



*In the name of Allah,
the most Merciful, the Ever Merciful*

Annual Report 2023
Report of Board of Directors of Saudi Company for Hardware (SACO)
for the fiscal year ended 31/12/2023

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Members of the Board of Directors of as on 31/12/2023

Name	Position	Classification
Sameer Omar Baeasa	Chairman	Independent
Mr. Mohammed A Alqatari	Vice-Chairman	Non-executive
Mr. Khalid Al-Hamidi	Member	Non-executive
Mr. Sameer Al-Hamidi	Member	Non-executive
Mr. Haytham Al-Hamidi	Member	Non-executive
Mr. Faisal Abdullah Al-Fohaid	Member	Independent
Mishal Abdulmohsin Alhokair	Member	Independent
Iyad Anwar Aldalooj	Member	Independent
Saleh Abdulrahman Almubarak	Member	Independent

The members of the Board of Directors were elected by the General Assembly of Shareholders held on June 14, 2023 AD for the term that commenced on July 20, 2023 AD. The Board of Directors during the period from the beginning of the year 2023 AD until July 20, 2023 AD was as follows:

Name	Position	Classification
Mr. Sameer Mohammed Al-Hamidi	Chairman	Non-executive
Mr. Sameer Omar Baeisa	Vice-Chairman	Independent
Mr. Haytham Al-Hamidi	Member	Non-executive
Mr. Khalid Al-Hamidi	Member	Non-executive
Mr. Talal Mohammed Bakhsh	Member	Non-executive
Mr. Bandar Khalid AL Turki	Member	Non-executive
Mr. Mohammed A Alqatari	Member	Non-executive
Mr. Faisal Abdullah Al-Fohaid	Member	Independent
Mr. Fahad Malaeka	Member	Independent

An Overview of the Company's History and Capital:

Saudi Company for Hardware-SACO is a Saudi Joint Stock company, established pursuant to HE Minister of Commerce and Industry Resolution No. (178/Q) dated on 26/5/1432H, corresponding to 30/4/2011, under commercial registration No. 1010056595, dated on 26/2/1405H, corresponding to 19/11/1984. Originally, SACO was incorporated as a limited liability company, registered in Riyadh city with a capital of (10,000,000) Ten million Saudi Riyals. In 1990 the capital was raised to (16,000,000) Sixteen million Saudi Riyals. On 26/5/1432H corresponding to 30/4/2011, the company was transferred to a closed Joint Stock Company. On 27/7/1432H corresponding to 26/5/2014, the company capital was raised from (16,000,000) Sixteen million Saudi Riyals to (240,000,000) Two Hundred and Forty million Saudi Riyals, through the capitalization of retained earnings. The Capital Market Authority approved on 25/3/2015 to list 30% of the company's shares for public subscription and as a result the company was listed on The Saudi Stock Market (Tadawul) on 12/5/2015.

On 17/12/2018, the General Assembly of Shareholders was approved to increase company's capital according to recommendation of BOD to be (360,000,000) three hundred and sixty Million Saudi Riyals by granting bonus shares to shareholders. With percentage increase of (50%) to become the number of shares (36 Million).

Capital increasing to enhance the share capital being compatible with the size of the company's total assets, and the increasing has been done by granting One bonus share for every Two owned shares with implemented through capitalization of (SAR 62,298,561) from the statutory reserve and (SAR 57,701,439) from the retained earnings.

As 31/12/2020 ,the company capital amounts to (360,000,000) three Hundred and sixty million Saudi Riyals, divided into (36,000,000) thirty six million Saudi Riyals ordinary shares and paid in full at a nominal value per share equal to (10) Ten Saudi Riyals.

The Company Activity:

SACO is one of the largest companies that offer household improvement products in the Kingdom. As on 31/12/2023, the company owns 33 Stores in 18 cities, including 5 large SACO World stores and the area of the stores range between 2.000 up to more than 24.500 sq. meters. These stores offer 45.000 different products in each store.

The company aims to become the first destination in the retail sector in the Kingdom of Saudi Arabia by providing all customers' needs and namely hardware, tools, products and household improvement solutions, in competitive prices and suitable shopping environment for the customers. The Company also aims to:

- Understand customer's needs, and to provide products and appropriate household solutions.
- Provide an appropriate shopping environment for customers through the provision of wide range of products under one roof and at competitive prices.
- Enhance customers trust by providing them with appropriate services.
- SACO aims to become a regional leader in the field of household improvement products through expanding its presence in the Gulf States and other Arab States.

Subsidiaries

Medscan Terminal Company: a Saudi Limited Liability Company specializing in transporting goods, logistics, and warehousing, located in Eastern Area, and has been acquired in 23/11/2016.

During the 2018 the Company completed the acquisition of full share of Medscan , to become the ownership percentage 100% after it was 99% on 22/07/2018

Name of Subsidiary	Establishment and Activity Location	Capital	Activity Type	Percentage of Property
Medscan Terminal Company Ltd.	Kingdom of Saudi Arabia	5,500,000	Transporting Goods, Logistics, and Warehousing	100%

Facts about SACO:

The company was established in 1985 and became a leading company in retail trade of hardware and tools and the one of the largest specialized shopping center in household improvement solutions in the Kingdom of Saudi Arabia.

Stores: 33 stores with an area ranging from 2000 to 24500 sqm, as on 31/12/2022

Market Coverage: Located in 18 main cities in the Kingdom of Saudi Arabia, as on 31/12/2021

Products Range: More than 45,000 products under one roof.

Warehouses: Warehouses in the strategic and vital area in Eastern regions.

Maintenance Centers: Three maintenance centers in Central, Eastern, and Western regions.

Operation System: Advanced SAP system for resources planning.

Vision:

The Company aims to become the “first destination” in the retail sector in the KSA, by securing all of its customers’ needs for hardware tools, products and home improvement solutions at competitive prices and in a convenient shopping environment.

Mission:

- Understanding customer's needs and provide them with products and home solutions appropriate to them.
- Provide a suitable shopping environment for customers by offering a wide variety of products in one location at competitive prices.
- Enhance customer confidence by providing appropriate services.
- To become the regional leader in the field of home improvement products.

Departments

• Departments

• الأقسام

 الخدوات Hardware	 حلول لتقوم بها بنفسك DIY Tools	 ادوات كهربائية Electrical & Power Supplies	 ادوات والأجهزة الرياضية Sports Equipment	 العاب الأطفال Toys	 الدهانات وأدواتها Paint & Sundries
 مواد البناء Building Materials	 ادوات السباكة Plumbing Supplies	 أدوات وعدد السيارات Automotive	 لوازم التخزين والتنظيم Storage & Organization	 ادوات منزلية Housewares	 أجهزة منزلية كهربائية Electrical Appliances
 مفروشات داخلية Indoor Furniture	 لوازم ومعدات الحدائق Lawn & Garden	 مفروشات خارجية Outdoor Living	 الإضاءة Lightings	 المفارش ولوازم الحمام Bed & Bath	

Household Solutions: SACO offers a variety of household solutions:

• Solutions	• الحلول
الغسيل والكوي Washing & Ironing	الدھان Paint
عدة السيارات Car Travel	الأرضيات والجدران Floor & Wall
التخزين Storage	مستلزمات الحمام Bathroom Accessories
الغبار Dust	الكهرباء Power
الماء Water	حافظ على جمال حديقتك Keep Your Garden Beautiful
النقل Moving	حامل اجهزة كهربائية Electrical Device Holder

The Important Achievements During 2023

SACO announces its Turnaround plan for the three years 2023, 2024 and 2025:

Saudi Company for Hardware is pleased to announce that it began to implement its Turnaround plan for the three years 2023,2024 and 2025, which aims to improve the company's results and status based on SACO's leading position in the Saudi retail Market.

The strategy main pillars are:

1. Restructuring the current stores in terms of their number, geographic presence and opening new viable branches.
2. Introduction of new categories, varieties and new services addressing our customers' expectations and enhancing the company's profitability.
3. Putting more focus on Ecommerce omni channel and partnering with new aggregators .
4. Implementing a new promotional strategy to ensure effective positioning of the products and company's position in the market
5. Signing new agreements and building partnerships with suppliers..
6. Remodeling stores and improving customers' service and loyalty program.
7. Effective inventory management and spending efficiency.
8. Restructuring management and staff at the branches with highly qualified leaders to raise performance and productivity.

The company's repurchase of its own shares:

The company announced that the Board of Directors has recommended to the Extraordinary General Assembly to approve the repurchase of its shares for the purpose of holding them as treasury shares, with a maximum limit of 350,000 shares. The purchase of shares will be financed from the company's internal resources, using its cash balances or credit facilities. After obtaining the approval of the Extraordinary General Assembly of shareholders, the quantity to be purchased represents 0.97% of the total number of SACO shares.

On June 14, 2023, the General Assembly of shareholders approved the recommendation of the company's Board of Directors to repurchase a maximum of 350,000 shares of its own stock and retain them as treasury shares. This decision was made due to the company's market value being lower than its fair value. The share repurchase will be financed from the company's internal resources. The Board of Directors was authorized to complete the repurchase process within a maximum period of twelve months from the date of the Extraordinary General Assembly's resolution. The company will retain the purchased shares for a maximum period of five years from the date of approval by the Extraordinary.

As of December 31, 2023, the company has completed the purchase of (17,945) shares out of the total (350,000) shares.

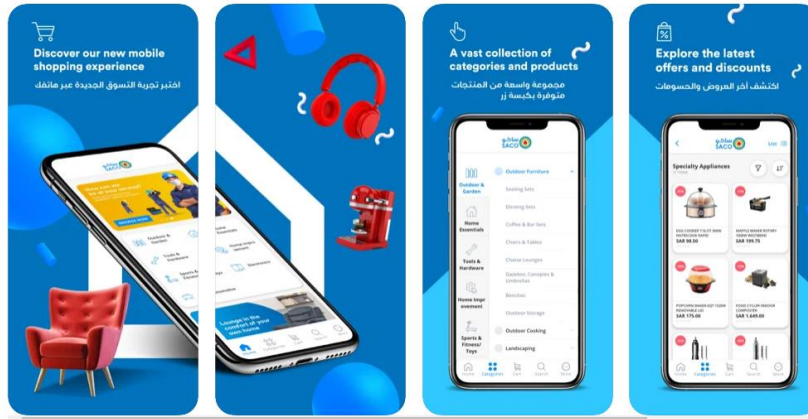
Company Stores During the year 2023:

One of SACO's stores was closed during the year 2023. It was the store located in the Aziziyah neighborhood in the city of Riyadh, on the date 05-02-2023, with an area of 6,089 square meters. The SACO store located in the Al Badi'ah district (at the intersection of Al-Madinah Al-Munawarah Road and the Western Ring Road) will serve customers in this area. The financial impact of this closure is not significant.

Therefore, by the end of 2023, the total number of company stores reached 33, with a combined area of 206,386 square meters.

Development of online sales platforms

During 2022, the company continued to develop its new electronic platforms, including the website (www.saco.sa), as well as SACO's mobile application. Each platform provides a unique and special online shopping experience for SACO's customers. The goal of these developments is to increase the market share of digital sales by offering exclusive products and solutions while prioritizing customer privacy.



Human Resources

Saudization and Development:

The total number of employees in the company as of December 31, 2023, was 1,602, with 710 of them being Saudi employees. The company has achieved a Saudization rate of 44.3% of the total workforce.

Diversity in employment is important to enhance the company's outstanding performance and uphold principles and values of sustainability. SACO is widely known as a pioneer in Saudi nationalization initiatives and empowering women with suitable job opportunities. The company has received honors and certificates of appreciation from the Ministry of Human Resources, the Chamber of Commerce, and HRDF for its efforts in nationalization. Through its Human Resources department, the company has sought to address challenges related to women's employment and find practical solutions. They have provided a range of comprehensive programs and training plans to ensure that every female employee possesses the required skills and knowledge for continuous work.

The company conducts questionnaires for employees in its branches, which serve as an open and written dialogue. Through these questionnaires, ideas, perspectives, goals, and ambitions are exchanged to achieve a greater and deeper mutual understanding between employees and management. This has helped improve communication, strengthen relationships, evaluate employee experiences,

listen to their opinions, and collect suggestions for improving the work environment to make it more suitable.

Training and Development:

In the field of training and development, SACO continued to enhance its internal training platform throughout the year. This was done to offer courses that would contribute to the development of SACO employees in various job-related areas.

Financial Performance:

Key Business Sectors

Retail & Services Sector

Transportation & Logistics Sector

Description	Revenue		Cost of Revenue		Net Profit		Gross Profit Margin	
	2023	2022	2023	2022	2023	2022	2023	2022
Retail Sector	909.2	1,108.3	(809.2)	(1,042.0)	(69.0)	(142.5)	11.0%	6.0%
Transport Sector	40.3	55.1	(36.2)	(53.9)	(0.3)	(1.8)	10.1%	2.3%
Settlements	(19.4)	(26.9)	19.4	26.9	0.3	1.8	0.0%	0.0%
Total	930.1	1,136.5	(826.0)	(1,068.9)	(69.0)	(142.5)	11.2%	5.9%

All amounts are in millions

- ❖ Inter-company transactions are eliminated.
- ❖ SACO acquired Medscan Terminal Company on November 23, 2016.

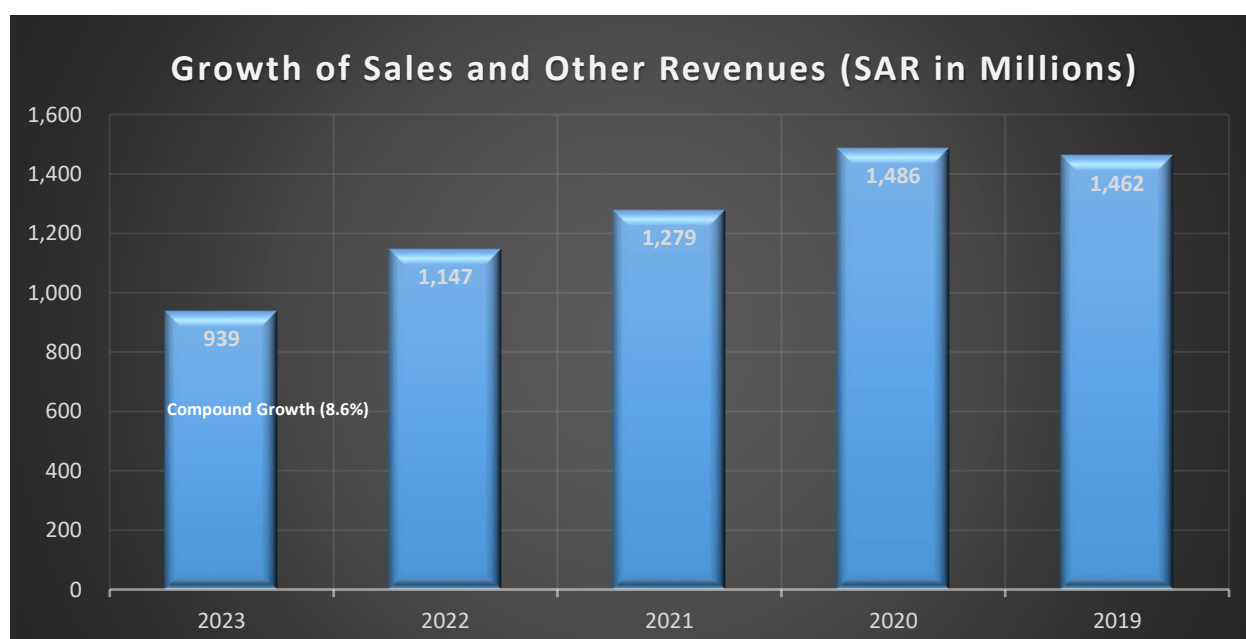
Summary of Operations Results

Results of Operations and Net Profit (In millions)					
Description	2023	Revenue %	2022	Revenue %	Change %
Revenue	930.1		1,136.5		-18%
Cost of Revenue	(826.0)	89%	(1,068.9)	94%	-23%
Gross Profit	104.1	11%	67.6	6%	54%
Operating Expenses	(152.6)	16%	(175.4)	15%	-13%
Operating Profit	(48.5)	-5%	(107.8)	-9%	-55%
Net Profit (Loss) before Zakat	(66.0)	7%	(129.5)	11%	-49%
Net Profit (Loss)	(69.0)	-7%	(142.5)	-13%	-52%

- ❖ Revenue decreased in 2023 by 18% compared with 2022.
- ❖ Medscan revenue in 2023 totaled SAR 40.3M of which SAR 19.4 was eliminated due to intercompany transactions with SACO, and the net loss for the same period was SAR (0.3M).
- ❖ Medscan is a specialized company in transportation, storage, and logistics activities and SACO aimed to diversify its sources of income and reduce expenses by utilizing Medscan's expertise instead of dealing directly with local vendors.

<i>Income Statement (SAR - In millions)</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
Revenue	930.1	1,136.5	1,272.5	1,481.8	1,457.8
Cost of Revenue	(826.0)	(1,068.9)	(1,079.8)	(1,185.3)	(1,176.1)
Gross Profit	104.1	67.6	192.7	296.4	281.7
Operating & Finance Expenses	(178.6)	(208.0)	(216.0)	(198.6)	(212.9)
Other Income	8.4	10.9	6.3	4.1	4.3
Zakat	(2.9)	(13.0)	(11.5)	(16.4)	(11.5)
Net Profit (Loss)	(69.0)	(142.5)	(28.5)	85.5	61.6

- ❖ The reason for resulting loss during this year was mainly due to the following:
 - Decrease in sales by 18% during this year compared to the previous year.
 - Booking of impairment loss on non-financial assets amounting to SAR 8.2M





Financial Position

Position (SAR - in millions) Financial	2023	2022	2021	2020	2019
Current Assets	491	553	777	728	865
Non- Current Assets	653	802	1,128	910	898
Total Assets	1,145	1,354	1,905	1,639	1,763
Current Liabilities	465	481	546	402	554
Long-Term Loans	336	459	803	627	668
Shareholders' Equity	344	414	556	610	541
Total Liabilities and Shareholders' Equity	1,145	1,354	1,905	1,639	1,763

The "Right-of-Use Assets" reported in the financial statement, as a result of the adoption of IFRS16, was SAR 249M in 2023.

The "Lease Liabilities" reported in the financial statement, as a result of the adoption of IFRS16, was SAR 338M in 2023.

Total Assets Growth - In Million



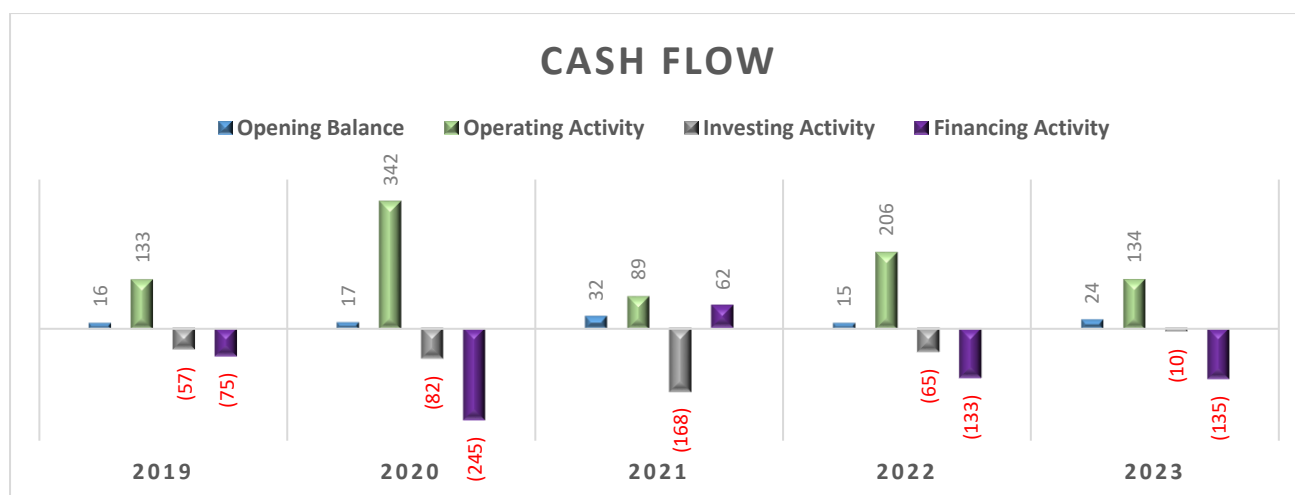
Total Liabilities and Shareholders' Equity Growth - In Million



Cash Generated from the Company's Activities

Period/Year	Opening Balance	Operating Activity	Investing Activity	Financing Activity	Ending Balance
2019	16	133	(57)	(75)	17
2020	17	342	(82)	(245)	32
2021	32	89	(168)	62	15
2022	15	206	(65)	(133)	24
2023	24	134	(10)	(135)	13

All amounts are in millions



Geographical Analysis of the Company's Activity

- ❖ Up to 31/12/2023, the company has no activity outside the Kingdom of Saudi Arabia.
- ❖ The following table shows the sales and net profit of the company's activity and its subsidiaries in the Kingdom of Saudi Arabia (SAR in Millions).

Geographical Analysis of SACO's Total Revenues & Net Profit

Geographical area	2023		2022	
	Revenue	Net Profit (Loss)	Revenue	Net Profit (Loss)
Kingdom of Saudi Arabia	909.2	(69.0)	1,108.3	(142.5)
Other areas	0	0	0	0

Geographical Analysis of Total Revenues & Net Profit of the subsidiary (Medscan)

Geographical area	2023		2022	
	Revenue	Net Profit (Loss)	Revenue	Net Profit (Loss)
Kingdom of Saudi Arabia	40.3	(0.3)	55.1	(1.8)
Other areas	0	0	0	0

Summary of Net Results of Operations

Significant difference in operational results comparing to the last year Clarification for any				
Description (In Million)	2023	2022	(-) (+) Change	% Change
Revenue	930.1	1,136.5	(206.4)	-18.2%
Costs of Revenue	(826.0)	(1,068.9)	242.9	-22.7%
Gross Profit	104.1	67.6	36.5	54.0%
Operating Expenses	(152.6)	(175.4)	22.8	-13.0%
Operating Income	(48.5)	(107.8)	59.3	-55.0%
Net Profit Before Zakat	(66.0)	(129.5)	63.4	-49.0%
Net Profit (Loss)	(69.0)	(142.5)	73.5	-51.6%

Borrowing

The following table shows the outstanding loan balances as of 12/31/2023 (in millions).

<i>Bank's</i>	<i>Statement</i>	<i>Opening Balance</i>	<i>Addition</i>	<i>Settled</i>	<i>Ending Balance</i>
SABB	*Long Term Loan	65	0	(20)	45
GIB + SABB	Short Term Loan – Working Capital	58	0	(38)	20

* Long-term loans - to finance the expansion project of the company, specifically the purchase of central warehouses in the Riyadh city

- The outstanding balance of these loans at the end of 2023 amounted to SAR 65M
- In addition, the company acknowledges that there are no loans or debt on the subsidiary's "Medscan" accounts until 31/12/2023.

Zakat, Tax and Social Insurance

The following is a statement of the amounts due to the General Organization for Social Insurance and Zakat accruals as of 31/12/2023.

Statement	2023	2022
Zakat, Tax and Customs Authority	11,468,954	16,034,455
The Public Institution For Social Security	783,415	911,216

Risk Management:

The company's results might be affected by potential risks which can be classified into two categories: risks related to the company's operation and risks related to market and the sector, as follows:

A) Risks related to the company's operation:

1. Epidemics and what results from it on restrictions and closures and business interruptions.
2. The global shipping crisis, the delay in the arrival of products with high costs.
3. Unsuccessful expansion strategy.
4. More modern products being provided by competitors.
5. Competition from online shopping.
6. Failure of products to comply with specifications and regulations.
7. Poor inventory management.
8. Termination of or failure to renew leases contracts or the lack of suitable properties for lease.
9. Construction works that may occur in the current stores area, which may affect the appearance of the current stores and the ability of customers to access them.
10. Obstacles arising from franchise agreements and noncompliance with the provisions thereof.
11. Reliance on supply and support system and informatics solutions and risks of breakdown.
12. Operational risks and unexpected downtime of operations.
13. Inadequacy of insurance coverage.
14. Non-availability of additional financing in the future.
15. Expiration or non-renewal of the Company's licenses.
16. Increase in operational expenses.
17. Reliance on trademarks and intellectual property rights laws.
18. Accidents and injuries resulting from the Company's operations.
19. Risks associated with non-compliance with laws and regulations.

B) Market and sector-related risks:

1. The competitive environment.
2. Political and economic risks.
3. Risks relating to import and export regulations and future changes thereto, as well as risks related to exchanges in currency exchange rates.

The Company's policy in managing and controlling these risks is that there is a clear internal structure and plans to deal with these risks according to their nature, by the Board of Directors, its committees, executive management and the committees emanating from it, and to ensure continuity of the company's operations at different levels.

The Company believes that an effective risk management framework requires fixed and consistent procedures to assess, monitor and report on risk issues across all company departments. It is essential to ensure that this process is in line with the Company's direction and objectives, particularly strategic planning and annual business planning.

The Company reviewed and approved the Risk Management Framework Regulations. This framework aims to define a formal risk management methodology with the following characteristics:

1. Responding to the requirements of the executive management regarding the provision of risk information and the development of corporate governance systems.

2. The ability to monitor, control, manage and prioritize complex risks on an ongoing basis.
3. The key risk management process should be carried out effectively to serve the stakeholders involved.

Dividend Distribution Policy:

The Board of Directors shall recommend declaring and payment of any profits before getting the approval by the shareholders at the meeting of the General Assembly. The company distributes interim dividends to its shareholders in order to enhance the value of their investments.

Any recommendation to distribute profits to shareholders is based on a number of factors, including: the profits made by the company previously, projected profits, cash flows, capital requirements, market data, and economic factors in general and Zakat, as well as legal, regulatory and other considerations and factors.

The distribution of dividends is subject to certain limitations contained in the Company's By-Laws and the New Companies Act. After deducting all general expenses and other costs, the Company's annual net profits, if any, shall be allocated (in Saudi Riyals) as follows:

1. Ten percent (10%) of net profit shall be set aside to form a statutory reserves. The General Assembly may decide to discontinue such reserve when the said reserve amounts to (30%) of the paid-up share capital.
2. The Ordinary General Assembly may, upon request of the Board of Directors, set aside a (20%) of the net profits to form a Contractual reserve to be allocated towards one or more specific purposes.
3. The Ordinary General Assembly may set aside any additional reserves, to the extent that serves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The Said Assembly may also deduct amounts from the net profits for establishment of social institutions for the company's employees or to assist the existing institutions.
4. The balance shall be distributed as a first payment in the amount of five percent (5%) of paid-up capital to the Shareholders.
5. Subject to the provisions stipulated in Article (Board Members' Compensation) of the Articles of Association of the Company, and Article 76 of the Companies Law, after the above, a percentage of (10%) of the balance shall be allocated to remunerate the Board of Directors, provided that the remuneration is commensurate with the number of meetings Attended by the member.
6. The balance shall be distributed among Shareholders as an additional share of the dividends.

The General Assembly of Shareholders approved on 14-06-2023 the recommendation of the Board of Directors not to distribute cash dividends to the shareholders for the fiscal year 2022. This decision was made after the recommendation of the Board of Directors of Saudi Company for Tools and Hardware (SACO) on 20-03-2023 not to distribute cash dividends to the company's shareholders for the year 2022.

The actions taken by the Board of Directors regarding the distribution of dividends will be presented to the General Assembly of Shareholders for approval. Additionally, the approval item for authorizing the Board of Directors to distribute interim dividends to the shareholders during the year 2024 will be presented, specifying the eligibility date and distribution, taking into consideration relevant regulations.

It is worth noting that there are no arrangements or agreements through which any shareholder of the company relinquishes any rights to dividends.

The Company's Management:

A. Membership of the Board of Directors:

The Board of Directors of the company consists of (9) members, whereas the General Assembly held on 14/06/2023 elected the members of the Board of Directors for the term started on 20/07/2023 for three years.

Therefore, SACO' Board Members during 2023 are as in the below table, including New Members, the composition of the Board of Directors, the classification of its members, and date of membership:

Name	Position	Classification	Date of Membership
Mr. Sameer Omar Baeisa	Chairman	Independent	Re-elected by the General Assembly of Shareholders during 14/06/2023 for the term started on 20/07/2023
Mr. Mohammed A Al Qatari	Vice-Chairman	Non-executive	He was elected by the General Assembly of Shareholders during 14 /06/2023 for the term started on 20/07/2023.
Mr. Khalid Mohammed Al-Hamidi	Managing Director	Non-executive	Re-elected by the General Assembly of Shareholders during 14 /06/2023 for the term started on 20/07/2023
Mr. Sameer Mohammed Al-Hamidi	Member	Non-executive	Re-elected by the General Assembly of Shareholders during 14 /06/2023 for the term started on 20/07/2023
Mr. Haytham Mohammed Al-Hamidi	Member	Non-executive	Re-elected by the General Assembly of Shareholders during 14 /06/2023 for the term started on 20/07/2023
Mr. Faisal Abdullah Al-Fohaid	Member	Independent	He was elected by the General Assembly of Shareholders on 14/06/2023 for the term started on 20/07/2023.
Mishal Al Hukair	Member	Independent	He was elected by the General Assembly of Shareholders during 14/06/2023 for the term started on 20/07/2023.
Eyad Al Daalouj	Member	Independent	He was elected by the General Assembly of Shareholders during 14/06/2023 for the term started on 20/07/2023.
Saleh Abdulrahman Al Mubarak	Member	Independent	He was elected by the General Assembly of Shareholders during 14/06/2023 for the term started on 20/07/2023.

Mr. Talal Mohammed Bakhsh	Member	Non-executive	He was elected by the General Assembly of Shareholders on 20-05-2020, and his term ended at the conclusion of the session on 19-07-2023.
Mr. Bandar Khalid AL Turki	Member	Non-executive	He was elected by the General Assembly of Shareholders on 20-05-2020, and his term ended at the conclusion of the session on 19-07-2023.
Mr. Fahad Malaeka	Member	Independent	He was elected by the General Assembly of Shareholders on 20-05-2020, and his term ended at the conclusion of the session on 19-07-2023.

Names of Board Members, Committees Members, Executive Management, and clarification of their current and previous positions, qualifications, and experiences.

Sr .	Name	Position	Current Jobs	Previous Jobs	Qualifications	Experiences
1	Mr. Sameer Omar Baeisa	Chairman	-	<p>Consultant for development of banking businesses - Riyadh Bank.</p> <p>General Manager of Branch Network in KSA - Banque Saudi Fransi.</p> <p>Regional Director – Western Area – NCB bank.</p>	<p>Bachelor of Business Administration. King Abdulaziz University, Kingdom of Saudi Arabia 1982.</p> <p>Master of Business Administration California State University, USA 1987.</p>	Experience in banking Field & strategic transformation and business development.
2	Mohammed A Al Qatari	Vice-Chairman	Chief Executive Officer of Abrar International Ltd.	<p>Chief Financial Advisors of Al Tazaj Farooj Fakeeh Grilled Chicken Company in Jeddah.</p> <p>Group Financial Manager, Jabal Omar Development Company in Jeddah.</p>	<p>- Holder of a master's degree in business administration from King Fahd University of Petroleum and Minerals.</p> <p>-Hold a Bachelor of sciences in environmental science, king Abdulaziz University (KAU), Jeddah, KSA.</p>	Experience in management, strategy, business development and finance.
3	Mr. Khalid Mohammed Al-Hamidi	Board Member – SACO	<p>Member of the Board of Directors of Al Yamamah Press Foundation.</p> <p>Chief Director of Al-Hamidi Contracting Establishment Company.</p> <p>-Chairman of the Board of</p>	<p>Project Manager / Site Engineer - Al Hamidi Contracting Establishment Company.</p> <p>- Site Engineer - HP Zachary United States.</p> <p>-Member of the Board of</p>	Bachelor's degree in engineering, in 1979 from Southern Methodist University, Dallas, USA.	Experience in management, human resources, and project management.

			Directors of Muhammad Abdulaziz Al-Humaidi Sons Holding Company.	Directors of Al-Yamama Press Foundation. - the Executive Director of Administrative and Personnel Affairs, and then the Head of the Administrative and Personnel Affairs Department - SACO.		
4	Mr. Sameer Mohammed Al-Hamidi	Board Member – SACO	Board member at ACE International Ltd. Chairman of Board of Directors at Deutsche Securities Saudi Arabia. Board member at Al Hamidi Contracting Establishment Co. Member of the Directors of Mohammed Abdulaziz Al-Hamidi Sons Holding Company.	General Manager / SACO CEO / SACO* Board Member of Allianz Saudi Fransi Cooperative Insurance Company. Board member at Astra Industrial Group. Member of the Directors of Muhammad Abdulaziz Al-Hamidi Sons Insurance Company	Bachelor's degree in economics and business administration in 1980 from Southern Methodist University, Dallas, USA.	Experience in executive and strategic management in retail, industry and insurance.

5	Mr. Haytham Mohammed Al-Hamidi	Board Member – SACO	<p>Member of the Board of Directors of American Express.</p> <p>Board member at Al Hamidi Contracting Establishment Co.</p> <p>Member of the Directors of Mohammed Abdulaziz Al-Hamidi Sons Holding Company.</p>	<p>Global Investment Officer – Riyadh Bank.</p> <p>Head of securities portfolio - Saudi Arabian Monetary Authority.</p> <p>- Chairman of the Board of Directors of Rana Investment Company.</p> <p>-Board member at National Petrochemical Company "Petrochem"</p> <p>-Head of Marketing and Sales Management - SACO.</p> <p>- Board member of Thoub Al-Aseel Company.</p> <p>-CEO of SACO</p>	<p>Bachelor’s degree in economics in 1987 from Southern Methodist University, Dallas, USA.</p> <p>Master’s degree in business administration in 1989 from the University of Dallas, USA.</p>	Experience in sales and marketing management and investment sectors, financial services and petrochemical sector.
6	Faisal Abdullah Al-Fohaid	Board Member- SACO	Chief Information Technology Officer at Alkhorayef Group	<p>Assistant Secretary-General for Information Technology and Customer Service.</p> <p>Vice President for Support Services and General Manager of Information Technology.</p>	Holds a bachelor’s degree in computer engineering from King Saud University.	Experience in Information Technology, Management, Strategies, and Digital Transformation and industry

7	Mishal Abdulmohsin Alhokair	Board Member-SACO	<p>Vice President of the Group, Abdul Mohsen Al Hokair Holding</p> <p>Chairman of the Board of Directors of Aster Arabia Medical Services.</p> <p>President of the Saudi Arrows Federation.</p> <p>Managing Director of Hajan Real Estate.</p> <p>Chairman of Milanac Entertainment and Attractions Middle East and Middle East Council</p>	<p>Member of the Executive Committee for Business Development of Abdul Mohsen Al Hokair Holding Group</p> <p>Executive Vice President and General Manager of the Entertainment Sector, Abdul Mohsen Al Hokair Group Company</p> <p>The General Manager is Sparkies.</p> <p>The Executive Director of Al Hokair Group for Events is Wahat (Events Oasis).</p> <p>The Director of Corporate and Commercial Banking Relations at SABB Bank.</p> <p>The Chief Executive Officer (CEO) of Asool Al-Mazaya Hospitality Company.</p>	<p>Bachelor of Science Business Administration major in Marketing King Fahad University Of Petroleum and Minerals, Dammam, KSA</p> <p>MBA degree Business Management Hult International Business School.</p>	<p>Experience in Marketing, Business Administration , and the Entertainment Sector.</p>
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8	Iyad Anwar Salman Aldalooj	Board Member- SACO	Co-Founder & CEO of Penny Software.	General Manager at Careem. Co-Founder & Operations Manager Pasu Tech LLC.	Master's Degree MBA Bellevue University (USA). Master's Degree Civil engineering University of Nebraska Lincoln (USA). Bachelor's degree Civil Engineering University of Nebraska Lincoln (USA).	Experience in Business Management and Technology Entrepreneursh ip.
9	Saleh Abdulrahman Ali Al Mubarak	Board Member- SACO	Owner and General Manager of Al Aswaq Management Consultancy Office.	Administrativ e Manager to General Manager of Souks Company Ltd.	Bachelor of Science in Public Administration from California University.	Experience in Management Consulting.

10	Lutfi Gasim Shahada	Chairman of Audit Committee Member of Nominations and Remuneration Committee.	Financial advisor and consultant for family wealth. Audit Committee Member at Alkhorayef Group. Audit Committee Member at Al Khaleej Training and Education Co.	Audit Committee Member at Malaz Capital Company. Senior Partner at Ernst & Young and Director of the Family Business Center. Partner at Arthur Andersen Consulting Services. Director of Audit and Taxation at PWS.	Bachelor's degree in business administration and accounting from the American University of Beirut in 1973 Accounting studies in accounting from the University of Houston in 1979, USA.	Experience in financial consulting, auditing, accounting, and governance.
11	Mr. Talal Mohammed Bakhsh	Board Member – SACO Membership ended in 2023.	Chairman of Ritaj Investment Co. Ltd. Chairman of Distinguished Pioneers Financial Advisory.	Special Accounts Manager – National Commercial Bank (NCB).	Master's in financial management in 1992 from George Washington University, Washington, USA.	Experience in banking, administrative and accounting.
12	Mr. Bandar Khalid AL Turki	Board Member – SACO Membership ended in 2023.	CEO of Bandar al Turki Trading Co. Board Member at Jeddah Urban Development Company Board Member at Jeddah Economic City Co. Board Member at Al Nahla Trading and Contracting Company.	Marketing Consultant - Saudi Arabian Marketing and Agencies Company Ltd. (SAMACO). Director General of the Central Region - Saudi Arabian Marketing and Agencies Company Ltd. (SAMACO). Chairman of Al-Turki Medical Group AMG – LLC.	-Holder of a Certified Financial Analyst (CFA) designation from the American Institute of Certified Financial Analysts. -Bachelor's degree in business administration in 1994 from King Saud University, Riyadh, Saudi Arabia. -MBA in Marketing in 1998 from George Washington University - Washington – USA.	Experience in executive management, retail, marketing, investment, and real estate sectors.

			Chairman of the Board of Directors of Al-Turki Medical Company - Limited Liability.			
13	Fahed Seraj Malaeka	Board Member – SACO Membership ended in 2023.	<p>Founder and CEO Distinguished Pioneers Financial Advisory.</p> <p>Founder and CEO Distinguished Developers for Real Estate.</p>	<p>Head of Investments at Dallah Albaraka Holding Company.</p> <p>Head of Capital Markets at Swicorp.</p>	Bachelor's in computer engineering from King Saud University (1996); MBA from Oxford University (2006).	Experience in investment banking, private equity, and real estate development.
14	Abdel Salam Bdeir	Chief Executive Officer- SACO.	-	<p>CEO of Sultan Center.</p> <p>CEO of Al-Othaim Markets.</p>	Bachelor's and master's degree in business administration from the American University of Beirut.	Has over 32 years of experience in Retail and FMCG industries in the GCC and MENA markets.

Companies inside or outside KSA in which Board Members have membership in its current or previous BODs, or being of its Directors:

Name	Membership in Saudi Arabian Companies BODs and its legal nature	Previous Memberships	Memberships outside KSA	Qualifications
Sameer Omar Baeisa	Chairman Member of Saudi Company for Hardware (SACO) – joint stock.	Board Member at Bank Albilad.	-	Bachelor of Business Administration. King Abdulaziz University, Kingdom of Saudi Arabia 1982. Master of Business Administration California State University, USA 1987.
Mohammed A Al Qatari	Vice President Member of Saudi Company for Hardware (SACO) – joint stock.	-	-	He holds a CFA certificate from the American Institute of Chartered Financial Analysts. He holds a master's degree in Business Administration from King Fahd University of Petroleum and Minerals He holds a bachelor's degree in environmental sciences with honors from King Abdulaziz University.
Khalid Mohammed Al-Hamidi	Board Member of Saudi Company for Hardware (SACO) – joint stock. Board Member of Al Yamamah Press Establishment.	-	-	Bachelor's Degree in Engineering, in 1979 from Southern Methodist University, Dallas, USA
Sameer Mohammed Al-Hamidi	Board Member of Saudi Company for Hardware (SACO) – joint stock. Board Member of Deutsche Securities Saudi Arabia - closed joint stock. Board Member of Al Hamidi Contracting	Board Member of Astra Industrial Group (AIG). Board Member of Allianz Saudi Fransi Cooperative Insurance Company – public joint stock.	Board Member of ACE International Limited LLC	Bachelor's Degree in Economics and Business Administration in 1980 from Southern Methodist University, Dallas, Texas, USA

	<p>Establishment Company LLC.</p> <p>Board Member of Mohammed Abdulaziz Al Hamidi Sons Holding Company LLC.</p>			
Haytham Mohammed Al-Hamidi	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock.</p> <p>Member of the Board of Directors of American Express.</p> <p>Board Member of Al Hamidi Contracting Establishment Company LLC.</p> <p>Board Member of Mohammed Abdulaziz Al Hamidi Sons Holding Company LLC.</p>	<p>Board Member of the National Petrochemical Company (Petrochem) - joint stock.</p> <p>Board Member at Thoub Al-Aseel Company Joint Stock.</p> <p>Board Member of Rana Investment Company.</p>	-	<p>Bachelor’s degree in economics in 1987 from Southern Methodist University, Dallas, USA</p> <p>Master’s degree in business administration in 1989 from the University of Dallas, USA.</p>
Faisal Abdullah Al-Fohaid	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock.</p> <p>Chief Information Technology Officer at Alkhorayef Group.</p>	-	-	holds a bachelor’s degree in computer engineering from King Saud University.
Mishal Abdulmohsin Alhokair	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock.</p> <p>Executive Committee Member and Deputy CEO for Business Development, Abdulmohsen Alhokair Group Holding.</p>	-	-	<p>Bachelor of Science Business Administration major in Marketing King Fahad University of Petroleum and Minerals, Dammam, ksa.</p> <p>MBA degree Business Management Hult International Business School.</p>

	<p>Managing Director of Hijan Real Estate Company.</p> <p>Member of Abdulmohsen Al Hokair Group Holding – LLC.</p> <p>Member of Abdulmohsen Al Hokair Group Holding & Sons – LLC.</p> <p>Member of Mishaal Abdulmohsen Al Hokair Company – LLC.</p> <p>Member of Asateer Entertainment Company – LLC.</p>			
Iyad Anwar Salman Aldalooj	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock.</p> <p>Board Member of Ghayat Hub Company – LLC.</p>	-	-	<p>Master’s Degree MBA Bellevue University (USA).</p> <p>Master’s degree Civil engineering University of Nebraska Lincoln (USA).</p> <p>Bachelor’s degree Civil Engineering University of Nebraska Lincoln (USA).</p>
Saleh Abdulrahman Ali Al Mubarak	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock</p> <p>Member of Al Yahya & Al Hussein Investment Group</p> <p>Member of Anoush Trading Company</p> <p>Member of Leadership</p>	<p>Member of Eastern Development Company (Shadco) - joint stock.</p> <p>Member of Al Ahsa Food Industries Company</p>	-	<p>Bachelor of Science in Public Administration from California University</p>

	Development Company – LLC			
Bandar Khalid AL Turki*	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock.</p> <p>Board Member of Jeddah Urban Development Company.</p> <p>Board Member of Jeddah Economic City Co.</p> <p>Board Member of Al Nahla Trading and Contracting Company – LLC.</p> <p>Chairman of Al-Turki Medical Group AMG – LLC.</p>	Board Member of Saudi Arabian Motor Federation - Governmental institution.	-	<p>Bachelor’s degree in business administration in 1994 from King Saud University, Riyadh, Saudi Arabia.</p> <p>MBA in Marketing in 1998 from George Washington University - Washington – USA.</p>
Talal Mohammed Bakhsh*	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock</p> <p>Chairman of Retaaj Al Moutamiza Investment Company Ltd.</p>	-	-	Master’s in financial management in 1990 from George Washington University, Washington, USA
Fahed Seraj Malaeka*	<p>Board Member of Saudi Company for Hardware (SACO) – joint stock.</p> <p>Board Member of TasHeel Holding Company Closed joint stock.</p> <p>Board Member of Riyadh Capital Closed joint stock.</p>	Board Member at Dallah Healthcare Joint Stock Company.	<p>Board Member at Dallah Eastbridge Private Equity LLC in South Korea.</p> <p>Board Member at Al-Tawfeeq Investments LLC in Lebanon.</p>	<p>Bachelor’s in computer engineering from King Saud University (1996).</p> <p>MBA from Oxford University (2006).</p>

*The membership of this member ended on 19-07-2023.

B. Board of Director's Meetings:

The Board of Directors held seven (6) meetings during 2022. The attendance of the members was as follows:

Name	Date of Meetings During 2023						Total
	14-02-2023	20-03-2023	16-05-2023	07-08-2023	07-11-2023	26-12-2023	
Sameer Omar Baeisa	√	√	√	√	√	√	6/6
Mohammed A Al Qatari	√	√	√	√	√	√	6/6
Khalid Mohammed Al-Hamidi	√	√	√	√	√	√	6/6
Sameer Mohammed Al-Hamidi	√	√	√	√	√	√	6/6
Haytham Mohammed Al-Hamidi	√	√	√	√	√	√	6/6
Faisal Abdullah Al-Fohaid	√	√	√	√	√	√	6/6
Mishal Alhokair	-	-	-	√	√	√	3/3
Iyad Aldalooj	-	-	-	√	√	√	3/3
Saleh Al Mubarak	-	-	-	√	√	√	3/3
Bandar Khalid* AL Turki	√	×	√	-	-	-	2/3
Talal Mohammed Bakhsh*	√	√	√	-	-	-	3/3
Fahad Malaeka *	√	√	√	-	-	-	3/3

* The membership of this member ended on July 19, 2023.

Fees and Remuneration paid to the Board Members, Senior Executives, and Committees Members during 20233:

Board Members received annual remuneration amounting to (SR 1,800,000), for the fiscal year ended on 31/12/2023, in addition to allowances of attending the meetings of the Audit Committee and the Nominations and Remuneration Committee during 2023.

Board Members Remunerations

Members	Fixed Remunerations							Variable Remunerations							Grand Total	Expenditure Allowance
	Fixed Amount	Attendance Allowance for Board Meetings	Total Attendance Allowance for Committees Meetings	Benefits in kind	Statement of Payments to Board Members as Workers or administrators or against Technical, administrative or consulting work	Remuneration of Chairman, Managing Director, Secretary if he/she is a Member	Total	% of dividend	Periodic Remunerations	Short - term incentive plans	Long - term incentive plans	Shares awarded (Value)	Total			
Independent Members																
1	Sameer Omar Baeisa	200,000	27,000	0	0	0	0	227,000	0	0	0	0	0	0	227,000	0
2	Faisal Al Fohiad	14,835	9,000	0	0	0	0	23,835	0	0	0	0	0	0	9,000	0
3	Saleh Al Mubarak	0	0	0	0	0	0		0	0	0	0	0	0	0	0
4	Mishal Alhokair	0	6,000	0	0	0	0	6,000	0	0	0	0	0	0	6,000	0
5	Iyad Aldalooj	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Fahad Maleka	200,000	15,000	0	0	0	0	215,000	0	0	0	0	0	0	215,000	0
Total		414,835	57,000	0	0	0	0	457,000	0	0	0	0	0	0	457,000	0
Non-executive Members																
1	Khalid Mohammed Al-Hamidi	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	200,000	0
2	Sameer Mohammed Al-Hamidi	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	200,000	0
3	Haytham Mohammed Al-Hamidi	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	200,000	0
4	Mohammed A Al Qatari	125,824	6,000	0	0	0	0	131,824	0	0	0	0	0	0	206,000	0
5	Talal Mohammed Bakhsh	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	200,000	0
6	Bandar Khalid AL Turki	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	200,000	0
Total		1,125,824	6,000	0	0	0	0	1,131,824	0	0	0	0	0	0	1,131,824	0
Executive Members																
None																

Senior Executives Remunerations

Senior Executives	Fixed Remunerations				Variable Remunerations						End of Service Award	Total Executives Remunerations against Board (if any)	Grand Total
	Salaries	Allowances	Benefits in kind	Total	Dividend	Short-term incentive plans	Long-term incentive plans	Shares awarded (Value)	Shares awarded (Value)	Total			
CEO	2,160,000.00	600,000.00	-	-	-	-	-	-	-	2,760,000.00	122,625.00	-	2,882,625.00
CFO	666,000.00	302,800.00	-	-	-	-	-	-	-	968,800.00	40,162.00	-	1,008,962.00
CCO	450,484.00	168,700.00	-	-	-	-	-	-	-	619,184.00	24,750.00	-	643,934.00
CECO	405,000.00	180,225.00	-	-	-	-	-	-	-	585,225.00	23,389.00	-	608,614.00
COO	315,000.00	170,175.00	-	-	-	-	-	-	-	485,175.00	18,529.00	-	503,704.00
Total	3,996,484.00	1,421,900.00	-	-	-	-	-	-	-	5,418,384.00	229,455.00	-	5,647,839.00

Committees Members Remunerations

	Fixed Remunerations (except Meetings Attendance Allowance)	Meetings Attendance Allowance	Total
Audit Committee Members			
1. Lutfi Shahada	85,000	24,000	109,000
2. Mohammed A Al Qatari	-	9,000	9,000
3. Faisal Al Fohiad	-	3,000	3,000
4. Sameer Omar Baeisa	-	21,000	21,000
5. Fahad Malaeka	-	15,000	15,000
Total	85,000	72,000	157,000
Nomination and Remunerations Committee Members			
1. Mishal Alhokair	-	6,000	6,000
2. Faisal Al Fohiad	-	6,000	6,000
3. Lutfi Shahada	65,000	12,000	77,000
4. Sameer Omar Baeisa	-	6,000	6,000
3. Abdul Rahman AL Triqi	65,000	6,000	71,000
Total	130,000	36,000	166,000

There are no amounts or financial/in kind benefits, against any administrative, technical or administrative work or positions, paid to Board Members other than the above mentioned Schedule.

BOD recommended, upon recommendation of the Nominations and Remuneration Committee, to pay off the remuneration of Board Members for 2023 for total amount of SAR 1,800,000.

In this regard, SACO confirms that:

1. There is no arrangement or agreement whereby a Board Member or a Senior Executive waives any salary or compensation.
2. There is no arrangement or agreement whereby a SACO Shareholder waives any rights related to profits.
3. There are no other investments or reserves created for the Company's employees.

C. Equity Ownership Ratio and the Change in it during the fiscal year 2023:

1. Equity ownership ratios, debt instruments, and changes during the fiscal year 2023 for the members of the Board of Directors and Senior executives:

The below table shows the shareholding and ownership of the Board of Directors, Senior Executive, their spouses, and their dependent children in the company shares, changes in ownership, and debt instruments during 2023:

No.	Name	Position	Nationality	Classification	No. of shares at the beginning of 2022	No. of shares at the end of 2022	% of change	Ownership of spouses and dependent children	% of change	Debt Instruments	Date of membership
1	Sameer Omar Baeisa	Chairman	Saudi	Independent	1,000*	1,000*	0%	-	-	-	20/07/2023
2	Mohammed A Al Qatari	vice president	Saudi	Non-Executive	24	24	0%	-	-	-	20/07/2023
3	Sameer Mohammed Al-Hamidi	Member	Saudi	Non-Executive	1,947,600	1,947,600	0%	-	-	-	20/07/2023
4	Khalid Mohammed Al-Hamidi	Member	Saudi	Non-Executive	1,501,043	1,501,043	0%	-	-	-	20/07/2023
5	Haytham Mohammed Al-Hamidi	Member	Saudi	Non-Executive	126,000	129,074	0,0045%	-	-	-	20/07/2023
6	Faisal Al Fohiad	Member	Saudi	Independent	0	750	0,0020%	-	-	-	20/07/2023
7	Mishal Alhokair	Member	Saudi	Independent	0	0	0%	-	-	-	20/07/2023
8	Saleh Al Mubarak	Member	Saudi	Independent	0	0	0%	-	-	-	20/07/2023
9	Iyad Aldaloj	Member	Saudi	Independent	0	0	0%	-	-	-	20/07/2023
10	Talal Mohammed Bakhsh*	Member	Saudi	Non-Executive	1.000*	1.000*	0%	-	-	-	His membership ended at the conclusion of the previous term on 19-07-2023.
11	Bandar Khalid AL Turki*	Member	Saudi	Non-Executive	1.000*	1.000*	0%	-	-	-	His membership ended at the conclusion of the previous term on 19-07-2023.
12	Fahad Seraj Malaeka	Member	Saudi	Independent	0	0	0%	-	-	-	His membership ended at the conclusion

											of the previous term on 19-07-2023.
13	Abdel Salam Bdeir	CEO	Lebanese	CEO	0	0	0%	-	-	-	appointed on January 1, 2023.

* The allocation of qualifying shares is to ensure that the intended Board Member will be responsible.

Change in Equity Ownership for the Major shareholders during fiscal year 2023:

The below table shows the equity ownership ratio and changes during fiscal year 2023, for the major shareholders who own 5% of the company's capital.

Shareholders who own 5% or more of the company's capital	At the beginning of 2023		At the end of 2023		% change
	Number of shares	%	Number of shares	%	
Al-Hamidi Contracting Co.	4,342,518	%12.06	4,342,518	%12.06	0 %
Abrar International Holding Co.	6,426,000	%17.85	6,426,000	%17.85	0 %
Abdel Rahman Hassan Sharbatly	6,426,000	%17.85	6,426,000	%17.85	0 %
Sameer Mohammed Al-Hamidi	1,947,600	%5.41	1,947,600	%5.41	0 %

- Except as mentioned, there are no financial interests, contractual securities, or subscription rights belonging to members of the Board of Directors, senior executives, or their relatives in the shares or debt instruments of the company or its subsidiaries, nor any changes to those rights during the year 2023.
- There are no shares or debt instruments issued for the subsidiaries.
- There is no interest in the category of voting shares belonging to persons (other than Board Members and senior executives and their relatives) who have notified the Company of these rights under Article 45 of the Rules of Registration and Listing or any change in those rights during the fiscal year 2023.
- There are no convertible debt instruments, contractual securities, rights warrants, or similar rights issued or granted by the Company during the fiscal year 2023. There is no compensation received by SACO in exchange for that.
- There are no rights to transfer or subscribe under convertible debt instruments, contractual securities, rights warrants, or similar rights issued or granted by the Company during 2023.
- There is no redemption, purchase or cancellation by the Company, or its subsidiary of any redeemable debt instruments made during 2023.
- Except for treasury shares, SACO does not have preferred shares or shares with special voting rights for shareholders or members of the Board of Directors. All SACO shares are common shares with equal nominal value and equal voting rights and other rights as per regulations.

- As of December 31, 2023, SACO retains treasury shares amounting to 17,945 shares out of a total of 350,000 shares. These treasury shares are held as authorized treasury shares based on the approval of the General Assembly of Shareholders on June 14, 2023.

Dates of General Assembly of Shareholders meetings held during 2023 and the names of Board Members attended these meetings.

Sr.	Name	Attendance Record
		Meeting on 14/06/2023 – Ordinary General Assembly
1	Sameer Omar Baeisa	√
2	Mohammed A Al Qatari	√
3	Khalid Mohammed Al-Hamidi	√
4	Sameer Mohammed Al-Hamidi	√
5	Haytham Mohammed Al-Hamidi	√
6	Faisal Abdullah Al-Fohaid	√
7	Talal Mohammed Bakhsh	√
8	Bandar Khalid AL Turki	√
9	Fahad Malaeka	√
10	Lutfi Shahada -Member from outside of the Board Chairman of Audit Committee	√

Number of Company requests for Shareholders and dates of these requests.

Number of Company requests for Shareholders	Request Date	Request Reason
3	21-12-2023 14-12-2023 14-06-2023	Company procedures. Company procedures. General Assembly.

Board of Directors Committees:

1. Audit Committee

The Audit Committee aims to assist the Board of Directors by playing an independent supervisory role on the Company's governance, risk management and internal control practices, and to provide advice and guidance on the adequacy and effectiveness of those practices.

In compliance with the regulations of the Capital Market Authority and the Companies Law, the Company's General Assembly issued the amended Charter for the Audit Committee on 18/5/2022, which includes the rules and procedures for the activities, duties, and responsibilities of the Committee to monitor the Company's business and verify the integrity of the reports, financial statements, and internal control systems through the following:

Review the company's interim and annual financial statements and discuss them with the external auditor before presenting them to the Board and provide its opinion and recommendations thereon.

Review the accounting policies and the financial reporting standards adopted by the company and ensure that they are updated in accordance with the International Financial Reporting Standards as endorsed in the Kingdom.

Review the accounting estimates and assumptions of the material matters included in the financial statements.

Meet with the external auditor periodically before issuing their reports to discuss the financial policies, internal control procedures and material transactions and balances.

Review the external auditor's comments on the interim and annual financial statements and follow up the procedures taken in connection therewith.

Provide recommendations to the Board to nominate external auditors and determine their remunerations in accordance with specific criteria that includes financial and technical valuation and verify their independence and that there are no restrictions on their work and their commitment to the reporting deadlines.

Supervise the Internal Audit Department and ensure its effectiveness in performing the work and duties that are assigned to it.

Review and approve the Internal Audit Plan considering the audit priorities according to the results of the updated comprehensive risks assessment.

Review the internal audit reports and follow up the corrective actions for the reported issues and weaknesses.

Evaluate the internal control systems by reviewing the internal audit reports, the management report of the external auditors and their report of observations on the company's IT systems, and reviewing the results of their works to verify the integrity of the control systems.

Review and follow up any outstanding significant legal issues and provide related recommendations.

Review the transactions with related parties and ensure that they have been properly disclosed in the financial statements.

In addition to the above, the Audit Committee carried out the following during the year 2023:
Followed up on the commitments of the company’s management to implement corrective measures for the weaknesses mentioned in the internal audit reports.

Met the executive management to highlight the auditor’s report on the weaknesses in IT systems they noticed through the annual audit of the financial statements, and recommended the necessity to rectify them as quickly as possible.

Reviewed the Zakat status of the Company and the related consultant’s report.

Extensively reviewed the impairment assessment of non-financial assets, which included a review of the significant assumptions used in the discounted cashflow forecasts for the cash-generating units and the weighted average cost of capital.

On 20/05/2020 the General Assembly appointed the following gentlemen as the Audit Committee for the session started on 20/07/2020 and ended on 19/07/2023:

Mr. Loutfi Echhade Chairman, Independent Member from outside the Board
Mr. Sameer Baeisa Independent Member from the Board
Mr. Fahad Malaikah Independent Member from the Board

On 14/6/2023, a new Audit Committee was formed by the General Assembly for the session that started on 20/7/2023, from expertise in financials, administration, internal controls, and governance, from the following gentlemen:

Mr. Loutfi Echhade Chairman, Independent Member from outside the Board
Mr. Sameer Baeisa Independent Member from the Board
Mr. Mohammed Al Qatari Independent Member from the Board

The Company later announced the decision of its Board of Directors on 16/8/2023 to appoint Mr. Faisal Al-Fohaid as a member of the Audit Committee (independent), succeeding Mr. Sameer Baeisa who resigned from the committee due to his appointment as Chairman of the Company’s Board of Directors.

Accordingly, the Audit Committee comprises of the following members as of 31/12/2023:

	Name	Position
1	Loutfi Echhade	Chairman, Independent Member from outside the Board
2	Mohammed Al Qatari	Independent Member from the Board
3	Faisal Al-Fohaid	Independent Member from the Board

During 2023 the Audit Committee held eight meetings. The table below shows the record of attendance:

Name	Meeting date								Total	
	17/1/2023	24/1/2023	1/2/2023	19/3/2023	15/5/2023	13/7/2023	6/8/2023	6/11/2023		
1	Loutfi Echhade	✓	✓	✓	✓	✓	✓	✓	✓	8/8
2	Sameer Baeisa	✓	✓	✓	✓	✓	✓	✓		7/7
3	Fahad Malaikah	✓	✓	✓	✓	✓				5/5
4	Mohammed Al Qatari						✓	✓	✓	3/3
5	Faisal Al-Fohaid								✓	1/1

Based on the results of the work performed in 2023, the Audit Committee has noted the positive impact of the efforts made by the executive management in improving control practices and procedures in the administrative, operational and organizational aspects, and believes it is necessary to make additional efforts to strengthen and further improve the internal and financial controls, risk management and information technology department to enable the company to achieve its objectives and strategies optimally.

There was no contradiction between the recommendations of the Audit Committee and the Board's decisions or rejection of its recommendations. Further, the Audit Committee did not propose to dismiss the external auditor in 2023.

2. Nomination & Remuneration Committee:

The Nominations and Remuneration Committee undertakes the following responsibilities:

- A. Developing clear policies regarding the indemnities and remunerations of the Directors, Board committees' members and senior executives, in accordance with the Company's By-laws by following the standards related to performance and submitting it to the Board for consideration in preparation for their adoption by the General Assembly, taking into account that these policies follow the criteria related to performance, disclosure and verification of their implementation.
- B. Clarify the relationship between the remunerations awarded and the applicable remunerations policy and indicate any material deviation from this policy.
- C. Periodic review of the remuneration policy, evaluation of its effectiveness in achieving its objectives; and recommending to the Board of Directors the remuneration of Board Members, its committees and senior executives in accordance with the approved policy.
- D. Annual review of the required skills requirements for Board membership and preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determination of the time required to be assigned by the member to the work of the Board of Directors.

- E. Reviewing the structure of the Board and making recommendations regarding the possible changes to the Board.
- F. Determining the points of strength and weakness in the Board of Directors and recommending remedies that are compatible with the Company's interest.
- G. Ensuring, on an annual basis the independence of the independent members and the presence or absence of any conflict of interests in case a Board member also acts as a member of the Board of Directors of another company.
- H. Propose clear policies and criteria for membership in the Board of Directors and Executive Management.
- I. Recommending to the Board of Directors the nomination and re-nomination of members in accordance with the approved policies and standards, taking into account not to re-nominate any person who has already been convicted of immoral crime.
- J. Develop a description for the abilities and qualifications required for Board membership as well as Executive management positions.
- K. Develop a functional description of executive members, non-executive members, independent members and senior executives and determine the time a member should devote to the work of the Board of Directors.
- L. Determining special procedures to be taken in the event of the vacancy of the position of a Board Member or Senior Executives.
- M. Ensure the preparation of an annual report detailing the remuneration and compensation paid to directors and senior executives for inclusion in the company's annual report.

Remuneration Policies and Identification Mechanism

The Committee shall take into account Terms of Reference, duties, and responsibilities of members, in addition to the results achieved, as well as the activity of the company. Accordingly, the recommendation to pay remuneration to Board Members is based on performance, knowing that the proposal of the remuneration of independent members should not, directly or indirectly, be based on profitability of the company. On 24/12/2017, the General Assembly of shareholders approved the policy of remuneration of the Board of Directors and its committees and executive management. Any remuneration paid to the Board of Directors or its committees or executive management was based on the remuneration policy and there was no deviation from it.

The Board of Directors previously, on 10/08/2022, appointed the Nominations and Remuneration Committee as follows:

Name		Position
1	Sameer Baeisa	Chairman
2	Abdul Rahman Al Triqi	Member from outside the Board
3	Loutfi Echhade	Member from outside the Board

After the start of the new board session, the Board of Directors, on 16/08/2023, appointed the Nominations and Remuneration Committee as follows:

Name	Position
Mishal Abdulmohsin Alhokair	Chairman
Faisal Abdullah Al-Fohaid	Member from outside the Board
Loutfi Echhade	Member from outside the Board

During 2023, the Committee held four (4) meetings. The table below shows the names of members and the attendance record:

	Name	Meeting Date				Total attendance
		08-02-2023	13/04/2023	17/09/2023	28/11/2023	
1	Mishal Abdulmohsin Alhokair	-	-	√	√	2/2
2	Faisal Abdullah Al-Fohaid	-	-	√	√	2/2
2	Loutfi Echhade	√	√	√	√	4/4
3	Abdul Rahman Al Triqi*	√	√	-	-	2/2
4	Sameer Baeisa*	√	√	-	-	2/2

*The membership of both Mr. Samir Ba'eesa and Mr. Abdulrahman Al-Turki ended at the conclusion of the council's term on 19-07-2023.

3. Executive Committee.

The Board of Directors suspended the work of the Executive Committee during the year 2023.

Transactions with Related Parties:

During the year 2023, the company entered into lease agreements for two stores owned by Abrar International Co, a major shareholder of SACO (related party). Additionally, there were transactions related to the completion of dealings with a related party concerning the investment land, which took place in 2022.

The contracts and transactions mentioned in the table below were presented and licensed for the upcoming year, and they were approved in the General Assembly of Shareholders held on 14/06/2023. It is worth noting that transactions between the company and related parties will be presented annually for approval in future general assemblies. Apart from what is mentioned in the table below, there were no reported activities or contracts in which the company was involved or had an interest for any member of the Board of Directors, senior executives, or any related party during the year 2023.

The table below provides details of the arrangements of agreements between the company and related parties during the year 2023.

No.	First Party	Second Party	Subject	Services and products offered under conventions	Date of Conventions	Duration	Value * (SAR)																
1	One of the heirs of Abdullah Taha Bakhsh	SACO	Rent Agreement	SACO company rents a store from the first party in Jeddah (Andalus Street)	28/02/2009	<p>This contract has been renewed for five years on May 18, 2014, and also renewed from February 27, 2020, until February 26, 2025. On December 19, 2023, the contract was extended until February 26, 2031.</p> <table border="1"> <thead> <tr> <th>Duration</th> <th>Value (SAR)</th> </tr> </thead> <tbody> <tr> <td>27/02/2023 To 26/02/ 2024</td> <td>2,000,000</td> </tr> </tbody> </table>	Duration	Value (SAR)	27/02/2023 To 26/02/ 2024	2,000,000	2,000,000 Saudi riyals during 2023												
Duration	Value (SAR)																						
27/02/2023 To 26/02/ 2024	2,000,000																						
2	One of the heirs of Abdullah Taha Bakhsh	SACO	Rent Agreement	SACO company rents a store from the first party in Jeddah (Altahlia)	06/ 04/2017	<p>From 06/04/2017 to 31/12/2030</p> <p>Details:</p> <table border="1"> <thead> <tr> <th>Duration</th> <th>Value (SAR)</th> </tr> </thead> <tbody> <tr> <td>01-01-2024 to 31-12-2024</td> <td>2,084,250</td> </tr> <tr> <td>01-01-2025 to 31-12-2025</td> <td>2,084,250</td> </tr> <tr> <td>01-01-2026 to 31-12-2026</td> <td>2,084,250</td> </tr> <tr> <td>01-01-2027 to 31-12-2027</td> <td>2,084,250</td> </tr> <tr> <td>01-01-2028 to 31-12-2028</td> <td>2,188,463</td> </tr> <tr> <td>01-01-2029 to 31-12-2029</td> <td>2,188,463</td> </tr> <tr> <td>01-01-2030 to 31-12-2030</td> <td>2,188,463</td> </tr> </tbody> </table>	Duration	Value (SAR)	01-01-2024 to 31-12-2024	2,084,250	01-01-2025 to 31-12-2025	2,084,250	01-01-2026 to 31-12-2026	2,084,250	01-01-2027 to 31-12-2027	2,084,250	01-01-2028 to 31-12-2028	2,188,463	01-01-2029 to 31-12-2029	2,188,463	01-01-2030 to 31-12-2030	2,188,463	1,985,000 Saudi riyals during 2023
Duration	Value (SAR)																						
01-01-2024 to 31-12-2024	2,084,250																						
01-01-2025 to 31-12-2025	2,084,250																						
01-01-2026 to 31-12-2026	2,084,250																						
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01-01-2029 to 31-12-2029	2,188,463																						
01-01-2030 to 31-12-2030	2,188,463																						
3	Tilal Jeddah Co. owned by one of Inheritors of Abdullah Taha Bakhsh, and by a board member Mr. Talal Bakhsh	SACO	Land investment agreement - lease	SACO company rents a land from the first party in Jeddah (Altahlia)	2-3-2020 Details of the contract from 01-04-2020 AD to 01/04-2041 AD	<p>According to the announcement on the Tadawul website on May 15, 2022, the agreement was canceled during the second quarter of 2022. As per the cancellation agreement, SACO Company received a total amount of 6,433,678 Saudi Riyals, representing the value of rents and other expenses.</p>	The agreement was canceled during the second quarter of the year 2022, according																

No.	First Party	Second Party	Subject	Services and products offered under conventions	Date of Conventions	Duration	Value * (SAR)
						<p>The second installment of 20% was received, amounting to 1,286,736 Saudi Riyals, as per the payment schedule mentioned in the agreement.</p> <p>Additionally, an amount of 965,051 Saudi Riyals was recorded in 2023 as Value Added Tax (VAT) at a rate of 15% on the amount received due to the cancellation of the agreement.</p>	<p>to what was announced on Tadawul on 15-5-2022 According to the cancellation contract, SACO obtains an amount of (6,433,678) riyals, the value of rents and other expenses.</p>

Obligation to Corporate governance Regulations:

Based on the guiding regulations listed in the Corporate Governance Regulations issued by the Capital Market Authority on 13/02/2017, the Company approved the governance regulations as in the below table:

No.	Regulations	Approved by the Board	Approved by the General Assembly	Approval Date
1	Policy of Trade with Related Parties	✓		26/12/2017
2	Shareholders' Directory	✓		26/12/2017
3	Risk Management structure	✓		26/12/2017
4	Disclosure and Transparency Policy	✓		26/12/2017
5	Board of Directors directory	✓		26/12/2017
6	Executive Committee Regulation	✓		26/12/2017
7	Code of Ethics	✓		26/12/2017
8	General Framework for Corporate Governance	✓		26/12/2017
9	General Framework of Internal Control System	✓		26/12/2017
10	Compliance Policies and Procedures Manual	✓		26/12/2017
11	Stakeholder management policy	✓		26/12/2017

12	The company's internal, administrative and financial policies and regulations, including investment and financing mechanisms	✓		26/12/2017
13	Dividend Distribution Policy	✓		26/12/2017
14	Conflict of Interest Policy	✓		26/12/2017
15	Audit Committee Regulation		✓	18/04/2022
16	Nomination and Remuneration Committee Regulation		✓	24/12/2017
17	Standards and Policies for the membership of the Board of Directors		✓	24/12/2017
18	Remuneration Policy for Board and its Committees and Executive Management		✓	24/12/2017

- The company has complied with all provisions of the Corporate Governance Regulations issued by the Capital Market Authority, except for Article 67 regarding the formation of the Risk Committee, which is an advisory provision. The reason is that the Audit Committee performs this role, and its regulations stipulate that the Audit Committee carries out the functions and tasks of the Risk Committee until an independent committee is appointed for this purpose.
- Similarly, the company did not comply with Article 92 of the Corporate Governance Regulations regarding the formation of the Governance Committee, which is an advisory provision. The reason is that the Audit Committee is responsible for monitoring the application and updating of rules according to regulatory requirements. The Board of Directors adopted the Company's General Governance Framework Regulations on December 26, 2017.
- The procedures taken by the Board of Directors to inform the members, especially the non-executive members, about the shareholders' proposals and comments regarding the company and its performance are as follows: If there are such proposals, the management includes them in the presentations submitted to the Board of Directors during its meetings. Additionally, members attend the General Assembly of Shareholders meetings to directly access shareholders' proposals and comments. The company has also designated an email address mentioned on the company's page on the Tadawul website (investors@saco-ksa.com) to receive questions and suggestions from shareholders.
- As for the means relied upon by the Board of Directors to evaluate its performance and the performance of its members, the Nomination and Remuneration Committee takes into consideration the members' qualifications, duties, responsibilities, as well as the achieved results and the company's activities. Therefore, the recommendation to pay remuneration to the Board of Directors members is based on performance, noting that the proposal for remuneration of independent Board members should not be directly or indirectly based on the company's profitability.

The Board of Directors Declarations:

The Board of Directors acknowledges the following:

- The financial records have been prepared correctly and in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants, and there are no deviations from these standards.
- The internal control system has been established on sound foundations and has been effectively implemented.
- There is no significant doubt regarding the company's ability to continue its operations.
- The annual financial statements have no reservations from the auditors.
- The Board of Directors did not recommend changing the auditors during the year 2023, prior to the designated period for such a change.
- No investments or reserves have been established for the benefit of company employees.
- There are no penalties, fines, or precautionary measures imposed on the company by the Capital Market Authority or any regulatory, supervisory, or judicial authority.
- No undisclosed conflicts of interest exist.
- The company did not receive a request from the auditors to convene the General Assembly during the year 2023.
- The company did not receive any requests from shareholders owning 5% or more of the share capital to convene the General Assembly during the year 2023.
- There are no significant events that affect the financial position of the company after the end of 2023, which require disclosure, except for the available and announced information.
- The company has not provided loans or credit facilities to any member of the Board of Directors, nor has any board member entered into a loan with third parties on behalf of the company.

Finally, the Board of Directors would like to extend their gratitude to the Government of the Custodian of the Two Holy Mosques, for the continuous support of the retail sector. We would like also to thank the shareholders for their constant support.

**Allah grants success
The Board of Directors**

Audited financial statements as on 31/12/2021