

Board Report

2020



شركة جرير للتسويق
Jarir Marketing Co.

Year of Challenges

2020

Board
Report

About Jarir

Jarir Marketing Co. was established as a general partnership in Riyadh in 1979, then was turned into a Saudi joint stock company. It has been incorporated into the Saudi stock exchange since 2003 under commercial register No. 1010032264. The paid-up capital of the company is 1.200 million Saudi riyals. The company operates retail, wholesale and ecommerce sectors in the Kingdom of Saudi Arabia, in addition to entering the Gulf Cooperation Council countries.

Jarir operates through two divisions: retail (including online sales), under the brand name of Jarir Bookstore, and the wholesale division. Our activities include dealing in Books and school supplies, toys, educational aids ,books, Arabic and English publications, art and crafts Supplies, computer peripherals, software, mobile phones and their accessories, audiovisual tools, photography, smart TV, and the maintenance of computers and electronic gadgets.

This report has been translated to English from the original Arabic report, in case that any statement is not clear of vague, kindly refer to the Arabic version.



Our Charter



Mission

To enable our Customers to Grow and Learn through Best Products and Service delivered .with pleasurable experience and Best Value



Values

- Exceeding expectations
- Quality
- Integrity
- Simplicity
- Humility
- Respect and appreciation
- Unity and collaboration
- Loyalty



Objectives

- To maintain leadership in service quality of service to our customers.
- To provide affordable products of superior quality to our customers.
- To be a market leader in office supplies, IT products and books.
- To build a superior and effective management team.
- To incentivise individual initiative and provide opportunities for personal growth to our employees.
- To serve and give back to the community, as we believe it is our social responsibility.

Our Business Strategy

Jarir's overall goal is to become the premier source of knowledge, and production and entertainment tools for our clients. Our business strategy is to cement our position as a leader in large-scale retail by providing innovative, quality products and services at affordable prices. Jarir's success depends on working collaboratively with clients, business partners, investors, government and regulatory departments and other stakeholders.

The execution of our working strategy is based on a customer-centric approach along with a simple organizational structure that focuses on investing in competitive products and reducing costs.



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Mohammed Bin Abdulrahman Al-Agil
Chairman

Dear shareholders of Jarir Marketing Co.,

I am pleased to welcome you through the annual report of the board of directors for the fiscal year 2019, and share with you the results achieved by Jarir thanks to God and the efforts of its employees, reviewing the most prominent changes in Jarir's course of progress and its financial position during the year ended on 31/12/2020.

"Public lockdown", "mandatory wearing of a mask", and "social distancing" are expressions that were unknown to most of us. Today, however, it is part of the language of our daily life, as it is the product of the Corona virus (Covid-19) pandemic, which during the past year affected all aspects of our lives. However, Jarir, based on its experience and commitment, has managed since the beginning of the pandemic to raise its maximum capacity and take many preventive and precautionary measures to address such exceptional circumstances, which enabled it to achieve good results.

Jarir sales in 2020 sales amounted to 9,306.8 million riyals compared to 8,424.5 million riyals for the last year, which is an increase of 10.6% due to the increase in retail sales in most departments, and the maintenance of expansion plans as the number of showrooms increased from 59 to 63 during the year 2020.

In conclusion, I would like to extend my sincere thanks and appreciation for your confidence in the management of Jarir. I also thank board members for their continuous guidance and efforts in drawing up the company's strategy. Many thanks to our fellows in the executive management and all departments of Jarir for their sincere efforts. We look forward to more success in 2021, hoping to meet with you at the annual meeting of the general assembly of shareholders to respond to your inquiries regarding the contents of this report.



Abdulkarim Bin Abdulrahman Al-Agil
Vice Chairman, CEO

Dear shareholders of Jarir Marketing Co.,

I am pleased to meet with you through the annual report of the board of directors for the fiscal year 2020 to inform you of the most prominent shifts in operational performance of Jarir during 2020, with the impact that Jarir has witnessed as part of the community as a whole as a result of the preventive and precautionary measures that have been activated to limit the spread of the novel Corona virus (Covid-19). However, with its capabilities, competencies and readiness, Jarir took the initiative to pump all its capabilities to face these circumstances, which had a great impact on the results it achieved during this year, which we will review in this report in turn.

Last year, Jarir's sales amounted to 9,306.8 million riyals compared to 8,427.5 million riyals for the last year, which is an increase of 10.6%, and the net profit reached 1,003 million riyals, compared to 984,7 million riyals, which is an increase of 1.9%.

Jarir also maintained the announced expansion plans as four showrooms were opened during 2020. Jarir seeks to continue its plan to maintain its leading position locally as a result of the efforts, expertise and efficiency of all its employees and staff, as well as the followed policies to exploit its competitive advantages and its strong presence in local and regional markets in which they operate.

Finally, i would like to thank the distinguished board members and all honorable Jarir's staff and shareholders.

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About Jarir



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1. Jarir Activites



According to its statute, Jarir's activities are as follows:

- Office and school supplies.
- Publications, books and teaching aids.
- Computer software.
- Trading of mobile phones and their accessories.
- Sale and maintenance of computers.
- Engineering, surveying, sports, scouting, audio and video equipment and photographic equipment and tools.
- Paper, computer paper, decorative tools, decorative materials, hand tools and drawing devices.
- Bags, suitcases and leather goods.
- Children's toys and travel supplies.
- Buying residential, commercial lands, and lands for building and investing through selling and leasing for Jarir.
- General contracting for buildings, electrical and electronic works, maintenance of buildings and warehouses, loading and unloading of goods, transportation, delivery and cleaning buildings.
- Establishing, organizing and managing conferences and temporary and permanent exhibitions.
- Ecommerce.

Jarir operates through the following sectors:



1. Wholesale sales Sector:

Clients of this sector intend to resale their procurements.



2. Retail Sector:

It is represented by Jarir showrooms which hold the business name “Jarir Book-store” with the well-known logo. It also includes Jarir sales to its company and government sector clients, which purchase from Jarir through retail sector for internal use, and not for resale.



3. Ecommerce:

It includes b2c ecommerce, b2b ecommerce, and ebook.

2. Subsidiaries

Jarir owns several subsidiaries. Some equity shares of these subsidiaries are registered under the names of limited partners who renounce their share in favor of Jarir. The following are these companies and their equity shares:

No	Name	State of incorporation	State of activity	Main activity	Capital	Equity share
1	United Bookstore	UAE	UAE	Jarir's same activity	50,000 Emirati dirhams	100%
2	Jarir Trading Company (LLC)	UAE	UAE	Jarir's same activity	150,000 Emirati dirhams	100%
3	Jarir International Central Market Co. for Non-Food	Kuwait	Kuwait	Jarir's same activity	10,000 Kuwaiti Dinars	100%
4	Jarir Egypt Financial leasing Company (SAE)*	Egypt	Egypt	Renting real estate owned by it	80,000,000 EGP	100%
5	Jarir Marketing Company.(SPC)*	Bahrain	Bahrain	Jarir's same activity	5,000 Bahraini dinars	100%
6	Jarir United Company for Office Supplies and Stationeries (LLC).	Qatar	Qatar	Jarir's same activity	200,000 Qatari riyals	100%

* The legal form of the company was changed automatically based on the laws in force in the Kingdom of Bahrain.

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Operating Performance



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Introduction



Jarir and new corona virus crisis

Jarir was all prepared despite the fact that Corona came out of the blue. Jarir sensed its responsibility during the Corona crisis and the preventive and precautionary measures that have been taken to prevent the spread of the novel Corona virus (Covid-19). Jarir's first priority was to save lives and ensure the safety of its customers, work team and all the partners. Jarir has worked around the clock since the beginning of the crisis, did not hesitate to take all necessary measures to close all its showrooms as a voluntary and precautionary measure in order to be able to implement the approved preventive plan, and then reopened them after taking all the necessary precautions to resume its role in meeting and providing the needs of citizens and residents regarding distance learning, and the needs of different entities to help work remotely, as well as providing other needs.

The number of Jarir team at all of its showrooms was also reduced to reduce the risk of infection spreading, and in line with the reduction of working hours, in addition to implementing strict preventive measures at all points of contact between Jarir employees in all its facilities. The principle of "mandatory social distancing" was imposed and several preventive standards were implemented, including daily health checks, sterilization, measuring temperatures every day, washing and sterilizing hands, and using gloves and masks at all times.

Training team has been prepared to raise awareness in all Jarir showrooms and help everyone follow the instructions of precautionary measures and Demonstrate the highest levels of commitment. Everyone was also instructed to obtain news from reliable government sources.

In addition, Jarir has raised the capacity of online orders to 10 times the usual rate, in cooperation with its partners in the approved shipping companies, in order to provide its online services to all its clients with the highest quality standards, which included sterilization of each product separately before preparing and sending for the safety of its customers. bearing in mind the exceptional circumstances of the Corona pandemic, Jarir has provided free shipping service for all orders. The warranty, return, and replacement periods have been extended from March 15 until the end of the period specified by the concerned authorities for a similar period.

Jarir has also complied with all the partial and total curfew dates in all areas in which Jarir showrooms are located. The periods of closing some showrooms, especially in major cities and showrooms that exist in commercial malls, have reached about 28 days of total lockdown, some of which are more than 70 days, such as showrooms in Makkah and also in airports, which were closed with the suspension of local and international flights.

With the exception of the concerned authorities' decision to close the commercial complexes and shops inside them, the lockdown of Jarir showrooms was in three stages:

The Voluntary lockdown by Jarir:

All showrooms were closed voluntarily in order to protect the safety of the employees and clients for a period of 4 days from the date of March 20 at the beginning of the crisis to ensure that all preventive and precautionary measures are activated in the showrooms, and then opened with full equipment, with following government instructions and decisions. This shows how keen Jarir is to protect everyone, as during the same period, no store closed its doors and there were no government directives in this regard.

lockdown related to total curfew:

It was for a period of 3 weeks for all major cities from the date of April 6, 2020, with the exception of some remote governorates, which had a daily grace period.

Total lockdown at the end of Ramadan and Eid al-Fitr from 23 – 27 May.



Pandemic Impact

The pandemic of novel corona virus (Covid 19) played a pivotal role in Jarir sales, as the rate of sales growth was affected by several factors that we were not able to achieve the target during this year, including distance work for many agencies and the impact of the pandemic on their needs of office and stationery supplies. That was met by a sharp increase in the demand for computers, which was not fully utilized due to the global deficit in the supply of computers, in addition to that, there was a reduction in spending by the private sector during the pandemic period, which was reflected in the limited growth opportunities.

However, despite these obstacles, Jarir was successfully able, through her conscious vision and reading of the events during 2020, to issue electronic certificates, which achieved remarkable success due to the pandemic, the followed precautionary measures, and the transformation of clients to online shopping, which confirmed Jarir's readiness to cope with and deal with any exceptional emergency circumstances.



First: retail sector (Jarir Bookstore).

During 2020, The retail sector reached

9,081.1

million riyals

by an increase of

12.6%

compared to 2019

Profits before zakat and income tax reached

1,039.8

million riyals

by an increase of

8%

compared to 2019

The following highlights the performance of the most important departments of the retail sector (Jarir Bookstore), and summarizes the work of these departments and their most important achievements and objectives as follows:

1. Showrooms:

Jarir Bookstore has (63) showrooms inside and outside the Kingdom, (4) showrooms were opened during 2020: one showroom at Prince Muhammad bin Abdulaziz International Airport in Madinah, one showroom on King Fahd Road in Sakaka City, one showroom on Khurais Road in Riyadh, one showroom on King Abdulaziz Road in Al-Dawadmi Governorate, and an alternative showroom in Al-Thaghr district in Jeddah, while the Jarir Bookstore showroom in Al-Jimi complex was closed in Al-Ain city.

The following table shows the distribution of Jarir’s owned and leased Showrooms inside and outside the Kingdom:

	Riyadh	Buraidah	Onaizah	Al Kharj	Hail	Al Duwadimi	Jeddah	Taif	Mecca	Al Madina	Yanbu	Tabuk	Dammam	Al Khobar	Dhahran	Jubail	Skaka	Hofuf	Hafr Al Batin	Mushait Khamis	Jazan	Qatar	Abu Dhabi	Kuwait	Total (in terms of owned and leased)
owned	6	0	0	0	0	0	1	0	0	1	0	0	2	2	0	0	0	2	0	0	0	0	0	0	14
leased	11	1	1	1	1	1	8	1	2	1	1	1	1	1	1	1	1	0	1	2	1	3	3	4	49
Total by city	17	1	1	1	1	1	9	1	2	3	1	1	3	3	1	1	1	2	1	2	1	3	3	4	
total	63 showrooms (inside and outside Saudi Arabia)																								

As an extension of Jarir’s activity in real estate, the leased area (showrooms, offices, housing) reached (84,638) square meters by the end of the fiscal year 2020, compared to (79,258) square meters in 2019. It is expected to increase the leased area during 2021 by adding an area of (7,691) square meters.

During the fiscal year 2021, Jarir aims to expansion through the opening of seven showrooms. lease contracts of eight to ten showrooms – new and alternative ones - have been signed.

2. Company sales:

By the grace of God, and despite the exceptional circumstances during the year 2020, Jarir was able to surpass these circumstance, achieving a new record in its government and corporate sales, with a growth rate of 3.5% compared to last year, while the target during this year for corporate sales was a growth of 9.3%.

This was represented by achieving high growth in Jarir’s sales to the government sector, by winning several major competitions for office equipment and electronic devices. Note that many competitions have stopped during this year due to pending a decision on the unified purchase of office equipment competition and the electronic and computer equipment competition.

Sales to the 106 new clients added during this year also contributed to the growth of sales, and the most prominent new customers added in the Qiddiya project are Roshen Real Estate company, Diriyah Gate, monshaat authority, and Takaful institution.

During 2020, the installment sales agreement for the employees of the contracting companies was renewed, noting that the installment sales achieved a growth of 14.5% over the previous year. Jarir continued to benefit from the Jarir B2B online platform that was launched in the latter half of 2018, where the target of 2020 was exceeded by listing 120 clients to the platform, despite the suspension of the implementation of the listing plan for a period of no less than five months during the period of curfew and distance work for many entities.

In this year, Jarir e-gift card certificates (E-gift card) were launched for companies in line with the market requirements. This enables companies to obtain certificates and distribute them to beneficiaries according to an electronic mechanism and in line with information protection requirements, which helped achieve growth and accelerate the pace of selling the products during the curfew.

During 2021, Jarir seeks to continue to include new clients, and to develop a plan that enables it to directly include customers in small and medium



enterprises in the B2B ecommerce platform without the need for interference from sales representatives, through developing the site in cooperation with the technical development department in ecommerce sector.

3. Procurements:

The year 2020 was unprecedented in the aspect of global supply chains, as the global market was exposed to a very high demand for electronic devices related to distance work and study. Jarir was exposed to this severe shortage of supplies in desktop, laptop and tablet computers of various types and price categories. Despite this, the team's efforts focused on providing the largest amount of supplies. By virtue of its market share and close relationships with all suppliers, Jarir was able to obtain the largest share of supplies that were available during the year, which helped improve sales in general and compensate for lost sales in other departments such as school and office supplies as a result of the shift in the pattern of work and study from the actual attendance to distance work and study.

The outbreak of the pandemic occurred in February of 2020, after the approval of all supplies for the school season, which usually take place before the end of December. The pandemic was followed by a

change in the study pattern from actual attendance to distance study, and therefore sales fell very dramatically in the school supplies department. The stationary division has also been negatively affected by the adoption of distance work by many companies for a large part of 2020.

The slight improvement in the supply of computers of all kinds has started since December 2020, and a return to normalcy is not expected before August of 2021. Meanwhile, supplies of the latest devices that were launched in 2020 in various departments are still suffering.

In 2021, the focus will be on supporting supplies and strengthening the relationship with suppliers to facilitate obtaining the largest amount of supplies in different brands and price groups. Work will also be made to review and manage the inventory of office and school supplies, especially with the possibility of continuing the distance study pattern for a longer period.

4. Marketing:

During 2020, Jarir implemented many advertising campaigns and promotional offers such as Jarir Electronics Festival, National Day offers, and year-end offers in addition to large promotional campaigns introduced due to the change in the shopping pattern during the novel corona pandemic (Covid-19), including those related to distance learning and work. Through these campaigns, the focus has been on mobile devices, tablets, and their accessories; and everything that helps in distance work and study. These campaigns focused not only on electronics departments, but also on office and school supplies, among others.

Campaigns have also extended during the lockdown period and curfews for products that enable customers to spend fun times at home through group and entertaining games, and provide home cinema solutions and other entertainment requirements. In addition, Jarir provided free delivery service for all orders without a minimum purchase during the home quarantine period.

Also, pursuant to the directives of the concerned authorities and in the interest of Jarir for the rights of its valued customers, the return and replacement period has been extended for all requests that were made during that period. Jarir has worked on the "Jarir before the crowd" campaign regarding returning to schools, which aimed to motivate clients to shop before the start of the school year in order to avoid crowding for which Jarir set controls that may prevent many clients from entering our showrooms during busy times in order to preserve their safety.

Jarir also launched the Back to School campaign, which motivated our dear students to celebrate the school year despite all the circumstances, and was titled "From afar, not close ... we returning again", which refers to the importance of the educational journey despite the circumstances of distance study.

In spite of the exceptional circumstances during 2020, Jarir has activated one-day offers on international days, such as a special offer on Mother's Day

and the presentation of Arabic books on the International Day of the Arabic Language, in addition to the launches of products, for example, iPhone 12, iPhone 12 Pro, Galaxy Note 20, Galaxy S 20, Huawei P40, Playstation 5 and Xbox.

In addition, the installment campaign with the cash price for specific products was launched. Jarir has continued its drive to expand its lead in the field of smart devices by focusing on smart televisions and smart home devices in addition to the coffee makers that have been added to office equipment tools.

In the context of Jarir's completion of its endeavors to serve its clients who wish to benefit from financing solutions for deferred payment in easy monthly installments, which were launched in cooperation with institutions specialized in financing individuals at the end of 2019, the service was gradually launched until all Jarir showrooms were covered. Jarir was able to popularize the service in all its showrooms during 2020 through the installment service representatives who work to conduct contractual transactions with customers and answer their questions and inquiries. A large part of the service application, review and approval process has also been automated, and this service aims to attract a larger base of clients and give financing solutions to existing clients, which will help increase the market share.

In 2021, Jarir will seek, in cooperation with its partners of the installment service providers, to improve the client's experience permanently by fully automating the installment process, so that the customer can request financing and benefit from it without the need to visit the showroom. It is expected that this will be completed during the first quarter of 2021. This service is expected to contribute to increasing Jarir's market share in many sectors, especially smart phones.

Through the e-marketing department which is managed by a specialized Saudi women team, Jarir also continued the continuous updating and development of Jarir Bookstore pages on social networking sites to keep pace with the tremendous developments in the world of digital marketing, through using the latest digital tools in support of Jarir's online store sales, and the continuous activation of social media



platforms. Jarir Bookstore channels on social media achieved record numbers in the number of followers and interaction rates, and the number of followers on the communication channels is as follows:



**2
Million
followers**



**2.1
Million
followers**



**3.1
Million
followers**

Jarir has taken the lead in the visual content industry (video) via the YouTube channel, as it came first in the retail sector in the region, with the number of followers reaching 252,000 and the total number of views exceeding about 169 million views.

During 2021, Jarir will work to strengthen its leading position in the fields of mobile, smart devices, games and all their accessories, and to expand the campaigns related to targeting clients in digital channels, by using targeted re-promotion methods to increase its share of the total expenses of clients in all departments of Jarir.

5. Human Resources, And Development Of Human Cadre:

Jarir attracts and employs talent, and is keen to attract and train Saudis to improve their practical abilities and skills, and establish company values and production standards.

At the end of 2019, the total number of Jarir employees was 5257, representing a mix of 24 different nationalities. The percentage of Saudi nationals is more than 60% of the employees, and the number of Saudis in some showrooms reached 70% of the staff. Jarir is classified within the platinum range according to the Ministry of Labor's "Nitaqat" program.

During 2020, (1534) employees were employed, including (1458) Saudi employees. In the light of Jarir's keenness to involve women in the labor market in line with the Kingdom's 2030 vision, Jarir paid attention to employing women, as the number of female employees reached 400 by the end of 2020.

Concurrent with the start of the Kingdom taking many preventive and precautionary measures to confront the novel corona virus (Covid- 9) and the resulting lockdown of all air, land and sea ports, Jarir has kept pace with these developments and committed to all government regulations and policies that guarantee the safety of employees and their families at the time of the corona pandemic. Also. Jarir formed a team under the supervision of the CEO to follow up the implementation and adherence to the preventive and precautionary measures taken in all the company's facilities,

including offices, showrooms, warehouses, and staff housing. This team continues to perform its role until the end of the pandemic, The measures taken by Jarir in this regard included activating a periodic sterilization schedule for places of constant use, setting body temperature checkpoints at the entrances to all facilities, committing to wearing the muzzle, in addition to applying social distancing between employees by activating the distance work system, as 50% of employees worked from their homes, and working hours were scheduled among employees to ensure the maximum possible spacing.

With regard to training and qualification during 2020, Jarir continued to establish a new service culture through a program that exceeded the expectations of the clients. Jarir oversees 28 trainee showroom managers under the future managers program, held training courses which benefited (3964) trainees in all Jarir showrooms, and held more than (2578) direct trainings for the showroom staff by Jarir coaches, which focused on raising the efficiency and performance of employees in Jarir customer service.

Jarir continued to train university students in its belief in the social responsibility of the companies, and attract some trainees after graduation.

In 2021, Jarir aims to continue attracting outstanding Saudi cadres, intensifying training courses to raise the level of Jarir's staff, and focusing on the development of showroom managers.

6. Information Technology:

The year 2020 was a real test for the investments made by Jarir in the technical infrastructure and programs, as the novel corona virus (Covid-19) pandemic created many technical requirements to ensure the continuity of business during the lockdown period and distance work, and to strengthen Jarir's electronic communication channels and websites, which It was a test for Jarir's ability to cope with these exceptional circumstances by finding solutions and implementing them in record time.

Jarir has succeeded in ensuring business continuity without any delay or failure in performance, whether in terms of electronic communication with clients or the ability of employees to carry out their tasks remotely.

During this year, the Digital Signage system was acti-

vated, which was implemented at the end of 2019, through which Jarir was able to unify all advertisements in all its showrooms through more than 700 screens that displayed all the services and products offered by Jarir as part of its digital transformation strategy.

In conjunction with the spread of the novel corona virus (Covid-19), advertising screens in showrooms were used as one of the channels of communication and interaction with our visitors by broadcasting many preventive and precautionary instructions and measures that must be followed to limit the spread of the novel corona virus. The instructions also included awareness messages on the rules of social distancing and health safety.

During 2020, Jarir was also able to enhance and complete the connection of all showrooms with high-speed fiber optic technology and increase the band capacity to more than double, which enabled Jarir to strengthen the infrastructure, improve services, communicate with clients around the clock, and provide a unique service in showrooms and after-sales points.

In 2020, The biggest challenge to Jarir was the activation of distance work for its employees with a focus on maintaining standards of information and cyber security during specific work hours only through the application of the VPN to ensure business continuity without interruption.

In addition to the above challenges during 2020, Jarir faced another challenge of operating the call center and customer service remotely, as Jarir - after developing work devices connected to the Internet - enabled all call center employees to work remotely based on the digital communication feature to ensure the continuity of receiving customer calls throughout the lockdown period, in addition to developing the automatic response for some services in order to increase the capacity of the call center.

During the period of lockdown and curfew as one of the preventive and precautionary measures taken by the Kingdom to limit the spread of the novel corona virus (Covid-19), Jarir worked to improve the infrastructure by improving internet lines in the main branch, increase its capacity in order to ensure speedy handling of online requests (Jarir.com), and improve the efficiency of the main computer by activating all the capabilities of the processor (Core Function) to its maximum capacity while increasing the random memory, with the aim of processing all operations in record time.

As part of Jarir's endeavor to improve customer service, and through its experience in this crisis (Covid-19), urgent decisions were taken in order to start the project of building new communication channels such as WhatsApp and answering services, and integrating them with the main systems to achieve its future goal of providing complete self-service to Jarir clients through social media solutions and relieving pressure on the call center.

With the lifting of the curfew, the end of the lockdown, and a partial return to work in the offices, Jarir has completed work on several projects included in the

infrastructure development plan, as all firewalls in all branches and showrooms have been changed and upgraded with new devices with better features that help accommodate businesses resulting from the growth goals for the next five years. Jarir was also able to activate more information protection by upgrading all protection systems that enabled it to limit the network connection to the authorized devices and systems and make it based on the user's powers.

In the context of Jarir Bookstore's drive to protect information and cyber security, a Firewall Cluster was activated in the main data center as part of Jarir's plan to improve the infrastructure and eliminate all single point of failure, in addition to working on the Identity Access Management project, through which access to the systems will be activated through the use of two-factor authentication and standardization of passwords to all systems through single sign-on.

In order to improve the infrastructure, Jarir activated the cloud service, which enabled it to achieve several goals, such as developing direct connectivity with the Jarir.com website and ensuring that the integration between the systems takes place through an encrypted network that cannot be accessed from outside. In the same context, all web applications were transferred to cloud services in order to improve performance and cyber protection, noting that activating cloud services for non-sensitive systems at the present time saved time and protected internal servers.

In 2021, Jarir aims to continue improving cyber security systems and introducing new solutions that enable better and more comprehensive protection for all systems as NAC solutions (Network Access & Control), EDR (Endpoint Detect & Response), SOAR (Security on hesitation Automation & Remediation) and other systems that aim to unify all security events and automatically handle them through solutions based on artificial intelligence and workflow automation, with the aim of developing the cyber security infrastructure in Jarir to provide maximum protection and avoid any penetration.

Second: Wholesale Sector

Through this sector, Jarir works to provide new school, technical and office products and meet the needs and requirements of this sector's customers who are targeting purchase with the purpose of reselling to others.

During 2020, The retail sector reached

224.7 million riyals

by a decrease of

37.9% compared to 2019

Profits before zakat and income tax reached

12.6 million riyals

by a decrease of

73.1% compared to 2019

1. Procurements:

The year 2020 posed a challenge to supply chain management, given the exceptional circumstance that Jarir, the Kingdom as a whole, and the world at large, face, represented in the novel corona virus (Covid-19) pandemic and the resulting accreditation of distance study. Accordingly, coordination with suppliers was done at an early date to postpone and stop some shipments of school materials and reduce the required quantities of items not used for distance study, such as school bags.

Also, It is coordinated with suppliers to obtain financial facilities that included increasing the payment period, as well as obtaining larger discounts to reduce the total costs.

In addition, new items were provided that meet the requirements and needs of clients during the pandemic,

such as hand sanitizers and other items, as the priority was to provide all supplies to enable teachers, students and their families to study remotely.

Jarir also continued to add office products of the Roco brand as well as copy paper of the Royal Falcon to enhance the product variety and increase the market share.

In 2021, Jarir will continue to study the market, develop products to meet its needs, especially new ones, and strive to bring the best products with high quality and competitive prices.

Work will also continue in a concentrated manner with suppliers to obtain facilities and marketing support to cover the deficit resulting from the pandemic and to secure all that is necessary to exit the recovery phase with the best results.

2. Sales:

In 2020, the stationery sector has been greatly affected by the pandemic, due to the change in the study pattern from actual attendance to distance study. In addition, the total lockdown during the total curfew period led to a significant decrease in the demand for school and office supplies.

Jarir has worked from the first moment to provide all school supplies in accordance with to the new study style, with a focus on selling school tools, office supplies, and home classes to teachers, students and their families.

There was also focus on selling and providing hand sanitizer in all channels and among all active clients, in

order to meet market requirements and compensate for the deficit in sales of school materials.

With regard to export, it was the most affected due to the unstable state of markets due to the pandemic, and the state of uncertainty and lack of clarity that prevailed throughout the world, as it witnessed the cessation of exports to most countries such as Egypt, the Emirates, Kuwait, Bahrain, Oman and Lebanon. However, Jarir was able to increase sales and exports to Sudan, achieving a high rate of sales compared to last year. This is after the authorized distributor was granted some logistical facilities and marketing support to reach these positive results. Participations in international fairs have been suspended due to the pandemic.

In its endeavor to develop sales procedures, Jarir sought to complete the programming phase of the electronic application for the sales team, and move to the trial and modification phase. The first version of the electronic application is expected to run during the third quarter of 2021.

New Saudi cadres were also hired to manage and develop the marketing of suppliers' products to obtain better marketing and sales results and a larger market share in order to keep pace with what is new in the market and meet the requirements of new customers.

2021, as Jarir expects the contiguous impact of the pandemic on the stationery sector until the second quarter due to the change in the study pattern, the focus will be on expansion and presence in all available channels and covering the largest number of clients in order to address the sales deficit for 2020, and come out with the best results in the recovery phase from 2020.

Work will also be made to increase the average size of items for active clients. It was. It was coordinated with the marketing department to study introducing new categories or entering new markets.

As for the ecommerce channel, the focus will be on expanding and strengthening the presence in all channels, especially global electronic stores, targeting presence in Alibaba and Amazon global stores, entering new countries' markets and providing direct shipping service from factories to reach new countries.

Work will also be done on developing incentive pro-

grams to develop the sale to distinguished clients such as wholesale clients, discount stores and large retail (hypermarkets), with a focus on in-store marketing support to develop sales and increase Jarir's market share.

As for books, Jarir will continue to expand its book distribution business, especially children's books, to new areas with a focus on clients participating in public and educational book fairs.

Regarding exporting, Jarir will work to end the new import procedures for Egypt to stimulate sales there, and to continue to develop the sales of the current distributors and support them with marketing activities that contribute to enhancing the value of the Roco brand outside the Kingdom of Saudi Arabia.

Jarir will continue to participate in international fairs once it is activated again, in order to find outlets in new markets and strengthen relations with existing distributors.

Also, work will be done on developing and automating export procedures to reach greater productivity and efficiency that contribute to raising Jarir sales and reaching more sales opportunities, especially direct shipping procedures from factories to current and target countries.

In addition. Jarir work on modifying and experimenting the electronic application for the sales team, then moving to the training phase and the total application of the entire team, while continuing to train Saudi employees to form a distinguished sales team of Saudi competencies in preparation for priming them to occupy additional leadership positions in the future.

3. Marketing:

During 2020, Jarir worked and intensified its marketing efforts on the return to school period by preparing an integrated campaign to promote Roco products and raise awareness and interest in the brand during the season. But the campaign was postponed for the next year due to the pandemic of the novel corona virus (Covid-19), which changed the study pattern of actual attendance to distance study. However this did not hinder the continuation of marketing support on social media and the promotion of basic products for distance study. As part of Jarir's endeavor to support the Roco brand, it launched a special page for Rocco on the Jarir website. Selected product designs have also been updated as a first step of the project of reviewing the brand identity, and standardizing and updating the designs of the Roco brand products.

In addition, a wide range of new items have been launched, such as children's educational toys, a wide range of craft and hobby tools, and a renewed wide variety of school and stationery items.

During 2021, Jarir will complete its strategic plan for the Roco brand, which includes various projects related to reviewing the commercial identity, and standardizing and updating product designs. Administrative and technical procedures will be activated to study new products before their launch to ensure their success and that they meet the requirements of the target group (consumers of Roco products). In addition, Jarir works on creating marketing plans represented in launching special pages for Roco on powerful online stores such as (Amazon, Ali Express and Noon) to further entrench the Roco brand in all major platforms to provide all Roco products in various markets.

Third: E-Commerce sector

This section includes:

1. B2C ecommerce.
2. B2B ecommerce.
3. E-book.

1. B2C E-Commerce:

During 2020, an online order processing and shipping center was developed, which resulted in a reduction in the processing time of requests to an average of 12 hours for order processing for shipment (compared to 40 hours for the previous year), which had a great impact on the continuity of order delivery in record time during the period of high demand due to the pandemic of novel coronavirus (Covid -19).

The service of processing and shipping to clients directly from the branches and express delivery was launched within a short period, which adds competitive advantages to Jarir and increased client satisfaction, as Jarir succeeded in activating the pick-up service from the showroom within an hour of ordering, and direct delivery on the same day of the order for the orders that are processed and implemented in the same city the client lives in.

More card and electronic product providers have been contracted to seek a leading position in the sale and distribution of digital products, and to enable tracking and payment of after-sales service requests.

A new version of the smart phone application has also been launched that includes developing and improving the customer experience in general, with the aim of increasing the browsing and purchasing rates so that the response of the application reaches 31%. This led to an increase in the evaluation of clients for the application on the application stores. Steps were developed and improved to end the purchase on the site and the application, which contributed to Increased rate of completed applications by 259%.

Also, during 2020, the implementation of the ecommerce systems development project has begun to cope with the future plans of the company to ensure the continuity of supporting the growth and expansion plans of the company, and to enable the tracking of repair and payment orders of requests for after-sales services. More electronic product providers have been contracted to seek a leading position in the sale and distribution of digital products.

As for the Jarir website, many exclusive promotional campaigns for the site were implemented, and this



was reflected in the increase in sales of the site by more than 340%, the increase in the number of requests by 273%, the growth of the number of new clients by 142%, and the increase in the number of visits to the site and the application by 15% compared to last year, exceeding 200 million visits, with a remarkable improvement in the rates of browsing and interaction with the application, in number and duration by 32%.

In 2021, Jarir aims to complete the project of ecommerce systems development to keep pace with the future plans of the company, and to gradually launch an implementation plan for the international shipping service in terms of the type of products that will be shipped outside the Kingdom and the available countries, according to the readiness of the work team and the regulations and policies related to cross-border trade. This is done by applying the concepts of Modular Architecture and Service Oriented Architecture, which contributes to keeping up with the latest technologies at the lowest cost and fastest possible time, and supporting the company's expansion plans for ecommerce, starting from supporting new markets and ending with the launch of new ecommerce channels, and achieving the company's technical independence.

2. B2B E-Commerce:

The ecommerce system for companies that serve major companies and hundreds of branches and users in the Kingdom was officially launched in 2018. The application of the system was expanded in the Western Region and the Eastern Region, after the success of experiments in implementing the system with companies in the Central Region. In 2020, the number of corporate clients listed in the system increased by 114% compared to 2019.

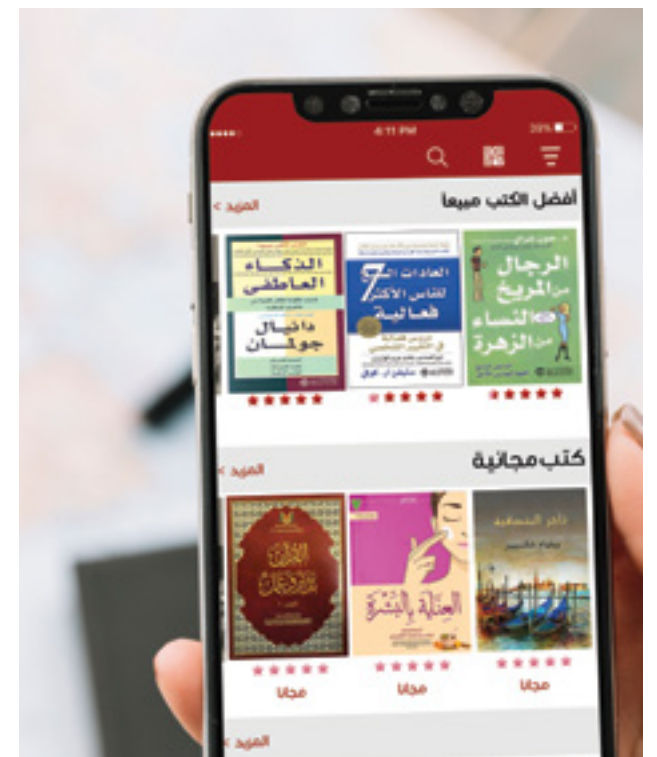
During 2021, Jarir will study and implement the necessary developments to integrate and link ecommerce systems with each other to increase the compatibility and efficiency of the processes of inventory management, order preparation and delivery, and develop the system to target medium and small companies by facilitating registration procedures and providing electronic payment service and express delivery. Jarir also will continue to develop system features and client experience to increase client satisfaction and sales growth.



3. E-Book

The e-book project called (Jarir Reader) was launched in 2013. In 2020, sales grew by more than 110%, the number of customers grew by more than 130%, and the number of electronic books increased by 94%, including audio books. Contracts with local and Arab publishing houses have grown by 30%.

During 2021, there will be efforts to increase the growth rates achieved during 2020 in sales and the number of books published on the Jarir Reader platform, study cooperation with telecom network operators to reach a larger segment of readers, continue to produce and release the audio version of more than 50% of the most prominent Jarir Bookstore Publications, launch the subscriptions system in the Jarir Reader platform, which allows customers to subscribe for a monthly amount and read more books, and study and implement a system for clients from the category of companies, schools and universities to provide the opportunity to read and research for employees and students.



3

Sustainability and Social Responsibility

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1- Jarir's Approach to Sustainability: Leading with Sustainability

The corona virus pandemic has had a significant impact on the three pillars of sustainability - society, economy and environment - and this impact marks a turning point in the history of the twenty-first century. As one of the largest retail companies in the region, Jarir has always been committed to the highest standards of corporate responsibility and contribution to sustainable development despite all challenges in pursuit of long-term growth and value creation for Jarir, its stakeholders and the world at large. As the Jarir team, we strive to interact with key sustainability issues that arise through various approaches, including:

- The sustainability achievement Team, which directs Jarir's sustainability strategy and performance, and is responsible for advancing Jarir's sustainability agenda.
- A set of policies that incorporate relevant and appropriate principles and requirements into our day-to-day operations, which include, but are not limited to, our code of business conduct.
- Corporate strategy that guides us in the strategic direction to achieve our vision.

Areas of focus on achieving sustainability



Commitment to the sustainable approach

Jarir is known for its corporate transparency, so Jarir is committed to doing the right things always. For Jarir, sustainability is a vital issue, and it underlines its commitment to contribute to sustainable development.



Responsible operations based on deep-rooted business traditions to shape the future

Jarir focuses on owning and implementing the right organizational structures, policies, and procedures to ensure they practice sound governance with a solid foundation. Jarir also focuses on adhering to the highest levels of ethical behavior to create trust and cohesion between the company and its relevant stakeholders.



Working together to produce knowledge and innovations

Jarir embraces the latest digital capabilities, and challenges traditional business models to produce knowledge by the modification of the ways in which it delivers its products and services in the digital world. It also plays an active role in generating the positive social impact that contributes to the social and economic development of local communities.



Putting our customers as a priority in everything we do

Jarir focuses on prioritizing the interests of customers, helping them thrive and grow, and making products and services more available to them across its community, while placing maintaining the privacy of customer information at the forefront of its priorities.



Recognition, inspiration, and reward of talents

Jarir appreciates the efforts of its employees and inspires them to deliver their best potential and achieve strategic goals.



Environmental Impact Management

Jarir is committed to minimizing the environmental impact of its operations and supply chains.

Engaging Stakeholders.

The stakeholder engagement process at Jarir is on-going. Our stakeholder groups are defined by their ability to influence or be influenced by our operational and / or decision-making processes. Accordingly, we have identified six major groups of stakeholders.



Most Important Issue

In 2020, the outbreak of the Corona pandemic had impacts on the local and global economy and changed consumer behavior and the way companies operate. Therefore, the issues were reclassified and rebuilt according to what will be presented below, as issues of customer safety and employee stability were among the most important factors that aligns with the basis of Jarir's strategy, its program, and its communications to achieve sustainability before and after the onset of the crisis, taking into account that the duration of the current crisis may take long. The process of assessing the material issues led to adding two important factors, so they became 20 main topics instead of 18, all of them – specially 18 of them - relating to environmental, social and governance factors to measure sustainability.

- 1 Governance, Business Ethics, and Compliance.
- 2 Achieving operational and financial goals.
- 3 the quality.
- 4 client privacy and security.
- 5 Client safety.
- 6 Employee stability.
- 7 client experience.
- 8 Packing and classification.
- 9 Energy and climate change.
- 10 Responsible relationship with clients.
- 11 Innovation.
- 12 Responsibility for the supply chain.
- 13 Attraction, development and retain of talent.
- 14 Recycling.
- 15 Community investment and socio-economic development.
- 16 Prevention of anti-competitive practice.
- 17 Diversity and inclusion.
- 18 Sustainable procurement.
- 19 Sustainable technology.
- 20 Environmental impact of operations.

Matrix of material issues.



● Very important ● relatively important ● less important

Alignment With National And International Goals.

Jarir aims to measure and report on its environmental, social and economic performance according to leading standards to achieve sustainable development, and national and international goals to ensure sustainable development.

Preparing and presenting Jarir's non-financial reports in the annual sustainability reports according to the Global Reporting Initiative - a major option.

Frameworks of preparing and introducing reports.

Global Reporting Initiative
intuitive.



Jarir seeks to support the goals of the national vision 2030, and the three main themes that underpin the vision - a vibrant society, a thriving economy, and an ambitious nation - are closely aligned with our strategy and direction to achieve sustainability.

National goals.

Vision of Kingdom of Saudi Arabia 2030



Implementing the corporate social responsibility strategy in the Kingdom of Saudi Arabia is one of the goals of Jarir Bookstore, as it seeks to create a sustainable impact on the development of society, the economy and the environment.

National goals.

The corporate social responsibility strategy in the Kingdom of Saudi Arabia.



With the launch of National Standards for Corporate Sustainability Reporting, Jarir Bookstore seeks to prepare and submit sustainability reports in accordance with these standards.

National goals.

National standards for sustainability.



As a socially responsible national institution, Jarir seeks to align its endeavors for achieving sustainability with the goals of sustainability development which have the priority and relevant to its work, so that it can achieve the greatest impact.

International goals.

Global Reporting Initiative
intuitive.

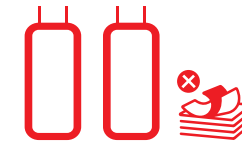


Aspects of the Sustainability Report for 2020

For the third year in a row, Jarir will work to launch an independent report on its environmental, social and economic performance in light of the leading standards for achieving sustainable development, and national and international goals to ensure the achievement of sustainable development. Below are some of the readings on sustainability.



378,395 kg cardboard was recycled.



Installing 618 replacement LED displays eliminates the use of 3,300 printed 100x70 cm paper per year.



Jarir has taken initiatives to save energy by 43% of electricity consumption in 2020, by switching lamps, air conditioners, elevators, etc., with alternatives that consume less electricity.



The number of female employees by the end of 2020 increased by 9.8 times, reaching 400 employees.



60% is the percentage of Saudization of jobs.



31,594 is the number of training hours provided to employees.



80.6% is the employee satisfaction percentage.



The Jarir Publications Initiative published 219 titles in 2020.



3 novels and 3 stories won in the Jarir storytelling competition initiative from among the 600+ participants that will be published and sold in Jarir Bookstore showrooms.



22,322,565 SAR is the value of selling electronics for recycling and avoiding landfill.

Social Responsibility

Jarir recognizes the importance of community service as one of the important pillars of life and one of the means for advancing societies. It is also considered an affirmation of the corporate responsibility for sustainability. Thus, Jarir has worked to create a positive social impact through social responsibility initiatives that are closely related to the growth and prosperity of the community. Jarir's commitment to community service is embodied in several partnerships and initiatives that can be summarized as follows.

• Jarir Writing Competition

Jarir launched this competition in an effort to enrich Arabic content and enable beginning writers to display their work in order to open the way for everyone who has a passion for writing in two tracks: the novel path for writings starting from 22 thousand words and more, and the story track for writings starting from 12 thousand words and more. The participations are evaluated through a committee specialized in several aspects such as the idea, storytelling and others. The competition provides an opportunity to publish the winning books, as Jarir received more than 600 entries from stories and novels, and 96 novels and 83 stories were qualified in the initial stage of those who met the conditions of the competition. Then the participants went through the second stage, which focused on evaluating texts through their internal characteristics such as idea, narration, description, language, dialogue, and factors attracting and astonishing the reader. Participants qualifying for the third and final stage were counted in 20 writers in both fields in terms of 10 novels and 10 stories. The works winning the competition prizes will be announced at the beginning of March 2021, under the supervision of the members of the jury, who will evaluate the works qualified for the last stage. The committee consisted of professors Osama al-Muslim, Ahmad al-Hamdan, Ubayd Abu Malha and Abd al-Wahhab al-Rifai, who are prominent names in fiction literature in the region.



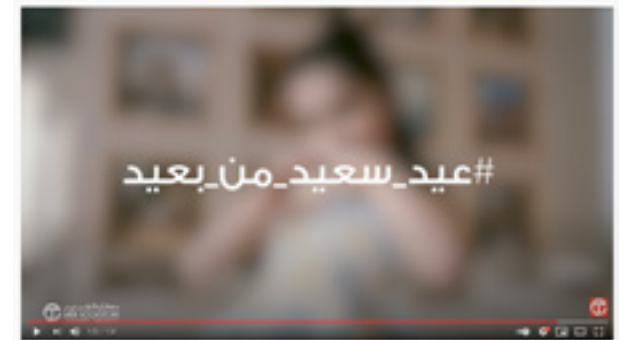
• Sponsorship's and community support

Direct fund support has been provided to many social issues in support of community partnership and with the aim of providing more efficient value to stakeholders in society, such as contributing in several aspects, including support for Tawasul Association, which aims to provide and develop programs and assistance systems for people with disabilities and those without functional abilities. Jarir also provided support to the General Directorate of Civil Defense with in celebration of International Civil Defense Day, and provided discounts on all books specialized in accounting and auditing to spread the culture of accounting in cooperation with the Saudi Organization for Certified Public Accountants. In addition, it provided the Human Resources Development Fund (Hadaq) with books of various content aimed at increasing the reading rate and conveying knowledge to employees.



• Awareness campaigns

On the basis of its social responsibility and national duty during the pandemic, Jarir made an awareness-raising campaign that had a positive response and interaction with the public. The campaign "Ammar Yabladdna" was launched, which dealt with the issue of home quarantine and how society was able to complete its life despite these unusual circumstances. In addition to the launch of the "Happy Eid" campaign, which urged everyone to celebrate, live the experience of Eid at home, and greet remotely on the blessed Eid al-Fitr, despite the total curfew measures during the days of Eid. In addition, Jarir has published, through social media and e-mail, many awareness-raising messages on the precautionary measures, whose efforts were led by the Ministry of Health.



• Jarir efforts during the pandemic of the novel corona virus (covid-19)

Since the beginning of the pandemic, the work team in Jarir and in all departments has done their best to meet and provide the needs of citizens and residents for the distance learning journey, and the needs of different entities and individuals to help work remotely. In consideration of the exceptional circumstances of the corona pandemic, Jarir has been providing free shipping service for all requests.

On the basis of its social responsibility and national duty during the pandemic, Jarir provided support for several initiatives, which were represented in supporting the Health Endowment Fund of the Ministry of Health with an amount of 20 million riyals to support the Ministry of Health and its heroic employees, as this amount was allocated as gifts to a specific number of Ministry of Health employees whose work during the crisis requested exposing themselves to the risk of infection.

Jarir has also donated 10,000 tablets and mobile devices to support the efforts of the "Attaa Digital" initiative, which aims to provide devices that enable students with limited income to access distance learning platforms to enable this group to complete their educational journey. This initiative was led by the Ministry of Communications and Information Technology in cooperation with the Ministry of Human Resources and Social Development, which counted the beneficiaries and distributed the devices. Jarir has also made it possible for its clients to donate new tablets and mobile devices in cooperation with the Attaa Digital Initiative by purchasing them from the site and then distributing them to the beneficiaries registered at the Ministry of Human Resources.

In cooperation with the Ministry of Culture, Jarir has also provided more than 10,000 books and technical tools to support the efforts of the Ministries of Culture and Health in caring for residents in health centers and quarantines to provide comfort and entertainment for all quarantined patients.





4

Financial Performance

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1- Summary of Processes and Operating Results

Processes and operating results in Jarir were summarized as follows:

in SAR million

Statement	Year ended (31, December 2020)		Year ended (31,December, 2019)		Change (%)
	amount%	Percentage of Sales %	Amount%	Percentage of Sales%	
Sales	9,305.8	-	8,424.5	-	% 10.5
Gross	1,328.6	% 14.3	1,273.2	% 15.1	% 4.4
profit activity from main operations	1,100.9	% 11.8	1,071.0	% 12.7	% 2.8
net profit before zakat	1,052.4	% 11.3	1,009.8	% 12.0	% 4.2
Net profit	1,003.0	% 10.8	984.7	% 11.7	% 1.9

During 2020, Jarir net retail sales raised by 12.6%, while wholesale sales dropped by 37.9% compared to last year 2019.

As for Jarir overall performance, sales inside and outside Saudi Arabia rose by 10.5% compared to last year. The gross profit rose by 4.4%, and the gross profit was 14.3% compared to 15.1% last year.

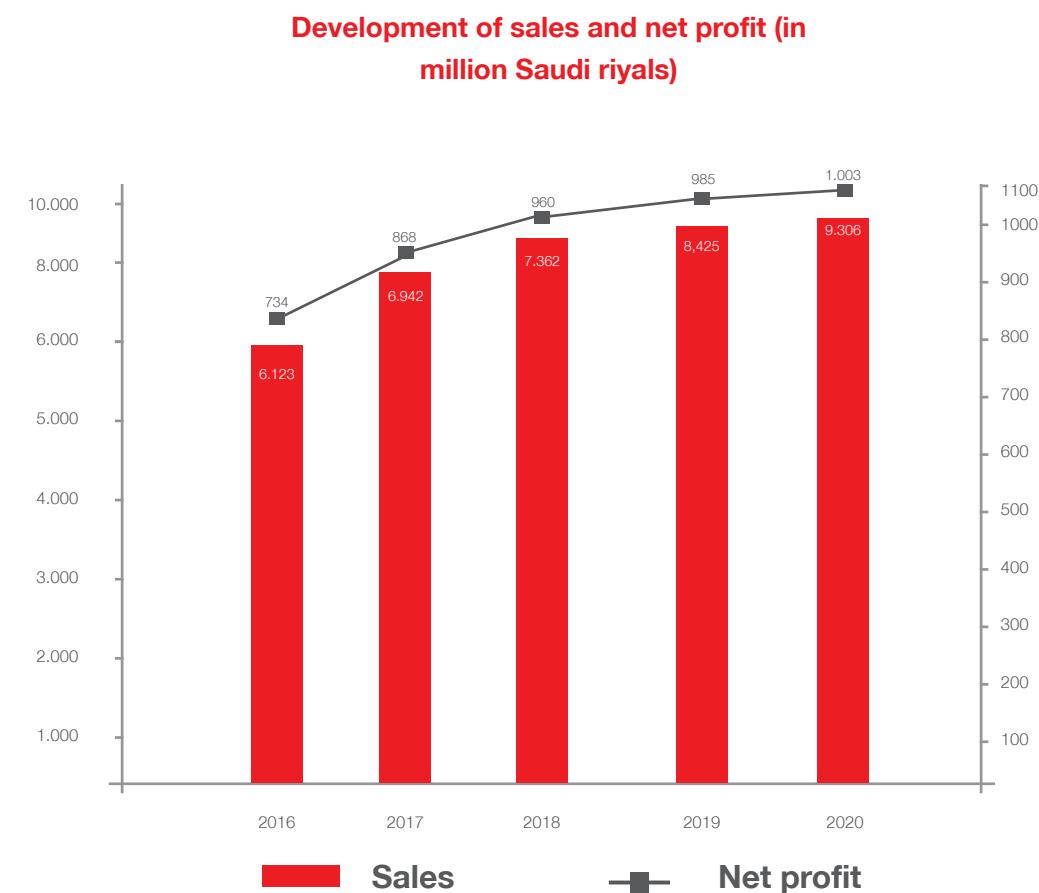
The increase in sales is due to the increase in sales of many retail sectors, especially the department of computers and their accessories and electronics, supported by the sales of smartphones. The increase in the number of showrooms from 59 to 66 showrooms partly contributed to the increase in retail sales.

Despite the increase in sales by 10.5%, the increase in net profit was lower by 1.9%, from 984.7 million riyals for the year 2019 to 1,003.0 million riyals for this year 2020, and the reason for this is:

- The relative decline of the gross profit margin due to the difference in the sales mix which included a larger component of the relatively low-profit divisions.
- The increase in general and administrative expenses, which included the company's support for the Health Endowment Fund of the Ministry of Health and Kolna Attaa campaign of the Ministry of Communications and Information Technology's Attaa Digital initiative with about 25 million riyals.
- The Increase in Zakat expenses.

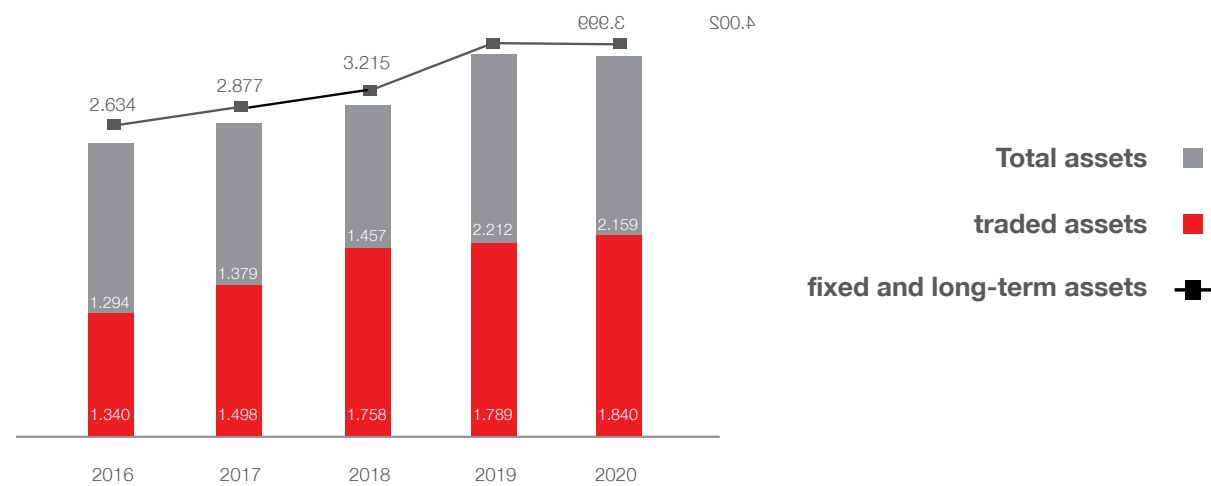
2- Review of Income Statement Items and Budgets

During 2020, the company has achieved the highest sales and net profits in its history with 9,305.8 and 1.003.0 million Saudi riyals respectively.



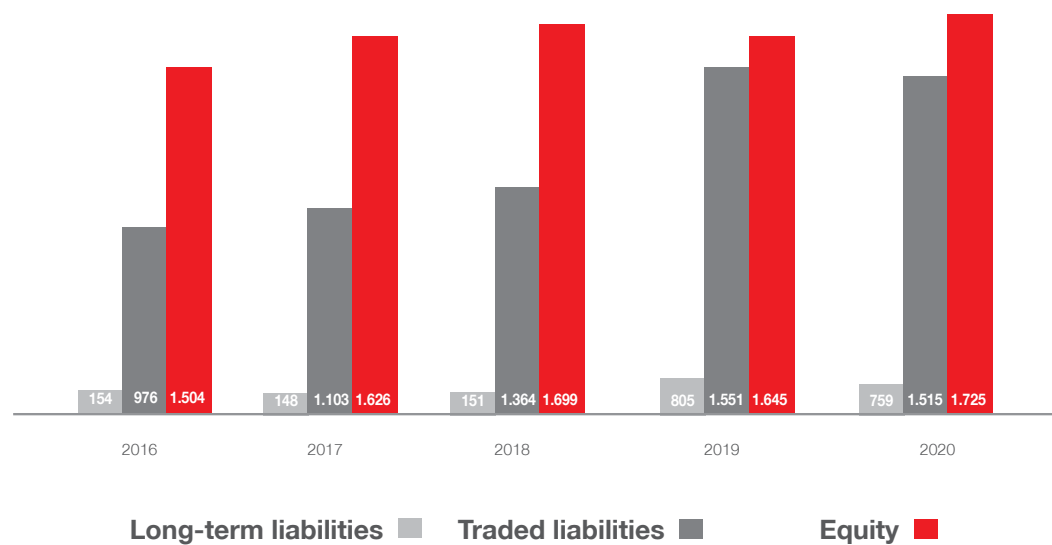
Jarir's assets have grown over the past five years from 2,634 million riyals in 2016 to 3,999 million riyals in 2020.

Growth of assets (in million riyals)



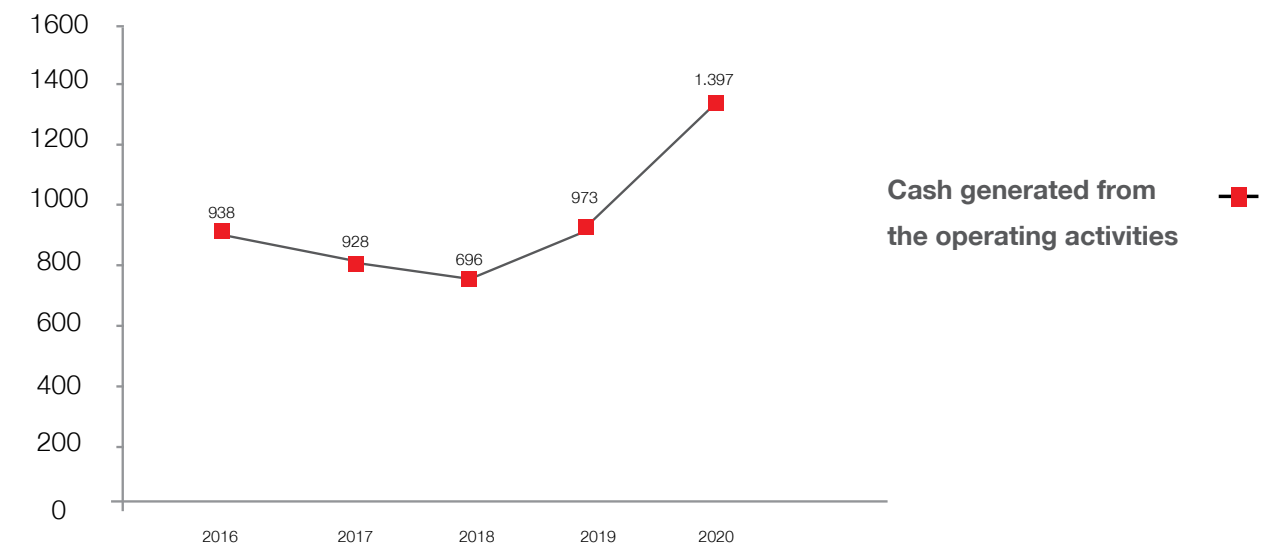
Equity have grown from 1,504 million riyals in 2015 to 1,725 million riyals in 2020.

Growth of equity and liabilities (in million riyals)



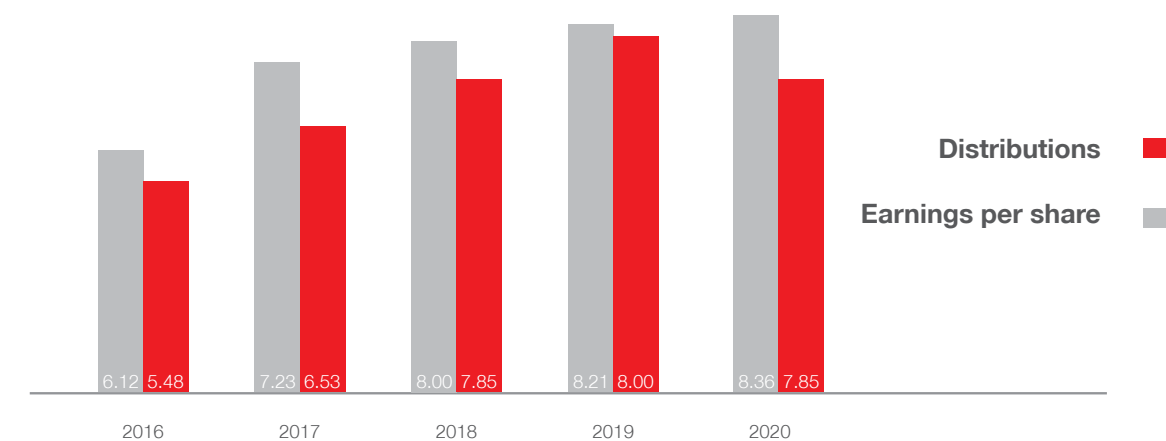
Cash generated from the company's operating activities amounted to 1,397 million riyals in 2020, on which the company depends to finance its investments and expansions as well as in the payment of distributions to shareholders.

Cash generated from the operating activities



The combined growth rate for earnings per share and distributions on share over the last five years was 8.1% and 9.4%, respectively.

Earnings per share and distributions (riyals)



All earnings per share and distribution figures are based on the current number of shares of 120 million shares.

3- Geographical Analysis of Jarir Activity

The following table shows the sales and net profit of Jarir’s activity inside and outside the Kingdom:

In million Saudi riyals

geographic region	2020		2019	
	sales	net profit	sales	net profit
Saudi Arabia	8,818.5	956.6	7,960.4	948.2
Egypt and other Gulf states	487.3	46.4	464.1	36.5
Total	9,305.8	1,003.0	8,424.5	984.7

4- Borrowing

The following table shows details of all outstanding loans as follows:

In million Saudi riyals

#	Donor	Type of loan	Purpose	Balance at the beginning of year	Additions	Payment	Balance at the end of year	Method of payment
1	Arab National Bank	Several facilities Tawarq	Working Capital Financing	150	0	150	0	Premiums due on 12 February 2020
2	Saudi British Bank	Several facilities Tawarq	Working capital financing	150	100	150	100	Premiums due on 5 January 2021
Total				300	100	300	100	

The cash flow statement shows the net movement on these loans as loans with maturities of three months or less.

5- Statutory Payments, Penalties, and Sanctions

Jarir is subject to Zakat according to the regulations of the Zakat and Income Authority. Zakat is charged to the consolidated income statement of Jarir. Jarir submitted and paid Zakat statement until 31/12/2019, and paid the differences resulted from zakat final association until the end of 2010. During 2019, Jarir received from the General Authority for Zakat and Income assessments for the years 2011 to 2015, claiming zakat differences totaling 25.6 million Saudi riyals compared to what was paid for these years. The company objected to this assessment. After escalating the objection to the General Secretariat of the Tax Committees and deliberating the sessions with the relevant committee, the company was notified that the adjudication committee concerning tax violations and disputes rejected the company’s objection Almost completely. When the group officially receives the committee’s decision, it will escalate its objection to the appeals committee for tax violations and disputes during the statutory period. During 2020, Jarir also received assessments for the years 2016 to 2018, claiming for zakat differences totaling 35.9 million Saudi riyals compared to what was paid for these years. The group objected to these assessments during the statutory period and the company’s objection was rejected by the General Authority for Zakat and Income. Therefore, the grievance went up to the General Secretariat of the Tax Committees during the statutory period.

The main reason for all these zakat differences is that the General Authority for Zakat and Income in its assessments did not allow deduction of dividends that exceeded the opening balance of the retained earnings. The company has consistently adopted a generous dividend policy with its regularity in making quarterly dividend payments, and was maintaining

relatively low retained earnings at the end of the year due to this dividend policy, and also because of many retained earnings capitalization operations in the past. Therefore, in each of the years mentioned above, the total dividend payout was significantly higher than the opening balance of retained earnings. From Jarir’s point of view, these distributions are fully deductible from the Zakat according to the principles of Islamic Sharia, as they were actually distributed to the shareholders, and that Zakat is not obligatory before the end of the year. Jarir believes that the opening balance of the retained earnings should not be used as an obstacle to resolving the dividends that were done in a systematic manner, advertised and paid in accordance with applicable regulations. Although Jarir believes that it has correctly deducted these distributions from the zakat, it has strengthened the zakat provision with an amount of 21 million Saudi riyals during the year to meet the potential zakat differences resulting from this dispute with the Authority, so that the amount of the zakat expense for the year 2020 becomes an amount. 49,000,000 riyals.

The most important payments to regulatory authorities are as follows:

in thousand riyals

statement	2020		brief description	reasons
	paid	due until the end of annual financial period and not paid yet		
Customs Department	29,516	0	customs clearance	import
Zakat	18,552	* 28,000	Zakat on income	Zakat annual statement and company’s pending objections
Tax	12,955	0	tax deductions	For dividends to non -resident shareholders as well as for foreigners and non - resident service providers
VAT	847,799	16,417	VAT	VAT on services and goods supplies
General Authority for Social Insurance	33,932	3,334	social Insurance	Monthly due insurance for Saudi and non Saudi staff
visas and passports costs	150	0	Staff viasa	Recruitment of staff, and exit and return visas for staff
Bureau office fees	18,678	0	Staff residency	licensing and renewing staff residency

*The amount of Zakat of 28 million riyals that is due until the end of the annual financial period and has not been paid is the zakat provision for the year 2020, other than 21 million riyals, which is the additional amount formed during the year by which the zakat provision was strengthened to meet the potential zakat differences resulting from the dispute with the General Authority for Zakat Income for the years After 2010.

The total fines or penalties imposed on the company during the fiscal year 2020 amounted to (204,649) riyals as following:.

Penalty/ Sanction/ Precautionary measures/ Provision	Reasons for the breakdown	Signatories	Total Amount (SAR)	Remedies and avoided in the future
Monetary fine	Labor violations	Ministry of Human Resources (HRSD)	115,000	Follow the statutory requirements
Monetary fine	Insurance violations	General Organization Social Insurance (GOSI)	30,000	Follow the statutory requirements
Monetary fine	Violations of licensing requirements	Ministry of Municipal and Rural Affairs (momra)	33,300	Follow the statutory requirements
Monetary fine	Civil defense violations	General Directorate of Civil Defense	3,500	Follow the statutory requirements
Monetary fine	Traffic violations	Ministry of Interior - Traffic	2,650	Follow the statutory requirements
Monetary fine	Violations of the Ministry of Media	Ministry of Media	18,000	Follow the statutory requirements
Monetary fine	Violations of the Ministry of Trade	Ministry of Trade	2,199	Follow the statutory requirements
Total	204,649 Two hundred and four thousand six hundred forty-nine riyals.			

6. Dividends for the Fiscal Year 2020

100,299 thousand riyals has been allocated from the net profit to form the regulatory reserve.

Jarir distributed cash dividends for the fiscal year 2020 according to the following table:

Period	Total distribution (in million riyals)	per share (in riyal)	Announcement date	Maturity date	distribution date
First quarter	204	1.70	2020/06/10	2020/06/15	2020/06/24
Second quarter	204	1.70	2020/08/10	2020/08/17	2020/08/26
third quarter	252	2.10	2020/11/03	2020/11/09	2020/11/18
fourth quarter	282	2.35	2021/03/16	2021/03/22	2021/03/31
total	942	7.85			

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Capital, Investors and Equity Notifications

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1- Capital

The following table summarizes Jarir's capital:

statement	Value in riyals/ /number of shares
authorized capital	1,200,000,000 riyals
Number of issued shares (all is ordinary shares)	120,000,000 shares
Paid capital	1,200,000,000 riyals
par value per share	10 riyals
Paid Value per share	10 riyals

2- Major Shareholders, and Changes in Equity Shares

The following table lists the names, number and percentage of equity of the major shareholders who own 5% or more, and its change during 2020:

Investor name	Number of shares at the beginning of 2019	Equity percentage at the beginning of 2019	Millions of shares	
			Number of shares at the end of 2020	Equity percentage at the end of 2020
Jarir Commercial investments Company	26,206,408	%21.83	26,206,408	%21.83

3- Equity Structure for Individuals and Institutions by the End of 2020

Type of investors:

type	Number of investors	Number of shares	Equity (%)
companies and institutions	703	77,812,106	64.85
individuals	13,279	42,187,894	35.15
total	13,982	120,000,000	%100

Investors According to Equity Proportion:

equity proportion (shares)	Number of investors	serahs fo rebmuN	Equity (%)
more than one million	17	64,724,495	53.5
From 500 thousands: Less than 1 million	21	13,720,206	11.5
from 100 thousands: less than 500 thousands	80	17,301,034	14.5
from 50 thousand: less than 100 thousands	106	7,491,486	6.3
from 10 thousands: less than 50 thousands	454	9,959,651	8.3
from 5 thousands: less than 10 thousands	373	2,593,710	2.3
From one thousand: less than 5 thousands	1,340	2,926,825	2.5
less than one thousand	11,591	1,282,593	1.1
total	13,982	120,000,000	%100

- According to the investor ownership report dated 31\12\2020

Investors According to their Categories:

Category	number	number of shares	Equity
Saudi individual investors	12,624	41,981,123	34.981
resident foreign investors	595	1,002,280	0.853
Saudi companies and institutions	58	37,185,214	30.981
governmental and semi -governmental institutions	14	4,897,258	4.081
Saudi investment funds	87	14,677,412	12.231
Mutual agreements	7	192,757	0.16
nonresident foreign investors	587	19,930,273	16.602
charitable and endowment associations	10	133,682	0.111
total	13,982	120,000,000	%100

- According to the investor ownership report dated 31\12\2020

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Dividend Distribution Policy



Dividend Distribution Policy54

Dividend Distribution Policy

The distribution of dividends generally depends on net realized profits, cash flows and future expectations for capital investments. Although Jarir has used to pay quarterly dividends to shareholders, there is no guarantee of future distributions. The dividend distribution policy may also change from time to time based on Jarir financial performance and the vision of the board of directors.

In accordance with article (44) of Jarir charter, annual net profits are distributed after deduction of all general expenses and other costs as follows:

- 10% of the net profits shall be allocated to form a statutory reserve with the knowledge that the ordinary general assembly may suspend this allocation when the reserve reaches the statutory rate.
- The ordinary general assembly may, on the proposal of the board of directors, allocate a percentage of not more than 20% of net profits to form an consensual reserve and dedicate it for a specific purpose or purposes.
- From the remaining net profits, a down payment shall be paid to shareholders of not less than 5% of the paid capital.
- After the above, no more than 10% of the remaining shall be allocated as rewards to the board of directors, provided that they don't exceed in all cases the maximum limits permitted in accordance with the official decisions and instructions issued by the competent authorities in this regard.
- The ordinary general assembly may allocate 10% of the net profits for the establishment of social institutions for Jarir staff, or use it to grant shares to Jarir staff as a bonus.
- The remaining will then be distributed to the shareholders as an additional share of the profits.

Jarir expects that the distribution ratio will be between 80% and 100% of the net profit, unless this conflicts with the financial, operational and investment needs.

A separate item is included in the annual agenda of the general assembly, which stipulates that “the board of directors shall be authorized to distribute quarterly dividends to the shareholders, specifying the date of eligibility and distribution, taking into consideration the relevant regulations.”

The following table shows the historical development of cash dividends for Jarir so far:

year	Net profit (in million Saudi riyals)	Earnings per share	Distributed profit (in riyals)	Total Distribution Amount (in million Saudi riyals)	Percentage of the distributed amount of net profits: (%)
2016	737,9	6,15	5,48	657	89.03
2017	867,7	7,23	6,53	783	90.24
2018	Capital increased from 900 million to 1200 million by granting one free share for every 3 shares				
	960	8,0	7,85	942	98.12
2019	984,7	8,21	8,00	960	97.49
2020	1,003	8.36	7.85	942	93.92



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Risks and Future Outlook

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1- Risks to Jarir

Risk management in Jarir is run by senior management in accordance with policies approved by the board of directors. The management identifies, assesses and takes precautions against risks through close collaboration among Jarir departments. It assesses the probabilities of their occurrence, estimates their potential impact, and takes the necessary actions to minimize, prevent and contain such risks; and to avoid any damage they may cause as they occur.

There are many risks associated with Jarir's activities ,including:

Economic risks:

They are the risks to the economy in general both inside and outside the Kingdom, which have an impact on the expenditure of individuals and institutions, and on suppliers and manufacturers.

Strategic risk:

Not taking into account the economic variables, making wrong strategic decisions, or applying the strategies wrongly. Jarir is keen to take stock of the economic variables through studying the market and the economic situation, and using the distinguished expertise to avoid any strategic risk.

Operational risk:

All the risks that face the operational processes, including failures and shortcomings, and the ability to work in a competitive environment. These risks include:

1 - currency risk:

It's the risk of changes in the value of financial instruments due to changes in exchange rates. Most of Jarir's transactions are in Saudi riyals, the US dollar and the euro. The subsidiaries are also exposed to currency risks.

2. Credit risk:

It is the inability of a party to fulfill its financial obligations, causing the other party to incur a financial loss. In order to avoid credit risk, cash is placed with banks with a high credit rating, and receivables is restricted after the deduction of provision for doubtful debts.

3. Liquidity risks:

It is the difficulty to secure the necessary liquidity to meet its obligations. Liquidity risk is managed by periodically ensuring that sufficient liquidity is available to meet any future liabilities.

4. Human resources risk:

The ability to attract and retain qualified and special human cadres. The company is continuously recruiting and training national cadres, and grant motivational rewards to support the retention and efficiency of staff.

5. Legal risk:

Risks related to the legislative and legal changes in the Kingdom or the countries in which Jarir practices its activities, whether related to taxes, labor laws, etc.

6. Technical risk:

The risk of continuity of operations associated with technical programs in the event of technical malfunction. Jarir continues to develop and support its technical programs and alternative technical infrastructure.

2- Future Outlook



Based on the above, the changes in consumer behavior in Saudi Arabia, the exceptional circumstances the year 2020 has witnessed due to the novel corona virus pandemic (Covid-19) Jarir has followed a new strategy based on occasionally reducing the profit margin to gain a larger share in the market under these economic conditions, and to seek competitive prices from suppliers. Jarir will continue to have the same strategy, and will maintain its expansion plans, which will include new areas in Saudi Arabia, Kuwait, the UAE and Bahrain. Jarir also looks at expansion in other countries.

In 2020, Jarir opened four showrooms, thus Jarir Bookstore showrooms reached 63 inside and outside the Kingdom. Jarir intends to open seven showrooms in 2021, and to continue to develop the company's website. The wholesale and distribution sector will continue to grow by doubling the current distribution network and entering new markets.

The future of Jarir is promising as we continue to reach the widest possible range of customers and serve them in new ways. We are committed to improving the company's performance, achieving desired growth, improving product presentation, and providing the highest levels of customer service and value.

Jarir is well aware that the achievement of these goals depends on a strong and qualified team, and therefore continues to invest in human capital and attract qualified human resources to provide the best value to its customers and investors.

Based on these data and plans, under the current and expected market conditions, and in light of the challenges surrounding the field in which we operate, Jarir expects to achieve positive growth of 5% in fiscal year 2021 compared to fiscal year 2020.

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Governance

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1- Board of Director Formation

The board of is composed of eight members in accordance with article (16) of Jarir’s statute. The board composition complies with the provisions of article (17) of the corporate governance regulations issued by the Capital Market Authority.



Mohammed Bin Abdulrahman Al-Agil.
Chairman of the board.
(non-executive)

Current positions.

Chairman of Jarir Marketing Company

Qualifications.

- Master of engineering from the University of California / Berkeley.
- Bachelor of civil engineering from King Fahd University of Petroleum and Minerals.
- OPM Certificate from Harvard University.

Experience.

- Chairman of Jarir Marketing Co. since its establishment till now.
- Establishment of Jarir Marketing Co.
- Establishment and management of Jarir Company for Commercial Investments
- Former member of the boards of several companies.
- Former member of the Centennial Board of Trustees.
- Member of the Executive Committee of the National Center for Family Companies (Council of Chambers).
- Former member of the Middle East Advisory Board of Duke University.
- Former member of the Board of Trustees of King Abdulaziz & His Companions Foundation for Giftedness and Creativity



Abdullah Bin Abdulrahman Al-Agil.
Managing director.
(executive)

Current positions.

Head of Wholesale Sector at Jarir Marketing Company & managing director of the company.

Qualifications.

- Bachelor of management from King Saud University.

Experience.

- Establishment of Jarir Marketing Co.
- Establishment of wholesale operations in Jarir.
- Head of Wholesale sector at Jarir Marketing Co & Vice Chairman during 2018 & managing director.



Nasser Bin Abdulrahman Al-Agil.
(non-executive)

Current positions.

Chairman of Kite Arabia Contracting Co.

Previous positions.

- Marketing and sales Manager at Jarir Bookstore.
- Supervision of the maintenance of the industrial zone In Jubail and Yanbu.

Qualifications.

- Bachelor of civil engineering from the University of Colorado Boulder.
- Many courses in business management, marketing and sales.

Experience.

- Establishment of Jarir Marketing Co.
- Marketing and Sales Manager for Jarir Bookstore.
- Chairman of Kite Arabia Contracting Co.
- Work on the designs of Jarir Bookstore, and the Riyadh Najd school complex.



Abdulkarim Bin Abdulrahman Al-Agil.
CEO, Vice chairman.
(executive)

Current positions.

- CEO.
- Vice chairman.

Previous positions.

- Mandatory lecturer at the Institute of Public Administration In Riyadh.

Qualifications.

- OPM Certificate from Harvard University.
- enrollment in many programs of management development.

Experience.

- Establishment of Jarir Bookstore.
- Establishment of Jarir Marketing Co.
- Head of retail (Jarir Bookstore) and CEO of the company.



Nasser bin Abdulaziz Al-Agil
Chief operating Officer
(executive)

Current positions.

Chief operating Officer

Previous positions.

- Working in the IT department of the General Organization for Desalination.

Qualifications.

- Bachelor of computer science from Eastern Washington University.
- enrollment in several courses on business development.

Experience.

- Working in the IT department of the General Organization for Desalination.
- Former member of several boards of directors.



Fahd bin Abdullah Al Qassem
(independent)

Current positions.

Chairman of Amwal Financial Consultants Company.

Previous positions.

- CEO of Amwal Financial Consultants Company (2001:2011)
- General Manager of Al-Othaim Group (2000: 2001).
- Partner and Director of KPMG International (1995: 1999).
- Executive Director of Dallah hospital (1991: 1995).
- Partner in Al-Qassem office for Certified Public Accountants (1990: 1991)

Qualifications.

- Bachelor of Administrative Sciences, Accounting major, King Saud University.
- Advanced Management and Leadership Program from Oxford University

Experience.

- Financial, management and auditing consulting (25 years).
- Executive management of health institution (5 years).
- Member of many committees (Investment - Auditing - Governance - Nominations and Rewards).



Badr bin Hamed Al-Aujan
(independent)

Current positions.

Member of boards of and committees of a number of companies

Previous positions.

- Managing director and CEO of Savola Foods Company.
- Managing director of Al-Muhaidib Foods Company.
- Managing director of Aujan Industrial Company.
- General Manager of Aujan Refreshments Factory.

Qualifications.

- Bachelor's degree in Mechanical Engineering from King Saud University.
- The international program for members of boards of directors at INSEAD University, France.
- Many training courses at Harvard, AMD and others.

Experience.

- Member of the board and CEO of Savola Foods Company.
- Managing director of Al-Muhaidib Food Company.
- Managing director of Aujan Industrial Company.
- Member of the board of the United Sugar Company.
- Member of the board of of Afia International Company.
- Member of the board of Savola Food Group of in Egypt.
- Member of the boards of Savola Food in Morocco, Algeria, Sudan and Turkey.



Basil bin Mohammed bin Jabr
(independent)

Current positions.

Consultant to the Saudi Bin Laden Group.

Previous positions.

- CEO of Mohammed & Abdullah Al-Subaie Investment Company.
- CEO of Interactive Saudi Arabia Ltd.
- CEO of Al-Malaz Technical Investment Company.
- Secretary General of the Permanent Committee for Electronic Commerce.

Qualifications.

- Master of Business Administration from the University of Detroit, USA.
- Bachelor's degree in Business Administration from King Saud University.
- CEO Program from Harvard University.
- leadership program from London Business School.

Experience.

- Member of the board and member of the audit and nomination committees at Al Malaz Capital.
- Member of the board and member of the executive committee and the Investment committee of the Technical Investment Company.
- Member of the board and member of the investment and nomination Committees of Taiba Holding Company.
- Member of the board and member of the executive committee of Al Tayseer Finance Company.
- Member of the board, chairman of the risk committee, and member of the Investment committee of Allianz Saudi Fransi Company.

The following table lists the companies in which the Jarir’s board member is a member of its current and former boards, or one of its directors:

Member name	Companies in which the board member is a member of its current boards or one of its directors			Companies in which the board member was a member of its former boards or one of its directors		
	Company name	legal entity	within / outside Kingdom	company name	legal entity	within / outside Kingdom
Mohammed bin Abdulrahman Al-Agil	Jarir Company for Commercial Investments	Unlisted Joint Stock Company	Within Kingdom	Andalus Real Estate Company	listed Joint Stock Company	Within Kingdom
				Horma International Company	limited liability company	
				Horma National Company		
				Nourah National Company		
	Riyadh Najd Schools			Al Faisaliah Group Company		
Hamat Holding Company	Tawuniya Company for Cooperative Insurance	unlisted Joint Stock Company				
	Riyadh Najd Schools					
Imtiaz Al Arabia Co	NAFCO Company					
	Sanabel Saudi Company					
	AI - Khareef Group Company			Middle East TV. "mbc"	Private Company	Outside Kingdom
Abdullah bin Abdulrahman Al-Agil	Jarir Real Estate Company	Unlisted Joint Stock Company	Within Kingdom			
	Jarir Company for Commercial Investments					
	Jarir Trading Development Company					
	Imtiaz Al Arabia Co					
	Kite Arabia Co.					
	Horma Projects Company					
	Labab Horma Company					
	Horma National Company					
	Wadi Horma Company					
	Nourah National Company					
Horma International Company						
Nasser bin Abdulrahman Al-Agil	Jarir Real Estate Company	Unlisted Joint Stock Company	Within Kingdom			
	Horma Projects Company					
	Kite Arabia Co.					
Abdulkarim bin Abdulrahman Al-Agil	Jarir Real Estate Company	Unlisted Joint Stock Company	Within Kingdom	Factor Car Outlet (American company)	listed Joint Stock Company	outside Kingdom
	Horma Projects Company					
	Labab Horma Company					
	Horma National Company					
	Horma International Company					
Nourah National Company						
Nasser bin Abdulaziz Al-Agil	Riyadh Najd National Schools Company	Unlisted Joint Stock Company	Within Kingdom			
	Sanabel Horma Company					

Member name	Companies in which the board member is a member of its current boards or one of its directors			Companies in which the board member was a member of its current boards or one of its directors		
	company name	legal entity	inside / Outside Kingdom	company names	legal entity	inside / outside Kingdom
Fahd bin Abdullah Al Qassem	Savola Group	listed Joint Stock Com-pany	Within Kingdom	Albilad Bank	listed Joint Stock Com-pany	Within Kingdom
	Dur Hospitality Company			Abdullatif Alissa Group Holding Co	Unlisted Joint Stock Company	
	Dallah Healthcare Company			Naqel Company		
	Riyadh Development Company			Al Rajhi Alfa Investment Holding Company		
	Fahd Bin Abdullah bin Abdula ziz Al Qasim & Sons for Trading & Investment Company	National General Automotive Company		limited liability company.		
	The Saudi Heritage Hospitality Co.	General Organization of Saudi Post				
	Dr. Mohammad Bin Rashed Al Faqih & Cos Company	General Organization of Saudi Post		Governmen-tal institution		
	Rakeen Najd International Company					
	Alrajhi united investments holding (executive)					
	Argan Projects company					
	Amwal Financial Consultants Company.					
	Areez Commercial Investment, Ltd.	Limited				
	Abdullah bin Ibrahim Al-Subaie Holding Company (AIMS)					
	Twenty First Century company & its partner for real estate evaluation					
	Al Qasim Fund for Investment and Commercial Development					
	Outside Kingdom	Egyptian Closed shareholding company		FinCorp Invest-ment Holding company		
Badr bin Hamed Al-Aujan	Savola Foods Company	Unlisted Joint Stock Company	Within Kingdom	Muhaidib Food Company	Limited	Within Kingdom
	United Sugar Company					
	Afia International Company			Aujan Industrial Company	Unlisted Joint Stock Company	
	International Company for Food Industries					
	National Biscuits Confectionery Co.					
Basil bin Mohammed bin Jabr	Technical Investment Company.	Unlisted Joint Stock Company	Within Kingdom	Mohammed & Abdullah Al-Subaie Investment Company	Unlisted Joint Stock Company	Within Kingdom
	Tayseer Finance Company	Al-Malaz Technical Investment Company				
	Taiba Holding Company	listed Joint Stock Com-pany		interactive Saudi Arabia Ltd.	Limited.	
	Allianz Saudi Fransi Company					

The names and data of the members of the executive management are as follows:

No	Memeber name	current positions	previous positions	qualifications	experience
1	Abdullah bin Abdulrahman Al-Agil	Previously defined as a member of the board of directors.			
2	Abdulkarim bin Abdulrahman Al-Agil	Previously defined as a member of the board of directors.			
3	Nasser bin Abdulaziz Al-Agil	Previously defined as a member of the board of directors.			
4	Faisal bin Anbar Al -Anbar	Financial Manager	<ul style="list-style-type: none"> Chief Financial Officer of Jarir Marketing Company. Operation manager. Director of accounting department. budget and treasury manager. Accountant. 	<ul style="list-style-type: none"> Bachelor of Accounting from Imam Mohammed Bin Saud Islamic University. 	<ul style="list-style-type: none"> Financial and administrative management (26 years) at Jarir Marketing Company.
5	Mohammed Diaa Mustafa Al- Ayoubi	Internal Audit Manager	<ul style="list-style-type: none"> Director of internal audit department since 2000 till now. Financial controller until 2000. Head of accounting department until 1995. An accountant in Damascus Company for poultry production from 1980 to 1982. Accountant in Syrian government from 1977 until 1979. 	<ul style="list-style-type: none"> Bachelor of Commerce, accounting major (1979), from Beirut Arab University. Certified Internal Auditor (CIA) - USA 2007 Certified Credit Risk Management (CRMP) (2011). 	<ul style="list-style-type: none"> Experience in accounting and auditing since 1979 until 1982 in Syria. Experience in accounting and auditing since 1982 in Jarir Marketing Company.

2- Record of the attendance of board meetings and general assemblies for fiscal year2020

Record of the attendance of board meetings for the fiscal year 2020. The following are their dates and the record of attendance of board members:

	name	Date of board meeting					Total attendance
		10/06/2020	10/08/2020	03/11/2020	29/12/2020	16/03/2020	
1	Mohammed Bin Abdulrahman Al-Agil.	√	√	√	√	√	5
2	Nasser Bin Abdulrahman Al-Agil.	√	√	√	√	√	5
3	Abdullah Bin Abdulrahman Al-Agil.	√	√	√	√	√	5
4	Abdulkarim Bin Abdulrahman Al-Agil.	√	√	√	√	√	5
5	Nasser bin Abdulaziz Al-Agil.	√	√	√	√	√	5
6	Fahd bin Abdullah Al Qassem.	√	√	√	√	√	5
7	Badr bin Hamed Al-Aujan .	√	√	√	√	√	5
8	Basil bin Mohammed bin Jabr.	√	√	√	√	√	5
Date of the last meeting of the general assembly 13/4/2020							

√ - in person X – by proxy by another board member XX- absence

Coinciding with the onset of the novel corona virus pandemic (Covid-19), Jarir took its proactive steps and was keen to follow all preventive and precautionary measures, some of which were related to holding meetings. Thus, during 2020, the board meetings were held through modern technology (remotely).

3- Record of the attendance of the general assembly meetings of the shareholders

Record of the attendance of assembly meetings for the fiscal year 2020. The following are their dates and the record of attendance of board members:

	name	attendance record
		ordinary general assembly 13/04/2020
1	Mohammed Bin Abdulrahman Al-Agil.	√
2	Abdullah Bin Abdulrahman Al-Agil.	√
3	Nasser Bin Abdulrahman Al-Agil.	√
4	Abdulkarim Bin Abdulrahman Al-Agil.	√
5	Nasser bin Abdulaziz Al-Agil	√
6	messaQ IA halludbA nib dhaF	√
7	Badr bin Hamed Al-Aujan	√
8	Basil bin Mohammed bin Jabr	√
	√ - attendance	XX- absence

4- Company's applications for the register of shareholders

Statement of the number of Jarir applications for the shareholders register during 2020:

Number of the jarir application for shareholders register	Date of application	Reasons for application
1	18/03/2020	Profits file
1	13/04/2020	General Assembly
1	17/06/2020	Profits file
1	16/08/2020	Profits file
1	09/11/2020	Profits file

5- Committees

1 .Audit Committee:

The audit committee was established in accordance with Article (54) of the Corporate Governance Regulations issued by the Capital Market Authority, and in accordance with Article (2) and the work regulations of the audit committee approved by the ordinary general assembly at its meeting on 25/12/2017 and amended by the extraordinary general meeting on 28/10/2018.

The committee shall study the subjects that are assigned to it or referred to it by the board of directors, submit its recommendations to the board for decision, or take decisions if authorized by the board. The committee shall inform the board of its findings, decisions or recommendations.

The committee is also responsible for monitoring the company’s operations and verifying the validity and integrity of the reports, financial statements and internal control systems. The committee’s functions include the following:

Financial Reports:

- 1. Studying the annual and annual financial statements of the company prior to presenting them to the board of directors, and providing its opinion and recommendation on them in order to ensure their integrity, fairness and transparency.
- 2. At the request of the board of directors, providing the technical opinion on whether the board ‘s report and the financial statements of the Company are fair, balanced and understandable, and include information that enables shareholders and investors to evaluate the Company’s financial position, performance, work model and strategy.
- 3. Studying any important or unusual issues at financial reports.
- 4. Thorough investigation of any matters raised by the company’s CFO, or their deputies, the Compliance Officer of the Company or the auditor.
- 5. Verification of accounting estimates on principal issues in the financial reports.
- 6. Studying the accounting policies followed in the company, and providing the board with opinions and recommendations on them.

Internal Audit:

- 1. Studying and reviewing the internal control, financial and risk management systems of the company.
- 2. Studying the internal audit reports, and following up the implementation of corrective measures of the notes contained therein.
- 3. Supervising and controlling the performance and activities of the internal auditor and the internal audit department of the company, in order to verify the availability of the necessary resources and their effectiveness in the performance of the tasks and tasks entrusted to them.
- 4. Recommending to the board of directors to appoint the director of the internal audit unit or department or the internal auditor, and proposing their remuneration.

Auditor:

- 1. Recommending to the board of directors the nomination and dismissal of auditors, determining their fees and evaluating their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.
- 2. Verifying the independence, objectivity and fairness of the auditor, and the effectiveness of the audit, taking into account the relevant rules and standards.
- 3. Reviewing the plan and work of company’s auditor, making sure that they don’t not provide technical or administrative works beyond the scope of the audit work, and making comments thereon.
- 4. Answering the inquiries of the company auditor.
- 5. Making sure that the auditor is able to perform their work, and that information is not withheld from them.
- 6. Studying the auditor’s reports and observations on the financial statements, and following up on actions taken on them.

Commitment Guarantee:

- 1. Reviewing the results of the reports of the regulatory bodies, and verifying that the company has taken the required procedures upon them.
- 2. Verifying the company’s compliance with relevant systems, regulations, policies and instructions.
- 3. Reviewing the contracts and transactions proposed by the company with the related parties, and submitting their views thereon to the board of directors.
- 4. Referring the issues it deems necessary to the board of directors to take action on them, and recommending the actions to be taken.

The names and date of the members of the Committee are as follows:

no	name	current positions	previous positions	qualifications	experience
1	Abdulsalam bin Abdulrahman Al-Agil Chairman of Committee	<ul style="list-style-type: none">• Chairman of of Asala Holding Company, Imtiaz Al Arabia Co, Riyadh Najd school, Horma national Company).• Managing Director of Jarir Company for Commercial Investments, Jarir Trading Development Company).• CEO of Jarir Company for Commercial Investments.• General Manager of Burooj International Co Ltd., Future Markets Co Ltd., Advanced Markets Co Ltd., Afrass arabia Co Ltd., Jarir Union Company).• Chairman of Future Houses Company.• Chairman of the Investment Committee at Kinan International for Real Estate Development).• Member of the Audit Committee at the General Authority for Investment.• Chairman of the Audit Committee at Jarir Markeing Company).	<ul style="list-style-type: none">• Financial analyst at Cresscot Inc -New York -USA. (1989-1990)•• Facilities official for major companies at Banque Saudi Fransi- Saudi Arabia (1991-1993).• Member of the Advisory Committee - Capital Market Authority (2013-2016).• Board member of the General Authority for Investment (2015-2018).	<ul style="list-style-type: none">• Bachelor of Science in Industrial Management from King Fahd University of Petroleum and Minerals - Kingdom of Saudi Arabia.• CPE course from the Family Establishments Office - United States of America.• Certificate in Strategic Finance from Harvard University - USA• Certificate in Private Wealth Management - Wharton Education Program - Pennsylvania, USA.• Certificate of passing the CME test from the Institute of Banking - Riyadh.• A course in Corporate Governance, Compliance, Anti-Money Laundering and Combating Terrorism from Al-Jazira Bank in Riyadh.	<ul style="list-style-type: none">• (Former) Member of the Advisory Committee at Capital Market Authority.• (Former) board member of Malath Insurance and Reinsurance Company.• Board member of Herfy Food Services Company.• (Former) member of Jarir Holding Company (liquidated).
2	Fahd bin Abdullah Al Qassem	He has already been identified in the names and data of the members of the board of directors			
3	Medhat Farid Abbas Tawfik	<ul style="list-style-type: none">• Executive partner at Irsaa Al Jazira Group for Business Solutions.	<ul style="list-style-type: none">• Samba Financial Group	<ul style="list-style-type: none">• Bachelor of Science majoring in Chemistry from Belmont University, Tennessee.	<ul style="list-style-type: none">• Member of the Audit Committee of the Saudi Telecom Company Stc.• Chairman of the Audit Committee of AWJ Holding Company.• Independent Board Member of Rana Investment Company.

Four meetings of the Committee were held in .2020 The attendance record is as follows:

NO	Name	Position	Date of meeting				total attendance
			09/06/2020	08/09/2020	02/11/2020	02/11/2020	
1	Abdulsalam bin Abdulrahman Al-Agil	Committee Chairman	√	√	√	√	4
2	Fahd bin Abdullah Al Qassem	Member	√	√	√	√	4
3	Medhat Farid Abbas Tawfik	Member	√	√	√	√	4
			√ - in person	X – by proxy by another Audit Committee member	XX- absence		

Coinciding with the onset of the novel corona virus pandemic (Covid-19), Jarir took its proactive steps and was keen to follow all preventive and precautionary measures, some of which were related to holding meetings. Thus, during 2020, the board meetings were held through modern technology (remotely).

In the light of the work done by the committee during ,2020 the audit committee considers that there is no material deficiency or change in the internal control systems ,that they are effective to prevent and detect material errors ,and that there has been no material breach of the internal control systems during.2020

2- Rewards and Nominations Committee:

The Committee for Rewards and Nominations was established in accordance with Article (60), Article (64) and Article (50) of the Corporate Governance Regulations issued by the Capital Market Authority.

And in accordance with Article (2) of the work regulations of the Rewards and Nominations Committee approved by the ordinary general assembly at its meeting on 25/12/2017.

The committee shall study the subjects that are assigned to it or referred to it by the board of directors, and submit its recommendations to the board for decision or take decisions if authorized by the board. The Committee shall inform the board of its findings, decisions or recommendations.

In respect of rewards ,the Committee shall:

1. Clarify the relationship between the granted rewards and the applicable rewards policy, and indicate any significant deviation.
2. Conduct a periodic review of the reward policy, and evaluate its effectiveness in achieving its objectives.
3. Recommend to the board of directors the rewards of the members of the board, its subordinate committees and senior executives in accordance with the approved policy.

In relation to nominations ,the Committee shall:

1. Propose clear policies and criteria for membership in the board of directors and executive management.
2. Recommend to the board of directors to nominate and re-nominate members in accordance with the approved policies and standards.
3. Prepare a description of the abilities and qualifications required for membership of the board of directors and occupying the jobs of executive management.
4. Determine the time a member should allocate to the work of the board of directors.
5. Conduct an annual review of the necessary skills or experience for board membership and executive management jobs.
6. Review the structure of the board and executive management, and make recommendations on possible changes.
7. Annually verify the independence of independent members, and the absence of any conflict of interest if the member is a board member of another company.
8. Develop a functional description for executive members, non-executive members, independent members and senior executives.
9. Establish special procedures in case of a vacancy in the board of directors or senior executives.
10. Evaluate the performance of the board of directors, its committees and executive management annually, and submit its findings to the board of directors, recommending a plan to address the aspects that need to be developed.
11. Identify weaknesses and strengths in the board of directors, and propose solutions to address them in line with the company's interests.

The following is a list of the names and record of the attendance of the members of the Committee during the fiscal year:2020

no	name	current positions	previous positions	qualifications	experience
1	Fahd bin Abdullah Al Qassem	He has already been identified in the names and data of the members of the board of directors			
2	Mohammed Bin Abdulrahman Al-Agil.	He has already been identified in the names and data of the members of the board of directors			
3	Basil bin Mohammed bin Jabr	He has already been identified in the names and data of the members of the board of directors			

Two meetings of the Committee were held in .2020 The attendance record is as follows:

	name	current positions	Date of meeting		total attendance
			16/02/2020	21/01/2020	
1	Fahd bin Abdullah Al Qassem	Committee Chairman	√	√	2
2	Mohammed Bin Abdulrahman Al-Agil.	Member	√	√	2
3	Basil bin Mohammed bin Jabr	Member	√	√	2

√ - in person **X** – by proxy by another Audit Committee member **XX**- absence

Coinciding with the onset of the novel corona virus pandemic (Covid-19), Jarir took its proactive steps and was keen to follow all preventive and precautionary measures, some of which were related to holding meetings. Thus, during 2020, the board meetings were held through modern technology (remotely).

3- Governance Committee:

The Governance Committee was formed in accordance with Articles (94), (95) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No. (8-16-2017) and dated 5/16/1438 AH, corresponding to 2/13/2017, as amended by the resolution of the board of The Capital Market Authority on 9/15/1440 AH, corresponding to 2/13/2017, as amended by Resolution of the Capital Market Authority Board No. (3 - 57 – 2019), dated 9/15/1440 AH, corresponding to 5/20/2019, and by the decision of the Board of Directors at its meeting held on 7/3/1440 AH, corresponding to 10/3/2019.

In accordance with Article (2) of the Corporate Governance Regulations, which is approved by the Board of Directors in its decision dated 3/9/1441 AH, corresponding to 11/6/2019, the committee studys matters that are pertaining to it or referred to it by the board of directors, and submits its recommendations to the board to take a decision regarding them, or it takes decisions if the board delegates to it to do so. The committee informs the board of directors of the results it reaches or the decisions it takes or recommends. The committee is responsible for the following:

1. Verifying that the company adheres to the governance rules stipulated in the Corporate Law, the Corporate Governance Regulations and other regulations issued by the Authority or by the competent authorities
2. Reviewing and updating the rules in accordance with legal requirements and best practices.
3. Reviewing and developing the rules of professional conduct that represent the company's values, and other internal policies and procedures to meet the company's needs and conform to best practices.
4. Informing members of the board of directors of developments in the field of corporate governance and best followed practices.

The following is a list of the names and record of the attendance of the members of the Committee during the fiscal year:2020

no	name	current positions	previous positions	qualifications	experience
1	Fahd bin Abdullah Al Qassem	He has already been identified in the names and data of the members of the board of directors			
2	Badr bin Hamed Al-Aujan	He has already been identified in the names and data of the members of the board of directors			
3	Medhat Farid Abbas Tawfik	He has already been identified in the names and data of the members of the Audit Committee.			

The meeting of the Committee was held in .2020 The attendance record is as follows:

	member name	position	Date of meeting	total attendance
			11/03/2020	
1	Fahd bin Abdullah Al Qassem	Committee Chairman	√	1
2	Badr bin Hamed Al-Aujan	Member	√	1
3	Medhat Farid Abbas Tawfik	Member	√	1

√ - in person **X** – by proxy by another Audit Committee member **XX**- absence

Coinciding with the onset of the novel corona virus pandemic (Covid-19), Jarir took its proactive steps and was keen to follow all preventive and precautionary measures, some of which were related to holding meetings. Thus, during 2020, the board meetings were held through modern technology (remotely).

6- Disclosure of Rewards

The Company has prepared “The reward policy of the members of Jarir Marketing Company’s board, its subordinate committees and executive management pursuant to the provisions of paragraph (1) of Article (61) of the Corporate Governance Regulations issued by the Capital Market Authority Board and approved by the general assembly of the Company on 25/12/2017. The rewards granted to directors and senior executives is consistent with the approved policy. The Company also affirms that there is no significant deviation from this policy.

The reward policy of the members of Jarir Marketing Company’s board ,its subordinate committees and executive management is as follows:

General criteria for rewards:

1. Their consistency with the company’s strategic plans; long-term and short-term objectives; its activities; the sector in which it operates; the skills required to manage it; and the size, nature and degree of risk in the company.
2. Urging members of the board, its committees and executive management to ensure the company’s success and long-term development, and linking the variable segment of rewards with long term performance.
3. Rewards should be determined based on the level of the job, the tasks and responsibilities assigned to the employer; and the level of performance, in addition to the objectives set by the board to be achieved during the fiscal year.
4. Taking into account the practices of other companies in determining rewards, while avoiding any unnecessary rise of rewards and compensation arising out of that.
5. They aim at attracting, maintaining and motivating professional competencies, yet they shall not pass acceptable limits.
6. To be Prepared in coordination with the Rewards and Nominations Committee in the company upon the new appointments.
7. Suspension or refund of the rewards if it turned out that it has been determined on the basis of inaccurate information provided by a member of the board or executive management; in order to prevent the exploitation of the career status to obtain undue rewards.

The policy stipulates that the rewards of the members of the board and its subordinate committees shall be as follows:

The rewards of the members of the board and its subordinate committees shall consist of a certain amount and attendance allowance for meetings or expenses, not exceeding the provisions of the Corporate Law, its regulations and the company’s statute, as follows:

- An annual bonus of (300,000) three hundred thousand Riyals for each member of the board.
- In addition to the rewards to be paid to the board members, an additional annual bonus shall be paid to the Chairman of the board, which amounts to (250,000) Two hundred and fifty thousand riyals.
- An annual bonus of (40,000) forty thousand riyals for each member of the subordinate committees of the board.
- Session attendance allowance of (3000) three thousand riyals per session for each member either in the board or in one of its subordinate committees.
- Other allowances and benefits such as travel expenses and others are added as per company policy.

The policy also stipulates that the rewards of executive management shall be as follows:

The company gives senior executives financial advantages based on the salary scale and policy adopted in this regard.

Executive management rewards include:

- Annual bonus determined according to performance.
- Long-term incentive reward.

Following is a breakdown of the rewards paid to board members and senior executives during fiscal year 2020

Rewards for Board Members:

A breakdown of rewards paid to board members during fiscal year 2020 (in their capacity as board members):

(In thousand Saudi riyals)

	Fixed rewards					Variable rewards					Grand total	severance pay	Grand total	expenses allowance
	Certain amount	Attendance allowance for board sessions	Total of Attendance allowance for board sessions	In-kind benefits	Technical, administrative and consulting rewards	reward of the chairman of the board, the managing director or the secretary if they are members	Grand total	percentage of profits	Periodic bonuses	Short - term incentive plans	long - term incentive plans	Granted shares	Grand total	
First: independent members														
Fahd bin Abdullah Al Qassem	300	12					312						312	
Badr bin Hamed Al-Aujan	300	12					312						312	
Basil bin Mohammed bin Jabr	300	12					312						312	
total	900	36					936						936	
Second: non-executive members														
Mohammed Bin Abdulrahman Al-Agil	300	12				250	562						562	
Nasser Bin Abdulrahman Al-Agil	300	12					309						312	
total	600	24				250	874						874	
Third: executive members														
Abdullah Bin Abdulrahman Al-Agil	300	12					312						312	
Abdulkarim Bin Abdulrahman Al-Agil	300	12					312						312	
Nasser Bin Abdulaziz Al-Agil	300	12					312						312	
total	900	36					933						936	

In this regard, the company affirms the following:

- There is no arrangement or agreement whereby a board member or a senior executive waives any salary or compensation.
- There are no arrangements or agreements whereby a shareholder of Jarir waives any rights in profits.
- There are no other investments or reserves created for Jarir’s employees.

Senior Executive Rewards

Following is a breakdown of rewards paid to five senior executives who received the highest rewards, including the CEO and the chief financial officer during the fiscal year 2020:

In thousand Saudi riyals

Fixed rewards	
Salaries	10,480
Allowances	3,247
In-kind benefits	217
Total	13,944
Variable rewards	
Periodic rewards	19,564
profits	0
Short-term incentive plans	0
Long-term incentive plans	0
Granted shares (value)	0
Total	19,564
Severance pay	0
Total of executives' rewards	900
Grand total	34,408

Jarir is committed to disclosing the incentives granted to senior executives in total according to the statutory requirements contained in subparagraph (4/b) of Paragraph (a) of Article No. (93) of the Corporate Governance Regulations, without disclosing them in detail. To protect the interests of the company and prevent the damages that may befall the company if it is mentioned in detail, which is the creation of a climate of competition and job instability, and might reflect on the performance of the company and consequently on the shareholders.

Rewards of members of committees

Following is a breakdown of rewards paid to members of committees during the fiscal year 2020:

In thousand Saudi riyals

	Fixed rewards (except for Session attendance allowance)	Session attendance allowance	Total
Members of Audit Committee			
Abdelsallam bin Abdulrahman Al-Agil	100	12	112
Fahd bin Abdullah Al Qassem	100	12	112
Medhat Farid Abbas Tawfik	100	12	112
Total	300	36	336
Members of Rewards and Nominations Committee			
Fahd bin Abdullah Al Qassem	40	0	40
Mohammed bin Abdulrahman Al-Agil	40	0	40
Basil bin Mohammed bin Jabr	40	0	40
Total	120	0	120
Members of Governance Committee			
Fahd bin Abdullah Al Qassem	40	00	40
Badr bin Hamed Al-Aujan	40	00	40
Medhat Farid Abbas Tawfik	40	00	40
Total	120	000	120

7- Employee Incentive Programs

Jarir established a number of employee incentive programs. The following is a summary of these programs:



Employee Incentive Program:

According to this program, Jarir Management grants its senior employees the right to receive cash incentive compensation at the end of the maturity period if specific conditions are met. The calculation of these rewards is linked to the growth achieved by Jarir in its annual profits, which is determined in accordance with the Company's preliminary consolidated financial statements.



Housing Finance Program:

It's granted to Saudi employees under certain terms and conditions. Jarir grants good loan to its Saudi employees with outstanding performance to buy their own homes through loans repayable in installments for ten years, with the aim of enhancing loyalty for national competencies as well as attracting new Saudi competencies.



Sales Staff Rewards:

they include annual rewards and sales bounces, and are largely related to performance.



Rewards of Employees

It is an incentive annual reward which is linked to employee performance during the year according to an annual assessment.

8- Equity Share and its Change for Board Members and Senior Executives, and their Spouses and Minor Children in 2020.

Board members, their spouses and minor children

The following table shows the number of shares of Jarir owned by the board of directors in 2020:

	Member name	Beginning of 2020	End of 2020	Change during the year	Change percentage %	Debt instruments
1	Mohammed Bin Abdulrahman Al-Agil	2,688,338	2,688,338	0	0%	None
2	Abdulkarim Bin Abdulrahman Al-Agil	3,840,000	3,840,000	0	0%	None
3	Abdullah Bin Abdulrahman Al-Agil	2,657,844	2,651,604	(6,240)	% (0.24)	None
4	Nasser bin Abdulaziz Al-Agil	3,840,000	3,840,000	0	0%	None
5	Nasser bin Abdulaziz Al-Agil	481,237	481,237	0	0%	None
6	Fahd bin Abdullah Al Qassem	2,000	2,000	0	0%	None
7	Badr bin Hamed Al-Aujan	1,500	1,500	0	%0	None
8	Basil bin Mohammed bin Jabr General Organization for Social Insurance	0 2,083,009	0 2,083,009	0 0	%0 %0	None

Senior executives, their spouses and minor children:

The following table shows the number of shares of Jarir owned by senior executives in 2020:

	name	Beginning of 2020	End of 2020	Change during the year	Change percentage %	Debt instruments
1	Faisal bin Anbar Al – Anbar	860	860	0	0 %	None
2	Mohammed Diaa Mustafa Al- Ayoubi	0	0	0	0	None

9- Related Parties Transactions

During the fiscal year 2020, some of the contracts in which Jarir was a party and from which some board members benefit, continued. Some of these contracts were agreed upon from previous years and are an extension of the continuous relations that started before the fiscal year 2020.

These contracts are summarized in the table below:

	Party of contract	؟؟	Nature of contract	amount of dealing during the year	Duration of contract (annual)	Terms of contract	Member name / senior executives or any person related to any of them
1	Kite Arabia Co.	؟؟	Business contract Implementation, design and technical consultation for the company, which started on 01/01/2011	70,954,037	Five years, automatically renewed	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
2	Kite Arabia Co.	؟؟	Office lease contract that was held at Jarir Building (Riyadh), and started on 15/11/2012	196,020	Five years, automatically renewed	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
3	Jarir Company for Commercial Investments	؟؟	office Lease contract in Jarir Building (Riyadh), which started on 15/11/2012	306,240	Five years, automatically renewed	طورش دجويلا قصاذ	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
4	Jarir Company for Commercial Investments	؟؟	office Lease contract in Jarir Building (Riyadh), which started on 15/12/2008	145,860	Five years, automatically renewed	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
5	Amwaj Dhahran Company Limited	؟؟	Showroom Lease contract in Dhahran, which started on 15/12/2012	1,381,901	Twenty two years	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
6	Future Markets Company for Trading	؟؟	Showroom Lease contract in Riyadh Panorama (Al-takhosisi St), which started on 01/12/2005	2,130,580	Twenty two years	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
7	Jarir Real Estate Company	؟؟	office Lease contract in Jarir Building (Riyadh), which started on 15/11/2012	138,600	Five years, automatically renewed	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
8	Jarir Real Estate Company	؟؟	office Lease contract in Jarir Building (Riyadh), which started on 14/10/2015	171,625	Two years, automatically renewed	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
9	Robin Arabia Co.	؟؟	showroom lease contract in Riyadh - Northern Ring Road (Rubin Plaza Complex) which stared at 01\05\2017	1,972,918	Twenty five years renewable	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
10	Reef Tabuk Limited	؟؟	showroom lease contract in Tabuk (Tabuk Plaza Complex) which started at 10\04\2018	1,507,118	Twenty years	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil

11	East Health Medical Company Ltd.	؟؟	The lease contract for the residential building located in Al-Rakah Al Janoubia district in Khobar Governorate, which began on 01/09/2019	8,000,000	Twenty years	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil
12	Robin Arabia Co.	؟؟	contract to provide management, operation and maintenance services (not including rental-related services) in Rubin Plaza Complex which stared at 01\07\2019	767,000	One year renewble	No special terms	Mohammed bin Abdulrahman Al-Agil Nasser bin Abdulrahman Al- Agil Abdullah bin Abdulrahman Al-Agil Abdulkarim bin Abdulrahman Al-Agil

10- Auditors of Jarir

Jarir asserts that the financial statements were prepared in the fiscal year 2020 according to the International Accounting Standards for financial reporting approved by the board of directors of the Saudi Organization for Certified Public Accountants.

Proposals had been received from major auditing offices for auditing Jarir during the fiscal year 2021, which were presented to the Audit Committee. After discussion, the Committee settled on the nominations that are to be presented to the next general assembly for shareholders to consider the selection of Jarir auditor for the fiscal year 2021.

11- Board of Directors Certification

The board of Jarir acknowledges the following:

- The accounting records have been prepared correctly.
- The internal control system has been properly prepared and implemented effectively.
- There is no doubt about the company's ability to continue its activity.

Jarir's Board also affirms:

- There is no penalty, sanction or reserve imposed on Jarir by the Capital Market Authority or any supervisory, regulatory or judicial body – except as mentioned in this report.
- There are significant differences in operating results from the results of the previous year or any projections previously announced by Jarir, as indicated in the financial results.
- There is no difference from the international accounting standards. There are no material observations from the chartered accountant on the annual financial statements of Jarir during 2020. The board of directors is obliged to provide the Capital Market Authority with any additional information required at any time, In the event that the auditor makes any reservations About Jarir's annual financial statements.

12. Corporate Governance

Jarir issued its corporate governance rules, which were approved by the general assembly held on 10/03/2008 and re-approved by the general assembly held on 13/03/2012, then some of them were re-approved by the General Assembly on 03/13/2012 following some modifications of some of its provisions in line with the new regulations promulgated by the Capital Market Authority

The Company continuously reviews and updates these policies in accordance with relevant rules and regulations, which they are:

1. Regulations of the Audit Committee.
2. Regulations of the Rewards and Nominations Committee.
3. Regulations of the governance Committee.
4. Policies, criteria and procedures for membership in the board of directors.
5. The reward policy of the member of the board, its subordinate committees and executive management.
6. jarir governance guide.
7. Dividend Policy.
8. Policy of the working procedures of the board of directors.
9. Policies and procedures regulating the discharge of jarir debtors (Debt Execution).
10. Disclosure policy and procedures.
11. Policy to address conflicts of interest.
12. Policy and procedures for regulating relationship with stakeholders.
13. Policy of professional conduct and ethical values.

The company's policies and regulations are reviewed annually.

In addition, some points of Policy of the company have been amended and approved by the general assembly held on October 28, 2018 to correspond with the recent amendments to the companies 'system and the Capital Market Authority's regulations.

It is worth mentioning that some items do not apply to Jarir and include the following:

- Jarir did not provide any cash loan of any kind to any of the members of its board nor did it secure any loan that a member of its board held with others.
- Jarir does not have convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by Jarir in 2020.
- No rights of transfer or subscription under convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by Jarir in 2020.
- Jarir has no redemption, purchase or cancellation of any redeemable debt instruments.
- Jarir has no preference shares or shares of special interest, especially in voting, whether for shareholders or directors. All Jarir shares are ordinary shares of equal nominal value, equal voting rights and other equal rights according to the statute.
- Jarir is subject to zakat according to the regulations of the General Authority for Zakat and Income in the Kingdom of Saudi Arabia. Jarir registers the annually due Zakat allocation, and charges it to the income statement. The modifications that occur during the final association of zakat – if any - are recorded in the period in which the association is made.
- During the fiscal year 2020, the company's external auditor did not provide any advisory services to the Company and received no fees in this respect.

The company applies all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, except as follows:

Article/ paragraph number	Article/ Paragraph text	Reasons for non-application
Evaluation		
Forty one	The board of directors shall, upon the proposal of the Nominations Committee, establish the necessary mechanisms to evaluate the performance of the board, its members, committees and executive management annually through appropriate performance indicators related to the achievement of the company's strategic objectives, quality of risk management, adequacy of internal control systems and others. They shall determines strengths and weaknesses, and propose addressing them in line with the company's interests.	Guidance article. The board considers available options for selecting an independent body to develop mechanisms for evaluating the board, its members, committees and executive management
Seventy	Formation of the Risk Management Committee.	Guidance article. The company believes that it does not need an independent risk management committee and that its work is entrusted to other committees and departments.
Staff motivation		
Eighty five	The company establishes programs to develop and motivate participation and performance of the company's employees, Including, in particular, the following: <ol style="list-style-type: none"> 1. Forming committees or holding specialized workshops to listen to the opinions of the employees of the company and discuss them in matters and topics related to important decisions. 2. Programs to grant employees shares in the company or a portion of the profits achieved by it, retirement programs, and an independent fund to finance those programs. 3. Establishing social institutions for the company staff. 	Guidance article. The company has incentive programs (already mentioned in the report).
Social work initiatives		
Eighty eight	The board of directors sets out the programs and identifies the means to launch the company's social work initiatives, including the following: <ol style="list-style-type: none"> 1. Developing measurement indicators that link the performance of the company to its social work initiatives, and comparing that to other companies with similar activity. 2. Disclosing the social responsibility objectives adopted by the company to its employees and, and raising their awareness and knowledge of them. 3. Disclosing the plans to achieve social responsibility in periodic reports related to the activities of the company. 4. Developing awareness programs for the community to order to clarify corporate social responsibility. 	Guidance article. The company has some initiatives, but it hasn't developed specific programs or benchmarks ,Etc. (Review the social responsibility at the Report)



9

Shareholders' Rights and The Mechanism of Communication with them

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1- Shareholders' Proposals and Comments on the Company and its Performance.

The board approved the policy and procedures of disclosure, which included procedures that guarantee shareholders the right to inquire, request information and get answers to their inquiries in a manner that does not harm the interests of the company. The board also confirms that during 2020, its members, especially non-executive members, were informed of all inquiries received from shareholders. No proposals were received from shareholders about the company's performance.

2- Mechanisms to Communicate with our Shareholders.

In line with Jarir's concern and interest in the rights of its shareholders, Jarir has incorporated all the rights to shareholders and stakeholders in the Company's statute. These rights have been highlighted in detail in the principles and policies of Jarir's governance and procedures, and all these documents are found on www.jarir.com. In addition, there is a special department at Jarir to follow up the affairs of the shareholders, which is dedicated to Jarir shareholders through continuous communication, response to queries and follow-up of any potential problems that may face shareholders regarding the distribution of dividends among other things. Shareholders affairs department can be contacted directly through:

the company's website
www.jarir.com/contactinvestor

Or by email
jmir@jarirbookstore.com

Or by fax
[+966112018131](tel:+966112018131)

3- The Most Important Events and Developments During the Year.

During 2020, Jarir witnessed a number of events and developments that are illustrated in the following table:

Date	Event or development
12/01/2020	Jarir Marketing Company announces the opening of a new showroom at Prince Muhammad Bin Abdulaziz International Airport in Madinah.
11/03/2020	Jarir Marketing Company announces how much it has been affected by the novel corona virus.
15/03/2020	Jarir Marketing Company announces the closure of the Jarir Bookstore showrooms in Kuwait.
16/03/2020	Jarir Marketing Company announces the temporary closure of its showrooms, which are located inside commercial complexes in the Kingdom.
22/03/2020	Addendum announcement from Jarir Marketing Company regarding the closure of the Jarir Bookstore showrooms in the State of Kuwait.
22/03/2020	Addendum announcement from Jarir Marketing Company regarding the closure of its showrooms which are located inside commercial complexes in the Kingdom temporarily.
24/03/2020	Jarir Marketing Company announces the latest developments on the closure of all Jarir Bookstore showrooms in the Kingdom.
08/04/2020	Jarir Marketing Company announces its support for the Health Endowment Fund with 20 million riyals in addition to 5 million for other entities.
28/07/2020	Jarir Marketing Company announces the opening of a new showroom in Sakaka.
17/09/2020	Jarir Marketing Company announces the opening of a new showroom in Riyadh (the 62nd showroom).
22/11/2020	Jarir Marketing Company announces the closure of its showroom in Al Ain, United Arab Emirates.
24/11/2020	Jarir Marketing Company announces the opening of a new showroom in Dawadmi Governorate (the 62nd exhibition).

4- Dates of Interest to Shareholders.

The following table shows the expected dates of major events and occasions of interest to shareholders during the fiscal year 2021:

Expected date	Event
22/4/2021	Meeting of the general assembly for the fiscal year 2020.
05/05/2121	Board meeting for the first quarter.
06/05/2021	Announcement of the results of the first quarter.
06/05/2021	Announcement of the board's decision to distribute dividends for the first quarter, maturity date and the payment of profits.
10\08\2021	Board meeting for the second quarter.
11\08\2021	Announcement of the results of the second quarter.
11\08\2021	Announcement of the board's decision to distribute dividends for the second quarter, maturity date and the payment of profits.
03\11\2021	Board meeting for the third quarter.
04\11\2021	Announcement of the results of the third quarter.
04\11\2021	Announcement of the board's decision to distribute dividends for the third quarter, maturity date and the payment of profits.
8\03\2022	Board meeting for the fourth quarter.
9\03\2022	Announcement of the annual results for the year 2020 and issuance of the report of the board of directors for the fiscal year 2020.
9\03\2022	Announcement of the board's decision to distribute dividends for the fourth quarter, maturity date and the payment of profits.
18\04\2022	Meeting of the general assembly for the fiscal year 2020.

- The proposed dates for the meetings are tentative and not final, and may be changed as required by the concerned authorities and the board members.

Closing Statement

In accordance with the results reviewed in this report and in the final accounts for the fiscal year 2020, which were published at Local newspapers, your company has continued to achieve remarkable growth and development in its activities and the results of its work. This has been accompanied by financial and administrative steps taken to reduce operating costs, adding and developing Jarir range while maintaining their quality and competitive prices, as well as continue to strengthen Jarir's management with competent staff.

In conclusion, Jarir's board members thank Jarir's staff, suppliers, shareholders, customers, banks and government agencies for their continued support and cooperation. Your company will continue to achieve its goals and plans to expand and grow sales.

Abdullah bin Abdulrahman

Al-Agil

Managing Director

Abdulkarim bin Abdulrahman

Al-Agil

Vice Chairman, CEO

Mohammed bin Abdulrahman

Al-Agil

Chairman



شركة جرير للتسويق
Jarir Marketing Co.