

# Annual Report

**2023**

شركة الباحة للإستثمار والتنمية  
AlBhaha Investment & Development co





	2	Speech of the Chairman of the Board of Directors	1.
		3Our vision	2.
		3Our goal	3.
3		Company activity	4.
		3Elegant Centers Company Limited	5.
	3	ishraq Regional Real Estate Development and Investment Company - Person Company	6.
	4	What provisions of the Corporate Governance Regulations have been applied and not applied and the reasons for that	.7
5		The names of the board members, committee members, and executive management	.8
	5	Board of Directors	.9
		5Membership of board members in other companies	.10
	6	6Composition and classification of the Board of Directors	.11
	6	Committees	.12
		Review Committee	13.
	6	6Nominations and Rewards Committee	.14
		Executive management	.15
	6	Board procedures	16.
		A brief description of the terms of reference of the committees, their tasks and the number of their meetings	.17
	6	Audit committee members	18.
		Audit committee meeting	19.
	6	7Nominations and Rewards Committee	20.
		7Members of the Nomination and Remuneration Committee	.21
		7Nomination and Remuneration Committee meetings	.22
		The methods used by the Board of Directors in evaluating its performance and the performance of its committees and members, and the external party that conducted the evaluation and its relationship with the company.	.23
	7	Bonuses	24.
9		9Penalties, penalties, precautionary measures and restrictions imposed on the company by the Authority or any supervisory, regulatory or judicial authority.	.25
	9	The results of the annual review of the effectiveness of the company's internal control procedures	.26
		9The review committee's recommendation	.27
		9Conflict with the recommendations of the audit committee	.28
		9The company's social contributions	.29
		9A record of attending assemblies during the fiscal year	30.
		9The main activities of the company and its subsidiaries	.31
9		The impact of the main activities on the company's business volume and its contribution to the results:	
		10The company's plans and decisions during the year 2023	32.
	10	Risks	.33
		13The company's assets and liabilities	34.
	13	The impact of the subsidiary's main activities on the company's business volume and its contribution to the results	35.
	14	The impact of the subsidiary's main activities on the company's business volume and its contribution to the results	36.
		14Geographical analysis of the total revenues of the company and subsidiaries	37.
		Substantial differences in operational financial results from the results of the previous year	38.
	14	Differences in accounting standards approved by the Saudi Organization for Certified Public Accountants	39.
15		Names of subsidiaries	.40
		15Details of shares and debt instruments for each subsidiary	.41
		15The company's annual net profit distribution policy is as follows	.42
		A description of any interest in the category of voting shares belonging to persons (other than the members of the Board of Directors of the company and senior executives and their relatives)	43.
15		who have informed the company of those rights under Article 85 of the Rules on the Offer of Securities and Continuing Obligations, and any change in those rights during the last fiscal year	44.
		A description of any interest, contractual securities, and subscription rights belonging to members of the Board of Directors of the company, senior executives and their relatives in shares or	44.
16		debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the last fiscal year	44.
		A description of any interest, contractual securities and subscription rights belonging to members of the Board of Directors of the company, senior executives and their relatives in shares or	.45
		debt instruments of the subsidiary company, and any change in that interest or those rights during the last fiscal year:	
	16	Information related to any loans owed by the company (whether payable upon demand or otherwise), a statement of the total indebtedness of the company and its subsidiaries, any amounts	.46
16		paid by the company in repayment of loans during the year, the principal amount of the loan, the name of the donor, its duration, and the remaining amount	.47
		A description of the categories and numbers of any convertible debt instruments and any contractual securities or memorandums of subscription rights or similar rights issued or granted by	.47
	16	the company during the fiscal year, with an explanation of any compensation obtained by the company for that	.48
16		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	48.
		A description of any redemption, purchase or cancellation by the company of any redeemable debt instruments, and the value of the remaining securities, distinguishing between the listed	49.
	16	securities purchased by the company and those purchased by its subsidiaries	
		17Board of Directors meetings held during the last fiscal year (4) for the year 2023	.50
		17The number of the company's requests for the register of shareholders	.51
		17A description of any transaction between the company and a related party	52.
		17The company's board members and senior executives waived bonuses	53.
		17One of the company's shareholders waived any rights to the profits	54.
		Information related to any business or contracts to which the company is a party, or in which there was an interest of a member of the board of directors of the company, its senior executives,	.55
	17	or any person related to any of them	
17		The value of statutory payments made and due for the payment of zakat, taxes, fees and any other dues that were not paid until the end of the annual financial period	.56
		17Investments or reserves created for the benefit of the company's employees	.57
	17	Representations	.58
		17The Board of Directors also confirms:	.59
	17	Auditor's report	.60
	18	Change of auditor	.61
		Information related to any business that competes with the company or any of the branches of the activity it is engaged in and which it is engaged in or was practiced by any member of the	.62
	18	Board of Directors	
		A comprehensive statement of all that each member of the Board of Directors received or was entitled to receive during the fiscal year in terms of rewards, attendance allowances, expenses	.63
	18	allowances, and other benefits	
		Statement of what the members of the Council have received in their capacity as workers or administrators, or what they have received in exchange for technical, administrative or consulting	64.
	18	work.	
	18	Statement of the number of council sessions and the number of sessions attended by each member	.65
		18The proposed method for distributing profits	.66
		18Treasury shares held by the company.	.67
		The percentage of profits distributed to shareholders during the different periods of the fiscal year, in addition to the percentage of profits proposed to be distributed at the end of the fiscal	.68
	19	year. The total of these profits is	
		Bonuses and allowances policy	69.
	19	Important events:	70.
	19	Later events:	71.
20		Company advertisements	72.
		20The company's organizational structure	73.
	20	Conclusion	74.



## 1. Speech of the Chairman of the Board of Directors

Dear shareholders of Al Baha Investment and Development Company

*As part of our continuous pursuit of success and excellence in the labor market, we continue to work diligently to develop our work in the company in a way that serves its interest and the interest of shareholders.*



On this occasion, we are pleased to present to you in this report the most prominent achievements that your company has achieved thanks to God and then through the efforts of all the company's employees during its fiscal year 2022. Through this report, we are pleased to present to you what was achieved during the fiscal year ending on December 31, 2022 AD, and we always strive to continue progress and growth, and we are all working to harness all available capabilities to develop Al Baha Investment and Development Company and its group companies and advance them to the best possible levels. With full obligation towards the honorable shareholders of Al Baha Company. On this occasion, we are also pleased to extend my sincere thanks to all the members of the Board of Directors, the executive management, and all of its group companies for their sincere and sincere efforts towards the company, wishing and looking forward to achieving more successes that will be reflected in the company's results and fulfill the requirements of its shareholders during the coming years, God willing.

Please accept my greetings and appreciation,,,

Mohammed bin Saleh Al Hammadi  
*Chairman of Board of Directors*



#### 4. Company activity

- Real estate and leasing activities
- Construction and specialized construction buildings
- Financial services activities, except financing insurance and pension funds
- Wholesale and retail trade
- Accommodation
- Food and beverage service activities
- Creative activities, arts and entertainment activities
- Usage activities
- Subsidiaries

#### 5. Elegant Centers Company Limited

- Establishing, managing and investing in central markets, commercial and residential complexes, maintaining hotels, furnished apartments and gas stations, wholesale and retail trade in foodstuffs, building materials and iron, purchasing lands to construct buildings on them and investing them by selling or renting, leasing owned or rented properties (residential), and managing and renting owned or rented properties (non-residential).

#### 6. ishraqh Regional Real Estate Development and Investment Company - Person Company

- Maintenance and operation of buildings, purchase, sale and rental of land and real estate, management and rental of owned or rented properties (residential), management and rental of owned or rented properties (non-residential), real estate management activities in exchange for a commission, and real estate development and investment activities.

#### 2. Our vision

- The company's Board of Directors is constantly working to find the best available and possible opportunities to increase the volume of its investments, raise its revenues continuously, and compete to achieve the company's goals and create a mark for the company among the major companies.

#### 3. Our goal

- Enhancing the company's capabilities and competitiveness, while creating continuous growth through diversifying the company's sources of income.
- Adopting the best work methods in order to achieve the desired goal.
- Applying the principle of transparency in general, and working to increase the company's revenues.
- We planned
- Focus on the neighborhood shopping center market (plaza) through subsidiaries
- Structuring the company's financial obligations represented by receivables and prepaid expenses.
- Acquisition of companies whose activities are compatible with the company's business. And make profits in the future.
- Reducing its liabilities to shareholders' equity ratio, which will improve its ability to provide additional financing in the future.
- Working to improve financial indicators for the coming years.
- increase its revenues and reduce its losses.





## 7. What provisions of the Corporate Governance Regulations have been applied and not applied and the reasons for that

The company acknowledges the application of all provisions contained in the Corporate Governance Regulations, with the exception of the following: (All of the following articles are guiding materials according to the Corporate Governance Regulations)

Article 71: Terms of reference of the Risk Management Committee: The Risk Management Committee is responsible for the following:

- 1) Developing a comprehensive strategy and policies for risk management commensurate with the nature and size of the company's activities, and verifying their implementation, reviewing and updating them based on the internal and external variables of the company.
  - 2) Determine and maintain an acceptable level of risk that the company may be exposed to, and ensure that the company does not exceed it.
  - 3) Verify the feasibility of the company's continuity and successful continuation of its activity, while identifying the risks that threaten its continuity during the next twelve months.
  - 4) Supervising the company's risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up the risks that the company may be exposed to in order to identify its deficiencies.
  - 5) Reassessment of the company's ability to bear risks and exposure to them periodically, by conducting stress tests, for example.
  - 6) Preparing detailed reports on exposure to risks and the proposed steps to manage these risks, and submitting them to the Board of Directors.
  - 7) Provide recommendations to the Board on issues related to risk management.
  - 8) Ensure the availability of adequate resources and systems for risk management. 9) Reviewing the organizational structure of risk management and making recommendations regarding it before it is approved by the Board of Directors.
  - 10) Verify the independence of the risk management staff from activities that may expose the company to risks.
  - 11) Ensure that risk management staff understand the risks surrounding the company, and work to raise awareness of the risk culture.
  - 12) Reviewing issues raised by the Audit Committee that may affect risk management in the company.
- Article 78: The internal audit report
- a) The internal audit unit or department shall prepare a written report on its work and submit it to the Board of Directors and the Audit Committee on at least a quarterly basis. This report shall include an evaluation of the internal control system in the company and the findings and recommendations of the unit or department, and a statement of Actions taken by each department regarding handling the results and recommendations of the previous audit and any observations thereon, especially in the event of not being treated in a timely manner and the reasons for that.
  - b) The internal audit unit or department prepares a general written report and submits it to the Board of Directors and the Audit Committee regarding the audits conducted during the fiscal year and compares them with the approved plan. It shows the reasons for any breach or deviation from the plan - if any - during the quarter following the end of the relevant fiscal year.

c) The Board of Directors determines the scope of the report of the internal audit unit or department based on the recommendation of the Audit Committee and the internal audit unit or department, provided that the report includes in particular the following:

- 1) Procedures for controlling and supervising financial affairs, investments and risk management.
  - 2) Evaluate the development of risk factors in the company and the systems in place to face radical or unexpected changes in the financial market.
- Article forty-one: evaluation
- a) The Board of Directors, upon the proposal of the Nominations Committee, shall put in place the necessary mechanisms for evaluating the performance of the Board, its members and committees, and the executive management annually, through appropriate performance indicators that relate to the extent to which the strategic objectives of the company are achieved, the quality of risk management, the adequacy of internal control systems, and others, provided that the strengths and weaknesses are identified. And suggesting that they be dealt with in accordance with the interest of the company.
  - b) The performance appraisal procedures must be written and clear and disclosed to the members of the Board of Directors and the persons assigned to the appraisal.
  - c) The performance evaluation must include the skills and experiences that the council possesses, identifying its weaknesses and strengths, while working to address the weaknesses in possible ways, such as nominating professional competencies that can develop the council's performance. The performance evaluation must also include an evaluation of the council's work mechanisms in general. .
  - d) The individual evaluation of the members of the Board of Directors takes into account the extent of the member's effective participation and commitment to performing his duties and responsibilities, including attending the meetings of the Board and its committees and allocating the necessary time for them.
  - e) The Board of Directors shall make the necessary arrangements to obtain an evaluation by a competent third party for its performance every three years.
  - f) The non-executive members of the Board of Directors shall conduct a periodic evaluation of the performance of the Chairman of the Board after taking the views of the executive members - without the Chairman of the Board attending the discussion designated for this purpose - provided that the strengths and weaknesses are identified and a proposal to address them is in line with the interest of the company.

Article Eighty Seven: Social Responsibility

The Ordinary General Assembly shall establish - based on a proposal from the Board of Directors - a policy that ensures the establishment of a balance between its objectives and those that the society aspires to achieve in order to develop the social and economic conditions of the society.

Article 88: Social Work Initiatives

- The Board of Directors sets programs and determines the means necessary to launch the company's initiatives in the field of social work, including the following:
- 1) Establishing measurement indicators linking the company's performance with the initiatives it offers in social work, and comparing that with other companies with similar activity.
  - 2) Disclosure of the objectives of social responsibility adopted by the company to its employees, and educating and educating them about it.
  - 3) Disclosure of plans to achieve social responsibility in periodic reports related to the company's activities.
  - 4) Develop awareness programs for the community to introduce the company's social responsibility.
  - 3) The remuneration of the director of the audit unit or department shall be determined based on the proposal of the audit committee in accordance with the company's policies.
  - 4) To be able to view and obtain information, documents and papers without restriction.

Article 76: Formation of the Internal Audit Unit or Department The internal audit unit or department consists of at least one internal auditor whose appointment is recommended by the Audit Committee and who is responsible to it. In the formation and work of the internal audit unit or department, the following shall be taken into account:

- 1) That its employees have competence, independence and appropriate training, and that they are not assigned to any other work other than the work of internal auditing and the internal control system.
- 2) That the unit or department submit its reports to the Audit Committee, be associated with it and be responsible before it.

Article Thirty Nine: Training

The company shall pay sufficient attention to training and qualifying the members of the Board of Directors and the executive management, and developing the necessary programs for that, taking into account the following:

- 1- Preparing programs for the newly appointed members of the Board of Directors and Executive Management to introduce the company's workflow and activities, in particular the following:
  - a. Company strategy and objectives.
  - B. Financial and operational aspects of the company's activities.
  - c. Board members' obligations, duties, responsibilities and rights.
  - Dr.. Duties of the company's committees and their terms of reference

2- Developing the necessary mechanisms for each of the members of the Board of Directors and the executive management to obtain training programs and courses on an ongoing basis in order to develop their skills and knowledge in areas related to the company's activities.

Article 70: Formation of the Risk Management Committee A committee named (Risk Management Committee) shall be formed by a decision of the Board of Directors of the company. Its chairman and the majority of its members shall be non-executive members of the Board of Directors. Its members are required to have an appropriate level of knowledge of risk management and financial affairs.

Article 72: Meetings of the Risk Management Committee The Risk Management Committee meets periodically every (six months), at least, and whenever the need arises.

Article Ninety Five Formation of the Corporate Governance Committee

In the event that the Board of Directors forms a committee specialized in corporate governance, it shall delegate to it the competencies stipulated in Article 94 of these bylaws. This committee shall follow up on any issues related to governance applications and provide the Board of Directors, at least annually, with reports and recommendations it reaches.

Article 85: Motivating Employees The company shall develop programs to develop and motivate the participation and performance of the employees in the company, provided that they include - in particular - the following:

- 1) Forming committees or holding specialized workshops to listen to the views of the employees of the company and discuss with them the issues and topics subject to important decisions.
- 2) Programs for granting employees shares in the company or a share of the profits it achieves, retirement programs, and the establishment of an independent fund to spend on these programs.
- 3) Establishing social institutions for the company's employees.



## 8. The names of the board members, committee members, and executive management

### 9. Board of Directors

Name	current jobs	previous jobs	Qualifications	Of experience	Membership in other councils
Mohammad Al Hammadi	CEO AL HAMMADI COMPANY	-	Holds a Bachelor's degree in Business Administration - Weber University, Florida - USA, in 1996. Holds a Bachelor's degree in Marketing - from Weber University, Florida - USA, in 1996.	28YERS	Al Hammadi Holding Company East Integrated Pipes Company for Industries
Ibrahim A bin Kulib	CEO AL BAHA COMPANY	direct vision Fund idea	holds a bachelor's degree in administrative sciences.	17YERS	Transport Broker for Communications and Information Technology Grass Nabta Trading Company
Dr. Abdulaziz Al Hammadi	COO AL HAMMADI COMPANY	King Khaled University Hospital King Saud University Hospital	holds a Bachelor's degree in Medicine and General Surgery.	20YERS	Al Hammadi Holding Company
Mishaal M. Mufti	CFO AL BAHA COMPANY	-	holds a bachelor's degree in Business Administration - Financial Management in 2004. holds a Marketing Course from the University of Washington. A course in management skills from Tufts University, Massachusetts.	22YERS	Arab Company for Hospitals ELEGANT Centers Company
Saad A. Al-Humaidi	General Manager of Evolving Time for Investment and Development	Compliance Manager and Secretary of the Board of Directors of Amana Insurance Company Financial auditor at Ernst & Young Credit officer at Al Rajhi Bank An external auditor at Price Water House	Bachelor of Accounting from North Colorado University in 2004.	19YERS	Al Hammadi Holding Company
Turki A. Al Rosayes	Vice President of Real Estate Management at Olayan Real Estate Management Company	Assistant Governor for Need Management at the State Real Estate Authority Head of Business Development at Olayan Food Services Company Business Development Manager at Hamat Real Estate Company Director of the Commercial Sector at Abdullah Mohammed Bin Saedan & Sons Company	BA in Marketing from the University of Cleveland - America - 2005.	9YERS	Akram Asas Company Ltd
Mr. Fahd A. Al-Madyan	Gm AL MADYAN COMPANY	Jordan Commercial Bank	Bachelor	26YERS	-
Mr. Abdullah M Bal sharaf	GM GIRAS NABTAH COMPANY	Capital Gate Trading Company Asrar United Company for Catering	Bachelor of Administrative Sciences	14YERS	Grass Nabta Trading Company Asrar United Company for Catering

### 10. Membership of board members in other companies

Name	Existing companies	based	legal entity	previous companies	based	legal entity
Mohammad Al Hammadi	Al Hammadi Holding Company East Integrated Pipes Company for Industry Aziz Contracting and Industrial Investment Company	Saudi Arabia	Listed Listed contribution	Saudi Automotive Services Company (SASCO) Saudi Chemical Holding Company	Saudi Arabia	Listed shareholder Listed contribution
Ibrahim A bin Kulib	ELEGANT Centers Co. Ltd Ishraqa Regional Development and Real Estate Investment Company Transport Broker for Communications and Information Technology Grass Nabta Trading Company	Saudi Arabia	limited liability	Medical Industries Company Limited Direct Vision Corporation for Advertising and Public Relations Fund Idea Agency Foundation for Public Relations	Saudi Arabia	limited liability
Dr. AbdulAziz Al Hammadi	Al Hammadi Holding Company Aziz Contracting and Industrial Investment Company	Saudi Arabia	Listed Closed Joint Stock	-	-	-
Mishaal M. Mufti	Medical Support Services Company Limited Pharmaceutical Services Company Limited Arabia Hospitals Co. Ltd	Saudi Arabia	limited liability	Specialized Clinics Complex Company Limited	Saudi Arabia	limited liability
Saad A. Al-Humaidi	Al Hammadi Holding Company Developed Time Company for Investment and Development	Saudi Arabia	Joint Stock listed limited liability	-	-	-
Turki A. Al Rosayes	Akram Asas Company Ltd	Saudi Arabia	limited liability	Olayan Holding Company Olayan Real Estate Company Hamat Real Estate Company Bin Saidan Company	Saudi Arabia	limited liability
Mr. Fahd A. Al-Madyan	Abdullah Al Midian Trading Est Ad Art. Median Company Sports services company Gulf Express Company Emirates Bosch Company	Saudi Arabia	limited liability	Jordan Commercial Bank	-	-
Mr. Abdullah M Bal sharaf	Grass Nabta Trading Company Abdullah Mohammed Balsharaf & Partners International Co	Saudi Arabia	limited liability	Capital Gate Trading Company Asrar United Company for Catering	Saudi Arabia	limited liability



## 11. Composition and classification of the Board of Directors

member name	position	Membership rating	Adjective
Mohammad Al Hammadi	Chairman of Board of Directors	Non-executive	his personal capacity
Ibrahim A bin Kulib	Vice Chairman and CEO	executive	his personal capacity
Dr. Abdulaziz Al Hammadi	Member of the Board of Directors and Secretary	Non-executive	his personal capacity
Mishaal M. Mufti	Member of the Board of Directors	Non - executive	his personal capacity
Saad A. Al-Humaidi	Chairman of the Audit Committee	independent	his personal capacity
Turki A. Al Rosayes	Member of the Board of Directors	independent	his personal capacity
Mr. Fahd A. Al-Madyan	Chairman of the Nomination and Remuneration Committee	independent	his personal capacity
Mr. Abdullah M Bal sharaf	Member of the Board of Directors	independent	his personal capacity

## 12. Committees

### 13. Review Committee

member name	position	Membership rating
Saad A. Al-Humaidi	Committee president	independent
Turki A. Al Rosayes	Committee member	independent
Mohammad Al Hammadi	Committee member	Non-executive

### 14. Nominations and Rewards Committee

member name	position	Membership rating
Mr. Fahd A. Al-Madyan	Committee president	independent
Mohammad Al Hammadi	Committee member	Non-executive
Mr. Abdullah M Bal sharaf	Committee member	independent

### 15. Executive management

Name	position	Membership rating
Ibrahim A bin Kulib	CEO	executive
Mohammad a elgendi	CFO	executive

### 16. Board procedures

- Company phone: +966177223333 Company fax: +966177224445
- Company mobile: +966559993883 Twitter: @albahacompany
- The company's website: www.albahacompany.com
- Email: invest@albahacompany.com
- P.O.Box: 448 Postal Code: 2288 Baljurashi The company's headquarters address: Al-Baha City - King Fahd Road - Building No. 7050

The Board of Directors has not received any observations or suggestions regarding the company and its performance from the shareholders. The Board of Directors is keen to have its members, especially non-executives, attend the meeting of the company's general assemblies to listen to the inquiries and suggestions of the company's shareholders, respond to them and document them in the minutes of the assemblies. The company has also provided several means to communicate directly with the company at non-working hours Associations, through direct contact with the company and through several different channels.

### 17. A brief description of the terms of reference of the committees, their tasks and the number of their meetings

#### Review Committee

The audit committee is responsible for monitoring the company's business and verifying the integrity and integrity of the reports, financial statements and internal control systems therein. The committee's duties include, in particular, the following:  
Financial reports:

Studying the initial and annual financial statements of the company before submitting them to the Board of Directors and expressing their opinion and recommendation in their regard to ensure their integrity, fairness and transparency.

Expressing a technical opinion - at the request of the Board of Directors - as to whether the report of the Board of Directors and the company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.

Examining any important or unusual issues contained in the financial reports.

Examine carefully any issues raised by the company's financial manager or whoever assumes his duties, the company's compliance officer, or the auditor.

Verifying accounting estimates in material matters contained in the financial reports.

Studying the accounting policies followed in the company and expressing an opinion and recommendation to the Board of Directors in this regard.

Auditor:

Recommend to the Board of Directors the nomination and dismissal of 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.

Checking the auditor's independence, positionality and fairness, and the effectiveness of audit work, taking into account the relevant rules and standards.

Reviewing the company's auditor's plan and his work, verifying that he has not submitted technical or administrative works that are outside the scope of the audit work, and expressing his views on that.

#### 18. Audit committee members

member name	The nature of the membership
Mr. Saad AbdulMohsen AbdulAziz Al-Humaidi	Committee Chair (Independent)
Mr. Turki AbdulRahman Abdullah Al Rosayes	Committee Member (Independent)
Dr. AbdulAziz Saleh Al Hammadi	Committee member (non-executive)

#### 19. Audit committee meeting

member name	The nature of the membership	Number of meetings (4)				Attendance rate
		The meeting 1 2023/03/31	The meeting 2 2023/05/21	The meeting 3 2023/08/14	The meeting 4 2023/10/25	
Saad Al-Humaidi	president	✓	✓	✓	✓	% 100
AbdulAziz AlHammadi	member	✓	✓	✓	✓	% 100
Turki Al Rosayes	member	✓	✓	✓	✓	% 100

Answering the company's auditor's inquiries.

Studying the auditor's report and his observations on the financial statements and following up on what has been taken in their regard.

Internal Audit:

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

Studying internal audit reports and following up the implementation of corrective actions for the notes contained therein.

Control and supervise 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 shall submit its recommendation to the Board regarding the need for his appointment.

Recommend to the Board of Directors the appointment of a unit manager, internal audit department, or internal auditor, and suggest his remuneration.

Commitment Guarantee:

Reviewing the results of the regulatory authorities' reports and verifying that the company has taken the necessary measures in this regard.

Verifying the company's compliance with relevant regulations, regulations, policies and instructions.

Reviewing the contracts and transactions proposed to be conducted by the company with the related parties, and submitting its views in this regard to the Board of Directors.

Raise the issues it deems necessary to take action on to the Board of Directors, and make recommendations for the actions to be taken





## 20. Nominations and Rewards Committee

The committee undertakes the tasks and competencies related to and related to awards and nominations, as follows:

Preparing a clear policy for the remuneration of members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that the policy follows performance-related standards, discloses them, and verifies their implementation.

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

Periodic review of the remuneration policy, and evaluation of its effectiveness in achieving the objectives set for it.

Recommending to the Board of Directors the remuneration of the members of the Board of Directors, its committees and senior executives of the company in accordance with the approved policy.

Suggest clear policies and criteria for membership in the Board of Directors and Executive Management.

Recommending to the Board of Directors to nominate and re-nominate its members in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.

Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and for occupying executive management positions.

Determine the time that the member should allocate for the work of the Board of Directors.

Annual review of the necessary requirements of appropriate skills or experience for membership of the Board of Directors and executive management positions.

Reviewing the structure of the Board of Directors and executive management and making recommendations regarding changes that can be made.

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.

Develop job descriptions for executive members, non-executive members, independent members and senior executives.

Establishing special procedures in the event of a vacancy in the position of a member of the Board of Directors or a senior executive.

Identify strengths and weaknesses in the Board of Directors, and propose solutions to address them.

The Nominations and Remuneration Committee periodically reviews and evaluates the performance of the members of the Board of Directors and the tasks and duties of the committees

In addition to ensuring the attendance of members and their active participation in meetings.

The Chairman of the Board of Directors and his deputy periodically follow up and evaluate the performance of the Board, its members, and its committees and their members.

## 21. Members of the Nomination and Remuneration Committee

member name	The nature of the membership
Mr. Fahd Abdullah Al-Madyan	Committee Chair (Independent)
Mr. Mohammad Saleh Al Hammadi	Committee Member (Independent)
Mr. Abdullah Mohammed Bal sharaf	Committee member (non-executive)

## 22. Nomination and Remuneration Committee meetings

member name	The nature of the membership	Number of meetings (2)		Attendance rate
		the meeting1 2023/05/22	the meeting2 2023/12/25	
Mr. Fahd Abdullah Al-Madyan	Committee president	✓	✓	% 100
Mr. Mohammad Al Hammadi	Committee member	✓	✓	% 100
Mr. Abdullah Balsharaf	Committee member	✓	*	% 50

## 23. The methods used by the Board of Directors in evaluating its performance and the performance of its committees and members, and the external party that conducted the evaluation and its relationship with the company.

do not apply





## 24. Bonuses

### Board of Directors

	Fixed bonuses				Variable rewards									
	A certain amount	Allowance for attending council sessions	Total allowance for attending committee sessions	Benefits in kind	Total	percentage of profits	Periodic bonuses	Short-term incentive plans	Long term incentive plans	Bonus Shares (value is entered)	Total	Indemnity	total summation	Expense allowance
First: Independent members														
Saad AbdulMohsen AbdulAziz Al-Humaidi				Null	-			Null			-	-	-	-
Turki AbdulRahman Abdullah Al Rosayes				Null	-			Null			-	-	-	-
Fahd Abdullah Al-Madyan				Null	-			Null			-	-	-	-
Abdullah Mohammed Bal sharaf				Null	-			Null			-	-	-	-
Second: Non-executive members														
Mohammad Saleh Al Hammadi				Null	-			Null			-	-	-	-
Dr. AbdulAziz Saleh Al Hammadi				Null	-			Null			-	-	-	-
Mishaal Mohammad Hassan Mufti				Null	-			Null			-	-	-	-
Third: the executive members														
Ibrahim Abdullah Rashed bin Kulib				Null	-			Null			-	-	-	-

	Fixed rewards				Variable rewards						Total executive compensation About the council, if any	total summation		
	payroll	Suits	Benefits in kind	the total	Periodic bonuses	earnings	Short-term incentive plans	Long-term incentive plans	Granted shares	the total			Indemnity	Vacation allowance
Senior Executive Jobs														
Five senior executives who received the highest bonuses from the company, including the CEO and CFO	258,000	-	-	258,000	-	-	-	-	-	-	87,644	21,044	-	366,688
the total	258,000			258,000							87,644	21,044		366,688

	Fixed rewards (except for attendance allowance for sessions)		Total
	Allowance to attend sessions	Total	
Members of the Audit Committee			
Saad AbdulMohsen AbdulAziz Al-Humaidi	Null	Null	Null
Dr. AbdulAziz Saleh Al Hammadi	Null	Null	Null
Turki AbdulRahman Abdullah Al Rosayes	Null	Null	Null
Total	Null	Null	Null
Members of the Remuneration and Nomination Committee			
Mr. Fahd Abdullah Al-Madyan	Null	Null	Null
Mr. Mohammad Al Hammadi	Null	Null	Null
Mr. Abdullah Balsharaf	Null	Null	Null
Total	Null	Null	Null



## 25. Penalties, penalties, precautionary measures and restrictions imposed on the company by the Authority or any supervisory, regulatory or judicial authority.

Ways to treat it and prevent it from occurring in the future	The party that signed the violation	Reasons for the violation	Punishment/penalty/precautionary measure/precautionary restriction
It is being worked on	Implementation in Riyadh	Exchange of company assets	Request to implement Al-Sata'a Modern Company against Al-Baha Investment and Development Company

Thus, the company does not have any penalties, penalties, precautionary measures, or restrictions imposed on the company by the Authority, or any supervisory, regulatory, or judicial body, other than what was mentioned in the report and to the best of our knowledge.

## 26. The results of the annual review of the effectiveness of the company's internal control procedures

In application and commitment by the company to the instructions of the Capital Market Authority and the rules of registration and listing to verify the adequacy and effectiveness of the internal control of Al-Baha Investment and Development Company, the Internal Audit Department represented by the Audit Committee reviews the internal control procedures to evaluate the control systems for the management of the company and the various activities and the subsidiary company according to an annual audit plan prepared on Risk basis and approved by the Audit Committee, which includes evaluating the adequacy and effectiveness of control systems to improve the effectiveness of governance in order to achieve the company's objectives and protect its assets, in addition to reviewing and evaluating all policies, practices and procedures for the management of the company and its subsidiary, with a focus on internal auditing of the company's activities that have substantial risks in If the need arises.

### - The Audit Committee's opinion on the adequacy of the internal control system

The results of the examination of the internal control systems at the level of the company and its management and operations showed that there is no fundamental shortcoming in the internal control systems that require disclosure.

## 27. The review committee's recommendation

The Audit Committee recommended in its annual meeting that there is no need to appoint an internal auditor in the company due to the cessation of the company's main activities and the limited activities and operations of its subsidiaries and the company's lack of need for that during the current period.

## 28. Conflict with the recommendations of the audit committee

There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors.

## 29. The company's social contributions do not apply

## 30. A record of attending assemblies during the fiscal year

member name	position	2023-06-19	2023-07-04	member name	position	2023-06-19	2023-07-04
1 Mohammad Al Hammadi	Chairman of Board of Directors	✓	✓	5 Saad A. Al-Humaidi	Chairman of the Audit Committee	✓	✓
2 Ibrahim A bin Kulib	Vice Chairman and CEO	✓	✓	6 Turki A. Al Rosayes	Member of the Board of Directors	✓	✓
3 Dr. Abdulaziz Al Hammadi	Member of the Board of Directors and Secretary	✓	✓	7 Mr. Fahd A. Al-Madyan	Chairman of the Nomination and Remuneration Committee	✓	✓
4 Mishaal M. Mufti	Member of the Board of Directors	✓	✓	8 Mr. Abdullah M Bal sharaf	Member of the Board of Directors	✓	✓

## 31. The main activities of the company and its subsidiaries

### The purposes and activities of the company

#### (Al-Baha Investment and Development Company)

- Construction of buildings
- Accommodation
- Real estate and leasing activities
- Specialized construction activities
- Food and beverage service activities
- Creative activities, arts and entertainment activities

### Main activities of subsidiaries

#### (Elegant Centers Co., Ltd.)

Social, group and personal services. | Financial, business and other services. | Construction.

The main activity of the company, as it is in the commercial register, is to establish and manage central markets, commercial and residential complexes, hotels, furnished apartments, gas stations, wholesale and retail trade of foodstuffs, building materials and iron, purchase and lease of lands to build buildings on them and invest them by selling or renting.

#### (Ishraq Regional Company for Real Estate Development and Investment)

Management and leasing of owned or leased real estate (non-residential) | Operating and Maintenance and cleanliness of the facilities. | Food trade. | Real estate development and investment activities.

Management and leasing of owned or leased real estate (residential) | Restaurant activities and catering services. | accommodation activities. | Commercial agencies.

Trading of building materials, electrical and sanitary tools. | recruitment. | Specialized sub-contracting

General contracting for buildings (construction, repair, demolition, restoration).

## The impact of the main activities on the company's business volume and its contribution to the results:

Activity	Activity revenues	percentage
The company did not have any major revenues from its operations in 2023	0.00	% 0.00
Activity	Activity revenues	percentage
"Revenues from the subsidiary company 'elegant Centers Limited Company'"	8,460,877	% 53
Activity	Activity revenues	percentage
"Revenues from the subsidiary company 'ishraq Radiance for Real Estate Development and Investment'"	7,601,017	% 47
<b>Total</b>	<b>16,061,894</b>	<b>% 100</b>



### 32. The company's plans and decisions during the year 2023

- Focus on Plaza Markets: Concentrate on the markets of neighborhood shopping centers (plazas) and increase the number of tenants for the elegant Centers Company Limited (subsidiary) and Ishraqah Regional Development and Real Estate Investment Company (group-owned company). This activity does not conflict with the current activity of Al-Baha Company, as investing in commercial complexes is one of the investment areas that Al-Baha Company may engage in according to its activity mentioned in the commercial register.
- Legal Case Follow-up: Continue the case filed by the company against Al-Sati'ah Modern Limited Contracting Company related to correcting the interpretation of the judgment issued by the Board of Grievances concerning the asset exchange issue with Al-Sati'ah Company. A judgment was issued on February 17, 2021, accepting the objection in form but rejecting it in substance, and upholding the second circuit's ruling obligating both parties of the lawsuit to complete the execution of the contract between them, which is the subject of this lawsuit.
- Revenue Enhancement: Continuously search for ways to increase the company's revenues directly or indirectly through its subsidiaries.

### 33. Risks

- **Macroeconomic Risks**  
The performance of Al-Baha Company depends on a number of factors related to the economic conditions in the Kingdom in general, such as and the new Corona, as well as inflation factors, GDP growth, average per capita income, and so on. The Saudi economy, in general, relies heavily on oil and petroleum industries, as the proceeds from their sale represent a large percentage of the state's revenues and the Kingdom's gross domestic product. The dependence of the economic wheel in the Kingdom essentially on one commodity makes it vulnerable to sudden fluctuations as a result of any fluctuations that may occur in the prices of that commodity in the global markets, and since Al-Baha Company operates within the Saudi economy system, the financial performance of the company and its subsidiaries and the results of their operations may be negatively affected by fluctuations Not favorable to and the emerging Corona, as well as in oil prices or other factors affecting the indicators of the Saudi economy in general, and as it is currently affected by the global Corona virus pandemic.
- **Risks of inability to liquidate real estate assets**  
It is possible that, and the economic, social, political, security and regional conditions may negatively affect the real estate market. As the emergence of any obstacles and complications in the market or the economy as a whole may result in a slowdown in the process of selling real estate in the event of a desire to do so, and then the company and its subsidiary will face difficulty in liquidating its real estate assets, which will reflect negatively on its financial position and thus on the financial position of Al-Baha Company and the results of its operations .
- **Risks associated with the retail sector**  
The retail sector depends on the average per capita spending in the Kingdom. And because the revenues of the company and its subsidiaries are generated from rents for shops, any decrease in the per capita spending rate due and the new Corona will negatively affect sales of shops, which may reduce the ability of tenants to continue renting shops, which will affect Negatively and materially affect the business of the company and its subsidiary, its financial position and the results of its operations, and therefore this factor will affect the company.
- **Risks related to road maintenance and construction work for government projects**  
One of the most important factors in the success of commercial complexes is the ease of access to it by visitors. Currently, the city of Riyadh is witnessing many road maintenance and construction works for the King Abdulaziz Public Transport Project in the city of Riyadh, the Riyadh Metro project and other huge development and commercial projects, which may greatly limit the ease of access to the sites of commercial complexes in general, and thus The decrease in the number of its visitors, which limits the company's ability to raise or maintain rental values, as it may have to reduce rental prices to keep the tenants, which leads to a decrease in the company's revenues and profitability, and negatively and materially affects the company's business, financial position and results of its operations .
- **Risks related to failure in the management of commercial complexes**  
The company manages its commercial complexes by itself, and therefore the possibility of failure exists, which leads to a negative impact on the financial position and the results of its operations.
- **Risks of non-fulfillment of future capital liabilities**  
The Company or its subsidiaries may have any obligations for potential capital expenditures or the need for future investments, and there are no guarantees or assurances that either of the two companies will be able to secure or provide for these expenses in a timely manner or on favorable terms due to the problems of and the emerging Corona, which It affects the financial position of the company and its subsidiary, and thus the results of their operations and profitability.

- **Risks related to the market and the sector**
- **Risks of demand on the real estate market**  
Due to and the new Corona, the decrease in real estate prices will negatively affect the activity of Al-Baha Company, the Elegant Centers Company (the subsidiary) and its subsidiary, Ishraqa Regional Company for Development and Real Estate Investment, given that the assets of the subsidiary and its subsidiary are mostly real estate properties and related investments. In view of this, the company's business will be directly affected by any potential fluctuations in real estate prices, rental rates, building materials prices, and construction and construction costs, because on the one hand, it depends in its expansions on purchasing or renting land and constructing new sites on it, in addition to the presence of meter works, Riyadh buses, and the closure of some city roads. Riyadh may have a direct impact on the company's business, and on the other hand, it will mainly depend on its revenues on the returns of renting the spaces available in its commercial complex on retailers, so the material unfavorable fluctuations in the real estate sector and the construction sector negatively affect the company's financial performance and the results of its operations As it is currently affected by the Corona virus pandemic globally.
- **Risks of not keeping up with the change in customer tastes and the decline in market share**  
If the company fails during its commercial real estate activity and its subsidiaries to keep pace with the change in customer tastes and the speed of response to those changes when opening new complexes and commercial centers and selecting the type of tenants, this will result in a decrease in the percentage of frequenting the company's malls and commercial centers as well as the rate of renting them, and thus a decrease in the company's market share. Which leads to lower revenues and profits.
- **Risks related to the company's activity and operations.**  
The risks of not succeeding the expansion strategy, in addition to the risks pandemic and the emerging corona virus.  
The expected future growth of the company depends on the success of its expansion strategy by opening new projects for its activities, specifically in its real estate and commercial activity, and the presence in new locations throughout the Kingdom and abroad whenever the opportunity permits. The company's inability to implement its expansion plans will negatively affect future growth opportunities, which will affect the company's financial position, and thus the results of its operations.
- **Risks of low turnout of visitors to the mall**  
The lack of expected demand for the company's commercial complexes due and the emerging Corona virus will reduce the chances of renting the complex's shops and lead to a decrease in the occupancy rate in it. Likewise, in the event that visitors and patrons are not satisfied with the goods and services provided to them by the tenants, the competitive position of the commercial complex may be negatively affected, which would involve the company in a series of corrective measures that may require large financial investments such as terminating the contracts of some shops or bearing additional costs for marketing campaigns and others, which negatively affect the company's revenues and profitability due to the current Corona virus.
- **Risks related to tenants defaulting, procrastination and inability to pay the rents due**  
The income of the company and its subsidiaries depends mainly on the revenues generated from rents, and therefore in the event that some tenants are unable, late, or procrastinating in paying the rents due on their due dates due and the emerging Corona virus, this will negatively and materially affect the flows The company's cash, and therefore its ability to fulfill its financial obligations and continue its business, which has a negative and material impact on the company's financial position and results of operations due to the Corona virus.

- **Risks of increased competition**  
Competition arises when there are other companies working in the same business sector as the company and offering similar or competing products, as the real estate and retail sectors are highly competitive sectors. Accordingly, there is no guarantee that the company will compete with high efficiency, and any change in the competitive environment may lead to a change in prices, a decrease in profit margins, or a loss of market share, which will negatively affect the company's revenues, results of its operation and profitability, which also applies to the Centers Company. High-end subsidiary company.
- **Risks of growth opportunities**  
The company's ability to develop its business depends on its exploitation of growth opportunities, which are greatly affected by, for example, the level of competition in the market, the availability of material and human resources, the ability of its management team, legal systems, and other factors affecting growth. There is no guarantee of maintaining a continuous level of growth, as the company may face difficulties in expanding its activity, developing its market share, and increasing its sales. Therefore, if the company is unable to manage its growth positively, its ability to develop its activity, increase its profits, and enhance returns to its shareholders will be affected. It means that the company's financial position and results of operations have been negatively affected.
- **Risks of obsolescence of facilities, quality of construction and design of the building, and maintenance**  
The quality of facilities that receive the public affects the turnout rate for these facilities. Although the facilities owned by the company are considered modern, failure to provide them with the necessary maintenance for any reason or their obsolescence with the passage of time will affect the quality of the facilities in the future and thus will lead to a lack of public interest in them. Likewise, the emergence of any defects in the design and quality of the building, or any defect in the provision of public services such as water, electricity and air conditioning, will force the company to carry out repairs and modifications, and this in turn will lead to the company incurring additional costs, in addition to the impact of these repairs on the operation of the shops. In the event that the maintenance costs are higher than the expected amount due to several factors, including increased labor costs, costs of contracts with third parties, repair and maintenance costs, water and electricity, then there will be a negative and material impact on the company's business and thus will affect its financial position and the results of its operations.
- **Risks of the company's inability to collect the rents due**  
The value of the rents generated from renting commercial stores constitutes the important source of the company's revenues, and therefore the company's inability to collect these rents or the delay in collecting them will negatively affect the company's business and its financial position due to the damages of and the emerging corona virus.
- **The inability to rent shops or renew lease contracts**  
The performance of the company and its subsidiaries depends mainly on the ability to rent out the shops in the complex, and to establish good relations with the tenants, and therefore, due and the emerging corona, there is no guarantee that the company will be able to rent the vacant shops or lease them on good contractual terms, and thus the impact Negatively and materially affect the company's revenues, its financial position and the results of its operations, and therefore this factor will affect the company because of the Corona virus.
- **Risks of financing sources**  
In order to finance or assist in financing the future expansion of the company's operations, the company relies on its ability to obtain loans from various financing agencies, and in the event that it is unable to obtain such financing in the future or fails to meet its future debt obligations, the operations of The company, its financial performance



➤ Management decisions risks

The results of the company's business depend mainly on the ability of its management to take correct and appropriate decisions regarding its business and activities. And in the event that the company's management takes wrong decisions regarding its business, especially in light and the emerging corona, this will reflect negatively on the company's performance, profitability and results of its operations.

➤ Risks of relying on key personnel

The company and its subsidiaries aim to attract and employ qualified persons to ensure the efficiency and quality of business through effective management and proper operation. And since the success of companies in their future plans depends on their ability to attract and retain qualified employees, the loss of any of the companies to important human elements or their inability to attract and retain them will reflect negatively on the companies' business, profits and business results.

➤ The impact of long-term contracts on market changes

The company or its subsidiaries will enter into long-term contracts with the tenants in the commercial complexes, including increases in the rental value throughout the term of the contract. market. Therefore, there is no guarantee that these increases, which the company determines at the time of concluding the contract, will be sufficient to compensate them for the increase in operating costs, inflation rates, or parallel to the rates of price increase, or the occurrence of any future pandemic, God forbid, such as and the emerging Corona, and therefore, it In the event that these increases are insufficient, or in the event that the collected rental values are less than the fair rental value compared to the market, which the company may not be able to negotiate with the tenants before the end of the contract period, this will negatively and materially affect the company's business, its subsidiaries, the results of their operations and their position financial and future expectations, and therefore this factor will affect the company.

➤ Liquidity risk

The company faces liquidity risk when it is unable to provide the necessary funds

It is necessary to meet its financial obligations arising from operational activities and its liabilities on time due and Corona emerging or others. The company does not guarantee that any emergency or sudden events that may require immediate liquidity will not occur, which would adversely affect the company's operational performance, financial position and results of operations.

➤ Risks of legal cases against the company

Al Baha Company faces risks as a result of its exposure to some legal claims and lawsuits filed against it. In the event that judgments are issued obligating the company to pay sums of money to others, or new cases are filed against the company, this will negatively affect the company's financial position and the results of its operations due to lawsuits, disputes and claims. The following table summarizes the cases filed against the company and the most important financial claims against it:

The name of the plaintiff	Claim value	Claim summary
Al-Sati'a Company for General Contracting	3,000,000	As a result of the asset exchange process between the two companies, a court ruling was issued on 01/25/1434 AH (corresponding to 12/08/2012 AD) obligating Al-Baha Company to complete the asset exchange process and pay the due amount, which is (3,000,000) three million Saudi riyals to the Modern Bright Contracting Company public, in addition to completing the exchange process, which includes: The actual emptying of (134) plots of land located in the Al-Morouj scheme in the city of Taif, with an estimated value of 12,000,000 riyals, according to the contract signed between Al-Baha Company and Al-Sati'a Company. Riyals according to the contract signed between Al-Baha Company and Al-Bataa Company. 3- The share of Al-Baha Company in Al-Baha National College of Science, estimated at 18,000,000 riyals, according to the contract signed between Al-Baha Company and Al-Sata'a Company. On 10/29/1437 AH (corresponding to 03/08/2016 AD), Al-Baha Company received a judicial decision from the enforcement departments in the General Court in Baljurashi obliging the company to implement the entire executive document issued by the Administrative Court in Jeddah in favor of Al-Sateha Al-Moderya Company for General Contracting, but it did not By executing the document, since on 05/12/1438 AH (corresponding to 09/02/2017 AD) Al-Baha Company received a copy of the judgment of the Execution Department in the General Court in Baljurashi issued on 04/05/1438 AH (corresponding to 01/02/2017 AD) with the number 38160080, which includes After reviewing the ruling issued by the Board of Grievances, it was found that the items to be implemented were not specified with regard to the exchange of assets, and the ruling of the Execution Department ended with halting implementation until the ruling issued by the Board of Grievances is corrected so that the items to be implemented are clearly and accurately identified for each item, as stipulated The judgment of the Department of Execution on the right to object to the two parties to the execution within a period of thirty days starting from the day following the date of receiving the copy of the judgment. The management of Al Baha Company did not object to the ruling, but rather intends to implement it according to the details contained therein. Once the detailed decision is issued, and the other party does not object to it, Al-Baha Company will coordinate with the Modern Bright Company to implement the merits of the ruling by transferring the ownership of all assets belonging to Al-Bataha Company to Al-Baha Company, as well as transferring the ownership of the assets belonging to Al-Baha to the Modern Bright Company, and ensuring the end of the court order in full. Noting that there will be no financial impact on Al-Baha Company as a result of executing the asset exchange transaction, assuming that the actual value of the assets of Al-Bayata Al-Modern Company amounts to 17,300,599 Saudi riyals, as Al-Baha Company had previously made provisions for the full amount of loss from this operation at a value of 68,699,441 riyals, considering that the value of the contract signed for the exchange of assets amounted to 86,000,000 riyals, while the actual value of the assets of Al-Satiha Company was 17,300,559 riyals, according to what was stated in the ignorance examination report, and during the year 2017 AD, the company refunded the increase in the previously formed asset replacement provision with a value of 1,996,283 Saudi riyals After refunding the increase, the balance of the provision for asset exchange becomes 66,703 and 158 Saudi riyals. The company also received the explanatory decision as follows: First: Obliging Al-Baha Investment and Development Company to pay 3 million riyals to the Modern Bright Company Limited for General Contracting. Second: oblige Al-Baha Investment and

➤ Risks of maintaining reputation and quality level

The absence of facilities from construction and finishing defects and their quality is considered one of the basic elements in leasing and marketing real estate and commercial complexes. In the event that these risks are not covered by contractors or the construction and finishing standards for commercial complexes are not met, the company may face difficulty in marketing its real estate products, which negatively affects its reputation, revenues and financial performance, and therefore this factor will affect the company.

➤ Risks of employee errors

Employee errors that may result in a breach of any applicable laws or regulations may lead to the imposition of penalties or financial obligations on the company or result in damage to the company's reputation. The company does not guarantee that such errors will not occur, which may include conducting irregular activities, misusing information or company resources, disclosing confidential information, engaging in spreading misleading information, or non-compliance with internal controls. Since the company cannot always prevent employee errors, it cannot guarantee that employee errors will not negatively affect the company's performance and the results of its operations.

➤ Risks of not being able to comply with Saudization requirements

Labor laws in the Kingdom of Saudi Arabia require all establishments to have a Saudization rate of not less than a specified percentage. The Ministry of Labor may decide to impose stricter policies on companies with regard to the percentage of Saudization required in the future. In the event that the company does not comply with these laws related to the localization of jobs, it may face penalties, including stopping the issuance of the necessary employment visas, stopping issuing the necessary approvals to transfer the sponsorship of non-Saudi workers, prohibiting participation in government tenders, and preventing obtaining loans and other government incentives, which negatively affects the company's operations and financial performance.

➤ Credit risk

The company faces credit risk when one of the parties fails to meet a certain financial obligation. In the event that the obligation is not fulfilled by any of the previous parties, this will negatively affect the company, its financial position and the results of its operations.

and its ability to maintain its business and expansion will be negatively affected.

➤ Risks of understaffing

Al-Baha Company and its subsidiaries are currently operating with a limited number of employees, and any or all of the companies may need a larger number of employees to complete future expansion plans, and if any of the companies is unable to recruit the required number of employees in a timely manner or with the required competencies, it will affect This depends on the achievement of future plans, on their profitability and the results of their operations.

➤ Risks of contracts with third parties

The company and its subsidiaries conclude lease or construction and building agreements with third parties, and the company relies on the willingness and ability of these parties to fulfill their obligations under the terms and conditions of the said agreements. No guarantees or assurances can be given that these parties will be at the level of aspirations, especially in light of the crisis he new Corona, which will negatively affect the company's financial position, business results and profitability in the event that these parties are unable to fulfill their obligations, and therefore This factor will affect the company.

➤ Inability to renew development and operation agreements

The company and its subsidiaries intend to manage and operate commercial complexes at the present time, but there is no guarantee that the company will continue to manage commercial complexes in the future. This will have a negative impact on the company's financial position and the results of its operations, and therefore this factor will affect the company.

➤ Risks associated with granting exemptions and compensating tenants as a result of expansions and renovations

The company and its subsidiaries may have to, as happened when and the new Corona occurred, or when they carry out expansion or renovation works on commercial complexes, and these works may result in granting exemptions to some tenants from paying the rent for a limited period or compensating them for part of the value Rent paid as a result of stopping their work during the period of implementation of those works. The company or its subsidiaries may also have to reduce the rents of some shops to compensate the tenants for the damage resulting from the implementation of these works.

➤ L According to the size of the business and its impact on the tenant, which will reflect negatively on the company's financial position and the results of its operations, and therefore this factor will affect the company.



Development Company to actually empty the entire 134 plots of land with the notary, which it owns by 50% of the entire land in the Al-Mrouj scheme located in Al-Sail Al-Saghir in Al-Taif Governorate, in favor of Al-Sati'a Al-Haditha Company for General Contracting. Third: oblige Al-Baha Investment and Development Company to assign to the benefit of Al-Satiha Al-Haditha Company Limited for General Contracting all the contents of the poultry project and the land on which the project is built and owned by Al-Baha Investment and Development Company. The appealed judgment regarding correcting the interpretation of the judgment issued by the Board of Grievances for Al-Sate'a Al-Haditha Company Limited was overturned, and setting next Wednesday 29 Safar 1440 AH corresponding to 07 November 2018 AD as the date for the session. At the session, the company's lawyer presented the objection statement to the department's interpretation of the ruling issued by the Board of Grievances for Al-Sati'a Al-Haditha Company Ltd., and the defendant's attorney requested a deadline to respond, and the session was postponed to Wednesday 20 Rabi' al-Awwal 1440 AH corresponding to November 28, 2018 AD. On January 09, 2019 AD, regarding the interpretation of the judgment issued by the Board of Grievances of Al-Sata'a Modern Contracting Company Limited, and in the presence of this session, the Second Commercial Circuit of the Commercial Court in Jeddah decided to issue its preliminary judgment by adhering to its previous decision dated 06/19/1439 AH, which judges that what is meant by the phrase is to oblige the parties to the case to complete the implementation The contract concluded between them, the subject matter of this case, dated 03/03/1432 A.H., the circuit decided to issue its preliminary judgment adhering to the previous decision that what is meant by the phrase obligating the parties to the case to complete the implementation of the contract concluded between them is the subject matter of this case. On January 27, 2019 AD, the company received a copy of the notification of the ruling adhering to its previous decision dated 19 Jumada Al-Thani 1439 AH, and on February 24, 2019 AD, the company submitted its appeal against the ruling received on January 27, 2019 AD. The circuit determined Shawwal 16, 1440 AH, corresponding to June 19, 2019 AD. In this session, the company's representative attended and it was postponed to July 17, 2019 AD. After that, the session was postponed due to the apology of the defendant's representative, Al-Saba'a, and it was postponed to October 09, 2019 AD. The circuit decided to postpone the session to October 30, 2019. In this session, the company's lawyer submitted a memorandum and a set of attachments, and presented them to the defendant's representative, asking for a deadline to respond, so the circuit decided to postpone the session to January 22, 2020 AD. In the session of February 22, 2020 AD, the defendant's representative, "Al-Saati'a", submitted a memorandum and attachments, and on Wednesday 05 Rajab 1442 AH corresponding to 17 February 2021 AD, and the department decided to accept the objection in form and reject it in content, and to support the ruling of the Second Circuit (at the Commercial Court in Jeddah in the case) and the judge: First: Obliging Al-Baha Investment and Development Company to pay the Modern Bright Company Limited for General Contracting an amount of three million riyals. Second: oblige Al-Baha Investment and Development Company to actually empty the entire 134 plots of land with the notary public, which it owns by 50% of the entire land in the Al-Morouj scheme located in Al-Sail Al-Saghir in Al-Taif Governorate, in favor of Al-Satiha Al-Haditha Company Limited for General Contracting. Third: oblige Al-Baha Investment and Development Company to assign to Al-Satiha Al-Haditha Company Limited for General Contracting all the contents of the poultry project and the land on which the project is built, owned by Al-Baha Investment and Development Company. The company has increased the component to offset the losses resulting from the exchange of assets with the Modern Bright Company by an amount of 17,300,559 Saudi riyals, after the approval of the ruling by the Court of Appeal, and the company has paid an amount of 3 million by order of the Execution Court in Riyadh, and the case is still under study by the lawyer, according to the Office of The company's lawyer.

➤ liabilities risk

Al-Baha Company has several financial obligations represented in the amounts of trusts, auction shares under settlement, the initial rights of non-subscribers in 2022, accrued expenses and other credit balances as shown in the financial statements.

➤ Risks of price pressures

The company and its subsidiary are facing the risks of pressures on rental prices due to and the emerging corona virus, as prices in the real estate rental activity may be subject to decline in the near future, due to the unfavorable economic conditions in addition to the general public's expectation that real estate rental prices may decrease. As a result of the application of fees on white lands and the high interest rate of the Central Bank, which may push the owners of these lands to invest in them and build residential and commercial properties on them, which in turn leads to an increase in supply and a decrease in prices. Therefore, the income of the company and its subsidiary from its main operational operations will be subject to pressures on prices, which will have a negative impact on the financial position of the company and the results of its operations after if these pressures occur in addition to the repercussions of the Corona virus.

➤ Risks of lack of experience in managing and developing real estate projects

Al-Baha Company faces the risks of lack of experience in managing and developing real estate projects, given that this activity is a new activity for it as a company. Consequently, the company will be exposed to new challenges and variables that may adversely affect its financial position and results of operations.

➤ Risks of not having a zakat certificate

During the year 2022 AD, the company paid all the amounts of zakat differences that belong to Al-Baha Company to the Zakat, Tax and Customs Authority, and thus the company was able to obtain a final certificate of zakat issued by the Zakat, Tax and Customs Authority, which includes granting the company the completion of all its transactions.

➤ Company continuity risks

Al-Baha Company has accumulated losses and provisions, and the management is still seeking its plan to amend the company's conditions and work on the continuity of its activity

➤ Risks of failure of internal systems

The company and its subsidiary have defined the work organization regulation for the internal systems in each of them. There is no guarantee that these systems will not fail or that these regulations will not be applied. In the event that this happens, there will be a negative impact on the financial position of the company and its subsidiary and the results of their operations.

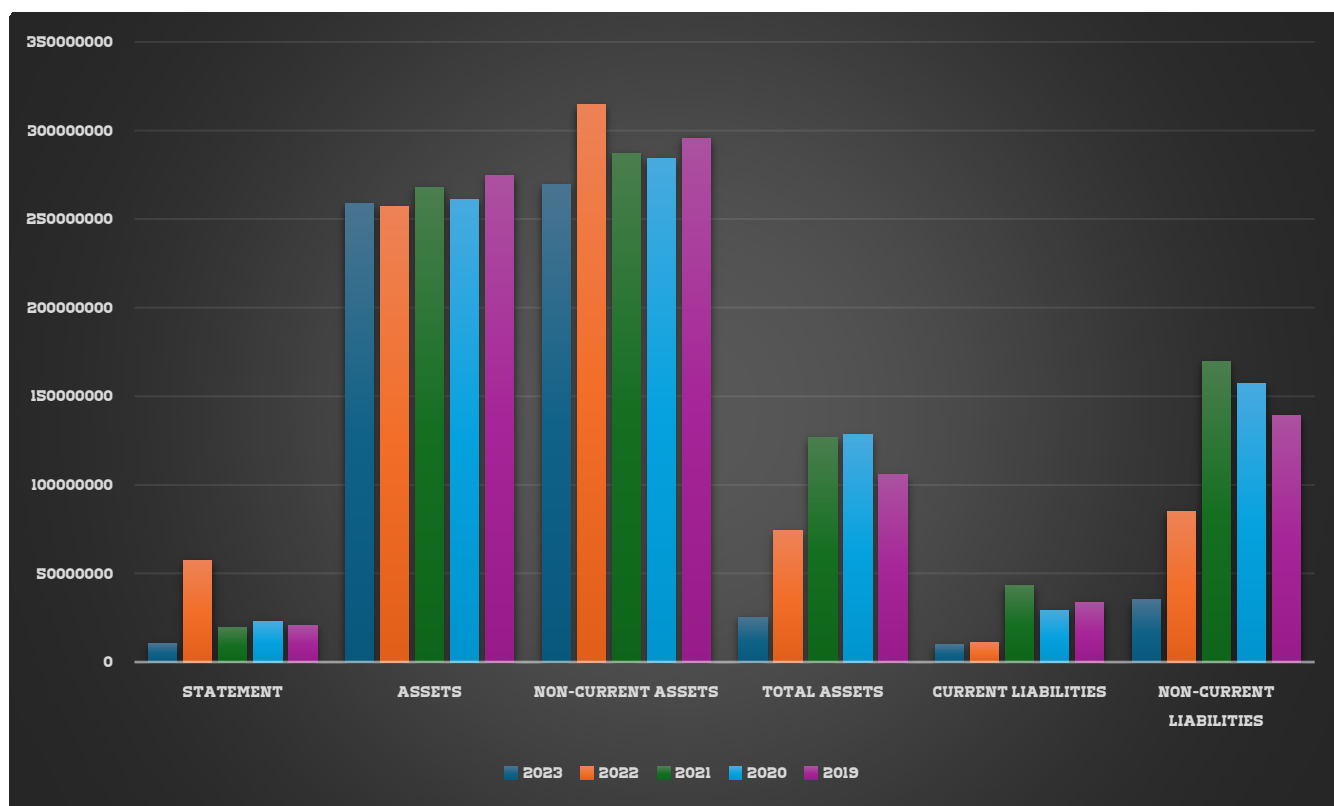
➤ Risks related to not obtaining the necessary licenses, permits and certificates, or their expiration or non-renewal

The company shall obtain and maintain the necessary statutory licenses, permits and approvals in connection with its activity and the conduct of their business. These licenses include, but are not limited to: company registration certificates issued by the Ministry of Commerce and Investment, Chamber of Commerce membership certificate, trademark registration certificate, Saudization certificate, zakat and insurances Social. In addition, most of these licenses and permits are subject to conditions under which licenses, certificates, permits and approvals may be suspended or terminated if the company fails to meet and comply with these conditions, which will adversely and materially affect the company's business and financial condition. Consequently, the inability of the company or its subsidiary to renew existing licenses or obtain any of the licenses necessary for their business, or if any of their licenses are suspended or expired, or if any of those licenses are renewed under inappropriate terms, or if the company is unable to obtain Additional licenses that may be requested from them in the future, as this may expose them to suspension, which will result in disruption of the operations of the company and its subsidiary and incur additional costs for them, which will negatively affect the results of their operations and their financial position.



### 34. The company's assets and liabilities

Statement	2023	2022	*2021	*2020	*2019
Assets	10,656,292	57,386,158	19,453,101	23,046,174	20,806,242
Non-current assets	258,687,324	257,124,372	267,849,538	260,941,497	274,886,585
Total assets	269,343,616	314,510,530	287,302,639	283,987,671	295,692,827
Current Liabilities	25,328,389	74,114,214	126,536,300	128,264,207	105,606,753
Non-current liabilities	9,737,308	11,060,177	43,335,330	29,174,945	33,724,884
Total liabilities	35,065,697	85,174,391	169,871,630	157,439,152	139,331,637



### 35. The impact of the subsidiary's main activities on the company's business volume and its contribution to the results

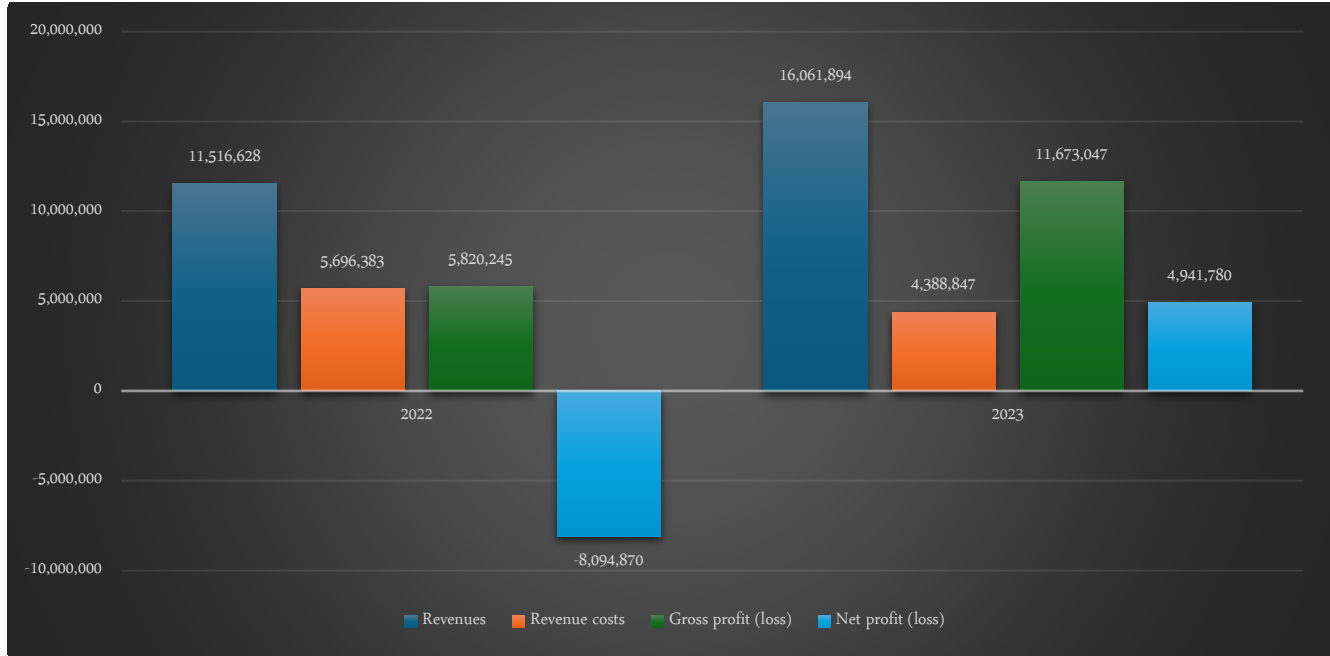
Statement	*2023	*2022
Sales/Revenue	16,061,894	11,516,628
Gross profit	(4,388,847)	(5,696,383)
General administrative expenses	11,673,047	5,820,245
Underwriting expenses	(3,678,159)	(3,214,087)
Impairment losses on goodwill	-	(3,995,600)
Provision for restitution/(decrease) in the value of investment properties	-	(951,349)
Impairment allowance for other receivable balances	4,679,505	(3,426,158)
Expected credit losses	(1,500,000)	-
Other income	(382,976)	166,903
Financing costs	74,845	2,978,174
Net profit (loss) for the year before zakat	(743,505)	(2,751,616)
Discretionary zakat	10,122,757	(5,373,488)
Net profit (loss) for the year	(5,180,977)	(2,721,382)
Net profit (loss)	4,941,780	(8,094,870)





### 36. The impact of the subsidiary's main activities on the company's business volume and its contribution to the results

Statement	*2023	*2022
Revenues	16,061,894	11,516,628
Revenue costs	(4,388,847)	(5,696,383)
Gross profit (loss)	11,673,047	5,820,245
Net profit (loss)	4,941,780	(8,094,870)



### 37. Geographical analysis of the total revenues of the company and subsidiaries

Year	Geographical analysis of the company's total revenue			
	Total revenue	Baha	Total revenue	total
2023	-	-	-	-

Year	Geographical analysis of the total revenues of the subsidiary company (Elegant Centers Company Ltd.)		
	Total revenue	Riyadh	Total revenue
2023	8,460,877	8,460,877	8,460,877

Year	Geographical analysis of the total revenues of the subsidiary of the Elegant Centers Company Ltd. (Ishraqa Regional Real Estate Development and Investment Company)		
	Total revenue	Riyadh	Total revenue
2023	7,601,017	7,601,017	7,601,017

### 38. Substantial differences in operational financial results from the results of the previous year

Group revenues increased by 39%.  
 - Reduced cost of revenue by 23%  
 - Reduced financing costs by 73%.  
 - Not recording underwriting expenses compared to the same period of the previous year, in which an amount of 3,995,600 underwriting expenses was recorded.  
 - Recovering the decrease in investment properties during the current year in the amount of 4,679,505  
 - Despite the calculation of a zakat provision for the group amounting to 5,180,977 Saudi riyals  
 - Recording provisions for impairment of other receivable balances in the amount of 1,500,000 riyals  
 Note that the projects acquired by the group from the net subscription proceeds will begin to have their financial impact during the fiscal year 2023.

### 39. Differences in accounting standards approved by the Saudi Organization for Certified Public Accountants

The numbers for the comparative years have been reclassified as the group has applied International Financial Reporting Standard No. (5) "Non-current assets held for sale and discontinued operations." This standard requires that assets that meet the criteria for classification as held for sale be measured at their book amount or value. The fair value minus the costs of sale, whichever is lower, and that the depreciation of those assets is stopped, and that the assets that meet the criteria for classification as held for sale are presented separately in the statement of financial position, and that the results of discontinued operations are presented separately in the statement of comprehensive income, and accordingly the management of The group reclassified these assets into a separate item under the name non-current assets held for sale.





#### 40. Names of subsidiaries

The name of the subsidiary company	Its capital	The percentage of the company's ownership in it	Its main activity	The state is the principal place of its operations	State of incorporation	The name of the subsidiary company	Its capital	Percentage of company ownership in it ***	Its main activity	The state is the principal place of its operations	State of incorporation
Elegant Centers Company	57.500.000	* % 86.96	Owning and leasing commercial and office complexes	Saudi	Saudi	Ishraqa Regional Real Estate Development and Investment Company **	50.000	% 86.96	Commercial and office complexes investing and leasing them	Saudi	Saudi

\* In 2017, the subsidiary, "Elegant Centers Company Limited", increased its capital from 50 million to 57.5 million. It also transferred ownership of 750,000 shares of its shares to the partners of Ishraqa Regional Company for Development and Real Estate Investment in exchange for acquiring all of their shares in Ishraqa Regional Company for Development and Real Estate Investment to become ownership. Al-Baha Investment and Development Company after transferring the stakes to 86.96% in the Elegant Centers Company Limited.

\*\* In 2017, the affiliated company, "Elegant Centers Company Limited", acquired all the shares of the partners in Eshraqa Regional Company for Real Estate Development and Investment. It is currently considered a 100% subsidiary of Elegant Centers Company Limited, which is 86.96% owned by Al-Baha Investment and Development Company.

#### 41. Details of shares and debt instruments for each subsidiary

The company does not have any shares or debt instruments issued by its subsidiaries.

#### 42. The company's annual net profit distribution policy is as follows

The company announces the dividends, and the announcement issued in this regard includes the amount of distribution and the method of payment after the initial distribution of the company's net profits for the year has been approved by the company's ordinary general assembly based on the recommendations of the Board of Directors.

The company will not announce the distribution of profits in the event that the company is financially insolvent or in the event of bankruptcy or if this will lead to the failure or bankruptcy of the company.

Dividends are paid out of the company's net profits and distributed to the shareholders on the basis of the number and type of shares.

The amount of distributions for ordinary shares is determined based on the recommendations of the Board of Directors, and may not exceed this amount.

The company's annual net profits shall be distributed after deducting all general expenses, other costs, and provisions, including legal zakat, and other provisions and reserves, as follows:

Set aside 10% of the net profits to form the statutory reserve. The Ordinary General Assembly may stop this reserve when the aforementioned reserve reaches half of the capital.

The Ordinary General Assembly may, upon a proposal by the Board of Directors, set aside a percentage of the net profits to form other reserves.

A down payment of 5% of the paid-up capital shall be distributed from the remainder.

The remainder of the profits is then distributed to the shareholders as an additional share of the profits.

The dividend per ordinary share will equal the total dividend divided by the number of ordinary shares of the company.

The amount of dividends for preferred shares, if any, is determined in accordance with the companies' bylaws and the company's articles of association, and it is not less than 5% of the nominal value of the share.

The eligibility of the cash dividends shall be for the shareholders who own the shares on the due day and are registered in the company's shareholder register at the Depository Center at the end of the second trading day following the day of the company's general assembly meeting (the due day).

The date of commencement of disbursement of annual profits shall be within a period not exceeding thirty (30) days from the date of making the distribution decision.

The company shall continue to pay the dividends announced for the shares whose owners did not advance in receiving the dividends due during the period announced in the previous paragraph.

No interest is charged on distributions that are not claimed or not received by the relevant shareholder.

The company is responsible for paying the announced distributions, and accordingly, the company will be legally responsible to the shareholders in case it fails to pay the distributions.

The Shareholders Affairs Department is responsible for preparing and coordinating the payment of dividends.

The company informs the shareholders of the date, place, and procedures for paying the dividends by publishing this information through the publishing methods used in the case of publishing the invitation to the general assembly, including the financial market (Tadawul) website, or on the company's website, or any other means that the Board of Directors deems appropriate.

For the purpose of organizing and completing the process of paying dividends, the company may seek the assistance of an external party called a "payment agent", which is one of the banks with which the company deals. In any case, seeking assistance from an external party does not exempt the company from its legal responsibility before the shareholders with regard to paying the distributions.

The company is obligated to notify the shareholders in the event of seeking the help of a "payment agent" or changing it, through the publishing methods used in the event of publishing the invitation to the general assembly, or through its website or the financial market (Tadawul) website, or any other means that the Board of Directors deems appropriate.

Matters related to the payment of the announced distributions, which are not stipulated in the Companies Regulations or the Company's Articles of Association, the Company will handle according to what is in the interest of its shareholders.

The Board of Directors of the company has the right to approve the distribution of profits on a quarterly basis, if the company's financial conditions permit, and in accordance with the following controls and guidelines:

The company should have enough accumulated profits to cover the profits proposed to be distributed during the year after deducting the statutory and tax provisions and reserves.

That the profits achieved during the different periods of the fiscal year have been built on the same accounting principles used by the company, and that the possibility of maintaining these profits until the end of the company's fiscal year is a highly reasonable possibility.

The company's financial position and the liquidity available to it allow this distribution to be carried out.

The board of directors of the company must include in its annual report submitted to the company's general assembly the percentage of profits distributed to shareholders during the different periods of the year in addition to the percentage of profits proposed to be distributed at the end of the year and the total of these profits.

Profits are recorded on the account of the profits achieved for the period or on the account of the accumulated profits from the previous years, or both. The company must take into account the sequence and regularity in the manner and percentages of distribution of profits according to the capabilities and liquidity available to the company. The Board of Directors must disclose and announce the regular periodic percentages of profits that it decides to distribute. Shareholders must meet their deadlines so that shareholders are aware of and informed of them.

When the decision to distribute dividends is taken by the Board of Directors, the company shall disclose and announce it immediately on the company's website and the financial market (Tadawul) website.

#### 43. A description of any interest in the category of voting shares belonging to persons (other than the members of the Board of Directors of the company and senior executives and their relatives) who have informed the company of those rights under Article 85 of the Rules on the Offer of Securities and Continuing Obligations, and any change in those rights during the last fiscal year

A description of any interest in the voting-eligible shares category belonging to persons (except for members of the company's board of directors, senior executives and their wives and minor children) inform the company of these rights according to Article 45 of the Registration and Listing Rules

sequence	The name of the person who has the interest	The number of shares at the beginning of the year	The number of shares at the end of the year	Net change	Percentage change
(1)	-	-	-	-	-



**44. A description of any interest, contractual securities, and subscription rights belonging to members of the Board of Directors of the company, senior executives and their relatives in 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**

A description of any interest, contractual papers and subscription rights of board members and their wives and minor children in the shares or debt instruments of the company							
Sequence	The name of whoever has the interest, contractual papers, or subscription rights	the beginning of the year		End of the year		Net change	Percentage change
		Number of Shares	Debt instruments	Number of Shares	Debt instruments		
1	Mr. Mohammad Saleh Mohammad Al Hammadi *	1,963,720	-	196,372,000	-	-	-
2	Mr. Ibrahim Abdullah Rashed Kulib	730515	-	73,051,500	-	-	-
3	Mr. Mishaal Mohammad Hassan Mufti	1014	-	101,400	-	-	-
4	Dr. AbdulAziz Saleh Mohammad Al Hammadi *	4,612,861	-	322,602,300	-	1,386,838	30.06%
5	Mr. Saad AbdulMohsen AbdulAziz Al-Humaidi	16	-	1,600	-	-	-
6	Mr. Turki AbdulRahman Abdullah Al Rosayes	10	-	1,000	-	-	-
7	Mr. Fahd Abdullah Al-Madyan	-	-	-	-	-	-
8	Mr. Abdullah Mohammed Balsharaf	150	-	15,000	-	150	-

Relatives of board members: (their wives and minor children) \*\*The reason for the change is the age of the minors.

\*\*\*The extraordinary assembly approved the stock split during the year 2023 from the nominal value of 10 riyals per share to the value of 10 halalas per share.

Description of any interest, contractual papers and subscription rights of senior executives and their wives and minor children in the shares or debt instruments of the company							
sequence	The name of whoever has the interest, contractual papers, or subscription rights	the beginning of the year		End of the year		Net change	Percentage change
		Number of Shares	Debt instruments	Number of Shares	Debt instruments		
(1)	Ibrahim Abdullah Rashed Kulib	730515	-	73,051,500	-	-	-
(2)	Mishaal Mohammad Hassan Mufti	1014	-	101,400	-	-	-

**45. A description of any interest, contractual securities and subscription rights belonging to members of the Board of Directors of the company, senior executives and their relatives in shares or debt instruments of the subsidiary company, and any change in that interest or those rights during the last fiscal year:**

Description of any interest, contractual papers and subscription rights of board members and their wives and minor children in the shares or debt instruments of the subsidiary companies							
sequence	The name of whoever has the interest, contractual papers, or subscription rights	the beginning of the year		End of the year		Net change	Percentage change
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	-	-	-	-	-	-	-

**46. Information related to any loans owed by the company (whether payable upon demand or otherwise), a statement of the total indebtedness of the company and its subsidiaries, any amounts paid by the company in repayment of loans during the year, the principal amount of the loan, the name of the donor, its duration, and the remaining amount**

sequence	Name of the grantor of the loan	The principal amount of the loan	The term of the loan	The amounts paid in repayment of the loan during the year	The remaining amount of the loan	The total indebtedness of the company and its subsidiary
Al Baha Company	-	-	-	-	-	-
Elegant centres company	Arab national Bank	50,000,000	10 Y	50,000,000	-	-
Ishraqa Company	-	-	-	-	-	-

**47. A description of the categories and numbers of any convertible debt instruments and any contractual securities or memorandums of subscription rights or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation obtained by the company for that**

Company releases and grants				
	Convertible debt instruments	Contractual securities	Subscription right notes	Similar rights
Category	-	-	-	-
Number	-	-	-	-
Compensation	-	-	-	-

**48. 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**

The company's issuances and grants under convertible debt instruments, contractual securities, subscription rights notes, or similar rights		
	Transfer rights	Subscription rights
Category	-	-
number	-	-

**49. A description of any redemption, purchase or cancellation by the company of any redeemable debt instruments, and the value of the remaining securities, distinguishing between the listed securities purchased by the company and those purchased by its subsidiaries**

Refunds, purchases or cancellations from the company or its subsidiary									
The company	The process is refund / purchase / cancellation	The type of recoverable debt instrument	number	value	Date	Reason	Residual		
							number	value	
Al Baha Company	-	-	-	-	-	-	-	-	
Elegant centres company	-	-	-	-	-	-	-	-	
Ishraqh Company	-	-	-	-	-	-	-	-	



#### 50. Board of Directors meetings held during the last fiscal year (4) for the year 2023

name	The number of meetings of the Board of Directors during the year 2023 (4) meetings				Attendance rate
	31-3	22-5	14-8	-26 10	
Mohammad Al Hammadi	✓	✓	✓	✓	% 100
Ibrahim A bin Kulib	✓	✓	✓	✓	% 100
Saad A. Al-Humaidi	✓	✓	✓	✓	% 100
Mishaal M. Mufti	✓	✓	✓	✓	% 100
Dr. AbdulAziz Al Hammadi	✓	✓	✓	✓	% 100
Turki A. Al Rosayes	✓	✓	✓	✓	% 100
Mr. Fahd A. Al-Madyan	✓	✓	✓	✓	% 100
Mr. Abdullah M Bal sharaf	✓	✓	✓	✓	% 100

#### 51. The number of the company's requests for the register of shareholders

No.	The date of application	Reasons for the request
1	2023-02-03	Company procedures
2	2023-06-17	General Assembly
3	2023-07-02	General Assembly
4	2023-12-05	Company procedures
5	2023-12-25	Company procedures

#### 52. A description of any transaction between the company and a related party

Related party	The type of relationship with the company	The type of the adjective	Its duration
Null	-	-	-
Total	-	-	-

#### 53. The company's board members and senior executives waived bonuses

All members of the Board of Directors acknowledge that they did not receive any bonuses, allowances, or any other amounts during the fiscal year 2022 AD, except for the salaries of the Chief Executive Officer, the Financial Director, and the end of service, according to their contracts to work as employees of the company, which are registered to them and shown in the table in this report.

#### 54. One of the company's shareholders waived any rights to the profits

The company does not have any shareholder who waived his rights to the profits due to the lack of profits distributed by the company

#### 55. Information related to any business or contracts to which the company is a party, or in which there was an interest of a member of the board of directors of the company, its senior executives, or any person related to any of them

Related party	The nature of the business or contract	The amount of the nature of the business or the contract	Duration of the nature of the work or contract
Null	-	-	-
Total	-	-	-

#### 56. The value of statutory payments made and due for the payment of zakat, taxes, fees and any other dues that were not paid until the end of the annual financial period

Statement	2023		Brief description of her	Explanation of the reasons
	payer	Due until the end of the annual financial period and has not been paid		
Zakat, Tax and Customs Authority	2,188,403	5,489,843	An installment plan for Zakat was approved for the year 2022, and the company paid the installments due until the end of December 2023, and two remaining installments amounting to 473,168 were paid at the beginning of 2024, in addition to the Zakat due for the year 2023.	Payment was made in monthly installments and was financed by subsidiaries
General Organization for Social Insurance	61,962	4,837	Subscription fees for the employees of Al-Baha Investment and Development Company in the General Organization for Social Insurance	Social insurance contributions
Work office visa and passport costs	0	0	-	Governmental fees

#### 57. Investments or reserves created for the benefit of the company's employees

The company does not currently have any investments or reserves established for the benefit of the company's employees.

#### 58. Representations

That the account records have been properly prepared.

The internal control system was prepared on sound foundations and implemented effectively.

That there is no significant doubt about the company's ability to continue its activity, other than what was mentioned in the company's risk factors.

#### 59. The Board of Directors also confirms:

There is no penalty, penalty or precautionary restriction imposed on the company by the Capital Market Authority or any supervisory, regulatory or judicial authority - other than what is mentioned in this report.

There are no significant differences in the operating results from the results of the previous year, except for what was mentioned in the report or any expectations previously announced by the company, and as indicated in the financial results.

There is no difference from the international accounting standards, and there are no substantial notes from the chartered accountant on the annual financial statements of the company during the year 2022 AD other than what has been mentioned, and the Board of Directors is obligated to provide the Capital Market Authority with any additional information it requests at any time in the event that it expresses The external auditor has any reservations about the company's annual financial statements.

#### 60. Auditor's report

The external auditor's report has no reservations about the consolidated annual financial statements, and the nature of the auditor's opinion is not modified.

#### Attention:

We would like to draw attention to Note No. (17) on the consolidated financial statements, which refers to the issue of exchanging assets with the Modern Bright Company, as described in detail in the clarification, as the company made a provision to meet the losses resulting from the asset exchange contract with the Modern Bright Company as of 31 December 2022 in the amount of 81,003,717 Saudi riyals (December 31, 2021: 84,003,717 Saudi riyals) and where the previously issued ruling was upheld obliging Al-Baha Investment and Development Company to implement the terms of the contract with the Modern Bright Company, and accordingly the group paid an amount of 3,000,000 Saudi riyals during the year 2022, and the Modifying our opinion based on this matter



## 61. Change of auditor

There is no recommendation from the Board of Directors or the Audit Committee to change the auditor.

## 62. Information related to any business that competes with the company or any of the branches of the activity it is engaged in and which it is engaged in or was practiced by any member of the Board of Directors

The company acknowledges that there are no competing businesses for the company or any of the branches of activity

## 63. A comprehensive statement of all that each member of the Board of Directors received or was entitled to receive during the fiscal year in terms of rewards, attendance allowances, expenses allowances, and other benefits

You can refer to the tables on page No. (11), paragraph No. (8)

## 64. Statement of what the members of the Council have received in their capacity as workers or administrators, or what they have received in exchange for technical, administrative or consulting work.

All that has been received is mentioned in the tables on page No. (11) above.

## 65. Statement of the number of council sessions and the number of sessions attended by each member

name	The number of council sessions	The number of attendance sessions
Mohammad Al Hammadi	4	4
Ibrahim A bin Kulib	4	4
Saad A. Al-Humaidi	4	4
Mishaal M. Mufti	4	4
Dr. AbdulAziz Al Hammadi	4	4
Turki A. Al Rosayes	4	4
Mr. Fahd A. Al-Madyan	4	4
Mr. Abdullah M Bal sharaf	4	4

## 66. The proposed method for distributing profits

The company announces the dividends, and the announcement issued in this regard includes the amount of distribution and the method of payment after the initial distribution of the company's net profits for the year has been approved by the company's ordinary general assembly based on the recommendations of the Board of Directors.

The company will not announce the distribution of profits in the event that the company is financially insolvent or in the event of bankruptcy or if this will lead to the failure or bankruptcy of the company.

Dividends are paid out of the company's net profits and distributed to the shareholders on the basis of the number and type of shares.

The amount of distributions for ordinary shares is determined based on the recommendations of the Board of Directors, and may not exceed this amount.

The company's annual net profits shall be distributed after deducting all general expenses, other costs, and provisions, including legal zakat, and other provisions and reserves, as follows:

Set aside 10% of the net profits to form the statutory reserve. The Ordinary General Assembly may stop this reserve when the aforementioned reserve reaches half of the capital.

The Ordinary General Assembly may, upon a proposal by the Board of Directors, set aside a percentage of the net profits to form other reserves.

A down payment of 5% of the paid-up capital shall be distributed from the remainder.

The remainder of the profits is then distributed to the shareholders as an additional share of the profits.

The dividend per ordinary share will equal the total dividend divided by the number of ordinary shares of the company.

The amount of dividends for preferred shares, if any, is determined in accordance with the companies' bylaws and the company's articles of association, and it is not less than 5% of the nominal value of the share.

The eligibility of the cash dividends shall be for the shareholders who own the shares on the due day and are registered in the company's shareholder register at the Depository Center at the end of the second trading day following the day of the company's general assembly meeting (the due day).

The date of commencement of disbursement of annual profits shall be within a period not exceeding thirty (30) days from the date of making the distribution decision.

The company shall continue to pay the dividends announced for the shares whose owners did not advance in receiving the dividends due during the period announced in the previous paragraph.

No interest is charged on distributions that are not claimed or not received by the relevant shareholder.

The company is responsible for paying the announced distributions, and accordingly, the company will be legally responsible to the shareholders in case it fails to pay the distributions.

The Shareholders Affairs Department is responsible for preparing and coordinating the payment of dividends.

The company informs the shareholders of the date, place, and procedures for paying the dividends by publishing this information through the publishing methods used in the case of publishing the invitation to the general assembly, including the financial market (Tadawul) website, or on the company's website, or any other means that the Board of Directors deems appropriate.

For the purpose of organizing and completing the process of paying dividends, the company may seek the assistance of an external party called a "payment agent", which is one of the banks with which the company deals. In any case, seeking assistance from an external party does not exempt the company from its legal responsibility before the shareholders with regard to paying the distributions.

The company is obligated to notify the shareholders in the event of seeking the help of a "payment agent" or changing it, through the publishing methods used in the event of publishing the invitation to the general assembly, or through its website or the financial market (Tadawul) website, or any other means that the Board of Directors deems appropriate.

Matters related to the payment of the announced distributions, which are not stipulated in the Companies Regulations or the Company's Articles of Association, the Company will handle according to what is in the interest of its shareholders.

The Board of Directors of the company has the right to approve the distribution of profits on a quarterly basis, if the company's financial conditions permit, and in accordance with the following controls and guidelines:

The company should have enough accumulated profits to cover the profits proposed to be distributed during the year after deducting the statutory and tax provisions and reserves.

That the profits achieved during the different periods of the fiscal year have been built on the same accounting principles used by the company, and that the possibility of maintaining these profits until the end of the company's fiscal year is a highly reasonable possibility.

The company's financial position and the liquidity available to it allow this distribution to be carried out.

The board of directors of the company must include in its annual report submitted to the company's general assembly the percentage of profits distributed to shareholders during the different periods of the year in addition to the percentage of profits proposed to be distributed at the end of the year and the total of these profits.

Profits are recorded on the account of the profits achieved for the period or on the account of the accumulated profits from the previous years, or both. The company must take into account the sequence and regularity in the manner and percentages of distribution of profits according to the capabilities and liquidity available to the company. The Board of Directors must disclose and announce the regular periodic percentages of profits that it decides to distribute. Shareholders must meet their deadlines so that shareholders are aware of and informed of them.

When the decision to distribute dividends is taken by the Board of Directors, the company shall disclose and announce it immediately on the company's website and the financial market (Tadawul) website.

## 67. Treasury shares held by the company.

The number of treasury shares held by the company

Worth

Retention date

Details of their use



## 68. The percentage of profits distributed to shareholders during the different periods of the fiscal year, in addition to the percentage of profits proposed to be distributed at the end of the fiscal year. The total of these profits is

	Percentage of profits distributed during the year *				Proposed profit percentages to be distributed at the end of the year	Total profits
	٢٠٢٣/٠٣/٣١	٢٠٢٣/٠٦/٣٠	٢٠٢٣/٠٩/٣٠	٢٠٢٣/١٢/٣١		
percentage	% 0	% 0	% 0	% 0	% 0	-
Total	-	-	-	-	-	-

## 69. Bonuses and allowances policy

The policy of rewards and allowances for members of the Board of Directors and the Secretary

The remuneration of a member of the Board of Directors shall be within the limits of what is stipulated in the company's Articles of Association, the Companies Law and its regulations, and in accordance with the official decisions and instructions issued in this regard, provided that the total amount that a member of the Board of Directors receives for his membership in the Board of Directors does not exceed an amount of 500,000 Saudi riyals (five hundred One thousand Saudi riyals) of rewards and financial and in-kind benefits. Entitlement to bonus shall be proportional to the number of meetings attended by the member during the year.

Attendance allowance for each meeting of the Council in the amount of 5,000 Saudi riyals (five thousand Saudi riyals) and an attendance allowance for each meeting of the committees in the amount of 5,000 Saudi riyals (five thousand Saudi riyals) for each of the members and the secretary.

First-class airfare, transportation, and accommodation for a non-resident member of the city in which the meeting is scheduled to take place.

The Board of Directors determines the annual remuneration of the Secretary of the Board, and the company bears all his expenses related to his attendance, such as travel tickets, accommodation, transportation, and others in connection with the work of the Board of Directors affairs. Bonuses, attendance allowances and other allowances are disbursed at the end of the fiscal year, and if the membership of any member of the Council ends before the end of the fiscal year, they are disbursed immediately upon the end of his membership.

Executive management rewards and allowances policy

Executive management remuneration includes the following:

Basic salary paid monthly.

Allowances that include, but are not limited to (housing allowance - car allowance - telephone allowance - children's education allowance)

Insurance benefits, for example, but not limited to (medical insurance for him and his family - life insurance (including work injuries, partial and total disability, and death at work)

Benefits including annual leave - annual travel tickets - private driver - end of service bonus.

Reward linked to performance indicators, according to the evaluation made in this regard.

Plans and programs for rewarding senior executives are approved by the Remuneration and Nomination Committee.

The CEO implements the remuneration policy for employees and senior executives in light of the plans and programs approved by the Remuneration and Nomination Committee.

The policy of rewards and allowances for members of the audit committee and the secretary of the committee

An annual reward of (50,000) Saudi riyals (fifty thousand Saudi riyals) for the chairman of the audit committee and for each member of the committee.

Entitlement to bonus shall be proportional to the number of meetings attended by the member during the year.

Attendance allowance for each meeting of the committee in the amount of (5,000) Saudi riyals (five thousand Saudi riyals) for the committee chairman, each member of the committee, and the secretary.

A business class ticket, transportation and accommodation, for the member who is not resident in the meeting city.

The committee recommends to the board of directors the annual secretary's remuneration, and the company bears all his expenses related to the committee's meetings, such as travel tickets, accommodation, transportation, and others related to the committee's work.

Bonuses, attendance allowances and other allowances are disbursed at the end of the fiscal year, and if the membership of any member of the committee ends before the end of the fiscal year, they are disbursed immediately upon the termination of his membership in the committee.

Rewards and allowances policy for the Remunerations and Nominations Committee and the Secretary of the Committee

Without prejudice to the provisions of the Companies Law, the Capital Market Law and their implementing regulations, the following must be taken into account in the remuneration policy:

Its consistency with the company's strategy and objectives. That the rewards be provided for the purpose of urging the members of the Board of Directors and the executive management to succeed and develop the company in the long term, such as linking the variable part of the rewards to performance in the long term.

Remunerations shall be determined based on the job level, the tasks and responsibilities assigned to the incumbent, academic qualifications, practical experience, skills, and level of performance.

Its consistency with the size, nature and degree of risks of the company.

Taking into account the practices of other companies in determining bonuses, while avoiding what may result from unjustified increase in bonuses and compensation.

To aim at attracting, maintaining and motivating professional competencies, without exaggerating them.

To promise to coordinate with the Remuneration and Nomination Committee on new appointments.

Cases of stopping the payment of bonuses or refunding them if it was found that they were decided on the basis of inaccurate information provided by a member of the Board of Directors or the executive management, in order to prevent exploitation of the job position to obtain unworthy bonuses.

Organizing the granting of shares in the company to members of the Board of Directors and the executive management, whether it is a new issue or shares purchased by the company.

## 70. Important events:

- Announcing the three-month financial results for 2023.
- Board of Directors mark the stock split.
- Intimation to the Board of Directors to reduce the company's capital.
- Appointing a financial manager to reduce capital.
- Leasing the subsidiary company for a hyper supermarket at a value of 15,062,355 Saudi riyals.
- Announcement of financial results beginning in nine months of 2023 AD.
- Announcement of financial results beginning in six months from 2023 AD.

## 71. Later events:

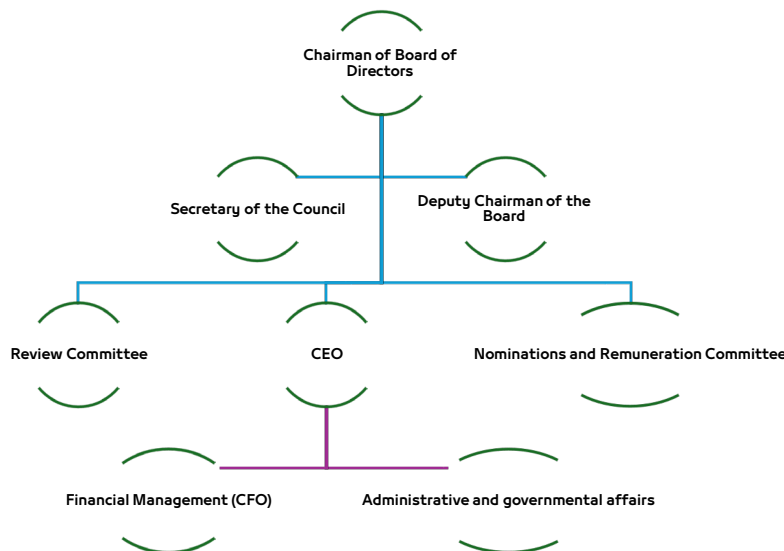
- The company obtained a real estate developer qualification certificate.
- Announcing the consolidated annual financial results ending on December 31, 2023.



## 72. Company advertisements

- Al-Baha Investment and Development Company announces its annual financial results ending on 12-31-2022
- Al-Baha Investment and Development Company announces the preliminary financial results for the period ending on 03-31-2023 (three months)
- Al-Baha Investment and Development Company announces its invitation to its shareholders to attend the Ordinary General Assembly meeting (first meeting) through modern technological means
- Al Baha Investment and Development Company announces the Board of Directors' recommendation to split the nominal value of the share
- Al-Baha Investment and Development Company announces its invitation to its shareholders to attend the Extraordinary General Assembly meeting (first meeting) through modern technological means
- Al-Baha Investment and Development Company announces the start date of electronic voting on the items of the Ordinary General Assembly meeting (first meeting) via modern technology (reminder announcement)
- Al-Baha Investment and Development Company announces the results of the Ordinary General Assembly meeting (first meeting)
- Al Baha Investment and Development Company announces the start of electronic voting on the items of the Extraordinary General Assembly meeting (first meeting) via modern technology (reminder announcement)
- Al Baha Investment and Development Company announces the start of electronic voting on the items of the Extraordinary General Assembly meeting (first meeting) via modern technology (reminder announcement)
- Al-Baha Investment and Development Company announces the results of the extraordinary general assembly meeting (second meeting)
- Al-Baha Investment and Development Company announces the results of the extraordinary general assembly meeting (second meeting)
- Al-Baha Investment and Development Company announces the results of the extraordinary general assembly meeting (second meeting)
- Al-Baha Investment and Development Company announces the Board of Directors' recommendation to reduce the company's capital
- Al-Baha Investment and Development Company announces the Board of Directors' recommendation to reduce the company's capital
- Al Baha Investment and Development Company announces the appointment of a financial advisor to reduce capital
- Al-Baha Investment and Development Company announces the preliminary financial results for the period ending on 06-30-2023 (six months)
- Al Baha Investment and Development Company announces that its subsidiary (Eshraqa Real Estate Development and Investment Company) has leased a hypermarket worth 15,062,355 Saudi riyals, including value-added tax.
- Corrective announcement from Al-Baha Investment and Development Company regarding the company's announcement of the initial financial results for the period ending on 06-30-2023 (six months)
- Al-Baha Investment and Development Company announces the preliminary financial results for the period ending on 09-30-2023 (nine months)
- Corrective announcement from Al Baha Investment and Development Company regarding Al Baha Investment and Development Company's announcement of the preliminary financial results for the period ending on 09-30-2023 (nine months)

## 73. The company's organizational structure



## 74. Conclusion

The Board of Directors of Al Baha Investment and Development Company and the Executive Management are pleased to conclude its annual report on the business of the company and its subsidiaries (elegant Centers Company Limited and the ishraqh Regional Real Estate Development and Investment Company) for the year ending December 31, 2023 AD. We also thank all the company's employees for their sincere efforts for the company and their keenness to continue its progress. God grants success,,,

