

Annual Report *2021AD*



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Chairman Speech



Chairman
Faisal Aljedaie

On my own behalf and on behalf of the Members of the Board of Directors, it's a great pleasure to submit the annual report of Thob Al Aseel Company for the year ended on December 2021 ,31 AD.

In fact, this year was a landmark in the achievement process and consolidating of quality as a basis for our business and activities to be able to face challenges and overcome constraints. Actually, the company continues to develop and achieve aspirations of shareholders and customers with a commitment to quality and product development.

The company has continued its successful career, developing its activities, enhancing its financial position, and maintaining its role and importance at the internal level at the Kingdom of Saudi Arabia in particular and the region in general. During 2021, the company accomplished the quantitative and qualitative goals included in its annual operational plan. These achievements were achieved due to management keenness to adopt the latest standards and practices of governance as a cornerstone of the success that the company seeks to achieve to continue success and maximize its revenues year after year.

Finally, I am pleased to extend my sincere thanks and appreciation to the members of the Board of Directors, for their wise guidance and continuous support to the management and their commitment to represent the interests of the company's shareholders. Also, I would like to extend my warmest thanks to the company's management and employees for their sincerity and dedication in adopting the company's strategy for the benefit of shareholders and consumers as well. We confirm awareness of our great responsibility and the level of the expected expectations and we are fully committed to meeting these expectations and continuing the company's path of success during 2020 AD.

Ahmed Al-Sultan's speech (CEO)



CEO
Ahmed Al-Sultan

It is a great pleasure to meet with you during the annual report of the Board of Directors of Thob Al Aseel Company for the fiscal year 2021 AD, to review the most prominent developments and transformations in performance. During the past year, we have worked to overcome the most prominent challenges that the market has faced in the past period, and the company's presence has been strengthened more broadly.

year 2021 was facing many challenges in the economic environment , but the company was prepared to deal with its effects, and it was able to overcome the challenges and increase market share.

During 2021, the markets did not recover from effects of Covid-19 pandemic, and with the continued suspension of Umrah and pilgrimage was limited to a small number of domestic pilgrims, the company faced a very large drop in sales in the western region, but it was compensated well by the rest of the regions.

The rise in freight rates was a new challenge, as container freight rates have risen to record standard levels of increase in the prices of raw materials. The company's management sought to diversify products and enter new markets, as year 2021 witnessed the launch of the Al-Aseel brand for women's products (Aseelah) and we expect it to have a positive impact on the company's sales in the future.

Indeed, we will continue working hard to ensure company's robust and profitable at a level that matches our aspirations. Also, the company aims at implementing the previous plans for sales growth during 2022 and return the sales levels to pre-Covid-19 levels.

Finally, I would like to extend my sincere thanks to members of the Board, all employees and shareholders.

About Us

Company Profile

in 1989, Thob Al-Aseel Company was established as a limited liability company in Riyadh with a capital of two million riyals. The company was registered in the Commercial Register on 1409/07/15 AH with No (1010071301). In 2016, the company was converted into a closed joint stock company with a capital of 50 million riyals. In 2017, the Extraordinary General Assembly approved increasing the company's capital to 150 million riyals and offering 20% of its shares in the Saudi Parallel Market (Nomu). The company works in import, export, wholesale and retail trade in textiles and ready-made clothing. Clothes and men underwear are considered the company's main products, which are marketed through its branches throughout the Kingdom. In January 2017, Al-Jedaei Company, which operates in the wholesale and retail trade of fabrics, textiles and ready-made garments, and has 32 branches throughout the Kingdom, was possessed by the company.

Mission

at Al-Aseel Company, we deliver our products to the end user across a group of our clients who number exceed 2000 clients, covering all geographical regions within the Kingdom of Saudi Arabia. We are focusing on satisfying the desires and requirements of the end user and meet his needs, regardless of its privacy. at Al-Aseel Company, we are not limited in our sales to the local market, we are ready to export our products to our customers in different regions. Currently, we have our clients in the Gulf region, Europe and Africa as well as in the United States of America. We welcome all those who wish to import our products, and are ready to offer the best assortment of these products at reasonable prices. This is an attempt to spread our products all over the world. Our marketing department is ready to provide assistance and advice to any client who wants to market our products and to provide the best suggestions to ensure our success.

Vision

Strive to provide high quality products that meet the consumers needs and to be the preferred choice for them across our leadership in the ready-made garments and textiles markets



Goals

- ❖ Provide a powerful team that is capable of achieving the company's goals.
- ❖ Provide high quality products at the best prices.
- ❖ entrepreneurship in quality of service provided to our customers.
- ❖ Access our products to all our customers at any place.
- ❖ Achieve growth and profit as a means to achieve the goals and other values of the company.

Activity

The main activity of Thobe Al Asel Company is to import, export, wholesale and retail trade of textiles and ready-made clothing. The articles of association of the company also allow the following activities:

- ❖ Process industries and their branches according to industrial licenses.
- ❖ Construction
- ❖ Transportation, storage and refrigeration.
- ❖ Financial, business and other services.
- ❖ Social, group and personal services.
- ❖ Commerce
- ❖ IT
- ❖ Safety and Security.
- ❖ Owning and renting real estate.

The company operates through two major wholesale and retail sectors:

1. Wholesale sector:

the company delivers its products to wholesale customers spread throughout the Kingdom, who in turn resell them to the consumer.

2. Retail sector:

The company does not sell retail products to the customer, but rather through wholesale customers through points of sale located in all cities and governorates of the Kingdom. Also, this sector includes large quantities to companies and government sectors for the purposes of consumption and not resale.

Subsidiaries

the company has subsidiaries. The following table shows the name of the subsidiary , head office, operation place, description of its activity, capital and ownership percent:

Name of the subsidiary company	Head office and operation place	Activity	Capital	Ownership (%)
Al-Jedaie Men's Textiles	Riyadh, Saudi Arabia	Import, export, wholesale and retail trade of men's textiles	5,000,000 Saudi Riyal	100 %

About subsidiaries:

Al-Jedaie Men's Textile Co. is a limited liability company that is wholly owned by Thob Al-Aseel Company, registered with Commercial Registry No. (1010048637) dated 22 Jumada Al-Ula 1438 AH(corresponding to February 2017 ,19) . The company's main activity represented in import, export, wholesale and retail trade of men's fabrics, and the company has 32 branches in various cities of the Kingdom.

Subsidiaries activity

The company engages in import, export, wholesale and retail trade of men's textile across its subsidiary "Al-Jedaei Company for Men's Textiles", which the is 100% owned by Thob Al-Aseel Company.

Description of company main activities ,its subsidiaries, and its impact on the company’s workload and its contribution to the results:

Description of the activity	Company's name	Company's name	(%)
Selling textiles and ready-made textiles	Thob Al-Aseel Co.	390,363,286	81 %
Selling men's textiles	Al-Jedaie Men's Textiles	91,535,633	19 %

Company Strategy & Plan

Company Strategy

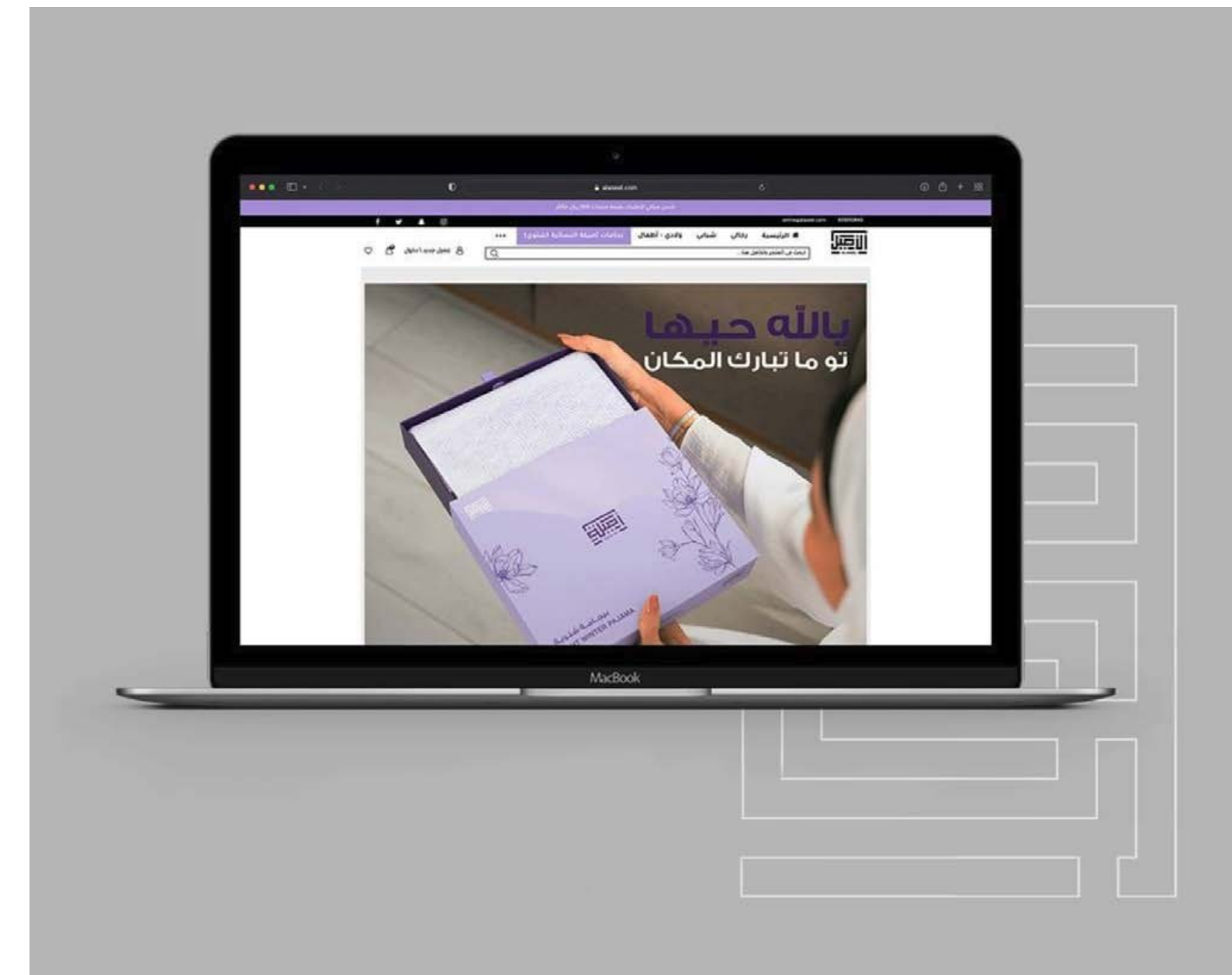
- ❖ Maintain company's position in the field of business and working to develop products and the brand
- ❖ Target expansion and spread inside and outside the Kingdom to enhance communication with customers
- ❖ Application of governance standards
- ❖ Develop operations, increase performance levels and maintain the highest quality standards.
- ❖ Upgrade training and development level for employees, develop their skills, and adhere to nationalization percentages .

Compan : (expansion of future ventures)

- ❖ Targeting new markets
- ❖ Considering quality level and diversity of products
- ❖ Targeting an annual growth rate of 8-6% for sales with interest in collecting for forward sales
- ❖ Improve performance of electronic selling, whether through the Al-Aseel store or electronic sales platforms
- ❖ Special presence and client suggestions through social media platforms.
- ❖ Increasing customers numbers to 6000 and develop incentive plans for customers with high growth rates.

Sales

During 2021, the company faced several challenges, especially sales and collection, which had an impact on the company's sales and collection. However, in the sales department, we have implemented incentive programs for our customers, which positively affected both sales and collection. A motivational program was developed for clients and front-line employees of the sales department on sales and collections during the second and third quarters of the year. Such incentive programs affected gaining the loyalty of our customers, presence of our products as required and the increase in the collection rate through which we were able to reach better sales during this period. Also, we have added our new product (Aseelah), through which we were able to access new sales channels in women's sales outlets.



Marketing

In 2021, ThobAl-Aseel Company witnessed an expansion in marketing and promotion of the company and its products through multiple channels and platforms. In its promotional activity, the company targeted sales seasons, including Ramadan, Back to School, the National Day, the winter season, and others, by launching a series of advertising campaigns in the streets of the cities and governorates of the Kingdom, which included more than 15 cities and governorates. The company also witnessed promoting its main products through advertisements on highway billboards that witness high traffic, which ensure reaching a large segment of the target audience.

Also, the company witnessed extensive activity in improving development processes, operation, marketing and design of its online store, which is an important channel in promoting the company's products and a first communication portal for a large number of customers. At the end of the year, the company provided its trademark "Aseelah" specialized in women's ready-made clothes, to the market. This submission was accompanied by a series of advertisements on a number of social media platforms, in which it was aimed at introducing the brand and its products while linking them to the company's competitive advantage in its production of textiles and ready-made garments of the highest possible quality, which it had through long experience in the field, and in building awareness of this in the market and the target audience.

HR

During Last year, our objectives were determined to raise Saudization percent within the company, which had a great effect in raising such percentage comparing to previous year. This in turn led us to go beyond the specified percent of Saudization to go further in the future. In addition, our internal policy and the surrounding systems have also been developed to keep pace with the changes and strategic objectives of the organization and to be able to maintain and develop human capital. Also, improving the work environment is one of our major goals, as we have raised the percentage of human capital participation and improved the quality of employee experience. After that, questionnaires were conducted about job satisfaction and integration, which led the company to obtain internationally recognized rating to consider the company as "one of the best working environments in the Kingdom of Saudi Arabia".



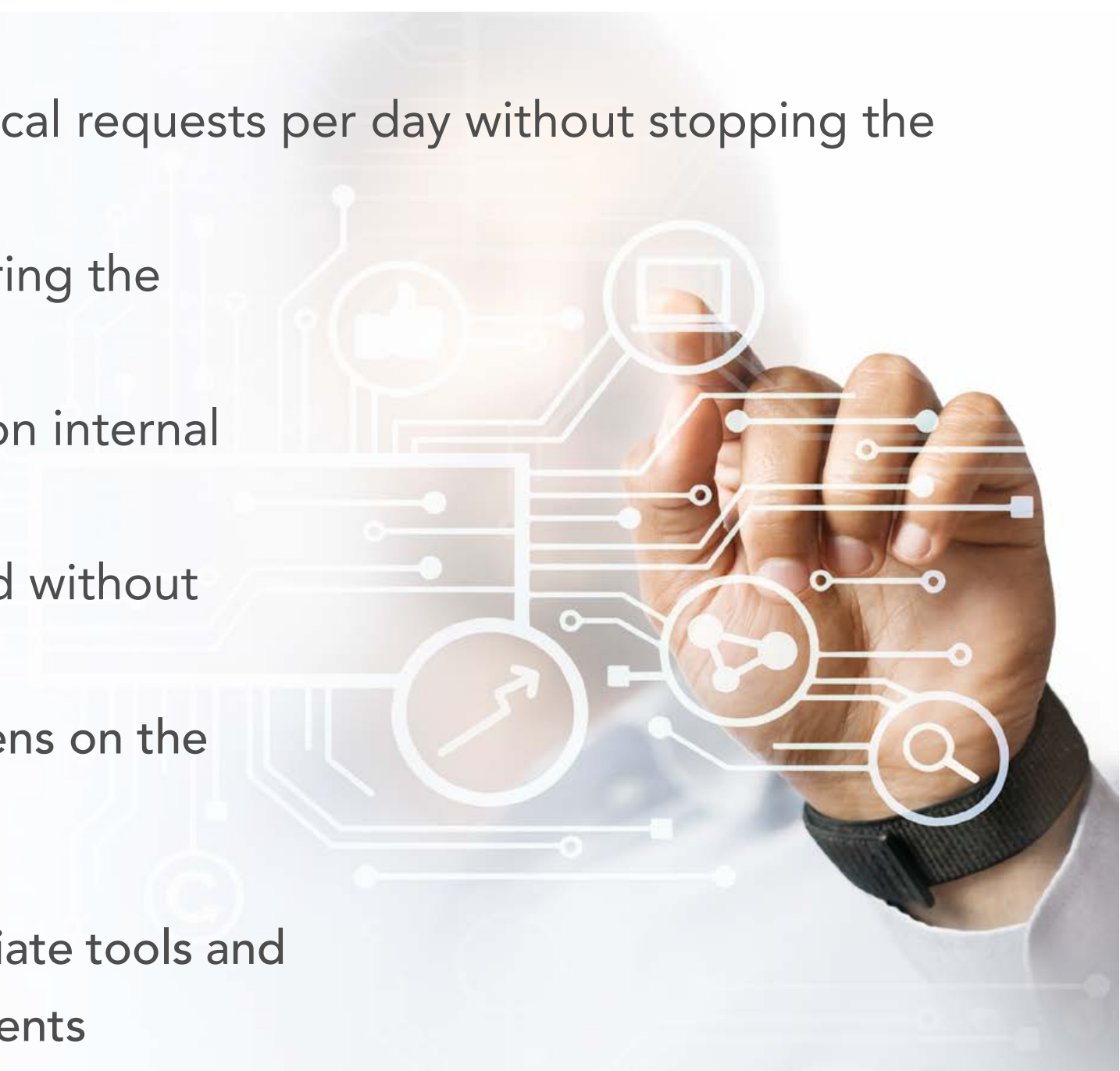
Information Technology

Information technology is the main center that connects all the company's devices and provides them with information, data, tools and systems necessary to carry out various activities for the conduct of business. Also, it covers financial systems, logistics, human resources, e-commerce, communications, and cybersecurity. Our management provide all sectors operating in the company with the latest and most appropriate systems that enable them to perform business automatically and to link and integrate the systems with each other to achieve quality and accuracy. The Information Technology Department realizes the importance of providing accurate, fast and secure information on business performance to support senior management in making decisions in a timely manner. In order to achieve this, an advanced systems structure has been developed on Oracle Cloud using the latest devices and technologies to provide business. sustainability, data security, and speed up statistical reports. Also, we have developed a platform that reflects performance indicators available inside and outside the network and supports all operating systems, so it can be used on phone systems, laptops and tablets anywhere in the world.

Achievements of information technology during the year 2021 AD

- ❖ **The management** sought to achieve additional income for the company by selling its services to external parties, and we have achieved an external revenue of 1,341,500 riyals.
- ❖ **Maintenance** and support of 72 branches and 465 terminals at a rate of 5.12 technical requests per day without stopping the systems during 2021.
- ❖ **Develop** and install decision support systems solutions on Oracle Cloud and preparing the systems for the application stage.
- ❖ **Transfer** the e-commerce application from an external operator to the administration internal operation.
- ❖ **Contracting** with Oracle to develop a system of performance indicators for free and without burdens on the company and make developments.
- ❖ **Contracting** with Oracle to develop mobile phone systems for free and without burdens on the company and make developments.

We are specialized in business development, and providing the company with the appropriate tools and enabling them to use them is our mission and we are interested in supporting all departments



Risks and precautions

At the company, risk management is carried out by the senior management, where the management identifies and evaluates risks, and hedges them through close cooperation between the company's departments, assess possibilities of their occurrence and estimate the resulting effects, then the necessary measures are considered to reduce such risks, avoid them and contain them as much as possible to avoid any damage occurrence. Also, there are many risks associated with the company's activities, including:

Economic risks

The risks to which the economy is exposed to in general, whether inside or outside the Kingdom, which have an impact on spending for individuals and institutions, and what have an impact on suppliers and manufacturers.

Strategic risks

Failure to recognize economic variables, making wrong strategic decisions, or applying the strategies incorrectly. The company is keen to take note of the economic variables and through the study of the market and the economic situation, and use outstanding expertise to avoid any strategic risks.



Operational risks

It refer to all errors and shortcomings encountered in the operations and the ability to work in a competitive environment. These risks include:

- ❖ **Credit risk:** It refer to the inability of one party for a financial instrument to fulfill its obligations, which led the other party to incur a financial loss, and in order to avoid credit risks, the accounts receivable are recorded after deducting the provision for doubtful debts.
- ❖ **Liquidity risk:** it refer to risk of inability to secure the necessary liquidity to meet its obligations. Liquidity risk is managed by periodic insurance of the availability of sufficient liquidity to meet any future obligations.
- ❖ **Human resources risks:** The ability to attract and maintain qualified and distinguished human personeel and the company employs and trains qualified national personnel and develop methods to support the continuity and efficiency of employees.
- ❖ **Legal risks:** Risks related to legislative and legal changes, whether from taxes or labor laws and others.
- ❖ **Technical risks:** The operational risk associated with technical software in the event of a technical malfunction, as the company continues to develop and support its technical programs and alternative technical infrastructure.
- ❖ **Risks of Covid 19:** with reference to the decisions and initiatives considered by the government of the Kingdom of Saudi Arabia regarding the precautionary measures to limit and mitigate spread of covid-19, as Thob Al-Aseel Company confirms its full commitment to implement the provisions of those decisions issued recently by the competent authorities. Operations on the sales of the online store have been continued and confirm that these temporary measures will not have a major impact on the business and future plans of the company.



Board members

The Board of Directors consists of five (5) members in accordance with Article (15) of the Company's Articles of Association, as following:

#	Name	Current positions	Previous jobs	Qualifications
1	Faisal bin Abdullah Al-Jedaei		CEO of NESC, Managing Director of Fawaz Al Hokair Company, and CEO of Arabian Centers Company	Bachelor of Business Administration - King Saud University
2	Abdul Rahman bin Abdullah Al-Jedaei	General Manager - Al-Jedaie Furniture Co	Regional Director for the Eastern Region – NESC Company Retail - Al Jedaie Textiles Est	High School
3	Mohammed bin Abdullah Al-Jedaei	NA	General Manager - Al-Jedaie Textiles Co.- Director of Financial and Administrative Affairs - Al-Jedaie Textiles Co Director of Computer Department - Al-Jedaie Textiles Co.	Bachelor of Information Systems - King Saud University
4	Ajlan bin Abdulrahman Al-Ajlan	Member of the Board of Directors of the Gulf Insulation Group	Member of the Board of Directors of Fawaz Al Hokair & Co Member of the Board of Directors of Saudi Automotive Services Company (SASCO). Member of the Board of Directors of Saudi Indian Cooperative insurance Company Member of the Board of Directors of Olayan Food Services Company (OFS). Member of the Board of Directors of Saudi Lamino Company Member of the Board of Directors of Rana Investment Company Member of the Board of Directors of Mold Co., Ltd.	Bachelor of Industrial Engineering - Central Washington University
5	Tariq bin Saad Al-Tuwaijri	CEO Advisor - Arabian Centers Company	Regional Director of Private Banking - Bank Albilad (2018-2020) Equity Investments Manager - Neseel Holding Company (2010-2017) Advisor to the company's board of directors and responsible for Middle East investments and investment managers for fixed income and equity portfolios Investment committee member Managing the investments of the company's portfolios, family portfolios, managed portfolios and private equity. Executive Vice President for Trading - Wasatah Capital Company (Wasata Capital) Managing the company's portfolios Member of Investment committee Member of Tadawul Chief Mediator- AlJazira Capital Senior Client Trading Team Member Team member, establish and implement regional mediation Private Banking Services (Relationship Manager)- Local Stock mediator- Samba Financial Group (1998-2004) Member of the project team for the merger of the Saudi American Bank with the Saudi Commercial Bank Member of the Global Standards Implementation Project for Anti-Money Laundering	Bachelor of Business Administration - Arab Open University - Riyadh

Memberships of board members in other companies

#	Name	Names of companies in which a member of the board of directors is a member of their current boards of directors or one of their managers	Within/outside the kingdom	Company names in which a member of the board of directors is a member of their previous boards of directors or one of their managers	Within/outside the kingdom
1	Faisal bin Abdullah Al-Jedaei		Within	Arabian Centers Company - NSK Enterprises - Fawaz Al Hokair & Co	Within
2	Tariq bin Saad Al-Tuwaijri	Fawaz Al Hokair & Co HSBC investment funds Elfaleh Sports House	Within Within Within		

Classification of board members

#	Member name	Membership rating
1	Faisal bin Abdullah Al-Jedaei	Non-executive
2	Abdul Rahman bin Abdullah Al-Jedaei	Non-executive
3	Mohammed bin Abdullah Al-Jedaei	Non-executive
4	Ajlan bin Abdulrahman Al-Ajlan	Independent
5	Tariq bin Saad Al-Tuwaijri	Independent

Board meetings during fiscal year 2021

#	Name	Date of Board Meetings					Total attendees
		2021/02/11AD	05/01/2021 AD	2021/07/14 AD	٩/١١/٢٠٢١AD	12/31/2021 AD	
1	Faisal bin Abdullah Al-Jedaei	Attend	Attend	Attend	Attend	Attend	5
2	Abdul Rahman bin Abdullah Al-Jedaei	Attend	Attend	Attend	Attend	Attend	5
3	Mohammed bin Abdullah Al-Jedaei	Attend	Attend	Applogized	Attend	Attend	3
4	Haitham bin Mohammed Al-Humaidi	Attend	Attend	Attend			3
5	Tariq bin Saad Al-Tuwaijri	Attend	Attend	Attend	Attend	Attend	5
6	Ajlan bin Abdulrahman Al-Ajlan				Attend	Attend	2

General assemblies held during the year

#	Name	Attendees record		
		Type and date of the assembly	Type and date of the assembly	Type and date of the assembly
1	Faisal bin Abdullah Al-Jedaei	2021/06/28 General	2021/08/26 General	10/21/2021 AD Extraordinary
2	Abdul Rahman bin Abdullah Al-Jedaei	2021/06/28 General	2021/08/26 General	10/21/2021 AD Extraordinary
3	Mohammed bin Abdullah Al-Jedaei	2021/06/28 General	2021/08/26 General	10/21/2021 AD Extraordinary
4	Haitham bin Mohammed Al-Humaidi	2021/06/28 General	2021/08/26 General	
	Ajlan bin Abdulrahman Al-Ajlan			10/21/2021 AD Extraordinary
5	Tariq bin Saad Al-Tuwaijri	2021/06/28 General	2021/08/26 General	10/21/2021 AD Extraordinary

Company orders for the shareholders' register

No. of company's orders for the shareholders' register, the dates of those requests and their reasons during 2021

Order reasons	Order date	No. of company's requests to the shareholders register
Company Actions	2021-02-02	1
Company Actions	2021-04-06	1
General assembly	2021-06-28	4
General assembly	2021-08-26	1
General assembly	2021-10-21	1
Company Actions	2021-11-03	1
Company Actions	2021-01-03	1

Board Committees

Audit Committee

The Audit Committee consists of (3) members appointed pursuant to Board Resolution No. (C-2021-001) dated: 2021/11/09 for a period of (3) years.

The Audit Committee bear responsibility, for example but not limited to, reviewing the financial statements, reviewing financial statements and recommending financial and accounting issues to the Board of Directors, recommending appointment of the external auditor, supervising the efficiency of internal auditor, and other matters included under its jurisdiction in accordance with the company's corporate governance regulations and the audit committee's work regulations



Names of the members of the Audit Committee, their current and previous positions and experience:

#	Name	Current positions	Previous positions	Qualifications
1	Ibrahim bin Abdullah Al-Sultan	Alsultan Office for Consulting services	Qassim Cement Director of Financial Affairs - Saudi Industries Development Company	Bachelor of Accounting - Qassim University
2	Tariq bin Saad Al-Tuwaijri	Advisor to the CEO of Arabian Centers Company	<p>Regional Director of Private Banking - Bank Albilad (2018-2020) Equity Investment Manager -Naseel Holding Company (2010-2017 .)</p> <ul style="list-style-type: none"> ▪ Advisor to company's board of directors and responsible for Middle East investments and investment managers for fixed income and equity portfolios ▪ Investment committee member ▪ Managing the investments of the company's portfolios, family portfolios, managed portfolios and private property. ▪ Executive Vice President for Trading - Wasatah Capital Company (Wasata Capital) ▪ Managing the company's own portfolios. ▪ Member of the Saudi Stock Exchange Committee (Tadawul) <p>Chief Mediator- AlJazira Capital</p> <ul style="list-style-type: none"> • Senior Client Trading Team Member • Team member, establish and implement regional mediation • Private Banking Services (Relationship Manager)- Local Stock mediator- Samba Financial Group (1998-2004) • Member of the project team for the merger of the Saudi American Bank with the Saudi Commercial Bank • Member of the Global Standards Implementation Project for Anti-Money Laundering 	Bachelor of Business Administration - Arab Open University - Riyadh
3	Saad bin Ibrahim Al-Mushawah	Board Member - Retired	Gulf Union Foods Company	<p>Bachelor of Industrial Management in 1985 from King Fahd University of Petroleum and Minerals, obtained several specialized financial courses, including a course from Chase Bank in financial management and investment in 1987 and from Harvard University in 1993.</p> <p>Financial Analyst and Head of lending team for 18 years in the Saudi Industrial Development Fund and CEO of the Gulf Union Food Company, Anhar Al-Majd/Jordan and QAFCO/Dubai for 17 years.</p> <p>Membership of committees and boards of directors for several joint-stock and closed companies</p>

Decision (C)

Audit Committee meetings during 2021 AD and attendance record

#	Name	Position	Meeting date				Total attendees
			2021/02/11A D	2021/04/2 9 AD	2021/07/14 AD	10/28/2021 AD	
1	Ibrahim bin Abdullah Al-Sultan	Committee president	Attend	Attend	Attended via means of communication	Attended via means of communication	4
2	Tariq bin Saad Al-Tuwaijri	Member	Attend	Attend	Attended via means of communication	Attended via means of communication	4
3	Saad bin Ibrahim Al-Mushawah	Member	Attend	Attend	Attended via means of communication	Attended via means of communication	4



Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of (3) members who were appointed pursuant to Board Resolution No. (D-001/21) dated 2021/09/11 for a period of (3) years.

Remuneration and Nomination Committee is concerned with periodic reviewing , evaluating its effectiveness, clarifying the relationship between the granted remuneration and the applicable remuneration policy, and indicating any material deviation, in addition to recommending to the Board of Directors of the remuneration of the members of the Board and the committees, it is also concerned with proposing clear policies and criteria for membership in the Board of Directors and any other issues that fall under its competence in accordance with the company's corporate governance regulation and the work regulations of the Remuneration and Nominations Committee

Names, experiences, and current and previous positions of members of Remuneration and Nomination Committee

#	Name	Current positions	previous positions	Qualifications
1	Ajlan bin Abdulrahman Al-Ajlan	Member of the Board of Directors of the Gulf Insulation Group	Member of the Board of Directors of Fawaz Al Hokair & Co Member of the Board of Directors of Saudi Automotive Services Company (SASCO). Member of the Board of Directors of Saudi Indian Cooperative insurance Company Member of the Board of Directors of Olayan Food Services Company (OFS). Member of the Board of Directors of Saudi Lamino Company Member of the Board of Directors of Rana Investment Company Member of the Board of Directors of Mold Co., Ltd.	Bachelor of Industrial Engineering - Central Washington University
2	Faisal bin Abdullah Al-Jedaei	Chairman of the Board of Directors of Thob Al-Aseel Company	CEO of NESC and Managing Director of FawazAl Hokair Company and CEO of Arabian Centers Company	Bachelor of Business Administration - King Saud University
3	Saad bin Mohammed Al-Otaibi	Director of Human Resources and General Services	Director of Human Resources - Western Region - NESC Enterprises Company (one of Fawaz Al Hokair's companies).Director of Human Resources Department (Al-Aseel Company	Bachelor of Business Administration - Human Resources TrackKing Abdulaziz University

Meetings of Nomination and Remuneration Committee during 2021 and attendance record

#	Name	Position	Meeting date	Meeting date	Total attendees
			01/31/2021 AD	2021/05/31AD	
1	Tariq Saad Al-Tuwaijri	Committee president	Attend	Attend	1
2	Faisal bin Abdullah Al-Jedaei	Member	Attend	Attend	1
3	Saad bin Mohammed Al-Otaibi	Member	Attend	Attend	1

Remuneration policy

The company adhere to remuneration distribution policy stipulated in the company's articles of association. During 2021, the company paid bonuses and expenses to members of the Board of Directors, the Executive Management and members of the committees.

Without prejudice to the statutory requirements, the company's articles of association and the relevant corporate governance regulations, the remunerations of the members of the Board, members of its committees and senior :executives of the company are subject to the following criteria

- ❖ Alignment with corporate strategy and objectives
- ❖ Provide bonuses for the purpose of urging the members of the board of directors and the executive management for achieving success and long term development , such as linking the variable part of the rewards to long-term performance.
- ❖ The remunerations are determined based on the level of the job, the tasks and responsibilities assigned to the incumbent, and the level of performance.
- ❖ Compatibility with the size, nature and degree of risks of the company.
- ❖ Considering practices of other companies in determining remuneration, while avoiding unjustified increase in rewards and compensation.
- ❖ Attract, maintain and motivate professional competencies, without exaggerating them.
- ❖ Non payment of bonus or refunding it if it is found that it was decided on the basis of inaccurate information provided by a member of the Board of Directors or the Executive Management, in order to prevent exploitation of the job situation to obtain undeserved rewards.
- ❖ The Nominations and Remunerations Committee studies the relationship between the remunerations granted and the applicable remuneration policy and also studies the basic deviations, and the committee find no deviation.

Remuneration of Board Members for the year 2021 AD:

	Fixed remuneration						Changing remuneration					End of service benefits	Expenditure allowance	Total
	Certain amount	Attendance Statement of Board meetings	Total allowance for attending committee sessions	In-kind benefits	technical, administrative and advisory services remuneration	Remuneration of the Chairman, Managing Director, or Secretary, in case he is a member	Percent of profits	Rewards	Short term incentive plans	long term incentive plans	Granted shares			
First: independent members														
Tariq bin Saad Al-Tuwaijri	٢٠٠,٠٠٠	٤												٢٠٤,٠٠٠
Haitham bin Mohammed Al-Humaidi	٢٠٠,٠٠٠	٣												٢٠٣,٠٠٠
Ajlan bin Abdulrahman Al-Ajlan - Vice President	٢٠٠,٠٠٠	٢												٢٠٢,٠٠٠
Total	٤٠٠,٠٠٠													٤٠٢,٠٠٠
Second: Non-executive members														
Faisal bin Abdullah Al-Jedaei - Chairman	٤٥٠,٠٠٠	٥												٤٥٥,٠٠٠
Abdul Rahman bin Abdullah Al-Jedaei	٢٠٠,٠٠٠	٤												٢٠٤,٠٠٠
Mohammed bin Abdullah Al-Jedaei	٢٠٠,٠٠٠	٥												٢٠٥,٠٠٠
Total	٨٥٠,٠٠٠													٨٦٤,٠٠٠
Third: executive members														

Senior Executive Remuneration

Statement	Value
Salaries and compensation	٢,٦٢٨,٣٦٦
Allowances	—
Benefits	١٣٣,٥٣٩
Annual periodic compensations	٢.٦٤٥.٩٠٠
Incentive plans	—
Compensation and in kind benefits	—
Total	٥.٤٠٧.٨٠٥

Waiver of remuneration

There are no arrangements or agreements according to which the Board or one of the senior executives waived any bonuses during the year 2021 AD.

Remuneration of Board members

Remunerations paid to committee members during the 2021 AD

	Fixed bonuses (other than starting sessions)	Attendance allowance	Total
Audit Committee Members			
Ibrahim bin Abdullah Al-Sultan	£,000	12,000	52,000
Saad bin Ibrahim Al-Mushawah	£,000	12,000	52,000
Tariq bin Saad Al-Tuwaijri	£,000	12,000	52,000
Total	12,000	36,000	100,000
Members of the Remuneration and Nominations Committee			
Tariq bin Saad Al-Tuwaijri	£,000	----	£,000
Faisal bin Abdullah Al-Jedaei	£,000	-----	£,000
Saad bin Mohammed Al-Otaibi	£,000	----	£,000
Total	12,000	----	12,000

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

There are no investments or reserves established for the benefit of the company's employees during 2021 AD

Social contributions

There are no social contributions to the company during 2021 AD

The following table shows the shares owned by the members of the Board of Directors and any changes that occurred during the year 2021 AD

#	Stakeholder name	Beginning of 2021 AD		End of 2021 AD		Net change	Change percent
		Shares	Debt instruments	Shares	Debt instruments		
١	Faisal bin Abdullah Al-Jadaei	1,974,665	–	1,988,333	–	13,668	0.69%
٢	Abdul Rahman bin Abdullah Al-Jadaei	1,536,000	–	1,536,000	–	–	–
٣	Mohammed bin Abdullah Al-Jadaei	2,323,195	–	2,224,360	–	- 98,835	-4.25%
٤	Tariq bin Saad Al-Tuwaijri	14,178	–	14,178	–	–	–
٥	Ahmed Saleh Mohammed Al-Sultan	16,000	–	100	–	- 15,900	-99.38%

The Board of Directors confirms that there is no interest belonging to the relatives of the members of the Board of Directors in the shares or debt instruments of the company or the instruments issued by the company or any of its subsidiaries.

Board approval

Ownership of senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries and any change in that interest or those rights during 2021

- ❖ **The Board of Directors confirms** that there is no interest belonging to the senior executives and their relatives in the shares or debt instruments of the company or the sukuk issued by the company or any of its subsidiaries.
- ❖ **The Board of Directors confirms** that there is no interest in the class of shares entitled to vote belonging to persons (Except for members of the company's board of directors, senior executives and their relatives) who have informed the company of these rights and any change in those rights during the fiscal year 2021 AD.

Board approval

The Board of Directors acknowledges:

- ❖ The account records were properly prepared.
- ❖ The internal audit system was prepared based on sound foundations and implemented effectively.
- ❖ There is no doubt about the company's ability to continue its activities.
- ❖ It is not recommended to change the auditor before the end of the period for which it was appointed.

Debt instruments

- ❖ **The Board of Directors confirms** that there are no convertible debt instruments, contractual securities, memoranda of subscription right, or similar rights issued or granted by the company during the fiscal year 2021 AD.
- ❖ **The Board of Directors confirms** that there are no transfer or subscription rights according to convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the company during 2021 AD.
- ❖ **The Board of Directors confirms** that there is no refund, purchase or cancellation by the Company of any redeemable debt instruments

Transactions with Related Parties

During the normal course of its business, the group had the following transactions with related parties.

S	Contracting company	Contract place	Important transactions during 2021	Transaction nature	Stakeholder name	Percent of transaction volume
1	Thob Al-aseel	Al-Jedaie Furniture	150,000	Technical support service	Faisal bin Abdullah	
Total			150,000			

Transactions with Related Parties

Contracting company	Contract place	Contract value for the year /riyals	Contract value after discount	Expenses of 2021	Obligations for using leased assets	Contract term	Stakeholder name
Thob Al-aseel	renting khenchela Warehouse	٦٠٠,٠٠٠	٦٠٠,٠٠٠	٥٨٣,٧٨٨	١,١٨٠,٢٦٩	One year	Faisal bin Abdullah Al-Jadaei Abdul Rahman bin Abdullah Al-Jadaei Mohammed bin Abdullah Al-Jadaei
	rent jeddah showroom	٤٠٠,٠٠٠	٤٠٠,٠٠٠	٣٣٤,٧٢٥	٣٩٠,٥٦٣	One year	
	Renting Jizan warehouse	١٢٠,٠٠٠	١٢٠,٠٠٠	١٠٣,٨٢٩	٢٣٥,١٨٨	One year	
Aljedaie Textiles co.	Renting Jizan warehouse	٦٠,٠٠٠	٦٠,٠٠٠	٦٠,٦٩٤	٥٨,٥٨٤	One year	Mohammed bin Abdullah Al-Jadaei
	Retail rent of Medina	١٥٠,٠٠٠	١٥٠,٠٠٠	١٥٣,١٣٠	٢٩١,٧٤٥	One year	
	wholesale rent of Medina	١٥٠,٠٠٠	١٥٠,٠٠٠	١٥٣,١٦٥	٢٩١,٧٤٥	One year	
Total		١,٤٨٢,٠٠٠	١,٤٨٢,٠٠٠	١,٣٨٩,٣٣١	٢,٤٤٨,٠٩٤		

Informing the members of the Board of Directors of the proposals of shareholders and investors

The company's executive management informs the members of the board of directors, especially the non-executives, about the shareholders' suggestions and comments regarding company and its performance through several methods, including reports submitted during board meetings or through general assembly meetings or through reports sent by e-mail.

The Remuneration and Nomination Committee evaluates the performance of the Board members according to the criteria mentioned below:

- 1.** Size of the member's participation in the various committees of the BOD.
- 2.** Percent of member attendance at board meetings
- 3.** Member's effective contribution to the work of the council and committees, if he is a member of them.
- 4.** The member's contribution to solve problems facing the company
- 5.** Written proposals and visions submitted by the member to the Board of Directors

The non-executive members of the board periodically evaluate the performance of the chairman of the board of directors after taking the views and opinions of the executive members.

There is no external party that perform evaluation during 2021 AD.

The performance of the members of the Board of Directors during 2021 AD was characterized by the following:

- 1.** Independence and impartiality in the presentation of views and ideas while avoiding conflicts of interest.
- 2.** Considering the preparation of the Board's meetings in light of data sent to them by the company's management for the meetings prior to the Board sessions.
- 3.** Request information, ask questions, inquire about the company's performance, and request clarification of the desire to actively participate.
- 4.** Exchange ideas and proposals and consulting with the CEO and company management regarding the company's investments and performance.
- 5.** Active participation in the committees of the Board of Directors 2021 AD

Penalties and Sanctions

During 2021 AD, the company imposed no penalties and Sanctions, precautionary measure, or precautionary restrictions or precautionary entry from the Authority or any supervisory, regulatory or judicial authority.

Internal Audit

The Audit Committee enhanced the independence of the company's internal audit by monitoring its activities and following up on the implementation of its recommendations. The company is highly concerned with internal auditing to improve the efficiency and effectiveness of performance, increase profitability, and observe the systems through which the company operates. The elements on which the company's internal control is based are based on the audit environment, risk analysis and management, communication and information, control and follow-up procedures and other effective control and management mechanisms. In this context, the company's management has developed policies and procedures that provide a reasonable basis for internal control to meet potential risks at the company's level as a whole and at the level of various operations.

The internal audit implemented the work plan for 2021 AD and issued the necessary reports, including the recommendations it reached in the context of improving performance, and no substantial observations appeared on the internal auditing system during 2021 AD.

Audit committee recommendations

The Audit Committee recommended the appointment of an external auditor for the company. PricewaterhouseCoopers has been nominated to be the company's external auditor for the fiscal year 2021 AD.

There are no recommendations from the Audit Committee that there is a conflict between them and the decisions of the Board of Directors, or the Board's refusal to adopt them regarding the appointment of the company's auditor, the dismissal and determination of fees and the evaluation of his performance or the appointment of the internal auditor.

Corporate Governance Regulation

The company seeks to develop the rules of governance and the work regulations of the committees in accordance with the governance regulations issued by the Capital Market Authority and any amendments thereto, in order to create an effective system which in turn allow the company's leadership and regulates the relationship between shareholders and the board of directors on the one hand and between the board of directors and the executive management on the other hand, in addition to regulating the company's relationship with stakeholders and seek to protect the rights of shareholders and stakeholders. The company has adopted its own governance regulation and approved by the General Assembly in its meeting held on 2018/12/10. The company has also set regulations for the work of the following committees:

- ❖ Review Committee
- ❖ Remuneration and Nominations Committee

The below mentioned table shows the company's compliance with the Corporate Governance Regulations, especially the mandatory articles thereof

Senior Executive Remuneration

Article/para. in the Corporate Governance Regulations	Topic	responsible party	Article applicable in the company's corporate governance manual	Remarks
9/b	Establishing a dividend policy	Board of Directors	١٣	
5/12 and 54/a	Forming an audit committee and approving the regulation	General Assembly	٤٥ ٩ ٤٤	
٦/١٢	Approval of the financial statements	General Assembly	Kh/18	
٧/١٢	Approval of the Board of Directors' report	General Assembly	18/D	
٩/١٢ ٨١ ٩	Appointing auditors, determining their remuneration, re-appointing and changing auditors, and approving their reports.	General Assembly	18/R	
١/٢٢	Develop plans, policies, strategies and the main objectives of the company	Board of Directors	٣١/١	
٢/٢٢	Establishing internal control systems	Board of Directors	٤٨	
٣/٢٢	Adoption of Board Membership Policies and Standards	Board of Directors	٣١/٣	
٣/٢٢	Approving the policies and criteria for membership in the Board of Directors	General Assembly	—	
٤/٢٢	Develop a written policy that regulates the relationship with stakeholders	Board of Directors	٣١/٤	
١٣/٢٢ ٥٠ ٩	Form committees emanating from the board of directors, define their powers and duration, and naming their members	Board of Directors	٤٣/١	
١/٢٣	Approving the internal policies related to the company's work	Board of Directors	29/R	

Senior Executive Remuneration

Article/para. in the Corporate Governance Regulations	Topic	responsible party	Article applicable in the company's corporate governance manual	Remarks
٢/٢٣	approving a written and detailed policy defining the powers delegated to the executive management	Board of Directors	c/29	
٢٥	Forming company's executive management	Board of Directors	sh/29	
٢٥	Appointing CEO	Board of Directors	g/29	
٥/٢٦	approving organizational and functional structures of the company	Board of Directors	٣١/١	
34/a	Organizing the process of attending council meetings	Board of Directors	–	
36	setting internal policy for BOD actions	Board of Directors	–	
٤٣	setting written policies to deal with cases of conflict of interest	Board of Directors	٣١/٢	
٤٨	license contracts and works in which a member of the board of directors has a direct or indirect interest	General Assembly	18/T	
54/c	Issue work regulation of the audit committee	General Assembly	٤٥	
55/b/4	Appointing the director of the internal audit unit or department or the internal auditor	Board of Directors	–	On the recommendation of the audit committee
٥٨	set a mechanism that allows the company's personnel to provide their notes on any abuse in the financial reports	Audit committee	–	
60/a and 64/a	Formation of the Nominations and Remunerations Committee	Board of Directors	٤٦	
60/b and 64/b	issue a work regulation of the Nomination and Remuneration Committee	General Assembly	٤٧	
١/٦١	Preparing remuneration policies for members of the board of directors and committees	Remuneration Committee	–	
١/٦١	approving remuneration policies for members of the board of directors and committees	General Assembly	–	
٣/٦٥	capabilities and qualifications description required for membership of the Board of Directors and positions of executive management .	Nominations Committee	–	

Senior Executive Remuneration

Article/para. in the Corporate Governance Regulations	Topic	responsible party	Article applicable in the company's corporate governance manual	Remarks
٨٤	Set policies and procedures to be followed by stakeholders upon submitting their complaints or reporting violating practices	Board of Directors	٥٧	
٨٦	Establishing a policy for professional conduct in the company	Board of Directors	—	
٨٨	developing programs and identify the necessary means to provide company's initiatives in the field of social work	Board of Directors	—	
٨٩	Develop written policies , procedures and systems for disclosure	Board of Directors	٥٨	
٩٤	Provide corporate governance rules	Board of Directors	٦٨	
٩٥	Form a corporate governance committee	Board of Directors	—	

The company applies all provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority in a manner that does not conflict with the Articles of Association and Companies Law, with the exception of the provisions relating to categories of investors who are not subject to the company's regulatory regime and some internal policies that the company is preparing and approving.

Senior Executive Remuneration

Applicable and non applicable Corporate Governance Regulations and reasons for application:

The company applies all provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, except for the provisions listed below:

Article/para graph number	Para. status	Text	Reason for non application
95	Indicative	Forming Governance Committee	Not approved and under consideration
49	Indicative	Formation of a risk management committee	Not approved and under consideration
31	Indicative	Develop a comprehensive risk management strategy and policies	Not approved and under consideration
	Indicative	Setting the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management across performance indicators related to the achievement of the company's objectives	The policy has not been approved and is still under consideration
	Indicative	Prepare programs for the newly appointed members of the Board and the Executive Management to conduct the work and its activities (the company's strategy and objectives, financial and operational aspects, the obligations, duties, responsibilities and rights of the members of the Board of Directors, and the tasks and functions of the committees)	Existing and pending approval

Financial report 2021



Summary of Operation results

In fact, 2021 AD was facing difficult challenges in the economic environment in which we are operating. However, the company was well prepared and organized to deal with its effects, and was able to overcome such challenges and reduce its negative effects on business results.

During 2021, the markets did not recover from effects of Covid-19 pandemic, and with the continued suspension of Umrah and pilgrimage was limited to a small number of domestic pilgrims, the company faced a very large drop in sales in the western region. The main reason for such decrease in sales compared to the previous year is due to the company signing of a contract to supply medical supplies during 2020, which had the effect of increasing the net profit of the previous year compared to the current year.

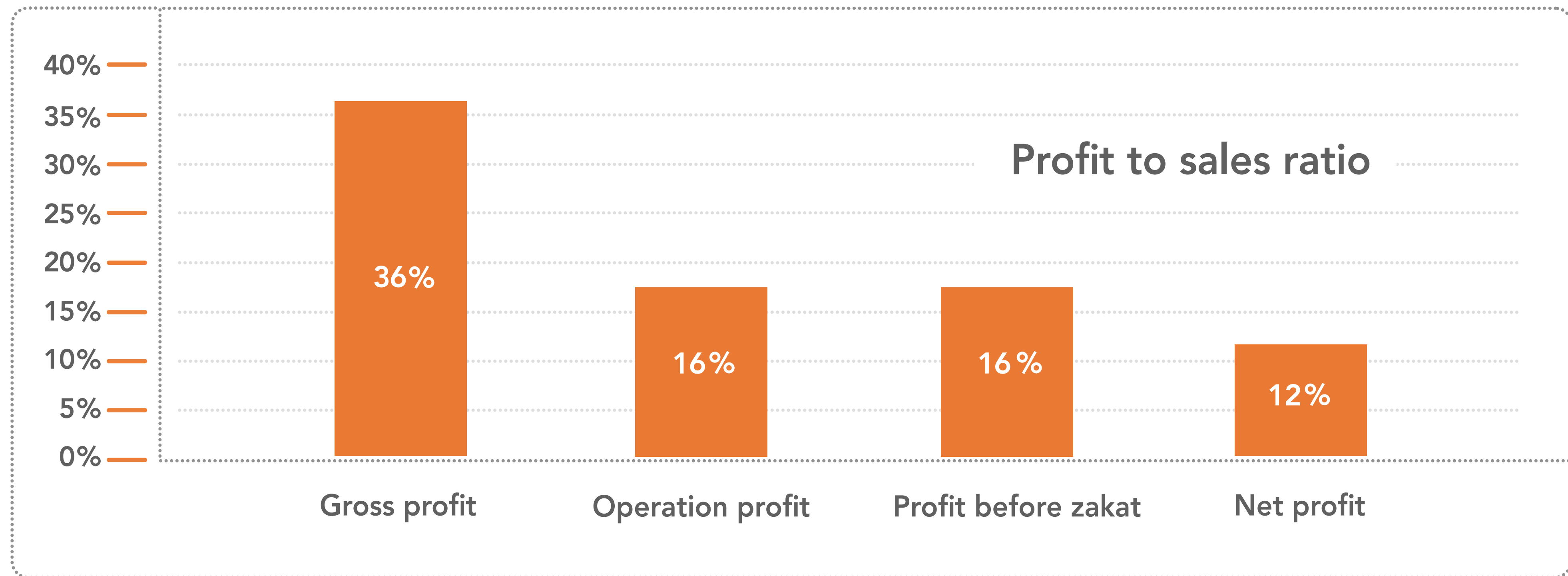
Despite the increase in freight prices and prices of some raw materials, the company maintained its gross profit margin for the year 2021 by 36%, which is similar to the year 2020.

Statement	Year ending December 31, 2021 AD		Year ending December 31, 2021AD		change%
	Amount	% of sales	Amount	% of sales	
Sales	481,898,919		527,337,700		-9%
Gross profit	174,511,600	36%	188,488,590	36%	-7%
Profit from main operations	78,340,921	16%	99,084,120	19%	-21%
Net profit before zakat	76,795,510	16%	97,695,821	19%	-21%
Net profit	59,730,268	12%	82,387,910	16%	-28%

The company achieved sales about 482 million riyals during 2021 AD, with a decrease of 9%, the gross profit amounted 174.51 million riyals, 36% of sales. The net profit of the company activity amounted 78.34 million riyals, with a decrease of 21%, while the net profit after zakat amounted 59.73 million riyals, with a decrease of 28% comparing to year 2020.

Profit to sales ratio

The net profit amounted 59.73 million riyals, which represented 12% of the sales amounting to 481.9 million riyals, while the total profit amounted 174.51 million riyals, which represented 36% of the sales.



Net profit	Profit before zakat	Operating profit	Gross profit
59,730,268	76,795,510	78,340,921	174,511,600

Review elements of financial statements

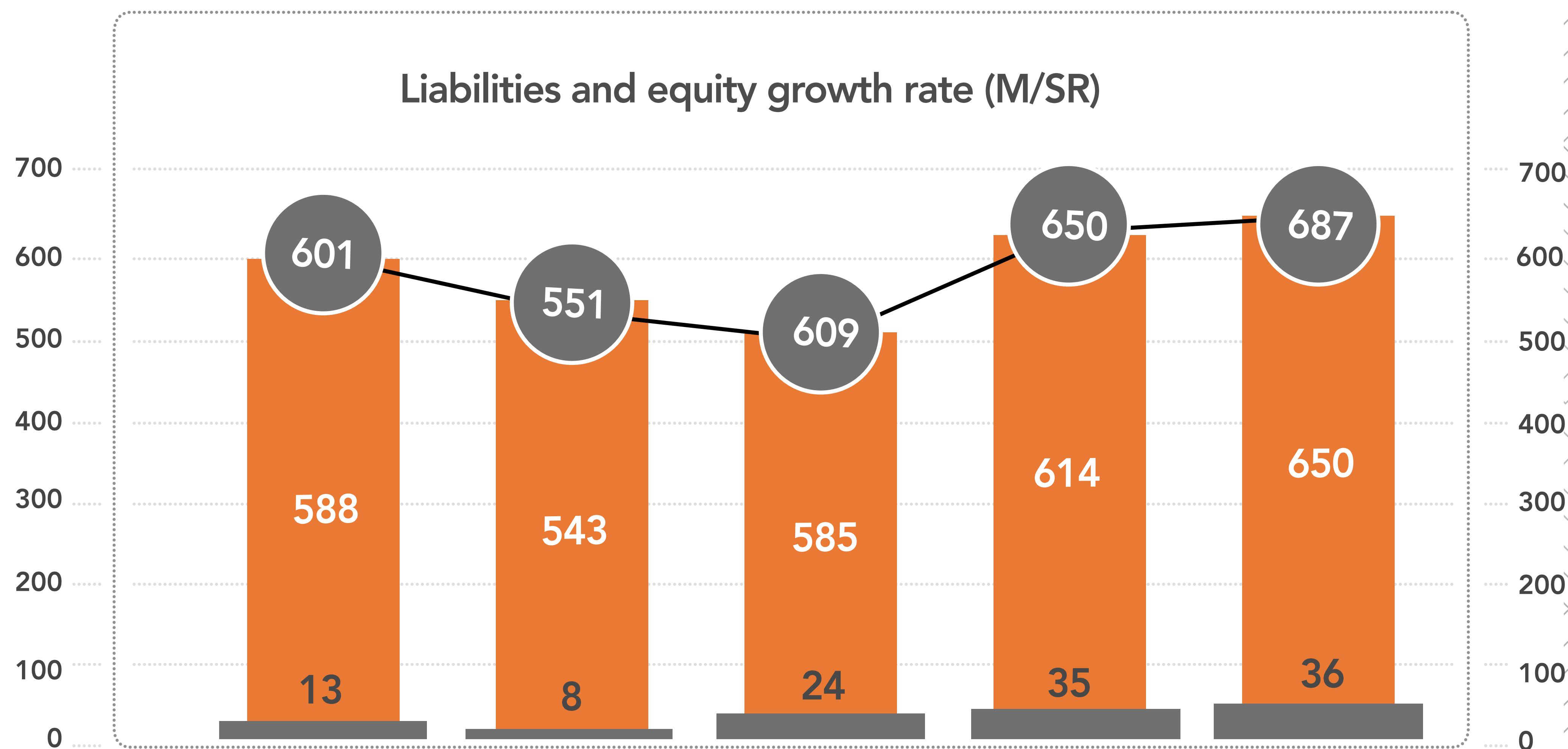
Assets & Liabilities of the company and its business results from 2017 to 2021

	2021	2020	2019	2018	2017
Total Assets	686,671,839	649,614,369	608,612,551	551,040,563	601,257,713
Total Liabilities	107,456,155	106,807,085	80,077,970	43,039,755	60,119,836
Total non-current assets	36,190,414	35,126,330	23,906,030	7,890,063	12,913,780
Current assets	650,481,425	614,488,039	584,706,521	543,150,500	588,343,933
Current Liabilities	88,951,846	89,589,669	65,297,370	32,336,943	49,426,372

	2021	2020	2019	2018	*2017
Sales	481,898,919	527,337,700	477,210,001	377,373,294	569,525,126
Total profits	174,511,600	188,488,590	180,712,944	143,351,901	218,714,955
operating profit	78,340,921	99,084,120	95,956,202	69,919,789	122,148,328
Net profit	59,730,268	82,387,910	80,374,493	56,612,084	114,759,757

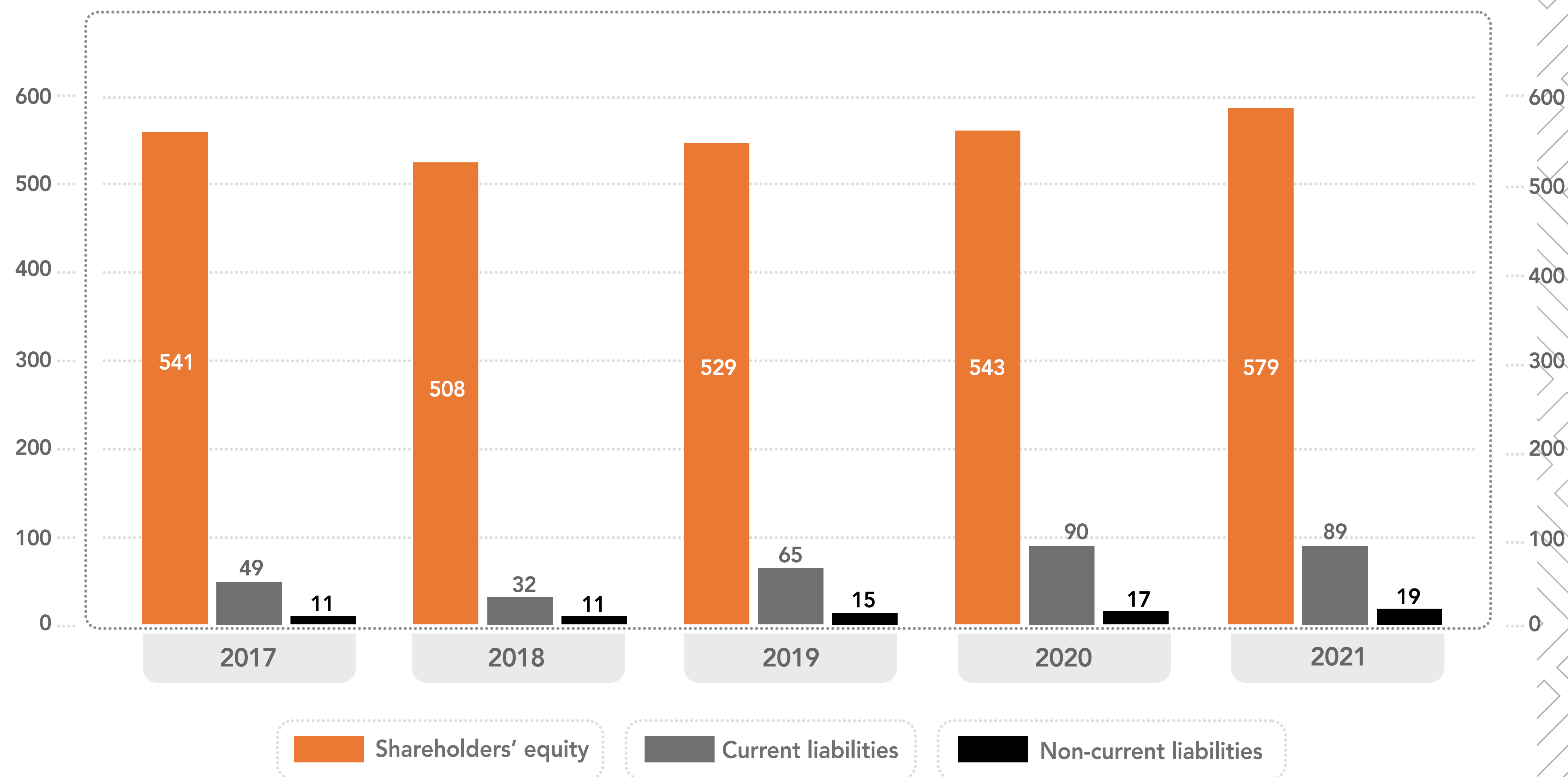
The 1st financial period of the closed Saudi joint stock company starting from the date of commercial register dated 2 Dhu al-Hijjah 1437 AH (corresponding to September 2016 ,5) until December 2017 ,31.

Liabilities and equity growth rate (M/SR)



The total assets as on December 31, 2021 amounted about 687 million riyals, and the current assets reached 650.48 million riyals, representing 95% of the total assets.

Liabilities and equity growth rate (M/SR)

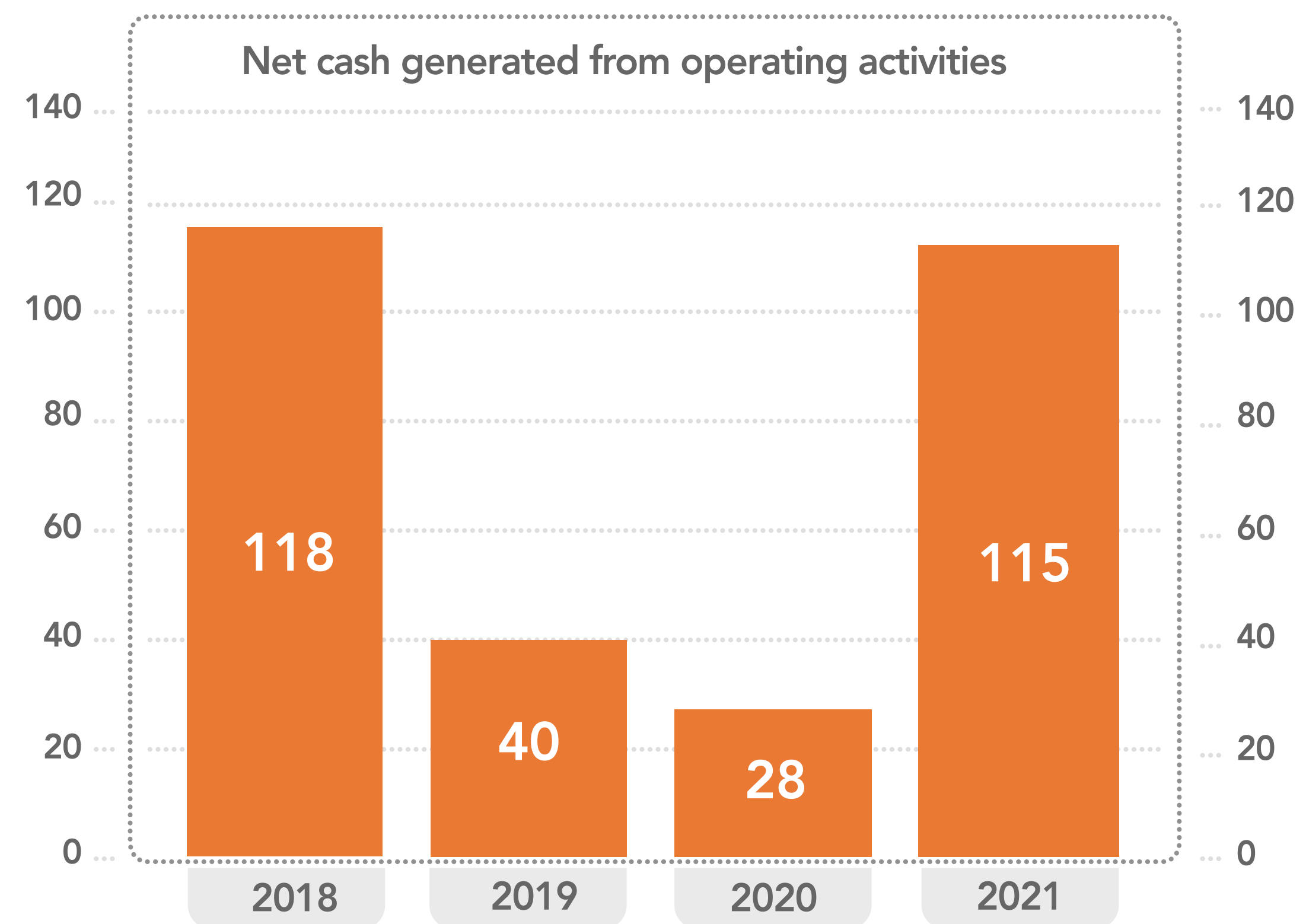


Equity continued to rise from 508 million riyals in 2018 to 579 million riyals on December 31, 2021

Net cash generated from operating activities

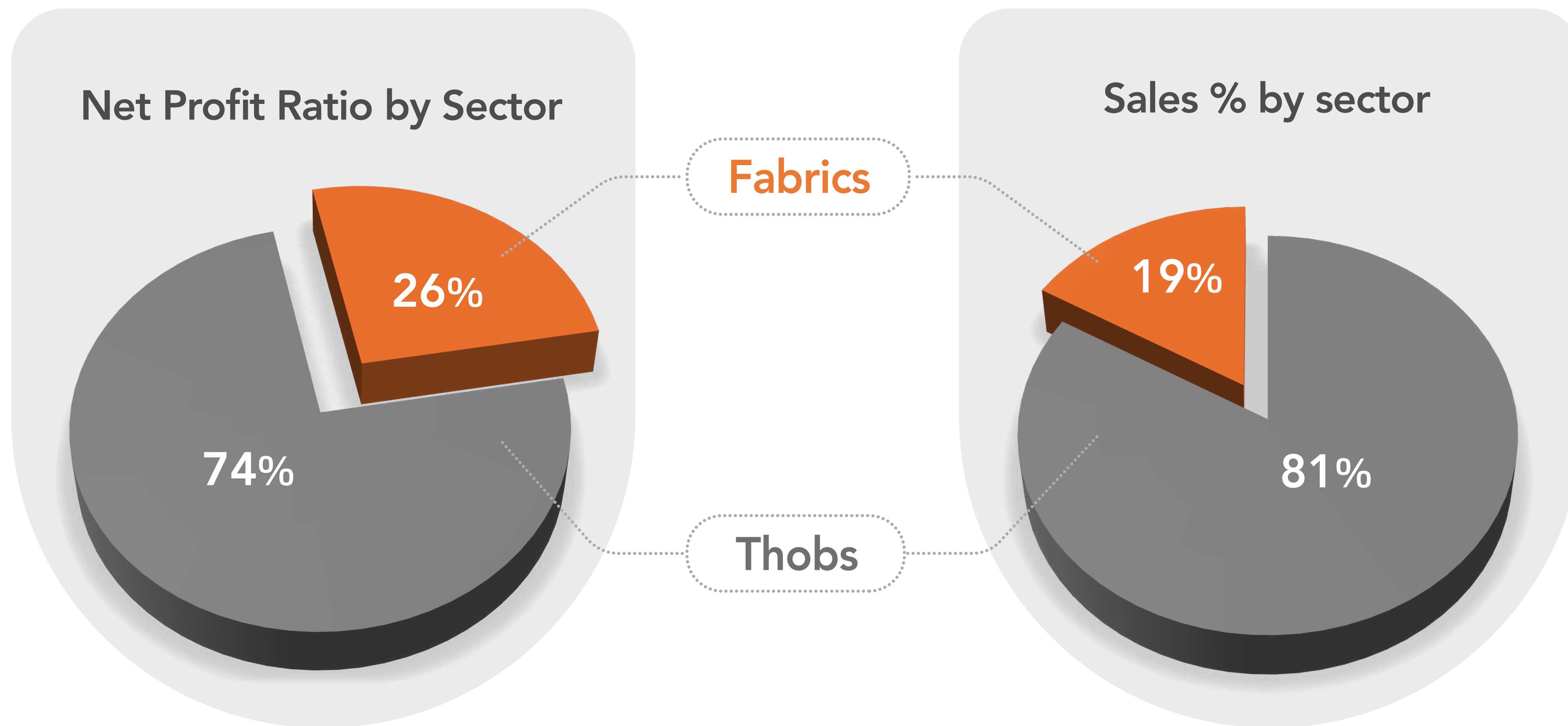
The following table shows the changes in cash flows

Statement	2021	2020
Net cash generated from operating activities	114,576,340	28,292,302
Net cash used in investing activities	(2,648,291)	(12,692,184)
Net cash used in financing activities	(43,161,552)	(66,723,926)
Net change in cash and cash equivalents	68,766,497	(51,123,808)



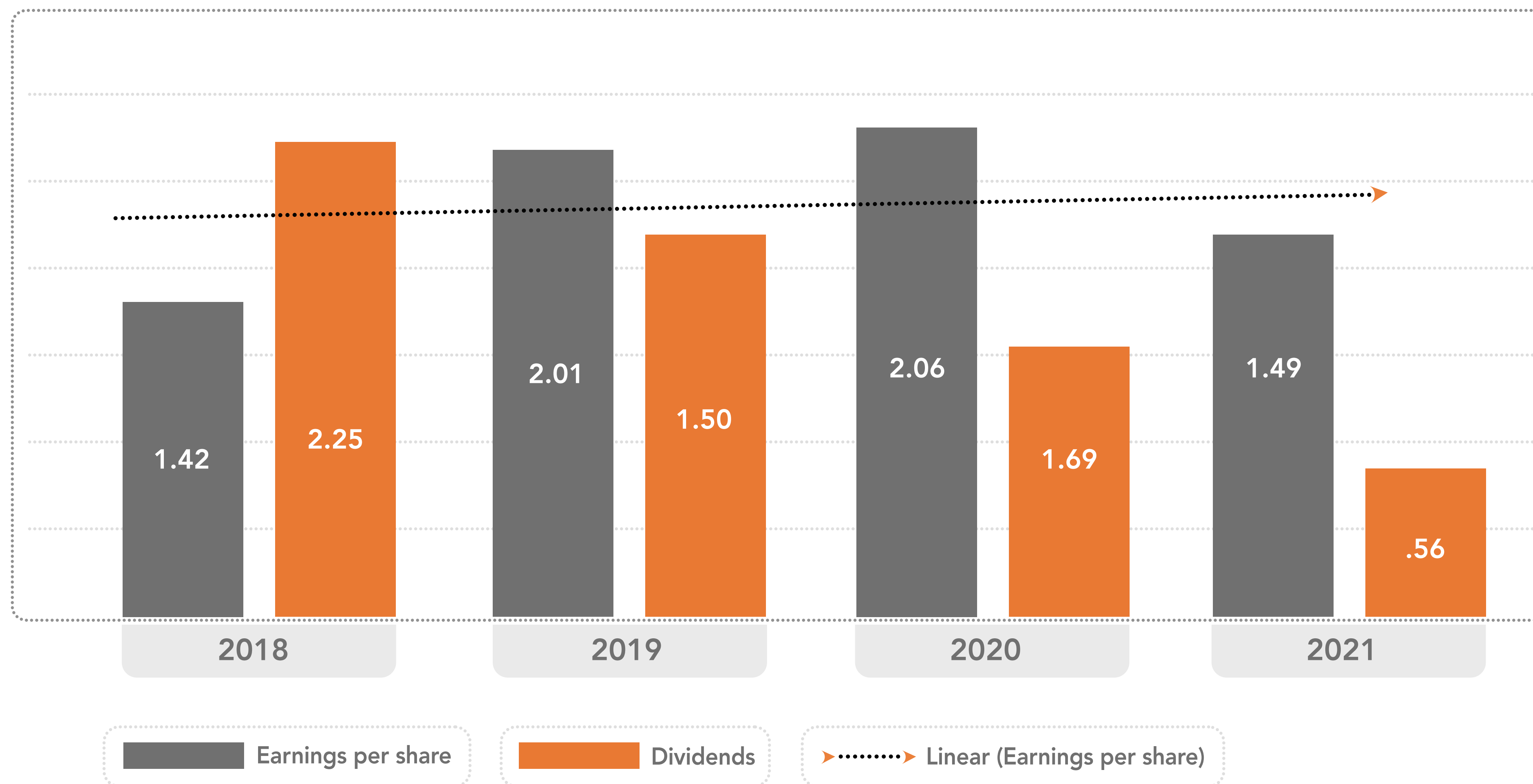
The net cash generated from operating activities amounted 115 million riyals in 2021 compared to 28 million riyals in 2020 AD. The company continued investing cash flows generated from operating activities in expanding the company's operations.

Sectors contributions on sales and net profit



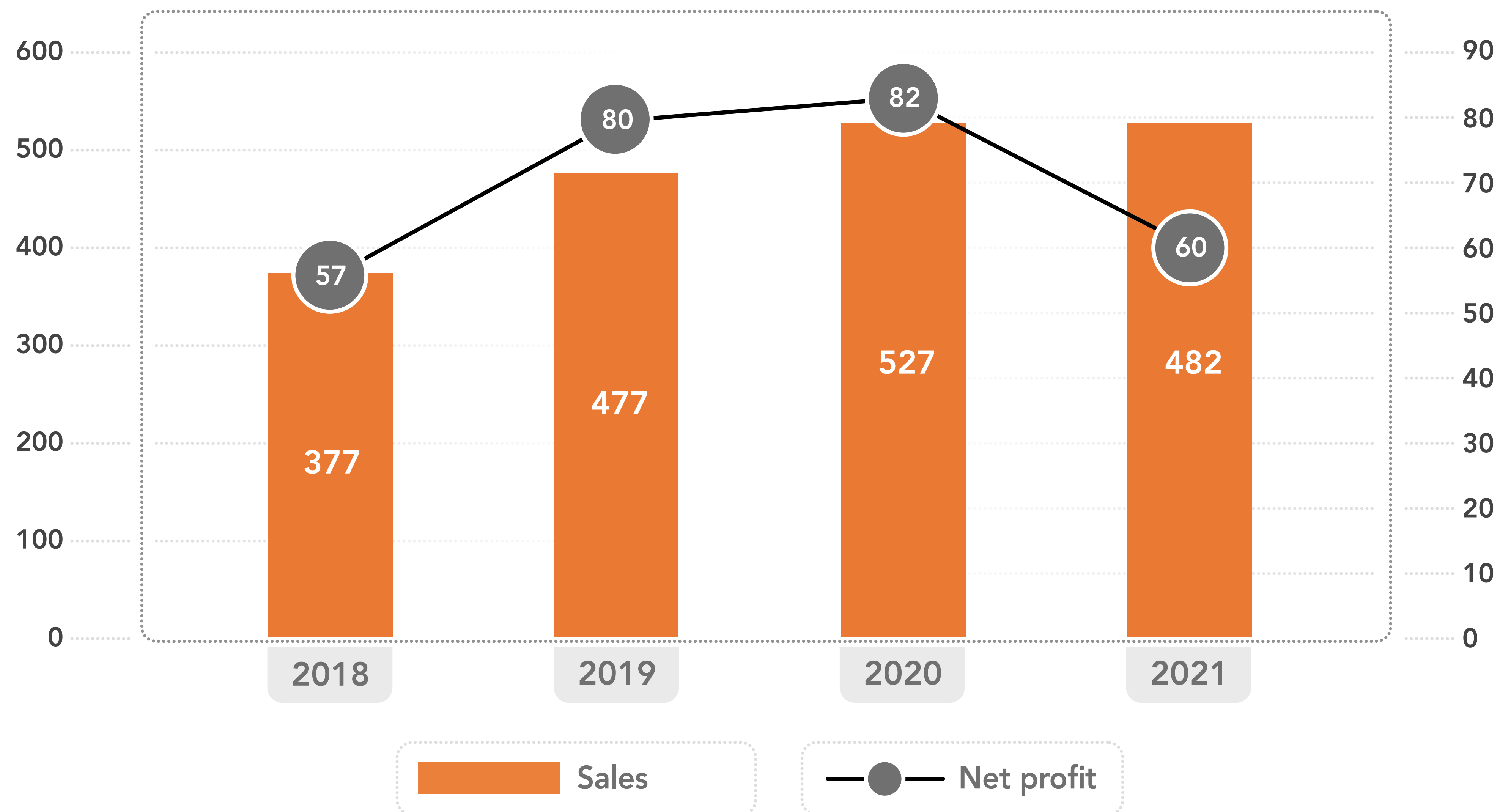
The net profit for the fiscal year ending on December 2021 ,31 amounted 59.73 million riyals, where the net profit of the clothing and underwear sector amounted 43.93 million riyals, 74% of the net profit, while the net profit of the textiles sector amounted 15.80 million riyals.

Share profit and distribution (SAR)



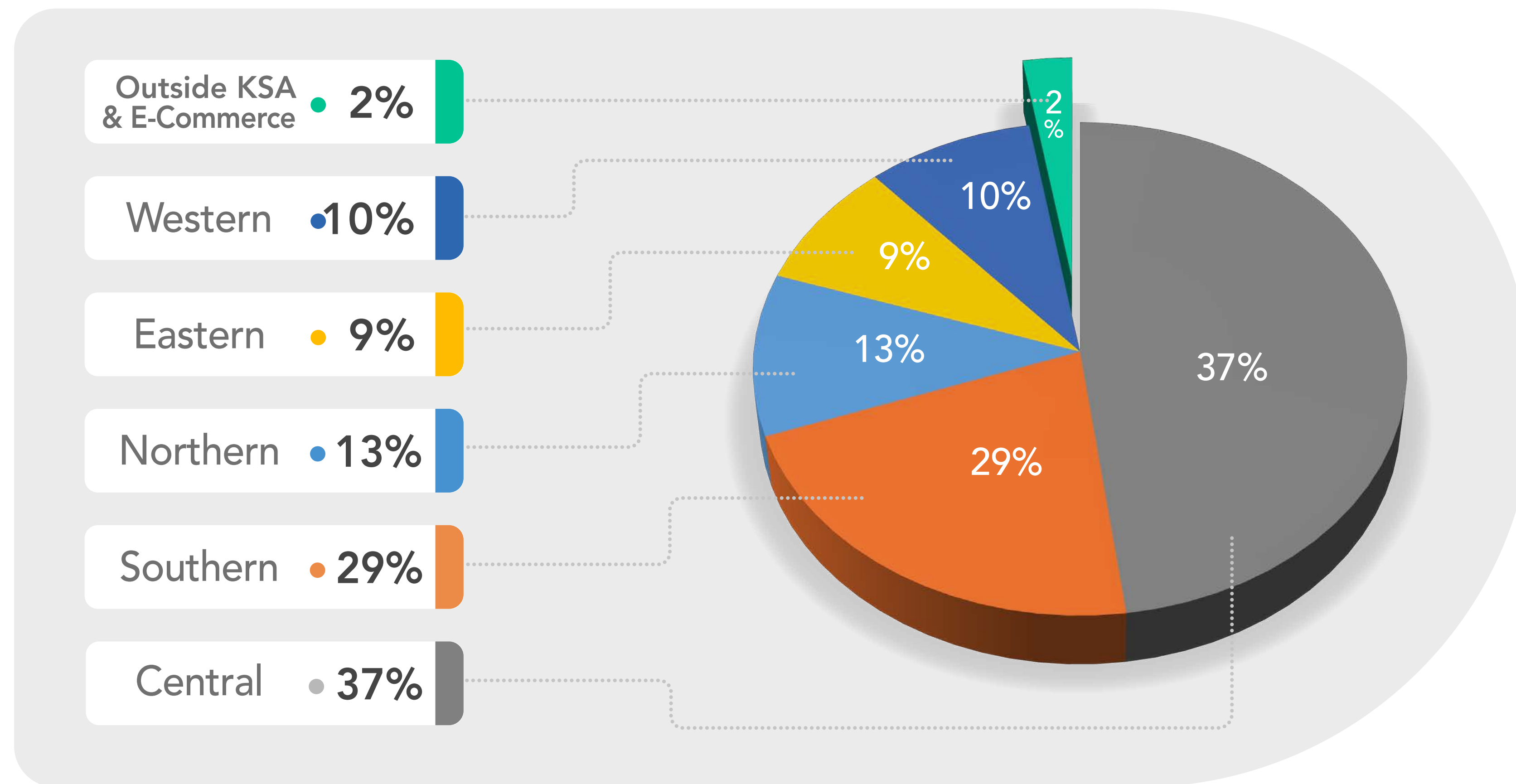
Share profits and distribution figures are based on the current number of shares, which is 40 million shares.

Sales and net profit



Sales amounted more than 482 million riyals during 2021, while the net profit amounted 60 million riyals, with a decrease of 28% comparing to year 2020.

Analysis & geographical distribution of company's and its subsidiaries revenues



The sales in 2021 amounted 482 million riyals, distributed mainly within the Kingdom of Saudi Arabia. Sales of the central region amounted 37% of sales, while the western region contributed 29% of sales, and it was affected by the continued suspension of Umrah for most of 2021, and pilgrimage was limited to a small number of domestic pilgrims, while export sales and the online store accounted for 2% of the company's sales.

Dividends for the fiscal year 2021 AD

An amount of 5.97 million riyals was reserved from the net profits for the year 2021 to form the statutory reserve. The company distributed the dividends for the fiscal year 2021 AD according to the following table:

Period	Total dividends (million riyals)	Share value (SR)	Announcement date	Due date	Distribution date
First half of 2021	22.5	0.75	2021/07/15	2021/09/19	2021/09/28
Second half of 2021	30	0.75	2022/02/20	2022/03/30	Dividends will be paid within 15 working days of the due date

Credit facilities

As on December 2021 ,31, there were no credit facilities. On the contrary, on December 2020 ,31, the group had short-term credit facilities from a local bank amounting to 9.1 million Saudi riyals, within the program of deferring payments issued by SAMA which is one of the programs to support the private sector in light of the COVID-19 pandemic and mitigate its expected financial and economic effects on the private sector. The Group has not incurred any costs or expenses for these facilities.

Statutory payments, fines and penalties

The company pay zakat in accordance with the applicable regulations of the General Authority for Zakat and Income. Zakat expenses are charged to the consolidated statement of income. Zakat returns have been submitted until 2020 and the due amounts of Zakat are paid accordingly.

The group received zakat assessments from General Authority for Zakat and Income for the years from 2014 to 2018 and claimed zakat differences with total of 7.51 million Saudi riyals compared to the zakat amounts paid for those years. The group objected to these amendments, and the amount was reduced to 3.50 million Saudi riyals in January 2021. The objections were submitted to General Secretariat of the Zakat and Tax Committees and Secretariat's decision was issued so as not to accept the objections with the company's eligibility to submit an appeal. On December 2021 ,28, the company submitted a request to the appeal committees within the legal period in order to object to the decision issued by the General Secretariat of the Zakat and Tax Committees, and the application is being studied by the Appeal Committees. The management also considers that it has valid reasons to refute these assessments and has concluded that there is no need to adjust the zakat provision.

As for 2019 and 2020, Zakat, Tax and Customs Authority examined the zakat returns submitted by the company. Based on the notification received from the company's account manager with the Zakat, Tax and Customs Authority, the examination case was closed without any additional claims.

The authority examined the value-added tax returns for the period from January 2018 ,1 to December 2020 ,31, and has completed the examination and found that there is no need to make any amendments to the returns submitted by the company.

The company is obligated to pay specific expenses to governmental entities based on many applicable laws and regulations, which are considered expenses that are charged to the results of operations.

The following is a statement of the most important payments to the statutory authorities, with a brief description and a statement of the reason for the payment:

M/SR

Regulatory body	Amount	Description	Reason
customs Authority	9.94	Amounts paid during the period as a result of import operations as governmental fees	Governmental requirement
General Authority for Zakat and Tax	15.39	Payment of Zakat declaration for the year 2020	Governmental requirement
General Authority for Zakat and Tax	61.88	Amounts paid during the year in accordance with the provisions and rules of value-added tax	Governmental requirement
Labor office fees, visa and passport costs	2.92	issuance and renewal of employee residencies, exit and entry visas, and work permit fees	Governmental requirement
General Organization for Social Insurance	2.76	Amounts paid during such period in accordance with the provisions of the Labor Law as social security expense	Governmental requirement
Total	92.89		

The total fines or penalties imposed on the company during fiscal year 2021 amounted 85,257.41 SR and their statement is as following:

Penalty	Violation reason	Violating entity	Total (SR)	Ways to treat it and avoid it in the future	Financial Impact
Financial penalty	labor violations	Ministry of Labor and Social Development	50,000	Follow the statutory requirements	Law
Financial penalty	delay renewing shop license and violation of non-application of precautionary measures	Ministry of Municipal & Rural Affairs	23,700	Follow the statutory requirements	Law
Financial penalty	Civil Defense Violations	General Directorate of Civil Defense	9,400	Follow the statutory requirements	Law
Financial penalty	Violation on Modification of the vehicle chassis	Ministry of Transportation	1,000	Follow the statutory requirements	Law
Financial penalty	Ministry of Commerce violations	Ministry of Commerce	1,000	Follow the statutory requirements	Law
Financial penalty	Traffic violations	Ministry of Interior - Traffic	150	Follow the statutory requirements	Law
Financial penalty	Delayed payment of social security installment	General Organization for Social Insurance	7.41	Follow the statutory requirements	Law
	Total		85,257.41		

Such penalties do not include any penalty or violation imposed on the company by the Capital Market Authority.

Preparing financial statements

The interim consolidated financial statements, which issues a limited review report and the annual consolidated financial statements issued by an audit report, are prepared by the independent external auditor. According to International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards issued by the Saudi Organization for Certified Public Accountants, the Group has applied International Financial Reporting Standards for the first time in the fiscal year ending on December 2018 ,31, and Thoub Al Aseel Company selected PricewaterhouseCoopers (PWC) as an independent auditor based on the recommendation of the Audit Committee submitted to the Board of Directors to appoint PricewaterhouseCoopers to perform auditing works of the company's accounts for the fiscal year 2021 AD and the first quarter of 2022 AD.

The Board of Directors submitted a request to obtain approval for nominating PricewaterhouseCoopers (PWC) as an auditor and to approve the fees for its services during the General Assembly meeting held on June 2021 ,28. During that meeting, the approval was obtained and PricewaterhouseCoopers Corporation issued an unconditional independent auditors report, which stated that the consolidated financial statements presented fairly , in all material respects, the consolidated financial position of Thob Al Aseel Company ("the Company"). ") and its subsidiary (together, the "Group") as on December 2021 ,31 ,its consolidated financial performance, consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia , other standards and issuances issued by the Saudi Organization for Certified Public Accountants.

Offers were obtained from auditing offices to audit the accounts for the fiscal year 2022. such offers were submitted to the Audit Committee. After discussing them, the committee decided to settle the nominations that will be presented to the next general assembly of shareholders to consider the selection of the independent external auditor for the fiscal year 2022.

Preparing financial statements

The Company has applied the following standards and amendments for the first time to its annual reporting periods beginning on or after January 2021 ,1:

Interest Rate Index Reform - Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The above-mentioned amendments did not have any impact on the amounts recognized in previous periods and are not expected to materially affect the current or future periods.



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