

# 2020

## Annual Report

شركة الباحة للإستثمار والتنمية  
AlBhaha Investment & Development co





# Contents

.1	The word of the Board of Directors	3
.2	The activity of the company and its subsidiaries	3
3.	Company vision	3
4.	objectives of the Company	3
.5	Provisions of the Corporate Governance Regulations	4
.6	The Board of Directors and the committees emanating from it	6
.6.1	Audit Committee	6
.6.2	Nomination Remuneration Committee	6
.6.3	Executive management	6
.7	The positions, qualifications and experiences of the members of the Board	7
.8	Membership of board members in companies	9
.9	Classification of Board Members	10
.10	Board actions	10
11.	A description of the committees' competencies and duties	11
.11.1	Audit Committee	11
.11.2	Nomination and Remuneration Committee	11
12.	Bonuses	12
12.1.	Remuneration of members of the Board of Directors	12
12.2.	Remuneration of senior executives	13
12.3	Remuneration of members of the committees	13
13.	Remuneration and allowances policy for members of the Board	13
14.	The policy of remuneration and allowances for members of the audit	13
15.	Remuneration and allowances policy for members of the Nomination	14
.16	Policy of Executive Management Remuneration and Allowances	14
.17	Penalties, punishment, precautionary measure and restrictions imposed	14
18.	Results of the annual review of the effectiveness of the company's	16
19.	The opinion of the audit committee on the adequacy of the internal	16
20.	Recommendation of the Audit Committee	16
.21	Conflicting audit committee recommendations	16
.22	Register of association attendance during the fiscal year	16
23.	The main activities of the company and its subsidiaries	16
.23.1	The purposes and activities of the company	16
.23.2	The main activities of the subsidiaries	17
24.	The impact of the main activities on the company's business volume	17
.25	The impact of the main activities of the subsidiary on the volume	17
26.	Company plans and decisions during the year 2020	17
27.	Risks	18
.28	The company's assets and liabilities	25
.29	The impact of the main activities of the subsidiary on the volume	26
30.	The impact of the main activities of the subsidiary on the volume	26
.31	Consolidated statement of financial position	27
.32	Consolidated statement of profit or loss and other comprehensive	28
33.	Consolidated list of changes in equity	28
34.	Consolidated Statement of Cash Flows	29
.35	Additional information about cashless transactions	30
.36	Geographical analysis of the total revenues of the company	30
.36.1	Al-Baha Investment and Development Company	30
.36.2	Elegant Centers Company Limited - 86.96% owned by Al Baha	30
.36.3	Ishraga Regional Real Estate Development and Investment Company	30
.37	The fundamental differences in the operating financial results compared	30
.38	Different accounting standards approved by the Saudi Organization	30
39.	Names of subsidiaries	31
.39.1	Subsidiaries of Al-Baha Investment and Development Company	31
.39.2	The subsidiary of the Elegant centres company limited	31



.40	Details of shares and debt instruments for each subsidiary	31
.41.	The policy of distributing the annual net profits of the company	31
.42.	A description of any interest in the voting-eligible shares category	32
.43.	A description of any interest, contractual securities and subscription	32
.43.1	Board of Directors	32
.43.2	Senior executives	32
.44	A description of any interest, contractual securities and subscription	33
.45	48. Information related to any loans on the company	33
.46	A description of the categories and numbers of any convertible debt	33
.47.	Description of any transfer or subscription rights under convertible debt	33
.48.	A description of any refund, purchase or cancellation by the company	33
.49	(4) Board meetings held during the last financial year.	34
.50	The number of company requests for shareholder register	34
.51.	The organizational structure of the company	34
.52	A description of any transaction between the company and a related	34
.53	Information related to any business or contracts in which the company	35
.54	Board members and senior executives waived remuneration	35
.55.	A shareholder of the company waived any rights to dividends	35
.56	The value of the regular payments paid and due for the payment of zakat	35
.57	Investments or reserves established for the benefit of the company's	35
.58	Acknowledgments	35
.59.	The Board of Directors also confirms	35
.60	Auditor's report	36
.61	Attention	36
.62	Change of auditor	36
.63	Treasury shares held by the company	36
.64.	Important events:	36
.65.	Later events:	37
.66	Company announcements	37
.67.	Rewards and Allowances Policy	37
.67.1.	Remuneration and allowances policy for members of the Board	37
.67.2	Remuneration and Allowances Policy for Executive Management :	38
.67.3.	Remuneration and allowances policy for members of the Audit Committe	38
.67.4	The remuneration and allowances policy of the Remuneration	38
.68.	Board of Directors	38
.69.	The Conclusion:	39



## 1. The word of the Board of Directors

The Board of Directors of Al-Baha Investment and Development Company is pleased to present the annual report of the Board of Directors that ended on December 31, 2020, and to present what was done during the year 2020 AD in addition to the latest updates and developments of the works And activities of the Al-Baha Investment and Development Company and its subsidiaries ( Elegant Centers Company Ltd. and Ishraqa Regional Company for Development and Real Estate Investment), in order that the Board of Directors, its committees and the executive management to carefully improve the company's conditions in an invested manner and to achieve the vision and ambitions of the Board of Directors and to continue to obtain and find the best opportunities available to support the company in the way of its growth and increase its revenues, and to achieve its future goals through its recommendation to increase the company's capital, which it recommended in its meeting On October 10, 2020, that was announced to the shareholders on the Tadawul website.

## 2. The activity of the company and its subsidiaries

### Elegant Centers Company \*

Establishes, manages and invests in the central markets, commercial and residential complexes, maintenance of hotels, furnished apartments, fuel stations, wholesale and retail trade of foodstuffs, building materials and iron, purchase of lands to construct buildings on them and investing in selling or renting and leasing of owned or leased properties (residential) and managing and leasing of owned or leased properties (non-residential).

### Ishraqa Regional Real Estate Development and Investment Company \*\*

Building maintenance and operation works, trading, buying, selling and leasing of land properties and real estate, managing and leasing of owned or leased properties (residential), managing and leasing of owned or leased properties (non-residential), real estate management activities against commission, and real estate development and investment activities.

### Al-Baha Investment and Development Company

Establishes , manages and operates the central markets, commercial and residential complexes, hotels, furnished apartments, restaurants, cafes, buffets, bakeries, sweets, cooked and uncooked subsistence services, fuel stations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials and iron, general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, maintenance contracting, operation, cleaning and purchase And renting lands for constructing buildings on them and investing them by sale or rent for the benefit of the company And the establishment of various industrial projects and the ownership and reclamation of agricultural lands to be used in the establishment of agricultural and livestock production projects, the establishment of recreational and tourism facilities and projects, their investment, management, operation and maintenance, wholesale and retail trade of what falls within the scope of the company's industrial, agricultural and tourism business, and the establishment of cold stores, repair and maintenance workshops related to that, and commercial agencies.

\*A subsidiary of Al-Baha Investment and Development Company, with a share of 86.96%.

\*\*One person 100% owned company , A subsidiary of the ( Elegant Centers Company Ltd

## 3. Company 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 and to continuously raise its revenues and competing to achieve the goals of the company and to make a place for the company among the major companies.

## 4. objectives of the Company

The company seeks to achieve the following goals:

- Enhancing the company's capabilities and competitiveness.
- Create continuous growth through diversification of the company's income sources.
- Adopting the best methods of work in order to reach the desired goal.
- Applying the principle of transparency in general.
- Work to increase the size of the company's revenues.

The Board of Directors of Al-Baha Investment and Development Company, earlier in its meeting held on 05/25/1438 AH (corresponding to 02/22/2017), raised its recommendation to the extraordinary general assembly to reduce the company's capital from (295,000,000) riyals to (177,000,000) Riyals, i.e. a decrease of (40%), thus reducing the number of the company's shares from (29,500,000) shares to (17,700,000) shares, The reduction was approved by (4) shares for every (10) shares owned, and the company announced the Board of Directors' recommendation to reduce the capital on the Tadawul website on 05/25/1438 AH (corresponding to 02/22/2017). The two processes of increasing and reducing the capital were completed with the aim of correcting the company's conditions by reducing its accumulated losses to less than half of the capital before the end of the legal period granted by the Financial Market Authority and the Ministry of Trade and Investment for companies whose losses exceeded half of their capital, as he decided to end this period Legal on 07/25/1438 AH (corresponding to 04/22/2017) On the date of 11/10/2020, the company's board of directors recommended increasing the company's capital by offering priority rights shares at a value of 120,000,000 riyals in order to finance and implement the company's future plans and projects and expand its various activities in addition to reducing the accumulated losses of the company. Al-Dakheel Financial Group was appointed as a financial advisor for public offering, nevertheless, the increase of company's capital is still going on until the date of preparing this report.

- The company focuses on the neighbourhood shopping centre market (plaza), which represents the main activity of the (Elegant Centers Company Ltd and its subsidiary, Ishraqa Company for Real Estate Development and Investment.





- The subsidiary company (Elegant Centers Company Ltd.) acquired 100% of the partners' shares in the Ishraqa Regional Real Estate Development and Investment Company to support and improve the company's conditions.
- The company is still reviewing all struggling, troubled and stalled projects and taking the necessary measures towards those projects, which are as follows:
- The artificial leather factory that has completely stopped working since 2004.
- The cable car project: has completely stopped working according to the decision of the Board of Directors on 12/15/2014, and work is underway to remove it according to the directions of the Emir of Al-Baha region.
- The company obtained earlier the approval of the extraordinary general assembly on 07/16/1436 AH (corresponding to 05/05/2015 AD) to convert the dilapidated and suspended assets of the company into assets prepared for the purpose of sale, and the company works and seeks to sell and dispose of those assets to reduce its operating expenses Which is considered part of the expenses that are not beneficial to the company, and the company has excluded some of the property, machinery and equipment of Al-Baha Company, which are (artificial leather factory, cable car project, poultry farm buildings), amount of (8,049,930) Saudi riyals nonrecurring .
- The company increased the provision and allocations to offset and make up for the losses resulting from the exchange of assets with Al-Sata'ah Modern Company by an amount of 17,300,559 Saudi riyals, after confirming the judgment from the Court of Appeal against the company to implement the sale contract.
- Structuring and scheduling the company's financial liabilities represented in receivables and prepaid expenses.
- Al-Baha Investment and Development Company has previously acquired various acquisitions of two companies, namely the Elegant Centers Company Ltd directly and the acquisition of the Ishraqa Regional Real Estate Development and Investment Company indirectly through its subsidiary.
- One of the most important objectives of the acquisition is to work on converting Al-Baha Company from a losing company to a company that makes profits in the future, which has been achieved in an acceptable manner for the current period.
- The Elegant Centers Company Ltd owns assets that are two commercial complexes located in the city of Riyadh, and Al-Baha Company will benefit from the revenues of those commercial complexes from the renting and leasing of the showrooms and offices.
- Thanks to God , the acquisition process has led to a decrease in the ratio of liabilities to shareholders' equity, which will improve its ability to obtain additional financing in the future.
- The acquisition carried out by the Al-Baha Investment and Development Company for The Elegant Centers Company Ltd and the acquisition of Ishraqa Regional Investment and Real Estate Development Company by The Elegant Centers Company Ltd , provided direct financial liquidity from which the Al-Baha Company benefited directly to pay some of its financial obligations and the company also seeks to focus its activities on Commercial complexes, specifically what are known as neighbourhood shopping centres (Shopping plaza).
- In 2017 the subsidiary company purchased a commercial asset, which is an office mall in Riyadh, with a value of 20 million riyals.
- In 2017 the subsidiary company acquired the Ishraqa Regional Real Estate Development and Investment Company to increase the company's investments.
- The acquisition process by increasing the capital of Al-Baha Company has led to a reduction in the ratio of accumulated losses to the capital, as on December 31, 2016, where the percentage of accumulated losses of Al-Baha Company reached 123.58%, while this percentage decreased significantly after the acquisition.
- Working on improving the financial indicators for the coming years after starting the operational processes of the acquired companies.
- The Board of Directors recommended to increase the company's capital by 120,000,000 riyals to expand the company's activities, and to increase its revenues and reduce its losses.

## 5. Provisions of the Corporate Governance Regulations

The company has implemented all the provisions mentioned in the Corporate Governance Regulations issued by the Capital Market Authority, except for the following: -

Article / Paragraph number	The text of the article / paragraph	Reasons for not applying
Article 38	Conditions for the secretary The board of directors shall define the conditions that must be met by the secretary of the board of directors, provided to include any of the following: 1- The secretary must have a university degree in law, finance, accounting, administration, or its equivalent, and that he has relevant practical experience of no less than three years. 2- He must have relevant work experience of no less than five years.	Instructive item
Article 39	Training The company shall give sufficient attention to training and qualifying members of the Board of Directors and the Executive Management, and setting 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, especially the following: A. The company's strategy and objectives. B. Financial and operational aspects of the company's activities. C. Board members' obligations, duties, responsibilities and rights. D. The duties of the company's committees and their tasks.	Instructive item



	2- Setting the necessary mechanisms for the members of the Board of Directors and the executive management to obtain continuous training programs and courses in order to develop their skills and knowledge in the fields related to the company's activities.	
<b>Article 41</b>	<p>Evaluation</p> <p>A) The Board of Directors - based on the proposal of the Nomination Committee - sets the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management, through appropriate performance indicators that rank the extent to which the strategic objectives of the company are achieved, the quality of risk management, the adequacy of internal control systems, etc., provided that the strengths and weaknesses are identified. And to propose treatment in accordance with the interest of the company.</p> <p>B) Performance appraisal procedures must be written and clear and disclosed to members of the board of directors and the persons assigned to the evaluation.</p> <p>C) The performance evaluation must include the skills and experiences that the board possesses, identifying weaknesses and strengths in it, while working to address weaknesses in possible ways, such as nominating professional competencies that can develop the performance of the board, and the performance evaluation must also include an evaluation of the work mechanisms in the board in general..</p> <p>D) The following should be taken into account in the individual evaluation of the members of the Board of Directors : the extent of the active participation of the member and the commitment to the performance of his duties and responsibilities, including attending the sessions of the Board and its committees and allocating the necessary time for them.</p> <p>E) The Board of Directors shall make the necessary arrangements to obtain an evaluation by a competent external body of its performance every three years.</p> <p>F) Non-executive members of the board of directors 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 proposed remedies in accordance with the interest of the company.</p>	<b>Instructive item</b>
<b>Article 70</b>	<p>Formation of the Risk Management Committee</p> <p>By a decision of the company's board of directors, a committee called (the Risk Management Committee) has been formed. Its chairman and the majority of its members are non-executive board members. Its members are required to have an adequate level of knowledge of risk management and financial affairs.</p>	<b>Instructive item</b>
<b>Article 71</b>	<p>Terms of reference of the Risk Management Committee</p> <p>The Risk Management Committee shall be responsible for the following:</p> <ol style="list-style-type: none"> <li>1) Developing a comprehensive risk management strategy and policies in accordance with the nature and size of the company's activities, verifying their implementation, reviewing and updating them based on the internal and external variables of the company.</li> <li>2) Determine and maintain an acceptable level of risks that the company may be exposed to, and verify that the company does not exceed it.</li> <li>3) Verifying the feasibility of continuing the company and successfully continuing its activity, with identifying the risks that threaten its continuation during the next twelve months.</li> <li>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 determine its deficiencies.</li> <li>5) Periodically reassess the company's ability to withstand risks and its exposure to them, by conducting stress tests, for example.</li> <li>6) Preparing detailed reports on exposure to risks and the proposed steps for managing these risks, and submitting them to the Board of Directors.</li> <li>7) Submit recommendations to the Board on issues related to risk management.</li> <li>8) Ensure the availability of adequate resources and systems for risk management.</li> <li>9) Review the organizational structure of risk management and make recommendations regarding it before approval by the Board of Directors.</li> <li>10) Verify the independence of the risk management personnel from the activities that may give rise to exposure to the company.</li> <li>11) Verify that the risk management personnel understand the risks surrounding the company, and work to increase awareness of the risk culture.</li> <li>12) Reviewing the issues raised by the audit committee that may affect the risk management in the company.</li> </ol>	<b>Instructive item</b>
<b>Article 72</b>	<p>Meetings of the Risk Management Committee</p> <p>The Risk Management Committee meets periodically every (six months) at least, and whenever the need arises.</p>	<b>Instructive item</b>
<b>Article 76</b>	<p>Forming an internal audit unit or department</p> <p>The internal audit unit or department consists of at least an internal auditor who is recommended to be appointed by the Audit Committee and is accountable to it. The following shall be observed in the formation and functioning of the internal audit unit or department:</p> <ol style="list-style-type: none"> <li>1) That its employees have competence, independence and appropriate training, and that they should not be assigned to any other work except for internal audit and the internal control system.</li> <li>2) That the unit or department submit its reports to the audit committee, and that it is related to it and is accountable to it.</li> <li>3) That the remuneration of the audit unit or department manager be determined based on the audit committee's proposal, in accordance with the company's policies.</li> <li>4) To be able to view and obtain information, documents and documents without restriction.</li> </ol>	<b>Instructive item</b>
<b>Article 77</b>	<p>Internal audit plan</p> <p>The internal audit unit or department works according to a comprehensive audit plan approved by the Audit Committee, and this plan is to be updated annually. Key activities and processes, including those for risk management and compliance management, must be reviewed at least annually.</p>	<b>Instructive item</b>
<b>Article 78</b>	<p>Internal audit report</p> <p>A) The internal audit unit or department prepares a written report on its activities and submits it to the Board of Directors and the Audit Committee at least quarterly. This report must include an assessment of the internal control system in the company, the results and recommendations of the unit or management, and a statement</p> <p>The actions taken by each department regarding the treatment of the findings and recommendations of the previous review and any observations thereon, especially in the event that there is no timely treatment and the reasons for that.</p> <p>B) The internal audit unit or department prepares a written general report and submits it to the Board of Directors and the Audit Committee regarding the audits conducted during the financial year and comparing them with the approved plan.</p> <p>It states the reasons for any breach or deviation from the plan - if any - during the quarter following the end of the concerned fiscal year.</p> <p>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 specifically includes the following:</p>	<b>Instructive item</b>



	1) Control and supervision procedures for financial affairs, investments and risk management. 2) Evaluate the evolution of risk factors in the company and the existing systems to face radical or unexpected changes in the financial market.	
Article 85	Motivate employees The company sets and establishes programs to develop and stimulate the participation and performance of the company's employees, provided that they include - in particular - the following: 1) Forming committees or holding specialized workshops to listen to the opinions of company employees and discuss with them the issues and topics that are the subject of important decisions. 2) Programs granting employees shares in the company or a share of the profits it realizes and retirement programs, and the establishment of an independent fund to spend on these programs. 3) Establishing social institutions for company employees.	Instructive item
Article 87	Social Responsibility The Ordinary General Assembly - based on a proposal from the Board of Directors - sets a policy that ensures a balance between its goals and the goals that society aspires to achieve with the aim of developing the social and economic conditions of the society.	Instructive item
Article 88	Social work initiatives The Board of Directors sets the programs and defines the necessary means to present the company's initiatives in the field of social work, and this includes 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 of similar activity. 2) Disclosure of the objectives of social responsibility adopted by the company to its employees, and their awareness and education about them. 3) Disclosure of plans to achieve social responsibility in the periodic reports related to the company's activities. 4) Establish awareness programs for the community to define the company's social responsibility.	Instructive item
Article 95	The formation of the Corporate Governance Committee In the event that the Board of Directors establishes a committee specialized in corporate governance, then it must delegate to it the competencies established in accordance with Article 94 of these regulations, and this committee must follow up any issues related to governance applications, and provide the Board of Directors, at least annually, with the reports and recommendations the Committee shall come to.	Instructive item

## 6. The Board of Directors and the committees emanating from it

The name	The position
Mr. Mohammad Saleh Al Hammadi	Chairman of the Board of Directors (non-executive) - in his personal capacity
Mr. Ibrahim Abdullah Rashed Kulib	Vice Chairman and Chief Executive Officer (Executive) - in his personal capacity
Dr. AbdulAziz Saleh Al Hammadi	Member of the Board of Directors and Secretary of the Board (Non-Executive) - in his personal capacity
Mr. Mishaal Mohammad Hassan Mufti	Member of the Board of Directors and Financial Director (Executive) - in his personal capacity
Mr. Saad AbdulMohsen AbdulAziz Al-Humaidi	Member of the Board of Directors and Chairman of the Audit Committee (independent) - in his personal capacity
Mr. Saad Hamad Mohammad Saif	Member of the Board of Directors and Chairman of the Nomination and Remuneration Committee (Independent) - in his personal capacity
Mr. Turki AbdulRahman Abdullah Al Rosayes	Member of the Board of Directors (independent) - in his personal capacity
Mr. Ziyad Mohammad Sultan Al Amro	Member of the Board of Directors (independent) - in his personal capacity

### 6.1. Audit Committee

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

### 6.2. Nomination Remuneration Committee

member name	The nature of the membership
Mr. Saad Hamad Mohammad Saif	Committee Chair (Independent)
Mr. Ziyad Mohammad Sultan Al Amro	Committee Member (Independent)
Mr. Mohammad Saleh Al Hammadi	Committee member (non-executive)

### 6.3. Executive management

member name	The nature of the membership
Mr. Ibrahim Abdullah Rashed Kulib	Chief Executive Officer (Executive)
Mr. Mishaal Mohammad Hassan Mufti	Financial Director (Executive)



## 7. The positions, qualifications and experiences of the members of the Board of Directors

Name	Mr / Mohammed Saleh Mohammad Al Hammadi
Nationality	Saudi
Current position	Chairman of the Board of Directors of Al-Baha Investment and Development Company
Date of hiring	10-02-2019
Qualifications	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.
Practical experiences	Name of the organization: Al Hammadi Company for Development and Investment. Positions held: Managing Director and CEO Appointment date: 1996. End of service date: up to date.
Memberships in other boards of directors	Member of the Board of Directors for Al Hammadi Company for Development and Investment "a Public Shareholding Company" since 1996 up to date. Member of the Board of Directors of Aziz Contracting and Industrial Investment "Closed Joint Stock Company" from 2018 up to date. Member of the Board of Directors of the East Integrated Pipes Company for Industry "Closed Joint Stock" since 2010 up to date.
Name	Mr / Ibrahim Abdullah Rashed Kulaib
Nationality	Saudi.
Current position	Vice Chairman and CEO
Date of hiring	10-02-2019
Qualifications	He holds a bachelor's degree in administrative sciences.
Practical experiences	CEO of Al-Baha Investment and Development Company since 04/10/2014 up to date. General Manager of Elegant Centers company limited since 2014 up to date. General Manager of Ishraqa Regional Real Estate Development and Investment since 2018 up to date. General Director of the Direct Vision Establishment for Advertising and Public Relations since 2007 until 2015. It works in the field of advertising, public relations, management and organizing conferences. General Director of the Fund Idea Agency for Public Relations since 2008 until 2015, working in the field of public relations and preparing media reports.
Memberships in other boards of directors	Member of the Board of Directors and Partner of the Transport Intermediary Company for Communications and Information Technology since 2017. Director and partner in the Medical Industries Company Ltd., since 2019 up to date. Partner in Gherass Nabtah Trading Company since 2021 up to date.
Name	Dr. AbdulAziz Saleh Mohammad Al Hammadi
Nationality	Saudi.
Current position	Member of the Board of Directors for Al-Baha Investment and Development Company, Secretary of the Board and Member of the Audit Committee.
Date of hiring	10-02-2019
Qualifications	He holds a Bachelor's degree in Medicine and General Surgery.
Practical experiences	He worked at King Khalid University Hospital from 2004 until 2005. He worked at King Saud University Hospital for Chest Diseases from 2005 to 2008. Chief Operating Officer at Al Hammadi Company for Development and Investment since 2010 to date. Public Joint Stock Company
Memberships in other boards of directors	Member of the Board of Directors of Al Hammadi Company for Development and Investment, a "Listed Joint Stock Company". Member of the Board of Directors of Aziz Contracting and Industrial Investment "Closed Joint Stock Company".
Name	Mr / Mishaal Mohammad Hassan Mufti
Nationality	Saudi.
Current position	Member of the Board of Directors for Al-Baha Investment and Development Company and Chief Financial Officer.
Date of hiring	10-02-2019
Qualifications	He holds a bachelor's degree in Business Administration - Financial Management in 2004. He holds a Marketing Course from the University of Washington.





	A course in management skills from Tufts University, Massachusetts.
Practical experiences	General Manager of the Support Medical Services Company Ltd., since 2004 until now, and it works in the field of supplying medical devices and supplies, medicines and health quality services. General Manager of the Pharmaceutical Services Company Ltd., since 2002, working in the field of supplying medicines, medical devices and vaccines. General Manager of the Arab Hospital Company Ltd., since 2004 until now, it has been working in the field of supplying medical devices and supplies, and equipping and furnishing.
Memberships in other boards of directors	Partner in the Arab Hospitals Company Ltd., since 2004. Partner in the Elegant centres company Ltd, since 2018 up to date.
Name	Mr / Saad AbdulMohsen AbdulAziz Al-Humaidi
Nationality	Saudi.
Current position	Member of the Board of Directors for Al-Baha Investment and Development Company and Chairman of the Audit Committee.
Date of hiring	10-02-2019 AD
Qualifications	Bachelor of Accounting from North Colorado University in 2004.
Practical experiences	General Manager of Al-Zaman Advanced Investment and Development Company from 2014 to date. Compliance Manager and Board Secretary of Amana Insurance Company from 2009 to 2014. Financial auditor for Ernst & Young from 2007 until 2009. Credit Officer at AL Rajhi Bank from 2006 to 2007. External auditor at Pricewaterhouse from 2005 to 2006.
Memberships in other boards of directors	Member of the Board of Directors of Al Hammadi Company for Development and Investment, a "Listed Joint Stock Company".
Name	Mr / Saad Hamad Mohammed Saif
Nationality	Saudi.
Current position	Member of the Board of Directors for Al-Baha Investment and Development Company and Chairman of the Nominations and Remuneration Committee.
Date of hiring	10-02-2019
Qualifications	High school.
Practical experiences	General Manager of AKTEL Trading Company Ltd, working in the field of food, hygiene materials and supplies, import, export and marketing for others from 1998 until 2019. General Manager of the ARTAL Food Trade Establishment since 2017, working in the field of food, hygiene materials and supplies, import, export and marketing for others up to date.
Memberships in other boards of directors	There is no.
Name	Mr / Ziyad Mohammad Sultan Al-Amro
Nationality	Saudi.
Current position	Member of the Board of Directors of Al-Baha Investment and Development Company.
Date of hiring	10-02-2019
Qualifications	He holds a bachelor degree in media from King Saud University.
Practical experiences	Marketing Director of Fahad International Company Ltd (from 2008 up to date), a limited liability company, in the Kingdom of Saudi Arabia, the nature of its work is in the field of military and security supplies. CEO of Al-Baha Investment and Development Company from 1 August 2016 until 17 August 2017.
Memberships in other boards of directors	NULL
Name	Mr / Turki AbdulRahman Abdullah Al Rosayes
Nationality	Saudi.
Current position	Member of the Board of Directors of Al-Baha Investment and Development Company.
Date of hiring	10-02-2019
Qualifications	BA in Marketing from the University of Cleveland - America - 2005.
Practical experiences	Chief of Business Development at Olayan Holding Company from 2018 to 2020. General Manager of Real Estate Olayan Real Estate Company from 2012 until 2015. Business Development Manager at HAMAT Real Estate Company from 2015 until 2016. Director of the Commercial Sector at Bin Saedan Company from 2017 until 2018.
Memberships in other boards of directors	Partner and member of the Board of Directors of Akram Asas Company Ltd. from 2019 up to date.



## 8. Membership of board members in companies

Name	Mr / Mohammed Saleh Mohammad Al Hammadi
A current member of a Company's board of directors or one of its directors	Al Hammadi Company for Development and Investment and its companies - Board Member and CEO - Aziz Company for Contracting and Industrial Investment - Member of the Board of Directors East Integrated Pipes Company for Industry - Member of the Board of Directors
Based	All within the Kingdom of Saudi Arabia
Legal entity	Joint Stock listed Closed Joint Stock Closed Joint Stock
A Previous member of a Company's board of directors or one of its directors	Saudi Automotive Services Company (SASCO) Saudi Chemical Company
Based	All within Kingdom of Saudi Arabia
Legal entity	All are listed
Name	Mr / Ibrahim Abdullah Rashed Kulib
A current member of a Company's board of directors or one of its directors	Elegant Centers Company Ltd. - General Manager Ishraqa Regional Real Estate Development and Investment Company - General Manager Medical Industries Company Limited - General Manager Intermediate Transport Company for Communications and Information Technology - Member of the Board of Directors
Based	All within Kingdom of Saudi Arabia
Legal entity	All of them have limited liability
A Previous member of a Company's board of directors or one of its directors	Direct Vision Establishment for Advertising and Public Relations Idea Fund Agency Establishment for Public Relations
Based	All within Kingdom of Saudi Arabia
Legal entity	All of them are a sole proprietorship
Name	Dr. AbdulAziz Saleh Mohammad Al Hammadi
A current member of a Company's board of directors or one of its directors	Al Hammadi Company for Development and Investment - Member of the Board of Directors Aziz Company for Contracting and Industrial Investment - Member of the Board of Directors
Based	All within Kingdom of Saudi Arabia
Legal entity	Joint Stock listed Closed Joint Stock
A Previous member of a Company's board of directors or one of its directors	NULL
Based	-
Name	Mr / Mishaal Mohammad Hassan Mufti
A current member of a Company's board of directors or one of its directors	Medical Support Services Company Ltd. - General Manager Pharmaceutical Services Company Ltd. - General Manager Arab Hospitals Company Ltd. - General Manager
Based	All within Kingdom of Saudi Arabia
Legal entity	All of them have limited liability
A Previous member of a Company's board of directors or one of its directors	Specialized Clinics Complex Company Ltd.
Based	All within Kingdom of Saudi Arabia
Legal entity	Limited liability
Name	Mr / Saad AbdulMohsen AbdulAziz Al-Humaidi
A current member of a Company's board of directors or one of its directors	Al Hammadi Company for Development and Investment - Member of the Board of Directors Advanced Time Company for Investment and Development - General Manager
Based	All within Kingdom of Saudi Arabia
Legal entity	Joint Stock listed Limited liability
A Previous member of a Company's board of directors or one of its directors	-
Based	-
Legal entity	-



Name	Mr / Saad Hamad Mohammad Saif
A current member of a Company's board of directors or one of its directors	Artal Food Trade Corporation
Based	All within Kingdom of Saudi Arabia
Legal entity	Individual Establishment
A Previous member of a Company's board of directors or one of its directors	AKTEL Trading Company Limited
Based	All within Kingdom of Saudi Arabia
Legal entity	Limited liability
Name	Mr / Ziyad Mohammad Sultan Al Amro
A current member of a Company's board of directors or one of its directors	Fahad International Company Ltd. - Marketing Manager
Based	All within Kingdom of Saudi Arabia
Legal entity	Limited liability
A Previous member of a Company's board of directors or one of its directors	Al-Baha Investment and Development Company "CEO"
Based	All within the Kingdom of Saudi Arabia
Legal entity	Joint Stock Listed
Name	Mr / Turki AbdulRahman Abdullah Al Rosayes
A current member of a Company's board of directors or one of its directors	Akram Asas Company Ltd. - Partner and Member of the Board of Directors
Based	All within Kingdom of Saudi Arabia
Legal entity	Limited liability
A Previous member of a Company's board of directors or one of its directors	Olayan Holding Company - Head of Business Development Olayan Real Estate Company - General Manager of Real Estate Hamat Real Estate Company - Business Development Manager Bin Saedan Company - Director of the Commercial Sector
Based	All the Kingdom of Saudi Arabia
Legal entity	All of them are limited liability companies

## 9. Classification of Board Members

The name	The position	Category
Mohammad Saleh Mohammad Al Hammadi	Chairman of Board of Directors	Non-executive
Ibrahim Abdullah Rashed Kulib	Vice Chairman and CEO	executive
Mishaal Mohammad Hassan Mufti	Member of the Board of Directors and Chief Financial Officer	executive
Dr. AbdulAziz Saleh Mohammad Al Hammadi	Member of the Board of Directors and Secretary of the Board	Non-executive
Saad AbdulMohsen AbdulAziz Al-Humaidi	Member of the Board of Directors and Chairman of the Audit Committee	independent
Saad Hamad Mohammad Saif	Member of the Board of Directors and Chairman of the Nominations and Remuneration Committee	independent
Ziyad Mohammad Sultan Al Amro	Member of the Board of Directors	independent
Turki AbdulRahman Abdullah Al Rosayes	Member of the Board of Directors	independent

## 10. Board actions

The company has made available ways for constant communication with the company, the Chairman of the Board of Directors and the CEO, through the means of modern technology:

Company phone: +966177223333 Company fax: +966177224445

Email: invest@albahacompany.com Twitter: @albahacompany

Company website: www.albahacompany.com

P.O. Box: 448, Postal Code: 2288, Baljurashi

The company's head office address: Al-Baha City - King Fahd Road - Building No. 7050

The Chairman of the Board of Directors and the Secretary of the Board of Directors constantly communicate with all the members of the Board of Directors to inform them through modern technology, in addition to discussing them during the regular meetings of the Board of Directors and informing them of the comments and suggestions of the shareholders, as well as communication between the shareholders, the Vice Chairman of the Board of Directors and the CEO directly through All available means of communication.





## 11. A description of the committees' competencies and duties

### 11.1. Audit Committee

member name	The nature of the membership	Number of meetings (4)				Attendance rate
		The meeting 1	The meeting 2	The meeting 3	The meeting 4	
		2020/04/26	2020/06/20	2020/08/25	2020/11/09	
Saad AbdulMohsen AbdulAziz Al-Humaidi	Committee president	✓	✓	✓	✓	% 100
Dr. AbdulAziz Saleh Al Hammadi	Committee member	✓	✓	✓	✓	% 100
Turki AbdulRahman Abdullah Al Rosayes	Committee member	✓	✓	✓	✓	% 100

\* In light of the emerging Corona crisis, the committee held its meetings remotely, in implementation and compliance with the directives.

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

financial reports:

- Studying the initial and annual financial statements of the company before submitting it to the Board of Directors and expressing its opinion and recommendation regarding them to ensure their integrity, fairness and transparency.
- Express a technical opinion - upon the request of the Board of Directors - on whether the report of the Board of Directors and the financial statements of the company are fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
- Study any important or unusual issues included in the financial reports.
- Carefully researching any issues raised by the company's financial director, whoever assumes his duties, the company's compliance officer, or the auditor.
- Verification of accounting estimates in the material issues included in the financial reports.
- Study the accounting policies applied in the company and express opinion and recommendation to the Board of Directors in this regard.
- Internal audit:
- Study and review of the company's internal, financial and risk management systems.
- Examining the internal audit reports and following up on the implementation of corrective actions for the observations 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 work and tasks assigned to it. If the company does not have an internal auditor, the committee should submit its recommendation to the board regarding the extent of the need to appoint him.
- Recommending to the Board of Directors to appoint a director of the internal audit unit or department or the internal auditor and suggesting his remuneration.
- Auditor: Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.
- Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.
- Reviewing the company's auditor's plan and business, verifying that no technical or administrative work has been submitted outside the scope of the audit work, and expressing its views on that.
- Answer the inquiries of the company's auditor.
- Study the auditor's report and his notes on the financial statements and follow up on what has been taken in their regard.
- Commitment Guarantee:
- Review the results of the reports of the regulatory authorities and verify that the company has taken the necessary actions in this regard.
- Verify the company's compliance with the relevant laws, regulations, policies and instructions.
- Reviewing the contracts and proposed transactions that the company conduct with related parties, and submitting its opinions on this to the Board of Directors.
- Raise the issues it deems necessary to take action in their regard to the Board of Directors, and make recommendations on the actions that need to be taken.

### 11.2. Nomination and Remuneration Committee

member name	The nature of the membership	Number of meetings (2)		Attendance rate
		the meeting1	the meeting 2	
		2020/06/20	2020/11/10	
Saad Hamad Mohammad Saif	Committee president	✓	✓	% 100
Mohammad Saleh Al Hammadi	Committee member	✓	✓	% 100
Ziyad Mohammad Sultan Al Amro	Committee member	✓	✗	% 50

\* In light of the emerging Corona crisis, the committee held its meetings remotely, in implementation and compliance with the directives.



➤ The committee shall undertake the tasks and specializations related to and related to remuneration and nominations, including the following:

1. Preparing a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, provided that this policy takes into account the following standards related to performance, disclosure and verification of their implementation.
2. Clarify the relationship between the bonuses granted and the applicable remuneration policy, and indicate any material deviation from this policy.
3. Periodic review of the remuneration policy, and evaluation of its effectiveness in achieving the objectives sought from it.
4. Recommending to the Board of Directors the remuneration of the members of the Board of Directors and the committees emanating from it and the senior executives of the company in accordance with the approved policy.
5. To propose clear policies and standards for membership in the Board of Directors and executive management.
6. Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
7. Preparing a description of the capabilities and qualifications required to be a member of the Board of Directors and occupy executive management positions.
8. Determine the time that the member should allocate to the work of the board of directors.
9. Annual review of the necessary needs of skills or appropriate expertise for board membership and executive management functions.
10. Reviewing the structure of the Board of Directors and executive management and making recommendations regarding the changes that can be made.
11. Checking on an annual basis 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.
12. Establish job descriptions for executive members, non-executive members, independent members and senior executives.
13. Establishing special procedures in case the position of a member of the board of directors or a senior executive becomes vacant.
14. Identify the strengths and weaknesses of the Board of Directors, and propose solutions to address them.

The Nomination and Remuneration Committee periodically reviews and evaluates the performance of members of the Board of Directors and the tasks and duties of the committees emanating from it, in addition to ensuring that members attend and actively participate in the meetings.

The chairman and his deputy shall periodically follow up and evaluate the performance of the board, its members, and the committees emanating from it and their members.

## 12. Bonuses

### 12.1. Remuneration of members of the Board of Directors

	Fixed bonuses						Variable rewards					Indemnity	total summation	Expense allowance			
	A certain amount	Allowance for attending council sessions	Total allowance for attending committee sessions	Benefits in kind	Reward technical, administrative and advisory works	Remuneration of the Chairman or Managing Director Or the secretary if he is a member	Total	percentage of profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans				Bonus Shares (value is entered)	Total	
First: Independent members																	
Saad AbdulMohsen AbdulAziz Al-Humaidi			Null			-		Null			-	-	-	-			
Turki AbdulRahman Abdullah Al Rosayes			Null			-		Null			-	-	-	-			
Ziyad Mohammad Sultan Al Amro			Null			-		Null			-	-	-	-			
Saad Hamad Mohammad Saif			Null			-		Null			-	-	-	-			
Second: Non-executive members																	
Mohammad Saleh Al Hammadi			Null			-		Null			-	-	-	-			
Dr. AbdulAziz Saleh Al Hammadi			Null			-		Null			-	-	-	-			
Third: the executive members																	
Ibrahim Abdullah Rashed Kulib			Null			-		Null			-	-	-	-			
Mishaal Mohammad Hassan Mufti			Null			-		Null			-	-	-	-			



## 12.2. Remuneration of senior executives

Senior Executive Jobs	Fixed bonuses				Variable rewards						Indemnity	Total executives bonus About the council, if any	total summation
	payroll	Allowances	Benefits in kind	Total	Periodic bonuses	earnings	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
Total amounts	276.000	-	-	276.000	-	-	-	-	-	-	11.691	-	287.691
Total	276.000	-	-	276.000	-	-	-	-	-	-	11.691	-	287.691

Senior executives of the company who received the highest remuneration (CEO and CFO).

## 12.3. Remuneration of members of the committees

	Fixed rewards (except for attendance allowance for sessions)	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			
Saad Hamad Mohammad Saif	Null	Null	Null
Mohammad Saleh Al Hammadi	Null	Null	Null
Ziad Mohammad Al-Amro	Null	Null	Null
Total	Null	Null	Null

## 13. Remuneration and allowances policy for members of the Board of Directors and the Secretary

- The remuneration of a member of the board of directors is made within the limits stipulated in the articles of association of the company, the companies' system and its regulations, and in line with the official decisions and instructions issued in this regard, provided that the total of what a member of the board of directors receives in return for his membership in the board of directors does not exceed an amount of 500,000 Saudi riyals ( Five hundred thousand Saudi riyals) of rewards and financial and in-kind benefits.
- The entitlement to the remuneration is proportional to the number of meetings the member attended during the year.
- An attendance allowance for each meeting of the Board of 5,000 Saudi riyals (five thousand Saudi riyals) and an attendance allowance for each committee meeting in an amount of 5,000 Saudi riyals (five thousand Saudi riyals) for each member and the secretary.
- A first-class air ticket, transportation and accommodation, for a non-resident member in the city in which the meeting is scheduled to take place.
- The Board of Directors determines the annual remuneration of the Board Secretary, and the company shall bear all his expenses related to his attendance, such as tickets, accommodation, transportation and others in connection with the affairs of the Board of Directors.
- Remuneration, attendance allowance and other allowances are paid at the end of the fiscal year, and in the event that the membership of any member of the council expires before the end of the fiscal year, it is paid immediately upon the end of his membership.

## 14. The policy of remuneration 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 head of the audit committee and for each member from among the committee members.
- The entitlement to the remuneration is proportional to the number of meetings the member attended during the year.
- An attendance allowance for each committee meeting of (5,000) Saudi riyals (five thousand Saudi riyals) for the head of the committee, for each member of the committee, and the secretary.
- A business-class travel ticket, transportation and accommodation, for a non-resident member in the city of the meeting.
- The committee recommends to the board of directors the annual remuneration of the secretary. The company also bears all his expenses related to the committee's meetings, such as tickets, accommodation, transportation and other things related to the committee's work.
- Remuneration, attendance allowance and other allowances are paid at the end of the fiscal year, and in the event that the membership of any member of the committee ends before the end of the fiscal year, it is paid upon the end of his membership in the committee.



## 15. Remuneration and allowances policy for members of the Nomination and Remuneration Committee and the Secretary of the Committee

- An annual reward of (50,000) Saudi riyals (fifty thousand Saudi riyals) for each of the head of the remuneration and nominations committee and for each member from among the committee members.
- The entitlement to the remuneration is proportional to the number of meetings the member attended during the year.
- An attendance allowance for each committee meeting of (5,000) Saudi riyals (five thousand riyals) for each of the head of the remuneration and nominations committee and for each member of the committee, and the secretary.
- A business-class travel ticket, transportation and accommodation, for a non-resident member in the city of the meeting.
- The committee recommends to the board of directors the annual remuneration of the secretary. The company also bears all his expenses related to the committee's meetings, such as tickets, accommodation, transportation and other things related to the committee's work.
- Remuneration, attendance allowance and other allowances are paid at the end of the fiscal year, and in the event that the membership of any member of the committee ends before the end of the fiscal year, it is paid upon the end of his membership in the committee.

## 16. Policy of Executive Management Remuneration and Allowances

Executive management rewards include the following:

- A 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 (includes work injuries, partial and total disability, and death at work).
- Benefits including annual leave - annual travel tickets - private driver - end of service gratuity.
- Reward related to performance indicators according to the evaluation made in this regard.
- Remuneration plans and programs for senior executives are approved by the Remuneration and Nominations 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.

## 17. Penalties, punishment, precautionary measure and restrictions imposed on the company by the authority or any supervisory, regulatory or judicial authority

Punishment / penalty / precautionary measure / precautionary entry	Reasons for the violation	The signatory of the violation	Ways to treat it and avoid its occurrence in the future
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) requiring Al-Baha Company to complete the asset exchange process and pay the amount due, which is (3,000,000) three million Saudi riyals to Al-Sata'ah Modern Contracting Company. General, in addition to completing the exchange process, which includes: The actual emptying of (134) plots of land located in the Al-Murooj scheme in the city of Taif, whose value is estimated at 12,000,000 riyals, according to the contract signed between Al-Baha and Al-Sata'ah Company. Emptying the land on which the poultry project is located in the Al-Aqiq governorate, with an estimated value of 46,000,000 riyals, according to the contract signed between the Al-Baha Company and the Al-Sata'ah Company. The share of Al-Baha Company in the Al-Baha National College of Sciences, the estimated value of 18,000,000 riyals, according to the contract signed between Al-Baha and Al-Sata'ah Company. Al-Baha Company received on 10/29/1437 AH (corresponding to 08/03/2016 AD) a judicial decision from the enforcement departments of 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-Sata'ah Modern General Contracting Company, but it did not implement implementation of the document until the date of preparing the report, as on 05/12/1438 AH (corresponding to 02/09/2017 AD) Al-Baha Company received a copy of the judgment of the Enforcement Department of the General Court in Baljurashi issued on 05/04/1438 AH (corresponding to 02/01/2017) No. 38160080, which includes that after reviewing the ruling issued by the Board of Grievances, it was found that the items to be executed were not specified in relation to the process of exchanging assets, and the ruling of the Execution Department ended with stopping the implementation until the judgment issued by the Board of Grievances is corrected so that the items to be implemented are clearly and accurately determined for each Clause, as the judgment of the enforcement department stipulated the right to object to the two parties to the execution within a period of thirty days starting from the next day from the date of receiving the verdict copy. Note that there will be no financial impact on Al-Baha Company as a result of the implementation of the asset exchange process, assuming that the actual value of the assets of Al-Sata'ah Modern Company is 17,300,599 Saudi riyals, as the Al-Baha Company has already established allocations for the full amount of the loss from this process according to what is mentioned in Ignorant negative examination report. On 21 Jumada I 1440 AH corresponding to January 27, 2019 AD, the company received a copy of the ruling notification, and the reasons were as follows: Whereas the department had previously explained some of the items contained in its ruling for	The signature of the previous Board of Directors of the session (10 February 2010 to 09 February 2013) of the asset exchange contract with Al-Sata'ah Modern General Contracting.	From the execution departments in the General Court in Baljurashi	The company applied to the Baljurashi Court to stop the execution deed and was able to obtain a ruling from the enforcement department to stop the execution until the judgment issued by the Board of Grievances is corrected so that the items to be implemented are clearly and accurately determined for each item. After that a judgment was issued to explain the terms of the contract and the company received a copy of the ruling notification, and on the date of Jumada Al-Thani 19 1440 AH corresponding to February 24, 2019 AD, the company submitted its appeal against the judgment received on Jumada Al-Awwal 21, 1440 AH corresponding to January 27, 2019 during the statutory period, and the department decided to postpone Looking into the case until the date of December 26, 2018 AD, after that the department decided to postpone consideration of the case until the date of January 09, 2019 AD and on January 09, 2019 AD regarding the interpretation of the judgment issued by the Board of Grievances of the Al-Sata'ah Modern Company for Contracting and in the presence of this session, the Second Commercial Department of the Commercial Court in Jeddah decided to issue its judgment The primary decision to adhere to its previous decision dated 06/19/1439 AH and the judge that the term intended to oblige the parties to the lawsuit to complete the implementation of the contract concluded between them, the subject of this case and dated 03/03/1432 AH, the circuit decided to issue its preliminary judgment to adhere to the previous decision that the term intended to bind the parties to the case With the completion of the implementation of the contract concluded between them, the subject of this lawsuit, and on January 27, 2019 AD, the company received a copy of the ruling notifying the adherence to its previous decision dated 19 Jumada al-Thani On February 24, 2019 AD, the company submitted its appeal against the judgment received on January 27, 2019 AD, and the department set Shawwal 16, 1440 AH corresponding to June 19, 2019 AD. In this session, the company's agent attended and was postponed to July 17, 2019 AD after that the session was postponed Because the attorney of the defendant apologized, and it was postponed to October 9, 2019 AD, the department decided to postpone the session to October 30, 2019 AD. In this session, the company's lawyer presented a memorandum and a set of attachments and presented it to the defendant's attorney requesting a deadline to respond, so the department decided to postpone the session to January 22, 2020. February 22, 2020 AD, the attorney of the defendant, Al-Sata'ah, submitted a memorandum and attachments, and on Wednesday 05 Rajab 1442 AH corresponding to February 17, 2021 AD, the department decided to accept the objection in form and rejected it in substance and supported the ruling of the Second Circuit (in the Jeddah Commercial Court in the case) and the judge



<p>the year 1433 AH based on the letter of the head of the seizure and enforcement departments at the General Court in Baljurashi, and since the Court of Appeal asked the department to explain the obligations of both parties without limiting them to one party without the other, so that the execution judge has the obligations of each party to be clear, Whereas, the plaintiff is requesting to oblige the defendant to pay her the contracted crusher with all her cars and equipment, all her fixed and movable assets, the entire cement concrete project and all the inclusions of the Holcore project under the entire stock at the site, and that these are the obligations of the defendant towards the plaintiff, and since the department and after studying the judgment And seeing it, it became clear to her that the circuit ruling stipulated: (That the plaintiff, two weeks after concluding the contract with the defendant, made a contract with another party to sell some of the crusher products subject of the lawsuit) and stated that: (In addition to that, she contracted from another party in her capacity as the owner of the sale to sell some of his products. Which indicates that the plaintiff has made the receipt, and since according to Article (73) of the system of legal pleadings that include (if ambiguity or ambiguity occurs in the verdict's verdict) Confusion, it is permissible for the litigants to request from the court that issued its interpretation) and where the department was asked to explain the following: Obligation of the parties to the case to complete the implementation of the contract concluded between them, the subject of this case and dated Rabi' al-Awwal 3, 1432 AH And as it became clear to the Department that what is meant by this phrase is the following: First: To oblige Al-Baha Investment and Development Company to pay Al-Sata'ah Modern Contracting Company Limited an amount of (3,000,000) three million riyals. Second: Obliging the Al-Baha Investment and Development Company to effectively empty the entire 134 plots with the notary, which they own 50% of the entire land in the Al-Murooj Scheme, located in Al-Sail Al-Saghir in the Taif Governor, and owned by Al-Baha Investment and Development Company for the benefit of the Al-Sata'ah Modern Company for General Contracting. Third: To oblige the Al-Baha Investment and Development Company to assign in favor of the Al-Sata'ah Modern Company for General Contracting of the entire contents of the poultry project and the land on which the project is built and owned by the Al-Baha Investment and Development Company under the deed issued by the notary of Al-Aqiq governorate under a legitimate agency that cannot be dismissed or canceled issued by the Al-Baha Investment Company And development for those identified by the Al-Sata'ah Modern General Contracting Company upon emptying entitles them to transfer all the aforementioned property of the Al-Baha Investment and Development Company to the property of the Al-Sata'ah Modern General Contracting Company, and the agent shall have the right to assign a special agency to the aforementioned and hand over that agency with all the ownership documents of what is mentioned to the company Al-Sata'ah Modern General Contracting, which ends with the Chamber to oblige the plaintiff to do so. Therefore, the Department decided: to adhere to its previous decision dated 19 Jumad al-Thani 1439 AH Judge that what is meant by the term is to oblige the parties to the lawsuit to complete the implementation of the contract concluded between them, the subject of this case and dated Rabi al-Awwal 3, 1432 AH, is the following: First: To oblige the Al-Baha Investment and Development Company to pay the Al-Sata'ah Modern Company Ltd. for Contracting, an amount of (3,000,000) three million riyals. Second: Obliging the Al-Baha Investment and Development Company to effectively empty the entire 134 plots with the notary, which they own 50% of the entire land in the Al-Murooj Scheme, located in Al-Sail Al-Saghir in the Taif Governor, and owned by Al-Baha Investment and Development Company for the benefit of the Al-Sata'ah Modern Company for General Contracting. Third: To oblige the Al-Baha Investment and Development Company to assign in favor of the Al-Sata'ah Modern Company for General Contracting of the entire contents of the poultry project and the land on which the project is built and owned by the Al-Baha Investment and Development Company under the deed issued by the notary of Al-Aqiq governorate under a legitimate agency that cannot be dismissed or canceled issued by the Al-Baha Investment Company And development for those identified by the Al-Sata'ah Modern General Contracting Company upon emptying entitles them to transfer all the aforementioned property of the Al-Baha Investment and Development Company to the property of the Al-Sata'ah Modern General Contracting Company, and the agent shall have the right to assign a special agency to the aforementioned and hand over that agency with all the ownership documents of what is mentioned to the company Al-Sata'ah Modern General Contracting.</p>			<p>First: To oblige the Al-Baha Investment and Development Company to pay the Al-Sata'ah Modern Company for General Contracting an amount of three million riyals. Second: To oblige the Al-Baha Investment and Development Company to effectively empty the entire 134 plots with the notary public, which it owns 50% of the entire land in Al-Murooj Scheme located in Al-Sail Al-Saghir in Taif Governorate in favor of Al-Sata'ah Modern Company for General Contracting. Third: To oblige the Al-Baha Investment and Development Company to assign in favor of the Al-Sata'ah Modern Company for General Contracting Ltd. of the entire contents of the poultry project and the land on which the project is based, which is owned by the Al-Baha Investment and Development Company. After the verdict was upheld, the company increased the provision formed to offset losses resulting from the exchange of assets with Al-Sata'ah Modern Company by an amount of 17,300,559 Saudi riyals, after the verdict was upheld by the Court of Appeal.</p>
<p>According to the decision, the company refunded the zakat provision difference in an amount of 4,781,278 Saudi riyals from the amount restricted to the provision amounting to 16,849,347 Saudi riyals, which was recorded in the second quarter of 2018, and the company paid one million riyals during the year 2019 AD and 2020 AD from the amount of the zakat differences to become after Payment is 11,068,069 riyals, and the company is currently working with the General Authority for Zakat and Income to schedule all zakat sums and zakat differences until they are paid in installments</p>	<p>Zakat assessment for the years from 2000 to 2010 for zakat differences</p>	<p>The General Authority for Zakat and Income</p>	<p>The company submitted its petition to the settlement committee at the General Authority for Zakat and Income on the decision of the first tax appeals committee for Zakat Appeal related to the company's objection to the Zakat assessment for the years from 2000 to 2010 for the zakat differences of 16,849,347 Saudi riyals, and on Sunday 03 Jumada Al-Awal 1441 AH corresponding to 29 December 2019 AD The company received a decision from the Zakat Dispute Settlement Committee stating that the Committee approved the settlement of the dispute for the period subject to the dispute for the years 2000 AD to 2010 AD on the aforementioned amount of 16,849,347 Saudi riyals, so after the settlement an amount of 12,068,069 Saudi riyals, a decrease of 4,781,278 SR</p>





The issuance of the Commission's decision to impose a fine of (20,000) twenty thousand riyals on the Al-Baha Investment and Development Company, for violating Paragraph (a) of Article Sixty-one of the rules for offering securities and continuing obligations, and subparagraph (5) of Paragraph (A) of General instructions from the instructions for companies' announcements regarding their preliminary financial results for the financial period ending on 06/30/2020.	Incorrect information in the advertisement published on the Tadawul website, and it was corrected	Financial Market Authority	As it stated in its disclosure that the total shareholders' equity after excluding minority rights for the same period of the previous year is an amount (136,292.674) riyals, where the percentage change is equivalent to (0.425%), and on 27/08/2020 AD published a corrective announcement in which it clarified that the total shareholders' equity (after Exclusion of minority rights) for the same period of the previous year is an amount (141,022.499) riyals, where the percentage change is equivalent to (-2.94%)
--	---	----------------------------	---

## 18. 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 the 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 according to an annual review plan prepared. It is risk-based and approved by the audit committee, which includes assessing the adequacy and effectiveness of the control systems to improve the effectiveness of governance in order to achieve the goals of the company and protect its assets, in addition to reviewing and evaluating all policies, practices and procedures for managing the company and its subsidiary with a focus on the internal audit of the company's activities with substantial risks if the need arises.

## 19. The opinion of the audit committee on the adequacy of the internal control system

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

## 20. Recommendation of the Audit Committee

Recommendation of the Audit Committee regarding the appointment of an internal auditor:

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

## 21. Conflicting audit committee recommendations

There is no conflict between the recommendations of the audit committee and the decisions of the board of directors.

## 22. Register of association attendance during the fiscal year

No	The name	Attendance record for the number of general assemblies, which is only one association*	
		Adjective	Assembly meeting on (08 June 2020)
1	Mohammad Saleh Mohammad Al Hammadi	Chairman of Board of Directors	✓
2	Ibrahim Abdullah Rashed Kulib	Vice Chairman and CEO	✓
3	Mishaal Mohammad Hassan Mufti	Member of the Board of Directors and Chief Financial Officer	✓
4	Dr. AbdulAziz Saleh Mohammad Al Hammadi	Member of the Board of Directors and Secretary	✓
5	Saad AbdulMohsen AbdulAziz Al-Humaidi	Chairman of the Audit Committee	✓
6	Saad Hamad Mohammad Saif	Chairman of the Nomination and Remuneration Committee	✓
7	Ziyad Mohammad Sultan Al Amro	Member of the Board of Directors	✓
8	Turki AbdulRahman Abdullah Al Rosayes	Member of the Board of Directors	✓

\* Based on the Capital Market Authority's circular stipulating that the associations of listed joint-stock companies should be held by means of modern technology remotely and suspending their contract in presence until further notice, in order to ensure the safety of dealers in the financial market, and to ensure the support of preventive and precautionary efforts and measures by the competent and relevant health authorities to address The new Coronavirus (COVID-19), and an extension of the continuous efforts made by all government agencies in the Kingdom of Saudi Arabia to take the necessary preventive measures to prevent its spread.

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

### 23.1. The purposes and activities of the company

(Al-Baha Investment and Development Company) according to the company's articles of association

Establishes, manages, operates and maintains central markets, commercial and residential complexes, furnished apartments, restaurants, hotels, fuel stations, cafes, buffets, bakeries, sweets, cooked and uncooked subsistence services, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials and iron, general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, maintenance and operation contracting And cleaning, buying and renting lands to construct buildings on them and investing them by sale or rent for the benefit of the company.

- ▶ Establishing various industrial projects.
- ▶ Owning and reclaiming agricultural lands to be used in establishing agricultural and livestock production projects.
- ▶ Establishing, investing, managing, operating and maintaining recreational and tourism facilities and projects.
- ▶ Wholesale and retail trade of what falls within the scope of the company's industrial, agricultural and tourism business, and the establishment of cold stores, repair and maintenance workshops for that.



- ▶ Commercial agencies.
- ▶ The company may also, according to the aforementioned, carry out any necessary or complementary actions to achieve those purposes.
- ▶ The company carries out its activities according to the followed regulations and after obtaining the necessary licenses from the competent authorities, if any.

### 23.2. The main activities of the subsidiaries

(Elegant Centers Company Ltd.) as per the articles of incorporation

- ▶ Construction.
- ▶ Financial and business services and other services.
- ▶ Social services.
- ▶ The main activity of the company, as it is in the commercial register, is the establishment and management of central markets, commercial and residential complexes, hotels, furnished apartments, fuel stations, wholesale and retail trade of foodstuffs, building materials, iron, and the purchase and lease of lands to construct buildings on them and invest them by sale or rent.

(Ishraqa Regional Real Estate Development and Investment Company - one person company) According to the Articles of Association, it is a 100% wholly owned by Elegant Centers Limited Company.

- ▶ Food stuffs trading.
- ▶ Trading in building materials, electrical and sanitary tools.
- ▶ Operation, maintenance and cleanliness of the facilities.
- ▶ Recruitment.
- ▶ Commercial and administrative services.
- ▶ Sheltering activities.
- ▶ Restaurant and catering activities.
- ▶ Buying and selling lands and real estate.
- ▶ Specialized sub-contracting (specialized construction activities).
- ▶ General contracting for buildings (construction, repair, demolition, restoration).
- ▶ Management and leasing of owned or leased real estate (residential)
- ▶ Management and leasing of owned or leased real estate (non-residential).
- ▶ Real estate management activities for a commission.
- ▶ Real estate development and investment activities.
- ▶ Commercial agencies.

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

Activity	Activity revenues	ratio
The company does not have any major revenues during the year 2020 from running the business activity.	0.00	% 0.00

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

Activity	Activity revenues	ratio
Revenue from the subsidiary "Elegant Centers Company Ltd.", which is 86.96% owned by Al-Baha Investment and Development Company.	3,174,877.00	28.41 %
Activity	Activity revenues	ratio
Revenue from the subsidiary "Ishraqa Regional Real Estate Development and Investment Company", which is 100% owned by the Elegant Centers company	8,000,435.00	71.59 %
Total	11,175,312.00	% 100

### 26. Company plans and decisions during the year 2020

- Focusing on the neighbourhood shopping centre market (plaza) and increasing the number of its tenants, which represents the activity of the Elegant Centers Company Ltd. (the subsidiary company), and the Ishraqa Regional Company for Real Estate Development and Investment (the company is 100% owned by the subsidiary Company), and this does not contradict with the current activity of the Al-Baha Company. The investment activity in commercial complexes is considered one of the areas of investment that Al-Baha Company may undertake under its activity mentioned in the commercial registry.
- Continuous research to increase the company's revenues through the company directly or its subsidiaries indirectly.
- Reconsidering all stalled and stalled projects, and taking the necessary actions towards those projects, which are represented in the following:



- The artificial leather factory has completely stopped working since 2004.
- The cable car project: It has completely stopped working according to the decision of the Board of Directors on 12/15/2014, and the governor of Al-Baha region has directed that it be removed and work is underway.
- The company obtained the approval of the extraordinary general assembly on 07/16/1436 AH (corresponding to 05/05/2015) to convert the dilapidated and suspended assets of the company into assets prepared for the purpose of sale, and the company excluded some of the property, machinery and equipment of Al-Baha Company, which is (the Synthetic Leather Factory). Cable car project, poultry farm buildings) for a one-time amount of (8,049,930) Saudi riyals.
- Structuring the company's financial liabilities represented in receivables and prepaid expenses.
- Claiming the company's rights to others.
- Follow up on cases related to the company and the lawsuit filed against the former chairman and members of the Board of Directors.
- Follow-up of the case filed by the company against Al-Sata'ah Modern Contracting Company Ltd. related to correcting the interpretation of the judgment issued by the Board of Grievances related to the issue of exchanging the assets of the company with the assets of Al-Sata'ah Company, in which a judgment was issued on February 17, 2021 AD and the judge to accept the objection in form and reject it in substance and support the judgment of the second circuit to bind both parties The lawsuit to complete the implementation of the contract concluded between them, subject of this lawsuit.
- An interruption has occurred in the main business of the company since 02/23/1436 AH (corresponding to December 15, 2014 AD), which has a significant negative impact on the financial position of the company and the results of its operations. The following is the interruption in business that occurred during the previous period due to the final cessation of the activity of the leather factory during the quarter. The second of 2004 AD, and the suspension is still up to date, as well as the work of the Athar cable car project was partially halted at a rate of work only one month per year on 04/21/2001 AD, and it was completely stopped by the decision of the Board of Directors on 12/15/2014 AD and was approved by the Extraordinary General Assembly On 05/06/2015 AD, it is currently being removed according to the directives of the governor of Al-Baha region.
- On November 10, 2020 AD, the Board of Directors announced its recommendation to increase the company's capital from 177,000,000 Saudi riyals to 297,000,000 Saudi riyals, with an amount of 120,000,000 Saudi riyals, with the aim of expanding the company's activities, increasing its revenues and reducing its losses.
- Appointment of Al-Dakhil Financial Group as the financial advisor for the IPO.
- The company established an additional provision to offset losses resulting from the exchange of assets with Al-Sata'ah Modern Company, in an amount of 17,300,559 Saudi riyals, after the verdict was upheld by the Court of Appeal.

## 27. Risks

### ➤ Macroeconomic risks

The performance of Al-Baha depends on a number of factors related to the economic conditions in the Kingdom in general, such as the new Corona pandemic (COVID19), as well as factors of inflation, GDP growth, average per capita income, and so on. The Saudi economy in general relies heavily on oil and oil industries, as the proceeds from selling them represent a large proportion of the state's revenues and the Kingdom's GDP. The dependence of the economic wheel in the Kingdom essentially on a single 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 economic system, the financial performance of the company and its subsidiaries and the results of its operations may be negatively affected by fluctuations. Not favourable to the new Corona pandemic (COVID19), as well as in oil prices or other factors affecting the indicators of the Saudi economy in general, and as is currently the impact globally of the Corona virus pandemic.

### ➤ Market and sector related risks

### ➤ Demand risk on the real estate market

Due to the new Corona pandemic (COVID19), the decline in real estate prices will negatively affect the activity of Al-Baha Company, the Elegant Centers Company (the subsidiary company) and its subsidiary, Ishraqa Regional Real Estate Development and Investment Company, 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 affected by any potential fluctuations in real estate prices, rental rates, building materials prices, construction costs and construction costs directly because on the one hand it depends in its expansions on purchasing or renting lands and constructing new sites on it, in addition to the ongoing of Riyadh Metro 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 rental returns of the spaces available in its commercial group to retailers, so the unfavourable material fluctuations in the real estate and construction sectors negatively affect the financial performance of the company and the results of its operations. And, as it is currently, the impact globally of the Corona virus pandemic

### ➤ Risks of not being able to liquidate real estate assets

The new Corona pandemic (COVID19), the emerging corona variations, and the economic, social, political, security and regional conditions could 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 if desired, and then the company and its subsidiary will face difficulty in liquidating its real estate assets, which will negatively affect its financial position and consequently the financial position of Al-Baha Company and the results of its operations.

### ➤ Risks of not keeping pace with changing customer tastes and declining market share



If, within the scope their commercial real estate business activity, the company and its subsidiaries failed to keep pace with the change in customer tastes and the speed of responding to those changes when opening new malls and commercial Centers and choosing the quality of tenants, this would result in a decrease in the rate of customers going to the malls and commercial centres of the company, as well as the rate of their rental, and thus the company's market share Which leads to a decrease in its revenues and profits.

➤ Risks of increased competition

Competition arises when there are other companies operating in the same business sector of the company and offering similar or competitive products, as the real estate and retail sectors are considered highly competitive sectors. Accordingly, there is no guarantee that the company will compete efficiently, 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 revenues of the company, the results of its operation and its profitability, the same thing also affects and applies to the subsidiary Elegant Centres company.

Growth opportunity risk

The company's ability to develop its business depends on its exploitation of growth opportunities, which are greatly influenced by, but not limited to, the level of competition in the market, availability of material and human resources, the ability of its management team, legal systems, and other factors affecting growth. There is no guarantee that a continuous level of growth will be maintained, as the company may face difficulties in expanding its activity, developing its market share and increasing its sales. Therefore, if the company is not able to positively manage its growth, its ability to develop its activity, increase its profits and enhance returns for its shareholders, will be affected. It means that the financial position of the company and the results of its operations have been negatively affected.

➤ Risks associated with the retail sector

The retail sector is based on the per capita spending rate in the Kingdom. And because the revenues of the company and its subsidiaries are generated from the rent of the shops, any decrease in the per capita spending rate due to the new Corona pandemic (COVID19) and the new Corona will negatively affect the sales of the shops, which may reduce the ability of tenants to continue renting the shops, which will affect Negatively and substantially on the business of the company, its subsidiary, its financial position and the results of its operations, and thus this factor will affect the company.

➤ Risks related to the company's activity and operations.

The risks of the expansion strategy not succeeding, in addition to the risks of the Coronavirus (COVID19) and the emerging corona virus.

The company's expected future growth depends on the success of its expansion strategy by opening new projects for its activities, specifically in its real estate and commercial activities, and being in new locations throughout the Kingdom and abroad whenever the opportunity permits. The inability of the company to implement its planned 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 aging facilities, quality of building construction and design, and maintenance of maintenance

The quality of the facilities that receive the public affects the turnout rate for those establishments. Although the facilities owned by the company are considered modern, failure to provide the necessary maintenance for them 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 the public not accepting them. Also, the appearance 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, the company will be forced to carry out repairs and adjustments, and this in turn will lead to the company incurring additional costs, in addition to the effect of these repairs on the functioning of the shops. In the event that the maintenance costs rise above the expected amount due to several factors, including the increase in labor costs, the costs of contracts with others, the costs of repair, maintenance, water and electricity, then there will be a negative and substantial impact on the company's business and thus will affect its financial position and the results of its operations.

➤ Risks related to road maintenance and construction works for government projects

One of the most important factors for the success of commercial complexes is their accessibility for visitors. The city of Riyadh is currently witnessing many road maintenance and construction works for the King Abdelaziz Project for Public Transport in the city of Riyadh, the Riyadh Metro Project and other huge development and commercial projects, which may significantly limit the ease of access to the sites of commercial complexes in general, and thus Decreasing the number of its visitors, which limits the company's ability to raise or maintain rental values, as it may have to make a reduction in rental prices to maintain tenants, which leads to a reduction in the company's revenues and profitability, and negatively and substantially affecting the company's business, its financial position and the results of its operations .

➤ Risks of low turnout from mall visitors

The lack of expected turnout on the company's commercial complexes due to the new Corona pandemic (COVID19) and the new Corona virus will reduce the chances of renting the compound's stores and lead to a decrease in the occupancy rate in it. Also, in the event that visitors and visitors 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 enter the company into a series of corrective measures that may require large financial investments such as terminating contracts for some shops or bearing Additional costs for marketing campaigns and others, which negatively affect the company's revenues and profit, due to the current Corona virus.

➤ The risk of the company not being able to collect the due rents

The value of the rents generated from renting the shops is the important source of the company's revenue, 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 the new Corona pandemic (COVID19) and the new Corona.

➤ Risks related to failure in the management of commercial complexes

The company manages its malls by itself, so the possibility of failure exists, which leads to a negative impact on the financial situation and the results of its operations.

➤ Risks related to tenants defaulting, procrastinating and not being able to pay due rents

The income of the company and its subsidiaries mainly depend on the revenues generated from rents, and therefore in the event that some tenants are unable, delayed, or procrastinated in paying the rents due on their due dates due to the new Corona pandemic (COVID19) and the new Corona, this will negatively and substantially affect the flows.



The company's cash, and thus its ability to fulfil its financial obligations and continue its business, which has a negative and fundamental impact on the company's financial position and the results of its operations due to the Corona virus.

➤ The inability to rent shops or renew lease contracts

The performance of the company and its subsidiaries mainly depends on the ability to rent the shops in the complex, and establish good relations with the tenants, and therefore, due to the new Corona pandemic (COVID19) and the new Corona, there is no guarantee that the company will be able to rent the vacant stores or rent them on good contractual terms, and thus the effect Negatively and substantially on the company's revenues, its financial position and the results of its operations, and therefore this factor will affect the company due to the Corona virus.

➤ Risks of not meeting future capital liabilities

The company or its subsidiary companies may have any obligations for potential capital expenditures or a need for future investments, and there are no guarantees or assurances that either company will be able to secure these expenses or provide them in a suitable time or on favourable terms due to the problems of the new Corona pandemic (COVID19) and the emerging corona of what It affects the financial position of the company and its subsidiary, and hence their operating results and profitability.

➤ Risks of preserving reputation and quality

Establishments being free from building and finishing defects and their quality are essential elements in renting and marketing real estate and commercial complexes. In the event that these risks are not covered by contractors or if the standards of construction and finishing 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 thus this factor will affect the company.

➤ Risks of funding 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, and its ability to maintain its business and expansions will be negatively affected.

➤ Risks of management decisions

The company's business results depend mainly on the ability of its management to make correct and appropriate decisions regarding its business and activities. In the event that the company's management made wrong decisions regarding its business, especially in light of the new Corona pandemic (COVID19) and the new Corona, this will negatively affect the company's performance, profitability and the results of its operations.

➤ Risks of employee mistakes

The mistakes of employees that may result in a violation of any applicable laws or regulations that may lead to imposing 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 carrying out illegal activities, misuse of information or company resources, disclosure of confidential information, involvement in spreading misleading information, or non-compliance with internal controls. Since the company cannot always prevent employee mistakes, it cannot guarantee that employee mistakes will not negatively affect the company's performance and the results of its operations.

➤ Risks of staff shortages

Al-Baha Company and its subsidiaries currently operate with a limited number of employees, and any or all companies may need a larger number of employees to complete future expansion plans, and in the event that none of the companies can employ the required number of employees in a timely manner or with the required competencies, it will affect This is based on the completion of future plans, their profitability and the results of their operations.

➤ Risks of relying on key personnel

The company and its subsidiaries aim to attract and employ qualified people to ensure the efficiency and quality of business through effective management and proper operation. Whereas 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 of the important human elements or their inability to attract and retain them will negatively affect the companies' business, profits and business results.

➤ Risks of not being able to comply with Saudization requirements

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

➤ Risks of contracts with others

The company and its subsidiaries shall enter into lease or construction contracts agreements with others, and the company depends on the willingness and ability of these parties to fulfil their obligations under the terms and conditions of the aforementioned agreements. No guarantees or assurances can be given that these parties will meet their aspirations, especially in light of the crisis and the new Corona (COVID19) pandemic and the new Corona, which will negatively affect the financial position of the company, its business results and its profitability in the event that these parties are unable to fulfil their obligations, and thus This factor will influence the company.



➤ The long-term contracts are affected by changes in the market

The company or its subsidiary companies will enter into long-term contracts with tenants in the commercial complexes, including increases in the rental value over the period of the contract, and these increases will be determined through several considerations such as the company's estimates of the expected rates of increase in prices in general and rental rates in particular, the importance of the tenant and his competitive position in market.

Therefore, there is no guarantee that these increases determined by the company at the time of the conclusion of the contract will be sufficient to compensate them for the increase in operating costs or inflation rates or parallel to the rates of price hikes or the occurrence of any future pandemic, God forbid, such as the new Corona pandemic (COVID19) and the new Corona, and therefore, it is 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, and which the company may not be able to negotiate with the tenants before the end of the contract period, this will negatively and substantially affect the business of the company and its subsidiaries and the results of its operations and status. Its financial and future expectations, and thus this factor will affect the company.

➤ Risks associated with granting exemptions and compensation for tenants as a result of expansions and renewals

The company and its subsidiaries may be forced, as happened during the outbreak of the new Corona (COVID19) pandemic and the new Corona, or when carrying out expansion or renewal 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 business during the period of carrying out those works. The company or its subsidiary companies may also be forced to reduce the rents of some stores to compensate the tenants for the damage resulting from the implementation of those works according to the size of the business and its impact on the tenant, which will negatively affect the financial position of the company and the results of its operations, and thus this factor will affect the company.

Inability to renew development and operation agreements

The company and its subsidiaries intend to manage and operate the commercial complexes at the present time, but there is no guarantee that the company will continue managing the commercial complexes in the future, and in the event that the company decides to hand over the management and operation of commercial complexes to another party, risks will arise represented in terminating or not renewing the agreements, which will result in financial losses This will have a negative impact on the financial position of the company and the results of its operations, and thus this factor will affect the company.

Liquidity risk

The company faces liquidity risk when it is unable to provide the necessary funds to meet its financial obligations arising from operational activities and its liabilities in a timely manner due to the new Corona pandemic (COVID19) and the emerging corona or others. The company does not guarantee that any emergency or sudden events that may require immediate liquidity will not occur, which would negatively affect the company's operating performance, its financial position and the results of its operations.

➤ credit risk

A company faces credit risk when one of the parties fails to fulfil a specific 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.

➤ 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 rulings are issued that obligate the company to pay sums of money to others or new cases are filed against the company, this will negatively affect the financial position of the company 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 that it owes:

The name of the plaintiff	Claim value	Claim summary
Al Sata'ah Modern 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) requiring Al-Baha Company to complete the asset exchange process and pay the amount due, which is (3,000,000) three million Saudi riyals to Al-Sata'ah Modern Contracting Company. General, in addition to completing the exchange process, which includes:1 . The actual emptying of (134) plots of land located in the Al-Murooj scheme in the city of Taif, the value of which is estimated at 12,000,000 riyals, according to the contract signed between Al-Baha and Al-Sata'ah Company.  2. Emptying the land on which the poultry project is located in Al-Aqiq Governorate, with an estimated value of 46,000,000 riyals, according to the contract signed between Al-Baha and Al-Sata'ah Company.3. The share of Al-Baha Company in the Al-Baha National College of Sciences, estimated at 18,000,000 riyals, according to the contract signed between Al-Baha and Al-Sata'ah Company. On 10/29/1437 AH (corresponding to 08/03/2016 AD), Al-Baha Company received a judicial decision from the enforcement departments of the General Court in Baljurashi obliging the company to implement the entire executive document issued by the Administrative Court in Jeddah in favour of Al-Sata'ah Modern General Contracting Company, but it did not implement With the implementation of the document, as on 05/12/1438 AH (corresponding to 02/09/2017 AD) Al-Baha Company received a copy of the ruling of the Enforcement Department of the General Court in Baljurashi issued on 05/04/1438 AH (corresponding to 02/01/2017 AD) with the number 38160080, which includes That after reviewing the ruling issued by the Board of Grievances, it became clear that the items to be implemented were not specified in relation to the process of exchanging assets, and the ruling of the Execution Department ended with stopping implementation until the judgment issued by the Board of Grievances is corrected so that the items to be implemented are clearly and accurately defined for each item, as stipulated The enforcement department's ruling on the right to object to the two parties to the execution within a period of thirty days starting from the next day from the date of receiving the verdict copy. The management of Al-Baha Company has not objected to the ruling, but rather intends to implement it according to the details contained therein. As soon as the detailed decision is issued, and the other party does not object to it, Al-Baha Company will coordinate with Al-Sata'ah Modern Company to implement the reasons for the judgment by transferring the ownership of all the assets belonging to Al-Sataah Company to Al-Baha Company, as well as transferring the ownership of the assets belonging to Al-Baha to Al-Sataah Modern Company, and ensuring the end of the court order In full. Note that there will be no financial impact on Al-Baha Company as a result of the implementation of the asset exchange process, assuming that the actual value of the assets of Al-Sata'ah Modern Company is 17,300,599 Saudi riyals, as Al-Baha Company has already made allocations for the full amount of loss from this process at a value of 68,699,441 SAR considering that the value of the signed contract for the exchange of assets amounted to 86,000,000 riyals, while the actual value of the assets of Al-Sata'ah company was 17,300,559 riyals, according to what was stated in the ignorant examination report, and during the year 2017 AD the company refunded the increase in the provision for replacing the previously formed assets with a value of 1,996,283 Saudi riyals , So the balance of the asset exchange provision, after returning the increase, becomes 66,703 and 158 Saudi riyals. In addition, the company received the executive decision of the following: First: To obligate the Al-Baha Investment and



		<p>Development Company to pay the Al-Sata'ah Modern Company for General Contracting an amount of 3 million riyals. Second: To oblige the Al-Baha Investment and Development Company to effectively empty the entire 134 plots with the notary, which it owns 50% of the entire land in the Al-Morouj Scheme located in Al-Sail Al-Saghir in Al-Taif Governorate in favor of Al-Sata'ah Modern General Contracting Company. Third: To oblige the Al-Baha Investment and Development Company to assign in favor of the Al-Sata'ah Modern Company for General Contracting of the entire contents of the poultry project and the land on which the project is based, which is owned by the Al-Baha Investment and Development Company. Revoke the appealed judgment regarding the correction of the interpretation of the judgment issued by the Board of Grievances of Al-Sata'ah Modern Company Ltd., and setting the next Wednesday 29 Safar 1440 AH corresponding to November 07, 2018 AD as the date for the hearing. The company's lawyer presented at the session the objection list to the department's interpretation of the ruling issued by the Board of Grievances of the Al-Sata'ah Modern Company Ltd., and the defendant's agent requested a period to respond, and the session was postponed to Wednesday 20 Rabi al-Awwal 1440 AH corresponding to November 28, 2018 CE. On January 09, 2019 AD regarding the interpretation of the judgment issued by the Board of Grievances of the Al-Sata'ah Modern Contracting Company, and in the presence of this session, the Second Commercial Department of the Jeddah Commercial Court decided to issue its preliminary judgment to adhere to its previous decision dated 06/19/1439 AH and the judge that the term intended to oblige the parties to the case to complete the implementation The contract concluded between them, the subject of this case and dated 03/03/1432 AH, the circuit decided to issue its preliminary judgment to adhere to the previous decision, which stipulates that the term intended to oblige the parties to the case to complete the implementation of the contract concluded between them is the subject of this case. On January 27, 2019 AD, the company received a copy of the ruling notification to adhere to its previous decision, dated 19 Jumada Al-Thani 1439 AH, and on February 24, 2019 AD, the company submitted its appeal against the judgment received on January 27, 2019 AD. The department set Shawwal 16, 1440 AH, corresponding to June 19, 2019 AD, and at this session the company's agent attended and postponed it to July 17, 2019 AD. After that, the session was postponed due to the apology of the representative of the defendant, and it was postponed to October 09, 2019 AD, and the department decided to postpone the session to October 30, 2019 AD. In this session, the company's lawyer presented a memorandum and a set of attachments and presented it to the defendant's attorney requesting a deadline for responding. The department decided to postpone the session to January 22, 2020 AD. In the session of February 22, 2020 AD, the defendant's attorney presented a memorandum and attachments, and on Wednesday 05 Rajab 1442 AH corresponding to 17 February 2021 AD The department decided to accept the objection in form, reject it in substance, and support the ruling of the Second Circuit (in the Jeddah Commercial Court in the case) and the judge: First: To oblige the Al-Baha Investment and Development Company to pay the Al-Sata'ah Modern Company for General Contracting an amount of three million riyals Second: To oblige the Al-Baha Investment and Development Company to effectively empty the entire 134 plots with the notary public, which it owns 50% of the entire land in Al-Murooj Scheme located in Al-Sail Al-Saghir in Taif Governorate in favor of Al-Sata'ah Modern Company for General Contracting. Third: To oblige the Al-Baha Investment and Development Company to assign in favor of the Al-Sata'ah Modern Company for General Contracting Ltd. of the entire contents of the poultry project and the land on which the project is based, which is owned by the Al-Baha Investment and Development Company. The company increased the component to offset losses resulting from the exchange of assets with Al-Sata'ah Modern Company by an amount of 17,300,559 Saudi riyals, after the verdict was upheld by the Court of Appeal.</p>
Shareholder compensation for shares that were auctioned off	10.730.917	<p>The company has sold (984.032) nine hundred and eighty-four thousand and thirty-two shares, up to the date of 12/31/2009 AD, for (14.325.234) fourteen million three hundred and twenty five thousand two hundred and thirty-four Saudi riyals according to the offers submitted in the auction, after obtaining the approval of the Market Authority Financial in this regard. The company has already paid part of these compensations (claims) to its shareholders and is still paying, and the amount mentioned here remains. It is possible that Al-Baha will be claimed by the remaining shareholders at any time. Note that these compensation are due claims and not an existing issue.</p>
The General Authority for Zakat and Income	11.068.069	<p>According to transaction No. 3482/16 / 1434H with the General Authority for Zakat and Income, and according to the letter received by it on 05/29/1434 AH (corresponding to 04/10/2013), it was found that there are zakat differences in the aforementioned amount for the years from 2000 to 2010. The company has objected to the validity of the mentioned amount, but the company has received another letter from the General Authority for Zakat and Income on 12/21/1436 AH (corresponding to 10/04/2015) confirming the correctness of the amount. The company also raised a list of objection to this claim during the legal period, which is sixty days from the date of receiving the letter, and the committee was present to discuss the claim, and on Wednesday 12 Dhul Qa'dah 1439 AH corresponding to July 25, 2018 AD, the company also received the committee's decision to reject the appeal submitted by the company against the decision The first tax initial zakat objection committee and the approval of the committee's decision by the Ministry of Finance, and in accordance with the decision, the company recorded exceptional non-recurring zakat expenses in the amount of 16,849,347 Saudi riyals in the second quarter of 2018, and during the year 2019 AD the company appointed a zakat advisor to submit the company's petition to the settlement committee Zakat disputes with the General Authority for Zakat and Income on the decision of the first tax appeals committee for tax appeals regarding the company's objection to the zakat assessment for the years from 2000 to 2010 for the zakat differences of 16,849,347 Saudi riyals, and on Sunday 03 Jumada Al-Awwal 1441 AH corresponding to December 29, 2019 AD the company received A decision from the Zakat Dispute Settlement Committee stating that the Committee has approved the dispute settlement for the period in question for years from 2000 AD until 2010 AD on the aforementioned amount of 16,849,347 Saudi riyals, to become after settlement an amount of 12,068,069 Saudi riyals, a decrease of 4,781,278 Saudi riyals, noting that the company has paid an amount of one million riyals in three installments until the date of preparing this report. The company is currently working with the General Authority for Zakat and Income to schedule all zakat sums and zakat differences on the company until it is paid in instalments.</p>

Also, there are old financial claims on the company. It is the sale of the shares of shareholders who defaulted on the instalments due from the value of the share, which the company obtained the approval of the Capital Market Authority on 03/25/1430 AH (corresponding to 3/22/2009 AD) to sell it for the purpose of completing the capital to become (150,000,000) SAR Paid in full on time, and demands from some shareholders to refund the sums that were paid upon incorporation, and the company is still seeking and working to terminate those sums with the previous shareholders and applicants of the company to do so to date.

#### ➤ Liability risk

Al-Baha Company has several financial obligations represented in amounts owed to the General Authority for Zakat and Income, as the company received a letter from the General Authority for Zakat and Income on 12/21/1436 AH corresponding to 04/10/2015 confirming the existence of differences in Zakat receivables amounting to 16,849,347 million riyals for the years of 2000 To 2010, payable by the company. Although the company has submitted a list of objection to this claim within the statutory period, which is sixty days from the date of the letter, the company also received the committee's decision to reject the appeal submitted by the company against the decision of the first tax first zakat objection committee and ratification of the committee's decision by the Ministry of Finance, in accordance with the decision The company recorded exceptional, non-recurring zakat expenses in the amount of 16,849,347 Saudi riyals in the second quarter of 2018, but the company has appointed a zakat advisor to submit the company's petition to the Zakat Dispute Settlement Committee at the General Authority for Zakat and Income on the decision of the first tax zakat objection committee to the tax appeals committee Concerning the company's objection to the zakat assessment for the years from 2000 to 2010 for the zakat differences of 16,849,347 Saudi riyals, and on Sunday 03 Jumada Al-Awwal 1441 AH





corresponding to December 29, 2019 AD, the company received a decision from the Zakat Dispute Settlement Committee stating that the committee approved the settlement of the dispute for the period in question for the years from 2000 Up to 2010, the aforementioned amount of 16,849,347 Saudi riyals becomes, after settlement, an amount of 12,068,069 Saudi riyals, a decrease of 4,781,278 Saudi riyals, noting that the company has paid one million riyals in three installments until the date of preparing this report. The company is currently working with the General Authority for Zakat and Income to schedule all zakat sums and zakat differences on the company until it is paid in installments.

➤ **Risks of not having a Zakat certificate**

Due to the presence of zakat differential amounts related to the Al-Baha Company and its follow-up with the General Authority for Zakat and Income to end these differences, it is not possible to obtain a Zakat certificate until all differences related to the Zakat assessment have been completed from the year 2000 until 2010, and in view of the current circumstances due to Corona virus, the General Authority for Zakat And income by granting the company final zakat and all its subsidiaries according to exceptional regulations due to the repercussions of the Corona virus.

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

The company must obtain and maintain the necessary licenses, permits and regulatory approvals with regard to its activities and conduct of their business, and 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 insurance Social. In addition, most of these licenses and permits are subject to conditions according to which licenses, certificates, permits and approvals may be suspended or terminated if the company fails to fulfill and adhere to these conditions, which will negatively and fundamentally affect the company's business and their financial position. Consequently, the company or its subsidiary company is unable to renew the current 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 required of 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, which will negatively affect the results of their operations and their financial position.

➤ **Company continuity risk**

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

**Risk of business interruption**

There has been an interruption in some of the main business of the company since 02/23/1436 AH (corresponding to December 15, 2014), which has a significant negative impact on the financial position of the company and the results of its operations. The following is the interruption in business that occurred during the previous period:

- The activity of the leather factory was permanently suspended during the second quarter of 2004.
- The work of the Athar cable car project was partially stopped at a rate of work only one month per year on 04/21/2001 , and it was completely stopped by the decision of the Board of Directors on 12/15/2014 and it was approved by the Extraordinary General Assembly on 05/06/2015, and work is underway on Remove it according to the directives of the Emir of the Al-Baha region.

➤ **The risk of the company failing to enter into previous acquisitions**

The company entered into previous acquisition deals, represented in an asset exchange with Al-Sata'ah Modern Company for General Contracting, which ended in failure. Whereas, on 3/3/1432 AH (corresponding to 2/6/2011), the company signed a contract with Al-Sata'ah Company stating the assignment to Al-Baha Company for the following:

1. Transfer of ownership of all components of the crusher with all its equipment, cars, all movable and fixed assets, and all components of the hilcor project and its existing equipment (under construction) intended for installation.2 . Photocopies of Al-Swailem Company contracts for the Haramain train project.3 . A list of assets and documents of the ready-mix concrete project and the hilcor project (under construction).4 . Municipal land lease contract.5 . Building permit.6 . The general plan of the project.7 . A copy of the initial approval letter for the Industrial Development Fund loan.8 . A waiver memorandum for the mineral wealth license.9 . Map of the general location of the crusher.10 . Minutes of receipt of the crusher with its equipment, assets and the site of the housing project (under construction) and its non-installed equipment. For a total amount of 86,000,000 Saudi riyals, to be paid in kind and in cash, as follows:1. The company pays an amount of 10,000,000 Saudi riyals by certified checks in four payments. 7 million are paid in the first payment, and then one million riyals is paid in each of the other three payments.2 . The company relinquishes its 50% share of the entire land in the Al-Morouj scheme located in the Taif governorate and owned by the company under Deed No. 1/1/159/133 in exchange for 12,000,000 Saudi riyals of the price of the agreed deal.3 . The company relinquishes its 37% ownership share in the Al-Baha National College of Sciences, according to the articles of incorporation, including the full debt on the company that owns the college and the amount of debt is 25,000,000 Saudi riyals, representing an in-kind share estimated at 18,000,000 Saudi riyals of the price of the agreed deal. .4 . The company relinquishes ownership of the entire land of the poultry project located in the Al-Aqiq Governorate, Al-Baha region, with all its fixed and movable assets, and its entire facilities without its financial liabilities and free of any mortgages or any financial claims. 000 Saudi riyals from the price of the agreed deal. However, after signing the final agreement with Al-Sataah Company, Al-Baha Company contracted with a specialized certified office to carry out the due diligence examination of the assets of the Al-Sataah company subject to the agreement, and the office issued the report of the due examination of the ignorant on September 17, 2011 AD and those assets were evaluated only at the amount of 17,300,559 Saudi riyals. . The company announced on the Tadawul website on September 18, 2011 AD that the results of the due diligence examination report for the evaluation of the assets of Al-Sata'ah Modern Company were issued, and in view of the large difference between the evaluation result of the assets of Al-Sata'ah Modern Company based on the examination report of the unknown, amounting to 17.3 million Saudi riyals and the value of the assets of Al-Baha Company Offered for exchange with the assets of Al-Sataah Modern Company, which amount to 86 million Saudi riyals, the management of Al-Baha Company discussed the results of the evaluation with the management of Al-Sata'ah Modern Company. Al-Baha does not have any documents to explain the details of the assets that will devolve to Al-Baha as a result of the asset exchange. Likewise, the due diligence report did not contain information on the value of the ready-mix concrete project and the hilcor plant, as the aforementioned report mentioned the value of the crusher only. The current management of Al-Baha has confirmed that it does not have any documents showing the value of the assets of Al-Sata'ah company upon signing the contract, which total 86,000,000 riyals, nor any documents indicating the actual value of each of these assets and how to reach an amount of 17,300,599 as a total of it according to the negative examination report. For the ignorant, because the asset exchange process took place under the supervision of the previous board of directors of the company and not the current one, and the previous management of the company did not hand over any information or documents to the current management in this regard. Accordingly, the Al-Baha Company will claim its rights from the assets of the modern Al-Sata'ah Company, as shown in the judicial ruling and the executive document issued by the Administrative Court in Jeddah, but it is not possible to verify the value of





these assets, estimated at 17,300,599 riyals, according to what was stated in the due diligence report. In the event that the actual value of these assets is less than the aforementioned amount, this means that the provision for losses of the asset exchange process that Al-Baha Company previously formed, amounting to 68,699,441 riyals, will not be sufficient to cover the full losses arising from this exchange of assets. The company announced on Tadawul on October 01, 2011 the results of its negotiations with Al-Sata'ah Modern Company, which resulted in Al-Sata'ah Modern Company not accepting the results of the examination report due to the ignorance, and also refrained from returning the amount of 7,000,000 Saudi riyals, which the company paid in advance to Al-Sata'ah Modern Company as part of the contract and as a result Therefore, the company cancelled the contract with the Al-Sata'ah Modern Company, and the company filed a lawsuit with the Board of Grievances demanding that the Modern Company return the prepaid amount of 7,000,000 Saudi riyals. A final judgment was issued in the case from the Board of Grievances in Jeddah on 06/24/1434 AH, which includes ratification of the preliminary judgment issued by the Administrative Court in Jeddah to complete the implementation of the contract with Al-Sata'ah Modern Company, rejecting the lawsuit submitted by Al-Baha Company against Al-Sata'ah Modern Company and obligating the parties to the case to complete the implementation of the contract Signed between them and dated 02/06/2011 AD. On 10/29/1437 AH (corresponding to 08/03/2016 AD), Al-Baha Company received a judicial decision from the enforcement departments of 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-Sata'ah Modern General Contracting Company, but it did not implement The document until the date of preparing this report, as on 05/12/1438 AH (corresponding to 02/09/2017 AD) Al-Baha Company received a copy of the judgment of the Enforcement Department of the General Court in Baljurashi issued on 05/04/1438 AH (corresponding to 02/01/2017) No. 38160080, which includes that after reviewing the ruling issued by the Board of Grievances, it was found that the items to be executed were not specified in relation to the process of exchanging assets, and the ruling of the Execution Department ended with stopping the implementation until the judgment issued by the Board of Grievances is corrected so that the items to be implemented are clearly and accurately determined for each Clause, as the judgment of the enforcement department stipulated the right to object to the two parties to the execution within a period of thirty days starting from the next day from the date of receiving the verdict copy. Accordingly, Al-Baha Company confirms that it has no intention to object to the ruling, but rather intends to implement it according to the details contained therein. As soon as the detailed decision is issued, and the other party does not object to it, Al-Baha Company will coordinate with Al-Sata'ah Modern Company to implement the reasons for the judgment by transferring the ownership of all the assets belonging to Al-Sata'ah Company to Al-Baha Company, as well as transferring the ownership of the assets belonging to Al-Baha to Al-Sata'ah Modern Company, and ensuring the end of the court order In full. The Board of Directors of Al-Baha Company acknowledges that there are no provisions subsequent to the ruling issued on 05/04/1438 AH (corresponding to 02/01/2017) and has not been mentioned in this prospectus regarding the process of exchanging assets with Al-Sata'ah Modern Company. Note that there will be no financial impact on Al-Baha Company as a result of the implementation of the asset exchange process, assuming that the actual value of the assets of Al-Sata'ah Modern Company is 17,300,599 Saudi riyals, as Al-Baha Company has already made provisions for the full amount of the loss from this process of 68,699,441 SAR considering that the value of the signed contract for the exchange of assets amounted to 86,000,000 riyals, while the actual value of the assets of Al-Sata'ah company was 17,300,599 riyals, according to what was stated in the examination report due to ignorance, which is the subject of this claim. During 2017, the company refunded the increase in the provision for replacing the previously formed assets with a value of 1,996,283 Saudi riyals, so the balance of the provision for exchange of assets after returning the increase amounted to 66,703 and 158 Saudi riyals. In addition, the company received the executive decision of the following: First: To oblige the Al-Baha Investment and Development Company to pay the Al-Sata'ah Modern Company for General Contracting an amount of 3 million riyals. Second: To oblige the Al-Baha Investment and Development Company to effectively empty the entire 134 plots with the notary, which it owns 50% of the entire land in the Al-Morouj Scheme located in Al-Sail Al-Saghir in Al-Taif Governorate in favor of Al-Sata'ah Modern General Contracting Company. Third: To oblige the Al-Baha Investment and Development Company to assign in favor of the Al-Sata'ah Modern Company for General Contracting of the entire contents of the poultry project and the land on which the project is based, which is owned by the Al-Baha Investment and Development Company. Revoke the appealed judgment regarding the correction of the interpretation of the judgment issued by the Board of Grievances of Al-Sata'ah Modern Company Ltd., and setting the next Wednesday 29 Safar 1440 AH corresponding to November 07, 2018 AD as the date for the hearing. The attorney of the company presented in the session the objection list to the department's interpretation of the judgment issued by the Board of Grievances of the Al-Sata'ah Modern Company Ltd. The ruling issued by the Board of Grievances of the Al-Sata'ah Modern Contracting Company Limited and in the presence of this session, the Second Commercial Department of the Commercial Court in Jeddah decided to issue its preliminary judgment to adhere to its previous decision dated 06/19/1439 AH and the judge that what is meant by the term is to oblige the parties to the case to complete the implementation of the contract concluded between them, the subject of this case and the dated On 03/03/1432 AH, the circuit decided to issue its preliminary judgment to adhere to the previous decision, which stated that the term intended to oblige the parties to the lawsuit to complete the implementation of the contract concluded between them is the subject of this case. On January 27, 2019 AD, the company received a copy of the ruling notification to adhere to its previous decision, dated 19 Jumada Al-Thani 1439 AH, and on February 24, 2019 AD, the company submitted its appeal against the judgment received on January 27, 2019 AD. The department set Shawwal 16, 1440 AH, corresponding to June 19, 2019 AD, and at this session the company's agent attended and postponed it to July 17, 2019 AD. After that, the session was postponed due to the apology of the representative of the defendant, and it was postponed to October 09, 2019 AD, and the department decided to postpone the session to October 30, 2019 In this session, the company's lawyer presented a memorandum and a set of attachments and presented it to the defendant's attorney requesting a deadline for responding. The department decided to postpone the session to January 22, 2020 AD. In the session of February 22, 2020 AD, the defendant's attorney presented a memorandum and attachments, and on Wednesday 05 Rajab 1442 AH corresponding to 17 February 2021 AD The department decided to accept the objection in form, reject it in substance, and support the ruling of the Second Circuit (in the Jeddah Commercial Court in the case) and the judge: First: To oblige the Al-Baha Investment and Development Company to pay the Al-Sata'ah Modern Company for General Contracting an amount of three million riyals. Second: To oblige the Al-Baha Investment and Development Company to effectively empty the entire 134 plots with the notary public, which it owns 50% of the entire land in Al-Murooj Scheme located in Al-Sail Al-Saghir in Taif Governorate in favor of Al-Sata'ah Modern Company for General Contracting. Third: To oblige the Al-Baha Investment and Development Company to assign in favor of the Al-Sata'ah Modern Company for General Contracting Ltd. of the entire contents of the poultry project and the land on which the project is based, which is owned by the Al-Baha Investment and Development Company.

➤ **Risks of insufficient provision for losses related to the asset exchange process with Al Sata'ah Modern Company**

Al-Baha Company established an allowance in the amount of 68,699,441 Saudi riyals in respect of losses resulting from the exchange of assets with Al-Sata'ah Modern Company, as the assets of Al-Sata'ah Company were evaluated upon signing the contract between the two parties at an amount of 86,000,000 riyals, however, Al-Baha Company carried out the due examination of the ignorant people. After that, it was found to her that the actual value of the assets of Al-Sata'ah Company is only 17,300,599 riyals. After the verdict was upheld



by the Court of Appeal, the company increased the provision for compensation for losses resulting from the exchange of assets with Al-Sata'ah Modern Company by an amount of 17,300,559 Saudi riyals, after the verdict was confirmed by the Court of Appeal, so that the total provision made up an amount of 86,000,000 Saudi riyals as on December 31, 2020.

#### ➤ Risks of pressure on prices

The company and its subsidiary are facing the risks of pressures on rental prices due to the new Corona pandemic (19COVID) and the new Corona, as prices in the real estate rental activity may be subject to a decrease in the near future due to unfavorable economic conditions in addition to the general public's expectation that real estate rental prices may decrease. As a result of the start of the application of fees on white lands, which may push the owners of these lands to invest them and build residential and commercial properties on them, which in turn leads to an increase in supply and lower prices. Consequently, the income of the company and the high-end Centers company, the subsidiary and its subsidiary, Ishraqa Regional Company, from its operations will be subject to price pressures, which will have a negative impact on the company's financial position and the results of its operations after these pressures occur in addition to the repercussions of Corona virus.

#### Risks of internal systems failing

The company and its subsidiary have defined a bylaw for the organization of work related to the internal regulations in each of them. There is no guarantee that these systems will not fail or that these regulations will not be implemented. 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 of not being able to comply with the provisions of Article (150) of the Companies Law

According to Article No. (150) of the Companies Law, according to which the board of directors of a company whose losses amount to half of the paid-up capital must invite the extraordinary general assembly to a meeting within forty-five days from the date on which it becomes aware of the losses, to decide whether to increase or decrease the company's capital to the extent that With him, the percentage of accumulated losses decreases to less than half of the capital, or the dissolution of the company before the term specified in its articles of association. Al-Baha Company held an extraordinary general assembly meeting on 10/05/1437 AH (corresponding to 07/10/2016 AD), which In it, it was decided that the company would not be dissolved before its deadline, and that it would continue to conduct its business and authorize the Board of Directors to take the necessary measures with the competent authorities, and accordingly, given the accumulated losses of Al-Baha Company, which constituted 123.58% of the capital as on December 31, 2016 AD, the company will be exposed. For liquidation, unless the company reduces the capital. Where the company's board of directors recommended in its meeting held on 05/25/1438 AH (corresponding to 02/22/2017 AD) to reduce the company's capital after raising the capital from (295,000,000) riyals to (177,000,000) riyals, i.e. a decrease of (40) And thus reducing the number of the company's shares from (29,500,000) shares to (17,700,000) shares, and this means that the reduction will be made by (4) shares for every (10) shares owned before the reduction. The company announced the Board of Directors' recommendation to reduce the capital on the Tadawul website on 05/25/1438 AH (corresponding to 02/22/2017). Provided that all these procedures take place no later than 07/25/1438 AH (corresponding to 04/22/2017 AD), otherwise the company will be subjected to liquidation by force of the system, regardless of all the measures previously taken, and the company was able to call for an unconventional general assembly. To increase and decrease the company's capital, and the approval was voted on to raise the company's capital to (295,000,000) riyals and reduce the company's capital to (177,000,000) Saudi riyals, and it should be noted that the company's accumulated losses as on December 31, 2019 are (40,707,326) Saudi riyals. (22.998%) of the capital, and the company's board of directors recommended on November 10, 2020 AD to increase the company's capital from 177,000,000 riyals to 279,000,000 riyals at an amount of 120,000,000 riyals and to appoint Al-Dakhil Financial Group as a financial advisor for the underwriting and work is underway.

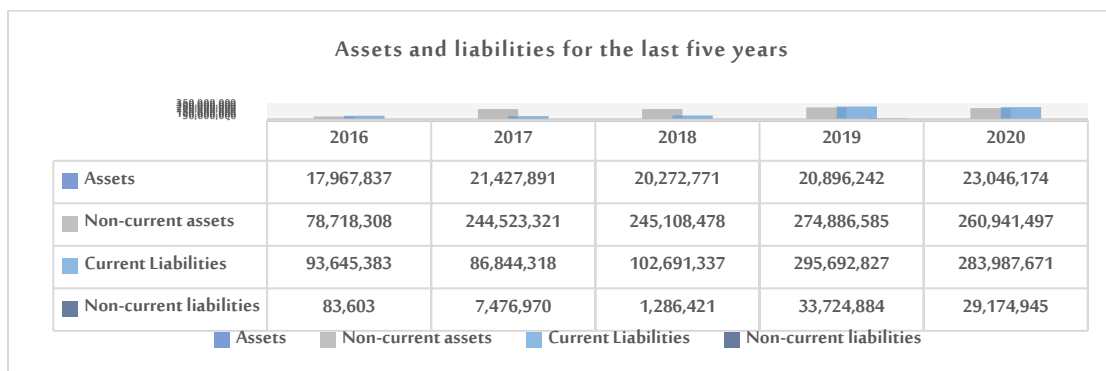
#### ➤ Risks of lack of experience in managing and developing real estate projects

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 changes that may adversely affect its financial position and the results of its operations.

## 28. The company's assets and liabilities

Statement	*2020	*2019	*2018	*2017	2016
Assets	23.046.174	20.806.242	20.272.771	21.427.891	17.967.837
Non-current assets	260.941.497	274.886.585	245.108.478	244.523.321	79.718.308
Total assets	283.987.671	295.692.827	265.381.249	265.951.212	97.686.145
Current Liabilities	128.264.207	105.606.753	102.691.337	86.844.318	93.645.383
Non-current liabilities	29.174.945	33.724.884	1.286.421	7.476.970	83.603
Total liabilities	157.439.152	139.331.637	103.977.758	94.321.288	93.728.986

\* Consolidated financial statements.





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

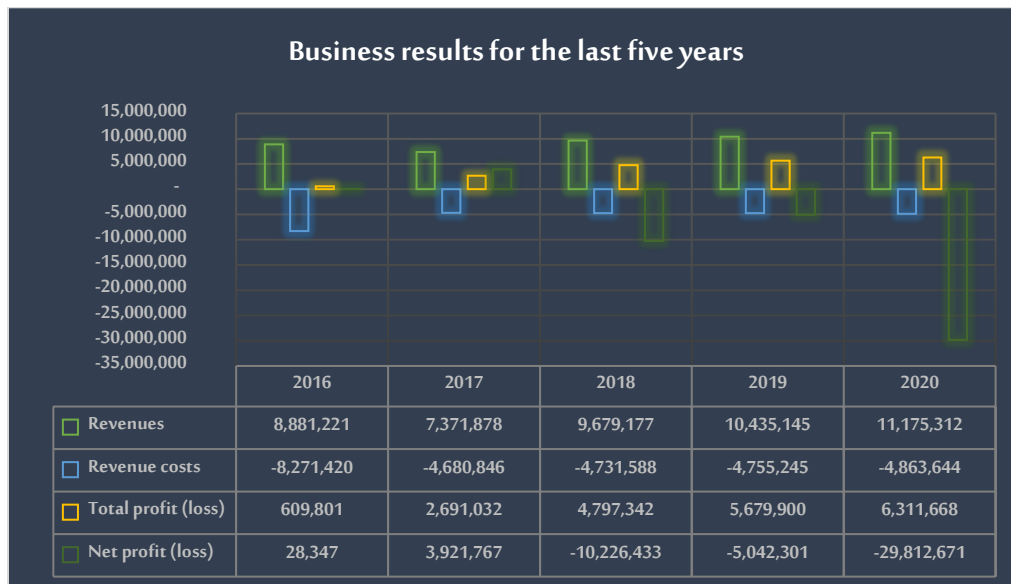
Statement	*2020	*2019
Sales / Revenue	11,175,312	10.435.145
Cost of sales / revenue	(4,863,644)	(4.755.245)
Gross profit	6,311,668	5.679.900
General administrative expenses	(2,292,900)	(3.459.527)
Potential claims losses	(17,300,559)	-
Impairment losses on goodwill	(5,278,875)	-
Impairment losses in the value of investment properties	(4,129,355)	(384.404)
Anticipated credit losses	(3,201,760)	-
Losses exclusion of property, plant and equipment	-	(8.049.930)
Other income	18,788	4.834.647
Finance costs	(1,455,781)	(1.636.233)
Net profit before zakat	(27,965,774)	(3.015.547)
Zakat	(1,846,897)	(2.026.754)
Net loss for the year	(29,812,671)	(5.042.301)

\* Consolidated financial results for the company and its subsidiaries

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

Statement	*2020	2019*	2018*	2017*	2016
Revenues	11,175,312	10.435.145	9.679.177	7.371.878	8.881.221
Revenue costs	(4,863,644)	(4.755.245)	(4.731.588)	(4.680.846)	(8.271.420)
Total profit (loss)	6,311,668	5.679.900	4.797.342	2.691.032	609.801
Net profit (loss)	(29,812,671)	(5.042.301)	(10.226.433)	3.921.767	28.347

\* Consolidated financial results for the company and its subsidiaries





### 31. Consolidated statement of financial position

	December 31, 2020 *	December 31, 2019 *
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,724,570	1,001,403
Receivable, net	20,869,525	19,550,912
Inventory , net	-	118,057
Prepaid expenses and other debit balances	452,079	101,294
<b>Total current assets</b>	<b>23,046,174</b>	<b>20,806,242</b>
<b>Non-current assets</b>		
Long term investments	17,136,823	17,136,823
Payments for the purchase of investment property	9,000,000	9,000,000
Fame	23,110,413	28,389,288
Intangible assets	35,903	47,656
Property, plant and equipment, net	54,521,121	54,542,053
Investment real estate	121,985,027	126,637,951
Asset Use Rights	35,152,210	39,132,814
<b>Total non-current assets</b>	<b>260,941,497</b>	<b>274,886,585</b>
<b>Total assets</b>	<b>283,987,671</b>	<b>295,692,827</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Payable	1,146,255	1,639,255
Amanat auction shares under settlement	10,730,917	10,787,672
Accrued expenses and other liabilities	4,345,188	4,150,242
Revenue received in advance	2,780,184	2,050,964
The rolling part of the lease requirements	9,500,024	6,064,437
Provision for potential claims	84,003,717	66,703,158
Zakat provision	15,757,922	14,211,025
<b>Total current liabilities</b>	<b>128,264,207</b>	<b>105,606,753</b>
<b>Non-current liabilities</b>		
The non-current part of the lease contract requirements	28,075,633	32,410,439
Provision for end of severance pay	165,449	130,582
Wanted to related parties	933,863	1,183,863
<b>Total non-current liabilities</b>	<b>29,174,945</b>	<b>33,724,884</b>
<b>Total liabilities</b>	<b>157,439,152</b>	<b>139,331,637</b>
<b>Property rights</b>		
capital	177,000,000	177,000,000
Accumulated losses	(69,300,223)	(40,707,326)
Shareholders' equity	107,699,777	136,292,674
Non-controlling property rights	18,848,742	20,068,516
<b>Total Equity</b>	<b>126,548,519</b>	<b>156,361,190</b>
<b>Total liabilities and equity</b>	<b>283,987,671</b>	<b>295,692,827</b>



### 32. Consolidated statement of profit or loss and other comprehensive income

	December 31, 2020 *	December 31, 2019 *
Revenues	11,175,312	10,435,145
Cost of revenue	(4,863,644)	(4,755,245)
Gross profit	6,311,668	5,679,900
General and administrative expenses	(2,929,900)	(3,459,527)
Potential claims losses	(17,300,559)	-
Impairment losses on goodwill	(5,278,875)	-
Impairment losses in the value of investment properties	(4,129,355)	(384,404)
Exclusion losses, property, machinery and equipment	-	(8,049,930)
Other income	18,788	4,834,647
(Loss) / Profit from operations	(26,509,993)	(1,379,314)
Finance costs	(1,455,781)	(1,636,233)
Net (loss) / profit before zakat	(27,965,774)	(3,015,547)
Zakat	(1,846,897)	(2,026,754)
Net loss for the year	(29,812,671)	(5,042,301)
Other comprehensive income items		
Comprehensive income for the year	-	-
Total comprehensive loss for the year	(29,812,671)	(5,042,301)
Net income (loss) for the year attributable to:		
Shareholders of the company	(28,592,897)	(5,326,000)
Non-controlling property rights	(1,219,774)	283,699
	(29,812,671)	(5,042,301)
Share of net profit (loss) for the year	(1.62)	(0.3)

\* The loss per share during this year 2020 was calculated on the basis of the parent company's share of the net loss of 28,592,897 riyals (after excluding the minority's equity share).

### 33. Consolidated list of changes in equity

	Shareholders' equity			Non-controlling property rights	Total Equity
	The capital	Accumulated losses	Total		
Balance on January 1, 2019	177,000,000	(35,381,326)	141,618,674	19,784,817	161,403,491
Net income for the year	-	(5,326,000)	(5,326,000)	283,699	(5,042,301)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	(5,326,000)	(5,326,000)	283,699	(5,042,301)
Balance at December 31, 2019	177,000,000	(40,707,326)	136,292,674	20,068,516	156,361,190
Balance on January 1, 2020	177,000,000	(40,707,326)	136,292,674	20,068,516	156,361,190
Net income for the year	-	(28,592,897)	(28,592,897)	(1,219,774)	(29,812,671)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(28,592,897)	(28,592,897)	(1,219,774)	(29,812,671)
Balance at December 31, 2020	177,000,000	(69,300,223)	107,699,777	18,848,742	126,548,519

\* Consolidated financial statements.



### 34. Consolidated Statement of Cash Flows

	December 31, 2020 *	December 31, 2019 *
Operational activities		
Net profit for the year before zakat	(27,965,774)	(3,015,547)
Adjustments for:		
Depreciation of property, machinery and equipment	20,932	763,985
Depreciation of investment properties	523,569	401,953
Amortization of intangible assets	11,753	10,147
Depreciation of asset use rights	3,980,604	3,980,604
The component of an expected credit loss allowance	3,201,760	-
Finance costs	1,455,781	1,636,233
The component of the potential claims provision	17,300,559	-
Benefits refund	-	(4,781,278)
The component of employee benefit obligations during the year	34,867	28,024
Losses exclusion of property, machinery and equipment	-	8,049,930
Impairment losses on goodwill	5,278,875	-
Impairment losses in the value of investment properties	4,129,355	384,404
	7,972,281	7,458,455
Changes in working capital		
Receivable , net	(4,520,373)	(2,233,629)
Inventory	118,057	-
Prepaid expenses and other debit balances	(316,209)	(70,971)
Payable	(493,000)	546,122
Accrued expenses and other credit balances	194,946	(472,960)
Under settlement auction stocks	(56,755)	(60,294)
Revenue received in advance	729,220	636,194
Cash from operations	3,628,167	5,802,917
Paid Zakat	(300,000)	(1,043,559)
Net cash collected from / (used in) operating activities	3,328,167	4,759,358
Cash flows from investing activities		
Purchase of intangible assets	-	(18,900)
Investment real estate additions	-	(99,025)
Purchase of property, machinery and equipment	-	(137,787)
Net cash used in investing activities	-	(255,712)
Cash flows from financing activities		
Wanted to a related party	(250,000)	-
Payment from lease liabilities	(2,355,000)	(4,581,161)
Cash used in financing activities	(2,605,000)	(4,581,161)
The net change in cash and cash equivalents	723,167	(77,515)
Cash and cash equivalents at the beginning of the year	1,001,403	1,078,918
Cash and cash equivalents at the end of the year	1,724,570	1,001,403

\* Consolidated financial statements.



### 35. Additional information about cashless transactions

Transfer from property, plant and equipment to investment real estate	-	12,318,606
Impact of applying IFRS 16	-	43,113,418

### 36. Geographical analysis of the total revenues of the company and its subsidiaries

#### 36.1. Al-Baha Investment and Development Company

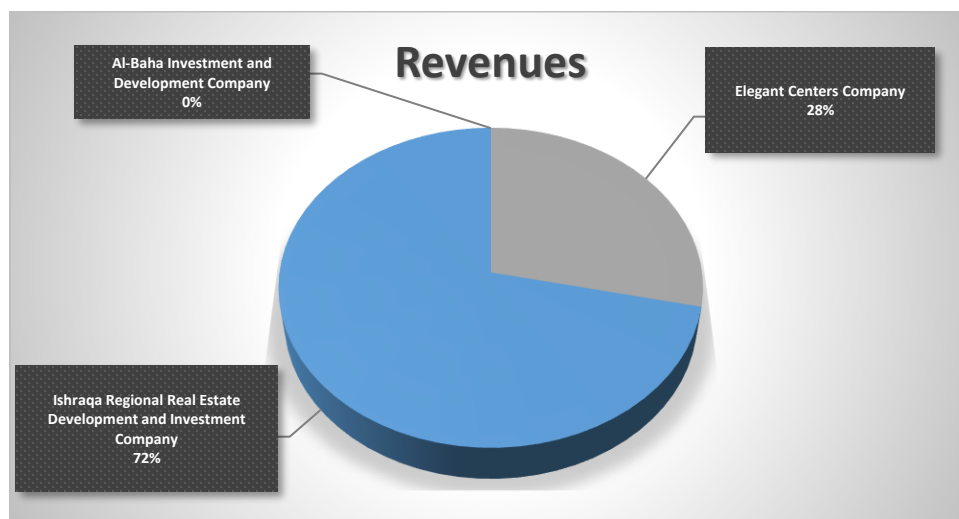
Year	Geographical analysis of the company's total revenue			
	Total revenue	Geographical area (Al-Baha - Baljurashi)	Geographical region (Riyadh)	Total
2020	-	-	-	0.00

#### 36.2. Elegant Centers Company Limited - 86.96% owned by Al Baha Investment and Development Company.

Year	Geographical analysis of the total revenues of the subsidiary company (Elegant Centers Company Ltd.)		
	Total revenue	Geographical region (Riyadh)	Total
2020	3,174,877.00	3,174,877.00	3,174,877.00

#### 36.3. Ishraqa Regional Real Estate Development and Investment Company - a one-person company - 100% owned by Elegant Centers company.

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	Geographical region (Riyadh)	Total
2020	8,000,435.00	8,000,435.00	8,000,435.00



### 37. The fundamental differences in the operating financial results compared to the results of the previous year

- Increased the provision for compensation for losses resulting from the exchange of assets with Al-Sata'ah Modern Company by an amount of 17,300,559 Saudi riyals, after confirming the judgment from the Court of Appeal.
- Record a decrease in the value of investment properties and a loss in the value of goodwill for subsidiary companies amounting to 9,408,230 Saudi riyals due to the repercussions of the new Corona virus (Covid 19) pandemic and its direct impact on the real estate and leasing sector.
- Decrease in other income item by 4,815,859 SAR
- Recording of an expected credit loss of SAR 3,201,760
- The decline of the company's share in the profits of its subsidiaries due to the repercussions of the emerging Corona virus (Covid 19) pandemic and its direct impact on the real estate and leasing sector, despite the increase in revenues by 7%, as the revenues for 2020 amounted to an amount of 11,175,312 riyals compared to the revenues of last year. The amount of 10,435,145 riyals, and an increase in the gross profit by 11.12%, as the total profit for the year 2020 amounted to an amount of 6,311,668 riyals compared with the total profit of last year an amount of 5,679,900 riyals, as a result of the increase in the operating rates in the commercial centres of the company, and the administrative and general expenses for the year 2020 increased by a percentage 15%, as administrative and general expenses amounted to 2,929,900 riyals, compared to 3,459,527 riyals last year.

### 38. Different accounting standards approved by the Saudi Organization for Certified Public Accountants

During this year, the company did not implement any new standards.



### 39. Names of subsidiaries

#### 39.1. Subsidiaries of Al-Baha Investment and Development Company

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
Elegant Centers Company	57.500.000	* % 86.96	Owning and leasing commercial and office complexes	Saudi	Saudi

\* The subsidiary company "Elegant Centers Company Ltd." in 2017 increased its capital from 50 million to 57.5 million, and transferred the ownership of 750,000 shares of its shares to the partners of the Ishraqa Regional Real Estate Development and Investment Company in exchange for the acquisition of their full shares in the Ishraqa Regional Real Estate Development and Investment Company to become ownership Al-Baha Investment and Development Company after transferring the stakes to 86.96% of the prestigious centres company Ltd.

#### 39.2. The subsidiary of the Elegant centres company limited

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
Ishraqa Regional Real Estate Development and Investment Company**	50.000	% 86.96	Commercial and office complexes investing and leasing them	Saudi	Saudi

\*\* The subsidiary "Elegant Centers Company Ltd." acquired in 2017 the entire stake of the partners in the Ishraqa Regional Development and Real Estate Investment Company. It is currently considered a subsidiary of the Elegant Centers Company Ltd. with 100% and 86.96% owned by the Al-Baha Investment and Development Company.

\*\*\* The percentage of Al-Baha Company in Ishraqa Regional Company for Development and Real Estate Investment is 86.96%, considering that Al Baha Investment and Development Company owns 86.96% of the Elegant Centers Company Limited, which owns Ishraqa Regional Company by 100%.

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

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

### 41. The policy of distributing the annual net profits of the company is as follows:

- The company announces the dividend distributions, and the announcement issued in this regard includes the amount of the 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 distressed or in bankruptcy, or if this will lead to default or bankruptcy of the company.
- Dividend payment is made from the net profits of the company and distributed to shareholders based on the number and type of shares.
- The amount of the distribution of ordinary shares is determined based on the recommendations of the Board of Directors, and it may not exceed this amount.
- The net annual profits of the company are distributed after deducting all general expenses and other costs and allocations, including 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 deduction when the said reserve reaches half of the capital.
- The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a percentage of the net profits to form other reserves.
- From the remainder, a first payment equal to 5% of the paid-up capital will be distributed to the shareholders.
- The remainder of the profits is then distributed to the shareholders as an additional share of the profits.
- The share of the ordinary share of the dividend will be equal to the total dividend divided by the number of the company's ordinary shares.
- The amount of distributions for preferred shares, if any, is determined according to the Companies Law and the Company's Articles of Association, and it is not less than 5% of the nominal value of the share.
- Eligibility for cash dividends to shareholders who own shares shall be due on the day of entitlement registered in the company's shareholders register at the Depository Center at the end of the second trading day following the date of the company's general assembly meeting (the day of entitlement).
- The date of commencement of the annual dividend distribution shall be within a period not exceeding thirty (30) days from the date of the distribution decision.
- The company continues to pay the dividends announced for the shares whose owners did not come forward to receive the dividends due within the period announced in the previous paragraph.
- No interest is charged on distributions that are not claimed or that are not received by the relevant shareholder.
- The company will be responsible for paying the declared dividends, and accordingly, the company will be legally responsible to shareholders in the event that it fails to pay the dividends.
- The Shareholders Affairs Department is responsible for preparing and coordinating the necessary distribution of dividends.
- The company informs the shareholders about the date, place and procedures for paying the dividends by publishing this information by means of publication followed in the case of publishing the invitation for the general assembly including the financial market (Tadawul) website, or on the company's website, or any other means that the board of directors sees .
- For the purpose of organizing and completing the payment of distributions, the company may seek the assistance of an external party called a "repayment agent", which is one of the banks with which the company deals, and in any case, the use of a third party does not exempt the company from its legal responsibility in front of the shareholders regarding the payment of distributions.
- The company is obligated to inform the shareholders in the event of using a "repayment agent" or to change it, through the methods of publication followed in the case of publishing the invitation for the general assembly, or through its website, the financial market (Tadawul) website, or any other means that the board of directors sees .
- Matters related to the payment of the declared distributions that are not stipulated in the Companies Law or the Articles of Association of the company. The company will deal with them according to the interest of its shareholders.
- The company's board of directors has the right to approve the distribution of profits on a quarterly basis if the company's financial position permits, and in accordance with the following controls and guidelines:
- That the company has sufficient 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 financial year were based on the same accounting principles followed by the company, and that the possibility of maintaining these profits until the end of the company's financial year is a reasonable possibility to a large extent.
- The company's financial position and the available liquidity allow it to make this distribution.
- The board of directors of the company must include in its annual report submitted to the company's general assembly the percentage of profits that have been distributed to shareholders during the various 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 profits earned for the period or on the account of accumulated profits from previous years, or both, and the company must take into account the sequence and regularity in the manner and proportions of dividend distribution according to the capabilities and liquidity available to the company, and the Board of Directors must disclose and announce the percentages of regular periodic profits that are decided Distribute it to shareholders on time so that the shareholders are aware of it and have access to it.
- When the decision to distribute profits is made by the Board of Directors, the company is obligated to disclose and announce it immediately on the company's website and the financial market website (Tadawul).

Percentage of profits distributed during the year *					Proposed profit percentages to be distributed at the end of the year	Total profits
	2020/03/31	2020/06/30	2020/09/30	2020/12/31		
percentage	% 0	% 0	% 0	% 0	% 0	-
Total	-	-	-	-	-	-

**42. A description of any interest in the voting-eligible shares category belonging to persons (other than the members of the company's board of directors, senior executives and their relatives) who informed the company of those rights in accordance with Article 45 of the Registration and Listing Rules**

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)	-	-	-	-	-

**43. A description of any interest, contractual securities and subscription rights belonging to the members of the company's board of directors, senior executives, their wives and minor children in the shares or debt instruments of the company, and any change in that interest or those rights during the last fiscal year**

**43.1. Board of Directors**

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 *	2,746,500	-	2,746,500	-	-	-
2	Mr. Ibrahim Abdullah Rashed Kulib	435,600	-	435,600	-	-	-
3	Mr. Mishaal Mohammad Hassan Mufti	750	-	750	-	-	-
4	Dr. AbdulAziz Saleh Mohammad Al Hammadi *	4,133,185	-	3,611,153	-	(522,032)	% 12.63
5	Mr. Ziyad Mohammad Sultan Al Amro	600	-	600	-	-	-
6	Mr. Saad Hamad Mohammad Al-Saif	600	-	600	-	-	-
7	Mr. Saad AbdulMohsen AbdulAziz Al-Humaidi	10	-	10	-	-	-
8	Mr. Turki AbdulRahman Abdullah Al Rosayes	10	-	10	-	-	-
* Relatives of the members of the Board of Directors: (their wives and minor children)							

**43.2. Senior executives**

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	435,600	-	435,600	-	-	-
(2)	Mishaal Mohammad Hassan Mufti	750	-	750	-	-	-



**44. A description of any interest, contractual securities and subscription rights of the members of the company's board of directors, senior executives and their relatives in the 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)	Mishaal Mohammad Hassan Mufti	750.000	-	750.000	-	-	-
A 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 subsidiaries *							
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)	Mishaal Mohammad Hassan Mufti	750.000	-	750.000	-	-	-

\* Note that the Elegant Centers Company Ltd. is the 100% owner of the Ishraqa Regional Real Estate Development and Investment Company (one person company), according to the amended Articles of Association.

**45. 48. Information related to any loans on the company (whether they are payable on demand or otherwise), a disclosure of the total debt of the company and its subsidiary companies, 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	-	-	-	-	-	-
Ishraqa Company	-	-	-	-	-	-

The company acknowledges that it does not have any loans on its company and its subsidiaries.

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

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

**47. 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	-	-

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

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	-	-	-	-	-	-	-	-
Ishraqa Company	-	-	-	-	-	-	-	-



#### 49. (4) Board meetings held during the last financial year.

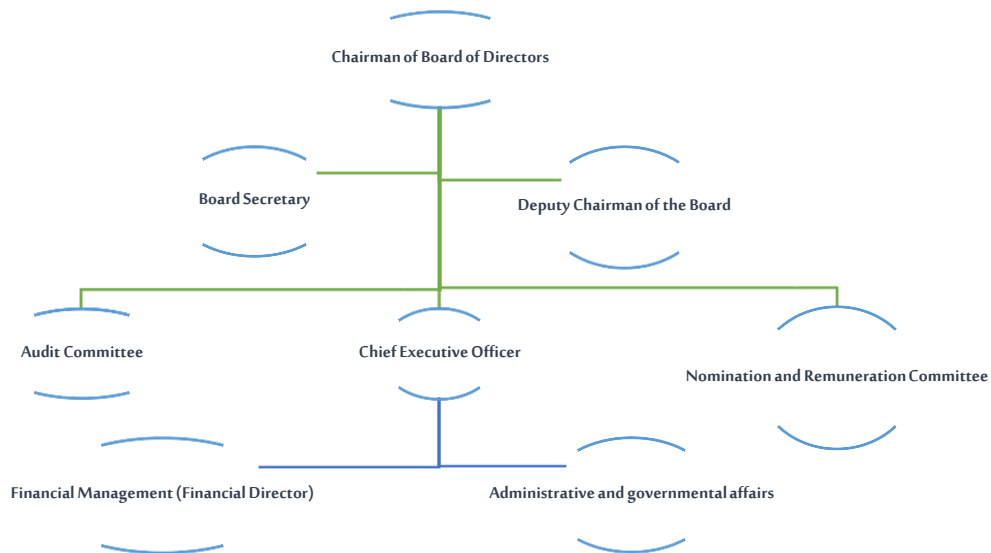
name	The number of meetings of the Board of Directors during the year 2020 AD (4) meetings				
	2020/04/27	2020/06/21	2020/08/25	2020/11/10	Attendance rate
Mohammad Saleh Mohammad Al Hammadi	✓	✓	✓	✓	% 100
Ibrahim Abdullah Rashed Kulib	✓	✓	✓	✓	% 100
Saad AbdulMohsen AbdulAziz Al-Humaidi	✓	✓	✓	✓	% 100
Mishaal Mohammad Hassan Mufti	✗	✓	✓	✓	% 100
Dr. AbdulAziz Saleh Mohammad Al Hammadi	✓	✓	✓	✓	% 100
Turki AbdulRahman Abdullah Al Rosayes	✓	✓	✓	✓	% 100
Ziyad Mohammad Sultan Al Amro	✓	✓	✗	✗	% 50
Saad Hamad Mohammad Saif	✓	✓	✓	✓	% 100
The date of the last meeting of the General Assembly 06/08/2020 AD					

\* Based on the Capital Market Authority's circular stipulating that the associations of listed joint-stock companies should be held by means of modern technology remotely and suspending their contract in presence until further notice, in order to ensure the safety of dealers in the financial market, and to ensure the support of preventive and precautionary efforts and measures by the competent and relevant health authorities to address For the new Coronavirus (COVID-19), and as an extension of the continuous efforts made by all government agencies in the Kingdom of Saudi Arabia to take the necessary preventive measures to prevent its spread, board meetings were held remotely in implementation of the precautionary measures.

#### 50. The number of company requests for shareholder register

No.	The date of application	Reasons for the request
1	18/02/2020	Company procedures
2	08/06/2020	General Assembly
3	07/09/2020	Company procedures

#### 51. The organizational structure of the company



#### 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. Information related to any business or contracts in which the company is a party, and in it or in which there was an interest for a member of the company's board of directors, 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	-	-	-

The company acknowledges that there are no businesses or contracts in which the company is a party, and in which there is or was an interest for a member of the company's board of directors, its senior executives, or any person related to any of them.

**54. Board members and senior executives waived remuneration**

All members of the Board of Directors declare that they did not receive any bonuses, allowances or any other amounts during the fiscal year 2020, except for the salaries of the CEO and the Financial Director shown in the table.

**55. A shareholder of the company waived any rights to dividends**

The company does not have any shareholder who has waived his rights to the profits due to the absence of dividends distributed with the company.

**56. The value of the regular payments paid 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	2020		Brief description of it	Statement of reasons
	Repaid	Due until the end of the annual financial period and has not been paid		
Zakat	300,000	14,267,015	The paid amount of 300,000 is a payment of the amount due for the difference in the zakat assessment for the years from 2000 to 2010 to Al-Baha Company, which amounts to 12,068,086 riyals, and the company has paid an amount of 1,000,000 riyals during the year 2019 and 2020, so that the remaining amount is 11,068,087, after the settlement committee is completed and the link is settled with a reduction The zakat difference for the above years is an amount of 4,781,287 riyals, and work is underway with the General Authority for Zakat and Income to pay the amount in instalments, in addition to an amount of 926,528 riyals, which is zakat for the year 2018 and an amount of 892,539 riyals is zakat in 2019 and an amount of 1,379,861 riyals for zakat in 2020 AD, all of which belong to a company The patio only has not been reimbursed to date.	Due to the financial inability to pay the amount, the company is currently working with the General Authority for Zakat and Income to install the amount in a way and in a way that enables the company to pay, God willing.
The Public Institution for Social Security	65,091	0	Participation fees for Al-Baha Investment and Development Company employees in the General Organization for Social Insurance have been fully paid for the year 2020	Social insurance contributions
The costs of visas and passports of the Labor Office	1,155	0	Muqem service fees	Governmental fees

**57. Investments or reserves established for the benefit of the company's employees**

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

**58. Acknowledgments**

- ▶ That the account records were prepared correctly.
- ▶ The internal control system was prepared on a sound basis and was effectively implemented.
- ▶ There is no doubt about the company's ability to continue its activity, other than what has been mentioned in the company's risk factors.

**59. The Board of Directors also confirms**

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



- There are no material differences in the operating results compared to 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.
- That there is no difference from the international accounting standards, and there are no material observations from the chartered accountant on the annual financial statements of the company during the year 2020 other than what has been mentioned, and the board of directors is obligated to provide the Capital Market Authority with any additional information that it requires at any time in case The external auditor makes any reservations about the company's annual financial statements.

#### 60. Auditor's report

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

#### 61. Attention

We would like to draw attention to the following:

Note No. (17) about the consolidated financial statements, which refers to the issue of exchanging assets with Al-Sata'ah Modern Company, as detailed in the clarification, as the company established a provision to meet the losses resulting from the asset exchange contract with Al-Sataah Modern Company in the amount of 84,003,717 Saudi riyals, where the judgment was upheld. The source previously obligated Al-Baha Investment and Development Company to implement the terms of the contract with Al-Sata'ah Modern Company. Our opinion has not been modified accordingly.

#### 62. Change of auditor

There is no recommendation from the board of directors or the audit committee to change the auditor.

#### 63. Treasury shares held by the company

The number of treasury shares held by the company	Worth	Retention date	Details of their use
-	-	-	-

#### 64. Important events:

- The company was not able to publish its consolidated annual financial results ending on 12/31/2020 on (Tadawul) on time, due to the repercussions of the emerging corona virus (COVID-19) and the preventive measures and precautions that caused the inability to do so, in addition to non-completion Including from the external reviewer.
- The company's business and its subsidiaries' business have been affected due to the precautionary measures taken to confront the emerging corona virus (COVID-19), and the effect of government support in limiting the effects of these measures.
- Announcing the consolidated annual financial results ending on December 31, 2019.
- Inviting the shareholders of the company to attend the Ordinary General Assembly meeting through modern technology (remotely).
- Announcing the preliminary financial results for the three-month period 2020.
- The subsidiary company, Elegant Centers Company Ltd., signed a contract with Tamimi Markets Company Ltd.
- Announcing the preliminary financial results for the six-month period 2020.
- Announcing the preliminary financial results for the nine months 2020 period.
- Recommendation of the Board of Directors to increase the company's capital by offering rights issue shares of 120,000,000 Saudi riyals.
- Appointment of Al-Dakhil Financial Group as the financial advisor for the IPO.
- Increase the provision for compensation for losses resulting from the exchange of assets with Al-Sata'ah Modern Company by an amount of 17,300,559 Saudi riyals, after confirming the judgment from the Court of Appeal.
- Record a decrease in the value of investment properties and losses of goodwill decline in subsidiaries amounting to 9,408,230 Saudi riyals due to the repercussions of the emerging coronavirus (Covid 19) pandemic and its direct impact on the real estate and leasing sector.
- The decline in the company's share in the profits of its subsidiaries due to the repercussions of the new Corona virus (Covid 19) pandemic and its direct impact on the real estate and leasing sector, despite the increase in revenues by 7%, as the revenues for the year 2020 AD amounted to 11,175,312 riyals compared to last year's revenues an amount The amount of 10,435,145 riyals, and an increase in the gross profit by 11.12%, as the total profit for the year 2020 amounted to an amount of 6,311,668 riyals compared with the total profit of last year an amount of 5,679,900 riyals, as a result of the increase in the operating rates in the commercial centres of the company, and the administrative and general expenses for the year 2020 increased by a percentage 15%, as administrative and general expenses amounted to 2,929,900 riyals, compared to 3,459,527 riyals last year.
- The results of the group were affected by the outbreak of the Corona virus Covid 19, which the World Health Organization declared a pandemic in the month of March 2020, which caused the disruption of many commercial and economic activities in the Kingdom of Saudi Arabia and the rest of the world and as a result, the group recorded a loss in the value of investment properties and a decline The value of goodwill is 9,408,230 riyals as a decrease in value, in addition to that, the group also assessed the ability of tenants to pay rents related to the period affected by the outbreak of Covid 19 and as a result, the group granted discounts to tenants as a result of their closure in commercial Centers during the closure period of the Corona pandemic and their inability to practice activity.



- The accumulated losses of the company as on December 31, 2020 amounted to 69,300,223 riyals at a rate of 39.15% of the company's capital of 177,000,000 Saudi riyals, while the accumulated losses as on December 31, 2019 amounted to 40,707,326 riyals at a rate of 22.99% of the company's capital.

## 65. Later events:

Following up on the appeal against the ruling related to correcting the interpretation of the ruling issued by the Commercial Court of Al-Sata'ah Modern Contracting Company Ltd., the session was attended on Wednesday 05 Rajab 1442 AH corresponding to February 17, 2021 AD. The judge: The circuit decided to adhere to its previous decision dated 06/19/1439 AH, which stipulates that the term intended to oblige the parties to the lawsuit to complete the implementation of the contract concluded between them is the subject of this case and dated 03/03/1432 AH as follows: First: To oblige the Al-Baha Investment and Development Company Al-Sata'ah Modern Company for General Contracting pays three million riyals. Second: To oblige the Al-Baha Investment and Development Company to effectively empty the entire 134 plots with the notary public, which they own 50% of the entire land in Al-Murooj Scheme located in Al-Sail Al-Saghir in Taif Governorate in favor of Al-Sata'ah Modern Company for General Contracting. Third: To oblige the Al-Baha Investment and Development Company to assign in favor of the Al-Sata'ah Modern Company for General Contracting Ltd. of the entire contents of the poultry project and the land on which the project is based, which is owned by the Al-Baha Investment and Development Company. With this, the provision made for compensation for losses resulting from the exchange of assets with Al-Sata'ah Modern Company was increased by an amount of 17,300,559 Saudi riyals, after the verdict was upheld by the Court of Appeal.

## 66. Company announcements

Ad summary	Announcement date
Al-Baha Investment and Development Company announces the latest developments for the company's submission of its appeal against the judgment received on 21 Jumad Al-Awal 1440 AH corresponding to January 27, 2019 regarding the correction of the interpretation of the judgment issued by the Board of Grievances of the Al Sata'ah Modern Contracting Company Ltd.	January 23, 2020
Al-Baha Investment and Development Company announces its inability to publish its consolidated annual financial results ending on 12/31/2019 on (Tadawul) at the specified time	March 31, 2020
Al-Baha Investment and Development Company announces the latest developments for the company's submission of its appeal against the judgment received on 21 Jumad Al-Awal 1440 AH corresponding to January 27, 2019 regarding the correction of the interpretation of the judgment issued by the Board of Grievances of the Al Sata'ah Modern Contracting Company Ltd.	April 11, 2020
Al-Baha Investment and Development Company announces that its business has been affected by the precautionary measures taken to confront the emerging corona virus (COVID-19), and the effect of government support in limiting the effects of these measures.	April 21, 2020
Al-Baha Investment and Development Company announces the annual financial results ending on 31-12-2019	April 27, 2020
Corrective announcement from Al-Baha Investment and Development Company regarding the annual financial results ending on 31-12-2019	April 29, 2020
Al-Baha Investment and Development Company announces inviting its shareholders to attend the Ordinary General Assembly meeting (first meeting)	May 18, 2020
Addendum announcement from Al-Baha Investment and Development Company regarding inviting its shareholders to attend the Ordinary General Assembly meeting (first meeting)	01 June 2020
Al-Baha Investment and Development Company announces the results of the Ordinary General Assembly meeting (first meeting)	09 June 2020 AD
Al-Baha Investment and Development Company announces the preliminary financial results for the period ending on 31-03-2020 (three months)	June 21, 2020
Al-Baha Investment and Development Company announces the latest developments for the company's submission of its appeal against the judgment received on 21 Jumad al-Awwal 1440 AH corresponding to January 27, 2019 CE regarding the correction of the interpretation of the judgment issued by the Board of Grievances of the Al Sata'ah Modern Contracting Company Ltd.	July 21, 2020
Al-Baha Investment and Development Company announces that its subsidiary, Elegant Centers Company Limited, has signed a contract with Tamimi Markets Company Ltd.	August 20, 2020
Al-Baha Investment and Development Company announces the interim financial results for the period ending on 30-06-2020 (six months)	August 25, 2020
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 30-06-2020 (six months)	August 27, 2020
Al-Baha Investment and Development Company announces the interim financial results for the period ending on 30-09-2020 (nine months)	November 10, 2020
Al-Baha Investment and Development Company announces the Board of Directors' recommendation to increase the company's capital by offering priority rights shares	November 10, 2020
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 30-09-2020 (nine months)	November 10, 2020
Al-Baha Investment and Development Company announces the latest developments for the company's submission of its appeal against the judgment received on 21 Jumad al-Awwal 1440 AH corresponding to January 27, 2019 CE regarding the correction of the interpretation of the judgment issued by the Commercial Court of the Al Sata'a Modern Contracting Company Ltd.	December 27, 2020

## 67. Rewards and Allowances Policy

### 67.1. Remuneration and allowances policy for members of the Board of Directors and the Secretary

- The remuneration of a member of the board of directors is made within the limits stipulated in the articles of association of the company, the companies' system and its regulations, and in line with the official decisions and instructions issued in this regard, provided that the total of what a member of the board of directors receives in return for his membership in the board of directors does not exceed an amount of 500,000 Saudi riyals ( Five hundred thousand Saudi riyals) of rewards and financial and benefits.
- The entitlement to the remuneration is proportional to the number of meetings the member attended during the year.
- An attendance allowance for each meeting of the Board of 5,000 Saudi riyals (five thousand Saudi riyals) and an attendance allowance for each committee meeting in an amount of 5,000 Saudi riyals (five thousand Saudi riyals) for each member and the secretary.
- A first-class air ticket, transportation and accommodation, for a non-resident member in the city in which the meeting is scheduled to take place.
- The Board of Directors determines the annual remuneration of the Board Secretary, and the company shall bear all his expenses related to his attendance, such as tickets, accommodation, transportation and others in connection with the affairs of the Board of Directors.
- Remuneration, attendance allowance and other allowances are paid at the end of the fiscal year, and in the event that the membership of any member of the council expires before the end of the fiscal year, it is paid immediately upon the end of his membership.



#### 67.2. Remuneration and Allowances Policy for Executive Management :

- Executive management rewards include the following:
- A basic salary paid monthly.
- Allowances that include, but are not limited to (housing allowance - transport allowance - phone allowance - children's education allowance)
- Insurance benefits, for example, but not limited to (medical insurance for him and his family - life insurance (includes work injuries, partial and total disability, and death at work))
- Benefits including annual leave - annual travel tickets - private driver - end of service gratuity.
- Reward related to performance indicators according to the evaluation made in this regard.
- Remuneration plans and programs for 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 Nominations Committee.

#### 67.3. Remuneration and allowances policy 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 head of the audit committee and for each member from among the committee members.
- The entitlement to the remuneration is proportional to the number of meetings the member attended during the year.
- An attendance allowance for each committee meeting of (5,000) Saudi riyals (five thousand Saudi riyals) for the head of the committee, each member of the committee, and the secretary.
- A business-class travel ticket, transportation and accommodation, for a non-resident member in the city of the meeting.
- The committee recommends to the board of directors the annual remuneration of the secretary. The company also bears all his expenses related to the committee's meetings, such as tickets, accommodation, transportation and other things related to the committee's work.
- Remuneration, attendance allowance and other allowances are paid at the end of the fiscal year, and in the event that the membership of any member of the committee ends before the end of the fiscal year, it is paid upon the end of his membership in the committee.

#### 67.4. The remuneration and allowances policy of the Remuneration 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 remuneration policy must observe the following:
- Its consistency with the company's strategy and objectives.
- That the remuneration be presented 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 remuneration with performance in the long term.
- Remuneration is determined based on the level of the position, the tasks and responsibilities assigned to the occupant, academic qualifications, practical experiences, 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 remuneration, while avoiding the unjustified increase in rewards and compensation that may result from that.
- To aim at attracting, maintaining and motivating professional competencies, without exaggerating them.
- To prepare in coordination with the Remuneration and Nominations Committee upon new appointments.
- Cases of suspending bonus disbursement or refunding if it appears that it was decided based on inaccurate information provided by a member of the board of directors or the executive management, in order to prevent the exploitation of the job status to obtain undue rewards.
- Organizing the award 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.

#### 68. Board of Directors

Mr. Mohammad Saleh Mohammad Al Hammadi  
Chairman (non-executive)

Mr. Saad AbdulMohsen AbdulAziz Al-Humaidi  
Audit Committee Chair (Independent)

Dr. AbdulAziz Saleh Mohammad Al Hammadi  
Board Secretary (Non-Executive)

Mr. Turki AbdulRahman Abdullah Al Rosayes  
Board Member (Independent)

Mr. Ibrahim Abdullah Kulib  
Vice Chairman and CEO (Executive)

Mr. Saad Hamad Mohammad Saif  
Chairman of the Nomination and Remuneration Committee  
(Independent)

Mr. Mishaal Mohammad Hassan Mufti  
Financial Director (Executive)

Mr. Ziyad Mohammad Sultan Al Amro  
Board Member (Independent)



#### 69. The Conclusion:

The Board of Directors of AlBaha Investment, Development Company and the Senior Executive Management are pleased to conclude its Annual Report on the business of the Company and its subsidiary companies (Elegant Centers Company and Ishraqa Regional Real Estate Development and Investment Company) for the year ending on December 31, 2020. We would also like to thank all the employees of the company for their sincere efforts and their eagerness to continuously achieve the Company's growth and progress.

May Allah help us all

We highly appreciate your cooperation

Phone: +966177223333

Fax: +966177224445

[www.albahacompany.com](http://www.albahacompany.com)

[invest@albahacompany.com](mailto:invest@albahacompany.com)

P.O. Box: 448, Postal Code: 2288, Baljurashi

Al-Baha City - King Fahd Road - Building No. 7050

