



شركة القصيم القابضة للاستثمار
ALGASSIM INVESTMENT HOLDING CO.

REPORT OF THE BOARD OF DIRECTORS
AL GASSIM INVESTMENT HOLDING CO

2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the Name of Allah
Praise be to God, prayer and peace be upon the Messenger of Allah and the,
Messrs. Shareholders of Al Gassim Investment Holding Co.
Kindest regards ...

Mess/ shareholders of ALGASSIM INVESTMENT HOLDING COMPANY

The Board of Directors (BoD) of ALGASSIM INVESTMENT HOLDING COMPANY (Company) is pleased to issue the annual report of Company's works and its financial statements for the fiscal year ending 31st Dec. 2022.

BoD presents to you this report of Company's work and financial results of the fiscal year 2022 looking forward to develop Company's strategy and future plans to elevate Company's investments feasibility and returns for the attainment of your ambitions and goals.

The results of Company work during the fiscal year 2022 are as follows:

1. Financial results

1. The final results of company works of 2022 reveals the realization of net profit of SR 7.25 million compared with a net profit of SR 1.09 million in 2021, an increase of 565.02%. This increase in profit is attributed to reversal of the impairment loss in the value of real estate investments by SR 19.6 million during the present year compared with same impairment in last year 2021 by SR 8.3 million, and decreasing general and administrative losses during the present year despite the increase in the value of formed provision, decline of unrealized gains from financial assets at fair market value and increase in the value of the provision for zakat formed during the present year compared with last year.
2. The results also reflect realization of operating profit during 2022 to a value of SR 14.74 million compared with a profit of SR 6.54 million during 2021.
3. Revenues of this year value SR 11,059,888 compared with SR 11,372,882 in last year, a decrease of 2.75%.
4. Comprehensive income reached a total of SR 7.47 million this year compared with SR 1.11 million last year. The reason of increasing profit is the reversal of the impairment loss in the value of real estate investments to a value of SR 19.06 million during the current year compared with SR 8.3 million of reversal of the impairment loss in the value of real estate investments last year 2021, decreasing general and administrative losses during the present year despite the increase in the value of formed provision, decline of unrealized gains from financial assets at fair market value and increase in the value of the provision for zakat formed during the present year compared with last year.
5. Equity on 31st Dec. 2022 totals SR 297,319,765 compared with SR 289,852,873 on 31st Dec. 2021, with an increase of 2.58%. This increase is due to the realization of profits in 2022.

2. Description of the company's main activities:

a. Agricultural activity

- 1- **Shari and palm trees garden project:** revenues from this activity reached SR 5.02 million during 2022 compared with revenues of SR 5.14 million realized in 2021.
- 2- Poultry project leased to a national company specialized in the production of chicken. Revenues from this activity are SR 6.04 million compared with SR 6.23 million in 2021.

In total, this activity realized in 2022 a net loss of SR 4.38 million compared with a loss of SR 1.45 million in 2021. The main reason of loss decline during this year compared with last year to increase in formed provisions compared with last year and decrease in revenues because of the nature of financing revenues which fall off every year.

b. Industrial activity

- **Dates factory:** it didn't report any revenues during 2022. The company offered the site for investment. The factory reported a loss of SR 1.04 million during 2022 compared with a loss of SR 1.01 million in 2021.
- **Dairy factory:** the factory is stopped for many years. The company offered the site for investment. The factory reported a loss of SR 0.08 million during 2022 compared with a loss of SR 0.08 million in 2021.
- The industrial activity realized negative results amounting SR 1.123 million during 2022 compared with a loss of SR 1.087 million in 2021.

c. Investment activity:

- During 2022, the company realized from its shares in companies revenues (dividends) of SR 337,500 compared with revenues of SR 337,500 in 2021.
- The Company reported during 2022 unrealized gains from financial assets at fair market value through profit and loss resulting from change in the fair value of Company's investments amounting SR 110,347 compared with SR 1,357,143 last year.
- According to the contract of clearance and settlement with Arab Wabel Investment Company and the evaluation of real estate investments by a certified evaluator, an impairment loss in the value of that investments is reversed by SR 18,213,698 during this year 2022 compared with reversal of impairment loss of SR 7,514,708 during 2021, with another reversal of impairment loss in the value of other real estate investments amounting SR 848,928 during 2022 compared with SR 785,350 in 2021.

Effect of activities on Company's revenues

Description	Activity revenues (SR)	Percentage
Agricultural activity	11,059,888	100%
Industrial activity	0	0%
Total	11,059,888	100%

1. Description of Company's principal plans and major decisions and future expectations of Company's business

Future plans:

- The Company is striving to boost and increase its revenues by creating strategic partnerships and making the best utilization of Company's assets.
- Company plans include:
 - 1- Seeking feasible investment opportunities.

2- Looking into acquisition of paramount companies.

3- Finalizing procedures of owning lands granted to the Company in Shari region.

2. Information pertaining to risks faced by the Company and policy of managing and mitigating these risks

a) The risks faced by the Company are:

- Potential effect of not obtaining title deed for all revived land area granted to the Company and the impact of this on Company's revenues as related to lease contracts of the projects. In view of this, the Company filed a lawsuit against the branch of the Ministry of Environment, Water and Agriculture in Qassim region claiming cancellation of the negative decision of refusing to raise to His Majesty the request to allow the Company to have full ownership of the area of land it revived of the land granted to it.
- Impact of concentrating Company revenues in a limited number of clients. The Company is seeking investment opportunities to diversify its revenues and widen its clientele base.
- Influence of applying IFRS on the results of Company works, the most important of them is fair market value.
- Credit risks which are risks of any party's failure to satisfy its obligations which leads to the other party incurring losses. The company shall record its liabilities after deducting the provision for expected credit losses.
- Increasing fees of iqamas and visas for expatriates and its impact on the cost of labor. To treat this issue, the company is planning a restructuring of its human resources.
- Rising price of all types of energy and its effect on the operation cost.
- Shortage in and high cost of finance.
- General organizational, procedural and economic risks

b) Risk management policy:

The Company is having a risk management policy approved by its Board of Directors (BoD) on 25/03/2020

3. Forthcoming events

On 9th Feb. 2023 an exit agreement with Arab Wabel Investment Company Limited (Wabel) was signed regarding land located in Alufuq quarter in Buraidah city by dividing the title deeds of that land that each party will have full ownership of its parcel instead of being partitioned into 50% each. Accordingly, Wabel waived the amount due to it in the Company amounting SR 32,617,785 as of 31st Dec. 2022. Regarding Albasar garden, the two parties agreed to exchange land title deeds that each party will have full ownership of its land instead of being partitioned into 50% each. An amount of SR 211,530 is recorded to the favor of Wabel for the difference in land area after the agreement to exchange of title deeds which is in process. The effect of the settlement agreement is recognized in the balances of the fiscal year ending 31st Dec. 2022. Transfer of title deed in full is being processed for the two parcels of land to Company ownership. Whereas the effect of the forthcoming events on balances of the financial statements as adjustments to land cost according to IAS 10 "Events After the Reporting Period" requiring adjustment of financial statements for the fiscal year ending 31st Dec. 2022 (Note 7) demonstrating the effect of that events on the amounts of the financial statements.

4. Summary in the form of table or graph illustrating Company's assets and liabilities and results of its works during the last five years

Comparison of Company results

Description	2022	2021	2020 (adjusted)	2019	2018
Revenues	11,059,888	11,372,882	11,657,910	11,997,802	12,158,144
Cost of revenue	(1,721,306)	(1,795,722)	(1,752,344)	(1,709,361)	(1,735,922)
Gross profit	9,338,582	9,577,160	9,905,566	10,288,441	10,422,222
Net profit/loss	7,247,299	1,089,793	(5,127,698)	(14,649,231)	(7,710,791)

Comparison of assets and liabilities

Description	2022	2021	2020 (adjusted)	2019	2018
Current assets	58,646,029	42,451,775	49,025,815	51,964,298	19,616,992
Noncurrent assets	368,299,988	403,549,024	392,455,727	396,698,234	442,725,354
Total assets	426,946,017	446,000,799	441,481,542	448,662,532	462,342,346
Current liabilities	71,002,936	96,952,000	93,757,501	94,622,211	6,722,268
Noncurrent liabilities	58,623,316	59,195,926	58,982,029	58,865,766	145,758,407
Total liabilities	129,626,252	156,147,926	152,739,530	153,487,977	152,480,675

5. Geographical analysis of Company revenues

The total revenues of the Company during 2022 is valued SR 11.060 million compared with SR 11.373 million in 2021 allocated as follows:

No	Project	Revenues (in thousands of Saudi Riyal)		Total 2022	Total 2021
		Internal	External		
1	Shari project	5,017	0	5,017	5,142
2	Poultry project	6,043	0	6,043	6,231
	Total	11,060	0	11,060	11,373

Note that the above revenues were realized in Company's projects in Qassim region.

6. Explanation of material differences in the operation results compared with last year results

Description	2022	2021	Adjustments (+/-)	Adjustment percentage
Revenues/sales	11,059,888	11,372,882	-312,994	2.75%
Revenues/cost of sales	(1,721,306)	(1,795,722)	-74,416	4.14%
Gross profit	9,338,582	9,577,160	-238,578	2.49%
Sale and distribution expenses	(2,400)	(31,667)	-29,267	92,42%
General and administrative expenses	(6,821,399)	(7,346,696)	-525,297	7,15%
Reversal of impairment loss in the value of real estate investments	19,062,626	8,300,058	10,762,568	129,67%
Capital loss from disposal of real estate investments	(217,077)	(952,360)	-735,283	77,21%
Formed provisions	(6,624,980)	(3,002,974)	3,622,006	120,61%
Operating profit	14,735,352	6,543,521	8,191,831	125,19%

The decline of revenues/sales during 2022 is attributed to falling of finance revenue which declines from year to year despite the increase in the value of sales of Nakheel gardens dates in comparison with last year.

The reason of decreasing general and administrative expenses is the decreasing of payroll expenses and equivalents during this year compared with last year.

The increase in operating profit is attributed to reversal of the impairment loss in the value of real estate investments by an amount of SR 19.06 million during this year compared with the same loss in 2021 amounting SR 8.3 million, decline of the general and administrative expenses and impairment of capital losses from disposal of real estate investments despite increase of formed provisions.

7. Note of any variance from the accounting standards approved by SOCPA

N/A

8. Names of subsidiaries, their capital, company's share, their core business, country, place of main operations and country of incorporation.

N/A

9. Details of shares and debt instruments issued to each subsidiary.

N/A

10. Description of company policy of distributing dividends.

Article (44): distribution of dividends

Subject to relevant regulations, company's annual net profits are distributed after deduction of general expenses and other costs including zakat in the following manner:

- 1- Allocation of 10% of net profits for the statutory reserve. The general assembly may stop this allocation when the statutory reserve amount exceeds 30% of company's paid capital.

- 2- From the rest of profit an amount equivalent to 5% of paid capital is distributed as dividends to shareholders.
 - 3- Allocation of an amount not exceeding 10% of the rest of profit as remuneration for members of the BoD according to their attendance of sessions.
 - 4- The rest of profits is then distributed as additional dividends to shareholders. Periodical dividends may be distributed to shareholders on half-year or quarterly basis according to regulations in place.
11. The suggested method of distributing dividends, percentage of dividends distributed to shareholders during different periods of the fiscal year, percentage of dividends suggested to be distributed to shareholders at the end of the year and total amount of profits.

N/A

12. Declaration of any interest in the category of shares with voting right of persons other than members of the BoD, large executives and their spouses and children in shares or debt instruments of the Company or any of its subsidiaries or any change in this interest or rights notified to the Company:

No notification of interest or change in that rights during the fiscal year ending 31/12/2023

13. Declaring any interest, contractual financial papers, underwriting rights of members of the BoD, large executives and their spouses and their relatives in the shares or debt instruments of the Company or any change in this interest or rights during the last year.

Shares of the members of the BoD, large executives and their spouses and children and their shares' percentage and any change in the interest during 2022:

Member name	No. of shares in the beginning of the year	No. of shares at the end of the year	Change percentage	Debt instruments in the beginning of the year	Debt instruments at the end of the year	Change percentage	Reason of change
Saad Bin Mohamed Ibrahim Bin Saeed	2000	2000	0	0	0	0	
Fahad Yahya Al Yahya	1	1	0	0	0	0	
Badr Hamad Al-Gadhi	600	611	0.018	0	0	0	Buying shares
Waleed Bin Khalid Al-Qusaibi (legal person representative)	1309974	0	-100	0	0	0	Selling shares
Abdullah Bin Ibrahim Al-Mahoos	600	600	0	0	0	0	
Hameed Bin Abdullah Al-Hameed	1000	10000	0	0	0	0	
Total	1323175	13212	-99%	0	0	0	

Number of shares owned in the beginning of the year = 1,323,175 shares

Percentage of share ownership in the beginning of the year = 4.41%

Net change in number of shares during the year = (1,309,963) shares

Percentage of change during the year = -99%

- These shares do not include any rights of spouses and children of BoD members and large executives.

- The company didn't issue any debt instruments during the fiscal year 2022.

14. Information regarding any loans on the company due upon request or otherwise

N/A

15. Identifying categories and number of debt instruments transferrable into shares or any option rights or underwriting notices or similar rights issued during the fiscal year, mentioning any compensation received by the company against that:

N/A

16. Declaring any transference or underwriting rights for debt instruments transferable to shares granted by the Company:

N/A

17. Declaring any reimbursement, purchasing or cancellation of any recoverable debt instrument from Company side:

N/A

18. Disclosure of treasury shares held by the Company and details of utilization of these shares.

N/A

19. Description of any transaction between the Company and related party:

N/A

20. Information pertaining to any works or contracts in which the company is taking part or in which there are material interests for a BoD member or large executive or any person related to them:

a. N/A

b. **Declaration:** the company hereby declares that it has no contracts concluded during 2022 in which there is or was any material interest for a BoD member or large executive or any person related to them.

21. Statement of any arrangements or agreements whereby a BoD member or large executive waives salary or compensation:

N/A

22. Statement of any arrangements or agreements whereby a shareholder waives any right in dividends:

N/A

23. Statement of statutory payments to government agencies (in Saudi Riyal):

Description	2022		Brief description	Reasons
	Paid	Due at the end of the year - not paid		
Zakat***	1,479,430	14,538,528	The paid is due zakat for 2021	The due is provision for zakat for the year 2022 and the last instalment of last years' scheduling agreement, and differences and provision for potential differences.
Tax	1,565,764	(80,443)	VAT withholding and tax	Due amount for Company according to the tax return of 2022 Q4 and the amount of VAT not collected

			paid for 2022	from Al-Watania Poultry.
GOSI	322,052	23,646	Subscriptions paid to GOSI during 2022	Due are subscriptions of Dec. 2022 which will be paid in Jan. 2023
Iqamas and visas	91,600	0	Visa fees, labor office charges and iqama renewal fees	
Others	22,733	0	Traffic charges and other subscriptions	
Total	3,481,579			

*** Brief description of zakat

- The company got final zakat assessment for the previous periods till 2006.
- For the years 2007-2021 zakat returns were submitted and due zakat paid for that years according to zakat returns submitted. Upon that the Company received final zakat certificate for 2021. Assessment was made by Zakat, Tax and Customs Authority (ZATCA) for the years 2014-2020, where ZATCA claimed zakat differences which were objected by the Company as follows:
- The Company received letters from ZATCA amending Company's zakat returns and claiming zakat differences for the years 2014-2018 totaling SR 13.26 million. Company zakat consultant submitted an objection to these claims within the statutory period. The agreed differences amounting SR 0.716 million were paid with 10% of the disputed amount. Company's objection was partially accepted and the disputed items were raised to the competent tax committees where a decision was issued by the resolution committees regarding the year 2018. Accordingly, an appeal was filed to reconsider the decision. Till the issuance of the financial statements the dispute is not solved for the rest of years.
- Furthermore, the Company received letters from ZATCA amending zakat returns and claiming zakat differences for the years 2019-2020 to an amount of SR 7.87 million. An objection to this claim of ZATCA is filed by the Company zakat consultant within the statutory period. 25% of the disputed amount was paid and objections were partially accepted for some items. Other items were filed to the resolution committees. Till the issuance of the financial statements the dispute is not finally solved ay.
- Total amount of disputed zakat differences for the years 2014-2020 is SR 19,864 million of which SR 3.222 million was paid, so that the due amount of zakat differences for that years is SR 16.642 million.
- The provisions formed to cover such zakat differences according to zakat consultant including the provision carried forward from previous years is SR 8,219 million of which SR 3.222 million was utilized, so the net provision left for meeting that due differences on 31st Dec. 2021 is SR 4.997 million. The Company increased the provision to meet these zakat differences during the year by an amount of SR 6,424,275 raising the amount of provision for paying potential zakat differences on 31st Dec. 2022 to an amount of SR 11,421,289.
- By the end of 2022 the Company will be indebted by an amount SR 14,538,528 as formed provision for zakat for the year 2022 and the last instalment of the rescheduling agreement of last years' differences in addition to what is allocated to meet any potential liabilities for the years 2014-2020 as viewed by zakat consultant.

24. Statement of the value of any investments or other reserves made for the interest of Company's employees:

N/A

25. Statement of lawsuits filed by others against the Company and by the Company against others.

First: cases filed by the Company against others:

- 1) **Company's case against the branch of the Ministry of Environment, Water and Agriculture in Qassim region** before the administrative court in Buraidah city claiming cancellation of the negative decision of refusing to raise to His Majesty the request to allow the Company have full ownership of area of land it revived. A preliminary ruling is issued rejecting the case. The ruling is appealed before the appeal administrative tribunal in Qassim region which issued a decision annulling the ruling issued on 17/08/1442H by the first circle of the administrative court in Buraidah regarding lawsuit No. (228) of 1442H filed by ALGASSIM INVESTMENT HOLDING COMPANY, CR No. 1131006443 against the branch of the Ministry of Environment, Water and Agriculture in Qassim region rejecting Company's prosecution, and cancelling the decision of the Ministry of Environment, Water and Agriculture refusing to raise the grievance of the Company of not being enabled to have the full ownership of the land it revived as part of the land granted to it to the competent committee prescribed in Article (10) of the Law of Distribution of Arid Lands. The ruling was received on 03/03/1443H. A request was then submitted to record the case before the committee but no reply is yet received from the committee.
- On 18th May 2021, the Company received a letter from the Ministry of Environment, Water and Agriculture dated 24th Ramadan 1442H regarding Shari land asking for the payment of similar rent for the trespassed land which was revived by the Company from the day of taking hold of it till 24th Ramadan 1442H. The Ministry is asking the Company to pay that rent to its government treasury account. But, whereas there is still a pending case filed by the company against the Ministry of Environment, Water and Agriculture claiming cancellation of the Ministry's decision refusing to raise the grievance to His Majesty for allowing the Company to take full hold of the land it revived of the land granted to it, so the Ministry has no right to ask for rent of that land before determining whether the Company is having right over that land. The company objected to the decision on 14 July 2021. On 02/07/1444H the Supreme Administrative Court asked the defendant to submit the required docs and information within 30 days. A date for considering the case is scheduled by the appeal court on 14/09/1444H.
- 2) **Company's lawsuit against Al-Bandariya Group:** a financial lawsuit filed before the commercial court in Riyadh claiming an amount of SR 27,828,162 (Saudi Riyal twenty-seven million eight hundred twenty-eight thousand one hundred sixty-two). Court ruling is issued in favor of the Company obliging the defendant to pay the claimed amount on 14/05/1439H corresponding to 31/01/2018G. The ruling document was presented as an instrument of execution before the execution court. The defendant filed an appeal for reconsideration of the ruling on 14/05/1440H which was rejected by the court. The defendant appealed again on 18/02/1442H and the appeal is again rejected. For the third time the defendant filed an appeal on 11/08/1442H whereby a session was scheduled on 05/04/1443H where the appeal court ceased the execution of the ruling till deciding about the appeal. The lawsuit is still under court consideration. A reconsideration session is scheduled on 15/11/1443H. After several sessions on 28/02/1443H the first appeal tribunal issued an order to stop execution of the decision of the second commercial circle at Riyadh commercial court issued on 14/05/1439H. The judge obliged the defendants to jointly pay to Al-Qassim Agricultural Company an amount of SR 27,828,162. After many sessions of defending and deliberation till the date of the session of 07/04/1444H the First Appeal Court issued its ruling cancelling the cease of the decision of the 15th circle of the execution court including the a/m ruling issued on 01/02/1443H and advocated the decision of the second commercial circle dated 19/01/1442H rejecting the appeal filed by the defendant for the said reasons. The ruling was received on 15/04/1444H and the ruling against the defendant Al-Bandariya Group is being executed.
- 3) **Company's lawsuit against one of the clients:** a financial case where the company is claiming an amount of SR 103,348 as a value of wheat sold to the defendant. The case was executed but a notice was received from the Justice Case Reviewing Center that the address of the defendant is inaccurate. We are now searching for the address of the defendant to complete requirements and re-register the case.
- 4) **Company's lawsuit against a supplier:** claiming SR 60,000 as the company contracted this supplier for supplying farming equipment. A preliminary judgment is issued rejecting this case for not trying reconciliation and mediation before bringing the case before the court on 23/09/1443H. The case is re-recorded in Tradhi platform to finalize the procedural requirements. 21/011445H is scheduled for consideration of the case.
- 5) **Company's lawsuit against a client:** financial case concerning the value of sales of foodstuff filed before the commercial court in Riyadh claiming an amount of SR 166,220. A preliminary judgment is issued rejecting this case for not trying reconciliation and mediation before bringing the case before the court on 06/11/1443H. The case is re-recorded in Tradhi platform to finalize the procedural requirements.
- 6) **Company's lawsuit against a client:** financial case concerning sale of dates where the amount claimed is SR 421,503. The case is recorded against the Company's guarantor. A judgement was issued in favor of the company on 10/02/1442H of all the claimed amount. But because of a difference in the records of the defendant's guarantor the court decided to reconsider the

case on 30/04/1444H. A preliminary ruling is issued in favor of the company on 21/07/1444H of all the claimed amount. The judgement is appealed by the defendant and a date for reconsidering the case is scheduled on 19/09/1444H.

- 7) **Company's lawsuit against a client:** financial case where the Company is claiming an amount of SR 15,409 at the general court in Riyadh. Now the case is under scheduling before the competent tribunals.
- 8) **Company's lawsuit against a client:** an execution request submitted by the Company against a client who delayed the payment of SR 640,000 on 16th Sep. 2021 for which a "to the order of" document is made as a guarantee of payment. A request for executing the document is submitted on 22/07/1443H. Article (46) of the Execution Law is applied on the defendant and the execution is under process.
- 9) **Company's lawsuit against Abdulrahman Abdullah Al-Wihaibi Est.:** the case is concerning financial rights arising from the Company selling to the defendant vehicles and equipment in an auction. The Company is requesting the defendant to compensate it for traffic violations charges not specified yet, in addition to requesting the defendant to transfer ownership of the sold vehicles as per the sale contract. A ruling is issued dismissing the case for lack of jurisdiction. Accordingly, the company appealed against this judgment at the appeal court which advocated the ruling on 01/11/1443H and will be recorded before the competent judicial tribunals.
- 10) **Company's lawsuit against a client:** a financial case of a sale of foodstuff filed before the commercial court in Riyadh claiming an amount of SR 96,835. A ruling is issued rejecting the case for lack of capacity on 18/10/1443H. The right address is found and the case is re-recorded and scheduled on 11/09/1444H.
- 11) **Company's lawsuit against a supplier:** a financial case of an amount of SR 68,405 remaining from a transportation contract. A session for considering the case is scheduled on 20/04/1444H, delayed to 11/10/1444H.

Second: lawsuits against the Company

- 1) **Lawsuit of Arab Wabel Investment Company Limited (Wabel) against the company:** a financial case whereby Wabel is claiming an amount of SR 34,151,766 to be paid by the Company as an amount not paid as Company's share in Alufuq land, and also claiming an amount of SR 3,000,000 as attorney's fees. A preliminary judgement is issued on 03/02/1444H dismissing the case for lack of entitlement. The plaintiff, Wabel, appealed the judgement on 29/02/1444H requesting annulment of the ruling and judging in its favor. After holding many deliberation sessions till the session of 24/06/1444H the appeal court issued a ruling obliging the defendant to pay to the plaintiff the remaining value of sales mentioned in the case documents amounting SR 34,151,766. A reconciliation contract is signed with the plaintiff, Wabel, and now proceeding with the authentication and execution of the financial reconciliation doc.
- 2) **Lawsuit against the Company** at the general court in Buraidah where the plaintiff is requesting the Company to return an amount of SR 380,000 as a recruitment insurance amount according to a labor force recruitment mediation contract. A preliminary judgment is issued on 08/04/1444H dismissing the case for not being edited. The plaintiff appealed the judgment on 29/04/1444H objecting to the ruling of the general court at the appeal court of Qassim. On 19/05/1444H the appeal court advocated the ruling in favor of the company.

26. Declarations:

The company hereby declares that:

- a- Accounting records are accurately prepared;
- b- The internal control system is prepared on sound foundations and efficiently executed;
- c- There is no doubt as to the capability of the Company to carry on with its business.

27. Does the auditor's report undergo any preservations regarding the annual financial statements?

There are no preservations, but the report is showing a turn of attention as follows:

Turning of attention:

We would like to turn your good attention to the Note (32) of the financial statements revealing that there is lawsuit filed by the company against the branch of the Ministry of Environment, Water and Agriculture in Qassim region claiming cancellation of the negative decision of refusing to raise to His Majesty the request to allow the Company to have full ownership of the area of land it revived of the land granted to it. His Majesty issued consent that the company is entitled to own an area of 74 million square meter of the total area revived by the Company. The Company is asking for raising the issue again to His Majesty requesting ownership of

the remaining area which it revived of that land with an area of 116 million square meter. It is worth noting that assuming loss of the case, the Company will be materially affected as the said land is related to lease revenue contracts concluded by the Company which constitute the main source of Company's income and the expected losses can't be determined unless the case of that land is settled. On 30th March 2021 a preliminary ruling was issued by the administrative court of Qassim regarding the lawsuit filed by ALGASSIM INVESTMENT HOLDING COMPANY against the branch of the Ministry of Environment, Water and Agriculture in Qassim region dismissing the case. According to the views of the Company's legal adviser the reason of case dismissal is lack of jurisdiction of the administrative court to consider such as case, the competent authority to look into such case is a committee in the Ministry of Environment, Water and Agriculture. The company received the judgement and appealed against it before the appeal administrative court. The case is recorded under the number 446/1442 at the appeal administrative court in Qasim region and a session for considering it is scheduled on 31st August 2021.

On 18th May 2021 the Company received a letter from the Ministry of Environment, Water and Agriculture (Ministry) dated 24th Ramadan 1442H regarding Shari land and requesting payment of rent for the disputed land which the Company revived from the date of ownership by statute of limitation to 24th Ramadan 1442H and asked to deposit that rent in the account of the Ministry in the state treasury. But, whereas there is still a pending case filed by the company against the Ministry of Environment, Water and Agriculture claiming cancellation of the Ministry's decision refusing to raise the grievance to His Majesty for allowing the Company to take full hold of the land it revived of the land granted to it, so the Ministry has no right to ask for rent of that land before determining whether the Company is having right over that land. The company objected to the decision on 14 July 2021. The appeal administrative court in Qasim issued a judgement cancelling the ruling issued on 17/081442 by the first circle of the administrative court in Buraidah regarding the lawsuit No. (228) of 1442H dismissing the case and cancelling the negative decision of the Ministry of Environment, Water and Agriculture refusing to raise the grievance to His Majesty for allowing the Company to take full hold of the land it revived of the land granted to it as prescribed in Article (10) of the Law of Distribution of Arid Lands. The ruling was received on 03/03/1443H. The company objected to the decision on 14th July 2021. On 02/07/1444H the Supreme Administrative Court asked the defendant to submit the required docs and information within 30 days. A date for considering the case is scheduled by the appeal court on 14/09/1444H. however, we haven't changed up our mind regarding this matter.

28. Recommendation of the BoD to change the auditor before the expiry of his appointment period:

Not found

29. What was applied and what was not applied of the provisions of the Corporate Governance Regulations and reasons of that:

The Company is applying all rules and provisions prescribed in the Corporate Governance Regulations issued by the Capital Market Authority. Updating of the articles mentioned below is in process, with some guidelines.

No.	Article/Para No.	Article/Para text	Reasons of not applying
1	Article (39)	The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management	Guiding Article
2	Para (e) and (f) of Article (41)	(e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years. f) Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	Guiding Article
3	Articles (70), (71), (72)	Composition of the Risk Management Committee, its functions and meetings.	Guiding Article

4	Articles (76), (77) and (78)	Composing An Internal Audit Unit or Department, its plan and reports	Guiding Article
5	Article (83)	Regulating the Relationship with Stakeholders	Guiding Article
6	Article (85)	Employee Incentives	Guiding Article
7	Article (95)	Formation of a Corporate Governance Committee	Guiding Article

30. Names of the members of BoD, members of committees and executive management, their present and previous jobs and their qualifications and experience.

1- Members of the board of directors:

No	Name	Present position	Previous position	Qualifications	Experience
1	Saad Bin Mohamed Ibrahim Bin Saeed	General manager Hirfa for Electronic Marketing Co.	Deputy CEO of Albustan Premixed Concrete Co.	B. Sc. Business administration	In the field of premixed Concrete and electronic marketing
2	Badr Bin Hamad Bin Abdullah Al-Qadi	General manager of centers supporting firms, events and sponsorships	-Executive manager of media and sponsorships in Mobily company -Leader of sponsorships and events team in Zain company	M. Sc. public relations and communication B. Sc. English language	In the field of marketing, public relations, translation and editing
3	Fahad Bin Yahya Bin Abdullah Al-Yahya	Businessman	Retired	B. Sc. education and psychology	In the field of education, students guidance and real estate investment
4	Waleed Bin Khalid Bin Ahmed Al-Qusaibi	Member of board of directors of: -Ahmed Hamad Al-Qusaibi and brothers co. -Eastern Insulation Co. Ltd -Techmo Arabia Company Limited -Al-Qusaibi Food Co. Solar Arabia Co. Ltd.	-Assistant vice president at Ahmed Hamad Al-Qusaibi and brothers co. -CEO of Al-Qusaibi Food Co. -General manager of Eastern Insulation Co. Ltd -General manager of Techmo Arabia Company Limited -General manager of Yousuf Al-Qusaibi Travel and Tourist Agency -Head of real estates dept. at Ahmed Hamad Al-Qusaibi	B. Sc. business administration	Field of real estates, foodstuff industry, insulation materials and travel and tourism

			and brothers co. -Member of the Chamber of Commerce and Industry in the eastern region -Ex-member of the executive committee of the French business council in the Chamber of Commerce and Industry in Riyadh			
5	Hameed Abdullah Hameed	Bin Al-	Managing Director and CEO of Room co.	Businessman	B.Sc. administrative science	General contracting, rent a car and glass trade
6	Abdullah Ibrahim Mahoos	Bin Al-	Businessman	Ex-CEO of Al-Qasim Agricultural Co.	B. Sc. in Sharia'a	General contracting, real estates and festivals

2- Members of committees

	Name	Present position	Previous position	Qualifications	Experience
1	Badr Bin Hamad Bin Abdullah Al-Qadi	General manager of centers supporting firms, events and sponsorships	-Executive manager of media and sponsorships in Mobily company -Leader of sponsorships and events team in Zain company	M. Sc. in public relations and communication B. Sc. in English language	In the field of marketing, public relations, translation and editing
2	Waleed Bin Khalid Bin Ahmed Al-Qusaibi	Member of board of directors of: Ahmed Hamad Al-Qusaibi and brothers co. Eastern Insulation Co. Ltd Techmo Arabia Company Limited Al-Qusaibi Food Co. Solar Arabia Co. Ltd.	-Assistant vice president at Ahmed Hamad Al-Qusaibi and brothers co. -CEO of Al-Qusaibi Food Co. -General manager of Eastern Insulation Co. Ltd -General manager of Techmo Arabia Company Limited -General manager of Yousuf Al-Qusaibi Travel and Tourist Agency -Head of real estates dept. at Ahmed Hamad Al-Qusaibi and brothers co. -Member of the Chamber of Commerce and	B. Sc. business administration	Field of real estates, foodstuff industry, insulation materials and travel and tourism

			Industry in the eastern region -Ex-member of the executive committee of the French business council in Chamber of Commerce and Industry in Riyadh		
3	Wanni Bin Abdullah Mohamed Al-Wanni	Retired	-Auditor at the General Court of Audit -head of the team of financing SMEs in Rajhi Bank.	B. Sc. accounting	Credit studies and financial analysis, marketing, negotiation, auditing
4	Fahad Bin Yahya Bin Abdullah Al-Yahya	Businessman	Retired	B. Sc. in education and psychology	In the field of education, students guidance and real estate investment
5	Hameed Bin Abdullah Al-Hameed	Managing Director and CEO of Room co.	Businessman	B. Sc. in administrative science	General contracting, rent a car and glass trade
6	Abdullah Bin Ibrahim Al-Mahoos	Businessman	Ex-CEO of Al-Qasim Agricultural Co.	B. Sc. in Sharia'a	General contracting, real estates and festivals

3- Executive management

No	Name	Present position	Previous position	Qualifications	Experience
1	Eng. Hisham Bin Abdulrahman Al-Rabah	CEO till 10/03/2022	BoD member and CEO of Saudi Industries Development Co.	B. Sc. industrial engineering and systems	Comprehensive management and restructuring of companies, supervising subsidiaries, developing investment portfolios, preparing strategies, determining scope of work, selecting work teams and partnerships, bank services for companies, evaluating investment and marketing opportunities, studying risks.
2	Eng. Mohamed Bin Abdulrahman Al Sawaji	Assigned CEO from 10/03/2022	Manager of financial and administrative affairs. Deputy CEO for support services	B. Sc. computer science (software engineering) Diploma in computer software	Leadership, business management and development, restructuring, strategic planning and execution, software engineering, requirement analysis, costing and budgeting, projects scheduling and planning, team management, projects control and implementation, active communication
3	Ahmed Moustafa Al-Shorbagy	Assigned finance manager	Assigned finance manager, occupying many positions in the company	B. Sc. accounting	More than 30 years of experience in accounting and finance work

31. Names of companies inside and outside the Kingdom in which BoD member is a member in its present BoD or a manager

Member name	Names of companies in which BoD member is a member in its present BoD or a manager	Inside/outside the Kingdom	Legal entity (listed/unlisted joint venture, limited liability co....)	Names of companies in which BoD member is a member in its present BoD or a manager	Inside/outside the Kingdom	Legal entity (listed/unlisted joint venture, limited liability co....)
Saad Bin Mohamed Ibrahim Bin Saeed	Dar Metal est. Ramz Hirfa Est.	Inside KSA	Sole proprietorship Sole proprietorship	-	-	-
Badr Bin Hamad Al-Qadi	Room Trading Co.	Inside KSA	Joint venture	-	-	-
Fahad Bin Yahya Al-Yahya	-	-	-	-	-	-
Waleed Bin Khalid Bin Ahmed Al-Qusaibi	Member of board of directors of: Ahmed Hamad Al-Qusaibi and brothers co. Eastern Insulation Co. Ltd Techmo Arabia Company Limited Al-Qusaibi Food Co. Solar Arabia Co. Ltd.	Partnership Limited liability Limited liability Limited liability Limited liability				
Abdullah Bin Ibrahim Al-Mahoos	Easy Engineering Co Najdion Est.	Inside KSA	Limited liability Sole proprietorship			
Hameed Bin Abdullah Al-Hameed	Room trading co. Kar United co	Inside KSA	Listed joint venture Limited liability			

32. Formation of the Board of Directors and classification of its members

a) Members of the BoD for the round from 22/02/2020 to 21/02/2023

No	Member name	Position	Classification of members (executive/nonexecutive/independent)		
			Executive	Nonexecutive	independent
1	Saad Bin Mohamed Bin Mohamed Ibrahim Bin Saeed	Chairman			√
2	Badr Bin Hamad Al-Qadi	Deputy Chairman			√
3	Fahad Bin Yahya Al-Yahya	Member			√
4	Waleed Bin Khalid Bin Ahmed Al-Qusaibi	Member		√	
5	Abdullah Bin Ibrahim Al-Mahoos	Member		√	
6	Hameed Bin Abdullah Al-Hameed	Member		√	

33. Number of BoD meetings convened during the last fiscal year, dates of meetings, attendance record with names of attendants:

The BoD convened 6 meetings during 2022 attended by the following members:

Member name	No. of meetings (6 meetings)						Total
	Meeting 287 on 18/01/2022	Meeting 288 on 30/03/2022	Meeting 289 on 23/05/2022	Meeting 290 on 24/08/2022	Meeting 291 on 09/11/2022	Meeting 292 on 28/12/2022	
Saad Bin Mohamed Bin Mohamed Ibrahim Bin Saeed	√	×	√	√	×	×	
Badr Bin Hamad Al-Qadi	√	√	×	√	√	√	
Fahad Bin Yahya Al-Yahya	√	√	√	√	√	√	
Waleed Bin Khalid Bin Ahmed Al-Qusaibi	√	√	√	×	√	√	
Abdullah Bin Ibrahim Al-Mahoos	√	√	√	√	√	√	
Hameed Bin Abdullah Al-Hameed	√	√	√	√	√	√	
Date of last meeting of the general assembly was 12/06/2022							

34. Remunerations of the members of the BoD

Description	Fixed remuneration						total
	Lump sum	Board meetings attendance allowance	Committees' meetings total allowance	Specific privileges	Description of what was received by board members as employees or administrators or what they received for technical, administrative or advisory work	Remuneration of chairperson or managing director or secretary if a board member	
First independent BoD members							
Saad Bin Mohamed Bin Mohamed Ibrahim Bin Saeed	0	15000	0	0	0	0	15000
Badr Bin Hamad Al-Qadi	0	25000	40000	0	0	0	65000
Fahad Bin Yahya Al-Yahya	30000	20000	0	0	0	0	50000
Total	0	70000	60000	0	0	0	130000
Second: nonexecutive members							
Abdullah Bin Ibrahim Al-Mahoos	0	30000	5000	0	0	0	35000
Waleed Bin Khalid Bin Ahmed Al-Qusaibi	0	25000	20000	0	0	0	45000
Hameed Bin Abdullah Al-Hameed	0	30000	25000	0	0	0	55000
Total	85000	50000	0	0	0	0	135000

Description		Changing remunerations					End-of-service indemnity	Total	Expenses allowance
First: independent members	Percentage of profit	Periodical bonus	Short-term incentive schemes	Long-term incentive schemes	Granted shares (entering value)	Total			
Saad Bin Mohamed Bin Ibrahim Bin Saeed	0	0	0	0	0	0	0	15000	0
Badr Bin Hamad Al-Qadi	0	0	0	0	0	0	0	65000	0
Fahad Bin Yahya Al-Yahya	0	0	0	0	0	0	0	50000	0
Total	0	0	0	0	0	0	0	130000	0
Second: nonexecutive members									
Abdullah Bin Ibrahim Al-Mahoos	0	0	0	0	0	0	0	35000	0
Waleed Bin Khalid Bin Ahmed Al-Qusaibi	0	0	0	0	0	0	0	45000	0
Hameed Bin Abdullah Al-Hameed	0	0	0	0	0	0	0	55000	0
Total	0	0	0	0	0	0	0	135000	0

Remunerations of committees' members

Description	(fixed remuneration) except meetings attendance allowance	meetings allowance	attendance	Total
Audit Committee members				
Badr Bin Hamad Bin - Abdullah Al-Qadi		15000		15000

Waleed Bin Khalid Bin Ahmed Al-Qusaibi	-	20000	20000
Wanni Bin Abdullah Mohamed Al-Wanni	-	20000	20000
Total	-	55000	55000
Nomination and Remuneration Committee members			
Badr Bin Hamad Al-Qadi	-	20000	20000
Fahad Bin Yahya Al-Yahya	-	20000	20000
Hameed Bin Abdullah Al-Hameed	-	20000	20000
Total	-	60000	60000
Investment Committee members			
Abdullah Bin Ibrahim Al-Mahoos	-	5000	5000
Badr Bin Hamad Al-Qadi	-	5000	5000
Hameed Bin Abdullah Al-Hameed	-	5000	5000
Total	-	15000	15000

37- Payments to senior executives during the year 2022 AD (including the Chief Executive Officer and the Chief Financial Officer):

The compensation of senior executives, who are: the former CEO for the period from January 1, 2022 to March 10, 2022 AD, the Executive Vice President of Support Services - the acting CEO, and the acting financial manager during the year 2022, according to the employment contracts concluded with them, amounted to the following:

Statement	Fixed Remuneration			
	Salaries	Allowances	In-kind benefits	Total
Total	753,667	353,444	0	1,107,111

The company has committed to disclose the components of senior executives' remuneration in total, in accordance with the statutory requirements contained in subparagraph (b) of Article (93) of the Corporate Governance Regulations, in order to protect the interests of the company, its shareholders and employees, and to avoid any damage that may result from the disclosure in detail according to titles and positions. The details were not presented as contained in Appendix (1) of the Senior Executives of the Corporate Governance Regulations.

38- Procedures taken by the Board of Directors to inform its members - especially non-executives- of the shareholders' proposals and remarks regarding the company and its performance.

The Chairman of the Board of Directors and the Chief Executive Officer inform the members of the Board of Directors of the proposals and observations made by the shareholders of the company regarding the company and its performance in the first meeting of the Board from the receipt of the proposal or observation, and in urgent matters the observation is passed on to the members of the Board, and the proposals and observations of shareholders that are presented in the general assemblies are discussed at the assembly meeting.

39- A brief description of the committee's terms of reference and tasks.

1- Audit Committee

The committee is concerned with the following:

The auditor committee is concerned with monitoring the company's works and activities and verifying the integrity of the financial reports and the company's internal and financial control systems. In particular, the duties of the committee include:

- Financial Reports:
 - Studying the initial and annual financial statements of the company before submitting them to the Board of Directors and making recommendations regarding them to ensure their integrity, fairness and transparency.
 - Expressing a technical opinion - at the request of the Board of Directors - as to whether the report of the Board of Directors and the company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.
 - Examining any important or unusual issues contained in the financial reports.
 - Examine carefully any issues raised by the financial manager of the company or whoever assumes the duties or the compliance officer in the company or the auditor.
 - Checking accounting estimates in important matters contained in the financial reports.
 - Studying the accounting policy followed in the company and expressing an opinion and recommendation to the Board of Directors in this regard.
- Internal Audit:
 - Studying and auditing the company's internal and financial control and risk management systems.
 - Studying the internal audit reports and following up the implementation of corrective procedures for the notes contained therein.
 - Control and supervise the performance of the internal auditor and the internal audit department - if any - to verify the availability of the necessary resources and their effectiveness in performing the tasks and tasks entrusted to them.
 - Recommend to the Board of Directors the appointment of the Director of the Internal Audit Unit or the Internal Auditor and propose his reward.
- Auditor:
 - Recommend to the Board of Directors the nomination and dismissal of auditors, determine their fees and evaluate their performance after verifying their independence and reviewing the scope of their work and the terms of contracting with them.

- Verify the auditor's independence, objectivity, fairness, and effectiveness of audit work, taking into consideration the relevant rules and standards.
- Reviewing the company's auditor's plan and work and verifying that he does not submit technical or administrative works that are outside the scope of the audit work and expressing its views on that.
- Answering the inquiries of the company's auditor.
- Studying the auditor's report and his observations on the financial statements and following up on what has been taken in their regard.
- Commitment Guarantee:
 - Reviewing the results of the regulatory authorities' reports and verifying that the company has taken the necessary procedures in this regard.
 - Verifying the company's compliance with relevant regulations, policies and instructions.
 - Reviewing the contracts and transactions proposed to be conducted by the company with related parties and submitting its views on this to the Board of Directors.
 - Raise what it deems necessary to take action to the Board of Directors and make recommendations on the actions that need to be taken.
- Reviewing the Committee's work bylaws, evaluating tasks and controls from time to time, and recommending any changes to the Board of Directors for study and recommendation to the shareholders' General Assembly.

The Audit Committee was formed from the following names for the new session of the Board, and it was approved by the General Assembly on 23/07/2020.

- 1- Mr. Badr bin Hamad Al-Qadi, Vice Chairman of the Board of Directors Chairman of the Committee.
- 2- Mr. Walid bin Khaled Al-Qusaibi, Member of the Board of Directors, and member of the Committee.
- 3- Mr. Wani bin Abdullah Al Wani, External Committee Member.

The following is a statement of the name of the committee chairman, its members, the number and dates of its meetings, and a statement of the members' attendance for each meeting:

S	Name	Membership Nature	Number of meetings (4) meetings				
			First meeting	Second meeting	Third meeting	Fourth meeting	Total attendance
			28/03/2022	22/05/2022	21/08/2022	08/11/2022	
1	Mr. Badr bin Hamad Al-Qadi	Chairman of the Committee	✓	×	✓	✓	3
2	Mr. Walid bin Khaled Al-Qusaibi	member of the Committee	✓	✓	✓	✓	4
3	Mr. Wani bin Abdullah Al Wani	External Committee Member	✓	✓	✓	✓	4

2- Nomination and Remuneration Committee

The tasks of the Nomination and Remuneration Committee include:

- 1- Preparing a clear policy for the remuneration of the members of the Board of Directors, the committees emanating from the Board, and the executive management in order to preserve the distinguished cadres and to motivate the administrative staff of the company, and submitting it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that the policy takes into account the following standards related to performance, disclosure and verification of its application.
- 2- Clarifying the relationship between the granted remuneration and the applicable remuneration policy, indicating any significant deviation from these policies.
- 3- Periodic review, when needed, of the remuneration policy and evaluation of its effectiveness in achieving its objectives.
- 4- Recommending to the Board of Directors the remuneration of the members of the Board of Directors, its committees and senior executives of the company in accordance with the approved policy.
- 5- Propose clear policies and standards for membership in the Board of Directors and Executive Management.
- 6- Recommending to the Board of Directors to nominate and re-nominate its members in accordance with approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
- 7- Preparing a job description for the capabilities and qualifications required for membership of the Board of Directors and for filling executive management positions.
- 8- Reviewing, when needed, the necessary needs of skills or experience suitable for membership of the Board of Directors and executive management positions.
- 9- Review the structure of the Board of Directors and the executive management and make recommendations regarding the changes that can be made.
- 10- Verify annually the independence of the independent members and the absence of any conflict of interests if the member is a member of the board of directors of other companies.
- 11- Developing special procedures in the event of a vacancy in the position of a member of the Board of Directors or a senior executive.
- 12- Determining the weaknesses in the Board of Directors - if any - and proposing solutions to address them in line with the interest of the company.
- 13- Studying and reviewing the recommendations of the Chief Executive Officer regarding the appointment and termination of the services of senior executives.
- 14- Supervise the administrative succession or job replacement of the Board, the Chief Executive Officer and senior executives.

The Remuneration and Nominations Committee for the new session was formed in Council meeting No. (274) dated 22/02/2020, and the committee was reconstituted in Council meeting No. (277) dated 25/03/2020 as follows:

- 1- Mr. Badr bin Hamad Al-Qadi, Vice Chairman of the Board of Directors and Chairman of the Committee
- 2- Mr. Fahd bin Yahya Al-Yahya, Member of the Board of Directors and member of the Committee
- 3- Mr. Hamid bin Abdullah Al-Hamid, Member of the Board of Directors and member of the Committee

The following is a statement of the name of the committee chairman, its members, the number and dates of its meetings, and a statement of the members' attendance for each meeting:

S	Name	Membership Nature	Number of meetings (4) meetings				Total attendance
			First meeting 26/04/2022	Second meeting 29/09/2022	Third meeting 11/12/2022	Fourth meeting 19/12/2022	
1	Mr. Badr bin Hamad Al-Qadi	Chairman of the Committee	✓	✓	✓	✓	4
2	Mr. Hamid bin Abdullah Al-Hamid	member of the Committee	✓	✓	✓	✓	4
3	Mr. Fahd bin Yahya Al-Yahya	member of the Committee	✓	✓	✓	✓	4

3- Investment Committee

The Investment Committee is responsible for the following:

- 1- Preparing a plan, strategy and investment policy in the company in accordance with the nature of its business, the activities it conducts and the risks to which it is exposed, and recommending to the Board for its annual approval.
- 2- Reviewing the company's investment plan, strategy and policy on a regular basis to ensure its suitability for changes that may occur in the external environment in which the company operates or the legislation regulating its works or its strategic objectives and recommending to the Board regarding the proposed changes to these plans, strategies and policies.
- 3- General supervision and evaluation of the performance of the investment activities carried out by the company internally and externally, and ensuring that it does not deviate from the approved investment plan, strategy and policy.
- 4- Developing appropriate procedures for measuring and evaluating the investment performance of the investment activities carried out by the company internally and externally.
- 5- Reviewing the company's performance in light of the operating model followed as an investment holding company.
- 6- Reviewing the costs and advantages of the company's investments in light of the planned strategy and the risks related thereto.
- 7- Studying and evaluating the investment opportunities proposed by the company's management that are related to the company's work or to develop the current activities in relation to the following transactions and recommend them:
 - A- Mergers or acquisitions of companies, works or assets.
 - B- Any termination, sale, transfer of ownership, exit from or disposal of an existing investment.
 - C- Joint ventures under a partner's agreement.

- D- Investing in new or existing projects, or expanding in expansion projects and expansions of projects in which the company has an interest.
- E- Any investment opportunity that the company's management wishes to enter into.
- F- Studying financing possibilities for the above-mentioned transactions.
- 8- Submitting recommendations to the Board to exit or liquidate the existing investment.
- 9- Continuously analyzing investment risks and working to reduce risk.
- 10- Reviewing issues raised by the Risk Management Committee that may affect the performance of investment activities in the company.
- 11- Approving the Investment Management Policies and Procedures Manual and any amendments thereto.

The Investment Committee for the new session was formed in Board meeting No. (274) dated 22/02/2020 from M/S:

- 1- Mr. Abdullah bin Ibrahim Al Mahous, Member of the Board of Directors and Chairman of the Committee
- 2- Mr. Badr bin Hamad Al-Qadi, Vice Chairman of the Board of Directors and member of the Committee
- 3- Mr. Hamid bin Abdullah Al-Hamid, Member of the Board of Directors and member of the Committee

The following is a statement of the name of the committee chairman, its members, the number and dates of its meetings, and a statement of the members' attendance for each meeting:

Number of meetings (1) meeting				
S	Name	Membership Nature	First meeting 26/04/2022	Total attendance
1	Mr. Abdullah bin Ibrahim Al Mahous	Chairman of the Committee	✓	1
2	Mr. Badr bin Hamad Al-Qadi	member of the Committee	✓	1
3	Mr. Hamid bin Abdullah Al-Hamid	member of the Committee	✓	1

40- Where the means used by the Board of Directors to evaluate its performance and the performance of its committees and members apply, and the external body that carried out the evaluation and its relationship with the company, if any.

41- Any penalty or precautionary restriction imposed on the company by the Authority or by any other supervisory, regulatory or judicial authority:

Penalties:

Punishment / penalty / precautionary measure / precautionary restriction	Reasons for the violation	The party signing the violation	Ways to treat it and prevent it from happening in the future
1500	Non-conformity of activity in the Ministry of Labor with the Ministry of Commerce	Ministry of Interior, Passports Department	Reasons for it will be eliminated
10000	Related to the procedures for	The General Organization for	Reasons for it will be eliminated

excluding a participant

Social Insurance

42- Results of the annual review of the effectiveness of internal control procedures:

The Audit Committee verifies the adequacy of the effectiveness of the company's internal control system and procedures by supervising the internal audit work. The external auditor also evaluates the company's internal control system by reviewing the company's business and activities, the Audit Committee submits its recommendations to the Board of Directors regarding the company's work, and the audit committee did not see any material matters in the company's internal control system and procedures that require notification of the Board.

43- The audit committee's recommendation regarding the need to appoint an internal auditor in the company.

There is no recommendation from the audit committee, as there is an official for the internal audit of the company and the audit committee supervises him.

44- Recommendations of the Audit Committee that conflict with the decisions of the Board of Directors.

None

45- Details of the company's social contribution, if any.

During the year 2022 AD, the company participated in sponsoring the Qasim Investment Forum, which was held under the auspices of His Royal Highness Prince Dr. Faisal bin Mishaal bin Saud bin Abdulaziz, Governor of Qasim Region.

46- A statement of the dates of the general assemblies of shareholders held during the last fiscal year and the names of the members of the Board of Directors present at these meetings.

S	Statement	Mr. Saad bin Mohammed Ibrahim bin saeed	Mr. Fahd bin Yahya Al-Yahya	Mr. Badr bin Hamad Al-Qadi	Mr. Walid bin Khaled Al-Qusaibi	Mr. Abdullah bin Ibrahim Al Mahous	Mr. Hamid bin Abdullah Al-Hamid
1	The first Ordinary General Assembly meeting 12/06/2022	-	-	Present	Present	Present	Present
2	The second Ordinary General Assembly meeting 12/06/2022	-	Present	Present	Present	Present	Present

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

Number of company requests for the shareholder register	Request Date	Reasons for the request
(1)	26/04/2022 AD	Company purposes
(2)	12/06/2022 AD	General Assembly
(3)	10/11/2022 AD	Company purposes

48- Remuneration policy for members of the Board of Directors and Executive Management:

In light of the provisions regulating remuneration and the requirements of the corporate governance regulations and the company's articles of association, the remuneration policy regulations for members of the Board of Directors, its committees and the executive management of the company, approved by the general assembly of shareholders, set the following objectives:

- Setting the general framework for the policy of remuneration and compensation for members of the Board, committees and management, and the controls for their disbursement and recovery.
- State policies that define remunerations, link them to performance, and verify their implementation.
- Clarifying the mechanism for determining, approving and amending the remunerations of Board members, committee members and senior executives.
- Attracting the appropriate competencies and expertise required to accomplish the tasks and responsibilities of the board and committees in line with the company's activity, strategy and objectives, which contributes to improving the company's performance and achieving the interests of its shareholders.
- Maintaining the current competencies through the regulatory framework for the remuneration of senior executives in the company.
- Achieving full compliance with the applicable laws and regulations issued by the competent regulatory authorities, and ensuring continuity in their application and adherence to them.
- Work on a clear basis according to the principle of full transparency, commitment and disclosure of rewards.

The regulation also specified the general policies for remunerations as follows:

- The remunerations shall be based on the recommendation of the Remuneration and Nomination Committee.
- The remuneration is commensurate with the company's activity, skill and experience required to manage it.
- The remunerations be consistent with the company's strategy and objectives.
- The remunerations shall be provided for the purpose of motivating the members of the Board and management for the success and development of the company in the long term as, linking the variable part of rewards to long-term performance.
- Remunerations shall be determined based on the job level, tasks and responsibilities assigned to the incumbent, academic qualifications, practical experience, skills and level of performance.
- The remuneration shall be fair and commensurate with the member's experience, competencies, independence, works and responsibilities undertaken by and assumed by the members of the Board, in addition to the goals set by the Board to be achieved during the year.
- The remuneration be in line with the size, nature and degree of risks of the company.
- Taking into consideration the practices of other companies in determining remuneration, while avoiding what may result from unjustified increase in remuneration and compensation.
- The remuneration should be reasonably sufficient to attract, motivate and retain qualified and experienced cadres so as to achieve a balance between providing benefits to attract, maintain and motivate professional competencies, and not overestimate them.

- The remuneration of the members of the Board shall vary in amount to reflect the extent of the member's experience, specializations, and tasks entrusted to him, his independence, the number of sessions he attends and other considerations.
- To be prepared in coordination with the Committee on new appointments.
- Cases of suspension or redemption of the remuneration: If it turns out that it was decided on the basis of inaccurate information provided by a board member or management, in order to prevent exploitation of the job position to obtain undue remuneration.
- Organizing the granting of shares in the company to members of the board and management, whether it is a new issue or shares purchased by the company.

The regulation clarified the general framework of the remuneration and compensation policy as follows:

- The company be keen to coordinate the remunerations and compensations paid to the members of the Board, and that these compensations do not exceed what is set by the supervisory controls.
- In all cases, the sum of what a council member receives in terms of financial or in-kind remunerations and benefits does not exceed the amount of (500,000) five hundred thousand Saudi riyals annually, according to the controls set by the competent authority.
- This remuneration may be a specific amount, attendance allowance for sessions, in-kind benefits, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.
- If the remuneration is a specific percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the precautions decided by the General Assembly in application of the provisions of the Companies Law. And after distributing a profit to the shareholders of not less than (5%) of the paid-up capital of the company, provided that the entitlement to this reward is proportional to the number of sessions attended by the member.
- In the case that it does not achieve annual profits, the company is not entitled to disburse the annual sum remuneration to the members of the Board and the sub-committees. At that time, the disbursement of benefits and allowances for attending meetings of the Board and committee meetings will be limited to attendance allowances, ticket allowances, and assignment.
- The Board's report to the Ordinary General Assembly shall include a comprehensive statement of all the Board members' remunerations, expenses and other benefits received during the fiscal year, it should also include a statement of what the council members have received in their capacity as workers or administrators, or what they have received in return for technical, administrative or consulting work, also it should include a statement of the number of Board sessions attended by each member from the date of the last meeting of the General Assembly.
- The structure of remunerations and compensation should be consistent with the objectives of the company.
- Remunerations and compensation should be fair for the effort taken to deserve it.
- The remuneration and compensation structure should not cause any conflict of interest that would negatively affect the company's performance.
- The member is entitled to a remuneration starting from the date of joining the council or committee and according to the duration of his membership.

49- The relationship between the granted remunerations and the applicable rewards policy and a statement of any significant deviation:

None.

50- Recommendations:

In this regard, the Board recommends to your esteemed association the following:

- 1- Reviewing and discussing the Board of Directors' report for the fiscal year ending on December 31, 2020.
- 2- View and discuss the financial statements for the fiscal year ending on December 31, 2022.
- 3- Vote on the company's auditor's report for the fiscal year ending on December 31, 2022, after discussing it.
- 4- Vote to absolve the members of the Board of Directors from liability for the fiscal year ending on December 31, 2022.

The date and place of the General Assembly meeting and any other items included in the agenda will be announced at a later date, Allah willing.

Conclusion:

The Board of Directors of Al-Qassim Investment Holding Company extends its great thanks and appreciation to the Custodian of the Two Holy Mosques and his trustworthy Crown Prince, may Allah protect them, and our wise government for the continuous support for the advancement of all sectors of the state, including the private sector.

The Board of Directors also extends its sincere thanks to the company's shareholders for the confidence they have given to the Board, and the Board hopes that it will always live up to their expectations.

The Board of Directors of Al-Qassim Investment Holding Company also thanks the customers and employees of the company for their continuous efforts to achieve the company's goals and to ensure its gains and interests.

Board of Directors