private facilities.

What was contributed in the year 2021 amounted to (1,885,574) million eight hundred and eighty-five thousand five hundred and seventy-four riya

19 – Description of Business, contracts and interests of board members and senior executives 2021

19-1 - Business, contracts and interests of board members and senior executives 2021





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1- Board members and senior executives

Board members of Al-Dawaa Medical Services Company	Company / Stakeholder	Relationship topic	The volume of transactions during the year / in thousands of Saudi riyals	Reasons / related party
Mr. / Walid Mohammed Al-Jaafari Mr. / Mohamed Saad Butti Al-Farraj Mr. / Samir Mahmoud Abdel Hadi Mr. / Hamad Mubarak Al-Hudhaili	Digital Business Systems for Information Technology.	Service and Support Agreement with Digital Business Systems Company for Information Technology Information technology support services, technical support for help desk, networking, collaboration, security, data center management, managed services and Internet applications	66,804	Since the members of the Board of Directors, Mr. Walid Muhammad Al-Jaafari and Mr. Muhammad Saad Butti Al-Farraj are partners in the business systems for information technology, and they have an indirect interest without preferential benefits And since the Chairman of the Board, Mr. Samir Mahmoud Abdel-Hadi, and Mr. Member, Mr. Hamad bin Muhammad Al-Hudhaili, have an indirect interest in the Mawarid investment. (She is a major shareholder in the company) She has a percentage of ownership in the Trading Mawarid Company and they have an indirect interest without preferential benefits.
Mr. / Walid Mohammed Al-Jaafari Mr. / Mohamed Saad Butti Al-Farraj	Mishraf Contracting Company	Contract agreements with the Mishraf Company, which provides mechanical and electrical services in relation to the company's pharmacies. The company entered into agreements with Mishraf Contracting Company.	158,636	Since the members of the Board of Directors, Mr. Walid Muhammad Al-Jaafari and Mr. Muhammad Saad Butti Al-Farraj are partners in the Mishraf Contracting Company, they have an indirect interest without preferential benefits
Mr. / Muhammad Saad Butti Al-Farraj, number of 2 senior executives, they are Mr. / Fahad Abdullah Al-Farraj and Mr. / Turki Abdullah Al-Farraj	Zahwa Company	An agreement to develop commercial and marketing work with Zahwa Commercial Services Company, which supplies its products to the company, and the company markets and displays Zahwa commercial products through its pharmacies.	7,310	Since the member of the Board of Directors, Mr. Muhammad Saad Butti Al-Farraj, and 2 senior executives, Mr. Fahd Abdullah Al-Farraj and Mr. Turki Abdullah Al-Farraj have an interest in Zahwa Commercial Services Company and they have an indirect interest without preferential benefits
Mr. / Waleed Mohammed Al-Jaafari	Walaa Insurance Company	Insurance policies with Walaa Insurance Company	7,744	Since the member of the board of directors, Mr. Waleed Muhammad Al-Jaafari, is a member of the board of directors in Walaa Insurance Company. He has an indirect interest without preferential advantages
Mr. / Mohamed Saad Butti Al-Farraj	Mrs Nouf Saad Al-Faraj	Lease contract for the drug company's office building in the northern district of Al-Khobar from Nouf Saad Butti Al-Faraj Al-Subaie on 15/01/1431	200	Given that the lessor, Nouf Saad Butti Al-Faraj Al-Subaie, is a relative of the member of the Board of Directors, Mr. Muhammad Saad Butti Al-Farraj, and that the contracts were made in a normal manner without preferential benefits.
Mr. / Mohamed Saad Butti Al-Farraj Mr. / Walid Mohammed Al-Jaafari Mr. / Ibrahim Salem Al-Ruwais	Eastern Cement Company	Lease contract for administrative offices for drug employees with Eastern Province Cement Company	3,520	Since the members of the Board of Directors, Mr. Muhammad Saad Butti Al-Farraj, Mr. Waleed Muhammad Al-Jaafari, and Mr. Ibrahim Salem Al-Ruwais occupy the position of board members in the Eastern Province Cement Company, and they have an indirect interest without preferential benefits
Mr. / Walid Mohammed Al-Jaafari	Classic Agency	Classic Travel and Tourism Agency provides the company with reservations for airline tickets and hotels inside and outside the Kingdom.	27,504	Since the member of the Board of Directors, Mr. Walid Muhammad Al-Jaafari, is the General Manager of Classic Travel and Tourism Agency. He has an indirect interest without preferential advantages
Mr. / Mohamed Saad Butti Al-Farraj	966 Establishment	The company has concluded and 966 facilities, so that 966 facilities provide the company with a number of services in connection with the operation of the company's business.	6,691	Since 966 establishments are owned by Mr. Mohamed Saad Butti Al-Farraj and he has an indirect interest without preferential benefits
Mr. / Mohamed Saad Butti Al-Farraj	Najm Suhail - Advertising Agency	Sohail Star Advertising Agency, where Sohail Star provides the company with various equipment necessary to operate the company's pharmacies, including wooden and glass panels, counter tables and cashier tables.	2,651	Since the member of the Board of Directors, Mr. Muhammad Saad Butti Al-Farraj, has an indirect interest in Suhail Najm. Because the owner of Najm Suhail Agency is a relative of Mr. Muhammad Al-Farraj. He has an indirect interest without preferential advantages
Mr. / Samir Mahmoud Abdel Hadi Mr. / Hamad bin Mohammed Al-Hudhaili	MAWARID CO.	The company entered into an agreement with the Trade Resources Company on a date so that the Trade Resources Company will supply its products to the company and the company will market and display the products of the Trade Resources Company through its pharmacies.	4,043	Since the Chairman of the Board, Mr. Samir Mahmoud Abdel-Hadi, and the member of the Board of Directors, Mr. Hamad bin Muhammad Al-Hudhaili, have an indirect interest in the holdings. (She is one of the major shareholders in the company) and has a percentage of ownership in the Mawarid Company and they have an indirect interest without preferential benefits
Mr. / Mohamed Saad Butti Al-Farraj	Kanaf Charitable Society	The company entered into a charitable services agreement with the Kanaf Charitable Association, whereby the company assists the Kanaf Charitable Association in collecting donations through all of the company's pharmacies. The company is obligated to pay all amounts owed to the Kanaf Charitable Association every three Gregorian months. A transfer issued in the name of the Kanaf Charitable Association.	129	The charitable services agreement concluded with the Kanaf Charitable Association is concluded with a related party, since the member of the board of directors, Mr. / Mohamed Saad Butti Al-Farraj, is the chairman of the board of directors of the association. He has an indirect interest.

Please note that the numbers shown in the tables of this section are in Saudi riyals and are shown in thousands. Therefore, calculating the numbers in the tables may not give an exact match with the sum numbers in the tables.





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19-2- Dealings and interests with subsidiaries.

Related party	Subject	Reasons / related party
The Hollins Company and the Runzac Company / Agency Contracts with the Hollins Company and the Runzac Company	The company entered into an agency contract with both Hollins and Ronzac, according to which the company acts as an agent for both Hollins and Ronzac in the countries of the Gulf Cooperation Council, Algeria, Morocco, Libya, Tunisia, Egypt, Syria, Yemen, Lebanon, Jordan, the European Union, Kenya, Nigeria, South Africa, the United States and Canada. Contracts are transactions with related parties because they are entered into with the company's subsidiaries according to the definition of related parties.	Because the company is 100% owned by the aldawaa
The Hollins & Runzac Company / Manufacturing Contracts with The Hollins and Runzac Company	The company entered into a number of manufacturing contracts with Hollins, Ronzac and a number of manufacturers, according to which the company has the right to use the trademarks of Hollins and Ronzac in the Kingdom and abroad. In accordance with these agreements, the manufacturer manufactures products for the Company under the Hollins and Ronzac trademarks. These contracts constitute related party transactions because they are entered into with the Company's subsidiaries as defined by related parties.	Because the company is 100% owned by the aldawaa

19-3 - Dealings with major shareholders

Related party	Subject	Contract value	Reasons / related party
Agreement with the Chemical Company for Commercial Investment	The company entered into an agreement to develop commercial and marketing work with the Chemical Company for Commercial Investment on 17/05/1442 AH (corresponding to 01/01/2021 AD), so that the Chemical Company for Commercial Investment supplies its products to the company, and the company markets and displays the company's chemical products for commercial investment through its pharmacies. The term of the agreement starts from its date and ends on 05/27/1443 (corresponding to 12/31/2021). The Company is obligated to pay any amounts owed to the Chemical Company for Commercial Investment in accordance with the purchase orders issued between the two parties.	The total value of the concluded transactions amounted to 8,237 SR	The agreement to develop commercial and marketing work concluded with the Chemical Company for Commercial Investment is concluded with a related party because Al-Mawarid Holding Company (which is one of the company's major shareholders) has a percentage of ownership in the Chemical Company for Commercial Investment
Agreement with SITCO	The company entered into an agreement to develop commercial and marketing work with the Saudi International Trading Company Ltd. (hereinafter referred to as "SITCO Company") on 17/05/1442 AH (corresponding to 01/01/2021AD), so that SITCO supplies its products to the company and the company markets Displaying SITCO's products through its pharmacies. The term of the agreement starts from its date and ends on 18/06/1445 AH (corresponding to 12/31/2023AD). The company is obligated to pay any amounts owed to SITCO in accordance with the purchase orders issued between the two parties.	The total value of the concluded transactions amounted to 366,026 Saudi riyals	The SITCO agreement is with a related party because Al-Mawarid Holding Company (which is one of the major shareholders in the company) has a percentage of ownership in SITCO.
Insurance contract with SAICO	The company entered into a contract to provide health care services with Seiko on 19/01/1437 AH (corresponding to 01/11/2015 AD), whereby the company must provide the required medication to SAICO s insured customers in accordance with the insurance policies concluded between Seiko and its customers. The total value of the transactions concluded between the company and SAICO Company amounted to four million one hundred and ten thousand eight hundred and forty-six (4,110,846) Saudi riyals for the six-month period ending on June 30, 2021	The total value of the concluded transactions amounted to 9,829 SR	The SAICO agreement is entered into with a related party because Al-Mawarid Holding Company (which is a major shareholder in the company) has a stake in SAICO.



20- Human Resources

- **Human Resources Policy Brief**

The Human Resources Department believes that the employees of the Al-Dawaa Medical Services Company are an essential pillar in the success and achievement of our goals. Therefore, the Human Resources Department pays great attention to this aspect towards developing the capabilities of its employees and enhancing their skills.

- **Saudization**

One of the first concerns of the Human Resources Department is to focus on preparing the leading Saudi cadres, in line with the Kingdom's 2030 vision.

This is done by raising the level of participation of qualified national cadres in the labor market by providing training, qualification and training programs. The Saudization rate until 2021 reached 29.88%.

Company	Number of Saudis	The number of non-Saudis	Total Saudization percentage for all entities
Al-Dawaa Medical Services Company	1937	4545	29.88%

- **Recruitment:**

This section aims to develop policies and procedures related to manpower planning, to enable the human resources management to assess the company's manpower requirements based on job requirements and vacancies, and to ensure that the company's manpower needs are met in the short and long term.

Process Flow for Recruitment Procedures:

- Establishment of the manpower plan by the Human Resources Department <Review of the manpower plan from the Financial Department - approval of Executive management on the manpower plan
- Employment request by the concerned department > recruitment procedures (search, screening, interview coordination, selection, appointment) > approval of the human resources department.
- Note that if the job is outside the budget, the approval of the Executive management is required.

Training and development:

- **Beneficiaries of the training:** Purchasing Departments - Finance - Human Resources - Ronzac and Hollanz – pharmacies - Medical Devices - Marketing)
- **Training hours:** The total number of training hours exceeded 250,000 hours

21 Board of Directors

- 1- Board members, committee members and executive management (current and previous jobs, qualifications and experience)**



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21-1 Formation of the Council

According to what was stated in Article (18) of the company's articles of association, the board of directors consists of 6 members who were appointed as of 10/25/1442 (corresponding to 06/06/2021) for a period of 5 years. Their statement is as follows:

	Board of Directors	Audit Committee Members	Members Rewards and Nominations	Senior Executives
1	Mr. Samir Mahmoud Fayyad Abdel Hadi	Mr. Ibrahim Salem Muhammad Al-Ruwais	Mr. Hassan Abdullah Durar Al Somali	Mr. / Walid Mohammad Abdullah Al-Jaafari
2	Mr. Ibrahim Salem Muhammad Al-Ruwais	Mr. / Abdul Rahman Abdullah Al-Duhaim	Mr. Hamad Muhammed Mubarak Al-Huthaili	Mr. / Mohammad Saad Butti Al-Faraj Al-Subaie
3	Mr. / Waleed Muhammad Abdullah Al-Jaafari	Mr. Walid Essam Sabry	Mr. Ibrahim Salem Muhammad Al-Ruwais	Mr. Sherif Ahmed Al-Aqabawi
4	Mr. / Mohammad Saad Butti Al-Farraj Al-Subaie			
5	Mr. Hassan Abdullah Durar Al Somali			
6	Mr. Hamad Mohammed Mubarak Al-Hudhaili			

21-2 Current and previous jobs / membership status and experience.

1- His Excellency Mr. Samir bin Mahmoud Fayadh Abdul Hadi

Chairman of Board of Directors

Qualification	MSc in Petrochemicals and Hydrocarbons, Manchester University of Science and Technology, UK, 1976 Bachelor of Science, University of North London, United Kingdom, 1975
Membership Status / Membership Edition	Non-Independent / Non-Executive
Experience	Administrative - engineering - financial
Current Jobs	Previous jobs
Chairman of the Board of Directors, Al-Dawaa Medical Services Company Al Mawarid Holding Company Assistant to the Chairman of the Board of Directors - Chief Executive Officer for Investment and Distribution Affairs Vice Chairman of the Board of Directors of Panther Media Limited,	CEO of Orbit Group. General Manager of the Trade and Distribution Group at Al-Mawarid Holding Company Ltd. Saudi Chemical Company Vice Chairman - Member of the Executive Committee - Head of the Nominations and Remuneration Committee Chairman of the Board of Directors of Med Holding Company President and CEO of Orbit Communications General Manager of Al Mawarid Trading Group - and General Manager of Al Mawarid Food Company Managing Director of the Arab Company for Chemical Detergents (DAC). Director of Project and Technology Evaluation Department at SABIC Vice Chairman of the Board of Directors of the Eastern Petrochemical Company (Sharq)





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2- His Excellency Mr. Ibrahim bin Salem Al-Ruwais

Vice Chairman - Chairman of the Audit Committee - Member of the Nominations Remuneration Committee

Qualification	BA in Accounting, King Saud University, Kingdom of Saudi Arabia, 1982
Membership Status / Membership Edition	Non-executive/independent
Experience	Financial - Administrative - Economic - Internal Audit and Governance
Current Jobs	Previous jobs
Al-Dawaa Medical Services Company, Vice Chairman of the Board of Directors, Chairman of the Audit Committee, and a member of the Nominations and Remunerations Committee Eastern Province Cement Company. Member of the Board of Directors - Chairman of the Audit Committee, Member of the Remuneration and Nominations Committee, Member of the Executive Committee Arab Yemen Cement Company Ltd. Member of the Board of Directors and Chairman of the Audit Committee Member of the Audit Committee of Dur Hospitality Company.	Eastern Province Cement Company. Chairman of the Audit Committee and member of the Remuneration and Nominations Committee Member of the Executive Committee Member of the Audit Committee of the Cooperative Insurance Company. Member of the Board of Directors of the Gulf Tourist Areas Company Limited.

3. His Excellency Mr. Waleed bin Mohammed Abdullah Al-Jaafari.

Board Member Managing Director

Qualification	BA in Economics from King Saud University in 1982
Membership Status / Membership Edition	Executive / Non-Independent
Experience	Economic - financial - administrative
Current Jobs	Previous jobs
Managing Director of Al-Dawaa Medical Services Company Chairman of the Board of Directors of the Gulf Real Estate Development Company. Member of the Board of Directors of the Advanced Petrochemical Company. Member of the Board of Directors of Walaa Cooperative Insurance Company. Member of the Board of Directors of the Eastern Province Cement Company, Chairman of the Nominations and Remunerations Committee, Member of the Executive Committee - and Member of the Audit Committee Vice Chairman of the Board of Directors of the International Tourism Company, Member of the Board of Directors of the Industrialization and Energy Services Company. Member of the Board of Directors of Mishref Contracting Company Member of the Board of Directors of the Digital Business Systems Company	Chairman of the Board of Directors of Al-Dawaa Medical Services Company General Manager and Member of the Board of Directors of Gulf Stevedoring Contracting Company Ltd. Faculty member at the Institute of Public Administration





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4- His Excellency Mr. Mohammad bin Saad Butti Al-Farraj Al-Subaie.

Board Member & Chief Executive Officer

Qualification	MBA for Executives, American University of Beirut, Lebanon, 2008 BA in Finance Management, King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, 1994
Membership Status / Membership Edition	Executive / Non-Independent
Experience	Economic - financial - administrative
Current Jobs	Previous jobs
Member of the Board of Directors of the CEO, Al-Dawaa Medical Services Company. Chairman of the Board of Directors of the Eastern Province Cement Company, and Chairman of the Executive Committee Member of the Board of Directors of Dhahran International Exhibitions Company, Member of the Board of Directors of the National Laboratories Company Ltd. Member of the Board of Directors of Mishref Contracting Company Member of the Board of Directors of the Digital Business Systems Company.	Member of the Board of Directors of the Saudi Marketing Company Member of the Board of food and drug association

5- His Excellency Mr. Hassan Abdullah Dorar Al-Somali

Member of the Board of Directors - Chairman of the Remuneration and Nominations Committee

Qualification	Master of Business Administration, Majoring in Insurance, American University of London, United Kingdom, 2002. Bachelor's degree in Economics, Bocconi University, Italy, 1977.
Membership Status / Membership Edition	Executive / Non-Independent
Experience	Economic - financial - administrative
Current Jobs	Previous jobs
Member of the Board of Directors of Al-Dawaa Medical Services Company. Chairman of the Nominations and Remunerations Committee. CEO of the Saudi Arabian Cooperative Insurance Company (SAICO), Member of the Board of Directors of the Yemeni General Insurance Company.	Executive Vice President and General Manager of Saudi Arabian Insurance Company Limited, Member of the Executive Committee of the General Arab Insurance Federation Member of the Board of Directors at Gulf Company Assistant General Manager at Al Yamamah Insurance Company. Technical Director at Al Yamamah Insurance Company, a Bahraini company from 1981 to 1982 Insurance underwriting officer at the National Insurance Company. Underwriting Officer for Claims Insurance, Claims Management and Reinsurance Unit, a Saudi joint stock company, from 1977 to 1978





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6- His Excellency Mr. Hamad bin Mohammed Mubarak Al-Hudhaili

Board Member - Member of the Remuneration and Nominations Committee

Qualification	BA in Financial Management and Marketing Management, St. Thomas University, USA, 1984
Membership Status / Membership Edition	Executive / Non-Independent
Experience	Financial - banking - economic
Current Jobs	Previous jobs
Al-Dawaa Medical Services Company. Member of the Board of Directors and member of the Remuneration and Nominations Committee Member of the Board of Directors of Al Mawarid Energy and Mining Company, Member of the Board of Directors of the Integrated Telecom Company. Member of the Board of Directors of the Investment and Trading Company. Senior Advisor at Al Mawarid Holding Company.	Member of the Board of Directors / Managing Director of Rasmala Investment Bank. General Secretary and General Manager of Saudi Hollandi Bank. Member of the Board of Directors of the Saudi Travelers Checks Company Member of the Board of Directors of the Saudi Stock Registration Company (currently Tadawul) Assistant Vice President of Marketing and Public Relations at Al Mawarid Holding Group. The role of assistant vice president in NAFTA company. Senior investment advisor at Saudi Arabian Monetary Agency





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21-3 - Membership of the boards of directors of current and previous companies inside and outside the Kingdom.

SN	Member name	Current companies	Legal entity	Headquarter	Previous companies	Legal entity	Headquarter
1	Mr. Samir Mahmoud Fayyad Abdel Hadi	Al-Mawarid Holding Company. Panther Media Limited (UAE company)	limited limited	Inside KSA Outside KSA	CEO of Orbit Group. General Manager of the Trade and Distribution Group at Al-Mawarid Holding Company Ltd. Vice Chairman of the Board of Directors and member of the Executive Committee and Chairman of the Nominations Committee of the Chemical Company Chairman of the Board of Directors of MEED Holding Company General Manager at Business Resources Group - Limited General Manager of Al Mawarid Food Company Limited Managing Director of the Arab Company for Chemical Detergents (DAC). Director of Project and Technology Evaluation Department at SABIC Listed Vice Chairman of the Board of Directors of the Eastern Petrochemical Company (Sharq)	limited limited limited limited listed locked	Outside KSA Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA
2	Mr. Ibrahim Salem Muhammad Al-Ruwais	Eastern Province Cement Company Arab Yemen Cement Company Ltd. Dur Hospitality Company	Listed limited limited	Inside KSA Outside KSA Inside KSA	Member of the Executive Committee of the Eastern Province Cement Company, Member of the Audit Committee of the Eastern Province Cement Company. Member of the Audit Committee of the Cooperative Insurance Company. Member of the Board of Directors of the Gulf Tourist Areas Company Limited.	listed listed listed limited	Inside KSA
3	Mr. Waleed Muhammad Abdullah Al-Jaafari	Gulf Real Estate Development Company. Advanced Petrochemical Company. Walaa Cooperative Insurance Company. Eastern Province Cement Company.	Closed Listed Listed Closed	Inside KSA	Chairman of the Board of Directors of Al-Dawaa Medical Services Company - Limited General Manager and Member of the Board of Directors of Gulf	limited limited	Inside KSA Inside KSA





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		Manufacturing and Energy Services Company (TAQA)			Stevedoring Contracting Company Ltd.		
4	Mr. Mohammad Saad Butti Al-Farraj Al-Subaie	Eastern Province Cement Company. Dhahran International Exhibitions Company National Laboratories Co. Ltd. digital business systems Specialized technologies for industrial equipment.	Listed Closed limited limited limited	Inside KSA	Member of the Board of Directors of the Saudi Marketing Company (Farm Superstores), listed	listed	Inside KSA
5	Mr. Hassan Abdullah Dorar Somali	Saudi Arabian Cooperative Insurance Company (SAICO) Yemen General Insurance Company.	Listed limited	Inside KSA Outside KSA	Executive Vice President and General Manager of Saudi Arabian Insurance Company Limited, Member of the Board of Directors at Gulf Company Assistant General Manager at Al Yamamah Insurance Company. Technical Director at Al Yamamah Insurance Company, a Bahraini company. Insurance underwriting officer at the National Insurance Company. Underwriting Officer for Claims Insurance, Claims Management and Reinsurance Unit, a Saudi joint stock company, from 1977 to 1978	limited limited limited Closed	Inside KSA Outside KSA
6	Mr. Hamad Muhammed Mubarak Al-Hudhaili	Al Mawarid Energy and Mining Corporation Integrated Communications Company Investment and Trade Company Al Mawarid Holding Company	limited limited limited limited	Inside KSA Inside KSA Inside KSA Inside KSA	Member of the Board of Directors / Managing Director of Rasmala Investment Bank. General Secretary and General Manager of Saudi Hollandi Bank. Member of the Board of Directors of the Saudi Travelers Checks Company Member of the Board of Directors of the Saudi Stock Registration Company (currently Tadawul) Assistant Vice President of Marketing and Public Relations at Al Mawarid Holding Group. The role of assistant vice president in oil company Senior investment advisor at Saudi Arabian Monetary Agency	limited listed limited	Outside KSA Inside KSA Inside KSA Inside KSA Inside KSA



21-4 - Board members and classification of its members (executive - non-executive)

The Board of Directors includes 6 members (two independent members - two non-executive members - non-independent - two independent non-executive members)

S N	Members	Position
1	Mr. Samir Mahmoud Fayyad Abdel Hadi	Non-executive - non-independent
2	Mr. Ibrahim Salem Muhammad Al-Ruwais	Non-Executive - Independent
3	Mr. / Walid Muhammad Abdullah Al-Jaafari	Executive - Not Independent
4	Mr. / Muhammad Saad Butti Al-Faraj Al-Subaie	Executive - Not Independent
5	Mr. Hassan Abdullah Durar Al Somali	Non-Executive - Independent
6	Mr. Hamad Muhammed Mubarak Al-Hudhaili	Non-executive - non-independent

21-5- Board meetings held during 2021

The company's board of directors aims to implement and implement all plans and strategies, and to abide by the stipulated rules and regulations. The company's board of directors held three meetings in 2021, according to the following:

Board of Directors	First meeting 08/26/2021	Second meeting 10/31/2021	Third meeting 12/29/2021	Total
Mr. Samir Mahmoud Fayyad Abdel Hadi	✓	✓	✓	3
Mr. Ibrahim Salem Muhammad Al-Ruwais	✓	✓	✓	3
Mr. / Walid Muhammad Abdullah Al-Jaafari	✓	✓	✓	3
Mr. / Muhammad Saad Butti Al-Faraj Al-Subaie	✓	✓	✓	3
Mr. Hassan Abdullah Durar Al Somali	✓	✓	✓	3
Mr. Hamad Muhammed Mubarak Al-Hudhaili	✓	✓	✓	3

21-6 Board Committees (The Board includes two committees, namely (Audit Committee - Remuneration and Nominations Committee).



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1-A Audit Committee

The Audit Committee consists of three (3) members who were appointed pursuant to a resolution of the Ordinary General Assembly dated 25/11/1442 (corresponding to 05/07/2021). The following table shows the names of the members of the Audit Committee:

- 1- Mr. Ibrahim Salem Muhammad Al-Ruwais, Chairman of the Committee
- 2- Mr. Abdul Rahman Abdullah Al-Duhaim, member of the committee
- 3- Mr. Walid Essam Sabry, member of the committee

1-B Audit Committee meetings for the year 2021 and the attendance of its members.

The committee held one meeting in 2021 according to the following:

SN	Name	Position	The first meeting is on 10/27/2021	Attendance
1	Mr. / Ibrahim Salem Mohammed Al-Ruwais	President	Meeting Number 1 / 2021	✓
2	Mr. / Abdul Rahman Abdullah Al-Duhaim	Member	Meeting Number 1 / 2021	✓
3	Mr. Walid Essam Sabry	Member	Meeting Number 1 / 2021	✓

1-3 Committee's Duties: -

The Audit Committee is responsible for monitoring the company's business and verifying the integrity and integrity of its reports, financial statements and internal control systems. The committee's tasks include the following:

A) Financial Reports:

1. Studying the company's initial and annual financial statements before submitting them to the Board of Directors and expressing its opinion and recommendation in this regard; To ensure its integrity, fairness and transparency.
2. Expressing a technical opinion - at the request of the Board of Directors - on whether the Board's report and the company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to assess the company's financial position, performance, business model and strategy.
3. Study any important or unfamiliar issues contained in the financial reports.
4. Carefully research any issues raised by the company's financial manager, or whoever undertakes his duties, the company's compliance officer, or the auditor.
5. Verification of accounting estimates in the material issues contained in the financial reports.

B) internal audit:

6. Studying and reviewing the company's internal and financial control and risk management systems.





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7. Studying the internal audit reports and following up the implementation of the corrective actions for the notes contained therein.
8. Oversight and supervision of the performance and activities of the internal auditor and the internal audit department in the company - if any -; To verify the availability of the necessary resources and their effectiveness in performing the tasks and tasks assigned to them. If the company does not have an internal auditor, the committee must submit its recommendation to the Board regarding the need for his appointment.
9. Recommending to the Board of Directors the appointment of the director of the internal audit unit or department or the internal auditor and suggesting his remuneration.

C) Auditor:

10. Recommending the Board of Directors to nominate and dismiss auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.
 11. Verify the auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking into account the relevant rules and standards.
 12. Review the company's auditor's plan and work, and verify that he has not submitted technical or administrative works that are outside the scope of audit work, and provide its views in this regard.
 13. Answer the company's auditor's inquiries.
1. Studying the auditor's report and his notes on the financial statements and following up on what was taken in their regard.

D) Commitment Guarantee:

- E) Review the results of the reports of the supervisory authorities and verify that the company has taken the necessary measures in this regard.
- F) Verify the company's compliance with the relevant laws, regulations, policies and instructions.
- G) Review the contracts and transactions proposed to be conducted by the company with related parties, and present its views in this regard to the Board of Directors.
- H) Submitting the issues, it deems necessary to take action on to the Board of Directors, and presenting its recommendations for the actions to be taken.

2-A Remuneration and Nominations Committee

❖ Members of the Remuneration and Nomination Committee, their current and previous positions and qualifications

The Nominations and Remunerations Committee consists of three (3) members who were appointed pursuant to a Board Resolution dated 25/11/1442 AH (corresponding to 05/07/2021). The following table shows the names of the members of the Nomination and Remuneration Committee:

- | | |
|--|---------------------------|
| 1- Mr. Hassan Abdullah Durar Al-Somali, | Chairman of the Committee |
| 2- Mr. Hamad Muhammad Mubarak Al-Hudhaili, | member of the committee |
| 3- Mr. Ibrahim Salem Muhammad Al-Ruwais, | member of the committee |





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2-B Meetings of the Remuneration and Nominations Committee/ and a statement of the attendance of its members.

The committee held one meeting in 2021

Member	Meeting date	Attendance
Mr. Hassan Abdullah Durar Al-Somali	31/10/2021	✓
Mr. Hamad Muhammed Mubarak Al-Hudhaili		
Mr. Ibrahim Salem Muhammad Al-Ruwais		

2-C Responsibilities and Functions of the Remuneration Committee

- 4- Preparing a clear policy for the remuneration of members and committees emanating from the Board and the Executive Management.
- 5- Clarify the relationship between the rewards granted and the applicable rewards policy, and indicate any material deviation from this policy.
- 6- Periodic review of the remuneration policy, and evaluation of its effectiveness in achieving its intended objectives.
- 7- Recommend to the Board of Directors the remuneration of members and committees emanating from it and senior executives of the company in accordance with the approved policy.
- 8- Propose clear policies and criteria for membership in the Board of Directors and the Executive Management.
- 9- Recommending the Board of Directors to nominate and re-nominate members in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
- 10- Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.
- 11- Annual review of the necessary needs for skills or appropriate expertise for membership of the Board of Directors and executive management functions.
- 12- Review the structure of the Board of Directors and the Executive Management and make recommendations regarding changes that can be made.
- 13- Annual verification of the independence of the independent members, and the absence of any conflict of interest if the member is a member of the board of directors of another company. Setting job descriptions for executive members, non-executive members, independent members and senior executives, and setting up special procedures in case the position of one of the members or senior executives becomes vacant. Identify weaknesses and strengths in the Board of Directors, and propose solutions to address them in line with the company's interest.

21-7- THE POLICY OF Remunerations of Board Members, Committee Members and Senior Executives

➤ Disclosure of the bonus policy.

Remuneration Policy for Board Members, Committees and Executive Management Annex (12)





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This policy was prepared in accordance with Paragraph 1 of Article 61 of the Corporate Governance Regulations issued by the Board of the Capital Market Authority on 13/02/2017 and aims to define clear criteria for the remuneration of members of the Board of Directors and its committees and senior executives.

Article (1): General criteria for rewards:

The Remuneration and Nomination Committee is responsible for recommending to the Board of Directors the remuneration of members of the Board and members of its committees and the remuneration of the executive management, and it shall observe the following criteria:

1. The remuneration should be commensurate with the company's activity and the skills necessary to manage it.
2. That the rewards be commensurate with the company's strategy and objectives and the size, nature and degree of risks associated with it.
3. The company should take into account the practices of other companies and what is prevalent in the labor market in determining the rewards, while avoiding the unjustified rise in rewards and compensation that may result from that.
4. The remuneration must be fair and commensurate with the competencies of the member or senior executives, the work and responsibilities that he undertakes and bears, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
5. That the remunerations are reasonably sufficient to attract members of the Board of Directors and executives with appropriate competence and experience, and that they are sufficient to motivate and maintain them.
6. The remunerations of the members of the Board of Directors and the committees may be of varying amounts to reflect the member's experience, competencies and tasks entrusted to him, the level of quality of his performance and the number of sessions he attends.
7. The company shall bear the costs of travel tickets and accommodation for members of the Board of Directors and committees in the event the meeting is held outside the member's city of residence.
8. The member shall be entitled to the remuneration as of the date of joining the council or the committee, and its amount shall be commensurate with the actual term of his membership.

Article (2) Remuneration of Board Members:

1. The remuneration of the members of the board of directors consists of a certain amount, attendance allowance for sessions, benefits in kind, or a certain percentage of net profits, and two or more of these benefits may be combined.
2. The sum of the remunerations and financial or in-kind benefits that a member of the Board of Directors receives may not exceed five hundred thousand riyals annually.
3. The entitlement to a board member's remuneration must be proportional to the number of sessions he attends.
4. A member of the Board of Directors shall be entitled to an annual remuneration to be determined based on a recommendation from the Remuneration and Nominations Committee.





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5. A member of the Board of Directors shall be entitled to an attendance allowance for each meeting he attends.
6. The annual bonus is disbursed within 15 days from the date of its approval by the shareholders' general assembly.
7. The meeting attendance allowance will be disbursed within 15 days from the date of the meeting.

Article (3) Remunerations of Board Committee Members:

1. The Board of Directors determines and approves the membership remuneration for its committees - with the exception of the Audit Committee - and attendance allowances based on a recommendation from the Remuneration and Nominations Committee.
2. The audit committee membership remuneration is approved by the general assembly of shareholders based on the recommendation of the board of directors.
3. Committee membership remuneration consists of an annual remuneration, meeting attendance allowances, or both.
4. The Board of Directors determines and approves the remuneration of members of temporary committees that are formed for a specific purpose, as well as the remuneration of its secretary and chief executive.

Article (4) Executive Management Remuneration:

The annual remuneration for the executive management is determined and approved by the Board of Directors, based on a recommendation from the Remuneration and Nominations Committee.

Article (5) Details of the remuneration of members of the Board of Directors and its committees:

Without prejudice to what is stated in this policy, the standard value of rewards and attendance allowances is determined as follows:

No.	Item	Amount
1	Annual Remuneration for Board Membership	300,000 SAR
2	Annual Remuneration for Membership of the Audit Committee	120,000 SAR
3	Annual Remuneration for Remuneration and Nomination Committee Membership	100,000 SAR
4	Allowance for attending any of the board or committee meetings	3,000 SAR





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21-8 Remuneration of Council members

Board of Directors	Fixed bonus amount	Allowance for attending council sessions	Total allowance for attending committee sessions	In-kind benefits	Total allowance for attending committee sessions	Remunerations of the Chairman, Managing Director, or Secretary, if he is a member	Total	Expenses
Fixed bonus								
Executive members								
Mr. / Mohamed Saad Butti Al-Faraj	150000	3000	9000	***	***	***	159000	0
Mr. / Walid Muhammad Al-Jaafari	***	3000	9000	****	***	150000	159000	0
Total							318000	0
Independent Members								
Mr. / Ibrahim Salem Mohammed Al-Ruwais	150000	3000	9000	***	***	***	159000	3804
Mr. Hassan Bin Dorar Al-Somali	150000	3000	9000	***	***	***	159000	3204
Total							318000	7008
Non-independent members								
Mr. Samir Mahmoud Fayadh Abdulhadi	***	3000	9000	***	***	150000	159000	2084
Mr. / Hamad Muhammed Mubarak Al-Hudhaili	150000	3000	9000	***	***	***	159000	0
Total							318000	18184
Total fixed remuneration = 900,000 riyals rewards that will be disbursed after the approval of the General Assembly.							954000	18184
Attendance allowances + expenses = .72184 SAR							0	





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21-9 Remunerations of committee members, the Audit Committee and the Remuneration Committee + allowance for attending sessions for the year 2021

Members	Fixed Rewards	Allowance for attending sessions	The grand total of stipends, attendance allowances, and expenses
Audit Committee Members			
Mr. Ibrahim Salem Muhammad Al-Ruwais	60,000	3,000	63,000
Mr. Walid Essam Sabry	60,000	3,000	63,000
Abdul Rahman Abdullah Al-Duhaim	60,000	3,000	63,000
Total Remuneration Committee Audit	180000	9000	189000
Members of the Remuneration and Nominations Committee			
Members	Fixed Rewards	Allowance for attending sessions	The grand total of stipends, attendance allowances, and expenses
Mr. Hassan Abdullah Durar Al Somali	50,000	3,000	53,000
Mr. Ibrahim Salem Muhammad Al-Ruwais	50,000	3,000	53,000
Mr. Hamad Muhammed Mubarak Al-Hudhaili	50,000	3,000	53,000
Total Rewards	150000	9000	159000 ريال
The total remuneration of committee members, the Audit Committee and the Nomination Committee for the year 2021 (330000) fixed memberships for attending committee sessions.			

21-10 Senior Executive Rewards

Name	Fixed Rewards				Variable Rewards						End of Service Gratuity	Total executive remuneration for the board, if any	Total
	Salaries	Allowances	In-kind benefits	Total	periodic bonus	percentage of profits	short term incentive plans	long term incentive plans	Granted Shares (Value is entered)	Total			
Five of the highest paid executives, including CEO and CFO	4,380,000	1,398,000	-	5,778,000	2,183,500	7,200,000	-	-	-	9,383,500	-	-	15,161,500

- The fixed remunerations for membership of the Board of Directors and members of the affiliated committees will be paid for the year 2021 after the approval of the General Assembly, which will be held in the first half of 2022.
- Attendance allowances and expenses for attending meetings have been paid and transferred to members, both board members and committee members for the year 2021.





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21-10 Article 93: Disclosure of Rewards

a. The Board of Directors is committed to the following:

1) Disclosure of the remuneration policy and how the remuneration of the members of the Board and the executive management of the company is determined.

2) Accurate, transparent and detailed disclosure in the Board of Directors' report on the remunerations granted to members of the Board of Directors and the Executive Management, directly or indirectly, without concealment or misleading, whether they are amounts, benefits or advantages, of whatever nature and name. If the benefits are shares in the company, then the value entered for the shares is the market value at the maturity date.

3) Clarify the relationship between the granted rewards and the applicable rewards policy, and indicate any material deviation from this policy.

4) A statement of the necessary details regarding the remuneration and compensation paid to each of the following separately:

a. Board of Directors.

B. Five senior executives who received the highest rewards from the company, including the CEO and the CFO. 21

c. Committee members.

B. The disclosure contained in this article shall be in the report of the Board of Directors and in accordance with the accompanying tables.

22- - corporate governance and shareholders' rights

Company governance and disclosure.

1- Policy brief

✓ The company's policy is to adopt advanced standards in corporate governance, including a separation of the responsibilities and tasks of the board of directors, the executive management and policies that ensure the work of the company's board of directors to achieve the interests of shareholders.

✓ The company abides by all what is stated in the Corporate Governance Regulations issued by the Capital Market Authority in accordance with the principle of disclosure and transparency, where governance is an essential part in controlling the relationship with all concerned parties.

✓ The company is also committed to implementing the policies and procedures set by the Board of Directors regarding the disclosure of important developments, financial statements and performance reports in accordance with the legal requirements and applicable regulations in a manner that does not conflict with the instructions received from the competent authorities

✓ The company updates its corporate governance regulation periodically whenever the need arises.





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- ✓ There is also a work team in the company, among its tasks is to verify the company's compliance with the rules of corporate governance and review its commitment. The company's board of directors are also informed of the developments that occur in the field of corporate governance.
- ✓ The company's board of directors has great powers to set the company's policies, objectives and strategies, supervise its business and manage its affairs.
- ✓ Committees affiliated to the Board of Directors were formed, namely the Audit Committee and the Remuneration and Nomination Committee, and the appointment of members in accordance with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority and the approved regulations for the company.

2- Disclosure and transparency:

- ✓ The company's board of directors is keen to disclose any material development in the company's activities in a correct and clear manner in a timely manner.
- ✓ The company is obligated to inform the public, without delay, of any material developments in the field of its activities unknown to the public that may affect its assets, liabilities, financial position, or the general course of the company or its subsidiaries.
- ✓ The company is also obligated to specify and announce the date, place and agenda of the General Assembly (21) days before its convening. It was published on the website of the Saudi Stock Exchange (Tadawul), the company's website, and in a daily newspaper distributed in the region where the company's head office is located. Modern technical means of communication are used to inform shareholders.

23- Evaluating the performance of the council, its affiliated committees, and the evaluation body.

The Remuneration and Nomination Committee sets standards and means for membership of the members of the Board of Directors and the various committees according to specific performance indicators, as well as identifying strengths and weaknesses and directing them to correct them. And the Board did not approve any external party to evaluate performance during 2021

24- Actions taken by the Board of Directors to inform its non-executive members of the shareholders' comments regarding the company and its performance. 27

Not applicable / because the company was not listed

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

Not applicable / because the company was not listed.





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26-Describe the penalties, precautions or restrictions on the company. 30

There are no penalties, precautionary measures, or precautionary restrictions imposed on the company, whether judicial or supervisory - regulatory.

27- The company acknowledges the application of all provisions contained in the Corporate Governance Regulations except for the following:

Article No.	Clause No.	Article Text	Reasons For Non-Implementation
8	A	Announcing the information of the candidates for membership of the Board of Directors on the market's website	The company does not obliged with this paragraph because it is not yet listed.
8	G	Voting in the General Assembly is restricted to candidates for membership of the Board of Directors.	The company does not obliged with this paragraph because it is not yet listed.
13	D	The invitation to the General Assembly is published on the market website and the company's website.	The company does not obliged with this paragraph because it is not yet listed.
14	G	The Company is not obliged to publish information regarding the terms of the Association's agenda on the market website and the company's website.	The company does not obliged with this paragraph because it is not yet listed.
14	D	The Commission has added topics to the agenda of the General Assembly.	The company does not obliged with this paragraph because it is not yet listed.
15	H	Announcement to the public and notification of the results of the General Assembly as soon as it is completed.	The company does not obliged with this paragraph because it is not yet listed.
17	D	Notify the Board of Directors of the names of the board members and the recipes of the membership.	The company does not obliged with this paragraph because it is not yet listed.
19	B	Notice of the Authority and the market at the end of the membership. (Notified)	A guideline, not a binding paragraph.
32	B	The company does not Obligated with this paragraph in that at least one meeting must be held every three months.	The company obliged by this paragraph, except for what is required to hold at least one meeting every three months.
54	B	The chairman of the Audit Committee should be an independent member.	A guideline rather than a binding paragraph.
66	B	The number of candidates for the Board of Directors exceeds the number of seats available before the General Assembly.	A guideline rather than a binding paragraph.
68	-	Announcement of candidacy for the board of directors on the website.	The company does not obliged with this paragraph because it is not yet listed.
70	-	Formation of a risk management committee	A guideline rather than a binding paragraph.
71	-	Functions of the Risk Management Committee	A guideline rather than a binding paragraph.
72	-	Risk Committee Meetings	A guideline rather than a binding paragraph.
79	-	Maintaining internal audit reports	The company does not obliged with this paragraph because it is not yet listed.
87	-	Social Responsibility	The Company is not obliged by this Article as it is a guiding material and is not binding.
88	-	Social Action Initiatives	The Company is not obliged by this Article as it is a guiding material and is not binding.
91	-	audit committee report	The company is obliged by this article except for publishing on the company's website and the market's website.
95	-	Formation of the Governance Committee	The Company is not obliged by this Article as it is a guiding material and is not binding.



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28- Internal Audit and Audit Committee Recommendations.

1 - Internal audit

The internal audit unit or department is responsible for evaluating the internal control system, supervising its application, and verifying the compliance of the company and its employees with the applicable laws, regulations and instructions, and the company's policies and procedures.

28-1 - The results of the annual review of the effectiveness of the company's internal control procedures, and the audit committee's opinion on the adequacy of the internal control system.

- ✓ The Internal Audit Department conducts periodic audits that cover a wide range of operational, administrative, and financial activities in order to verify the efficiency and effectiveness of internal control procedures in those areas, as well as to determine the scope and response to any risks that the company or its divisions may face in general. During the year 2021, the efficiency of the company's internal control processes
- ✓ The Audit Committee has studied the periodic and annual reports that are prepared by the company's financial management and followed up the implementation of the recommendations contained therein on a regular and continuous basis. A material breach or breach of internal control systems during the year 2021
- ✓ Director of the Internal Audit Department: The committee recommended the company's management to expedite the appointment of an Director of the Internal Audit for the company's accounts as soon as possible due to the company's inclusion in the financial market and in accordance with the requirements of the regulating and corporate governance regulations. Indeed, the appointment of the director of the internal audit department in the company is underway.

29- Declarations of the Board of Directors.

1. That the account records are properly prepared.
2. The internal control system was prepared on sound bases and implemented effectively.
3. And that there is no doubt about the company's ability to continue its activity.
4. And that there is no conflict between it and the decisions of the board of directors or that the board refused to take in regarding the appointment and dismissal of the company's auditor.
5. And that there are no reservations about the auditor's report that includes reservations on the annual financial statements.
6. And that there is no recommendation from the Board of Directors to change the auditor before the end of the period for which he was appointed.
7. There are no arrangements or agreements whereby a member of the company's board of directors or a senior executive has waived any remuneration.
8. There is no statement of any arrangements or agreement under which one of the company's shareholders has waived any rights to profits.





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9. All agreements and contracts concluded with related parties do not include any preferential terms and that they have been done in a regular and legal manner and on appropriate and fair commercial bases.

30- PROPOSALS of the Board of Directors for the agenda of the Third General Assembly in the first half of 2022

1. Voting on the report of the Board of Directors for the fiscal year ending on December 31, 2021
2. Voting on the financial statements of the fiscal year ending on 31/12/2021
3. Voting on the company's auditor's report of the fiscal year ending on 31/12/2021
4. Voting to absolve the members of the Board of Directors from liability of the fiscal year ending on 31/12/2021
5. Voting on disbursing an amount of (900,000) riyals as a reward to members of the Board of Directors for the fiscal year ending on December 31, 2021
6. Voting on the Board of Directors' recommendation to disburse the amount of (180000) riyals to the members of the Audit Committee for the year ending 2021
7. Voting on the Board of Directors' recommendation to disburse the amount of (150,000) riyals on the remuneration of members of the Remuneration and Nomination Committee for the year ending on December 31, 2021
8. Voting on authorizing the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2021 and specify the maturity date and distribution in accordance with the regulatory controls and procedures
9. Voting on the business and contracts of the members of the Board of Directors and senior executives, according to what was mentioned in the report above, the item "Businesses and Contracts" for the year ending on 31/12/2021.
10. Voting on authorizing the Board of Directors to authorize the Ordinary Assembly with the authorization contained in Paragraph (1) of Article 71 of the listed Companies for a period of one year from the date of approval by the General Assembly or until the end of the delegated Board of Directors session, whichever comes first. And the terms and links of the terms of the provisions contained in the terms and conditions.
11. Voting on the Board of Directors' decision to adopt and approve all the corporate governance regulations in 2021

The Board of Directors concludes its report to the third Ordinary General Assembly, and extends its thanks to the shareholders of the company for accepting the invitation and for the trust granted to it, and renews its thanks to the company's employees for their sincere and diligent effort in achieving the company's goals.

