



**Fawaz Abdulaziz Alhokair Co.
Saudi Joint Stock Company**

Annual Report of the Board of Directors

For the Fiscal Year 01/04/2020 AD – 31/03/2021 AD

30 June 2021 AD

Table of Contents

Chairman's Statement	4
Report of the Board of Directors	6
Business Review	6
1. Business Segment Review	6
1.1 Description	6
1.1.1 Saudi Arabia Retail	6
1.1.2 International Retail	6
1.1.3 Food and Beverage	7
1.1.4 Ecommerce	7
1.2 Financial Performance	7
1.2.1 Saudi Arabia Retail	7
1.2.2 International Retail	7
1.2.3 Food & Beverage	7
1.2.4 Ecommerce	8
2. Expansions and Risks	8
2.1 Expansions	8
2.1.1 Saudi Arabia Retail	8
2.1.2 International Retail	8
2.1.3 Food & Beverage	8
2.1.4 Ecommerce	8
2.2 Risks related to the Company's business	9
2.2.1 Underperforming Brands	9
2.2.2 Unprofitable Stores	9
2.2.3 Excess Inventory	9
2.2.4 Risks related to expansions	9
2.2.5 Competition	10
2.2.6 Fluctuating currency exchange rates	10
2.2.7 Human Capital	10
3. Future Outlook	10
3.1 Saudi Arabia Retail	10
3.2 International Retail	11
3.3 Food and Beverage	11
3.4 Ecommerce	12
3.5 Others	12
4. Financial performance	13
4.1 The most important financial statements for the last five years	13
4.2 Comparing activity results with the previous year	15
4.3 Analysis of financial results and deviations	15
4.4 Analyzing the company's revenue and its subsidiaries	17
5. Accounting standards	17
6. Subsidiaries and their subsidiaries	18
7. Shares and debt instruments issued by subsidiaries	18
8. Dividend policy	19
8.1 Proposal to distribute the net profit for the year ended March 31, 2020	19
9. A description of interests in the category of shares entitled to vote	20
10. Description of interests, rights of option, and underwriting rights of members of the Board of Directors, senior executives, their spouses, and minor children in shares and debt instruments issued by the company or its subsidiaries	20
11. Loans against the company and its subsidiaries and the amounts paid during the year	20
12. Description of debt instruments convertible into shares	21
13. Description of transfer or subscription rights	21

14.	A description of the recovered or canceled debt instruments of the company and its subsidiaries	21
15.	Board of Directors	21
15.1	Composition of the Board of Directors and classification of its members	21
15.2	Experience and academic qualifications of Board Members	23
15.3	Names of companies within or outside the Kingdom for which a member of the Company's Board of Directors is a member of its current and previous Boards of Directors or one of its managers.	25
15.4	Board meetings	27
15.5	The interests and rights of the members of the Board of Directors, their wives and their minor children	29
15.6	Board of Directors' actions to inform its members of shareholders' proposals	29
15.7	Means of the Board of Directors to evaluate its performance and the performance of its committees and members	29
15.8	Board Committees	30
15.8.1	Audit Committee	30
15.8.2	Nomination and Remuneration Committee	34
15.8.3	Executive Committee	37
15.8.4	Governance	38
16.	Contracts in which there are interests of Board Members and senior executives	39
17.	Board Members' remuneration	41
18.	Remuneration of committee members	42
19.	Waiver of Rights to Salary, Compensation or Profits	43
20.	Salaries, remunerations and compensation of senior executives	43
20.1	Experience and qualifications of senior executives	43
21.	Statutory Payments Due	45
22.	Zakat and income tax	45
23.	Investments and reserves created for the benefit of employees	46
24.	Acknowledgments of the Board of Directors	46
25.	Penalties and fines	47
26.	Auditor's Report	47
27.	Corporate Governance and Internal Control System	47
28.	Corporate Governance	47
28.1	Corporate Governance	47
28.2	Applying the provisions of the Corporate Governance Regulations	53
29.	Annual review of the effectiveness of control procedures	54
29.1	Results of the annual review of the effectiveness of the Company's internal audit procedures	55
29.2	Auditing during the year	55
29.3	Audit results	56
29.4	Management decisions	56
30	Hiring Saudi nationals and the Social Contribution Program	56
31.	General Assembly of Shareholders	58
32.	Shareholder Register Requests	58

Chairman's Statement

Dear Shareholders of Fawaz Abdulaziz Al Hokair Co.,

May peace and God's mercy and blessing be upon you.

We are pleased to present our Board of Directors' Report for the year ended March 2021.

Our operating environment

This was a year in which the Company faced unprecedented challenges, with the Saudi economy under significant pressure with the dual headwinds of the Covid-19 pandemic and sustained low oil prices. The wisdom of our government, led by the Custodian of the Two Holy Mosques His Highness King Salman Bin Abdulaziz Al Saud, and His Highness the Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud, was instrumental in shoring up the national economy and providing essential support to the private sector. I am pleased to report that the commitment, agility and hard work of our management and staff proved equal to the task before us. With the Kingdom-wide vaccination program now well underway, we remain cautiously optimistic on a return to normal economic activity during 2021, and for our increasingly competitive economy to rebound strongly in 2022.

Retail was among the industries most affected by the pandemic. Lockdowns, social distancing and movement restrictions negatively impacted physical retail and F&B sales, and a rapid shift towards ecommerce has made it essential for businesses such as Alhokair to shift quickly to an omnichannel model. As you will learn in this report, we have been successful in doing so, with a number of milestones passed. The long-term outlook for the sector remains promising, with positive signs that retail in the Kingdom will benefit from a post-pandemic uptick in inbound and domestic tourism. Meanwhile, government sponsored mega-, and giga-projects will offer stimulus for the sector more generally, as new residential and business hubs emerge.

Performance highlights

Highlights in FY21 have included the ongoing evolution of our brand portfolio, as we diversify away from traditional brick and mortar fashion retail to new categories that we believe will serve the changing needs of our consumers – both in terms of the products offered and the channels through which they are sold. As a Group, we now boast more than 90 international and local brands, with an evolving mix that will drive growth in higher margin segments and will add a stronger 'lifestyle' characteristic to our portfolio.

In this respect, two achievements stand out. Firstly, our franchise agreement with European sports and leisure giant Decathlon, with whom we have since opened our first store, with several more in the pipeline. This is a strategic partnership, as Alhokair looks to address the increasingly active lifestyles of Saudi consumers. Secondly, our acquisition of a minority stake in Vogacloset, MENA's leading online fashion portal, with whom we are now integrating our respective brand portfolios, and on which we have a platform to grow an industry-leading online/offline proposition. A number of fresh and exciting offerings, in partnership with Vogacloset, are already under development.

Sustainability

The Saudi Government's efforts to deepen Saudization in retail present an exciting opportunity for Alhokair to contribute to the growth of the sector, as well as the development of the Saudi workforce, and to help shape its evolution. Over the year, we made great strides forward in our efforts to create more opportunities for Saudi professionals, having achieved a Nitaqat status of Platinum, and we look forward to rolling our new initiatives in the year ahead. Meanwhile, Vision 2030 seeks to empower women to join the workforce, another important area of focus for the Company.

In the context of the pandemic, Alhokair went to considerable lengths to ensure the health and safety of staff, from providing an extensive range of personal protective equipment (PPE), to new operating models and shift protocols for back-office functions and customer facing locations, thereby also ensuring the safety of our customers. With the pandemic still at large, we continue to take an extra-accommodating view on sick leave, to ensure the health of our employees and to minimize the risk of outbreak.

Governance

Among our strategic priorities for the year was to actively address concerns around corporate governance, an issue that we take seriously and in which we are progressing our journey towards achieving higher standards. In August 2020, we refreshed the Board with a healthy balance of skill and experience, including the election of four independent non-executive directors. Meanwhile, we have in the last 18 months established a highly experienced and capable executive management team, appointing a new CFO, CEO for F&B and CHRO in 2020-2021. An Executive Committee has been established to promote sound corporate governance practices; to provide oversight on management's execution of Board initiatives; to align on strategy implementation; and to ensure timely decision-making. The positive impact of the Executive Committee has been tangible and immediate, and we look forward to reporting on further progress.

With thanks

It remains for me to thank my fellow Board members for their wise counsel to management; our loyal customers for the trust they continue to place in our brand portfolio, store network and online channels; our management and staff for their remarkable dedication to the current and future success of our business; and our shareholders, for their continued support for our strategy and growth story. We look forward to sharing that story with you.

Fawaz Abdulaziz Alhokair

Chairman of the Board

Report of the Board of Directors

To the respected Shareholders of Fawaz Abdulaziz Alhokair Co. ,

Peace be upon you,

The Board of Directors is pleased to present its Annual Report for the fiscal year 2020-2021, for the period 01/04/2020 – 31/03/2021 AD, which includes the consolidated financial statements (financial position, income statement, cash flows and changes in equity), the related notes and clarifications, as well as the external auditor's report by KPMG Al Fozan & Partners.

Business Review

Alhokair is the leading franchise retailer in Saudi Arabia, operating more than 1,739 retail stores across the Kingdom and in 11 international markets. During FY21, the Company continued to grow and diversify its brands, with a portfolio of 89 international and local brands in fashion, beauty, sports, multimedia, and food and beverage. During the year, Al Hokair added three new brands in the fashion and food & beverage sectors and opened a total of 94 new stores.

The business continued to focus on growing and diversifying its retail offer into a lifestyle experience, by building an omnichannel footprint and expediting its digital integration program in domestic and international markets. In line with these efforts, Alhokair acquired a stake in Vogacloset, MENA's leading online fashion portal.

The Company remains Saudi Arabia's largest employer in the retail industry with 8,606 employees in the Kingdom and a total headcount of 11,125. During the year, the Company relocated its headquarters to its new offices at U-walk (University Avenue) in King Saud University District – Riyadh. The new headquarters is equipped with the latest amenities and technologies to ensure the best working environment for employees.

1. Business Segment Review

1.1 Description

1.1.1 Saudi Arabia Retail

Alhokair is the leading franchise retailer in Saudi Arabia with 1,756 stores as of FY21.

In Saudi Arabia, the portfolio comprises 89 brands across fashion, multimedia, and beauty & cosmetics. In fashion, Alhokair caters to young and trendy demographics offering various options for economy, fast fashion, and high street brands from Inditex such as Zara, Stradivarius, Bershka, Lefties, Massimo Dutti, and other global brands including Mango, ALDO, Newyorker, Gap, Ipekyol, and others. The Company also covers the footwear, accessories, kids' wear and intimate apparel segments. Beauty and cosmetics is an expanding segment with the Company currently operating 8 brands. In multimedia & electronics, Alhokair is the operator of Aleph Apple Premium Reseller, Alhokair's Apple retail business in the Kingdom.

1.1.2 International Retail

As of FY21, the Company currently operated in 11 countries outside of Saudi Arabia: Egypt, Jordan, Kazakhstan, Azerbaijan, Georgia, Armenia, Serbia, Macedonia, Montenegro, Morocco, and the USA.

As of FY21, Alhokair operated 318 stores internationally across 37 fashion brands.

1.1.3 Food and Beverage

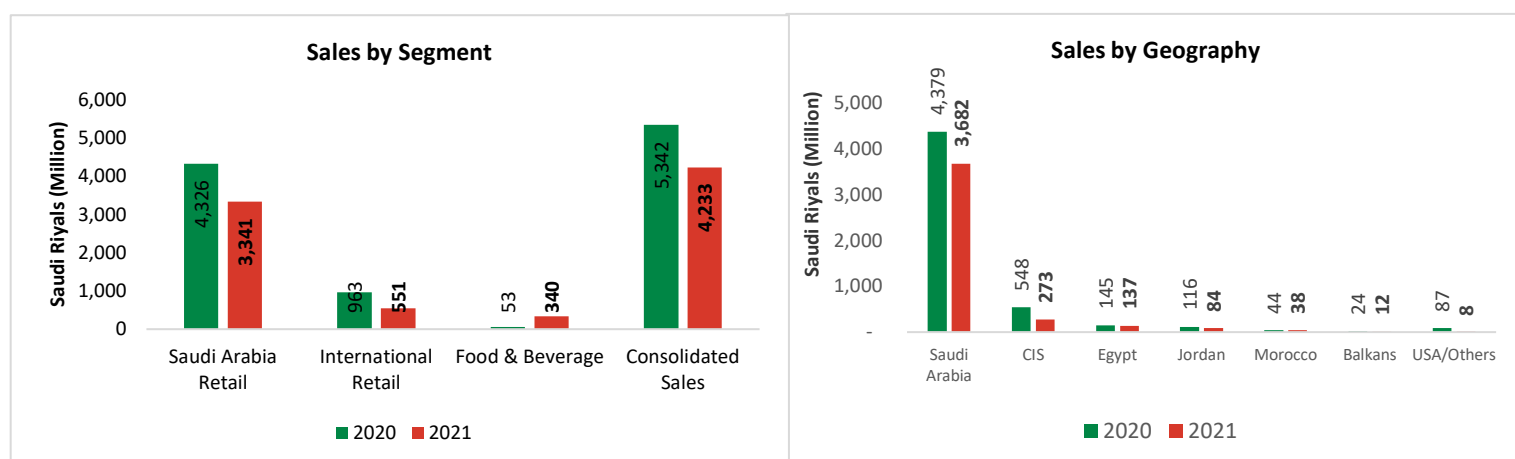
In Q1-FY21, Alhokair's acquisition of F&B operator Innovative Union Company ("IUC"), a 10-brand F&B franchise portfolio, was formally concluded, strengthening the Company's exposure to the Kingdom's lucrative and fast-growing F&B sector. Including global brands such as Cinnabon and Seattle's Best Coffee, the acquisition brings an additional 200 locations to Alhokair's F&B portfolio and leverages the Company's existing relationships with landlords and shared central services.

1.1.4 Ecommerce

Alhokair operates a series of monobrand online platforms for Tier 1 brands. The Company also offers a variety of its products through several online marketplaces like Namshi and Mumzworld.

1.2 Financial Performance

Consolidated top line performance was impacted by containment measures and the economic slowdown resulting from the Covid-19 pandemic, an increased VAT rate, and the closure of unprofitable stores. Total FY21 sales were SAR 4,233 million, a 21% decrease compared with FY20, resulting mainly from the containment restrictions imposed in response to Covid-19.



1.2.1 Saudi Arabia Retail

Total sales from Saudi Arabia retail reached SAR 3,341 million, decreasing by 23% year-on-year. Like-for-like sales also declined 27% on the back of closure of stores in response to government directives related to Covid-19 precautionary measures, and the suspension of religious tourism. Full-scale lockdowns were followed by the gradual re-opening of stores, reduced capacity in malls, and a limited number of religious pilgrims in line with government directives.

1.2.2 International Retail

FY21 sales in international markets were SAR 551 million, decreasing by 43% year-on-year. The decline in the top line resulted from the closure of stores due to the first and second waves of the Covid-19 virus, and thereafter the partial reopening of stores.

1.2.3 Food & Beverage

The F&B sector was severely affected by pandemic-related movement restrictions, which resulted in the complete closure of 213 outlets at the height of the crisis, representing more than 70% of the total

number of stores. During the second and third quarter, F&B operations were restricted to take-away, pick-up and delivery services. This had an estimated 75% negative impact on annual sales. Total sales for FY21 reached SAR 340.3 million, a decrease of 545% year-on-year.

1.2.4 Ecommerce

Online sales in FY21 came in at SAR 218 million, increasing by 408% year-on-year. The increase in online sales was driven by the expansion of Alhokair's digital footprint, and consumers' preference for online shopping in response to movement restrictions related to Covid-19.

2. Expansions and Risks

2.1 Expansions

2.1.1 Saudi Arabia Retail

During FY21, Alhokair opened 46 stores across the various brands. In fashion, the Company has a strong geographical presence across the Kingdom and remains keen on penetrating new territories to have a complete market coverage.

Aleph Apple Premium Reseller, Alhokair's Apple retail business in the Kingdom, performed very strongly, with the rollout of new locations. The Company opened 2 new branches during the year.

Alhokair has recently tapped into the sports segment with the acquisition of the Saudi franchise rights for Decathlon. The first flagship Decathlon store opened in Jeddah in Apr2021 over 3,358 sqm. Decathlon is a French sporting goods retailer, with over 1,647 stores in nearly 1,000 cities in 57 countries and regions, making it the largest sporting goods retailer in the world. Decathlon Group markets its products under more than 20 brands and 80+ sports. In the beauty segment, skincare was the most dynamic category and continued to build on positive momentum in FY21.

2.1.2 International Retail

Alhokair remains committed to strategic growth international markets, particularly Kazakhstan, Azerbaijan, Georgia, Armenia, Egypt and Jordan, and continues to invest in renovating its stores in these markets, as well as adding new brands and locations.

Meanwhile, there are international markets that the Company is in the process of exiting. Management aims to exit its operations in both the USA and the Balkans before end of FY22. During the year, the Company opened 13 new locations.

2.1.3 Food & Beverage

During the year, Alhokair expanded its F&B portfolio to 13 brands across 301 locations across the Kingdom.

2.1.4 Ecommerce

Alhokair rolled out 9 new monobrand online platforms for Tier 1 brands in FY21 – Stradivarius, Bershka, Pull & Bear, Oysho, Aldo, Mango, Okaidi, Oxxo, and Aleph. This brings the Company's total number of monobrand platforms launched to date to 12 online stores. Additionally, 3 Zara online monobrand stores launched in Armenia, Azerbaijan, and Georgia during the year.

The Company also signed an agreement to purchase 39,253 shares of Vogacloset Ltd., which represents (25.5%) of the share capital after increasing it under the acquisition agreement. Vogacloset Ltd. is the owner and operator of the website www.vogacloset.com. Alhokair's investment in an online fashion and beauty platform of Vogacloset's reach and track record in the Middle East, and in Saudi

Arabia specifically, is a significant milestone in the Company's transformation. Through Vogacloset's platform, the Company will introduce a range of brands online that is unmatched in the Saudi retail space, addressing its growing customer demand for a genuinely omnichannel experience, and giving its brands extended online reach.

2.2 Risks related to the Company's business

2.2.1 Underperforming Brands

Alhokair selects new brands based on rigorous market due diligence with the aim to bring to the Saudi and international markets a product offering that is trendy, progressive, and in line with the fast-changing lifestyles of customers. As such, and prior to any commitment with any new brand, the Company performs a feasibility study which is constantly evaluated after acquiring the franchise rights. As part of its strategic and ongoing portfolio optimization, Alhokair is continuously evaluating its brands and exiting those that are not in line with the operational upgrade strategy designed to support its growth ambitions. As such, the Company has exited 7 brands during FY21 and ended the year with a diversified portfolio of 89 brands.

2.2.2 Unprofitable Stores

The Company prepares a detailed profit and loss study on a monthly basis for each brand name in each branch and region. These reports show sales, cost of sales and selling expenses according to each brand and store. However, some stores may not achieve expected results due to external factors such as changes in market conditions and customer behavior. To support the growth ambitions intended by the operational upgrade strategy, the Company elects to close unprofitable stores. During FY21, Alhokair closed a total of 235 showrooms in Saudi Arabia and internationally.

2.2.3 Excess Inventory

During FY21, Alhokair performed aggressive inventory restructuring as part of its operational excellence efforts. Management continued to rationalize inventory balances and progress toward reaching optimal inventory levels through an aggressive action plan:

- **Systems:** Streamlined three different ERPs into one comprehensive ERP - Oracle V16 Inventory Management System - for all operating countries. The integration is happening in phases with full migration to one ERP expected to be completed by Q4 FY22.
- **Policies and Procedures:** Developed and drafted with an independent external advisor updated policies and procedures including workflows to all touchpoints. These included a shrinkage, stock policy defining accountability of stock shortage, allowing maximum exposure of 2% of sales.
- **Logistics:** Working on consolidating three different warehouses into one single location
- **Focus on Retail Merchandise Planning:** Going forward, management will focus on its retail merchandise planning to create an efficient supply chain strategy that ensures increased inventory turnover, lower carrying costs, and ultimately lower terminal stock.

2.2.4 Risks related to expansions

Alhokair's growth strategy includes increasing the number of branches and diversifying the brand names it offers in Saudi Arabia and internationally. The Company's ability to manage this expansion depends on its ability to apply uniform operational, financial and information management systems. In addition, it is dependent on its capacity to train, motivate and manage its human resources to contribute to achieving the Company's goals. Given that future financial performance may be affected if a specific expansion did not achieve the desired results, Alhokair is keen to adopt best-in-class technology to ensure seamless operations across its business. Furthermore, the Company

attracts human resources with expertise in new markets that it enters and is continuously working to achieve efficient communication with all its external branches.

2.2.5 Competition

Risks exist from competition in the market, but the Company does not consider these risks to be significant. Alhokair has forged strong and long-lasting relationship with all its trade partners, who are aligned on the Company's strategy. As such the Company believes that minimal risk exists in respect to the termination of any of its international franchises. Furthermore, the Company firmly believes that it is properly positioned through its diversified portfolio, its store fleet, and expanding online presence to maintain a leadership position in Saudi Arabia and the international growth markets that it operates in.

2.2.6 Fluctuating currency exchange rates

The fluctuation of the exchange rate of the Saudi riyal against foreign currencies directly affects the costs and profits of products, as the Company's business includes purchases of goods that are paid for in currencies other than the Saudi riyal, such as the euro. The Company hedges part of the risks resulting from exchange rate fluctuations in relation to KSA Inditex purchases, which partially limits the potential impact on the Company.

2.2.7 Human Capital

Alhokair depends on the capabilities and expertise of its executive management, business unit heads, back office and all branch personnel. Given that Alhokair employs over 11,125 employees across the various markets it operates in, it is crucial to the business to retain key personnel. As such, the Company has introduced various incentive schemes for all branch employees. Moreover, it is considering a "Long Term Incentive plan" for executive management and key personnel. Furthermore, Alhokair is committed to the "Nitaqat" program initiated by the Saudi Ministry of Human Resources and Social Development and is currently looking to attract qualified Saudi employees. It is worth noting that by FY21-end, Alhokair's Saudization percentage exceeded 70% inside the Kingdom.

3. Future Outlook

Alhokair is keen on expediting its strategy to transform into a lifestyle destination by diversifying and expanding its retail portfolio into new categories. The Company is also expanding its omnichannel footprint and expediting its digital integration program.

3.1 Saudi Arabia Retail

In fashion, Alhokair will continue to expand its Inditex stores with 16 new locations expected in FY22 and will roll out a pioneering technological strategy whereby RFID technology will be in place across all Inditex stores by Q3- FY22. I-POD sales was introduced in ZARA in early Q1 FY22 to further enhance its customers' omnichannel shopping experience.

the Company inaugurated the first stores in prime locations in Riyadh of both Marie-France and Bizou in April 2021. The plan is to open 6 additional new stores in 2022.

The first global brick & mortar store of the online-only Public Desire is expected to open in June 2021 in Nakheel Mall.

Alhokair continued to strengthen its electronics offering in the Kingdom, rolling out new Aleph Apple Premium Reseller stores with one new location added in U-Walk Riyadh in April 2021 and three others in early May 2021. The total number of Aleph stores is expected to reach 20 stores over the course of the next 18 months. Within the same category of electronics and multimedia, the Company announced In April 2021, that it has signed a franchise agreement with Fnac Darty ("Fnac"). Fnac Darty

is a leading European electronic and cultural retailer in Europe, with 908 international stores and 346 franchises. Set to open doors in 2022, the first Fnac store in the Kingdom will bring an elevated experience-driven retail environment, and showcase multi-brand consumer electronics, household appliances, stationery, books, cultural and lifestyle products, and value-added services.

Following the opening of Decathlon's first store, Alhokair will open two more stores in Riyadh in 2021. In May 2021, the Company announced that it has signed a franchise agreement with Alo Yoga. Alo Yoga is a world-renowned US-based yoga and athleisure brand, offering a vibrant collection of high-quality yoga clothing and accessories. The franchise agreement with Alhokair is Alo Yoga's first outside the United States, with its debut mall outlet set to open in Riyadh's Kingdom Centre by Q4 2021. Alhokair continues to diversify its product offering in the athleisure space to meet rising demand for comfortable, functional, and fashionable clothing, and to cater to the increasingly healthy and active lifestyles of consumers in Saudi Arabia.

The Company is also expanding into the "variety store" segment with its latest franchise agreement with Flying Tiger Copenhagen. Flying Tiger Copenhagen is a popular Danish variety retailer, with 900 stores in 27 countries. Flying Tiger Copenhagen is known for fun utilitarian products and DIY craft concepts offered at value-for-money price points, created to award-winning Danish design standards, and ranging from toys and accessories to stationery and gadgets. The agreement with Alhokair is the first such franchise for Flying Tiger Copenhagen in the Middle East. Starting in 2022, Alhokair and Flying Tiger plan to open 45 stores in 5 years in Saudi Arabia, with 9 outlets and an online store operational in the first year.

3.2 International Retail

In fashion, Alhokair plans on migrating new brands to international markets such as Lefties and Marie-France which is expected to open in CIS and Jordan, respectively. Overall, the Company is expected to open 21 new stores in international markets during FY22.

The beauty & cosmetics segment shows very promising potential, and the Company is committed to participating in its growth by expanding the segment in Saudi Arabia and internationally. It is one of the fastest recovering segments since the Covid-19 crisis. During May 2021, Alhokair opened its first Kiko Milano store in Georgia, with plans to open an additional two stores there during 2021. Additionally, the Company is working on expanding the footprint of Kiko Milano to Morocco and Azerbaijan during FY22.

3.3 Food and Beverage

The food and beverage (F&B) segment is a key pillar in Alhokair's portfolio optimization strategy. As such, management is keen to grow the F&B business by opening new branches, on-boarding new brands, expanding its digital footprint and entering into sub-franchise agreements.

For the coming year, management is targeting to rollout around 45-50 new branches, specifically for Cinnabon and Mamma Bunz. It will also continue to expand the footprint of its home-grown concept "Shawarma Al Muhalhel". Furthermore, the Company is expecting to expedite the expansion of its store network for existing brands like Cinnabon, Mamma Bunz, Crepe Affaire, and Shawarma Al Muhalhel through the sub-franchise model. Alhokair has already signed 4 sub-franchise agreements for Cinnabon, with a 38-store commitment and a roll-out plan to reach 150 stores in 5 years.

In line with its diversification strategy and its aim to add unique brands to the existing portfolio, management is looking to onboard various casual dining concepts, through franchising, acquisition and developing home-grown concepts during FY22.

3.4 Ecommerce

Alhokair's aim is to continue strengthening its ecommerce presence and operating structure, while introducing omnichannel services to consumers. The expansion will see 16 new monobrand sites in Saudi Arabia including Decathlon, Alo Yoga, LC Waikiki, and Uterque. Furthermore, the Company plans to expand its digital footprint internationally by launching 15 new monobrand sites including Massimo Dutti in Georgia and Armenia, and Mango and Aldo across the CIS region and Egypt. Vogacloset will continue to grow brand presence from initial launch of 22 to a targeted 39 brands in Saudi. Additionally, Alhokair is looking at exploring the opportunity to integrate Alhokair franchise brands onto the Vogacloset platform in international territories.

3.5 Others

- **Share Service Center:** As part of its operational excellence initiatives, Alhokair has finalized the selection of partners for the Shared Service Centre (SSC) and the project is expected to launch by Q3 FY22.

The scope is split into three main categories: Offshore Outsourcing, Offshore Hosting, Local Outsourcing and will cover various functions from IT to Human Capital and Finance. The Company expects annualized cost savings of SAR 10 million starting FY23.

Partnering with specialized players will allow the Company to leverage its expertise to increase the efficiency of current operations and reduce headcount through process optimization and manual tasks automation. This will also allow Alhokair's team to focus on strategic initiatives by outsourcing transactional work.

4. Financial performance

4.1 Financial highlights for the last five years

Consolidated Balance Sheet					
(000 Saudi Riyal)	As at March 31				
	2021	2020	2019	2018	2017
Cash and cash equivalents	467,592	686,456	516,394	330,635	364,831
Inventories	1,257,229	1,655,553	1,927,502	1,774,117	1,734,793
Prepaid expenses and other receivables	593,425	713,780	1,110,113	1,168,944	1,191,758
Total current assets	2,318,246	3,055,789	3,554,009	3,273,696	3,291,382
Equity investments in companies	304,623	235,430	452,059	313,426	276,749
Due from the exclusion of its subsidiaries	-	75,000	75,000	225,000	280,000
Property, equipment and investments ,net	1,327,472	1,514,310	1,752,363	2,045,787	1,903,672
Other intangible assets	4,513,172	5,137,541	873,752	877,090	887,436
Total non-current assets	6,145,267	6,962,281	3,153,174	3,461,303	3,347,857
Total assets	8,463,513	10,018,070	6,707,183	6,734,999	6,639,239
Murabaha financing and short-term loans	819,584	759,723	761,669	1,275,915	2,078,050
The current portion of Murabaha and term loans	666,142	646,748	-	-	-
Trade & other payables	1,135,539	945,335	1,350,470	1,249,308	1,113,106
Total current liabilities	1,621,265	2,351,806	2,112,139	2,525,223	3,191,156
Murabaha financing and term loans	2,304,451	2,423,747	2,100,502	1,922,121	1,229,652
End of service benefits	111,913	101,619	83,665	102,925	116,333
Accrued rents	2,974,204	3,611,204	-	-	-
Total non-current liabilities	5,390,674	6,136,570	2,184,167	2,025,046	1,345,985
capital	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Statutory reserve	-	205,816	205,816	191,342	180,993
Foreign currency translation reserve	(510,643)	(579,002)	(613,275)	(525,469)	(532,892)
Fair value reserve	-	-	161,042	-	-
Retained earnings	(1,037,813)	(112,250)	623,916	482,419	365,151
Total equity	551,544	1,614,564	2,477,499	2,248,292	2,113,252
Non-controlling interest	(99,970)	(84,870)	(66,622)	(63,562)	(11,154)
Total liabilities and equity	8,463,513	10,018,070	6,707,183	6,734,999	6,639,239

*Certain comparative figures have been reclassified to conform to the presentation in the current period

Consolidated Income Statement					
(000 Saudi Riyals)	Fiscal year ended March 31				
	2021	2020	2019	2018	2017
Revenue	4,232,513	5,341,789	5,425,803	6,116,517	6,691,660
Cost of revenue	(4,321,030)	(4,933,944)	(4,341,306)	(4,901,897)	(5,174,586)
Gross profit	(88,517)	407,845	1,084,497	1,214,620	1,517,074
Operating expenses	(851,642)	(757,582)	(766,035)	(912,914)	(924,284)
Operating profit	(940,159)	(349,737)	318,462	301,706	592,790
A share of the profits of associated companies	(20,213)	(49,471)	(18,003)	0	(8,957)
Finance charges	(354,956)	(451,512)	(200,938)	(180,808)	(167,089)
Other revenue, net	251,156	217,209	93,847	12,221	76,599
Loss from discontinued operations after deduction of tax	0	0	0	(1,054)	(42,733)
Profit before zakat	(1,064,172)	(633,511)	193,368	132,065	450,610
Zakat and taxes	(46,083)	(47,642)	(55,318)	(42,762)	(30,744)
Profit before Non-controlling interests	(1,110,255)	(681,153)	138,050	89,303	419,866
Non-controlling interests	17,873	24,896	6,698	14,186	5,496
Net profit	(1,092,382)	(656,257)	144,748	103,489	425,362

*Certain comparative figures have been reclassified to conform to the presentation in the current period

4.2 Comparing activity results with the previous year

Consolidated income statement				
(000 Saudi Riyals)	Fiscal year ended March 31			
	2021	2020	the change	Percentage of change
Revenue	4,232,513	5,341,789	(1,109,276)	-20.77%
Cost of revenue	(4,321,030)	(4,933,944)	(612,914)	-12.42%
Gross profit	(88,517)	407,845	(496,362)	-121.70%
Operating expenses	(851,642)	(757,582)	94,060	12.42%
Operating profit	(940,159)	(349,737)	(590,422)	-168.82%
A share of the profits of associated companies	(20,213)	(49,471)	29,258	59.14%
Finance charges	(354,956)	(451,512)	(96,556)	-21.39%
Other revenue, net	251,156	217,209	33,947	15.63%
Profit before zakat	(1,064,172)	(633,511)	(430,661)	67.98%
Zakat and taxes	(46,083)	(47,642)	(1,559)	-03.27%
Profit before Non-controlling interests	(1,110,255)	(681,153)	(429,102)	-63.00%
Non-controlling interests	17,873	24,896	(7,023)	-28.21%
Net profit / loss	(1,092,382)	(656,257)	(436,125)	-66.46%
Earnings per share (in Saudi Riyals)				
From profit from business	(4.48)	(1.67)	(2.81)	-168.82%
Of net profit	(5.20)	(3.13)	(2.08)	-66.46%

4.3 Analysis of financial results and deviations

The company's revenues decreased by 20.8% to record 4,233 million Saudi riyals during the fiscal year 2021, compared to 5,341 million Saudi riyals during the fiscal year 2020. This decrease is due to the emerging of Corona Virus (Covid 19) pandemic and the precautionary measures related to it.

The company has closed all of its stores in the Kingdom starting from March 16, 2020 until April 26, 2020, based on the Saudi government directives to protect citizens and residents in order to contain the spread of the Corona virus. The closure included a number of countries in which the company owns stores and operates directly as well. These temporary closures resulted in incurred losses of 1,200 million Saudi riyals of sales during the first quarter of the fiscal year 2021.

After the end of the curfew period enacted by the government to contain the spread of the virus, there were other precautionary measures imposed that lead to a decrease in the number of visitors to malls during the fiscal year 2021 comparing to 2020. It is worth noting that the company has begun to witness a gradual recovery in the number of visitors and visitors to its network of shops and stores, especially in the Saudi market, as a result of the government's great efforts to intensify vaccination campaigns with the anti-Coronavirus vaccine. The company witnessed a 4.5% increase in the total revenues achieved during the second half of the fiscal year 2021 compared to the same periods in the fiscal year 2020, supported by the gradual recovery in the retail sector in the Kingdom, the growth of

sales of electronic platforms via the Internet and the aggregation of the results of the food and beverage sector after Alhokair acquired the Innovative Union Company Limited at the end of the last quarter of the fiscal year 2020.

- The achieved retail sector revenues in the Saudi market amounted to 3,341 million Saudi riyals in the fiscal year 2021, compared to 4,325 million Saudi riyals in the fiscal year 2020, which represents an annual decline of 23% compared to the previous year, and this reflects the impact of the closure of related stores due to the pandemic of the emerging Corona Virus (Covid-19).
- The achieved revenues of the food and beverage sector amounted to 340 million Saudi riyals during the fiscal year 2021, compared to 53 million Saudi riyals in the fiscal year 2020, as the result of the food and beverage sector were compiled starting from the end of the last quarter of the fiscal year 2020 (Innovative Union Company Limited). It is worth noting that despite the opening of shopping centers, the food and beverage sector is still operating with a limited capacity within cafes and restaurants.
- The company's revenues from international operations amounts to 551 million Saudi riyals during the fiscal year 2021 compared to 963 million Saudi riyals in the fiscal year 2020, which represents an annual decline of 43% compared to the previous year, as this reflects the negative impact of the emerging Corona Virus (Covid 19) pandemic. In addition to the effect of re-closing its related stores due to the spread of the second wave of the virus in some countries in which the company conducts commercial activities during the year.
- The online sales conducted through the electronic platforms amounted to 218 million Saudi riyals during the fiscal year 2021, compared to 43 million Saudi riyals in the fiscal year 2020, and this represents an annual growth rate of 408%.
- The Revenues on a like-for-like basis decreased at an annual rate of 21% during the fiscal year 2021.

The company's net loss amounted to 1,110 million Saudi riyals during the fiscal year 2021 compared to a net loss of 681 million Saudi riyals during the fiscal year 2020, which represents an increase in losses by 63%, while the loss per share of the net loss amounted to 5.2 Saudi riyals per share for the fiscal year 2021 compared to 3.13 Saudi riyals loss per share in the fiscal year 2020. The reasons behind the company's losses during the current year are the following:

- Revenues were negatively impacted due to the emerging of Corona Virus (Covid 19) pandemic and the subsequent precautionary measures that led the company to the company closure to all of its stores inside the Kingdom from March 16, 2020 AD to April 26, 2020 AD, based on the directives of the Saudi government to protect citizens and residents in order to contain the spread of the Corona virus. The closure included a number of countries in which the company owns stores and operates directly, in addition to the decrease in the number of visitors to commercial centers in general during the fiscal year 2021.
- Recording of exceptional costs, including provisions to write off inventory shrinkage, during the fiscal year 2021 amounting to 461 million Saudi riyals.

4.4 Analyzing the company's revenue and its subsidiaries

The company has achieved total revenues during the year amounted to 4,233 million riyals, of which revenues amounting to 3,682 million riyals from its activities within the Kingdom, while its subsidiaries outside the Kingdom achieved the equivalent of 551 million riyals. The following table shows the revenues from each subsidiary in detail:

The company	Total sales (million riyals)	The percentage of sales
Fawaz Abdul Aziz Al-Hokair & Co.	711	16.79 %
Al Wahida Equipment Ltd.	1,474	34.82%
Haifa Badi Al-Qalam & Partners International Trading	134	3.17%
Saudi Retail Limited	60	1.42 %
Wahba Trading Ltd.	163	3.85 %
Unique Technology Co.	183	4.32 %
NESK for Commercial Projects	617	14.58%
Food and beverage sector	340	8.03%
Companies outside KSA	551	13.02 %
Total	4,233	100%

5. Accounting standards

The company has fully completed its transformation from the preparation of the consolidated financial statements by the accounting standards issued by the Saudi Organization for Certified Public Accountants to the international accounting standards.

6. Subsidiaries and their subsidiaries

The Company's name	The capital of the company Saudi riyal	Place of incorporation and activity	Activity	Ownership % for March 2021	Ownership %for March 2020
Haifa Badi Al-Qalam & Partners International Co. for Trade and its subsidiaries (1) (2)	500,000	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Al Wuheida Equipment Company Limited and its subsidiaries (1) (3)	1,000,000	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Saudi Retail Company Limited (1)	500,000	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Wahba Trading Company Limited and its subsidiaries 1-4	500,000	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Unique Technology Corporation	50,000	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Retail Package Kazakhstan (5)	3,436	Kazakhstan	Wholesale and retail trade	100%	100%
Egypt Retail Group	2,055,400	Egypt	Wholesale and retail trade	98%	98%
Jordan Retail Group and its subsidiaries	1,895,314	Jordan	Wholesale and retail trade	95%	95%
Company NESK for commercial projects	1,000,000	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Innovative union company (IUC)	100,000	Kingdom of Saudi Arabia	Wholesale and retail trade	100%	100%
Food Gate Company	100,000	Kingdom of Saudi Arabia	Wholesale and retail trade	70%	70%
Azal Restaurants Company	100,000	Kingdom of Saudi Arabia	Wholesale and retail trade	65%	65%
The first pizza company	100,000	Kingdom of Saudi Arabia	Wholesale and retail trade	51%	51%

(1) Investments in Haifa Badi Al-Qalam and its international trading companies, Al-Waheed Equipment Co., Ltd., and the Saudi Retail Company Ltd., and Wahba Trading Co., Ltd. are 95% owned by the company directly and 5% are mutually owned.

(2) Haifa Badi Al-Qalam and its global trading partners own directly and indirectly some subsidiaries operating in Georgia, Armenia, the United States of America, Morocco, the United Arab Emirates, the United Kingdom and the Balkans, in addition to other stagnant and inactive subsidiaries in the United Arab Emirates and the British Virgin Islands.

(3) Al Wahidah Equipment Company Limited owns directly and indirectly the subsidiary companies operating in Azerbaijan and the United Arab Emirates (the "INC" sign) in addition to other stagnant and inactive subsidiaries in the United Arab Emirates.

(4) Wahba Trading Company Limited owns directly and indirectly some stagnant subsidiary companies that are suspended in the Kingdom of Saudi Arabia and the United Arab Emirates.

(5) The Kazakhstan Group represents three facilities: the Kazakhstan Retail Management Company, the Kazakhstan Fashion Trading Company, and the Kazakhstan International Fashion Company.

7. Shares and debt instruments issued by subsidiaries

There are no stocks and debt instruments issued by the subsidiary companies.

8. Dividend policy

The general policy of distributing the company's annual net profits after deducting all general expenses and other costs is according to what is included in its articles of association as follows:

(A) avoids (10%) of the net profits to form the company's statutory reserve, and the ordinary general assembly may decide to discontinue such retirement when the said reserve reaches (30%) of the paid-up capital.

(B) The Ordinary General Assembly, based on the proposal of the Board of Directors, to avoid a percentage of the net profits to form an agreement reserve set aside to support the financial position of the company.

(C) The Ordinary General Assembly may decide to form other reserves to the extent that it achieves the company's interest or ensures the distribution of fixed profits as much as possible to the shareholders, and the aforementioned association may also deduct from the net profits sums to establish social institutions for the company's employees or to help the existing ones from these institutions.

(D) A percentage representing (5%) of the paid-up capital of the company may then be distributed to the shareholders.

(C) Subject to the provisions stipulated in Article Twenty One of the Company's Articles of Association and the seventy-sixth Article of the Companies Law, a percentage of no more than (5%) of the remainder shall be allocated as a reward to the members of the Board of Directors provided that the entitlement to this bonus is proportional to the number of sessions that Every member attends it.

(H) The remainder may then be distributed to the shareholders as an additional share in the profits.

The Board of Directors, after obtaining an authorization from the Ordinary General Assembly, who renews annually may distribute interim dividends to the company's shareholders on a semi-annual or quarterly basis, according to the controls of the competent authority.

8.1 Proposal to distribute the net profit for the year ended March 31, 2021

Statement	Saudi Riyal
The balance of retained earnings on March 31, 2020	(112,249,813)
Add:	
Losses for the financial year ending on 31/03/2021	(1,092,382,143)
Other comprehensive income / (loss)	(10,493,000)
Transfer from Statutory reserve	205,816,329
Acquisition of non-controlling interests in subsidiaries	(920,871)
Reclassification to Retained earnings	(27,583,292)
Deduct:	
Statutory reserve (10%)	0
Dividends proposed at the rate of ... riyals per share	0
Balance of retained earnings on March 31, 2021	(1,037,812,790)

9. A description of interests in the category of shares entitled to vote

There are no interests in the category of shares with eligibility to vote.

10. Description of interests, rights of option, and underwriting rights of members of the Board of Directors, senior executives, their spouses, and minor children in shares and debt instruments issued by the company or its subsidiaries

There are no interests, option rights, and underwriting rights belonging to any of the members of the board of directors, the company's senior executives, their spouses, and minor children in shares or debt instruments issued by the company or its subsidiaries, other than what will be mentioned to the members of the board of directors in paragraph 15.5 of the report.

11. Loans against the company and its subsidiaries and the amounts paid during the year

The Group signed a long-term Murabaha financing agreement with the National Commercial Bank as a Murabaha investment agent and a participant in Murabaha, with a facility amount of SAR 2,400 million and \$ 166,000 on March 1, 2020 AD. According to the terms of the agreement, the Murabaha facility will be for seven years. Murabaha financing is secured by order-issued bonds from the company. The payment is due in semiannual installments starting twelve months after the date of signing the agreement. The group used the full facility as on March 31 2020. This financing carries a commission according to the rates prevailing between banks in London (LIBOR) plus the annual profit margin agreed upon.

The details of these loans were as follows:

The donor	Duration of the loan	The principal amount of the loan	The loan amounts that were withdrawn during the year	Settlement of loans during the year	The loan balance is on 31/3/2021
Abu Dhabi Islamic Bank	12 Months	12,017,113	-	(12,017,113)	-
The National Commercial Bank	84 months	2,983,058,081	2,449,434	-	2,985,507,515
Bank Al Etihad - Jordan	12 Months	23,367,205	-	(5,074,922)	18,292,283
Riyad Bank	12 Months	15,028,682	3,541,520	(15,028,682)	3,541,520
West trade International Ltd	12 Months	149,998,571	-	(33,305,078)	116,693,493
Total		3,183,469,652	5,990,954	(65,425,795)	3,124,034,811

12. Description of debt instruments convertible into shares

There are no debt instruments convertible into shares issued by the company.

13. Description of transfer or subscription rights

There are no transfer or subscription rights issued by the company.

14. A description of the recovered or canceled debt instruments of the company and its subsidiaries

There are no redeemed or canceled debt instruments for the company and its subsidiaries.

15. Board of Directors

15.1 Composition of the Board of Directors and classification of its members

- The Company's General Assembly, in its meeting held on Sunday 22 Shawwal 1438 AH corresponding to 16/07/2017 AD, approved the election of the members of the Board of Directors from among the candidates for the session that started from the date of the Assembly's convening on 30/06/2020 AD, as follows:

Name	Nationality	Capacity	Membership status
Dr. Abdul Majeed Abdul Aziz Al Hokair	Saudi	Chairman of Board of Directors	Non-Executive
Mr. Sultan Abdul Aziz Al Hokair	Saudi	Vice President	Non-Executive
Mr. Ajlan Abdul Rahman Al-Ajlan	Saudi	Member	Independent
Mr. Tariq Saad Al-Tuwaijri	Saudi	Member	Independent
Mr. Bandar Suleiman Al-Ghafees	Saudi	Member	Independent
Mr. Fahad Salman Al Hokair	Saudi	Member	Non-Executive
Mr. Omar Abdul Aziz Al-Mohammadi	Saudi	Member	Non-Executive
Mr. Faisal Abdullah Al-Jedaie	Saudi	Member	Executive
Mr. Eid Faleh Al Shamry*	Saudi	Member	Independent

**The Board of Directors of Fawaz Abdulaziz Alhokair Company has decided, in its session held on 24/02/1441 AH corresponding to 23/10/2019 AD, to appoint Mr. Eid Faleh Al Shamry as a Board Member (independent), provided that his membership in the Board will start as of 23/10/2019 AD.*

The Board of Directors also agreed to accept the resignation of the member of the Board of Directors, Mr. Abdul Rahman bin Rashid Al-Rashed, in its session held on 19/03/2019 AD, to be effective as of 19/03/2019 AD.

- The Company's General Assembly was held on Wednesday 22/12/1441 AH corresponding to 12/08/2020 AD and voted to elect the members of the Board of Directors from among the candidates for the current session, which starts from the date of this meeting and has a period of three years ending on 11/08/2023 AD, as follows:

	Nationality	Capacity	Membership status
Fawaz Abdul Aziz Al Hokair	Saudi	Chairman of Board of Directors	Non-Executive
Eng. Omar Abdul Aziz Al-Mohammadi	Saudi	Vice president	Non-Executive
Dr. Abdul Majeed Abdul Aziz Al Hokair	Saudi	Member	Non-Executive
Eid Faleh Al Shamry	Saudi	Member	Independent
Khaled Walid Al-Shakhshir	Saudi	Member	Independent
Abdul Majeed Abdullah Al-Basri	Saudi	Member	Non-Executive
Mansour Abdel Wahab Qazi	Saudi	Member	Independent
Basem Abdullah Al-Salloum	Saudi	Member	Independent
Ahmed Saleh Al-Sultan	Saudi	Member	Independent

- The General Assembly also approved the work of the previous Board of Directors from the date of the end of its session on 30/06/2020 AD, until the date of the Assembly's convening on 12/08/2020 AD.

15.2 Experience and academic qualifications of Board Members

Name	Qualification	Areas of expertise	Current role	Previous role
Fawaz Abdul Aziz Al Hokair	Bachelor's degree in Economics and Accounting PhD degree in Economics and Accounting Loughborough University, UK	Supervising the management of Fawaz Abdul Aziz Al Hokair & Partners Real Estate Company Chairman of the Board of Directors of Arabian Centres Company	Chairman of the Board of Directors of Fawaz Al Hokair Company	Chairman of the Board of Directors of Arabian Centres Company
Eng. Omar Abdul Aziz Al-Mohammadi	Bachelor's degree in Chemical Engineering and Economics	CEO - BATEC company Chief Executive Officer - Goldman Sachs Saudi Arabia Head of Investment Banking Unit in Saudi Arabia - Barclays Member of the Advisory Board of Alchemist Trading Company Executive Board Member of the Merchant Bridge Direct Investment Company Head of Middle East Unit at Dom Capital	Chief Executive Officer - FAS Company	Chief Executive Officer - BATEC Corporation, Goldman Sachs Saudi Arabia
Dr. Abdul Majeed Abdul Aziz Al Hokair	Bachelor's degree in Medicine and Surgery	Apparel, retail and food industries	Member of the Board of Directors of Fawaz Al Hokair Company	Chairman of the Board of Directors of Fawaz Al Hokair Co.
Eid Faleh Al Shamry	Bachelor's degree in Industrial Management Sciences, with honors, from King Fahd University of Petroleum and Minerals	Fellowship of the American Board of Certified Public Accountants Member of the American Association of Certified Public Accountants since 1992	Chief Executive Officer - Ithraa Finance	Deputy General Manager - Al-Seef Investment Company
Khaled Waleed Al-Shakhshir	Bachelor's degree in Mechanical Engineering and Economics Executive program for Development of Social Responsibility Strategy Executive program for Building and Developing Strategies	Loss Prevention Engineer - Aramco Executive Director and Member of the Executive Committee - Unilever Managing Partner	Executive Director of Unilever Marketing and General Management	Managing Partner, Net Business Consultancy Company
Abdul Majeed Abdullah Al Basri	Master's degree in Applied Financial Mathematics Master's degree in Economics Bachelor's degree in Finance	Head of Treasury for Fawaz Abdul Aziz Al Hokair & Partners Group Head of Treasury for Fawaz Abdul Aziz Al Hokair & Partners Group Portfolio Manager - Samba Capital	Chief Financial Officer - FAS Group	Head of Treasury at Almarai Company

		Auditor – Aldar Audit Office		
Mansour Abdel Wahab Qazi	Bachelor's degree in Finance	Corporate Finance – BMG Financial Company Director of the Financial Planning and Cash Management Department – Dallah Al Baraka Company Managing Partner of FMC and Pillars Group Company	Managing Partner of FMC and Pillars Group Company	Director of the Financial Planning and Cash Management Department – Dallah Al Baraka Company
Basem Abdullah Al- Salloum	Bachelor's degree in Languages and Translation Master's degree in Information Technology Consulting Master's degree in Executive Leadership Development Program	Deputy Governor for Media and Marketing Affairs – General Investment Authority Member of the Board of Directors of the Saudi Export Development Authority Member of the Board of Directors of Al-FALEH Sports House company- Managing Director and CEO, SURE International Technology Company	Managing Director and Chief Executive Officer, SURE International Technology Company	Member of the Board of Directors of Al-Faleh Sports House Company
Ahmed Saleh Al-Sultan	Bachelor's degree in Finance Master's degree in Management	Operations Manager NESC for Commercial Projects Company Executive Vice President for NESC Commercial Projects Company Chief Executive Officer of Thobe Al Aseel Company	Chief Executive Officer of Thobe Al Aseel Company	Executive Vice President NESC for Commercial Projects Company

15.3 Names of companies within or outside the Kingdom for which a member of the Company's Board of Directors is a member of its current and previous Boards of Directors or one of its managers.

Member name	Names of companies in which a member of the Board of Directors is a current member of the Boards of Directors or one of their managers	Inside the Kingdom/ Outside the Kingdom	Legal entity (listed shareholding/ unlisted/ limited liability)	Names of companies in which a member of the Board of Directors is a previous member of the Boards of Directors or one of their managers	Inside the Kingdom/ Outside the Kingdom	Legal entity (listed shareholding/ unlisted/ limited liability)
Fawaz Abdul Aziz Al Hokair	FAS Saudi Holding Company	Inside the Kingdom	Closed joint stock company			
	Saudi Medical Company	Inside the Kingdom	Closed joint stock company			
	Azizia Panda United Company	Inside the Kingdom	Closed joint stock company			
	Arabian Centres Company	Inside the Kingdom	Listed joint stock company			
Eng. Omar Abdul Aziz Al-Mohammadi	FAS Saudi Holding Company	Inside the Kingdom	Unlisted joint stock company	Patek Investment Company and logistical support	Inside the Kingdom	Listed joint stock company
	Citibank Group	Inside the Kingdom	Unlisted joint stock company	Al Reef Sugar Refining Company	Inside the Kingdom	Unlisted joint stock company
	Arabian Centres Company	Inside the Kingdom	Listed joint stock company	Jazan Energy and Development Company	Inside the Kingdom	Listed joint stock company
Dr. Abdul Majeed bin Abdulaziz Al Hokair	Fas Construction Company	Inside the Kingdom	Closed joint stock company			
	Saudi Medical Company	Inside the Kingdom	Unlisted joint stock company			
	Fas Construction Company	Inside the Kingdom	Limited liability			
	Abdul Majeed Abdul Aziz Al Hokair & Sons Holding Company	Inside the Kingdom	Limited liability			
Eid Faleh Al Shamry	Aldrees Petroleum Services Company	Inside the Kingdom	Listed joint stock company	Member of the Audit Committee of the French Bank	Inside the Kingdom	Listed joint stock company
	Gulf Shipping & Unloading Contracting	Inside the Kingdom	Limited liability	Alitco Company	Inside the Kingdom	Closed joint stock company
	Al Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed joint stock company	Amana Cooperative Insurance Company	Inside the Kingdom	Listed joint stock company
	Fawaz Al Hokair Company	Inside the Kingdom	Listed joint stock company	Al Saif RDB Company	Inside the Kingdom	Limited liability company

	Saudi Viva Company for Commercial Services	Inside the Kingdom	Limited liability company	Development Company for Investment and Real Estate Development	Inside the Kingdom	Unlisted joint stock company
	Riyadh Technology Company	Inside the Kingdom	Limited liability company	Saudi Kidney Center Company	Inside the Kingdom	Limited liability company
	Riyadh Modern Technology Company	Inside the Kingdom	Limited liability company	Ithraa Medical Services Company	Inside the kingdom	Limited liability company
	Viva Fit Investment Company	Inside the Kingdom	Limited liability company	Ithraa Investment and Real Estate Development Company	Inside the Kingdom	Limited liability company
	Ajir Investment Company	Inside the Kingdom	Limited liability company			
	Ithraa Company for Gymsnasiums and Centers	Inside the Kingdom	Limited liability company			
Khaled Waleed Al-Shakhshir	Net Consultancy Company	Inside the Kingdom	Closed joint stock company			
	Pure Sports Company	Inside the Kingdom	Limited liability company			
	Rapid Distribution Company	Inside the Kingdom	Limited liability company			
	Food Solutions for Catering Services Company	Inside the Kingdom	Limited liability company			
Abdul Majeed Abdullah Al-Basri	None	-	-			
Mansour Abdel Wahab Qadi	Five Members Company	Inside the Kingdom	Limited liability company			
	Pillars Group Company	Inside the Kingdom	Limited liability company			
Basem Abdullah Al-Salloum	Sure International Technology Company	Inside the Kingdom	Limited liability company			
	Malath Cooperative Insurance Company	Inside the Kingdom	Public shareholding company			
	Mohammed Hussein Bin Yala & Sons Exchange Company	Inside the Kingdom	Joint company			
	National Communications and Information Technology Committee	Inside the Kingdom	National Committee			
Ahmed Saleh Al Sultan	None	-	-			

15.4 Board meetings

The elected Board of Directors held four meetings during the year to discuss issues related to the financial year ending on 31 March 2021. The following table shows the position of the members of the Board of Directors attending the Board's meetings:

Name	Session 29/06/2020	Session 17/08/2020	Session 08/12/2020	Session 30/03/2021	Total	Attendance rate
Fawaz Abdul Aziz Al Hokair	Membership not yet started	Attended	Attended	Did not attend	2	50%
Dr. Abdul Majeed Abdul Aziz Al Hokair	Attended	Attended	Attended	Attended	4	100%
Sultan Fawaz Al Hokair	Attended	Membership expired on 12/08/2020			1	25%
Ajlan Abdul Rahman Al-Ajlan	Attended	Membership expired on 12/08/2020			1	25%
Tariq Saad Al-Tuwaijri	Attended	Membership expired on 12/08/2020			1	25%
Bandar Suleiman Al-Ghafis	Attended	Membership expired on 12/08/2020			1	25%
Fahad Salman Al Hokair	Did not attend	Membership expired on 12/08/2020			-	-
Omar Abdul Aziz Al-Mohammadi	Attended	Attended	Attended	Attended	4	100%
Faisal Abdullah Al-Jedaie	Attended	Membership expired on 12/08/2020			1	25%
Eid Faleh Al Shamry	Attended	Did not attend	Attended	Attended	3	75%
Ahmed Saleh Al-Sultan	Membership not yet started	Attended	Attended	Attended	3	75%
Basem Abdullah Al-Salloum	Membership not yet started	Attended	Attended	Attended	3	75%
Khaled Waleed Al-Shakhshir	Membership not yet started	Attended	Attended	Attended	3	75%
Abdul Majeed Abdullah Al-Basri	Membership not yet started	Attended	Attended	Attended	3	75%
Mansour Abdel Wahab Qadi	Membership not yet started	Attended	Attended	Attended	3	75%

The most important deliberations, recommendations and decisions issued by the Board of Directors were as follows:

1. Discussing the Company's strategic plan for the coming years.
2. Discussing a report on the Company's stock.
3. Studying the governance policies and the proposed amendments to the Company's Articles of Association.
4. The Board of Directors' decision No. (01/2020) dated 17/08/2020 AD has been issued, approving the appointment of:
 - Fawaz Abdul Aziz Al Hokair as Chairman of the Council in its new session, which starts from 12/08/2020 to 11/08/2023.
 - Engineer Omar Abdel Aziz Al-Mohammadi as Vice-Chairman of the Council in its new term, which starts from 12/08/2020 AD to 11/08/2023 AD.
 - Members of the Nomination and Remuneration Committee. (Khalid Al-Shakhshir as Chairman, Omar Al-Mohammadi as a Member and Abdul Majeed Al-Basri as a Member)
 - Members of the Executive Committee. (Omar Al-Mohammadi as Chairman, Dr. Abdul Majeed Al Hokair as a Member, Abdul Majeed Al-Basri as a Member, Marwan Moukarzel as a Member)
 - Haroun Saafan Al-Mutairi as Secretary of the Board of Directors.
5. Decision of the Board of Directors No. (02/2020) dated 17/08/2020 AD approving the appointment of representatives of the Company to the Capital Market Authority, who are:
 - Abdul Majeed Abdullah Al-Basri – Member of the Board of Directors.
 - Abdul Rahman Nasser Al-Nujaim – Director of Legal Affairs in the Company.
6. Approving the Company's final accounts for the period ending on 31/3/2020 AD and approving the Auditor's Report for the year ending on 31/3/2020 AD.
7. Studying the effects of the Covid-19 pandemic on the Company's business and issuing the necessary recommendations.
8. Discussing a report submitted by the Chairman of the Audit Committee on behalf of Protiviti Company concerning the Internal Audit Department.
9. Approval of the report of the Board of Directors for the fiscal year ending on 31/3/2020 AD.
10. Reviewing and discussing the performance and results of the Company and discussing the necessary recommendations and directives.
11. Approval of the Audit Committee's decision to appoint the chartered accountant KPMG and provide recommendations to the General Assembly for approval.
12. Work to raise the efficiency of employees and attract highly qualified workers, especially at points of sales in stores.
13. Monitoring the performance of stores periodically to identify underperforming candidates for closure or conversion to another more profitable brand.
14. Working on developing appropriate policies and mechanisms to avoid embezzlement and theft of goods inside stores.
15. Working to reduce warehouse costs and improve logistics operations.
16. Reviewing the amendment of the paragraphs of the Corporate Governance Guide and policies in line with the Saudi Companies Law, the rules for offering securities and continuing

obligations, and the corporate governance regulations issued by the Board of the Capital Market Authority.

17. Approval of transactions with related parties that took place during the fiscal year ending on 31/03/2021 AD. Issuing an order to present all transactions with related parties to the Company's General Assembly.

15.5 The interests and rights of the members of the Board of Directors, their wives and their minor children

Name	Number of shares at the beginning of the year	Ownership percentage at the beginning of the year	Net change in the number of shares during the year	Percentage change during the year	Total number of shares at the end of the year	Ownership percentage at the end of the year
Fawaz Abdul Aziz Al Hokair	13,000,000	6.19%	-	-	13,000,000	6.19%
Dr. Abdul Majeed Abdul Aziz Al Hokair	14,700,000	7%	-	-	14,700,000	7%
Eid Faleh Al Shamry	-	-	-	-	Not found	-
Omar Abdul Aziz Al-Mohammadi	-	-	-	-	Not found	-
Ahmed Saleh Al-Sultan	-	-	-	-	Not found	-
Basem Abdullah Al-Salloum	-	-	-	-	Not found	-
Khaled Waleed Al-Shakhshir	-	-	-	-	Not found	-
Abdul Majeed Abdullah Al-Basri	-	-	-	-	Not found	-
Mansour Abdel Wahab Qadi	-	-	-	-	Not found	-

There are no other interests other than those that have been included in the previous table, nor selection rights nor subscription rights belonging to any of the members of the Board of Directors, their spouses or minor children in the shares or debt instruments of the Company or any of its subsidiaries.

15.6 Board of Directors' actions to inform its members of shareholders' proposals

The Board of Directors provides all members, especially non-executives, with legal documents, financial reports, activity follow-up reports, future expansion studies, and Board reports, as well as rules, procedures, policies, and internal regulations that enable them to carry out their duties and tasks adequately, including being aware of the shareholders' proposals and comments regarding the Company and its performance. This is in addition to creating a mechanism for the Shareholder Affairs Department to deal with proposals and observations received from shareholders.

15.7 Means of the Board of Directors to evaluate its performance and the performance of its committees and members

The Board of Directors relied on the procedures set out in the Board's work regulations and the work regulations of the sub-committees to evaluate the annual performance of the members of the Board

of Directors and members of the committees. This further included self-evaluation procedures for members of the Board and the performance of its committees.

15.8 Board Committees

The Company's Board of Directors has three sub-committees: The Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee. The following is a description of these committees.

15.8.1 Audit Committee

The Company's Audit Committee was formed in accordance with the regulations approved by the General Assembly on 23/06/2007 AD. On Shawwal 22, 1438 AH, corresponding to 16/07/2017 AD, the Company's General Assembly approved the formation of the Audit Committee for a period of three years, starting from the date of the first meeting.

Members	Nationality	Membership status	Membership category
Eng. Omar Abdul Aziz Al-Mohammadi	Saudi	President	Independent
Eid Faleh Al Shamry	Saudi	President	Independent
Dr. Suleiman Abdullah Al-Sukran	Saudi	Member	Independent
Dr. Saad Ibrahim Al-Mushawah*	Saudi	Member	Independent

* The Board of Directors, in its session approved the appointment of Mr. Saad Ibrahim Al-Mushawah as a member of the Audit Committee on 23/10/2019 AD until the end of the current session of the Board of Directors on 30/06/2020 AD.

In the meeting of the Ordinary General Assembly held on 12/08/2020 AD, the formation of the Audit Committee was approved for a period of three years, starting from the date of the first meeting, with the following members:

Members	Nationality	Membership status	Membership category
Eid Faleh Al Shamry	Saudi	Chairman	Independent
Dr. Suleiman Abdullah Al-Sukran	Saudi	Member	Independent
Dr. Saad Ibrahim Al-Mushawah	Saudi	Member	Independent

15.8.1.1 Experience and qualifications of the members of the Audit Committee

Name	Qualifications	Areas of expertise	Current role	Previous role
Eid Faleh Al Shamry	Bachelor's degree in Industrial Management Sciences, with honors, from King Fahd University of Petroleum and Minerals	Fellowship of the American Board of Certified Public Accountants Member of the American Association of Certified Public Accountants since 1992	Chief Executive Officer – Ithraa Finance	Deputy General Manager – Al-Seef Investment Company
Dr. Suleiman Abdullah Al-Sukran	Bachelor of Science in Industrial Management Master's degree in Administrative Sciences	Associate Professor of Finance, Department of Finance and Economics, College of Industrial	Associate Professor of Finance, Department of Finance and Economics, College	Secretary General of the University Higher

Name	Qualifications	Areas of expertise	Current role	Previous role
	PhD	Management, King Fahd University Secretary General of the University Higher Education Fund	of Industrial Management, King Fahd University	Education Fund
Saad Ibrahim Al-Mushawah	Bachelor of Science in Industrial Management	Financial Analysis Project Manager Chief Executive Officer	CEO of Gulf Union Food Company	Credit Team Leader Industrial Development Fund

The Audit Committee, originating from the Board of Directors, supports the establishment of best practices in the field of governance and contributes to the strengthening and independence of internal and external auditors. It shall focus on any observations made to auditors and ensure that they are dealt with seriously and works to follow up on their correction in order to provide a continuous evaluation of the internal control system and its effectiveness. This is within the objectives of the Board of Directors to obtain reasonable assurance about the integrity of the design and the effectiveness of the application of the internal control system. The Audit Committee is responsible for monitoring the Company's business and verifying the integrity of its reports, financial statements and internal control systems. To this end, it has the right to review the Company's records and documents and to request any clarification or statement from the members of the Board of Directors or the Executive Management. The main duties of the members of the Internal Audit Committee are as follows:

At the level of financial reports:

- Studying the Company's interim and annual financial statements before presenting them to the Board of Directors and expressing its opinion and recommendation to ensure its integrity, fairness and transparency.
- Expressing a technical opinion - at the request of the Board of Directors - that the report of the Board of Directors and the Company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
- Reviewing any important or unfamiliar issues contained in the financial reports.
- Carefully researching any issues raised by the Company's financial manager, or whoever undertakes his duties, as well as by the Company's compliance officer or the auditor.
- Verifying accounting estimates in the material issues contained in the financial reports.
- Reviewing the accounting policies followed by the Company and providing recommendations to the Board of Directors in this regard.

At the internal audit level:

- Reviewing the Company's internal and financial control and risk management systems.
- Reviewing internal audit reports and following up on the implementation of corrective actions for the notes contained therein.
- Monitoring and supervising the performance and activities of the internal auditor and the internal audit department of the Company to verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to them.
- Recommending the appointment of the Director of the Internal Audit Unit or Department, or the Internal Auditor to the Board of Directors and suggesting his remuneration.

At auditor level:

- Providing recommendations 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 their contract.
- Verifying the auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking into account the relevant rules and standards.
- Reviewing the auditor's plan and works and verifying that he did not submit technical or administrative works outside the scope of the audit work, and expressing its views in this regard.
- Answer the auditor's inquiries.
- Reviewing the auditor's report and notes on the financial statements and following up on actions taken in this regard.

At the level of compliance:

- Reviewing the results of the report of the regulatory authorities and verifying that the Company has taken the necessary measures in this regard.
- Verifying the Company's compliance with the relevant laws, regulations, policies and instructions.
- Reviewing the contracts and transactions proposed to be conducted by the Company with the related parties and presenting its views in this regard to the Board of Directors.
- Submitting the issues it deems necessary to take action on to the Board of Directors and expressing its recommendations in this regard.

During the year, the Committee held nine meetings. The committee members' attendance of the meetings were as follows:

Members	Eid Faleh Al Shamry	Dr. Suleiman Abdullah Al-Sukran	Saad Ibrahim Al-Mushawah
20/04/2020	Attended	Attended	Attended
21/05/2020	Attended	Attended	Attended
11/06/2020	Attended	Attended	Attended
30/06/2020	Attended	Attended	Attended
24/08/2020	Attended	Attended	Attended
07/10/2020	Attended	Attended	Attended
08/11/2020	Attended	Attended	Attended
01/02/2021	Attended	Attended	Attended
16/02/2021	Attended	Attended	Attended
Number of sessions	9	9	9

The Committee's activities during the meetings were as follows:

1. Reviewing the annual and quarterly financial statements of the Company and making recommendations to the Board of Directors for approval.
2. Reviewing and approving the annual report of the Audit Committee for the fiscal year ending on 31/03/2020 AD.
3. Assessing the impact of the Covid-19 pandemic on the Company's business, the main procedures and the business continuity plan to mitigate the effects of the pandemic.

4. Meeting with each of the Company's external and internal auditors and ensuring that the Company's management has made available to them all the data and information required to perform their work.
5. Improving the Company's governance framework and internal control system.
6. Follow up with the Board of Directors and Executive Management to ensure the implementation of key issues such as:
 - Recommending the appointment of external auditors.
 - Preparing a regional team to perform the internal audit.
 - The Company's risk management system.
7. Engage management to enhance policies, procedures, controls and governance around:
 - Trade Inventory, Inventory Allocation, and Auditing Inventory.
 - A detailed review of the stocks of companies inside and outside the Kingdom to ensure a thorough understanding and appropriate planning.
 - Analysis of the provisions and ages of the assets.
 - Key forecasts from inventory data.
8. Reviewing and approving the annual plan of the Internal Audit Department.
9. Updating the structure of the Finance Department and integrating the NESC Commercial Enterprises team.
10. Reviewing the annual report of the internal audit and following up on the implementation of the notes and recommendations of the internal audit.
11. Reviewing the full contents of the final report of Protiviti Company to evaluate the performance of the internal audit department.

15.8.1.2 Audit Committee Recommendations

Recommending the appointment of external auditors.

- There is no recommendation for the Audit Committee regarding the appointment of an internal auditor in the Company, as the Company has an existing Internal Audit Department.
- There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, and the Board has taken all the recommendations of the Committee regarding the appointment of the Company's auditor.

15.8.2 Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee is formed in accordance with the regulations approved by the General Assembly on 23/06/2007 AD, and the Board of Directors decided in its meeting on 17/07/2017 AD, and in light of the approval of the Company's General Assembly in its session held on 16/07/2017 AD, to elect the members of the Board of Directors. The committee is composed of the following members:

Members	Nationality	Membership status	Membership category
Ajlan Abdul Rahman Al-Ajlan	Saudi	Chairman	Independent
Sultan Fawaz Al Hokair	Saudi	Member	Non-Executive
Jamil Al-Asmari	Saudi	Member	Executive

In the meeting of the Board of Directors on 17/08/2020 AD, the Board approved the appointment of the members of the Nomination and Remuneration Committee, as follows:

Members	Nationality	Membership status	Membership category
Khaled Walid Al-Shakhshir	Saudi	Chairman	Independent
Omar Abdul Aziz Al-Mohammadi	Saudi	Member	Non-Executive
Abdul Majeed Abdullah Al-Basri	Saudi	Member	Non-Executive

15.8.2.1 Experience and qualifications of the members of the Nomination and Remuneration Committee

Name	Qualifications	Areas of expertise	Current role	Previous role
Khaled Walid Al-Shakhshir	Bachelor's degree in Mechanical Engineering and Economics Executive Program in Development of Social Responsibility Strategy Executive Program in Building and Developing Strategies	Loss Prevention Engineer – Aramco Executive Director and Member of the Executive Committee – Unilever Managing Partner, Net Business Consultation Company	Executive Director of Unilever Marketing and General Management	Managing Partner, Net Business Consultation Company
Eng. Omar Abdul Aziz Al-Mohammadi	Bachelor's degree in Chemical Engineering and Economics	Chief Executive Officer – BATEC Company Chief Executive Officer - Goldman Sachs Saudi Arabia Head of Investment Banking Unit in Saudi Arabia – Barclays Member of the Advisory Board of Alchemist Trading Company Executive Board Member of the Merchant Bridge Direct Investment Company Head of Middle East Unit at Dom Capital	Chief Executive Officer – FAS Company	Chief Executive Officer – BATEC Corporation
Abdul Majeed Abdullah Al-Basri	Master's degree in Applied Financial Mathematics Master's degree in Economics Bachelor's degree in Finance	Head of Treasury for Fawaz Abdul Aziz Al Hokair & Partners Group Head of Treasury for Fawaz Abdul Aziz Al Hokair & Partners Group Portfolio Manager – Samba Capital Auditor – Aldar Audit Office	Head of Treasury for Almarai Group Fez	Head of Treasury for Fawaz Abdul Aziz Al Hokair & Partners Group Almarai

The main task of the Nomination and Remuneration Committee is to identify qualified individuals and candidates to be members of the Board of Directors who meet the necessary requirements for membership, as well as to assist the Board of Directors in establishing a sound system and building the necessary policies and procedures in this regard.

- Recommending nominations to the Board of Directors for membership of the Board in accordance with the approved policies and standards, and to ensure that no individual that has ever been convicted of a crime against honor and integrity is nominated.
- Annual review of the required and appropriate skills for membership of the Board of Directors and preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that a member must devote to the work of the Board of Directors.
- Reviewing the structure of the Board of Directors and making recommendations regarding any potential changes.

- Identification of weaknesses and strengths within the Board of Directors and developing proposals to address them in line with the Company's interests.
- Ensuring, 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.
- Establishing clear policies for the compensation and rewards of the members of the Board of Directors and Senior Executives, taking into account the use of standards related to performance.

During the past year, from 01/04/2020 AD to 31/03/2021 AD, the Committee held two meetings, during which the following activities were discussed:

- 1- The development of a mechanism for calculating remuneration and attendance allowance for members of committees emanating from the Board of Directors.
- 2- The disbursement of incentives and rewards to the Company's senior executives.
- 3- The names of the candidates for membership in the Company's Board of Directors for the new term in accordance with the terms and conditions.
- 4- The names of the candidates for the Audit Committee.

The Committee's attendance is shown in the following table:

Members	Meeting 28/07/2020	Meeting 29/07/2020	Attendance rate
Ajlan Abdul Rahman Al-Ajlan	Attended	Attended	100%
Sultan Fawaz Al Hokair	Attended	Attended	100%
Jamil Al-Asmari	Attended	Attended	100%
Khaled Walid Al-Shakhshir	Membership started on 17/08/2020		
Omar Abdul Aziz Al-Mohammadi	Membership started on 17/08/2020		
Abdul Majeed Abdullah Al-Basri	Membership started on 17/08/2020		

15.8.3 Executive Committee

In the Board of Directors meeting on 17/08/2020 AD, the Board approved Resolution No. (01/2020), which includes the appointment of the Executive Committee as follows:

Members	Nationality	Membership status	Membership category
Omar Abdul Aziz Al-Mohammadi	Saudi	Chairman	Non-Executive
Dr. Abdul Majeed Abdul Aziz Al Hokair	Saudi	Member	Non-Executive
Marwan Aziz Moukarzel	Lebanon	Member	Executive
Abdul Majeed Abdullah Al-Basri	Saudi	Member	Non-Executive

During the past year (01/04/2020 AD to 31/03/2021 AD) the Committee held 10 meetings, during which the following were discussed:

1. The proposal to add a pharmacy business into the Company's activities.
2. The US administration agreement (Billy Bees).
3. The business model of the Vogacloset stock purchase agreement and Vogacloset's external communication strategy.
4. The 2021/2022 budget.

The attendance was as shown in the following table:

Members	Dr. Abdul Majeed Al Hokair	Omar Abdel Aziz Al-Mohammadi	Abdul Majeed Al-Basri	Marwan Aziz Moukarzel
02/09/2020	Attended	Attended	Attended	Attended
29/10/2020	Attended	Did not attend	Attended	Attended
15/11/2020	Attended	Did not attend	Attended	Attended
07/12/2020	Attended	Did not attend	Attended	Attended
27/12/2020	Attended	Did not attend	Attended	Attended
01/01/2021	Attended	Attended	Attended	Attended
14/01/2021	Attended	Attended	Attended	Attended
22/02/2021	Did not attend	Attended	Attended	Attended
28/02/2021	Attended	Attended	Attended	Attended
22/03/2021	Attended	Did not attend	Attended	Attended
Number of sessions	9	5	10	10

15.8.3.1 Experience and qualifications of the members of the Executive Committee

Name	Qualifications	Areas of expertise	Current role	Previous role
Eng. Omar Abdul Aziz Al-Mohammedi	Bachelor's degree in Chemical Engineering and Economics	Chief Executive Officer – BATEC Company Chief Executive Officer – Goldman Sachs Saudi Arabia Head of Investment Banking Unit in Saudi Arabia – Barclays Member of the Advisory Board of Alchemist Trading Company Executive Board Member of the Merchant Bridge Direct Investment Company Head of Middle East Unit at Dom Capital	Chief Executive Officer – FAS Company	Chief Executive Officer – BATEC Corporation
Dr. Abdul Majeed Abdul Aziz Al Hokair	Bachelor's degree in Medicine and Surgery	Apparel, retail and food industries	Member of the Board of Directors of Fawaz Al Hokair Company	Chairman of the Board of Directors of Fawaz Al Hokair Co.
Marwan Aziz Moukarzel	Master of Business Administration	15 years of experience in retail sales	Chief Executive Officer	Director General
Abdul Majeed Abdullah Al Basri	Master's degree in Applied Financial Mathematics Master's degree in Economics Bachelor's degree in Finance	Head of Treasury for Fawaz Abdul Aziz Al Hokair & Partners Group Head of Treasury for Fawaz Abdul Aziz Al Hokair & Partners Group Portfolio Manager – Samba Capital Auditor – Aldar Audit Office	Head of Finance in FAS	Head of Treasury for Fawaz Abdul Aziz Al Hokair & Partners Group

15.8.4 Governance

In order to adhere to the best practices of governance that ensure the protection of the rights of shareholders and the rights of stakeholders, and in conjunction with the issuance of the Capital Market Authority Board Resolution No. (3-40-2012) dated 17/2/1434 AH corresponding to 30/12/2012 AD obligating Article 10, paragraph (c) of the Corporate Governance Regulations for establishing a corporate governance system for each company, that started from 30/6/2013 AD, and in light of the report of the consulting office “Deloitte-Bakr Abu al-Khair and Partners,” which the Company entrusted during the year ending in 31/03/2012 AD, to assess the position of applying corporate governance in the Company, the Board of Directors recommended the formation of the Governance Committee. In light of the Board of Directors’ decision No. 2/2013 and dated 14/7/2013 AD, regarding the adoption of the Company’s corporate governance system and the approval of the Company’s Ordinary General Assembly in its meeting held on Tuesday 7 Ramadan 1434 AH, corresponding to 16/07/2013 AD, on that system in accordance with Article 10 paragraph (c) of the Corporate Governance Regulations issued by the Capital Market Authority, which includes the controls of the Corporate Governance Committee, the Company has appointed “**Ibrahim Vantra**” to carry out the governance activities, provided that his responsibilities are according to the following:

- Ensure that shareholders have easy access to information and exercise all their rights stipulated in the Corporate Governance Regulations.
- Ensure that the Board of Directors report includes all data stipulated in the registration and listing rules and the Corporate Governance Regulations.
- Ensuring that the Board of Directors performs its basic functions and abides by all its responsibilities, with an emphasis on the availability of all necessary conditions for the formation of the Board and its members on a permanent basis, and not violating them.
- Ensuring that all council committees carry out their work and the roles they are entrusted with performing, with a proposal to form new committees in case the need arises.

16. Contracts in which there are interests of Board Members and senior executives

The Company is one of the companies of Fawaz Abdul Aziz Al Hokair & Partners Group (the "Group"), and it is linked to contracts with the Group companies, including lease contracts for part of the shops with the Arabian Centres Company. Accordingly, the Company obtained competitive rental values for similar market prices in proportion to the Company's business volume in the Saudi market, in addition to its privileged locations in the finest commercial centres and malls in various parts of the Kingdom, including Dhahran Mall, Khurais Plaza, Sahara Plaza Commercial Center, Al Salam Mall, Mall of Arabia, Al Nakheel Plaza Mall, Aziz Mall, Al Noor Mall and others.

In addition, there are contracts for establishing, equipping and modifying the decorations of the sales shops with Fawaz Abdulaziz Al Hokair & Partners Real Estate Company, according to which the Company was able to benefit from the Group's experience in this field to ensure implementation at a level consistent with the requirements of international commercial agencies and speed of implementation.

It is in the interest of the Company and in support of its activities to continue with these transactions while obtaining the best execution prices available in the market.

During the fiscal year ending on 31/03/2020 AD, the transactions with related parties were as follows:

- An amount of SAR 303 million, the value of rents paid in favor of Arabian Centres Company owned by FAS Holding Company, which is owned directly and indirectly by: Fawaz bin Abdulaziz Al Hokair, Salman bin Abdulaziz Al Hokair and Abdul Majeed bin Abdulaziz Al Hokair. At the end of the year there were 752 new shops rented from Arabian Centres Company, as follows:

The name of the mall	City name	The number of rented shops in the mall	Duration of the contract
Al Noor Mall	Medina	38	Five years
Aziz Mall	Jeddah	45	Five years
Al Ahsa Mall	Hofuf	22	Two years
Haifa Mall	Jeddah	34	Five years
Jouri Mall	Taif	47	Five years
Jubail Mall	Jubail	29	Five years
Khurais Plaza	Riyadh	26	Three years
Mecca Mall	Makkah	36	Five years

Arab mall	Jeddah	59	Five years
Dhahran Complex	Dammam	49	Five years
Extension of Dhahran Complex	Dammam	17	Three years
Al Nakheel Plaza	Qassim	22	Five years
Hello Mall	Jeddah	43	Three years
Hello Plaza	Riyadh	26	Five years
Salma Mall	Hail	24	Three years
Al Nakheel Mall	Riyadh	69	Five years
Tala Mall	Riyadh	24	Five years
Jasmine Mall	Jeddah	51	Five years
Al Nakheel Mall	Dammam	46	Five years
Al Hamra Mall	Riyadh	44	Five years
Bolivar Mall	Riyadh	1	Ten years
Total		752	

- Rents paid in favor of Egyptian Centres Company owned by Fawaz Abdulaziz Al-Hokair, Salman Abdulaziz Al-Hokair and Abdul Majeed Abdulaziz Al-Hokair. The total number of shops rented from Egyptian Centres Company in the Mall of Arabia owned by it in the Sixth of October City in Cairo in the Arab Republic of Egypt is 13. The duration of the transaction is one year.
- An amount of SAR 3.5 million, the value of printing and advertising costs in favor of Hagen Co., Ltd., in which Fez Holding Company

It should be noted that all these transactions were carried out according to competitive and fair prices. The balances of the related companies as on 31/03/2021 AD were as follows (the figures are rounded):

The Company's name	Balance type	Balance as at March 31, 2021 (SAR million)	Balance as at March 31, 2020 (SAR million)
Arabian Centers Company	Debit/ Credit	(90.2)	(77.1)
Food and Entertainment	Debit/ Credit	(14.1)	(24.4)
Wonderful Meals Co. Ltd	Debit/ Credit	(16.7)	(9.7)
Hagen company Ltd.	Debit/ Credit	(0.8)	(2.6)

17. Board Members' remuneration

The members of the Board of Directors were entitled to a total remuneration of SAR 1,800,000 for the financial year ending on 31/03/2021, and the remuneration will be presented in the next General Assembly for approval. The members of the Board also received allowances for attending the Board's meetings during the year, with a total amount of SAR 435,000, at SAR 15,000 per session attended as stipulated in the Articles of Association of the Company approved by the Extraordinary General Assembly in its session held on Rajab 21, 1438 AH corresponding to 18/04/2017 AD.

	Fixed rewards							Variable rewards							
	A specified amount	Allowance for attending council sessions	Total allowance for attending council sessions	In-kind benefits	Rewards for technical, administrative and the Remunerations of the Chairman, Managing Director, or Secretary, if they are members	Total	Percentage of profits	Regular rewards	Long term motivational plans	Shares Granted (Value is entered)	Total	End of service gratuity			
First: Independent Members															
1- Eid Faleh Al Shamry	200,000	60,000					260,000							260,000	
2- Khaled Waleed Al-Shakhshir	200,000	45,000					245,000							245,000	
3- Mansour Abdel-Wahhab Qazi	200,000	45,000					245,000							245,000	
4- Basem Abdullah Al-Salloum	200,000	45,000					245,000							245,000	
5- Ahmed Saleh Al-Sultan	200,000	45,000					245,000							245,000	
Total	1,000,000	240,000					1,240,000							1,240,000	
Second: Non-Executive Members															
1- Fawaz Abdul Aziz Al Hokair	200,000	30,000					230,000							230,000	
2- Dr. Abdul Majeed Abdul Aziz Al Hokair	200,000	60,000					260,000							260,000	
3- Omar Abdulaziz Al-Mohammadi	200,000	60,000					260,000							260,000	
4- Abdul Majeed Abdullah Al-Basri	200,000	45,000					245,000							245,000	
Total	800,000	195,000					995,000							995,000	
Grand total	1,800,000	435,000					2,235,000							2,235,000	

18. Remuneration of committee members

	Fixed remuneration (except for the allowance for attending sessions)	Allowance for attending sessions	Total
Audit Committee members			
1- Dr. Suleiman Abdullah Al-Sukran	100,000	90,000	190,000
2- Eid Faleh Al Shamry	100,000	90,000	190,000
3- Saad Ibrahim Al-Mushawah	100,000	90,000	190,000
Total	300,000	270,000	570,000
Members of the Remuneration and Nomination Committee			
1- Khaled Waleed Al-Shakhshir	75,000	0	75,000
2- Omar Abdul-Aziz Al-Mohammadi	75,000	0	75,000
3- Abdul Majeed Abdullah Al-Basri	75,000	0	75,000
Total	225,000	0	225,000
Members of the Executive Committee			
1- Dr. Abdul Majeed Abdul Aziz Al Hokair	75,000	45,000	120,000
2- Omar Abdul-Aziz Al-Mohammadi	75,000	25,000	100,000
3- Abdul Majeed Abdullah Al-Basri	75,000	50,000	125,000
4- Marwan Aziz Moukarzel	75,000	50,000	125,000
Total	300,000	170,000	470,000

19. Waiver of Rights to Salary, Compensation or Profits

The Company did not receive any waivers from any of the shareholders, senior executives or members of the Company's Board of Directors regarding any of their rights, whether in profits, salaries or compensation.

20. Salaries, remunerations and compensation of senior executives

The five senior executives, including the financial director and the Company's CEO, who are not members of the Board of Directors, during their tenure of their current positions throughout the fiscal year ending on 31/03/2021 AD, received salaries, bonuses and compensation amounting to SAR 11.2 million, and the following table shows a statement of these amounts:

Fixed rewards					Variable rewards					End of service gratuity	Total executive remuneration for the Board, if any	Total summation
	Payroll	Allowances	In-kind benefits	Total	Regular rewards	Earnings	Short term incentive plans	Granted Shares (Value is entered)	Total			
Chief Executive Officer	5,062,500	1,828,125		6,890,625								6,890,625
Chief Financial Officer	1,155,648	404,352		1,560,000								1,560,000
Chief Human Resources Officer	755,616	276,384		1,032,000								1,032,000
General Manager – Operations	816,000	220,000		1,036,000								1,036,000
Chief IT Officer	533,328	197,472		730,800								730,800
Total	8,323,092	2,926,333		11,249,425								11,249,425

20.1 Experience and qualifications of senior executives

Name	Qualifications	Areas of expertise	Current role	Previous role
Marwan Aziz Moukarzel	Master of Business Administration	15 years of experience in retail sales	Chief Executive Officer	Director General
Ahmed Belbeisi	CMA CFM	15 years of experience in retail sales	General Manager of Financial Affairs	General Manager of Financial Affairs
Mohammed Al-Shamry	PhD in Strategic Planning CIPS sPHRI	Human capital and institutional communications and public services	CEO – Human Capital	Executive Vice President of Human Resources and General Services
Mohammed Abbas	Master of Business Administration	20 years' experience in retail	Director General	Director general
Mohammed Al-Anzi	Master of Information Systems Management	Experience in the areas of management, technology and development	CEO – Information Technology	Manager of Information Technology

20.2 The relationship between the remuneration granted to members of the Board of Directors and Executive Management and the applicable remuneration policy, and an indication of any material deviation from this policy.

Remunerations are disbursed to members of the Board of Directors, members of the sub-committees and senior executives in accordance with the regulatory controls approved by the Board of Directors and as stipulated in the Company's Articles of Association approved by the General Assembly, as well as the remuneration policy based on the recommendation of the Remuneration and Nomination Committee.

21. Statutory Payments Due

Regular payments due (SAR million)				
Government Agency	Actual amounts paid in the fiscal year ending March 31		Balances due in the fiscal year ending March 31	
	2021	2020	2021	2020
Customs fees	190	295	-	-
Zakat and tax	46	91	-	(51.2)
General Organization for Social Insurance	28	81	-	-
Visa and passport costs	23	18	-	-
Others "Municipality fees and shop licenses"	20	13	-	-
Total	307	497	-	(51.2)

22. Zakat and income tax

Zakat position of the Company and its local subsidiaries

The Company submitted its Zakat returns to the General Authority for Zakat and Income Tax for all years up to the fiscal year ending on 31/03/2020 AD, and the Zakat certificate was received for the fiscal year ending 31/03/2020 AD. The Company obtained a final assessment for the fiscal years ending in 31/03/2008 AD to 31/03/2014 AD, and the Zakat returns are still under review by the Authority for the years ending on 31/03/2015 AD through 31/03/2019 AD.

Tax position of foreign subsidiaries

Income tax returns for subsidiaries in the United States of America have been submitted to the relevant tax authorities for the years up to the year ending 31/03/2018 AD, and income tax returns for subsidiaries in Jordan, Egypt, Kazakhstan, Morocco, Georgia, Azerbaijan and Armenia have been filed for all years up to 31/03/2017 AD. For branches of Balkan countries, income tax returns were submitted up to the year ended 31/12/2015.

Income tax returns for the above subsidiaries are subject to review by the relevant tax authorities. For subsidiaries in Kazakhstan and Egypt, an investigation by the tax authorities in previous years is under preparation. As of 31/03/2018 AD, there are no pending negative assessments related to income tax

in any of the subsidiaries. The Group has built up income tax liabilities and there are no significant fines under local jurisdictions due to the delay in filing tax returns for the above subsidiaries.

At the end of the fiscal year ending on 31/03/2021 AD, the Company formed a provision of SAR 14.1 million, in order to meet the Zakat and income tax due until the fiscal year ending on 31/03/2021 AD. The movement of the provision for Sharia Zakat and income tax during the fiscal year ending on 31/03/2021 AD is as follows:

Movement of provision for Zakat and income tax	Legal Zakat	Income tax	Total Zakat and income tax
Allocated balance on 1/4/2020	4,595,452	6,206,703	10,802,155
Allocated for the fiscal year ending on 31/03/2021	17,392,802	4,590,275	21,938,077
Paid during the fiscal year ending 31/03/2021	(7,999,484)	(9,103,747)	(17,103,231)
Transfers between group companies	-	-	-
Other discounts	(23,934,353)	-	(23,934,353)
Changes in estimates of zakat related to prior years	24,100,628	-	24,100,628
Provision balance on 31/03/2021	14,155,045	1,693,231	15,848,276

The provision for Sharia Zakat and income tax is sufficient according to the Company's management estimates for the fiscal year ending 31/03/2021 AD.

23. Investments and reserves created for the benefit of employees

There are no investments or reserves created for the benefit of employees, except for those prescribed by the labor system in the Kingdom of Saudi Arabia.

24. Acknowledgments of the Board of Directors

- That the account records are properly prepared.
- The internal control system was prepared on sound foundations and implemented effectively.
- There is no doubt about the issuer's ability to continue its activity.
- The Company's consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants.
- The Company or its subsidiaries have not issued any securities such as option shares or rights that can be converted into shares.
- There are no voting shares.
- There are no outstanding loans during the year.
- There are no loans for any of the members of the Board of Directors.
- The Company has not concluded any transaction related to its shares.
- There were no transactions in the Company's shares with any member of the Board of Directors, or any member of their families other than those mentioned previously.
- The Company has not received any waiver of rights from any shareholder in the Company.

- There are no investments or other reserves created for the benefit of the Company's employees.
- Board Members and senior executives of the Company do not have any rights or interests in the Company, except for the aforementioned transactions with related companies.

25. Penalties and fines

A fine was imposed on the Company by the Capital Market Authority during the fiscal year 2020 (the financial period from 01/04/2020 AD to 31/03/2021 AD), due to the violation of Article 61 paragraph (a) of the rules on the offering of securities and continuing obligations, and subparagraph (5) from paragraph (a) of the general instructions for companies' announcements regarding the preliminary financial results for the period ending on 30/06/2020 AD.

26. Board of Directors proposals

- Approval of the report of the Board of Directors for the fiscal year ending on 3/31/2020.
- Approval of the company's financial statements as on 3/31/2020 AD, and the company's auditor's report for the fiscal year ending on the same date.
- Approval of the Board of Directors' recommendation to pay a remuneration to members of the Board of Directors according to the company's articles of association at the rate of 200,000 riyals for each member in addition to an allowance for attending the meetings of the Board of Directors at 15,000 riyals for each session, as well as an allowance for attending the sessions of the sub-committees at the rate of 10,000 riyals for each session of the Audit Committee and 5,000 riyals for each session of the Nominations and Remunerations Committee and the Executive Committee.
- Approving the discharge of members of the Board of Directors from liability for the fiscal year ending on 3/31/2020 AD.
- Approval of the selection of the chartered accountant, who was nominated by the Audit Committee to review the financial statements for the fiscal year 2020 AD "the financial period from April 1, 2020 to March 31, 2021 AD", the quarterly financial statements and statements, and determine his fees.
- Licensing the work to be carried out through Etqaan Facilities Management Company, owned directly or indirectly by the Chairman of the Board of Directors Abdul Majeed bin Abdulaziz Al Hokair during the fiscal year ending on March 31, 2020.

27. Auditor's Report

The external auditor's report on the Company's annual financial statements on 31/03/2021 AD did not include any paragraphs to draw attention.

28. Corporate Governance and Internal Control System

28.1 Corporate Governance

28.1.1 Corporate Governance

The Company continuously works to adhere to the best practices of governance that guarantee the protection of the rights of shareholders and stakeholders, and the Company's Board of Directors has set its priorities, starting from listing the Company's shares for trading in the financial market in the fiscal year 2006-2007, establishing and implementing a corporate governance system that complies

with the requirements of the corporate governance regulations issued for the Board of the Capital Market Authority.

The Company's successive Boards of Directors have taken numerous measures and issued a number of policies in accordance with the supervisory framework and the rules of transparency and disclosure contained in the Corporate Governance Regulations issued by the Authority, which can be reviewed according to the following:

Fiscal year	Corporate governance activities
2006/2007	<p>Beginning in the fiscal year 2006/2007, the Company issued many policies, and took a number of measures in accordance with the requirements of the corporate governance regulations, the most important of which were the following:</p> <ol style="list-style-type: none"> 1. Issuing the general financial policies guide for all the Company's main business cycles and training all concerned employees on them. 2. Issuing job and professional conduct rules for the Company's employees. 3. Reorganizing the Company's Internal Audit Department in accordance with internationally recognized professional rules. 4. Conducting an introductory course on the internal control system for all financial affairs executives in the Company. 5. Preparing a financial regulation to delegate the powers and authorities to the management of the company.
2007/2008	<p>In October 2007, the Company completed the issuance of several regulations aimed at implementing the requirements of governance, as follows:</p> <ol style="list-style-type: none"> 1) The rules for forming the Audit, and Nomination and Remuneration Committees. 2) Shareholders' Rights Policy Regulations and the General Assembly. 3) A regulation of disclosure and transparency policy and procedures. 4) Bylaws of the Board of Directors. 5) Conflict of interest policy for members of the Board of Directors and shareholders.
2011/2012	<p>Evaluation of the consulting office "Deloitte – Bakr Abu al-Khair and Partners" for the position of applying corporate governance in the Company, and reviewing the quality of performance of the Company's internal audit department.</p> <ul style="list-style-type: none"> • Proceeding from the willingness of the Company's Board of Directors to abide by all the articles of the corporate governance regulations issued by the authority and to ensure the application of the best international practices of governance that guarantee the rights of shareholders and of stakeholders, the Company assigned Deloitte – Bakr Abu Al-Khair & Partners ("the Consultant") the task of evaluating the position of applying governance in the Company, the effectiveness of the arrangements adopted by the Company in this context, in accordance with the regulations and instructions issued by the authority, and the best practices adopted by the leading international bodies in the field of corporate governance, including the New York Stock Exchange and the Nasdaq Stock Exchange in the United States of America. In addition, the Consultant is tasked with reviewing the quality of performance of the Company's internal audit department, and the Consultant's report concluded that:

Fiscal year	Corporate governance activities	
	<ul style="list-style-type: none"> - The Company is highly compliant with the requirements of the corporate governance rules issued by the authority, and needs to improve a number of aspects to be consistent with the leading international practices in corporate governance. - The performance of the Company's internal audit department conforms to the general requirements of professional performance standards issued by the Institute of Internal Auditors in the United States of America, and it is considered one of the best internal audit departments in the Middle East. <p>The Chairman of the Board of the Capital Market Authority and Chief Executive Officer at the time were informed of the results of the Consultant's work in a meeting in March 2012, during which Dr. Abdul Majeed Al Hokair, Managing Director of the Company, expressed his happiness with the results reached by the Company in the field of governance applications. At the same time, Dr. Abdul Majeed Al Hokair emphasized that the Company's Board of Directors is keen to spare no effort and to move forward in developing and implementing a program for continuous improvement of the Company's governance and improving its control environment, and to be among the leading companies in the Kingdom in the field of corporate governance.</p>	
2012/2013	<p>During the fiscal year 2012/2013, the Company embarked on a full review of all work manuals, policies, regulations and procedures issued by it in the field of governance with the aim of improving all aspects highlighted by the Consultant's report. This took into account the articles of the corporate governance regulations whose mandatory decisions were issued by the Board of the Capital Market Authority during the two years ending in 2012. As a result of this effort, during the fiscal year 2012/2013, the Company issued the revised version of its governance guides and policies, which included the following:</p>	
	1. Corporate Governance Manual	5. Board of Directors' work guide
	2. Shareholders Guide	6. Conflict of interest policy for Board Members, employees, and shareholders
	3. The Code of Conduct and Professional Conduct for Company Employees	7. Insider trading policy
	4. The Company's social responsibility policy	8. Policies, standards and procedures for membership in the Board of Directors, which were approved by the Company's General Assembly in its session on 3/25/2013 AD
2013/2014	<p>In accordance with the provisions of Paragraph (C) of the Corporate Governance Regulations issued by the Authority, which stipulates setting up a "governance system for the company - in a manner that does not conflict with the provisions of this regulation - and general supervision of it, monitoring its effectiveness and amending it when needed," which was issued by the Authority's Board Resolution No. (3- 40-2012) and dated 17/2/1434 AH corresponding to 30/12/2012 AD, obligating companies whose shares are listed on the Saudi Stock Exchange (Tadawul) starting from 30/6/2013 AD.</p> <p>The Company has prepared its own governance system, including a framework, and it was approved by the Company's General Assembly in its session held on 16/7/2013 AD, which had previously been approved by the Company's Board of Directors, and a copy of it was delivered to the authority on 30/6/2013 AD. The Company's corporate governance system works as follows:</p>	

Fiscal year	Corporate governance activities	
	1) The organizational structure of corporate governance	7) The main principles of the corporate governance system
	2) Disclosure and transparency policy	8) Board of Directors' work guide
	3) Policy and procedures for membership in the Board of Directors	9) Board committees
	4) Code of work ethics and conduct	10) Policy of regulating conflict of interest
	5) Insider trading policy	11) Shareholders Guide.
	6) The Company's social contribution policy	12) Mechanisms for evaluating the effectiveness of job performance, in order to evaluate the effectiveness of the performance of each of the members of the Board of Directors and its committees on a regular basis, as one of the basic principles on which the corporate governance system is based.
2014/2015	<p>In the context of ensuring a full understanding of the requirements of its governance system, and ensuring the safety of its practices, the Company organized, during the fiscal year, a number of workshops for the Company's executive managers and members of the Board of Directors, in order to introduce the practical framework of its governance system, the extent of its agreement with the strategic visions of the Board of Directors, and ensuring its practical application in a comprehensive and accurate manner.</p> <p>The charter of functional and professional conduct for the Company's employees was also reviewed and redistributed to the employees, in addition to reviewing the financial regulations for delegating powers and authorities and distributing them to the Company's management to work with.</p>	
2015/2016	<p>Within the framework of the Company's plans to strengthen and develop mechanisms for the continuous review of its governance system, with the aim of ensuring that it keeps pace with all corporate governance provisions issued by the authority, and maintain its efficiency and effectiveness in light of all developments and developments in the Company's internal and external work environment.</p> <p>The Company contracted a strategy consultant to implement a project for the transformation and strategic rearrangement of the Company's various functions and the development of a new operating system, which includes a review of policies and</p>	

Fiscal year	Corporate governance activities
	procedures, structures of delegation of powers and authorities, and the development of the Company's governance system.
2016/2017	Completing the project of transformation and strategic rearrangement of the Company's various functions, developing the operating system, policies and procedures, delegating powers and authority structures, and developing the governance system for the Board of Directors and Executive Management. On 21/07/1438 AH corresponding to 18/04/2017 AD, the Company's articles of association were amended in accordance with the joint stock companies system model issued by Ministerial Resolution No. 18379 dated 01/06/1437 AH, in accordance with the requirements of Article 224 of the Companies Law, and approval Formation of the audit committee, its duties and controls, and the remuneration of its members.
2017/2018	The project of transformation and strategic rearrangement of the Company's various functions has been completed, and its operating system has been developed and actually implemented. The Company has also made great strides in updating its governance policies and guide to keep pace with all the amendments and developments in both the corporate system issued by Royal Decree No. M/3 dated 28/01/1437 AH, and the revised Corporate Governance Regulations issued by the Authority's Board pursuant to Resolution No. (8-16-2017) dated 16/05/1438 AH corresponding to 13/02/2017 AD, based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437 AH.
2018/2019	During the year 2018/2019, the Company reviewed its governance guide and policies in accordance with the Saudi Companies Law, the rules for offering securities and continuing obligations, and the amended corporate governance regulation issued by the decision of the Board of the Capital Market Authority No. 3-45-2018 dated 07/08/1439 AH corresponding to 23/04/2018 AD, and listing all the paragraphs that need to be updated in accordance with these amendments, and preparing them for approval and practical application.
2019/2020	<p>Approval of the amendments to the corporate governance guide and policies, and the evaluation of the consulting company Protiviti of the performance of the internal audit department.</p> <p>During the fiscal year 2019/2020, the Company approved amendments to its governance guide and policies, with regard to disclosing financial information, providing the authority and announcing to shareholders the initial and annual financial statements to comply with the Saudi Companies Law, amendments to the rules for offering securities and continuing obligations, and the corporate governance regulation issued by the Board of Directors. The Capital Market Authority and put it into practice.</p>

Fiscal year	Corporate governance activities
	<p>The consulting office, Protiviti was also contracted to review the quality of the performance of the Company's internal audit department, and the initial general evaluation resulted in "the Company's internal audit in general conforming to the standards of the Institute of Internal Auditors, with a number of opportunities for improvement in relation to compliance with some standards."</p>
2020/2021	<ul style="list-style-type: none"> • The final evaluation of the consulting office, Protiviti, of the quality of performance of the internal audit department of the Company, and the application of the proposed improvements • Proceeding from the willingness of the Company's Board of Directors to abide by all the articles of the corporate governance regulations issued by the Authority and to ensure the application of the best international practices of governance that guarantee the rights of shareholders and of stakeholders, the Company assigned Protiviti with the task of reviewing the quality of performance of the Company's internal audit department, and the final report was completed. The Consultant must identify opportunities for continuous improvement in the work of the Company's Internal Audit Department, in a way that contributes to enhancing the quality of its performance, in the following areas: <ol style="list-style-type: none"> 1. Comprehensive risk assessment and internal audit planning 2. Implementation of operations/stores audit 3. Enhancing the scope of the corporate governance audit 4. Enterprise risk assessment and risk management 5. Internal audit management 6. Team and competency level 7. Strengthening the process of planning participation and implementation 8. Internal audit reports 9. The organizational independence of the Internal Audit Department 10. The Audit Committee directed the immediate implementation of all aspects of improving the quality of the performance of the Company's Internal Audit Department, and the periodic follow-up of implementation
2021/2022 "Scheme"	<p>During the fiscal year 2021/2022, the Company aims to periodically review the Company's governance applications and practices, verify compliance with all corporate governance rules and the ongoing commitments issued by the Capital Market Authority, and follow up on the implementation of the improvements proposed by the Consultant, Protiviti, to enhance the quality of the performance of the Internal Audit Department. The Company further aims to ensure the achievement of further compliance with the professional framework for performing internal audit tasks issued</p>

Fiscal year	Corporate governance activities
	by the International Institute of Internal Auditors, and continuously follow-up of any future amendments to the relevant laws and regulations issued by legal authorities, especially those that may require amending the Company's governance guide and policy for compliance, and follow up on the implementation of procedures that ensure agreement with the guiding rules contained the Corporate Governance Regulations issued by the Authority.

28.2 Applying the provisions of the Corporate Governance Regulations

In accordance with the requirements of Paragraph (1) of Article 90 (the Board of Directors' Report) of the Corporate Governance Regulations, the Company has implemented all the articles, except for the articles shown in the following table:

Subject	Paragraph	Mandatory article	Execution position	Causes and company procedures
Article 39: Training	2	Guiding article	Not applicable	Work is currently underway to put in place the necessary mechanisms for the members of the Board of Directors and the Executive Management to receive continuous training programs and courses in order to develop their skills and knowledge in areas related to the Company's activities.
Article 41: Evaluation	All paragraphs	Guiding article	Not applicable	The necessary mechanisms are currently being arranged to evaluate the performance of the Board, its members, committees, and Executive Management annually, and to develop appropriate performance measurement indicators related to the extent to which the Company's strategic objectives are achieved, the quality of risk management, and the adequacy of internal control systems, among others, provided that the strengths and weaknesses are identified and a proposal is developed to address them in line with the Company's interest.
Article 70: Formation of a Risk Management Committee		Guiding article	Not applicable	
Article 71: Functions of the Risk Management Committee		Guiding article	Not applicable	
Article 72: Meetings of the Risk Management Committee		Guiding article	Not applicable	

Subject	Paragraph	Mandatory article	Execution position	Causes and company procedures
Article 85: Motivating employees	All paragraphs	Guiding article	Partially applied	Programs to grant employees shares in the Company or a share of the profits it achieves, retirement programs, and the establishment of an independent fund to spend on those programs during the thinking and study stages of the Company.
Article 88: Social Action Initiatives	All paragraphs	Guiding article	Partially applied	Develop measurement indicators that link the Company's performance with its social work initiatives, and compare that with other companies with similar activity in the Company's thinking and study stages.
Article 89: Disclosure Policies and Procedures	3	Guiding article	Partially applied	The Company's website is being developed to contain all the information required for disclosure, and any other data and information published through other means of disclosure.
Article 95: Formation of the Corporate Governance Committee		Guiding	Not applicable	

29. Annual review of the effectiveness of control procedures

The Company has an independent Internal Audit Department that reports directly to the Board of Directors and the Audit Committee. The Internal Audit Department carries out its work in accordance with its approved charter, and the Internal Audit Department provides independent objective services with the aim of helping the Board of Directors, the Audit Committee and the Executive Management in carrying out their responsibilities. The Internal Audit Department is not subject to any influence by the Executive Management and has full powers for full and unrestricted access to all documents, in accordance with what is required to perform its work. In carrying out its work, the Internal Audit Department has adopted a systematic approach to assess and improve the effectiveness of internal controls in order to achieve the Company's objectives and protect its assets. The scope of the work of the Internal Audit Department is designed to include examining the adequacy and effectiveness of the Company's internal control system in order to verify whether the Company's internal systems have been implemented with the necessary accuracy to ensure the achievement of the Company's objectives. These covers, in particular, the financial and administrative regulations and policies, and corporate governance frameworks approved by the Board of Directors, general assemblies and legislative and regulatory oversight bodies. The scope of the Internal Audit Department includes the following:

- Periodic auditing and examination of the majority of the Company's departments during periodic periods with internal priority given to activities and functions according to the degree of risk.
- Informing officials in the various departments whose work has been examined for the observations that emerged during the examination process, as well as the department's recommendations to address those observations.
- Evaluating the procedures provided by officials in different departments to address the observations and implement the recommendations contained in the audit reports, and in the

event that the measures taken were insufficient, the matter was discussed with officials to ensure the efficiency and adequacy of the measures taken.

29.1 Results of the annual review of the effectiveness of the Company's internal audit procedures

The Audit Committee ensured a continuous evaluation of the impact of Covid-19 on the Company's business, and its internal audit procedures, especially after the lifting of closures in June 2020. The business results showed a significant recovery from the negative effects of Covid-19, starting from the second quarter of the fiscal year 2020/2021 AD, ending in 31/12/2020 AD. Like for like sales during the period of 31/12/2019 AD showed an increase of 18%. As evidenced by the improvement in results, the Company's operations are in a state of recovery, with further improvement expected in the coming periods, and the current turnout rate has reached levels of 90-95% compared to the same period. Considering cost rationalization steps, expected sales volumes, and the current liquidity position, among other factors, the review shows that the Company will continue to meet its financial obligations in the foreseeable future and as they become due during the next 12 months.

The Audit Committee also studied and followed up the implementation of the approved audit plan with the Internal Audit Department, in addition to following up on the implementation of the recommendations contained in the internal audit reports. The Company has taken positive steps to strengthen its internal control system, preserve the Company's assets and provide a reasonable conviction of the integrity of the financial reports prepared from the accounting records. The Company's internal audit department also continuously checks the internal control system to ensure its efficiency and effectiveness and conducts financial and operational reviews to evaluate the Company's business. The internal control system for the Company's various work cycles and financial reports includes policies and procedures that:

- Relate to keeping records in a way that ensures the availability of detailed and accurate information that essentially reflects the reality of the transactions and dispositions of the Company's assets.
- Provides reasonable assurances that recording transactions allows the preparation of financial statements in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants, and that all necessary signatures and approvals have been taken into account in accordance with the structure of delegation of authorities and powers to the management of the Company before recording any invoices or expenditures.
- Provides reasonable assurance regarding the prevention or timely disclosure of the unauthorized purchase, use or disposal of Company assets that could have a material effect on the financial statements.

All systems of internal control, no matter how well designed, contain an inherent risk in the ability to prevent or detect errors. Nor does it provide an assessment of the future time period during which the system remains effective in detecting risks due to changes in circumstances with which the system may become inappropriate in this area, or in judging the degree of compliance with policies and regulations.

The results of the annual review of the effectiveness of internal control procedures can be presented as follows:

29.2 Auditing during the year

The Company's internal audit department has evaluated the effectiveness of the internal control system over the financial statements and reports, according to the frameworks and standards set by the Committee of Sponsoring Organizations of the Treadway Committee, which is known as the framework and standards for internal control COSO - the integrated framework and directives issued

by COSO, and based on the framework and standards referred to. The Company's internal control risks have been assessed, in light of the associated principles derived from the five elements drawn by the general framework of internal control, for the Company's main business cycles: revenue, inventory, supplier accounts and associated expenses, fixed assets, financial reports (including Zakat and taxes), recruitment costs and wages, information technology systems.

In view of the degree of risks associated with inventory in light of the repercussions of the Covid-19 pandemic, the consultant, Protiviti, has been assigned a project to assess the inventory management process, which aims, through evaluating and reviewing the entire process of inventory management, to evaluate and improve the effectiveness of the related risk management, control and governance processes. The scope of work includes the following four tracks:

- 1- Reviewing the inventory operations and internal controls of the Company, based on a comprehensive understanding of the inventory management process, with a focus on the processes of writing off inventory in the relevant automated systems for inventory management and control.
- 2- Data analytics and review of supporting documents, including extraction of inventory movement reports, script development/testing, and review of supporting documents to identify discrepancies, exceptions and disagreements.
- 3- Reviewing financial reports in accordance with International Financial Reporting Standards (International Accounting Standard No. 2), to verify the conformity of the recorded values of inventories in the books of accounts in accordance with International Financial Reporting Standards.
- 4- Reviewing IT applications, by evaluating the current status of user permissions control (applications and database), software change control, exception checking and reports.

29.3 Audit results

The need to make management decisions regarding the development and improvement of control procedures and activities related to the Company's business cycles was noted.

29.4 Management decisions

The Company's management has adopted policies and procedures to ensure the development and improvement of control procedures and activities related to all its work cycles, and the management has developed an action plan to implement the proposals and recommendations of internal audit to strengthen the effectiveness of its internal control system.

30. Hiring Saudi nationals and the Social Contribution Program

The Company believes that hiring Saudi nationals is a strategic option, and a national program of special importance. The Company is making every effort to achieve this goal, especially in light of the circumstances imposed by the Covid-19 pandemic and its effects on the global economy. The Company has maintained, praise be to God, its national employment with a slight decrease of an amount that did not exceed 5% of the average Saudi hiring rate for the past year, while fully and continuously maintaining its platinum status, reaching about 70%.

The Company's policy is to work according to a program that is to provide employment, support and training opportunities for nationals in the Company's management, and the Human Resources Department proposes and discusses strategies with the Company's departments in order to design training programs for professional development and career paths for employees.

The Company's endeavors in this regard during the current year were as follows:

Introducing programs to develop and qualify Saudi employees and candidates for leadership positions, including:

o Future Leaders Program

The "Future Leaders" program is designed to attract and train the best newly graduated nationals from internal or external universities accredited by the Ministry of Education. It enables them to work in the retail sector according to a clear plan, provides them with the skills required to become leaders, and motivates them to apply these skills. This is in addition to educational insights gained from the university. The Program supports these individuals to become true leaders in their businesses.

One of the goals of the Company is its ambition to become the preferred employer for Saudi graduates in various fields. The goal of the program is not only to create new job opportunities for Saudis within the Company, but to enable employees to cover administrative work currently occupied by non-Saudis, and will create an link between newly graduated nationals and on the job training, giving the Company the choice of the best candidates.

o Improving attraction for nationals by participating in open recruitment days and workshops throughout the year in cooperation with the Chambers of Commerce and Industry in the regions of Riyadh, Jeddah, Dammam, Jizan and Abha.

o Participation in cooperative training with King Saud University, Princess Nourah Bint Abdulrahman University and Al-Faisal Academy to attract students to this training.

o Participation in career days for university and college graduates.

Introducing the Employment Support Program:

This is one of the employment support programs provided by the Human Resources Development Fund and was launched in April 2020 as a support initiative for private sector organisations. The program includes support for all jobs in the private sector, full-time and remotely. The program also focuses on employment in regions and cities with fewer job opportunities and on the employment of females and people of determination. The program has reached 3,663 employees to date, as of the beginning of May 2021, and the number is expected to increase to 4,200 employees.

- **Agreements and cooperation with a group of centres, departments, websites and volunteers in social media programs in the field of employing Saudis in a group of cities in the Kingdom's regions, including:**

1. Chambers of Commerce
2. Human Resources Fund **(TAQAT)**
3. Various charities
4. Websites and accounts on social networking sites
5. Human Resources Development Fund **(HADAF)**

- **Introducing the national plan for employment in the private sector – Hiring Saudis Program**

- In cooperation with the Ministry of Human Resources and Social Development, the initiative of the National Plan for Employment in the Private Sector was signed, which was adopted by the Ministry of Human Resources and Social Development. The Ministry wishes to cooperate with various major establishments as well as fast-growing establishments for the purpose of targeting specific percentages and a specific number of jobs and professions to employ nationals and to provide a suitable work environment to accommodate them and to achieve job stability and sustainability for them. In addition, the Company participates in the national employment program in the interest of providing suitable job opportunities for male and

female citizens, through which 234 employees were hired during FY2021, meeting the target set.

- **Community participation in many activities, including:**

- o Developing Skills Program **(TAMHEER)**

This is an on-the-job training program for Saudi male and female graduates from local and foreign universities accredited by the Ministry of Education, specifically those who have not been employed in the previous six months.

31. General Assembly of Shareholders

The following is a statement of the dates of the General Assemblies of shareholders during the fiscal year ending on 31 March 2021 and the names of the members of the Board of Directors attending these assemblies:

Meeting date	Attendance by the members of the Board of Directors		Remarks
First meeting 12/08/2020 "Ordinary"	Dr. Abdul Majeed Abdul Aziz Al Hokair Ajlan Abdul Rahman Al-Ajlan Faisal Abdullah Al-Jedaie Bandar Suleiman Al-Ghafis Tariq Saad Al-Tuwaijri Omar Abdul Aziz Al-Mohammadi Eid Faleh Al Shamry		
Second meeting 09/21/2020 "Ordinary"	Omar Abdul Aziz Al-Mohammadi Abdul Majeed Abdullah Al-Basri EID FALEH AL SHAMRY Bandar Suleiman Al-Ghafis Bassem Abdullah Al-Salloum Khaled Walid Al-Shakhshir		

32. Shareholder Register Requests

The Company requested the shareholders' register 10 times during the fiscal year for the period from 1 April 2020 to 31 March 2021, the details of which are as follows:

Serial number	The date of request	Reason for requests
1	09/08/2020	General Assembly
2	12/08/2020	General Assembly
3	21/09/2020	General Assembly
4	31/10/2020	Other
5	30/11/2020	Other
6	31/12/2020	Other
7	31/01/2021	Other
8	28/02/2021	General Assembly
9	31/03/2021	Corporate Actions
10	01/04/2021	Corporate Actions