

PARTNERS IN TRANSFORMATION

Annual Report **2021**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ




King Salman bin Abdulaziz Al Saud
King of Saudi Arabia



Prince Mohammed bin Salman Al Saud
Crown Prince, Deputy Prime Minister, and Minister of Defense of Saudi Arabia



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Overview

Vision

To cement our position as the leading Saudi company in out-of-home media and to become the catalyst of the national economy, in the media sector, by expanding our leadership in the Middle East region.

Mission

To provide cities and clients with top-notch advertising products, data driven solutions and world-class services using international standards and the latest technologies.



At A Glance

Arabian Contracting Services Company, the pioneer in the region and 11th in the world, for more than 38 years, has been providing smart advertising solutions and road furnishings with the latest technical and international designs, as it signed partnerships with international design offices such as Zaha Hadid.

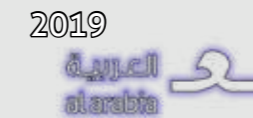
AlArabia aspires to create a unified identity for cities by unifying artistic designs and smart units and dedicating them to serve the city.

Gained 13 international awards, and the Award of the largest double-sided digital screen in the world, and the fourth best work environment for 2019.

Since 2018, AlArabia has started digitalize outdoor signs and road furnishings and contributing to building smart cities in line with the inspiring 2030 vision. For the first time in the region, AlArabia launched unique smart screens to contribute to placing the cities of the Kingdom on the list of smart cities on the world map by transforming roads into a network of highly connected, dynamic and digital smart streets.

In early 2019, AlArabia Company launched its subsidiary Ain AlArabia, which specializes in advertising for complexes and shopping centers. Ain AlArabia has revolutionized the advertising market since it was established providing smart digital screens and networks with global features designed by Zaha Hadid for the first time in the kingdom.

AlArabia provided their clients with data analysis service to be the first outdoor advertising company to provide it in the region. This service enables planning before your campaign, closely following your campaign, and accurately measuring its success.



Arabian Contracting Services Company was listed on the Saudi Stock Exchange (Tadawul) - the main market on November 15, 2021 to become a Saudi joint stock company with a capital of 500 million Saudi riyals. Arabian contracting company has succeeded over the past forty years in its leadership of the outdoor advertising sector in the Kingdom of Saudi Arabia, as it has introduced the latest technologies and advertising means to the local market. Its services.



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Competitive Advantages

Overview

Competitive Advantages

The Company operates in the largest economy in the Middle East and North Africa, in addition to a developing market supported by stable macroeconomics and the Kingdom of Saudi Arabia's Vision.

The Company operates in the outdoor advertising sector, which has unique characteristics that fundamentally distinguish it from all other forms of advertising.

The Company leads major transformations in the outdoor advertising sector by introducing modern technical methods to take advantage of information technology in the outdoor advertising sector.



Middle East



North Africa



Ramadan



Saudi National

Key Competitive Advantages

- 1) The Company's financial performance and profits dating back several decades, and its strong financial and profit position.
- 2) The Company has a leading position in the outdoor advertising sector in local and regional markets and is ranked the world's 14th top advertising company.
- 3) The Company has a management team with extensive experience in outdoor advertising, led by the founding family.



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2021 Key Highlights

Overview

2021 Key Highlights

5,484 Billboard

5,484 billboard across KSA.

32 CSR campaigns

Sponsored 32 CSR campaigns.

166 digital screens

Installed 166 digital roadside screens.

28 cities

We were present in 28 cities in KSA.

30 new OOH

Won 30 New OOH Contracts.

288 digital screens

Installing 288 digital screens in malls.

Boulevard Square

Launched 82 largest digital screens in the middle east: Boulevard Square screens.

The Guide

Launched (The Guide) : the first of its kind smart, interactive, digital screens.

650+ campaigns

More than 650+ campaigns across KSA.

IPO campaign

Launched a successful IPO campaign.

Listed company

AlArabia became a listed company.

100+ clients

We have worked with 100+ clients.

Egypt

Established a joint venture in the advertising sector in Egypt.

Special designs

Launched tailor made advertising screens with special designs.



2021 Key Highlights

During year 2021, Arabian Contracting Services Company finalized 30 billboard contracts distributed over the regions of the Kingdom

Region	Billboard Number	Number of contracts	Contract Value
Jeddah	182	6	2,025,279,125
Riyadh	330	8	469,371,783
Dammam	27	2	39,392,700
North	84	6	33,919,875
Qassim	65	3	16,999,508
Mecca	9	2	12,315,800
Eastern	1	1	2,090,000
South	1	1	2,047,500
Alhasa	8	1	1,000,000
Total	707	30	2,602,416,291

Distribution of billboards to the place of advertisement

Place of advertisement	Billboards Number
In door	308
Out door	399
Total	707

Distribution of billboards according to the method of operation

Place of advertisement	Billboards Number
Digital	525
Static	182
Total	707



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Geographical Distribution



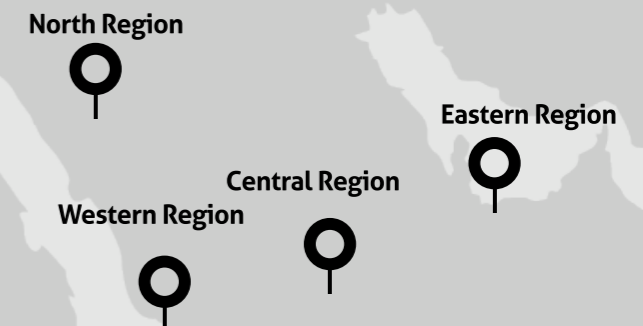
Geographical Distribution

	OOH	Billboard Numbers	Phases
Digital	LED Billboard	50	500
	Digital Bridge	5	50
	Digital Mupi	140	1400
	Digital Mega	30	300
	The Guide	91	455
	Gantry	15	150
	Mezah	279	2790
	Mezahpole	117	1170
	Buildings screens	3	30
	Superstructure	1	1
Static	Piza	50	400
	Mupi	2800	5600
	Mega	1390	2780
	Uni Pole	46	92



Geographical Distribution

	In Malls	Billboard Numbers	Phases
Column Wrap	4	40	40
Lift Shaft Facade	2	20	20
Octa City	1	10	10
Bulkheads	23	230	230
Digital Mupi	339	3390	3390
Ski Bridge	4	40	40
Wall Screens	11	110	110
Facade	2	20	20
Fence	6	60	60
Muvi Cinema	1	10	10
Mini Pole	4	40	40
Promotion spaces	70	-	-



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Strategic Report



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Chairman Statement



Eng. Abdelillah Abdulrahman Alkhereiji

“ Looking forward to a promising future ”

To the shareholders, Partners of Success

I am pleased, personally and on behalf of Arabian Contracting Services Company family, to invite you to review the company's annual report for the year 2021.

Under the wise leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and his trusted Crown Prince, His Royal Highness Prince Muhammad bin Salman bin Abdulaziz Al Saud, the Kingdom of Saudi Arabia was able to face the challenges of the crisis afflicted the world, by resuming the various activities according to preventive controls. This makes our government unique in crisis management. AlArabia was present with you, interacting in various ways to enrich the experience of life in the cities of the Kingdom with the state-of-the-art technologies and advertising means.

Starting from incorporation in 1983 until the listing in 2021, Arabian Contracting Services Company has taken steady and deliberate steps to maintain its leading position in the digital advertising market in the Kingdom and to be at the forefront of companies operating in its field. This is to become a joint stock company listed on the Saudi Stock Exchange (Tadawul).



Chairman Statement



“ Looking forward to a promising future ”

To the shareholders, Partners of Success

In 2021, AlArabia achieved unprecedented historical achievements in its path, which would not have been achieved without our team's effort and our partners' support from the beginning up to date. AlArabia carried out its business according to its strategy to achieve targets at the local level, by winning a number of major digital advertising projects in the Kingdom. On the regional level, the process of expansion in the Middle East began with the first regional partnership outside the Kingdom in Egypt. The Company was not limited to such partnership, but was part of the growth of the entertainment and tourism sector in the Kingdom.

Starting from incorporation in 1983 until the listing in 2021, Arabian Contracting Services Company has taken steady and deliberate steps to maintain its leading position in the digital advertising market in the Kingdom and to be at the forefront of companies operating in its field. This is to become a joint stock company listed on the Saudi Stock Exchange (Tadawul).

Based on the responsibility that we assume towards the Vision 2030 is heading in keeping pace with the era of digitalization, AlArabia is keen to support all requirements of the outdoor advertising sector. This may be done by spreading modern technologies to transform the advertising industry into an advanced digital industry that keeps pace with technical development, firmly committed to contributing to Vision 2030 to achieve global excellence.

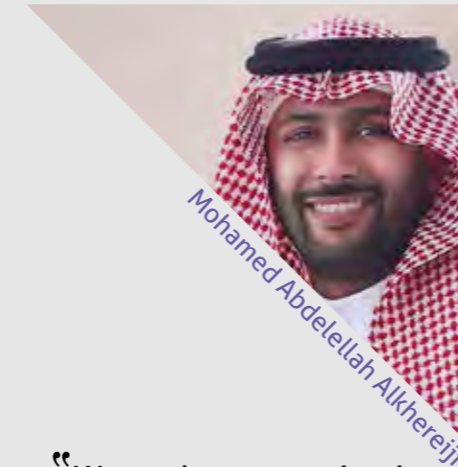
On behalf of my colleagues on the Board of Directors, I express my deep thanks and great gratitude to our respected shareholders for their confidence. Thanks to the executive management team and all our employees for their effective role in implementing our strategy, and for creating a constructive and distinguished work culture, reflecting positive results for this year. We are looking forward to a promising future with a deliberate steps according to our effective strategies adopted by the Board of Directors and our management.

Sincerely
Eng. Abdelillah Abdulrahman Alkhereiji
Chairman of the Board of Directors





CEO Message



Mohamed Abdelillah Alkhereiji

“We are keen to maintain the development of international technology in the field of advertisement”

To the shareholders, Partners of Success

Arabian Contracting Services Company has been able to maintain its pioneer position among companies in the same field through its competency and compliance with the quality of its services by establishing strategic plans aspiring to improve the financial performance, and optimizing opportunities, in spite of challenges faced by the market, due to Covid-19 pandemic repercussions.

Growth of Company's Sales and Remarkable Improvement in Financial Performance

The company has maintained achieving annual profits while keeping its strategic plans implementation, represented in many factors, such as maintaining its leading position, market share and the quality of its services, so that the company remains in the forefront of companies operating in the same field.

Worthwhile, the total revenue of 2021 is SAR 720.3 million against SAR 497.6 million in 2020, with an increase of 45%. The total comprehensive income of 2021 is SAR 204.9 million as profits against SAR 26.1 million in 2020, with an increase of 685%.

Planning, Achieving and Expanding

AlArabia seeks to expand its geographical services range, continuing its unique service as per the highest modern designing and operational standards. The Company further enhances its market share and maintains the digitalization of the traditional signs, so 80% of screen will be smart digital, through entering into win-win alliances and partnerships allowing geographic expansion, in order to raise the company position and maintain its pioneer role. Given the above, in late 2021, the Company has executed contracts in many areas in KSA, provided that sites to be delivered to install state-of-the-art advertising screens, aligning with the Company quality standards in the beginning of 2022.

Successful IPO and a Promising Future

On Monday dated 15 November 2021, shares of AlArabia have been listed and traded, within the sector of media in the Saudi Stock Exchange (Tadawul) – the main stock exchange. 15 million shares have been issued for the general underwriting, representing 30% of the capital, SAR 100 Per share; 90% has been specified for institutions and previously covered by about 126,6 times. 10% of the underwriting has been issued for individuals. The coverage ratio has reached to 1480%, with 650,000 underwriters investing more than SAR 2.2 billion. Two shares as a minimum have been specified for each underwriter.

Appreciation

Finally, I would like to thank you for your trust and support. We are proud of our position reached till today, which is acquired by providing services for you, as well as, believing in our capabilities to achieve an exceptional entrepreneurship, through which we are keen to maintain the development of international technology in the field of advertisement. This is through our qualified and unique manpower, our strategic partnerships with best local and global experiences and our experience of more than 38 years in the sector of the advertisement field.

Mohamed Abdelillah Alkhereiji
AlArabia Chief Executive Officer

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Our Strategy & Digital Transformation

Strategic Report

Our Strategy & Digital Transformation

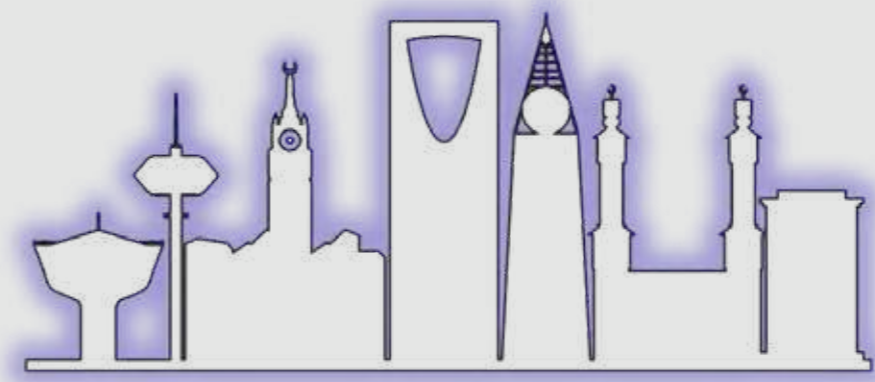
Our strategy was refined to ensure we are always ahead of the market which helped us to capitalize on the any opportunities that come our way.



In June 2020,

The Council of Ministers approved the strategy for developing outdoor advertisements within Saudi cities. These guidelines cover various aspects including focus on city aesthetics, number of billboards, contract duration, incorporating smart city elements and turning billboards into major landmarks.

AlArabia is ideally positioned to take advantage of each of these guidelines to fulfill our long term vision. For example, we are ahead of the market in shifting to digital billboards because we started investing in it since **2018.**



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Our Strategy & Digital Transformation

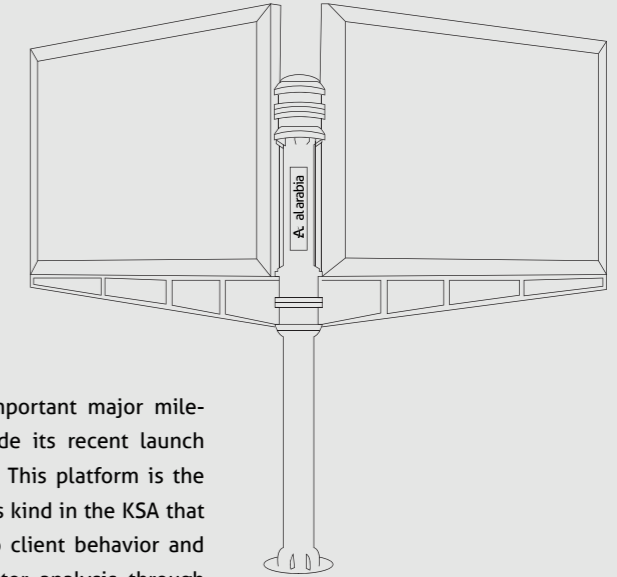
- 1) Maintain a market leading position to help the Company stay at the forefront of companies operating in its field.
- 2) Maintain and increase market share to enhance revenues and profits.
- 3) Raise the operational efficiency of the Company's integrated business model and increase revenues from support services within said model.
- 4) Maintain and improve the quality of services by introducing the latest technologies in the field of outdoor advertising.
- 5) Increase sales through direct marketing to strategic clients.
- 6) Maintain the Company's excellent financial position and establish factors of resistance to recession stages in economic cycles through proper advance planning.



Our Strategy & Digital Transformation

The Company has led and continues to contribute to finding and creating new trends in the outdoor advertising sector. For example, it is the first company to start operating digital billboards (Mezah) in the KSA, such as those installed on King Fahd Road in Riyadh. This type of billboard has greatly improved the way ads are displayed on roadsides due to the flexibility they provide to advertisers. As for the Company, this type of screen provides the ability to centralize control through a main control room to broadcast, monitor and collect all data related to advertisements, such as viewing rates, viewer impressions and viewer demographics. There is no doubt that this data is of utmost value to advertisers, as it enables them to conduct proper planning for their target segments in service of their interests.

The Company's most important major milestones at present include its recent launch of the Streach platform. This platform is the first smart platform of its kind in the KSA that provides data related to client behavior and categories, and competitor analysis through the use of intellectual property related to the viewing opportunity, using the location information of mobile smart devices and paths, which have a heavy concentration of users. This platform will enable advertisers to conduct advertising campaigns whose effectiveness can be measured through data collected on viewers' characteristics and behaviors.



7) Expand the field of information technology by using data to grow the Company's business and provide effective information solutions to clients, which serve their goals and help them reach their clients in a scientific manner and analyse the available data on consumers.

8) Consider remunerative alliances and partnerships that support geographical expansion to enhance the Company's position, maintain its leadership locally and regionally and benefit from global experiences in this field.



As we transform to digital billboards and invest in technology, the long contract duration will help us maximize the return on investment. The increase in the average contract life will directly create value to the shareholders and enhance sustainability of the business and cement market leadership.

AlArabia started switching static billboards to digital billboards in 2018. Starting 2020, revenue from digital billboards has reached 47% of total revenue.

We intend to continue this trend, planning on reaching 80% increase in digitalization as it has many benefits including displaying more adds at the same location, ability to charge higher rates and being able to control panels from the central control room.



Our Team

AlArabia Company believes that the distinction of its employees is the key to its success. Therefore, the Company provides a healthy environment and all incentives of occupational success and growth. The Company desires to become the first option in attracting skill employees using the state-of-the-art methods and means, achieving Company's objectives and aspirations and attaining its leadership in the area of outdoor advertising.

Furthermore, AlArabia Company had adopted an employment policy aimed at building and strengthening the relationship between the Company and its employees. This comprehensive policy covers all aspects of employment, work schedules, health care, social insurance benefits, salaries and other allowances, including lodging, transportation and remunerations.

Women Empowerment

Women's employment and their participation in the Saudi market had been greatly appreciated in consistent with the Kingdom's priorities in the framework of Vision 2030 under the leadership of Crown Prince Mohammed bin Salman. In conformity with this vision, AlArabia Company aimed at strengthening the role of women's leaderships through qualifying them for management and operational positions and promoting equality in all aspects. The Company also offers training programs in order to develop skills and leadership competencies and support women during their careers.

Training and development

AlArabia Company cares for its employees and invests in the skills of its workers by providing a work environment that encourages learning, development, capacity building and carrying out their roles effectively. The Company also seeks to enhance the skills of its employees by meeting their training requirements to increase capabilities and ability to perform effectively. This will positively affect the Company's innovative and high quality outputs.





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Board of Directors Report

as of 31 December 2021

AlArabia contracting services company financial performance

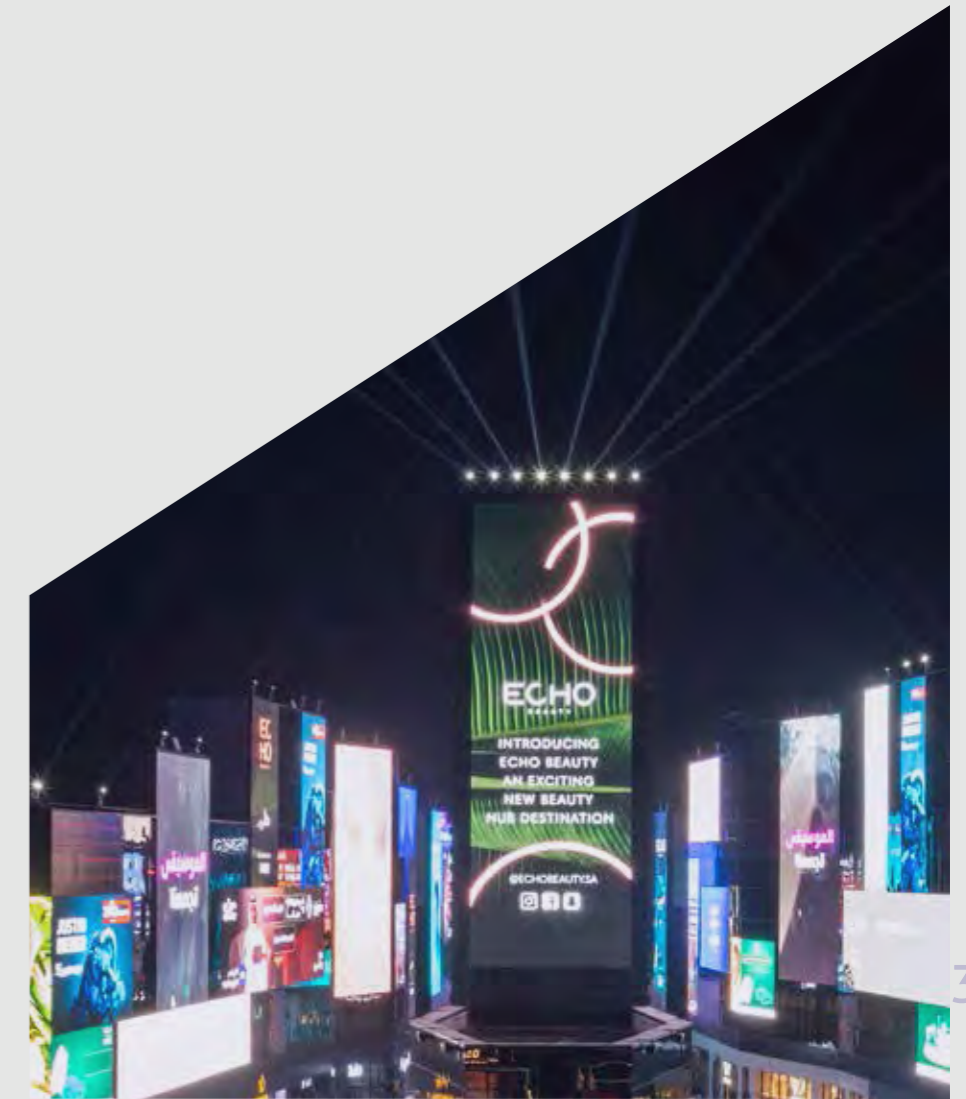
The company achieved net profit of SAR 206 million for 2021 compared net profit of SAR 25 million for the previous year and the Revenue of company for the current year increased by 45% compared to previous year 2020, mainly due to:

the start of the return to the normal life, as the travel restrictions was lifted, the issuance of tourist visas, Umrah opened, the return of school and universities, and the launch of the Riyadh season during the fourth quarter of 2021, In addition to the continuation of the digital transformation process, and the increasing of the new projects and advertising space.

Operating Profit:

The net profit from continuing operations is increased from 51 million in 2020 to 261 million in 2021, at a rate of 412%.

Also, the increase in net profit after Zakat for 2021 led to an increase in the earning per share from 0.50 SAR in 2020 to 4.12 in 2021, at rate of 724%.

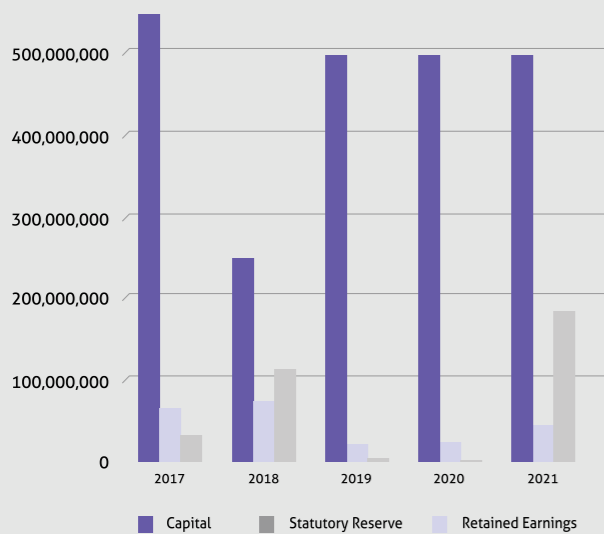


as of 31 December 2021

The statement of financial position

	2017	2018	2019	2020	2021
ASSETS					
Non - current assets					
Property, plant and equipment, net	99,264,701	105,726,820	124,471,071	154,912,900	193,409,253
Right of use	-	-	775,073,996	694,378,352	2,026,714,580
Total non - current assets	99,264,701	105,726,820	899,545,067	849,291,252	2,220,123,833
Current assets					
Inventories, net	12,659,925	12,981,598	12,989,851	15,626,738	14,964,810
Trade receivables, net	264,613,316	288,087,138	357,896,366	335,518,510	419,295,827
Due from related parties	189,010,655	23,445,366	24,028,243	18,736,610	-
Prepayments and other debit balances	406,854,614	299,718,718	58,514,273	69,111,602	395,558,345
Cash and cash equivalents	44,722,473	18,522,971	36,088,563	26,585,303	189,909,527
Total current assets	917,860,983	642,755,791	489,517,296	465,578,763	1,019,728,509
TOTAL ASSETS	1,017,125,684	748,482,611	1,389,062,363	1,314,870,015	3,239,852,342
EQUITY AND LIABILITIES					
Equity					
Share capital	550,000,000	250,000,000	500,000,000	500,000,000	500,000,000
Statutory reserve	65,949,128	75,000,000	22,466,028	25,079,630	45,565,791
Retained earnings	30,982,553	114,321,482	1,814,929	1,337,349	185,712,800
Total equity	646,931,681	439,321,482	524,280,957	526,416,979	731,278,591
Non - current liabilities					
Employee obligation benefits	10,342,845	12,139,308	13,412,491	12,680,012	14,627,805
Lease liabilities - non - current portion	-	-	316,233,460	316,255,139	1,587,149,552
Total non - current liabilities	10,342,845	12,139,308	329,645,951	328,935,151	1,601,777,357
Current liabilities					
Lease liabilities - current portion	-	-	176,965,264	215,408,520	314,105,526
Short-term loans	124,950,000	139,384,788	239,467,433	131,795,115	447,866,523
Due to related parties	-	1,000,000	-	-	-
Suppliers	1,252,003	2,027,070	2,666,785	7,238,338	4,587,336
Accrued expenses and other credit balances	215,951,258	145,445,657	107,261,677	98,213,229	128,940,120
Zakat provision	17,697,897	9,164,306	8,774,296	6,862,683	11,296,889
Total current liabilities	359,851,158	297,021,821	535,135,455	459,517,885	906,796,394
Total liabilities	370,194,003	309,161,129	864,781,406	788,453,036	2,508,573,751
TOTAL EQUITY AND LIABILITIES	1,017,125,684	748,482,611	1,389,062,363	1,314,870,015	3,239,852,342

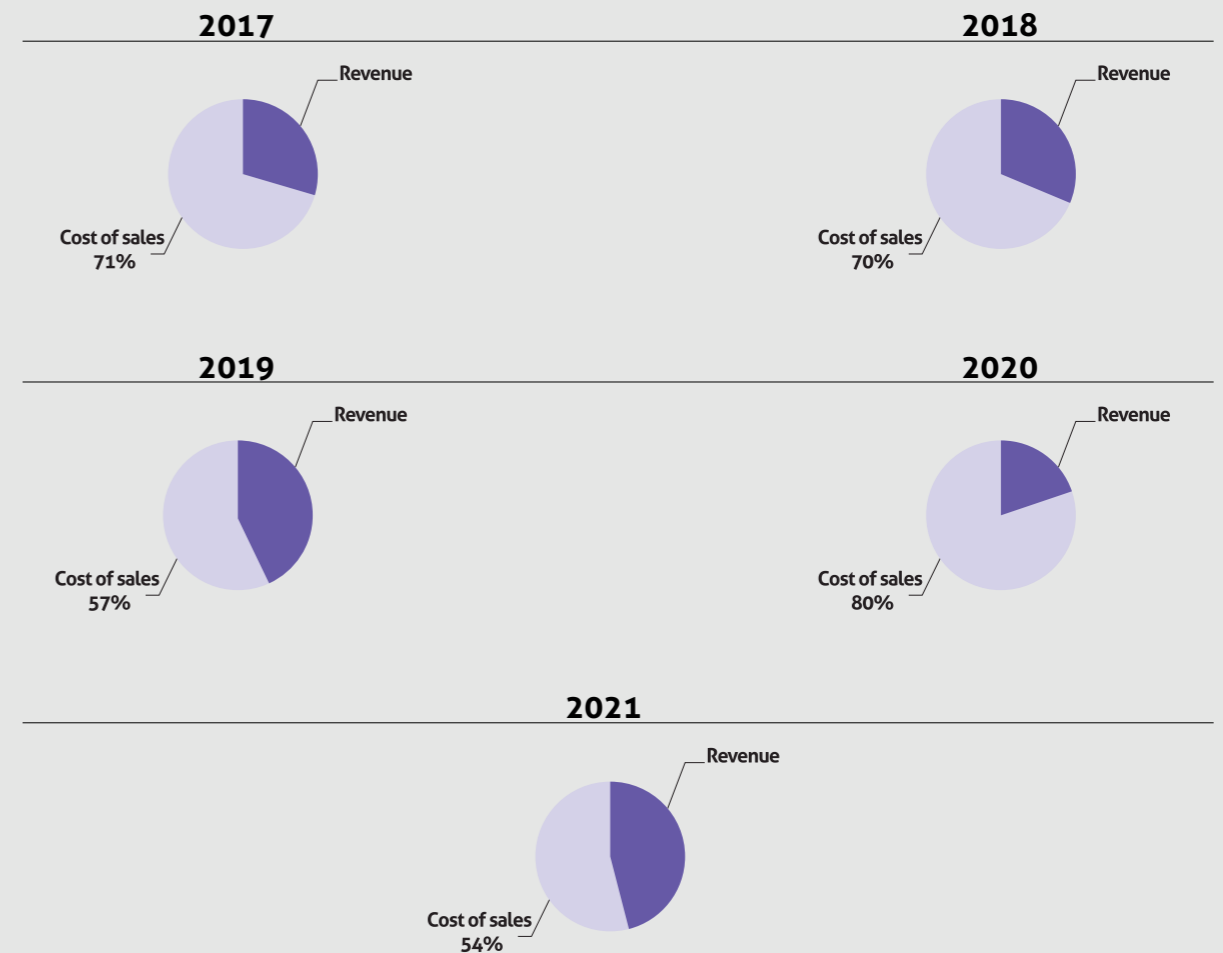
Equity



as of 31 December 2021

The statement of income

	2017	2018	2019	2020	2021
Revenue	612,297,626	639,157,093	787,498,473	497,585,228	720,337,357
Cost of revenue	(436,011,432)	(449,023,428)	(451,074,504)	(398,539,503)	(390,052,976)
Gross profit	176,286,194	190,133,665	336,423,969	99,045,725	330,284,381
Selling and marketing expenses	(22,316,166)	(20,369,394)	(42,422,004)	(11,066,052)	(31,163,680)
Impairment (reverse) of trade receivables	-	-	-	(8,000,000)	2,685,702
General and administrative expenses	(23,262,760)	(22,864,358)	(29,550,105)	(28,552,884)	(40,393,334)
Profit from continuing main operations	130,707,268	146,899,913	264,451,860	51,426,789	261,413,069
Finance expenses	(3,816,713)	(4,649,165)	(31,573,121)	(21,251,892)	(32,605,561)
Other (expenses) income, net	2,031,206	599,633	1,213,152	326,890	(11,262,660)
Profit before zakat	128,921,761	142,850,381	234,091,891	30,501,787	217,544,848
Zakat	(17,701,092)	(9,164,306)	(8,746,156)	(5,300,925)	(11,296,889)
Net profit	111,220,669	133,686,075	225,345,735	25,200,862	206,247,959

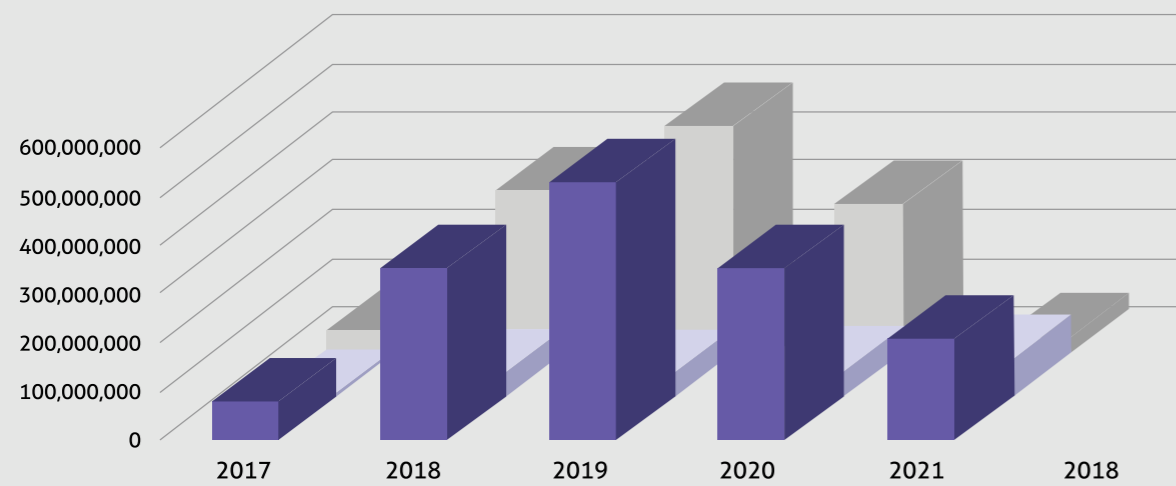


as of 31 December 2021

The Movement of Cash Flows

	2017	2018	2019	2020	2021
Net cash from operating activities	78,742,201	352,015,292	526,706,050	348,654,656	207,952,301
Net cash used in investing activities	(6,355,123)	(47,390,707)	(43,862,187)	(56,752,914)	(77,773,931)
Net cash used in financing activities	(44,250,000)	(330,824,087)	(465,278,271)	(301,405,002)	33,145,854

The movement of cash flow



- Net Cash used in financing activities
- Net Cash used in investing activities
- Net Cash from operating activities



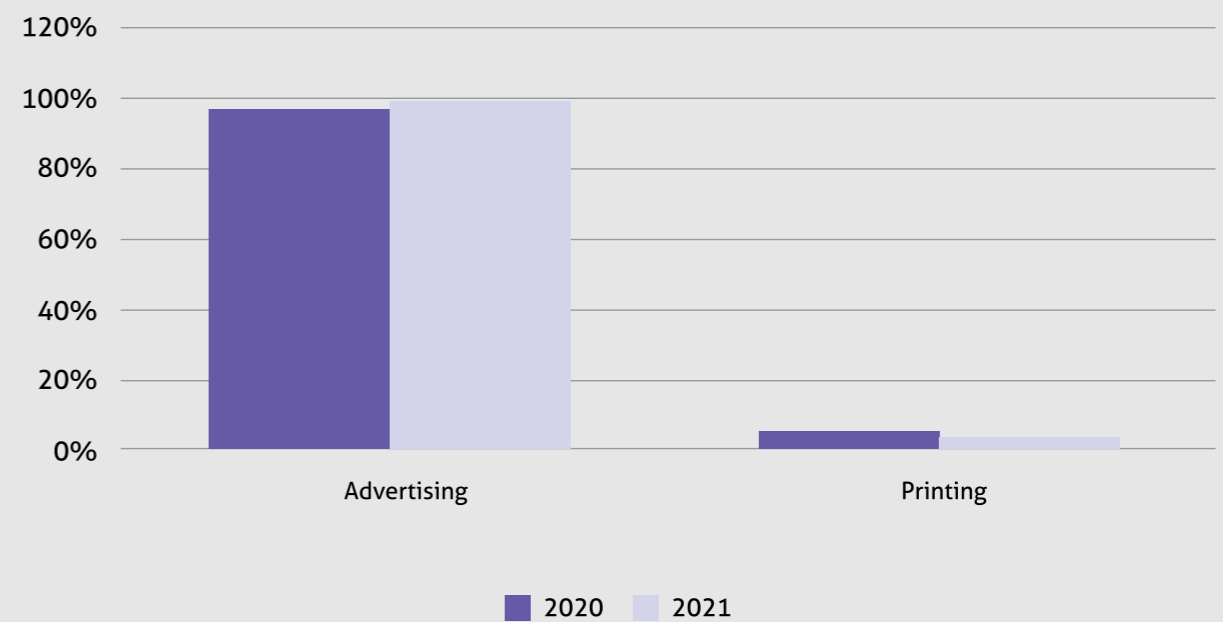
Key Performance Indicators

Indicator	2017	2018	2019	2020	2021
Return on revenue	18%	21%	29%	5%	29%
Return on equity	17%	30%	43%	5%	28%
Loan-to-equity ratio	19%	32%	46%	25%	61%
Revenue growth rate	-	4%	23%	-37%	45%
The ratio of operating profit to revenue	21%	23%	34%	10%	36%
Number of shares (million)	55	25	50	50	50
Earnings per share (sr)	2.02	2.53	4.51	0.50	4.12

The Revenue Growth by Sector

	2020	% of Revenue 2020	2021	% of Revenue 2021	% Change
Advertising	483,736,183	97%	706,649,004	98%	46%
Printing	13,849,045	3%	13,688,353	2%	-1%
Total revenue	497,585,228	100%	720,337,357	100%	45%

Revenue growth sector



Geographical Distribution of Revenue

Year	Geographic Analysis of Company's Total Revenues				
	Total Revenues	Central Region	Western Region	UAE	Other
2021	706,649,004	505,954,857	146,787,252	48,515,209	5,391,686

* Revenues do not include printing works for others which amount to 13,688,353

Item Revenue Analysis

	2020	2021	% Change
Advertising	483,736,183	706,649,004	46%
Printing	13,849,045	13,688,353	-1%
Total revenue	497,585,228	720,337,357	45%

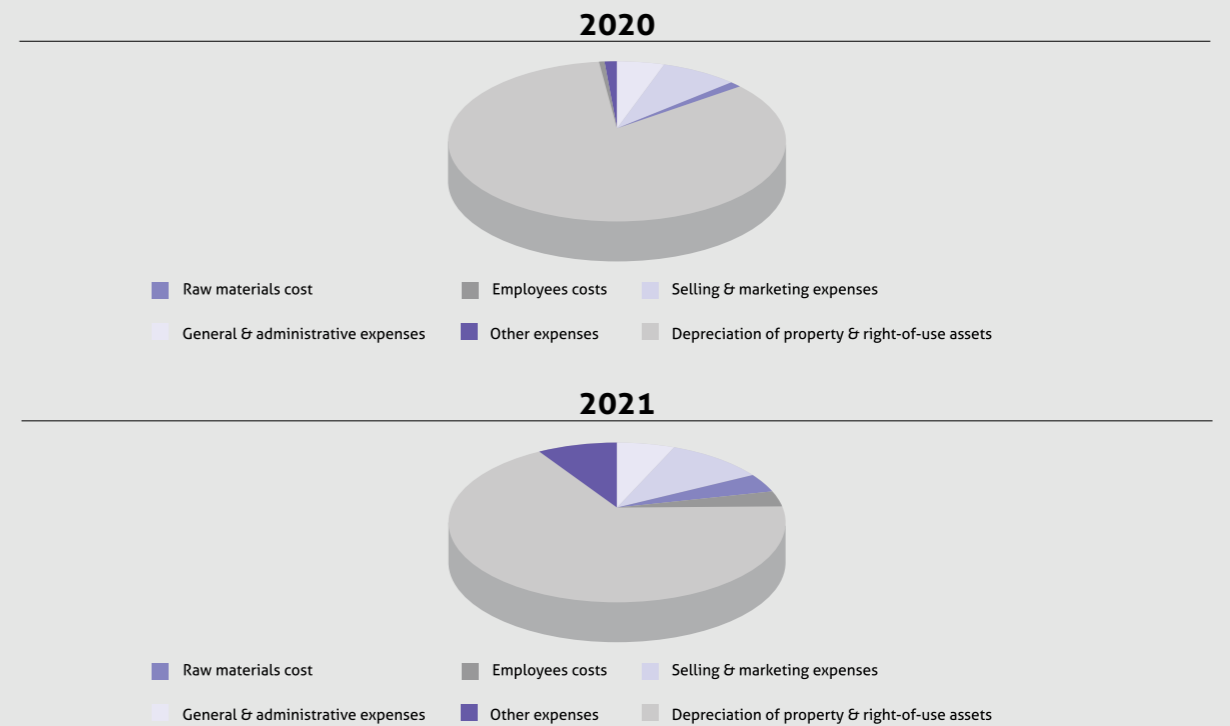
Operating Expenses

	2020	% of Sales	2021	% of Sales	% Change
Cost of sales	398,539,503	80%	390,052,976	54%	-2%
Selling and marketing expenses	11,066,052	2%	31,163,680	4%	182%
Impairment (reverse) of trade receivables	8,000,000	2%	(2,685,702)	0.4%	-
General and administrative expenses	28,552,884	6%	40,393,334	6%	41%
Total operating expenses	446,158,439	90%	458,924,288	64%	3%



Classification of Operating Expenses

	2020	% of Sales	2021	% of Sales	% Change
Raw materials cost	23,739,796	5%	31,232,857	4%	32%
Employees costs	39,030,785	8%	47,964,496	7%	23%
Selling and marketing expenses	236,284	0.05%	15,253,206	2%	6355%
General and administrative expenses	3,316,743	0.67%	7,542,055	1%	127%
Depreciation & amortize of property & right-of-use	366,695,013	74%	315,228,257	44%	-14%
Other (revenue) expenses	5,139,818	1%	44,389,119	6%	764%
Total operating expenses	438,158,439	88%	461,609,990	64%	5%



Operating Profit

	2020	% of Sales	2021	% of Sales	% Change
Revenues	497,585,228	100%	720,337,357	100%	45%
Operational costs					
Cost of revenue	(398,539,503)	80%	(390,052,976)	54%	-2%
Selling and marketing expenses	(11,066,052)	2%	(31,163,680)	4%	182%
Impairment (reverse) of trade receivables	(8,000,000)	2%	2,685,702	0.4%	-
General and administrative expenses	(28,552,884)	6%	(40,393,334)	6%	41%
Total operating expenses	(446,158,439)	90%	(458,924,288)	64%	3%
Operating profit	51,426,789	10%	261,413,069	36%	408%

as of 31 December 2021

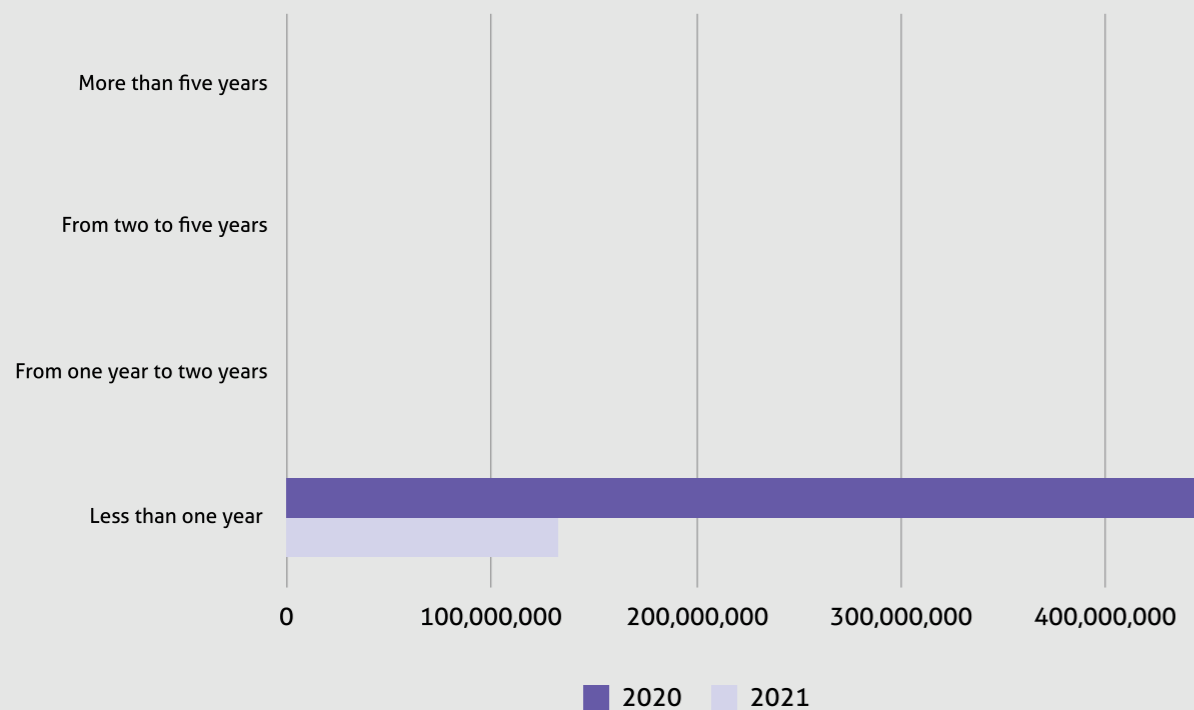
Details and balance of loan movements from local banks

Bank Name	Opening Balance 2021			Closing Balance 2021						Duration of the loan
	Credit limit	Principal of the loan	Interests due	Opening Balance	Additions during the year 2021	Payments during year 2021	Principal of the loan	Interests due	Closing Balance	
Saudi british	210,000,000	39,000,000	476,636	39,476,636	70,432,262	39,476,636	70,432,262	872,387	71,304,649	Less than one year
Arab national	63,000,000	-	-	-	-	-	-	-	-	-
Saib	100,000,000	-	-	-	38,372,167	-	38,372,167	533,012	38,905,179	Less than one year
Al-bilad	215,000,000	69,183,474	1,085,293	70,268,767	-	70,268,767	-	-	-	-
Riyad	210,000,000	23,611,640	201,015	23,812,655	15,721,701	24,893,061	14,721,701	235,906	14,957,607	Less than one year
Banque saudi fransi	380,000,000	-	-	-	324,340,393	-	324,340,393	4,260,486	328,600,879	Less than one year
Total balance	1,178,000,000	131,795,114	1,762,944	133,558,058	448,866,523	134,638,464	447,866,523	5,901,791	453,768,314	-

Outstanding loans and their due dates from local banks

	2020	2021	% Change
Less than one year	131,795,114	447,866,523	240%
From one year to two years	-	-	-
From two to five years	-	-	-
More than five years	-	-	-
Total balance	131,795,114	447,866,523	240%

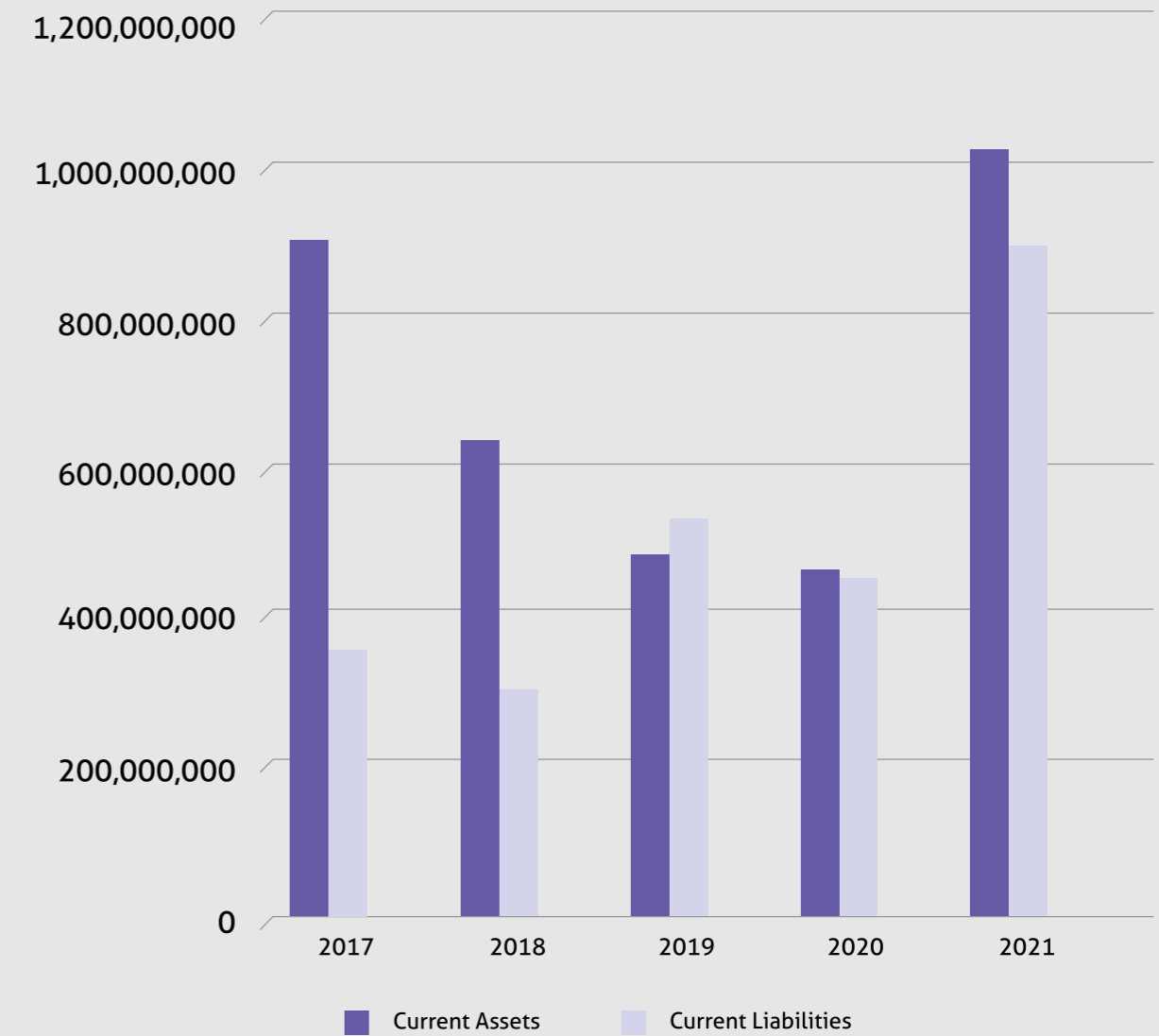
Outstanding loans and their maturity dates



Working Capital Development

	2017	2018	2019	2020	2021
Current assets	917,860,983	642,755,791	489,517,296	465,578,763	1,019,728,509
Current liabilities	(359,851,158)	(297,021,821)	(535,135,455)	(459,517,885)	(906,796,394)
Working capital	558,009,825	345,733,970	(45,618,159)	6,060,878	112,932,115

Working capital development



Governance Report & Relevant Disclosures

Arabian Contracting Services Co. (AlArabia) possesses an approved governance system, which is in line Corporate Governance Regulations issued by the Capital Market Authority (CMA). It includes criteria, frameworks, and determinants regulating the company management to ensure compliance with the best practices, through which the shareholders and stakeholders' rights will be maintained.



1) Corporate Governance Regulations

The Company shall apply all the articles contained in the Corporate Governance Regulations issued by CMA, except for the articles hereinafter:

Article/Paragraph No.	Article/Paragraph Text	Non-Application Reasons
41	Evaluation	Indicative Article - The Company is studying the selection of best practices in terms of evaluating the board of directors and executive management.
70	Formation of a Risk Management Committee	Indicative Article - Works of the Risk Committee are entrusted to other committees and departments, such as the Audit Committee and the Compliance Department.
71	Functions of a Risk Management Committee	Not Applicable - As no Risk Management Committee was formed.
72	Meetings of a Risk Management Committee	Not Applicable - As no Risk Management Committee was formed.
85	Employee Incentives	Indicative Article - Work is in progress on its application.
87	Social Responsibility	Indicative Article - The Company undertakes many social initiatives.
97	Formation of a Corporate Governance Committee	Indicative Article - The Board of Directors considers that there is no need for an independent committee, as its work is entrusted to other committees and departments.

Some of the regulations' paragraphs that have not been implemented are still indicative, and some or all paragraphs will be implemented in the future or when they became mandatory upon a decision from the Capital Market Authority, or the Ministry of Commerce.

2) Formation of board of director

The Company shall be managed by a board of directors consisting of six members elected by the Ordinary General Assembly of shareholders for a period not exceeding three years. As an exception to the foregoing, MBC Group may appoint one member of the board of directors if its ownership reaches 5% or more of the Company's capital, and as an exception to this, the Company's first board of directors is appointed for a period of five years.

Names of the members of the board of directors, members of the committees, and the executive management, and their current and previous positions and qualifications:

A) Members of the board of directors

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Abdelellah Abdulrahman Alkhereiji	Chairman of the Board	General Manager of ALKHEREIJI Consulting Office and ALKHEREIJI Soil Analysis Lab - a sole Saudi institution operating in the engineering and professional sector (1990 – to	Assistant Director General at Rasheed Engineering Office - (1978 G-1986 G) General Manager of Raweyah Printing press - (1985 G - 2006 G) General Manager of Arabian Contracting Services Co - (1984 G - 2006 G) General Manager of Road Advertising Agency for Advertising - Branch of Beit Al Khabrah Trading and Contracting Company operating in the advertising sector (1992 G - 2014 G) General Manager of the Elegant Hotels Company - (2008 G - 2009 G) General Manager of Beit Al Khabrah Trading and Contracting Company - (1990 G - 1995 G) CEO and Managing Director of the Arabian Contracting Services Co - (2010 G - 2015 G)	Holds a Bachelor's degree in Architectural Engineering from Cairo University - Egypt in 1977 G

3) Election of board of director

The Extraordinary General Assembly held on March 18, 2021 G, elected the current Board of Directors as of the same day of the Assembly meeting and for a period of three years. The following tables show the names of the members of the Board of Directors and members of the committees, their positions, membership description, and their membership in other joint stock companies.

A) Members of the board of directors

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Abdel Mohsen Abdulrahman Alkhereiji	Vice Chairman of the Board Non-Executive	General Manager of the Elegant Restaurants Company - a Saudi limited liability company operating in the food sector (2000 G - to date)	General Manager of Makh-sous Company for Wholesale, Retail and Clothes - (2003 G - 2010 G) General Manager of Musharabia Contracting Company - (1980 G - 1998 G) General Manager of Khalid Abdulrahman Alkhereiji Trading and Contracting Corporation - (1978 G - 1980 G) Assistant to CEO of Kanoo Co. in Riyadh - (1976 G -1978 G)	Holds a Bachelor's degree in Architectural Engineering from Helwan University - Egypt in 1974 G
Mohamed Abdelellah Alkhereiji	CEO Executive Member	General Manager of the Elegant Hotels Company - (2009 G – to date) General Manager of Beit Al Khabrah Trading and Contracting Company - (2009 G - to date) CEO of the Arabian Contracting Services Co. - (2015 G - to date)	Executive Vice President of the Arabian Contracting Services Co - (2009 G -2015 G) Director of Development Department at the Arabian Contracting Services Co. - (2006 G -2009 G) Financial Analyst at Deutsche Bank - (2006 G - 2007 G)	Holds a Bachelor's degree in Financial Management from Prince Sultan University in Riyadh - Kingdom of Saudi Arabia in 2006 G Holds an Executive Master of Business Administration (EMBA) from City University - London - United Kingdom in 2013 G
Samuel James Kilion Barnett	Board Member Non-Executive	CEO, MBC Group Limited - (2021 G – to date)	Chief Operating Officer (COO) at MBC Group 2005-2011 Director of operations at MBC Group 2002-2005 Senior Manager at Arthur Anderson Company - (2000 G - 2002 G) Manager at Pricewaterhouse Coopers PWC - (1997 G -2000 G) Assistant at Kalchas Co. - (1993-1996)	Holds a Bachelor's degree in Economics and History from the University of Cambridge - United Kingdom in 1993 G Holds a Master's degree in business administration from INSEAD - France 1997 G



A) Members of the board of directors

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Munaji Fouad Zamakhshari	Board Member Independent	Managing Director of Munaji Fouad Zamakhshari & Salah Fawaz Al Harbi Advocates And Legal Consultants Company - (2012 G - to date)	Private work as a licensed lawyer and legal advisor in multiple international law firms	Holds a Bachelor of Science degree with honors in Ship Operations Command - Warzach Naval Academy - United Kingdom in 2003 G Holds a Bachelor of Laws - Nottingham Law School - United Kingdom in 2007 G Holds a Master's degree in International Law - University of Wales - United Kingdom in 2008 G
Muhammad Abdullah AlNimr	Board Member Independent	CEO of Mawarid Holding Company - (2012 G - to date)	Held multiple executive positions in several companies	Holds a Bachelor's degree in Management Sciences and Information Systems - King Fahd University of Petroleum and Minerals - Kingdom of Saudi Arabia in 2005 G Holds a master's degree in management sciences - City University - United Kingdom in 2007 G

B) Committee Members

from within the Board

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Abdelellah Abdulrahman Alkhereiji	Chairman of the Board	General Manager of ALKHEREIJI Consulting Office and ALKHEREIJI Soil Analysis Lab - a sole Saudi institution operating in the engineering and professional sector (1990 - to	Assistant Director General at Rasheed Engineering Office - (1978 G-1986 G) General Manager of Raweyah Printing press - (1985 G - 2006 G) General Manager of Arabian Contracting Services Co - (1984 G - 2006 G) General Manager of Road Advertising Agency for Advertising - Branch of Beit Al Khabrah Trading and Contracting Company operating in the advertising sector (1992 G - 2014 G) General Manager of the Elegant Hotels Company - (2008 G - 2009 G) General Manager of Beit Al Khabrah Trading and Contracting Company - (1990 G - 1995 G) CEO and Managing Director of the Arabian Contracting Services Co - (2010 G - 2015 G)	Holds a Bachelor's degree in Architectural Engineering from Cairo University - Egypt in 1977 G
Abdel Mohsen Abdulrahman Alkhereiji	Vice Chairman of the Board Non-Executive	General Manager of the Elegant Restaurants Company - a Saudi limited liability company operating in the food sector (2000 G - to date)	General Manager of Makh-sous Company for Wholesale, Retail and Clothes - (2003 G - 2010 G) General Manager of Musharabia Contracting Company - (1980 G - 1998 G) General Manager of Khalid Abdulrahman Alkhereiji Trading and Contracting Corporation - (1978 G - 1980 G) Assistant to CEO of Kanoo Co. in Riyadh - (1976 G -1978 G)	Holds a Bachelor's degree in Architectural Engineering from Helwan University - Egypt in 1974 G



B) Committee Members

within the Board

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Munaji Fouad Zamakhshari	Board Member Non-Executive Independent	Managing Director of Munaji Fouad Zamakhshari & Salah Fawaz Al Harbi Advocates And Legal Consultants Company - (2012 G - to date)	Private work as a licensed lawyer and legal advisor in multiple international law firms	Holds a Bachelor of Science degree with honors in Ship Operations Command - Warzach Naval Academy - United Kingdom in 2003 G Holds a Bachelor of Laws - Nottingham Law School - United Kingdom in 2007 G Holds a Master's degree in International Law - University of Wales - United Kingdom in 2008 G
Muhammad Abdullah AlNimr	Board Member Non-Executive Independent	CEO of Mawarid Holding Company - (2012 G – to date)	Held multiple executive positions in several companies	Holds a Bachelor's degree in Management Sciences and Information Systems - King Fahd University of Petroleum and Minerals - Kingdom of Saudi Arabia in 2005 G Holds a master's degree in management sciences - City University - United Kingdom in 2007 G

C) Committee Members

outside the board

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Fatima Abdelellah Alkhereiji	Nomination Committee Member Audit Committee Member	Projects Manager at the Elegant Hotels Company - (2010 G – to date) Owner and Director of Green Cans Company - (2019 G - to date)	Co-founder of Advanced Communications & Electronic Systems Company (ACES)	Holds a Bachelor of Science in Interior Design Engineering - Faculty of Engineering - Prince Sultan University - Saudi Arabia in 2017 G.



D) Executive Management

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Mohamed Salah El-Din Albazz	Director of Financial Department	Director of the Financial Department	Financial Director at the Saudi Manpower Solutions Co. "SMASCO" (2012 G - 2020 G) Head of the Financial Operations Department at the AL Khaleejiah Advertising & Public Relations Co. Ltd (2009 G - 2012 G). Senior Auditor at Talal Abu-Ghazaleh & Co. International (2006 G - 2009 G).	Holds a Bachelor's degree in Accounting from the University of Jordan - Jordan in 2006 G.
Saad Abdullah Al-Qahtani	Vice CEO for Contracts and Projects Management	Vice CEO for contracts and projects management	Head of maintenance & operations department at Arabian Contracting Services Co. (1999 G - 2016 G). Administrative affairs manager at Arabian Contracting Services Co (1992 G - 1998 G). Government relations manager at Resource Sciences Arabia Limited (RSAL) (1989 G - 1993 G).	Holds a high school certificate, Abha, Saudi Arabia, in 1985.
Mohammad Saud Al Ghaith	Chief Strategy Officer CSO	Chief Strategy Officer CSO	CEO and BoD member - Alarabi Investments (2018 - Present) Private Sector Partnership Advisor - Ministry of Finance (2017 G - 2019 G) Manager of Private Property Investment Funds - Alinma Investment (2016 G - 2017 G) Investment funds - CMA (2010 G - 2016 G) Credit Management - Saudi Industrial Development Fund (2007 G - 2010 G)	Holds a bachelor's degree in accounting from UCD University in Dublin in 2007 G. Holds an MBA from ESADE University in Barcelona in 2014 G.
Khalaf Abdullah Al-Maimouni	Head of Administrative and Employees' Affairs' Department	Head of administrative and employees' affairs' department	Personnel and HR officer at Raz Holding Co. (2014 G - 2016 G). HR officer at Abyat Co. (2012 G - 2014 G).	Holds a diploma from the Technical and Vocational Training Corporation in Saudi Arabia in 2011 G.

D) Executive Management

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Roht Dharshert Satpotty	Head of Procurement and Logistics Department	Head of procurement and logistics department	Engineer in inventory materials section at Salqukar Co. - India (1999 G - 2001 G). Inventory and warehouses officer at Ariane Earth Movers-ney Co. - (2001 G - 2003 G). Materials department manager at Alawal Company for Plastic Manufacturing and Export - India (2003 G - 2016 G).	Holds a bachelor's degree in production from the University of Pune - India, in 1996 G.
Mustafa Fawzi Al-Saeedi	Secretary of the Board of Directors	Director of contracts and bidding management and executive assistant to the CEO	Accountant responsible for public accounts, cash accounts, assets and following up contracts at Arabian Contracting Services Co. (2000 G - 2007 G). Accounts officer responsible for monitoring financial reports with CFO, income lists and audit balances at Arabian Contracting Services Co. (2007 G - 2011 G). Executive assistant to the CEO at Arabian Contracting Services Co. (2011 G - 2016 G).	Holds a bachelor's degree in commerce at Cairo University, Egypt, in 1999 G.
Rabih Saeed Al-Abed	Head of Printing Press Sector Department	Head of printing press sector department	Technical country manager at Agfa Graphics Co. (2010 G - 2012 G). Engineer in digital printing at Fuji film Sericol Co. (2007 G - 2010 G). Service engineers team leader at EFI Vutek Co. - (2002 G - 2007 G). Assistant at data management section at City Bank (2001 G - 2002 G). Production and printing management supervisor at Printech Co. - (1998 G - 2001 G).	Holds a diploma in accounting and auditing from the American University of Beirut - Lebanon, in 1997 G. Holds a systems engineering degree from Microsoft in USA in 2000 G.



D) Executive Management

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Noura Majed AlArji	Head of Marketing Department	Marketing, products and innovation manager	Communication manager at Estee Lauder (2013 G - 2014 G). Accounts senior executive officer at Asdaa Burson - Marsteller Co. - (2011 G - 2013 G). Coordinator assistant at Art Dubai Co. (2011 G) PR trainee at Abar Al-Khaleg Co. (2010 G)	Holds a bachelor of arts in international studies from the American University of Sharjah in 2011 G. Holds a master of arts in communications from Zayed University, UAE, in 2017 G.
Jalal Georgi Khanfour	Commercial Director	Chief Commercial Officer	Sales manager at Arabian Outdoor Co. - Dubai, UAE (2005 G - 2012 G). Accounting manager at Electricité De Zahlé EDZ - (2002 G - 2004 G).	Holds a bachelor's degree in business administration from the Saint Joseph University - Lebanon in 2001. Holds a master's degree in business administration from the Saint Joseph University - Lebanon in 2003.
Rabih Elias Khoury	Sales Manager - Jeddah	Sales manager - Jeddah	GM at Ogilvy & Mather Co. - KSA - (2003 G - 2014 G). Regional GM at Mind Share Co. - Bahrain, KSA and Qatar - (2014 G - 2017 G).	Holds a bachelor's degree in Marketing from the University of California - USA in 1993 G.
Muhammad Sarfarz Allam	Head of Maintenance and Operation	Head of Maintenance and Operation	Quality control and assurance engineer at Sardol Co. (2001 G - 2003 G). Quality engineer at Delta Co. (2004 G - 2006 G). Operational Manager at Tata - Indian Company (2006 G - 2012 G). Supply chains manager at Caparo Co. (2012 G).	Holds a bachelor's degree in mechanical engineering from the University of Karnataka- India, in 1999 G. Holds a Quality Assurance Management Diploma from IIMF - India, in 2002 G.

D) Executive Management

Name	Title	Current Jobs	Previous Jobs	Qualifications and Experience
Haitham Issa Ahwash	Head of Sales Department at AlArabia OOH (Subsidiary in Dubai)	Head of Sales Department at AlArabia OOH (Subsidiary in Dubai)	Sales manager at AlArabia OOH - (2019 - present) Sales officer at Arabian Contracting Services Co - (2013 G - 2018 G) Media manager at OME (2007 G - 2009 G) Sales manager BHD (2010 G - 2013 G)	Holds a bachelor's degree in business administration from the American University in Beirut- Lebanon in 2006 G.
Arwa Mohammed Al-Turki	Chief of Staff	Chief of Staff	PR administrative services development manager at Thiqaq - (2018 G - 2021 G)	Holds a diploma in accounting from King Saud University in Riyadh in 2005 G. Holds a master's degree in EMBA from Hult International Business School, Dubai, in 2019 G.
Haitham Mazen Al Husseini	Internal Audit Supervisor	Internal Audit Supervisor	Internal audit supervisor at Engineer Holding Group (2020 G - 2021 G) Senior internal auditor at Sulaiman Al-Rajhi Holding Co. (2018 G - 2020 G) Senior internal auditor at FAL Co. (2015 G - 2018 G) Senior internal auditor at Almarshad Holding. (2012 G - 2015 G) Senior accountant at Bassem Al Qassem Group (2011 G) External Auditor at BDO International Co. (2009 G - 2010 G) Financial analyst at Ernst & Young (2006 G - 2009 G)	Holds a bachelor's degree in financial management from Prince Sultan University in Riyadh, Saudi Arabia in 2006 G.

4) Formation & classification of the board of directors

Member Name	Capacity	Executive	Non-Executive	Independent
Abdelellah Abdulrahman Alkhereiji	Chairman		✓	
Abdel Mohsen Abdulrahman Alkhereiji	Vice Chairman		✓	
Mohamed Abdelellah Alkhereiji	Member / CEO	✓		
Samuel James Kilion Barnett	Member		✓	
Munaji Fouad Zamakhshari	Member			✓
Muhammad Abdullah AlNimr	Member			✓



5) Names of Companies Inside and Outside the Kingdom

Member Name	Membership Classification	Current Companies				Previous Companies			
		Member	Senior Executives	Inside/Outside the Kingdom	Legal Entity	Member	Senior Executives	Inside/Outside the Kingdom	Legal Entity
Abdelillah Abdulrahman Alkhereiji	Non-Executive	Arabian Contracting Services Company		Inside	Listed	Chamber of Commerce		Inside	Government Entity
			Al khraiji Consulting Office & Al Khraiji Soil Analysis Lab.	Inside	Not Listed	Chamber of Commerce & Industry		Inside	Government Entity
		Engineer Holding Group		Inside	Not Listed	Elegant Hotels Company		Inside	Not Listed
						Company Raweyah Printing press		Inside	Not Listed
						Arabian Contracting Services Company		Inside	Listed
						House of Skills Company		Inside	Not Listed
Abdel Mohsen Abdulrahman Alkhereiji	Non-Executive	Arabian Contracting Services Company		Inside	Listed	Arabian Contracting Services Company		Inside	Listed
			Upscale Brands Company	Inside	Not Listed	Makhsous Company for Wholesale, Retail & Clothes		Inside	Not Listed
						Musharabia Contracting Company		Inside	Not Listed
						Khalid Abdulrahman Alkhereiji Trading & Contracting Corporation		Inside	Not Listed
						Kanoo Co.		Inside	Not Listed

5) Names of Companies Inside and Outside the Kingdom

Member Name	Membership Classification	Current Companies				Previous Companies			
		Member	Senior Executives	Inside/Outside the Kingdom	Legal Entity	Member	Senior Executives	Inside/Outside the Kingdom	Legal Entity
Mohamed Abdelillah Alkhereiji	Executive	Arabian Contracting Services Company		Inside	Listed	Arabian Contracting Services Company		Inside	Listed
		Saudi Media		Inside	Not Listed				
		MBC Media		Inside	Not Listed				
		Chairman of the Advertising Committee Riyadh Chamber		Inside	Government Entity				
		Member of the Marketing Committee Riyadh Chamber		Inside	Government Entity				
		Engineer Holding Group		Inside	Not Listed				
			Elegant Hotels Company	Inside	Not Listed				
Samuel James Kilion Barnett	Non-Executive						Arthur Andersen	Outside	Not Listed
		Arabian Contracting Services Company		Inside	Listed		Price Waterhouse Coopers PWC	Outside	Not Listed
			MBC Group	Outside	Not Listed				

5) Names of Companies Inside and Outside the Kingdom

Member Name	Membership Classification	Current Companies				Previous Companies			
		Member	Senior Executives	Inside/Outside the Kingdom	Legal Entity	Member	Senior Executives	Inside/Outside the Kingdom	Legal Entity
Munaji Fouad Zamakhshari	Independent	Monaji Foaad Zamakhshary & Salah Fawzy Al-Harby Legal Advisory Company		Inside	Not Listed				
		KLD Management Training		Inside	Not Listed				
		Arabian Contracting Services Company		Inside	Listed				
Muhammad Abdullah AlNimr	Independent	Arabian Contracting Services Company		Inside	Listed				
		Moroud Holding Company		Inside	Not Listed				
		Osoul Entertainment Company		Inside	Not Listed				
		Development House Company		Inside	Not Listed				
		Ana Adeer Company		Inside	Not Listed				
		Arab Wabel Investment Company		Inside	Not Listed				
		Jood Arabia Investment Company		Inside	Not Listed				
Asateer Entertainment Company		Inside	Not Listed						

6) Board of Directors Meetings

The number of BoD meetings during 2021 was (two meetings), in the presence of members, and four minutes of resolutions passed by circulation.

Member's Name	Membership	First Meeting 20/06/2021 G	Second Meeting 17/04/2021 G
Abdelellah Abdulrahman Alkhereiji	Chairman	Present	Present
Abdel Mohsen Abdulrahman Alkhereiji	Vice Chairman	Present	Present
Mohamed Abdelellah Alkhereiji	Member / CEO	Present	Present
Samuel James Kilion Barnett	Member	Present	Present
Muhammad Abdullah AlNimr	Member	Present	Present
Munaji Fouad Zamakhshari	Member	Present	Present

Resolutions passed by circulation for 2021 G was:

Member Name	First Resolution 15/07/2021 G	Second Resolution 15/09/2021 G	Third Resolution 04/11/2021 G	Fourth Resolution 28/11/2021 G
Abdelellah Abdulrahman Alkhereiji	✓	✓	✓	✓
Abdel Mohsen Abdulrahman Alkhereiji	✓	✓	✓	✓
Mohamed Abdelellah Alkhereiji	✓	✓	✓	✓
Samuel James Kilion Barnett	✓	✓	✓	✓
Muhammad Abdullah AlNimr	✓	✓	✓	✓
Munaji Fouad Zamakhshari	✓	✓	✓	✓

7) Board of Directors Remunerations and Allowances

Description	Executives	Non-Executives	Independent	Committee Members	Total
Meeting Attendance Allowance	0	120,000	120,000	0	240,000
Board Remunerations	0	0	0	0	0
Committee Attendance Allowance	0	0	0	0	0
Committees Remunerations	0	0	0	0	0
Total	0	120,000	120,000	0	240,000

8) Remuneration Policies

Adequate remunerations shall be planned to attract, retain and motivate qualified staff to realize the quality required to successfully manage the Company, avoiding paying more than the necessary, provided that such remunerations shall not exceed the amount determined by the relevant laws and circulars. Executives' remunerations shall also be associated to the Company's team and individual performance. No manager is allowed to decide its remuneration.

In accordance with Article 76 of Companies law, the Company's articles of association shall specify the manner of remunerating board members. Such remuneration may take the form of a fixed amount, a certain amount per meeting attended, in-kind benefits, a percentage of the net profit, or a combination thereof. If remuneration is a percentage of the profit, it shall not exceed 10% of the net profit, after deduction of reserves determined by the general assembly pursuant to the provisions of the Law or the company's articles of association, and after distribution of a dividend of not less than 5% of the company's paid-in capital. A member's remuneration shall be proportionate with the number of meetings attended. Any remuneration made in violation of this provision shall be null and void. In all cases, the total amount of remuneration received by a member, whether financial or otherwise, shall not exceed 500,000 riyals annually.

In accordance with article 20 of the Company's articles of association, the board members remuneration may take the form of a fixed amount, a certain amount per meeting attended, in-kind benefits, a percentage of the net profit, or a combination thereof. If remuneration is a percentage of the profit, it shall be the percentage specified in article (47.5) of the Company's articles of association. Remuneration shall be as per the provisions of the Companies law, any other laws, declarations or other complementary instructions thereto. In all cases, the Nomination and Remuneration Committee shall forward its recommendation in respect of remunerations to the Board of Directors. The Chairman and the Board of Directors shall obtain a certain amount per meeting attended of SAR 3,000. A transportation allowance equivalent to the value of a business class flight on SAUDIA, and an accommodation allowance of SAR 2,000 per day of the meeting for the traveling member. The Board's report submitted to the Ordinary General Assembly shall include a comprehensive statement of all remunerations, allowances and other benefits received by the Board members during the fiscal year, a statement of the amounts received by the members as employees, administrators or amounts received for technical or administrative works or consultation and a statement of the Board meetings and the meetings attended by each member from the date of the last meeting of the General Assembly.

Subject to other relevant laws and regulations issued by other regulators, the Board of Directors shall, in determining and disbursing the remunerations received by each of its members, consider the relevant provisions of the Companies law and its Implementing Regulations, as well as the following criteria:

- 1) Remunerations shall be fair and proportionate to the member functions, roles and responsibilities, and the objectives set by the Board of Directors to be realized during the fiscal year.
- 2) Remunerations shall be based on a recommendation by the Nomination and Remuneration Committee.
- 3) Remuneration shall be proportionate with the Company's business and the skills required for management.
- 4) The sector in which the Company is operating, its size and the Board members' experience shall be considered.
- 5) Remunerations shall be reasonably adequate to attract, motivate and retain competent and experienced Board members.

9) Board of directors remunerations

In accordance with the Company's articles of association, the remuneration of Board members shall be determined in accordance with the official decisions and instructions issued by the Ministry of Commerce in this context the provisions of the Companies law, any other relevant complementary laws and the Company's articles of association. Meeting attendance and transportation allowances shall be determined by the Board of Directors in accordance with laws, decisions and directives applicable in the Kingdom and as specified by the competent authorities.

10) Remunerations of Board Committee

- 1) The Board of Directors shall determine and approve the membership remunerations of board committees stemming therefrom, except for the audit committee, attendance allowances and other benefits based on the recommendation of the Nomination and Remuneration Committee.
- 2) Membership remunerations of board committees from Board of Directors shall consist of an annual (lump sum) remuneration, meeting attendance allowances and other benefits. The bylaw of each committee shall include remuneration of its members.
- 3) The audit committee membership remuneration shall be approved by the General Assembly of Shareholders based on the recommendation of the Board of Directors, in accordance with the law.
- 4) Upon designing the membership of the board committees from the Board of Directors, the number of committees that a Board member can occupy shall be considered, so that the total remuneration received by the member for its membership of the Board and the committees shall not exceed the maximum limit provided for in the Companies law.



11) Executive management remunerations

The Nomination and Remuneration Committee shall periodically review and recommend remunerations and incentives programs and plans of senior executives to the Board of Directors. Executive management remunerations shall include:

- 1) The monthly basic salary.
- 2) Allowances, including, but not limited to: housing, transportation, telephone and children education allowance.
- 3) Medical insurance benefits for the members and their families.
- 4) Short-term incentive plans with respect to individual and company performance, and long-term incentive plans such as stock options, etc.
- 5) Other benefits, including annual leave, tickets, travel allowance and end of service award.

12) Relationship between the remunerations given and applicable remunerations policy

The Nomination and Remuneration Committee found no material deviations from the approved remuneration policy.



13) Board of Directors Remunerations

	Fixed Remuneration							Variable Remuneration						End of service award	Total	Expense allowance
	A certain amount	Meetings attendance allowance	Committees meetings attendance total allowance	In-kind benefits	Technical and administrative works & consultation	Chairman, managing director or secretary, if it is a member, remuneration	Total	Profit percentage	Periodical remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
I: Independent																
Muhammad Alnimir	60,000	-	-	-	-	-	60,000	-	-	-	-	-	-	-	60,000	-
Munaji Zamakhshari	60,000	-	-	-	-	-	60,000	-	-	-	-	-	-	-	60,000	-
II: Non-Executives																
Abdelellah Alkhereiji	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abdel Mohsen Alkhereiji	60,000	-	-	-	-	-	60,000	-	-	-	-	-	-	-	60,000	-
Samuel Barnett	60,000	-	-	-	-	-	60,000	-	-	-	-	-	-	-	60,000	-
III: Executives																
Mohamed Alkhereiji	0	-	-	-	-	-	-	-	-	-	-	-	-	-	2,123,124	-
Total	240,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2,363,124	-

14) Remunerations & compensations for committees' members

No compensation was paid to committees' members during 2021 G.

15) Remunerations & compensations for top 5 senior executives

The compensations paid for the top 5 senior executives, including CEO and CFO, in 2021 G are as follows:

Remuneration type	Title	Total
Fixed Remunerations	Salaries	4,145,688
	Allowances	2,227,386
	In-kind benefits	-
	Total	6,373,074
Variable Remunerations	Periodical remunerations	8,460,000
	Profits	-
	Short-term incentive plans	-
	Long-term incentive plans	-
	Granted shares	-
Total	14,833,074	
Total	End-of-service award	4,890,136
	Board executives total remuneration (if any)	240,000
	Total	19,963,210

16) Board members & senior executives interest in the company's shares

A) The interest of board members, their spouses & minors in the company's shares

There is no interest neither for Board members, nor for their spouses or minors in the Company's shares

B) The interest of senior executives, their spouses & minors in the company's shares

Name of the stakeholder	Numbers of Shares at the "beginning of November"	Debt Instruments	Numbers of Shares at the "end of the year"	Debt Instruments	Net Change	Change Percentage
Mohammad Saud Al Ghaith	15	-	15	-	15	0%

* The Company was listed in November 2021

17) Board of directors committees

The Company has two committees:

The Audit Committee and The Nomination and Remuneration committee.

The following are the names and functions of their members:

A) Audit Committee

Functions of the audit committee

The main function of the audit committee is to verify the adequacy of internal controls, making sure that the internal controls are implemented effectively, and to make any recommendations to the Board of Directors that will activate and develop controls to achieve the Company's purposes and protect the interests of shareholders and investors at a high efficiency and reasonable cost. The Committee shall also be responsible for reviewing risk management policies, annual risk report and plans to reduce the impact of such risks prior to submitting the same to the Board of Directors. It shall also be responsible for confirming compliance with the CMA's corporate governance rules and practices and the Company's governance manual and policy. The scope of the committee's work shall include all work that will enable it to achieve its tasks, including:

- 1) Studying the Company's initial and annual financial statements before submitting them to the Board of Directors and expressing their opinion and recommendation regarding the same to ensure their integrity, fairness and transparency.
- 2) Expressing a technical opinion, at the request of the Board of Directors, as to whether the Board's report and the Company's financial statements are fair, balanced and understandable, as well as including information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
- 3) Studying any important or unusual issues contained in financial reports.
- 4) Examining any issues raised by the Company's CFO, its delegate, the Company's compliance officer or the auditor in-depth.
- 5) Verifying accounting estimates in material issues contained in financial reports.
- 6) Studying the Company's accounting policies and expressing an opinion and recommendation regarding the same to the Board of Directors.
- 7) Studying and reviewing the Company's internal and financial controls and risk management systems.
- 8) Studying internal audit reports and following up on the implementation of corrective actions for observations contained therein.
- 9) Monitoring and supervising the performance and activities of the internal auditor and the internal audit department in the Company, if any, to verify the availability and effectiveness of the necessary resources in the performance of the work and the tasks assigned thereto. If the Company have no internal auditor, the Committee shall recommend to the Board on the need for an internal auditor.
- 10) Recommending to the Board of Directors to appoint accountants, a head of internal audit unit or department or an internal auditor, proposing its remunerations.
- 11) Recommending the Board of Directors to nominate and dismiss auditors, and to determine their fees and assess their performance, after verifying their independence and reviewing their scope of work and the terms for contracting with them.
- 12) Verifying the independence, objectivity and fairness of the auditor and the effectiveness of the audit work, taking into account the relevant rules and criteria.
- 13) Reviewing the Company's auditor plan and work, verifying that it has not submitted technical or administrative work that are outside the scope of the audit and submitting its views on it.
- 14) Answering the Company's auditor inquiries.
- 15) Studying the auditor report and observations on the financial statements and following up on actions taken in this regard.
- 16) Reviewing the findings of regulators' reports and verifying that the Company has taken the necessary action.
- 17) Verifying the Company's compliance with relevant laws, regulations, policies and instructions.
- 18) Reviewing contracts and deals proposed by the Company with the relevant parties, and submitting views on the same to the Board of Directors.
- 19) Submitting issues it deems necessary to take action on to the Board of Directors and making recommendations for action to be taken.

The Audit Committee shall be consisted of three members who will be appointed for a period of three years by the Ordinary General Assembly.

Subject to the conditions of the Audit Committee members, the Audit Committee shall be formed for a period of three years under a decision of the Company's Ordinary General Assembly. The Board of Directors shall take the necessary actions to enable the Committee to carry out its tasks, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondence, or other matters that the Committee deems necessary to access.

A) Audit Committee

The following members were appointed in the Audit Committee of the Extraordinary General Assembly held on 23/ 07/ 1441 AH (corresponding to 18/ 03/ 2020 G)

Audit committee members

Member name	Membership type
Muhammad Abdullah AlNimr	Committee chair
Abdel Mohsen Abdulrahman Alkhereiji	Vice chairman
Fatima Abdelellah Alkhereiji	Committee member

Meetings of audit committee members:

Member's Name	Membership	First Meeting 28/02/2021 G
Muhammad Abdullah AlNimr	Committee chair	Present
Abdel Mohsen Abdulrahman Alkhereiji	Vice chairman	Present
Fatima Abdelellah Alkhereiji	Committee member	Present

* The Company was listed in November 2021

B) Nominations and remunerations committee

Functions of the nomination and remuneration committee

The main function of the Nomination and Remuneration Committee is to identify qualified individuals and candidates to join the Board of Directors, as well as to assist the Board of Directors in establishing a sound governance system and developing the necessary policies and procedures for such system. The scope of the committee's work includes carrying out all works to achieve its tasks, including:

- 1) Identifying qualified members and their nomination for membership in the Board of Directors.
- 2) Annual reviewing of Board membership requirements, which include capabilities, expertise and availability for Board activities.
- 3) Reviewing the Board of Directors structure and suggesting the required amendments in light of the Company's interest.
- 4) Identifying strengths and weaknesses of the Board of Directors and proposing the required amendments in light of the Company's interest.
- 5) Nominating for the Company's CEO and Managing Director, and nominating committee members for approval by the Board of Directors or the General Assembly.
- 6) Reviewing the policies and procedures for approval by the Board of Directors prior to their application by the General Assembly.
- 7) Annually monitoring the independence of the independent members of the Board of Directors as well as the existence of any conflict of interest.
- 8) Reviewing the preparatory materials and training courses for new board members.
- 9) Establishing clear policies regarding the remuneration of directors and senior executives.
- 10) Reviewing and proposing plans for key executive positions.
- 11) Reviewing and approving the remunerations and benefits structure for the company as a whole, which includes job grades, salary and benefits structure, and performance-related remunerations and incentives.
- 12) Approving changes to the remuneration of the CEO, and recommending changes to the remuneration of the Managing Director, members of the Board of Directors, and members of the various committees of the Board of Directors.
- 13) Approving unusual remuneration (employment or performance remuneration) for the CEO and senior positions.

The Nominations and Remunerations Committee shall be consisted of at least three members to be appointed by the Company's Board of Directors for a period of three years. Subject to the conditions to of the members of the Nominations and Remunerations Committee, the Board of Directors shall appoint the members of the Committee for a period of three years. The Board of Directors shall take the necessary actions to enable the Committee to carry out its tasks, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondence, or other matters that the Committee deems necessary to access.



B) Nominations and remunerations committee

The following members were appointed in the Audit Committee of the Extraordinary General Assembly held on 23/ 07/ 1441 AH (corresponding to 18/ 03/ 2020 G)

Nomination & Remuneration Committee Members

Member name	Membership type
Munaji Fouad Zamakhshari	Committee chair
Abdelellah Abdulrahman Alkhereiji	Vice chairman
Fatima Abdelellah Alkhereiji	Committee member

Meetings of nominations and remunerations members:

Member's Name	Membership	First Meeting 15/06/2021 G
Munaji Fouad Zamakhshari	Committee chair	Present
Abdelellah Abdulrahman Alkhereiji	Vice chairman	Present
Fatima Abdelellah Alkhereiji	Committee member	Present

* The Company was listed in November 2021

18) Company's Dividend policy

Subject to Article 110 of the Companies Law, all share-related rights shall be recorded to the shareholder, including in particular the right to receive a share of the net profits to be distributed. The Board shall recommend the distribution of any dividends prior to their approval by the shareholders at the General Assembly meeting. The Company shall not be obligated to announce any profits. Any decision in relation to the profits distribution shall depend on a number of factors including, Company's previous and expected profits and cash flows, financing and capital requirements, market data and economic factors in general, zakat, as well as other legal and regulatory considerations. For example, shares give their holders the right to receive the profits announced by the Company as of the date of this bulletin and the coming fiscal years. Despite the Company's intention to distribute annual dividends to its shareholders, there are no guarantees of an actual distribution of dividends, nor is there any guarantee about the amounts that will be paid in any year.

Furthermore, dividends shall be subject to the restrictions contained in the Company's Articles of Association. Moreover, in some of the Company's facility agreements (including the agreements expired and to be renewed), the Company is restricted to retaining a portion of its net profit and/or revenue (ranging between 25% and 50%) in the Company's business, which may limit from the company's ability to distribute profits to its shareholders. Currently, the Company with the relevant banks is discussing the removal or waiver of compliance with these requirements; however, there is no guarantee that the Company will achieve this currently or before the completion of the offering. None of the relevant banks waived compliance with its dividend/ revenue retention obligations as of the date of this bulletin.

Profits will be distributed in Saudi Riyals.

The Company's annual net profits shall be distributed following the deduction of all general expenses and other costs as follows:

- 1) 10% of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may discontinue the set-up process once the said reserve reaches 30% of the paid-up capital.
- 2) Based on the proposal of the Board of Directors, the Ordinary General Assembly may set aside a portion of the net profits to form a consensual reserve and allocate such consensual reserve for a specific purpose or purposes determined by the Board of Directors.
- 3) The Ordinary General Assembly may decide to form additional reserves, to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned Assembly may also deduct sums from the net profits to establish social institutions for the Company's employees or to assist the existing entities of such institutions.
- 4) Then, a first payment to the shareholders representing 5% of the Company's paid-up capital shall be distributed from the remaining net profits.
- 5) Subject to the provisions stipulated in Article 20 of the Company's Articles of Association and Article 76 of the Companies Law, following the provision the 5% as a remuneration to the Board. However, the entitlement to such remuneration is proportional to the number of sessions attended by the member, the remaining net profits shall be allocated and distributed to the shareholders as an additional share in the profits.

Noteworthy the dividend policy may be changed from time to time.



19) Transactions with Related Parties

The Chairman (Abdelellah Abdulrahman Alkhereiji), the CEO (Mohamed Abdelellah Alkhereiji) and Board member (Samuel James Killion Barnett) have relations with the company (purchase and sale) as members of the boards of companies of such cooperation. No amendment has been made in such contracts during 2021 g, and that such relations were established in periods prior to their memberships as shown in the financial statements. Knowing that the other members and the cfo have submitted declarations that they have no interests in the business or contracts with the company.

Company	Transaction / Contract Nature	Transaction / Contract Amount	Transaction / Contract Duration	Transaction / Contract Condition	Transaction / Name Nature
Saudi Media	Sales	65,287,573	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
Saudi Media	Collections	22,155,854	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
National Signage Industrial Company	Invoice payment	44,528,386	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
National Signage Industrial Company	Billboard cost	42,565,643	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
National Signage Industrial Company	Sales	3,356,298	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji



19) Transactions with Related Parties

Company	Transaction / Contract Nature	Transaction / Contract Amount	Transaction / Contract Duration	Transaction / Contract Condition	Transaction / Name Nature
National Signage Industrial Company	Transfer of projects in progress	819,050	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
National Signage Industrial Company	Advance payments for business	2,250,987	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
Engineer Holding Group	Balance Payment	18,907,511	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
Engineer Holding Group	End of Transferred Service	170,901	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
House of Skill for Contracting	Billboard Installment	75,560	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
House of Skill for Contracting	Advance payments for business	215,289	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji

19) Transactions with Related Parties

Company	Transaction / Contract Nature	Transaction / Contract Amount	Transaction / Contract Duration	Transaction / Contract Condition	Transaction / Name Nature
Elegant Restaurants Company	Collections	85,053	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
Elegant Restaurants Company	Sales	43,385	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
Green box Company	Sales	32,085	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
Multaqa Al Zad Company	Sales	18,591	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
Elegant Hotels Company	Collections	105,186	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
Elegant Hotels Company	Sales	3,519	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
AlArabia OOH	Collections on behalf of the company	6,892,698	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
AlArabia OOH	Payments on behalf of the company	7,280,009	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji

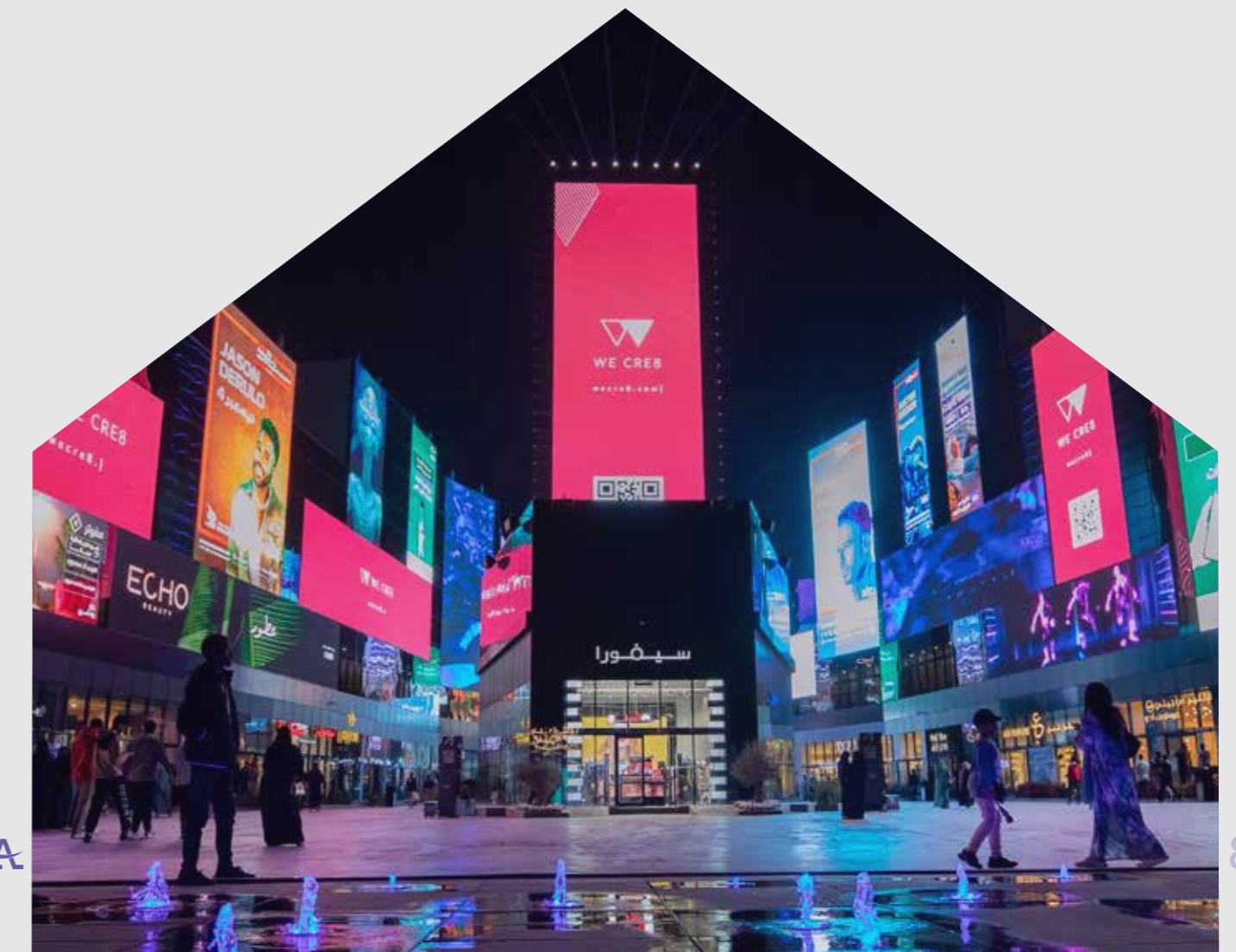
19) Transactions with Related Parties

Company	Transaction / Contract Nature	Transaction / Contract Amount	Transaction / Contract Duration	Transaction / Contract Condition	Transaction / Name Nature
AlArabia OOH	Cash Transfer	4,715,645	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
Al Taer Alarabi for Trading Company	Finance	2,712,565	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji
MBC Holding Limited Group	Sales	15,981,604	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji Board Member Samuel James Kilion Barnett
MBC Holding Limited Group	Collections	10,905,421	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji Board Member Samuel James Kilion Barnett
Saudi Media solution Company	Purchases	1,725,000	Annual	N/A	The Chairman Abdelellah Abdulrahman Alkhereiji CEO Mohamed Abdelellah Alkhereiji Board Member Samuel James Kilion Barnett

20) Statutory Payments

During 2021 G, the following amounts were paid:

The Statement	Payment	Due Balance	Brief Description	2021
Visas, passports, labor office And municipal fees	3,034,595	-	Visas, passports, labor office And municipal fees	-
Value added tax	120,118,476	-	Value added tax paid during The year of 2021 & december 2020 Value added tax amount 9,900 million SAR	Debit balance at the end of year, Because we paid the payment of Rent taxes on billboard sites.
Zakat and withholding tax	6,883,840	-	Zakat amount paid during The year of 2021	-
Social insurances	1,980,198	-	Social insurances amount Paid during the year of 2021	-
Customs fees	696,522	-	Customs fees paid during The year of 2021	-
Total	132,713,631	-		-



21) Company's main activity and subsidiaries

Activity (1): Advertising Activity (2): Printing

The impact of such main activities on the Company's business volume and its contribution to the results are as follows:

Activity	Activity revenues	Percentage
Advertising	706,649,004	98%
Printing for others	13,688,353	2%
Total revenue	720,337,357	100%

Description of the main activities of the subsidiary (1)

AlArabia OOH

Activity (1): Advertising

The impact of such main activities on the Company's business volume and its contribution to the results are as follows:

Activity	Activity revenues	Percentage
Advertising	0	0%
Total revenue	0	0%

AlArabia OOH is a representative office of AlArabia company in the United Arab Emirates.

Description of the main activities of the subsidiary (2)

Al Taer Alarabi Trading Company

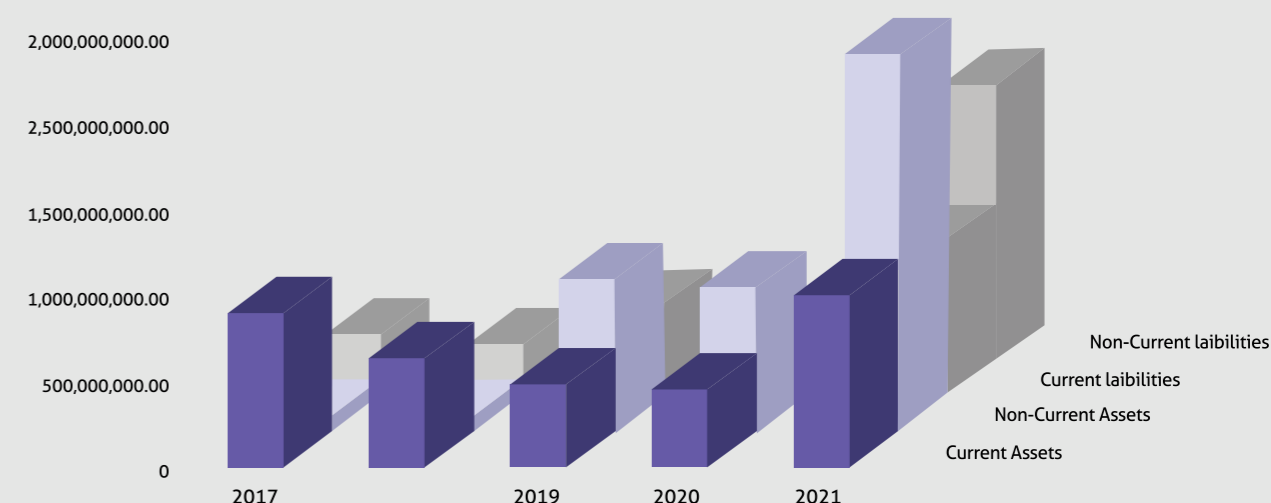
Activity (2): E-Commerce

The impact of such main activities on the Company's business volume and its contribution to the results are as follows:

Activity	Activity revenues	Percentage
E-Commerce	0	0%
Total revenue	0	0%

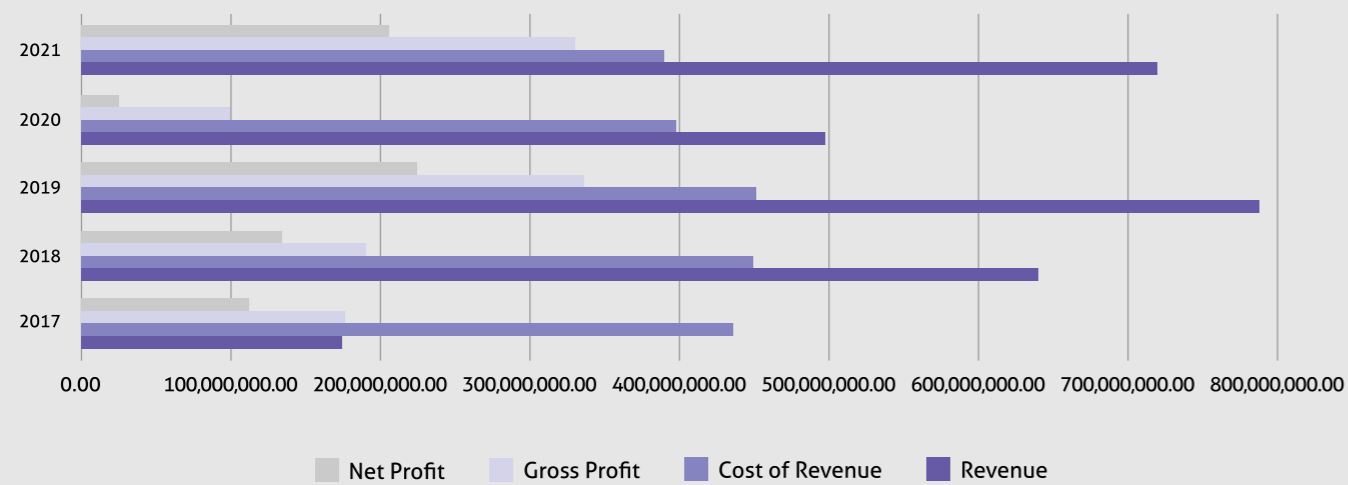
22) Company's assets and liabilities for the last five years (1)

	2017	2018	2019	2020	2021
Current Assets	917,860,983	642,755,791	489,517,296	465,578,763	1,019,728,509
Non-Current Assets	99,264,701	105,726,820	899,545,067	849,291,252	2,220,123,833
Total Assets	1,017,125,684	748,482,611	1,389,062,363	1,314,870,015	3,239,852,342
Current Liabilities	359,851,158	297,021,821	535,135,455	459,517,885	906,796,394
Non-Current Liabilities	10,342,845	12,139,308	329,645,951	328,935,151	1,601,777,357
Total Liabilities	370,194,003	309,161,129	864,781,406	788,453,036	2,508,573,751



22) A detailed table of the company's business results for the last five years (2)

	2017	2018	2019	2020	2021
Revenue	612,297,626	639,157,093	787,498,473	497,585,228	720,337,357
Revenue Costs	(436,011,432)	(449,023,428)	(451,074,504)	(398,539,503)	(390,052,976)
Gross Profit	176,286,194	190,133,665	336,423,969	99,045,725	330,284,381
Net Profit	111,220,669	133,686,075	225,345,735	25,200,862	206,247,959



23) Geographical Distribution of Revenue

Year	Geographic Analysis of Company's Total Revenues				
	Total Revenues	Central Region	Western Region	UAE	Other
2021	706,649,004	505,954,857	146,787,252	48,515,209	5,391,686

* Revenues do not include printing works for others which amount to 13,688,353

24) Each subsidiary, capital, the percentage of ALArabia's ownership, its main activity, the main place of operations, and the country of incorporation

Subsidiary Name	Capital	ALArabia's Equity Ratio	Main Activity	Main Country of Operations	Place of Incorporation
ALArabia OOH	AED 100,000	100%	Advertising	United Arab Emirates	United Arab Emirates
Al Taer Alarabi for Trading Company	SAR 50,000	100%	E-Commerce	Kingdom Saudi Arabia	Kingdom Saudi Arabia

25) Information related to any loans on ALArabia, whether payable on demand or otherwise, and a statement of the total indebtedness of ALArabia and subsidiaries, and any amounts paid by the company in repayment of loans during the year, the amount of loan principal, the lender, duration and the remaining amount. In the absence of loans on the Company, the Company shall submit an acknowledgment thereof.

S	Entity Name Lender	Principal	Loan Duration	Advance Payments of the Loan during the Year	Remaining Amount of Loan	The Company's Total Debt Its Subsidiaries
1	Banque Saudi Fransi	324,340,393	Less than 1 Year	0	324,340,393	324,340,393
2	Saudi British Bank	70,432,262	Less than 1 Year	0	70,432,262	70,432,262
3	The Saudi Investment Bank	38,372,167	Less than 1 Year	0	38,372,167	38,372,167
4	Riyadh Bank	14,721,701	Less than 1 Year	0	14,721,701	14,721,701

26) A description of the categories and numbers of any convertible debt instruments and any contractual securities or memorandum of subscription right or similar rights issued or granted by the Company during the fiscal year, with an explanation of any compensation obtained by the Company in exchange for the same thereof.

There are no subscription or similar rights issued by the Company during the fiscal year. Only shares that were issued by AlArabia exist. Such shares were subscribed to the public, and their consideration was registered in the Engineer Holding Group.

27) Clarification of any difference from the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA)

No differences from the accounting standards approved by the SOCPA were found.

28) Announcements made by AlArabia on tadawul's website during 2021

Announcement title	Announcement Details	Announcement Date
Arabian Contracting Services Co. Announces the signing of the first regional partnership outside the Kingdom of Saudi Arabia with the United Media Services Company. Partnership is to establish an Egyptian joint stock company, with the aim of creating a qualitative leap in the outdoor advertising sector in Egypt.	Arabian Contracting Services Company established partnership with the United Media Services Company to establish an Egyptian joint stock company. The 25-year partnership included installation and operation of no less than 120 Digital Screens with ability to measure and analyze the results of targeted customers access. The partnership also includes that AlArabia will supervise, manage, and operate all stages of the advertising process, enabling advertising companies to reach their targeted customers in Egypt, from installation and reach to advertising companies until the ad appears on the screens.	12/12/2021

29) Clarification of any material differences in the operating results between the previous year or any expectations announced by AlArabia.

Description	2020	2021	Differences (+) or (-)	Difference Percentage
Revenue	497,585,228	720,337,357	222,752,129	45%
Cost of Revenue	(398,539,503)	(390,052,976)	(8,486,527)	-2%
Total Profit	99,045,725	330,284,381	231,238,656	233%
Operating Revenue – Other	0	0	0	0%
Operating Expenses – Other	(47,618,936)	(68,871,312)	21,252,376	45%
Operating Profit	51,426,789	261,413,069	209,986,280	408%



30) Any punishment, penalty, precautionary procedure, or preventive measure imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future

Neither CMA nor any other supervisory or regulatory authority imposes any penalties or fines during 2021.

31) Audit committee opinion on internal control

The Committee expressed its opinion on the internal control in AlArabia based on the periodic reports submitted by the Board, and through supervisory role by following up on the work and reports of IAD, which verify the effectiveness of AlArabia's internal controls and procedures. In addition, AlArabia expressed its opinion through the evaluation of the control system by the external auditor through its periodic review. Accordingly, the Committee did not find out any material deficiencies in the internal controls that requires drawing General Assembly's attention.

32) Audit Committee Recommendations in conflict with the Board Resolutions

There are no recommendations of the Audit Committee conflicting with the resolutions of the Board, or refused by the Board to be adopted regarding the appointment, dismissal, determination of the fees and evaluation of the performance of the company's auditor, or the appointment of the internal auditor.

33) Procedures taken by the Board to inform its members – especially non-executives – of the shareholders' proposals and observations regarding AlArabia and its performance

The Chairman of the Board of Directors, at the first meeting of the Board, shall inform its members – especially non-executives – of the shareholders' proposals and observations regarding AlArabia and its performance, if any.

34) General Assembly Meetings

Member Name	General Assembly Meeting (Before listing) 18/03/2021 AD
Mohamed Abdelellah Alkhereiji	Present
Muhammad Abdullah AlNimr	Present

35) Shareholders Register

Number of shareholder register requests	Request date	Reasons for request
1	15/11/2021	Companies Procedures
2	25/11/2021	Other

36) Social Contributions Details

Supported Entity	Campaign	Campaign Date
The Saudi Society of Nephrology and Transplantation	The world kidney day	07/03/2021
Civil Defense	World Civil Defense Day	01/03/2021
Jeddah Chamber of Commerce	International Womems Day	02/03/2021
General Administration of Education in Qassim Region	-	14/03/2021
Al Ber Society in Madinah	-	15/05/2021
Health Endowment Fund	Shefaa Digital Platform	02/05/2021
Joy of Youth	-	13/05/2021
Commission for the promotion of virtue & the prevention of vice	National Campaign	01/07/2021
National Guard Hospital	Stem Cell Day	01/07/2021

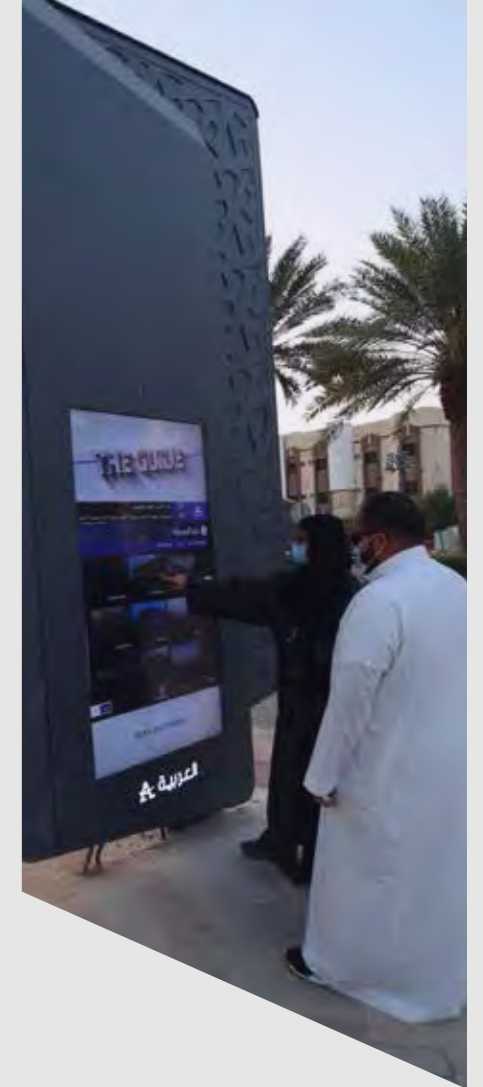
36) Social Contributions Details

Supported Entity	Campaign	Campaign Date
Al Ber Society in Eastern Province	Iqrad Fund	24/07/2021
Saudi Alzheimer's Disease Association	Alzheimer's Awareness Month	01/09/2021
Society of Autism Families	Autistic children's Activities	08/09/2021
Sport Investment Forum	Sport Investment Forum	24/08/2021
Celiac Association	Celiac Association Campaign	13/09/2021
National Guard Hospital	Stem Cell Day	18/09/2021
Zahra Association	National Breast Cancer Awareness Campaign	01/10/2021
Jeddah Chamber of Commerce	Commercial Cover-Ups Campaign	31/10/2021
Darakom for the Care of Mentally Ill and Homeless	-	15/10/2021
Jeddah Chamber of Commerce	Entrepreneurship Week	17/10/2021
Nazaha	International Anti-Corruption Day Messages	01/12/2021
Children With Disability Association	-	01/12/2021
Ministry of Interior	A Nation Without Violators	04/12/2021
Liajlehum Association for Disability	Liajlehum Association for Disability	06/12/2021
Help Center	Let's Walk the Walk	10/12/2021
Saudi Data & AI Authority (SDAIA)	Ihsan	11/12/2021
Commission for the Promotion of Virtue and the Prevention of Vice- Jeddah	Makarem Al Akhlaq	12/12/2021
Jeddah Chamber of Commerce	Jeddah Moves	13/12/2021
Ministry of Interior	Police Day	18/12/2021
Ministry of Interior	ABSHERTHON	18/12/2021
Commission for the Promotion of Virtue and the Prevention of Vice- Gazan	Makarem Al Akhlaq	26/12/2021

37) Future Plans

Expansion and geographical spread in the region, taking the lead in providing external advertising services in the Middle East through:

- 1) Expansion in the field of information technology through the use of data to develop the company's business and with the aim of providing effective information solutions to customers that serve their goals and help them reach their customers in a scientific manner and analyze the available data related to consumers.
- 2) Studying entering into win-win alliances and partnerships that allow geographic expansion in order to advance the company's position, maintain its leading position locally and regionally, and benefit from global expertise in this field.



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38) Risks

All businesses are fraught with many risks that vary in terms of their quality and impact. The Board approves the assessment of risks based on the results of the internal audit. Upon its resolution, the Board considered that the Audit Committee and Department shall continue to assume the most important part of the assessment and supervision process of risks.

A) Credit Risks

Credit risk is the risk resulting from the other party non-fulfillment of its obligations under a financial instrument or business contract. This will result in a financial loss, and the Company is exposed to a credit risk from its operating (principally to trade receivables) and financing activities.

B) Risks of Signboards Exposure to Damage or Destruction

Most of Company's signboards and advertising structures are located in open places close to streets and roads. Accordingly, such signboards and advertising structures are exposed to damage or destruction as a result of sandstorms, lightning and other extreme weather conditions during certain periods of the year. The signboards are also subject to damage as a result of vehicle collision accidents. In the event of damage of a large number of Company's signboards or advertising structures as a result of any of the above reasons, the Company will lose a large part of its assets. Consequently, its revenues will decrease, which will have a negative and material impact on its business, financial position, results of operations and future prospects.

C) Risks associated to Company's Operations affected by Economic Risks in KSA

All of the Company's operations are centered and all of its assets are located in the Kingdom, which is considered an emerging market. The Company has no substantial assets or operations with its subsidiary.

Although the Kingdom continues to implement a policy of diversifying the economy to increase the contributions of the non-oil sectors, it still depends on its income from the oil sector to implement and develop its economic plan. Therefore, any decrease in oil prices may lead to an economic slowdown or significantly reduce government spending, which will negatively affect the Kingdom's economy and all existing sectors and businesses. This will negatively and materially affect company's business, financial position, results of operations and future prospects.

38) Risks (continued)

D) Risks associated to competition

ALArabia carries out its business in a competitive environment and is subject to competition from existing and new competitors in the Saudi market. Companies operating in the field of outdoor advertising (including ALArabia) compete with companies relying on other advertising media such as television, newspapers and other media.

Further, ALArabia competes with a variety of outdoor advertising means such as models and billboards in shopping centers, malls, economic centers, airports, stadiums, supermarkets and universities, which, by virtue of their display locations, target specific segments of the customers (such as ads in universities and sports clubs that target the youth groups). In addition, ALArabia expects that projects for the development of public transportation within and between the main cities in the Kingdom (such as the Riyadh metro project, the bus transportation network development project in Riyadh, public transport projects in Jeddah, Mecca and Madinah, such as the Al-Haramain train project.) will be accompanied by the emergence of outdoor ads with new models, which will lead to an increase in outdoor advertising spaces in the Kingdom. It will further lead to an increase in competition in the field of outdoor advertising, and a decrease in the percentage of company's ownership of outdoor ads in the Kingdom. There may be a development in the technologies used in the advertising sector in a manner leading to the emergence of new advertising media that negatively affects the level of advertising companies' demand for outdoor ads. The outdoor advertising provided by ALArabia may not be able to compete with other means of advertising, whether existing or future ones. The direction of customers to a large part of their advertising expenditures to other advertising media will have a negative and material impact on Company's business, future prospects, results of operations and financial position.

For more details about the company's risks, please see the prospectus.



39) Challenges

According to the General Authority for Statistics, the population of the Kingdom of Saudi Arabia in 2021 is estimated to be approximately 35.01 million individual. However, there is a huge gap between the skills required by the private sector and the same of current Saudi graduates. This gap will remain a challenge for the Saudi economy in the short term until educational outputs are developed to suit the needs of the workplace, where there are a large number of Saudis in the labor market who are either unemployed or illegible to market requirements. This gap, as well as the Kingdom's decisions regarding the cost of hiring non-Saudis in various jobs, are among the current challenges facing economic growth.

40) Aspirations

- ▲ Maintaining the leading position in the market to keep the company at the forefront of the companies operating in its field.
- ▲ Maintaining and increasing market share in order to enhance growth in revenues and profits.
- ▲ Enhancing the operational efficiency of the company's integrated work system and increasing revenues from support services within that system.
- ▲ Maintaining and developing the quality of services by providing the latest technologies in the field of outdoor advertising.
- ▲ Increase sales through direct marketing to strategic customers.
- ▲ Preserving the company's distinguished financial position and establishing factors to resist the stages of recession in the economic cycles through proper prior planning.

41) Board of Directors Declarations

- 1) Proper books of account have been maintained.
- 2) The system of internal control is sound in design and has been effectively implemented;
- 3) There are no significant doubts concerning the company's ability to continue its activity.

42) Board of Directors Recommendations

The Board of Directors recommends to the general assembly of shareholders the following:

- 1) Recommending approval of the report of the Board of Directors for the fiscal year ending 12/31/2021 AD
- 2) Recommending the approval of the financial statements as on 31/12/2021 AD
- 3) Recommending approval of the auditor's report for the financial year ending on 12/31/2021 AD
- 4) Recommending the approval of the distribution of cash dividends to shareholders in the amount of 92,500,000 riyals
- 5) Recommending approval on disbursement of SAR 240,000 as remuneration to the Board of Directors for the fiscal year ended in 31-12-2021.
- 6) Recommending approval on appointing an external auditor for the company among the nominees based on the recommendation of the Audit committee to review and audit the second, third quarter and year end of 2022, in addition to first quarter of 2023 financial statements and determine their fees.
- 7) Recommending approval on the transactions and contracts in 2021 between the company and the related parties.
- 8) Recommending approval of amendment some articles in the company's bylaws which are article no. 52,46,32,25,22,13,12,8,5,2.
- 9) Recommending approval on delegating to the Board of Directors, the authorization powers of the General Assembly stipulated in paragraph (1) of Article 71 of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the session of the authorized Board of Directors' term, whichever is earlier, in accordance with the conditions set forth in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies

43) The means used by the BOD to assess its performance of its committees and members and the external body which conducted the assessment and its relation with company

None - Indicative article - The company is working on studying the selection of best practices regarding the evaluation of the Board of Directors and the Executive Management.

44) Results of the annual review of the effectiveness of the internal control procedures of the company and the opinion of the audit committee with respect to the adequacy of the company's internal control system

The committee presented its opinion on the company's internal control, according to the periodic reports submitted by the company, as well as through its supervisory role related to following up on the work and reports of the internal audit department. Which verify the effectiveness of the company's internal control system, and the external auditor performs an evaluation of the control system through its periodic review. Accordingly, it was not clear to the committee that there are fundamental deficiencies in the company's internal control system, which requires drawing the attention of the general assembly in this regard.

45) The audit committees recommendation on the need for appointing an internal auditor for the company

Not applicable, as the company has appointed an internal auditor.

46) Details of shares and debt instruments issued for each affiliate company

Not applicable.



47) A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company

Not applicable.

48) Description of any redemption, purchase or cancellation by the company of any redeemable debt instrument and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates

Not applicable.

49) A description of any arrangement or agreement under which a director or a senior executive of the company has waived any remuneration

Not applicable.



50) A description of any arrangement or agreement under which a shareholder of the company has waived any rights to dividend

Not applicable.

51) A statement as to the value of any investments made or any reserves set up for the benefit of the employees of the company

Not applicable.

52) If the external auditor's report contains reservations on the annual financial statements the board report shall highlight this mentioning the reasons and any relevant information

Not applicable.

53) If the board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation

Not applicable.

54) Details of the treasury shares held by the company and details of the uses of these shares.

Not applicable.



11

Audit Committee Report



**The Annual Report of the Audit Committee on the Control System
In the Arabian Contracting Service Company**

for the year ending December 31, 2021

Dear Shareholders of the Arabian Contracting Service Company

Formation of the Audit Committee

The Audit Committee was formed by the Ordinary General Assembly, which was held on 23/7/1441 H corresponding to 03/18/2020. The term of the membership is 3 years.

Name	Position
Muhammad Abdullah Al Nimr	Chairman of the Committee and a Member of the Board of Director "Independent Member"
Abdel Mohsen Abdulrahman Al-Khereiji	Committee Member and Member of the Board of Director "Non-executive Board Member"
Fatima Abdelellah Al-Alkhereiji	External Committee Member "Non-executive Board Member"

The committee held four meetings in 2021 to take on their assigned duties. The following is a summary of achieved works in 2021 by the committee:

First: External Auditing and Financial Reports:

- 1) Reviewing accounting matters, important reports, financial statements, and all activities related to accounts/regular items to verify their compliance with accounting standards and legal disclosure rules. In addition to reviewing the basic accounting policies and procedures, and any amendments made to them.
- 2) Studying accounting policies and practices and effectiveness, application and availability. Assessing the adequacy of accounting records and governance reports.
- 3) Reviewing the company's policy related to dealings with related parties. Reviewing contracts and dealings conducted by the company with related parties. Obtaining a statement of all transactions in order to review the approval processes and verify their disclosure in the financial statements.
- 4) Studying the effectiveness and efficiency of the system of internal controls that have been established by the executive management, including the internal controls related to financial reports to prevent fraud or errors, as well as monitoring information security and risk management in the company.
- 5) Submitting a recommendation to the Board of Directors. Monitoring the appointment of external auditors and reappoint or terminate their services. Determining the cost of the external auditors' fees and the terms of contracting with them. Obtaining approval of the shareholders in the general assembly meeting.
- 6) Reviewing and verifying the independence and objectivity of the external auditors and the effectiveness of the auditing, at least once a year, with taking into account the professional and regulatory requirements.
- 7) Review the auditors' annual plan and approval.
- 8) Studying the management letter "issued by the external auditors" and coordinates implementation of approved recommendations with the executive management.

Second: Internal Auditing, Risk Management, and the Compliance Assurance Process:

- 1) Control and oversight over the performance of the internal auditors, according to the approved annual performance standards. Monitoring performance and activities and internal auditing process in the company, to ensure the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to it.
- 2) Reviewing what the head of internal audit presents with regard to the adequacy of the company's internal control system and the commitment in this regard.
- 3) Follow up the corrective actions of the executive management about their notes on the reports of the internal audit department.
- 4) Reviewing the internal auditors independence from the executive management, as well as verifying that there are no unjustified obstacles to the work of the head of the internal audit.
- 5) Conducting an annual evaluation form about the effectiveness and efficiency of the company's internal controls system.
- 6) Ensuring the effectiveness of compliance control system for the company.
- 7) Ensuring the company's compliance with relevant laws, regulations, policies and instructions.
- 8) Studying the extent of the company's ability to manage risks, as well as reviewing any issues raised by the internal audit department in this regard.
- 9) Reviewing important legal issues.

Third: The audit committee's opinion about the control system for the year ending on December 31, 2021.

The committee presented its opinion on the company's internal control, according to the periodic reports submitted by the company, as well as through its supervisory role related to following up on the work and reports of the internal audit department. Which verify the effectiveness of the company's internal control system, and the external auditor performs an evaluation of the control system through its periodic review.

Accordingly, it was not clear to the committee that there are fundamental deficiencies in the company's internal control system, which requires drawing the attention of the general assembly in this regard.



Conclusion

Finally, the Board of AlArabia Company assures all shareholders that AlArabia will continue to strive hard to achieve their aspirations, asking Allah Almighty, by His Grace, to perpetuate goodness, security and safety for our country, under the leadership of the Custodian of the Two Holy Mosques, and His Highness the Crown Prince, may Allah bless them. Allah is the Arbiter of success.

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